

United States Senate
WASHINGTON, DC 20510-1304

April 30, 2020

Dear Principal:

In what has become an annual tradition, I write to you again this year asking for your help ensuring that Illinois' students receive accurate and up-to-date information about their post-secondary education options, including the risks associated with attending for-profit colleges.

But, this year, my letter comes at a time of great uncertainty for our country and upheaval in the day-to-day educational routine for you and your students as a result of the COVID-19 pandemic. That and the simultaneous economic crisis it has brought on is undoubtedly causing many of your students and their families to reevaluate postsecondary education plans.

For-profit college enrollment skyrocketed during the Great Recession as those out of work turned to the flexible, online options afforded by for-profit colleges for new opportunities. For-profit colleges spent massively on marketing—blitzing students' tv and computer screens with flashy ads that were often false or misleading. It was an era of widespread fraud and abuse by for-profit colleges—reaping huge profits for owners and investors and leaving students with worthless degrees that employers didn't recognize and mountains of debt. A group of State attorneys general—led by then-Illinois Attorney General Lisa Madigan—called it an “open season” on students by the for-profit college industry. More than 315,000 borrowers have applied for discharges of their federal student loans from the Department of Education as a result of being defrauded by their schools—the vast majority coming from those who attended for-profits.

And we're already seeing signs that the industry is ramping up for a repeat—especially as online options are even more appealing in a time of social distancing. Recent reports have shown that major for-profit colleges are increasing spending on marketing, recruitment, and offering discounts for online classes to lure students into enrolling. For example, Zovio—the parent company of predatory for-profit Ashford University—recently announced it was hiring 200 new “enrollment advisors.”¹

¹ While other colleges struggle, for-profits hope for revival, AP News (April 2020)
<https://apnews.com/ef35d2a42e611b6a379927628d214071>

In the last six years, several major for-profit college companies have collapsed under the weight of their own wrongdoing including Corinthian College, Inc. (operated Everest Colleges), ITT Tech, Education Corporation of America, Vatterott, and Dream Center’s Argosy University and Illinois Institute of Art. These companies engaged in a variety of fraudulent and predatory practices. When they closed abruptly, hundreds of thousands of students across the country—including thousands in Illinois—were left in the lurch. These closures put students at risk of having their education disrupted, losing credits when they start at a new school, and taking on more debt to finish their studies. Closures that harm students have become increasingly common. Between 2014 and 2016, more than 1,000 for-profit campus locations around the country closed.

As was the case with these examples, regulatory scrutiny and financial instability can indicate that a company or school is more likely to close. Nearly every major for-profit college company has been investigated or sued for deceptive practices. According to publicly available information, the following for-profit college companies and brands operating in Illinois are currently or have been the subject of investigations or lawsuits by state Attorneys General and/or federal agencies or have recently paid millions as part of state and/or federal settlements for deceptive practices.²

- American Intercontinental University and Colorado Technical University—owned by Perdoceo Education Corporation (formerly Career Education Corporation)
- Ashford University—owned by Zovio, Inc. (formerly Bridgepoint Education, Inc.)
- DeVry University—formerly owned by Adtalem Global Education
- Kaplan University—now Perdue University Global
- University of Phoenix

Additionally, a number of for-profit institutions have been placed on Heightened Cash Monitoring (HCM) by the U.S. Department of Education. Institutions are placed on HCM when the Department identifies concerns related to the school’s financial instability or compliance issues with federal regulations. The designation results in greater scrutiny of the school by the Department and, in the words of former Under Secretary of Education Ted Mitchell, should serve as a “caution light” for prospective students. According to the most recently available public data, for-profit colleges operating in Illinois on the Department’s HCM list include:

- American Academy of Art
- DeVry University
- ETI School of Skilled Trades
- Hairmasters Institute of Cosmetology
- Larry’s Barber College
- Niles School of Cosmetology
- Northwestern College
- The Salon Professional Academy
- State Career School
- Taylor Business Institute

² May not be an exhaustive list

Parents and students often look at an institution's accreditation status as an indicator of legitimacy and quality. After all, if an institution is accredited by a federally recognized accreditation agency, students are able to use federal student loans to attend the institution. However, some accreditors have been slow to address the widespread fraud and abuse in the for-profit college industry—making a school's accreditation status an unreliable predictor of academic quality. Consider the Accrediting Council for Independent Colleges and Schools (ACICS). This organization put its stamp of approval on predatory institutions like Corinthian, ITT Tech, and Westwood Colleges. Despite clear evidence of these companies' abuses, ACICS continued to accredit them. In fact, Corinthian and ITT Tech were fully accredited by ACICS to the very day that they declared bankruptcy. In 2016, the Department of Education revoked ACICS' federal recognition because of its shameful track record, but Secretary Betsy DeVos restored this deadbeat accreditor's status. Now, a report recently revealed that an ACICS-accredited school in South Dakota that has no faculty, facilities, current students, or alumni.

Rather than relying on a school's accreditation status, students and families should seek information about outcomes. Here's one outcome statistic I hope you will remember and explain its significance to your students: only 8 percent of all post-secondary students attend for-profit colleges, but for-profit colleges account for thirty-three percent of all federal student loan defaults. Families can find information about a specific school's student outcomes through the College Scorecard. Created by the Obama Administration, the Scorecard provides information on median earnings, typical debt after graduation, and typical monthly federal student loan payment. It can be accessed online at <https://collegescorecard.ed.gov>.

Additionally, a federal regulation known as the Gainful Employment rule is meant to ensure that career training programs prepare students for jobs that pay enough to allow students to reasonably repay their student loan debt. Under the first year of Gainful Employment disclosures, more than 98 percent of programs that failed the Gainful Employment criteria were operated by for-profit schools. Of those that failed in Illinois, all were operated by for-profit companies. Secretary DeVos has since stopped collecting and reporting the data and is in the process of repealing this rule. Still, students should ask schools for Gainful Employment disclosures for the career education programs they are considering and use it to compare their options. The most recently available Gainful Employment data for all career programs as of 2018 is available at <https://studentaid.ed.gov/sa/about/data-center/school/ge> by clicking on "Download the Debt to Earnings data spreadsheet."

With few exceptions, this data will reveal to students that their best option is to enroll in a community college. Unlike for-profit schools, community colleges offer quality programs with credits that will almost always transfer to other schools. They do this at a fraction of the cost and free of the predatory record that hangs over the for-profit college industry after years of misconduct. I encourage you to work closely with your local community colleges and other not-for-profit institutions to ensure students have information on quality, affordable post-secondary education options.

You have dedicated your life to preparing Illinois students for better opportunities through education. For-profit colleges have proven themselves to be a direct threat to your efforts. For an Illinois student, getting the right information from the right person, especially at this time of uncertainty, can mean the difference between a successful future and a lifetime of student debt. I appreciate your support in this effort and encourage you to reach out to my office at 202-224-2152 if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Dick Durbin". The signature is written in a cursive style with a prominent "D" and "d".

Richard J. Durbin
United States Senator