United States Senate

WASHINGTON, DC 20510

April 23, 2021

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, first, I'd like to take a moment to recognize all you have done in your classrooms, your homes, and your communities throughout the COVID-19 pandemic. This school year has looked dramatically different from any you or your students have faced. I know that you have gone above and beyond, through unprecedented and challenging circumstances, to serve Illinois' students. Thank you.

This school year has looked dramatically different from any you or your students have faced. The global pandemic combined with the economic crisis is undoubtedly causing many of your students and their families to reevaluate postsecondary education plans. They are not alone. The National Student Clearing House found undergraduate enrollment declined by 4.5 percent spring 2021 compared to spring 2020.[1] The same report found Illinois undergraduate enrollment has fallen 6 percent in spring 2021 compared to last year. At the same time, the number of seniors completing the FAFSA has fallen 7 percent nationally this year compared to the same time last year.[2]

Ensuring the value of post-secondary education is an essential consideration for students and families. For-profit colleges have taken advantage of the uncertainty and disruption we've experienced this year to exploit people just trying to get an education. The same report from the National Student Clearing House found private for-profit colleges saw an enrollment increase of 3.9 percent this spring, the only sector in higher education to see in increase in enrollment from Spring 2020.

The pattern of for-profit colleges taking advantage of economic uncertainty is not new. 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

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[1] National Student Clearinghouse "Spring 2021 Enrollment (As of Feb 11)" Mar. 11, 2021. https://nscresearchcenter.org/stay-informed/

[2] Federal Student Aid "FAFSA® Completion by High School and Public School District" Mar 31, 2021 https://studentaid.gov/data-center/student/application-volume/fafsa-completion-high-school

season" on students by the for-profit college industry.[3] As of November 2020, nearly 340,000 borrowers had 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.

In the last several 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.[4]

- 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 known as 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[5], for-profit colleges operating in Illinois on the Department's HCM list include:

- American Academy of Art College
- DeVry University

[3] Madigan, Lisa, Attorney general of the State of Illinois "Madigan Leads Effort to Reinforce Need for Protections Against Worst Actors in For-Profit School Industry" Feb 22, 2017 https://illinoisattorneygeneral.gov/pressroom/2017_02/20170222.html

[4] May not be an exhaustive list

[5] Federal Student Aid "Heightened Cash Monitoring" Mar 1, 2021 https://studentaid.gov/data-center/school/hcm

- Taylor Business Institute
- Northwestern College
- Oehrlein School of Cosmetology
- ETI School of Skilled Trades
- Niles School of Cosmetology
- Hairmasters Institute of Cosmetology
- The Salon Professional Academy
- State Career School

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 the declared bankruptcy.

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: for-profit schools enroll just 8 percent of all postsecondary students, but account for 30 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. Unfortunately, Secretary DeVos repealed this rule. I hope we can reinstate this important protection for students. 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."

This data will often 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 life's work. 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,

Dick Durbin

Richard J. Durbin
United States Senator