House Holds Second Hearing on For-Profit Schools

A recent report on proprietary schools by the CBS program “60 Minutes” prompted a well-attended hearing March 1 by the House Education and the Workforce Committee. Reps. George Miller (D-Calif.) and Dale Kildee (D-Mich.) requested the hearing after watching the January 30 exposé of fraud and abuse at for-profit schools.

Committee Chairman John Boehner (R-Ohio) opened the hearing with an emphasis on the importance of the for-profit sector as an educational resource, especially for nontraditional students.

“As Congress reauthorizes the Higher Education Act, our first priority has to be providing access and fairness for low- and middle-income students and families struggling with the high price of college,” Boehner said. “This means holding ‘nonprofit’ schools accountable for the role they’re playing in the hyperinflation of college costs... providing fairness for students at proprietary schools... [and] ensuring that federal anti-fraud laws... are both adequate and fully enforced.”

Boehner said his daughter completed her education at a proprietary institution, and has gone on to be a productive and self-supporting citizen.

Miller echoed the concern about cost, but stressed the importance of higher education. He noted that while some proprietary institutions are okay, he questions the adequacy of current anti-fraud laws and their enforcement.

The first witness, Rep. Maxine Waters (D-Calif.), said she has been concerned about proprietary schools for 20 years. (Waters also testified at hearings on this subject in 1992, and was the author of the original 85/15 provision.) She said her constituents are “ripped off” by these schools because they offer only “deceptive opportunities.” She specifically argued against the repeal of the 90/10 rule, which requires proprietary institutions to receive at least 10 percent of their revenues from a source other than federal student aid funds.

David Rhodes, president of the privately owned, regionally accredited School of Visual Arts in New York City, defended the proprietary sector by describing the competition for admission to his school and the quality of students who complete the programs. He said there seems to be a pervasive prejudice against for-profit schools.

During his statement, Thomas Carter, deputy inspector general for the Department of Education, explained that there is fraud and abuse in all sectors of higher education, but that it is greatest in the proprietary sector (about 80 percent of his work). He cited a need for greater diligence and oversight of all sectors by the federal government, the states, and the accreditors (the “triad”).

Carter said the department is working to improve its program review process. He recommended that financial information provided on the application for federal student aid should be matched to IRS databases for accuracy, and to prevent identity theft.

During subsequent questioning, Carter repeatedly defended the integrity provisions slated to be eliminated in H.R. 609, the HEA reauthorization bill. At a minimum, he said, legislators should determine what abuses a rule was intended to prevent before eliminating it.

Paula Dorsey is the former director of admissions at for-profit Bryman College in California, which was featured in the January 30 “60 Minutes” program.

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that triggered the hearing. She described an environment of unethical and illegal activity that compelled her to resign after only 90 days of employment, even though she had made a cross-country move to take the job. She said she had endured “a living nightmare of half-truths and unethical dealings” at an institution whose priority was not education or students, but admissions numbers.

“Many times, attendance records were adjusted and altered to suit the needs of the school so that they could account for these ‘enrollments’,” Dorsey said. “The pressure to enroll students was so great that [Bryman] even resorted to offering free uniforms and backpacks to students to lure them into a current admission status, versus allowing them to wait for another time that their desired program might be offered.”

Students were encouraged to forge their parents’ signatures, and students who failed the “ability to benefit” tests were admitted anyway. When the “60 Minutes” crew came to campus, students were scripted for their remarks or removed from contact with reporters, she said.

Nicholas Giakas, president of the Career College Association, called the “60 Minutes” program unbalanced. He said problems were not industry-wide, but isolated examples that could be found in any sector. Glakas said the graduation rates in his sector “meet or exceed those posted by public and private, not-for-profit colleges” because “they provide a much higher level of student services to help [minority] students persist and succeed in their studies.”

At the end of the hearing, Miller requested that a letter from Jeff Fager, executive producer at “60 Minutes,” be entered into the record. Boehner agreed.

Fager said his team had spent four months on the story and “spoke to 102 students, former employees and teachers.” He added that “all but two confirmed the thrust of our report,” describing high-pressure sales tactics and misleading job placement and employment opportunities upon graduation. In addition, “teachers said they were pressured to pass unqualified students in order to maximize revenue....

“In CBS’s view, the accusations set forth by Mr. Glakas are without merit. In fact, you should be aware that in the days following our report, the team who reported this story received hundreds of e-mails and phone calls from current and former students and employees of for-profit schools... which corroborated our reporting.”

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Guide to Congress Available Soon, Free to NAICU Members

The Guide to Congress for the first session of the 109th Congress will be available in early April, free of charge to NAICU members upon request. The pocket-sized book lists all members of the House and Senate with photo, brief bio information, and contact information for each. It also includes all House and Senate committee assignments, executive and judicial branch listings, and congressional district maps for each state, as well as information on congressional terminology, procedures, and calendars.

To request a copy, e-mail Roland King at roland@naicu.edu.