



CONSUMER NEWS

SAN DIEGO CITY ATTORNEY'S OFFICE

For-Profit Colleges: How to Defend Your GI Bill Benefits

April 2014

Imagine taking on mountains of debt to finance your education, only to discover that the degree you earned doesn't qualify you for the job you want. Unfortunately, this scenario is becoming all too common as for-profit institutions aggressively compete to enroll potential students.

Earning a college degree today is more important than ever. However, thanks to skyrocketing tuition prices, higher education has never been more expensive.

The proliferation of for-profit colleges has made the educational landscape treacherous to navigate. This is especially true for veterans seeking to finance higher education by using their GI Bill benefits. Under the Higher Education Act, for-profit schools are limited to obtaining ninety percent (90%) of their revenue from federal student loans. This 90% limit does not apply to GI Bill benefits because they are classified separately from federal student loans. Veterans are aggressively targeted by for-profit education companies because they help these companies comply with the "90/10 Rule."

This article exposes the most common misrepresentations that many of these for-profit institutions engage in, and offers some tips on how to avoid them.

FIVE FEATURES THAT RECRUITERS COMMONLY MISREPRESENT

Transferability:

Institutions must be accredited to receive any type of federal financial aid, including GI Bill benefits. Two types of accreditation exist: regional and national accreditation. Public universities, community colleges, and private non-profit institutions are all regionally accredited, while for-profit educational institutions and trade schools are usually nationally accredited.

Generally, credits earned at nationally accredited schools are not accepted by regionally accredited schools because the standards for these two types of accreditation differ significantly. The student handbooks offered by for-profit institutions often claim that the "receiving" institution decides whether it will accept another school's credits. Consequently, it is essential for prospective students to determine whether the credits earned at the institution will transfer to another school before enrolling.

Accreditation Standards:

Several national organizations are responsible for accrediting for-profit schools. A Senate committee recently warned that this accreditation process can be

manipulated by for-profit educational companies.

Accreditors ensure that schools meet certain minimum requirements regarding important metrics like job placement rates and retention rates. However, some for-profit schools may misrepresent these statistics to cast their institution in a better light.

Thus, it is important to research a school thoroughly before enrolling. Contact the U.S. Department of Education, or the state's educational licensing organization to confirm the for-profit school's accreditation.

Job Placement Rate:

A school's job-placement rate conveys the percentage of students who found jobs related to their area of study after graduation. However, some for-profit institutions may employ tactics that mislead prospective students about the job placement rate for graduates in specific programs.

In some cases, for-profit schools have apparently advertised job placement rates far exceeding the placement rate that the school reported to its own accreditor. For instance, 23 percent of graduates who completed a for-profit college education between 2008 and 2009 were unemployed, according to the National Center for Education Statistics.

It is absolutely essential for the prospective student to find a link between the program they are applying to, and job opportunities after graduation.

Financial Aid:

GI Bill benefits may not cover all tuition costs. Thus, the veteran is responsible for making up the difference through loans or out-of-pocket payments.

A Senate committee recently found that some recruiters at for-profit institutions misrepresented the amount of tuition that military benefits would cover. Therefore, it is essential to confirm any information that recruiters give regarding educational costs.

Fortunately, institutions must be approved by the Department of Veterans Affairs (VA) before accepting VA funds. Therefore, the VA website is an excellent source for financial aid information (<http://inquiry.vba.va.gov/weamspub/buildSearchInstitutionCriteria.do>).

Accreditation & Licensing:

Some programs require the institution to obtain accreditations specific to that program in order for students to qualify for related jobs after graduation. This is called “programmatic accreditation.” Without this programmatic accreditation, it may be difficult, or even impossible, for a graduate to gain employment in a certain field.

Unfortunately some for-profit institutions fail to inform prospective students of these programmatic accreditations, or lack thereof. Once again, the VA website is an excellent resource to identify specific programs where military benefits may be applied. (http://www.benefits.va.gov/gibill/yellow_ribbon/yrp_list_2013.asp).

TIPS FOR FINDING THE RIGHT SCHOOL

Ultimately consumers should be wary of for-profit educational institutions. As a Senate committee recently noted, these schools have an incentive to target veterans, and misrepresent vital statistics regarding their institutions.

Veterans should consult the VA website and conduct their own thorough research into a school before applying. Additionally, be sure to confirm any information given by a recruiter, as this information may be misleading. Shop around by comparing programs and prices at different schools.

It is also important to get a second opinion on a program or school before enrolling. Above all, do not give in to the high pressure sales tactics employed by many recruiters.

By remaining vigilant, and following these tips, veterans can use their military benefits to earn a college degree that demonstrates their value to potential employers.

**San Diego
City Attorney’s Office
Consumer and Environmental
Protection Unit
(619) 533-5600**

Newsletter written by
Casey Lowe

.....

The information provided in this newsletter is intended to convey general information and is not intended to be relied upon as legal advice.

.....

The San Diego City Attorney’s Consumer & Environmental Protection Unit prosecutes criminal and civil violations of California’s unfair competition and other consumer laws committed in the City of San Diego. The Unit maintains a Phone Hotline for consumers to report possible violations. You can reach the Hotline at **(619) 533-5600**.