



NC Justice Center

*Opportunity
and prosperity for all*

For-Profit Schools Fact Sheet

1. For-Profit Schools Target Veterans:

- Currently, for-profit colleges can receive no more than 90% of their total revenues from federal financial aid (the “90/10 Rule”). However, aid received by recent veterans as part of the new Post-9/11 GI bill does not count towards the 90% limitation on federal aid. As a result, for-profit colleges target their recruitment efforts toward current and former members of the military, whose additional grant aid can be counted towards the 10% of funds that are intended to come from private sources.¹
- For-profit colleges received \$1.7 billion in Post-9/11 G.I. Bill benefits in the 2012-2013 school year, nearly as much as the total cost of the program just four years earlier.²
- Eight of the top ten recipients of Post-9/11 G.I. Bill federal funds are large, publicly-traded companies that operate for-profit colleges. Those companies have received **\$2.9 billion** in taxpayer dollars to enroll veterans in these schools over the past four years, including **23 percent of all Post-9/11-G.I. Bill benefits** in 2012-13. Seven of the eight companies are currently under investigation by state attorneys general or federal agencies for deceptive and misleading recruiting or other possible violations of federal law.³

¹ Center for Responsible Lending, “Do Students of Color Profit from For-Profit College? Poor Outcomes and High Debt Hamper Attendees’ Futures,” October 2014 [“CRL Report 2014”], at page 6.

² U.S. Senate Committee on Health, Education, Labor and Pension news release, “Two Years After Harkin Report Revealed Questionable Business Practices in For-Profit College Industry, New Analysis Shows For-Profit Colleges Are Top Recipients of Post 9/11 G.I. Bill Dollars,” July 30, 2014 [“Senate 2014”].

³ Senate 2014.

2. **High Tuition Costs**: Taxpayers pay twice as much on average to send a veteran to a for-profit college for a year compared to the cost at a public college or university (\$7,972 versus \$3,914).⁴
3. **High Student-Loan Debt**: Nearly all students at for-profit schools take on student-loan debt. 96 percent of students starting at for-profit colleges take on federal student loans compared to only 13 percent at community colleges.⁵ Despite having generous GI Bill benefits, veterans are also being saddled with student-loan debt by enrolling in for-profit schools.
4. **High Drop-Out Rate**: The Senate’s 2012 report found that **63%** of students working toward two-year associate degrees departed without a degree.⁶ Of those dropping out, students attending online withdrew at much higher rates.⁷ Nearly **80%** of African-American and **two-thirds** of Latino students at four-year, for-profit colleges drop out without a degree.⁸
5. **High Default Rate**: Students who attended for-profit schools accounted for **nearly half** of all federal student loan defaults, despite making up only 13% of all total post-secondary students.⁹
6. **Revenues Funneled to Recruiting, Not Quality of Education**: For-profit colleges spend the billions of taxpayer dollars they receive each year primarily on non-education-related expenses. The 2012 Senate investigation found that for-profit colleges spent considerably more money on marketing, advertising, recruiting, and admissions staffing than they did on instruction (faculty and

⁴ Senate 2014.

⁵ Executive Summary for Senate Committee on Health, Education, Labor and Pensions investigation that focused on for-profit post-secondary education [“Senate 2012”], available at http://www.help.senate.gov/imo/media/for_profit_report/ExecutiveSummary.pdf at page 6.

⁶ Senate 2012, at page 1.

⁷ Senate 2012, at page 5.

⁸ CRL Report 2014, at page 22.

⁹ CRL Report 2014, at page 17.

curriculum).¹⁰ The investigation also found that for-profit colleges employ about 10 recruiters for every career services staff member.¹¹

7. **Deceptive and Aggressive Recruiting Tactics:**

- Lead generation Web sites, specifically designed to attract members of the military and veterans, use layouts and logos similar to official military websites, but do not inform users that the purpose of the site is to collect contact information on behalf of the site's for-profit college clients.¹²
- Internal documents show that some schools' pursuit of military benefits led them to recruit from the most vulnerable military populations, sometimes recruiting at wounded warrior centers and veterans hospitals.¹³
- In addition to aggressively seeking military personnel, the investigation showed that some recruiters misled or lied to service members as to whether their tuition would be fully covered by military benefits.¹⁴

To learn more, visit: www.ncjustice.org/forprofitschools
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¹⁰ Senate 2012, at page 5.

¹¹ Senate 2012, at page 6.

¹² Senate 2012. at page 4.

¹³ *Id.*

¹⁴ *Id.*