



The Consumer Protection Needs of Veteran and Servicemember Students

University of San Diego Children's Advocacy Institute
"Failing U" Webinar Series

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VETERANS

EDUCATION SUCCESS

- [Free Help for Veterans and Military-Connected Students](#): Free legal services, advice, and college and career counseling.
- [Research & Reports](#): Non-partisan research.
- [Policy Advocacy](#): Improving college quality and student protections.
- [Civic Engagement](#): Helping veterans meet Congressional representatives, government officials, and local media.
- [Legal Work and Law Enforcement Support](#): Building legal cases with law enforcement to stop college consumer fraud.

History: GI Bill (new Pot of \$)

Targeted after WWII

- Following WWII, for-profit colleges targeted the GI Bill.
 - 1950: VA Administrator Carl Gray's 200-page report finding ***“questionable practices”*** – 90% at for-profit schools
 - 1950: President Truman Special Message to Congress requesting immediate action
 - 1950: Joint Resolution of Congress for investigation
 - 1952: “Mr. Veteran” Olin Tiger Teague House Select Committee report: for-profit schools ***“offered training of doubtful quality”*** and ***“exploitation by private schools has been widespread.”***
 - Congress enacted rules, but they were whittled down



Deceptive Targeting of GI Bill Again after Vietnam War

- 1973: Report by Congress: “private profit-making home study schools” using “***sophisticated sales techniques***” tricked Vietnam servicemen who dropped out at high rates.
- 1976 FTC: “the proprietary schools industry... ***deceptive advertising, high pressure sales tactics and misrepresentations***... have allowed marginal schools to add thousands of students to their rolls without regard for proper career education.”
- VA Administrator: “If an institution of higher learning cannot attract sufficient nonveteran and nonsubsidized students... it presents a ***great potential for abuse of our GI educational programs.***”
- Congress enacted rules, but they were whittled down.



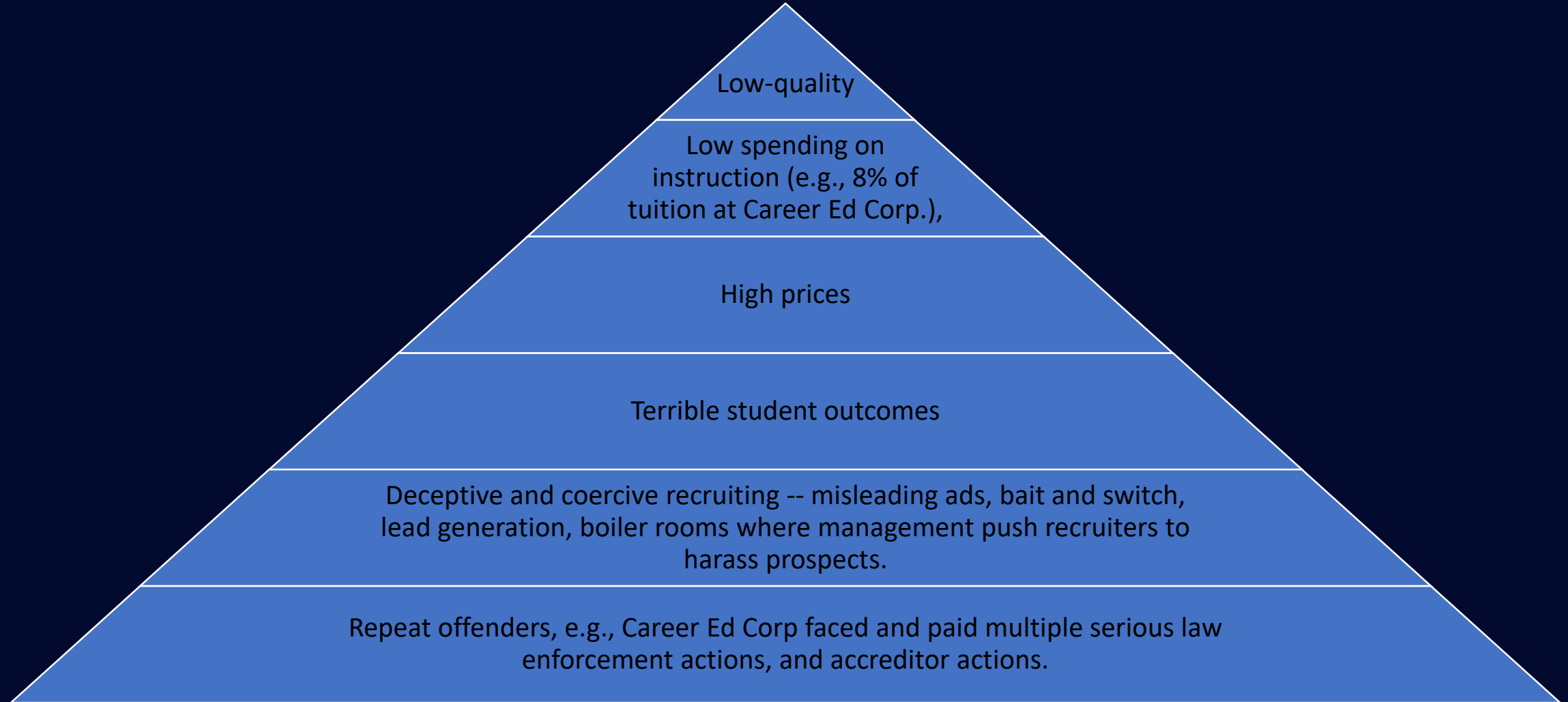
2000s: US Senate and GAO Investigations

2012 US Senate Committee investigation. Document requests resulted in internal corporate e-mails and training manuals teaching recruiters how to lie. Detailed info here: <https://vetsedsuccess.org/resources/senate-investigation/>

2011 undercover Government Accountability Office (GAO) investigation found deception by every large for-profit college and fraud on FAFSA by four schools.

Follow-up GAO investigation of enrolled “students” (investigators) found very low quality education, cheating was encouraged, and photos of Madonna were acceptable in lieu of written essays.

What We See in 2020



Why are Veterans & Servicemembers Targeted?

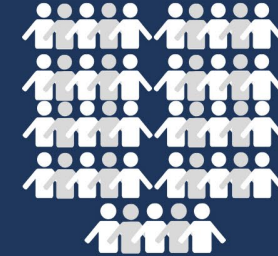
90/10 Loophole: Federal law caps Title IV funds to for-profit colleges at 90%, but GI Bill and Defense Dept. tuition assistance were overlooked when the statute was written.

(More here: <https://vetsedsuccess.org/what-we-do/policy-advocacy/our-work-with-the-executive-branch/education/90-10-loophole/>)

The Incentive to Target More Veterans



GI Bill Students
 $\$22K \times 5 = \$110K$



Title IV Students
 $\$22K \times 45 = \$990K$

For every GI Bill student enrolled at a for-profit college that college can enroll **NINE** other students who only receive Title IV money.



For-profit colleges are incentivized to target veterans to exploit the "90/10 loophole" to drastically **INCREASE** their access to Title IV student aid.

Closing the "90/10 loophole" REMOVES that incentive.



"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."

- Holly Petreaus

"By pursuing and signing up veterans, schools can now cover up the fact that few, if any, private citizens are willing to pay to attend them."

- New York Times Editorial Board



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

- Potential \$2.3 billion wasted over 5 years of GI Bill “to ineligible colleges.”
- 97% of “improper payments” = deceptive advertising
- Vietnam-era protection still in force: VA must cut off GI Bill if schools use deceptive advertising under 38 USC 3696.
- VA relies on AGs and FTC to know when 3696 is at issue.

The Washington Post

THURSDAY, FEBRUARY 21, 2019 • THE WASHINGTON POST

A5

Veterans groups ask VA chief to shield GI benefits from predatory colleges

BY DANIELLE DOUGLAS-GARRIEL

More than two dozen advocacy groups are calling on Veterans Affairs Secretary Robert Wilkie to intensify monitoring of college programs that enroll veterans after an audit found lax oversight could result in \$2.3 billion in tuition benefits going to predatory schools during the next five years.

Education funding earned by men and women who serve in the U.S. military has become a stable source of revenue for many colleges. But advocates say that some schools — especially for-profit colleges — have failed to provide high-quality education and that the federal government has shirked its responsibility to act.

The aggressive recruiting practices of some for-profit colleges have been well-documented. A 2012 Senate investigation found evidence of schools deploying teams at veterans hospitals and wounded-warrior centers to enroll students. Some recruiters misled or lied to veterans in telling them that their military benefits cover the full cost of tuition.

The Department of Veterans Affairs has the authority to cut off GI Bill benefits to schools that use deceptive advertising. Those benefits provide veterans and their families with funding for college. But an audit released in December by the federal agency's inspector general found millions of dollars going to for-profit colleges that violated VA standards by making misleading claims about

their accreditation status or student outcomes.

"The veterans we serve are understandably angry when they discover that the very consumer fraud they faced at a predatory school is one the VA knew about but approved for GI Bill benefits anyway," said Carrie Wofford, president of Veterans Education Success, an advocacy group that signed onto the letter sent to the VA secretary. "They're even angrier when they learn VA was obligated to cut off such schools under federal law, but did not."

In the letter sent Friday to Wilkie, the veterans groups requested a meeting with the secretary and the inspector general to discuss a path forward.

"VA appreciates the letter from our partner organizations and their willingness to work with us to find solutions that meet the needs of our veterans and the expectations of our nation," VA spokeswoman Ndidi Mojay said in an email. "VA is actively working to implement the recommendations from the Inspector General report."

The audit by the inspector general documents a breakdown in the review, approval and monitoring of college programs that receive GI Bill funds. The Veterans Benefits Administration, a VA division, is supposed to work with state approving agencies to supervise colleges. The state entities are responsible for granting schools access to veterans education benefits. But federal and state agencies have taken a hands-off approach — to the det-



Advocacy groups wrote to Veterans Affairs Secretary Robert Wilkie raising concerns about the tactics used by some colleges to recruit students among veterans who have GI Bill education benefits.

riments of students — according to the audit.

Auditors project that about 11,200 students using GI Bill benefits will enroll in programs that violate VA standards, costing the federal agency about \$585 million in improper payments a year. The lion's share of that money will go to for-profit colleges. If nothing is done, the inspector general estimates those figures could reach 17,000 students and \$2.3 billion in five years.

"Our goal is to provide veterans with the benefits they have earned in a manner that honors their service. This means allowing veterans to choose an approved institution that meets their requirements," Mojay said. "At the same time, we must also ensure we are strong fiscal stewards of the money entrusted to us."

She said VA will continue to work with state agencies and veterans groups to "find the right

balance" in giving students choices and ensuring they can maximize their benefits.

Wofford, of the advocacy group, said the veterans organizations share the concerns outlined by the inspector general "and believe the VA secretary can solve this problem if he meets with us and puts his leadership on the problem."

Advocacy groups say for-profit colleges have a long history of targeting returning service mem-

bers. Yet calls for VA to intervene have gone unanswered.

Veterans lodged complaints against Career Education, a for-profit college operator that ran Le Cordon Bleu and Sanford-Brown, and a whistleblower met with VA staff members in June 2018 to no avail, according to the letter.

State attorneys general found evidence that the chain deceived prospective students about the total cost of enrollment, the ability to transfer credits and the jobs graduates got after graduating. To resolve those allegations, Career Education agreed to halt efforts to collect \$556 million owed by former students.

Career Education has denied wrongdoing in the past. The company did not immediately respond to a request for comment Wednesday.

The company "has the third highest number of veteran complaints brought to the VA," the letter said. "This is just one example of ineligible colleges receiving improper GI Bill payments that could be avoided with proper VA oversight."

Veterans are attractive to for-profit colleges because money from GI Bill benefits is exempt from the 90/10 rule, which prohibits such schools from getting more than 90 percent of their operating revenue from federal student aid funding. Despite its attention the issue has received bills in Congress to close the funding loophole since 2012 has failed to gain enough support to pass.

danielle.douglas@washpost.com

More than 1,000 entities have access to terror watch list, government says



U.S. Department
of Veterans Affairs

Dec. 2019 VA Actions under 38 USC 3696: Intent to Suspend New Enrollments

<https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5399>



University of Phoenix, based on FTC settlement of misleading advertising.



Career Education Corporation, based on FTC and 49 states' settlements of misleading advertising and reliance on misleading websites.



Temple University, based on PA AG settlement of faked data for US News college ranking.



Bellevue University, based on NE AG settlement of misleading students about nursing school accreditation.

Career Ed
Corp: 48
States + DC
= \$500M



[South Carolina AG:](#) “This company misled South Carolina students who were trying to better themselves and left them with debts they couldn’t pay because they were deceived about their chances of getting jobs.”



[Mississippi AG:](#) “Furthering one’s education is a noble effort, and it’s a shame that those doing so are being taken advantage of financially by these companies that are in it to make money rather than educate our citizens.”



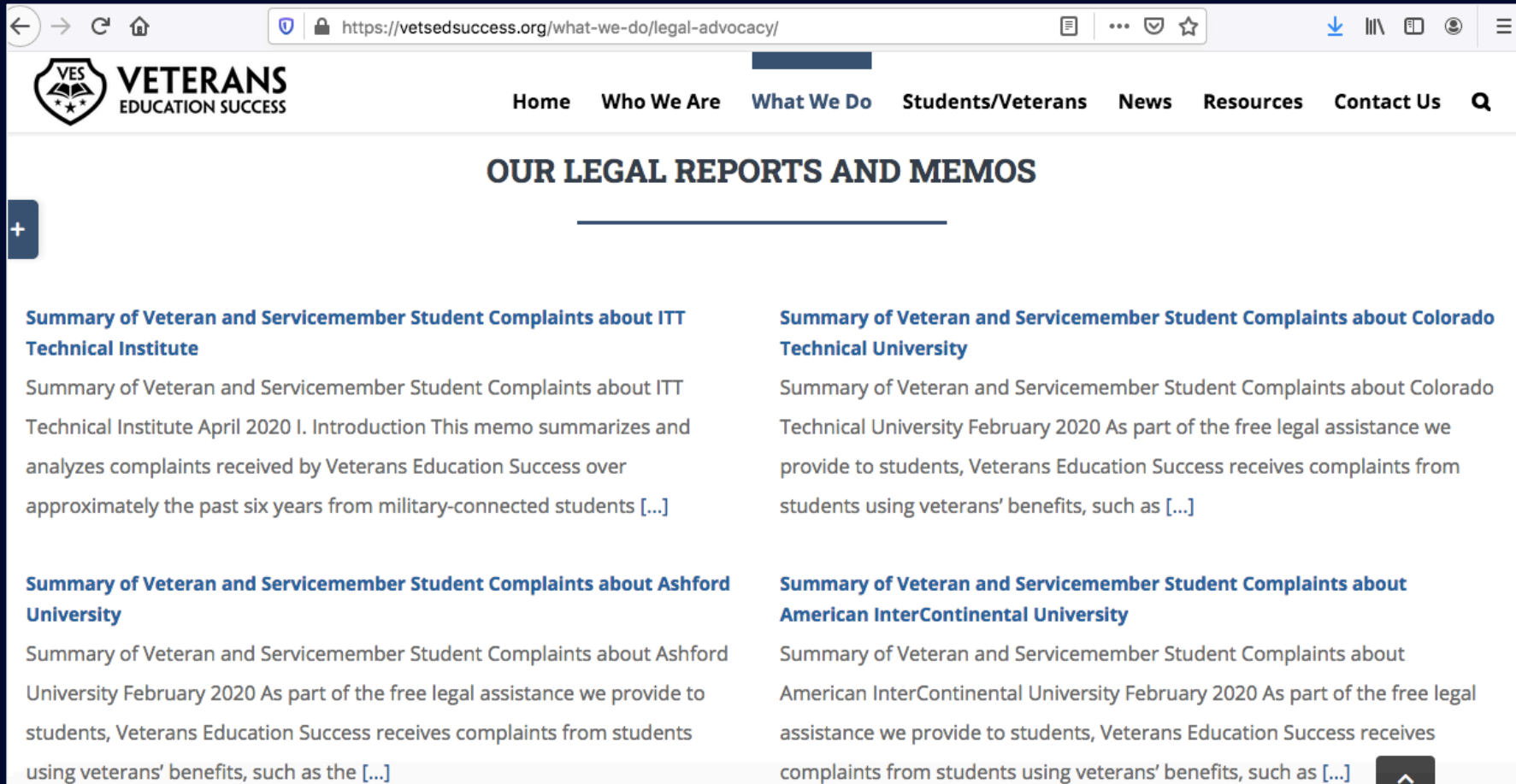
[Oklahoma AG:](#) “As a result of the high-pressure enrollment tactics used by employees at the company, some students never obtained the professional license they were seeking and incurred debts they could not repay.”



3rd Highest volume of veteran complaints at VA

We Receive 100s of Student Complaints Annually:

<https://vetsedsuccess.org/what-we-do/legal-advocacy/>



The screenshot displays a web browser window with the URL <https://vetsedsuccess.org/what-we-do/legal-advocacy/>. The website header features the logo for VETERANS EDUCATION SUCCESS (VES) and a navigation menu with links: Home, Who We Are, What We Do (highlighted), Students/Veterans, News, Resources, and Contact Us. The main heading is "OUR LEGAL REPORTS AND MEMOS". Below this, there are four entries, each with a title and a summary:

- Summary of Veteran and Servicemember Student Complaints about ITT Technical Institute**
Summary of Veteran and Servicemember Student Complaints about ITT Technical Institute April 2020 I. Introduction This memo summarizes and analyzes complaints received by Veterans Education Success over approximately the past six years from military-connected students [...]
- Summary of Veteran and Servicemember Student Complaints about Colorado Technical University**
Summary of Veteran and Servicemember Student Complaints about Colorado Technical University February 2020 As part of the free legal assistance we provide to students, Veterans Education Success receives complaints from students using veterans' benefits, such as [...]
- Summary of Veteran and Servicemember Student Complaints about Ashford University**
Summary of Veteran and Servicemember Student Complaints about Ashford University February 2020 As part of the free legal assistance we provide to students, Veterans Education Success receives complaints from students using veterans' benefits, such as the [...]
- Summary of Veteran and Servicemember Student Complaints about American InterContinental University**
Summary of Veteran and Servicemember Student Complaints about American InterContinental University February 2020 As part of the free legal assistance we provide to students, Veterans Education Success receives complaints from students using veterans' benefits, such as [...]

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Example: Student Veteran Complaints about Ashford University

Wrongly promised that students could have careers for which their degree would not qualify them (license, exams)

Wrongly promised that credits would transfer to new schools

Promised “military discount” of 25%, but it was only a discount of 5%, requiring loans

Promised the GI Bill would cover the full tuition, but it didn’t

Poor quality of education, little or no feedback from professors

Pushy and persistent recruiting tactics

Promised job placement help that was not delivered

Ashford student veteran quotes

- “I was promised and assured that my credits would transfer but when I switched schools, none of them transferred.” -K.H.
- “During my time at Ashford, I kept noticing that the numbers were different for credits taken and credits needed and how they did not line up. I spoke to academic advisor after academic advisor concerning the discrepancy asking them if they could explain it to me. They all kept telling me that everything is fine and I will graduate on time. Nope.” -K.M.
- “I was signed up for loans I did not know about when my GI Bill ran out.” -D.S.
- “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%.” -N.G.
- “I was told that with their tuition break and my GI Bill I would have no out-of-pocket expenses. Each time a new semester came around, I needed more money and was told a student loan was the best way to do it.” -M.C.

Example: Student Veteran Complaints about University of Phoenix

Inexplicable bills for thousands of dollars

Promised tuition based on artificially low # of credits needed

Quickly hurried through enrollment documents without a clear understanding

Teachers seemed uninterested and unqualified

Degree requirements changed and classes added to keep students enrolled longer

Promised specific jobs, like “registered nurse” or “licensed social worker” that degrees did not qualify students for

Quotes from U Phoenix student veterans

- “I was recruited to [University of Phoenix] with a degree plan that would allow me to complete my degree with about 6 months to spare on my GI Bill. After my first semester I was informed that the information I was given was inaccurate and that I'd actually have to pay out of pocket for a semester.”
- “I told the school that I wanted to use my GI bill and that if for some reason it was denied to cancel everything because I couldn't afford it and that I didn't want no student loans. They waited until I finished my first semester to tell me that my GI bill was denied and that they had signed me up for Sallie Mae.”
- “I was signed up by [University of Phoenix] because they offered special pricing for Vets. Then when I spent two years they said that I no longer qualified for the special rates and classes doubled in price. I looked into other schools at that time and they wouldn't take the credits. I had to stay at U of P to finish my degree at twice the price.”
- “I was told these credits would transfer anywhere nationwide but as I begin my transition from active duty I found out they will not transfer to the schools in my home state. I wasted my time and 15 credits for nothing.”
- “I chose [University of Phoenix] initially because they started I would get 28 credits from my military time. 2 classes in, I was told that 28 credits was really 11.”
- “I was told that [University of Phoenix] was fully accredited and all law enforcement agencies accept this is a viable degree. I have applied for over a hundred probation officer jobs and rarely ever get a call back. I spoke with a recruiter once that told me I would have a very difficult time finding a job in probation with that degree and he was right. I owe over \$40K in student loans and can't get a job in the career field I trained so long to do.”
- “[University of Phoenix] kept adding classes to my degree, stating that the course had changed.”

Example: Student Veteran Complaints About DeVry University

Promised a discount that was actually the regular tuition

Recruiters instructed not to discuss loan repayment or the costs of classes

Students filled out the FAFSA form after being told it was for grants only. Several students were signed up for loans without their permission.

Students placed into one degree program when they requested a different one, or students made to take extra classes to graduate

Unsubstantiated promises about employment opportunities for graduates

Promised career placement help that was not delivered

Quotes from DeVry student veterans

- “I signed for a \$40k bachelor degree, but it ended up being double.”
- “They told me it would only cost me \$9,000 for my first year, and they charged me \$19,500.”
- “I needed 5k in student loans to finish school. DeVry authorized 20k without my consent and it wasn't able to be fixed. I now have \$20,000 in school loans of which only \$5,000 was agreed on. The financial aid officer refused to correct the problem.”
- “Enrolling in DeVry University I was told that I would be able to get a job in my field of study before or within a few months of graduating. I was informed that my credits were transferable to any other college.”
- “I was informed that in order to advance my career that a degree was all that was necessary. However, what DeVry failed to do was do anything but send Indeed links for career services and no actual training or experience for my field. “

What Whistleblowers Tell us

Quotas for recruiters on mandatory enrollments

Boiler room atmosphere. Minimum # of calls and enrollments per week.

Taking out loans without student's understanding and sometimes without student's knowledge

Over-Promise on teachers, materials, quality, currentness of the education, ease of access online ("you don't even need a computer")

Emotional manipulation to get students to commit to enrolling

Exaggerating job placement and salary likelihood, e.g., pretending that federal data on average salaries is the school's own average

Counting temp jobs or internships as employment for job placement statistics

Promising that an Associate's degree would get a student to their desired Bachelor's degree, and then cancelling the Bachelor's program

Ashford Whistleblower Quotes

(Note: Ashford recently hired 200 additional recruiters)

- “Lie about and twist the information... whatever that agent needs to say to close that deal.... University doesn’t care after enrollment.” – Ashford military recruiter
- Enroll veterans “no matter what” and keep them enrolled for 3 weeks at which point they are ineligible for a refund – Eric Dean, Ashford recruiter
- “We documented a voluminous record of compliance infractions” and “misrepresentations by enrollment advisors” – Ashford six-year director of corporate compliance dept.
- “Do whatever it took to let students pass” and “not really teaching.” “It was so unethical.” – Ashford professor and program chair

Lead Generator Websites

- Watch out for military/veteran-oriented lead generator websites.
 - June 2012: Multi-state action to [shut down GI Bill.Com](#), which pretended to be the government portal to GI Bill, but directed veterans to ~ 20 for-profit colleges.
 - Oct. 2017: FTC [stopped](#) "Military-Friendly Schools" for failure to disclose pay-to-play recommendations of schools.
 - Sept. 2018: FTC [shut down Army.Com, NavyEnlist.Com and half dozen others](#) which purported to be portal for Americans to join the Armed Forces, but instead their personal information was sold to colleges.
- Watch out for SR Education and QuinStreet for failure to disclose paid relationship and failure to disclose that their college "rankings" and "search tools" are not neutral and independent.

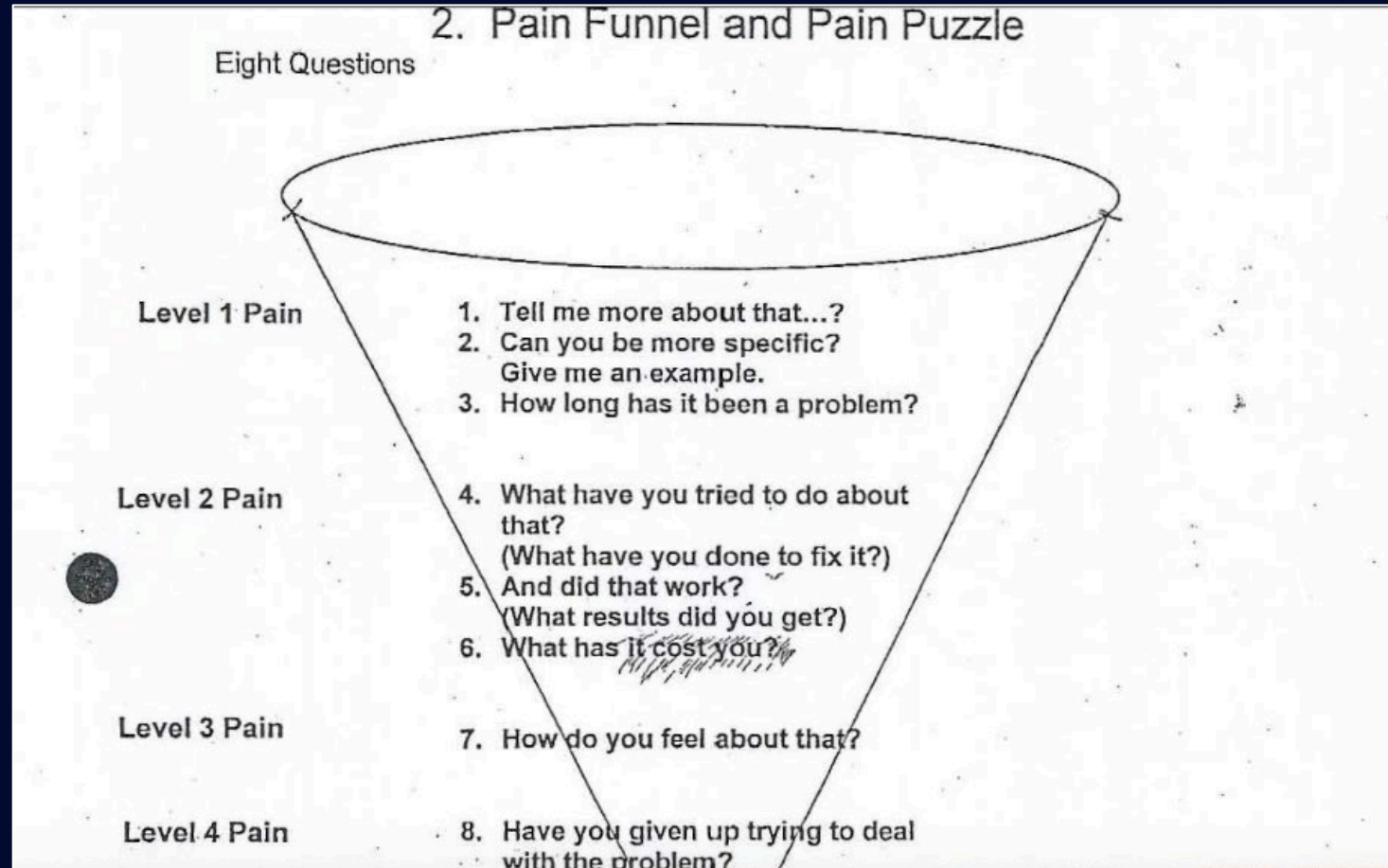
Lead Generator Websites (non-military)

- “Bait and switch” offering help for low-income: home heating, food stamps, housing, jobs → but they’re actually collecting leads for predatory colleges.
 - EveryJobForMe.com
 - localemploymentnetwork.org
 - medicaidinsurancebenefits.com
 - snapfoodstampsonline.com
 - <http://familyhelpnetworkusa.com/>
 - Neutron Interactive regularly posted fake job listings on Monster.com and CareerBuilder.com to trick job-seekers into visiting its own websites, according to former Neutron employees.
- New: COVID-19 “bait and switch.”
 - The Best Schools features “COVID-19 Files: How to Succeed in Your Newly Online Classes” but it’s really a lead generator. (<https://thebestschools.org/magazine/covid-19-files-how-to-succeed-newly-online-classes/>)
 - Online Schools Center also offers a COVID-19 page (<https://www.onlineschoolscenter.com/online-learning-combat-covid-19/>)

Last Recession: Emotional Manipulation

Will it make a resurgence in this recession?

<https://vetsedsuccess.org/wp-content/uploads/2018/09/For-profit-training-manuals.pdf>



Resources

- Senate & GAO Investigations: <https://vetsedsuccess.org/resources/senate-investigation/>
- Whistleblower testimonies:
 - NBC News Expose: <https://www.nbcnews.com/politics/politics-news/veterans-could-be-first-pay-devos-rolls-back-profit-college-n985891>
 - Testimony of Ashford University whistleblower: <https://vetsedsuccess.org/testimony-from-veteran-and-ashford-university-whistleblower-at-us-house-committee-on-veterans-affairs-field-hearing/>
 - Testimony of ITT Tech whistleblower: <https://vetsedsuccess.org/written-testimony-from-veteran-tom-corbett-to-us-senate-help-committee-for-hearing-on-hea-act/>
 - <https://www.insidehighered.com/views/2019/02/12/former-profit-college-executive-says-education-department-shouldnt-weaken>
 - HBO News Expose: https://www.youtube.com/watch?v=xylTVXjMSOc&feature=emb_title
 - Testimony of DeVry whistleblower: <https://vetsedsuccess.org/former-devry-military-recruiter-whistleblower-testimony/>

Resources, cont.

Student Veteran testimonies:

- Video conversation with ITT Tech student veteran Travis Craig & House Committee Chairman: https://www.youtube.com/watch?v=2tMxkPxmtBw&feature=emb_title
- Testimony of DeVry student veteran Eric Luongo: <https://vetsedsuccess.org/testimony-of-student-veteran-eric-luongo/>
- Press Conference remarks of ITT student veteran Tasha Berkhalter: <https://vetsedsuccess.org/borrower-defense-cra-press-conference-remarks-from-veteran-tasha-berkhalter/>
- Testimony of Everest student veteran Cynthia Castellon: <https://vetsedsuccess.org/testimony-of-student-veteran-cynthia-castellon/>
- Testimony of DeVry student veteran Michael Miedzinski: <https://vetsedsuccess.org/testimony-of-student-veteran-michael-miedzinski/>
- Testimony of DeVry student veteran Zach Murray: <https://vetsedsuccess.org/testimony-of-murray-zachary-hastie-before-the-joint-legislative-hearing-on-higher-education/>
- Testimony of Kaplan student veteran Michelle Kernizan: <https://vetsedsuccess.org/testimony-of-student-veteran-michelle-kernizan/>
- Testimony of Full Sail student veteran Renee Seruntine: <https://vetsedsuccess.org/wp-content/uploads/2019/01/renee-seruntine-testimony-sept-11-2018.pdf>

Resources, cont.

- Student testimonies, cont.
 - Testimony of University of Phoenix student veteran Jay Hernandez: <https://vetsedsuccess.org/testimony-of-jay-hernandez-in-favor-of-sb-1544-oregon-90-10-loop-hole-closure/>
 - Testimony of Everest student veteran Ryan Preston: <https://vetsedsuccess.org/testimony-of-veteran-ryan-preston/>
 - Testimony of Int'l Academy of Design & Technology student veteran Stephanie Stiefel: <https://vetsedsuccess.org/testimony-of-veteran-stephanie-stiefel-before-the-california-assembly/>
 - Testimony of Argosy student veteran Andi Liti: <https://vetsedsuccess.org/vet-veteran-testimony-andi-liti-to-the-house-committee-on-veteran-affairs-hearing-on-the-effect-of-mid-semester-school-closures/>
 - Testimony of Virginia College student veteran Lachelle Griffin: <https://vetsedsuccess.org/our-student-veteran-testimony-lachelle-griffin-to-the-house-committee-on-veteran-affairs-hearing-on-the-effect-of-mid-semester-school-closures/>
 - Testimony of ITT student veteran Kevin Thompson: <https://vetsedsuccess.org/wp-content/uploads/2018/11/kevin-thompson-remarks-education-dept.pdf>
 - Testimony of DeVry student veteran Ryan Clark: <https://vetsedsuccess.org/wp-content/uploads/2018/11/ryan-clark-ed-dept-remarks.pdf>
 - Testimony of DeVry student veteran Jarrod Thoma: <https://vetsedsuccess.org/wp-content/uploads/2019/01/jarrod-thoma-testimony-sept-6-2018.pdf>

Free Help for Veterans

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