



VETERANS EDUCATION SUCCESS

Good morning Chairwoman Doherty, and members of the Education Committee. My name is Ramond Curtis, and I am the State Policy Manager for Veterans Education Success, a nonprofit veterans service organization that advocates for public policy to ensure veterans' higher education success and to protect and defend the integrity and promise of the GI Bill.

I'd like to share with you what some Oregon veterans have said about being defrauded by a for-profit college. They are among more than 5,000 complaints from veterans who were deceived or defrauded by a for-profit college. For confidentiality sake, I will not use their full name:

I was told I had most of my education paid for, but I kept getting bills from different parts of Ashford until I had to take a student loan to help pay things. Then when I tried to transfer, I was told that none of my credits would transfer. I had to quit both Ashford and my other college because I felt like all I was getting out of it was more debt.

- Jared, Baker City OR

Found out not many of my credits are transferrable to other schools. Thought I could go for my masters at another university after completing my bachelors at university of Phoenix. I was wrong. On top of that, got locked into a loan for the last year of my tuition.

- Roger, St Cornelius OR

None of my credits transferred over from Junior College to University of Phoenix. I ended up taking two math courses that I'd taken the year before in JC which was completely redundant, but I was glad I learned those courses at the JC I went to and not at UoP; their courses left a lot of math fundamentals out which confused many of my peers. As if it weren't enough for one to squander their GI bill money at the university of Phoenix, they also require you to pay a fee for your final transcript which I understand came into play in early 2015. All in all, incompetence and laziness are the two words that come to mind here. It's the McDonald's of education.

- *Johnathan, Portland OR*

We are grateful that Oregon is focusing on protecting students from predatory for-profit schools, because we know how critical postsecondary education attainment is to economic success. People in the United States who earn a postsecondary degree or credential [earn \\$1 million MORE](#) over the course of their lifetime than people with a high school diploma or less. As the United States emerged from the most recent recession, the number of new jobs created that required a college degree dramatically dwarfed the number of jobs needing only a high school degree. In 1973, only 28% of jobs required postsecondary education and training. However, by 2020, that number will increase to [64%](#). College attainment also [improves people's lives](#): College graduates are healthier, less reliant on public assistance, earn more, pay more in taxes, and are more civically engaged.

However, as the Committee is aware, not all colleges are created equal. Some bad actor colleges actually leave students worse off than if they'd never gone to college at all, with high debt for a worthless degree or no degree at all.

A national report published in November of 2017 by The Century Foundation, one of the oldest public policy research institutes in the country, found that students who enrolled at a for-profit college in recent years are 200 times more likely to end up filing a fraud claim than students at nonprofit colleges, and 1,100 times more likely than students at public colleges. These findings were based on a review of nearly 100,000 federal "Borrower Defense claims," which are applications for loan relief from students who maintain that they were defrauded or misled by a college.

It has become abundantly clear that for-profit colleges across the state and country are not properly serving students, who are left with worthless credits and enormous student debt. As the US Senate Education Committee reported, for-profit colleges serve only 13% of students but account for half of the nation's student loan default problem.

As some of you may already know, one of the primary demographics that for-profit schools target is the veteran community. Sadly, this is caused in large part by a loophole in federal law. Federal law prohibits for-profit colleges from receiving more than 90% of their revenues from federal education aid. The purpose of this revenue cap is to provide a market test, ensuring that federal student aid funds aren't used to prop up failing schools that are unable to attract at least 10% of their revenue from private sources,

including employers, scholarship providers, and families. However, the Post 9/11 G.I. Bill and Defense Department tuition assistance are not listed in the statute as federal education aid. That means that for-profit schools can legally receive 100% of their revenues from federal education aid, as long as 10% of it comes from the GI Bill or tuition assistance. Or, in other words --from servicemembers and veterans. Because of this loophole, for-profit colleges are VERY eager to enroll veterans. So much so that many rely on extremely aggressive and deceptive recruiting methods in order to maximize veteran enrollment. To quote Holly Petraeus, wife of General Petraeus and the former head of Service Member Affairs at the US Consumer Financial Protection Bureau: "For every service member or veteran enrolled at a for-profit college and paying with military education funds, that college can enroll nine others who are using only Title IV money [to pay their tuition]. This gives for-profit colleges an incentive to see service members as nothing more than dollar signs in uniform, and to use aggressive marketing to draw them in."

It may be no surprise, then, that GI Bill usage is currently dominated by low-quality for-profit colleges that soaked up 39% of all GI Bill tuition and fees between FY 2009 and 2017, and that routinely over-promise and under-deliver.

Oregon for-profit colleges and career schools are incentivized to exploit the 90/10 loophole because they know it allows them to use federal student aid to drastically increase their revenue. According to data collected by the Department of Education and the National Center for Education from the 2016/2017 academic year, many for-profit colleges and career schools in Oregon drastically increased their revenue from tuition by exploiting veterans. Some of those schools include; Institute of Technology, with a revenue increase of nearly 25%, Concorde Career College, with a 49% increase in revenue, and Pioneer Pacific College, who increased their revenue that year by 67% (\$6,793,880).

Today, for-profit college salesmen continue to recruit on military bases and inside VA hospitals. The U.S. Government Accountability Office ran two undercover investigations, sending agents to pose as students. Agents reported that every single one of the 15 large for-profit colleges they visited deceived them about the quality of education, cost, and likely job and salary for graduates. Four colleges engaged in actual illegal fraud (such as directing students to falsify federal student loan applications).

A two-year investigation by the U.S. Senate Education Committee produced similar results, finding extreme levels of deception by for-profit colleges about every aspect of the college (from tuition and the number of credits needed to graduate, to the programs even offered at the school, to the accreditation and transferability of credits to other colleges, to the quality of education to job prospects for

graduates). Some for-profit colleges even sign students up for high-interest private loans without disclosing the true terms of loans, and in some cases without the student's knowledge. Some for-profit colleges go so far as to promise a career in fields that require a license – such as law, plumbing, electricity, and medical fields – only for students to find out after graduation that their college is not recognized or properly accredited and graduates are not eligible to obtain licenses required for the career.

Our organization works with more than a dozen for-profit college salesman turned whistleblowers who help us identify deceptive tactics by for-profit schools because they feel terrible about how their for-profit college continued to target and defraud veterans of their education benefits. What they tell us is similar to quotes you may have read in news stories such as:

Patrick Flynn, a former recruiter from Education Management Corporation's South University online: "It just got to the point where I felt like I was lying to these people on a regular basis.... Honestly, I just felt dirty doing the things I was doing. It's almost like they were trying to make me take advantage of people's belief in what this education was going to get them, when I didn't buy into it myself."

Eric Shannon, a former recruiter out of Brooks College: ""We're selling you that you're gonna have a 95 percent chance that you are gonna have a job paying \$35,000 to \$40,000 a year by the time they are done in 18 months.... We later found out it's not true at all."

Oregon's for-profit colleges and career schools offer a variety of career-oriented programs, ranging from courses in medical billing to programs in building trades. We know that these institutions are crossing ethical and legal lines to boost their veteran enrollment across the country. In 2014 attorneys general of Oregon along with 14 other state attorneys general began investigating Corinthian Colleges, relating to relating to the recruitment of students, graduate placement statistics, graduate certification and licensing results, and student lending activities, among other matters. Just last month 49 state attorneys general, including the AG for Oregon, reached a settlement with Career Education Corp., securing just under \$500 million in debt relief for over 179,000 students nationwide. The settlement is the result of a five-year investigation, which began in 2014 after states received complaints from students. If we hope to ensure that Oregon students seeking post-secondary education are protected, our state legislature must work to develop regulatory practices and policies that filter out predatory for-profit programs.

Your work here will help save many thousands of Oregon veterans from being fleeced out of their hard-earned GI Bill. I'd like to close with a quote from one Maryland veteran:

I enrolled using my gi. Bill and somehow ended up with a 1500 loan put of the deal. I didn't know much about the whole college thing when I went in and had thought I made it clear to my counselor that I didn't want to incur any debt. Now I owe on some education that never even benefited me due to a debt that I never asked for.

- Chase, Medford OR

We look forward to working with you to protect Oregon veterans from predatory for-profit colleges.