

# Education America, Inc. (Remington)

## Summary: 2012 U.S. Senate Committee Findings + 2015 Update

### Company Profile

- Education America, Inc., a privately-owned company, primarily offers career-focused Certificate and Associate degree programs at 19 campuses in 10 states
- In January 2011, Education America announced that it had made a loan to non-profit Remington College to purchase its campuses and operate them as a non-profit entity
- CEO admitted that one of the reasons for changing its status to non-profit under the Remington brand name was in order to avoid the 90% percent limit on federal funding at for-profit institutions

### Tuition

- Certificate in medical assisting at its Tampa campus is \$15,995 compared to \$4,653 for a similar degree at a nearby community college
- Internal company communications indicate that executives were concerned that the high cost of tuition would result in students deciding to go elsewhere for their education and that higher tuition “will make things harder on our students”
- Tuition increases were, in part, how it decided to maintain compliance with the requirement that no more than 90% of revenue at for-profit colleges could come from federal student aid
- One student wrote after attending classes for only 3 weeks “I went to this school to get a education what I feel I got was taken for a lot of money...for only 3 weeks of school...I was first told it would be \$1,700 when I got the bill it was for \$3,276.02. big difference [sic].”

### Federal Revenue

- In 2010, 85.9% (\$144 million) of its total revenue was derived from federal student aid plus military and veterans educational benefits

### Expenditure Priorities

- In 2009, it allocated 23.5% (\$32 million) to marketing and recruiting and 6.3% (\$8.6 million) to profit
- Profit has declined from \$17 million in 2006 and it had a net operating loss of almost \$1 million in 2008
- As a privately held company, it was not obligated to release executive compensation figures

### Recruiting Tactics

- Students illustrate that recruiters sometimes misled or lied to prospective students in order to persuade them to enroll—1 former student said recruiters falsely assured students that its credits would unquestionably be transferrable to a 4-year public university
- Like many other for-profit companies, it includes a binding arbitration clause in its standard enrollment agreement, which severely limits the ability of students to have their complaints heard in court

### Academic Quality and Student Outcomes

- Spent \$2,922 per student on instruction in 2009, about the average of the other privately held companies examined; a nearby community college spent \$2,617 per student but has considerably lower tuition
- 39.6 percent of students who enrolled in 2008-09 had withdrawn by 2010, staying a median of 3-1/2 months—lower than that average sector wide rates
- However, 56.1% of student in Associate degree programs withdrew over the same period compared to 34.8% who withdrew from certificate programs
- Like the other 30 schools surveyed, defaults increased from 2005 (19%) to 2008 (26.2%); the latter is nearly a 5<sup>th</sup> higher than all other for-profit colleges and more than double the average rate for all schools
- In 2010, 60% of its faculty was part time, likely reflecting its largely campus based classes; at the 30 schools examined, 80% of the faculty were part time
- One student wrote about a professor: “While he is a nice gentleman, he has minimal knowledge of the subject and plans to do complete book study.” Another wrote: “We had a teacher that did not teach us the course material and instead, would complete her own homework for her school at the back of the class while a test engine was put up on the projector for the class to go through.”

- In 2010, it employed 1 recruiter for every 29 students but 1 career counselor was responsible for 91 students and 1 student services staffer was responsible for 167 students
- Students complained about delayed processing of financial aid paperwork and limited help from school career counselors, reflecting the priority the school places on recruiting versus other student services

## **2015 Update**

- No updates to report