

# Monthly Columns

by Attorney General Jack Conway



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As Attorney General, it is my job to ensure that businesses operating in Kentucky are following our Consumer Protection laws and that taxpayer money is not being wasted. That's why I launched an investigation last year into the questionable business practices of some of Kentucky's for-profit colleges that receive a large part of their funding from federal and state student financial assistance programs. I am also leading a national bipartisan effort, which now includes 18 states, to examine potential abuses within the industry.

Some in the for-profit industry have called my investigation an "assault." This is not an assault; this is me doing my job. These businesses can afford lots of lawyers, but the consumers of Kentucky have one advocate and that's the Office of the Attorney General. My staff and I will not back down. Quite frankly, the industry's response to our investigation has been very disappointing. For-profit schools should acknowledge and work to correct the well-documented issues involving high student loan default rates, overaggressive recruiting practices, misleading advertising and high student withdrawal rates. Instead, some schools and their trade associations have opted to lob attacks. These baseless attacks will not deter me or my office and they will not deter the attorneys general from across the country who have joined me in this investigation.

According to the U.S. Department of Education, taxpayers last year spent \$30 billion for loans and aid to students attending for-profit institutions. Nearly 90 percent of their revenue comes from federal taxpayer dollars. While only about 12 percent of the nation's college students attend proprietary colleges, they account for nearly 25 percent of the student loans and nearly half of all student loan defaults for which taxpayers are then responsible.

In addition to making sure students are not being taken advantage of, this is also clearly a fiscal responsibility issue.

I began taking a closer look at the for-profit

industry after reviewing information gathered in investigations of Decker College and the American Justice School of Law. In 2008, my office succeeded in securing more than \$4.5 million in loan relief for 2,200 students of the defunct Decker College. Last year, I was pleased that my office was able to obtain an estimated \$3.6 million in loan reductions for students of the now defunct American Justice School of Law in Paducah.

My office is investigating seven for-profit schools. We are concerned about schools with high student-loan default rates and are investigating advertising claims to prospective students regarding future employment prospects, the transferability of their credits to other schools and how much their degree will cost.

Our investigation has revealed some disturbing trends.

- A degree from a for-profit school is very expensive, costing several times as much as a degree from a public institution. Despite these high costs, questions have been raised by students, employers and state regulators about the quality of the faculty and education at some of these schools.
- For a variety of legitimate reasons, the credits earned at for-profit schools will rarely be accepted by another institution should a student wish to transfer.
- A very high percentage of students at leading for-profit schools withdraw without ever obtaining a degree. According to evidence obtained by the United States Senate Health, Education, Labor & Pension Committee, for the 15 publicly-traded schools operating nationally, only 8.5 percent of associate degree students who enrolled in 2008-2009 had completed their degrees as of the summer of 2010. More than 63 percent had withdrawn. Many students were left with high debt, no degree and no prospects of the high-paying job they were promised. Some of these schools are operating in Kentucky.

- Some for-profit schools employ aggressive recruitment tactics to convince students to enroll.

As evidenced by some colleges' own marketing materials, recruiters at some for-profit schools are specifically targeting vulnerable populations including single mothers needing public assistance, abuse victims, women who are recently divorced and people recovering from drug addiction. A growing number of our nation's veterans are also being targeted by for-profit recruiters using similar tactics.

Some of these schools train their recruiters to focus their questions on the pains and fears of vulnerable and non-traditional students to manipulate or bully them into enrolling. Marketing materials used to train recruiters in these outrageous practices are a matter of public record and contain disturbing directives for recruiters to exploit potential students' "pain" and "fears" so consumers will make a hurried decision based on emotion rather than logic.

As Kentucky's chief consumer protection advocate, I am deeply troubled by our findings.

The consumers of Kentucky have one voice—that of the Attorney General. I have an obligation to investigate this issue and these schools for the good of the legitimate proprietary schools that are providing a quality education, for Kentucky taxpayers and for those, young and old, who are dreaming of a brighter future for themselves and their families.

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