



# CONSUMER NEWS

## SAN DIEGO CITY ATTORNEY'S OFFICE

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

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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.

