

Purdue Global (Kaplan) Recent Actions and Concerns

In March 2018, Purdue University [finalized](#) the acquisition of Kaplan University, a for-profit institution offering primarily online education. Kaplan University transferred 14 campuses, 30,000 students, and 2,100 faculty and staff to Purdue Global in exchange for \$1. Kaplan is still owned by Graham Holdings Company, a for-profit company traded on the NASDAQ under GHC. Kaplan continues to provide “back office support” and shares in Purdue Global’s revenues.

Government and Private Actions

- In 2015, the Massachusetts Attorney General [secured](#) a \$1.375 million settlement with Kaplan over inflated job placement numbers and unfair recruiting tactics.
- In 2015, the U.S. Department of Justice [secured](#) a \$1.3 million settlement over whistleblower allegations that Kaplan knowingly requested, received, and retained federal funds for courses taught by individuals who did not meet minimum requirements.
- In 2015, the U.S. Department of Education [informed](#) Kaplan that it had failed to report data on a number of programs, as required under the gainful employment regulations. Kaplan could not start any new programs until resolving the matter with the Department. The Department also [opened](#) program reviews of five Kaplan campuses.
- In 2014, the Florida Attorney General [secured](#) an assurance of voluntary compliance from Kaplan, requiring Kaplan to clearly and conspicuously disclose true and accurate information relating to the school’s accreditation, program costs, financial aid, and the scope and nature of employment services. Kaplan waived \$6 million in tuition and fees for Florida students.
- In 2012, the North Carolina Board of Community Colleges and North Carolina Attorney General [investigated](#) Kaplan’s Charlotte campus for lying to students about the credentials they would earn through the Dental Assistant program. Kaplan surrendered its license to operate the program, refunded the students for the cost of tuition, books, and fees, and paid the students \$9,000 stipends.
- In 2012, the U.S. Senate Health, Education, Labor, and Pensions Committee released a [report](#) stating that Kaplan “was the source of a multitude of student and employee complaints, and was facing serious regulatory problems” and had poor student outcomes. Recruiters were trained to deflect legitimate concerns of prospective students, prey on “pain and fears,” and create a “sense of urgency” to enroll.
- In 2011, the Illinois, Massachusetts, and Delaware Attorneys General each [sought](#) information from Kaplan regarding its treatment of students.

Student Outcomes

- According to the Department of Education’s College Scorecard [data](#) (referenced February 6, 2021),
 - Only 26% of Purdue Global students graduate within eight years (counting full-time, part-time, and transfer students). Another 37% of students withdraw within eight years, and 36% transfer elsewhere.

- After graduation, students have a median total debt of \$6,143 to \$41,912. 46% of students with federal loans are either not making progress, defaulted, or delinquent in their repayment after two years.

Other Concerns about Kaplan

- In 2017, Harvard Law School’s Project on Predatory Lending [analyzed](#) 94 complaints that Kaplan student veterans had brought to Veterans Education Success. It found that students complained about the following (many complaints fell into multiple categories):
 - 62% about program costs
 - 47% about the quality of the education
 - 45% about student loans
 - 44% about transferability of credits
 - 37% about accreditation
 - 28% about recruiting and marketing
 - 22% about change in degree plan or requirements
 - 19% about veteran-specific problems
 - 14% about release of transcripts or access to courses
- As of August 15, 2017, 450 students had [filed](#) Borrower Defense to Repayment claims against Graham Holdings schools, and at least 299 of those claims were against the Kaplan online program that would become Purdue Global.
- Kaplan University has been [found](#) on deceptive lead generator websites, including *GIJobs.com*, which was [faulted by FTC](#) in 2018 for deceptions including “pay to play” college rankings.
- A 2015 [study](#) conducted by Brookings Institution found that 53 percent of Kaplan students from the Davenport campus who graduated in 2009 defaulted on their federal student loans within five years – the highest percentage of 25 schools studied.
- Only 15% of the GI Bill tuition funds received by Kaplan in 2017 were [spent](#) on instruction.
- Several parties noted issues with transparency surrounding Purdue University’s acquisition of Kaplan. For example, Purdue faculty only [found out](#) about the acquisition of Kaplan about an hour before it was announced publicly. In addition, Purdue’s President, Mitch Daniels, gave a [presentation](#) to the Purdue Trustees in April 2017 that not only failed to mention Kaplan’s history but also stated, “Reputation: Viewed positively for ethics, academics, regulatory & legal compliance.”
- Purdue Global’s purchase of Kaplan allows it to avoid the 90/10 [rule](#), requiring for-profit schools to get no more than 90% of their revenue from Department of Education aid. This rule was intended to be a market test, ensuring the government does not prop up companies that cannot attract private revenue.
- In addition, Purdue University helped craft [legislation](#) that would deem Purdue Global a public agency, meaning that it was exempt from Indiana’s “open door” laws, access to public records laws, and accounting for public funds codes.

Concerns about Purdue Global

- As of February 2021, [VA](#) has already received 5 complaints against Purdue Global. 80% related to financial issues like tuition and fee charges, and 40% were about refund issues.

- According to DoD sources, Purdue Global may not be following all appropriate guidelines when recruiting military-connected students. Purdue Global recruiters may be violating a memorandum of understanding with the U.S. Department of Defense and bypassing proper procedures for entrance onto military bases. Purdue Global recruiters reportedly use personal relationships with senior leaders on bases to gain access without complying with the regulations imposed by the MOUs.
- In addition, recruiters are reportedly telling prospective students that they can get degrees tailored to them and their experience and that they will have “ultimate transferability.” However, Purdue Global is not fully integrated with Purdue University, and credits do not necessarily flow freely between the two schools, let alone any other schools.
- Purdue University faculty [report](#) that they do not know who teaches Purdue Global courses or what their qualifications are, and they are not [convinced](#) that Purdue Global’s academic content matches the rigor of Purdue University.
- Purdue University and Purdue Global can be easily confused. Purdue Global has its own website, featuring all of its academic programs, but Purdue Global programs also appear on the Purdue University Online [website](#). Instructors at the Fort Wayne campus have “on occasion” [confused](#) Purdue Online with Purdue Global, and students may also be confused.
- Purdue Global backed off of an initial plan to require professors to sign nondisclosure agreements, but it still [intended](#) to have other staff, including specialized military marketing, admissions, and outreach staff, sign such agreements. Forcing staff members to sign nondisclosure agreements is a common tactic used by schools that want to avoid whistleblower complaints about their activities.
- Purdue Global [intended](#) to require students to sign mandatory arbitration agreements which would extend to the time before Kaplan’s acquisition by Purdue. Mandatory arbitration agreements are a common way for companies that want to avoid either class action lawsuits and/or liability for their illegal actions to circumvent the normal legal protections provided to students.
- Purdue Global suffered [losses](#) in 2018 and 2019. While it is still early in the 30-year deal, the losses raise red flags for critics who were already skeptical of the deal. Their president has said that Purdue Global is not “achieving the growth we thought we might.” This raises concerns regarding whether Purdue Global’s marketing and recruiting tactics will become even more aggressive.
- Purdue Global may have [misled](#) the Internal Revenue Service when it applied for tax-exempt status. Purdue Global may have excluded Kaplan from its list of contractors and failed to disclose its “close connection” to the company.