CRL_FAV_SB445
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Position: FAV

Testimony to the Senate Education, Health, & Environmental Affairs Committee
SB 445: For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending – Requirements and SB 446: Institutions of Postsecondary Education – Disorderly School Closures
Position: Favorable

February 12, 2020

The Honorable Paul Pinsky, Chair
Senate Education, Health, & Environmental Affairs Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401
cc: Members, Education, Health, & Environmental Affairs Committee

Chair Pinsky and Members of the Committee:

My name is Whitney Barkley-Denney, and I am a senior policy counsel with the Center for Responsible Lending[1]. I am writing today to urge your support for SB 445: For-Profit Institutions of Higher Education and Private Career Schools – Instructional Spending – Requirements and SB 446: Institutions of Postsecondary Education – Disorderly School Closures.

Center for Responsible Lending Urges Favorable Action on SB 445: For–Profit Institutions of Higher Education and Private Career Schools – Instructional Spending – Requirements

In simple terms, SB 445 will require for-profit schools to spend at least fifty percent of their tuition revenue on instruction or reduce how much they charge students in tuition to meet the amount spent on instruction.

Twenty-four Maryland for-profit schools spend less than fifty percent of tuition revenue on instruction. Despite taking the majority of their revenues from taxpayer dollars via federal loans, Pell Grants, and the GI Bill, for-profit schools generally spend less money on instructing students and more on marketing and recruitment of students. [2]

It is important to note that Maryland borrowers are not all equally impacted by for-profit colleges and their practices. For-profit colleges disproportionately recruit low-income borrowers, borrowers of color, and women.[3] According to data from the federal Department of Education, 63% of for-profit college borrowers in Maryland are low-income, 62% are Black, and 66% are female.[4] For many of those

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[1] CRL is a nonprofit, nonpartisan research and policy organization which is dedicated to protecting homeownership and family assets by working to eliminate abusive financial practices. We strive to promise responsible lending and access to fair terms of credit for low-wealth families. Importantly, CRL is an affiliate of Self-Help Credit Union, which is the nation's largest community development financial institution with a mission of helping underserved people and communities build wealth and assets. CRL is affiliated with Self Help Credit Union, a national community development financial institution that provides access to safe, affordable financial services to low-income communities and borrowers.

[2] "For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," Senate Health, Education, Labor and Pensions Committee (2012)

[3] "Quicksand: Borrowers of Color and the Student Loan Crisis" Center for Responsible Lending (July 2019)

[4] "The State of For Profit Colleges" Center for Responsible Lending. Updated April 2019

Marylanders the promise of a quick credential to improve their lives, as well as pride in being able to attend college, lead them to enroll in programs that, in actuality, fail to provide a marketable degree. When colleges put more money into their advertising budgets than ensuring student success, it is inevitable that their graduates will struggle to see return on the tens of thousands of dollars they have invested in their education.

The twenty-four schools in Maryland who spend less than half of their revenues on student services are, unsurprisingly, no exception to this rule. On average, those twenty-four schools, who together spend only 31% of their revenues on instruction, have student bodies that are 49% Black, 59% low income, and 70% female.

Recent research has shown that college loan debt is actually widening the racial wealth gap. A Fall 2019 paper from Brandeis University found that, while the median white borrower has paid off 94% of their student loans 20 years after graduation, the median black borrowers **still owes** 95% of their original loan debt. And while there are many reasons for this gap, including a history of discrimination in employment and education and persistent racial disparities in income[5], we do know that entering a for-profit college is associated with a 10% higher rate of student loan default – even when all other factors are controlled for.[6]

Across the country, states are stepping up to protect for-profit college borrowers from abuse. Massachusetts, Maine, and California have all worked in recent years to rein in the practices of these schools, with Maine passing an instructional spending bill just last year. Given the current administration within the Department of Education, it has fallen to states to insist that borrowers get what they are paying for – instruction – from for-profit colleges. It is especially important to ensure that higher education works for borrowers, given that the average borrower will be paying for their degrees long after they cross the graduation stage.

This bill is not just about educational integrity and assuring the quality of institutions recruiting and teaching Maryland borrowers; it is about racial and economic justice. Therefore, the Center for Responsible urges you to move favorably on SB 445.

Center for Responsible Lending Urges Favorable Action on SB 446: Institutions of Higher Education and Private Career Schools – Disorderly School Closures

The Center for Responsible Lending also urges you to move favorably on SB 446.

In the last five years, twenty colleges in Maryland have abruptly closed their doors. Seventeen were for-profit schools, with total enrollments of nearly 7,000 students at the time they closed. Of course, those 7,000 students are just a fraction of the Marylanders now left with debt from schools that are no longer in operation.

Just as the students at the twenty-four schools that would be affected by SB 445 are disproportionately Black, low income, and female, so too are the students at schools that have closed in the last half decade.

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[5] "Quicksand: Students of Color and the Student Debt Crisis" Center for Responsible Lending (July 2019)

[6] Scott-Clayton, Judith. "What accounts for gaps in student loan default, and what happens after" Brookings Institute (June 2018)

Enrollment at those seventeen schools at the time of their closure was 68% low income, 74% female, and 70% Black.

A school closure leaves a wake a devastation in its path. Not only do students find themselves literally locked out of an education they believed would be their ticket to financial mobility and stability, they are also often left on the hook for loans they borrowed to pay for that education. For those students who attend for-profit colleges, an abrupt closure could be a personal and financial set back from which they never recover.

Although Maryland cannot prohibit schools from abruptly closing, it can create incentives for schools to close in a way that is less harmful to students and is not an abrupt closure. Clear guidelines for how schools conduct closures are needed to protect students and ensure that schools cannot close in a disorderly way. SB 446 does just this by prohibiting a closing school from not properly notifying students of its closure and failing to obtain transfer agreements, to other schools and by preventing an institution from collecting student debt if the school closes without abiding by the requirements for orderly closure. Additionally, this bill would improve processes in current law that established the guaranty fund to reimburse students who attend closed schools by requiring MHEC to immediately refund all of the non-federal loan money paid to the school by students enrolled at the time of the school's closure, allowing private student loan borrowers and veterans attending school with the GI Bill to regain their financial footing.

For all of these reasons, The Center for Responsible Lending urges a favorable vote on SB 446.

Thank you,

Whitney Barkley-Denney

Center for Responsible Lending

JOTF_Christopher_FAV_SB0445

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Position: FAV

TESTIMONY IN SUPPORT OF SENATE BILL 445:

For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending - Requirements

TO: Hon. Paul Pinsky, Chair, and Members of the Senate Education, Health, & Environmental Affairs Committee

FROM: Christopher Dews, Policy Advocate

DATE: February 12th, 2020

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates for policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. JOTF supports Senate Bill 445 which will require for-profit schools to spend at least fifty percent of their tuition revenue on instruction or reduce how much they charge students in tuition to meet the amount spent on instruction.

Education is vital to upward employment mobility in the State of Maryland. Wide swaths of diverse citizens attend college every year in the hopes that a degree will give them access to fulfilling, sustainable employment. Most fiscally advantageous positions require either a skilled trade or a degree to break into the industry. JOTF supports the drive for upward mobility but it is rapidly being uncovered that certain for-profit schools aren't properly investing in their students.

In Maryland, twenty-four for-profit schools spend less than fifty percent of tuition revenue on instruction. For-profit schools generally spend less on instruction and more on marketing and recruitment.

School spending on instruction and student support plays an important role in students' college completion and career success. Colleges and universities that spend more on instruction are investing in students' success by providing them with more resources, quality advisors, and smaller class sizes.

By requiring for-profit schools to spend at least fifty percent of tuition revenue on instruction, the state of Maryland is ensuring that students attending for-profit schools are receiving a high-quality education.

We hope you take this opportunity to make sure that for-profit schools are investing in Maryland students. We urge you to move favorably on SB 445.

ThirdWay_FAV_SB445
Uploaded by: Erickson, Lanae
Position: FAV

THIRD WAY

February 7, 2020

The Honorable Paul Pinsky, Chair
Senate Education, Health, and Environmental Affairs Committee
Maryland General Assembly – Senate
Legislative Services Building
90 State Circle
Annapolis, MD 221401

RE: For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending - Requirements, SB445 [FAVORABLE]

Dear Committee Members:
As an organization that advocates for higher education policies that improve higher education outcomes and provide a better return on investment for students and taxpayers, we write in support of your efforts to require for-profit institutions and private career schools to spend an appropriate amount of tuition and fee revenue on instruction.

A strong framework should judge institutions for the financial priorities they set and the choices they make in going beyond just admitting students but actually investing in their success.

The bill, *For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending – Requirements*, introduced by Senators Pinsky, Elfreth, Ellis, Kagan, Lam, Sydnor, Washington, and Young will strengthen requirements to encourage institutions to focus their resources on supporting the direct instruction of students. Currently, 40% of students who start college don't earn a degree and more than half owe more on their loans three years into repayment than when they left school. Many of these students attend for-profit institutions and certificate-granting programs where students consistently demonstrate the worst return on investment when it comes to setting their students up for success in the labor market. These outcomes are unacceptable and greater transparency on instructional spending will help consumers and taxpayers better hold institutions accountable for the financial priorities they set and the choices they make in going beyond just admitting students but actually investing in their success.

Requiring for-profit institutions and private career schools to spend 50% or more on instruction sends a clear message that Maryland will no longer tolerate institutions who are not committed to providing students with adequate on-campus instructional supports. We fully support the effort to pass a strong instructional spending requirement in Maryland and look forward to its enactment which will take a major step towards protecting both students and taxpayers from institutions who are not committed to the instruction or success of their students.

Signed,

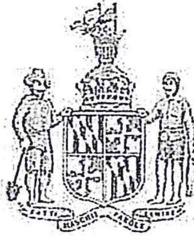
Lanae Erickson	Tamara Hiler
Senior Vice President, Social Politics & Policy	Director of Education
Third Way	Third Way

OAG_C Madio_FAV_SB0445
Uploaded by: Madaio, Chris
Position: FAV

BRIAN E. FROSH
Attorney General

ELIZABETH F. HARRIS
Chief Deputy Attorney General

CAROLYN QUATTROCKI
Deputy Attorney General



WILLIAM D. GRUHN
Chief
Consumer Protection Division

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STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

February 12, 2020

TO: The Honorable Paul Pinsky, Chair
Education, Health, and Environmental Affairs Committee

FROM: Christopher J. Madaio, Assistant Attorney General - Consumer Protection Division

RE: Senate Bill 445 – For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending - Requirements – FAVORABLE

The Consumer Protection Division of the Office of the Attorney General supports Senate Bill 445, sponsored by Senators Pinsky, Elfreth, Ellis, Kagan, Lam, Sydnor, Washington and Young, because it protects Maryland students at for-profit institutions of higher education and private career schools by requiring that those schools spend at least 50% of tuition money that they collect on teaching students.

There is a pattern of unfair and deceptive conduct at for-profit colleges.

Many for-profit institutions of higher education convince students to incur the significant amount of student loan debt it takes to pay for their programs, which often do not result in the same quality of education and earnings potential as a similar (and often cheaper) program at a public school such as a community college, by treating the recruiting of potential students as equivalent to a sales process, utilizing high pressure sales tactics, emotional appeals, and making unfair, deceptive, and abusive tactics.[1] In these cases, the schools prioritize the quest for profit by turning their admission departments into high-pressure boiler room style recruitment call centers. Our office has investigated schools that deceived students about the accurate cost of the school, guaranteed that credits would transfer when that was not always true, misrepresented the number of students who got jobs in their field of study, and pressured students into enrolling, even if the school didn't offer the program that the student wanted to study.

- Colorado Technical University and American Intercontinental University admissions reps told state attorneys general that "we were never supposed to take 'no' for an answer. No matter what they really wanted, we had to drive them into a program we offered."
- Brightwood College's Director of Admissions at the Beltsville campus told his admissions reps to "operate at full speed" to get new applications with "no exceptions" and that they should have no more "low dial days."
- The Dream Center schools (under the brand of Art Institute) deceived students about the loss of accreditation (making a degree from some programs worthless) and misappropriated $13 million of federal student loan money that the school should have distributed to students.
- ITT Tech trained its recruiters to use the "pain funnel" to inflict emotional pain upon potential students to pressure them into enrolling.

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[1] Attached to this testimony are 21 press releases from state and federal law enforcement agencies describing lawsuits or settlements related to unfair, deceptive, and abusive recruiting practices.

The current Department of Education is not helping students avoid low-quality schools.

One of the reasons that deceptive recruitment conduct occurs so often in the for-profit college industry but not in public and non-profit schools is because the graduates of many (but not all) for-profit schools have difficulty finding jobs and have low earnings compared to graduates of similar programs at other schools.[2] During the Obama Administration, the Department of Education implemented the Gainful Employment Rule, which required for-profit schools to prove that their programs were of sufficient quality to allow graduates to earn enough money to pay back the student loan debts incurred to attend the program. When the initial round of data was released by the Obama Administration in 2017, over 800 programs failed the test and would have lost access to federal student loans and grants if they had failed a second year.[3] Secretary DeVos, however, has refused to enforce the Gainful Employment Rule and has announced that the Department of Education is rescinding it, leaving students without protection from low-quality programs where graduates cannot find jobs that allow them to pay back their student loans.

This bill would help Marylanders by requiring for-profit schools to either spend more money on instruction or make their tuition less expensive.

Our State should protect Maryland students by setting a standard that requires at least 50 cents of every dollar collected in tuition revenue at for-profit schools be spent on instruction. Schools already report the total amount of money they spend on instruction to the Department of Education and that data is publicly available. This bill would require that schools report the same numbers related to school-wide instructional spending that they already calculate for the Department of Education to the Maryland Higher Education Commission. If a school fails to meet the 50% threshold, it must reduce its tuition for one year to an amount that complies with the 50% requirement.

This bill protects Maryland consumers because it will require some for-profit schools to spend more money on instruction, thereby increasing the quality of their programs and reducing the incentive to use deceptive marketing tactics to recruit students. The Consumer Protection Division urges the Committee to give SB 445 a favorable report.

cc: Members, EHEA Committee

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[2] The U.S. Department of Education publishes the median earnings of graduates on its College Scorecard website. *See https://collegescorecard.ed.gov/*. Attached is a chart showing comparing the earnings of graduates at a few programs at for-profit institutions currently operating in Maryland with the earnings of graduates at similar programs offered at Maryland community colleges.

[3] https://www.insidehighered.com/news/2017/01/10/federal-data-show-hundreds-vocational-programs-fail-meet-new-gainful-employment

Name of School	Program Description	Credential Level	Median Debt	Median Annual Earnings of Graduates
Fortis College-Landover	Allied Health and Medical Assisting Services.	Undergraduate Certificat	$9,500	$19,600
Fortis Institute-Baltimore	Allied Health and Medical Assisting Services.	Undergraduate Certificat	$9,446	$20,000
Fortis Institute-Towson	Allied Health and Medical Assisting Services.	Associate's Degree	$18,011	$22,800
Montgomery College	**Allied Health and Medical Assisting Services.**	**Associate's Degree**	**$13,820**	**$60,800**
Fortis Institute-Baltimore	Allied Health Diagnostic, Intervention, and Treatmer	Undergraduate Certificat	$20,000	$41,300
Prince George's Community C	**Allied Health Diagnostic, Intervention, and Treat**	**Associate's Degree**	**$11,500**	**$56,200**
North American Trade Schools	Construction Trades, General.	Undergraduate Certificate (	$10,258	$21,500
Fortis Institute-Baltimore	Cosmetology and Related Personal Grooming Services.	Undergraduate Certificate (	$13,724	$14,200
Fortis College-Landover	Dental Support Services and Allied Professions.	Undergraduate Certificat	$12,122	$20,200
Fortis Institute-Towson	Dental Support Services and Allied Professions.	Undergraduate Certificat	$13,000	$22,800
Fortis College-Landover	Dental Support Services and Allied Professions.	Associate's Degree	$32,489	$47,100
CCBC	**Dental Support Services and Allied Professions.**	**Associate's Degree**	**$18,000**	**$64,800**
North American Trade Schools	Ground Transportation.	Undergraduate Certificate (	$3,166	$38,400
Hagerstown Community Colle	**Ground Transportation.**	**Undergraduate Certific**	**$4,750**	**$44,000**
Fortis College-Landover	Health and Medical Administrative Services.	Undergraduate Certificat	$13,875	$24,300
Fortis Institute-Baltimore	Health and Medical Administrative Services.	Undergraduate Certificat	$9,500	$22,000
Fortis Institute-Towson	Health and Medical Administrative Services.	Undergraduate Certificat	$11,704	$23,000
Anne Arundel Community Coll	**Health and Medical Administrative Services.**	**Undergraduate Certific**	**$9,375**	**$29,300**
North American Trade Schools	Heating, Air Conditioning, Ventilation and Refrigeration I	Undergraduate Certificate (	$10,072	$26,100
Fortis Institute-Towson	Registered Nursing, Nursing Administration, Nursinc	Associate's Degree	$30,500	$51,300
Carroll County Community Co	**Registered Nursing, Nursing Administration, Nu**	**Associate's Degree**	**$15,700**	**$56,000**

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PRESS RELEASE

Career Education Corporation to Stop Collecting on Loans, Change Practices in Agreement with Maryland, 48 Other Attorneys General

Settlement Will Bring $493.7 Million in Nationwide Debt Relief for CEC Students

BALTIMORE, MD (January 3, 2019) – Maryland Attorney General Brian E. Frosh today announced a settlement with for-profit education company Career Education Corporation (CEC) in which CEC will forgo collecting more than $8.5 million in debts owed by 2,784 Maryland students. The settlement also mandates that CEC significantly reform its recruiting and enrollment practices and make a $5 million payment to the settling states. Maryland will receive $264,285.71 of this payment, with the rest distributed to the other settling states, the National Association of Attorneys General Financial Services and Consumer Protection Fund, and the State Center.

Illinois-based CEC currently operates online courses through American InterContinental University (AIU) and Colorado Technical University (CTU), and has closed or phased out many of its other schools over the past 10 years. Its brands have included Briarcliffe College, Brooks Institute, Brown College, Harrington College of Design, International Academy of Design & Technology, Le Cordon Bleu, Missouri College, and Sanford-Brown. There are no physical CEC-operated campuses currently in Maryland.

The Assurance of Discontinuance (Assurance) with attorneys general in 48 states and the District of Columbia, requires CEC to forgo any and all efforts to collect amounts owed by former students who either attended a CEC institution that closed before January 1, 2019, or whose final day of attendance at AIU or CTU occurred on or before December 31, 2013. These amounts total more than $493.7 million in outstanding loan debt held by 179,529 former students.

"CEC's unscrupulous recruitment and enrollment practices caused considerable harm to Maryland students," said Attorney General Frosh. "The company misled students. It claimed that students would get better jobs and earn more money, but its substandard programs failed to deliver on those promises. The school encouraged these students to obtain millions of dollars in loans, placing them at great financial risk. Now CEC will have to change its practices and forgo collection on those loans."

A group of attorneys general initially launched an investigation into CEC's recruitment and enrollment practices after receiving several complaints from students and a critical report on for-

profit education by the U.S. Senate's Health, Education, Labor, and Pensions Committee. That investigation revealed that CEC:

- Used emotionally-charged language emphasizing the pain in prospective students' lives to pressure them into enrolling in CEC's schools;
- Deceived students about the total costs of enrollment by instructing its admissions representatives to only inform prospective students about the cost per credit hour without disclosing the total number of required credit hours;
- Misled students about the transferability of credits into CEC from other institutions and out of CEC to other institutions by promising on some occasions that credits would transfer;
- Misrepresented the potential for students to obtain employment in the field by failing to adequately disclose the fact that certain programs lacked the necessary programmatic accreditation, which it knew would negatively affect a student's ability to obtain a license or employment in the student's field of study; and
- Deceived prospective students about the rate that graduates of CEC programs obtained a job in their field of study, thereby giving prospective students a distorted and inaccurate impression of CEC graduates' employment outcomes.

The Attorneys General alleged that as a result of the unfair and deceptive practices described above, students enrolled in CEC who would not have otherwise enrolled, and subsequently could not obtain professional licensure and were saddled with substantial debts that they could not repay nor discharge. CEC denied the allegations of the Attorneys General, but agreed to resolve the claims through this multistate settlement. In addition to the debt relief and the payment to the states, the Assurance requires that CEC must:

- Make better disclosures to students at the time of enrollment. The settlement ensures this will be effectuated by requiring CEC to provide prospective students a disclosure concerning: a) anticipated total direct cost; b) median debt for completers; c) programmatic cohort default rate; d) program completion rate; e) notice concerning transferability of credits; f) median earnings for completers; and g) the job placement rate.
- Provide accurate information about job placement rate, graduation rates, and earnings.
- Require students before enrolling to complete an Electronic Financial Impact Platform Disclosure that will also provide more accurate data about debt burden and post-graduate income potential.
- Enhance student cancellation rights: seven days to cancel and receive a full refund for students enrolled at a physical campus and 21 days for students with fewer than 24 credits of past study enrolled in online programs.
- Not enroll students in programs that do not lead to state licensure or accreditation, or that otherwise will not qualify them for the profession targeted by their program of study.
- Not engage in a variety of other unfair or deceptive practices concerning recruitment, accreditation, selectivity, graduation rates, placement rates, transferability of credit, financial aid, veterans' benefits, or licensure requirements. CEC shall record online chats and telephone calls with prospective students and analyze these recordings to ensure compliance.
- Contact each qualifying former student by U.S. mail informing that student that their student account balance has been reduced to $0.

In addition to Maryland, the CEC investigation was led by Iowa, Connecticut, Illinois, Kentucky, Oregon, and Pennsylvania. An independent monitor will oversee the company's settlement compliance for three years and issue annual reports.

In making today's announcement, Attorney General Frosh thanked Assistant Attorney General Christopher Madaio for his work on the case.

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PRESS RELEASE

Attorney General Frosh Announces Over $6M in Debt Relief for Former ITT Tech Students in Maryland

44 Attorneys General Achieve Settlement with Private Lender for More Than 18,000 Students Nationwide

BALTIMORE, MD (June 14, 2019) – Maryland Attorney General Brian E. Frosh announced an agreement to obtain $6,021,455.80 in debt relief for 582 former ITT Tech students in Maryland as part of a multistate settlement with Student CU Connect CUSO, LLC (CUSO). Nationally, the settlement will result in debt relief of more than $168 million for more than 188,000 former ITT students.

CUSO offered loans to finance students' tuition at ITT Tech, a for-profit college that, prior to its closure, enrolled students at 149 locations throughout the country, including two in Maryland. ITT filed for bankruptcy in 2016 amid investigations by state attorneys general, led in part by Maryland, and following action by the U.S. Department of Education to restrict ITT's access to federal student aid. The CUSO loan program originated approximately $189 million in student loans to ITT students between 2009 and 2011..

"Maryland students were often pressured into signing off on these predatory loans," said Attorney General Frosh. "This settlement requires CUSO to provide debt relief to Maryland students who we allege were misled into taking out loans while they were working hard to further their education. My office will continue to work to help Marylanders who are hurt by predatory for-profit schools."

The attorneys general allege that ITT provided Temporary Credit to its students to cover the gap between the tuition and the federal student aid, but when the Temporary Credit became due, ITT pressured and coerced students into accepting loans from CUSO, which often carried interest rates that far exceeded rates for federal loans. The high-pressure tactics used by ITT allegedly included pulling students out of class and threatening to expel them if they did not accept the loan terms. Because ITT's credits would likely not transfer to other schools, most students were forced to choose between enrolling in the CUSO loans or dropping out of school and losing any benefit of the credits they had earned.

According to the allegations, neither ITT nor CUSO made students aware of what the true cost of repayment for the Temporary Credit would be until after it was converted to a loan. The default rate on CUSO loans was projected to exceed 90% due to both the high cost of the loans and the

inability of students to obtain jobs that earned enough to make repayment feasible. The defaulted loans continue to affect students' credit ratings.

In the settlement, CUSO agreed to forego collection of the outstanding loans and cease its operations. CUSO's loan servicer will send notices to borrowers about the cancelled debt and ensure that automatic payments are cancelled. The settlement also requires CUSO to ask credit reporting agencies to delete any reference to these loans from the credit reports of affected borrowers.

Students with questions about their rights under the settlement will receive information in the notices sent by CUSO. Students may also contact the Attorney General's Consumer Protection Division at 410-528-8662 with additional questions or concerns.

In making today's announcement, Attorney General Frosh thanked Assistant Attorney General Christopher Madaio for his work on the case.

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PRESS RELEASE

Attorney General Frosh Announces $192 Million Nationwide Settlement That Forgives Debt for More than 500 Former Corinthian Students

Maryland borrowers will receive more than $2 million in debt forgiveness

BALTIMORE, MD (August 17, 2017) – Maryland Attorney General Brian E. Frosh, in coordination with the Consumer Financial Protection Bureau ("CFPB") and a coalition of 12 other state attorneys general, announced today a tentative settlement with Aequitas, a now defunct private investment firm under SEC-imposed receivership. Of the total $192 million nationwide settlement, 515 Maryland students who attended Corinthian Colleges will receive more than $2 million in total debt forgiveness.

"As a result of this settlement, students who were tricked into taking out loans to attend Corinthian Colleges will receive the debt forgiveness they deserve," said Attorney General Frosh.

The settlement, which is subject to approval by the Oregon federal court overseeing the Aequitas receivership, and Maryland state court, is part of a broader agreement worth $192 million for former Corinthian students across the country. The CFPB and the coalition of state attorneys general alleged that Aequitas entered into a complex financial relationship with Corinthian to fund the "Genesis Private Student Loan Program," which saddled students with sham debt in order to provide the false appearance that Corinthian was financially sound and would qualify for the maximum allowable amount of federal student loan money.

The settlement resolves allegations that Aequitas, through its involvement in the Genesis loan program, engaged in unfair predatory lending and aided and abetted substantial misconduct by Corinthian.

A copy of Maryland's proposed complaint and stipulated judgment, which were filed today in Oregon federal court, can be found here.

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PRESS RELEASE

Attorney General Frosh Announces Former Corinthian College Students Are Eligible for Federal Student Loan Cancellation

BALTIMORE, MD (April 12, 2017) – Maryland Attorney General Brian E. Frosh today announced that his office, joined by at least forty-three other state attorneys general and the District of Columbia, is reaching out to notify Maryland consumers who attended schools operated by Corinthian Colleges, Inc., including Everest Institute, Everest College, Everest University, Heald College, and Wyotech, that they are eligible for cancellation of their federal student loans used to attend those schools.

Approximately, 1,900 Maryland residents are eligible for federal student loan cancellation and will receive a communication explaining the relief available and enclosing a short application that must be filed with the U.S. Department of Education. If a student's federal loan is cancelled, the student will make no more payments on the loan, and any payments already made will be refunded.

After intense scrutiny by various government entities, for-profit Corinthian Colleges abruptly ceased operations in 2015, transferring some of its campuses to a non-profit called Zenith Education Group. The U.S. Department of Education then found that while it was operating, Corinthian Colleges made widespread misrepresentations between 2010 and 2014 about post-graduation employment rates at certain campus locations across the nation.

Lists of the affected campuses, programs, and dates of enrollment are available here and here. Students who first enrolled in the identified campuses and programs during the specified time periods are eligible for streamlined discharge of their federal student loans.

"Students who were tricked into attending Corinthian Colleges based on fabricated statistics and the promise of a well-paying job should not be burdened by lifelong student debt," said Attorney General Frosh. "Our office will continue to fight for students who are victims of predatory institutions like Corinthian Colleges."

The Attorney General's outreach will be sent to students who fall within the U.S. Department of Education's findings of fraud, and who are eligible for a special "streamlined" process to discharge their federal student loans. However, *any* student who attended Corinthian Colleges and believes that the school lied about job prospects, the transferability of credits, or other issues may apply to have their federal student loans canceled using the Department of Education's

application for borrower defense to loan repayment. Information about borrower defense can be found here: https://studentaid.ed.gov/borrower-defense

Borrowers should beware of student loan scams. You can apply for loan forgiveness, or get information on loan forgiveness, for **FREE** through the U.S. Department of Education. The U.S. Department of Education never charges application or maintenance fees, so if you're asked to pay, walk away.

It may take time for the U.S. Dept. of Education to process applications, so anyone who applies for loan discharge should continue making payments on the affected loans until informed by the U.S. Department of Education or their loan servicer that their federal loans are in forbearance while an application is pending or that their loans have been canceled. More information about the Office's outreach to former students of Corinthian Colleges can be found at www.corinthianoutreach.com. Students can also call the U.S. Department of Education hotline at 1-855-279-6207 or e-mail questions about discharge of their federal student loans to FSAOperations@ed.gov.

Earlier this year, Attorney General Frosh joined 17 other Attorneys General in sending a letter to the U.S. Department of Education and Congressional leaders expressing continued support of federal protections for students and taxpayers against the worst actors in the for-profit school industry. The letter was a follow-up to the U.S. Department of Education after Attorney General Frosh and other state attorneys general, in 2015, urged the U.S. Department of Education to provide debt relief to students harmed by for-profit schools. In addition, Attorney General Frosh helped obtain nearly $1.4 million in loan forgiveness for nearly 1,000 Maryland students who attended schools operated by the Education Management Corporation.

In making today's announcement, Attorney General Frosh thanked Assistant Attorney General Christopher J. Madaio for his work on this outreach.

BRIAN E. FROSH
ATTORNEY GENERAL

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PRESS RELEASE

AG Frosh: $1.4 Million in Loans Forgiven For Nearly 1,000 Maryland Students

For-profit education company will revise recruitment and enrollment practices, cancel $103 million in nationwide debt

Baltimore, MD (November 16, 2015) --Attorney General Brian E. Frosh today announced a multistate agreement with for-profit education company Education Management Corporation (EDMC) that forgives more than $1.4 million in loans for nearly 1,000 former Maryland students who took courses online. The agreement also significantly reforms the company's recruiting and enrollment practices at its schools.

Pittsburgh-based EDMC operates 110 schools in 32 states and Canada through four education systems, including Argosy University, The Art Institutes, Brown Mackie College and South University. There are no physical campuses currently in Maryland.

The agreement with attorneys general in 39 states and the District of Columbia, through a consent judgment filed in Baltimore and in each participating jurisdiction, requires EDMC to forgive $102.8 million in outstanding loan debt held by more than 80,000 former students.

It further requires EDMC to provide access to a new, interactive online financial disclosure tool; bars them from making misrepresentations to students; prohibits them from enrolling students in unaccredited programs; and institutes an extended period when new students can withdraw with no financial obligation.

"EDMC practices were unfair to Maryland students and to taxpayers, who backed many federal student loans that were destined to fail," said Attorney General Frosh. "This is a comprehensive agreement that releases many former students from the burden of debt, and requires the company to put in place new transparency and accountability measures that will benefit future students." State attorneys general initiated a multistate investigation in January 2014 after receiving numerous complaints from current and former students.

Under the agreement, EDMC must:

- Provide a single-page disclosure to each prospective student that includes the student's anticipated total cost, median debt for those who complete the program, the default rate for those enrolled in the same program, warning about the unlikelihood that credits from

some EDMC schools will transfer to other institutions, the median earnings for those who complete the program, and the job placement rate.

- Require every prospective student utilizing federal student loans or financial aid to submit information to the interactive Electronic Financial Impact Platform (EFIP) in order to obtain a personalized financial report of the student's projected education program costs, estimated debt burden, expected post-graduate income, anticipated living expenses and potential future earnings.
- Reform its job placement rate calculations and disclosures to provide more accurate information about students' likelihood of obtaining sustainable employment in their chosen career.
- Not enroll students in programs that do not lead to state licensure when required for employment or that, due to lack of accreditation, will not prepare graduates for jobs in their field.
- Permit incoming undergraduate students in online programs with fewer than 24 online credits to withdraw within 21 days of the beginning of the term without incurring any cost.

Former students eligible for automatic loan forgiveness must have been enrolled in an EDMC program with fewer than 24 transfer credits; must have withdrawn within 45 days of the first day of their first term; and their final day of attendance must have been between Jan. 1, 2006 and Dec. 31, 2014. EDMC will send notices to individuals whose loans are being forgiven.

The agreement is expected to provide an average of $1,370 per person in loan forgiveness. Under the agreement, EDMC did not admit to the conduct alleged by the attorneys general. Separately, EDMC also agreed to pay a $95 million settlement in a federal whistleblower lawsuit under the False Claims Act. In that case, brought by the U.S. Department of Justice on behalf of the Department of Education, the government alleged that EDMC illegally paid incentive-based compensation to its admission recruiters tied to how many students they recruited.

DOUGLAS F. GANSLER
ATTORNEY GENERAL

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PRESS RELEASE

Attorney General Shuts Down Nursing Education Company

Associated National Medical Academy's Nursing Courses Not Approved by Maryland State Board of Nursing or Maryland Higher Education Commission

BALTIMORE, MD (June 3, 2010) -Attorney General Douglas F. Gansler today announced that his Consumer Protection Division has entered into a Consent Order with MalMilVentures, LLC, d/b/a Associated National Medical Academy, located at 322 N. Howard in Baltimore City, and the company=s principals, Johnny Malone and John Miller. Under the terms of the Consent Order, Associated National Medical Academy will return all monies it charged consumers, estimated to be at least $177,000. It has also agreed not to offer any education program in the future without authorization or a waiver from the Maryland Board of Nursing and/or the Maryland Higher Education Commission. The company also agreed to pay $110,000 in costs and penalties, which can be reduced to $35,000 if it has fully complied with the Consent Order. Associated National Medical Academy denied that it violated the Consumer Protection Act.

The Division alleged that Associated National Medical Academy offered accelerated licensed practical nurse and registered nurse bridge training programs, at a cost of $6,000 and $8,000, respectively, to Maryland students. To be licensed in Maryland, the candidate must have completed a nursing education program approved by the Maryland Board of Nursing. Associated National Medical Academy is not approved by the Maryland Board of Nursing or the Maryland Higher Education Commission. As a result, consumers attending Associated National Medical Academy would not qualify to get a nursing license.

"This company and its owners preyed on consumers who wanted to practice nursing in Maryland," said Attorney General Gansler. "Consumers should check with state licensing boards to verify licensing requirements prior to signing up with training schools."

The Division further alleged that Associated National Medical Academy made numerous misrepresentations and material omissions to consumers including: its nursing programs were accredited through other schools when, in fact, they were not accredited; students would receive transcripts, certifications, and/or degrees that would be honored in Maryland and other states when, in fact, they would receive invalid transcripts, certifications, and/or degrees; its programs were approved in other states, and that students could get licensed in other states and practice in Maryland when, in fact, they were not approved in any other state and students would not be eligible to practice in Maryland; and students either did not need clinical training, or would complete their clinical training at area hospitals when, in fact, no arrangements had been made with any area hospital for the mandatory clinical training.

FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Obtains Record $191 Million Settlement from University of Phoenix to Resolve FTC Charges It Used Deceptive Advertising to Attract Prospective Students

Settlement provides a mix of cash and debt cancellation to students harmed by deceptive ads

Share This Page

FOR RELEASE

December 10, 2019

TAGS: Bureau of Consumer Protection | Consumer Protection | Advertising and Marketing

The University of Phoenix (UOP) and its parent company, Apollo Education Group, will settle for a record $191 million to resolve Federal Trade Commission charges that they used deceptive advertisements that falsely touted their relationships and job opportunities with companies such as AT&T, Yahoo!, Microsoft, Twitter, and The American Red Cross.

Under the settlement unanimously approved by the Commission, UOP will pay $50 million in cash as well as cancel $141 million in debts owed to the school by students who were harmed by the deceptive ads.

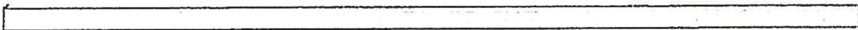
"This is the largest settlement the Commission has obtained in a case against a for-profit school," said Andrew Smith, Director of the FTC's Bureau of Consumer Protection. "Students making important decisions about their education need the facts, not fantasy job opportunities that do not exist."

What the FTC alleged in its complaint

The FTC alleged that UOP and Apollo relied heavily on advertising to attract students, including specific ads that targeted military and Hispanic consumers. The companies' ads featured employers such as Microsoft,

Twitter, Adobe, and Yahoo!, giving the false impression that UOP worked with those companies to create job opportunities for its students and tailor its curriculum for such jobs.

00:32



Parking Lot Ad example

In reality, these companies did not partner with UOP to provide special job opportunities for UOP students or develop curriculum. Instead, UOP and Apollo selected these companies for their advertisements as part of a marketing strategy to drive prospective student interest, the FTC alleges.

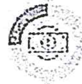
In addition to falsely touting relationships with companies, the defendants also misrepresented that companies, such as Adobe, American Red Cross, Avis, AT&T, MGM, Microsoft, Newell Rubbermaid, Sodexo, and Twitter, worked with UOP to develop its courses, according to the FTC's complaint.

The complaint further alleges that UOP's deceptive advertising and marketing materials targeted active duty servicemembers, veterans, and military spouses, and that the company has been the largest recipient of Post-9/11 GI Bill benefits since the program's inception.

What the settlement means for consumers

The settlement requires UOP to pay $50 million to the Commission, which will be used for consumer redress, and to cancel approximately $141 million in debts owed to UOP by former students who first enrolled during the time period consumers were likely exposed to UOP's deceptive advertising.

$191 million judgment:



$50 million
In consumer refunds

$141 million
In debt forgiveness

This settlement will not affect student borrowers' federal or private loan obligations. Borrowers looking to lower their monthly payments on federal loans can obtain free information from the United States Department of Education about income-driven repayment plans, and those who believe they have been defrauded or deceived can apply for loan forgiveness through the Borrower Defense to Repayment procedures. Applying for these programs does not cost anything. Student borrowers should steer clear of debt relief scams that charge thousands of dollars for services that are available for free.

The Commission vote authorizing the staff to file the complaint and stipulated final order was 4-0-1, with Commissioner Christine S. Wilson recused. The complaint and stipulated final order will be filed in the U.S. District Court for the District of Arizona. Commissioners Rohit Chopra and Rebecca Kelly Slaughter each issued separate statements.

NOTE: The Commission files a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. Stipulated final orders have the force of law when approved and signed by the District Court judge.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about consumer topics and file a consumer complaint online or by calling 1-877-FTC-HELP (382-4357). Like the FTC on Facebook, follow us on Twitter, read our blogs, and subscribe to press releases for the latest FTC news and resources.

Contact Information

CONTACT FOR CONSUMERS:
Consumer Response Center
877-382-4357

CONTACT FOR NEWS MEDIA:
Jay Mayfield
Office of Public Affairs
202-326-2565

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202-326-3039

Stephanie Cox
Bureau of Consumer Protection
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ftc.gov

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE Wednesday, June 24, 2015

For-Profit Education Company to Pay $13 Million to Resolve Several Cases Alleging Submission of False Claims for Federal Student Aid

Settlement Resolves Allegations and Administrative Claims Involving Schools in Five States

Education Affiliates (EA), a for-profit education company based in White Marsh, Maryland, has agreed to pay $13 million to the United States to resolve allegations that it violated the False Claims Act by submitting false claims to the Department of Education for federal student aid for students enrolled in its programs. EA operates 50 campuses in the United States under various trade names, including All State Career, Fortis Institute, Fortis College, Tri-State Business Institute Inc., Technical Career Institute Inc., Capps College Inc., Driveco CDL Learning Center, Denver School of Nursing and Saint Paul's School of Nursing, which provide post-secondary education training programs in several professions in the states of Alabama, Florida, Maryland, Ohio and Texas.

"Today's settlement is an excellent example of cooperation among multiple offices of the federal government to achieve a result that protects federal student aid funding and the interests of individual students," said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department's Civil Division. "Schools have an obligation to live up to their commitment to the government and their students when they accept federal student aid funds."

The government alleged that employees at EA's All State Career campus in Baltimore altered admissions test results so as to admit unqualified students, created false or fraudulent high school diplomas and falsified students' federal aid applications, and that multiple EA schools referred prospective students to "diploma mills" to obtain invalid online high school diplomas. These allegations also led to criminal convictions of two All State Careers admission representatives, Barry Sugarman and Jesse Moore, and a test proctor, Jacqueline Caldwell.

"Students who apply for federal financial aid to attend trade and professional schools are required to show that they have the necessary skills to complete the educational program and work in the field," said U.S. Attorney Rod J. Rosenstein of the District of Maryland. "This settlement resolves the government's allegations that Education Affiliates defrauded the government by changing students' test scores and enrolling students with invalid diploma mill high school 'diplomas' ordered online."

"The various cases that were settled here include numerous allegations of predatory conduct that victimized students and bilked taxpayers," said Under Secretary Ted Mitchell of the U.S. Department of Education. "In particular, the settlement provides for repayment of $1.9 million in liabilities ordered by Secretary of Education Arne Duncan that resulted from EA awarding federal financial aid to students at its Fortis-Miami campus based on invalid high school credentials issued by a diploma mill. Secretary Duncan made clear that such abusive behavior would not be tolerated, and we will continue to work with the Justice Department

and other federal agencies to ensure that postsecondary institutions face consequences when they violate the law."

The settlement agreement also resolves allegations related to EA schools in Birmingham, Alabama, Houston and Cincinnati, including violations of the ban on incentive compensation for enrollment personnel, misrepresentations of graduation and job placement rates, alteration of attendance records and enrollment of unqualified students.

"Using fake high school diplomas is a particularly insidious abuse of the federal student aid system," said Inspector General Kathleen Tighe of the U.S. Department of Education's Office of Inspector General (OIG). "Students received only a worthless piece of paper." Tighe commended the efforts of OIG staff and Department of Justice attorneys, whose outstanding investigative work led to this significant settlement.

The settlement resolves five lawsuits filed under the whistleblower provisions of the False Claims Act, which permit private citizens to sue on behalf of the United States and share in the recovery. As part of this resolution, the five whistleblowers will receive payments totaling approximately $1.8 million.

The settlements were the result of a coordinated effort by the U.S. Attorneys' Offices of the District of Maryland, the Southern District of Texas, the Northern District of Alabama, Southern District of Ohio and the Middle District of Tennessee, as well as the Civil Division's Commercial Litigation Branch, and the Department of Education and its OIG.

The cases are captioned *United States ex rel. Roman v. All State Career, Inc. and Education Affiliates, Inc.*, Civil Case No. JKB-10-1730 (D.Md.); *United States ex rel. Thomas v. Education Affiliates, Inc.*, Civil Case No. JKB-14-332 (D.Md.); *United States ex rel. Andrews v. Education Affiliates, Inc., et al.*, Civil Case No. H-13-2366 (S.D. Tex.); *United States ex rel. Atkins, et al. v. Fortis Institute and Education Affiliates, LLC*, Civil Case No. CV-14-1107-S (N.D. Ala.); and *United States ex rel. McArthur, Gruff & Associates LLC v. Education Affiliates, Inc.*, Civil Case No. 1:14-CV-977 (S.D. Oh.). The False Claims Act claims resolved by the settlement are allegations only, and there has been no determination of liability.

Topic(s):
False Claims Act

Component(s):
Civil Division

Press Release Number:
15-795

Updated April 28, 2017

State *of* California Department *of* Justice

XAVIER BECERRA

Attorney General

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Attorney General Xavier Becerra Sues For-Profit Ashford University For Defrauding and Deceiving Students

Press Release / *Attorney General Xavier Becerra Sues For-Profit Ashford Univ...*

Wednesday, November 29, 2017

Contact: (916) 210-6000, agpressoffice@doj.ca.gov

SAN FRANCISCO – California Attorney General Xavier Becerra today announced that he is suing Ashford University, an online for-profit school based in San Diego, and its parent company Bridgepoint Education for engaging in unlawful business practices. In the lawsuit, Attorney General Becerra alleges that Ashford made false promises and furnished faulty information to students to persuade

them to enroll. It also used illegal debt collection practices when students struggled to pay their bills. Attorney General Becerra seeks restitution for students, a permanent injunction prohibiting similar activities in the future, and civil penalties from Ashford University.

"No school should ever steal the American Dream from its students, but that is exactly what Ashford University did," **said Attorney General Becerra.** "Ashford University preyed on veterans and people of modest means. This for-profit college illegally misled students about their educational prospects and unfairly saddled them with debt. In today's economy, college is too pivotal and precious to let a predatory for-profit company swindle our daughters and sons out of the higher education they'll need to get ahead."

Background

In 2005, Bridgepoint Education bought a tiny non-profit Catholic university in Iowa named Franciscan University of the Prairies. Bridgepoint cut the school's ties with the Catholic Church, rebranded it as Ashford University, and exploited the school's access to federal education funds to build an online empire with over 80,000 students by 2012. Ashford University proceeded to close the original Franciscan University's brick and mortar campus in Iowa in 2016.

Attorney General Becerra alleges that Ashford accomplished its massive growth with an army of "Admissions Counselors" who were really salespeople working in toxic boiler-room conditions. The complaint alleges that Ashford's administration

subjected these "Admissions Counselors" to extreme pressure to meet enrollment targets and that it verbally and psychologically abused them when they fell short.

The complaint further alleges that:

- Ashford's salespeople made a wide variety of false and misleading statements to prospective students to meet their enrollment growth targets, including how much financial aid students would get, how many prior academic credits would transfer into the school, and the school's ability to prepare students for careers in fields like social work, nursing, medical billing, and teaching;
- For-profit Ashford misled investors and the public in its filings with the Securities and Exchange Commission by inflating the percentage of working alumni who reported that their Ashford degree prepared them for their current job;
- Because of Ashford's misrepresentations, Ashford's students, many of them low-income, were often saddled with unexpected tuition expenses and other debts they could not afford. To collect that money, Ashford engaged in aggressive and illegal practices such as threatening and imposing unlawful debt collection fees.

Current and former Ashford University students and others who may have been harmed by Ashford's misconduct who wish to file a complaint may contact the Attorney General's Office at (800) 952-5225 or oag.ca.gov/report.

Since assuming office, Attorney General Becerra has taken action to defend the rights of students in higher education. He challenged the U.S. Department of Education's rollback of rules protecting students who take out college loans. He obtained more than $51 million in debt relief for Californians who attended corrupt Corinthian College, a for-profit school that defrauded its students. He also urged Education Secretary DeVos to expedite loan forgiveness for Corinthian students.

A copy of the complaint is attached to the electronic version of this release at www.oag.ca.gov/news.

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Attachment	Size
	15.11 MB

NOTICE: This is an archived press release. Information contained on this page may be outdated. Please refer to our **latest press releases** for up-to-date information.

Post date: January 31 2017

Español

A.G. Schneiderman Obtains Settlement With Devry University Providing $2.25 Million In Restitution For New York Graduates Who Were Misled About Employment And Salary Prospects After Graduation

In Addition To Restitution, A.G. Settlement Requires Devry To Reform Advertising Practices And Pay $500,000 In Penalties, Fees, And Costs

NEW YORK – Attorney General Eric T. Schneiderman today announced a settlement with for-profit education company DeVry Education Group, Inc. and its subsidiaries DeVry University, Inc. and DeVry/New York, Inc. (collectively, "DeVry"). The settlement resolves an investigation that revealed that DeVry lured students with ads that exaggerated graduates' success in finding employment at graduation and contained inadequately substantiated claims about graduates' salary success. Pursuant to the agreement, DeVry will pay $2.25 million in consumer restitution and $500,000 in penalties, fees and costs.

"DeVry used misleading claims to lure in students who were simply seeking a college degree, greatly exaggerating job and salary prospects for graduates" said **Attorney General Schneiderman**. "I'm pleased that this settlement provides much-deserved restitution to students who were misled, and requires DeVry to stop its false advertising."

DeVry is headquartered in Illinois and operates fifty-five campuses throughout the country, including three in New York City. DeVry also offers online college programs.

Many of DeVry's advertisements centered on a claim that 90% of DeVry graduates who are actively seeking employment obtain employment in their field of study within six months of graduation. The Attorney General's investigation revealed that the 90% claim was misleading because a substantial number of the graduates included in the 90% figure were graduates who were already employed prior to graduating from DeVry. In fact, many of the graduates included in the 90% were employed before they even enrolled at DeVry.

In addition, DeVry's employment outcome statistics inaccurately classified a significant number of graduates as employed in their field of study, when in reality the graduates were not working in their field. For example, DeVry counted graduates of DeVry's Technical Management program as "employed in field" where the graduates were employed as retail salespersons, receptionists, bank tellers, and data entry workers. In some cases, graduates were counted as employed in their field of study despite holding positions that did not require a college degree.

DeVry also mischaracterized certain unsuccessful job-seekers as "inactive," despite evidence that the graduates had in fact carried out an active, though unsuccessful, job search. Furthermore, DeVry's 90% claim did not accurately reflect outcomes at all programs offered by DeVry. Certain programs had employment outcomes that were significantly lower than 90% over consecutive years.

DeVry also made inadequately substantiated claims in its advertisements concerning DeVry graduates' salary outcomes. For example, some DeVry ads touted that DeVry bachelor's degree graduates earned 15% more one year after graduation than all graduates with bachelor's degrees from all other colleges and universities. This claim, which was based on commissioned studies carried out by a third-party entity, was inconsistent with other data DeVry had concerning graduates' salaries.

The settlement requires DeVry to pay $2.25 million in restitution. The restitution will be used to compensate eligible graduates of associates and bachelor's degree programs at DeVry's New York campuses and New York residents that graduated from DeVry's online associates and bachelor's degree programs. The settlement also requires DeVry to pay $500,000 in penalties, fees, and costs and to reform its practices concerning representations of graduates' employment and salary outcomes.

DeVry recently reached a separate settlement with the Federal Trade Commission ("FTC") concerning its advertising practices. New York DeVry graduates may be eligible to receive restitution under both settlements. Restitution obtained pursuant to the Attorney General's settlement will be distributed pursuant to a claims process. Graduates eligible to participate in the claims process will receive a claim form by mail.

DeVry graduates eligible to participate in the claims process include: (1) graduates of associates and bachelor's degree programs at DeVry campuses in New York who began their program between July 2008 and September 2015; and (2) New York residents that graduated from DeVry online associates or bachelor's programs and who began their program between July 2008 and September 2015. Such graduates will be eligible to receive restitution under the

PRESS RELEASE

AG Healey Secures $455,000 in Refunds for Students Deceived by Online For-profit School

DeVry University Resolves Allegations That it Misled Students About Job Placement Rates

FOR IMMEDIATE RELEASE:
7/05/2017 Office of Attorney General Maura Healey

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BOSTON — For-profit school DeVry University has agreed to pay $455,000 in refunds to resolve allegations that it used deceptive job placement rates in marketing certain online programs to Massachusetts students, Attorney General Maura Healey announced today. This is the office's first settlement reached with a school operating only online.

The Assurance of Discontinuance, filed Friday in Suffolk Superior Court, alleges that DeVry University unfairly and deceptively convinced students to take on federal loan debt and enroll with the promise of careers in their field of study. DeVry offers online programs in Massachusetts, but does not operate a physical campus as it does in many other states.

"For years, for-profit schools have tricked students into unaffordable loans with false promises of high earnings and job opportunities. Now, online programs like DeVry are following the same playbook," AG Healey said. "We will continue to hold these institutions accountable for lying to students."

According to the AG's investigation, DeVry made various claims concerning the employment outcomes of graduates, including on its website, in social media, print advertisements, through television commercials, telephone and in-person presentations to prospective students.

The settlement alleges that DeVry prominently advertised that 90 percent of graduates who sought employment landed jobs in their field of study within six months of graduating. In fact, the AG's investigation found that certain DeVry programs had job placement rates as low as 52 percent.

Under the terms of the settlement, DeVry will pay $455,000 in restitution to affected students and is prohibited from misrepresenting the employment outcomes or salaries of its graduates.

More than 100 of DeVry's Massachusetts graduates are expected to be eligible for settlement payments. The AG's Office will be reaching out to affected students with more information. Many of these students may also be eligible for payments under a settlement that the FTC reached with DeVry in December 2016. (http://wayback.archive-it.org/1101/20180102204849/https://www.ftc.gov/news-events/press-releases/2016/12/devry-university-agrees-100-mi

AG Healey has taken a series of actions against predatory for-profit schools and made securing student loan relief a top priority. In November 2016, her office obtained $2.4 million from national loan servicer ACS (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2016/ag-healey-secures-2-4- failing to properly process applications for federal income-driven repayment plans and engaging in harassing debt collection. AG Healey also brought enforcement actions against student debt relief companies (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-11-24-stuc filed lawsuits against ITT Tech (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2016/2016-04-04-itt-tech.h Career Institute (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2013/2013-11-21-aci-con unlicensed for-profit nursing school (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2016/ag-healey-sues-unlic unfair and deceptive practices.

Based on her lawsuits and investigations, AG Healey successfully petitioned the U.S. Department of Education to automatically discharge the federal loans of all students who attended the American Career Institute (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2017/30-million-in-debt and accept discharge applications from over 2,000 Massachusetts Corinthian students (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2016/debt-relief-for-coi To date, the AG's Office has met with more than 1,200 Corinthian borrowers in order to help them apply for these loan discharges.

AG Healey's Office also reached settlements worth more than $6 million with Kaplan Career Institute, Lincoln Tech (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-07-30-for-profit- & Cogliano (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2013/2013-10-31-sulliva and Salter College (http://wayback.archive-it.org/1101/20180102204849/http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-12-12-salter-cc In March, the AG's Office launched a

Press Releases

November 13, 2019

ATTORNEY GENERAL RAOUL ANNOUNCES DEPARTMENT OF EDUCATION WILL DISCHARGE AT LEAST $10 MILLION IN FEDERAL STUDENT LOANS

Raoul Calls for Increased Transparency and Refunds for Defrauded Students

Chicago — Attorney General Kwame Raoul today announced that nearly 1,000 former Illinois Institute of Art students will have their federal student loans discharged at the request of Raoul and Colorado Attorney General Phil Weiser. Raoul and Weiser sent a group discharge application in June to the U.S. Department of Education (DOE) seeking the discharge of millions of dollars in federal student loans for students who attended the Illinois Institute of Art and Art Institute of Colorado, citing overwhelming evidence of fraud. In particular, the Illinois Institute of Art and Art Institute of Colorado misrepresented to students for six months that the schools were still accredited when they had lost accreditation.

"I am pleased that millions of dollars in relief will be returned to the hard working students of Illinois," Raoul said. "The Department of Education, however, is unfairly limiting relief that should be available to these students who took out loans to pay for a school that misled them to believe it was still accredited and is now closed.

Although the DOE will discharge at least $10 million in student loans for students who attended the Illinois and Colorado campuses, Raoul is calling for more transparency regarding the scope of relief available to students, arguing that the DOE appears to be unfairly limiting discharge options for students. The DOE will discharge the loans used to pay for periods from January 2018 until the campuses closed in December 2018, but the DOE has not said that it will issue refunds for amounts that students paid on those loans. Furthermore, the DOE's failure to extend the closed school discharge date beyond June 29, 2018 means that many defrauded students were denied the opportunity to discharge their student loans used to pay for periods prior to January 2018.

Attorney General Raoul's group discharge application, joined by Colorado Attorney General Weiser, sought the discharge of federal student loans and refunds of any amounts paid on the loans for students who attended Illinois Institute of Art and Art Institute of Colorado in 2018. The application requested that the DOE use its discretion to extend the closed school discharge date so that students harmed by the misrepresentations could discharge all loans used to attend the offending schools. The Illinois and Colorado campuses lost accreditation, but misled students for six months, portraying their campuses as still being institutionally accredited. After Dream Center Education Holdings (DCEH), the schools' parent company, disclosed the lack of accreditation, both schools announced plans to close at the end of the calendar year, leaving students with limited options to complete their educations and massive debt loans.

In October, Raoul and 29 other state attorneys general called on the DOE to expand the closed school discharge window for all students attending all DCEH schools, including Argosy University campuses in Illinois. In a letter to the DOE, Raoul cataloged the myriad of ways in which DCEH violated federal and state law, and grossly mismanaged the schools. The violations, including the failure to distribute $16 million in federal student loan credit balance refunds to students, led to the schools' rapid closures in less than 18 months after DCEH acquired the entities. Rather than providing all these students the opportunity to discharge their loans pursuant to closed school discharge, the DOE only extended the date to June 29, 2018, leaving many students nationwide ineligible to seek closed school discharge.

The Illinois Attorney General's office has long been a national leader in investigating and enforcing consumer protection violations in the higher education field. Recently, Attorney General Raoul has overseen the rollout of the state's first Student Loan Ombudsman, a position created by the Student Loan Servicing Rights Act, to provide resources for student borrowers who are struggling to make student loan payments. Attorney General Raoul has also advocated for protections for veterans in higher education, joining a coalition of state attorneys general calling on the DOE in May to automatically discharge student loans for totally and permanently disabled veterans. In August of 2019, the DOE was ordered to create a process to automatically discharge the loans.

Attorney General Kamala D. Harris Obtains $1.1 Billion Judgment Against Predatory For-Profit School Operator

Wednesday, March 23, 2016

Contact: (916) 210-6000, agpressoffice@doj.ca.gov

LOS ANGELES – Attorney General Kamala D. Harris today announced that her office has obtained a $1.1 billion judgment against defunct Corinthian Colleges, Inc. (CCI) for their predatory and unlawful practices. While CCI filed for bankruptcy in May 2015, this judgment can help secure further relief for struggling students.

Former Corinthian Students should visit the Attorney General's Interactive Tool for tailored information to help them locate needed resources and relief.

In October 2013, Attorney General Kamala D. Harris led the charge against CCI and its subsidiaries that operate Everest, Heald, and Wyotech colleges, filing suit seeking to put an end to abusive practices that left tens of thousands of students under a mountain of debt and useless degrees. CCI filed for bankruptcy in May 2015. Today, the Court granted a default judgment against CCI. In the judgment, the Court ordered restitution on behalf of students in the amount of $820,000,000 and civil penalties totaling $350,025,000, for a total of $1,170,025,000 in monetary relief.

"For years, Corinthian profited off the backs of poor people – now they have to pay. This judgment sends a clear message: there is a cost to this kind of predatory conduct," said Attorney General Harris. "My office will continue to do everything in our power to help these vulnerable students obtain all available relief, as they work to achieve their academic and professional goals."

Attorney General Harris' original complaint alleged that CCI intentionally targeted low-income, vulnerable Californians through deceptive and false advertisements and aggressive marketing campaigns that misrepresented job placement rates and school programs. CCI deployed these advertisements through persistent internet, telemarketing and television ad campaigns. The complaint further alleged that Corinthian executives knowingly misrepresented job placement rates to investors and accrediting agencies, which harmed students, investors and taxpayers. The Attorney General filed many of these documents in Court before entry of the Court's judgment, and they are now publicly available.

In the Final Judgment, the Court found, among other things, that:

- From at least 2009 until the closure of its schools, many of CCI's representations and advertisements related to job placement were untrue and/or misleading. In numerous cases, the placement rate data in CCI's files show that the actual placement rate is lower than the advertised rate. The placement rates that CCI published were systematically false, misleading, erroneous and/or failed to comply with applicable state and federal regulations and/or accreditor standards. In addition, many of these published placement rates could not be substantiated using CCI's own internal placement data and files.
- CCI did not offer ultrasound technician programs, x-ray technician programs, radiology technician programs, or dialysis technician programs in California. Despite this fact, from at least 2010 until the filing of this action, CCI ran millions of ads stating that they did offer those programs. CCI executives knew that these false ads misled students.
- CCI unlawfully used the official seals of the United States Department of the Army, the United States Department of the Navy, the United States Department of the Air Force, the United States Marine Corps, and the United States Coast Guard.
- CCI's enrollment agreements contained unlawful clauses.
- CCI engaged in unlawful debt collection.
- CCI failed to discloses its role in the Genesis Private Student Loan Program.
- CCI misrepresented the transferability of credits.
- CCI misrepresented its financial stability to students.

In April 2015, Attorney General Harris and eight other state Attorneys General sent a letter to the U.S. Department of Education urging immediate debt relief for the students who attended Heald College and other CCI campuses. In May 2015, Attorney General Harris sent a letter to U.S. Department of Education Secretary Arne Duncan, asking the Department to exercise its authority under closed school discharge regulations to provide aid to students affected by Corinthian's predatory practices. In June 2015, after calls from Attorney General Harris for substantive relief for students suffering from crippling debt, the U.S. Department of Education announced expanded debt relief options for Corinthian students, which resulted in many more students being eligible for relief.

Attorney General Harris remains committed to protecting vulnerable students, most recently through the Department of Education's negotiated rulemaking sessions on borrower defense, where Attorney General Harris called for revisions to proposed borrower defense regulations to ensure meaningful debt relief for students misled by predatory for-profit colleges.

A copy of the judgment is attached to the electronic version of this release at: https://oag.ca.gov/news

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Attachment	Size
Corinthian Final Judgment.pdf	1.01 MB

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The Official Website of the Attorney General of Massachusetts

Attorney General
Maura Healey

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MAURA HEALEY
ATTORNEY GENERAL

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For Immediate Release - July 30, 2015

AG Healey Secures Additional $2.3 Million for Students Misled By For-Profit Schools

Hundreds of Students Affected by Alleged Deceptive Practices of Kaplan Career Institute and Lincoln Tech; Settlements Part of AG's Ongoing Review of For-Profit School Industry

BOSTON – For-profit schools Lincoln Technical Institute and Kaplan Career Institute will pay hundreds of their former students more than $2.3 million to resolve allegations that they inflated job placement numbers and employed unfair recruiting tactics to persuade prospective students to enroll in their programs, Attorney General Maura Healey announced today.

"We allege these for-profit schools lured hopeful students into enrolling in their vocational programs by promising certain careers, but only left them with substantial debt," AG Healey said. "Many of these students paid their tuition using federal loans, so not only have these schools taken advantage of students, they've taken money from taxpayers. Students trying to better their lives through education are instead being left financially ruined. These settlements will provide the relief these students deserve and prevent deceptive practices that put taxpayer dollars at risk."

Today's announcement is part of AG Healey's ongoing and comprehensive review of the for-profit education industry, which includes urging the federal government to cancel student loans tied to predatory for-profit schools as well as an outreach program and resources for students seeking educational opportunities. The AG's Office is currently in litigation with for-profit schools Corinthian Colleges and American Career Institute for alleged unfair and deceptive practices. The AG's Office reached settlements worth more than $4 million with two additional for-profit schools in Massachusetts – Sullivan & Cogliano and Salter College.

The settlements with Kaplan 2MB and Lincoln, both filed in Suffolk Superior Court, stem from the AG's allegations of misleading job placement rates for its vocational programs, both reporting above 70 percent when in fact the actual rates were materially lower, along with high-pressure sales tactics.

Kaplan Career Institute

Under the settlement with Kaplan Higher Education, LLC 2MB – which owned Kaplan Career Institute schools in Massachusetts – a total of $1.375 million will be distributed to eligible graduates of the school's medical vocational programs, through paying off a portion or all of the students' federal student loan debt. Kaplan has closed the school and no longer operates any Kaplan Career Institute schools in Massachusetts.

Students who attended these programs largely entered them in hopes of obtaining employment in the medical field. According to the AG's investigation, Kaplan induced enrollment of students at the school with harassing sales tactics and misleading representations in its recruitment materials concerning its educational program and employment.

Students reported to the Attorney General's Office that the job listings provided by Kaplan were from publicly available resources and that Kaplan did not provide any special services or programs to assist students and graduates in their job search.

As part of the settlement, Kaplan is also required to give notice to the AG's Office before attempting to open or re-open any for-profit school campuses in Massachusetts.

Lincoln Technical Institute

Under the settlement with Lincoln Technical Institute and its owner Lincoln Education Services, Inc., $850,000 will be used to pay down federal student loans for eligible graduates of the school's criminal justice program at its Somerville and Lowell campuses. The school will also forgive an additional $165,000 in private student loans.

Despite the school's website stating that students would "[b]uild the foundation for a career in law enforcement and private security with Criminal Justice training at Lincoln," the AG's Office alleges that many students could not find work in these fields. Lincoln improperly counted temporary jobs, part-time jobs, and jobs outside the students' field of study – such as general retail positions – toward its placement statistics.

Lincoln also allegedly used an admissions manual that instructed recruiters to "bring out the pain" in potential students so that they would feel pressure enroll. Lincoln's recruiters used scripted questions to "establish unhappiness, create urgency." The AG's complaint alleges that the school's recruiters steered students away from other ways to further their education and training, including the military and community college. Recruiters were required to make at least seven attempts to contact the student within the first three days in order to persuade them to enroll.

The settlement with Lincoln requires the school to accurately calculate placement statistics going forward. Lincoln must also make disclosures to prospective students regarding job placements and refrain from making misleading representations regarding the transferability of credits.

These cases were handled by Assistant Attorneys General Peter Leight and Tim Hoitink, Division Chief Glenn Kaplan, Legal Analyst Diana Hooley and Paralegal Erica Harmon, all of the Attorney General's Insurance and Financial Services Division.

The AG's Office has an extensive consumer protection campaign along with tips online for prospective students to use when determining the best way to achieve their education and career goals and how much they can afford to borrow in student loans.

Students with questions can call AG Healey's Insurance & Financial Services Division hotline at (888) 830-6277.

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PRESS RELEASE

Former For-Profit School Admits to Deceiving Students and Falsifying Documents in Precedent-Setting Final Judgment

AG Will Pursue Federal Student Loan Discharges from the U.S. Department of Education Following Admissions from American Career Institute; Students to also Receive $2 Million in Private Student Debt Discharges

FOR IMMEDIATE RELEASE:
6/06/2016 Office of Attorney General Maura Healey

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BOSTON — A for-profit school that abruptly closed in 2013 has admitted to lying to its students, fabricating its records, and employing grossly unqualified teachers, amongst a variety of other fraudulent practices. Thousands of defrauded students are now left with millions of dollars of debt and no means to repay their loans, Attorney General Maura Healey announced today.

The AG's Office will use these admitted violations of Massachusetts law to urge the U.S. Department of Education to cancel federal loans that students at American Career Institute (ACI) took out to attend the school's low-quality career training programs.

"Our office has achieved an unprecedented result against a predatory for-profit school that we hope will yield long-overdue relief for thousands of ACI students in Massachusetts," AG Healey said. "We look forward to working with the U.S. Department of Education to secure immediate loan forgiveness for those affected and will continue to pursue institutions who engage in this illegal and unfair conduct."

The AG's Office sued ACI in 2013 for engaging in a range of deceptive schemes. The consent judgment, entered Thursday in Suffolk Superior Court against ACI, is believed to be the first time a predatory, for-profit school has admitted its wrongdoing in violation of state law. ACI has acknowledged widespread illegal conduct, including knowingly overstating the employment

prospects for its graduates; falsifying student signatures, enrollment records, attendance, and grades; and using unlicensed instructors, inadequate books and instructional materials, valueless externships, and providing no meaningful career placement services.

Between 2010 and early 2013, ACI operated career training schools at five locations in Massachusetts – Braintree, Cambridge, Framingham, Springfield, and Woburn – offering various certificate programs, such as information technology and medical assisting programs, with tuition and fees that cost up to $23,000. ACI also had campuses in Baltimore, Columbia, and Wheaton, Maryland.

ACI's profits depended upon the school's access to federal grants and loans, and according to the amended complaint, in fiscal year 2012, ACI collected more than $30 million in federal student loan money, an amount equal to 89 percent of the school's total revenue. To maintain accreditation and collect tuition payments, ACI:

- Falsified records in order to meet the student grade and attendance requirements;
- Signed student signatures on various records without the students' knowledge or permission, including enrollment agreements;
- Misrepresented graduation and job placement rates and pressured students to enroll with false promises and by creating a false sense of urgency;
- Told some prospective students that employment was "guaranteed";
- Unlawfully enrolled and collected tuition from students who did not meet minimum education requirements and did not qualify for federal student loans;
- Falsified documents used to track job placements, representing that students worked at companies that did not exist or that never hired an ACI graduate.

Using the school's admissions of wrongdoing and numerous violations of the Massachusetts Consumer Protection Act, the AG's Office will request that the Department cancel all federal loans taken out by students who attended ACI from at least January 2010 through the school's closure in January 2013. The AG's Office will make available to the Department its investigative findings and the supporting documentary evidence. It is estimated that more than 4,400 former ACI students may be eligible for loan relief, including over 1,400 students who are entitled to loan discharges because they were enrolled at ACI at the time the school closed. The Department has already used its existing authority to grant discharges to defrauded Corinthian students in

Massachusetts (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2016/debt-relief
and other states on the basis of its illegal conduct.

The judgment against ACI calls for more than $25 million in civil penalties, fees, restitution and injunctive relief, with the amounts largely uncollectible and suspended as a result of the school's insolvency. The school's officers and directors are also permanently prohibited from operating or managing any career or vocational training school in Massachusetts.

The AG's Office, working with the Massachusetts Division of Professional Licensure (DPL), also obtained more than $2 million in discharges of private student debts owed to ACI and serviced by Tuition Options in a parallel action filed in federal court. This relief will immediately benefit more than 700 former ACI students.

Students receiving private student debt discharges will be notified by the AG's Office.

All former ACI students are encouraged to call the Student Loan Assistance Unit Hotline at 1-888-830-6277 or by completing the ACI Student Contact Information Update Form (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/consumer-resources/consumer-information/schools-and-educa
so the AG's Office can assist those students who may be eligible for various relief.

AG Healey has been a national leader against predatory for-profit schools and securing relief for students. In November 2015, AG Healey submitted an application (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-11-30-cori
to the Department of Education requesting the cancellation of federal loans taken out by students of Corinthian Colleges in Massachusetts, and announced action against student debt relief companies (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-11-24-stuc
and the launch of a Student Loan Assistance Unit to assist borrowers having trouble paying their loans. The AG's Office is in ongoing litigation with Corinthian (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-04-03-co
recently sued ITT Tech (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2016/2016-04-04-itt-tech.h
and an unlicensed for-profit nursing school (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2016/ag-healey-sues-unlic
for alleged unfair and deceptive practices. The AG's Office has also reached settlements worth more than $6 million with Kaplan Career Institute, Lincoln Tech (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-07-30-for-profit-
Sullivan & Cogliano (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2013/2013-10-31-sulliva
and Salter College (http://wayback.archive-it.org/1101/20180102205420/http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-12-12-salter-cc

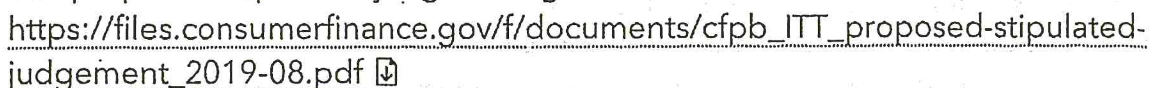
Consumer Financial Protection Bureau Settles Lawsuit Against ITT Educational Services

AUG 12, 2019

Washington, D.C. – The Consumer Financial Protection Bureau (Bureau) today announced a proposed settlement with ITT Educational Services, Inc. to resolve the Bureau's lawsuit, which alleges that ITT engaged in unfair and abusive practices in connection with its private loan program in violation of the Consumer Financial Protection Act of 2010.

The Bureau's complaint, filed in the U.S. District Court for the Southern District of Indiana in 2014, alleges that ITT helped to create private loan programs for students at ITT Technical Institute, the school run by ITT until it filed for bankruptcy and ceased operations in 2016. The Bureau alleges that ITT improperly induced students to take out those loans to pay the tuition amounts not covered by loans or other tuition assistance from the federal government. The Bureau's complaint also alleges that ITT knew that the student borrowers did not understand the terms and conditions of the loans and could not afford them, resulting in high default rates and other negative consequences.

The terms of the proposed stipulated order include, among other things, a judgment against ITT for $60 million and an injunction prohibiting ITT from offering or providing student loans in the future.

The proposed stipulated judgment against ITT is available at:

https://files.consumerfinance.gov/f/documents/cfpb_ITT_proposed-stipulated-judgement_2019-08.pdf

In a separate action filed by the Bureau on June 14, 2019, a final stipulated judgment was entered against the entity holding the private loans at issue, Student CU Connect CUSO, LLC. Under the terms of that judgment all collection on such

CFPB Takes Action Against Aequitas Capital Management for Aiding Corinthian Colleges' Predatory Lending Scheme

Bureau's Proposed Settlement Seeks $183.3 million in Relief for 41,000 Harmed Student Borrowers

AUG 17, 2017

WASHINGTON, D.C. – The Consumer Financial Protection Bureau today filed a complaint and proposed settlement against Aequitas Capital Management, Inc. and related entities, for aiding the Corinthian Colleges' predatory lending scheme. The CFPB alleges that Aequitas enabled Corinthian to make high-cost private loans to Corinthian students so that it would seem as if the school was making enough outside revenue to meet the requirements for receiving federal student aid dollars. The risky loans saddled students with high-priced debt that both Aequitas and Corinthian knew students could not afford. Under the CFPB's proposed settlement, if approved, about 41,000 Corinthian students could be eligible for approximately $183.3 million in loan forgiveness and reduction. In collaboration with the CFPB, several state attorneys general have also reached proposed settlements with Aequitas.

"Tens of thousands of Corinthian students were harmed by the predatory lending scheme funded by Aequitas, turning dreams of higher education into a nightmare," said CFPB Director Richard Cordray. "Today's action marks another step by the Bureau to bring justice and relief to the borrowers still saddled with expensive student loan debt. We will continue to address the illegal lending practices of for-profit colleges and those who enable them."

Aequitas Capital Management, Inc. and related entities are based in Lake Oswego, Ore. Aequitas was a private equity firm that purchased or funded about $230 million in Corinthian Colleges' private loans, branded by the school as "Genesis loans." On March 10, 2016, the Securities and Exchange Commission took action against Aequitas, alleging they had defrauded more than 1,500 investors. A receiver was appointed to wind down Aequitas and distribute its remaining assets.

The Bureau's complaint alleges that Aequitas violated the Dodd-Frank Wall Street Reform and Consumer Protection Act's prohibitions against abusive acts and practices by funding and supporting Corinthian's predatory Genesis loan program. Specifically, the Bureau alleges that Aequitas and Corinthian plotted to make it seem as if the school was getting outside revenue in the form of the Genesis loans, when in reality Corinthian was paying Aequitas to support the loan program. Corinthian and Aequitas engaged in this charade to satisfy Corinthian's obligations under the 90/10 rule, a federal law requiring for-profit schools to obtain at least 10 percent of their revenue from other sources in order to get federal loan dollars.

Knowing that its students could not generally afford the additional 10 percent charge, Corinthian created the Genesis loan program to cover it. Corinthian enlisted Aequitas to purchase the existing Genesis loans, or originate new Genesis loans, so that they could be counted as a private source of revenue under the 90/10 rule. The Bureau charges that both Corinthian and Aequitas knew most Corinthian student borrowers would default on these loans. Under the scheme, the defaults would not affect Aequitas because Corinthian was committed to buying back all delinquent loans.

Enforcement Action

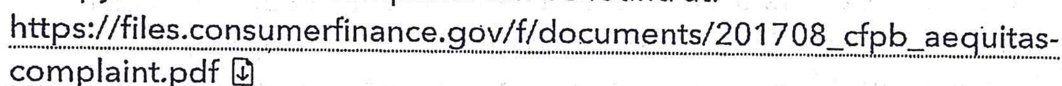
Pursuant to the Dodd-Frank Act, the CFPB has the authority to take action against institutions or individuals engaging in unfair, deceptive, or abusive acts or practices or that otherwise violate federal consumer financial laws. Under the proposed settlement, if approved by the U.S. District Court in Oregon, Aequitas and related entities would be required to:

- **Forgive Genesis loans in connection with certain closed schools:** Aequitas would forgive all outstanding balances on Genesis loans for borrowers who meet certain eligibility requirements. Eligible borrowers are those who did not complete their coursework or graduate and were enrolled at schools Corinthian announced in April 2015 would be closed; those who withdrew from those schools on or after June 1, 2014; and those who did not complete their

coursework or graduate and were enrolled at the schools Corinthian sold to Zenith Education Group that subsequently closed.

- **Forgive Genesis loans in default:** Aequitas would forgive all outstanding balances for any Genesis loans it owns that were 270 days or more past due as of March 31, 2017.
- **Reduce all other Genesis loans by more than half:** On all other Genesis loans it owns, Aequitas would reduce the principal amount owed as of March 31, 2017 by 55 percent, and would forgive any accrued and unpaid interest, fees, and charges that were 30 or more days past due as of March 31, 2017. Borrowers could opt to have their monthly payments lowered after the remaining loan balance is reduced by 55 percent. Borrowers would receive a notice of this option, along with an explanation of the costs and benefits of this option versus maintaining their previous monthly payment amount.

If the proposed settlement is approved by the court, eligible borrowers will be notified within 90 days after approval. To ensure that they receive this notice, all borrowers should make sure their loan servicer has their current address.

A copy of the CFPB's complaint can be found at:

https://files.consumerfinance.gov/f/documents/201708_cfpb_aequitas-complaint.pdf

A copy of the proposed settlement can be found at:

https://files.consumerfinance.gov/f/documents/201708_cfpb_aequitas-proposed-settlement.pdf

This action is among a series of steps the CFPB has taken to help consumers who were harmed by the predatory lending scheme by Corinthian Colleges. In September 2014, the CFPB sued Corinthian Colleges, Inc. for tricking tens of thousands of students into taking out private Genesis loans to cover expensive tuition costs by advertising bogus job prospects and career services. In 2015, Corinthian filed for bankruptcy and was liquidated. The Bureau subsequently obtained a $530 million default judgment against Corinthian, which could not pay the judgment because it had dissolved and its limited assets had already been distributed in its bankruptcy case. The CFPB has continued to pursue relief for consumers harmed by Corinthian's unlawful conduct. The proposed settlement is the latest step in that effort.

Other borrowers who were preyed upon by Corinthian have had loan balances reduced as a result of the Bureau's efforts. The Educational Credit Management Corporation (ECMC), a company that provides support for the administration of the Federal Family Education Loan Program, worked with the Department of Education

CFPB Wins Default Judgment Against Corinthian Colleges for Engaging in a Predatory Lending Scheme

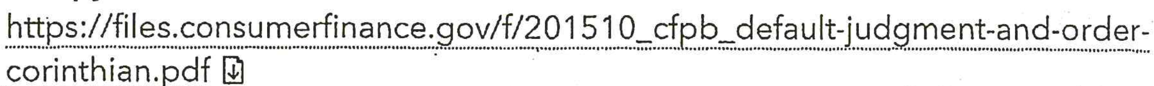
OCT 28, 2015

Court Rules that Corinthian Engaged in Deceptive Lending Practices and Illegal Debt Collection Practices

WASHINGTON, D.C. – Yesterday, at the request of the Consumer Financial Protection Bureau (CFPB), a federal court entered a final default judgment against Corinthian Colleges, Inc., resolving a lawsuit filed by the CFPB in September 2014. The Bureau's lawsuit against Corinthian alleged that the company lured tens of thousands of students into taking out private loans to cover expensive tuition costs by advertising bogus job prospects and career services. Corinthian then used illegal debt collection tactics to strong-arm students into paying back those loans while still in school. The court ordered that Corinthian was liable for more than $530 million and prohibited the company from engaging in future misconduct.

"Today's ruling marks the end of our litigation against a company that severely harmed tens of thousands of students, turning dreams of higher education into a nightmare," said CFPB Director Richard Cordray. "We all have much more work to do before current and past students who were hurt by Corinthian's illegal practices can be made whole. We remain deeply concerned about risks facing student borrowers in the for-profit space and will continue to be vigilant in rooting out harmful practices."

A copy of the court's order can be found at:


https://files.consumerfinance.gov/f/201510_cfpb_default-judgment-and-order-corinthian.pdf

On Sept. 16, 2014, the CFPB sued Corinthian Colleges, Inc. for luring tens of thousands of students into taking out private loans, known as "Genesis loans," to

cover expensive tuition costs by advertising bogus job prospects and career services.

Earlier this year, Corinthian Colleges filed for bankruptcy and was liquidated. Despite the court's significant ruling against the company, Corinthian cannot pay the judgment because it has dissolved and its assets have already been distributed according the liquidation plan in its bankruptcy case. The CFPB will continue to pursue relief for consumers harmed by Corinthian's unlawful conduct. The CFPB remains concerned about efforts to collect on loans made in association with Corinthian's illegal conduct.

In November 2014, the ECMC Group worked with the U.S. Department of Education to reach an agreement to acquire a substantial number of Everest and WyoTech campuses, which were owned by Corinthian. In February 2015, the CFPB announced that, through an action with ECMC, the Bureau secured hundreds of millions of dollars in forgiveness for borrowers who took out Corinthian Colleges' high-cost private student loans.

Borrowers experiencing problems repaying a student loan or dealing with a debt collector can submit a complaint to the Bureau at www.consumerfinance.gov/complaint.

###

The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

Topics: STUDENT LOANS ENFORCEMENT

PRESS INFORMATION

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Consumer Financial Protection Bureau Takes Action Against Bridgepoint Education, Inc. for Illegal Student Lending Practices

CFPB Orders Full Relief and Refunds for All Private Loans Made by the School

SEP 12, 2016

Washington, D.C. – The Consumer Financial Protection Bureau (CFPB) today took action against for-profit college chain Bridgepoint Education, Inc. for deceiving students into taking out private student loans that cost more than advertised. The Bureau is ordering Bridgepoint to discharge all outstanding private loans the institution made to its students and to refund loan payments already made by borrowers. Loan forgiveness and refunds will total over $23.5 million in automatic consumer relief. Bridgepoint must also pay an $8 million civil penalty to the Burea

"Bridgepoint deceived its students into taking out loans that cost more than advertised, and so we are ordering full relief of all loans made by the school," said CFPB Director Richard Cordray. "Together with our state partners, we will continue to be vigilant in rooting out illegal practices facing student borrowers in the for-profit space."

The CFPB's order can be found at:
https://files.consumerfinance.gov/f/documents/092016_cfpb_BridgepointConsen

https://files.consumerfinance.gov/f/documents/092016_cfpb_BridgepointConsen

Bridgepoint Education, Inc. is a for-profit, post-secondary education company based in San Diego, Calif. that does business as Ashford University and the

University of the Rockies. Over the past several years, the two for-profit colleges have enrolled hundreds of thousands of students, most of whom take courses online.

According to the CFPB order, from 2009 until recently, Bridgepoint offered private student loans to its students to help cover the cost of tuition. The Bureau found that the school deceived its students about the total cost of the loans by telling students the wrong monthly repayment amount. As a result, students at Bridgepoint were deceived into taking out loans without knowing the true cost, and were obligated to make payments greater than what they were promised. Specifically, the CFPB found that Bridgepoint told students that borrowers normally paid off loans made by the school with monthly payments of as little as $25, an amount that was not realistic.

Enforcement Action

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has the authority to take action against institutions violating consumer financial laws, including engaging in unfair, deceptive, or abusive acts or practices. To address these violations, the CFPB's consent order requires Bridgepoint to:

- **Provide $23.5 million in relief and refunds to consumers:** Bridgepoint must refund all payments made by students toward private student loans taken out from the school, including principal and interest, a total of about $5 million. Bridgepoint must also discharge all outstanding debt for its institutional student loans, a total of approximately $18.5 million. Student borrowers eligible for relief are not required to take any action.
- **Make the cost of college clear with mandatory financial aid shopping tool:** Bridgepoint must require all entering students, and current students who start different programs, to use a newly created financial aid disclosure tool when they borrow money to pay for school. Students will use the new tool to access personalized financial aid offer information as well as information about graduation and loan default rates, potential salaries for their programs, and post-graduation budgeting. Bridgepoint must require that students use the tool to access this important information before enrolling. The school will be responsible for generating a personalized interactive disclosure for each student. An example of what students will see when they access the tool is available here.
- **Halt illegal practices:** Bridgepoint is prohibited from making false, deceptive, or misleading statements regarding actual or typical monthly payments students are obligated to make in connection with its private student loan program.

- **Remove negative loan information from borrowers' credit reports:** Bridgepoint must remove from borrowers' credit reports any negative information about outstanding private student loan debt owed to the school. Bridgepoint must also stop reporting information to debt collectors and credit reporting companies about private student loan debt unless it is necessary to remove negative information on a consumer credit report.
- **Pay an $8 million penalty:** Bridgepoint must pay an $8 million penalty payment to the CFPB's Civil Penalty Fund.

The CFPB's investigation was assisted by the California Attorney General and the Department of Education.

The CFPB estimates that there is approximately $1.3 trillion in outstanding student loan debt, with more than 8 million Americans in default on more than $110 billion in balances. Students and their families can find help on how to tackle their student debt on the CFPB's website. The new financial aid shopping tool Bridgepoint Education, Inc. must provide to students was developed by the CFPB and builds on the agency's Paying for College tools that aim to help consumers find the student loan option that best fits their needs.

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.

Topics: • STUDENT LOANS • CIVIL PENALTY FUND • ENFORCEMENT

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CFPB Sues For-Profit College Chain ITT For Predatory Lending

FEB 26, 2014

ITT Pushed Consumers into High-Cost Student Loans Likely to Fail

WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau (CFPB) filed a lawsuit against ITT Educational Services, Inc., accusing the for-profit college chain of predatory student lending. The CFPB alleges that ITT exploited its students and pushed them into high-cost private student loans that were very likely to end in default. The CFPB is seeking restitution for victims, a civil fine, and an injunction against the company.

"ITT marketed itself as improving consumers' lives but it was really just improving its bottom line," said CFPB Director Richard Cordray. "We believe ITT used high-pressure tactics to push many consumers into expensive loans destined to default. Today's action should serve as a warning to the for-profit college industry that we will be vigilant about protecting students against predatory lending tactics."

Like the mortgage market in the lead-up to the financial crisis, the for-profit college industry may be experiencing misaligned incentives. These colleges benefit when students take out large amounts of loans, regardless of the students' long-term success. The CFPB is concerned that some of these corporations may be employing practices to coax consumers into taking out more federal and private student loans. Today's announcement is the Bureau's first public enforcement action against a company in the for-profit college industry.

ITT Educational Services, Inc. is an Indiana-based for-profit provider of post-secondary technical education. Tens of thousands of students are enrolled online or at one of ITT's roughly 150 institutions in nearly 40 states. ITT's tuition costs are among the highest in the country in the for-profit industry. Earning an associate's degree at ITT can cost more than $44,000. Bachelor's degree programs can cost

$88,000. That is significantly higher than the cost of similar degrees at a community college or a public four-year institution.

Most of ITT's students borrow large sums to pay the high tuition costs and the majority of this money is borrowed from federal student loan programs. But private student loans also provide critical revenue for ITT. Because most ITT students' federal aid does not cover the full cost of an ITT program, most students face a "tuition gap" requiring them to find other sources of funding.

The CFPB's lawsuit alleges that ITT encouraged new students to enroll at ITT by providing them funding for this tuition gap with a zero-interest loan called "Temporary Credit." This loan typically had to be paid in full at the end of the student's first academic year. But ITT knew from the outset that many students would not be able to repay their Temporary Credit balances or fund their next year's tuition gap.

The CFPB lawsuit alleges that between July 2011 and December 2011, ITT pushed its students into repaying their Temporary Credit and funding their second-year tuition gaps through high-cost private student loan programs. Students were left in the dark about the fact that taking out these high-cost loans would be required to continue their studies. However, ITT's CEO revealed in investor calls that converting the temporary loans to long-term loans was the company's "plan all along."

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB has the authority to take action against institutions engaging in unfair, deceptive, or abusive practices. Specifically, in today's lawsuit, the Bureau alleges the following conduct by ITT:

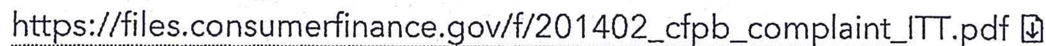
- Pressured into predatory loans: ITT used its financial aid staff to rush students through an automated application process without affording them a fair opportunity to understand the loan obligations involved. In some cases, students did not even know they had a private student loan until they started getting collection calls. The loans were high-cost. For borrowers with credit scores under 600, for example, the costs of the private student loans included 10 percent origination fees and interest rates as high as 16.25 percent.

- Credits not transferable: ITT was accredited by a national organization that accredits many for-profit schools, but the credits that students earned typically did not transfer to local community colleges or other nonprofit schools such as public or private colleges. ITT used the prospect of expulsion and the loss of the money already spent during the student's first year to coerce students into taking out the private loans.

- **Misleading future job prospects:** The Bureau believes that ITT's representations led students to think that when they graduated they were likely to land good jobs and enough salary to repay their private student loans. In this way, ITT exploited student expectations while it knew that a majority of students would default.

- **Loans likely to fail:** ITT knew that most of its students would ultimately default on their private student loans; it projected a default rate for its students of 64 percent. Defaulting on private student loans can have grave consequences for consumers. It can make it difficult to get any kind of loan for years and even affect a borrower's job prospects. And, because private student loans are difficult to discharge in bankruptcy, the debt can be very difficult to recover from.

The complaint against ITT can be found at:



https://files.consumerfinance.gov/f/201402_cfpb_complaint_ITT.pdf

The Bureau's complaint is not a finding or ruling that the defendant has actually violated the law.

To assist student loan borrowers who may be in delinquency or default, the CFPB recently launched an updated version of the Repay Student Debt interactive tool.

The CFPB also recently finalized a rule allowing it to supervise certain nonbank servicers of federal and private student loans. The rule takes effect on March 1.

CFPB takes complaints about student loans. To submit a complaint, consumers can:

- Go online at consumerfinance.gov/complaint
- Call the toll-free phone number at 1-855-411-CFPB (2372) or TTY/TDD phone number at 1-855-729-CFPB (2372)
- Fax the CFPB at 1-855-237-2392
- Mail a letter to: Consumer Financial Protection Bureau, P.O. Box 4503, Iowa City, Iowa 52244

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Topics: STUDENT LOANS · ENFORCEMENT

JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE Monday, November 16, 2015

For-Profit College Company to Pay $95.5 Million to Settle Claims of Illegal Recruiting, Consumer Fraud and Other Violations

The United States has reached a landmark global settlement with Education Management Corp. (EDMC), the second-largest for-profit education company in the country, the Department of Justice announced today. The $95.5 million settlement resolves allegations that EDMC violated federal and state False Claims Act (FCA) provisions by falsely certifying that it was in compliance with Title IV of the Higher Education Act (HEA) and parallel state statutes.

"This historic resolution exemplifies the Justice Department's deep commitment to protecting precious public resources; to defending American consumers; and to standing up for those who are vulnerable to mistreatment, abuse, and exploitation," said Attorney General Loretta E. Lynch. "Operating essentially as a recruitment mill, EDMC's actions were not only a violation of federal law but also a violation of the trust placed in them by their students - including veterans and working parents - all at taxpayer expense. In the days ahead, we will continue working with our invaluable partners at the U.S. Department of Education, through initiatives like the inter-agency task force on for-profit education, to ensure that our nation's aspiring learners are finding and gaining access to educational opportunities that are right for them."

The primary allegation was that EDMC unlawfully recruited students, in contravention of the HEA's Incentive Compensation Ban (ICB), by running a high pressure boiler room where admissions personnel were paid based purely on the number of students they enrolled. In addition to resolving these and other FCA claims, the global settlement also encompasses an investigation by a consortium of state Attorneys General, of consumer-fraud allegations involving deceptive and misleading recruiting practices.

"Now more than ever, a college degree is the best path to the middle class, but that path has to be safe for students," said U.S. Education Secretary Arne Duncan. "This settlement should be a warning to other career colleges out there: We will not stand by while you profit illegally off of students and taxpayers. The federal government will continue to work tirelessly with state attorneys general to ensure that all colleges follow the law."

EDMC, which is headquartered in Pittsburgh, Pennsylvania, operates nationwide under four post-secondary school brands: the Art Institutes, South University, Argosy University and Brown-Mackie College. Student enrollment across EDMC's school brands exceeds 100,000 students.

"Companies cannot enrich their corporate coffers at the expense of students seeking a quality education, or on the backs of taxpayers who are funding our critical financial aid programs," said U.S. Attorney David J. Hickton of the Western District of Pennsylvania. "Today's global settlement sends an unmistakable message to all for-profit education companies: the United States will aggressively ferret out fraud and protect innocent students and taxpayer dollars from this kind of egregious abuse."

The settlement resolves four separate FCA lawsuits filed in federal court in Pittsburgh, Pennsylvania, and Nashville, Tennessee, under the *qui tam*, or whistleblower, provisions of the act, which permit private individuals to sue on behalf of the government for false claims and to share in any recovery.

The United States and five states intervened and actively litigated one of those four whistleblower lawsuits, *United States ex rel. Washington*, in the Western District of Pennsylvania. The United States' complaint in intervention alleged systemic violations of Title IV of the HEA's ICB and parallel state provisions, which prohibit schools from paying recruiters based on their success in securing enrollments. Specifically, the United States and the plaintiff states claimed that from 2003 to the present, EDMC falsely certified to the U.S. Department of Education and various state offices of higher education that it was complying with the ICB, in order to be eligible to receive the federal grant and loan dollars that compose the majority of EDMC's revenue. In reality, according to the United States' complaint in intervention, EDMC was running a high pressure sales business and paid its recruiters based only on the number of students they enrolled. As a result of these allegedly false certifications, EDMC improperly enriched itself for more than 10 years with federal and state grant and loan dollars. More broadly, EDMC's alleged conduct resulted in exactly the problems that Congress sought to curtail when it enacted the ICB: the enrollment of students in programs for which they lacked the necessary skills and qualifications, unsustainable student debt and default rates and schools' pursuit of profits ahead of a legitimate educational mission.

"Improper incentives to admissions recruiters result in harm to students and financial losses to the taxpayers," said Principal Deputy Assistant Attorney General Benjamin C. Mizer, head of the Justice Department's Civil Division. "This settlement shows that by partnering productively, the federal government and the states' Attorneys General can put a stop to this type of behavior."

The global settlement with EDMC also resolves three additional federal FCA lawsuits in which the government did not intervene, all involving various violations of Title IV of the HEA by EDMC.

Finally, the global settlement resolves a consumer fraud investigation by a consortium of 40 state Attorneys General, into EDMC's deceptive and misleading recruiting practices. The consumer fraud settlement requires EDMC to undertake various compliance obligations, including detailed disclosure obligations to students; prohibitions on deceptive or misleading recruiting practices and oversight by an administrator to ensure compliance.

"This civil enforcement action holds EDMC accountable for what we allege were unfair and deceptive recruitment and enrollment practices," said Iowa Attorney General Tom Miller. "EDMC's practices were unfair to our state's students, and they were also unfair to our nation's taxpayers who backed many of these federal student loans that were destined to fail. This is a rigorous agreement that not only provides some relief to a large number of former students through loan forgiveness, but helps ensure that the company will make substantial changes to its business practices for future students."

The global settlement amount of $95.5 million reflects EDMC's financial condition and current ability to pay. The settlement proceeds will be shared among the United States, the co-plaintiff states and the whistleblowers and their counsel in the four FCA cases, and includes funds allocated for the compliance expenses of the state consumer fraud settlement, including the costs of the administrator and the acquisition and use of a sophisticated voice analytics system to record and analyze recruiters' calls with students. The United States will receive $52.62 million from the settlement, and will pay $11.3 million collectively to the relators in the four *qui tam* cases.

The FCA lawsuits were handled by Assistant U.S. Attorneys Michael A. Comber, Christy C. Wiegand, Paul E. Skirtich and Colin J. Callahan of the U.S. Attorney's Office of the Western District of Pennsylvania, Assistant U.S. Attorney Christopher Sabis of the U.S. Attorney's Office of the Middle District of Tennessee, and Trial Attorney Jay D. Majors of the Commercial Litigation Branch of the Civil Division of the Department

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Position: FAV

SB 445 - For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending - Requirements
Senate Committee Education, Health, and Environmental Affairs
February 12th, 2020
SUPPORT

Chairman Pinsky, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 0445. This bill ensures that for-profit institutions of higher education and private career schools must spend at least 50% of their tuition revenue on instructional spending during the previous academic year.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy.

According to the Harvard Business Review, more jobs are requiring higher educational levels, particularly 4 year degrees, now than any other time. This is known as degree inflation.[1] This means that for people to obtain jobs that are substantial enough to provide a living, they have to have more education after high school. Seeking forms of higher education can put excessive strain on the financial stability of students. However, people face limited job aspects if they do not have some sort of postsecondary education.

For- profit colleges and private career schools are a factor in educating the population to ensure that they have the best job prospects. However, these schools do not spend a large amount of their revenue that they receive from tuition on instructional spending. This spending can include teachers, library services, curriculum development, technology, and other resources that benefit students while attending school. Institutions report their percent of instructional spending to the Integrated Postsecondary Educational Data System (IPEDS) Finance Survey. This shows that some universities spend under 15% of their tuition revenue for instructional expenses. This is a vast difference to public institutions that usually spend over 100% of their tuition revenue on instructional spending.[2] Students at all higher education institutions deserve to have the money they pay be invested into their education. This way they can be confident that they are investing in the opportunity of upward mobility.

SB 445 ensures that for-profit and private career schools are investing in the education that their students pay to receive. If an institution cannot invest at least 50% of the revenue they receive for tuition then they would not be able to enroll new students until they comply with the outlined procedures. This line of action will make certain that students are giving the education needed to succeed in the future job market.

Therefore, we encourage you to return a favorable report on SB 445.

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[1] Dismissed by Degrees (2017)
[2] National Center for Education Statistics (2020)

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Uploaded by: Gutberlet, Joe
Position: UNF

WALDEN UNIVERSITY

Testimony of Walden University on SB 445 – For-Profit Institutions of Higher Education and Private Career Schools - Instructional Spending – Requirements
Position: Oppose

Walden University appreciates the opportunity to submit these written comments to raise concerns regarding SB 445. While we support measures to increase accountability and ensure transparency to students in Maryland, any legislation should focus on positively affecting the broadest number of students in the state as possible. In this instance, we are particularly concerned that the legislation relies on inconsistent, incomplete, and outdated data to impose a standard that few, if any, institutions of higher education meet.

Issues of Concern with the Legislation

Defining and Categorizing 'Instructional Spending'

To be eligible for federal financial aid funds (Title IV of the Higher Education Act), all institutions of higher education must submit data to the Integrated Postsecondary Education Data System (IPEDS).

- Among the data institutions provide to IPEDS, the Finance survey collects and publishes expenses in several categories: Instruction, Research, Public service, Academic support, Student services, Institutional support, Auxiliary expenses, Net grant aid to students, and Hospital services.

As defined in IPEDS, the "Instruction" category includes expenditures for faculty compensation, neglecting to account for forms of spending increasingly relevant to the one-third of U.S. students enrolled in a distance education course.

- The IPEDS categories and definition of "Instruction" predate the growth of distance education and do not represent many of the resources essential to student learning.
- Most recently in 2017, IPEDS reported that over 33% of students enrolled in higher education took at least one online course the previous year.
- While the IPEDS definition of "Instruction" centers around faculty compensation, the learning experience at distance education institutions includes other critical expenses, ranging from curriculum and course design to staff that support instruction to interactive learning resources.
- While vital to student learning, these expenses are currently reported to IPEDS under several different categories within the Finance survey.

The legislation requires a 50% "Instructional spending" threshold that would be difficult for many of the most prestigious institutions in the nation to achieve. According to IPEDS:

- Harvard University spends 28% on Instruction
- Johns Hopkins University spends 36% on Instruction
- Princeton University spends 32% on Instruction
- University of Maryland—Global Campus spends 26% on Instruction
- University of Maryland—College Park spends 32% on Instruction

Thus, the legislation sets a standard for "Instructional spending" that few institutions currently attain.

- Indeed, University of Maryland—Global Campus, along with two *nonprofit* institutions—Southern New Hampshire University, Western Governors University—and for-profit Capella University, recently raised similar concerns about the inadequacy of the current definitions and categories in IPEDS to the U.S. Department of Education, which indicated in response that it is considering convening a Technical Review Panel to update the IPEDS categories.

The legislation notes that "Instructional spending has the meaning stated in the federal [IPEDS]."

- IPEDS has no definition or category called "Instructional spending," so it remains unclear whether the legislation intends to use the IPEDS category, "Instruction."

  - The bill further specifies several expenditures not included in Instructional spending: admissions, advertising, recruiting, and other activities related to students not yet enrolled.
- Unfortunately, IPEDS does not permit institutions to report such expenditures separately, instead relying on institutions *at their own discretion* to report expenses in any number of categories, eschewing reliable, standardized methods of data reporting, particularly in the categories of admissions, advertising, and recruiting.
- IPEDS lacks a robust auditing process to verify data institutions submit to the Finance survey; thus, reliance on IPEDS data is unreasonable and unworkable.

Timing of Implementation Fails to Provide Opportunity for Correction

Because IPEDS data—and data in general—often lags more than a year, as institutions must report verifiable, audited data, the implementation timeline provided in the legislation is problematic.

- The bill calls for the Maryland Higher Education Commission (MHEC) to adopt regulations by January 1, 2021, followed by a new requirement that institutions demonstrate 50% expenditure of tuition revenue on "Instructional spending" by July 1, 2022.
- Unfortunately, available data at that point may derive from FY 2020, depending on the timing of data audits ahead of IPEDS submission.
- Given that FY 2020 is already underway, this amounts to a retroactive requirement.
- Because institutions deserve a chance to comply with these new requirements, the effective data for institutional compliance would need to be no sooner than July 1, 2023.

If the Committee, nevertheless, prefers to proceed with the existing definitional framework for "instructional spending," we urge consideration for starting with a simple reporting requirement.

- Given longstanding concerns about the myriad ways to classify institutional spending, a straight reporting requirement could provide for institutions to submit spending figures for admissions, advertising, recruitment, teaching faculty, course and curriculum design, support instruction, (online) library tutorial, and interactive learning resources.
  - These expenses currently fall under several different categories on IPEDS but are all key to student learning.

Background on Walden University

Walden University ("Walden") is an entirely online university, based in Minneapolis, Minnesota, serving more than 48,000 online students in the U.S., including approximately 3,100 students and 6,900 alumni in Maryland. Celebrating its 50th anniversary in 2020, Walden was founded to support working professionals in achieving their academic goals and making a greater impact in their professions and communities. With more than 85% of its students enrolled at the master's and doctoral degree levels, the university offers programs in education, counseling, management, psychology, public health, social work and human services, nursing, public administration, public policy, and technology.

The university offers more than 80 degree programs with over 350 specializations and concentrations. Walden is regionally accredited by the Higher Learning Commission ("HLC"), as well as by several specialized accrediting agencies. Walden includes four colleges of study with an emphasis on programs in nursing and health sciences, education, psychology, counseling and social work, public policy and administration, and management and technology.

Walden's student population is 49% minority and 76% female and has an average age of 40. Walden is proud to rank No. 1 for conferring graduate degrees to African American students and all minority students combined, according to *Diverse: Issues in Higher Education's* 2019 Top 100 Producers of Minority Graduate Degrees. Walden's Master of Science in Nursing (MSN) ranks No. 1 in Nursing graduates in the U.S.[1] Walden University is a Certified B Corporation®, which signifies that a company has met standards of social and environmental impact, accountability, and transparency assessed against the proprietary criteria established by B Lab®, an independent nonprofit organization. Walden employs 3,773 faculty and administrative staff, including over 300 in Maryland.

Conclusion

Given the above concerns, a delay of this legislation until further study in the Interim is wise in order to ensure: (1) Maryland understands and evaluates the utility of available data in order to fairly and accurately apply findings from reported data; (2) to allow for the U.S. Department of Education to convene a Technical Review Panel to update the IPEDS definitions and categories to more appropriately reflect today's learning environment. Absent a delay, the Committee should ensure that the implementation timeline avoids the imposition of a retroactive corrective action plan—or to first establish a reporting requirement that provides Maryland an opportunity to assess the role of various expenditure categories in the distance education setting.

[1] Source: National Center for Education Statistics (NCES) IPEDS database. Retrieved using the 51.38 CIP code group (Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing). Includes 2017-18 preliminary data.

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Position: UNF

Senate Bill 445

For Profit Institutions of Higher Education and Private Career Schools –
Instructional Spending Requirements

Lincoln College of Technology
Columbia, MD

Testimony in Opposition to SB 445

Testimony of Cory Hughes
President of Lincoln College of Technology
to the
Maryland Senate Education, Health and Environmental Affairs Committee
February 12, 2020

Good afternoon, my name is Cory Hughes and I am the president of Lincoln College of Technology in Columbia. I have come before this committee to speak in opposition to Senate Bill 445 as there would be no possible way for our institution to operate if this legislation was enacted into law after 60 years of existence in Maryland.

First, let me say that Lincoln Tech has been a great partner to 1000's of businesses in Maryland by providing well-educated employees in the automotive, HVAC, electrical and culinary and baking fields since 1961 when we opened our first campus in Baltimore. We currently enroll 484 students and employ 82 faculty and staff. Our graduate placement rates have been consistently 80 percent or greater and over 90 percent of our student body comes from the State of Maryland and continue to reside in Maryland even after graduation. It should also be noted that Lincoln Tech has the largest number of graduates in automotive and HVAC programs in the entire state. Further, our HVAC program had almost 77 percent of all graduates in the state in 2018 according to the U.S. Department of Education's National Center for Education Statistics.

Unfortunately, as we stated two weeks ago before this committee on a different piece of legislation, this measure does not provide Maryland residents with any protections and most likely will cause precipitous closures. In fact, the Fiscal Notes on this bill concur with our thoughts by stating its impact could be significant.

Frankly, we are not sure how the 50 percent threshold was established. Nor have we been able to find any research that documents a correlation between the 50 percent instructional

expenditure benchmark and successful outcomes. Further, after doing research through the U.S. Department of Education's National Center for Educational Statistics, we found that over 80 percent of the colleges in the state would fail this benchmark. That includes institutions such as the Naval Academy, University of Maryland and Johns Hopkins. We have attached a formal list of those schools that fell below the 50 percent instructional expenditure. That being said, if Johns Hopkins fails this measure, then why is the legislature forcing Lincoln Tech to meet this threshold.

As we have always indicated, the measure of an institution should be with its outcomes. We believe that graduation, retention and graduate placement benchmarks should be included in any legislation to expose any underperforming schools that are not serving their student body.

We do not know what the appropriate percentage is for instruction spending. I know that Lincoln allocates a tremendous amount of resources on an annual basis in order to properly operate our school. As a school that offers programs in culinary, welding, automotive, HVAC and electrical, our consumable expenditures is tremendous amount of our budget. In our last IPEDS finance survey submitted to the U.S. Department of Education, we noted that our expenditures were over $2.5 million. I also know that in 2019, we spent approximately $1 million to initiate a new welding program even before ONE student enrolled and classes started.

This type of support should be expected of a school like Lincoln and we have several outside sources that validate our finances are used in an appropriate manner. First, we have our advisory boards for each program meet twice per year to go over every facet of the program from equipment purchasing to curriculum content. Second, we have our national or program accreditors evaluate our campus based on their stringent standards. Lastly, our faculty members have been practitioners in their field and bring this expertise into the classroom on a daily basis. When our faculty and staff meet, I personally am involved with discussions on new pieces of equipment or

additional consumables needed to support instruction. We feel as though those three separate and distinct assessments and evaluations, along with our outcomes in graduate placement, retention and graduation, are appropriate measures of our accountability.

Even the sanctions presented in the bill by themselves would force our campus to shutter its doors after 60 years. The charges we would be allowed to use for students if we failed to comply with this bill would never be enough revenue for the college to survive its current expenditures. Further, with 90 percent of our students coming from the state of Maryland, we would be providing refunds to all of our student body and thus forcing us to close our doors.

What we find to be frustrating is the inconsistent message we hear from legislators that visit our campus and the communication, in the form of legislation, coming out of Annapolis. When legislators come to our campus, they marvel at what our students accomplish and their outcomes. We hear comments that Lincoln is one of the good schools and legislation is not meant for Lincoln, but the bad actors. Yet there is no distinction between ITT and Brightwood, who conducted themselves immorally, and Lincoln, who has been in the state for 60 years serving Maryland residents. This bill and its contents put Lincoln in the same basket as Brightwood, ITT and Corinthian and further pushes it to close its doors without any true rationale.

Last spring, Lincoln Tech sponsored a Skills Gap Summit to discuss solutions to the gap between open positions and qualified applicants in fields such as automotive, HVAC, and electrical. In attendance were Delegates Hill, Terrasa, and Feldmark, as well as Senator Lam. These legislators heard the employers speak of their inability to find qualified employees in order to grow, and sustain, their businesses. In fact, each of these fields has a projected job growth of at least six percent annually in Maryland. This bill, if passed, would have an immediate negative

impact on these Maryland businesses if Lincoln were forced to close as we provided 282 graduates in automotive, electrical and HVAC solely in 2018 to businesses in Maryland.

Lastly, as stated earlier it seems as though this legislation is punishing current institutions for the misdeeds of Corinthian, ITT Tech and Brightwood College. Our college has been operating in the state for 60 years and would like to continue to operate another 60 years. We have not deviated from our original mission to train students in career fields since we opened in Baltimore in January 1961. That being said, we hope that you will oppose this legislation as written or amend the bill to include accountability measures as noted earlier.

Thank you again for allowing me to testify before this committee. I am available to take any questions.

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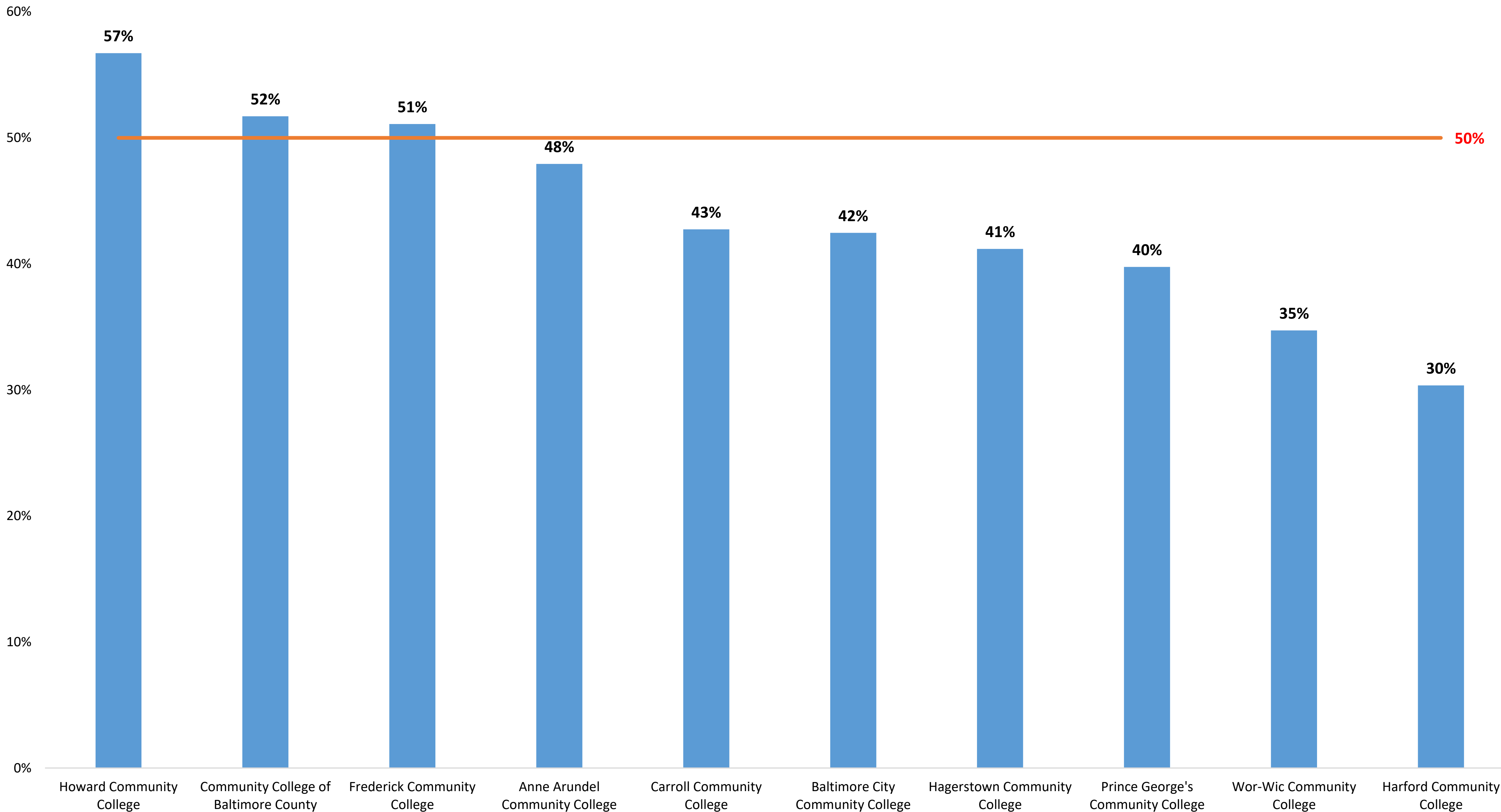
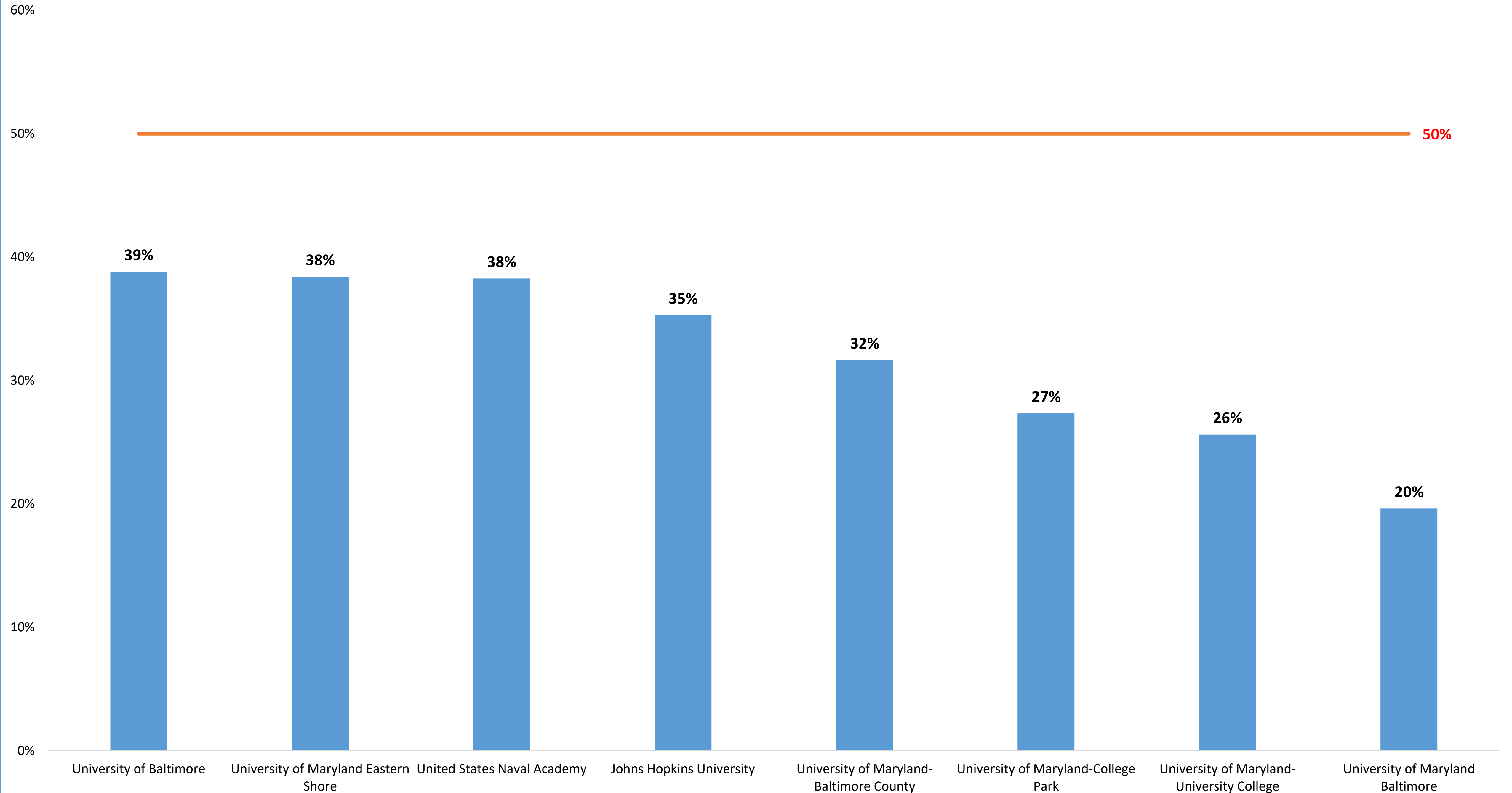
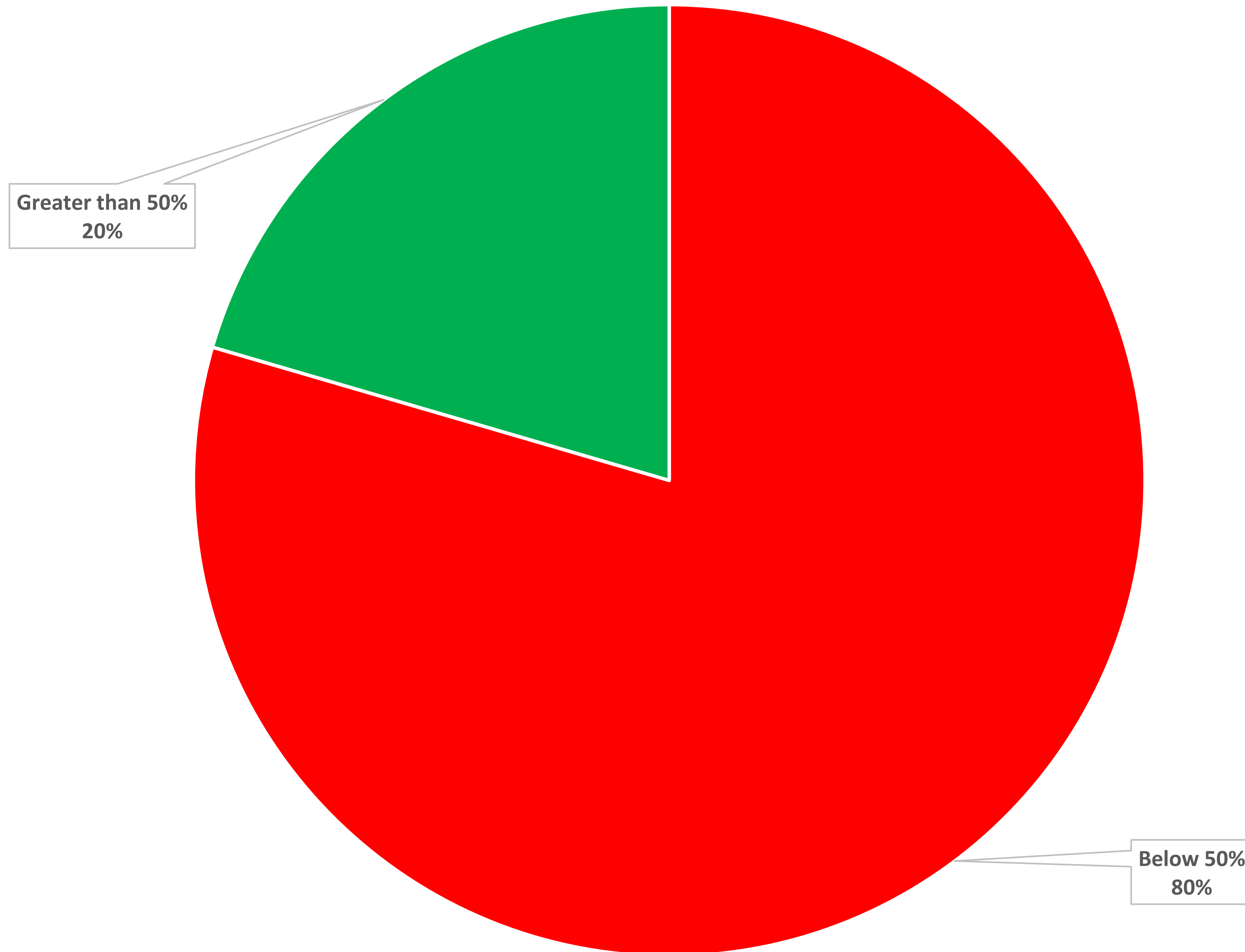


Community Colleges % of Intructional Expense
60%
50%
40%
30%
20%
10%
0%
57%
52%
51%
48%
43%
42%
41%
40%
35%
30%
50%
Howard Community College
Community College of Baltimore County
Frederick Community College
Anne Arundel Community College
Carroll Community College
Baltimore City Community College
Hagerstown Community College
Prince George's Community College
Wor-Wic Community College
Harford Community College


Select Large Not-For-Profit & Public Instructional Expense %
60%
50%
40%
30%
20%
10%
0%
50%
39%
38%
38%
35%
32%
27%
26%
20%
University of Baltimore
University of Maryland Eastern Shore
United States Naval Academy
Johns Hopkins University
University of Maryland-Baltimore County
University of Maryland-College Park
University of Maryland-University College
University of Maryland Baltimore

% Institutions Meeting Instructional Expense Threshold



MD Institutions NOT Meeting 50 Percent Expenditures

Institution	%	Institution	%	Institution	%	Institution	%
Maple Springs Baptist Bible College and Seminary	14%	Women's Institute of Torah Seminary	28%	Wor-Wic Community College	35%	Blades School of Hair Design	39%
Faith Theological Seminary	15%	Harford Community College	30%	Johns Hopkins University	35%	Prince George's Community College	40%
Strayer University-Maryland	16%	Yeshiva College of the Nations Capital	31%	Chesapeake College	35%	Bowie State University	41%
Cortiva Institute-Baltimore	19%	Columbia Institute	31%	McDaniel College	36%	Stevenson University	41%
University of Maryland Baltimore	20%	Washington Adventist University	31%	Salisbury University	36%	North American Trade Schools	41%
Ner Israel Rabbinical College	22%	Omega Studios' School of Applied Recording Arts & Sciences	31%	All-State Career-Baltimore	36%	Hagerstown Community College	41%
Capitol Technology University	23%	Fortis Institute-Towson	31%	Goucher College	36%	Maryland Institute College of Art	41%
University of Maryland-University College	26%	University of Maryland-Baltimore County	32%	Cecil College	37%	Baltimore City Community College	42%
University of Phoenix-Maryland	26%	Aspen Beauty Academy of Laurel	32%	Frostburg State University	37%	Notre Dame of Maryland University	43%
The Temple-A Paul Mitchell Partner School	26%	Washington College	33%	Holistic Massage Training Institute	38%	Carroll Community College	43%
Morgan State University	26%	Towson University	33%	St. Mary's College of Maryland	38%	Fortis College-Landover	45%
The Temple Annapolis-A Paul Mitchell Partner School	27%	Montgomery College	33%	Maryland University of Integrative Health	38%	Maryland Beauty Academy of Essex	46%
Lincoln College of Technology-Columbia	27%	Garrett College	33%	United States Naval Academy	38%	Frederick School of Cosmetology	46%
University of Maryland-College Park	27%	Loyola University Maryland	33%	Allegany College of Maryland	38%	Anne Arundel Community College	48%
Coppin State University	27%	Finger Lakes School of Massage	33%	University of Maryland Eastern Shore	38%	College of Southern Maryland	34%
Mount St. Mary's University	28%	St. John's College	34%	Hood College	38%	University of Baltimore	39%

PAPSA_AaronShenck_UNF_SB445

Uploaded by: shenck, aaron
Position: UNF

Maryland General Assembly Members:

Thank you for the opportunity to allow PAPSA's Maryland Chapter to comment on Senate Bill 445. PAPSA (www.papsa.org) represents over 100 technical colleges and career schools in several states and we advocate for quality career and technical education. Although originated in Pennsylvania, we are currently working with several Maryland-based institutions of higher education and are in the process of establishing a Maryland Chapter of the association. It is also relevant to state for the purposes of the legislation being considered today that our member schools include both "for-profit" and "non-profit" career and technical institutions.

Senate Bill 445

This legislation requires at least 50% of revenue at a for-profit institution or private career school to be spent on instruction. Although a well-intended proposal and certainly driving as much revenue as possible to instruction should be a goal of many institutions, but the economics of running a quality school make this policy goal difficult to quantify and very difficult to reach under the thresholds of this bill. There are several significant concerns that need considered while considering this legislation.

First, the definition of "instruction" in the bill would use the federal "Integrated Postsecondary Education Data System's" (IPEDS) definition for instructional spending. It is unclear under this definition how some specific expenditures that are helpful to students and necessary in the operation of a quality school would be counted. Here is a copy of the IPEDS's definition of instruction;

"*A functional expense category that includes expenses of the colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted. Includes general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. Also includes expenses for both credit and non-credit activities. Excludes expenses for academic administration where the primary function is administration (e.g., academic deans). Information technology expenses related to instructional activities if the institution separately budgets and expenses information technology resources are included (otherwise these expenses are included in academic support). Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.*"

Under this definition, some instructional costs are left to interpretation, but here are some examples (Not a full list) of costs that we believe “may” or “may not be” considered instructional costs, depending on the interpretation the Maryland Higher Education Commission (MHEC) and schools would take:

- Faculty and instructor salaries and wages
- Faculty and instructor benefits packages
- Professional development and faculty training
- Curriculum development
- Textbook and e-learning platforms
- Equipment purchase and maintenance
- Library and learning resource centers
- Computer labs and other IT costs
  New program development and research costs
- Special accommodations for students with disabilities
- Industry and educational professional membership memberships
- Resume and interview preparation

However, beyond this list of potential costs that could be interpreted to be “instructional” under the IPEDS definition, there are many dozens of other costs that a high-quality school must incur to provide the full student educational experience. PAPSA asked some of its member institutions to provide some examples of non-instructional costs. Although we received over a hundred different examples, here is our best effort to consolidate the list. Although each school’s costs for each expense may vary, it should be clear from this list that any school’s sum of these expenses adds up to likely over 50% of their revenue (which would mean they fail Senate Bill 445). These examples are listed in no specific order.

- Federal, state, local and real estate taxes
- Career service office
- Financial aid office
- Compliance office/staff
- Legal services
- Administrative staff
- Building and land purchase or mortgage and/or lease costs
- Internet and WiFi
- Accounting/auditing
- Student record storage, maintenance and retrieval costs
- Campus security (Security staff, student and employee IDs, video surveillance, etc…)
- Telecommunications
- Other general utilities (heat, AC, electric, water, etc..., which can be high for technical programs)
- Trash, recycling, materials and equipment disposal
- Accreditation costs (Both institutional accreditation and programmatic accreditation)
- State licensing costs and fees
- Career fair and other special event costs
- Program advisory board meeting costs
- Insurance costs
- Advertising and marketing costs
- Providing student activities
- Building maintenance and janitorial services

- Employee assistance programs
- 3rd party Student Assistance programs (personal counseling, drug & alcohol treatment, etc…)
- Student housing assistance
- Graduation and commencement ceremony costs
- Travel costs for meetings, training, student events, etc.
- Default management staff and/or 3rd party financial aid servicer
- Lawncare, parking lot maintenance, snow removal services, etc…
- Postage and shipping costs

This legislation only applies to for-profit institutions and private career schools, which typically are shorter term technical training programs and it is likely many high-quality career and technical institutions with great student outcomes and important to Maryland communities and employers could not meet the thresholds in this bill. It is important to note though if this same legislation was applied to public and non-profit colleges and universities that have many of the same costs listed above, plus additional costs that many career and technical programs do not always have (significant athletic programs, residency halls, larger campuses and buildings, etc…), it is likely they would have the same difficulty passing the thresholds of this bill.

It is very expensive to run any school with many different costs that may not be part of direct instruction. Driving as much resources to instruction should be a goal of every institution, but it is very difficult to quantify and the thresholds in this bill would be very difficult to achieve by any school – regardless of tax status.

Thank you again for providing the opportunity to comment on this bill.

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SB 445_Information Only_Dr. Dow

Uploaded by: Dow, Emily

Position: INFO

MHEC
Creating a state of achievement

Larry Hogan
Governor

Boyd K. Rutherford
Lt. Governor

Anwer Hasan
Chairperson

James D. Fielder, Jr. Ph.D.
Secretary

Bill Number: Senate Bill 445 **Position:** Letter of Information
Title: For-Profit Institutions of Higher Education and Private Career Schools – Instructional Spending - Requirements
Committee: Senate Education, Health and Environmental Affairs Committee
Hearing Date: February 12, 2020

Bill Summary:

Senate Bill 445 requires certain for–profit institutions of higher education and private career schools to report certain information on revenues and spending to the Maryland Higher Education Commission on or before June 30 each year. It requires that, on or after July 1, 2022, and each July 1 thereafter, in order to maintain approval to operate in the State and enroll certain students, the institutions and schools must submit a certain plan and provide certain refunds under certain circumstances.

Information:

Senate Bill 445 provides two terms ("Instructional Spending" and "Tuition and Fees") for which the definition refers to the Federal Integrated Postsecondary Education Data System (IPEDS). Both terms do not currently exist in IPEDS. Further information on each is provided below. A searchable glossary of terms used by IPEDS can be found here: https://surveys.nces.ed.gov/ipeds/VisGlossaryAll.aspx. Additionally, not all institutions (e.g., private career schools) provide data to IPEDS.

Instructional Spending

The Federal Integrated Postsecondary Education Data System (IPEDS) does not have a definition for "Instructional spending"; this is not a standard term used by IPEDS for describing institutional expenses. Instead, "Instruction" is one category of expense within "Expense by Functional Classification." In addition to instruction, other categories are research, public service, academic support, student services, institutional support, auxiliary enterprises, and net grant aid to students (net tuition and fee allowances).

IPEDS defines "instruction" as:

> A functional expense category that includes expenses of the colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted. Includes general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. Also includes expenses for both credit and non-credit activities. Excludes expenses for academic administration where the primary function is administration (e.g., academic deans). Information technology expenses related to instructional activities if the institution separately budgets and expenses information technology resources are included (otherwise these expenses are included in academic support). Institutions include actual or allocated costs for operation and maintenance of plant, interest, and depreciation.

Tuition and Fees

There are two issues of concern regarding the tuition and fees reference in the bill. First, IPEDS has one

definition for "tuition and fees" and separate definitions for "tuition" and "fees". One term is used to convey the charges students may pay in a given academic year.

"tuition and fees (published charges)": The amount of tuition and required fees covering a full academic year most frequently charged to students. These values represent what a typical student would be charged and may not be the same for all students at an institution. If tuition is charged on a per-credit-hour basis, the average full-time credit hour load for an entire academic year is used to estimate average tuition. Required fees include all fixed sum charges that are required of such a large proportion of all students that the student who does not pay the charges is an exception.
"tuition": "the amount of money charged to students for instructional services. Tuition may be charged per term, per course, or per credit."
Required fees: "Fixed sum charged to students for items not covered by tuition and required of such a large proportion of all students that the student who does not pay the charge is an exception."

In addition to a number of applicable definitions, these data elements are reported by IPEDS in manner not very useable for the bill's intent. They are used for institution-level reporting, such as the College Scorecard, and would not be aggregated accurately into a total "tuition revenue" figure to be used as the legislation posits.

There is also a revenue category in IPEDS that institutions report in the IPEDS finance component each year. The purpose of the IPEDS Finance component is to collect basic financial information from items associated with the institution's General Purpose Financial Statements (GPFS). Item areas include Scholarships and Fellowships, Revenues and Other Additions, Expenses and Other Deductions, and Census Information.

Within Revenues and Other Additions, there is an operating revenue category entitled "Tuition and fees, after deducting discounts and allowances." This is defined as "revenues received from students for education purposes. [It] Includes revenues for tuition and fees net of discounts & allowances from institutional or governmental scholarships, waivers, etc. (…gross revenues minus discounts and allowances), …those tuition and fees that are remitted to the state as an offset to state appropriations. (Charges for room, board, and other services rendered by auxiliary enterprises are not reported." These data are perhaps more in line with the intention of the legislation; the challenge is that these data reported as a lump figure of "tuition and fees", and neither tuition nor fees can be extracted separately from the figure.

Scope of using IPEDS Data

IPEDS data does not report for the majority of private career schools operating in the state. Therefore, another means of collecting these expenditure and revenue data from the non-IPEDS institutions would need to be identified.

For further information contact Dr. Emily Dow, Assistant Secretary, Academic Affairs, 410-767-3041.