Universal Technical Institute, Inc  
Summary: 2012 U.S. Senate Committee Findings + 2015 Update

Overview
• Universal Technical Institute, Inc. (UTI), headquartered in Arizona, offers primarily vocational programs in mechanical fields—skill based training in high demand professions
• It operates under several brands, including Universal Technical Institute, Motorcycle Mechanics Institute, Marine Mechanics Institute, and NASCAR Technical Institute
• Enrollment grew from about 7,200 student in 2001 to 21,000 in 2010
• Several investigations have been launched and lawsuits brought against UTI since mid 2012

Tuition
• Certificate in Automotive Technology is $30,895 compared to $1,527 at a nearby community college—20 times more expensive at UTI

Federal Funding
• 75% ($330 million) of its revenue was derived from federal student aid plus military and veterans educational benefits

Expenditure Priorities
• In 2009, it devoted 21.1% ($77.3 million) of its revenue to marketing and recruiting, and 5.1% ($18.6 million) to profit; while the amount spent on marketing was close to the average for the publicly traded companies surveyed, the amount devoted to profit was well below the average
• In 2009, its CEO received $1.9 million in compensation, more than three times as much as president of University of Arizona
• It spent almost as much per student on marketing as on instruction in 2009—$2,244 and $2,778, respectively, and $541 per student on profit

Recruiting Tactics
• Numerous complaints assert that its recruiters and enrollment agreements are misleading due to their non-disclosure of the school’s retroactive tuition increases
• Other complaints allege that a recruiter furnished prospective students with misleading information on the cost of attendance, tuition policies, and employment prospects upon graduation
• While it employed 1 recruiter for every 47 students in 2009, each career counselor was responsible for 163 students and each student services staffer for 106 students

Academic Quality and Student Outcomes
• It spent $2,778 per student on instruction in 2009 compared to $4,091 at a nearby community college
• Overall, 36.2% of students who enrolled in 2008-09 had withdrawn by 2010, a much lower withdrawal rate than the 54.1% average among the 30 companies examined
• Its default rate has fluctuated over time, from as high as 16.1% for students entering repayment in 2006 to as low as 12.2% for students entering repayment in 2008
• Its default rates closely track the rates for all schools and suggest that many of its students are finding jobs that allow the students to repay loans
• Unlike the other 30 schools surveyed, it employed an almost exclusively full-time faculty in 2010, with only 3 part-time instructors
• However, complaints from its faculty reflect concerns with the academic quality, including being told to pass students who failed a class because they paid for their certificates and are only training for entry level positions
• Employers have told students that they won’t higher UTI graduates because of their consistently poor job performance
• Instructor at one campus complained that we no longer graduate students with a quality education and the tools needed to make them successful in the automotive field but have been reduced to merely “selling” diplomas for $30,000
• Many student complaints expressed disappointment with the instructional quality of their programs at UTI
Many student complaints addressed the inadequacy of its student support services, namely financial aid and career services; though its career services staff is relatively robust compared to other schools examined, some students complained that the services provided were not helpful or timely.

2015 Update

• Massachusetts Attorney General launched an investigation of false claims related to UTI’s student loans, guarantees, and grants in Sept. 2012
• UTI announced a Department of Justice investigation in July 2012 spurred by a *qui tam* complaint filed by a former employee who alleged that the company had violated the incentive compensation rules; it is also being investigated by the Department of Labor based on allegations from the same employee that his employment was improperly terminated
• According to a July 2014 Senate Health, Education, Labor, and Pensions Committee report, 17% of programs at UTI were at risk of failing the new Department of Education Gainful Employment regulations
• The same report also found that UTI was one of the top 10 recipients of revenue from individuals using their Post-9/11 GI Bill benefits from 2009 through 2013, receiving $105 million