

**United States Senate**

**HEALTH, EDUCATION, LABOR AND PENSIONS COMMITTEE**

**Tom Harkin, Chairman**

# **Benefitting Whom? For-Profit Education Companies and the Growth of Military Educational Benefits**



**December 8, 2010**

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## Executive Summary:

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- Educational benefits provided to service members and veterans increase the readiness and efficiency of our armed forces, aid veterans in adjusting to civilian life, and increase their opportunity to obtain well-paid and rewarding employment. With passage of the Post-9/11 GI Bill on June 30, 2008, and expansion of existing education programs through the Department of Defense, Congress and the country committed to provide this generation of Iraq and Afghanistan veterans the same opportunity to access or advance through the middle class as previous generations receiving GI bill benefits.
- Serious questions have emerged about the share of the military educational benefit pool going to for-profit schools with questionable outcomes. Congress may have unintentionally subjected this new generation of veterans to the worst excesses of the for-profit industry: manipulative and misleading marketing campaigns, educational programs far more expensive than comparable public or non-profit programs, and a lack of needed services.
- Information provided to the HELP Committee by the Department of Veterans Affairs and by thirty for-profit education companies responding to HELP Committee document requests, reveals enormous growth in the sums of money flowing from both the Department of Defense (DoD) and Department of Veterans Affairs (VA) educational benefit programs to for-profit schools.
- Between 2006 and 2010, combined VA and DoD education benefits received by 20 for-profit education companies increased from \$66.6 million in 2006 to a projected \$521.2 million in 2010, an increase of 683 percent:
  - o Between 2009 and 2010 alone, revenue from military educational benefits at 20 for-profit education companies increased 211 percent.
  - o In the first year of Post-9/11 GI Bill implementation, the VA spent comparable amounts (\$697 million and \$640 million respectively) on tuition for students attending public schools and students attending for-profit schools, but the VA funded 203,790 students at public schools compared to 76,746 at for-profits.
  - o Revenue from DoD educational programs at 18 for-profit education companies increased from \$40 million in 2006 to an expected \$175.1 million in 2010, a 337 percent increase.
  - o Revenue from VA educational programs for the same 18 for-profit education companies increased from \$26.3 million in 2006 to an expected \$285.8 million for 2010, including a five-fold increase between 2009 and 2010.
  - o Revenues from military education benefits at 20 for-profit education companies increased more rapidly than overall revenues for every year between 2006 and 2010.
- The expansion of military benefits have made service members, veterans, spouses and family members highly attractive prospects to for-profit schools seeking to rapidly increase enrollments to satisfy the demands of investors.

- Because neither DoD nor VA benefits originate through Title IV of the Higher Education Act, money received through these programs is not counted as federal financial aid, and is not subject to the key regulatory requirement governing for-profit schools that no more than 90 percent of revenues come from federal financial aid. The Department of Education's 90/10 rule effectively considers DoD and Veterans funds as non-federal aid by allowing these funds to be counted in the 10 percent of the calculation, despite the fact that the money comes from federal taxpayers.
- Outcomes at the for-profit schools receiving the most military educational benefit revenue are questionable.
  - o Four of the five for-profit schools receiving the most Post-9/11 GI Bill funding in the first year have loan repayment rates of only 31 to 37 percent.
  - o The same four of five schools receiving the most Post-9/11 GI funding have at least one campus with a student default rate above 24 percent over three years.
  - o Three for-profit education companies analyzed that received significant shares of military educational benefits have both high student withdrawal rates and low student loan repayment rates.
- Given the troubling outcomes documented at many for-profit schools, the problematic recruiting practices, the high cost of for-profit programs, and the disparate share of federal military educational dollars flowing to for-profit schools, Congress, together with the Department of Veterans Affairs and the Department of Defense, needs to act now to ensure that service members and veterans see the educational results that Congress envisioned.

## Introduction

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As a result of the wars in Afghanistan and Iraq, combined with the growing economic need for postsecondary education, over the past few years Congress has fundamentally re-examined its commitment to providing educational benefits to a new generation of veterans. With the passage of the Post-9/11 Veterans Educational Assistance Act of 2008 (Post-9/11 GI Bill) on June 30, 2008, almost all servicemembers, including reserve troops who serve a minimum of 90 days active duty after September 10, 2001, became eligible for educational benefits up to 36 months at an average of \$458 per credit hour. Additionally, the bill created a uniform method to pass on or share the educational benefit with spouses and children, recognizing that the demands of military life and active duty enrollment have repercussions on the ability of family members to obtain higher education. The bill is a major step forward in meeting our obligation to those who serve our country by ensuring that they have access to higher education, and is an improvement on the main benefit package available prior to 2009, the 1985 Montgomery GI Bill, which generally provided benefits only to those who served at least three years active duty and contributed \$1,200 of their own money during the first two years of service.

In 2008, Congress also expanded the existing aid available to active duty servicemembers through the Department of Defense (DoD) Tuition Assistance program by creating the Military Spouse Career Advancement Accounts (MyCAA) program for military spouses. The Post-9/11 GI Bill also allowed active duty servicemembers to combine the newly available benefits with the DoD Tuition Assistance benefits through the existing “Top-Up” Program.

By providing increased financial support and raising public awareness, the Post-9/11 GI Bill has lowered financial barriers for veterans seeking higher education and has encouraged higher education institutions to better focus on the needs of returning veterans. Colleges across the country have responded by increasing their outreach and support services for current and former servicemembers and their spouses.

One year into the program, however, serious questions have emerged about the share of the benefit pool going to for-profit schools with questionable outcomes. By helping to make college more affordable for servicemembers, veterans, and their spouses, these legislative changes create a large new pool of potential students that are critical for the type of growth required by investors in for-profit colleges. Additionally, because the new GI bill benefits are not counted toward the maximum 90 percent federal revenues for-profit schools are permitted, the benefits provide a new tool to help for-profit schools manage this increasingly challenging regulatory requirement. As a result, servicemembers, veterans, spouses, and family members are highly attractive prospects to for-profit schools, and many schools appear to have made significant resource investments to recruit and enroll students eligible for these benefits.

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As a part of the HELP Committee's ongoing inquiry into the for-profit education sector, 30 for-profit education companies were asked to provide information on the amount of funding that they receive from the Department of Defense and the Department of Veterans Affairs (VA). The information provided reveals enormous growth in the amounts of money flowing from both the DoD and VA educational benefits programs to for-profit schools in a manner that does not seem to have been fully anticipated or contemplated by Congress in passing the educational benefit package for this generation. In fact, during just the first year of availability of Post-9/11 GI Bill benefits, of the \$1.75 billion in total benefits paid out, \$640 million, or 36.5 percent, was paid to for-profit schools despite the fact that these schools enroll only 23.3 percent of military beneficiaries.<sup>1</sup> Five hundred million in VA benefits was paid just to the 30 schools that have received document requests from the HELP Committee.

Congress may have unintentionally subjected this new generation of veterans to the worst excesses of the for-profit industry: manipulative and misleading marketing campaigns, educational programs far more expensive than comparable public or non-profit programs, and a lack of needed services. As documented in the previous HELP Committee reports and hearings, for-profit colleges offer many flexible education and training programs, but they also are expensive to attend, plagued by manipulative and deceptive recruiting practices, have exceptionally high numbers of students who withdraw, and graduate many students who cannot pay back their federal student loans.

## **Available Benefits**

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Educational benefits are available both to active duty personnel and veterans through two key programs: the Tuition Assistance program administered and run by the Department of Defense, and the Post-9/11 Veterans Educational Assistance Act administered by the Department of Veterans Affairs. While other benefit packages are also available to some servicemembers, and to surviving spouses and dependents of those killed or permanently disabled,<sup>2</sup> a review of the documents provided to the HELP Committee reveals that these two programs are the primary source of the very rapid increases in the sums of money flowing directly to for-profit schools from DOD and VA over the past two years.

In determining which schools are approved to provide educational benefits, both the Department of Defense and the Department of Veterans Affairs primarily rely on the Department of Education and accreditation agencies to approve eligible educational programs for servicemembers and veterans. However, DoD additionally maintains a list of approved schools, the Servicemembers Opportunity Colleges, which agree to accept transfer credit.<sup>3</sup> Additionally, the Military Installation Voluntary Education Review (MIVER) process is used by DoD to evaluate educational programs offered on military bases. However, although 70 percent of all Tuition Assistance dollars go towards distance education, with 40 percent going to for-profit institutions, online programs are not currently covered by the MIVER review process. However, in August of this year, DoD proposed new regulations that would extend the MIVER process to all distance education programs, thus improving its ability to assess these programs.

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<sup>1</sup> The VA paid out an additional \$56 million in benefits under the Post-9/11 GI Bill that was distributed in the early weeks of the program, and has not been tracked by sector. These funds are not included in the \$1.75 billion.

<sup>2</sup> The VA provides educational benefits to certain disabled veterans through the Vocational Rehabilitation and Employment (VR&E) Program. For more information on VR&E, see CRS Report RL34627, *Veterans' Benefits: The Vocational Rehabilitation and Employment Program*, by Christine Scott and Carol D. Davis.

<sup>3</sup> See [http://www.soc.aascu.org/pubfiles/socmisc/SOCConsort\\_Schools.pdf](http://www.soc.aascu.org/pubfiles/socmisc/SOCConsort_Schools.pdf) for the Servicemembers Opportunity Colleges, November, 2010. See also 10 U.S.C. § 2005.

## Post-9/11 Veterans Educational Assistance Act

The Post-9/11 GI Bill provides one of the most comprehensive educational benefit packages ever provided to servicemembers, veterans, and family members. Under this program, veterans, including National Guard and Reserve troops, who serve a minimum of 90 days active duty after September 10, 2001, are eligible for 36 months of educational benefits.<sup>4</sup> Benefits are provided on a credit hour basis, averaging \$458 per credit hour in the 2010-11 academic year, which varies based on the price of in-state undergraduate tuition at public universities in the state of residence.<sup>5</sup> Thus, a veteran taking 12 units at a for-profit school with 10-week terms and a credit hour cost of \$365 could receive tuition of \$4,380 for each 10-week term. Other benefits are available through the Post-9/11 GI Bill including assistance with fees, a housing allowance for students taking classes on campus, books, tutorial assistance, and licensing exam costs.<sup>6</sup>

Unlike previous GI bills, under the Post-9/11 GI Bill, educational benefits may also be transferred to a spouse or a family member. However, only eligible servicemembers who serve 10 years on active duty, including National Guard and Reserve troops, may transfer the educational benefits.<sup>7</sup>

Some servicemembers, including some whose service preceded September 11, 2001 and are not eligible for the Post-9/11 benefits, additionally qualify for educational benefits under the preexisting 1985 Montgomery GI Bill Active Duty and Select Reserve programs. This program is limited to individuals with at least three continuous years of service (six years of service for reservists), and generally requires that the servicemember has paid \$1,200 into the program during the first two years of service. Reservists receive significantly lower benefits under this program compared to the Post-9/11 GI Bill. Additionally, in 2005 a more generous benefit package was enacted for reservists that required less service time in recognition of the extensive role reserve troops were playing in Iraq and Afghanistan. However, all servicemembers must make a choice to either receive benefits under the Post-9/11 GI Bill or another program.

Enacted in June 2008, and implemented in August 2009, the Post-9/11 GI Bill has been in effect for only one year. However, even a look at this brief window illustrates that students eligible for these benefits are being aggressively pursued by for-profit schools. The 30 for-profit schools that received document requests from the HELP Committee in August 2010 reported 23,766 students receiving military benefits of any type in 2006, but 109,167 students receiving benefits in 2009, and 100,702 students through approximately the first half of 2010.<sup>8</sup>

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<sup>4</sup>The Post 9/11 GI Bill provides benefits on a sliding scale to veterans who serve less than 36 months on active duty but provides full benefits to anyone with a service-connected disability and at least 30 days of service.

<sup>5</sup>Department of Veteran Affairs, 2010-2011 Maximum In-State Tuition & Fees, [http://www.gibill.va.gov/gi\\_bill\\_info/CH33/Tuition\\_and\\_fees.htm](http://www.gibill.va.gov/gi_bill_info/CH33/Tuition_and_fees.htm)

<sup>6</sup>Post-9/11 GI Bill, 38 U.S.C. § 3301 et seq.

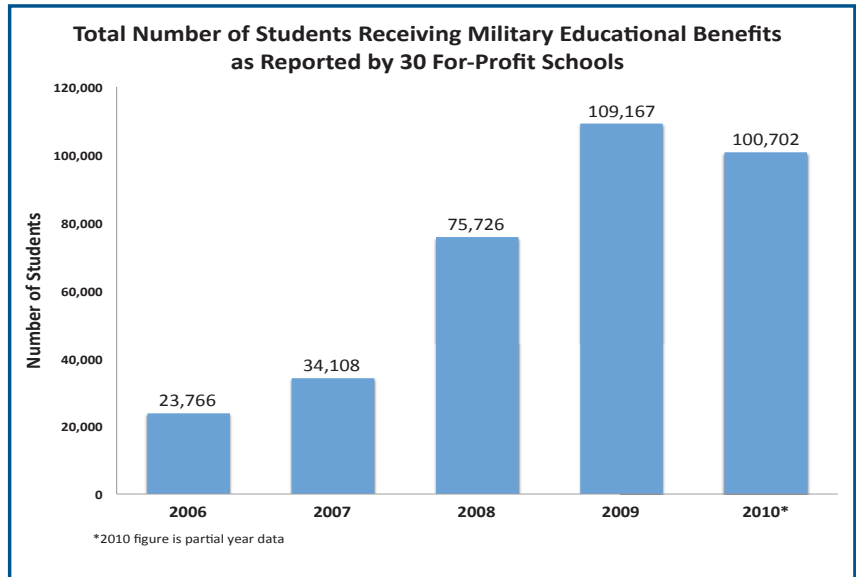
<sup>7</sup>If a servicemember is eligible to transfer benefits he or she must make the decision to transfer benefits prior to separation from the military, although the dependent has up to 15 years to use the transferred benefit. The ability to transfer Post-9/11 GI Bill benefits to dependents was primarily conceived of and advocated as a method to promote retention in the armed services. The Department of Defense was particularly concerned that servicemember would leave the military to take advantage of the Post-9/11 GI Bill. See CRS Report R40723, *Educational Assistance Programs Administered by the U.S. Department of Veterans Affairs*, by Cassandra Dortch.

<sup>8</sup>Several companies did not track students receiving benefits prior to implementation of the Post-9/11 GI Bill, and thus the 2006 numbers may underestimate the number of servicemember attending the schools with service related benefits. For 2010, eight companies provided full year data, 13 companies provided partial year data and nine companies did not provide any data for 2010. Thus 2010 student beneficiary numbers are likely to be much higher than 100,702.



## Department of Defense's Tuition Assistance Program

In addition to the educational benefits available through the Post-9/11 GI Bill, active duty servicemembers, reservists called to active duty, and, in some cases, their spouses, can also receive robust educational benefits through the Department of Defense Tuition Assistance Program. The long-standing program currently provides up to \$250 per credit hour (to a maximum of \$4,500 a year) for active duty servicemembers to enroll in education programs that are accredited by a regional or national organization recognized by the Department of Education, including many for-profit schools.



In 2001, the Tuition Assistance “Top-Up” program was created to allow active duty servicemembers to use GI bill benefits, now including Post-9/11 GI Bill benefits, to supplement costs not covered by the Tuition Assistance program. Active duty servicemembers attending for-profit schools that exceed \$250 per credit hour can, and do, use both benefit pools to cover costs.

The 2009 Defense Authorization Bill also authorized tuition assistance to be extended to eligible spouses in order to “expand the spouse’s employment and portable career opportunities.” This program, the Military Spouse Career Advancement Accounts (MyCAA), provided up to \$6,000 a year and was initially available to all military spouses. In less than a year the program had enrolled 136,000 spouses at an estimated cost of \$250 million and was deemed unaffordable by DoD. Of 136,000 spouses enrolled in MyCAA in the first year, approximately 91,000 were in degree-seeking programs, while an additional 45,000 spouses enrolled in certificate or other short-term programs. Of those enrolled in degree programs, to date, about 90 percent or approximately 82,000 have been tracked by sector. Forty-six percent are attending for-profit schools.<sup>9</sup>

MyCAA was recently redesigned with a cap of \$2,000 per year and a maximum benefit of \$4,000 over three years. It is now available only to spouses of lower-ranking servicemembers, and no longer covers bachelors or graduate degree courses. While this program has been redesigned with a much less generous benefit package, for-profit schools will likely continue to receive a large share of the funding available through this program.

<sup>9</sup> Data provided to the Congressional Research Service by the Department of Defense, November 24, 2010.



## **Why are Military Families and Veterans Important to For-Profit Schools?**

For-profit schools pride themselves on offering access to higher education to traditionally underserved groups including members of the armed services and veterans. They point to the enrollment of Iraq and Afghanistan veterans and families as evidence of this commitment. Some institutions undoubtedly provide a quality education that meets the needs of servicemembers, veterans and their families. However, for some schools the expansion of the DoD Tuition Assistance program to spouses, and the passage of the Post-9/11 GI Bill with new benefits for veterans and their families, may have made enrolling active duty servicemembers, reservists, veterans, dependents and spouses appealing for purely financial reasons.

First, the expansion of these benefits to a broader group of eligible servicemembers and spouses has created a new pool of prospective students that is enticing to for-profit schools eager to satisfy investor expectations of enrollment growth. At nearly all for-profit institutions, students overwhelmingly pay for their education using federal government benefits including Pell Grants, student loans, DoD Tuition Assistance or Veterans Benefits. In other words, at these schools almost all revenue is derived from federal aid programs. By expanding the pool of potential beneficiaries, and by expanding the benefits received by servicemembers, spouses and veterans, the government is expanding the revenue potential for for-profit education companies.

Second, because the benefits, like Pell Grants, do not require repayment, these students are attractive to schools increasingly concerned about the loan repayment rates and loan default rates of their students. Current law prohibits schools from receiving federal financial aid if more than 30 percent of students default on their loans within the first three years of graduation. DoD and VA benefits do not have any similar strings attached.

Third, the dollars collected from military educational benefits allow for-profits to evade a key regulatory requirement that these schools must meet under current law, that no more than 90 percent of revenues come from federal financial aid dollars authorized under Title IV of the Higher Education Act.<sup>10</sup> The current “90/10 rule” was enacted in 1992 as a prohibition on for-profit schools relying solely on federal student aid dollars. A September HELP Committee report analyzed the financial statements of 14 for-profit colleges and found that they received an average of 87.4 percent of their revenue from federal taxpayer dollars.

The 90/10 rule was modeled after a safeguard put into place by Congress during the Korean War, designed to protect veterans from being ripped off by poor quality institutions. Schools that enrolled students using GI bill benefits were prohibited from enrolling more than 85 percent veterans in their

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***Not only does the failure to count military educational benefits as federal financial aid subvert the intent of a regulation focused on limiting for-profit companies from being entirely dependent on federal dollars, it actually incentivizes these companies to aggressively recruit and market to veterans and servicemembers.***

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<sup>10</sup>At the time of enactment in 1992, for-profit schools were prohibited from receiving more than 85 percent of their revenue from federal student aid funds but this requirement was modified to 90 percent in 1998.

educational programs. This was designed to ensure that schools were of sufficient quality to attract some students who would pay tuition. The House Veterans Affairs Committee at the time described the 85/15 rule as, “a real safeguard to assure sound training for the veteran, at reasonable cost, by seasoned institutions” and observed that had the rule been in effect during the administration of the World War II GI Bill “considerable savings would have resulted and . . . much better training would have been realized in many areas.”<sup>11</sup>

Because neither Department of Defense nor Veterans Affairs benefits originate through Title IV of the Higher Education Act, money received through these programs is not counted as federal financial aid, and, in fact, can be counted towards the other side of the equation. The Department of Education’s 90/10 rule effectively considers DoD and Veterans funds as non-federal aid by allowing these funds to be counted in the 10 percent of the calculation, despite the fact that the money comes from federal taxpayers.<sup>12</sup>

Enrolling veterans and servicemembers allows for-profit schools to expand the number of non-military students that they enroll. If a company can generate \$10 million in revenue from VA and DoD benefits, they can take in another \$90 million in student loan and Pell Grant funds without violating the 90/10 rule. Not only does the failure to count military educational benefits as federal financial aid subvert the intent of a regulation focused on limiting for-profit schools from being entirely dependent on federal dollars, it actually incentivizes these companies to aggressively recruit and market to veterans and servicemembers. Given the alarming recruitment practices documented by the Government Accountability Office in its August 4, 2010 report on for-profit recruiting, this loophole means that military personnel are sought-after targets for recruitment.

## **Marketing and Recruiting by For-Profit Companies**

Enrollment and financial statistics from the past few years show a tremendous growth of military educational benefits flowing to for-profit schools. This growth is the result of a new focus on military-focused recruiting and the development of large recruiting staffs by for-profit schools designed to bring in veterans, servicemembers and their spouses. A recent article published in Business Week documented that the Washington Post Company’s Kaplan University has a military recruiting team comprised of 300 admissions advisers, financial aid counselors and academic advisers.<sup>13</sup> According to a former Kaplan recruiter quoted in the article, “Under Kaplan’s compensation system for admissions advisers, veterans were more valuable than active duty servicemembers,” and “[a] veteran counted for seven points, and a servicemember for five points. A servicemember’s spouse counted the most, 10 points.”<sup>14</sup> The Iowa offices of Bridgepoint Education, parent company of Ashford University, employs hundreds of recruiters devoted to recruiting military personnel.<sup>15</sup>

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<sup>11</sup>See H. R. Rep. No. 1943, 82d Cong., 2d Sess., 30 (1952).

<sup>12</sup>On November 5, 2010, in a letter to House Armed Service Chairman Ike Skelton, Representatives Vic Snyder and Rob Wittman, the Chair and Ranking Member of the House Armed Services Committee’s Oversight and Investigations Subcommittee raised concerns that treating VA and DoD funds differently than federal student aid undermined the intent of the 90/10 rule.

<sup>13</sup>Bloomberg Businessweek, *Kaplan Quest for Profits at Taxpayer Expense Ensnarers Veteran*, by Daniel Golden, November 1, 2010.

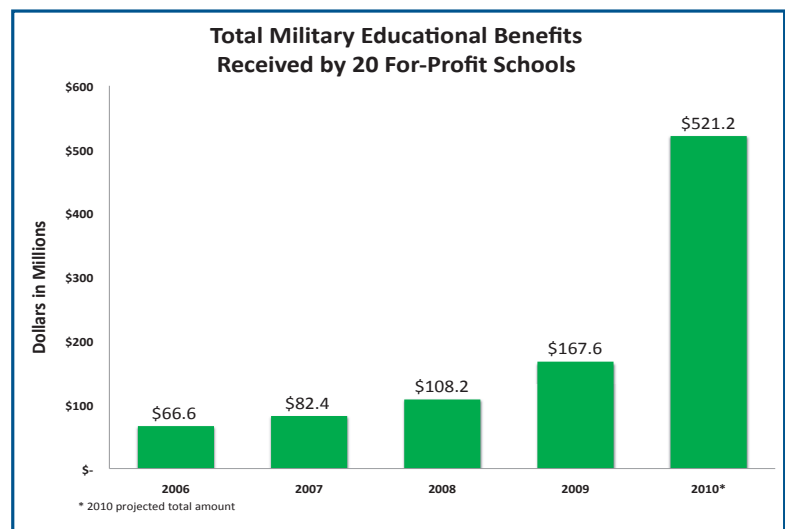
<sup>14</sup>Id.

<sup>15</sup>Staff visit, Clinton, Iowa, October 14, 2010.

Veterans interviewed by the HELP Committee staff tell compelling stories of being misled by recruiters. One veteran began an associates degree program in 2007 at a for-profit school. He chose this school after researching others because he was told he could finish the AA program in 20 months and then transfer to pursue his bachelors degree. The school advised him that some of his credits would transfer to four-year institutions. To attend, he used \$25,000 in GI bill benefits, spent close to \$4,000 out of pocket and borrowed \$18,000 from Sallie Mae under the Federal Family Educational Loan Program. After enrolling, the veteran felt like he was not receiving a quality education and wanted to transfer to a nearby community college. He was told by the community college that none of his credits would transfer because the for-profit school was not regionally accredited. Ultimately, he decided to start over at community college, even though the majority of his veterans' benefits have been used and he must now rely primarily on loans to finish his education.<sup>16</sup>

## Rapidly Increasing Veterans' Educational Benefits

Student enrollment and the overall financial aid dollars flowing to for-profit schools have increased dramatically over the past five years. Two major trends have reshaped the for-profit industry over this period: there has been rapid growth in exclusively online curriculum, and more schools have become publicly traded or investor-owned. However, growth of military educational benefits has been much sharper than overall revenue growth, as for-profit colleges have identified DoD and VA educational benefits as lucrative sources of federal funding.



At 20 for-profit schools that provided usable data to the HELP Committee, the combined VA and DoD total military educational benefits increased from \$66.6 million in 2006 to a projected \$521.2 million in 2010, an increase of 683 percent.<sup>17</sup>

For each year analyzed, growth in revenue from military educational benefits was much higher than overall revenue growth at the 20 for-profit education companies analyzed, and the growth accelerated dramatically after the Post-9/11 GI Bill was enacted. Between fiscal year 2006 and 2007, overall revenue increased 8.4 percent while military educational benefit related revenue increased 23.8 percent. Between 2009 and 2010, while overall revenue increased a healthy 26.1 percent, military revenue increased 211 percent.

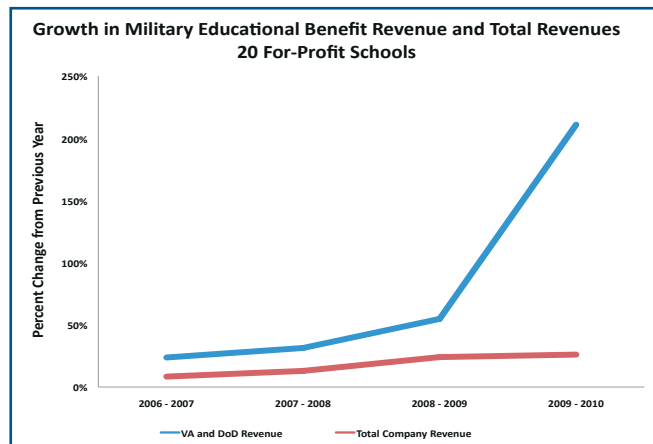
While still representing a relatively small share of the companies' overall revenues, with the Post-9/11 GI Bill implementation complete, and recruiting sales staff hired and in place, this trend could

<sup>16</sup> Majority staff telephone interview with Marvin Arandia, November 12, 2010.

<sup>17</sup> 2010 totals are projected based on funds collected to date and does not include five companies that did not provide 2010 data, including the largest for-profit school. Two companies/schools did not exist in 2006, and the remaining companies did not provide a breakout of service related benefits for all years.

significantly raise the price tag to the American taxpayer without yielding the anticipated gain for military members and their families.

Not only are the military educational benefits flowing to the for-profit schools outpacing the overall revenue growth of those schools, the military revenue growth of the companies is also outpacing the spending growth in the VA and DoD education programs. Between 2009 and 2010, the total military revenues for the for-profit schools increased by 211 percent, but the over-all budgets outlays for the VA and DoD educational benefits increased by only 112 percent.

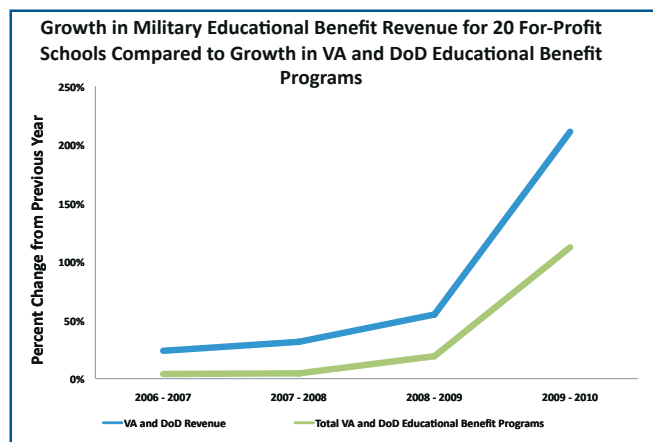


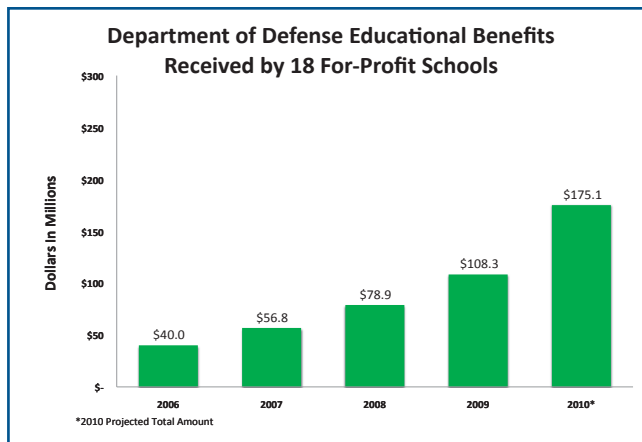
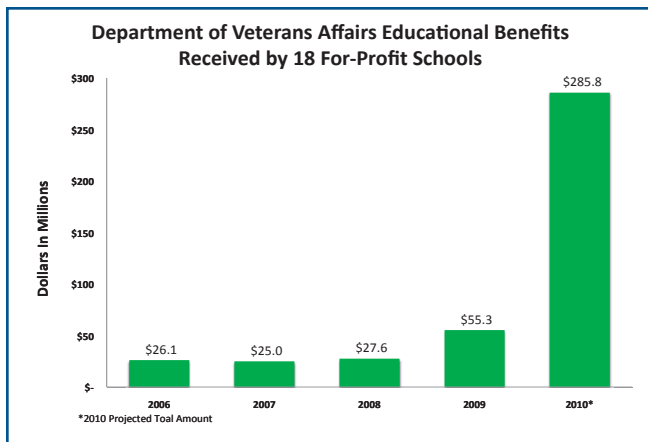
***Of 20 for-profit schools that provided usable data to the HELP Committee, the combined VA and DoD total military educational benefits increased from \$66.6 million in 2006 to a projected \$521.2 million in 2010, an increase of 683 percent.***

While passage of the Post-9/11 GI Bill is a key reason for the increase in funding flowing to for-profit schools, funds from the DoD programs are also increasing rapidly. This is a trend that is likely to continue given the recruiting focus that has been brought to the eligible populations of active duty servicemembers and families, and the recognition by the for-profit education companies that Tuition Assistance benefits can be supplemented by having servicemembers access Post-9/11 GI benefits in many cases.

The MyCAA spouse eligibility program may account for a significant portion of the growth in Department of Defense dollars, and may slow with the eligibility changes implemented by DoD. However, because the cost of attending many for-profit schools, even with military discounts provided by the schools, often exceeds the \$250 per credit hour payment available through the Tuition Assistance program, many active duty servicemembers may be supplementing their Tuition Assistance benefits with Post 9-11 GI-Bill benefits through the Top-Up program to cover the cost difference. As a result, both the number of active duty servicemembers attending for-profit schools and the DoD program dollars are likely to continue to increase.

Eighteen companies that provided documents to the HELP Committee differentiated revenues from the Department of Veterans Affairs and the Department of Defense for the entire period 2006 through 2010. In that period, Department of Defense educational benefits paid to these schools increased from \$40 million in 2006 to an expected \$175.1 million in 2010, a 337.4 percent increase. Department of Veterans Affairs educational benefits paid to these schools increased more than tenfold from \$26.3 million in 2006 to an expected \$285.8 million in





2010, including a five-fold increase from \$55.3 million to \$285.8 million just between 2009 and 2010.

Increases in both programs occur across schools and are not dependent on the size of the school or whether it offers classroom-based programs or operates primarily online. For one primarily online school, DoD revenues increased more than seven-fold from \$220,528 in 2006 to \$1.64 million in 2010. For a smaller privately owned school, they increased ten-fold from \$7,300 in 2006 to \$75,300 in 2010. At a school with a long history of serving active duty servicemembers, DoD revenues increased from \$26.44 million in 2006 to an expected \$98.14 million in 2010.

When looking at VA benefits, a primarily online school specializing in graduate programs saw an increase from \$375,108 in 2006 to an expected \$12.35 million in 2010. At a smaller privately owned school, VA benefits increased from \$321,450 in 2006 to a forecasted \$8 million for 2010.

## For-Profit Schools are Higher Cost

According to one recent study, over time the tuition at for-profit schools has averaged six times the cost of community college, and roughly twice the cost of public four-year institutions.<sup>18</sup> Because of the high cost of tuition at for-profit schools, while students receiving Post-9/11 GI Bill benefits at for-profits schools made up 23.3 percent of beneficiaries, they received 36.5 percent of the funding.<sup>19</sup>

In the first year of Post-9/11 GI Bill implementation, the VA spent comparable amounts (\$697 million and \$640 million respectively) on tuition for students attending two-year and four-year public schools and students attending for-profit schools, but the VA funded 203,790 students at

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<sup>18</sup> American Association of Community Colleges, *Just How Similar? Community Colleges and the For-Profit Sector*, by Christopher M. Mullin. November 2010.

<sup>19</sup> Post-9/11 GI Bill beneficiaries at private non-profit schools represented just 15 percent of students and received 23.4 percent of funding. However, many of these students were likely eligible for higher levels of VA benefit funding as a result of attending schools participating in the Yellow Ribbon matching program.



public schools compared to 76,746 at for-profits.

A similar disparity appears in the MyCAA data discussed above. With 46 percent of degree seeking spouses attending for-profit schools, and a comparable amount of certificate seekers likely similarly attending for-profits schools, the costs of the program are far higher than if a majority were attending community colleges or other public schools.

As documented in the previous Chairman’s report, *The Return on the Federal Investment in For-Profit Education: Debt Without a Diploma*, in just the first year after signing up at one of 16 for-profit schools, 57 percent of students had already dropped out.<sup>21</sup> While it is possible that servicemembers and veterans have somewhat better records of remaining in these schools, it nonetheless raises serious questions about whether directing such a large portion of the new investment in servicemembers’ and veterans’ education to for-profit schools with questionable outcomes achieves the success sought for our active duty military and veterans.

<b>Post 9/11 GI Bill Benefits by Sector (August 2009-July 2010)<sup>20</sup></b>		
<b>Type of School</b>	<b>Number of Students</b>	<b>Amount Paid</b>
<b>Public</b>	203,790	\$696,687,672.58
<b>Private For-Profit</b>	76,746	\$639,831,862.28
<b>Private Non-Profit</b>	49,470	\$416,022,759.21
<b>Total</b>	330,006	\$1,752,542,294.07

Unlike the general population, veterans and servicemembers utilizing these programs are not faced with the same rapid accumulation of debt. However, particularly with regard to spouses, those with military benefit eligibility may still need to borrow to cover the full cost of attending a for-profit school. In fact, according to the Department of Education, prior to the Post 9/11 GI Bill, 92 percent of veterans and servicemembers attending for-profit colleges borrowed federal student loans during the 2007-2008 academic year, compared to 11 percent of these students at public two-year institutions, 32 percent at public four-year institutions and 35 percent at private non-profits.<sup>22</sup>

Additionally, even the generous Post-9/11 GI Bill benefit package can be depleted rapidly by high tuition at for-profit colleges. If benefits are used up without completing a program, or on a program that fails to yield the promised educational opportunities, the benefits cannot be recovered.

For example, one veteran interviewed by HELP Committee staff decided to earn his bachelors of science in a construction management program at a for-profit school because it was a 3 year program. His wife has muscular dystrophy, so he wanted a program that he could finish as quickly as possible to begin working. He received benefits from an earlier version of the GI Bill and also borrowed \$12,000

<sup>20</sup> Department of Veterans Affairs data. An additional \$58 million from the early weeks of Post-9/11 GI Bill implementation has not yet been tracked by school profit status.

<sup>21</sup>See *The Return on the Federal Investment in For-Profit Education: Debt Without a Diploma*, September 30, 2010.

<sup>22</sup>NCES Issue Tables: A Profile of Military Servicemembers and Veterans Enrolled in Postsecondary Education in 2007-08 (NCES 2009-182). National Center for Education Statistics, Institute for Education Sciences, U.S. Department of Education. <http://nces.ed.gov/pubs2009/2009182.pdf>.

in federal loans from Sallie Mae to attend. The veteran was told that the school was accredited and that his credits would transfer if he wanted to pursue a masters degree. After enrolling, he became disappointed with the quality of education and said that many students were not engaged and did not complete their work, but that they always received passing grades. One teacher pulled the veteran aside and told him the school did not provide a quality education and that he should enroll in a better school. At that point, he had earned 52 credits. When he went to transfer to a public, non-profit institution he found out that none of the credits would transfer. He made the difficult decisions to start over and is pursuing his engineering degree at a four-year public institution, but with his GI bill benefits partially depleted and with the debt incurred at the for-profit schools hanging over his future.<sup>23</sup>

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*Four of the five for-profit schools receiving the most Post-9/11 GI Bill funding in the first year have loan repayment rates of only 31 percent to 37 percent. The same four schools have at least one campus with a student loan default rate above 24 percent over three years.*

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Moreover, there are many unanswered questions about how those who do complete their course of study at for-profit schools will fare in finding employment at an increased wage. At a recent House Armed Services Committee's Oversight and Investigations Subcommittee hearing, a witness from DoD questioned the quality of degrees earned through distance learning, many of which are awarded by for-profit colleges.<sup>24</sup> It is unclear that employers will always give veterans with for-profit degrees the employment opportunity they may deserve. While default rates and repayment rates are not entirely able to answer questions about how employers view the quality of different for-profit degrees, especially for servicemembers and veterans who may have a lower or nonexistent loan burden, ability to repay is one measure of the market value of a degree. It is noteworthy that four of the five for-profit schools receiving the most Post-9/11 GI Bill funding in the first year have loan repayment rates of only 31 percent to 37 percent. The same four schools have at least one campus with a student loan default rate above 24 percent over three years.

It is in the nation's interests to ensure that DoD and VA benefits are providing quality higher education, and the economic advancement that accompanies it to this new generation of Americans who have put their lives on the line in the defense of our country. But legitimate questions exist as to whether spending military benefits at some for-profit schools is achieving the results sought.

## **A Close-Up Look at Increasing Military Funds at Three For-Profit Education Companies**

To better understand the dramatic impact that changes to the DoD and VA programs have had on the amount of funding flowing to for-profit schools, it is helpful to look at three individual education companies.

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<sup>23</sup> Majority staff telephone interview with Jason Longmore, November 12, 2010.

<sup>24</sup> A Question of Quality and Value: Department of Defense Oversight of Tuition Assistance Used for Distance Learning and For-Profit Colleges before the House Oversight and Investigations Subcomm. of the House Armed Services Comm, 111th Cong. (2010).



## **For-Profit Education Company 1**

Company 1 operates a for-profit school that is not publicly traded. It has a strong physical presence near military installations, with a history of enrolling students who are servicemembers or veterans. The school actively recruits servicemembers and veterans, and has military-oriented marketing on its website, noting that it offers classes on, near, and around military installations as well as online. It encourages active duty servicemembers to utilize the Top-Up program to spend Post-9/11 GI Bill benefits in addition to Tuition Assistance in order to cover tuition.

In 2006, the school had 1,338 military students. With the availability of Post-9/11 GI Bill benefits and the overall growth in enrollment, some growth in both the numbers of students attending the schools and the amount of military benefit dollars going to the schools would be expected. In fact, steady growth is evident from 2006 through 2009, with military funding increasing from \$3 million in 2006 to \$3.4 million in 2009 and the number of eligible students varying from 1,100 to 1,400. However, for 2010 the growth is dramatic, with the school enrolling 5,223 eligible military students and receiving \$23 million in military benefits.

At the same time, according to the Committee's analysis of all the students enrolling in the school's associates degree programs between August 1, 2008 and July 31, 2009, 47 percent had dropped out by mid-2010, as had 52 percent of students enrolled in the school's bachelors degree program. Students who dropped out of these programs within the first year did so in an average of 180 days, during which they would likely have paid about \$6,550 in tuition. The school also has an overall repayment rate of just 33 percent, while one campus has a repayment rate of just eight percent. Although military students may fare somewhat better than the overall student population in completing the programs, the fact that such a significant portion of military educational benefits are going to a for-profit school with high tuition, in combination with problematic outcomes and poor repayment rates, raises serious questions about whether the school may be shortchanging veterans.

## **For-Profit Education Company 2**

A second company, this one publicly traded, similarly saw a significant increase of military benefits in 2009 and 2010. Unfortunately, it is impossible to examine the increase because the company never tracked the amount of military educational benefits received prior to 2009, and has failed to provide a breakdown of how much of the military educational benefits it received is from the DoD and how much is from VA.<sup>25</sup>

Similarly, the company failed to provide the HELP Committee with the number of students receiving military benefits for any year except 2009, when the company stated it they enrolled 2,764 students receiving military benefits.

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<sup>25</sup> Prior to passage of the Post-9/11 GI Bill, VA benefits were provided directly to students and a number of schools insist that it did not track those dollars as military educational benefits but merely as student paid tuition. It is unclear however, given that many smaller schools did track these dollars, why large publicly traded companies would not have engaged in better record keeping practices.

This company, which received \$1.02 billion in federal financial aid dollars in 2009, generated \$488.8 million in profits, and spent \$120,000 on lobbying in the first three quarters of 2010, has not produced basic information about company revenues or its student body requested by the HELP Committee.

Supplementing the \$1.02 billion in revenues from federal financial aid dollars the company received in 2009, it is on pace to receive \$101.4 million in federal military educational benefits in 2010, the highest dollar figure of any for-profit school.<sup>26</sup> In the first year of Post-9/11 GI Bill eligibility (August 2009-July 2010), the company's campuses received at least \$79.2 million in benefits just from the Post-9/11 program for 6,677 students, at an average cost of \$11,855 per student.

Like Company 1 discussed above, the overall student outcomes for this particular school were poor. For students entering between summer 2008 and summer 2009, 53.1 percent of associates degree students and 44.5 percent of bachelors degree students had dropped out by the summer of 2010, and had dropped out within a median of 90 days, or just under 3 months. The company has a loan repayment rate of 31 percent with two campuses with repayment rates of only 4 percent, and has 11 campuses with 3 year default rates over 25 percent. Meanwhile, the company's revenues provided a 37.1 percent profit margin for 2009. Again, these figures raise a troubling question: Is this school putting profit ahead of providing our veterans with a quality education that will lead to a good job?

### **For-Profit Education Company 3**

A second publicly traded company also helps to illustrate the dramatic and recent nature of the increases in military educational benefits going to for-profit schools, as well as the cost differentials among the schools.

Company 3 received Post-9/11 GI Bill benefits for 6,211 students totaling \$47.9 million. Company 2 received benefits for a comparable 6,677 students, but received \$79.2 million in VA benefits. While Company 3 received an average of \$7,710 per student, Company 2 with similar programs and locations, received an average of \$11,855 per student!

Company 3 provided clear data to the Committee showing that in 2006, the school received benefits from three students under the DoD Tuition Assistance program and 207 students through VA programs, for combined military educational revenues of \$2.69 million. These numbers remained relatively level through 2009, with six students receiving DoD Tuition Assistance and 148 receiving VA benefits for a total of \$1.44 million in revenues.<sup>27</sup> In 2010, however, the same school enrolled 5,754 veteran students, and received veterans' benefits totaling \$57.99 million. Enrollment of active duty students receiving Tuition Assistance also soared from six students to 148 students receiving \$2.43 million in benefits, a significant one year increase on its own.

However, for students entering in 2008-2009, 56.4 percent of all bachelors students and 54.3 percent

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<sup>26</sup> As of June 30, 2010, the company had received \$50.7 million military dollars in 2010. The \$101.4 is an extrapolation of that amount through December 31, 2010. The largest for-profit school has to-date failed to provide the Committee with data regarding the amount of military funds received in 2010 but did receive a lower overall figure in Post-9/11 GI bill first year benefits.

<sup>27</sup> Because the company concludes its fiscal year in June, its 2009 financial data does not capture any Post-9/11 GI Bill benefits.

of all associates students had left Company 3's schools within one year of enrolling, with the median student staying 112 days or just under four months. The repayment rate for the company's student body as a whole is 35 percent.

Looking at individual schools' rapid acceleration in revenues from both VA and DoD military educational benefits makes clear that there is a concerted effort to attract students eligible for military benefits to the schools. It demonstrates that the increase in funds going to the schools has occurred very quickly and is likely to continue

and possibly to escalate in the absence of increased oversight by Congress or the relevant agencies. Given the troubling short-term outcomes of many of the for-profit schools examined by the Committee, and the unknown, but potentially troubling prospects for students completing these programs, very serious questions exist as to whether our servicemembers and veterans are receiving the education intended by Congress.

With high tuition rates, and with half, or close to half of the general student population dropping out in the first year, it is incumbent on the Congress and the agencies to do more to ensure that the servicemembers and veterans attending for-profit schools are in fact getting the promised educational benefits in exchange for this significant federal investment.

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## Conclusion

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Educational benefits provided to servicemembers and veterans increase the readiness and efficiency of our armed forces, aid veterans in adjusting to civilian life, and increase the opportunity to obtain well-paid and rewarding employment. These benefits are intended to help veterans and servicemembers support themselves and their families, and help to create a more robust U.S. economy. With the passage of the Post-9/11 GI Bill, the Congress and the country committed to provide this generation of Iraq and Afghanistan veterans the same opportunity to access or advance through the middle class as previous generations receiving GI bill benefits. It is important to see those who have put their lives on the line rewarded with the success available to those with higher education, and the flexibility that quality online education provides may be especially valuable to these students. Servicemembers and veterans have proved anxious and willing to take advantage of the new educational benefits provided.

Nonetheless, as an increasing number of servicemembers and veterans enroll in for-profit colleges, it is not clear that their enrollment in these institutions leads to the intended result, or is always an effective use of DoD and VA education dollars. By combining data available from the Department of Veterans Affairs, the Department of Defense, and information provided by 30 for-profit schools in response to HELP Committee document requests, this report provides the most comprehensive look to date at how newly available military benefits are being spent. However this data, which tracks federal dollars amounting to over a billion dollars each year, is both incomplete and not readily available to the public. Given the troubling outcomes documented at many for-profit schools, the problematic recruiting

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*Given the troubling short-term outcomes of many of the for-profit schools examined by the Committee, and the unknown, but potentially troubling, prospects for students completing these programs, very serious questions exist as to whether our servicemembers and veterans are receiving the education intended by Congress.*

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practices, the high cost of for-profit programs and the disparate share of federal military educational dollars already flowing to these schools, Congress and the agencies need to be sure that the newly enacted benefit programs are not being exploited by those who prioritize advancement of the bottom line over the advancement of student veterans. Trends indicate that many veterans drawn to for-profit education companies (as a result of major focused recruiting efforts) may not see the educational results that Congress envisioned.

The Committee has previously demonstrated that the majority of students enrolling in for-profit schools emerge with debt but without a diploma. Based on default rates and loan repayment rates, even for those who complete for-profit education programs, serious questions exist about whether the high-cost degrees yield the promised access to higher-paying jobs. Congress together with the Department of Veterans Affairs and the Department of Defense need to act now to ensure these new benefit programs work by asking hard questions about the quality and outcomes of education at for-profit schools receiving disproportionately large amounts of federal money.

## **Appendix I: Methodology**

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Unless otherwise noted, the source of all charts and tables in this report is the HELP Committee majority's analysis of documents provided by for-profit schools pursuant to the August 5, 2010 document request, together with information provided by the Department of Veterans Affairs. The analysis covers information from the 30 for-profit education companies that were asked to provide documents and that offer certificate, associates or bachelors programs. Twenty companies provided 5 years of comparable data that were used to demonstrate the growth in revenue from Department of Veterans Affairs and Department of Defense programs. Two of these companies did not differentiate VA and DoD revenues, so the charts demonstrating growth in revenue from VA education benefits and DoD Tuition Assistance are derived from the data provided by 18 companies.

Each company submitted revenue data for their respective fiscal years. For those companies that had not completed fiscal year 2010, the HELP Committee majority staff extrapolated 12-month revenue figures for 2010 by assuming that the average monthly revenue would be replicated in each of the remaining months of that company's fiscal year.

**Appendix II: Post-9/11 G.I. Bill First Year Funds received by 30 For-Profit Schools (August 2009-July 2010)**

Company Name	School Name	Veterans Trained	VA Funds Received
Alta College, Inc.		1,305	\$17,273,403.81
Alta College, Inc.	Redstone College	197	\$3,188,920.44
	Westwood College	1,108	\$14,084,483.37
American Career College		68	\$836,557.73
American Public Education, Inc.	American Public University System	2,582	\$7,489,019.83
Anthem Education Group		69	\$691,266.30
Anthem Education Group	Anthem College	41	\$428,366.03
	Allied College	4	\$34,890.20
	Bryman School	21	\$211,132.43
	High Tech Institute	3	\$16,877.64
Apollo Group, Inc.		15,007	\$76,895,743.95
Apollo Group, Inc.	University of Phoenix	14,786	\$76,387,805.73
	Western International University	221	\$507,938.22
Bridgepoint Education, Inc.		2,212	\$8,671,386.24
Bridgepoint Education, Inc.	Ashford University	2,139	\$8,105,989.26
	University of the Rockies	73	\$565,396.98
Capella Education Co.	Capella University	1,172	\$7,278,585.24
Career Education Corp.		5,715	\$58,184,670.71
Career Education Corp.	American InterContinental University	2,369	\$22,747,999.27
	Briarcliffe College	48	\$910,622.97
	California Culinary Academy	38	\$591,034.97
	Collins College	62	\$997,096.41
	Colorado Technical University	2,068	\$17,587,908.52
	Gibbs College of Boston	1	\$6,260.00
	Harrington College of Design	2	\$24,218.78
	International Academy of Design and Technology	311	\$3,383,822.87
	Le Cordon Bleu College	546	\$9,234,590.90
	Sanford-Brown College	270	\$2,701,116.02
Chancellor University		4	\$11,350.00
Concorde Career Colleges, Inc.	Concorde Career College	273	\$2,899,902.65
Corinthian Colleges, Inc.		1,952	\$21,678,328.65
Corinthian Colleges, Inc.	Everest College	634	\$6,571,479.00
	Everest Institute	54	\$576,032.07
	Everest University	404	\$3,528,198.03
	Heald College	211	\$1,615,482.90
	WyoTech	649	\$9,387,136.65
DeVry, Inc.		6,211	\$47,891,777.53
DeVry, Inc.	Apollo College	160	\$1,655,707.01
	Carrington College	18	\$139,322.01
	Chamberlain College of Nursing	50	\$305,644.92
	DeVry University	5,262	\$41,090,582.13
	Keller School of Management	721	\$4,700,521.46

## Appendix II: Post-9/11 G.I. Bill First Year Funds received by 30 For-Profit Schools (August 2009-July 2010)

Company Name	School Name	Veterans Trained	VA Funds Received
Drake College of Business		0	\$0.00
ECPI Colleges, Inc.	ECPI College of Technology	1,812	\$15,572,033.12
Education America, Inc.	Remington College	285	\$3,449,081.09
Education Management Corp.		5,080	\$60,482,055.68
Education Management Corp.	Argosy University	641	\$4,766,864.80
	The Art Institute	3,215	\$44,589,208.51
	Brown Mackie College	397	\$3,490,407.99
	South University	827	\$7,635,574.38
Grand Canyon Education, Inc.	Grand Canyon University	626	\$4,004,328.61
Henley-Putnam University		96	\$345,217.88
Herzing Educational System	Herzing University	122	\$884,931.29
ITT Educational Services	ITT Technical Institute	6,677	\$79,151,266.68
Kaplan Higher Education (Owned by Washington Post Co.)		2,545	\$17,277,165.65
Kaplan Higher Education (Owned by Washington Post Co.)	CHI Institute	22	\$269,541.22
	Concord Law School	27	\$159,523.10
	Hesser College	115	\$792,859.24
	Kaplan Career Institute	30	\$315,192.43
	Kaplan College	565	\$6,438,845.43
	Kaplan University	1,723	\$8,482,872.15
	TESST College	37	\$442,990.42
	Texas School of Business	26	\$375,341.66
Keiser University		557	\$5,583,782.55
Laureate Education, Inc.	Walden University	571	\$4,523,183.41
Lincoln Educational Services Co.		481	\$6,764,618.62
Lincoln Educational Services Co.	Briarwood College	10	\$80,586.01
	Lincoln College of Technology	318	\$4,946,081.43
	Lincoln Technical Institute	34	\$415,320.69
	Nashville Auto-Diesel College	104	\$1,200,979.51
	Southwestern College	15	\$121,650.98
National American University Holdings, Inc.	National American University	255	\$1,638,650.50
Rasmussen, Inc.	Rasmussen College	358	\$3,642,725.14
Strayer Education, Inc.	Strayer University	4,673	\$31,611,483.23
TUI University		859	\$3,224,237.22
Universal Technical Institute, Inc.	Universal Technical Institute	597	\$10,097,809.84
Vatterott Educational Centers, Inc.	Vatterott College	178	\$1,946,891.10
<b>TOTAL</b>		<b>62,342</b>	<b>\$500,001,454.25</b>

Source: Department of Veterans Affairs



**Appendix III: Military Educational Benefits Received by 30 For-Profit Education Companies**

Company	Fiscal Year	Department of Defense Education Benefits	Department of Veterans Affairs Education Benefits	Total Military Education Benefits
Alta Colleges, Inc.	2006	\$0.00	\$0.00	\$0.00
	2007	\$0.00	\$0.00	\$0.00
	2008	\$0.00	\$0.00	\$0.00
	2009	\$0.00	\$0.00	\$0.00
	2010	\$0.00	\$12,794,916.35	\$12,794,916.35
	2010 Projected	\$0.00	\$15,353,899.62	\$15,353,899.62
American Career College	2006	\$0.00	\$1,930.00	\$1,930.00
	2007	\$0.00	\$0.00	\$0.00
	2008	\$0.00	\$0.00	\$0.00
	2009	\$0.00	\$186,117.42	\$186,117.42
	2010	\$0.00	\$662,251.00	\$662,251.00
	2010 Projected	\$0.00	\$1,135,287.43	\$1,135,287.43
American Public Education, Inc.	2006	\$26,438,624.99	\$2,241,622.12	\$28,680,247.11
	2007	\$42,666,884.40	\$3,293,956.56	\$45,960,840.96
	2008	\$65,338,857.08	\$4,807,090.49	\$70,145,947.58
	2009	\$85,377,635.60	\$7,194,847.69	\$92,572,483.29
	2010	\$49,070,768.25	\$7,070,234.33	\$56,141,002.58
	2010 Projected	\$98,141,536.50	\$14,140,468.66	\$112,282,005.16
Anthem Education Group	2006	\$0.00	\$27,500.21	\$27,500.21
	2007	\$0.00	\$26,272.65	\$26,272.65
	2008	\$0.00	\$22,908.17	\$22,908.17
	2009	\$0.00	\$0.00	\$0.00
	2010	\$0.00	\$588,476.04	\$588,476.04
Apollo Group, Inc.	2006	\$34,429,054.89	\$4,305,292.85	\$38,734,347.74
	2007	\$34,600,039.42	\$5,309,996.10	\$39,910,035.52
	2008	\$32,581,190.54	\$6,782,860.27	\$39,364,050.81
	2009	\$39,123,465.11	\$10,462,349.95	\$49,585,815.06
	2010	NO DATA PROVIDED		
Bridgepoint Education, Inc.*	2006	\$0.00	\$12,366.45	\$12,366.45
	2007	\$0.00	\$30,229.09	\$30,229.09
	2008	\$640,590.82	\$91,495.61	\$732,086.43
	2009	\$1,926,211.44	\$2,225,403.61	\$4,151,615.05
	2010	\$20,593,019.48	\$6,139,962.76	\$26,732,982.24
	2010 Projected	\$41,186,038.96	\$12,279,925.52	\$53,465,964.48
Capella Education Co.	2006	\$56,335.00	\$375,108.11	\$431,443.11
	2007	\$58,459.40	\$318,253.00	\$376,712.40
	2008	\$161,197.00	\$381,233.53	\$542,430.53
	2009	\$304,482.05	\$2,484,172.59	\$2,788,654.64
	2010	\$174,333.49	\$6,173,139.32	\$6,347,472.81
	2010 Projected	\$348,666.98	\$12,346,278.64	\$12,694,945.62

**Appendix III: Military Educational Benefits Received by 30 For-Profit Education Companies**

Company	Fiscal Year	Department of Defense Education Benefits	Department of Veterans Affairs Education Benefits	Total Military Education Benefits
Career Education Corp.	2006	\$7,913,267.48	\$15,964,584.60	\$23,877,852.08
	2007	\$7,532,830.67	\$13,917,067.94	\$21,449,898.61
	2008	\$7,190,440.67	\$15,474,386.19	\$22,664,826.86
	2009	\$10,589,096.30	\$27,954,755.10	\$38,543,851.40
	2010	\$6,710,145.55	\$39,433,890.52	\$46,144,036.07
	2010 Projected	\$13,420,291.10	\$78,867,781.04	\$92,288,072.14
Chancellor University	2006	DID NOT EXIST		
	2007	DID NOT EXIST		
	2008	DID NOT EXIST		
	2009	\$0.00	\$0.00	\$0.00
	2010	\$0.00	\$0.00	\$0.00
Concorde Career Colleges, Inc.*	2006	\$21,137.33	\$97,271.44	\$118,408.77
	2007	\$17,973.80	\$176,478.65	\$194,452.45
	2008	\$86,697.86	\$244,802.49	\$331,500.35
	2009	\$185,118.31	\$1,002,726.23	\$1,187,844.54
	2010	\$357,937.20	\$1,697,880.32	\$2,055,817.52
	2010 Projected	\$715,874.40	\$3,395,760.64	\$4,111,635.04
Corinthian Colleges, Inc.	2006	NO BREAKOUT PROVIDED		\$39,388.00
	2007	NO BREAKOUT PROVIDED		\$31,133.00
	2008	NO BREAKOUT PROVIDED		\$64,761.56
	2009	NO BREAKOUT PROVIDED		-\$4,927.56
	2010	\$485,045.00	\$15,277,378.79	\$15,762,423.79
DeVry, Inc.	2006	\$21,648.55	\$2,667,497.87	\$2,689,146.42
	2007	\$42,539.74	\$2,161,221.01	\$2,203,760.75
	2008	\$27,035.46	\$2,119,896.25	\$2,146,931.71
	2009	\$59,402.67	\$1,383,042.43	\$1,442,445.10
	2010	\$2,428,761.15	\$55,557,510.47	\$57,986,271.62
Drake College of Business	2006	\$0.00	\$0.00	\$0.00
	2007	\$0.00	\$0.00	\$0.00
	2008	\$0.00	\$0.00	\$0.00
	2009	\$0.00	\$0.00	\$0.00
	2010	\$0.00	\$0.00	\$0.00
ECPI Colleges, Inc.	2006	\$1,730,565.36	\$1,250,382.30	\$2,980,947.66
	2007	\$2,103,251.46	\$1,511,269.18	\$3,614,520.64
	2008	\$1,092,668.22	\$1,243,855.32	\$2,336,523.54
	2009	\$1,641,698.50	\$1,793,502.79	\$3,435,201.29
	2010	\$3,258,238.06	\$19,850,057.30	\$23,108,295.36

## Appendix III: Military Educational Benefits Received by 30 For-Profit Education Companies

Company	Fiscal Year	Department of Defense Education Benefits	Department of Veterans Affairs Education Benefits	Total Military Education Benefits
Education America, Inc.	2006	\$0.00	\$59,859.38	\$59,859.38
	2007	\$0.00	\$113,752.59	\$113,752.59
	2008	\$44,524.00	\$56,082.21	\$100,606.21
	2009	\$18,183.74	\$22,690.19	\$40,873.93
	2010	\$340,611.65	\$2,562,636.10	\$2,903,247.75
Education Management Corp.	2006	NO BREAKOUT PROVIDED		\$217,571.77
	2007	NO BREAKOUT PROVIDED		\$394,176.02
	2008	NO BREAKOUT PROVIDED		\$676,842.99
	2009	NO BREAKOUT PROVIDED		\$2,039,710.81
	2010	NO BREAKOUT PROVIDED		\$52,469,077.71
Grand Canyon Education, Inc.	2006	\$220,528.58	\$0.00	\$220,528.58
	2007	\$470,346.33	\$0.00	\$470,346.33
	2008	\$738,209.25	\$0.00	\$738,209.25
	2009	\$1,637,330.33	\$0.00	\$1,637,330.33
	2010	NO DATA PROVIDED		
Henley-Putnam University	2006	\$0.00	\$0.00	\$0.00
	2007	\$21,279.00	\$54,573.00	\$75,852.00
	2008	\$172,581.00	\$347,384.00	\$519,965.00
	2009	\$295,592.00	\$853,003.00	\$1,148,595.00
	2010	NO DATA PROVIDED		
Herzing Educational System	2006	\$7,320.00	\$0.00	\$7,320.00
	2007	\$0.00	\$0.00	\$0.00
	2008	\$2,750.00	\$268,649.33	\$271,399.33
	2009	\$32,676.00	\$772,004.18	\$804,680.18
	2010	\$46,000.00	\$871,401.97	\$917,401.97
	2010 Projected	\$75,306.96	\$1,426,578.94	\$1,501,885.90
ITT Educational Services, Inc.	2006	\$0.00	\$0.00	\$0.00
	2007	\$0.00	\$0.00	\$0.00
	2008	\$0.00	\$0.00	\$0.00
	2009	\$0.00	\$20,852,677.99	\$20,852,677.99
	2010	\$0.00	\$50,696,494.57	\$50,696,494.57
	2010 Projected	\$0.00	\$101,392,989.14	\$101,392,989.14
Kaplan Higher Education (Owned by Washington Post Co.)	2006	\$2,089,589.51	\$498,798.23	\$2,588,387.74
	2007	\$2,369,904.04	\$425,830.28	\$2,795,734.32
	2008	\$2,418,545.39	\$404,151.80	\$2,822,697.19
	2009	\$5,972,872.54	\$4,402,022.45	\$10,374,894.99
	2010	\$6,331,145.68	\$18,124,289.68	\$24,455,435.36
	2010 Projected	\$12,662,291.36	\$36,248,579.36	\$48,910,870.72

**Appendix III: Military Educational Benefits Received by 30 For-Profit Education Companies**

Company	Fiscal Year	Department of Defense Education Benefits	Department of Veterans Affairs Education Benefits	Total Military Education Benefits
Keiser University	2006	\$111,165.68	\$321,450.19	\$432,615.87
	2007	\$86,536.96	\$518,763.27	\$605,300.23
	2008	\$37,662.86	\$803,384.53	\$841,047.39
	2009	\$105,582.62	\$2,055,617.94	\$2,161,200.56
	2010	\$241,513.31	\$4,000,701.62	\$4,242,214.93
	2010 Projected	\$483,026.62	\$8,001,403.24	\$8,484,429.86
Laureate Education, Inc.^	2006	NO DATA PROVIDED		
	2007	NO DATA PROVIDED		
	2008	NO DATA PROVIDED		
	2009	NO DATA PROVIDED		
	2010	NO DATA PROVIDED		
Lincoln Educational Services Co.	2006	\$32,459.33	\$228,605.96	\$261,065.29
	2007	\$76,337.52	\$373,731.31	\$450,068.83
	2008	\$70,674.03	\$348,491.30	\$419,165.33
	2009	\$178,680.11	\$1,692,342.53	\$1,871,022.64
	2010	\$150,709.45	\$4,308,982.78	\$4,459,692.23
	2010 Projected	\$301,418.90	\$8,617,965.56	\$8,919,384.46
National American University Holdings, Inc.	2006	\$1,509,102.41	\$137,834.34	\$1,646,936.75
	2007	\$1,657,352.56	\$52,521.02	\$1,709,873.58
	2008	\$1,574,078.54	\$55,651.56	\$1,629,730.10
	2009	\$1,682,427.90	\$69,326.60	\$1,751,754.50
	2010	\$1,586,327.84	\$1,159,039.09	\$2,745,366.93
Rasmussen, Inc.	2006	NO BREAKOUT PROVIDED		\$132,175.72
	2007	NO BREAKOUT PROVIDED		\$166,960.14
	2008	NO BREAKOUT PROVIDED		\$234,823.43
	2009	NO BREAKOUT PROVIDED		\$444,169.05
	2010	NO BREAKOUT PROVIDED		\$4,004,291.44
	2010 Projected	NO BREAKOUT PROVIDED		\$5,339,055.25
Strayer Education, Inc.^	2006	\$2,962,040.38	NO DATA PROVIDED	\$2,962,040.38
	2007	\$3,741,602.49	NO DATA PROVIDED	\$3,741,602.49
	2008	\$4,516,986.99	NO DATA PROVIDED	\$4,516,986.99
	2009	\$5,347,676.78	\$5,385,138.68	\$10,732,815.46
	2010	\$3,335,773.12	\$16,999,607.55	\$20,335,380.67
	2010 Projected	\$6,671,546.24	\$33,999,215.10	\$40,670,761.34
TUI University	2006	DID NOT EXIST		
	2007	DID NOT EXIST		
	2008	\$16,609,992.55	\$3,234,619.17	\$19,844,611.72
	2009	\$33,227,991.92	\$5,868,491.67	\$39,096,483.59
	2010	\$38,595,867.15	\$7,155,399.56	\$45,751,266.72

### Appendix III: Military Educational Benefits Received by 30 For-Profit Education Companies

Company	Fiscal Year	Department of Defense Education Benefits	Department of Veterans Affairs Education Benefits	Total Military Education Benefits
Universal Technical Institute, Inc.	2006	\$100,315.40	\$1,492,759.54	\$1,593,074.94
	2007	\$160,044.19	\$1,390,395.57	\$1,550,439.76
	2008	\$206,405.79	\$1,403,107.49	\$1,609,513.28
	2009	\$209,842.94	\$2,091,255.61	\$2,301,098.55
	2010	\$126,534.10	\$10,701,869.77	\$10,828,403.87
	2010 Projected	\$151,840.92	\$12,842,243.72	\$12,994,084.64
Vatterott Educational Centers, Inc.*	2006	\$0.00	\$801,274.13	\$801,274.13
	2007	\$0.00	\$733,508.98	\$733,508.98
	2008	\$0.00	\$720,618.66	\$720,618.66
	2009	\$0.00	\$1,468,029.08	\$1,468,029.08
	2010	\$0.00	\$1,934,796.33	\$1,934,796.33
	2010 Projected	\$0.00	\$3,869,592.66	\$3,869,592.66

\*Includes VA vocational rehabilitation funds

^ Data combined with student cash payments