



In 2015, the collapse of the behemoth Corinthian Colleges, which had been taking in up to \$1.4 billion in federal dollars annually, and the subsequent collapse of the giant ITT Tech cost U.S. taxpayers hundreds of millions of dollars and left thousands of students with enormous student loan debt and no degree or diploma to show for it. Corinthian and ITT Tech are the tip of the iceberg where for-profit postsecondary educational institutions are concerned. There has been a well-documented pattern of abuse by these institutions going back over a decade.

In 2010, both the Senate Health, Education, Labor and Pensions (HELP) Committee and the Government Accountability Office (GAO) took notice and investigated the for-profit college industry. Their findings were eye-opening: states were taking a passive role in oversight; several for-profit colleges were engaging in deceptive advertising and recruiting practices and targeting veterans and vulnerable populations; and expenses, student loan debt and default rates were skyrocketing. All while shareholders in these institutions pulled in record revenue.

Since the release of the Senate and GAO findings, the Department of Education and other federal agencies had made substantial progress on reigning in abuses by this industry. Regrettably, however, the current administration's Education Department, led by Betsy DeVos, has bent to industry pressure and acted quickly to weaken still-new federal student protections, even placing former for-profit executives in high level government positions. Such actions leave college students, and especially veterans, foster youth, and other vulnerable populations at the mercy of an industry that has been profiting while duping students and defrauding taxpayers.

While the U.S. government rolls back stewardship of the industry and protections for students, the last line of defense is robust state action, including strong laws and active oversight by a publicly accountable body. Unfortunately, states are also largely failing to protect students and taxpayers. While nearly half of all state attorneys general have taken on this abusive and harmful industry by filing lawsuits against predatory for-profit schools in their states, by the time a state attorney general becomes involved, great harm has already been done. States must have strong laws, robust oversight, and regulation in place to protect students and taxpayers by preventing harm from occurring in the first place.

To that end, the Children's Advocacy Institute (CAI) of the University of San Diego School of Law has compiled "**Failing U**" — a report analyzing and comparing each state's laws, regulations, and oversight of

private for-profit postsecondary educational institutions. Failing U grades all 50 states in seven areas, analyzing to what extent a state's laws: (1) provide for a multi-member, publicly accountable oversight body that can engage in rulemaking, initiate investigations, and impose penalties for violations of law; (2) require reviews and/or inspections of for-profit postsecondary schools operating within its jurisdiction; (3) limit exemptions from oversight and/or regulation; (4) require institutions to disclose performance measures to prospective or current students; (5) prohibit specific acts regarding advertising and recruiting; (6) provide an appropriate complaint process and other relief for victimized students; and (7) authorize appropriate enforcement mechanisms.

Some of the key findings of **Failing U** include the following:

- No state earned an A; California is the only state to earn a B; no state earned a C; Alaska, Illinois, Ohio, Tennessee, Massachusetts, Texas, and Wisconsin each earned a D, and the remaining 42 states earned the grade of F. Of those 42 failing states, 13 scored lower than 40% in the report's analysis (see table below).
- CAI found enormous gaps in state regulatory oversight, leaving loopholes that unscrupulous for-profits easily exploit. Despite intensified attention to for-profit abuses generated by the 2010 Senate HELP Committee report, other investigations, lawsuits, and school closings, states are still failing *en masse* to put in place laws that would prevent the kinds of abuses that led to failure of Corinthian and others. These protections would include access to enforcement mechanisms; recourse for students who are targeted and fall victim to the abuses of unscrupulous for-profit institutions; and sufficient resources and recourse for students who attend for-profits that shut down, leaving them with high student loan debt, no degree, and bleak employment opportunities.
- The regulatory gaps identified in **Failing U** leave veterans particularly vulnerable, since these institutions view GI Bill Education Benefits as an attractive and significant source of revenue. Foster youth are also vulnerable to predatory colleges, given their access to federal Chafee Educational and Training Vouchers, funding streams which are similarly excluded from current funding formulas applicable to this industry.
- The two areas where states scored the lowest are disclosure requirements and enforcement.
- It appears that many states mistakenly assume that accreditation is sufficient oversight. As a result, they apply more lenient oversight or more exemptions to institutions that are accredited. However, accreditors have potential conflicts of interest that may impact their ability to effectively protect students and taxpayers from abuses. Accreditation is not a sufficient substitute for rigorous state oversight.
- Two states (California and Massachusetts) earned full or partial extra credit for not taking part in State Authorization Reciprocity Agreements (SARA) and Rhode Island earned extra credit for a unique policy that prohibits private for-profit institutions from granting degrees in the state (with one statutory exception).

States were given an opportunity to review and comment on CAI's findings and analysis; 33 states responded to CAI in some manner and 28 provided substantive feedback.

The full report, as well as individual state reports, can be viewed at www.caichildlaw.org/FailingU.html.

State	Oversight Body	Oversight Efficacy	Oversight Scope & Inclusion	Disclosure Requirements	Regulation of Recruiting Practices	Complaint Process & Student Relief	Enforcement	Bonus Points	Total	Percent*	Grade
AL	55	415	50	25	50	80.5	40	0	342.0	49%	F
AK	75	50.5	50	47.5	100	65.5	40	0	428.5	61%	D
AZ	65	47.5	75	45	75	76	20	0	403.5	58%	F
AR	60	43.5	75	3.75	37.5	60	0	0	279.75	40%	F
CA	67.5	83	75	100	100	65	50	50	590.5	84%	B
CO	55	28	75	7.5	75	62	20	0	322.5	46%	F
CT	25	26.25	5	7.5	62.5	27.75	20	0	174.0	25%	F
DE	25	33.5	75	0	37.5	45	27.5	0	243.5	35%	F
FL	52.5	43	75	17.5	75	50	5	0	318.0	45%	F
GA	80	57.5	0	37.5	75	72.5	35	0	357.5	51%	F
HI	20	21.2	83.3	5	66.7	31.3	53.3	0	280.76	40%	F
ID	42.5	38	87.5	3.75	62.5	40	20	0	294.25	42%	F
IL	53	45.5	75	47.5	75	53	67.5	0	416.5	60%	D
IN	49	43.5	0	7.5	50	69	25	0	244.0	35%	F
IA	53	51	50	30	50	65.5	20	0	319.5	46%	F
KS	75	36	0	20	75	70	20	0	296.0	42%	F
KY	55.25	49	75	31.25	50	66	22.5	0	349.0	50%	F
LA	54.25	39	75	16.25	62.5	61	20	0	328.0	47%	F
ME	37.75	23.5	50	10	62.5	32.5	0	0	216.25	31%	F
MD	75	47	75	57.5	75	58	20	0	407.5	58%	F
MA	48	32.75	75	72.5	87.5	42	57.5	25	440.25	63%	D
MI	21.9	21	100	1.7	58.3	24.2	0	0	227.1	32%	F
MN	30	36.75	75	15	75	48	35	0	314.75	45%	F
MS	54.75	52.25	50	67.5	32.5	53.75	20	0	360.75	52%	F
MO	65	54	0	15	75	40	5	0	254.0	36%	F
MT	30	3.75	0	0	50	38.25	10	0	132.0	19%	F
NE	56.25	39.5	62.5	7.5	25	50.75	30	0	271.5	39%	F
NV	62.5	45.5	50	27.5	75	61	20	0	341.5	49%	F
NH	50.5	51.5	50	48.75	62.5	56.25	10	0	329.5	47%	F
NJ	39	49.25	75	21.25	50	34.25	35	0	303.75	43%	F
NM	29.5	68	75	15	100	69	35	0	391.5	56%	F
NY	53.75	47.75	87.5	55	62.5	50.75	37.5	0	394.75	56%	F
NC	55	37	62.5	16.25	75	47.25	10	0	303.0	43%	F
ND	72.5	38	50	3.75	62.5	55.75	20	0	302.5	43%	F
OH	60	57.5	50	80	100	66	40	0	453.5	65%	D
OK	65.25	33.5	37.5	12.5	62.5	33.5	17.5	0	262.25	38%	F
OR	80	54.5	50	58.75	87.5	52.75	20	0	403.5	58%	F
PA	61.25	28.25	75	12.5	75	51.75	20	0	323.75	46%	F
RI	50	43.25	75	12.5	75	54.5	0	50	360.25	52%	F
SC	55	46	75	30	75	62	40	0	383.0	55%	F
SD	25	5	0	0	0	13.5	20	0	63.5	9%	F
TN	50	58	75	60	100	78	25	0	446.0	64%	D
TX	72.5	53.5	37.5	61.7	62.5	60.25	72.5	0	420.45	60%	D
UT	20	34	100	30.25	62.5	56.75	20	0	323.5	46%	F
VT	40	23	50	11.25	37.5	12.5	10	0	184.25	26%	F
VA	80.5	49	50	42.5	75	59.5	0	0	356.5	51%	F
WA	66.5	42.5	75	17.5	62.5	69.25	77.5	0	410.75	59%	F
WV	66.3	46	100	11.6	58.3	50.2	23.3	0	355.7	51%	F
WI	70	61	75	7.5	75	73.5	100	0	462.0	66%	D
WY	20	25	100	0	62.5	36	20	0	263.5	38%	F

* Rounded