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United States Senate

WASHINGTON, DC 20510-1304

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
COMMITTEE ON APPROPRIATIONS
COMMITTEE ON THE JUDICIARY

May 1, 2024

Dear Principal:

It is again the time of year when you help students navigate their options for postsecondary education. This is an important task that helps set students up for college, their careers, and life. That is why I am asking for your help for the 11th consecutive year to ensure Illinois students receive accurate and up-to-date information about their options, including the risks associated with attending for-profit colleges.

I want to recognize you for your commitment to guiding students to pursue quality postsecondary options, especially this year, as the rollout of the Free Application for Federal Student Aid (FAFSA) has been delayed significantly. Additionally, you have continued to support students as our nation faces a youth mental health crisis, teacher shortages, and declining attendance rates. I appreciate your dedication to Illinois students and families.

In the past few years, our nation has experienced workforce shortages across various industries. For example, Illinois is projected to face a shortfall of up to 450,000 nurses by 2025, and in 2023, the Illinois State Board of Education had more than 3,500 unfilled full-time teaching positions. Without a trained workforce, Illinois will continue to face labor shortfalls.

Although it is important for students to pursue postsecondary education, not all postsecondary institutions offer the same quality of education, job prospects, or potential to pay down student debt. For-profit colleges have a long history of deceiving students, especially low-income students and students of color, by falsely advertising a high-quality degree and well-paying job. In reality, these predatory schools offer students a low-quality, high-cost education that too often leaves students with student debt but no degree.

For-profit colleges charge higher tuition than public universities, which leaves students with higher debt loads. According to the Federal Reserve, students who attend for-profit institutions take on more student debt and are more likely to default on their student loans than those attending similarly selective public schools. One study found that students attending a four-year program at a for-profit college are more likely to use federal loans, take on larger debt amounts, default on their student loans, and experience worse labor market outcomes compared to students who pursue a four-year degree at a public institution.

While tuition at for-profit colleges is higher than tuition at public universities and colleges, for-profit colleges often fail to use their revenue for academic instruction or student supports. Instead, they outspend public and private nonprofit colleges in advertising and bombard students with misleading messages. The Brookings Institution found that for-profit colleges spend nearly $300 per student on advertising, compared to approximately $14 and $66 per student spent by public and private nonprofit universities, respectively.

As of January 2023, nearly 780,000 borrowers had applied for discharge of their federal student loans from the Department of Education (Department), including 41,184 Illinois borrowers.[1] Since 2021, the Department has discharged $14.58 billion in federal student loans for more than one million borrowers who were defrauded by for-profit colleges. In 2022, the Department also reached a settlement to discharge an additional $6 billion in federal student loans for 200,000 borrowers who attended 151 predatory institutions. Nearly all of the schools on the list are for-profit colleges.

From January 2014 to April 2023, 2,365 for-profit campus locations around the country closed, including 74 campuses in Illinois. In the last decade, several of the worst actors in the industry shuttered their doors, including Corinthian College, ITT Technical Institute, Westwood College, and Dream Center's Argosy University and Illinois Institute of Art. These companies engaged in a variety of fraudulent and predatory practices, including falsifying job placement rates and pushing students into high-cost, private student loans that they could never pay back. When they abruptly closed, hundreds of thousands of students across the country—including thousands in Illinois—had their education disrupted and were left with student loans, no degree, and the inability to transfer credit.

While these bad actors are no longer in business, there are still multiple proprietary institutions that continue to prey on students. 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 or offering degrees exclusively online are currently or have been the subject of investigations or lawsuits by state Attorneys General and/or federal agencies; recently have paid millions as part of state and/or federal settlements for deceptive practices; or have been found guilty of fraud in a court of law:

- American Intercontinental University and Colorado Technical University—owned by Perdoceo Education Corporation (formerly Career Education Corporation)
- Ashford University—owned by University of Arizona and operating as University of Arizona Global Campus
- Capella University – owned by Strategic Education, Inc.
- Chamberlain University and Walden University, which are owned by Adtalem Global Education
- DeVry University, which was formerly owned by Adtalem Global Education
- Empire Beauty School
- Grand Canyon University
- Kaplan University—now known as Purdue University Global
- Lincoln Educational Services—operating in Illinois as Lincoln College of Technology
- University of Phoenix

Financial instability at for-profit colleges can be a first sign that a company or school is more likely to close. A number of for-profit institutions have been placed on Heightened Cash Monitoring (HCM)—a step the Department takes to provide additional oversight for institutions

[1] https://studentaid.gov/data-center/student/loan-forgiveness/borrower-defense-data.

with financial or federal compliance issues. According to the most recent available public data, for-profit colleges operating in Illinois on the Department's HCM list include:[2]

- American Academy of Art College
- Cannella School of Hair Design
- DeVry University
- Hairmasters Institute of Cosmetology
- John Amico School of Hair Design 2
- Northwestern College
- Oehrlein School of Cosmetology
- State Career College
- Taylor Business Institute
- Trenz Beauty Academy

Parents and students may look to a school's accreditation status to determine whether the school will result in a good return on investment. However, some accrediting agencies like the Accrediting Council for Independent Colleges and Schools (ACICS) had approved predatory institutions like Corinthian, ITT Tech, and Westwood College up until the schools' closure, despite clear warning signs that these companies defrauded students. Although the Department has taken steps to hold for-profit colleges accountable, including terminating federal recognition of ACICS, history shows that a school's accreditation status is not always a reliable source of academic quality.

Rather than relying on a school's accreditation status, students and parents should look at student outcome data. Here is one data point I hope you will remember and explain to your students: for-profit schools enroll just eight percent of all postsecondary students but account for 30 percent of all federal student loan defaults. Students can find information about individual schools' student outcomes through the College Scorecard, which provides data on median earnings by field of study, graduation and retention rates, typical debt after graduation, and typical monthly federal student loan payments. It can be accessed at https://collegescorecard.ed.gov.

Students and parents also can look at student outcome data related to the Department's Gainful Employment (GE) rule. The GE rule acts as a guardrail against for-profit colleges that leave students with unaffordable debts relative to their earnings. Under the first year of GE disclosures, more than 98 percent of programs that failed the GE criteria were operated by for-profit schools. Of those that failed in Illinois, all were operated by for-profit companies. Although former Secretary of Education Betsy DeVos repealed this rule, the Biden Administration has released its final rule to reinstate it. As we await updated GE rule data, students still should ask schools for their GE disclosures for career education programs and use this information to compare their options. The most recent, available GE data for all career programs is available by clicking on "Download the Debt to Earnings data spreadsheet" at https://studentaid.gov/data-center/school/ge.

[2] https://studentaid.gov/data-center/school/hcm

The GE data also typically reveal that a student's best option for career training programs is through a community college, which offers affordable, quality programs with credits that will almost always transfer to other schools. As a trusted voice in your school community, I encourage you to work closely with your local community colleges, public universities, and private nonprofit institutions to ensure students have information on quality, affordable postsecondary education options.

Thank you for all the work you do to support students and for sounding the alarm on the risks of students attending a for-profit college. Your advice can prevent students from signing up for a lifetime of debt. I encourage you to reach out to my office at 202-224-2152 if you have any questions.

Sincerely,

Dick Durbin

Richard J. Durbin
United States Senator