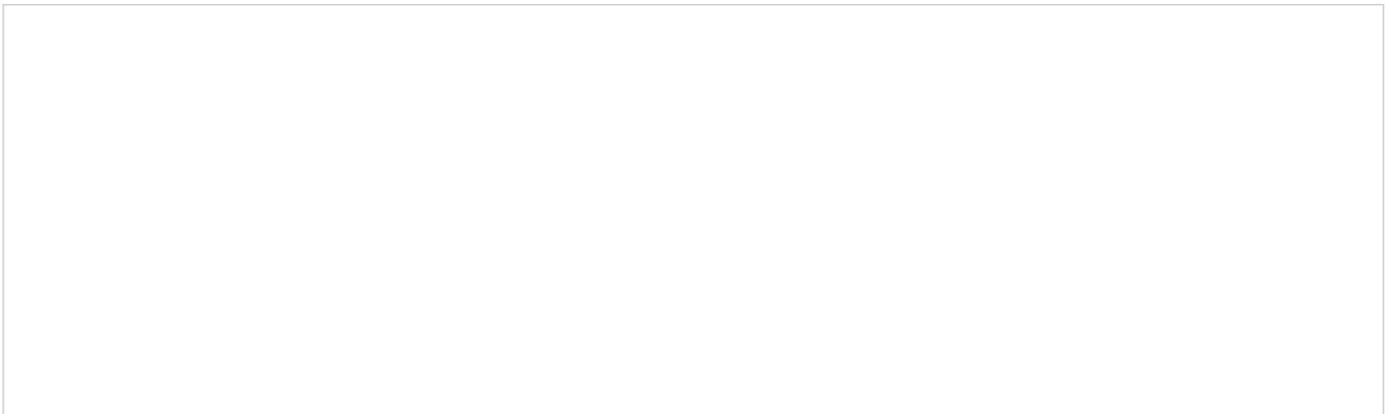




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Dan Rather on for-profit colleges: 'It's hard to find anything more outrageous than this'



By **Jillian Berman**

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New film exposes how for-profit colleges exploit veterans and single moms



Jennifer Wilson spent thousands of dollars on a for-profit college degree she now says is worthless.

A little bit more than an hour into “Fail State,” a documentary about the rise of for-profit colleges, Jennifer Wilson, a graduate from one of these schools, looks at the camera and distills the essence of the film into one sentence.

“This \$50,000 piece of paper,” she says, holding up her degree from the now-defunct Everest College, “is actually completely worthless.”

“Fail State,” which recently premiered in New York, chronicles the system that allowed thousands of students to wind up in Wilson’s position. The film’s central argument: aided by sympathetic lawmakers, cuts to public funding for higher education and motivated by a drive to increase their bottom line, for-profit colleges have lured students into taking on high levels of debt with little concern for their future.

In Wilson’s case, that meant falling prey to a recruiter who used sympathy over her daughter’s untimely murder to gain her trust and push her into signing a paper that enrolled her in the school without her knowledge. After graduating summa cum laude from her program, Wilson was unable to find work in her desired field and wound up continuing in the job she had before she attended school — airport security.

Meanwhile, Corinthian Colleges, the parent company of the school Wilson attended, **filed for bankruptcy in 2015**. It was the company’s spectacular collapse that inspired Alex Shebanow, the film’s creator, to focus the documentary on for-profit colleges instead of the wider student loan problem. As he began to do more research into the for-profit college sector, he realized “there was something going really wrong in this industry,” he told MarketWatch.

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And indeed, for-profit colleges have been the subject of intense scrutiny for years. Several government probes and media investigations documented the ways the for-profit college industry systematically targeted students in dire straits, mined their pain and a desire for a better life to convince them to enroll, ultimately capturing the federal financial aid dollars that came with them.



The Obama administration even took a stab at reining the schools in — an effort that now hangs in the balance since Donald Trump became president. **Stakeholders are meeting this week** as part of sessions convened by Betsy DeVos’s Department of Education to rewrite Obama-era rules on how borrowers like Wilson can access loan forgiveness when they’ve been ripped off by their schools.

But this film illustrates through interviews, press clips and old commercials that this cycle of malfeasance and regulatory crackdown is nothing new for the for-profit college industry. Ever since the end of World War II, when the government started providing students with money to use at college, for-profit operators have popped up to take advantage. “The incentives to do bad by students are so good and so profitable that there’s almost no incentive to do good by students,” Shebanow said.

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He’s hoping “Fail State” will help build the kind of outrage and momentum of other recent regulatory scandals — he cited **John Oliver’s campaign** to maintain net neutrality as an example — around the for-profit college industry.

Shebanow has one theory why the issue hasn’t gotten as much attention as he thinks it deserves: Many of those suffering are single moms, first-generation, low-income and other “voiceless” parts of society. “People feel embarrassed, they feel like they were duped and they don’t want to speak out about it,” he said.

That machine includes companywide instructions to recruiters of how best to lure students and convince them to sign up regardless of the cost. It also features intense efforts to avoid regulation; the film documents how contributions flowed from the industry into the coffers of members of Congress who used that money to raise their profile.

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“In so many places elected officials are basically bought and sold,” broadcasting legend Dan Rather, the film’s executive producer, told the audience during a Q&A following the screening.

But like Shebanow, he’s hopeful the film will help build enough momentum to spur legislators and the public to take action. “When you talk about predators taking advantage of veterans, that’s bipartisan,” Rather said.

The incentives for **for-profit colleges to target veterans** is a major theme running through the film. Murray Hastie, one of the borrowers featured in the movie, reveals that he used up all of his GI Bill benefits — money the government provides veterans to pay for their education — on a for-profit college. He only discovered that his benefits were gone after trying to enroll in a community college following a stint in a VA hospital to treat his post-traumatic stress disorder. Even with the benefits, Hastie still wound up with \$50,000 in debt.

“There are a lot of outrageous things happening but it’s hard to find anything more outrageous than this,” Rather said.

And if the screening is any indication, the general public may agree. Following the movie, one audience member suggested Shebanow mobilize defrauded students and supporters to march on Washington. Another said simply, “This is the most depressing thing I’ve seen in a long time.”

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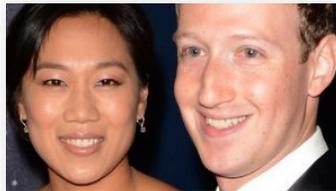
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