



VETERANS EDUCATION SUCCESS

October 13, 2017

Director, Regulations Management (00REG)
Department of Veterans Affairs
810 Vermont Avenue N.W., Room 1068
Washington, DC 20420

Re: "Notice of Intent and Request for comments—Employees Whose Association With For-Profit Educational Institutions Poses No Detriment to Veterans," 82 Fed. Reg. 43288 (Sept. 14, 2017)

We write to express our extremely strong opposition to the Department of Veterans Affairs' ("VA") recent notice of intent proposing to waive the entire application to federal employees of a federal ethics statute (38 U.S.C. § 3683) that protects veterans against abusive acts by for-profit educational institutions. The statute bars VA employees from receiving "wages, salary, dividends, profits, gratuities, or services from, or own any interest in, a for-profit educational institution" that participates in VA programs, including the GI Bill.

We understand that the Department has stated informally that it plans to withdraw this proposal – thank you. Any new waivers proposed by the Department should be consistent with the letter, spirit, and history of this statutory provision – and should recognize the long history, continuing to the present day, of abusive and unfair practices directed against veterans and their families. The Department must ensure that veterans and their families have the protection against abuse and overreaching that Congress intended when it enacted Section 3683. Any waivers should therefore be confined to very narrow circumstances and to specified individuals that have no role in overseeing for-profit education programs, in advising veterans on educational options, in protecting veterans against unfairness and abuse, or who might be manipulated into steering veterans towards a particular college.

We believe the Department's proposal may have been made without a full understanding of the history and current practices of for-profit colleges targeting veterans for their GI Bill benefits. Therefore, we file these comments in the hope they will help inform any future rulemaking or individual waiver requests. Hopefully, these comments will help the Department understand the importance of the Section 3683 protections and the harm that will result from anything other than extremely narrow and tailored waivers. These comments should be considered "significant adverse comments" as that standard is used in the Department's September 14, 2017, notice.

This proposal represents a complete reversal of position by the Department; ignores the long history of abuses by for-profit educational institutions that requires VA employees to exercise special vigilance and oversight – vigilance and oversight that inevitably would be eroded as for-profit institutions take advantage of the elimination of the prohibition to curry favor with VA employees; rests on the false assertion that government-wide ethics protections will prevent

entanglement between VA employees and decision makers and for-profit institutions; violates congressional directives to the Department to *strengthen* the Department's enforcement of Section 3683; and violates the Constitution by invalidating through administrative action all of Section 3683's prohibitions directed at VA employees. In addition, the Department has failed to comply with the procedural requirements specified in Section 3683.

Reversal of Position

Robert M. Worley II, Director, Education Service – at the W.A.V.E.S. Conference held in July 2017 – stated that the Department has as one of its key FY2018 legislative priorities *strengthening* 38 U.S.C. § 3683 by expanding its applicability to include all educational institutions and not just for-profit institutions. He explained that “[t]his proposal would ensure that conflicts of interest do not exist for members of [State Approving Agencies] who approve programs at any institution type, including non-profit universities.” (We have attached to this letter as Exhibit A a copy of Director Worley's presentation slides.)

Concluding that Section 3683 should not just remain in place, but rather must be *strengthened* with respect to state officials, is entirely inconsistent with the proposal to eliminate Section 3683 protections against the very same conflicts of interest for VA employees. Both sets of employees are equally susceptible to conflicts, and the responsibility of VA employees to protect veterans – because it extends to the entire country – is if anything greater than that of officials responsible for one State, and therefore should receive more extensive insulation against the threat of entanglement with educational institutions that could open the door to abuse and overreaching.

Moreover, Secretary Shulkin recognized in his confirmation hearing testimony that veterans and their survivors and family members are targeted for fraud and deceptive recruiting by predatory for-profit colleges – practices that he called “not tolerable.” He committed in responses submitted for the hearing record to develop “practical and realistic steps to ensure student veterans are protected from predatory and deceptive practices and given the information they need to make an informed choice about their college.” *This proposal is a step in the opposite direction, which would reduce significantly veterans' protection against predatory and deceptive practices.*

Long History of Abusive And Predatory Activities By For-Profit Education Companies Continuing to the Present Negates VA's Conclusion That the Statute is Outdated

For-profit educational institutions have a lengthy, well-documented history of engaging in abusive and predatory practices targeting veterans.

The legislative history of Section 3683 is instructive.¹ The law that VA proposes to eviscerate was enacted following a U.S. House of Representatives Committee investigation and report that documented widespread fraud by for-profit colleges targeting the GI Bill. That report, led by “Mr. Veteran,” Chairman Olin “Tiger” Teague, the decades-long Chairman of the House

¹ See generally David Whitman, *Truman, Eisenhower, and the First GI Bill Scandal*, THE CENTURY FOUND. (Jan, 24, 2017), <https://tcf.org/content/report/truman-eisenhower-first-gi-bill-scandal/>.

Veterans Affairs Committee, concluded that many for-profit schools “offered training of doubtful quality” in fields where little or no employment opportunities existed. Pointing to the approximately 50 court cases in which schools and their executives had been convicted of fraud and abuse, as well as 90 similar pending cases, the report stated that “exploitation by private schools has been widespread” and that there was “no doubt that hundreds of millions of dollars [had] been frittered away on worthless training.” “Under the policies of the Veterans’ Administration,” the committee concluded, new for-profit “schools were allowed to virtually write their own charges against the Treasurer of the United States without regard to the amount, type, and quality of service rendered.”²

Regarding ethics at VA, the House Committee report found that, despite ethics laws to the contrary, VA employees were less than scrupulous about receiving gifts, salaries, dividends, and profits from for-profit colleges and did not recognize their conflict of interest, claiming that gifts are an “American custom.” The report concluded that a VA employee “will obviously be inclined to be lenient if he owns interest in a private school or is involved with the owners of the private school.”³

There is no doubt that Chairman Teague was right: Unseemly financial entanglements between colleges seeking GI Bill payments and VA employees can lead to improper lenience among VA employees, and to improperly influencing of employees with direct control over the GI Bill program by their VA colleagues in other divisions. In addition to employees with direct control over the GI Bill, there are thousands of VA employees who could be financially incentivized to steer veterans towards a particular college.

Indeed, aggressive and deceptive recruiting of veterans by for-profit colleges has increased with each new pot of GI Bill funds. After the Vietnam War, “fly-by-night” for-profit schools proliferated to profiteer off the GI Bill.⁴

Efforts to crack down on predatory for-profit college recruiting have historically been bipartisan. Republican Presidents George H.W. Bush and Ronald Reagan helped lead crackdowns on predatory for-profit college abuses of students and taxpayer funds.⁵

² H.R. REP. NO. 82-1375 (1952); *see generally* David Whitman, *Truman, Eisenhower, and the First GI Bill Scandal*, THE CENTURY FOUND. (Jan, 24, 2017), <https://tcf.org/content/report/truman-eisenhower-first-gi-bill-scandal/>.

³ H.R. REP. NO. 82-1375.

⁴ *See generally* David Whitman, *Vietnam Vets and a New Student Loan Program Bring New College Scams*, THE CENTURY FOUND. (Feb. 13, 2017), <https://tcf.org/content/report/vietnam-vets-new-student-loan-program-bring-new-college-scam/>.

⁵ *See generally* David Whitman, *When President George H. W. Bush “Cracked Down” on Abuses at For-Profit Colleges*, THE CENTURY FOUND. (Mar. 9, 2017), <https://tcf.org/content/report/president-george-h-w-bush-cracked-abuses-profit-colleges/>; David Whitman, *The Reagan Administration’s Campaign to Rein in Predatory For-Profit Colleges*, THE CENTURY FOUND. (Feb, 13, 2017), <https://tcf.org/content/report/reagan-administrations-campaign-rein-predatory-profit-colleges/>.

In recent years, moreover, the predatory targeting of veterans and their beneficiaries by for-profit colleges has increased and grown more ugly largely because of an unfortunate loophole in the Higher Education Act.

As Holly Petraeus has written, for-profit colleges are financially incentivized by a loophole in the 90/10 rule in the Higher Education Act (which allows for-profit colleges to count GI Bill dollars as private revenue to offset the federal aid cap the schools otherwise face) “to see service members as nothing more than dollar signs in uniform, and to use aggressive marketing to draw them in.” A 2016 Department of Education study (attached as Exhibit B) confirmed that **seventeen** for-profit colleges were in violation of the 90/10 rule during the 2014-2015 award year, and that, if GI Bill benefits were counted as federal funds, the number of schools receiving at least 90 percent of their revenue from federal education programs would jump from 17 to nearly 200, and total revenues to schools that are more than 90% dependent on federal aid would increase from approximately \$80 million to an estimated \$8 billion.

A two-year investigation by the US Senate Committee on Health, Education, Labor, and Pensions – where I served as Senior Committee Counsel – uncovered rampant fraud by for-profit colleges targeting veterans, including internal corporate e-mails in which senior executives openly discussed the need to target veterans to meet 90/10 requirements. The Committee also released internal corporate documents in which many for-profit colleges taught their salespeople to emotionally manipulate potential students and “dig for the pain” because “pain is the greatest motivator” in making the sale. (Attached as Exhibit C are sample pages from 6 different for-profit college recruiter training manuals.) Please review these pain-based sales methods straight out of for-profit college training manuals; it will help inform your oversight of ethics waiver requests.

News outlets have also exposed the ugly ways veterans are targeted with deceptive and fraudulent recruiting by for-profit colleges:

- *Is GI Bill benefitting for-profit colleges instead of helping veterans?*, PBS NEWSHOUR (July 7, 2014);⁶
- *Educating Sgt. Pantzke: For Profit Colleges Promise Veterans a High Quality Degree, But Do They Deliver?*, PBS FRONTLINE;⁷
- Chris Kirkham, *With Goldman’s Foray Into Higher Education, A Predatory Pursuit of Students and Revenues*, HUFFINGTON POST BUSINESS (Oct. 14, 2011).⁸

These concerns led to Executive Order 13607, which directed VA and other federal agencies to take steps to protect veterans from deceptive and aggressive recruiting by for-profit colleges. In signing the Executive Order, President Obama succinctly explained the fraud veterans face:

⁶ <http://www.pbs.org/newshour/bb/gi-bill-benefitting-profit-colleges-instead-helping-veterans/>.

⁷ <http://www.pbs.org/wgbh/pages/frontline/educating-sergeant-pantzke/>.

⁸ http://www.huffingtonpost.com/2011/10/14/goldman-sachs-forprofit-college_n_997409.html.

“We’ve got to make sure you’ve got every tool you need to make an informed decision when it comes to picking a school.... Right now, it’s not that easy.... You go online to try and find the best school for military members.... You end up on a website that looks official. They ask you for your email, they ask you for your phone number. They promise to link you up with a program that fits your goals. Almost immediately after you’ve typed in all that information, your phone starts ringing.... But, as some of your comrades have discovered, sometimes you’re dealing with folks who aren’t interested in helping you. They’re not interested in helping you find the best program. They are interested in getting the money. They don’t care about you; they care about the cash. So they harass you into making a quick decision with all those calls and emails.... I’m not talking about all schools.... But there are some bad actors out there. They’ll say you don’t have to pay a dime for your degree but, once you register, they’ll suddenly make you sign up for a high interest student loan. They’ll say that if you transfer schools, you can transfer credits. But when you try to actually do that, you suddenly find out that you can’t. They’ll say they’ve got a job placement program when, in fact, they don’t. It’s not right. They’re trying to swindle and hoodwink you.”⁹

Today, veterans are regularly deceived and defrauded by for-profit colleges seeking financial gain by abusively targeting veterans’ benefits under the GI Bill. As just one example, attached (as Exhibit D) please find recent student veteran complaints about Ashford University, which is the subject of law enforcement action for deceiving and defrauding students and which is also in a contentious battle to retain its GI Bill status, despite being cut off by both the California and Iowa State Approving Agencies and accreditors.

Many of the deceptive recruiting tactics targeting veterans are ugly and veer into illegal fraud. Indeed, a U.S. Senate Committee reported in 2014 that 8 of the 10 schools receiving the most GI Bill funds were for-profit colleges, and 7 of those 8 for-profit colleges were under a law enforcement cloud for defrauding students.¹⁰ Earlier this year, the U.S. Federal Trade Commission recouped \$100M from DeVry University for deceptive recruiting of veterans and other students.¹¹

Two dozen veterans and military service organization leaders wrote to the VA Secretary in May 2016 requesting better protection of veterans from deceptive college recruiters. That request followed a 2016 Yale Law School Report, “*VA’s Failure to Protect Veterans from Deceptive*

⁹ Public Papers of the Presidents of the United States: President Barack Obama, 2012, Book I, at 523-24 (Apr. 27, 2012).

¹⁰ See *Is the New G.I. Bill Working?: For-Profit Colleges Increasing Veteran Enrollment and Federal Funds*, U.S. SENATE HEALTH, EDUC., LABOR, AND PENSION COMM. (2014), <https://static1.squarespace.com/static/556718b2e4b02e470eb1b186/t/56100b87e4b0147725a71e86/-1443892103628/GI-Bill-data-July-2014-HELP-report.pdf>.

¹¹ See *DeVry University Agrees to \$100 Million Settlement with FTC*, Fed. Trade Comm. (Dec. 15, 2016), <https://www.ftc.gov/news-events/press-releases/2016/12/devry-university-agrees-100-million-settlement-ftc>.

Recruiting Practices”¹² which found VA in violation of a federal statute, 38 U.S.C. § 3696, which requires VA to disapprove for GI Bill funding any schools that “utilize advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation.”

A 2014 report from Veterans Education Success (attached as Exhibit E) identified the myriad reasons that for-profit educational institutions target veterans and their GI Bill benefits, and discussed the highly aggressive, unfair, and deceptive recruitment of veterans by these institutions – quoting for-profit college salespeople turned whistleblowers.

The History Of Abusive and Predatory Practices - and Their Business Model of “Lead Generation” - Confirms The Critical Importance Of Completely Independent Oversight

Abusive and predatory practices by for-profit institutions targeting veterans are, unfortunately, nothing new. Their prevalence – and the resulting harm to veterans – is the reason why Congress enacted Section 3683 in the first place, and continued to re-enact the provision.¹³ And it is the reason why these statutory protections remain essential today.

Given this history, VA’s proposal to waive this critical ethics protection shocks the conscience. Does VA believe that enforcement and protection of veterans could possibly be improved by permitting greater entanglement between for-profit institutions and VA employees and officials? Any such conclusion would be irrational and arbitrary: greater entanglement can only have the adverse effect of opening the door to overt and covert attempts by for-profit institutions to influence or curry favor with VA employees, to gain information about VA enforcement and oversight activities, and otherwise to subvert protection of veterans.

If a for-profit college, facing expulsion from the GI Bill program because of deceptive recruiting in violation of 38 U.S.C. 3696, were allowed under this new proposal to curry favor with VA employees, many VA employees would find themselves unwittingly manipulated.

The potential for great harm extends beyond VA oversight of the GI Bill. Even outside of GI Bill oversight, VA employees who interact with veterans (in VA hospitals or other settings) could be manipulated to steer veterans towards a college with whom the VA employee has a financial relationship.

The very business model that for-profit colleges employ highlights the need to protect VA employees from being manipulated. As the 2012 Senate Committee report detailed, for-profit college explicitly embrace a business model of “churn,” in which they seek to show Wall Street strong enrollment numbers without regard to student outcome, and so focus on enrolling students, knowing they will quickly drop out. These colleges have extremely high drop-out rates, but high quarterly enrollment numbers. Nationally, the graduation rate at for-profit

¹² VETERANS LEGAL SERVS. CLINIC, YALE LAW SCH. (2016), https://law.yale.edu/system/files/area/clinic/document/vlsc_ves-memo.pdf.

¹³ See David Whitman, *Truman, Eisenhower, and the First GI Bill Scandal*, THE CENTURY FOUND. (Jan. 24, 2017), <https://tcf.org/content/report/truman-eisenhower-first-gi-bill-scandal/>.

colleges is only 7 percent. How do for-profit colleges feed the churn? Through “lead generation”: For-profit colleges frequently pay for “leads” on potential students, including veterans, through surreptitious means. The practice of “lead generation” by for-profit colleges has been exposed by the US Federal Trade Commission as a problem of great concern.¹⁴

For example, one “lead generation” company operated GIBill.Com, which purported to be a portal for veterans to access their GI Bill, but was actually designed to capture veterans’ personal information and sell it as “leads” to for-profit colleges. Legal action resulted in shutting down this lead generation website and transferring the domain to VA, which VA hailed as “a victory for veterans.”¹⁵ More recently, a major for-profit college was documented manipulating unwitting government employees to obtain “leads” on service members on military bases.¹⁶

The potential for unwitting VA employees to be manipulated by bad actors is too strong. For example, a frequent tactic for-profit colleges use is to provide gift cards for each veteran “lead” referred to the college. Your proposal would allow such gifts. VA’s proposal would invite for-profit colleges to manipulate unwitting VA employees in the shadowy and surreptitious business of “lead generation.”

Generally-Applicable Federal Ethics Standards Are Not As Comprehensive As Section 3683, And Leave Room For Entanglement Between Institutions And VA Employees

VA’s principal justification for its proposal seems to be that generally-applicable federal ethics standards prevent any entanglement between for-profit institutions and VA employees. It claims Section 3683 is outdated and has been supplanted by federal ethics laws.

That is wrong. In fact, Section 3638’s statutory predecessors significantly predate the generally-applicable provisions, and Congress nevertheless felt Section 3638 was needed as evidenced by its decisions to re-enact Section 3638’s prohibitions. Moreover, the generally-applicable federal ethics rules contain significant exclusions and exceptions that open the door to the very sort of entanglement that Section 3683 was designed to prevent. For example:

- The federal prohibition against gifts to federal employees (a) has a de minimis exception that permits gifts up to \$20 each time and up to \$100 for informational gifts (including medical textbooks) in some circumstances, and unlimited gifts with ethics officer approval; (b) allows gifts where there is a family relationship; (c) permits attendance at “widely attended gatherings”; (d) permits lodging or transportation gifts if related to

¹⁴ *FTC Staff Perspective on Lead Generation*, Fed. Trade Comm. (Sept. 15, 2016), <https://www.ftc.gov/news-events/blogs/business-blog/2016/09/ftc-staff-perspective-lead-generation>.

¹⁵ *States’ Attorneys General Action a Victory for Veterans and the GI Bill*, U.S. Dep’t of Veteran Affairs (June 27, 2012), <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=2345>.

¹⁶ *University of Phoenix Gained Special Access to Military Base - For a Price*, Reveal (Sept. 8, 2017), <https://www.revealnews.org/blog/university-of-phoenix-gained-special-access-to-military-base-for-a-price/>; *Are For-Profit Universities Taking Advantage of Veterans?*, PBS NewsHour (July 24, 2015), <http://www.pbs.org/newshour/bb/profit-universities-taking-advantage-veterans/>.

outside income or awards; and (e) allows benefits (such as tuition discounts) if provided to a large group of federal employees.

- The general federal conflict of interest statute (18 U.S.C. 208) is limited to “particular matter[s],” which could exclude some policy decisions that would have a significant impact on for profit institutions. In addition, the regulations provide (a) a de minimis exception which allow employees to own up to \$25,000 of stock ownership in a company that will be affected by the matter at hand, and even \$15,000 of stock ownership in a company that an employee is making a specific decision about; and (b) does not cover contractors, only employees.¹⁷
- The recusal requirement in the general conflict of interest regulation (5 C.F.R. § 2635.502) is limited to “particular matter[s] involving specific parties” and therefore excludes many if not all policy decisions. It also explicitly is guided by the employee’s subjective determination as to whether his behavior might offend a “reasonable person,” (“*the employee determines* that the circumstances would cause a reasonable person with knowledge of the relevant facts to question his impartiality in the matter”) (emphasis added), which opens the door to employees – such as those identified by Chairman Teague in the deliberates that led to this statute – who fail to recognize their ethical failings and self-interested determinations.
- The regulation governing outside employment (5 C.F.R. § 635.502) would permit VA employees at the GS 15 or lower levels to be employed by for-profit institutions. Most other federal agencies have a supplemental ethics law regarding outside income, but VA would not if VA succeeds in eviscerating Section 3683.

VA’s proposal would therefore open the door to numerous abuses prohibited by Section 3683:

- VA employees could accept gifts from for-profit institutions under the various exceptions to the gift rule. That is a dramatic change from the zero tolerance standard of Section 3683. Social science evidence indicates that even *de minimis* gifts and income can have the effect of swaying an official’s views, which is why hospitals routinely ban even minor gifts to their doctors.
- Allow for-profit college executives to have access to “bend the ear” of VA employees by inviting them to widely-attended gatherings, trips, and outings. Again, a clear change from Section 3683.
- VA employees paid by for-profit institutions could participate in VA decisions relating to such institutions, as long as their particular financial interests would not be affected.
- Informal intervention by VA employees not able to participate formally in decisions – through “water cooler discussions,” or disclosure of internal VA deliberations by uninvolved employees who have learned about them.

¹⁷ 5 C.F.R. §2640.202.

- VA employees could steer the veterans they serve or treat towards enrolling in a for-profit college, if the employee is involved in the college.

These are exactly the subtle, and not-so-subtle, influences that Congress meant to prohibit by enacting Section 3683.

The Inspector General Report Provides No Justification for This Proposal

VA's Federal Register notice points to a recent Inspector General report¹⁸ regarding two employees who were paid to teach at for profit institutions; the notice states that the IG recommended that the Secretary issue a waiver. That is false.

The report states (at page 9), "We recommend that VA OGC either enforce the law as written, or initiate the waiver provision found in subsection (d) of the statute." In other words, VA should not tolerate violations, and should either enforce the law or determine whether a waiver is appropriate. The IG did not in any way endorse a blanket waiver of the entire statute. Moreover, the IG specifically urged the VA General Counsel's office to educate VA employees about their responsibilities under Section 3683.

If VA were trying to address the issue of teaching by employees, there is an obvious, limited, and tailored way to do so. VA could establish a process by which employees who wished to teach could apply for a waiver – provided that the income was de minimis and the employees had no role in overseeing or influencing VA's educational programs and no role in advising veterans (such as health staff who might steer veterans towards the for-profit college that employs the health staff).

Permitting outside income (salaries and wages) without the protections described above also creates a significant and unacceptable risk of conflicts of interest.

Permitting payments of gifts, dividends, or profits, and allowing ownership of these institutions has nothing to do with the violations identified in the Inspector General report and would risk corruption and harm veterans. Permitting outside income (salaries and wages) without the protections described above also creates a significant and unacceptable risk of conflicts of interest.

Congress Has Directed VA to Strengthen, Not Weaken, Section 3683 Protections

Just three months ago, VA's enforcement of Section 3683 was specifically identified by the U.S. Senate Appropriations Committee as potentially "inadequate" and something that the Department should strengthen, at least in the context of VA's state contractors. It stated:

¹⁸ *Administrative Investigation Conflicting Interests and Misuse of Government Equipment Overton Brooks VA Medical Center Shreveport, Louisiana*, DEP'T OF VETERAN AFFAIRS, OFFICE OF INSPECTOR GENERAL (July 18, 2017), <https://www.va.gov/oig/pubs/VAOIG-14-03508-275.pdf>.

“The Committee is concerned current laws and regulations related to conflicting interests may be *inadequate* to identify conflicts of interest that can develop through the provision of meals or *de minimus* gifts to officers of State Accrediting Agencies. The Department is directed to conduct an assessment of the effectiveness of 38 U.S.C. 3683 and 38 CFR 21.4005 in preventing conflicts of interests and submit a report to the Committees on Appropriations of both Houses of Congress no later than 180 days after enactment of this act regarding the findings” (emphasis added). 115 S. Rep. 130 (July 13, 2017).

The proposal does precisely the opposite of what the Committee directed. To eviscerate Section 3683’s application to VA employees while leaving it in place for VA’s state contractors would also result in irrationally different treatment of VA employees and state contractors.

VA Lacks the Constitutional and Statutory Authority to Waive Section 3683 For All VA Employees

Although Section 3683(d) permits waivers of the section’s prohibitions, Congress could not have intended to authorize the agency to waive the prohibitions in their entirety. The proposal therefore exceeds VA’s statutory authority. Indeed, interpreting the statute to authorize such a waiver would violate Constitutional separation-of-powers principles by delegating to an agency broad, standardless authority to effectively overturn an Act of Congress.

The Proposal Violates Section 3683’s Procedural Requirements

Section 3683(d) states, “[t]he Secretary may, after reasonable notice and public hearings, waive in writing the application of this section in the case of any officer or employee of the Department of Veterans Affairs or of a State approving agency, if the Secretary finds that no detriment will result to the United States or to eligible persons or veterans by reasons of such interest or connection of such officer or employee.”

The Department has not held a public hearing and has not scheduled one. Issuing a waiver without a public hearing violates the statute, and any such waiver would therefore be invalid under the Administrative Procedures Act.

The statutory text also clearly contemplates that waivers must be issued on any employee-by-employee basis, choosing words that imply singularity, not plurality: It states that a waiver may be granted “in the case of *any* officer or employee” if the Secretary finds no detriment to the United States or veterans from “*such* interest or connection of *such* officer or employee”¹⁹ (emphasis added), while VA’s implementing regulations further require the Secretary to consider the VA employee’s “specific job duties” in determining whether a waiver is appropriate. The broad, blanket waiver proposed in the notice violates this statutory requirement.

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¹⁹ *Id.* (emphasis added).

For all of these reasons, we urge in the strongest terms that the Department continue to require the highest ethical standards from all VA employees, decide not to grant the proposed waiver, rescind the proposal, and instead follow the U.S. Senate Appropriations Committee's request that the Department identify steps to strengthen these critical ethics protections, and the Inspector General's direction that VA educate its employees about their obligations under 38 U.S.C. § 3683.

Path Forward

In the Federal Register notice and in private meetings, VA lawyers have explained that it would be administratively onerous for the Department to consider individual waivers for every VA employee who wishes to teach or take a class at a for-profit college. VA lawyers also have asserted that strict application of the statute could force the immediate termination of employees who were unaware of the statute's requirements.

We urge you, therefore, to meet with veterans and military service organizations – and with ethics experts – to carefully craft a more narrow waiver to address the Department's specific concerns. For example, VA could craft a rule to allow VA employees to take or teach classes, so long as they do not hold a job overseeing GI Bill funds, interacting with VA employees who oversee the GI Bill funds, or in which they might interact with veterans and have the opportunity to steer veterans towards a particular college.

With respect to fairness to VA employees who may be unwittingly currently out of compliance with the law, VA could work with ethics experts and veterans and military service organizations to craft past-looking individualized waivers, following a hearing (as the statute requires) to "grandfather" those employees into compliance, so long as those employees act immediately to sever any financial ties in violation of the law, and so long as they were not in a position to influence the administration of GI Bill funds or to steer veterans towards a particular college.

Sincerely,

Carrie Wofford
President
Veterans Education Success

EXHIBIT A



Putting Veterans First

W.A.V.E.S.

July 9 - 12, 2017

**Robert M. Worley II
Director, Education Service**

Veterans Benefits Administration



**U.S. Department
of Veterans Affairs**

Overview

- FY 2012-FY 2016 Trainees/Dollars Paid
- Long Term Solution (LTS) Updates
- Claims Processing Highlights
- Education Call Center
- Compliance Activity
- GI Bill® Feedback System
- GI Bill® Comparison Tool
- Outcome Measures
- EDU Organization Updates
- GI Bill® Integrity and Protection
- Public Law 114-315 Implementation
- FY18 Key Legislative Proposals
- Legislations Introduced in the 115th Congress
- Contact Us

FY 2012 – FY 2016 Trainees/Dollars Paid

Benefit	Education Programs	FY 12 Trainees/Dollars Paid	FY 13 Trainees/Dollars Paid	FY 14 Trainees/Dollars Paid	FY 15 Trainees/Dollars Paid	FY 16 Trainees/Dollars Paid
Chapter 30	Montgomery GI Bill (MGIB)-AD	118,549 / \$932M	99,755 / \$775M	77,389 / \$512M	61,403 / \$442.2M	47,307 / 365.1M
Chapter 32	Veterans Educational Assistance Program (VEAP)	76 / \$682K	29 / \$496K	8 / \$359K	4 / \$35K	4/ \$22K*
*Chapter 33	Post-9/11 GI Bill	646,302 / \$8.5B	754,229 / \$10.2B	790,408 / \$10.8B	790,507 / \$11.2B	790,090 / \$11.6B
Chapter 35	Survivors' and Dependents' Educational Assistance Program (DEA)	87,707 / \$455M	89,160 / \$483M	90,789 / \$514M	91,755 / \$493.2M	96,762 / \$520.5M
Chapter 1606	Montgomery GI Bill Selected Reserve (MGIB-SR)	60,393 / \$157M	62,656 / \$156M	63,745 / \$150M	63,030 / \$141.1M	61,388 / \$139.3
Chapter 1607	Reserve Educational Assistance Program (REAP)	19,774 / \$77M	17,297 / \$70M	13,784 / \$56M	9,965 / \$40.5M	4,538 / \$20.7M
	Veterans Retraining Assistance Program (VRAP)	12,251 / \$6.1M	67,918 / \$428M	52,288 / \$413M	N/A	N/A
Total		945,052 / \$10.1B	1,091,044 / \$12.1B	1,088,411 / \$12.4B	1,016,664 / \$12.3B	1,000,089 / 12.6B
Note: Dollars may not add due to rounding. *Dollar Amount does not include CH 32 Refund						

As of June 13, 2017, VA issued over \$75.6 billion in Post-9/11 GI Bill benefit payments to 1,763,848 individuals since program inception (August 2009).

Long Term Solution (Chapter 33 Only) – Supplemental Automation Summary

Automation Summary	FY13	FY14	FY15	FY16	*FYTD
Total Claims Automated	2,325,037	2,573,279	2,554,493	2,578,890	1,623,538
Claims Fully Automated	1,236,210 / 44.2%	1,524,570 / 50.3%	1,562,828 / 52.1%	1,347,027 / 45.6%	860,339 / 44.3%
Claims Partially Automated	1,088,827 / 38.9%	1,048,709 / 34.6%	991,665 / 33.0%	1,231,863 / 41.8%	763,199 / 39.3%
Total Claims Manually Processed	471,736	458,052	446,089	442,831	316,934

* FYTD is June 16, 2017

Long Term Solution

Currently preparing for User Acceptance Testing for the infrastructure upgrade for Release 6.7 targeted to deploy to the production environment in FY18 Q1. This release will assure LTS' infrastructure is compliant to VA technical standards. The key changes include:

- Upgrade of the LTS server operating systems (Windows and Linux)
- Upgrade of the LTS Automation hardware and business rules software
- Upgrade of key software components (Java, WebLogic) to the VA approved versions

Claims Processing Highlights

Claims Inventory	FY14	FY15	FY16	FYTD May 2017
Claims Processed	4.3M	4.2M	4.1M	2.5M
Original Claims Timeliness (Average Days to Complete)	16.7	18.4	16.7	22.1
Supplemental Claims Timeliness (Average Days to Complete)	5.9	7.0	6.7	7.8
Payment Accuracy	98.7%	99.4%	98.8%	98.0%*

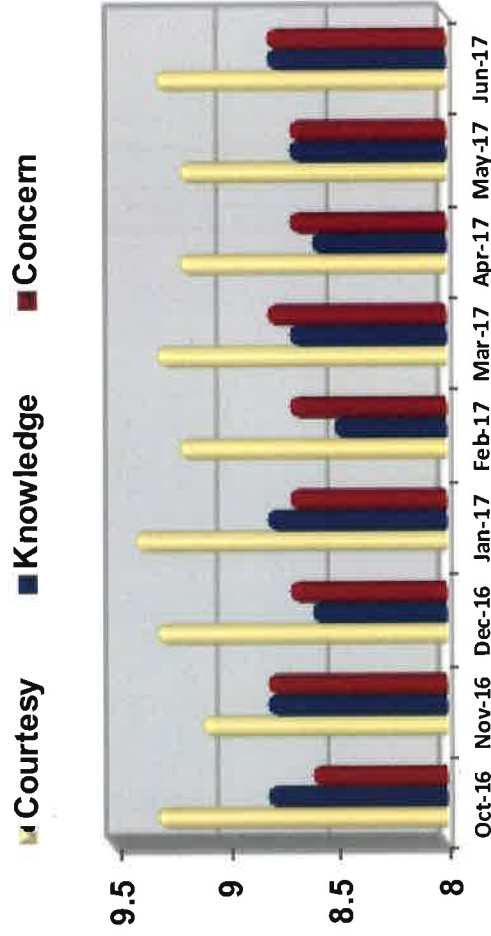
*Percentage reflects FY17 2nd Quarter

Claims Processed

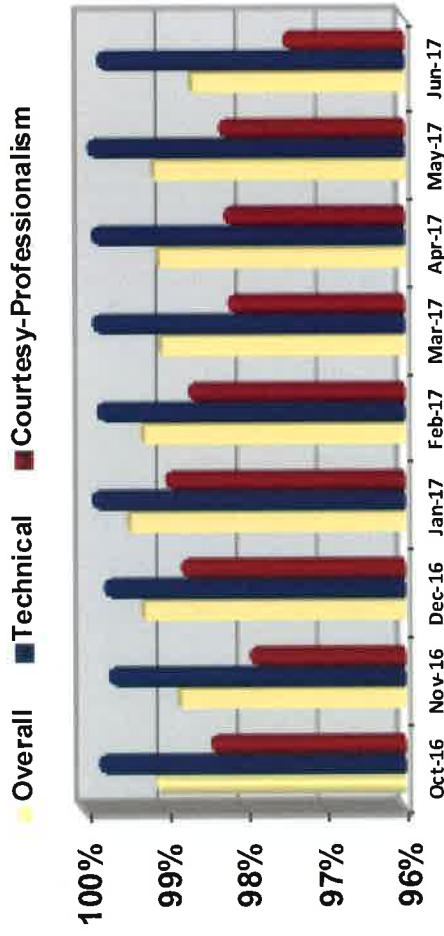
	Original	Supplemental
March 2017	27,990	276,048
April 2017	26,665	237,745
May 2017	30,584	260,593

Education Call Center Highlights

JD Power External Quality Scores



Internal Quality Scores



Quarter 2 (FY17) Average Calls Answered Per Month: **198,527**

Overall Satisfaction Score for June 2017: **860**

- Exceeds the government benchmark of 721
- Exceeds the service industry benchmark of 815

June 2017	Scores
Courtesy of Representative	9.3
Knowledge of Representative	8.8
Representative's Concern	8.8
Overall Quality	98.65%
Technical Quality	99.81%
Courtesy/Professionalism	97.5%

Education Call Center

Education Call Center (ECC)/Customer Relationship Management (CRM) Tool

- The ECC/CRM Tool, Release 3.1.15.1 was deployed to the full call center (over 300+ personnel) on April 10, 2017. Functionality in this release:
 - Provides Personal Identity Verification(PIV) compliance
 - Provides managers an overarching picture of the call center performance and track top caller reasons/caller types through call center-wide dashboard
 - Provides Automation for JD Power Report and enhanced reporting metrics
- ECC/CRM project is no longer in development and is in the final planning phase for the first sustainment build. The next release, Release 3.2, is scheduled for deployment in September 2017.

Compliance Activity

Compliance Survey Data

	FY16 # of Surveys	FY17 Plan # of Surveys
Dept. of Veterans Affairs	2,427	3,418
State Approving Agencies	2,921	2,263
Total Surveys	5,348	5,681

FY17 Guidance:

- Continue to use SECVA's waiver authority
- Emphasize private for-profit and non-accredited schools
- Include 100% of IHLs with flight programs, and priority will be given to private for profit, non-accredited schools
- Visit all newly approved institutions

Looking to FY18:

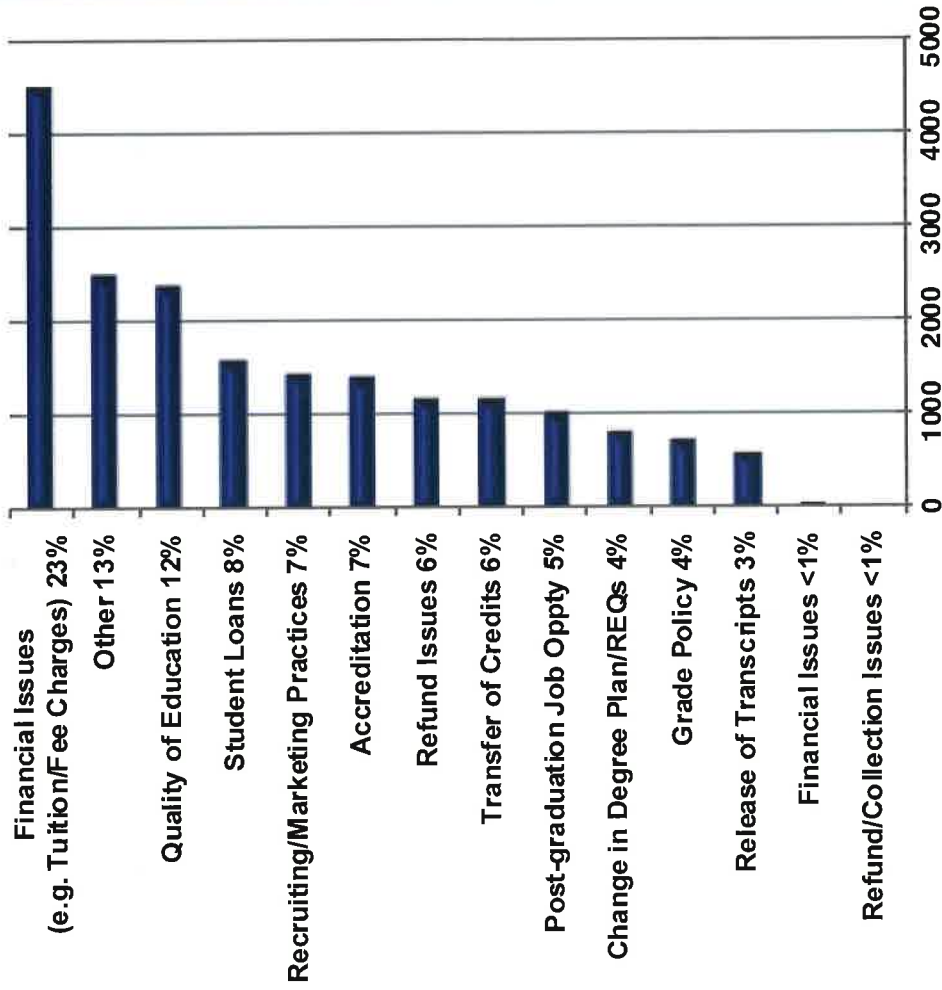
- PL 114-315 changes compliance requirements
- Developing new strategy
- No decrease in numbers, will change mix

GI Bill® Feedback System

- On January 30, 2014, VA launched the Feedback System to intake student complaints concerning non-compliant Principals of Excellence (POE) schools
- Total complaints as of June 30, 2017: 8,468
Of these:
 - POE complaints: 4,872 (58%)
 - Pending: 203
 - Active: 72
 - Non-POE complaints: 3,596 (42%)
- Risk-based reviews conducted as of June 30, 2017: 139
 - 15 withdrawals
- GI Bill Feedback System Observations:
 - Communication – Issues between school staff and students
 - Financial issues – Timeliness of certification submission
 - Transfer of credits – General lack of understanding by students
 - Refund issues – Administration with multiple types of financial aid (Title IV & VA)

GI Bill® Feedback System

% Complaint by Issue: Inception through June 2017



Complaints by Issue (June 2017)

Financial Issues (e.g. Tuition/Fee Charges)	4,501
Other	2,508
Quality of Education	2,375
Student Loans	1,585
Recruiting/Marketing Practices	1,451
Accreditation	1,411
Refund Issues	1,186
Transfer of Credits	1,178
Post-graduation Job Opportunities	1,024
Change in Degree Plan/Requirements	813
Grade Policy	725
Release of Transcripts	581
Financial Issues	46
Refund/Collection Issues	13

GI Bill® Comparison Tool

Comparison Tool was launched on February 4, 2014, in response to Executive Order 13607 to implement and promote “Principles of Excellence.” As of June 12, 2017, it had over **7.4 million unique page views** with over **6 million schools searched**.

Recent Release:

On April 25, 2017, VA released a redesign of the Comparison Tool to include:

- Improved design of the mobile/tablet profile page
- Enhancements to search result page
- More prominent location of the Benefits estimator

Future Release Will Include:

- School Rating, More Caution Flag Information, School Certifying Official, Contact Information, Detailed Accreditation Information, Major/Program type

Review the Comparison Tool: <https://www.vets.gov/gi-bill-comparison-tool/>

Outcome Measures

Outcome Measures Progress

- August 10, 2016 – VA sent graduation preview data to 4-year IHL schools
- August 29, 2016 – VA sent letter to 4-year IHL schools extending reporting period
- Data validation extended to September 30, 2016
- Deployment of 4-year outcome measures delayed to address concerns
- Broader Cohort Definition effort
- Re-evaluating plan in light of PL 114-315 Sec. 404
- VA and ED signed a data-sharing agreement for the following measures:
 - Student loan debt
 - Loan repayment measurements
 - Cohort default measures
 - Federal loan usage rates for Post-9/11 GI Bill students

EDU Organization Update

- Atlanta Regional Processing Office (RPO) ceased education claims processing activities
- VBA reassigned 106 employees from the Atlanta RPO
- Redirection of Resources:
 - 75 positions transitioned to the Veterans Service Center (VSC)
 - 21 positions transitioned to VA Central Office - Education Service
 - 10 positions transitioned to Compliance & Liaison Division – Education Service
- All of the education claims workload processed in the Atlanta RPO was reassigned to the Buffalo and Muskogee RPOs

GI Bill® Integrity & Protection

- August 3rd Symposium/Follow-up February 22nd
- Finalized Decision Matrix for Enforcement Action (internal tool)
- Added Resources
- Federal Agency Lash-Ups
- ACICS Accreditation Derecognition by Department of Education
 - 236 of 237 institutions signed PPAs
 - Milestones: 6/12/17 (180 day); DoE verifies that all three required milestones are met in the PPPA addendum (300 day)
- DeVry settlements with FTC and Department of Education – December 2016

PL 114-315 Implementation

PL 114-315: Weekly Status Overview 07/07/2017

#	Section Title	Required Implementation Date	Latest Action/Update
401	Clarification of eligibility for Marine Gunnery Sergeant John David Fry Scholarship.	The changes made by section 401 would apply to a quarter, semester, or term commencing on or after January 1, 2015.	COMPLETE
404	Reports to VA on progress of students receiving Post-9/11 Educational Assistance.	Saturday, December 16, 2017 (data collection required one year after the date of enactment)	<ul style="list-style-type: none"> Meeting with Stakeholders on Proposed Data Elements Defined "Academic and Employment Success"
405	Recodification and improvement of election process for Post-9/11 Educational Assistance Program.	01/01/2017	COMPLETE
406	Work-study authority for SAAs, VA Hospitals, national/state cemeteries	06/30/2017	IMPLEMENTED (Communication Plan Developed, Not Yet Released)
407	Centralized reporting of veteran enrollment by certain groups, districts, and consortiums of educational institutions.	December 16, 2016 (applies to any reports of enrollment submitted on or after the date of enactment)	<ul style="list-style-type: none"> Met with Stakeholders to Gather Input and Exchange Ideas Drafted Centralized Reporting Guidance
408	Role of State approving agencies for "deemed approved" schools.	12/16/2016	<ul style="list-style-type: none"> Discussions between Education Service (VA) and NASAA Contract Committee Ongoing FY18 Contract Changes Pending
409	Modification of requirements for approval for programs designed to prepare individuals for licensure or certification.	12/16/2016 (with grandfather clause for those currently enrolled)	<ul style="list-style-type: none"> SAAs Implementing VA Waiver Process in Development
410	VA, in consultation with SAA, determine if additional approval criteria are necessary and equitable.	This change would apply with respect to criteria developed pursuant to 38 U.S.C. 3676(c)(14) on or after January 1, 2013, and an investigation conducted under 38 U.S.C. 3676(c) that is covered by a reimbursement of expense paid by VA to a state, pursuant to 38 U.S.C. 3674, on or after October 1, 2015.	<ul style="list-style-type: none"> Determined the "Additional Criteria" used by SAAs and if it Applied Equitably Across all Programs

PL 114-315 Implementation

PL 114-315: Weekly Status Overview 07/07/2017

#	Section Title	Required Implementation Date	Latest Action/Update
411	Compliance surveys > 20 schools	FY 18 Compliance Cycle	<ul style="list-style-type: none"> Studied Data to Identify Potential Schools Building FY 18 and FY 19 Strategies
412	Modification of reductions in reporting fee multipliers for payments by Secretary of Veterans Affairs to educational institutions.	Varies (December 16, 2016, through September 25, 2017, \$6.00 and \$12.00) (September 26, 2017, through September 25, 2018, \$7.00 and \$12.00) (September 26, 2018, through September 25, 2026, \$12.00 and \$15.00)	COMPLETE
413	Composition of Veterans' Advisory Committee on Education.	12/16/2016	<ul style="list-style-type: none"> Ongoing Selection Process for New Members
414	Survey of individuals using their entitlement to educational assistance under the educational assistance programs administered by the Secretary of Veterans Affairs.	Varies (September 12, 2017, VA must enter into Contract) (One month before collection of data, survey must be sent to HVAC/SVAC) (180 days after signed contract date, contractor must complete survey and send results to Secretary) (90 days after receiving results, Secretary must send report to HVAC/SVAC)	<ul style="list-style-type: none"> Funding Secured and Approved for Survey On-track to add Survey to JD Power Contract
415	Department of Veterans Affairs provision of information on articulation agreements between institutions of higher learning.	Thursday, March 16, 2017 (90 days after the date of enactment to implement this legislation)	<ul style="list-style-type: none"> Awaiting Upload of New Language into LTS/PCGL
416	Retention of entitlement to educational assistance during certain additional periods of active duty.	12/16/2016	<ul style="list-style-type: none"> Approval of Notification Letter and ECC Script Pending
417	Technical amendment relating to in-state tuition rate for individuals to whom entitlement is transferred under all-volunteer force educational assistance program and post-9/11 educational assistance.	07/01/2017	<ul style="list-style-type: none"> 51 States and Territories Compliant

VA's Key FY18 Legislative Proposals

Prevent VA from Providing Unlimited Amounts of Payments for Flight Training at Public School:

VA proposes to amend title 38 U.S.C. § 3313(c) and add new section (j) to impose tuition and fee payment caps at Institutions of Higher Learning (IHLs) with flight training programs and establish a maximum allowable fee structure for all VA-funded flight programs. Savings are estimated to be \$42.0 million in 2018, \$228.8 million for five years, and \$511.2 million over ten years.

Streamline monthly certifications for on-the-job (OJT) and apprenticeship programs:

VA proposes to amend § 3680(c) of title 38, U.S.C., to eliminate the requirement for two signatures and require the signature of only the school certifying official (supervisor) at the training establishment. This change would provide better service to students, as it would simplify the certification process by allowing the training facility to certify the monthly attendance electronically, through a system similar to VA-ONCE (VA's tool for online certification of enrollment), and would reduce potential delays in benefit payments. No benefit costs or savings are associated with this proposal.

VA's Key FY18 Legislative Proposals

Request Statutory Change to title 38 U.S.C. Section 3683 Conflicting Interest to "Any Institution" Not Just For-Profit Institutions:

This proposal would ensure that conflicts of interest do not exist for members of SAAs approve programs at any institution type, including non-profit universities. No costs are associated with this proposal.

Sunset the Post-Vietnam Era Veterans' Education Assistance Program (VEAP):

Although VEAP will eventually sunset on its own, it is not cost-effective to continue to expend administrative and information technology (IT) resources to administer and maintain this program for the extremely small number of beneficiaries paid in a given year. Usage under VEAP has decreased from 560 beneficiaries in FY 2008 to 4 beneficiaries for FY 2016. Administrative costs include claims processing personnel in VA Regional Processing Offices as well as costs for IT personnel to maintain the VEAP program in the Benefits Delivery Network system. No benefit cost or savings are associated with this proposal.

VA's Key FY18 Legislative Proposals

Extension of Veterans' Advisory Committee on Education:

VA proposes to amend title 38, U.S.C. § 3692 (c) to authorize VA's Advisory Committee on Education through December 31, 2019. No costs are associated with this proposal.

Legislation Introduced in the 115th Congress

H.R. 43, Independent Study, (Rep. Markwayne Mullin, Oklahoma - Introduced January 3, 2017)

(Contains provisions similar to those introduced in S. 1356 - Veterans Education Improvement Act of 2017)

- Authorizes the use of Post-9/11 educational assistance to pursue independent study programs at certain accredited educational institutions that are not institutions of higher learning.
- January 19, 2017 Referred to the Subcommittee on Economic Opportunity

H.R. 245, Veterans' Education Equity Act, (Rep. Paul Cook, California - Introduced January 4, 2017)

- Requires VA to calculate the monthly housing allowance (MHA) under the Post-9/11 GI Bill based on the location of the campus where the individual attends classes, rather than the location of the institution of higher learning at which the individual is enrolled.
- January 19, 2017 Referred to the Subcommittee on Economic Opportunity

Legislation Introduced in the 115th Congress

H.R. 1104, Veterans' To Enhance Studies Through Accessibility Act, (Rep. Susan Brooks, Indiana – Introduced February 16, 2017)

(Contains provisions identical to those introduced in S. 1192)

- Requires VA to charge entitlement for certain licensing and certification tests and national tests under the Post-9/11 Educational Assistance Program.
- March 3, 2017 referred to the Subcommittee on Economic Opportunity

H.R. 1112, Shauna Hill Post 9/11 Education Benefits Transferability Act (Rep. Raul Labrador, Indiana – Introduced February 16, 2017)

(Contains provisions identical to those introduced in S. 410)

- Authorizes the transfer of unused Post-9/11 Educational Assistance benefits to additional dependents upon the death of the originally designated dependent.
- March 3, 2017 referred to the Subcommittee on Economic Opportunity.

Legislation Introduced in the 115th Congress

H.R. 1216, Protecting Veterans From School Closures Act of 2017 (Rep. Luke Messer, Indiana - Introduced February 24, 2017)

(Contains provisions similar to those introduced in H.R. 2068 - Department of Veterans Affairs Veterans Education Relief and Restoration Act of 2017)

- Authorizes VA to restore entitlement to educational assistance for Veterans affected by school closures.
- March 6, 2017 referred to the Subcommittee on Economic Opportunity

H.R. 1384, Reserve Component Benefits Parity Act (Rep. Steven Palazzo, Mississippi - Introduced March 7, 2017)

(Contains provisions similar to those introduced in S. 473 - Educational Development for Troops and Veterans Act of 2017)

- Requires VA to add sections 12304a and 12304b of title 10 to the list of authorities that qualify as active duty service for Post-9/11 GI Bill eligibility.
- April 5, 2017 referred to the Subcommittee on Military Personnel

Legislation Introduced in the 115th Congress

H.R. 1793, Veterans Education Priority Enrollment Act of 2017 (Rep. Tim Ryan, Ohio - Introduced March 29, 2017)

(Contains provisions identical to those introduced in S. 764)

- Requires VA or a State Approving Agency to prohibit approving a program of education offered by an institution that allows certain students priority enrollment, unless the institution allows “covered individuals” to enroll at the earliest possible time pursuant to such a priority enrollment system.
- Covered individuals” are those individuals using educational assistance under chapter 30, 31, 32, 33, or 35 of title 38, United States Code; or under chapter 1606 or 1607 of title 10, United States Code.
- April 12, 2017 referred to the Subcommittee on Military Personnel

Legislation Introduced in the 115th Congress

H.R. 1956, Caring for the Families of our Wounded and Fallen Heroes Act, (Rep. David Roe, Tennessee – Introduced April 5, 2017)

- Authorizes an increase to the monthly rates of educational assistance under the Dependents' Educational Assistance program from:
 - \$788 to \$1,224 for full-time training
 - \$592 to \$967 for three-quarter time training
 - \$394 to \$710 for one-half time training
- April 6, 2017 referred to the Subcommittee on Economic Opportunity

H.R. 1989, Veterans Employment Through Technology Education Courses Act of 2017 (VET TEC Act), (Rep. Kevin McCarthy, California - Introduced April 6, 2017)

(Contains provisions similar to those introduced in S.1277)

- Authorizes VA to carry out a five-year pilot program to provide eligible Veterans who are entitled to educational assistance with the opportunity to enroll in high technology programs of education.
- April 7, 2017 referred to the Subcommittee on Economic Opportunity

Legislation Introduced in the 115th Congress

H.R. 1994, Vocational Education and Training Enhancements for Reintegration Assistance Now Act (VETERAN Act), (Gus Bilirakis, Florida - Introduced April 6, 2017)

- Requires VA to make changes and improvements to the Veterans Benefits Administration (VBA) information technology (IT) systems to ensure that, to the maximum extent practicable, all original and supplemental claims for educational assistance under chapter 33 of title 38, United States Code, are adjudicated electronically and rules-based processing is used to make decisions with little human intervention.
- April 7, 2017 Referred to the Subcommittee on Economic Opportunity

H.R. 2099, GI Bill Fairness Act of 2017, (Rep. Mark Takano, California-Introduced April 14, 2017)

(Contains provisions identical to those introduced in S. 844)

- Amends the definition of active duty in section 3301 of title 38, United States Code, to include certain time spent receiving medical care from the Secretary of Defense as qualifying active duty service performed by members of the Reserve and National Guard.
- April 14, 2017 referred to the Subcommittee on Economic Opportunity

Legislation Introduced in the 115th Congress

H.R. 2100, Work-Study for Student Veterans Act (Rep. Mark Takano, California-Introduced April 14, 2017)

- Authorizes VA to pay benefits for certain work-study activities for the period from June 30, 2017 through June 30, 2027.
- April 14, 2017 referred to the Subcommittee on Economic Opportunity

H.R. 2103, Julian Woods Yellow Ribbon Program Expansion Act (John Rutherford, Florida – Introduced April 17, 2017)

- Authorizes VA to allow recipients of the Marine Gunnery Sergeant John David Fry Scholarship to be eligible for the Yellow Ribbon program under the Post-9/11 GI Bill.
- April 17, 2017 referred to the Subcommittee on Economic Opportunity

Legislation Introduced in the 115th Congress

H.R. 2108, GI Bill STEM Extension Act of 2017 (Rep. David McKinley, West Virginia-Introduced April 20, 2017)

- Authorizes VA to provide up to nine months of additional Post-9/11 GI Bill benefits to certain individuals who have used all of their Post-9/11 GI Bill educational assistance and who are enrolled in programs of education which lead to degrees in certain Science, Technology, Engineering and Mathematical fields.
- April 20, 2017 referred to the House Committee on Veterans' Affairs

H.R. 2257, Guard and Reservist Education Improvement Act, (Rep. Brad Wenstrup, Ohio - Introduced April 28, 2017)

(Contains provisions identical to those introduced in S. 1362)

- Requires VA to consolidate the current amount of qualifying active duty service needed after September 10, 2001, for payment of educational assistance under Post-9/11 GI Bill at the 50 percent and 60 percent benefit levels.
- This bill removes the 40 percent benefit level from the amounts payable under the Post-9/11 GI Bill.
- April 28, 2017 referred to the Subcommittee on Economic Opportunity

Legislation Introduced in the 115th Congress

H.R. 2549, GI Bill Processing Improvement Act (Rep. Mike Coffman, Colorado – Introduced May 19, 2017)

- Requires VA to make available to educational institutions information about the amount of educational assistance to which a Veteran or other individual is entitled under chapter 30, 32, 33, or 35.
- Extends authority for Veterans' Advisory Committee on Education (VACOE) through December 31, 2022.
- Places a limitation on the use of reporting fees payable to educational institutions and joint apprenticeship training committees.
 - Prohibits an educational institution or joint apprenticeship training committee that has 75 or more enrollees from using or merging reporting fees from VA with the amounts available for the general fund of the educational institution or joint apprenticeship training committee.

Legislation Introduced in the 115th Congress

- Authorizes VA, in consultation with the State Approving Agencies (SAAs), to provide training requirements for school certifying officials employed by educational institutions that offer courses of education approved under chapter 36 of title 38 U.S.C.
- Requests an increase in the amount of funding for reimbursements payable to SAAs by VA from \$19 million to \$21 million.
- May 19, 2017 referred to the House Committee on Veterans' Affairs

Legislation Introduced in the 115th Congress

S. 473, Educational Development for Troops and Veterans Act of 2017 (Rep. Jon Tester, Minnesota - Introduced February 28, 2017)

(Contains provisions similar to those introduced in H.R. 925 and S. 667)

- Requires VA to add sections 12304a and 12304b of title 10 to the list of authorities that qualify as active duty service for Post-9/11 GI Bill eligibility.
- Requires VA to pro-rate the monthly housing allowance for reservists who are called to active duty.
- June 15, 2017 Committee on Veterans' Affairs. Hearing held.

Legislation Introduced in the 115th Congress

S. 798, Yellow Ribbon Improvement Act of 2017 (Rep. Bill Cassidy, Louisiana - Introduced March 30, 2017)

- Authorizes VA to allow recipients of the Marine Gunnery Sergeant John David Fry Scholarship and certain active duty Servicemembers and those eligible at the 100% benefit level pursuing a program on a half-time or less basis to be eligible for the Yellow Ribbon program under the Post-9/11 GI Bill.
- June 15, 2017 Committee on Veterans' Affairs. Hearing held.

S. 882, Purple Heart GI Bill Act (Rep. Mike Rounds South Dakota-Introduced April 6, 2017)

(Contains provisions similar to those introduced in H.R. 1379)

- Expands Post-9/11 GI Bill eligibility to individuals who are awarded the Purple Heart for service in the Armed Forces occurring on or after September 11, 2001.
- Individuals who gain eligibility under this legislation would also be eligible for the Yellow Ribbon Program under the Post-9/11 GI Bill.
- June 15, 2017 Committee on Veterans' Affairs. Hearing held.

Legislation Introduced in the 115th Congress

S. Unnumbered, Improve Post-9/11 Educational Assistance Program

- Repeals the expiration date of June 30, 2022, for certain work-study activities.
- Authorizes VA to allow a dependent who received transfer of entitlement under the Post-9/11 GI Bill to transfer some or all of such entitlement to another eligible dependent who has received transferred entitlement if the Servicemember or Veteran who made the transfer subsequently dies.
- Requires educational institutions to treat a course that begins seven or fewer days before or after the first day of the academic term, as if it began on the first day of the academic term.
- Removes the requirement for Public, Private or Foreign Institutions of Higher Learning to deduct scholarships, or Federal, State, Institutional, or employer based aid or assistance from the tuition and fees that are reported to VA for individuals who qualify for less than 100 percent of educational assistance under the Post-9/11 GI Bill.

Contact Us



U.S. Department of Veterans Affairs



POST★9/11 GI BILL

It's Your Future

WEBSITE: www.benefits.va.gov/gibill

FACEBOOK: www.facebook.com/gibillEducation

TELEPHONE: 1-888-GIBILL-1 (1-888-442-4551)

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of Veterans Affairs

Questions?



EXHIBIT B



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

December 21, 2016

Honorable John Kline
Chairman
Committee on Education and the Workforce
House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Section 487 (d)(4) of the Higher Education Act of 1965, as amended (HEA), requires the Secretary of Education to submit an annual report to Congress containing information regarding the amount and percentage of each for-profit institution's revenues from Title IV sources and non-Title IV sources. The purpose of this letter is to transmit this information for the July 1, 2014, to June 30, 2015, reporting period (2014/2015 award year). To be eligible for FSA participation, a for-profit institution must derive at least 10 percent of its revenues for each fiscal year from sources other than the FSA programs, or be subject to sanctions.

The 90/10 revenue percentage is calculated under specific requirements in the HEA and corresponding regulations using the following regulatory formula:

Adjusted Student Title IV Revenue

*Adjusted Student Title IV Revenue + Student Non-Title IV Revenue +
Total Revenue from Other Sources*

Part 668, Subpart B, Appendix C of the Title IV regulations specifies the order in which funds are deemed to be paid to the institution on behalf of a student and how those funds are to be classified. A for-profit institution must disclose the percentage of revenue derived from the Title IV programs that the institution received during the fiscal year covered by the audit, as a footnote to its audited financial statement.

In 2008 the Higher Education Opportunity Act (HEOA) amended the 90/10 rule to permit an institution that does not meet the requirement for one year to retain its eligibility to participate in the Title IV programs. However, the institution's participation then becomes provisional for two fiscal years. If the institution does not satisfy the 90/10 rule for those two consecutive years, it loses its eligibility to participate in the Title IV programs for at least two fiscal years. If an institution fails to satisfy the 90/10 rule, the Department is required by statute to disclose this information on the College Navigator Web site (<http://nces.ed.gov/collegenavigator>), including the extent to which the institution failed to satisfy the rule.

400 MARYLAND AVENUE, S.W., WASHINGTON, DC 20202
www.ed.gov

The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

Page 2- Honorable John Kline

The report enclosed with this letter shows the revenue percentage for each for-profit institution based on that institution's most recent fiscal year with an end date between July 1, 2014, and June 30, 2015. Total funding received under the Title IV programs and total institutional revenues, on which the numerator and denominator of the 90/10 revenue percentage calculation (with adjustments specified in regulation) are based, are also shown for each institution. It should further be noted that only those schools whose financial statements for the period being reported have been reviewed by the Department are included in the report.

The data in this report indicates that 17 institutions failed to satisfy the 90/10 rule during the reporting period. The report shows that, as provided by the HEA, 15 of the 17 institutions remain eligible for Title IV participation on a provisional basis because they satisfied the 90/10 rule for the previous reporting period. The Department will monitor whether these institutions satisfy the 90/10 rule in the following year in order to remain eligible to participate in the Title IV programs. Two of the 17 schools, United Medical and Business Institute and Pat Wilson's Beauty College, have missed the required ratio for two consecutive years and have lost eligibility to participate in the Title IV student aid programs.

The Department will post the full report on the Federal Student Aid Data Center website at <https://studentaid.ed.gov/sa/about/data-center/school/proprietary> as well as post the required disclosures on the College Navigator website.

If you have any questions about this report, please have your staff contact Lloyd Horwich in the Office of Legislation and Congressional Affairs by e-mail at: Lloyd.Horwich@Ed.Gov or by phone at 202-401-0020.

Sincerely,



Lynn B. Mahaffie
Delegated Duties of Assistant Secretary
for Postsecondary Education

Enclosure

**Proprietary School 90/10 Revenue Attestation Percentages
from Financial Statements with Fiscal Year Ending Dates
Between 7/1/2014 and 6/30/2015**

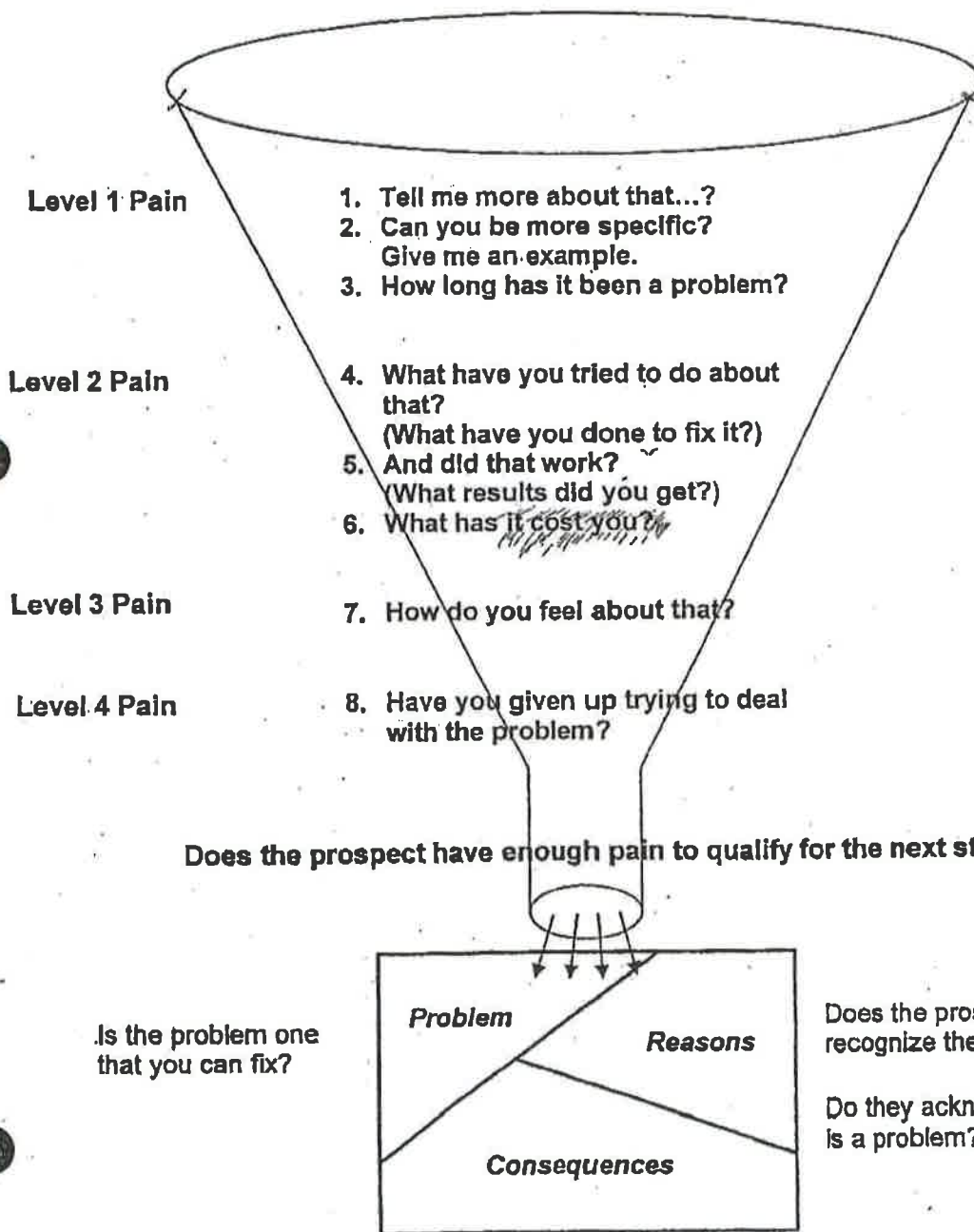
Source: eZ-Audit as of June 17, 2016

Revenue Attestation Percentage	Number of Schools
Greater than 90 from Title IV Sources	17
Greater than 85 and up to 90 from Title IV Sources	292
Greater than 80 and up to 85 from Title IV Sources	291
Greater than 70 and up to 80 from Title IV Sources	463
Greater than 60 and up to 70 from Title IV Sources	375
Greater than 50 and up to 60 from Title IV Sources	207
Greater than 40 and up to 50 from Title IV Sources	126
Greater than 30 and up to 40 from Title IV Sources	67
Greater than 20 and up to 30 from Title IV Sources	31
Greater than 10 and up to 20 from Title IV Sources	14
Between 0 and 10 from Title IV Sources	14
Total Number of Schools	1,897

EXHIBIT C

2. Pain Funnel and Pain Puzzle

Eight Questions

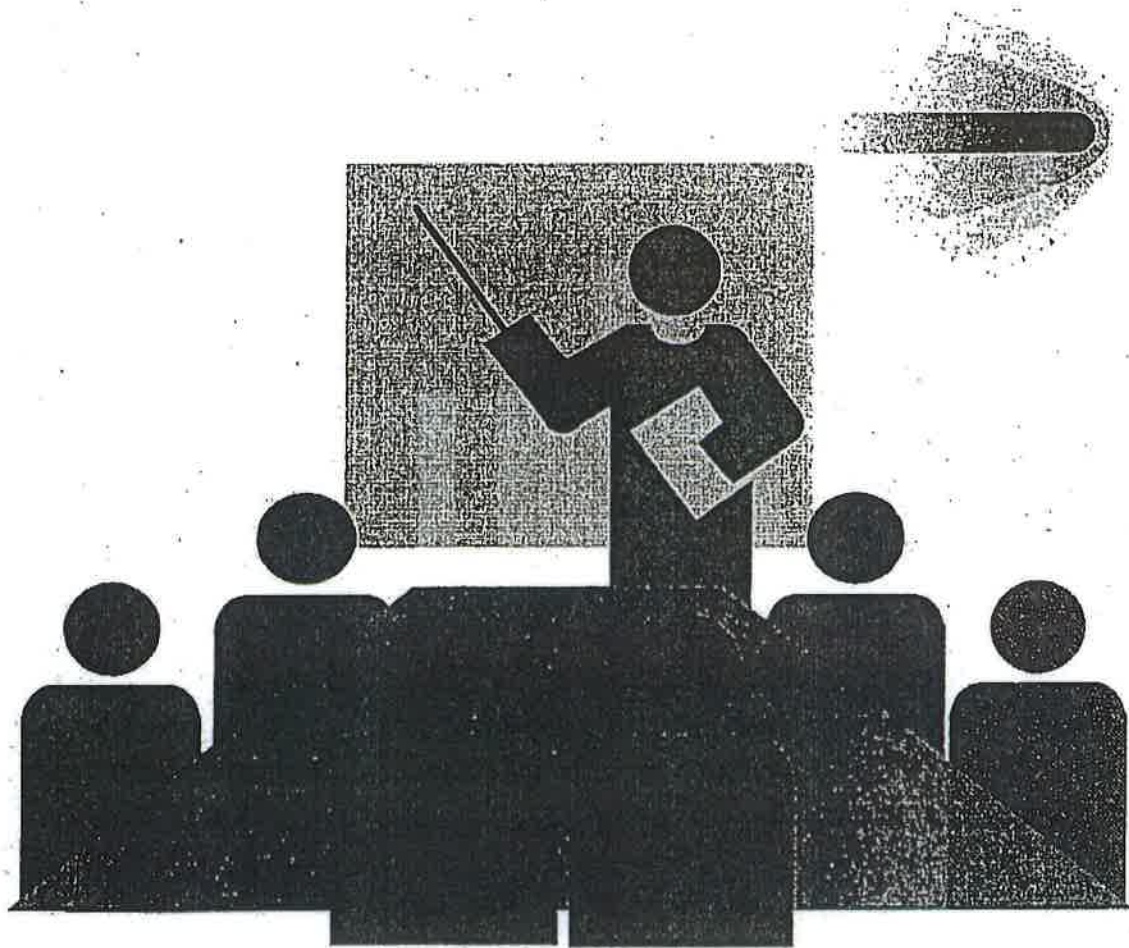


Is the problem one that you can fix?

Are they committed to fixing it?
Are they willing to do something about it now?

what's the
business reason now

***UNDERSTANDING OUR
MARKET...
Who Are Our Students?***



Sales Begins With...

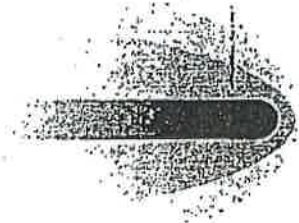


**AWARENESS,
UNDERSTANDING,
AND
ACCEPTANCE OF
THE MARKET WE
SERVE!**

Student Profiles

- Welfare Mom w/Kids
- Recent High School Graduates
- College Freshmen dropout.
- Pregnant Ladies
- Recent Divorce
- Military - Active & Retired
- Low Self-Esteem
- Low Income Jobs
- Vocational Rehabilitation
- Experienced a Recent Death
- Experienced a Recent Birth
- Empty Nest Syndrome
- Recent Marriage
- Relocation
- Career Change
- Upgrade Skills
- Physically/Mentally Abused
- Recent Incarceration
- Drug Rehabilitation
- Dead End Jobs-No Future
- College Credits - 2 Years+
- Living w/multitude of Families
- Living with Parents
- Living with Significant Other
- Fired / Lay off
- Self Employed w/ No Benefits

Emotion




- We deal with people that live in the moment and for the moment.
- Their decision to start, stay in school or quit school is based more on emotion than logic.
- Pain is the greater motivator in the short term.

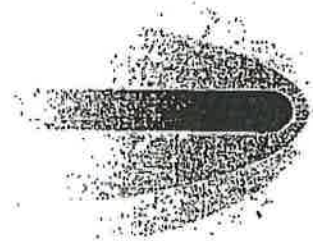
DIRECT QUOTES...

- “Lately it seems admissions has been putting in some really troubled people...could this be a trend?”
- “This last batch of students you guys dumped in here are about the worst I’ve seen in years”
- “I just walked by orientation—**WOW-SCARRRRRY!**”
- “Do your ads say, **LOSERS! ENROLL HERE!**”
- “You need to target a better demographic it would make all of our jobs a lot easier!”

We Serve The
UN-DER World

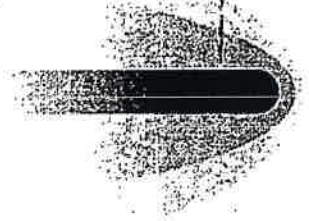
- 
- **UNEMPLOYED**
 - **UNDERPAID**
 - **UNSATISFIED**
 - **UNSKILLED**
 - **UNPREPARED**
 - **UNSUPPORTED**
 - **UNMOTIVATED**
 - **UNHAPPY**
 - **UNDERSERVED!**

Examples of Buying Motives



- Low Pay
- Dependent upon others.
- Higher income
- Job Security
- Self-Esteem
- Recognition

Daily Activity



EXPECTATIONS:

Outbound Calls-50 MINIMUM ✱

Appointments Set-5 ✱

Appointments Held-3 ✱

3 Packaged per week ✱

Referrals-2 per week ✱

The following are some common objections & tips on how to resolve them:

Concern: Not enough time

Response: How much time do you believe this will take?
How much time can you invest in yourself?
Is there ever a *good* time to go back to school?
Why did you call or request the information? (Don't sound condescending)
Walk me through a day in the life of you. When do you get up/home from work, etc?
Do you see yourself having more time for school in the future?
How would having your degree afford you more time?
How long have you been thinking about finishing your degree?

Concern: Money/Cost

Response: Investing in yourself - How much did you plan for?
Education is an asset that never depreciates.
Ashford is more affordable than most private schools offering online programs.
How will you benefit once you have your degree?
What costs more, having your degree or not having it?
Are you aware of the financing options available for those who qualify?

- Student loans not income or credit based
- Loans deferred while in school
- Have up to 10 years to pay back

Concern: Credibility/Reputability

Response: What do you know about accreditation or AU?

- Established in 1918
- Traditional 4-year campus with sports teams, dormitories
- Regionally accredited since 1950

98% of students surveyed said they would recommend AU to a family member or friend

Concern: Fear

Response: What concerns do you have?
Explain the benefit of having a personal advisement team (EA, AA FSA)
What makes you feel more anxious? Obtaining your degree or not having it?
Tell me about another time in your life you felt afraid and how you overcame that fear?
Students just like you that have been out of school, working adults, etc
Many resources: online library, tech support, writing consultant, Smartthinking, etc

CREATING URGENCY - UNCOVER THEIR PAIN AND FEARS USING OBS

-I am not sure if you have done this before but I would like you to take a moment and THINK of DAY ONE of your new career. Describe to me what you envision? Take your time think about it.

Let me make sure I understand, when you start your new career, you imagine your first day going the following way... (RESTATE)

Wow! I am EXTREMELY impressed. I can tell you have pictured this in your mind before!

Since we are looking towards the future, describe to me how you feel on graduation day? Who will be in the audience cheering you on as you receive your degree on stage? (BE SILENT.. DO NOT SPEAK)

Now I am assuming some of your friends and family who would be at graduation are also thinking about making a change as well? Well the good news is if you are accepted to Kaplan, we can send them some information to determine if Kaplan would be a good fit for them as well, okay?

So <Student Name>, if you DON'T make a change or move into this new direction, what do you think your future will look like? (BE SILENT- DO NOT SPEAK.) Can you elaborate?

-I am happy to hear that. As long as you don't lose sight of the life you want to live, I promise you I will do everything in my power to help you take the first step and I will be one more person in the audience cheering you on at graduation! Is that a DEAL???

1. Asks probing questions to explore student motivation
2. Empower the student to respond/ Advisor Call Control
3. Active Listening
4. Advisor picks up on buying signals
5. Build/ Maintain Rapport w/Prospect

KEEP DIGGING UNTIL YOU UNCOVER THEIR PAIN, FEARS AND DREAMS. DO NOT ANSWER FOR THEM. LET THEM PAINT THEIR OWN PICTURE. IF YOU GET THE PROSPECT TO THINK ABOUT HOW TOUGH THEIR SITUATION IS RIGHT NOW AND IF THEY DISCUSS THE LIFE THEY CAN'T GIVE THEIR FAMILY BECAUSE THEY DON'T HAVE A DEGREE, YOU WILL DRAMATICALLY INCREASE YOUR CHANCES OF GAINING A COMMITMENT FROM THE STUDENT!

IF YOU CAN STIR UP THEIR EMOTIONS, YOU WILL CREATE URGENCY!

Reiterating the Objective of the Call:

As I stated a moment ago, our objective today is to become better acquainted. First, I want to know more about you - your hopes, dreams, goals and perhaps even fears. Does that sound fair?

Rubric Attribute – Objective of the call

TRANSITION: The best way for me to assist you today is to find out a bit more about you and your goals, together we'll determine the right next steps.

UNCOVERING THE PAIN AND THE FEAR – CREATING URGENCY

- How long has this been a goal of yours? When did you first realize this is the direction you wanted to move in?
- What has stopped you in the past? What is different today?
- Whose life would this impact, besides you? What would it mean for them to see you finally take this step to a better life? (SILENCE.. THIS STIRS UP EMOTION)
- Who will be the most of you for making this change? In addition to your biggest supporter, who else would you invite to graduation? (PDL opportunity) I am assuming your friends and family have been thinking about making a positive change as well correct? GREAT! Once we get you started on this path to success, I will reach out to them and see if we can help make a positive change in their life just like you. Sound like a plan? Awesome!
- Lastly, what are something's you would LOVE to provide for your family but unfortunately due to your current situation you are unable to? Tell me more about that. (Keep digging until you get to their REAL DREAM- a house, taking family to Disney World. DO NOT ANSWER FOR THEM. LET THEM PAINT THEIR OWN PICTURE

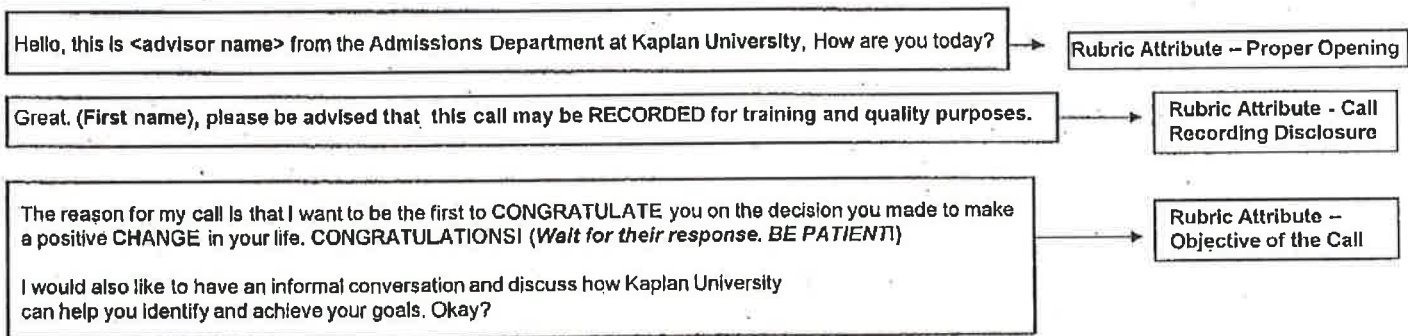
Affected Rubric Attributes –

1. Asks probing questions to explore student motivation
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5. Build/ Maintain Rapport w/Prospect

IF YOU CAN HELP THEM UNCOVER THEIR TRUE PAIN AND FEAR. IF YOU GET THE PROSPECT TO THINK ABOUT HOW TOUGH THEIR SITUATION IS RIGHT NOW, IF YOU TALK ABOUT THE LIFE THEY CAN'T GIVE THEIR FAMILY RIGHT NOW BECAUSE THEY DON'T HAVE A DEGREE...YOU DRAMATICALLY INCREASE YOUR CHANCES OF ENROLLING THIS PROSPECTIVE STUDENT. GET TO THEIR EMOTIONS, AND YOU WILL CREATE THE URGENCY!



Job Aid: Outbound with Rubric & OBS references
 Based on the Undergraduate Programs Script published on July 08, 2009



1. May I ask why you are looking to make this change in your life right now? CAN YOU ELABORATE?
2. Why this particular direction? When did you first realize this was the path you wanted to take? Can you tell me more about that?

TAKE YOUR TIME HERE. THIS IS THE FOUNDATION OF THE ENTIRE INTERVIEW.

If the prospective student is unsure of a career direction DON'T GIVE THEM THE ANSWER

- It's not uncommon for an individual to be unsure of a specific career direction at this point but you ARE seeking a positive change in your life. Is that correct?
- If you don't make this change, how do you think your future looks? ARTICHOKE – Getting to the PAIN

Once they answer, get them to clarify further. Can you expand on that?

- Affected Rubric Attributes –**

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Rubric Attribute – Objective of the call

TRANSITION: The best way for me to assist you today is to find out a bit more about you and your goals, together we'll determine the right next steps.

UNCOVERING THE PAIN AND THE FEAR

- How long has this been a goal of yours? When did you first realize this is the direction you wanted to move in?
- What has stopped you in the past? What has changed from the past? Why will now be different?
- Whose life would this impact, besides you?
- Who will be the most proud at your graduation? (PDL opportunity)
- What do they think? What did they say?
- How will graduating and pursuing this career change things for you and your family?

Affected Rubric Attributes –

1. Asks probing questions to explore student motivation
2. Empower the student to respond/ Advisor Call Control
3. Active Listening
4. Advisor picks up on buying signals
5. Build/ Maintain Rapport w/Prospect

•Really Check! – So why haven't you taken these steps yet? BE SILENT HERE

IT IS ALL ABOUT UNCOVERING THEIR PAIN AND FEARS. ONCE THEY ARE REMINDED OF HOW BAD THINGS ARE, THIS WILL CREATE A SENSE OF URGENCY TO MAKE THIS CHANGE.



Transition:

Do you have any other questions about what we have discussed so far?

Commitment:

So let me ask you ONE last time.

Why are you ready to make this change? Can you please elaborate?

Make sure the prospect does a thorough job explaining in detail why they are ready to make this change.

Okay, let me make sure I am on the same page. You are ready to make this change because....

RESTATE BACK WORD FOR WORD. THE BETTER YOU RESTATE, THE BRIGHTER THE DREAM, THE GREATER THE COMMITMENT.

Excellent! Based on your level of commitment and the fact you are taking the following steps-
Mention at least 3 things - Sacrificing time to read, support from family, want a better life for your babies, etc...

this time I would like to inform you (Student Name) that you have done a fantastic job and YOU
HAVE EARNED THE RIGHT TO CONTINUE IN THE ENROLLMENT PROCESS!

Congratulations!

Can you believe you are on the path to a better life as soon as this evening???? What questions do you have??

Attribute-
Give appropriate recommendation/ Get Buy- In

Advisor makes a recommendation to the prospect based on their needs. Advisor asked positive questions to encourage prospect buy-in, while providing the prospect with the opportunity to ask any questions they may have.

EXHIBIT D



VETERANS EDUCATION SUCCESS

Sample Complaints From Veterans Who Attended Ashford

They lied about the costs. When I asked to withdraw I was told I would have no debt. I asked a number of times. I explained to my advisor that I was struggling and they continuously harassed me about getting back into the university and I felt pressured to go. The tuition and fees were outrageous. I never finished. I got behind in my work. There was no support system. I withdrew before taking another class and the university is saying I owe them money. I was promised a military grant that would pay over 25% of my tuition and fees. Now I'm overwhelmed with loan debt because that grant was only 5%. So many lies and it's hard to contact someone once you've got in. They don't want to discuss anything.

--N.G., Mississippi, 2013-15

I started at Ashford in August 2010, and graduated June 2013. I couldn't believe the amount of tuition and that was even with their "military grant"! I've been actively looking for a job since graduation. Granted my husband's career is not a positive factor in my job search with the amount of moving required, but I've seen others with my same degree from other more reputable institutions find employment with little difficulty. I have heard the jokes about a degree from Ashford, but I can assure you my student debt is no joke!

--W.D., Iowa, 2010-13

I feel like I was tricked into choosing a degree program in haste by their recruiters. Once I realized that the degree was not what I wanted to do in life I tried to change my major, but was told it would be very difficult and that the GI Bill benefits would not cover the additional courses I would have needed to take. I decided to finish the degree and now when I apply to relevant jobs in my field of study my Bachelor's degree has about as much worth as my high school education.

--J.A., California, 2014

Cost was expensive. Education quality wasn't enough to pursue employment

--C.M., Georgia, 2011

Ashford University misled me on the tuition that would be covered with my tuition assistance from the military. I ended up taking out student loans to cover the amount of my tuition that the military didn't cover.

--M.P., Texas, 2013-15

Ashford kept adding class requirements after already enrolled in the degree program. They raise class fees all the time and forced us to pay for e-books even if we did not want them.

--S.D., Florida, 2015

I was recruited from an online survey. The school offered me a Military discount and I also applied for grants and loans. I completed about 5 classes before discovering that the school was not accredited. I have approx 15k in loans and nothing to show for it.

--D.L., New Jersey, 2015

I got my AA from Ashford university and then when I went back for my bachelors I had 3 classes left and I asked to take a break while I moved from the west coast to the east coast. They wouldn't give it to me and then when I failed my class they dropped me as a student. So I went to another school and none of my credits transferred. I have 3 classes left and now I am starting over. Also I have \$5000+ due for the first quarter because of as I was told "your tuition wasn't covered" but I had called three times and the first two times I called they said it was a credit and that I overpaid.

--S.H., South Carolina, 2014-15

I had financial aid and tuition assistance and Ashford says I still owe them money. My thought was if one didn't pay for the class the other one would pick up the slack.

--L.H., Georgia, 2011-14

I'm concerned that my credits aren't accepted in mainstream colleges.

--M.F., Texas, 2010-15

One of my main concerns with Ashford was of if their credits were transferable. When I asked if my credits can be transferred to other colleges they said they would. After I got my bachelors, I applied at Capella University to try to get my Masters. When I tried to give them my credits from Ashford, none of them would transfer...they said they would not take them. Not it's like I starting over and am taking 23 classes that are over \$1700 each.

--J.C., Virginia, 2013

I called the school based on a recommendation of someone that I worked with. I would have never started attending had I known that the accreditation the school has is pretty much worthless when trying to transfer any earned credits to another university. It makes all of the time I've spent studying, and all of the money that I've spent, a waste of my time and resources.

--D.H., New York, 2012

When I went into the program at Ashford University I was going for a social science with a concentration in education, which I was led to believe was a teaching degree and I would be able to become a teacher. The program is no longer available and even on my diploma is only states social science. The degree itself if not enough to help get one a teaching position. Also I had the post 9-11 GI Bill that went straight to the school. Even still they continued to send student loan after student loan. I am not sure what my GI Bill paid for, however I have about 60k in student loans now. With a degree that does not allow me to be a teacher.

--V.C., Louisiana, 2013

I was under the impression I will get a bachelors in Adult Development. After I was enrolled in the school for about a year, I have found out that that degree no longer exists. They didn't even inform me about it not being around anymore. I have also asked for some help with my homework or ask for some time for extensions due to my PTSD issues and I was denied.

--B.P., Arizona, 2013

The degree I obtained isn't accredited anywhere.

--R.L., Georgia, 2011-14

I attended Ashford online for about 6-10 months while I was overseas and stateside. I was going for my degree in criminal justice. When I first looked into the school I was told that once I get my degree it will be accepted by all employers. Well that was a lie. I was told it would only take about three years yet I later found out that it was going to take four years. I feel the tuition they charged me was very high. It was about 290 per class. They also led me to believe that I could take my credits and transfer them to any other college. Yet El Paso Community College would not take them. Who knows how much extra they charged me. What makes it worse is that I'm a disabled veteran and was attending college to further my education to better myself.

--P.J., California, 2013-14

I went to school at Ashford University back in 2013 and I felt misled while at this school. The amount of money I put out and not getting accredited for my grades to transfer to another school. I feel used and would like to be paid back for what I lost and get my credits to transfer.

--D.D., Georgia, 2013

Man oh man they have got me real good, I was about to deploy to Afghanistan in February of 2012, was just starting my MPA. I called Ashford and addressed the issue. They told me that not to worry simply fill out a drop slip and email it back to them. I did just as instructed, came back from deployment. Both classes that I was supposedly dropped from, listed as F on my transcript. Called them back and tried to get an explanation from them. They have told me that I was improperly dropped because they did not receive a statement from me together with the slip. I reply this is new to me, they told oh maybe the operator failed to disclose that to you. I appealed it with the dean. All I got is sorry this is our school policy. Stay away from Ashford at any cost. Thanks to Ashford now I am \$11,000 student loan debt.

--R.J., Hawaii, 2011

I applied for my student loan with Ashford at the recommendation from a student advisor because the VA GI Bill doesn't work on the same schedule as the school. I applied to pay for it all but they only submitted it to pay for a portion. My student portal doesn't reflect I owe anything but I got a call from the school saying I owe nearly \$4K to them and I won't get my degree until it's paid back.

--S.P., Georgia, 2012

While attending to complete my BA in psychology, we learned of several professional organizations/groups that are important for psychologists to belong to. The groups were listed in our text, and discussed in the course. However, those groups did not recognize or accept Ashford students. The degree I had was pretty much useless to attend any further education. I had to take supplement undergrad courses for any masters degree plan, unless I wanted to continue my masters with Ashford, which doesn't have the reputation of traditional brick and mortar schools. Also, when I finally had my pre-rec's complete, my academic advisor at my current school noticed I had no history course during my undergrad. She said that in 17 years she had never seen any bachelor's in any discipline be awarded without that general education requirement filled.

--N.P., Delaware, 2011-14

Found out that this school was not an accredited college

--J.L., South Carolina, 2010

Fed me all the stupid lies. Cost way too much of my GI Bill and lost more money after I left this school because they continued charging.

--R.A., Arizona

My wife and I attended Ashford University. She was told her that she would be able to teach with her degree. I was told all kinds of lies at first about how loan or money worked.

--R.M., Virginia, 2009-12

The cost of tuition for this school was much greater than they recruited me for, then there were student loans taken out. They said financial aid needed to be a second form of payment, however, because of my military status and benefits it wouldn't be used.

--B.D., Massachusetts, 2011

Degree seems to be useless.

--J.O., Oklahoma, 2010

I have paid out of pocket for a lot of my degree because they cannot seem to work with our benefits like they said they could/would. I was using the GI Bill but they messed it up causing me to be sent to collections for 750 dollars that I again paid out of pocket. I have been in class with other military where that person would make posts with massive amounts of spelling errors or grammar errors and I talk to them in the next class to find out they got a high grade in the previous class that they made all the errors in.

--D.F., Idaho, 2012

Ashford University told me that I would receive my rental allowance for my chapter 33 GI bill as long as I was attending one class at a local community college. During my last year, Ashford said that wouldn't accept any more classes from the community college. The government stopped paying me. I lost over \$10,000. Ashford either purposely hid it so that I wouldn't choose another college, and or were completely incompetent and negligent. During the last complaint I filed, I was told that the 'VA Rep' at Ashford who initially signed me up, wasn't a VA Rep, just one of their normal salespeople who had no idea how the GI Bill works. Further, I found out that if a real VA Rep would've helped me in the first place, they would've scheduled my curriculum to where I would've got my housing allowance until the end. I fell behind on my bills, my grades suffered because I had to get a full time job, and was still taking full time classes. I've made numerous complaints, and all I get is an admission that they're wrong, but nothing else. They got paid their portion of my GI Bill because I had to finish the curriculum, but I was left to struggle because they told me false information when I signed up with them.

--P.M., California, 2010

When I applied at Ashford University I was told that they were 100% accredited; however I found out that when applying to the Navy Reserve OCS that they aren't accepted as a Nationally accredited school. This is very disheartening as I put a lot of time and effort into my MHA, and haven't seen the return on that.

--H.M., Pennsylvania, 2010

It seemed that the requirements for a specific degree plan would change requiring different and additional coursework extending my course load and debt!

--C.M., Texas, 2010-11

I enrolled in the school because they said they were accredited when I was in the military. I found out afterwards that they're not very well recognized. In addition they would keep my leftover tuition assistance money for months on end and my Pell grant money. They then signed me up for student loans that I did not ask for. When I was finishing up my last class they told me I had to take an additional capstone class to achieve my degree that they never told me about before in order to get an additional \$750 from me. I obtained my degree but have yet to find a job in the field.

--J.H., Texas, 2011-14

Pushy sales tactics. All about getting you enrolled and forget about you once you were enrolled. Very expensive compared to other schools. Once enrolled had to finish because transferring credits would've been a hassle.

--J.S., Florida, 2011

I enrolled under the pretense that the degree I eventually earned could stand next to other state and private institutions. This was not the case. Overall, they employ pushy tactics and poor advice for students.

--G.M., Texas

I was told by the recruiters of Ashford university that my credits would transfer and be recognized. They were complete liars and told me to do loans even when I was using my GI Bill.

--J.S., North Carolina, 2010

Felt as though policies kept changing. Some credits did not transfer to other schools as promised. Seemed money was a concern when I was unable to attend due to field time. This is when I would receive multiple calls to sign up for more classes. I transferred to another school where if I requested help. The instructor would email me promptly.

--J.S., Texas, 2012

Prior to applying to Ashford University, I was informed by them that the school was the only Online University backed by the Army. They contacted me repeatedly. Once I began the process, the actual educational benefits were very poor with little to no feedback / communication from the professors. Throughout my education, Ashford repeatedly "misplaced" / lost many of my financial records and funds. At the end, they repeatedly charged me for my transcripts and graduation fees even though I had paid them several times.

--M.L., Hawaii, 2009-13

When I applied for my degree with Ashford. I was told that I would get hired to a job in my field. My husband was active duty Army and he gave me his GI Bill in order for me to get my degree. While signing up for the GI Bill I was under the impression that I was signing up for grants or money that was to accompany the GI Bill for recipients. Now that I have over \$40k in student loans, I feel like I was left holding the bag. My credit has taken a hit, I've gotten my resume updated numerous times, I've applied to well over 100 jobs, and years later I still don't have a job in my field.

--C.C., Texas, 2012

EXHIBIT E



Why For-Profit Institutions Are Targeting Veterans Educational Benefits

"We've got to make sure you've got every tool you need to make an informed decision when it comes to picking a school.... Right now, it's not that easy.... You go online to try and find the best school for military members.... You end up on a website that looks official. They ask you for your email, they ask you for your phone number. They promise to link you up with a program that fits your goals. Almost immediately after you've typed in all that information, your phone starts ringing.... But, as some of your comrades have discovered, sometimes you're dealing with folks who aren't interested in helping you. They're not interested in helping you find the best program. They are interested in getting the money. They don't care about you; they care about the cash.

So they harass you into making a quick decision with all those calls and emails.... I'm not talking about all schools.... But there are some bad actors out there. They'll say you don't have to pay a dime for your degree but, once you register, they'll suddenly make you sign up for a high interest student loan. They'll say that if you transfer schools, you can transfer credits. But when you try to actually do that, you suddenly find out that you can't. They'll say they've got a job placement program when, in fact, they don't. It's not right. They're trying to swindle and hoodwink you."

– President Barack Obama, April 27, 2012, signing Executive Order 13607

What the President described is all too real. It is a problem that has been documented by: two undercover U.S. Government Accountability Office investigations; a two-year U.S. Senate Committee investigation; hearings by multiple Congressional Committees; CBS News; 60 Minutes; PBS Frontline; ABC News; the *New York Times*; *The Wall Street Journal*, and multiple other media outlets. More than 50 newspapers across the country have written editorials to express their concern about problem, including *USA Today* and six editorials by the *New York Times*, alone.

Why Veterans?

The G.I. Bill is America's chief "thanks" to those who have given the most to their country; it is a ticket to the American Dream for most veterans – a chance to earn a college degree and the skills needed for the civilian workforce and a better future for themselves and their families.

But veterans coming home from Iraq and Afghanistan are being targeted by very aggressive and deceptive sales pitches for low-quality, high-cost, for-profit colleges that have a financial incentive – because of an unfortunate loophole in federal law – to deceive veterans in order to get access to their G.I. Bill dollars.

The 90/10 Loophole: Federal law forbids for-profit colleges from receiving more than 90 percent of their revenues from federal education aid, but the G.I. Bill was largely dormant at the time the law was enacted (prior to the establishment of the post-9/11 G.I. Bill), and neither the G.I. Bill, nor Defense Department tuition assistance, are specifically named in the list of federal education aid. This loophole allows for-profit colleges to count the G.I. Bill and military tuition assistance as private, non-federal dollars to help them avoid a 90% cap they otherwise face on federal aid. (Twenty-two state Attorneys General wrote Congress that this practice was a violation of the intent of the federal cap.ⁱ)

Because of this 90/10 loophole, for-profit colleges are eager to enroll students using the G.I. Bill and Defense Department tuition assistance – so eager that some companies engage in deceptive and aggressive marketing to sign up veterans and service members.

As Holly Petraeus, the head of Service Member Affairs at the Consumer Financial Protection Bureau, has explained: “For every service member or veteran (or spouse or child, in the case of the post-9/11 G.I. Bill) enrolled at a for-profit college and paying with military education funds, that college can enroll nine others who are using nothing but Title IV money. This gives for-profit colleges an incentive to see service members as nothing more than dollar signs in uniform, and to use aggressive marketing to draw them in.”ⁱⁱ

Internal corporate e-mails obtained by the U.S. Senate Committee on Health, Education, Labor, and Pensions (HELP) during its two-year investigation show executives at the largest for-profit colleges actively discussing their “military strategy” and need to “accelerate military billings/collections” to keep under the 90 percent cap on federal funds, and to launch special veterans programs because “we’re all in agreement that we should do this for 90/10.”ⁱⁱⁱ

How Aggressive is the Recruiting?

A veteran and staffer at VFW tested the system. He told National Public Radio, “Within three to four days, I got in excess of 70 phone calls and I got well over 300 emails” from for-profit colleges.^{iv}

For-profit college salesmen continue to recruit on military bases and VA hospitals. As *Business Week* reported, Ashford University even signed up a Marine with traumatic brain injury convalescing in a military hospital. “U.S. Marine Corporal James Long knows he’s enrolled at Ashford University. He just can’t remember what course he’s taking.”^v

The U.S. Government Accountability Office ran two undercover investigations, sending undercover agents to pose as students. Every single one of 15 large for-profit colleges deceived federal undercover officers about the quality of education, cost, and likely job and salary for graduates.^{vi} Four colleges engaged in actual illegal fraud (such as directing students to falsify federal student loan applications). The undercover officers then registered as students at those colleges, and found the “education” of such low quality that students were encouraged to cheat and received top grades for submitting photos of celebrities in lieu of a required essay.^{vii}

How Deceptive is the Recruiting and Marketing?

In a two-year investigation, the U.S. Senate HELP Committee found rampant deception by for-profit colleges about every aspect of the education they offer – the true tuition, the quality, the teachers, the classrooms, the lessons, the accreditation, the eligibility for licensing or jobs, the ability to transfer credits to nearby public colleges, the graduation rate, the job placement rate, career assistance, and even signing students up for high-interest private loans without their knowledge or failing to disclose the true terms of loans.^{viii}

Some for-profit colleges even promise veterans a career in fields that require a license – such as law, plumbing, electricity, and medical fields – but veterans find out after graduation their college is not recognized or properly accredited and graduates are not eligible to obtain licenses required for the career. For example:

- Argosy University in December 2013 had to pay more than \$3 million to settle a suit by the Colorado Attorney General for deceiving students about their eligibility to work as licensed psychologists after completing Argosy’s unaccredited graduate program.^{ix}
- Kaplan operates a law school not recognized by the American Bar Association, and its graduates cannot take the bar exam (outside of California, which doesn’t require any law degree). The U.S. Senate heard testimony from a Kaplan law student who was promised a bright career as a lawyer in Iowa, and took out student loans of over \$100,000 to pay for his “law school” education, but was never told he would not be eligible to take the bar exam upon graduation. He testified: “The Dean [of Kaplan] apparently didn’t know or forgot to mention this little problem.”^x
- Sanford Brown runs several health programs whose graduates are ineligible for licensing. The U.S. Senate HELP Committee heard testimony from a graduate of Sanford Brown’s sonography program who was promised a career as a sonographer in an obstetrician’s office, but who said Sanford Brown lied to her about its accreditation and her eligibility to obtain a license as a sonographer.^{xi} The New York Attorney General recouped more than \$10

million in 2013 from Sanford Brown's parent company because of deceptions by Sanford Brown and a sister school.^{xii}

- Local TV news in Charlotte, N.C., reported that students at a Kaplan dental assistance program said Kaplan lied to them about Kaplan's accreditation and its graduates' eligibility to obtain licenses as dental assistants.^{xiii}

At the same time, some schools market that their degree is needed for a job, when it is not. The Senate HELP Committee received many complaints from individuals who were told by a for-profit school that they needed its degree, only to find upon graduation that the job they were trained for could be had with a simple high school degree or GED. Similarly, the Center for American Progress released a report detailing how for-profit colleges sell their degrees as necessary for health jobs, when those degrees are not needed (such as for medical billing) or provide insufficient training to obtain the job.^{xiv}

Federal and state law enforcement – prodded and assisted by Veterans Education Success – are starting to take action. The U.S. Federal Trade Commission recently opened an investigation into deceptive marketing and recruiting by DeVry; the U.S. Consumer Financial Protection Bureau has launched a lawsuit against ITT Technical Institute and Corinthian Colleges; the U.S. Department of Justice has one open suit against EDMC and is investigating additional suits against other companies; the U.S. Department of Education is shuttering Corinthian Colleges for fabricating job placements; the U.S. Securities & Exchange Commission is investigating several for-profit school chains; and nearly three dozen state Attorneys General are investigating and bringing suits against half a dozen of the for-profit companies that conduct deceptive recruiting.

None of these federal or state law enforcement actions would be occurring today without the advocacy, and support in gathering witnesses and building legal cases, by Veterans Education Success and its close allies.

How Recruiters Deceive Veterans

Education salesmen turned whistleblowers have explained what's going on inside the massive call centers where for-profit college salesmen are under constant pressure to sign up veterans:

- “We’re selling you that you’re gonna have a 95 percent chance that you are gonna have a job paying \$35,000 to \$40,000 a year by the time they are done in 18 months,” Brooks College (Career Education Company) salesman Eric Shannon told CBS’ 60 Minutes. “We later found out it’s not true at all.”^{xv}
- “Get asses in classes” through “the military gravy train,” even if service members are not ready or are being deployed to heavy fighting zones, DeVry University instructed its salesmen, according to Christopher Neiweem, a

veteran of Operation Iraqi Freedom and DeVry salesman, who was assigned specifically to target military students.^{xvi} Neiweem told Congress he was instructed to pose as a “military advisor” affiliated with the Pentagon. Following his testimony, four additional DeVry military salesmen wrote Congress to say they were told to do the same. (Veterans Education Success identified Neiweem and arranged for his testimony before Congress.)

- "You'd probe to find a weakness," said Brian Klein, a former admissions employee at Argosy University Online, one of four major colleges operated by EDMC, whose recruiters filed a whistleblower lawsuit against EDMC, which the U.S. Department of Justice has joined on behalf of deceived students and taxpayers. "You basically take all that failure and all those bad decisions, and you spin it around and put it right back in their face as guilt, to go to this shitty university and run up all of this debt."^{xvii}
- “Everything here is about the numbers. You make your numbers, or you are out of a job,” recruiters at Colorado Technical University – housed in an office building with no classrooms and no professors, but row upon row of salesmen – told the New York Times.^{xviii} Salesmen from Ashford and Westwood reported the same.
- "It just got to the point where I felt like I was lying to these people on a regular basis," said Patrick Flynn, a recruiter at EDMC's South University online from 2006 through 2009, when he quit. "Honestly, I just felt dirty doing the things I was doing. It's almost like they were trying to make me take advantage of people's belief in what this education was going to get them, when I didn't buy into it myself."^{xix}

Listeners can hear for themselves how aggressive and deceptive the recruiting phone calls are. **PBS Frontline** reporters recorded the calls, as part of research for a documentary^{xx} about veterans tricked by Art Institutes and other predatory for-profit colleges.^{xxi}

Internal recruiting documents of predatory for-profit colleges – made public during the two-year investigation by the U.S. Senate HELP Committee – reveal that many for-profit colleges engage in **pain-based recruiting**.^{xxii} Salesmen are specifically taught to emotionally manipulate vets into signing up, because, as their internal corporate documents acknowledge, students are unlikely to make a “rational” decision to attend for-profit colleges, given that community colleges and public universities offer lower cost, higher quality, accredited degrees.

What Veterans Say

Here is what it is like from the point of view of a veteran:

- Marine Specialist Bryan Babcock: *“I specifically asked ITT Tech before signing*

up whether their degree was the same as any other public 4-year university and was told YES. I found out while applying at NYPD, LAPD, Seattle PD and 23 other police departments that NONE of them accepted ITT Tech credits. Once I found out that my time and money spent at ITT Tech was worthless, I tried to transfer my credits to a community college. I was told I have to start completely over as a freshman."

- *Marine Corporal Anselm Caddell: "When I attempted to transfer my units from Brown Mackie to Pasadena City College in California, I found out that none of my units transferred because they didn't have the right level of accreditation. Not only did Brown Mackie lie about their accreditation level but they lied about (the) level of education they offer... I have a debt with nothing to show for it and am struggling to stay afloat."*
- *Air National Guard Corporal Chad Putnam: "I was told that the Art Institute had a 93% job placement rating and since the school had campuses all over the U.S., that I would have access to a nationwide network of employers... It wasn't until near the end of my schooling that I began to realize that a lot of the training I was getting was outdated, in some instances by a few years, and that I had a long way to go until I was up to par with the industry standards. I also found out that... my program had a success rate of only 38%. I have student loans that I am going to be paying off for years and really I have nothing to show for it."*
- *Marine Corporal Thomas Dickson: "I entered my information in a search engine for military friendly schools. I received a phone call from Colorado Technical University. After speaking with the admissions rep, I told him I wanted to explore all my options. That same admissions representative called me everyday until I submitted my application to the school. After my application was accepted, I received an email instructing me how to apply for a loan with the exact amount I needed to request. I was told that this loan was the only way I could attend classes. [Months later, when] I learned I was going to be deployed and would have no phone and no internet access, I contacted my advisor and was told I could put my classes on hold and finish them when I returned. I was instructed to email my professors to alert them of my situation and my advisor would take care of the rest. When I returned from the field-op, I learned that I failed my classes and was signed up for another session, which I was currently failing. Obviously, my classes were not put on hold nor was I withdrawn for a military leave of absence. I called my advisor, [who] informed me that I could not withdraw from classes because it was school policy to not allow withdrawals during the first year of attendance."*
- *A military student who wrote to the U.S. Senate HELP Committee: "I believe that the University of Phoenix is using deceptive practices in order to lure students into the school[. T]he enrollment counselors tell students that they*

should be complete with their course of studies in a short period of time fully knowing how long it is going to take. . . . I have talked with other students at the University of Phoenix and this appears to be a common tactic used by University of Phoenix enrollment counselors.”^{xxiii}

- Another military student shared with the Senate HELP Committee the letter he wrote to the University of Phoenix, which is billing him for classes he never took: *“As a marine of 19 years, I’ve served in Desert Storm, Somalia, and Operation Iraqi Freedom x2. You cannot imagine the emotional battle this has taken on me after dealing with this for nearly TWO years!! An education institution such as yours earns millions of dollars each year, and yet you punish those who are willing to risk their lives and fight for your freedoms, you should be ashamed.”^{xxiv}*
- Marine Jonathan Ngowaki, was signed up by DeVry for a \$15,000 loan without his knowledge and against his explicit instruction that he wanted no loans. He believes the school misrepresented the forms he signed when enrolling: *“I went into the military so I wouldn’t have college debt, but now I have this debt and I have a family and it’s taken that money away from my family. It’s all about the money. It’s all a money game. It really bothers me.”*

“All they hear from these schools is, ‘This won’t cost you a thing,’” explained Robert L. Songer, a retired Marine colonel who is the lead education adviser at Camp Lejeune in North Carolina.^{xxv} Songer said for-profit colleges hound Marines at Camp Lejeune to enroll in classes of limited educational value and even sign them up for high-interest-rate loans. He cited numerous complaints he received from Marines.

What Federal Policymakers Say:

Federal policymakers are well aware of the problem:

- Holly Petraeus, the head of servicemember affairs at the federal Consumer Financial Protection Bureau explained in her New York Times op-ed, this loophole “gives for-profit colleges an incentive to see service members as nothing more than dollar signs in uniform, and to use aggressive marketing to draw them in.”^{xxvi}
- “I think it is a sin,” Republican Congressman Walter B. Jones of North Carolina, a member of the Armed Services Committee, told the New York Times. “Here we are telling these young men and women they can get a higher education, and they get cheated.”^{xxvii}
- “For-profit schools see our active-duty military and veterans as a cash cow, an untapped profit resource,” said former Senate HELP Chairman Tom Harkin, who led a Senate investigation^{xxviii} into this scam. “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.”^{xxix}

- President Obama President explained at Fort Stewart in Georgia, as he signed Executive Order 13607^{xxx} to combat the scam: “There are some bad actors out there. They’ll say you don’t have to pay a dime for your degree, but once you register they’ll suddenly make you sign up for a high-interest student loan. They’ll say that if you transfer schools, you can transfer credits, but when you try to actually do that, you suddenly find out that you can’t. They’ll say they’ve got a job placement program, when, in fact, they don’t. They’re trying to swindle and hoodwink you. They don’t care about you; they care about the cash. It’s not right.”^{xxxi}

Examples of Recent Law Enforcement Action

Legal action can make an enormous difference in recouping losses for existing students and providing a deterrent effect on the industry from its most egregious deceptive recruiting practices. Recently:

- The New York Attorney General this summer recouped more than \$10 million for New York students who were deceived by colleges owned by Career Education Corporation (Sanford Brown, Briarcliffe, American Intercontinental U. Colorado Technical U, and Cordon Bleu) for deceiving prospective students about their job prospects. The settlement importantly requires CEC to henceforth verify its job placement claims.^{xxxii}
- The Colorado Attorney General recouped \$4.5 million from Westwood College for students who were signed up for loans without their knowledge at 18% interest rates.^{xxxiii} (Students also were deceived with inflated job placement numbers and job prospects.^{xxxiv})
- The Colorado Attorney General recouped \$3.3 million for students who were deceived by Argosy University (owned by EDMC – also currently the subject of a DOJ lawsuit) regarding their eligibility to become licensed psychologists.
- The Kentucky Attorney General forced the corporate owner of one of the most deceptive websites to shut down the website, www.GIBill.com, and deliver the domain to the Department of Veterans Affairs. (The website was designed to appear to be the official government’s portal to GI Bill benefits, but listed only for-profit colleges on a list of “G.I. Bill Schools,” leading students to believe those were the only schools that accepted G.I. Bill benefits).^{xxxv}
- Approximately 30 state Attorneys General are investigating potential cases against for-profit colleges. Some examples of ongoing cases include New Mexico AG suing ITT Tech for deceiving students about their ability to become registered nurses from its unaccredited nursing degree.

Findings of the U.S. Senate HELP Committee

At the conclusion of its two-year investigation, the U.S. Senate HELP Committee released a 2,000-page report. Some of the findings:^{xxxvi}

- More than half the students who were signed up by for-profit colleges in 2008-09 left without a degree or diploma within a median of 4 months. Among 2-year Associate degree seekers, 63 percent left without a degree. No wonder, because when we visited one for-profit college, we met the “mentor” who turned out to be an Avatar named Sophie. When we asked Sophie, “What’s a topic sentence?,” Sophie the Avatar answered about syntax. When students face low-quality education, they walk away.
- For-profit colleges account for half of the nation’s student loan default problem but serve only 13 percent of the nation’s students.
- For-profit colleges charge an average of 20 percent more for Bachelor’s degree programs than the cost of analogous programs at flagship public universities, and 4 times more for Associates degree programs than at comparable community colleges. Certificate programs average 4½ times more than at community colleges.
- Corporate documents show that the recruiting process is about sales. All employees in the admissions chain, from CEO to junior recruiters, are rated at least in part on the number of “starts” or students they sign up. Recruiters are trained to “overcome objections” and dig for and push on the pain in prospective students’ lives to get them to sign up.
- For-profits spend the vast majority of their revenue on marketing, recruiting, profit, and lobbyists – leaving little for education. While public universities and non-profit colleges sink the vast majority of their funds into educating students, for-profit colleges set aside very little to education – only 17 percent on average. ^{xxxvii} The rest goes to profit (20 percent, on average), to TV ads and call centers to recruit more students (also more than 20 percent, on average) and to CEO salaries of, on average, \$8 to 9 million per year, but with some making up to \$20 and \$40 million dollars^{xxxviii} (compared to the non-profit college President’s average of less than \$400,000).

In 2014, the Senate HELP Committee released a report showing that veterans using their Post-9/11 GI Bill educational benefits are increasingly attending for-profit institutions.^{xxxix} The new analysis shows:

- Four years after the Post-9/11 GI Bill was implemented, enrollment of veterans in for-profit colleges has again increased sharply, in tandem with a

steep decline in the share of veterans' enrolling in public institutions, even though overall student enrollment in for-profit colleges has declined.

- For-profit colleges received \$1.7 billion in Post-9/11 GI Bill benefits during the 2012-13 academic year – almost as much as the total cost of the program just four years earlier.
- Eight of the top 10 recipients of Post-9/11 GI Bill benefits are large, publicly-traded companies that operate for-profit colleges. These eight companies have received \$2.9 billion in taxpayer dollars to enroll veterans in their for-profit colleges over the past four years, including 23 percent of all Post-9/11 GI Bill benefits (\$975 million) in 2012-13.
- Amongst the top recipients of Post-9/11 GI Bill benefits is Corinthian Colleges, Inc. Corinthian received \$186 million in Post-9/11 GI Bill funds from 2009 to 2013, yet recently announced it was in such severe financial distress that it would close or sell all campuses. In all, seven of the eight companies are currently under investigation by state attorneys general or federal agencies for deceptive and misleading recruiting or other possible violations of federal law.
- While the total number of veterans attending all colleges on the Post-9/11 GI Bill grew rapidly between 2009-10 and 2012-13, both the number of veterans attending for-profit colleges and the amount of benefits these colleges received increased more than in other sectors of higher education.
- The percentage of veterans attending a public college has declined precipitously, from 62 percent in 2009 to just 50 percent in 2013. During the same period, the percentage of veterans enrolling in for-profit colleges increased from 23 to 31 percent of total enrollees.
- Although overall student enrollment has decreased at each of the eight top for-profit GI Bill beneficiaries, their enrollment of veterans has dramatically increased during the same period.
- Taxpayers continue to pay twice as much on average to send a veteran to a for-profit college for a year compared to the cost at a public college or university (\$7,972 versus \$3,914).
- The federal government does not currently track how veterans are performing at different types of colleges. However, overall student outcomes provided by the companies to the HELP Committee for students enrolling between 2008 and 2009 give ample reason for concern. At the for-profit colleges currently receiving the most benefits, up to 66 percent of students withdrew without a degree or diploma.

- Between 39 and 57 percent of the programs offered by four of the companies receiving the most Post-9/11 GI Bill benefits would fail to meet the proposed gainful employment rule, suggesting that the students who attend these institutions do not earn enough to pay back the debt they take on.
- Some large companies that operate for-profit colleges appear to be increasingly dependent on Post-9/11 GI Bill funds to comply with the federal requirement that no more than 90 percent of revenues come from federal student aid. These companies are taking advantage of the 90/10 loophole that allows them to count military and veteran educational benefits as non-federal revenue.

For More Information:

Our website has a wealth of information: www.veteranseducationsuccess.org

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ⁱ See Letter from Jack Conway, Kentucky Attorney General, and 21 other attorneys general to Senate and House leaders, May 29, 2012, *available at*: <http://migration.kentucky.gov/NR/rdonlyres/88B3C155-E62F-4355-8D83-FFA9C01DE0DD/0/9010letter.pdf>.

ⁱⁱ See Hollister K. Petreaus, "For-Profit Colleges, Vulnerable G.I.'s," *New York Times*, , *available at* <http://www.nytimes.com/2011/09/22/opinion/for-profit-colleges-vulnerable-gis.html>.

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- iii See U.S. Senate Committee on Health, Education, Labor & Pensions Report, "For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," July 30, 2012, *available at* http://www.help.senate.gov/imo/media/for_profit_report/Contents.pdf.
- iv See "For Profit Schools Under Fire for Targeting Veterans," National Public Radio, April 9, 2012, *available at* <http://www.npr.org/2012/04/09/150148966/for-profit-schools-under-fire-for-targeting-veterans>.
- v See Daniel Golden, "For Profit Colleges Target the Military," *Business Week*, December 30, 2009, *available at* http://www.businessweek.com/magazine/content/10_02/b4162036095366.htm
- vi See U.S. General Accounting Office, "For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices," GAO-10-948T, August 4, 2010, *available at*: <http://www.gao.gov/products/GAO-10-948T>. Note that although for-profit college lobbyists objected to the tone of the GAO's conclusions, they did not dispute the undercover recordings of deceptive recruiting, because those are indisputable.
- vii See U.S. General Accounting Office, "For-Profit Schools: Experiences of Undercover Students Enrolled in Online Classes at Selected Colleges," GAO-12-150, October 31, 2011, *available at*: <http://www.gao.gov/products/GAO-12-150>.
- viii *Available at*: http://www.help.senate.gov/imo/media/for_profit_report/ExecutiveSummary.pdf
- ix See "Attorney General Suthers Announces Consumer Protection Settlement with Argosy University," December 5, 2013, *available at* https://www.coloradoattorneygeneral.gov/press/news/2013/12/05/attorney_general_suthers_announces_consumer_protection_settlement_argosy_unive
- x See Testimony of Eric Schmitt, U.S. Senate Committee on Health, Education, Labor & Pensions, "Drowning in Debt: Financial Outcomes of Students at For-Profit Colleges," June 7, 2011, *available at*: <http://www.help.senate.gov/imo/media/doc/Schmitt.pdf>
- xi See Testimony of Yasmine Issa, U.S. Senate Committee on Health, Education, Labor and Pensions, "Emerging Risk? An Overview of the Federal Investment in For-Profit Education," June 24, 2010, *available at*: <http://www.help.senate.gov/imo/media/doc/Issa.pdf>
- xii New York Attorney General Press Release, "A.G. Schneiderman Announces Groundbreaking \$10.25 Million Dollar Settlement With For-Profit Education Company That Inflated Job Placement Rates To Attract Students: Agreement Goes Above And Beyond Federal And State Requirements For For-Profit Education Industry," August 19, 2013, *available at* <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit>
- xiii See <http://www.wsocvtv.com/news/news/whistleblower-9-students-say-they-were-misled-by-l/nGSy3/>
- xiv See Center for American Progress, "Profiting From Health Care: The Role of For-Profit Schools in Training the Health Care Workforce," *available at*

<http://www.americanprogress.org/issues/healthcare/report/2011/01/20/8945/profitting-from-health-care/>.

^{xv} See “For Profit College: Costly Lesson: Steve Kroft Reports Whether or Not Career Colleges Pay Off,” CBS 60 Minutes, August 11, 2005, *available at* <http://www.cbsnews.com/news/for-profit-college-costly-lesson-11-08-2005/>.

^{xvi} See Testimony of Christopher Neiweem, U.S. Senate Committee on Appropriations, “Hearing on Voluntary Military Education Programs,” June 12, 2013, *available at*: <http://www.appropriations.senate.gov/ht-defense.cfm?method=hearings.view&id=3f3ad71e-2ee7-4e14-b4f9-8b67aea4c947>.

^{xvii} See Chris Kirkham, “With Goldman’s Foray into Higher Education, A Predatory Pursuit of Students and Revenues,” *Huffington Post Business*, October 14, 2011, *available at*: http://www.huffingtonpost.com/2011/10/14/goldman-sachs-for-profit-college_n_997409.html.

^{xviii} See Eric Lipton, “Profits and Scrutiny for Colleges Courting Veterans,” *New York Times*, December 8, 2010, *available at* <http://www.nytimes.com/2010/12/09/education/09colleges.html>

^{xix} See Chris Kirkham, “With Goldman’s Foray into Higher Education, A Predatory Pursuit of Students and Revenues,” *Huffington Post Business*, October 14, 2011, *available at*: http://www.huffingtonpost.com/2011/10/14/goldman-sachs-for-profit-college_n_997409.html.

^{xx} See PBS Frontline, “Educating Sergeant Pantzke,” *available at* <http://www.pbs.org/wgbh/pages/frontline/educating-sergeant-pantzke/>

^{xxi} Recorded calls are available at <http://www.pbs.org/wgbh/pages/frontline/educating-sergeant-pantzke/recruiters-sales-pitch/>

^{xxii} Internal corporate documents are available here: http://www.huffingtonpost.com/2011/02/08/for-profit-college-recruiters-documents_n_820337.html, and here:

http://www.help.senate.gov/imo/media/for_profit_report/Contents.pdf.

^{xxiii} Student complaint to the U.S. Senate, U.S. Senate Committee on Health, Education, Labor & Pensions Report, “For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success,” July 30, 2012 (chapter on Apollo), *available at*

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^{xxiv} Student complaint to the U.S. Senate, U.S. Senate Committee on Health, Education, Labor & Pensions Report, “For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success,” July 30, 2012 (chapter on Apollo), *available at*

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^{xxvi} See Hollister Petraeus, “For Profit Colleges, Vulnerable G.I.’s,” *New York Times*, September 21, 2011, *available at*

<http://www.nytimes.com/2011/09/22/opinion/for-profit-colleges-vulnerable-gis.html>.

^{xxvii} See Eric Lipton, "Profits and Scrutiny for Colleges Courting Veterans," *New York Times*, December 8, 2010, *available at*

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^{xxviii} See U.S. Senate Committee on Health, Education, Labor & Pensions Report, "For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success," July 30, 2012, *available at*

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^{xxix} See Eric Lipton, "Profits and Scrutiny for Colleges Courting Veterans," *New York Times*, December 8, 2010, *available at*

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^{xxx} See Executive Order 13607 of April 27, 2012, Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members, *available at*

<http://www.veteranseducationsuccess.org/resources/Executive-Order-13607.pdf>.

^{xxxi} See Remarks by the President and First Lady at Fort Stewart, Georgia, April 27, 2012, *available at* <http://www.whitehouse.gov/the-press-office/2012/04/27/remarks-president-and-first-lady-fort-stewart-georgia>.

^{xxxii} See New York Attorney General Press Release, "A.G. Schneiderman Announces Groundbreaking \$10.25 Million Dollar Settlement With For-Profit Education Company That Inflated Job Placement Rates To Attract Students: Agreement Goes Above And Beyond Federal And State Requirements For For-Profit Education Industry," August 19, 2013, *available at* <http://www.ag.ny.gov/press-release/ag-schneiderman-announces-groundbreaking-1025-million-dollar-settlement-profit>

^{xxxiii} See Colorado Attorney General Press Release, "Attorney General Announces \$4.5 Million Settlement with Westwood College to Address Deceptive Business Practices," March 14, 2012, *available at:*

http://www.coloradoattorneygeneral.gov/press/news/2012/03/14/attorney_general_announces_45_million_settlement_westwood_college_address_dece

^{xxxiv} See Colorado Attorney General Press Release, "Attorney General Announces \$4.5 Million Settlement with Westwood College to Address Deceptive Business Practices," March 14, 2012, *available at:*

http://www.coloradoattorneygeneral.gov/press/news/2012/03/14/attorney_general_announces_45_million_settlement_westwood_college_address_dece

^{xxxv} See Attorney General Conway Helps Shut Down Deceptive Website Preying on Veterans, June 2012, *available at:*

<http://ag.ky.gov/multimedia/kygennews/kygeneralnews0612.pdf>.

^{xxxvi} *Available at:*

http://www.help.senate.gov/imo/media/for_profit_report/ExecutiveSummary.pdf

^{xxxvii} *Id.*

^{xxxviii} *Id.*

^{xxxix} See "Is the New GI Bill Working?: For Profit Colleges Increasing Veteran Enrollment and Federal Funds," Senate HELP Committee, July 30, 2014. *Available at:*

<http://www.protectstudentsandtaxpayers.org/wp->

