

# **Concorde Career Colleges, Inc**

## **Summary: 2012 U.S. Senate Committee Findings + 2015 Update**

### **Overview**

- Concorde Career Colleges, Inc., a privately held company, is headquartered in Missouri and operates 15 campuses in seven states, offering certificates and Associate degrees in healthcare related fields
- Enrollment totaled 7,952 students in 2010, a 20 percent increase since it was purchased by a private equity firm in 2006
- In 2010, the school was being investigated by Florida's state Attorneys General for violating state law on deceptive or unfair business practices
- Students in its respiratory program filed a lawsuit in 2013 over false job placement rates

### **Tuition**

- In 2011-12 school year, the price of Certificate programs ranged from about \$10,000 to \$35,000, varying by campus—a Certificate in Medical Office Administration at the Kansas City campus cost \$15,631 compared to \$4,330 at a nearby community college
- Its Associate degree programs are priced from about \$24,000 to \$58,000

### **Federal Revenue**

- 85.7% (\$146 million) of Concorde's total revenue was comprised of federal student aid plus military and veteran education benefits

### **Expenditure Priorities**

- In 2009, it allocated 13.2% (\$19.5 million) of its revenue to marketing and recruiting and 18.3% (\$26.9) million to profit
- In 2009, it spent \$4,625 per student on instruction, compared to \$2,129 on marketing, \$2,990 on profit
- In 2006, it recorded a profit of \$2.6 million, which had increased to \$26.9 million by 2009
- Its private-equity firm owner has not taken distributions of these profits out of the company but it does pay itself an annual "management fee" of \$240,000

### **Recruiting**

- No recruiting info was included in the report

### **Academic Quality and Student Outcomes**

- It spent \$4,625 per student on instruction in 2009, less than the \$9,762 spent by the University of Missouri or the \$5,800 spent by a nearby community college
- 27.1% of student who enrolled in 2008-09 had withdrawn by 2010 and were only enrolled a median of 2 months; the withdrawal rate for Associate degrees was higher than for certificates
- According to the company, retention has improved significantly since 2006 and it has instituted a comprehensive exam at the end of the term to help ensure students are prepared to take and pass any state licensing exams
- 17.6% of students entering repayment in 2005 defaulted on their federal student loans; defaults grew to 24.4% in 2007, falling to 20.5% in 2008; the default rate for the 30 companies examined was 22.6% in 2008
- Default rates are likely understated because the school counsels students at risk of default to enter forbearance or deferment, delaying default beyond the 3-year period tracked by the Department of Education
- An entire class of nursing students at one campus complained to administrators about tardy and ill-prepared instructors, vague lectures that lacked structure, and insufficient coverage of crucial material on anatomy and pathology
- Students also complained about high faculty turnover—annual turnover for all campuses was around 42 percent in 2008 and 35 percent through the first 9 months of 2009, with turnover among all clinical faculty at 41 and 32 percent, respectively, for those periods

- In one extreme case, one campus-nursing faculty experienced a turnover of 218 percent in 2008; turnover in the “clinical faculty” at another campus was 79 percent
- While it employed 1 recruiter for every 34 students, each career counselor was responsible for 92 students and each student services staffer was responsible for 248 students
- One student complained about the lack of job placement help by Concorde’s career counselors: “when I first met with a Concorde [admissions] Rep. he said that once I graduated . . . they placed 98% of these students [sic]. . . . As of 4 [months] post graduation only 1 out of 7 have a job in their field of surgical technology, and this individual had no help with finding this position either.”
- Concorde’s institutional loan program lent \$10.9 million to students as of November 2009, with an interest rate of 18%; internal documents reveal that the school limited federal loans to students, forcing them to incur significantly higher interest rates its institutional loans so that the school could remain in compliance with the federal requirement that for-profit schools receive no more than 90% of their revenue from federal student aid
- In 2009, its auditors reported that the company had failed to properly return \$500,000 in student aid money to the Department of Education when students dropped out

## 2015 Update

- In May 2013, 8 students in its respiratory therapy program filed a class action lawsuit in Orange County, California, alleging that they were lured into enrolling in a \$40,000 program by claims of 95% job placement within 6 months of graduation when in fact the actual job placement rate was zero percent
- In September 2012, a court of appeals in California upheld an arbitration clause in Concorde’s student enrollment agreement, halting a class action lawsuit brought by 3 students in the school’s insurance coding and billing program who alleged intentional misrepresentation and false advertising