

Documents Referred to in Harkin Floor Statement, “On the Targeting of Veterans and Active-Duty Members of the Military by For-Profit Colleges and Universities”

# Kaplan: Kaplan Military University Presentation

# Kaplan Military University



**CONFIDENTIAL**

# Agenda

- Objectives
- Our Military Value Proposition
- The Pricing Pilot
- The phases of the military strategy plan
- Field team deployment
- Staffing Plan
- Appendix
  - A. Pricing Analysis
  - B. Marketing Elements
  - C. Public Relations Marketing
  - D. Web Strategy
  - E. American Military University

## Objectives

- Grow our military enrollments to 9K per year by 2011
  - 2009 increase from 2.2K to 6K enrollments
  - 2010 8.8K enrollments
  - 2011 10.5K enrollments
- Over 3 years:
  - Bring retention on par with traditional students (28 to 34)
  - Improve 90/10 by 5%
  - Provide incremental revenue of \$XYZ in year 3

## Objectives

- Transition Kaplan into a “top of mind” educator within the active duty & veteran military segment, penetrating the key decision maker and influencer (education service officers)
- Evolve our product offering to attract, retain, and better educate military students
- Transition current low converting lead & poor retaining student base into highly profitable segment
- Engage DOD/DHS in custom development of Kaplan Inc. solutions

# Our Military Value Proposition

- We have dedicated ourselves to serving our military students with advisors at each step who understand military challenges (admission/FA/Academic Advising/Career Counseling)
- We have designed our educational platform to help you take full advantage of your military training, experience and any previous college credit
- We are integrated into military educational system, making it easier for you to enroll and attend Kaplan – Go Army Ed, SOC, AEX Portal, Air force ABC program
- We've built in the flexibility a military lifestyle demands – Military Friendly LOA and coursework extension policies
- We're committed to your success and provide innovative tools to help you succeed in your studies and career – such as Kaplan MyPath – helping you customize your education
- We value the sacrifice you have made to our country and provide all active duty and veterans tuition packages, so you can get the quality education you deserve – and books are included so there are no unforeseen expenses along the way
- We recognize that serving is a family commitment, and also offer reduced tuition rates to military spouses
- We support your lifetime learning needs, including an online high school completion programs, professional development programs, and higher degree programs

## Tactics

- Drive awareness via print advertising in key military publications and targeting key military installations
- ESO Relationship Manager - ESO outreach effort leveraging, phone, web, DM, and supporting key military events and periodic base events
- Target veteran and spousal community via key publications and including military elements in traditional student marketing
- Continuous development of military offerings, providing tools for high conversion and referral rates
- Leverage MSG field team in regional areas to drive military events
  - Community College Partners
  - Educational Liaisons to attend military events
  - Business Development efforts at Federal and DOD level

## Business Development Activities

- DoD Activities Representing All of Kaplan, Inc.
  - Meeting with High-Level Pentagon Officers
- Pursue Deeper Relationships with branches  
Redacted by HELP Committee  
[REDACTED]
- Military/Veteran Associations  
Redacted by HELP Committee  
[REDACTED]
- CCME/DOD Worldwide – Involvement  
Redacted by HELP Committee  
[REDACTED]

# Financial Plan

## Growth Projections – Enrollments/Rev

	2009	2010	2011
<b>Enrollment Total</b>	6,196	8,848	10,526
MSG - Field	<b>Redacted by HELP Committee</b>		
Marketing			
<b>Expense - Total</b>	<b>\$7,247,975</b>	<b>\$10,139,450</b>	<b>\$11,632,550</b>
MSG	<b>Redacted by HELP Committee</b>		
Marketing			
<b>Net Revenue - Total</b>	<b>\$4,277,301</b>	<b>\$7,957,358</b>	<b>\$11,768,938</b>
MSG	<b>Redacted by HELP Committee</b>		
Lead Generation			

# Non-Aggregation Marketing

2008 - 2009 Military Marketing	Impressions	Total investment
Print	Redacted by HELP Committee	
Out of Home Marketing	Redacted by HELP Committee	
e-Newsletter	Redacted by HELP Committee	
Direct Mail	Redacted by HELP Committee	
<b>Total Impressions</b>	Redacted by HELP Committee	
Operational (Events/Sponsorships)		Redacted by HELP Committee
Collateral - Base & ESO		Redacted by HELP Committee
Booth & Graphics		Redacted by HELP Committee
Web Integration and Landing Pages		Redacted by HELP Committee
Development Costs		Redacted by HELP Committee
Research		Redacted by HELP Committee
Pricing Analysis		Redacted by HELP Committee
		\$ 1,596,050

# Marketing Staffing Plan – Roles & Definitions

- **Director of Military Marketing & Strategy**
  - **Oversight over all military marketing including:**
    - Lead Generation
    - Web strategy
    - DM/EM
    - Print
    - Collateral
    - Campaign management
    - B2B Marketing (ESO/DOD etc)
    - Product Marketing (Redacted by HELP Committee)
  - **Direct Product Development Efforts**
    - Feasibility on new programs
    - SOCAD/SOCGUARD/SOCMAR etc
    - Develop Sales Tools
    - VA & other military student programs
    - Single Course Offerings
    - Alternate Delivery Modes
    - Military Newsletter
  - **Coordinate Military Research**
    - Field Support Marketing
  - **Operates on shared services and with 1 direct report - Military marketing manager**

Kaplan: “KU 90/10 Issue” Email

**From:** High-level Kaplan Executive  
**Sent:** Wednesday, November 11, 2009 9:55 PM (GMT)  
**To:** High-level Kaplan Executive ; High-level Kaplan Executive  
**Cc:** High-level Kaplan Executives  
**Subject:** RE: KU 90/10 Issue

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Redacted by HE

This has been an area of intense focus over the last 30 days. In mid-October we (Redacted by HELP Committee and I) projected our 90:10 at year end based on current run rates to be 89.6%. We shared our analysis and actions plans with Redacted by HELP Commi and Redacted by I and the decision was made to switch SES from an automatic submission process to a manual process. We needed the ability to throttle our submissions based on our cash intake. Redacted by HELP Committee

Redacted by HELP Committee

# Redacted by HELP Committee

Although we have implemented a number of initial steps that will help us increase our cash intake in the future, we have a larger list of additional initiatives that we are continuing to move forward and I could walk you through those at your convenience.

In response to your suggestions we have added comments below:

**Accelerate military billings / collection at KU.**

We have streamlined our internal process on timely billings for our military students. The population of military folks that are awaiting TA vouchers is approximately \$400K. Although our records indicate that we are current, we are currently reconciling the entire military group to see if we have any legacy items that were not billed correctly.

# Redacted by HELP Committee

Redacted by HELP Committee

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**From:** High-level Kaplan Executive  
**Sent:** Wednesday, November 11, 2009 12:07 PM  
**To:** High-level Kaplan Executives  
**Cc:** High-level Kaplan Executives  
**Subject:** KU 90/10 Issue  
**Importance:** High

Redacted by HELP Committee

Other areas to look at quickly/aggressively before year-end:

1. Accelerate military billings / collection at KU. Go to D.C. and pick up the check if you have to.

Redacted by HELP Committee

Redacted by HELP Committee

## EDMC: 90/10 and Military Spouses Memo



Outside Consultant

## Memorandum - Confidential

To: EDMC Director  
FROM: Outside Consultant  
DATE: July 8, 2010  
SUBJECT: Possible Opportunities for EDMC "90:10"

Thanks for the call outlining the interest of EDMC in learning more about potential areas of funding that could add students and revenue that would also address the "90:10" issue.

In light of that dual set of interests, let us briefly review the opportunities we see among recurring sources of government funding, plus some other prospects to consider. Redacted by HELP Committee

Redacted by HELP Committee

### THE FEDERAL GOVERNMENT

There are a number of emerging opportunities that may present short, medium, and longer-term opportunities that should also be carefully considered, given their size and scale.

#### The Military

1. **Military Spouses.** Probably one of the most important potential short and long-term targets for EDMC are the 800,000-plus military spouses who have been authorized, *for the first time in history*, for a one-time entitlement of up to \$6,000 that can be used for training, as well as for counseling and other ways to assist them in finding work. We are told by the DOD that the largest demand among the spouses is for healthcare-related training, although it can also cover almost all other occupational areas.

Redacted by HELP Committee

The Department of Defense has also informed military personnel and their spouses that under the most recent G.I. Bill, they **can authorize up to 50 percent of his/her education benefits for the spouse to continue their education**. Therefore, in theory, every spouse has access to two separate sources of funding.

As you probably know, military spouses are a particularly attractive group of prospective students. Nearly two-thirds have at least some college education. The average age is 36, they have strong support systems with the military bases and operations and, of course, they tend to be very stable.

The big issue that is driving these new training funds is that when the military do their surveys, **the** primary reason people give for leaving the military is that their "spouse is not happy." When the military spouses are surveyed, they say the reason they are not happy is that they cannot find a job or, more often, they cannot find a **good** job for which they believe they are qualified with their background and experience. This is the reason for the focus on providing training and other forms of assistance: so that they can get better jobs and, in turn, encourage their spouses to stay in the military.

The "My CAA" (*My Career Advancement Account*) program for the \$6,000 entitlement for all 800,000 spouses, however, has been thoroughly bungled. The entire web-based system for enrollment literally collapsed in January. Therefore, the DOD is not authorizing any new CAAs at the moment, and they have spent months trying to restore the system. At least 100,000 military spouses had gained eligibility when the system "crashed." Those are approved for their training. Once *My CAA* gets up and running, one can safely assume an enormous demand will follow, given all the interest that has been shown by the spouses.

EDMC was provided information on becoming a "Military Spouse-Friendly School" in the past. We would strongly encourage this to be a first step since that is the first stop the spouses see on their websites. No doubt, EDMC is already benefiting from some of this, but an aggressive effort to reach the spouses at the military bases with various career fairs, direct communications, and visibility with the Office of Military Families in Washington would be very important.

2. **Enlisted Personnel**. Of course, there is the long-standing tuition and other support for most members of the military as an entitlement.
3. **Veterans** also have a variety of tuition and other benefits, plus preferred eligibility for almost all other Federal programs.

## Redacted by HELP Committee

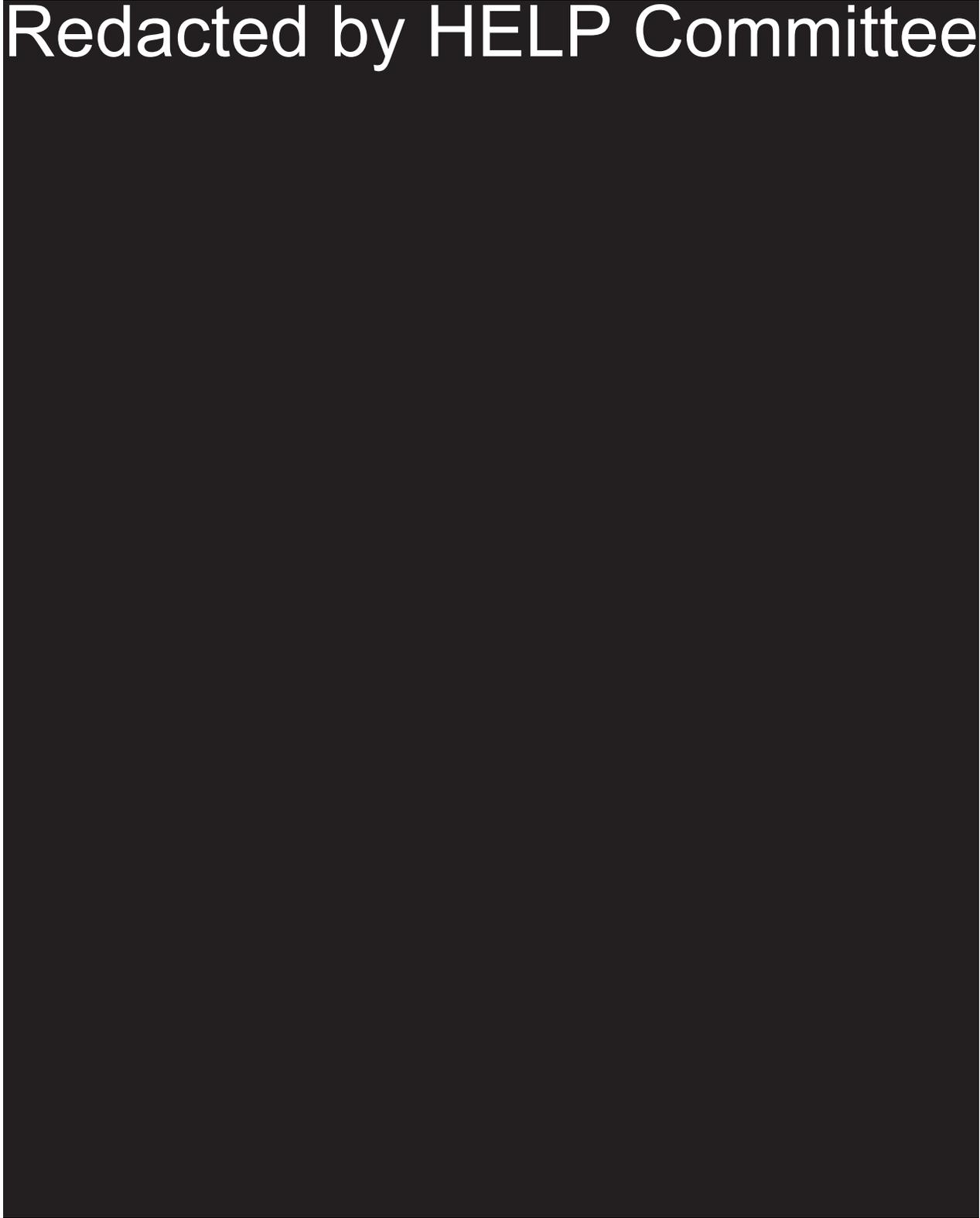
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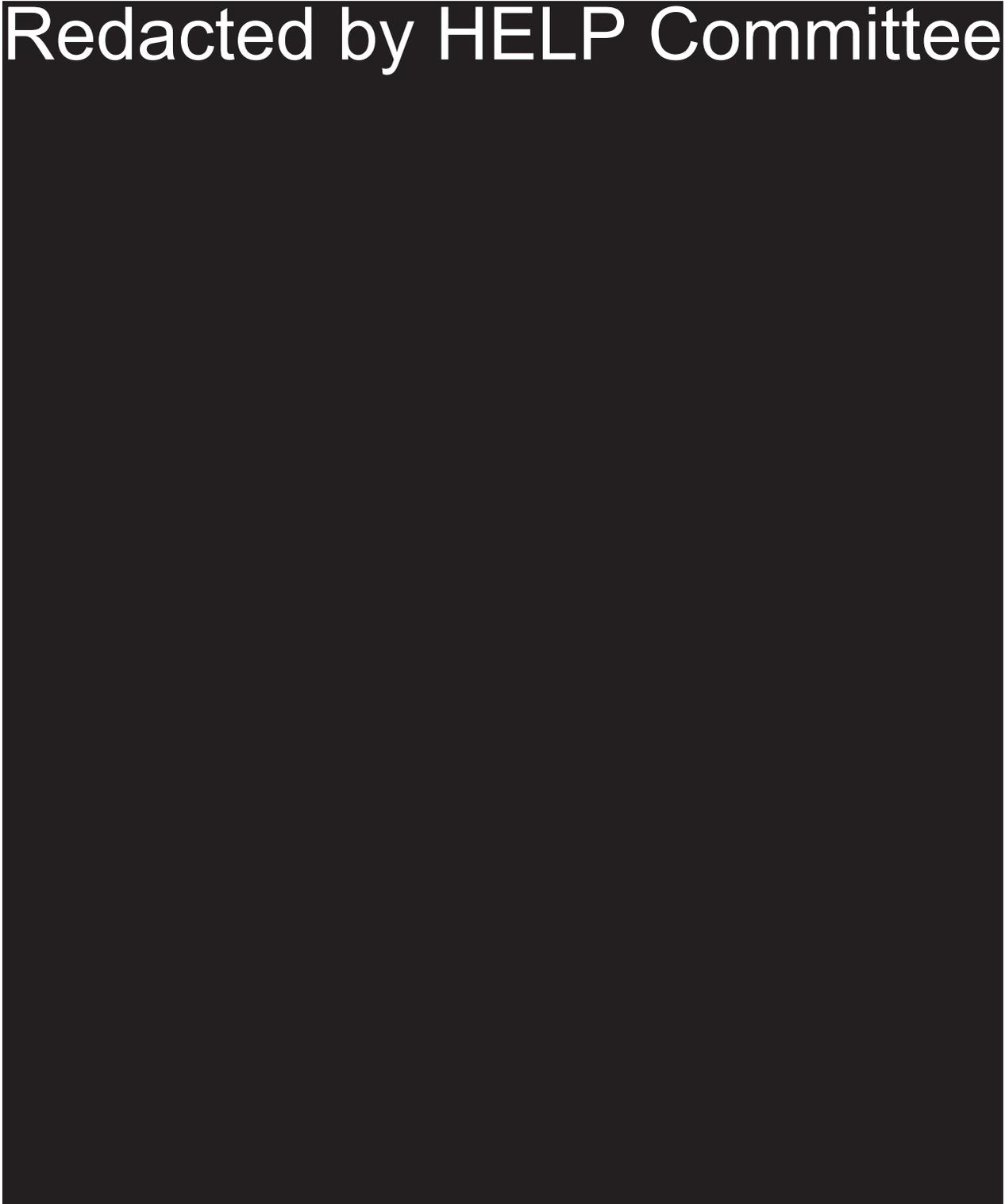
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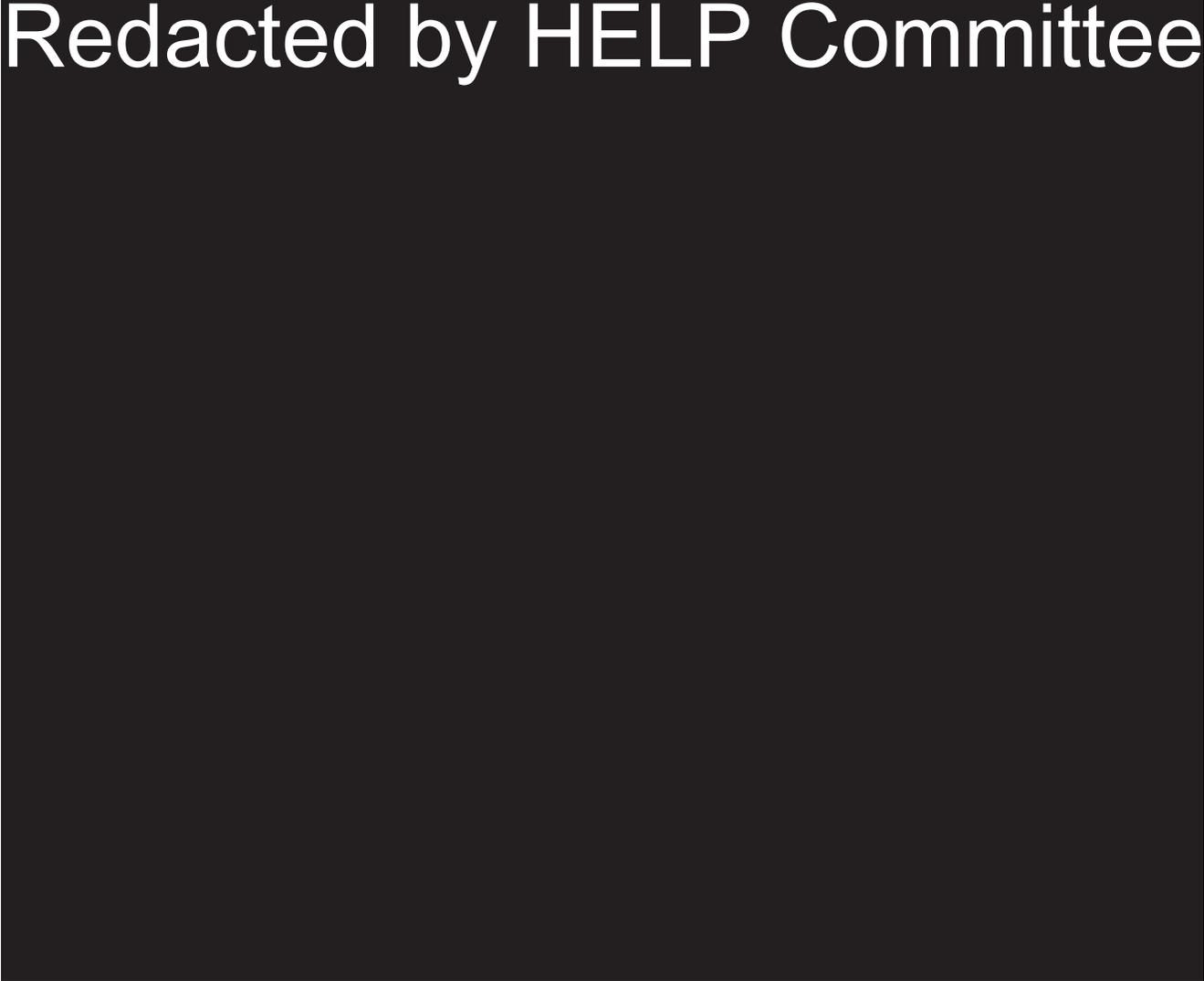
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## EDMC: 90/10 and Military Spouses Email

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**From:** High-level EDMC Executive  
**Sent:** Friday, July 30, 2010 9:23 PM  
**To:** High-level EDMC Executive  
**Subject:** FW: Possible Opportunities for EDMC "90:10"  
**Attachments:** Redacted by HELP Committee 07-08 re Opportunities.doc

Hi Redacted by H

I attended the call yesterday with Redacted by HELP Committee (Strategic Partnerships). The call as expected was to review the areas that had been highlighted on the report as potential opportunities for 90/10 impacting funding sources. The outcome of the call was a follow-up call with Redacted by HELP and Redacted by on opportunities on the local Workforce Boards and I took the action item for a follow-up discussion on ensuring we are leveraging the military spouse benefits to the fullest extent possible. I plan to include Redacted by HELP Committee in the next discussion - Do you recommend anyone else?

Redacted by HELP Committee

Redacted by HE

-----Original Message-----

**From:** High-level EDMC Executive  
**Sent:** Monday, July 12, 2010 6:47 PM  
**To:** High-level EDMC Executive; High-level EDMC Executive  
**Subject:** FW: Possible Opportunities for EDMC "90:10"

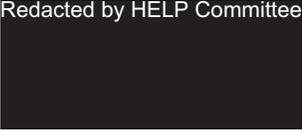
Redacted by HEL and Redacted by H,

After you have had a chance to review please give me a call. I know you are probably wondering why the two of you. Redacted by HELP because of the potential match with BMC and Redacted by HE because of the impact on OHE.

Redacted by HE

Redacted by HELP Committee

Redacted by HELP Committee



**Bridgepoint: Deutsche Bank Presentation by CEO  
Andrew Clark**

Feb. 08. 2010 / 3:00PM, BPI - Bridgepoint Education Inc. at Deutsche Bank Securities Small and Mid Cap Conference

To give you a little color too, behind that cohort default rate, if you look at the 2007 CDR that we had, our average debt of those students was only \$1,900. And \$1 million would have reduced our cohort default rate from 13.3% in 2007 to just 8%. So that gives you some additional color on the make-up of our students that are defaulting -- 99% of which are students that drop out, not students that graduate.

In terms of our OIG, those of you that are not familiar with the Company, we had an OIG audit that was begun back in May of 2008. We had an exit interview back in September of 2009. They told us we would receive a draft report by September 30th of 2009. As of today, we still have not received that draft report and we have not received any new information from the OIG with regards to when we might receive that draft report.

In terms of the 90/10 rule, it -- because our tuition is so affordable, it's priced below Title IV loan limits. It makes sense that as a company, our 90/10 would tend to be higher, in fact, last year, it was about 87%. We believe that when we're able to report our 90/10 for 2009, that it should decrease and we think the decrease from 2008 will be due to our tuition assistance that our students are receiving through the military and our penetration, in particular, into the military market.

One of the biggest advantages we've enjoyed as an organization has been the fact that we started this Company ourselves six years ago. We did not inherit any of the legacy systems that you often do, as I know, when you come into other organizations.

We were able to take a clean slate and decide exactly how we wanted to build our company, exactly what systems we would use to do that and what processes and what models we would use to maintain the level of quality, both academically and administratively, while allowing us to provide a much more affordable tuition to college students.

We use very scalable systems from a technology standpoint. We've used the same student management system since I began the Company back in 2004 -- Campus Management. As I mentioned, we have a very replicable student service model that's allowed us to use ratio-driven staffing as our enrollments increase. And we're able to forecast that and hire the appropriate number of support staff for our students which allows us to keep such high recommendation rates from our students.

As I mentioned, one of the reasons we think our 90/10 will be less than 2009, than it was in 2008 is because of the military channel. We've had a lot of success in that area. We have received a -- we received, back in 2009, a letter of instruction from the Army and that has gone very nicely. Our military enrollment grew from 1% in 2007 to 17% at the end of September 2009. And Ashford's been recognized by the GI Jobs and Military Times Edge Magazine as one of the most military-friendly institutions in the country.

We've also worked on our corporate channel. This is another initiative we started about the same time as the military channel development, back in January of 2008. That has gone particularly well.

Corporations respond very favorably to the fact that we have traditional institutions, with very affordable tuition rates, thereby effectively allowing their tuition assistance dollars to go further for their employees, as well as the increased transferability of college credits, again, effectively allowing those TA dollars to go further. So, they respond very favorably when we're talking to them about either Ashford University or University of the Rockies.

As I mentioned, we have a diverse set of degree programs. You can see the verticals here from business, healthcare and psychology, education and social sciences. I would say that we've seen a nice response to some of our newer programs in healthcare, as well as in education. We have traditionally been very strong in our business degree programs.

Looking forward to the future, I would anticipate that you would continue to see Ashford expand its Bachelor's degree programs and add graduate degree programs. You would see the University of the Rockies in the future add graduate and doctoral degree programs.

Kaplan: Admissions Training Manual for Recruiting  
Military Students

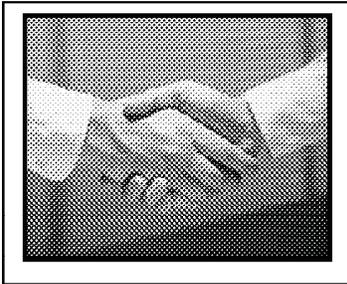
# *Military eLearning Modules*

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**2009**

# A.C.T.I.O.N. Focused Sales



## OVERVIEW

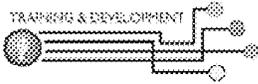
This module will present the A.C.T.I.O.N. sales model, Outcome Based v Process Based Selling and Questioning and Listening techniques. You will be able to relate each component of this module to the script Kaplan University Admissions Advisors use for interviewing prospective students.

## LEARNING OBJECTIVES

- Define and demonstrate (through role play) each step in the A.C.T.I.O.N. model
- Differentiate between Outcome Based and Process Based Selling
- Utilize Outcome Based Selling language effectively
- Differentiate between Feature, Advantage and Benefit (FAB)
- Differentiate between Needs and Wants
- Utilize Open Ended Questioning and Active Listening techniques
- Utilize Fear, Uncertainty and Doubt (FUD) in the sales process
- Handle and overcome objections
- Utilize trial close techniques

## KAPLAN UNIVERSITY A.C.T.I.O.N. FOCUSED SALES MODEL

- **ACTIVATE INTEREST (Introduction)**
  - Recognize, Acknowledge, Congratulate
  - Establish rapport and credibility
  - Ask effective questions
- **CONNECT AND DISCOVER**
  - Ask open ended questions
  - Dig for motivators
  - Establish needs and wants
  - Listen actively
- **TIE IN THE SOLUTION**
  - Satisfy needs and wants
  - Use Feature, Advantage, Benefit technique
  - Use Fear, Uncertainty, Doubt technique
  - Make the solution fit
- **INITIATE AND EXPLAIN THE PROCESS**
  - Recognize buying signals
  - Trial close
  - Outline next steps
- **OVERCOME OBJECTIONS**
  - Use LISTEN model
  - Use Outcome Based language

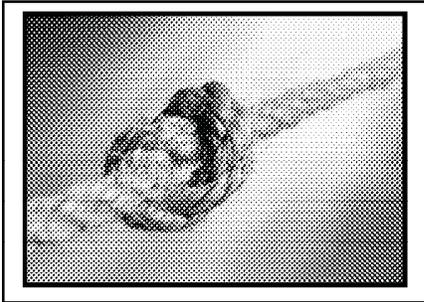


- Show empathy

Active listening involves taking note of key points that you can further explore, asking questions, investigating, digging deeper, resulting in longer, more meaningful conversations. For example, the prospect says she is worried about her financial position. The advisor might ask, "Do you think in a few years, when you decide you want to pursue an education, you will be in a better or worse financial position?"

### Transition Statement

Confirm your understanding of what the student has told you. "So if I understand you correctly ..." or "Let me summarize what I've heard."



## TIE IN THE SOLUTION

### How the Solution Fits

Listen for specific information about the prospective student's dissatisfaction with life as it is now, and tailor solutions specifically for him or her. Pique the prospect's interest and arouse enthusiasm!

### Feature, Advantage, Benefit

- Feature **WHAT IT IS**
- Advantage **WHAT IT DOES**
- Benefit **WHAT IT DOES FOR ME**

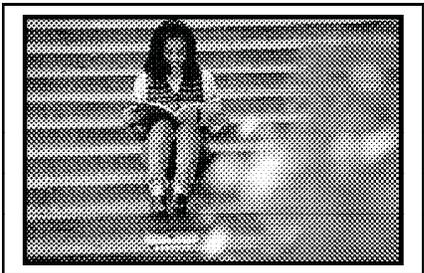
### The Benefit is Important!

The features and advantages of individual schools can often look alike. The key is the **value**. The advisor must address the benefit each feature brings to the student. Not every feature has a benefit for every student. When showing benefits, choose the features that are meaningful and relevant. Presenting benefits paves the way to what the solution offers.

### Fear, Uncertainty, Doubt

This technique was originally created within the computer hardware industry and uses these emotions to attempt to influence perceptions or beliefs. The technique is especially effective when prospects introduce the "need" to examine other online schools. Statements such as the following instill FUD regarding the "features" of competitors' programs.

- Some schools are open enrollment. They accept anyone
- Accelerated programs are great if you're in a hurry, but is that really the best way to learn?
- Some schools require group projects where your grade depends on another's participation.



## INITIATE AND EXPLAIN THE PROCESS

It is at this point in the ACTION sales model where the advisor closes the sale. An effective closer pays attention to buying signals, trial closes, outlines next steps and moves toward gaining commitment.

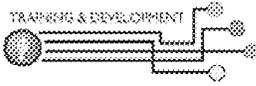
# Redacted by HELP Committee



## OVERCOME OBJECTIONS

An objection is generally a reason or argument presented in opposition or a feeling or expression of disapproval. People usually object when they encounter:

- A misunderstanding
- Incorrect information
- Lack of information
- Fear or doubt
- Something which is keeping them from making a



commitment to move forward.

The Admission Advisor's role is to help prospective students overcome objections when making the decision to achieve their educational goals.

### Types of Objections

As a general rule, objections fall under one of five categories:

- **TIME** I don't have time in my life to fit school into it.
- **MONEY** I can't afford the deposit, much less the tuition.
- **SUPPORT** My friends and family don't think I need to go back to school.
- **COMPETITION** XXX school is cheaper, faster, easier.
- **FEAR** I doubt that I'd be able to succeed.

Redacted by HELP Committee

### Expect Objections

- Objection management is an integral part of the advisor's job.
- Objections may happen during every step of the admissions process.
- Advisors encounter objections of varying kinds.
- Successful advisors are able to approach objections systematically.

### Overcome Objections with Fundamental Skills

**Listen Actively** – to the student's objections and concerns.

**Interpret the Objection** – Repeat objection, then empathize. "I understand your concern about finding 20 hours a week to study."

#### **Solve**

**Together** - Jointly find a solution. Ask probing questions to divulge the true nature of the person's objection. "How do you spend your time?" "Can you walk me through a typical day?" "What are you willing to sacrifice to fulfill you dream? Get the student involved in overcoming his own objection.

**Establish Buy-in** – Gain the student's commitment. Ask reaffirming questions. "Which of these solutions would work best for you?" "Do you feel more comfortable now?" Move person forward. "Great, let's move on to the next step." Don't hesitate!

**Next Step** – Lead student to the next step with confidence.

Redacted by HELP Committee

New York Times: “Profits and Scrutiny for Colleges Courting Veterans”

The New York Times

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December 8, 2010

## Profits and Scrutiny for Colleges Courting Veterans

By ERIC LIPTON

WASHINGTON — When Congress moved in 2008 to sweeten tuition payments for veterans, it was celebrated as a way to ensure that military personnel returning from Iraq and Afghanistan could go to college at no cost and to replicate the historic benefits society gained from the G.I. Bill after World War II.

Now, a year after payouts on the so-called Post-9/11 G.I. Bill started, the huge program has turned into a bonanza of another kind for the many commercial colleges in the United States that have seen their military revenues surge.

More than 36 percent of the tuition payments made in the first year of the program — a total of \$640 million in tuition and fees — went to for-profit colleges, like the University of Phoenix, according to data compiled by the [Department of Veterans Affairs](#), even though these colleges serve only about 9 percent of the overall population at higher education institutions nationwide.

As the money flows to the for-profit university industry, questions are being raised in Congress and elsewhere about their recruitment practices, and whether they really deliver on their education promises. Some members say they want to place tighter limits on how much these colleges can collect in military benefits, a move certain federal officials say they would welcome.

These questions come as the for-profit education industry is under increased scrutiny, with the [Department of Education](#) proposing regulations that would cut off federal aid to colleges whose graduates have extremely low loan repayment rates.

Amid this debate, the industry's powerful lobbying forces are pushing for even more, including a change in the law that would allow veterans who sign up exclusively for online classes to also get government housing subsidies, even if they live at home, which would make online education even more attractive.

With their multimillion-dollar advertising and recruitment [campaigns](#), these colleges have pitched themselves as a natural choice for veterans and active-duty personnel, given their extensive online class offerings, accelerated degree programs and campuses spread across the nation, including near many military bases.

“We offer the flexibility and career focus they want,” said Bob Larned, the executive director of military education at [ECPI College of Technology](#), a Virginia institution with a major online program and campuses in three states that collected \$16 million in G.I. Bill benefits in the first year.

Active-duty personnel are eligible for free tuition, which explains why the for-profit colleges have received about \$200 million in Department of Defense tuition reimbursement benefits and fees in the last year, mostly for online classes, in addition to money collected from the G.I. Bill.

But high dropout rates at some of these colleges, difficulty in transferring credits, higher tuition bills than at public colleges and skepticism from some employers about the value of the degrees are all creating unease among some in Congress.

“For-profit schools see our active-duty military and veterans as a cash cow, an untapped profit resource,” said Senator Tom [Harkin](#), Democrat of Iowa, the chairman of the Senate committee that oversees federal education policy. “It is both a rip off of the taxpayer and a slap in the face to the people who have risked their lives for our country.”

It is a concern echoed by eight current and former recruiters from some of the nation’s largest for-profit chains, who in interviews said the intense drive to enroll veterans had led them, at times, to sign up military personnel for classes when they were all but certain they would drop out or fail.

“There is such pressure to simply enroll more vets — we knew that most of them would drop out after the first session,” said Jason Deatherage, who worked as military admissions adviser at [Colorado Technical University](#) until this spring, when he was fired, he said, for not meeting his quota. “Instead of helping people, too often I felt like we were almost tricking them.”

In interviews, veterans offered conflicting views. Some said the online classes enabled them to complete their studies while also tending to their families, and perhaps a day job. But other veterans said it was a waste.

“I felt like I made a horrible, horrible decision,” said Jason Longmore, 31, a Navy veteran who spent six months at Westwood College, based in Denver, only to conclude that the degree was not attractive enough to employers, forcing him to repeat classes elsewhere before he could transfer credits to a Colorado state university.

Robert L. Songer, a retired Marine colonel who is the lead education adviser at Camp Lejeune in North Carolina, said some of the for-profit colleges hounded active-duty personnel there as they pursued “hot leads,” calling them repeatedly to get a piece of the military tuition grants.

Mr. Songer said that he was not opposed to the colleges, but that they often enrolled [Marines](#) in classes of limited educational value. In some cases, the colleges even take out high-interest-rate loans on behalf of the Marines to cover extra costs, he said.

“They are very easy targets, especially because many of them have never had anyone in their families go to college,” Mr. Songer said in an interview, citing numerous complaints he has received from Marines. “All they hear from these schools is, ‘This won’t cost you a thing.’ ”

What is beyond dispute is the extraordinary impact tuition payments by the Departments of Defense and Veterans Affairs have had on the for-profit colleges, which have already experienced tremendous growth.

The number of military students at Bridgepoint Education of San Diego, a for-profit company that owns Ashford University, among others, jumped to nearly 9,200 in 2009 from 379 three years before, a far faster pace than the company’s overall growth. Just in the last year, after the adoption of the new G.I. Bill, revenue from military education benefits at 20 for-profit chains jumped 211 percent, according to a report to be released Thursday by Mr. Harkin’s committee.

Acknowledging the issue, the Defense Department is now moving to demand that colleges participating in its tuition reimbursement program maintain graduation rates at a certain minimum level, among other measures.

“What we want to do is make sure the students have the information they need in order to make informed decisions on how they want to best use the benefits,” said Keith M. Wilson, the director of education programs at Veterans Affairs, which is also assembling clearer data on graduation and dropout rates among veterans.

The rise of Colorado Technical University, whose Department of Military Education is in a suburban Chicago office building, across the street from a shopping mall and next door to the ever-popular Joe’s Crab Shack, is a testament to the impact of the federal money.

There are no professors or classrooms in this office building. Instead, lined up row by row in cubicles, are dozens of admissions advisers — they often call themselves salesmen — who spend their days trying to convince active-duty military personnel and veterans that Colorado Technical is the place to invest their education benefits, six current and former admissions advisers said.

Executives at the [Career Education Corporation](#), the Illinois company that owns Colorado Technical, said they closely monitor the work of these advisers to ensure that they are accurately and fairly describing the program — not twisting arms.

“Doing what’s in the best interest of the student is paramount,” Gary E. McCullough, the company’s chief executive, wrote in an August memorandum to supervisors, which addressed accusations that certain for-profit colleges were misleading potential students.

But the admissions advisers — who have actually made the calls — said in interviews that the extremely high enrollment targets set by their bosses all but forced them at times to sign up veterans for programs or classes they knew they were not qualified for.

“They weren’t going to make it, and we knew it,” said NaQuan Hudson, who worked as an admissions adviser in the military recruitment office there until August 2009, after the university had started to sign up students under the Post-9/11 G.I. Bill. “I knew I had no business enrolling some of these students. But everything here is about numbers. You make your numbers, or you are out of a job.”

The recruiters — five of whom spoke on the record — said their goal was not to simply enroll students in online classes, but to get them to log in at least once, do their first assignment and remain for a full week. That way, the government could not get a refund.

“What about your family? Aren’t you are doing this for them? You don’t want to let them down,” Mr. Deatherage recalled of the informal script he often used with veterans who were considering dropping classes.

No records are publicly available showing how many veterans drop out of courses at Colorado Technical’s online program, where most of them take their classes. But in general, the online program has an unusually low rate of retaining first-time students pursuing bachelor’s degrees full time. Only 39 [percent](#) of those enrolled in the fall of 2008 returned the next fall, compared with a 77 percent average for four-year colleges nationwide.

A spokesman for the university said it considered this comparison unfair, because many of the military students come with prior credits, meaning they are not counted as first-time students. Regardless, Mr. McCullough said the company had recently reinforced its rules about ethical conduct with its admissions staff.

“We did go back and reiterate the right and wrongs and dos and don’t in our admissions organizations,” Mr. McCullough said last month in a presentation on the company earnings. “We take some of those issues very, very seriously.”

Two recruiters at other for-profit institutions that sought out veterans and active-duty military personnel — Ashford University and Westwood College — described similar aggressive recruitment tactics in recent years.

“We know they are going to pay, that they had a guaranteed way to get money,” said [Brent Park](#), a former Ashford University recruitment adviser, who worked there until 2008, when the university had already started to see a surge in veterans enrolling under the previous G.I. Bill.

Ashford offers a variety of incentives for veterans to enroll, including admission fee waivers and tuition discounts.

[Bridgepoint](#), the company that owns Ashford, last year spent more on marketing and promotion than on education for its 53,700 students, 99 percent of whom took classes online. A spokeswoman for Bridgepoint did not respond to a request for comment.

Brian Hawthorne, 25, a staff sergeant in the Army Reserves, used his benefits to get a two-year, online degree from the for-profit American Military University and was able to transfer the credits to [George Washington University](#), where he recently received a bachelor's degree.

Sergeant Hawthorne said online education was his only option for his associate's degree, as his Army Reserve unit was called up while he was taking classes. He continued to study as he moved to four states and then to Iraq. Many for-profit online colleges offer accelerated schedules, meaning it is possible to get an undergraduate bachelors degree in less than three years.

"Vets are really not at college to get the traditional undergraduate experience," he said. "We are already professionals. College is a box checker, meaning we need a college degree to go into whatever we want to go into."

For these reasons, Sergeant Hawthorne, a board member of a group called Student Veterans of America, cautioned against condemning the whole industry. "I did not feel taken advantage of," he said. "If there are those who feel that way, let's investigate it as individual cases and not as an industry exploiting veterans."

Representative Walter B. Jones, Republican of North Carolina and a member of the Armed Services Committee, said employers had told him they do not value degrees from these online, for-profit colleges as they do from traditional universities.

"Here we are telling these young men and women they can get a higher education, and they get cheated," Mr. Jones said. "I think it is a sin."

Harris Miller, president of the [Association of Private Sector Colleges and Universities](#), pointed out that the two-year graduation rate at for-profit colleges was better than for the nation's community colleges, and he said industry studies showed that job placement rates for graduates of these institutions were high.

"We are proud that our institutions provide purposeful, military-friendly education to active-duty and veteran students," Mr. Miller said, in a statement his organization issued last month, on [Veterans Day](#).

Bloomberg: “Marine Can’t Recall His Lessons at For-Profit College”

# Bloomberg

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## Marine Can't Recall His Lessons at For-Profit College (Update2)

By Daniel Golden - Dec 15, 2009

Dec. 15 (Bloomberg) -- Marine Corps Corporal James Long knows he's enrolled at Ashford University, one of at least a dozen for-profit colleges making money off active-duty military with subsidies from American taxpayers. He just can't remember what course he's taking.

The 22-year-old from Dalton, Georgia, suffered a brain injury that impaired his ability to concentrate when artillery shells hit his Humvee in Iraq in 2006, he said. Long signed up for the online college, a unit of Bridgepoint Education Inc., after its recruiter gave a sales pitch this year at a barracks for wounded Marines at Camp Lejeune in North Carolina. Under base rules, the barracks are off-limits to college recruiters, said Robert Songer, director of lifelong learning at Lejeune.

For-profit online colleges are taking over higher education of the U.S. military, lured by a Defense Department pledge of free schooling up to \$4,500 a year for active members of the armed services, costing taxpayers more than \$3 billion since 2000. The schools account for 29 percent of college enrollments and 40 percent of the half-billion-dollar annual tab in federal tuition assistance for active-duty students, displacing public and private nonprofit colleges, according to Defense Department and military data.

The shift is leading to educational shortcuts and over-zealous marketing, said Greg von Lehmen, chief academic officer of the [University of Maryland University College](#) in Adelphi, the adult-education branch of the state system and one of the earliest and biggest providers of military education.

Faster, Easier

"In these schools, the rule is faster and easier," von Lehmen said. "They're characterized by increasingly compressed course lengths and low academic expectations. One has to ask: Is the Department of Defense getting what it is seeking?"

Some online schools offer free laptops or fast degrees. At Apollo Group Inc.'s University of Phoenix, the biggest for-profit college, active-duty military personnel can earn an associate's degree, which typically takes two years of study, in five weeks.

Apollo fell \$1.13, or 1.8 percent, to \$60.93 at 4 p.m. in New York in Nasdaq composite trading. The company's shares are down 21 percent this year.

Taxpayers picked up [\\$474 million](#) for college tuition for 400,000 active-duty personnel in the year ended Sept. 30, 2008, more than triple the spending a decade earlier, Defense Department statistics show. Any college degree provides a boost toward military promotion, said James Pappas, vice president for outreach at the [University of Oklahoma](#). Credentials from online, for-profit schools are less helpful in getting civilian jobs, especially in a tight labor market, [Barmak Nassirian](#), associate executive director of the [American Association of Collegiate Registrars and Admissions Officers](#) in Washington, said in an e-mail.

### Disappointed Grads

"I'm afraid that the ease with which these outfits hand out diplomas is matched only by the disappointment of their graduates when they find out how little their degrees are actually worth," Nassirian said.

Mike Shields, a retired Marine Corps colonel and human resources director for U.S. field operations at Schindler Elevator Corp., rejects about 50 military candidates each year for the company's management development program because their graduate degrees come from online for-profits, he said in an interview. Schindler Elevator is the North American operating entity of Schindler Holding AG in Hergiswil, Switzerland, the world's second-largest elevator maker.

### Broader Experience

"We don't even consider them," Shields said. "For the caliber of individuals and credentials we're looking for, we need what we feel is a more broadened and in-depth educational experience." He does hire service members with online degrees for jobs on non-leadership tracks, he said.

Several online for-profit schools have become a concern on military bases because of practices that exploit soldiers and the federal subsidies they are promised, said Songer at Camp Lejeune.

"Some of these schools prey on Marines," Songer said. "Day and night, they call you, they e-mail you. These servicemen get caught in that. Nobody in their families ever went to college. They don't know about college."

Most online for-profits, such as [American Public Education Inc.](#)'s American Military University, "do a very good job taking care of students," Songer said.

Executives at for-profit colleges said they pay more attention to customer service than traditional schools do, and their online format suits military students who move frequently.

### Flexibility, Options

"It's about flexibility and options," said Rick Cooper, vice president of military and corporate programs at [Columbia Southern University](#) in Orange Beach, Alabama. "You can enroll any day of the week, any week of the year."

Columbia Southern grants transfer credits to soldiers for courses in which they earned grades as low as D. [Grantham University](#) in Kansas City, Missouri, has handed out free laptop computers and American Military in Charles Town, West Virginia, gives free textbooks as recruitment inducements.

Online schools such as [American Military University](#) have relocated their headquarters to obtain certification from regional boards with less demanding standards, according to interviews with for-profit college officials and accrediting agencies. Or they're approved by less established organizations, leaving students hard-pressed to transfer credits to other colleges or find jobs at major corporations.

### Salary Comparisons

Holders of master's degrees in business administration from for-profits Phoenix and American Intercontinental University earn less than graduates with the same degrees from Oklahoma or Maryland's University College, according to [Payscale.com](#), a provider of employee compensation data.

Recent MBA graduates from University College and Oklahoma have median annual incomes of \$78,600 and \$68,400, respectively, compared with \$60,200 from Phoenix and \$54,600 from American Intercontinental, the data show. Recent bachelor's graduates from University College earn a higher median salary (\$55,200) than their counterparts at Phoenix (\$50,500) and American Intercontinental (\$43,100). Oklahoma, at \$41,100, trails Maryland and the two for-profit schools.

Travis Daun, a 33-year-old former Navy lieutenant commander who trained as a nuclear engineer on a submarine, left the service in August after receiving an online MBA from American Intercontinental, a unit of [Career Education Corp.](#), based in Hoffman Estates, Illinois.

## Rigor, Challenge

"I was disappointed in the rigor and challenge of the courses," Daun said in an interview, adding that each course lasted five weeks, with at most two hours a week of class time. "I don't think I had a 4.0 effort, yet I had a 4.0 grade-point average."

Daun is unemployed. His college roommate, who also became a nuclear engineer in the Navy and earned an MBA from the University of Maryland's University College, did find work, Daun said. "His MBA from Maryland definitely helped him a lot more than my AIU degree is helping me," he said.

Daun is working with Lucas Group, an executive search firm that specializes in placing former military personnel.

"Does his master's from American Intercontinental open a lot of doors for him? No, it doesn't," said Lee Cohen, an Irvine, California-based managing partner at Lucas.

American Intercontinental provides a high-quality education for adult students, said Jeff Leshay, a spokesman for Career Education. Leshay said the company doesn't track where graduates find jobs.

## 'No Problems'

While deployed in Iraq, Christopher Brotherton earned a bachelor's degree in homeland security from American Military in 2007. When the staff sergeant retired from the Army in June, his degree, which included courses in geography and history, helped him find a job teaching social studies in a middle school in Ardmore, Oklahoma.

"The state, when they saw my transcript from AMU, they had no problems with any of it," Brotherton, 42, said. "It was a respected school to them."

Brian Kilgore's quest for a college degree was set back in 2007. Then a petty officer first class in the Navy, Kilgore needed two more courses to earn an associate's degree from Grantham when the online for-profit college eliminated the software engineering program he was taking, he said in an interview. Kilgore switched to computer science and soon left school, still four classes short of that degree. "I was upset," said Kilgore, 38, who recently retired from the military and works in aviation maintenance. "Gosh, I was almost there." The program was eliminated due to lack of interest, Grantham said.

## Career Disadvantage?

When service members do earn degrees from online for-profit colleges, human resources executives at Fortune 500 firms are often reluctant to hire them, said Cohen, citing three where he has placed candidates. "There are some firms that are heavily credential-oriented," he said. "McKinsey & Co. is one of them. They might balk. Amazon might balk. Shell Oil is another one." McKinsey, Amazon.com and Shell declined to comment.

Bradford Rand, chief executive of [Techexpo Top Secret](#) in New York, which runs job fairs for defense contractors recruiting recent veterans, said a degree from an online for-profit is a disadvantage. "You have two people of the same caliber, one has a degree from a real college, one has a degree from a computer, I'm going to favor the one from the live college," Rand said. "It's more verifiable, more credible."

The Defense Department plans to subject online programs to review by the American Council on Education in Washington, which already monitors face-to-face classes on [military bases](#), defense officials said. The new online standards, which the department began to develop in 2004, have taken longer than expected and are a year away from being implemented, Tommy Thomas, deputy undersecretary of defense for military community and family policy, said in an e-mail.

#### Maximum Reimbursement

Of the dozen colleges with the biggest active-duty enrollment, five are for-profits that conduct most or all of their courses online. Three -- American Military University, Apollo's Phoenix, and closely held Grantham -- charge \$250 a credit, or \$750 a course, which allows them to receive the maximum reimbursed by U.S. taxpayers without service members having to pay any out-of-pocket tuition. Publicly funded community colleges offer classes on military bases for as little as \$50 a credit, according to their Web sites.

American Public Education fell 1 cent, or less than 1 percent, to \$34.40 at 4 p.m.

#### Government Inquiries

The expansion of online for-profit colleges into the military comes as the companies face U.S. government inquiries into their tactics in recruiting and educating civilians. The Obama administration is tightening scrutiny of for-profits, from the content of their pitches to prospective students to their increasing reliance on federal financial aid, Robert Shireman, deputy undersecretary of the U.S. Education Department, said in an interview.

In addition, the Securities and Exchange Commission's Enforcement Division has begun an informal probe into how Apollo Group books revenue. Apollo intends to cooperate fully with the inquiry, the company said.

By expanding its military business, Phoenix has been able to enroll more civilian students who are supported by grants and loans from the Education Department, without violating federal law that dictates how much revenue the school can receive from the government. Phoenix derived 86 percent of its \$3.77 billion in revenue in fiscal 2009 from the Education Department, according to its annual 10-K filing, up from 48 percent in 2001 and approaching the limit of 90 percent set by a 1992 law known as the 90/10 rule.

### Military Market

Tuition payments to for-profit schools by the military don't count toward the 90 percent ceiling. One way that Phoenix plans to stay below the legal threshold is building its military business, [Gregory Cappelli](#), co-chief executive of Apollo, which is based in Phoenix, said in a June 29 conference call with investors.

When the law was enacted, for-profits hadn't yet moved into the military market, so the legislation's sponsors weren't focused on Defense Department tuition assistance, Sarah Flanagan, who helped draft the law as the Senate's specialist in federal student aid, said in an interview. The law was intended to ensure that for-profit colleges offered an education good enough that some students were willing to pay for it, said Flanagan, now vice president of the National Association of Independent Colleges and Universities in Washington.

"Counting Defense Department funding for servicemen's education as part of the money that's supposed to come out of consumers' pockets violates the purpose of the original legislation," Flanagan said.

### Phoenix Recruitment

Apollo spokeswoman Sara Jones said in an e-mail that Phoenix began serving military students long before the advent of "the misguided 90/10 rule."

Phoenix ranks among the top five colleges serving military students, including about 5,000 in the Army and 2,700 in the Navy, according to the two services. While Phoenix offers campus-based graduate programs in education and management at Air Force bases in the Pacific, most of its active-duty students take classes online, school officials said. Phoenix has 452 recruiters in its military division, up from 91 in 2003, said Scott McLaurin, its executive enrollment counselor at Camp Lejeune, the largest Marine Corps base on the East Coast.

### Soaring Enrollments

Military enrollment at exclusively online for-profits is soaring. American Military has 36,772 active-duty students, up from 632 in 2000, it said. It has the most Air Force and Marine Corps students of any college. Closely held Columbia Southern has 9,582 service members, up from 649 in 2002, it said. Closely held TUI in Cypress, California, has more than doubled active-duty enrollment to 7,665 in the first quarter of 2009, from 3,661 in 2004, it said.

While six public and private non-profit colleges hold face-to-face classes on Camp Lejeune, none has the highest active-duty enrollment there. That distinction belongs to American Military, with 1,623 students, up from 11 in 1999. Phoenix's enrollment there has risen to 296 from 15 over the same period.

Active-duty enrollment at public and nonprofit schools has slumped. The [University of Oklahoma](#), once the leading provider of graduate degrees to service members, has lost half of its military enrollment in a decade, said Pappas, the vice president for outreach.

"A decade from now, you may not find traditional national public and private universities in military education," Pappas said. "That's one of the real dangers."

### Curriculum Control

Faculty members at online for-profit colleges, usually part-timers with practical experience in their fields, have less control over curriculum than in conventional academia, said Benjamin Bolger, who has taught at the University of Phoenix and the College of William & Mary in Williamsburg, Virginia. Professors assign reading and writing and discussion topics prescribed by the school. Students don't have to log on at a specific time. At their convenience, they complete weekly coursework and respond to classmates on discussion boards.

While many colleges adopt what are known as "military-friendly" practices, the online for-profits go further than most. They accelerate course and degrees for service members, trimming requirements and granting abundant transfer credits.

At Phoenix, members of the armed forces can earn an associate's degree by taking one five-week online class, "Written Communication." They can make up for the other 19 courses required for an associate's degree with credits for classes taken elsewhere, military experience including basic training, and passing grades on tests that gauge knowledge of a subject area.

### Fast Track

Civilians seeking the same degree must take at least six Phoenix courses and can use credits from outside sources for no more than 14. Traditionally, two-year students must take 10 courses, or half

of the required load, from the school that awards their degrees, so it can vouch for their training, Nassirian said.

Only a handful of active-duty students choose Phoenix's one- course option, called the Associate of Arts Degree Through Credit Recognition, said Mike Bibbee, the university's director of military programs.

At Columbia Southern, students can finish courses in three weeks and gain credit for as many as three classes taken at other colleges in which they received grades as low as D, according to its catalog. All exams are open-book.

### 'Quite Unorthodox'

"It would be quite unorthodox for traditional institutions to grant transfer credit to coursework completed below a grade of C," Nassirian said. Columbia Southern's academic quality is comparable to a state or nonprofit university, Cooper said. The University of Alabama, in Tuscaloosa, also accepts D's for transfer courses, according to its Web site.

On Oct. 16, several Marines waited their turn on benches outside American Military's office in the education center at Camp Lejeune. Inside, AMU education coordinator Brian Miller made his pitch to Jyher Lazarre and Hyunwoo Kim. Lazarre, 19, of Orlando, Florida, and Kim, 20, of Leonia, New Jersey, joined the Marines in 2008 and are roommates at Lejeune, they said.

Of 20 courses needed for a two-year degree, they could satisfy eight through basic training and other military experience, Miller said. They could test out of seven more, leaving them to take five classes.

"I can cut the time of this degree literally in half," Miller told them. "It's going to make you competitive toward promotion as well."

"If we can cut it down, that's really good," Kim said.

### Accreditation Conflicts

Conflicts with accrediting associations that certify academic quality have dogged several online for-profits. American Military, founded in Virginia in 1991 by a former Marine Corps officer, applied in 1998 for accreditation by the Commission on Colleges of the Decatur, Georgia-based Southern Association of Colleges and Schools. The southern association is one of six regional bodies that approve public and nonprofit institutions and represent the gold standard in accreditation.

In June 1999, the commission denied American Military a candidacy visit, an early step in the accreditation process, said Ann Chard, commission vice president. The university didn't meet the requirements of having full-time professors and a library, instead relying on part-time faculty and a lending library network, said [James Herhusky](#), a trustee.

American Military then shifted its headquarters to West Virginia to seek regional accreditation by the Higher Learning Commission of the North Central Association, according to the minutes of a July 2002 meeting of the Virginia Council of Higher Education, based in Richmond. In 2006, North Central approved American Military, which offers degrees in fields including homeland security, counter-terrorism studies and weapons-of-mass-destruction preparedness.

'More Accommodating'

"At the time, North Central was the only region we knew that was accrediting totally online institutions," Herhusky said. "We found their criteria to be less prescriptive and more accommodating."

American Military now has 160 full-time professors and an online library, Herhusky said. The school has almost quadrupled active-duty enrollment since 2005, when it hired James Sweizer, former head of education for the Air Force, to run its military programs.

"I came to AMU with the philosophy of relationship marketing," Sweizer said in an interview. "You cater to the needs of key influencers."

Sweizer said he's seen "dramatic improvement" in how American Military manages courses and faculty.

Probationary Period

American Intercontinental, which ranked 20th in tuition assistance from the Marine Corps in fiscal 2009, also didn't meet the standards of the Southern Association of Colleges and Schools. It was placed on probation from 2005 to 2007 for academic and administrative shortcomings, including an inadequate number of full-time professors, according to accreditation records. The school addressed the association's concerns, and the improvements it made during those two years have strengthened the university, Career Education spokesman Leshay said in an e-mail.

American Intercontinental moved its headquarters this year from Atlanta to Chicago and was accredited by North Central. American Intercontinental relocated because its online campus is based there, Career Education spokesman Leshay said.

Two other for-profits in the military market, Grantham and Columbia Southern, have a status known as national accreditation. Newer than the regional groups, the seven national bodies mostly approve for-profit colleges, including vocational and distance-education programs. Only 14 percent of colleges accept credits transferred from nationally accredited institutions, according to a 2006 study by the University Continuing Education Association in Washington.

### Expanding Market

Three policy changes in the past decade opened the military market to for-profit colleges. The Defense Department, which had paid tuition assistance mainly to regionally accredited schools, began in 1999 to reimburse nationally accredited colleges as well. It increased funding in 2002 from 75 percent to 100 percent of tuition up to the \$250-per-credit ceiling. In 2006 and 2007, the Army cut 233 counselors who used to guide soldiers through college choices, replacing them with interactive Web sites that offer information, said Army spokesman Wayne V. Hall.

These moves coincided with the rise of Internet courses. For-profits were ahead of most traditional colleges in online education, which helps service members deployed worldwide keep up their studies. In fiscal 2008, the first year that the Defense Department collected such data, 64 percent of active-duty students took distance-education classes.

### War Zones

Soldiers even take online classes in war zones. While in Afghanistan, Army sergeant Patrick Peake earned a bachelor's degree in criminal justice from American Military, enrolling in as many as four online courses at a time.

Cavalry scouts "set up a wireless connection at the mud-brick building we were at," Peake, 29, said in an interview. After studying counter-terrorism at AMU, Peake said, he told friends in Army intelligence about terrorist groups in the region. "This dumb grunt helped them out a little," he said.

Unlike most traditional schools, for-profits vie to offer inducements to students. American Military gives textbooks for free to undergraduates, who may resell them to the school's vendor after use for \$30 to \$50 per book, Miller said. Columbia Southern is considering a similar buyback program, according to Cooper.

Grantham, the seventh-biggest recipient of undergraduate tuition money from the Army in fiscal 2008, gave new laptop computers made by Dell Inc., from March to July to active-duty students who had completed at least four courses with grades of C or better. The free laptops were part of a

pilot research project on student retention, said Tim Arrington, Grantham director of military programs.

### Laptop Largesse

Michael Lambert, executive director of the Distance Education Training Council, which accredits Grantham, advised the school to stop the laptop largesse, he said.

"The concern is, schools will outdo each other and we'll have an arms race," he said. "Free laptops, free Kindles, free iPods, all coming out of taxpayers' pockets."

Servicemembers Opportunity Colleges, a Defense Department Washington-based contractor that develops policies for 1,800 colleges involved in military education, is also considering guidelines to limit laptop giveaways and other inducements. "I don't think it's out of hand, but the potential is there," said Kathy Snead, the group's director.

### Former Marines

Career Blazers Learning Center, a New York-based vocational school, gave away laptops loaded with instructional software to Marines about to be deployed to combat zones, owner Paul Viboch said. It also hired former Marines as recruiters and paid referral fees to students for signing up other service members. Entire units enrolled, and Career Blazers received \$4.5 million in tuition assistance from the Marine Corps in 2006, the most of any post-secondary provider.

Career Blazers charged \$4500 -- the maximum that the military reimburses in a year -- for self-paced lessons on how to perform basic computer applications or balance checkbooks. Much of the material was available for less expense at workshops or community college classes on bases, education specialists said.

"The military overpaid for laptops," said Johanna Rose, an education technician at Camp Lejeune.

Relocated to Martinsburg, West Virginia, and renamed Martinsburg Institute, Career Blazers stopped giving away laptops three months ago. Its tuition assistance from the Marine Corps slipped to \$616,000 in fiscal 2009, as education officials on some Marine bases discouraged service members from enrolling, Viboch said. "I was too successful, too quickly," he said.

### 'Underhanded' Techniques

Unauthorized marketing pitches by for-profit recruiters have become widespread on military bases.

"Some of these schools are a little underhanded," said Pat Jeffress, branch manager of lifelong learning at Camp Pendleton, a Marine Corps base in California, said. "They try to backdoor me. They come onto the base when they don't have permission and they set up shop."

One recruiter for Ashford University recently ignored the anti-solicitation rule at Camp Lejeune, said Songer, the base's lifelong learning director. [Bridgepoint](#), based in San Diego, has climbed 57 percent since the company went public on April 14. Bridgepoint fell 21 cents, or 1.2 percent, to \$17.37 at 4 p.m. today.

Songer said he told the recruiter, whose husband is in the military, that she could only meet students at the base's education center. Instead, she pitched the online for-profit in the recreation room of a barracks for wounded Marines. About 30 Marines showed up, said Brad Drake, a corporal who attends Ashford.

#### 'Attractive' Recruiter

"It helped she was really attractive," said Drake, 23, who suffered a traumatic brain injury in Afghanistan when a rocket hit his truck. "That got everyone's attention."

The recruiter spoke at the barracks with the approval of the unit's commanding officer, Bridgepoint spokeswoman Shari Rodriguez said in an e-mail. "We keep our students' needs at the forefront of all we do."

Unit commanders are often unfamiliar with educational rules, Songer said. He told the recruiter, "If you cross that line again, you'll never be allowed on this base," he said.

#### Ashford's Enrollment

Ashford ranked sixth in Marine Corps enrollment in the year ended Sept. 30, 2009, with 1,018 students. At Camp Lejeune, Ashford had 119 active-duty students, up from 25 in the previous year, and six in fiscal 2007. About eight to 10 wounded Marines signed up for Ashford after the recruiter's presentation, among them Corporal Long, the brain-injured soldier, who also walks with a cane.

Long is pursuing a bachelor's degree in organizational management through Ashford. In his first class, students could retake the final test until they passed, he said.

"I took it 10 times," he said. "I kept getting the same answers wrong."

Long, who aspires to be an occupational or physical therapist, said he wonders if he can graduate. He is married and says he needs to provide for his family.

“I got my doubts,” he said. “My family’s more important than my doubts. That keeps me going.”

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ITT: Letter to Senator Harkin from Student Veteran

April 5, 2011

Dear Senator Harkin,

As a Navy veteran and former student at a for-profit school, I am writing you today in strong support of the gainful employment regulations proposed by the Department of Education. These long overdue regulations would help prevent waste, fraud and abuse in some career college programs, programs like the one I was enrolled in that provided subpar training with a high price tag and left me with significant debt.

Immediately after High School I joined the US NAVY as an aircraft electrician. I spent most of my career working on F/A 18's at NAS Oceana in Virginia Beach. Like many young servicemen I had aspirations of higher education and was depending on the G.I. Bill to pay for it. While in the service, my interests began to shift from electronics to Information Technology. I believed that the best way to grow in a new career was to take a break from active duty military and attend college full time. I often came across commercials advertising ITT Technical Institute's computer networking security program, and I decided to see what the school had to offer.

Unlike other institutions I reached out to, as soon as I expressed interest in ITT Tech, they began to actively and aggressively pursue me. Minutes after I filled out an online form a recruiter called me. He then called every day, telling me it was urgent for me to enroll. In the end, my recruiters' insistence that ITT Tech's national accreditation was superior to regional accreditation is what convinced me to attend the school.

The financial aid administrators at ITT Tech seemed very skilled in finding funds for my education and even completed all of the paperwork for my G.I. Bill benefits. Unfortunately, the bills started to come. The ink on the paperwork had hardly dried before I was required to pay the school \$800 a month. I would later learn that ITT Tech was making more money off of my attendance than I was even aware of.

My cost for a year and a half of enrollment was \$36,000. I received \$19,000 in federal loans, \$7,000 from the Pell Grant, \$250 a month from a military scholarship, and \$1,300 a month in G.I. Bill benefits. What's worse, the expensive tuition did not seem to go toward a quality education. I saw very little of the school's income go to staff or equipment. Some of my instructors were very passionate about their fields and would go the extra mile in providing value to my education, although some had to compensate for the school's extremely slow network and outdated equipment by bringing software from home. However, the majority of teachers seemed less than concerned with the quality of education being provided. On one occasion, I came to suspect that one of my instructors was not actually grading my homework. I confirmed this suspicion by placing notes in my reports and projects inviting the reader to confirm that they were actually reading what I wrote. Without fail, if I turned in anything with my name spelled correctly I was guaranteed an A+.

What little I did learn from my time at ITT Tech, I learned by buying my own books and doing my own online research. Not only was the school in the habit of issuing text books for the wrong Operating System we were required to learn, but much of the software I used at school was actually pirated.

I was dropped from ITT Tech due to administrative ineptitude. I needed to go on a business trip for my employer, and prior to the trip I notified every instructor of the exact dates I would be gone. I also had a representative of my company personally contact the chairman of IT at ITT Tech. This chairman made a miscalculation in determining how the absence would stack with the school's attendance policy. The result was that upon my return that I was no longer a student at ITT Tech. The school that had been so eager to enroll me was no longer interested in retaining me. I asked everyone I could, including the Dean of the Norfolk campus, and was told that there was nothing that they could do, but I was free to re-enroll next year.

I decided that it would be important to protect myself financially from the school. I had financial aid prepare transcripts on the day I was dropped to show how much I owed the school or how much they owed me. That was when I was shocked to discover just how much money ITT Tech had made off of me. My financial dealings with the school amounted to \$36,000 and the transcript revealed that the school had overcharged me by \$1,300 in the last month. As an additional blow, within two months of leaving ITT Tech, they sent me a bill for \$2,000 and a transcript that showed clear signs that it was altered in a way to specifically make my positive balance disappear and create a negative balance. I called the institution and revealed that I had saved copies of my finances that conflicted with the version they had mailed to me. The school never bothered me again about the \$2,000 discrepancy.

In hindsight I regret attending ITT Tech. The institution provided at best an absolute minimum education and left me with nearly insurmountable debt. Even worse, ITT Tech took taxpayer money in the form of grants and my G.I. Bill, amounting to a net loss for all taxpaying Americans.

In these times marked by budget crises it is paramount that an investment is made in ensuring that educational institutions that benefit from any type of taxpayer money provide genuine value to their students. When more people are educated, our national wealth increases – not only in homegrown innovation and talent, but in earning power and therefore tax revenue. Regulating these 'for-profit' schools is therefore the fiscally conservative thing to do.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam C. Gonyea', with a long horizontal flourish extending to the right.

Adam C. Gonyea

Norfolk, VA

**Bridgepoint: Formal Complaint Submitted to Bridgepoint  
from Student Veteran**

9 August 2010

Ashford University  
Student Grievance Resolution Coordinator  
400 North Bluff Blvd.  
Clinton, Iowa 52732  
Subject: "This Constitutes My Formal Complaint"

**ISSUE: Formal Complaint, Grievance Resolution Process**

In accordance with the Ashford University's (2010-2011) academic catalog, pages 10-11, I am initiating this request for a formal grievance resolution as outlined and within the submittal criteria. I am requesting this action based upon my attempt to resolve the issues in the informal grievance process. I performed the informal grievance process with the various members of the Ashford University's Student Grievance Resolution section. I started the This informal grievance resolution process at or around June 26, 2010, after I became aware of some irregularities in my enrollment process that were focused in the utilization of the Post 911 GI Bill, and the returning Ashford Graduate incentives.

As a Graduate of Ashford University, I have always been a staunch supporter of the Ashford program and fully subscribe to the benefits that this University provides. This is why I decided to take a one-year sabbatical from Law School to enroll in the Ashford University's Master of Education Degree (MAED) program. This would fulfill two factors both academically and professionally. First, it would enable me to teach courses at a Post Secondary institution with academic standing while I pursue my Juris Doctorate (JD). Second, it would enhance my professional career, as I expect another assignment as the returning Commander of our Agency Police Academy. Although I do not need the MAED, I felt it was worth the pursuit to achieve this degree from Ashford for those previously stated reasons.

During my initial conversations with [REDACTED] (Ashford University Enrollment Advisor), at or around June 1, 2010, he advised me on at least two separate occasions, that the Post 911, GI Bill, Chapter 33, would cover the complete amount of the tuition. During these conversations, I had the speakerphone turned on, so that I could use the hands free devices while driving and not violate any motor vehicle laws. During these conversations, my brother [REDACTED] and friend [REDACTED] were able to hear the full content of the conversations. In addition, [REDACTED] then told me that I was on track for completing my degree program at or around July 2011. I have since reviewed the course schedule and have observed that it is scheduled for November 2011. This is a significant factor because, I asked him if I could take coursework that would enable me to walk across the stage in May 2011, he replied "*without a doubt, we can have you there*". At this time, I had no reason to believe that any statements made by the EA were deceptive or misleading and therefore was not overly concerned about anyone hearing the content of the conversation. I had full faith in the abilities of the Enrollment Advisor [REDACTED] that he would competently advise me of my responsibilities, and the benefits of reenrolling in Ashford.

Since I have never utilized my Post 91 GI Bill benefits, I specifically asked [REDACTED] if the GI Bill would cover the entire tuition, and he responded on both occasions after doing some math work on a computer, "*that all of it would be covered with no additional cost incurred by me*" to enroll in this course of study. After hearing what sounded like him doing the calculations and then confidently stating that the GI Bill would cover the entire MAED. IN addition, [REDACTED] stated to me that since I was a returning Ashford Graduate that I would receive one free course and another at half the tuition rate. He told me that Ashford University provided these incentives for returning graduates. After hearing his offers and conditions, I made the immediate decision to sign the enrollment contract and enter into an agreement with Ashford University to enroll in the MAED course of study. At that time in the process, I had no reason to doubt or question the validity of any of his statements. I believed him, as he was acting as an agent for the Ashford University and subsequently Bridge Point Education.

At or around June 28, 2010, [REDACTED] Ashford University Military Financing Services Advisor, contacted me regarding my additional financing options to pay for my MAED course. This conversation consisted of [REDACTED] advising me that I was responsible for any additional tuition left over after the utilization of my Post 911 GI Bill entitlement. During this conversation with [REDACTED] I told her that [REDACTED] had repeatedly told me that the entire tuition would be paid by my GI bill entitlement. In addition, I told her about the returning Ashford University graduate incentives for coursework that [REDACTED] had repeatedly told me. These were the primary reasons I had enrolled because of the assurances made by [REDACTED]. [REDACTED] During this conversation with [REDACTED] she was professional and helpful, but told me that she would have to contact [REDACTED] to clarify his role in this enrollment. I expressed my dismay at this new change and felt that I had been misled, deceived or even outright lied to in an effort to gain my contractual agreement. I also told her that I believed [REDACTED] was an honest employee however; his mistake was causing me to incur an additional cost that I was not advised about and unprepared for. Finally, I then sent her a written rebuttal and notice explaining my viewpoint on the issues.

During the conversation, [REDACTED] explained to me the amended process for ensuring that the remainder of the tuition to be covered. Although I was extremely disappointed, confused and angry at the change of events and the conditions, I told [REDACTED] that I would review the changes and make a decision regarding my sustained enrollment with Ashford University. In addition, [REDACTED] provided me with a matrix that specifically outlined the requirement for additional funding. She outlined the various financial aid options available to me after the utilization of the GI Bill entitlement. I have previously utilized the FAFSA process, and was familiar with the terms and conditions; however, I was reluctant to initiate this program because of the reassurances made by [REDACTED] after being advised by [REDACTED] I have since applied for and accepted, FAFSA to be able to complete my studies at Ashford and be able to return to my original plan of completing Law school.

After reviewing my options and financial aid considerations, I opted to remain in the Ashford MAED program because I truly enjoyed my previous enrollment experiences with this University. It wasn't the financial aid portion that has made me cynical, it is the manner in which I had to interact with my Enrollment Advisor and now I feel that I have been misled, deceived or outright lied to in an effort to garner another contract for this EA. The EA motive for this initial disinformation is not known, or understood, however it has the perceptual appearances of meeting a specific enrollment quota or with malicious intent to deceive me into signing a contract. It is my belief that he misrepresented the facts and thereby caused me to enter into an agreement that has cost me more than the original agreed upon price.

During my attendance to the this University I was required to subscribe to a set of academic and honesty principles to be able to attend and graduate from this university. This is done with educational instruction, and with statements made in the Academic Catalogs, which espouse integrity and state "Through this learning environment, available in classroom and online modalities, the institution encourages and engages students in the pursuit of intellectual growth, social responsibility, and lives characterized by service and personal integrity (Ashford Catalog 2010-201, pg 4). In addition, the core values as described in the Ashford Catalog page 1 "To promote the development of foundational values relevant to leadership in the 21st century self-worth, creativity, interdependence, service, integrity, and effectiveness. If the same ethical guidelines apply to the members of the Ashford staff, then I would suggest that [REDACTED] did not subscribe or become aware of his obligation to be honest, accurate and complete in his advisement duties.

On July 2, I spoke with [REDACTED] Ashford University Student Grievance Resolution section, who told me that she was following up on a conversation she had with [REDACTED] contacted 2010 me. During this initial conversation with her, I related to her the facts regarding my concerns. I explained the process and the evolution of events as it related to the financial aid and course incentives that were discussed with [REDACTED] and me. This began the informal grievance resolution process and ended on July 9, 2010. On July 9, 2010, [REDACTED] called me and told me that I would have to initiate a formal grievance process if I wanted any further

action on this matter, as she could not resolve my concerns in the informal arena. I am sending this request for formal action dated 9 August 2010.

**Resolution:**

The issue of having to obtain FAFSA to be able to continue my education at Ashford has irritated me and made me question the integrity of the Enrollment Advisor Staff. However, I had previous experience with the FAFSA process this was mitigated quickly and will not be seeking any resolution for this factor. The real issue in this grievance is the integrity of the University when advising prospective or returning students. As I have indicated, I made a commitment to Ashford University based upon my belief that the participants had a degree of integrity and have since been disappointed that this is not the case. I still believe in the academic review process as advertised in the Ashford Catalog and I am willing to resolve my complaints through this established process. I believe that Ashford University will review this and come to a fair and equitable resolution based upon the

Based upon the variables and the facts as I have presented them, I am requesting the following resolution to my contractual grievance, based upon oral statements made by [REDACTED] that made me expend over \$11,000.00 (USD) in tuition loans that I had not previously planned or expected to spend.

- A. That I receive four (4) gratis classes at the Ashford University returning graduate incentive program. This would adequately ensure that I would graduate in the period discussed without further adversely affecting my financial resources because of having to expend over \$11,000.00 in un-forecasted expenses.
- B. A written explanation that describes what action will be initiated to prevent this conduct from occurring in the future with other students.

**Conclusion:**

In lieu of this instance, I would like to say that I have thoroughly enjoyed my affiliation with Ashford University and have effectively referred several people to this University. I completely believe in the concepts that Ashford subscribes to and have been a strong advocate of this University. I am very disappointed and feel that the integrity of the process has been compromised, either by misleading statements or deceptive practices. I am requesting consideration on the above listed resolution factors to fairly mitigate this wrong action.

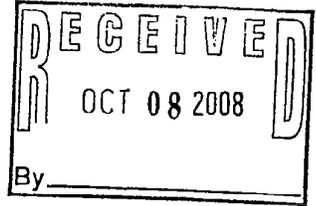
Thank you for your time and consideration on this request. I can be contacted at the below listed numbers

Respectfully,

Redacted  
Student ID #: [REDACTED]  
4  
/ [REDACTED]  
Home: [REDACTED]  
Cell: 4

Enclosures: pdf; email interaction with members of the Ashford Staff

Letter from mother of student veteran suffering from  
Post-Traumatic Stress Disorder and Traumatic Brain  
Injury to Ohio State Board of Career Colleges and  
Schools



10/4/08

Dear [Redacted by HELP Committee]

Normally, a 26-year-old man doesn't need his mom advocating for him. But this is anything but a normal situation.

I expected my son [Redacted - Business Sensitive] be changed by his tour of duty in Iraq. But I could not have been prepared for the reality of those changes.

[Redacted by HELP Comm] my son struggles on a daily basis with symptoms from PTSD (Post Traumatic Stress Disorder) and TBI (Traumatic Brain Injury). He suffers from bouts of depression, anxiety, headaches, nightmares, vision problems, mental confusion, insomnia, and many other symptoms. You have to pretty much "bottom-line" your conversations with him. He can't mentally process a lot of details. If you continue with your details, he is done with the conversation, unless you can return to a quick "bottom-line." It is my belief that the ITT Rep. may have quickly figured this out and taken advantage of the opportunity.

I remember when he called me from ITT because I was on my way out to an important occasion. He said the Rep. told him he needed a co-signor just so he could start school immediately, but not to worry about it, because the military was going to pay for everything, even give him money to live on and pay his expenses. He sounded so hopeful, something I hadn't heard from him since before the war. It was really hard for him to admit he couldn't continue going to school. He said, he just couldn't retain the material. It became too stressful for him to continue.

[Redacted - Business Sensitive] is a proud, young man. He is not looking for pity or charity. He is embarrassed that he believed what he was told by the ITT Rep. He could hardly come around me when he found out Sallie Mae was calling me for payment of his loan. Veterans with PTSD commonly isolate themselves from family and friends. This made it even worse.

As a mother and a human-being, I am outraged that this kind of predatory lending tactic is used on anyone, but especially on an American soldier who gave everything he had and almost lost his life many times, and who continues to suffer.

I will pursue this, on my son's behalf, until someone listens and forgives these loans.

Thank you for all of your effort, it is very much appreciated.

[Redacted by HELP Committee] s Sensitive

**Redacted - Business Sensitive**



# STATE BOARD OF CAREER COLLEGES AND SCHOOLS

35 East Gay Street, Suite 403, Columbus, OH 43215-3138  
(614) 466-2752 • Fax (614) 466-2219 • Toll Free (877) 275-4219  
E-mail: [bpsr@scr.state.oh.us](mailto:bpsr@scr.state.oh.us) • Website: <http://www.scr.ohio.gov/>

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January 27, 2009

Redacted - Business Sensitive

Dear

Redacted - Business Sensitive

This letter is in response to the concern you filed regarding ITT Technical Institute ("ITT"). In your complaint, you voiced concern over your financial obligation and in particular the Montgomery GI Bill funding you thought you would be receiving. The Board initiated an investigation into this matter and reviewed all of the financial documents involved in your enrollment. In response to the Board's request for information, ITT submitted the attached response to the concerns you raised.

The documentation submitted by ITT shows that you completed one term with the school and withdrew late in the second term. When a student withdraws from school, the school is required to calculate a tuition refund in accordance with Ohio Revised Code § 3332-1-10 and the school may also be required to calculate a refund of federal loan money in accordance with applicable federal regulations. According to the refund calculations, your total financial obligation to the school for those two terms equaled \$10,709.68. This tuition charge was financed through two loans for your education, one for \$5,760.80 and one for \$4,417.00. In addition to the loans that were used to pay your tuition costs, it appears that between March 2007 and July 2007, you received a total of six payments for veteran's education benefits in accordance with the Montgomery GI Bill to subsidize your tuition costs, totaling \$6,808.33.

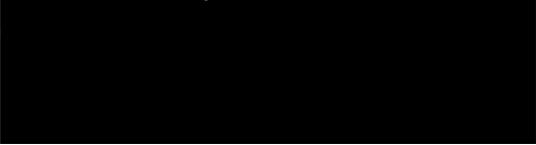
For students who receive Montgomery GI Bill funding, it is standard procedure for a school to set up loans or other funding mechanisms for a student before they begin classes. This is due to the fact that the GI Bill funds are dispersed directly to the student after the student has already begun classes. The school cannot control whether the student uses that money to reduce their student loan obligations or whether it is used for other purposes. As such, the loans that you applied for while you were enrolled at ITT were properly attributed to your tuition charges and it was within your discretion to use your GI Bill funds to reduce your loan obligations. There is no evidence that ITT is in violation of any law or rule under the jurisdiction of this Board.

Finally, I would also note that ITT has served 155 veterans during the last two years and during a visit to the school in December, the State Approving Agency for Veterans Training conducted a review of the ITT's administration of veteran's benefits and nothing out of the ordinary was noted.

ITT has offered to meet with you and your mother and assist you in exploring any deferment or forbearance options you may have with your lenders. If you wish to accept their offer, you may contact **Campus Director**, School Director, to set up an appointment.

Sincerely,

Redacted by HELP Committee



cc: **Campus Director** ITT Technical Institute ✓  
Redacted by HELP Committee



August 15, 2008

Redacted - Business Sensitive

**Re: ITT Technical Institute - Norwood**

De: Redacted - Business Sensitive

I am writing in response to your August 4, 2008 correspondence. I appreciate you bringing your concerns related to your enrollment at our campus to my attention. I am sorry to hear of your difficulties following your service in our nation's military. However, after reviewing the available information, the facts do not substantiate the refund or waiver of the tuition and fees related to your enrollment in the Information Technology – Computer Network Systems program.

In your letter, you claim you were told that the military would pay for your schooling. This statement cannot be substantiated. While our institution assists students in seeking financial aid for which he or she may qualify, we do not represent to a student that he or she will have their education paid for by a particular entity.

The Catalog you received at the time you enrolled at our campus outlined this further. Specifically, the Financial Assistance section of the Catalog states in pertinent part:

The school may, from time to time, provide the student with (I) information on federal, state and other student financial aid for which he or she may apply to receive and/or (II) estimates of the amount of federal, state and other student financial aid for which he or she may qualify, but: (a) the federal, state and other authorities, and not the school, determine the student's eligibility for any federal, state or other student financial aid; (b) the federal, state and other authorities, and not the school, determine the amount of any federal, state or other student financial aid the student may receive....

As this language states, the school makes no representation or promise of aid which a student will receive. Rather, such a final determination is that of the agency providing the aid. In speaking with the Financial Aid Administrator (FAA) who assisted you, the FAA does not recall any discussions that the military would be paying the full cost of your education. Rather, in assisting you with the financial aid process, there were discussions pertaining to your possible eligibility to receive benefits from the Veterans Administration (VA).



August 15, 2008

Page 2 of 2

For your information, I have enclosed a copy of your Enrollment Agreement and related Cost Summary and Payment Addendum (CSPA). The CSPA provides an outline of the expected cost and funding for your first three quarters of attendance at the campus. Further, our records also indicate that you did apply for VA benefits. Any such benefits would have been paid directly by the VA to you. Our school does not receive these funds on your behalf.

Again, I appreciate you bringing your concerns to my attention for review and response. While I sympathize with the circumstances you have endured since leaving the military, I must review each matter based upon its own merits. In this instance, the facts do not substantiate a refund or waiver of tuition and fees.

If you have any questions or wish to provide any further information, please do not hesitate to contact me.

Sincerely,

**Campus Director**

Director  
ITT Technical Institute - Norwood

Enclosures