



FOR-PROFIT FRENZY

Rollback of Protections for Students

By Kenya McCullum

On Aug. 30, the US Department of Education announced it had issued a new loan forgiveness rule, which, according to Education Secretary Betsy DeVos, is designed to correct problems caused by ineffective Obama-era policies intended to reimburse students who have been defrauded by their colleges—such as in cases where a for-profit college closes suddenly, leaving students empty-handed educationally, yet responsible for student loan debt. While DeVos said, “If a school defrauds students, it must be held accountable,” critics of the new policy actually believe it will make it more difficult for people who have been financially harmed by a school’s deceptive actions because it reduces the amount of time students have to file a claim and requires them to submit proof that they were misled by the institution.

This so-called “borrower defense” rule comes on the heels of the Education Department rescinding the gainful employment rule in June, which was established in 2014 to ensure that schools offering career and certificate programs are held accountable for the quality of the education they provide. Under that rule, for-profit schools, as well as nonprofit private and public institutions offering certificate programs, were required to prove that their graduates were able to obtain gainful employment as a result of their programs—and thus would be better positioned to pay off any student loans they may have borrowed—in order to continue receiving access to federal financial aid.

Both of these policy changes, which are scheduled to take effect on July 1, 2020, have left student advocates concerned about how reduced accountability for for-profit colleges will ultimately affect those who attend these schools, and with good reason—the lack of these kinds of protections have always led to problems in the past. When the GI Bill provided funds for World War II veterans to further their education, several unscrupulous for-profit colleges were created with the sole purpose of cashing in on this free government money. The issue led to widespread media attention that Capitol Hill couldn’t ignore, and the subsequent Congressional investigations of 1950 resulted in reforms designed to protect veterans by prohibiting the use of government funding to pay for non-accredited, non-degree classes offered by schools with more than 85 percent veteran student enrollments.

This cycle of financial abuse from for-profit colleges, media exposure, and regulation was repeated decade after decade until the recent iteration of the problem in the late 2000s, when the Post-9/11 GI Bill was enacted to benefit servicemembers coming home from Iraq and Afghanistan who were seeking training to help them begin careers in the civilian world. Thanks to the rise of online education, there was once again an increased pursuit of enrolling veterans at for-profit colleges. To prevent wasted taxpayer money and students accruing loan debt for degrees that provided no return on their investment, the Obama administration made it a priority to focus on student outcomes and transparency. As a result, various rules went into effect prohibiting activities like commission-paid recruiting and requiring that schools are forthcoming about student outcomes—such as the number of people who were able to obtain gainful employment in a

recognized occupation and the salaries they make—as well as program costs, graduation rates, and the amount of student loan debt graduates have borrowed.

Now that the current administration is rolling back transparency requirements, the college counseling community and NACAC are concerned about how this will affect students' ability to make informed decisions their postsecondary paths. "Part of the idea behind disclosures is that you kind of throw a stick in the wheel a little bit. You say, 'Wait a second, before you ask a student to sign over \$40 or \$50 thousand of student loan money, they ought to have a chance to consider what it is that they're getting into,'" said David Hawkins, NACAC's executive director for educational content and policy.

Marketing a Dream

NACAC's main concern about for-profit colleges is the aggressive marketing tactics they use to attract students. In many cases, the school's targets come from vulnerable communities, such as poor, first-generation students, as well as nontraditional students and veterans who want to earn degrees to open up career options and increase their earning potential.

"One of our big policy positions is that we are going to go to the mat for any protection that will help students against unethical recruitment," Hawkins said. "Our organization was formed to protect students from unethical recruitment practices, that's our whole reason for being, so our first concern is that we have observed that the for-profit sector repeatedly pushed past the line of ethical recruiting. They have employed high-pressure sales tactics, false misleading information to students, and they do so on a highly-commissioned basis, which is also not allowable under the law."

Those who work with students every day have seen some of these aggressive marketing tactics in action and the effects that they have on students' decision-making process. One of the tactics that is successfully used is ubiquity: Thanks to a proliferation of television and outdoor advertisements, as well as online marketing, for-profit schools are often able to remain top of mind with prospective students.

“These schools often do a lot more marketing than traditional colleges, so students see the TV ads, they see the brochures, and I’m sure schools are also thinking of my tech-savvy students because all you have to do is think about something and the next thing you know, you’re on your Twitter or you’re on your Instagram getting bombarded with social media ads for schools,” said Dana Lambert, school counselor at West Milford Township High School in New Jersey.

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And in many cases, schools will deliver their message face-to-face by speaking directly to students in the classroom. For example, Darcy Robins, career and college center coordinator at Arcata High School, a rural school in Northern California, says that campus visits from various for-profit schools are common—and students who are not aware of their options are often swayed by these presentations.

“Rural students are vulnerable to on-campus visits from reps in industries that appeal to teens, such as working on race cars, and modeling and acting schools,” she said. “If rural students aren’t seeing college representatives on their campus, and don’t have readily available career and college information, for-profit programs may seem like great options.”

In addition to selling certain niche programs that students may not be aware are available at much cheaper community colleges, for-profit schools also entice them by promising the ability to complete their studies in a shorter timeframe than they would at a four-year, or, in some cases, even two-year institution. As a result, students who want to begin earning a living in their field faster may be attracted to these programs to save time. Also, the admission process itself at some of these schools can be much more attractive than that of more traditional colleges, as

students can apply and almost immediately gain acceptance to the program they choose, rather than waiting months to get an answer.



How Counselors Address For-Profits

As with other education choices, counselors want to ensure that students interested in for-profit colleges have as much information as possible to make the best decision. For some counselors, that even means explaining what for-profit colleges are, because oftentimes students aren't aware of the difference between those institutions and nonprofit schools—especially if they don't have anyone in their family who has gone through the process.

“Unfortunately, students who don't have a family history of attending college may not know the different types of institutions that are available, and have never really had any guidance prior to speaking with their college adviser,” said Cecilia Grano De Oro, director of college advising at North Broward Preparatory School in Coconut Creek, Florida. “That is where we sort of step in to have those conversations with them to help them differentiate what for-profit institutions are versus not-for-profit.”

To do this, Grano De Oro noted that counselors themselves have to keep abreast of the different schools and programs in order to inform students of the options.

“There’s definitely a higher level of research that has to go into it when a student brings up the possibility of looking into a for-profit or if it comes up in conversation,” Grano De Oro said. “In some way, I think there has to be a level of due diligence where the counselor is really looking into the school and sometimes students will choose to apply and if that’s where they go, ultimately, that’s their choice.”

In many cases, however, students who inquire about for-profit schools realize that they want a more traditional experience after their counselor talks to them about life outside of the classroom and the possibilities in terms of their social lives and the extracurricular activities.

“The overall message about going to college is to find the right fit,” said Ian Harkness, director of college counseling at Malvern Preparatory School in Pennsylvania. “I think when I’m talking to a student who is seeking the more traditional path, that ‘fit’ piece definitely doesn’t always include an online option—most of the time it’s the campus experience they want.”

No matter what questions students may have about for-profit colleges, and what approach counselors take to educate them and their families about the options, it’s important to always keep student autonomy in mind, said Paul Welsh, counselor at Fenton High School in Bensenville, Illinois.

“My colleagues and I will always respect student autonomy. It’s a student and a family decision and I will support that decision no matter what it is,” Welsh said. “If the student wants to make the decision for a for-profit school, I will give them the information, I will talk about some of the bigger trends in the industry with them and how that may impact them individually as far as student loans and the viability of the program they’re going through and whether or not that’s going to get them a job. But in the end, it’s their decision, and I will support that 100 percent.”

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