



PERSONAL FINANCE

CAREERS | COLLEGE | DEBT | RETIREMENT | SAVINGS | TAX PLANNING

Are for-profit colleges unfairly 'targeting' vets?

Herb Weisbaum | @TheConsumerman

Published 7:51 AM ET Mon, 11 Nov 2013



Shady for-profit schools targeting vets

6:59 PM ET Fri, 8 Nov 2013

America made a commitment to veterans of the wars in Iraq and Afghanistan: In return for their service, the country would help pay for their college education when they came home.

Since the [Post-9/11 GI Bill](#) went into effect in August 2009, the federal government has paid more than \$30 billion in tuition and benefits, the Department of Veterans Affairs said Friday. The VA said this money has now helped 1 million vets, servicemembers and their families get college degrees or technical training.

Most of this money goes to for-profit colleges and universities. In fact, eight of the 10 schools receiving the most GI Bill dollars are for-profits, according to a 2012 report from the Senate Committee on Health Education Labor and Pensions (HELP).

(Read only: [Have a problem with a payday loan? Call the feds](#))

The committee's chairman, Sen. Tom Harkin, D-Iowa, accuses some for-profit colleges of using "predatory and deceptive tactics to target

FROM THE WEB

Sponsored Links by Taboola

Drivers who switch save an average of \$668 on car insurance.

Progressive

A Fast Way To Pay Off \$10,000 In Credit Card Debt



MARKETS



BUSINESS NEWS



CNBC TV



MENU

servicemembers and veterans for enrollment" in order to tap their federal educational benefits.

Last week, Harkin and Sen. Dick Durbin, D-Ill., introduced the [Protecting Our Students and Taxpayers Act](#) (POST), which would reduce the percentage of revenue for-profit schools can earn from federal financial aid to 85 percent, down from the current 90 percent.

Durbin believes too much federal money is going to an industry that "often provides a greater return on taxpayer investment to its administrators and investors than it does to its students."

The for-profit educational industry calls the POST Act unnecessary and warns that it would harm all students looking to get a postsecondary education.

"The industry is not ripping off military students. We have many schools that are supporting military members to get a quality education," said Michael Dakduk, vice president of military and veterans affairs at [the Association of Private Sector Colleges and Universities](#). "There are good and bad actors throughout the entire spectrum of higher education. We want to make sure that veterans, servicemembers and their families have the best education and resources to choose an educational institution. And we're going to continue to work on that to develop best programs and services."

Profit is not a dirty word

There's nothing wrong with an educational institution making money, but there is a growing sense among government regulators that some of these schools take federal money and don't deliver on their promise of providing degrees that lead to good jobs.

(Read only: [Student loan borrowers face payment 'pitfalls'](#))

"We are very concerned about false claims about graduation rates, placement rates and possible earnings after graduation," said the Federal Trade Commission's Lois Greisman. "Not only are false claims unacceptable, they're illegal. We're looking into this. It's a top priority for the agency, and if we find schools that are violating the law, we plan to take appropriate action."

Holly Petraeus, who helps run the [Office of Servicemember Affairs](#) at the Consumer Financial Protection Bureau, said some for-profit schools serve military students well and give them a good education that can lead to civilian employment.

"But there have definitely been some that see it more as a profit-making exercise," Petraeus said. "They spend a lot more money on

U.S. Cardiologist: It's Like a Pressure Wash for Your Insides

Health Headlines

'Americas Favorite Veterinarian' Reveals The One Thing Every Dog Owner Should Do

Ultimate Pet Nutrition

by Taboola

Boeing didn't disclose possible fault in flight feature suspected in Lion Air crash: WSJ

This couple paid \$100,000 of their mortgage with a credit card and earned \$2,000 in rewards

How much money you need to be among the richest 10 percent of people worldwide

Trump is in big trouble now that Democrats control the House — and he knows it

Retirement on a Caribbean island can cost as little as \$24,000 a year

Oil is having a losing streak it hasn't seen in over 3 decades — and it may have 'real problems'

TRENDING NOW



1.

John Kelly may leave after clashing with the first lady Melania Trump: NBC News



2.

White House economic advisors clash: Kudlow says Navarro's China comments are 'way off base'



3.

US crude oil hits lowest level since December as record-

A soldier's story

When Mae McGarry left the Army and returned to civilian life in Erie, Pa., she decided to pursue a degree in criminal justice and psychology. She found an online program with a for-profit university that would give her the flexibility she needed to take care of her kids.

After three years, McGarry decided to switch schools when she realized her school did not have the proper accreditation. That meant many potential employers would not accept her degree.

To make things worse, the credits she had earned during those three years could not be transferred to the new school she wanted to attend.

"I'm angry. I'm very angry," she said. "I was basically duped out of my GI benefits."

Having exhausted all of her federal benefits, McGarry had to take out loans to complete her education. She's now \$64,000 in debt.

(Read only: [Veterans fill skills gap at manufacturing plants](#))

"They got thousands of dollars that I can't get back, but I have to pay back. I'm very angry to say the least," she told me.

Trying to help

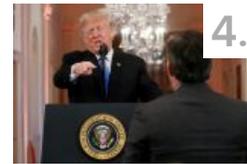
Matthew Boulay, a former Marine who served in Iraq, doesn't like what he sees. He believes some for-profit schools "target" young vets to get their GI benefits.

"It's not just over-promising," Boulay said. "In some cases, it's fraud."

For example, vets who are assured their GI benefits will cover everything may find out after they enroll that those benefits have run out and they will need to take out a sizable loan at a high interest rate.

Boulay runs the [Veterans' Student Relief Fund](#), a new nonprofit that's fighting for more regulation to protect vets who use their GI benefits. Working with the [Iraq and Afghanistan Veterans of America](#), it gives grants of up to \$5,000 to vets struggling to pay off the debts they incurred at for-profit schools.

One of those grants went to Jonathan Ngowaki, who served as a Marine Corps radio operator in Afghanistan. When he came home to Beaumont, Calif., in the summer of 2010, he enrolled in a for-profit college. He hoped it would help him land a good job in IT management.



CNN sues President Trump and White House for banning reporter Jim Acosta



John McCain's long-time advisor explains why Arizona could mean trouble for Trump in 2020

Ngowaki told the school's financial advisor he did not want to take out any loans—just use his GI benefits. But, he wound up with a \$15,000 loan. Ngowaki said he was tricked into signing the paperwork.

"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," he said. "It's all about the money. It's all a money game. It really bothers me."

—By CNBC contributor Herb Weisbaum. Follow him on [Facebook](#) and [Twitter @TheConsumerman](#) or visit [The ConsumerMan website](#).

Herb Weisbaum

CNBC Contributor

MORE FROM CNBC

by Taboola

[Experts agree: Don't buy a new car](#)

[Here's how much money you should have saved by 35](#)

[Here's how many gun control advocates won House seats, and how many gun proponents lost them](#)

[Stocks making the biggest move premarket: AMZN, AAPL, HD, K & more](#)

[There's something behind this market sell-off that no one is talking about: the strong dollar](#)

['Deal or No Deal' contestant who won \\$1 million: This is the worst part about getting rich](#)

FROM THE WEB

Sponsored Links by Taboola

[An Insane Credit Card Charging 0% Interest Until 2020](#)

NextAdvisor

[Motley Fool Issues Rare "Double Down" Buy Alert](#)

The Motley Fool

[San Diego, California Drivers Stunned By New Rule](#)

Customized Auto Quotes



MARKETS



BUSINESS NEWS



CNBC TV



MENU

Don't Be Surprised At The Cost Of These Medicare Plans.

Medical Supplement Plans | Search Ads

California Will Pay You to Install Solar if You Live Near San Diego

Energy Bill Cruncher Solar Quotes

6 Key Characteristics of Leading CFOs

Concur Resources



Independent Programming

Licensing & Reprints

Advertise With Us

Digital Products

Privacy Policy

Internships

About CNBC

Site Map

Contact

Help

Subscribe to CNBC PRO

Join the CNBC Panel

Closed Captioning

Terms of Service

News Releases

Corrections

AdChoices

Podcasts

Careers



News Tips

Got a confidential news tip? We want to hear from you.

GET IN TOUCH

CNBC Newsletters

Sign up for free newsletters and get more CNBC delivered to your inbox

SIGN UP NOW

Get this delivered to your inbox, and more info about our products and services. [Privacy Policy](#).

© 2018 CNBC LLC. All Rights Reserved. A Division of NBCUniversal

Data is a realtime snapshot. *Data is delayed at least 15 minutes. Global Business and Financial News, Stock Quotes, and Market Data and Analysis.



MARKETS



BUSINESS NEWS



CNBC TV



MENU

