

Anthem Education Group

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

Overview

- Anthem Education Group (“Anthem”) offers primarily career-focused Certificate and Associate degree programs at over 22 campuses in 15 states, including an online program
- It operates under 7 brand names—High-Tech Institute, Anthem Career College, Anthem College, Anthem College Online, Anthem Institute, Morrison University, and the Bryman School of Arizona
- Primarily as a result of 2007 sanctions from one of its brand’s accreditors, it was forced to close campuses leading to a decline in enrollment, a lack of profitability, and continuing shifts in management and ownership
- Enrollment declined from about 22,000 in 2006 to about 13,000 in 2010
- Its relatively high retention rate is countered by a high default rate, suggesting that graduates are unable to find jobs to pay off their student loans
- Anthem filed for bankruptcy in August 2014, abruptly closing some campuses and leaving state officials scrambling to place the affected students in other institutions

Tuition

- Medical Assistant degree costs \$14,800 compared to \$4,503 at a nearby community college and a typical Associate degree at Anthem costs \$19,800

Federal Revenue

- 82.4% (\$112 million) of its revenue was derived from federal student aid plus military and veteran educational benefits

Expenditure Priorities

- It allocated 19.3% (\$28 million) of its revenue to marketing and recruiting in 2009
- In 2008, Anthem began operating at a loss; by 2009, the company’s profitability further declined with expenses exceeding revenue by \$4 million
- As a privately held company, Anthem is not obligated to release executive compensation figures

Recruiting Tactics

- Spent \$1,191 per student on marketing, less than many of the for-profit schools surveyed
- Recruiting targets the economically disadvantaged. An internal memo cited the characteristics of a typical student: “Single parent, Economically Disadvantaged, Unemployed or underemployed, Individuals that lack an outside support system, Low Self Confidence, Low Self Esteem, Have a desire to prove to themselves and family their success.”
- Students complained that recruiters mislead in order to induce their enrollment. One student complaint reads: “We were told that my monthly cash payment would be \$50.00, upon receiving my financial paperwork, these payments were \$300.00 (a huge difference for an eighteen year old).”
- Many student complaints stated that recruiters failed to inform prospective students of the lack of accreditation for various Anthem programs, which can prevent a graduate from obtaining a state license
- Government Accountability Office undercover investigation found that a school’s financial aid administrators falsified an federal aid application to make a student eligible for subsidized loans
- In 2010, it employed 1 recruiter for every 29 students compared to 1 career counselor responsible for 97 students and 1 student services staffer responsible for 76 students

Academic Quality and Student Outcomes

- Anthem spent \$3,733 annually on instruction in 2009 compared to \$3,344 at a nearby community college (Phoenix College) and \$11,128 at a 4-year school (University of Arizona)

- 34.1 percent of students who enrolled in 2008-09 had withdrawn by 2010 and after attending a median of 3-4 months.
- Its student loan defaults were comparable to the 2008 industry average of 22.6%, but were generally stable—21.5% in both 2005 and 2008; this default rate was 75% higher than the average default rate for all schools
- In 2009, Anthem employed 583 full-time and 341 part-time faculty; in contrast 80% of the faculty at the 30 schools surveyed were part-time instructors
- Despite the relatively large number of full-time faculty, student complaints raise questions about the quality of the instructors: a graduate from its Medical Assisting program wrote that “The classes were all a joke to me, the instructors (some of the instructors do not have anything close to a formal teaching degree) would go over the tests word for word just before the tests...[and] that made the classes very easy....”
- Another complaint involved staff turnover: “The staff turnover at this college is TREMENDOUS. It seems as if a person will be hired and about 2-3 weeks into the position they find out what the college is REALLY like and how people are treated and how poor the quality of education is and they bail!”
- The most frequent complaint lodged by students expressed concern regarding the lack of accreditation-status for its law enforcement program
- It employed 1 recruiter for every 29 students but each career counselor was responsible for 97 students and each student services staffer was responsible for 76 students

2015 Update

- The Phoenix campus of Anthem College (Bryman School) abruptly shut its doors without warning on August 29, 2014. While students were informed via email that the school may close after its parent company, Anthem Education, filed for Chapter 11 bankruptcy, they were not advised that the closure would happen only hours after the school sent out the email. Just before filing a petition for Chapter 11 bankruptcy, Anthem education sold 14 of its campuses to International Education Corporation (IEC). Anthem was attempting to sell 14 more of its campuses to IEC, but the U.S. Department of Education did not approve the transaction in time, leaving nine of the 14 campuses closed. The Department of Education denied having received an application from Anthem

Summary of findings a report by the Senate Health, Education, Labor and Pensions (HELP) Committee: *For-Profit Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (July 30, 2012). Find the full chapter on Anthem at: http://www.help.senate.gov/imo/media/for_profit_report/PartII/Anthem.pdf