



FOR IMMEDIATE RELEASE: June 29, 2005
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NCLC Report: Serious Questions Need Answering to Back Up Job-Placement and Graduation Claims of Proprietary Schools

Self-Reporting, Flawed Formulas for Gauging Results Cast Doubt on Current Data

Dreams and Financial Futures of Schools' Vulnerable Student Populations At Stake

BOSTON - The for-profit higher education sector aggressively markets its schools, and their often well-known names, as gateways to employment – especially for those who otherwise have been unable to obtain a college education. Job placement rates in particular are said to be very high, usually above 80% of graduates.

But a new National Consumer Law Center report casts serious doubt on those assertions while exposing a process where these schools essentially tell the American public: “Take our word for it when it comes to performance.” The report makes clear that there are a great number of reasons to doubt the schools’ performance claims.

Vulnerable students putting their money and futures on the line should be warned, because there’s a double whammy in it for them: Not only does a school that doesn’t deliver as advertised harm their long-term career prospects, but students lured by promises of good-paying jobs often make the seemingly-sensible investment of shouldering a large loan to attend – only to be left without the skills they need to pay off those very same loans!

“The ultimate tragedy here is the shattering of student’s dreams,” says report co-author and NCLC staff attorney Deanne Loonin. “Many proprietary-school students are uniquely vulnerable because they haven’t previously performed well in school or are from disadvantaged backgrounds. Everyone deserves a chance, but everyone also deserves the opportunity to get clear information before putting their financial futures on the line. Students need to know whether a particular school is likely to fulfill the lofty promises it uses to bring them in the door.”

NCLC’s new report, released today, is titled: “Making the Numbers Count: Why Proprietary School Performance Data Doesn’t Add Up and What Can Be Done About It.” The report is especially timely in light of Congress’ current efforts to reauthorize the Higher Education Act.

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As a group proprietary schools have highly troubling histories. The government has warned of risks in the sector and cautioned students to shop carefully before enrolling, but in practice useful information about the schools' performance is extremely difficult to obtain.

Key Findings, and a Possible Reason for Schools' Reticence With Data

Despite federal mandates requiring collection of job-placement data, the report finds that many proprietary schools are not reporting job placement information as required and are not making the data they do collect publicly available. It also finds that it's extremely difficult to get completion-rate or placement information from the schools and state licensing agencies, that completion and placement information that is released is generally misleading and in many cases inaccurate, and that there are serious flaws with both the accuracy of these numbers and public accessibility.

Schools focused on in the report include those run by the Apollo Group and its University of Phoenix, ITT Educational Services and its ITT Technical Institutes, Career Education Corp. including its Katherine Gibbs Schools, the Education Management Corporation's Art Institutes in various cities and Argosy University, plus the many schools run by Corinthian Colleges including Bryman College and the National Institute of Technology.

In site visits conducted for the report, no admissions representatives gave official completion rate statistics even though they're required to do so by law and even though they were specifically asked for this information. Perhaps there's a reason for their reticence: The most recent 2002 federal information for the five school groups in the study showed strikingly low completion rates. For four year programs, Apollo's rate was 7%; Corinthian's was 31%; EDMC's was 47%; ITT's was 49% and CEC's was 59%.

Aggressive Marketing and a Focus on Growth At All Costs Fuel These Problems

Consolidation of the industry and its focus on consistent growth pose serious risk factors for abuse. In recent years, numerous proprietary school companies have been the subject of private lawsuits and government investigations alleging marketing abuses and other serious violations.

These lawsuits and investigations paint a picture of aggressive marketing that is at a minimum deceptive and misleading while in some cases illegal. Misrepresentations frequently involve inflated claims that students will graduate and find jobs. Such problems led the Department of Education's Inspector General to warn that the rapid growth of these schools is a risk factor for abuse in federal financial aid programs.

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Even if a student is able to access a school's completion and placement data, the numbers will likely be misleading because they're self-reported by the schools using flawed calculation formulas and because there's little or no oversight by enforcement agencies.

A vast improvement in proprietary schools' job placement and completion data is needed to make this information both useful and meaningful. The report gives a number of specific recommendations for making the data both more accountable and more transparent. Once the data's integrity is sufficient, the report recommends specific ways to improve its availability. And, as is often the case with consumer issues, there must also be vigorous oversight and enforcement to assure that proprietary schools serve students honestly and capably.

Report co-author Loonin says these schools must be accountable if they're to serve any purpose beyond generating profits for owners and investors. "The promise of for-profit education can only be fulfilled when the schools, accreditation agencies, and government regulators understand and enforce the accurate measuring and reporting of school performance information," she says.

A full copy of the report can be found at:

<http://www.nclc.org/news/ProprietarySchoolsReport.pdf>

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National Consumer Law Center is a non-profit organization specializing in consumer issues on behalf of low-income consumers. NCLC works with thousands of legal services, government and private attorneys, as well as community groups and organizations that represent low-income and elderly individuals on consumer issues.