

MAKING THE GRADE?

An Analysis of For-Profit and Career Schools in Maryland

The Maryland Consumer Rights Coalition (MCRC) advances fairness and justice for Maryland consumers through research, education, and advocacy. Founded in 2000, MCRC is Maryland's only statewide consumer advocacy organization. MCRC's 10,000 supporters and affiliated organizations fight for strong consumer protections and safety in the marketplace.

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Executive Summary

Hoping to improve their lives and increase the economic security of their families, tens of thousands of low-income men and women return to college, vocational training, or other higher learning as nontraditional students.¹ Many of these adult learners flock to for-profit schools on the basis of flexible scheduling and online learning opportunities. Nationally, by 2011, 2.3 million Americans were enrolled in for-profit schools – a dramatic increase from 200,000 students in the late 1980s.²

In 2012, 29,677 students were enrolled in 314 programs offered by for-profit and career schools in Maryland.³

For-profit schools receive 86 percent of their revenue from federal and state funds.⁴ Many students attending for-profit schools rely on Title IV federal grant aid and federal loan assistance to pay their tuition and fees. Low-income students qualify for the maximum amount of Title IV assistance, which provides a strong incentive for for-profit schools to focus recruitment and outreach in hard-hit communities, particularly in communities of color.

As for-profit schools have continued to use federal funds as their primary source of revenue, government scrutiny of the industry has increased. There have been a number of investigations as well as state and federal lawsuits against for-profit schools based on unfair and deceptive marketing, misrepresentations, and more.

MCRC's investigation of for-profit and private career schools in Maryland found a number of the same concerns that have drawn the ire of federal officials and attorneys general. MCRC found the following:

High Cost of Education

- In Maryland, for-profit schools cost **at least twice as much** as public colleges and universities.
- Some degrees at for-profit schools cost between three and five times as much as those at public colleges and universities. For example, a for-profit college in Maryland charges \$52,737 for a degree in dental hygiene. An associate's degree in dental hygiene at Maryland public colleges costs roughly one-sixth that price, at an average cost of \$8,704.48, with the most expensive degree at \$10,068.86.⁵ The average income of a dental hygienist in Maryland is \$38,740, which means that a student studying for that degree at a for-profit school pays more than one year's salary for his/her degree, a degree which would cost far less at a public college.⁶

¹ Lamm, Bourree "For Profit Colleges: Here to Stay" The Atlantic, April 3, 2015

² Sohns, Elizabeth "Beware For-Profit Colleges" Generation Progress, Center for American Progress, May 2014

³ <http://www.mhec.state.md.us/publications/research/AnnualPublications/2014DataBookL.pdf>

⁴ U.S. Senate Health, Education, Labor and Pensions Committee "For-Profit Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," Majority Committee Staff Report and Accompanying Minority Committee Staff Views, July 30, 2012.

⁵ <http://www.mhec.state.md.us/publications/research/AnnualPublications/2014DataBookL.pdf>

⁶ Bureau of Labor Statistics, 2013

High Debt Burden

- 66 percent of students at all for-profit schools nationally take out federal loans while only 29 percent of students enrolled in public institutions do so.
- The greatest difference is between 2-year for-profit institutions, where 73 percent of students take out loans, and public 2-year or less schools, where only 15 percent of students do so.
- The average amount of debt for students at for-profit schools is **three times higher** than for those at public institutions. Our research found that the average median debt for students at Maryland for-profit schools is \$18,083 compared to \$5,610 for students at comparable public institutions.

High Default Rates

- Twenty-three percent of students enrolled in for-profit schools for a certificate or degree **default on their loans, compared to 15 percent** of than their counterparts at public colleges.

Completion and Employment Rates

- For-profit and private career schools report relatively high completion rates for short-term (6-12 month) certificates and degrees. For-profit schools report a 50 percent completion rate, while private career schools report a 69 percent completion rate.
- However, only 33 percent of students pursuing a bachelor's degree at for-profit schools complete their degree, compared to 51 percent of students at a public institution.
- Sixty-seven percent of cosmetologists/barbers who completed their degree found employment, but for health programs, which had the greatest enrollment, only 51 percent of program graduates found employment.
- Overall, in 2012, private career schools had 29,667 students enrolled and of those who completed coursework 11, 877 (58 percent) found jobs.

Unfair or Deceptive Marketing

On websites

- 99 of 146 private career schools display the cost of the program somewhere on their website. However many schools displayed the information in difficult to find locations on their websites, making it challenging for potential students to determine the cost of their chosen course of study.
- Several tabs marked "tuition and fees" discuss financial aid and direct students to a program catalogue to find the costs, rather than displaying the costs and fees on the website.

On the phone

- The majority of schools would not answer any questions about programs over the phone. Instead, most schools required an in-person meeting, which allowed admissions officers to try to enroll the student on the spot.
- After calling to inquire about the school, MCRC's mystery shopper received daily emails from two for-profit colleges.

In-person

- During in-person visits to five for-profit schools, MCRC's mystery shopper was required to sit down with an admissions officer when she requested information about the school. Only one admissions officer clearly explained the cost of program when asked. The other four schools insisted the potential student meet with financial aid officers.

Targeting of Communities of Color

Nationally, many for-profit schools have been criticized for targeting low-income and African-American students. Low-income students can qualify for the highest amount of financial aid which is why they are seen as a lucrative demographic for for-profit schools.

In Maryland, of the total number of African Americans enrolled in post-secondary education, 62 percent were enrolled at for-profit and private career schools, even though African-Americans only comprise 30 percent of the population in Maryland. Consequently, for-profit schools in Maryland have a disparate effect on African-Americans. The high costs, large loans, and large debt burdens associated with for-profit schools are particularly troubling since one in five African-Americans in Maryland live below the federal poverty line.

Overall, students at for-profit schools in Maryland are paying more for their education, taking out larger loans, and facing a greater likelihood of defaulting on their loans.

Policy Recommendations

Although the federal government has passed a stronger gainful employment rule, which includes new consumer protections, this rule should be a floor for regulation of for-profit schools. While Maryland has worked to regulate and improve for-profit schools, more could be done. In order to provide stricter regulation of for-profit schools, we recommend the following:

EXPANDING REPORTING, DEFINITIONS, and DATA

- Require for-profit, and private career schools to provide data annually on completion/graduation and employment rates.
- Develop a clear definition of employment rate and require all higher education institutions to report employment rate using the new definition.
- Develop a clear definition of completion rate and require all higher education institutions to report completion rate using the new definition.

INCREASING ACCOUNTABILITY, OVERSIGHT, INVESTIGATION, and ENFORCEMENT

- Increase oversight of schools exclusively offering online/distance education programs
- Set a standard of 70 percent graduation/completion rate and 15.5 percent one-year loan default rate to use for state approval of Title IV eligible for-profit colleges.

- Focus increased supervisory and enforcement resources on high-risk for-profit schools.⁷
- Strengthen the role of the Maryland’s Office of the Attorney General in investigating, monitoring, and enforcing consumer protections for for-profit and private career schools.

STRENGTHENING CONSUMER PROTECTIONS

- Strengthen consumer protections in the Guaranty Fund.
- Establish and adequately fund a separate Guaranty Fund for fully online programs – both non-profit schools and for-profit schools
- Revise MHEC’s complaint procedure to streamline the process and reduce the burden on students to resolve their issues.
- Institute “cooling off rights” allowing a potential student a 72-hour waiting period before enrolling at a for-profit school.⁸
- Extend Maryland’s 7-day cancellation rights for private career schools to all for-profit programs and schools.
- Require each MHEC approved school to have a current website with a “tuition and fees” tab or link that directly states the tuition and fees which reflect the average time to completion of students in that program.

EXPANDING CONSUMER EDUCATION

- Educate high school students, GED students, returning service members, and others about the costs and outcomes of for-profit schools as well as those of public colleges and universities so that prospective students can make informed choices about their higher education.
- Educate Boards of Regents, college presidents, and other leaders at brick-and-mortar public schools about State Authorization Reciprocity Agreements (SARA) so they can be fully informed as they decide whether to participate in the SARA.

⁷ “Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools,” *National Consumer Law Center*, June 2014.

⁸ “State Inaction: Gaps in State Oversight of For-Profit Higher Education,” *National Consumer Law Center*, December 2011.

Making the Grade? An Analysis of For-Profit and Career Schools in Maryland

Introduction

Higher education is critical to future success—it is positively correlated to higher earnings, greater family stability, and even better health outcomes.⁹ Gaining additional education beyond a high school diploma is rightfully seen as a way to increase access to more higher-wage jobs.¹⁰

Hoping to improve their lives and increase the economic security of their families, tens of thousands of low-income men and women return to college, vocational training, or other higher learning as nontraditional students—that is, as students who re-enter school after having worked for a period of time. Many juggle the competing priorities of raising young children, caring for elders, and working full-time with that of obtaining a new degree.

While younger students (19 and younger) are more likely to make up enrollment at four-year, nonprofit colleges, adult learners comprise the majority of entrants at for-profit schools.¹¹ Adult learners who balance coursework with their other responsibilities often find the flexible schedules and online learning opportunities offered at for-profit schools appealing.

Unfortunately, many of the tens of thousands of students who enroll in for-profit schools find that rather than a step up towards a more economically secure future, for-profit colleges have been a step back; they cost students thousands of dollars in loans that must be repaid while failing to provide an education that will lead to higher-wage jobs. Many students complain they are left with significant debt for a worthless degree or no degree at all.

In this report, the Maryland Consumer Rights Coalition (MCRC) analyzes the opportunities and challenges that for-profit schools present for Maryland students, looks at best practices from other states, and issues a series of policy recommendations to raise the quality of for-profit schools operating in Maryland. MCRC used quantitative data from the Integrated Postsecondary Education Data System (IPEDS) to gather information on enrollment demographics, financial aid, graduation, retention, and revenue among other items. MCRC also interviewed key stakeholders including staff from the Maryland Higher Education Commission (MHEC), the Office of the Attorney General (OAG), and community colleges. MCRC interviewed students who had attended for-profit schools and ‘mystery shopped’ at several for-profit schools as well. The report focuses on both private career schools and for-profit schools with particular attention paid to those that maintain a brick-and-mortar presence in Maryland.

⁹ Education and Health Policy Brief, the National Poverty Center, University of Michigan, March 2007.
http://www.npc.umich.edu/publications/policy_briefs/brief9/policy_brief9.pdf

¹⁰ “The Economics of Higher Education” U.S. Department of Treasury, December 2012
http://www.treasury.gov/connect/blog/Documents/20121212_Economics%20of%20Higher%20Ed_vFINAL.pdf

¹¹ Ibid.

The National Growth of For-profit Schools

The term “for-profit school” encompasses a number of different educational models. Some for-profit schools are degree-granting institutions while other for-profit schools only grant certificates. These certificate-granting for-profit schools are generally geared towards career and vocational training. Some for-profit schools are subsidiaries of large, publicly traded companies while others are small, independent operators.

For-profit schools differ from public colleges, universities, and community colleges in significant ways. For-profit schools are privately funded and operated while public institutions are funded and operated by state and local governments.¹² For-profit schools aim to maximize earnings for their shareholders.¹³ Typically, for-profit schools spend less money on teaching than public institutions even though tuition is higher at for-profit schools.¹⁴

Enrollment at for-profit schools increased by 236 percent between the period of 1998-2010 while enrollment at other institutions only increased by about 20 percent during that same period.¹⁵ In 2011 more than 2.3 million students were enrolled in for-profit schools – a dramatic increase from 200,000 students in the late 1980s.¹⁶

Online education, and the flexibility it provides, is one factor in the rapid growth of for-profit schools. When Congress repealed a rule that required institutions to provide at least 50 percent of classes and student enrollments at brick-and-mortar campuses, for-profit schools responded by increasing online education and student recruitment.¹⁷

Business Model: Public Funds, Private Profits

For-profit schools receive 86 percent of their revenue from federal and state funds.¹⁸ The majority of students attending for-profit schools rely on Title IV federal funding to cover the costs of their tuition and fees. Low-income students qualify for the maximum amount of Title IV assistance available which provides a strong incentive for for-profit schools to focus recruitment and outreach

¹² Gregory D. Kutz, Managing Director Forensic Audits and Special Investigations, Testimony before the Senate Committee on Health, Education, Labor and Pensions, “For-profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices,” GAO-10-948T, Government Accountability Office, August 4, 2010.

¹³ U.S. Senate Health, Education, Labor and Pensions Committee “Emerging Risk?: An Overview of Growth, Spending, Student Debt and Unanswered Questions in For-Profit Higher Education,” June 24, 2010.

¹⁴ Ibid.

¹⁵ Lynch, Mamie, Engle, Jennifer, Cruz, Jose “Subprime Opportunity: The Unfulfilled Promise of For-Profit Colleges and Universities,” *The Education Trust*, November 2010.

¹⁶ Sohns, Elizabeth “Beware For-Profit Colleges” Generation Progress, Center for American Progress, May 2014

¹⁷ U.S. Senate Health, Education, Labor and Pensions Committee “Emerging Risk? An Overview of Growth, Spending, Student Debt and Unanswered Questions in For-Profit Higher Education,” June 24, 2010.

¹⁸ U.S. Senate Health, Education, Labor and Pensions Committee “For-Profit Education: The Failure to Safeguard the Federal Investment and Ensure Student Success,” Majority Committee Staff Report and Accompanying Minority Committee Staff Views, July 30, 2012.

in hard-hit communities, particularly in communities of color. A recent report found that students at for-profit colleges were disproportionately older, female, and African-American.¹⁹ A report by the Department of Treasury and Department of Education found that 51 percent of students at for-profit colleges come from low-income families and 90 percent are the first in their family to attend college.²⁰ For-profit schools are targeting those who can least afford it and are least likely to have access to the information they need to compare costs between for-profit and public schools in order to determine what type of program will best help them attain their educational and financial goals.

Targeting Communities of Color

As noted above, to maximize the federal dollars they receive, for-profit schools target recruitment efforts to low-income communities and communities of color who are likely to be eligible for the maximum amount of Title IV funding available. These prospective students are likely to be the first in their families to attend college and may lack the information needed to determine what type of program or school would best fit their needs.

In 2013, the Richmond School of Health and Technology settled a class action lawsuit for \$5 million. The complaint charged the school with targeting African Americans through heavy advertising on Black Entertainment Television (BET) and local hip-hop radio stations (USA Today, 2013). Similarly, a lawsuit by California AG Kamala Harris alleged that Corinthian College, Inc. focused recruitment efforts on single-parent families and those with income near the federal poverty line. The suit charged that Corinthian College, Inc. targeted this demographic “through aggressive and persistent telemarketing campaigns and through television ads on daytime shows like Jerry Springer and Maury Povich” (Office of the Attorney General of California, 2013). This aggressive marketing appears to be effective for the for-profit schools as African-American and Latino students comprise 28 percent of all students enrolled in undergraduate or graduate study but are 41 percent of students at for-profit colleges (Center for Responsible Lending).

Students with federal loans must pay the loans back with interest. Student loans are very difficult to discharge through bankruptcy so once an individual enrolls in a for-profit school and takes out a loan, that debt is something the student owes and must pay off, regardless of whether the student completed the required course work, received a degree, obtained a job related to the certificate or degree, or not.

If students need more money than Title IV grant aid and loan assistance can provide, they can apply for state aid, institutional aid, or take out private loans. Private loans are offered by companies like Sallie Mae, educational institutions, and banks, and often have high interest rates. Many students who enroll in for-profit schools also take out private student loans to cover transportation, living, and other costs while they pursue their degree.

¹⁹ Lamm, Bourree “For Profit Colleges: Here to Stay” The Atlantic, April 3, 2015

²⁰ Ibid

For-profit schools are allowed by the Higher Education Act to receive up to 90 percent of their revenue from Title IV financial aid. But a loophole exists in federal law, because, in fact, federal funds from the GI Bill as well as the smaller pot of funds for active-duty service members from the U.S. Department of Defense are not counted towards that 90 percent cap. For-profit schools therefore target veterans and service men and women to skirt the 90 percent rule and further draw on federal dollars to fund their businesses and turn a profit. More than 100 for-profit schools are violating the 90/10 rule via the GI Bill.²¹

Targeting Service Men and Women

For-profit schools target returning service members when their tour of duty is completed. Many schools partner with lead-generator sites to collect information about veterans, while others create websites with military sounding names to attract service members (New York Times, 2011). For-profit school recruiters visit wounded warrior centers and VA hospitals to recruit prospective students (Senate HELP Committee, 2014).

Today the largest share of military educational benefit programs is going to for-profit colleges. In 2012-2013, for-profit schools received \$4.17 billion in Post 9/11 GI Bill benefits -a dramatic increase from the \$1.7 billion paid out in 2009 (ibid). On average, it costs taxpayers twice as much to send a veteran to a for-profit college (\$7,972) than a public college (\$3,914) (ibid). This is a bad investment for the individual and for taxpayer dollars.

And for-profit schools are indeed profitable businesses. Between fiscal years 2005 and 2009, their average operating profit increased 81 percent from \$127 million to \$229 million.²²

As for-profit schools have continued to use federal funds as their primary source of revenue, government scrutiny of the industry has increased. Over the past five years, a series of U.S. Senate committee hearings and government reports have revealed some troubling aspects of the for-profit school industry nationally, including:

- **High Costs of Education: for-profit schools cost more than public and nonprofit institutions.** In 2012, the Senate HELP committee reported that certificate programs cost four times more, associate's degrees cost four-and-a half times more, and bachelor's degrees cost 20 percent more at for-profit schools than comparable programs at community colleges and public universities.²³
- **Large Debt Burden: students at for-profit schools have more debt and a larger debt burden than students at other educational institutions.** Ninety-six percent of for-profit college

²¹ <http://www.kpbs.org/news/2014/oct/09/taxpayer-funds-are-lifeline-more-100-profit-school/>

²² U.S. Senate Health, Education, Labor and Pensions Committee "Emerging Risk?: An Overview of Growth, Spending, Student Debt and Unanswered Questions in For-Profit Higher Education," June 24, 2010.

²³ U.S. Senate Health, Education, Labor and Pensions Committee "For-Profit Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," Majority Committee Staff Report and Accompanying Minority Committee Staff Views, July 30, 2012.

students took out loans, twice the rate of students at four-year public institutions and seven times the rate of students at community colleges.²⁴ Bachelor's degree students at for-profit colleges graduate with a median debt at \$31,190 while bachelor's degree students at public colleges graduate with a median debt of \$7,960.²⁵

- **Large Default Rates: for-profit students comprise a disproportionate percentage of student loan defaults.** Although for-profit students only accounted for 12 percent of higher education students, they accounted for 43 percent of all federal student loan defaults.²⁶
- **Low Completion/Graduation Rates: fewer students graduate from for-profit schools than from public institutions.** In 2010, 54 percent of the students who enrolled in four-year for-profit colleges withdrew and 63 percent of students withdrew from 2-year for-profit schools without a degree.²⁷
- **Poor Employment Prospects: students at for-profit schools often struggle after graduation to find jobs.** In a study of students attending for-profit schools in 2008-2009, the National Center for Education Statistics found that 23 percent of students were unemployed and seeking work.²⁸ A recent study by the U.S. Department of Education found that 72 percent of graduates from for-profit programs at 7,000 schools on average earned less than high school dropouts.²⁹

Another recent study found that for-profit students had earnings eight to nine percent lower than had they gone to a public school.³⁰ Yet unlike high schoolers, for-profit school students have taken out large loans in order to attain a job with better earnings potential and opportunity for growth.

- **Enrollment of Unqualified Applicants.** Some for-profit schools have enrolled students in programs that they are unqualified for or won't be employable in. For example, students have been enrolled in pharmacy programs even though their past convictions will preclude their employment as a pharmacist.³¹

²⁴ Rust, Adam "I Feel Like I was Set Up to Fail": Inside a For-Profit College Nightmare," *SALON*, January 25, 2014.

²⁵ Lynch, Mamie, Engle, Jennifer, Cruz, Jose "Subprime Opportunity: The Unfulfilled Promise of For-Profit Colleges and Universities," *The Education Trust*, November 2010.

²⁶ Lynch, Mamie, Engle, Jennifer, Cruz, Jose "Subprime Opportunity: The Unfulfilled Promise of For-Profit Colleges and Universities," *The Education Trust*, November 2010.

²⁷ U.S. Senate Health, Education, Labor and Pensions Committee "For-Profit Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," Majority Committee Staff Report and Accompanying Minority Committee Staff Views, July 30, 2012.

²⁸ Ibid

²⁹ Quinton, Sophie "Will a For-Profit Degree Get You a Job?" *National Journal*, March 24, 2014

³⁰ Lamm, Bourree "For Profit Colleges: Here to Stay" *The Atlantic*, April 3, 2015

³¹ Perez-Pena, Richard "Federal Lawsuit Accuses For-Profit Schools of Fraud," *The New York Times*, February 19, 2014.

Other federal and state investigations of for-profit schools raised troubling concerns around some key consumer protection including:

- **Unfair and Deceptive Marketing.** A study of the recruiting process at 15 for-profit colleges found schools were misleading students on the cost of the program, aid, completion rates, and job placement rates.³² For example, the Government Accountability Office (GAO) study found that all 15 for-profit colleges investigated had made deceptive or questionable statements and four colleges encouraged undercover applicants to engage in fraudulent practices.³³ Because so many students are the first in their families to enter college, they often don't comparison shop between programs. A study by Public Agenda found that the majority of students at for-profit colleges learned about the schools from advertisements.³⁴ For-profit colleges spend 22.7 percent on advertising and recruiting and only 17.2 percent on instruction.³⁵ In 2012, the University of Phoenix was spending up to \$380,000 per day on Internet advertising.³⁶
- **False or Misleading Information about Transferrable Credits: for-profit schools often tell students that their credits will transfer to another college or university, when in fact, many schools won't accept credits from a for-profit institution.** The Minnesota School of Business and Globe University (MSBGU) told students that their credits would transfer to other institutions, but students later found out that few, if any, credits would be accepted by new schools. Most public and non-profit colleges do not accept credits from for-profit schools.³⁷
- **False or Misleading Information about Accreditation.** Several for-profit schools have been sued due to program accreditation issues ranging from misidentifying accreditation to offering or advertising that programs were accredited, when in fact they were not. In its 2010 investigation, the GAO found that four out of 15 for-profit colleges either did not identify or misidentified program accreditation.³⁸ A common misrepresentation states that a program has the accreditation necessary to qualify students to take an exam or qualify for licensure or the

³² U.S. Senate Health, Education, Labor and Pensions Committee "For-Profit Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," Majority Committee Staff Report and Accompanying Minority Committee Staff Views, July 30, 2012.

³³ Gregory D. Kutz, Managing Director Forensic Audits and Special Investigations, testimony before the Senate Committee on Health, Education, Labor and Pensions "For-profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices," GAO-10-948T, Government Accountability Office, August 4, 2010.

³⁴ Herzog, Karen "Survey finds advertising draws students to for-profit colleges" *Journal Sentinel*, Feb. 11, 2014

³⁵ National Consumer Law Center "Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools" June 2014.

³⁶ Ibid

³⁷ The Office of Minnesota Attorney General Lori Swanson, "Minnesota Attorney General Lori Swanson Files Lawsuit against Minnesota School of Business and Globe University," July 22, 2014. <http://www.ag.state.mn.us/Consumer/PressRelease/20140722SchoolofBusiness.asp>

³⁸ Gregory D. Kutz, Managing Director Forensic Audits and Special Investigations, testimony before the Senate Committee on Health, Education, Labor and Pensions "For-profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices," GAO-10-948T, Government Accountability Office, August 4, 2010.

certification necessary for employment in their field, when in fact the for-profit-school's program is not accredited.

For example, New Mexico's Attorney General settled with ITT Technical Institute for telling its students its nursing program was accredited, when it was not.³⁹ Kaplan was caught by a local TV investigative news service for lying to students about its dental assisting program accreditation.⁴⁰ Finally, in 2013, the New York Attorney General recouped more than \$10 million from Career Education Corp (CEC) because it did not disclose that certain programs were not accredited, as well as inflated its job placement rates.⁴¹

For-Profit Schools in Maryland

There are two types of for-profit schools in Maryland: 1) for-profit colleges which grant associate degrees or higher, and 2) private career schools which exclusively grant certificates. There are 11 for-profit colleges⁴² and 146 private career schools⁴³ (referred to as "Private career schools") that are currently open in Maryland (See Appendix A for the full list of each).

Of the 157 for-profit colleges and private career schools operating in Maryland, only 47 are eligible to receive federal Title IV funds for students that enroll at the school. The 47 include all 11 for-profit colleges and 36 private career schools (see Appendix B).

The Maryland Higher Education Commission (MHEC) regulates both for-profit colleges and private career schools in Maryland. It sets academic and financial standards and takes legal actions when necessary to protect students. However, the oversight of for-profit schools is split between two divisions in MHEC—the Career and Workforce Development Division oversees private career schools and the Planning and Academic Affairs Division oversees for-profit colleges.⁴⁴

Even though only 47 of the 146 private career schools receive Title IV funding, MHEC sets standards for approval for all private career schools. For example, private career schools with programs of over 600 hours are required to have 33 percent completion and 33 percent graduate employment rates while schools with programs under 600 hours are required to have 50 percent completion and 33 percent graduate employment rates.⁴⁵ Program completion and job placement

³⁹ Bush, Mike "Attorney General King, feds, sue ITT nursing programs" Albuquerque Journal, February 26, 2014. www.abqjournal.com/359553/abqnewseeker/attorney-general-king-feds-sue-itt-nursing-programs.htm

⁴⁰ <http://www.wsocv.com/news/news/whistleblower-9-students-say-they-were-misled-by-1/nGSy3/>

⁴¹ www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit

⁴² MCRC research of Maryland Title IV private, for-profit schools on IPEDS.

⁴³ MCRC research of Private Career Schools on MHEC's website.

⁴⁴ Maryland Higher Education Commissions "Division of Planning and Academic Affairs," <http://www.mhec.state.md.us/higherEd/acadAff/AcadAffairsIntro.asp>

⁴⁵ MCRC Interview with Dean Kendall at Maryland Higher Education Commission on July 3, 2014.

data of private career schools must be reported annually to MHEC and published on its website.⁴⁶

In 2011, the National Consumer Law Center (NCLC) recognized MHEC's state website as one of three nationally that "are meeting the grade" with public information. It commended MHEC on listing every approved program by school, required program hours, tuition and fees, completion rate and job placement rates.⁴⁷

Concerns with For-Profit Schools in Maryland

Despite better transparency than in most states, Maryland still exhibits many of the concerns raised about for-profit schools nationally. Darius Tibrizi's story (see Box 1) exemplifies troubling issues within the industry.

⁴⁶ Ibid

⁴⁷ "State Inaction: Gaps in State Oversight of For-Profit Higher Education," *National Consumer Law Center*, December 2011.

Box 1. “My Certificate from TESST was Worthless”

Darius Tabrizi

In 2008, I saw a commercial for the electrical technician certificate program at TESST College and talked to an admissions representative soon after. He promised that I would be a certified electrician and have a well-paid position after finishing the electrical technician program. I went back the next day and the school helped me fill out my application and FAFSA forms. They told me I would get a \$6,000 grant from the government, but I would need to take out a loan for the remaining \$14,000 in tuition.

About a month later, I started classes. The program was 5 days a week, with 6-8 hours of classes each day for a year. About halfway through the program, I started to become discouraged. I called the college's academic support staff asking for help and they didn't offer much. Also, I started to realize that this program would not prepare me to be an electrician after talking to other people about the program. I decided to stay enrolled because I was already in debt and I wanted to at least have something for my time and effort. I completed the program in 2009 with my electrical technician certificate. But, my certificate did not meet the requirements to become a certified electrician in Maryland so I was collecting unemployment for a while. The term “certified electrician” only means one thing and it wasn't what TESST was offering.

Eventually, I got a job at Hirsch Electric Company. In my interview, they told me that my certificate from TESST was worthless but they knew I was eager to work. Hirsch also told me that the company qualifies as on-the-job training for the apprenticeship program that is needed to become a certified electrician. In 2011, I signed up for the apprenticeship program at Associated Building and Contractors (ABC). The information that I received from ABC trumps anything that I got from TESST College.

My loan payments began 6 months after I completed the TESST program in 2009, but because the certificate from TESST got me nowhere, I was unable to make these payments. I filed for forbearance so my loan company let me pay just the interest for the year. However, my payments started again after a year and I could not make them. This caught up to me last year when my wages were garnished.

So now I work and go to class for 46 hours a week as part of my program -- and then take odd jobs to help make ends meet. It's amazing that my whole four-year apprenticeship with ABC is one-third the cost of the TESST program and it is actually able to get me certification. I don't think that the program at TESST is necessary for me or anyone else.

Growth of For-Profit and Private career schools in Maryland

Similar to national figures, for-profit and career schools are enrolling thousands of students. In Maryland, 29,677 students were enrolled in 314 programs offered by for-profit and career schools in 2012.⁴⁸

Table 1. Private Career School Enrollment by Program*

Type of School*	# of Schools Statewide	Enrollment
Allied Health	53	13,088
Computer	5	405
Cosmetology/Barber	34	5,450
Real Estate	34	3,088
Tax	13	860
Truck Driving/Mechanics	4	3,577
Other	24	3,209
Total	167	29,677

*Some schools offer more than one program. Schools are counted by the majority enrollment in a program so some may be counted twice.

Source: MHEC 2014 Data Book. Numbers reflect 2012 enrollments.

High Cost of Education

The average yearly tuition at for-profit colleges is about 2 times more than public institutions. More specifically, the average yearly tuition is 2.5 times more expensive at primarily certificate or associate's degree granting for-profit colleges and 1.9 times more expensive at primarily bachelor's degree granting for-profit colleges.

Table 2: Average Tuition in Maryland by Institution Type

Type of Institution	Public Average Tuition	For-Profit Average Tuition
Primarily Certificate or Associate's Degree Granting College	\$7,178/year	\$18,185/year
Primarily Bachelor's Degree Granting College	\$14,154/year	\$26,069/year
All Private Career Schools (Non-Degree Granting)	N/A	\$14,634/program

Source: MHEC 2014 Data Book, Integrated Postsecondary Education Data System (IPEDS), accessed July 2014.

⁴⁸ <http://www.mhec.state.md.us/publications/research/AnnualPublications/2014DataBookL.pdf>

Since the majority of students at for-profit and private career schools are low-income (and qualify for the full amount of Title IV funding), differences in the costs of the schools they attend have a significant impact on their need to take out federal student loans. Students at for-profit and private career schools pay in excess of \$11,000 more for a certificate, associates or bachelor’s degree than those attending public schools.

Across programs, the difference between public and for-profit costs is even more striking. Table 4 compares several certificate programs and associate degrees in Maryland. In all eight examples the for-profit and private career schools have a greater average cost than public institutions. **Programs at for-profit schools can cost more than four times as much as programs at a public institution.** Although the courses in these programs may vary, potential students are likely to view these degrees as similar if they have the same (or related) names.

Table 3: Program Cost Comparisons between Different Types of Institutions⁴⁹

Program	Public Institutions	For-Profit Colleges	Private Career Schools
Certificate-Massage Therapy	Average: \$7,562.56 Range: \$5,729-\$11,368	None	Average: \$11,788.40 Range: \$7,760-\$13,531
Certificate-Medical Assistant	Average: \$6,149.13 Range: \$3,083-\$9,711	Average: \$16,337.25 Range: \$14,995-\$18,729	Average: \$16,377.25 Range: \$15,843-\$18,692
Certificate-Pharmacy Technician	Average: \$3,786.35 Range: \$1,135-\$6,519	Average: \$15,813 Range: \$15,525-\$16,101	Average: \$10,470.67 Range: \$1,770-\$16,101
Certificate-Certified Nursing Assistant/GNA	Average: \$1,864.45 Range: \$1,386-\$2,890	None	Average: \$1,913.3 Range: \$650-\$1,800
Certificate-Phlebotomy	Average: \$1,915.16 Range: \$1,328-\$1,990	Average: \$21,260 No range	Average: \$2,365 Range: \$780-\$5,600
Associate’s Degree- Accounting	Average: \$8,350.16 Range: 6,734-\$9,486.10	Average: \$29,652 Range: \$25,000-\$35,056	N/A
Associate’s Degree-Criminal Justice	Average: \$8,495.64 Range: \$7,392-\$9,632	Average: \$32,079 Range: \$27,734-\$35,807	N/A
Associate’s Degree-Computer Networking Technology	Average: \$8,414.15 Range: 7,335-\$9,923.92	Average: \$37,854.20 Range: \$32,085-\$46,149	N/A

Source: MHEC Data Book, Gainful Employment Disclosures

Certified Nursing Assistant is the only program for which tuition is similar at both public and

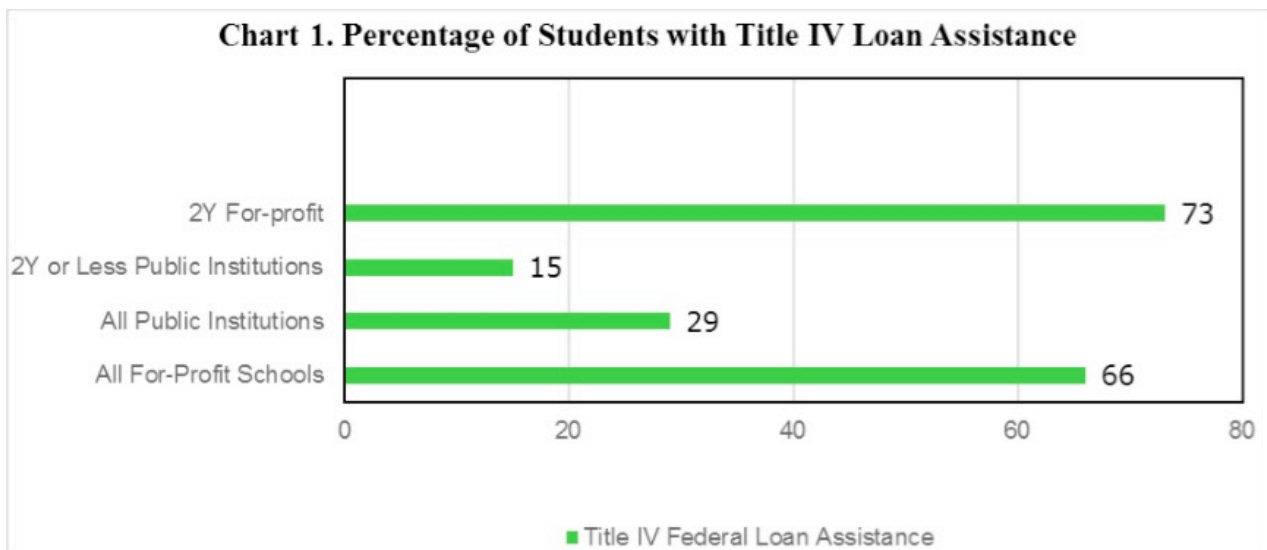
⁴⁹ Cost includes tuition, fees, books and supplies. Based on MCRC research on Gainful Employment Disclosures for each program. In the absence of GE disclosures, the reported cost of a program to MHEC was used. Community college cost includes estimate of fees with 2 semesters for a certificate program and 4 semesters for an associate’s degree.

private career schools—the average cost at a private career school (\$1,913) is only \$50 more than the cost at a public college (\$1,864.45). In some cases when both for-profit and private career schools offer the same program, the tuition may be similar. For example, a Medical Assistant certificate costs, on average, \$16,377 at both for-profit colleges and private career schools. Conversely, a certificate in Phlebotomy exemplifies the wide range in costs for the same certificate. The average cost for a Phlebotomy certificate is less than \$2,000 at a public institution, less than \$2,500 at a private career school, but \$21,260 at a for-profit college. Unfortunately, many students who enroll at for-profit and private career schools do not compare program offerings and prices when deciding which school to attend. As noted before, the majority of students at for-profit schools are more likely to enroll without shopping price and course offerings at other institutions and are primarily influenced by advertising.⁵⁰

Large Debt Burden

The cost of not comparing prices is a substantial and frequently unsustainable amount of debt that students at for-profit schools take on through Title IV loans. At for-profit schools nationally, 66 percent of students take out federal loans while only 29 percent of students take out federal loans at public institutions (see Chart 1). The greatest difference is between for-profit and public 2-year or less institutions where 73 percent of for-profit school students take out loans versus 15 percent of students at public institutions.

In addition to a greater percentage of students taking out federal loans, for-profit school students are taking out larger federal loans. Students at private career schools carry a debt burden that is almost twice as much as community college students, even though both types of institutions offer certificates.



Source: MCRC Analysis of 2012 Federal Grants and Loans from IPEDS

In Maryland, the average debt of primarily certificate and associate’s degree granting for-profit schools is \$18,083 while the average median debt for comparable public institutions is \$5,610.

⁵⁰ Herzog, Karen “Survey Finds Advertising Draws Students to For-Profit Colleges” Journal Sentinel, Feb. 11, 2014

Students at these for-profit institutions are taking out loans 3 times greater than their public counterparts for similar certificate and associate’s degree programs. Even though there is less difference, students at for-profit schools take out larger loans than students at comparable public institutions.

Table 4: Average Borrowing in Maryland by Institution Type⁵¹

Type of Institution	Average Median Borrowing, Public	Average Median Borrowing, For-Profit
Certificate or Associate’s Degree	\$5,610	\$18,083
Bachelor’s Degree	\$18,751	\$19,836
Private Career Schools	N/A	\$9,325

Source: U.S. Department of Education

Higher Default Rate

In addition to greater debt burdens, students at for-profit colleges are at greater risk of defaulting on their loans than students at public colleges. As Table 5 shows, students at for-profit schools are much more likely to default on their student loans.

Table 5: Average Default Rate by Institution Type

Type of Institution	Average Public Default Rate	Average For-Profit Default Rate	Difference
Certificate/Associate’s Degree	15.3	23	7.5
Bachelor’s Degree	12.8	22	8.2
Private Career School	N/A	12.7	N/A

Source: MCRC Analysis of 2012 Federal Grants and Loans from IPEDS

On average, 23 percent of students enrolled in certificate or associate’s programs at for-profit schools default on their loans, compared to 15 percent of student at public institutions. On average, 22 percent of students earning a bachelor’s degree at a for-profit school in Maryland will default on their loans compared to only 12.8 percent of students at a public college. However, the default rate at private career schools is less than at public institutions or for-profit colleges. The difference likely reflects the fact that a student can earn a certificate relatively quickly (12-18 months) while it usually takes at least four years to earn a bachelor’s degree. It is important to recognize that comparisons between four-year schools, for-profits and community colleges

⁵¹ Includes 6 of 11 Maryland for-profit colleges. College Scorecard. U.S. Department of Education, College Affordability and Transparency Center. <http://www.whitehouse.gov/issues/education/higher-education/college-score-card>

offering two year associate’s degrees, and private career schools which offer certificates are imperfect because the comparisons are between very different types of programs.

Overall, students at for-profit schools are paying more for their education, taking out larger loans and facing higher default rates on their loans. The immense financial costs of attending for-profit schools fall disproportionately upon the 10 percent of Marylanders who live under the national poverty line and the 20 percent of Maryland families whose head of household lacks a high school degree.⁵² Parents and low-income individuals who want to better their lives and achieve a higher level of education are the most financially vulnerable to the promises proffered by for-profit schools. In effect, those who can least afford a high-cost education are the ones most likely to enroll in high-cost for-profit schools.

Unfair or Deceptive Marketing of For-Profit Schools

In order to gather information on how for-profit schools market themselves, MCRC staff researched websites of for-profit schools and posed as potential students by requesting information online and visiting for-profit schools.

Information Provided on Websites

One challenge facing prospective students is the lack of information available or prominently displayed on for-profit school websites. Potential students must click on multiple links to find important information, such as the cost and length of a program.

Of the 146 private career schools in Maryland, 136 schools have a current website. Of these, 99 schools display the cost of the program somewhere on their website.

Table 6: Website and Program Cost Information for Private Career Schools

Total Private Career Schools	Number with current website	Number with no website	Percentage with website	Number with program costs on website	Number without program costs on website	Percentage with?
146	136	10	93 percent	99	37	72 percent

The fact that 10 private career schools do not have websites and 28 percent of schools do not publish the cost of their program on their website is troubling. If students can’t determine the cost of a program, they are unable to compare the costs of programs at for-profit schools with those at public school. Although program costs for every Maryland private career school are published on MHEC’s website, few potential students are aware of this resource.

Of the 99 schools that display program costs on their websites, only 18 displayed the cost of the program at the top of the homepage. Far more frequently, for-profit schools displayed this information under a “consumer information” or “gainful employment” tab at the bottom of homepage (see Appendix D). Although several of these websites have a “tuition and fees” tab, the tab does not actually provide tuition information; instead, it discusses the availability of financial aid and directs students to the program catalog.

⁵² Maryland Budget and Tax Institute “The State of Working Maryland 2012,” by Jesse Austell, Neil Bergsman, Benjamin Orr and Caitlin Rogers, December 2012.

In addition, several websites pressure potential students by offering real-time, pop-up chats with school representatives. Confronted with the offer of pop-up chats, prospective students might feel obligated to talk to a recruiter before they have had time to search the website and decide if the school is right for them. In addition, one school's website looked more like an advertisement than an official school website containing information on the programs offered, costs, admissions, and more (See Appendix E for examples.).

Information Provided over the Phone

MCRC staff posed as potential students and requested information from 10 for-profit school websites of six private career schools and four for-profit colleges. The goal was to understand how schools approached potential applicants but these results may not be generalizable to all 146 schools. With the exception of one school, they all contacted MCRC staff after the request for information. Several schools relied on high pressure recruiting tactics.

Six out of nine schools would not answer any questions about programs over the phone. One school said "all of our information is on our website" and the other five would only provide detailed information at an in-person meeting. The refusal to answer questions over the phone means that potential students must meet with admissions officers to gain basic information about the programs. This is troubling because potential students are more likely to succumb to enrollment pressure in person.

National reports found that admissions officers used these in-person meetings to gain potential students' trust and pressure them to enroll on the spot with the school. For example in a suit filed against Corinthian Colleges, the Consumer Financial Protection Bureau (CFPB) charged that "college staff was instructed to, and did, seek to cultivate relationships of trust with these prospective students, and assuage any concerns they may have had about the affordability of the Corinthian education and their ability to repay the student loans needed to finance it."⁵³ Internally, Corinthian described its target demographic as "isolated, impatient individuals with low self-esteem."⁵⁴

Over the course of a week, MCRC's mystery shopper received 19 emails and 18 phone calls. Thirteen of the emails were from two for-profit colleges. This demonstrates that once a potential student expresses interest in a school, admissions officers continuously follow up with a student.

⁵³ CFPB vs. Corinthian Colleges, Inc. U.S. District Court Northern District of Illinois, Eastern Division. Case No. 14-7194.

⁵⁴ www.tomdispatch.com

The constant phone calls and emails increase the pressure on potential students to visit a campus and enroll in a program.

Information Provided in Person

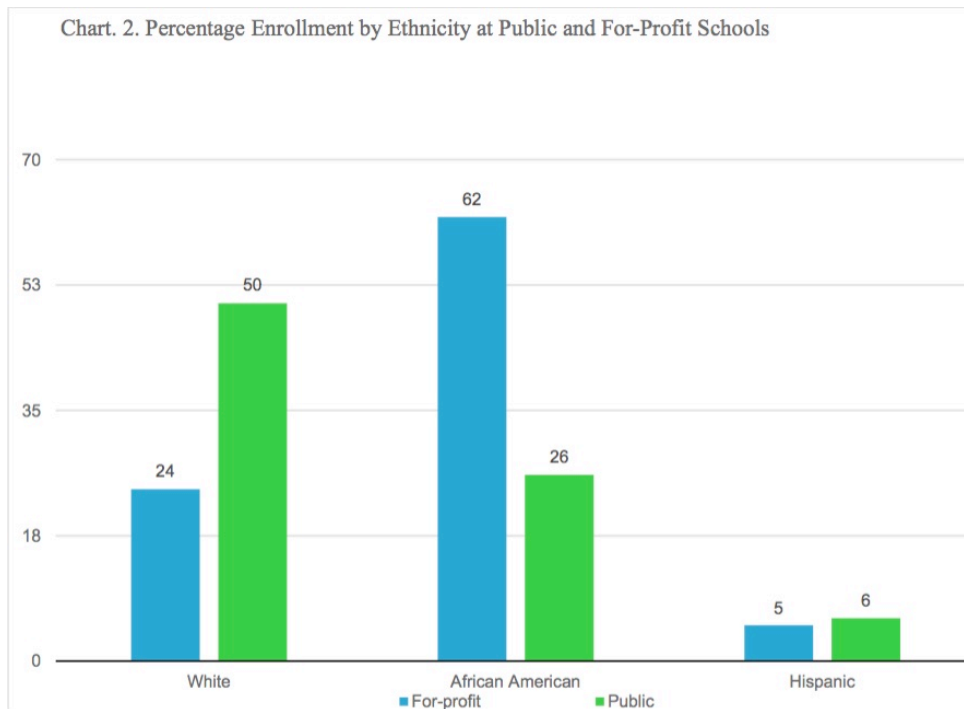
In addition, MCRC staff visited six for-profit schools as potential students. Of the six schools, three were private career schools and three were for-profit colleges. One school did not have any staff available to meet, so the potential student was given the business card of someone to call. The potential student did not receive any further information from this particular school.

At five of the six schools, the potential student was required to meet with an admissions officer before receiving any information about the school. At each of these schools, the admission officers provided marketing materials to the potential student. Of the five admissions officers the potential student met, only one clearly conveyed the cost of the program; this was also the only school that provided program costs in its marketing materials. At three of the five schools, admissions officers wanted to discuss the potential student's personal background, current interests and goals before revealing the cost of the program. One of the three schools required the potential student to take an aptitude test while another required the potential applicant to meet with a financial aid officer before disclosing the program's costs. The final school did not provide cost of the program to the potential student because the student did not fill out a FAFSA during the visit.

Admissions officers should provide program costs whenever requested by potential students. It is deceptive and unfair to refuse to provide this information when requested. The admissions officers tried to get MCRC's 'mystery shopper' to talk about her dreams and goals before revealing the cost of a program. There is also no reason why a student should be required to meet with an admissions officer or financial aid counselor or take a test before receiving program cost information

Targeting Low Income Communities of Color

Although there is no direct evidence that Maryland for-profit schools are targeting low-income minorities, data demonstrate that the state's for-profit schools enroll a disproportionate share of African Americans.



Source: MCRC Analysis of 2012 Fall Undergraduate Enrollment from IPEDS

In Maryland, of the total number of African Americans enrolled in post-secondary education, 62 percent were enrolled at for-profit and private career schools, even though African-Americans only comprise 30 percent of the population in Maryland. It is clear that African-Americans students are over-represented at for-profit schools.

As a result, for-profit schools have a disparate impact on African-Americans. The high cost, large loans, and high loan default rates are likely to disproportionately affect African-Americans in Maryland. The financial impact of these high-costs loans is likely to adversely affect the one in five African-Americans who live under the federal poverty line.⁵⁵

Because financially vulnerable African-Americans are disproportionately enrolled in for-profit schools, they are more likely to default on their loans. Any defaults on their for-profit loans will also affect their credit scores and their ability to attain credit, purchase a home, or take out another type of loan. If a student defaults, debt collectors may pursue a student for years to collect upon their for-profit student loan debt.

Unfortunately, a recent lawsuit filed in Maryland against a debt collector illustrates some of the challenges impoverished students face struggling to repay their loans. In addition to the costs of tuition and fees, many students at for-profit schools take out additional loans to cover their living and transportation expenses while in school, further increasing their debt-load.⁵⁶

⁵⁵ Maryland Budget and Tax Institute “The State of Working Maryland 2012,” by Jesse Austell, Neil Bergsman, Benjamin Orr and Caitlin Rogers, December 2012.

⁵⁶ Janice Peete-Bey vs. Educational Credit Management Corporation, the Circuit Court of Baltimore City, November 19, 2014.

Janice Peete-Bey

Janice Peete-Bey was 21 and pushing her daughter's stroller in August 1989 in Baltimore's Lexington Market, a downtown predominately African-American food market, when she was approached by a recruiter for the for-profit PSI Institute.

That day, she enrolled in PSI on a part-time basis to take a one-year computer and data skills program and signed student loan promissory notes to finance her education. She attended classes between August 29-November 1, 1989. The total cost of her program was \$5,859.50.

Janice alleges that PSI professors did not attend their classes and the atmosphere was more like a "hang-out" spot. Students were recruited from local foot traffic near 300 W. Lexington Avenue, Baltimore, Maryland. PSI enrolled students who had not completed high school, did not have a GED, and did not take an entrance exam.

Janice dropped out on November 1. Nevertheless, PSI officials received at least two Pell grants after she dropped out. They also seem to have taken out Stafford loans for her. In total, at least \$8,349 in loans were taken out in Janice's name.

In September 1990, her loans entered repayment. Between 1998-2006, no monies were collected but her interest and fees accrued. Between 2006-January 1, 2008, Janice's tax refunds were intercepted and her wages garnished by Education Credit Management Corp. (ECMC) (the guaranty agency).

Between 2008-2012, ECMC did not receive any payments and interest and fees grew. In September 2011, ECMC charged that Janice owed \$13,322.90 in principal, interest, and projected collection costs. In 2012, her tax refund was once again intercepted and her wages garnished.

To date, ECMC has collected over \$14,000 in student loan debts from Janice Peete-Bey for an education she never received.

Completion/Graduation Rates

In Maryland, only 30 percent of students pursuing a bachelor's degree at a for-profit school graduate, compared to 51 percent of students at public colleges (See Table 8). Conversely, half the students pursuing a certificate or associate's degree from a for-profit school graduate, compared to 16 percent at public institutions. This difference is best explained when one considers that for-profit schools grant certificates which often take less than a year to complete while community colleges grant more associates or higher degrees which take longer to complete. In addition, many community college students do not complete their degree because they transfer to public schools to finish the program. At for-profit colleges, 86 percent of students counted as graduates had finished programs of less-than two years, almost certainly certificates.

By contrast, three-quarters of community college graduates were in programs that were two years or longer, likely associate degrees.⁵⁷ Additionally, national reports have indicated that for-profit schools graduate a number of students regardless of whether they completed their course work, in order to keep graduation rates high and continue to qualify for Title IV funding.

Table 8: 2012 Graduation Rate by Institution Type

Type of Institution	Public Graduation Rate	For-Profit Graduation/Completion Rate
Certificate/Associate's Degree	16	50
Bachelor's Degree	51	33
Private Career School	N/A	69

Source: MHEC 2014 Data Book

Employment Rate

Of course, one of the most important metrics is whether or not a graduate obtains a job in their field. In Maryland, the results vary by program, ranging from 42-69 percent (see Table 9). Table 9 examines the completion and employment rate from private career schools in Maryland.

Table 9: Private career schools Completion and Employment Rate by Program 2012⁵⁸

Type of School	# of Schools Statewide	Enrollment	Completion Rate	Employment Rate
Allied Health	53	13,088	74percent	51percent
Computer	5	405	69percent	48percent
Cosmetology/Barber	34	5,450	50percent	67percent
Real Estate	34	3,088	68percent	N/A
Tax	13	860	63percent	58percent
Truck Driving/Mechanics	4	3,577	78percent	65percent
Other	24	3,209	80percent	62percent
Total	167	29,677	69percent	58percent

*“employment rate” is undefined in the MHEC 2014

⁵⁷ <http://mediamatters.org/research/2015/01/12/wsj-uses-bad-numbers-to-wipe-away-downside-of-f/202104>

⁵⁸ <http://www.mhec.state.md.us/publications/research/AnnualPublications/2014DataBookL.pdf>

As the table indicates, Allied Health programs have the greatest enrollment (13,088) and of those enrolled, 74 percent (9,685) complete their degree. Yet of those who complete their program, only 51 percent (4,939) find employment. Cosmetology/Barber had the second highest enrollment (5,450) with 50 percent (2,725) completing their degree. Of those who graduated, 67 percent (1,826) were employed—the highest employment rate of any program.

Overall, in 2012, 29,667 students enrolled in private career schools, 20,477 graduated and, of those, 11,877 -or 58 percent-found jobs. One challenge in analyzing the data is that “employment rate” is not defined so it’s unclear whether graduates found employment within their field or simply found a job. Furthermore, it is unclear how accurate this data is. There are no reports or indications that MHEC regularly audits completion or employment rates.

Defining and auditing these rates are important because for-profit schools have been charged with inflating their job placement rates in order to continue to qualify for Title IV funding. In the New York Attorney General’s settlement with Career Education Corporation (CEC), the investigation found that the school counted graduates as employed who worked at a single one-day health fair or improperly counted students who found retail sales positions as having obtained “in field” placements in Criminal Justice. CEC disclosed annual placement rates from 2009-2010 ranging from 54.9 percent-80.2 percent when the correct placement rates ranged from 24.1 percent to 64.1 percent. Greater scrutiny of placement rates and a clear definition of employment rate may better clarify rate and type of employment that Maryland students obtain.⁵⁹

Data is not readily available to make comparisons with public community colleges or four-year institutions. Even if data were available, one must be cautious drawing comparisons between for-profit, private career schools and public universities since unlike vocational certificates, many degrees from the public university aren’t designed to lead to employment in a specific field.

Admitting Unqualified Students/Fraud

Just as national for-profit schools have been charged with enrolling students who are ill-equipped to succeed in order to receive Title IV funding for the student, a Baltimore-based for-profit school was recently charged with engaging in this same fraudulent practice.

All-State Career School, which has programs in healthcare, trucking, and more, is under criminal investigation. Federal Bureau of Investigation (FBI) agents posed undercover as prospective students and found that All-State admissions officers supplied answers to an admissions test that 170 prospective students took, and about 72 students ended up improperly receiving nearly \$575,000 in federal student loans money.⁶⁰

Even qualified students who attended All-State Career School have emerged from the program in debt and unemployed.⁶¹

⁵⁹ <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit>

⁶⁰ Smith, Van “Baltimore’s All State Career School is in federal law enforcer’s cross-hairs” City Paper, December 10, 2014

⁶¹ Ibid

School Closures

Many Maryland students don't even have an opportunity to earn a certificate or degree at the private career schools or for-profit colleges because several for-profit schools have shut while students were still attending classes. On January 9, 2013, ACI shut its three Maryland campuses (Silver Spring, Columbia, and Baltimore) leaving more than 800 students foundering and without a degree.⁶²

Marylander Michael Liska owes more than \$20,000 in student loans.⁶³ He was supposed to graduate in August from a two-year digital media program at ACI. His mother told WTOP radio, "Not to have any warning that this is happening, what they've done is truly horrible," she said.⁶⁴

Maryland regulation of for-profit schools

Fortunately, Maryland has passed legislation that provides modest regulation of for-profit schools and provides assistance to students when such schools shut down.

In 2011, the General Assembly passed SB 695 to expand Maryland's Guaranty Fund to students at private career schools. The bill required that when a private career school closes and the student chooses not to or is unable to continue his or her program in a teach-out at another school, the student may follow a grievance procedure established by MHEC to recoup tuition from the Guaranty Fund.⁶⁵ Private career schools are required to pay into the Guaranty fund and the MHEC may authorize reimbursement to students from the fund. Students must first attempt to recover tuition from the school itself, then from a school's financial guarantee. If neither of these avenues allow a student to recoup their tuition, then the student can appeal to the Guaranty Fund.⁶⁶

SB 695 also authorized MHEC to create a separate and distinct guaranty fund to reimburse Maryland students who attend a for profit and fully online distance education program.⁶⁹ At the time of this report, this Guaranty Fund for for-profit schools had not been established and no information about it was available on MHEC's website.

In addition, the legislation requires all institutions to provide enrollment data, degree data, and financial aid data to the Maryland Longitudinal Data System. The collection of this data is essential in determining successful programs and programs in need of improvement. The legislation also states that as of July 1, 2016 financial assistance may only be used at a public or private nonprofit institution of higher learning with an MHEC certificate of approval.⁶⁷

The bill also includes consumer protections prohibiting for-profit school employees from engaging in unfair or deceptive practices when offering students credits or an educational service, an prohibiting schools from paying bonuses or incentives to recruiters for meeting enrollment objectives. Unaccredited institutions cannot register with MHEC to operate in the state.

⁶² http://www.mhec.state.md.us/career/pcs/PCS_Newsletter_20130215.pdf

⁶³ Halperin, David, <http://www.republicreport.org/2013/for-profit-college-shuts-down/>

⁶⁴ Ibid

⁶⁵ <http://mgaleg.maryland.gov/webmga/frmMain.aspx?tab=subject3&ys=2011rs/billfile/sb0695.htm>

⁶⁶ Ibid

⁶⁷ Ibid

In addition, for-profit schools are not allowed to “admit students to programs preparing students for licensed occupations whom the school knows, or by the exercise of reasonable diligence should know, would be ineligible to obtain licensure in the occupation for which they are being trained.”⁶⁸ The fact that students today are trained for occupations that they are ineligible for underscores the need for much stronger investigation and enforcement by the State of Maryland.

In 2013, the Maryland General Assembly passed SB 510, which established a registration process for wholly online schools.

In 2015, Maryland’s General Assembly passed HB 672, which authorized MHEC to enter into a State Authorization Reciprocity Agreement (SARA) and exempts institutions that participate in SARA from registering with MHEC.⁶⁹ SARAs provide that if a state oversight agency where the for-profit school is headquartered approves the school, then the states where the school offers distance-learning programs may adopt the home state’s approval.⁷⁰ HB 672 will go into effect on July 1, 2015.⁷¹

HB 672 reduces the level of state scrutiny that MHEC will apply to fully distance online education programs, and reduces the ability of Maryland’s Office of the Attorney General to enforce protections around disclosure, incentive payments, and unfair and deceptive practices that apply to for-profit, private career, and public schools with brick-and-mortar buildings in Maryland. This two-tiered system reduces oversight of distance learning programs. Coupled with the lack of funding for the authorized “Online distance-learning Guaranty Fund,” this suggests a troubling retrenchment of scrutiny and oversight at a time when many state legislatures are increasing consumer protections and oversight of for-profit schools.

Federal Action on For-Profit Schools

On October 30, 2014, the U.S. Department of Education introduced a new set of gainful employment regulations. Under the new regulations, a program would be considered to lead to gainful employment if the estimated annual loan payment of a typical graduate does not exceed 20 percent of his or her discretionary income or 8 percent of his or her total earnings. Programs that exceed these levels would be at risk of losing their ability to participate in taxpayer-funded federal student aid programs.⁷²

⁶⁸ www.mhec.maryland.gov/higherEd/COMAR/COMAR_PCS_Web.pdf

⁶⁹ <http://mgaleg.maryland.gov/webmga/frmMain.aspxid=hb0672&stab=01&pid=billpage&tab=subject3&ys=2015rs>

⁷⁰ National Consumer Law Center “Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools” June 2014.

⁷¹ <http://mgaleg.maryland.gov/webmga/frmMain.aspxid=hb0672&stab=01&pid=billpage&tab=subject3&ys=2015rs>

⁷² <http://www.ed.gov/news/press-releases/obama-administration-announces-final-rules-protect-students-poor-performing-care>

Highlights of the new regulations include:

- **Accountability:** Institutions must certify that their gainful employment programs meet state and federal licensure, certification, and accreditation requirements.
- **Metric:** to meet Title IV eligibility requirements, institutions will be required to meet minimum standards of debt vs. earnings for their graduates.

Pass	Zone	Fail	Ineligible
1. Discretionary income rate for graduates equal or less than 20percent or 2. Annual earnings rate for graduates equal or less than 8percent	1. Discretionary income rate for graduates between 20percent and 30percent or 2. Annual earnings rate for graduates between 8 percent and 12percent	Programs whose graduates have annual loan payments greater than 12percent of total earnings AND greater than 30percent of discretionary earnings	Programs that fail in 2 out of any 3 consecutive years OR are in the zone for 4 consecutive years

- **Transparency:** Institutions will be required to make public disclosures regarding the performance and outcomes of their gainful employment programs. The disclosures will include information such as costs, earnings, debt, and completion rates.⁷³

The regulations will go into effect on July 1, 2015. However, there is a lawsuit, which challenges the constitutionality of these regulations.⁷⁴

Consumer Financial Protection Bureau

In February 2014, the Consumer Financial Protection Bureau (CFPB) sued ITT Educational Services, Inc. for predatory lending, alleging that ITT steered students into high-cost, unsustainable private loans.⁷⁵

In September 2014, the CFPB sued Corinthian Colleges for luring students to take out high-cost, unsustainable private loans. In February 2015, the CFPB was able to provide more than \$480 million in debt relief to Corinthian victims.⁷⁶

⁷³ <http://www2.ed.gov/policy/highered/reg/hearulemaking/2012/gainful-employment-fact-sheet-10302014.pdf>

⁷⁴ <https://www.insidehighered.com/news/2015/04/17/feds-take-down-profit-over-job-placement-rates-gainful-employment-rules-loom>

⁷⁵ <http://www.consumerfinance.gov/newsroom/cfpb-sues-for-profit-college-chain-itt-for-predatory-lending/>

⁷⁶ <http://www.consumerfinance.gov/newsroom/cfpb-secures-480-million-in-debt-relief-for-current-and-former-corinthian-students/>

States' Actions on For-Profit Schools

While the Department of Education has developed and revised its gainful employment regulations, the Department's main purpose is to protect taxpayers rather than students. Thus, states must beef up their consumer protection requirements.⁷⁷ In addition, while gainful employment regulations are helpful, they will not solve all problems. Recognizing this fact, a number of states have sought to increase consumer protections for individuals attending for-profit schools.

- *California*—passed SB 70 in March of 2011, which tightened eligibility requirements for its Cal Grant program as part of its 2012 budget. To be eligible for the Cal Grant, schools must have a graduation rate of at least 30 percent and a federal student loan default rate of less than 15.5 percent for one year. About 80 percent of for-profit schools in California were disqualified from receiving Cal Grants due to the new rules.⁷⁸ However, many for-profits have managed to re-qualify for Cal Grants. In 2014, the legislature passed a law expanding student eligibility for reimbursement from the CA Student Tuition Recovery Fund. It also passed a law requiring the state oversight agency to target its investigative resources towards institutions that are most at risk of harming students.
- *Connecticut*—passed HB 5500 in 2013, which required all institutions of higher education in Connecticut to provide uniform financial aid information to accepted students. With the new law, for-profit schools must provide the same U.S. Consumer Financial Protection Bureau shopping sheet as every other public and private non-profit institution in Connecticut.⁷⁹
- *Kentucky*—passed HB 308 in April of 2012, which would replace the state Board on Proprietary Education with the Kentucky Commission on Proprietary Education. The new commission is precluded from having a majority of representatives from for-profit schools and the law also established a compensation fund for the students of recently closed schools.
- *Tennessee*—passed legislation which has a minimum placement rate of 67 percent and a minimum completion rate of 75 percent.⁸⁰
- *West Virginia*—passed SB 375 in 2011, which required schools to report graduation, retention, transfers, post-graduation placement, loan defaults, and the number and types of student complaints.⁸¹

⁷⁷ National Consumer Law Center “Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools” June 2014.

⁷⁸ Lin, Judy “Most California For-Profit Colleges Lose State Grants,” *San Jose Mercury News*, August 1, 2012.

⁷⁹ “For-Profit Colleges and Universities,” *National Conference of State Legislators*, July 3, 2013.

⁸⁰ Assurance of Voluntary Compliance, in the Matter of Bridgepoint Educ., Inc. and Ashford Univ. LLC www.state.ia.us/government/ag/latest_news/releases/may_2014/Ashford_AVC.pdf

⁸¹ “State Inaction: Gaps in State Oversight of For-Profit Higher Education,” *National Consumer Law Center*, December 2011.

CONCLUSION

Although Maryland for-profit schools performed better than schools in some other states, notable problems remain. In particular, the high cost, large debt burden, and high default rate of students at for-profit schools in Maryland are a cause for real concern. It is difficult to determine the costs to attend many for-profit schools in Maryland. The tuition at for-profit schools is extremely high, completion rates remain low, and default rates are high. Most importantly, only 58 percent of those who graduated from private career schools in Maryland found employment in their field.

In sum, students in Maryland are taking greater financial risks in attending for-profit schools without accruing any additional benefits. The state is obligated to protect Maryland consumers and in this case, it should ensure that the cost of programs at for-profit schools is transparent and that ineffective schools are not allowed to continue operating in the state.

POLICY RECOMMENDATIONS

The new federal gainful employment rule will help to redress some of the problems found at for-profit schools. While Maryland has worked to regulate and improve for-profit schools, more could be done. In order to provide stricter regulation and oversight of for-profit schools, we recommend the following:

1. EXPANDING DISCLOSURES, REPORTING, DEFINITIONS, and DATA

- **Require for-profit, distance learning, and private career schools to disclose annual data on completion/graduation and employment rates.**

It is important for prospective students to have sufficient information about completion and graduate employment rates in order to determine what program and school is worth the large investment they will be taking on in student debt. Without this information, potential students are at a disadvantage when trying to plan their futures. Although MHEC currently requires private career schools to report employment rates, it should expand this requirement to include all for-profit schools and online distance learning programs.

Information on completion/graduation and employment rates should be prominently displayed on the homepage of each school's website. The information should be reported to MHEC annually and MHEC should also prominently post information for all schools completion/employment rates on its website.

- **Develop a clear definition of employment rate and require institutions of all higher education to report employment rate using the new definition.**

However, a clear definition of employment rate needs to be provided to ensure that students have accurate information. Currently the federal government leaves it up to states and accreditation agencies to define employment rates. Consequently, the definitions vary widely between for-profit schools, between a for-profit school in one state that adheres to a stricter definition of employment and the same school in another state with a looser definition, and between a state's requirements and those of

an accreditation agency.⁸² For example, Career Education Corporation's Sanford-Brown campus in Garden City, NY, reports that the program's job placement rate is 71 percent using the methodology mandated by its accrediting agency. However, when using the standards required by the state, the rate drops to 44 percent. In addition to requiring a standard definition of employment rate, MHEC should conduct annual audits of schools whose reported employment rates seem particularly high to make sure that they are adhering to the state's definition.

Criteria for Defining Employment rate should include⁸³:

- To count as a placement, the job title should match that provided on the certificate or the work routine should require the use of core skills and knowledge expected to have been taught in the program.
- The employment should be obtained within six months of graduation which is the point at which students start making their federal student loan payments. For occupations that require licensure or certification, the six-month period should begin on the date when the first exam is available to students after they graduate.
- A student must last a minimum of 13 weeks in a single job.
- Full time employment-with a minimum of 32 hours per week should count.
- Only students that complete their program should be included in the employment rate calculations.

Develop a clear definition of completion rate and require institutions of all higher education to report completion rate using the new definition

Although MHEC reports completion rates for PCS, for-profit, and public colleges, it should ensure that the definition of completion is consistent across schools so that better comparisons can be made.

Criteria for defining completion rate should include⁸⁴:

- The total number of students who enroll within a one-year period of time should be included as the denominator in a completion rate calculation.
- Students who complete their program within 100 percent of the original time scheduled to completion when they enrolled. Schools should not be able to include graduates who completed their program in some greater time period, such as 150 percent of the represented time to completion. Including these graduates would misrepresent the time to completion and, consequently, the cost of obtaining the certificate or degree.

⁸² Burd, Stephen "New Disclosures Show What's Wrong with For-Profit College Job Placement Rates" New America EdCentral, Feb. 20, 2014, <http://www.edcentral.org/new-gainful-employment-data-shows-whats-wrong-profit-college-job-placement-rates/>

⁸³ National Consumer Law Center "Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools" June 2014

⁸⁴ Ibid

- Require each MHEC approved school to prominently display the tuition and fees on the schools' homepage. The fees should reflect the average time to completion of students in that program. This averts misleading quotes, which might underestimate the time it takes to complete a program.

The cost of a certification or degree should be prominently displayed on the top of a school website's homepage. All for-profit and private career schools should be required to display these costs.

One simple way to promote cost transparency would be to require all for-profit and career schools to use the Consumer Financial Protection Bureau's Financial Aid Shopping sheet. While a number of for-profit and public schools already use this form (see Appendix E), all schools should be required to do so, making costs comparisons simpler for students and their families.

2. INCREASING ACCOUNTABILITY, OVERSIGHT, INVESTIGATION, and ENFORCEMENT

- **Increase oversight of schools exclusively offering online/distance education programs.**

Maryland does require that fully online programs register with MHEC, pay a fee ranging from \$500-\$1,000, and list all online programs offered to Maryland students, including program tuition and fee costs.⁸⁵ However, Maryland only requires that the school provide documentation that it is in good standing with the U.S. Department of Education and in the state in which the institution is incorporated. This is problematic since the majority of for-profit schools that have been the subject of government actions and investigations have been in good standing. Rather, Maryland should require that all accredited and non-accredited schools that enroll Maryland residents be subject to strong oversight and consumer protection, even if they are distance education programs offered by schools that lack any physical presence in Maryland.

- **Increase the completion and employment rates required for state approval. Include a new metric on default rates. Expand metrics to include all for-profit and distance-learning programs.**

Currently MHEC requires private career schools to have a 33 percent completion and 33 percent employment rate for programs over 600 hours. Programs under 600 hours must have a 50 percent completion and 33 percent graduation rate. These standards are insufficient – they do not provide a strong incentive for for-profit schools to improve their instruction and job placement. MHEC should establish a minimum completion rate of 70 percent and a minimum employment rate of 70 percent. These standards should be expanded from private career schools to include for-profit and online distance-learning programs. MHEC should also set a minimum default rate of 15.5 percent or less.

⁸⁵ Title 13.B Maryland Higher Education Commission, Subtitle 05. Fully Online Programs. Registration.

Only Title IV eligible for-profit schools that have a graduation rate of 70 percent or higher and a one-year loan default rate under 15.5 percent should receive MHEC approval to operate.

- **Focus increased supervisory and enforcement resources on high-risk for-profit schools.**⁸⁶

According to MHEC’s website, it “sets academic and financial standards and takes legal action when necessary to protect students.”⁸⁷ MHEC is both responsible for assisting private career schools and for-profit schools and intervening when necessary which reflects competing interests. Moreover, oversight of for-profit schools and private career schools are handled by different departments within MHEC. And although the Attorney General’s office has a duty to protect consumers, the current oversight structure of for-profit schools means that there is no clear point of contact to oversee all for-profit school issues.

MHEC should increase its oversight and enforcement of for-profit, private career, and online distance-learning programs. MHEC has limited resources to ensure protection of consumers, so it should focus its efforts on resolving student complaints, monitoring and investigating schools that are most at risk of harming students, and collecting data and publishing the results.

- **Maryland’s Office of the Attorney General should increase its dispute resolution, investigatory, and enforcement role in the area of for-profit schools.**

The Office of the Attorney General has a real opportunity to increase its investigatory and enforcement activities within this sector. Many state Attorneys General have been working together to strengthen oversight, consumer protections, and regulations of for-profit schools. Many of the schools that other state Attorneys General have investigated also operate in Maryland. The Office of the Attorney General should look at issues of misrepresentations in admissions, in graduation rates, and in job placement among other issues. The Office of the Attorney General may want to consider appointing an Ombudsman who has expertise in higher education (including student loan debt), for-profit schools, and consumer protection issues. This individual could coordinate efforts in the office and coordinate with MHEC.

3. STRENGTHENING CONSUMER PROTECTIONS

- **Strengthen consumer protections in the Guaranty Fund.**

Maryland’s Guaranty Fund is a good model for protecting students at for-profit schools but it could be strengthened in a number of ways to expand and deepen protections.

⁸⁶ “Ensuring Educational Integrity: 10 Steps to Improve State Oversight of For-Profit Schools,” *National Consumer Law Center*, June 2014.

⁸⁷ www.mhec.state.md.us/career/index.asp

To strengthen the Private Career School Guaranty Fund, we recommend the following:

- Increase the refund rights in the Guaranty fund to enable students to recoup 100 percent refunds for both degree granting and non-degree granting schools.
 - Enable students to seek relief from the Guaranty Fund first, rather than having to exhaust other methods.
 - Publicly report outcomes for Maryland students when a for-profit school closes- how many took teach-outs, how many made claims to the Guaranty Fund, for what amount, how many claims were granted?
 - Increase the funds available in the Guaranty Fund to ensure there are sufficient funds to provide relief to all harmed students.
- **Establish a separate Guaranty Fund for fully online programs and for-profit schools.**

Legislation passed in 2013 (SB 510) enabled MHEC to establish a separate Guaranty Fund for fully online programs as well as for-profit schools but there is no information on MHEC's website about this new Guaranty Fund. Maryland should fund the Guaranty Fund for fully online programs and establish a separate Guaranty Fund for for-profit schools.

- **Revise MHEC's complaint procedure to streamline the process and reduce the burden on students to resolve their issues.**

MHEC's grievance procedure requires the student to first try to resolve their complaints with the institutions. This is unlikely to happen and may have a chilling effect on a student pursuing a grievance. Instead, all student complaints should be channeled to MHEC to handle through either mediation or stronger action.

4. STRENGTHENING STUDENT PROTECTIONS

- Institute "cooling off rights" where a for-profit school provides a prospective student all disclosures and agreements at least 72 hours before s/he enrolls. The school is prohibited from accepting an executed agreement within that time frame so that the prospective student can go home and consider their options.⁸⁸ Four states (Georgia, Illinois, Michigan, and Washington) provide "cooling off rights" that range from 3 days to 5 days.

⁸⁸ "State Inaction: Gaps in State Oversight of For-Profit Higher Education," *National Consumer Law Center*, December 2011.

- **Extend Maryland's 7-day cancellation rights to for-profit programs.**

Cancellation rights allows a student to terminate a contract with a for-profit school within 7 days after the contract is signed or the first class attended, whichever is later, and receive a 100 percent refund. Currently Maryland has a 7-day cancellation period for Private career schools and fully online programs.⁸⁹ However, these 7-day cancellation rights do not extend to for-profit schools. Cancellation rights should be extended to enrolled students at all for-profit schools.

Students who meet with admissions officers and quickly sign up to enroll in a for-profit school may have second thoughts the next day. It is important that students are not held liable for tuition and fees when they have immediate regrets.

⁸⁹ www.mhec.maryland.gov/higherEd/COMAR/COMAR_PCS_Web.pdf

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Appendix A: Maryland Private Career Schools

Aaron's Academy of Beauty	Goldenstar Education Center, Inc.
Academy of Computer Education (ACE)	Hair Academy - New Carrollton
Academy of Professional Barber/Stylists	Hair Academy II, Inc.
Academy of Real Estate	Hair Expressions--Paul Mitchell Partner School
Accounting and Bookkeeping Center, Inc. (The)	Harmon's Beauty School
Aesthetics Institute of Cosmetology	Health Focus, Inc.
All-State Career	Healthcare Training Solutions, LLC
American Beauty Academy	Holistic Massage Training Institute
American Beauty Academy - Baltimore	Institute for Advanced Montessori Studies
American Computer Utopia	Institute of Health Sciences
American Health Career Institute	International Beauty School - Cumberland
American Red Cross, Central Maryland Chapter	IT Works Learning Center - Fayette
ASM Educational Center	IT Works Learning Center - Manor Care
Aspen Beauty Academy of Laurel	Johns Hopkins Hospital School of Cardiac Sonography
Aspen Beauty Academy - Silver Spring	Johns Hopkins Hospital Schools of Medical Imaging (The)
Aspire School of Learning	Kahak Health Care Academy
Authentic Bartending School of Maryland	Kirks Institute for Advanced Real Estate Studies
Avara's Academy of Hair Design	Knowledge First Institute
Award Beauty School	La Paix Beauty Academy
Baltimore Academy of Nursing Assistants	L'Academie de Cuisine - Gaithersburg
Baltimore School of Dog Grooming	Lawyers Advantage Career School
Baltimore School of Massage	Long & Foster Institute of Real Estate
Baltimore Studio of Hair Design	Mackintosh School of Real Estate

Bartender of America Bartending School	Maritime Institute of Technology & Graduate Studies (MITAGS)
BEAT - Beauty Expert Artistry Training	Maryland Bartending Academy
Bethel Healthcare Institute, Inc.	Maryland Beauty Academy
BioTechnical Institute of Maryland, Inc	Maryland Beauty Academy - Essex
Bladensburg Barber School	Maryland Beauty Academy - Westminster
Blades School of Hair Design	Maryland Center for Arts & Technology
Broadcasting Institute of Maryland, Inc.	Maryland Center for Montessori Studies
Cambridge Nursing Assistant Academy	Maryland Dental Assistant School
Cambridge Nursing Assistant Academy-Gaithersburg	Maryland Healthcare Training Center
Career Academy of Real Estate	Maryland Institute of Criminal Justice
Care'Xpert Academy (CXA)	Maryland School of Travel
Caroline Center	Medtech Institute
CE Shop (The)	MISS Health Care Training Institute
Central Maryland School of Massage	Montgomery Beauty School
Champion Institute of Real Estate	Montgomery Montessori Institute
Chesapeake Residential School of Real Estate	Morning Star Academy
Chesapeake School of Esthetics: Skin Care & MakeUp	National Academy of Professional Development
Coldwell Banker Residential Brokerage School of RE	National Phlebotomy Association
Colorlab Academy of Hair (The)	New Millennium Real Estate School
Columbia Institute	North American Trade Schools
Columbia Nursing Assistant Academy	NurseOne, Inc.
Compassionate Nursing Assistant Academy	Nursing Assistant Academy (The)
Computer Institute	O'Brien Institute of Real Estate
Cosmopolitan Beauty & Tech School	Omega Studios' School of Applied Recording Arts (The)

D&D Real Estate & Business Training Academy, Inc.	Paul Mitchell the School-Jessup
DATS of Maryland at Annapolis	Perpetual School of Nursing Assistant
DATS of Maryland at Columbia	Pittsburgh Institute of Aeronautics
DATS of Maryland at Germantown	Precise Academy
DATS of Maryland at Westminster	Professional Development Institute (The)
Deep Creek School of Real Estate	Quality First Career Center, Inc.
Del-Mar-Va Beauty Academy	Real Estate Education Center of MD
Demas Academy	Real Estate Empower
Diana School of Real Estate	Real Estate Institute (The)
Dias Real Estate Academy	Regency Beauty Institute
Dominion Academy	Regency Beauty Institute-Gaithersburg
Don Gurney Academy of Real Estate	Robert Paul Academy of Cosmetology Arts & Sciences
Drycleaning and Laundry Institute	Sheffield Institute for the Recording Arts (The)
Ed Smith Real Estate School	Southern Maryland Association of REALTORS Real Estate Academy
Elite Learning Academy	Southern MD Tri-County Community Action Com.
Empire Beauty School	Stein Academy - School of Health, Technology & Car
Empire Beauty School - Glen Burnie	Stella Maris, Inc.
Everest Institute	THE TEMPLE: A Paul Mitchell Partner School
Fomen Nursing Assistant Training Academy	TLC Nurse Aide Training
Fortis Institute	Top Knowledge Healthcare Institute
Fortis Institute-Towson	Trinity Nursing Academy, Inc.
Frederick Academy of Real Estate	Vision Allied Health Institute
Frederick School of Cosmetology	Von Lee International School of Aesthetics
Gandhi Health Career Services	Washington Adventist Hospital School of Radiograph

GBBRÂ® School of Real Estate (The)

Washington School of Photography

GBMC School of Radiography

Weichert Real Estate School

Appendix B For-profit Schools

DeVry University- Keller Graduate School	Strayer University
DeVry University- Maryland	TESST College of Technology- Baltimore
ITT Technical Institute- Hanover	TESST College of Technology- Beltsville
ITT Technical Institute- Owings Mills	TESST College of Technology- Towson
Fortis College- Landover	University of Phoenix
Kaplan University	

Appendix C Maryland Title IV Schools

Aaron's Academy of Beauty	Harmon's Beauty School
Aesthetics Institute of Cosmetology	Holistic Massage Training Institute
All-State Career-Baltimore	Institute of Health Sciences
American Beauty Academy	International Beauty School
Aspen Beauty Academy of Laurel	ITT Technical Institute-Hanover
Award Beauty School	ITT Technical Institute-Owings Mills
Baltimore School of Massage-Linthicum	Kaplan University-Hagerstown Campus
Baltimore Studio of Hair Design	L'Academie de Cuisine
Blades School of Hair Design	Lincoln College of Technology-Columbia
Columbia Institute	Maryland Beauty Academy of Essex
Delmarva Beauty Academy	Maryland Beauty Academy of Reisterstown
DeVry University-Maryland	Montgomery Beauty School
DeVry University's Keller Graduate School	North American Trade Schools
Empire Beauty School-Glen Burnie	Omega Studios' School of Applied Recording Arts & Sciences
Empire Beauty School-Owings Mills	Regency Beauty Institute-Baltimore Golden Ring
Everest Institute-Silver Spring	Robert Paul Academy of Cosmetology Arts & Sciences
Finger Lakes School of Massage	Strayer University-Maryland
Fortis College-Landover	TESST College of Technology-Baltimore
Fortis Institute-Baltimore	TESST College of Technology-Beltsville
Fortis Institute-Towson	TESST College of Technology-Towson
Frederick School of Cosmetology	The Colorlab Academy of Hair
Hair Academy II	The Temple-A Paul Mitchell Partner School
Hair Academy Inc-New Carrollton	University of Phoenix-Maryland Campus
Hair Expressions Academy	

Appendix D

Tuition is found in the “Consumer Information” link at the bottom of these private career schools’ webpages. These are just 2 examples although several other private career schools set up their webpage like this.

Wilmington, Delaware 302-661-1111	Baltimore, Maryland 410-444-3100	Wheaton, Maryland 301-949-3000	Lancaster, Pennsylvania 717-394-5222
<p>COSMETOLOGY, BARBERING & BEAUTY INSTRUCTOR TRAINING INSTRUCTOR TRAINING BARBERING COSMETOLOGY</p>	<p>CAMPUS LOCATIONS BALTIMORE, MARYLAND CAMPUS LANCASTER, PENNSYLVANIA CAMPUS WHEATON, MARYLAND CAMPUS WILMINGTON, DELAWARE CAMPUS</p>	<p>ADMISSIONS HOW TO APPLY WHY ABA FUNDING YOUR EDUCATION ABA HISTORY BEAUTY CAREERS FAQ CONSUMER INFORMATION DRUG AND ALCOHOL POLICY SCHOOL CATALOG NET PRICE CALCULATOR</p>	<p>CONTACT REQUEST INFORMATION APPLY NOW BOOK AN APPOINTMENT COME VISIT US CAREERS AT ABA</p>

Phone number*

Message*

Submit

[Click Here to View Our Full Program Description](#)

We also host a [clinic](#), where supervised students provide hair, skin and nail services to the general public at competitive prices.

For Beauty Experts, by Beauty Experts
 Our owner, Mrs. Church, is a licensed cosmetologist. Having run her own salons, she knows how hard it is to find quality stylists and nail technicians, which is why she opened her [cosmetology school](#) to properly train students.

Mrs. Church and her instructors take pride in watching students graduate and succeed in their chosen career. We stay on top of industry changes and educational requirements, so you know you receive the best training from us.

[Contact us](#) today to sign up for class at our full-service beauty school.

[Click Here to View the 2013 Catalog](#)



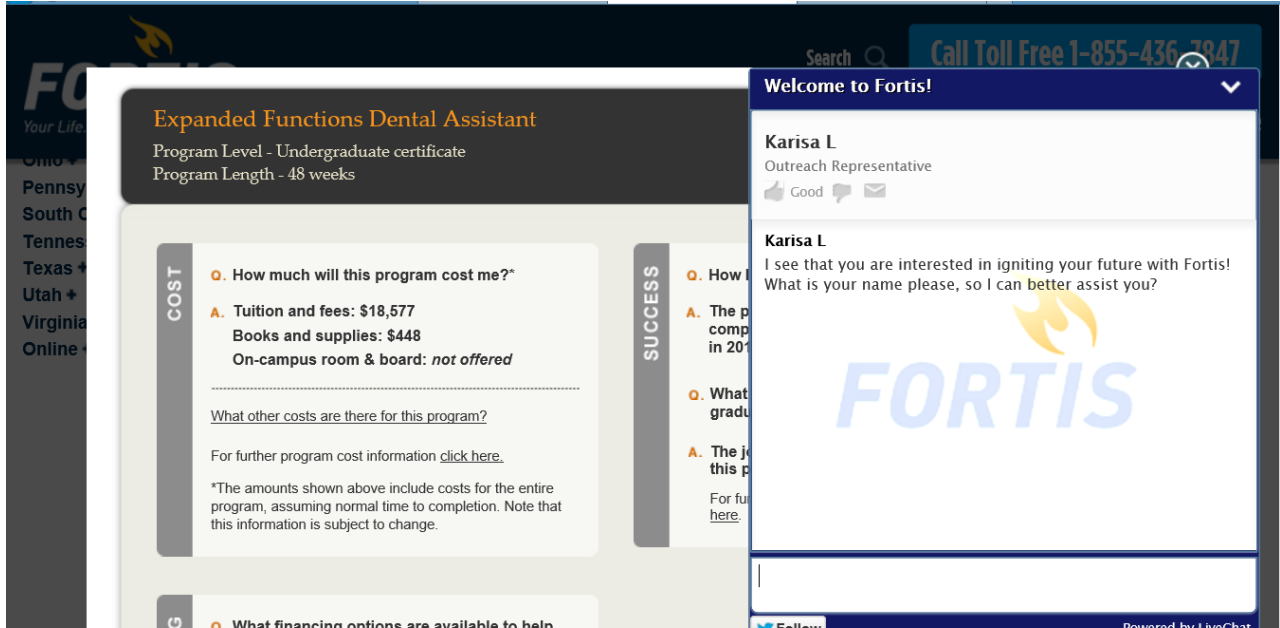
Certifications VA-Approved School • Nationally Accredited

*Ask about Qualifying for Financial Aid
[Net Price Calculator](#)*

[Home](#) | [Programs](#) | [Clinic](#) | [Location](#) | [Contact Us](#) | [Clear Act](#) | [Net Price Calculator](#) | [Federal Consumer Information](#)

Appendix E

Marketing with Pop-Up Chats, Misleading Claims and Advertisements Pop-Up Chats

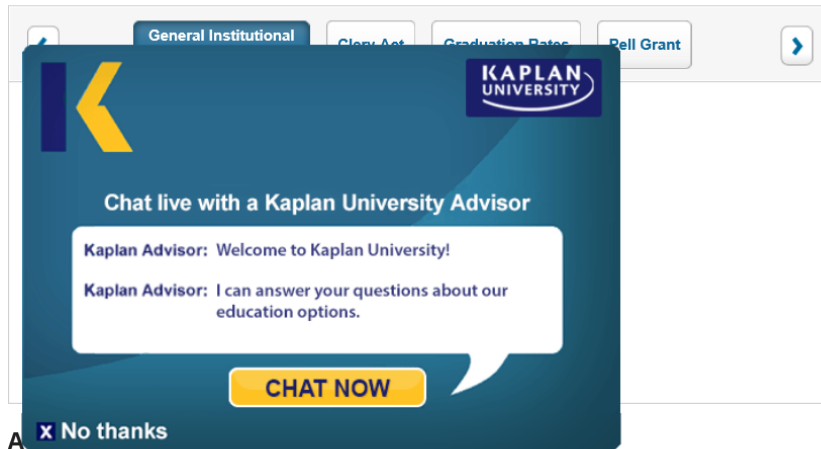


STUDENT CONSUMER INFORMATION

[g+](#) 5
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In accordance with the Higher Education Opportunity Act (HEOA), Kaplan University provides current and prospective students with access to consumer information. For additional information about the University's programs, including detailed information about tuition and fees, please visit the specific program you are interested in on the Academics program page by clicking [here](#). You can also view additional informational documents [here](#).

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Request Information

*Select preference

Online
 Location

Choose an Area of Study

Choose a program*

[NEXT](#) Step 1 of 3

Call Now: [866 KAPLAN U](tel:866-KAPLAN-U)



Financial Aid Disbursement: For details of the method and frequency of financial aid disbursements, contact the Financial Aid

Some websites only have one page and look similar to an advertisement.



Become a Certified
Nursing Assistant
And enjoy a rewarding career

Classes are forming
Call
301-933-7474

[CLICK HERE](#)

Knowledge First Institute
11510 Georgia Ave., Wheaton, MD.

[CLICK HERE](#)

The advertisement features a woman in pink scrubs with a stethoscope, holding a clipboard and pen. The text is arranged in a clean, professional layout with a light blue background for the call-to-action section.

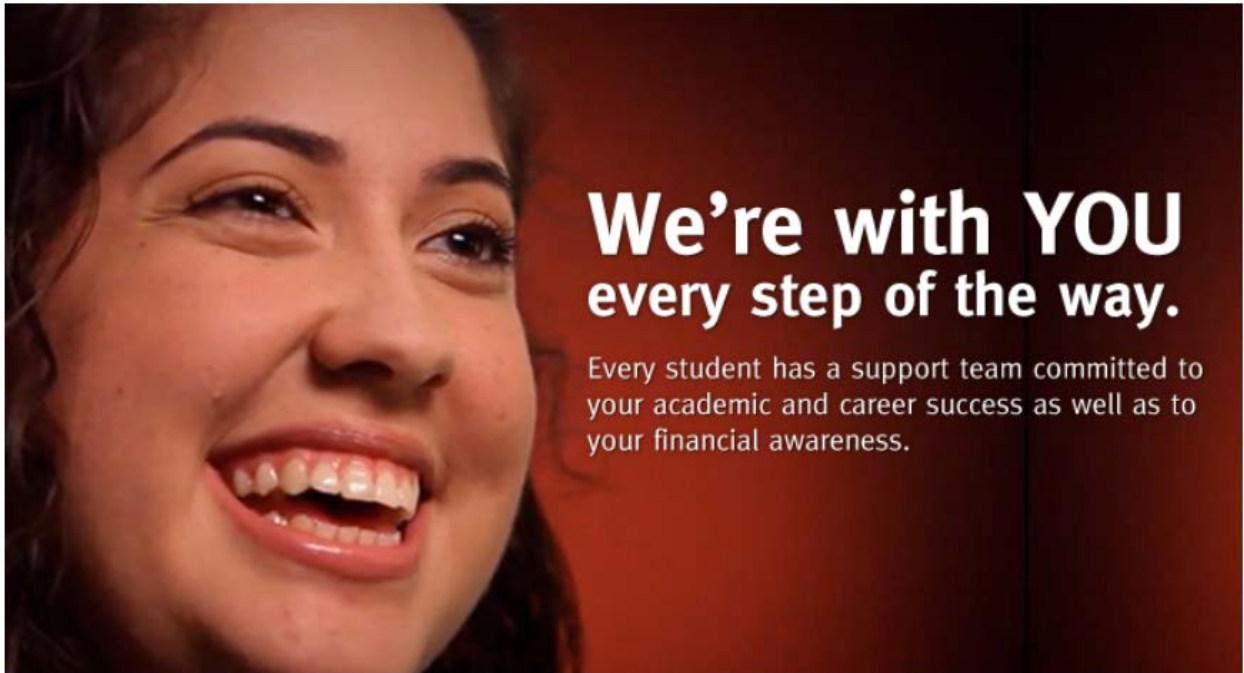
Misleading Claims



"I think
employers very much value the DeVry degree.
I know they did in my case."

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The advertisement shows a close-up of a man with glasses speaking. The text is overlaid on the right side of the image, with a dark background for the text area.



We're with YOU
every step of the way.

Every student has a support team committed to your academic and career success as well as to your financial awareness.



in 2012, **90%**
of DeVry University
associate and bachelor's
degree grads actively
seeking employment had
careers in their field
within 6 months
of graduation.¹

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Appendix E
For-Profit, Private, and Public Institutions that use the CFPB Financial Aid Shopping Sheet

All State Career-Baltimore	Morgan State University
Allegany College of Maryland	National Labor College*
Bowie State University	Notre Dame of Maryland University
Capitol College	Salisbury University
Carroll Community College	St. Mary's College of Maryland
Chesapeake College	Stevenson University*
College of Southern Maryland	Strayer University-Maryland*
Coppin State University	TESST College of Technology-Baltimore*
Empire Beauty School-Owings Mills	Towson University
Everest Institute-Silver Spring	University of Baltimore
Frostburg State University	University of Maryland-Baltimore
Garrett College	University of Maryland-Baltimore County
Goucher College*	University of Maryland-College Park
Hood College	University of Maryland-Eastern Shore
Howard Community College	University of Maryland-University College
Kaplan University-Hagerstown Campus*	University of Phoenix-Maryland Campus
Maryland Institute College of Art*	Wor-Wic Community College
Montgomery College*	