



VETERANS EDUCATION SUCCESS

Prior to 49-state AG settlement, Career Education Corp. took 5th highest amount of GI Bill Funds and had 3rd highest number of veteran complaints.

VES provided the AGs with more than 400 veteran complaints;

VES also reported that CEC lied to veterans about their eligibility for licensed occupations

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WASHINGTON, DC –

Veterans Education Success applauds the work of a bipartisan group of 49 state attorneys (AGs) general for their diligent effort leading to today's settlement with the Career Education Corporation (CEC), which operates Colorado Tech University and American InterContinental University, and several smaller brands, some now closed. This settlement will provide more than \$493.7 million in debt relief to more than 179,000 students nationally.

In addition to monetary relief, CEC agreed to not make misrepresentations concerning accreditation, selectivity, graduation rates, placement rates, transferability of credit, financial aid, veterans' benefits, or licensure requirements. They will also no longer enroll students in programs that do not lead to state licensure when required for employment, or that – due to their lack of accreditation – will not prepare graduates for jobs in their field. This is especially important, because **VES previously reported that several CEC brands, including Colorado Tech University and Sanford Brown, had lied to veterans about their eligibility to work in licensed occupations, including medical and criminal justice fields.** See VES' research report: [The GI Bill Pays for Degrees That Do Not Lead To a Job](#), finding that 20% of 300 programs approved for GI Bill don't meet state licensing and certification requirements (Sept. 2015); see also VES, [Despite a 2016 Statute, the GI Bill Still Pays for Degrees That Do Not Lead to a Job](#) (April 2018)

CEC also must provide students with accurate disclosures about the total cost of their education, completion rates, expected debt burden post-graduation, and post-graduation employment outcomes.

The AGs alleged that CEC pressured its employees to enroll students and made misleading statements and failed to disclose information to prospective students on total costs,

transferability of credits, program offerings, and job placement rates. **“The AGs’ allegations and settlement accurately reflect the complaints of student veterans that they were defrauded by CEC schools,”** said VES President Carrie Wofford. **“These schools regularly lied to veterans, violating their consumer rights. Even worse, CEC’s violations of veterans’ rights were allowed to linger and fester for years, while CEC sucked up the 5th highest amount of GI Bill funds and was the 3rd highest offender of veterans’ rights, according to VA.”**

Some key facts:

- CEC was the **5th highest recipient of Post-9/11 GI Bill Tuition and Fee Payments** from Fiscal Years 2009 through 2017, according to VES’ Issue Brief: [Schools Receiving the Most Post-9/11 GI Bill Tuition and Fee Payments Since 2009](#) (March 2018). During that time frame, CEC received \$630,384,872 in Post 9/11 GI Bill tuition and fee payments.
- Many veterans complained about CEC schools. The US Department of Veterans Affairs’ GI Bill Comparison Tool shows 196 complaints against all Colorado Tech University campuses – the **3rd highest number of complaints brought to VA about a school**. Among those 196 complaints, VA received 72 complaints at the Colorado Springs campus.
- At least one long-time recruiter for CEC contacted VES to become a **whistleblower** after feeling terrible about how veterans were targeted and defrauded. That whistleblower has been helping law enforcement.
- In April 2017, VES provided to state AGs (and federal law enforcement) a compilation of **more than 400 veteran complaints VES received** about CEC-run schools, along with an analysis of the trends in those complaints and legal issues written by *Yale Law School’s Veterans Legal Services Clinic* for VES. A redacted version of that report is: [Yale Law School, Student Veteran Complaints Alleging Illegal Practices at a Large, Mostly Online For-Profit College](#) (May 2017). These complaints detail problems with financial issues and student loans; marketing/recruitment; job opportunities; accreditation and transfer of credits, among other issues. A small but illustrative sample of these are:
 - *I attended American Intercontinental University because of the Military Friendly advertising. I specifically asked during the recruiting process about accreditation, and if the cost was inline with other institutions. After I got started I realized the quality of the education was SUBPAR, and grades were being awarded to keep statistics high and pass rates, high while placating to paying customer's needs. My degree feels more paid for than earned due to the quality of the education. In conjunction with this failure, the cost per credit hour were nearly double that of other local private and public schools. This information was not disclosed and this school is taking advantage of VA benefits, and active duty military members Federal Tuition Assistance status.”* Jason C., American InterContinental University.
 - *“Outright lied to by AIU was told that after my AA was completed it would only take another 3 months to complete my BA in healthcare management because*

the credits would transfer. Upon completion I found out that was a bold face lie. The only reason I attended that school was to obtain both degrees fast. Plus they used my GI bill while I was on Active Duty stating my TA would not cover it. They literally used none of my TA benefits and solely burned through my GI Bill. Disgusting that they took advantage of me because I was uninformed and trusted them.” William D., American InterContinental University

- *“I was dropped at the time when I was almost done but never told why with no degree and a pile of student loans now.”-Robert T., CTU*
- *“Credit won't transfer to our state university. Teachers don't provide any instruction what so ever. Cost of classes is absurdly high. Employers won't recognize my online degree.”-Justin R., CTU*
- *“CTU was a sham. They cost me over \$25,000 in student loans and I really never got much in return. Looking back on it, their recruiting strategies were a joke. They pry on recent people that just get out of the military, promising them that their degree program will help them get ahead in civilian life. I wanted to use my VA bill money to pay for courses, yet they insisted they needed to use student loan money as a means for payment. Their excuse was that it was easier for their billing department. I have tried to transfer credits obtained by them to a state based public school and most of them did not transfer. I am now stuck paying \$250 a month in student loans for who knows how long because of these crooks.”
– Jason L., CTU*
- Student outcomes at CEC schools reinforce that the state AGs’ concerns. For example, according to the US Education Department’s College Scorecard, Colorado Technical University-Colorado Springs has a **graduation rate of 20%**, while the rate of students paying down their debt – students who have paid at least \$1 dollar on the principal of their federal loans within 3 years of leaving school – is **only 29%**.

VES thanks the 49 state attorneys general for their diligent work, and hopes to see continued enforcement of the law whenever veterans’ legal rights are violated.

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