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THE 90/10 RULE: IMPROVING EDUCATIONAL OUTCOMES FOR OUR MILITARY AND VETERANS

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

JULY 23, 2013

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The 90/10 RULE: IMPROVING EDUCATIONAL OUTCOMES FOR OUR MILITARY AND VETERANS

TUESDAY, JULY 23, 2013

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:33 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Committee, presiding.

Present: Senators Carper, Pryor, McCaskill, and Coburn.

OPENING STATEMENT OF CHAIRMAN CARPER

Chairman CARPER. The hearing will come to order. I understand that our fifth witness, Sergeant Pantzke, is looking for parking. Hopefully he found it, and is on his way to join us.

I want to welcome everybody this morning to our hearing. This hearing focuses on a very considerable amount of money that we are providing in high-quality education benefits to our servicemembers and to our veterans. In examining this issue, the Committee is asking a couple of questions. One of them is, are we getting the results to taxpayers that servicemembers and veterans deserve?

The G.I. Bill helped me to afford the cost of getting a Masters of Business Administration (M.B.A.) at the University of Delaware (UDEL) after I transitioned off of active duty in the U.S. Navy near the end of the Vietnam War. And while I was grateful for that financial support—I think it was about $250 a month—those benefits pale in comparison to the very considerable taxpayer investment that the new G.I. Bill makes toward an education for our servicemembers and for our veterans.

For years through the service academies and through programs like the Reserve Officer's Training Corps (ROTC) and the G.I. Bill and tuition assistance, we have sought to raise the skill levels of those who serve in our armed forces as well as the skill levels of those who later return to civilian life.

However, in 2008, it became clear to Congress that after years of multiple tours of duty in Iraq and Afghanistan, a modern day military needed a modern day G.I. Bill to ease soldiers' transition to civilian work here at home.

That is why we passed the post-9/11 G.I. Bill, to help our modern day veterans afford the cost of college and put them on a path to-

ward getting a good-paying job. The modern day G.I. Bill pays for the tuition and housing costs of any member of the military who served more than 90 continuous days on active duty since September 10, 2001.

I like to say in Delaware, you can go to the University of Delaware, Delaware State University (DSU), Wilmington University, Delaware Technical Community College (DTCC), and a variety of other schools in our State tuition-free, books, fees paid for, tutoring paid for, plus a $1,500 a month housing allowance. And for those of us who came back at the end of the Vietnam War, I think we got about $250 a month. So this is quite a rich benefit and I do not deny them it for a moment.

Since it was enacted, though, $29.4 billion has been spent to send veterans back to school. In addition, the Department of Defense (DOD) offers military servicemembers the opportunity to pursue a high quality education through the Tuition Assistance Program (TAP). Service members and veterans taking advantage of the benefits available to them under the G.I. Bill are free to pursue the educational path of their choice. They can go to public school like I did when I studied at the University of Delaware, or they can attend a private, non-profit school, or a for-profit school.

However, recent reports show that many veterans, too many veterans have been subjected to highly questionable recruitment practices—we have heard about those—exposed to deceptive marketing and substandard educational instruction in some of the schools they attended, particularly among the for-profit schools. Not all of them. Some of the for-profit schools are excellent, we know that, I know that, but not all. And frankly, some of the same could be true of the public schools and the private schools.

But what I am interested in is uniform excellence across the board. I want to make sure that at least all these Federal dollars that we are spending on these programs, that we are going to end up with veterans and active duty personnel who actually have the skills that they need to get a job, keep a job, and be self-sufficient. That is what my goal is.

Under current law, in order for a for-profit school to receive Federal student aid from the Department of Education (ED), the school must ensure that no more than 90 percent of its revenues come from Federal funding. The definition of Federal funding, as it applies to this limit, is not as straight forward as one might expect. It turns out that under current law, Federal funding means only money that comes through the Department of Education.

Other Federal funds such as G.I. Bill benefits that come from the Department of Veterans' Affairs (VA) and military education benefits that are offered through the Department of Defense are excluded from the 90 percent limit that makes up the Federal share of a school's revenue.

That means that a school that maxes out on its 90 percent limit can bring in federally funded military and veterans' education benefits in order to skirt the limit, and in some cases, get 100 percent of their funding from the Federal Government. I choke on that. The idea that any college or university, I do not care if they are profit, public, for-profit that gets 100 percent of its revenues from the Federal Government for me is troubling. It is just troubling.

As several reports have shown, this loophole has, in some cases, put a target on the backs of our military and veteran students, and then once students enroll, they are often not obtaining the knowledge and skills that they need to get a job, that will enable them to earn a livable wage and sound benefits.

Clearly, the incentives at some for-profit schools are misaligned. These institutions are rewarded for enrolling more students, especially veterans with a fully paid-for education, but have too little incentive to make sure that their graduates are prepared to join the workforce and begin productive careers.

Having said that, this is not an issue solely for for-profit schools, as I said already. There are also too many public and private nonprofit colleges and universities that experience similar issues with extremely low degree completion rates, high default rates, and a poor record of serving our veterans. And to be fair, there are also a number of for-profit institutions that offer quality education and have a history of success with placing students in well-paying jobs.

I believe we have a moral imperative to ensure that abusive practices, no matter where they occur, are stopped so that those who have sacrificed for our country can obtain an education that will equip them with the skills they need to find a good job, repay their loans, college loans or others that they have taken out, and go on to live productive lives.

Two years ago I chaired a couple of hearings on this issue in the Subcommittee on Federal Financial Management (FFM). Today I am holding this hearing to learn what is being done by the Department of Veterans' Affairs and others, to protect our military and our veteran students from the predatory practices of some bad actors, not totally—but primarily in the for-profit industry.

This hearing will also focus on what the association that represents for-profit schools has done to address concerns raised about the industry that it represents. My goal for today's hearing is to learn how we can fix this problem by better incentivizing schools to deliver a higher quality education to our military and veteran population that will enable them to be successful in work and in life.

We have a very good panel, I think a terrific panel here today, and we are grateful to you for joining us. Before I turn to Dr. Coburn, I just want to say this: When I was on active duty—I was on active duty for close to 5 years, and Commander Coy, you were on active duty for a lot longer than that. I think we had about 12 permanent changes of station in not a very long period of time.

I got an undergraduate degree at Navy ROTC at Ohio State (OSU), and 5 years later I moved to Delaware and got an M.B.A. with the G.I. Bill. It would have been great, all those times that I was traveling around the world with my squadron being deployed to different places, it would have been great if I could have worked on a Master's degree at that time, or maybe just taking courses. We did not have that opportunity.

We did not have the Internet, did not have the opportunity for distance learning. And it is a great tool. It is a great benefit if done well. For folks who are on active duty, the folks that are deployed or activated, Reserves, Guard, it is potentially a very valuable tool, not only in helping them improve their skills, but also making

them more valuable to our country, to the branch of service in which they are serving.

So I am not interested in the blame game here, I am not interested in demeaning any particular schools. I just want better results for less money. We have to get better results for less money in everything we do. It includes this area because we are spending a lot of money. Dr. Coburn.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Well, thank each of you for being here. As I think about costs for the American public, we looked at health care costs, and we all know that they have risen uncontrollably. They are somewhat slower now due to the economy and a couple of other factors, but there is one thing that has risen faster than health care costs in this country and that is the cost of a college education. It is the fastest growing thing.

At the heart of today's hearing are questions about the appropriate role of the Federal Government in higher education. In 1958, the National Defense Education Act (NDEA) was established and the Federal Government began its foray into the private sector of public education, higher education.

Not everyone agreed with this bill's passage. Some feared that it would lead to Federal intrusion into the halls of higher learning, and boy, has it. Barry Goldwater said, if adopted, the legislation will mark the inception of age supervision, ultimately, the control of the higher education in this country by Federal authorities. Fast forward to today and the prophecy is manifest.

Higher education today is dramatically more expensive despite hundreds of billions of dollars, Federal dollars, being poured into the system-loans, Pell Grants, G.I. benefits, research dollars, tax benefits and more. More money has brought more Federal interference. Washington seemingly wants to regulate everything, even what constitutes a credit hour, something that is fundamentally the job of colleges.

There is a lot to be said about the larger topic of the current state of higher education. However, when it comes to the 90/10 Rule, it is arbitrary and government engineering at its worst. Let us ask ourselves a few questions, Mr. Chairman.

If 90/10 is sound policy, why not apply this rule to all schools regardless of control type? After all, graduation rates at many nonprofit schools around the country leave much to be desired, and I would like to submit for the record both the public and private profit, non-profit education graduation rates[1] for the State of Delaware and the State of Oklahoma for the record. Both are abysmal.

Chairman CARPER. Without objection.

Senator COBURN. I would also like to submit at this time statements[2] from other individuals who would like to have their words as a part of the record.

Chairman CARPER. Without objection.

Senator COBURN. And if the 90/10 Rule is sound policy, why stop at 10 percent? Why not lower the threshold? How does 50 percent

[1] The chart submitted by Senator Coburn appears in the Appendix on page 95.
[2] Additional statements submitted for the Record appear in the Appendix on page 101.

sound? Fifty percent applied to all schools, all Federal dollars. We would see some miraculous changes, would we not? Non-profit schools and Congress, of course, would never agree to this.

The truth is, the 90/10 Rule is the government picking winners and losers among colleges that have already proven themselves by being accredited, approved by State-approving agencies, eligible for Title IV, and by complying with a myriad forms of compliance and levels of compliance.

I look forward to our hearing. The real problem is, whether it is in private or public, profit or non-profit, we have abysmal graduation and completion rates. We ought to take the fraud out of the system. Nobody would disagree with that. We ought to take the shysters out. There are those both in public and private, if you look at graduation rates.

But we ought to be concerned about what the cost is to get an education, to enable somebody to have a life skill that will support them. And that would be where I would hope that we would focus. 90/10 is an arbitrary rule. It is arbitrary. It causes us to focus on not fixing the right problem. With that, I yield back.

Chairman CARPER. Believe it or not, Dr. Coburn and I probably have more agreement in this area than you might think, having heard his comments and mine. Neither of us like to waste money. We do not like to waste real money. We do not like to waste taxpayers' money. And what we want to make sure of at the end of the day is we are not wasting money on the G.I. Bill, we are not wasting money on tuition assistance for folks on active duty.

I am one of those people that likes to see how we can properly align incentives in order to get the kind of results that we are looking for. So we will work on this and we are going to keep working on this until we get a better result.

Dr. Coburn asked. Mr. Coy, I said you spent like 20 years in the Navy, I think, Academy graduate in the Class of 1975, and I said, when you finished up, what was your rank? He says, he is a Commander. So he is Commander Coy and that is the way I will introduce him today. My favorite rank in the Navy was when I was a Commander. I loved saying to people, I am Commander Carper. Who are you? I am Commander Carper.

But Commander Coy, we are grateful that you are here. We are grateful for all your years of active duty service in the United States Navy. You now serve, as I understand it, as the Under Secretary for Economic Opportunity in the Department of Veterans' Affairs, overseeing all education benefits, loan guarantee service, and vocational, rehabilitation and employment services for America's veterans.

And prior to that appointment in the V.A., you have had quite a career. Mr. Coy served in a variety of key positions at the Department of Health and Human Services (HHS), including Deputy Director for Operations in the Office of Consumer Information and Insurance Oversight. We are grateful for your service in those regards, and also in the United States Navy, where I understand you started off in Athens, Georgia, after you left the Naval Academy.

I thought about going to supply school, too, and ended up taking a detour and went to Pensacola instead. But we are grateful for your service there and welcome your testimony today.

Hollister K. Petraeus, known as Holly, great to see you again, Assistant Director of Service Member Affairs of the Consumer Financial Protection Bureau (CFPB), which actually has a Director now. Our second witness, Assistant Director of the Consumer Financial Protection Bureau, is head of the Office of Service Member Affairs. She partners with the Pentagon to (1) help ensure that military families receive a strong financial education, (2) monitor their complaints, and (3) coordinate Federal and State consumer protection measures for military families.

Prior to joining the CFPB, she was the director of a program at the Council of Better Business Bureaus (CBBBs) providing consumer education advocacy for military families. A military spouse of 37 years. We thank you for your service. And a former Department of Army civilian employee, Mrs. Petraeus also has extensive experience as a volunteer leader in military family programs.

A graduate of Dickinson College, not that far from where I live, and a recipient of the Department of Defense Medal for Distinguished Public Service. Mother to several, including a guy named Steven, who is a fraternity brother of my son, Christopher, at Massachusetts Institute of Technology (MIT). So you turned out some pretty good kids as well, so thanks for joining us today.

Next, Steve Gunderson, a colleague of mine. Did you serve with Steve in the House?

Mr. GUNDERSON. I did.

Chairman CARPER. A colleague of ours and someone I enjoyed. He is not just a colleague, he is a friend. So we welcome him as both. He has been President and Chief Executive Officer (CEO) of the Association of Private Sector Colleges and Universities since January 2012. Prior to his appointment, he served as President of the Council on Foundations where he placed a high priority on education and workforce development.

At the age of 23, elected to the Wisconsin State legislature—I do not know if Tammy Baldwin is going to join us today, but I think she started as a pup as well. That is a pretty young age.

Mr. Gunderson went on to serve for 16 years with a couple of us in the U.S. House of Representatives where education was one of his areas of focus. A graduate of the University of Wisconsin, a Badger, the Brown School of Broadcasting in Minneapolis, and we are delighted to see you today. Welcome. Thank you.

Tom Tarantino, sitting alongside of Steve, is the Chief Policy Officer at the Iraq and Afghanistan Veterans of America (IAVA). As Chief Policy Officer, Mr. Tarantino provides strategic guidance for and leadership of Iraq and Afghanistan Veterans of America as the Legislative Research and Political Departments.

Mr. Tarantino is a former Army captain who left after 10 years of service in 2007, returned from Iraq in 2006 after 1 year of deployment with the 11th Armored Cavalry Regiment where he served in combat as both the cavalry and mortar platoon leader. Awarded the Combat Action Badge and the Bronze Star. Thank you for all that you did in uniform and all that you have done since. Delighted to welcome you here.

I will introduce Sergeant Christopher Pantzke and our expectation is that he will join us shortly. But he is our final witness, Sergeant Pantzke, who served in the Minnesota Army National Guard

from October 2002 until April 2004. He was promoted from Private First Class to Specialist after 6 months of serving in the National Guard.

Sergeant Pantzke enlisted in the U.S. Army in April 2004 and was promoted to Sergeant in the following year. In 2005, his unit was deployed to Iraq. Sergeant Pantzke was medically retired from the Army in 2009 after serving his country for 6 years. And we welcome all of you. Your entire testimony will be made part of the record and you are invited to proceed at this time. Commander Coy, welcome.

TESTIMONY OF CURTIS L. COY,[1] DEPUTY UNDER SECRETARY FOR ECONOMIC DEVELOPMENT, VETERANS' BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS' AFFAIRS; ACCOMPANIED BY ROBERT M. WORLEY, II, DIRECTOR, EDUCATION SERVICE

Mr. COY. Good morning, Mr. Chairman, Ranking Member Coburn, and other Members of the Committee. Thank you for the opportunity to be here today to discuss the 90/10 Rule and the Department of Veterans' Affairs efforts to safeguard veteran students from questionable practices by some institutions. Accompanying me this morning is Mr. Robert Worley, our Director of VA's Education Service.

While VA defers to the Department of Education on the 90/10 calculation, we recognize the argument for including post-9/11 G.I. Bill in the 90 percent limit on Federal funding. Modifications to the 90/10 calculation could assist in protecting some veteran students. However, such a change could cause some schools to exceed the 90 percent threshold and be at risk of losing eligibility.

Our concern is to ensure that veterans are not adversely affected by any proposed changes or, if so, to mitigate them to the extent possible. VA is happy to work collaboratively with the Department of Education and the Committee as it considers changes in this area.

VA is acutely aware of concerns raised regarding for-profit institutions and potential fraudulent activities, and in VA's oversight of for-profit institutions they are held to the same standards and criteria as non-profit institutions for the purpose of approval for use of VA education benefits.

Since testifying on this issue in 2011, VA has done significant work to ensure veteran students are informed consumers when using their well-deserved and hard-earned G.I. Bill benefits. In conjunction with the Veteran Employment Initiative Task Force (VEIT) directed by the President, along with the Vow to Hire Heroes Act of 2011, we have collaborated with multiple agencies to redesign the Transition Assistance Program (TAP) for departing servicemembers. The redesigned TAP transforms the previous VEIT powerpoint presentation into a truly informative session for servicemembers.

During the day-long VA benefits overview, we provide servicemembers with detailed information on VA education benefits, Federal financial aid programs, and factors to consider when

[1] The prepared statement of Mr. Coy appears in the Appendix on page 38.

applying for school. We are also piloting a 2-day special session called Accessing Higher Education dedicated to providing information on education and training opportunities.

The new TAP program is truly transformative. The Veterans Opportunity to Work (VOW) Act mandates that TAP be a mandatory requirement now reaching all departing servicemembers and that will be over one million in the next several years.

Through our Integrated Disability Evaluation System (IDES) program, we are placing 200 vocational rehabilitation counselors at over 75 military installations across the country to provide a full range of vocational, rehabilitation, and employment counseling and benefit services to members during earlier in their transition process, including counselors counseling those wounded warriors and disabled veterans on their educational benefits.

Of particular importance to the Committee, VA has greatly increased oversight of all schools, including for-profit schools. Some specific actions include, but are not limited to, in fiscal year (FY) alone, our State Approving Agency (SAAs) completed over 38,000 approvals of for-profit schools. In fiscal year 2, we completed 2,418 compliance reviews of for-profit institutions representing over 96,000 students.

We should note that these reviews also survey students and review marketing material of those institutions. Overall, with our SAA partners, we completed over 4,700 reviews last year. This year through the end of May, we have already conducted over 3,000 compliance reviews. We have withdrawn approval for nine institutions representing 177 veteran students due to erroneous or misleading practices.

We continue to work to improve our oversight, including work groups with our SAA partners, hotlines, et cetera. VA is also undertaking significant efforts to implement the provisions of the Principles of Excellence, Executive Order (EO) and Public Law 112–249, Improving Transparency of Education Opportunities Act.

As part of the Executive Order, VA, with Department of Education, Defense, in consultation with the Department of Labor and the Consumer Financial Protection Bureau, we are in the process of implementing the Principles of Excellence. I am pleased to report that over 6,300 schools have already voluntarily agreed to comply with the Principles.

In conjunction with DOD, Education, CFPB, and the Department of Justice (DOJ), we are also developing student outcome measures that are comparable, to the extent possible, across Federal educational programs and institutions. With our agency partners, we continue to work on the development of a centralized complaint system for veteran servicemembers and family members to submit complaints about schools that are engaged in deceptive or fraudulent practices.

We expect this tool to be available by late summer. However, veteran students are always able to use our toll-free G.I. Bill hotline or our G.I. Bill website to report complaints to us. Additionally, we have successfully registered the term G.I. Bill as a trademark to help prevent its use in a deceptive or fraudulent manner.

VA provides a wealth of resources and guidance on our G.I. Bill website. For example, the site contains our Choosing the Right

School handbook which provides potential veteran students with factors to consider when choosing a school. We have also integrated the Department of Education's College Navigator onto our G.I. Bill website. Since integrating the tool in May 2013, it has already received over 27,000 hits.

VA also plans to pilot an online assessment tool called CareerScope that allows veterans or servicemembers to assess whether he or she is ready to engage in post-secondary education and determine his or her likely vocational aptitude. In addition, we are promoting our Chapter 36 program, resources that emphasize sources of financial aid and other choices.

Finally, VA has strengthened our on-campus presence. Started in 2008, our VetSuccess on Campus program placed an experienced Vocational Rehabilitation and Employment (VR&E) counselor at colleges and universities. This program has grown from 8 to 32 campuses, and by the end of this fiscal year, counselors will be on more than 90 campuses across the country.

With our partner agencies, VA is working hard to ensure veterans are informed consumers and that schools meet their obligations in training this generation's next greatest generation. Mr. Chairman, this concludes my statement. Thank you for the opportunity to appear before you today and we would certainly be pleased to respond to any questions you or other Members of the Committee may have.

Chairman CARPER. Good. Well, that was a much welcomed bit of testimony and encouraging testimony.

Mr. COY. Thank you, sir.

Chairman CARPER. We are appreciative of the effort that is going in, his report he shared with us and we are anxious to find out all that we are doing, all that you are doing, what is actually working, what is actually working the best, what do we need to do more of. Thank you. Welcome.

Mrs. Petraeus, please proceed. It is great to see you.

TESTIMONY OF HOLLISTER K. PETRAEUS,[1] ASSISTANT DIRECTOR, OFFICE OF SERVICE MEMBER AFFAIRS, CONSUMER FINANCIAL PROTECTION BUREAU

Ms. PETRAEUS. Chairman Carper, Ranking Member Coburn, and distinguished Members of the Committee, thank you for the opportunity to testify before you today concerning higher education for our Nation's servicemembers and their families.

The government has provided a number of benefit programs to assist servicemembers and, in some cases, their family members to gain a post-secondary education, most significantly the G.I. Bill and the Military Tuition Assistance program.

Today's servicemembers and veterans are eager to earn advanced degrees, and many for-profit colleges are eager to enroll them as students, due in no small part to the 90/10 Rule created by the 1998 amendments to the Higher Education Act (HEA). Put simply, the Rule says that a for-profit college has to obtain at least 10 percent of its revenue from a source other than Title IV Federal education funds.

[1] The prepared statement of Ms. Petraeus appears in the Appendix on page 48.

Although tuition assistance (TA) and the G.I. Bill are federally funded, they are not Title IV, and that puts them squarely into the 10-percent category of the 90/10 Rule.

This has given some for-profit colleges an incentive to see servicemembers as nothing more than dollar signs in uniform, and to use some very unscrupulous marketing techniques to draw them in.

A military spouse at Fort Campbell, Kentucky, told me that she was attending a "military-affiliated college." It was not. It was a for-profit school with no official military status, but she had been given this impression by the recruiter. After she filled out an interest form, she was called multiple times per day until she enrolled. But when she had trouble logging on to her online class, she could not get anyone from the college to help her. She failed the class due to lack of access, but was charged the full fee anyway.

National Guard education officers in Ohio and North Carolina told me that they are besieged by for-profit colleges desiring access to the troops. If they hold a job fair, over half the tables may be for-profit colleges, an implied promise that you are likely to get a job if you graduate from that school.

In Nevada, a woman from the VA overseeing vocational rehabilitation for veterans told me that she had patients with traumatic brain injury (TBI) and post-traumatic stress disorder (PTSD) who had been persuaded to sign up for classes at for-profit colleges, and did not even remember doing so. That did not stop the colleges from pressing them for full payment, even though they were not regularly attending classes. Some of the schools were also pushing her patients to enroll in Master's Degree programs even though they were not capable of doing the work. Their tactics were aggressive enough that she described it to me as "tormenting veterans."

The overall cost to the government of the G.I. Bill and TA has soared in recent years. While the number of individuals using VA education benefits has roughly doubled since 1998, the monetary cost has grown ten-fold, and the cost of TA has also grown exponentially, with for-profit colleges taking an increasing share. In 2011, for-profit colleges collected one of every two TA dollars.

President Obama has taken an interest in the issue, signing Executive Order 13607 in April 2012, "Establishing Principles of Excellence for Educational Institutions Serving Servicemembers, Veterans, Spouses, and Other Family Members." Pursuant to the order, the VA, DOD, and Education, in consultation with the CFPB and the Department of Justice, are poised to launch a centralized complaint system for students receiving TA and G.I. Bill benefits. They are also working on a crosswalk system to share data about schools, improve consumer information for beneficiaries, and track outcomes.

At CFPB, we have developed products for our website, consumerfinance.gov, that give useful information about student loan issues. They include a financial aid shopping sheet and an online G.I. Bill benefits calculator.

So there are some very worthwhile efforts underway to help military personnel, veterans, and their families learn more about the schools where they may spend their hard-earned education benefits. However, it also seems prudent for Congress to examine the

90/10 Rule. As long as it adds a significant extra incentive for for-profit colleges to enroll military students, concerns will remain.

Although there may be some for-profit colleges with solid academic credentials and a history of success for their graduates, others have low graduation rates and a poor gainful employment history. They also tend to have a higher-than-average student loan default rate, which can be an indicator that students are being recruited with little concern for their ability to do the course work, graduate, and repay their loans. Although the Association of Private Sector Colleges and Universities recently convened a blue ribbon task force to make recommendations for best practices for military and veteran students, one of the recommended best practices was simply that schools "consider assessing academic readiness prior to enrollment," which indicates that there is still plenty of room for improvement.

The G.I. Bill and TA are supposed to provide the opportunity to build a better future. The wonderful education benefits provided to our military and their families should not be channeled to programs that do not promote and may even frustrate this outcome.

Thank you for the opportunity to testify before the Committee.

Chairman CARPER. Thank you so much for testifying before the Committee. Congressman Gunderson, welcome.

TESTIMONY OF THE HON. STEVEN C. GUNDERSON,[1] PRESIDENT AND CHIEF EXECUTIVE OFFICER, ASSOCIATION OF PRIVATE SECTOR COLLEGES AND UNIVERSITIES

Mr. GUNDERSON. Chairman Carper, Ranking Member Coburn, Members of the Committee, thank you for this opportunity. We share your commitment to ensuring that every post-secondary institution provides the highest level of service to every student, especially active duty military, veterans and their families. We take great pride in our institutions that they are designing and delivering education in ways that meets the needs of today's military and veteran students.

According to the Department of Defense, 762 of our institutions have been approved to offer courses to active duty military. The Department of Veterans' Affairs reports that more than 325,000 veterans and their families have been served by our institutions using the post-9/11 G.I. benefits.

Although veterans make up less than 10 percent of our students, we are proud to serve those who choose our schools. Why do veterans and active duty military choose to attend our schools? The answer lies in our customer service to veterans. Returning from duty, most veterans do not want to live in a dorm and take five different three-credit courses at a time. They want a focused and accelerated delivery of academic programs that can support their transition from the front lines to full-time employment as soon as possible.

Because of our longer school days and year-around academic programming, our students can often complete an associate's degree in 18 months, or a bachelor's degree in just over 3 years. As Mr. Coy

[1] The prepared statement of Mr. Gunderson appears in the Appendix on page 53.

said in his opening testimony, of their 3,000 compliance reviews, they have identified only nine problem schools.

But we take the position that one veteran who is mis-served is one veteran too many. And that is why we created this set of best practices on veteran's education. I do want to followup with Mrs. Petraeus's suggestion on the comments on enrollment because I want you to hear the whole section.

To ensure students are appropriately placed and prepared for the programs in which they enroll, consider employing any of the following practices: Access academic readiness prior to enrollment, offer appropriate remediation if necessary, offer limited course loads, offer a reasonable trial period for enrollment, offer penalty-free drop/add periods upon enrollment. So I want the total story to be understood in terms of our best practices.

Because the government's Integrated Postsecondary Education Data Systems (IPEDS) systems only follows first-time, full-time students right out of high school, last year we invested in a survey of our institutions to better understand the path of our veteran students. In this survey, we looked at 16,500 veteran graduates and found 24 percent are single parents, 50 percent attend part-time, 80 percent are over 25 and independent, 33 percent are female, 46 percent have dependents, 29 percent are African-American, and 12 percent are Hispanic.

As for what they pursued, we found that 75 percent earned certificates and/or associate degrees, while 25 percent earned bachelor's or higher. 40 percent of the veterans graduated, earned credentials in the health care field; 20 percent in the skilled trades such as construction, maintenance, and engineering; 10 percent earned credentials in computer information programs.

Just as important as the programs we offer is the spending on instruction by institutions of higher education. According to the latest Department of Education data, instruction expenses are a percent of total expenses. It is 32 percent for public institutions, 33 percent for private non-profit institutions, and 27 percent for our institutions.

Considering that our schools have fewer tenured and research faculty, our spending on instruction is very comparable to our post-secondary colleagues. Today we now see the majority of post-secondary students attend more than one institution before completing their education. When students transfer, they often face the nerve-wracking and uncertain task of having their credits accepted by a new institution.

All too often, institutions will simply not accept credits earned at an institution accredited by a different organization, especially when that sending institution happens to be a nationally and not a regionally accredited school.

We encourage the Congress to examine policies that facilitate credit transfer so that completion is not delayed and extra debt massed as a result of repeating course work, especially when it comes to our active duty military and veterans.

Finally, Mr. Chairman, I would like to comment specifically on 90/10 in the context of today's student veterans attending our schools and the skill demands of our future workers. The 90/10 Rule is not a measure of institutional quality. It is a financial cal-

culation that is a measure of the socioeconomic position of the student population served by that institution.

An institution that is close to the 90 percent threshold is enrolling low-income students in the need of post-secondary education, but simply dependent upon Title IV funding to make that dream a reality. The government should be encouraging this behavior, rather than penalizing those institutions that serve a majority of low-income students. This metric simply undercuts the very reason we have Federal loan and grant programs.

Further, across this country, because of cuts in public funding for public institutions like community colleges, they have reached their capacity and simply cannot accept more students for post-secondary education, especially in the skilled trades like I was discussing earlier.

Imposing changes that make 90/10 more punitive endangers student access and choice because schools will be forced to limit enrollment of low-income students. We should judge all schools, including private sector colleges and universities (PSCUs), based on outcomes, retention, graduation, employment; based on appropriate metrics that look at those students. But we should not judge any institution on the financial net worth of the students they serve.

Mr. Chairman, thank you for this opportunity to testify. I look forward to answering your questions and discussing the important issues later.

Chairman CARPER. Good. Thanks for your testimony and for joining us today. Mr. Tarantino.

TESTIMONY OF TOM TARANTINO[1] CHIEF POLICY OFFICER, IRAQ AND AFGHANISTAN VETERANS OF AMERICA

Mr. TARANTINO. Chairman Carper, Ranking Member Coburn, distinguished Members of the Committee, on behalf of Iraq and Afghanistan Veterans of America (IAVA), I would like to extend our gratitude for being given the opportunity to share with you our views and recommendations regarding this issue that affects the lives of thousands of servicemembers and veterans.

My name is Tom Tarantino. I am the Chief Policy Officer for IAVA and I proudly served 10 years in the Army. Although my uniform is now a suit and tie, I am proud to work with this Congress to continue to have the backs of America's servicemembers, veterans, and military families.

The World War II G.I. Bill was one of the most successful government programs in our Nation's history, doubling the number of degrees awarded by colleges and universities from 1940 to 1950, and resulting in a fivefold increase in the percentage of Americans with bachelor's degrees. It is estimated that for every dollar invested in America's veterans through the World War II G.I. Bill, the government took in $7 in increased tax revenue.

And much of the success can be traced to Congress wisely protecting the World War II G.I. Bill from predatory actors in education by enacting what was called the 85/15 Rule that allowed the free market to weed out bad actors in the education sector.

[1] The prepared statement of Mr. Tarantino appears in the Appendix on page 77.

As the student population changed, the protections offered by the 85/15 Rule lived on in the current 90/10 Rule as the 85/15 was a head count model that existed when 50 percent of all college students were G.I.s. Now with an all-volunteer force and a head count that is much lower, the 90/10 Rule is a revenue-based model. But there is one major exception between the spirit of the 85/15 and the 90/10 Rule is that tax dollars that fund the G.I. Bill are counted under private funds that are supposed to allow the market to regulate the for-profit industry.

The proposed reforms that IAVA strongly support seek to make educational institutions accountable to free market principles by counting the post-9/11 G.I. Bill funds as government-sourced funds under the 90/10 Rule. The intent of Congress with regard to the 90/10 Rule and its predecessor was not only to decrease instances of fraud and predatory targeting of veterans by educational institutions, but also to ensure that these institutions provided a quality product to students by making them accountable to free market forces.

Unfortunately, due to a loophole in the law, or the fact that the G.I. Bill just simply did not exist when they wrote the 90/10 Rule, military and veteran's benefits are counted as part of the 10 percent of revenue that is supposed to come from private sources.

This ends up putting a target on every single veteran's back. Because of this loophole, every veteran that a for-profit school recruits is worth nine additional students on Federal financial aid, potentially raising revenue up to $125,000 per veteran recruited.

IAVA believes that in order to protect the future of the post-9/11 G.I. Bill, Congress must act to classify G.I. Bill dollars as government funds subject to the 90 percent restrictions, if for any other reason than because the G.I. Bill are unquestionably government funds. The goal of the proposed reform is not to penalize educational institutions, but to ensure that America's veterans are receiving a quality education that will help them transition successfully from military to civilian life.

Unfortunately, as a result of the actions of some bad actors in the system, this transition is being made more difficult for too many of our Nation's veterans. Although less than 20 percent of veterans are attending a for-profit school, a lot of these schools are taking over a third of all G.I. Bill dollars. Drop-out rates at for-profit schools are above 60 percent on average, and even though they account for 13 percent of all college students in the country, they produce half of all student loan defaults.

In this period of deficit cutting and waste reduction that we are seeing in Congress, the failures of the handful of bad actors in the for-profit school industry with regard to providing quality job training and education programs to servicemembers represents an unacceptable threat to the future of the G.I. Bill.

One IAVA member, Maggie Crawford, expressed frustration with a for-profit school on IAVA's Defend the New G.I. Bill web page. After serving a tour of duty in Afghanistan, Maggie, a member of the Army National Guard, enrolled in ITT Tech to study nursing. It was not until the second quarter of her program that they informed her that she was not eligible for the Yellow Ribbon Scholar-

ship that she was told she was originally eligible for and she could not cover the full cost of her degree.

According to Maggie, ITT was also dishonest about its nursing accreditation, first telling her that they were an accredited program, and then later telling her, as she was going through her program, that the accreditation was still pending. She quit ITT and is still to this day working to pay off the debt she incurred. She is actually enrolled at another for-profit school in a nursing program and is extremely pleased with her experience thus far.

Another IAVA member, Howard Toller, expressed a similar frustration. He enrolled in ITT in 2010 for a degree in computer networking services, and later admits that he was "duped" by their high pressure recruiting tactics. A couple of months after his enrollment, he learned that ITT was not properly accredited for him to get a job in the field that they were training him for, thereby, rendering his degree completely worthless.

The experiences of these veterans and thousands like them demonstrate the need for more effective policies to protect military and veterans' education benefits from the practices of a handful of predators in the higher education system. And I agree with the rest of my panel. We do have to increase outcome-based metrics, but the 90/10 Rule is one piece of that puzzle.

Many for-profit institutions, I would argue most, are valued participants in education, and as has been pointed out earlier, they actually provide veterans with a service that is not widely available by traditional non-profit universities, including online vocational programs that offer highly technical degrees.

Unfortunately, it is difficult to separate the good actors from the bad actors in for-profit education without closing the 90/10 loophole. This loophole undermines the spirit and intent of the G.I. Bill and should be closed this year. IAVA stands ready to assist Congress in closing a loophole that virtually every veterans', educational, and consumer advocacy group agrees should be closed. Thank you for your time and attention.

Chairman CARPER. Mr. Tarantino, thanks so much. It is good to see you. Thank you for joining us on this occasion.

We have been joined as well by Sergeant Christopher—is it Pantzke?

Sergeant PANTZKE. Yes, sir.

Chairman CARPER. We are happy that you are here and appreciate the time and effort you have made to get here. Welcome. Your whole testimony will be made part of the record. If you would like to summarize that, feel free. Thanks. We are just delighted that you could join us.

TESTIMONY OF SERGEANT CHRISTOPHER J. PANTZKE,[1] USA, RET., VETERAN

Sergeant Pantzke. Greetings to the Committee and panel Members. My name is Christopher James Pantzke, formerly known as Sergeant Pantzke. I am a 100 percent disabled Iraq combat veteran. In 2005, one of the convoys that I was in was attacked by a vehicle-borne improvised explosive device (IED). After coming back to the States, I found I had trouble adjusting to everyday life. From 2006 to 2008, I received intensive therapy.

In 2008, I was placed in the Wounded Warrior Transition Unit at Fort Lee, Virginia, to heal and make the transition back into civilian life. In March 2009, I was medically retired and placed on temporary disability retired list (TDRL) status. And this is my story.

To begin with, I believe that anyone can take a picture, but a photograph is created. I wanted to learn how to take a photograph. So in March 2009, I contacted an enrollment advisor at the Art Institute of Pittsburgh (AIP) and I informed her that I was a disabled veteran, and I specifically mentioned what my disabilities were. I started their enrollment process right away and within 48 to 72 hours later, I was notified that I was accepted into school.

I believe it was July 2009 when I started my classes. Almost immediately I started having trouble with my classes and I started to fall behind. I struggled with my classes on a daily basis, especially my math classes. I was forced to find an alternative source to help me with my math assignments.

I notified the academic advisor and told her that I was having trouble in keeping up with my classes and I asked her if there was any type of face-to-face tutoring or remedial classes that I could take to help me. She told me that tutoring services were not available for me because I had not applied for disability services through the Art Institute. I was livid.

Why was I not referred to or informed of disability services when I first enrolled into the school? So I was granted accommodations for my disabilities. The accommodations granted me one extra day to submit my assignments. That was it and I still struggled.

During my attendance at the Art Institute of Pittsburgh online, my post-traumatic stress disorder was raging. I was so frustrated with the Art Institute Online (AIO). Anyone and everything was a target. The Art Institute of Pittsburgh had placed me on academic probation several times and withdrew me twice, once because I had a bought with depression, and the second time because of my grade point average (GPA), which I disputed. I was readmitted both times.

I did several written and televised interviews hoping to effect change on how for-profit colleges dealt with and treated veterans. While I was being interviewed by Natalie Morales from the National Broadcasting Company (NBC), she asked me why I had not withdrawn from school because it was causing such suffering and pain for myself and my family.

So in late October 2011, I officially withdrew from the Art Institute of Pittsburgh online, stating that I felt that the Art Institute

[1] The prepared statement of Mr. Pantzke appears in the Appendix on page 80.

had failed to provide me with proper disability services and that they were unable to provide me with an education to become a viable and credible photographer. And topping it all off was that they were overcharging my G.I. Bill benefits for a worthless degree.

After doing the interview, Educating Sergeant Pantzke, I believe it was my digital image management class that I did one of my assignments in 3 hours and submitted it, knowing that it was a sloppy job, but I did not have time to do the assignment properly. To my amazement, I received an A for this assignment.

When I last checked my account for the breakdown of the costs of my tuition, which was on February 18, 2011, it was roughly $91,000. And just the other day, on July 17, 2013, I rechecked the tuition costs again. The costs went down to $34,000. I would like to know what happened to the rest of the $57,000. I also have $26,000 in student loan debit.

In closing, I learned more about photography on my own than I did while I was in attendance at the Art Institute. Also, education should never be for sale or traded on the public market. The only person that should profit from education should be the student who is striving for a better life for themselves and/or their family. I thank you for your time.

Chairman CARPER. Sergeant Pantzke, thank you for sharing that sad story with us.

Let me just ask, Commander Coy, talk about—what was that, 4 years ago? Was it roughly 4 years ago where you went through the ordeal that you just described? Commander Coy, what is in place today to better ensure that other G.I.s coming home, whether it is from Afghanistan or other places around the world, enrolling in a college or post-secondary education, what do we have in place today to better ensure that this kind of story is not going to be told and retold again and again?

Mr. COY. Yes, sir, Senator. And I feel for Sergeant Pantzke's plight, and we certainly would like to help in any of those kinds of instances. What we have in the VA is our Vocational Rehabilitation and Employment Service. In that service, we provide case management for individual veterans. As you might imagine, with respect to G.I. Bill benefit payments, we have done close to a million post-9/11 G.I. Bill payments, but none of that is done on a case management basis.

But for our disabled veterans or wounded warrior veterans, we provide, when they come into our office at Case Management—I would further suggest that for those students like the sergeant that was in need of some additional help or counseling, we would be able to provide that as well. So I do not know if the sergeant is or continues to be in our VR&E program.

Chairman CARPER. I am going to ask you to go back in your testimony, Commander, and to talk a little bit more about some of the changes that have been adopted in the last year or two within the VA to address some of the abuses that I think most of us are aware have existed. I said in my comments, and Dr. Coburn has said, we have problems, not just with for-profit colleges. We have problems with a quality education and preparation for jobs, job readiness, in public schools and in private schools as well.

But just talk to us about, again, some of the changes that you mentioned earlier in your testimony, safeguards in place to reduce the likelihood they are going to be wasting money for veterans and helping ensure that we do not waste their lives.

Mr. COY. Yes, sir. We work very hard in the VA to ensure or hopefully ensure that veterans are informed consumers, and we try and provide them with as much information as possible. We have also initiated a number of things in the last year or two that I related in my oral testimony, and I will sort of flip through some of those as well.

On our G.I. Bill website, we have a wealth of information that is on there and we continue to build on that. We have a handbook that is a wonderful handbook called Choosing the Right School, and it talks about things like employment, graduation rates, credit transfer, military credit. It asks a whole realm of questions that the veteran should consider when they are choosing a school.

As well, we put together, as I mentioned in my oral testimony, we have put up the Department of Education's College Navigator which provides a wealth of information about schools. Across the board, we work very close with our partners at Department of Education, Department of Defense, CFPB, Department of Justice to implement a number of things.

Just to go through some of those, we have developed an increased partnership with out State approving agencies in just the last couple of years. We have launched a 64-hour training module on compliance reviews. We have rewritten our School Certifying Official (SCO) manual. The School Certifying Official is really the front line on most schools that deal with veteran issues.

And so, we have rewritten our entire School Certifying Official manual. We have established a School Certifying Official hotline that is just for them, that they can call in and do those kinds of things.

I mentioned the compliance reviews. Last year we did over 2,400 compliance reviews of for-profit schools, but we also did overall about 4,700 compliance reviews. We, by the end of May, have done over 3,000 compliance reviews this year alone. So just the ramp-up of the number of compliance reviews we do. Just to give a perspective, in fiscal year 2011 we did about 1,900 compliance reviews. Last year we did over 4,700, and our target this year is over 6,300. So we really have ramped up our compliance review process with our SAA partners.

I mentioned the withdrawals that we talked about, but with respect to the Principles of Excellence, working with our colleagues, we have trade-marked the G.I. Bill and added College Navigator. We are developing outcome measures. I would be happy to talk in depth about those. But those outcome measures were developed with our partners at Department of Education, DOD, and CFPB.

We are developing a comparison tool for schools that sort of racks and stacks whether or not a school is veteran-friendly or not. We have also been working very hard in the TAP program.

Chairman CARPER. I am going to ask you just to hold just for a moment, if you would.

Mr. COY. Yes, sir.

Chairman CARPER. I want to give Mrs. Petraeus an opportunity during this round just to comment, if you would. We have heard from Commander Coy some of the changes that have been made, adopted at the VA, that are being implemented at the VA. My dad used to talk to my sister and me a lot about common sense, and said, You just use some common sense. Which of these measures that he has described do you think meet, if you will, a common sense test, which is likely to give us a better result for the veterans and for the taxpayers, in your judgment?

Ms. PETRAEUS. Well, I think we need to take a multifaceted approach, really. I certainly applaud the work that is being done at this point by the VA, the Department of Defense, and the Department of Education in concert to see if they can address these issues to some degree. I think it is important that while Congress may look at the 90/10 Rule, that the VA and the Department of Education work to make it easier really for servicemembers, veterans, and their families to see what they are getting when they go to apply for a school.

I think there are a number of steps in place to do that. I also think the single complaint portal is going to be very helpful because it will allow folks to go to one place to complain, to have their issues addressed in a systemic way, and, for those of us who take an interest in this, to see what the trends are, to really be able to have some metrics about complaints.

It has been kind of on an informal basis by each agency. So I think that is a very important step. We are also trying to do some common sense things at the CFPB. We have a financial aid shopping sheet that tries to make it easier for someone to see what it is actually going to cost, where can I get the money to pay for school, and we have a G.I. Bill calculator as well on our side, and I know we are working with the VA who are also going to design one.

I think we also need to work together to stop some of the very aggressive marketing tactics. One thing I was pleased to see was the copyrighting of the term G.I. Bill. So you no longer have websites that are able to give the misleading impression that they are an official source of G.I. Bill information when they are not.

So I think there are a lot of ways we can approach this. I think accreditation is another important one. Mr. Gunderson mentioned that there are different types of accreditation and some of them will not get you the job you want or get your credits transferred. That is another thing, I think, that is very important, that the accreditation process be looked at as well.

So there are a number of steps that can be taken, basically, so students choose schools not based on which one has the best marketing, but on which one has the best potential for them to have a positive outcome.

Chairman CARPER. Thanks very much. Dr. Coburn.

Senator COBURN. Thank you. Mr. Tarantino, I think you testified a moment ago that the other veteran service organizations have endorsed this?

Mr. TARANTINO. Yes, they have.

Senator COBURN. I checked with the American Legion and the Veterans for Foreign War (VFW) and they did not endorse it this last year, so would you want to correct your testimony?

Mr. TARANTINO. No, I am happy to talk with them again, but the three of us were all working together, along with Small Business Administration (SBA), and we had endorsed Senator Carper's bill from last year.

Senator COBURN. There was no letter of endorsement from the American Legion or the VFW on that bill.

Mr. TARANTINO. Well, I will check with our staff, but I was sitting in multiple meetings with them.

Senator COBURN. One of the things you testified about is a quality education. And so, one of the things I try to do as a Senator is try to fix the right problem. We now have nine schools that have been deleted based on the 90/10 Rule. I think that was Commander Coy. Or was that through your assessment of——

Mr. COY. It was through compliance reviews, sir, not 90/10.

Senator COBURN. OK. But since 2007, I think three schools have been eliminated. The question I would ask is, what if the three schools that were eliminated under the 90/10 Rule had an 80 percent graduation rate and an 80 percent job placement rate? Which is higher than every other institution, on average, in this country. What would we do then?

I mean, they are doing the job. They are giving a quality education, have great placement, but because they do not meet the rule, they no longer qualify. If we are looking for quality education, we ought to be looking for different metrics, much like Ms. Petraeus had testified. It ought to be quality.

And so, when we get hung up, whether it be the 85/15 Rule that we had before, or the 90/10 Rule now or the expanded 90/10 Rule that we are going to make, it does not direct us toward the problem. It may solve one problem of taking pressure off recruiting of veterans, and I agree that is something we ought to look at, but do we really solve the problem?

And so, our whole hearing focusing on the 90/10 Rule, as long as we focus on that, we are not focusing on what is really going to make a difference for our veterans. What we ought to be saying is, across the board, if you are going to get government help and government payment, you ought to perform.

There ought to be a metric. We ought to know how well you do in terms of graduating students, what your matriculation rate is, what your job placement rate is, what is the quality of your education? And we are talking about everything except that. We are talking about the symptoms of the problem instead of the problem.

The other thing that concerns me, Mr. Tarantino, in your testimony, ITT, although accredited, was not accredited for the things they marketed. That is fraud.

Mr. TARANTINO. Yes.

Senator COBURN. And so, where is the Justice Department in terms of going after fraud? If, in fact, they are marketing something that is accredited when it is not, that is deception. And so, we ought to be talking about it. We should have somebody from the Justice Department saying, "Why have you not gone after this?"

Congressman Gunderson, do you all have a sanction procedure within your organization for bad actors?

Mr. GUNDERSON. Any school that is not licensed by the State, approved for Title IV by the Department of Education, and accredited is not allowed to be a member of our association. So you have to meet all three standards to be eligible for membership in the Association of Private Sector Colleges and Universities.

When we take the issue of veterans and, specifically, our veterans' education best practices, people ask me, Do you have an enforcement measure in there? And I said, We endorse the President's Executive Order. We supported the Bilirakis legislation last year. We drafted these, our best practices, and we believe that the VA and the complaint process will determine whether or not we are meeting that standard.

If the records show that there is a disproportionate number of complaints targeted at our schools, then we have work to do.

Senator COBURN. Can any of you think of any untoward event if we were to incorporate the TA and new G.I. Bill in this 90/10? It seems to me there might be an economic incentive for people not to participate with the new G.I. Bill and tuition assistance, and force people who have a good program to say go student loan rate. In other words, a perverse incentive to not use what is available and send people in another direction because of the 90/10 Rule. Any worries about that?

Mr. GUNDERSON. Mr. Coburn, we have a number of schools that fit the description you discussed earlier, and let me just name one of them for you. It is called Praxis Institute, Miami, Florida, 100 percent Hispanic student body, graduation rate is 86 percent, default rate is 9.5 percent; yet, they receive 89.8 percent of their funding from Title IV because of the economic circumstances of that Hispanic community.

If you were to move this into the 90/10 ratio, that school would simply have to turn away every veteran who applied.

Senator COBURN. Any comments, Holly?

Ms. PETRAEUS. I would just suggest that one alternative idea might be not to move the military money into the 90 percent, but just take it off the table altogether so it is not part of the calculation, take it out of 10 percent, but do not put it in the 90 percent. That could address the issue you have mentioned.

Senator COBURN. OK. I want to go back. Mr. Tarantino, did you want to comment on that?

Mr. TARANTINO. No, I am good.

Senator COBURN. OK. I want to go back to what I mentioned earlier. Does anybody here disagree that what we really ought to do is change it to outcomes-based? Anybody disagree with that?

Mr. TARANTINO. Senator, I do not think the two are mutually exclusive, though, but I absolutely agree. I think we should have outcomes-based. I think that should be the first thing. The problem is, is that we should be talking largely about how the Department of Education does not measure graduation rates properly.

There is a large argument about community colleges having a low graduation rate. That is because community colleges have five different types of students, from guys who take adult education to people who get vocational and transfer degrees. Not one of those

students are technically graduates. According to the Department of Education, I have dropped out of college twice because I deployed to Bosnia and transferred from community college to the University of California.

Senator COBURN. I agree. That is a good point. Well, my time is up.

OPENING STATEMENT OF SENATOR MCCASKILL

Chairman CARPER. Senator McCaskill.

Senator MCCASKILL. Mr. Gunderson, is the online Video Game Developer School a member of your association that is advertised so frequently? Become a video game developer online.

Mr. GUNDERSON. I have to plead guilty that I do not follow the media advertising at all. We have schools that are accredited, that are members of our association that provide instruction in the gaming skill set, but I do not know that particular school.

Senator MCCASKILL. I will send you a clip——

Mr. GUNDERSON. Yes.

Senator MCCASKILL [continuing]. And I would like to find out if it is a member, and I would also like to find out if it qualifies for this G.I. Bill money. What percentage of the revenue do your members get from taxpayers, of their overall revenue, Mr. Gunderson? What percentage is provided by taxpayers?

Mr. GUNDERSON. Very small, because we have no public subsidies. If you compare community college to one of our schools, there is no public subsidy in that regard.

Senator MCCASKILL. But of all the revenue that is taken in, what percentage of that—if you are worried about 90/10——

Mr. GUNDERSON. Yes.

Senator MCCASKILL. I mean, what——

Mr. GUNDERSON. It varies by school.

Senator MCCASKILL. Right.

Mr. GUNDERSON. There is no one set.

Senator MCCASKILL. But if you took them all together, all of your members.

Mr. GUNDERSON. I do not know that we have ever done that calculation because it rotates by year.

Senator MCCASKILL. Well, it seems to me it is really relevant. One, because if more than half of the money that your schools are realizing is coming from the public sector, then I think Congress has a right to be more aggressive in terms of oversight. If it is a smaller percentage, then I think the argument that many of my colleagues might make, that it is none of our business, might apply.

And it is interesting to me that is a figure that you do not know, because if we are worried about 90/10, what does that tell us?

Mr. GUNDERSON. Well, the problem, Senator, is there are schools, as I mentioned, that are right at that 90 percent criteria.

Senator MCCASKILL. Which means 90 percent of their revenue is coming from that.

Mr. GUNDERSON. That means that exactly 90 percent would come from Title IV.

Senator MCCASKILL. Right. So how can it be very small if you are worried about 90/10?

Mr. GUNDERSON. There are also schools that are well below 50 percent. What?

Senator MCCASKILL. How could the percentage of revenue you receive be very small if you are worried about 90/10?

Mr. GUNDERSON. I am worried about 90/10 for the same reason a Senator from Missouri would be worried about 90/10. I come from rural Wisconsin. If you look at rural America and if you look at the inner city, you will find a population that, based on economics, is dependent upon financial aid in order to pursue their education.

We need to be very careful. The reality is, my schools, because they are for-profit, they are private sector schools, they can move where they want, they can move where the enrollment is best available to their mission. I had a conversation with the president of a college in one of our large inner cities in the Midwest. I said to him exactly what you are saying to me.

I said, You have very high Federal financial numbers. You have low graduation rates. You have high default rates. What is going on? What he said to me? He said, Steve, I can fix that tomorrow. I said, You can fix it tomorrow? Why do you not do that? He said, Well, I would fix it tomorrow by closing the school and moving to the suburb and dealing with upper middle-income students and I would not have any issue at all. But the students that I am serving in this inner city school would have no opportunity for the very career skills I am trying to provide.

Senator MCCASKILL. Well, listen, I am sure that there are many altruistic people among your members, and I am sure there are many of them that are answering a calling. But it is interesting to me that we are arguing about 90/10, and I would make the argument, if graduation rates were high, if the metrics were high, they would not worry about 90/10 because they would not have any problem with 10.

If this was a quality school, they would not have any problem attracting at least 10 percent of their revenue from something other than the government. What is the average—first of all, I would like to get the number of what the overall percentage of your schools, how much of it is public money. And then I would like the average salaries of these folks that are in the inner city because they are worried about that.

I mean, I am not usually one to care about salaries in the private sector, and everybody has the right to make a profit. This is a free market economy.

Mr. GUNDERSON. Sure.

Senator MCCASKILL. But when the taxpayers are footing the bill, there becomes a requirement of a level of accountability that I do not sense is there. It is like all these institutions want our money. Would you support your institutions not getting their money from veterans until the veteran graduates?

Mr. GUNDERSON. The reality is, Senator, that if you will look at that survey we did of our 16,500 veterans, we had a graduation rate on 2-year certificates of 63 percent——

Senator MCCASKILL. So would you accept——

Mr. GUNDERSON [continuing]. For our veterans.

Senator MCCASKILL. Then——

Mr. GUNDERSON. If you would look at the Department of Education statistics on 2-year institutions, we are at 62.7 percent graduation rate. The public schools are at a 21.9 percent graduation rate. We do incredibly well in the career certificate in 2 years program, but because we are dealing with an adult population coming back to school that often has——

Senator MCCASKILL. Let me ask you this question.

Mr. GUNDERSON [continuing]. To drop out and go back and start-up again——

Senator MCCASKILL. I understand.

Mr. GUNDERSON [continuing]. The 4-year program——

Senator MCCASKILL. Believe me, I understand. My son is——

Mr. GUNDERSON [continuing]. Graduation rates are not great.

Senator MCCASKILL [continuing]. My son is back in school at 25. I get it.

Mr. GUNDERSON. But the 2-years are incredibly good.

Senator MCCASKILL. Let me ask you this: Would you tell us, what would be the metrics—let us assume that Senator Carper decides to draft a different bill, a bill that maybe Senator Coburn has in mind in his testimony. What are the metrics that your association would endorse today as a requirement that you must achieve before you can receive VA benefits? What would that metric be?

Mr. GUNDERSON. The best set of metrics that I have seen is probably the National Governors' Association (NGA) in their development of what is called Complete to Compete. And they have set up a series of metrics that look at outcomes based on those particular metrics. I think my association would endorse those particular metrics as a standard for outcomes for all students, all schools in this country.

We stand ready, Senator, and let me emphasize this as clearly and as loudly as I can. We absolutely support being judged by the same set of risk-based metrics that every other college and university in America is in terms of outcomes. What we do not want to happen is, simply because we are for-profit in our organizational structure that we are denying students with multiple risks the opportunity to ever even pursue that career-based education that gets them a path to the middle class.

Senator MCCASKILL. And your average cost is three times higher than the not-for-profits?

Mr. GUNDERSON. What you need to stop and do here is say, Are you looking only at tuition charge——

Senator MCCASKILL. Well, I was looking at your testimony.

Mr. GUNDERSON [continuing]. Or are you looking at total public dollars, because if you look at——

Senator MCCASKILL. I was looking at your testimony. The mean cost was $928 versus $3,000-some.

Mr. GUNDERSON. You are looking at my written testimony in terms of the——

Senator MCCASKILL. The mean cost for a student, $928 versus $3,000-some.

Mr. GUNDERSON. The cost of producing the education?

Senator MCCASKILL. Correct.

Mr. GUNDERSON. Yes.

Senator MCCASKILL. Three times as high.

Mr. GUNDERSON. Times what?

Senator MCCASKILL. Three times as high.

Mr. GUNDERSON. Well, of course, we are going to be higher in terms of tuition because we do not have any public subsidies.

Senator MCCASKILL. Obviously, except for the fact that you are worried about more than 90 percent of your money coming from the public.

Mr. GUNDERSON. Yes, but here is the problem, Senator, as I said in my testimony. Because of the cutback, and we have seen in the last decade a 25 percent——

Senator MCCASKILL. I know.

Mr. GUNDERSON [continuing]. Per capita reduction in public support for 2-year and 4-year institutions in this country. If you are pursuing allied health or the career trade skills, you have two opportunities. One is the community college, and I am a big fan of community colleges, or it is our schools. Most community colleges in this country have no ability to expand to meet the demand for increased education in those areas. If we do not exist, there is no opportunity for those students. That is the real tragedy.

Senator MCCASKILL. Well, I would look forward to working with your organization. I have found a reluctance to accept metrics by your organization, so maybe I have it wrong, and I look forward to working with you——

Mr. GUNDERSON. Well, I cannot speak for the staff, but we stand ready——

Senator MCCASKILL. OK.

Mr. GUNDERSON [continuing]. To work with you on those——

Senator MCCASKILL. And I will look forward to getting that number from you for the overall percentage of the revenue for for-profit schools coming from taxpayers.

Mr. GUNDERSON. OK.

Senator MCCASKILL. Thank you.

Chairman CARPER. Dr. Coburn and I have focused for a couple of years now in another area of the Federal Government, Federal expenditures. I think there is actually a correlation here. One of our concerns has been the money we spend in Medicare, especially, but also in Medicaid, dollars that are spent improperly for services provided by dead doctors, maybe to dead beneficiaries. There is a lot of money in fraud, in tens of billions of dollars in fraud every year, tens of billions of dollars in improper payments every year in Medicare.

And what we have done for years is, Medicare has actually paid the money and then chased the dollars. It is called pay and chase. I want to make sure that if an institution is screwing up or behaving in a way that is harmful to our veterans, I want us to punish them. I want us to pursue them and punish them if we can.

By the same token, I want to make sure that up front we are not paying that money in the first place to an institution that has a reputation, maybe well-deserved, for not doing a good job of screening, preparing, educating, helping to place, supporting, the veteran that has gone through that school.

I want to take just a moment and talk about the kind of metric that we ought to be looking for. Among the metrics that I think are appropriate, and I think you said this as much today, to make sure

that we are working with the veteran to make sure that he or she is prepared for the work that they are expected to do.

Some students work perfectly well over the Internet. That is fine. Some need to be face-to-face with a professor, a teacher on a regular basis. Some do well with a combination of the two. The metric that I am most interested in is not just well-screening people, offering a curriculum, making sure that they actually get to a graduation or a certificate.

I want to make sure they get a job and I want to make sure that they get a job that actually relates to their education, in many cases, and that they will be gainfully employed. I seem to recall a couple of years ago the Department of Education actually worked on a regulation. I think it was called the Gainful Employment regulation, and I think it was, their effort was to say, how do we actually create a metric that enables us to look at a school and what is happening with their graduates, those that receive their certificates, that actually enables us to measure whether or not did he get a job. Was it a decent job? Was it the kind of job they hoped and expected, that they were led to believe they could get.

Ms. Petraeus, I do not know if you have any thoughts about that, but if you do, I would welcome your thoughts, Ms. Petraeus.

Ms. PETRAEUS. Yes. I believe the Department of Education is poised to take another look at the gainful employment rule.

Chairman CARPER. I hope so, because what they came up with was pitiful, and, as I recall, there was push back, huge push back from some of the institutions that we are talking about here today. Not all, but some.

Ms. PETRAEUS. I think as with what you described with Medicare, when there is a great deal of money at stake, and certainly I would say $10.5 billion is a great deal of money, and that is, at this point, what is being spent on the G.I. Bill. When there is a lot of money at stake, there will be a lot of people who will fight tooth and nail to get a piece of that money and to fight any restrictions or limitations on how they access it. So they are looking again at gainful employment.

I want to go back a little bit to what Dr. Coburn mentioned about schools that market themselves improperly and do not have consequences. I would like to mention that the State Attorneys General have done a very good job, in many cases, going after those schools. There is one I can think of in Chicago that was advertising a Criminal Justice degree saying, You could get a job as an Illinois State trooper or a Chicago city policeman, but that particular school did not have regional accreditation. It was nationally accredited and those organizations would not even look at their graduates.

So she did file suit against them for false, deceptive advertising. So there are some efforts to go after those practices. I wanted to mention that while it was still in my head.

Chairman CARPER. Commander Coy, you talked a little bit about the VA doing compliance reviews, and I think the numbers that you mentioned were actually quite impressive. I think you said you were looking at about 6,000-some this year over 4,000 last year, over 2,000 the year before that. Just talk to us about, what is a

compliance review? What does it entail? Why is it relevant here and should we be encouraged by those numbers?

Mr. COY. Compliance review covers a broad waterfront of things. It certainly looks at all of the administrative pieces of the post-9/11 G.I. Bill specifically. What kind of information do they have and all their procedures and internal-type procedures.

It also takes a look at all of the marketing material that the school has, compares it against what they are actually doing. And then finally, the third piece of the compliance reviews are, we actually survey students that go to that school and get feedback directly from them. So it is sort of those three general areas.

I will let Mr. Worley elaborate, if he has some additional information. But it is generally those three areas, sir.

Chairman CARPER. Mr. Worley.

Mr. WORLEY. Thank you, Mr. Chairman. I would add that during a compliance survey, a number of student records are looked at. The enrollment term, for example, is looked at. The policies for progress are examined. There is direct contact with the school's certifying official and other officials at the school as needed. They look at prior credit granted to a particular student, if that is done properly and in accordance with school policy.

There is a whole host of things that are looked at with the ultimate goal of making sure that the school is complying with all the statutory and regulatory requirements for serving those veterans, and that ultimately, the information provided to the VA by which VA pays these veterans is accurate and proper and timely.

You mentioned, if I could add one other thing, Senator, at the beginning of the process, approval of programs is the first step. When a school wants to have a program approved, they come in with a written request to the State approving agency. The State approving agency looks over many of the items I just mentioned, standards of progress, standards of conduct, and so forth, to make sure that school is meeting the statutory requirements to gain approval for G.I. Bill benefits.

Chairman CARPER. I have heard of the State approval process that you referred to, and I will be generous and say that the approval process, from what I understand, is uneven. In some States, there is rigor; in other States, there is not much at all. And that is something I would like to come back the next round and talk a little bit more about. Thank you. Dr. Coburn.

Senator COBURN. Thank you. Commander Coy—I like that name. That is great. It goes well.

Mr. COY. Thank you, sir.

Senator COBURN. You are working on the centralized complaint process and eventually with the hopes of making that a live interactive site, correct?

Mr. COY. Yes, sir.

Senator COBURN. Talk to me a little bit about when you see that coming to fruition. You have talked a little bit about it, but tell me a little detail about that, if you would.

Mr. COY. Thank you. We are looking at this complaint system and we are working with our partners over at the Department of Defense, as well as CFPB. There are a number of loops and steps that one has to go through to get a system like this up and run-

ning. There is the system of record notification. There is the Paperwork Reduction Act. In other words, you cannot literally survey people without getting approval for that process.

And then there is the actual IT piece of it. And so, all of those things, as we walk down that path. The interesting thing that the complaint tool, as we are at the final stages of trying to launch this, is accepting that complaint, and it will be on our G.I. Bill website, it will be on our E-Benefits website, and it will also be on the DOD website as well, and we are going to encourage schools to also put the link on their websites as well.

And then collecting the information that basically we want to know what your complaint is, what do you think has happened. Then we want to know what you think is a fair resolution to that issue. We then need to take that complaint. There needs to be a centralized place for them all to be in one place, and we will probably be using a centralized database that is already in existence.

Then we need to have a feedback mechanism for the school. In other words, in the case of a school, we need to either send that issue or complaint to the school or we will send it to an SAA, or in some cases, we may refer it to the Department of Justice for something that is extreme.

Then we also need another mechanism to get feedback back to the student or the person that made the complaint, and then a place to register all of those complaints. So our initial look was, Gee, this is going to be pretty easy to do, and then we looked at it and it is a process.

Senator COBURN. Did I understand from Ms. Petraeus that the CFPB has something like that working now?

Ms. PETRAEUS. Of course, we do take consumer complaints and we do take consumer complaints about private student loans, and we also have a student loan ombudsman. So just based on that experience, we do have someone who is working very closely with the VA on how to help them tailor their efforts. And then we also have a suite of tools at consumerfinance.gov, our website.

We developed a financial aid shopping sheet and then worked in concert with the Department of Education to get one that they were comfortable with that could be given to schools to use on a voluntary basis, and a number of them have adopted it, as well as the G.I. Bill calculator, which the VA is also—we are going to work with them so they can——

Senator COBURN. You have the G.I. Bill calculator already up?

Ms. PETRAEUS. Yes, it is.

Senator COBURN. So you cannot just hand that to them?

Ms. PETRAEUS. The devil is in the details always. It sounds easy. As you said, it sounded easy when they were talking about their process. We are certainly working with them to share that information so they do not have to replicate. They do not have to start from scratch.

Senator COBURN. Right. Mr. Coy, a recent report by the American Action Forum found that our Nation's veterans are being overwhelmed by Federal paperwork. For example, a disabled veteran seeking health and educational benefits could encounter up to 49 different forms, 49 different forms, more than—to fill those out, a minimum of 4 hours, $125 it cost. If you just do the income net

worth and employment statement, it has 40 questions, takes over an hour to complete, and you get 104,000 of those a year.

What can Congress and the agencies do to cut down on the duplication and the requirements for our veterans? If you go through all 49 forms, there is a terrible amount of redundancy, the same question asked in multiple forms.

Mr. COY. I would agree that certainly the redundant forms are a challenge and we are taking that on head-first. General Hickey, the Under Secretary for Benefits, is approaching this in a transformative way, and her transformative plan looks at doing a number of different things.

Internal to VA, we are establishing a central database for veterans. One would think that would be easy; it is certainly not and it is a challenge. In a benefits piece, the disability claim process is being automated with the Veterans Benefits Management System (VBMS). That is a paperless system that is now online at all 56 of our regional offices.

Within education, we have a computer system that is called the Long-Term Solution. In that, we just launched automation of supplemental claims. Supplemental claims are those claims where people actually get paid their housing allowance and school. We are now averaging about 50 percent of all supplemental claims going through the system without being touched by human hands.

What that has done is it has driven down our supplemental claim processing time from about 20 days to currently 5 days. By doing that, the original claims, which is where we look at a veteran's eligibility for various programs, that has been reduced from 40 to 50 days down to 17 currently. So we are attacking the automation front from about four or five different angles.

But I would agree with you that the paper process that we have is being mitigated now with some of these automation systems.

Senator COBURN. All right. Thank you.

Chairman CARPER. Senator McCaskill.

Senator MCCASKILL. I neglected last time to thank all of you for your public service. I think you have all served the public in various capacities, and I thank you all for that.

Mrs. Petraeus or maybe Mr. Tarantino, do you get a sense that there is enough education—and maybe, Sergeant Pantzke, you could talk about this? It is one thing for there to be information if a veteran tries to seek it out. Are we making any effort, as people are leaving the service, as these benefits accrue to them, are we making sure our active becoming veteran population learns about.

They have a Byzantine number of things they need to figure out, both from what is their status going to be, in terms of disabilities, which is another whole really difficult process. I am sure you could educate us about that, Sergeant Pantzke. I am sure.

But are we making an effort as, for example, the National Guard come back, to actually educate these—our military and their families about some of these pitfalls that they need to be watching for? If they are not seeking it out, are they getting it anyway?

Ms. PETRAEUS. I think there are a lot of folks attempting to see that they get that information. We did work with the Department of Defense and the VA. They revamped the Transition Assistance Program that Secretary Coy was talking about. We wrote the fi-

nancial piece for that. So I think it is a vast improvement over what was provided to folks before when they were transitioning out.

We are working on initiatives to talk to folks before they enter the military to give them a little bit of education so they are aware, if they enter with student loans, some of what they might do with that. I know the National Guard, when they come back from deployment, has what they call Yellow Ribbon events, not related to the government funded Yellow Ribbon for Education. But they also have a variety of folks come to those and provide information.

Senator MCCASKILL. You know what I found in those, though? Everyone is so anxious to get to their families. They are not always listening as carefully as they might, maybe, in another setting, but I do not know.

Ms. PETRAEUS. That is true. You are kind of standing between them and the gate sometimes.

Senator MCCASKILL. That is exactly right.

Ms. PETRAEUS. They do bring them back, often 30 days later to say, "OK, how is it going? Here is some more information."

Senator MCCASKILL. That is great.

Ms. PETRAEUS. So I think there are a lot of initiatives. Different people are going to process the information better at different times, so we need to try to reach them at different moments.

Senator MCCASKILL. Is there a reason, Commander Coy, that you could not just put a link over to the CFPB website up right now? I do not know about your organization, Mr. Tarantino, or any of the other Veterans Service Organizations (VSOs). Is there some ridiculous rule that says that you cannot put a link right now, if somebody went to the American Legion website or went to your website or went to the VA website that could not link over to the G.I. Bill calculator and all the things that they have online right now and available?

Mr. COY. No, ma'am, there is not, the short answer. One of the first things that Holly mentioned to me is we had one of her staff members detailed to us to help us work through this, and the first thing she said to me is, You are not allowed to steal him. And so, the short answer is yes, we can do that link, but what we want to do is make sure, because there are some other things that we want to put in there, so we want to take, if you will, the bones of what they have and then bring it over to us and put some modifications on it.

Senator MCCASKILL. Well, in the meantime, it seems to me that the link would be helpful. Do you all have the link on your website and can you put it up?

Mr. TARANTINO. Well, Senator, actually IAVA created the G.I. Bill Calculator back in 2008 and, I think, it is still the most comprehensive one you can find and it is on the newgibill.org as well as tons of information that links to various sources.

But I think we are kind of on step two before we have actually fixed step one. This whole thing starts with better consumer education, which was the focus of efforts last year by the President with his Executive Order, as well as H.R. 4052. We are still living in a world today where I can pull out my iPhone to go get lunch,

I can go on Yelp, and I can look at all the criteria based on my individual needs and figure out where to go have lunch.

There is nothing. We are not even close to doing that for education, because the first thing you have to ask a veteran is, What do you want?

Senator MCCASKILL. Right.

Mr. TARANTINO. Do you want an English degree? Do you need to get a mechanical degree? Are you just going because you want to learn poetry and it is interesting to you? You have to start with that and then be able to give them tools to make good consumer choices based on those needs, and we are nowhere near that. I think we are getting there, but it is going to take some time before we have the data and the tools and the transparency to actually get there.

Senator MCCASKILL. Yes, I agree with you. It does seem to be hard. Do all the VSOs have a G.I. Bill Calculator on their websites? Do you know?

Mr. TARANTINO. As far as I know, we are the only one.

Senator MCCASKILL. Yes. I think it would be good to reach out to them and see if we could—because, with all due respect, Commander Coy, I have heard a lot in my other life on the Armed Services Committee. There is a tendency of people in the military to want to do their own requirements. And we have seen some bad things happen when something is supposed to be joint, but every branch has their own requirements, and before you know it, you have a system that has taken twice as long and costs twice as much because everybody keeps tweaking their requirements as opposed to just going all in, in one system.

We have seen this in IT over and over in the military. I do not probably need to tell any of you of the horror stories of IT in the military with every branch wanting their own requirements and not talking to each other. So the simpler we can make this for everybody to be on the same platform the better it would be. I do not begrudge you wanting to put additional things on, but I certainly would encourage you to use the work that has been done by either Mr. Tarantino's group or CFPB.

I thank you all for being here today. I learned a lot and, hopefully, we can work together so that there are not very many veterans that find themselves as frustrated by their educational opportunities as they have been by other parts of their recovery from a very, very difficult service to our Nation. Thank you.

Chairman CARPER. Thank you, Senator McCaskill. I want to come back, if I could, Sergeant Pantzke, and just to ask you to, first of all, just share with us, if you would, a little bit about your life since your experience with the Art Institute. Just share with us what has happened in terms of education, employment, and so forth.

Sergeant Pantzke. Of course, I did a lot of interviews hoping to effect a change of for-profits, deal with veterans of all eras. So what I did, after my very last interview, I went around my area that I live in to several photography studios, media, stuff like that, and I asked them, what would you rather have, a degree from a brick-and-mortar or a degree from an online college? And every time, I

would say, 95 percent of them said they would rather have a degree from a brick-and-mortar traditional school.

So, that really kind of cut my hopes down quite a bit. The thing is, with the Art Institute program, it was supposed to be a 2-year degree program, a bachelor of science in photography. My classes were 6½ weeks long, two classes per 6 weeks.

That was really condensed. I would have four to five assignments per class. So my days ran from 8 a.m. to 4 a.m. the next morning. I would only get 4 hours sleep and it would start all over again. And it was just tearing my family apart.

So like I said, Ms. Morales had asked me—well, both my wife and my individual therapist told me, You need to quit, but I did not want to give up. I had that mentality of, do not surrender, keep driving forward, and I did not realize the pain that I was causing myself and my family. So it came to a head where actually I was in an auto accident on Easter Sunday in 2011. I had to withdraw from school for medical reasons because my right arm was messed up.

So I had a lot of thinking during that time. I just had to withdraw because there was no—there was no way I could complete the degree program. And actually, I really did a lot of self-learning, I guess, through other Internet resources such as learnmyshot.com. There is a gentleman out in Oregon, I believe it is, and I do not remember his name, but he has got an eBook out called Photo Extremists, which I have been using and I have learned so much more from those two sources than I did my entire enrollment.

Chairman CARPER. OK, thank you. Let me go back and let us talk, if we could, about sort of quality assurance at the front end for these institutions, whether they are for-profit, non-profit, private, but in terms of licensure, by whom, accreditation, by whom, the standards used across the different States, among different agencies, whether State or Federal. Commander Coy, can you talk a little bit about that?

Mr. COY. Yes, sir, and I will ask Mr. Worley to also address that. In terms of the accreditation or approval process for schools at the VA, if you are a public school and already accredited, it is generally accepted as being deemed approved.

Chairman CARPER. Accredited by? You said if you are already accredited, accredited by whom?

Mr. COY. By a recognized accrediting agency.

Chairman CARPER. Within a State?

Mr. COY. Most of them are national.

Chairman CARPER. OK. All right.

Mr. COY. Rob, do you want to——

Mr. WORLEY. Recognized by an accreditation recognized nationally by the Department of Education. So this is under Public Law 111–377, so public accredited institutions and private non-profit institutions are deemed approved if they are accredited by a recognized—nationally recognized accrediting agency.

Chairman CARPER. Well, what I am trying to get at is the rigor of the accreditation or the rigor of the licensure process. Ms. Petraeus, do you have anything that you could share with us on that?

Ms. PETRAEUS. I am certainly not an expert in that area, but I would say simply that once it is accredited, then I believe the VA is obligated to, by law, to put that school on their list of a place where benefits can be spent, which to me really points out the importance of a rigorous accreditation process so you do not have schools that are able to accept that G.I. Bill and TA money and have very poor outcomes for their students.

Chairman CARPER. Please, go ahead.

Mr. COY. The accreditation process is a process that is run by the Department of Education, so I would defer any specific questions on the accreditation issue to them.

Chairman CARPER. OK. Mr. Worley?

Mr. WORLEY. If I could just add one more qualifier, that is for standard degree programs at those institutions. Some of those institutions provide——

Chairman CARPER. A standard degree program would be what, a 2-year degree, an associate's degree, or a B.S., B.A.?

Mr. WORLEY. Correct.

Chairman CARPER. OK. Not a certificate program?

Mr. WORLEY. There are non-college degree—programs offered at those institutions as well. Those have to go through a review and approval process by the State approving agencies.

Chairman CARPER. All right. I think we are running out of time here and I think we have a vote underway. Does anybody know how much time is left? Five minutes? On the clock? Dr. Coburn, do you want to add anything else?

Senator COBURN. No. I just wanted to thank Sergeant Pantzke for his service, and I have a query of you. I have read your testimony this morning early, and one of the things—I think one of the ways you solve problems is get all sides of the story, and I wonder if you would give the Committee a release so that we can get the information the school has on you?

Sergeant Pantzke. Oh, definitely.

Senator COBURN. So we can see the full story and see where the problems land.

Sergeant Pantzke. Oh, definitely, though when Educating Sergeant Pantzke was released, the Vice President gave me a call from 99 Division and asked me—well, actually, I am sorry. That was the wrong thing. They had mentioned that they had offered me extensive tutoring services. I did not receive one phone call or one email about those tutoring services.

Senator COBURN. That is why I would like you to give us a release so we can have your information——

Sergeant Pantzke. Oh, yes, definitely.

Senator COBURN [continuing]. So we can look at the whole side of it. I thank you very much for that. Thank you, Senator Carper.

Chairman CARPER. You bet. Let me just close by using a term that we used a fair amount in the Navy and that is, all hands on deck and a call for general quarters when we were under attack. When a country is running a deficit of about $750 billion, we need all hands on deck. When we are looking down the road in another 10 years or so, the deficit is going down, but it eventually is going to come right back up. So I say that is an all hands on deck.

When we have not just a handful of veterans but hundreds, probably thousands who have gone through the kind of experience not unlike what Sergeant Pantzke has explained and shared with us, it is all hands on deck. I am encouraged today that after several years of feeling that not a whole lot of attention or time or effort or energy was going into making sure that we are righting this wrong, I am encouraged that a good deal is being done.

And part of it is being done by the VA and part of that effort is being led by the Department of Education. Part of it is being led by a new agency, the CFPB. Part of it is being led by the efforts that Congressman Gunderson talked about, and, frankly, some of our veterans organizations, particularly the one that is represented here today is part of the all hands on deck.

Are we where we need to be in cleaning up this problem? No. I think as Congressman Gunderson said, as long as one veteran is being disadvantaged or taken advantage of, that is one too many. And unfortunately, it is not just one that is still being taken advantage of. It is not just one taxpayer, it is all of us. We have plenty of work to do.

The driving force for me on the 90/10 Rule is that I find it abhorrent that the Federal Government is going to be paying 100 percent of any post-secondary schools' revenues. I just do not get that. That makes no sense to me. And are there changes that could be made to the 90/10 Rule that we are talking about here? Yes. Can we improve on it? Yes, we can.

I am interested in that being part of the all hands on deck and part of the, if you will, all the above kind of approach to solving this problem. For those of you who are working on it, for those of you who shared your life's experiences with us to help better inform what we do going forward, I want to thank you. And while I think we are making progress, I like to say if it is not perfect, let us make it better. It is not perfect yet. I think it is getting better.

With that, this hearing is almost adjourned, but we are going to announce that the hearing record will remain open for 15 days, that is until August 7, at 5pm, for the submission of statements and questions for the record. With that, we are adjourned. Thanks so much.

[Whereupon, at 12:19 p.m., the Committee was adjourned.]

APPENDIX

Opening Statement of Chairman Thomas R. Carper
"The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans"
July 23, 2013

As prepared for delivery:

Today's hearing focuses on the considerable investments taxpayers are making in providing high quality education benefits to our service members and veterans. In examining this issue, the committee is asking the question: are we getting the results taxpayers, service members and veterans deserve?

The GI Bill helped me afford the cost of getting my MBA at the University of Delaware after I transitioned off of active duty in the US Navy near the end of the Vietnam War. While I was grateful for that financial support, those benefits pale in comparison to the considerable taxpayer investment that the new GI Bill makes in education for our service members and veterans.

For years, through the service academies and through programs like ROTC and the GI Bill, we've sought to raise the skill levels of those who serve in our armed forces, as well as the skill levels of those who later return to civilian life. However, in 2008, it became clear to Congress that, after years of multiple tours of duty in Iraq and Afghanistan, our modern-day military needed a modern-day GI Bill to ease soldiers' transition into civilian work here at home. That's why we passed the Post-9/11 GI Bill to help to help our modern day veterans afford the cost of college and put them on the path to getting a good paying job. The modern-day GI Bill pays for the tuition and housing costs of any member of the military who served more than 90 continuous days on active duty since September 10, 2001.

Since it was enacted, $29.4 billion has been spent to send veterans back to school. In addition, the Department of Defense offers military service members the opportunity to pursue a high quality education through the Tuition Assistance Program. Service members and veterans taking advantage of the benefits available to them under the GI Bill are free to pursue the educational path of their choice. They can go to a public school like I did when I studied at the University of Delaware. They can also attend a private non-profit school or a for-profit school.

However, recent reports show that many veterans have been subjected to highly questionable recruitment practices, deceptive marketing, and substandard education instruction in some of the schools they attend, particularly for-profit schools. Under current law, in order for a for-profit school to receive federal student aid from the Department of Education, the school must ensure that no more than 90 percent of its revenue comes from federal funding. The definition of federal funding that applies to this limit is not as straight forward as you may expect. It turns out that under current law, "federal funding" means only money that comes through the Department of Education.

Other federal funds, such as GI Bill benefits that come from the Department of Veterans Affairs and military education benefits offered through the Department of Defense are excluded from the 90 percent limit that makes up the federal share of a school's revenue. This means that a school that maxes out on its 90 percent limit can bring in federally funded military and veteran

education benefits in order to skirt this limit and in some cases get 100 percent of their funding from the federal government.

As several reports have shown, this loophole has in some cases put a target on the backs of our military and veteran students. And then once students enroll they're often not obtaining the knowledge and skills they need to get a job that will enable them to earn a livable wage and good benefits. Clearly, the incentives at some for-profit schools are misaligned. These institutions are rewarded for enrolling more students—especially veterans with a fully-paid for education—but have too little incentive to make sure that their graduates are prepared to join the workforce and begin productive careers.

Having said that, this is not an issue solely at for-profit schools. There are also many public and private non-profit colleges and universities that experience similar issues with extremely low degree completion rates, high default rates and a poor record of serving our veterans. And to be fair, there are also a number of for-profit institutions that offer a quality education and have a history of success with placing students in well-paying jobs. I believe we have a moral imperative to ensure that abusive practices--no matter where they occur--are stopped so those who have sacrificed for our country can obtain an education that will equip them with the skills they need to find a good job, repay any college loans they've taken out, and go on to live productive lives.

Two years ago, I chaired two hearing on this issue in the Subcommittee on Federal Financial Management. Today I'm holding this hearing to learn what is being done by the Department of Veterans Affairs and others has done to protect our military and veteran students from the predatory practices of some bad actors in the for-profit industry. This hearing will also focus on what the association that represents for-profit schools has done to address concerns raised about the industry it represents.

My goal for today's hearing is to learn how we can fix this problem by better incentivizing schools to deliver a higher quality education to our military and veteran population that will enable them to be successful in work and in life. We have a terrific group of witnesses here whom I will introduce momentarily. I look forward to a productive hearing and to learning more about this issue, but first let me turn to Dr. Coburn for any comments he would like to make.

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Opening Statement of Tom A. Coburn, M.D.

"The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans"

July 23, 2013

The cost of college has increased dramatically – even outstripping health care costs.

We need to take a hard look at why this is occurring, and ask ourselves what is the appropriate role of the federal government in higher education. With the passage of the National Defense Education Act in 1958, the federal government began its foray into higher education.

Not everyone agreed with this bill passage; some feared it would lead to federal intrusion into the halls of higher learning. For example, Senators Barry Goldwater and Strom Thurmond opposed, writing in dissent: "If adopted, the legislation will mark the inception of aid, supervision and ultimately control of higher education in this country by federal authorities."

Fast forward to 2013, and prophecy is manifest.

Higher education today is dramatically more expensive despite hundreds of billions of federal dollars being poured into the system – loans, Pell Grants, GI Bill benefits, research dollars, tax benefits and more.

More money has brought federal interference. Washington seemingly wants to regulate everything - even what constitutes a "credit hour" - something that is fundamentally the job of colleges.

There is a lot to be said about the larger topic of the current state of higher education. However, when it comes to the 90-10 Rule, it's arbitrary, and government engineering at its worst.

Let's ask ourselves a few honest questions.

If 90-10 is sound policy, why not apply this rule to all schools - regardless of control type? After all, graduation rates of many nonprofit schools around the country leave much to be desired.

If 90-10 is sound policy, why not also apply it to all forms of federal aid – including university research dollars?

And if this is sound policy, why stop at a 10 percent limitation? Why not lower the threshold? How about 50 percent applied to all schools, and all federal dollars?

The truth is that 90-10 is the government picking winners and losers among colleges that have already proven themselves by being accredited, approved by State Approving Agencies and by complying with myriad forms of compliance.

In closing, let me thank our witnesses for participating. I look forward to your insights, and hope at the end of the day we identify real problems and real solutions.

STATEMENT OF

CURTIS L. COY

DEPUTY UNDER SECRETARY FOR ECONOMIC OPPORTUNITY

VETERANS BENEFITS ADMINISTRATION

DEPARTMENT OF VETERANS AFFAIRS

BEFORE THE

SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS COMMITTEE

July 23, 2013

Good morning, Mr. Chairman, Ranking Member Coburn, and other Members of the Committee, I am pleased to be here today to discuss the Department of Veterans Affairs (VA) efforts to safeguard Veteran students from questionable practices by some institutions of higher education. I am accompanied today by Mr. Robert Worley, Director of VA's Education Service.

My testimony today will address VA's efforts to implement the provisions of the Executive Order (EO) 13607, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members" and Public Law (P.L.) 112-249, "Improving Transparency of Education Opportunities Act of 2012," as they relate to ensuring VA's education benefits provide access to high-quality educational opportunities that will enhance beneficiaries' educational outcomes. The actions required by EO 13607 and P.L. 112-249 reaffirm our commitment to ensuring Servicemembers, Veterans, and their dependents are well-

served by our educational programs. I will also provide general observations on the "90/10" rule regarding Federal funds used to finance higher education.

Background

The Post-9/11 GI Bill, enacted in 2008, is the most extensive educational assistance program authorized since the original GI Bill was signed into law in 1944. Just as the original GI Bill allowed Veterans to take their educational opportunities and leverage them for breakthroughs in automation, business, medicine, science, transportation, and technology, today's Post-9/11 GI Bill provides our Veterans with the tools that will help them contribute to an economically strong, vibrant, and resilient America.

VA is committed to ensuring all Servicemembers, Veterans, and their family members, who may be eligible for this important benefit, receive a useful education without the burden of substantial student loan debt as they readjust to civilian life.

As of July 9, 2013, VA has issued over $30 billion in Post-9/11 GI Bill benefit payments to approximately 992,000 individuals and their educational institutions.

The 90/10 Rule

Enacted in 1992 and amended most recently in 2008, the 90/10 rule in section 487(a)(24) of the Higher Education Act of 1965 (HEA) requires institutions of higher education to have at least a defined minimum amount of revenues from sources other than the student aid programs in title IV of the HEA. Under the 90/10 rule, institutions may not receive more than 90 percent of their revenue from funds under title IV of the

HEA. While VA defers to the Department of Education (ED) on the 90/10 calculation, there is an argument for including the Post-9/11 GI Bill in the 90 percent limit on Federal funding or related proposals. Under the present structure, some institutions may be marketing to Veterans because the Federal education benefits they receive are treated the same way as private funds in the 90/10 calculation. VA believes institutions should not aggressively recruit Veterans principally because of financial motives.

Modifications to the 90/10 rule could provide additional tools to assist VA and ED in monitoring and oversight, and could help to prevent aggressive targeting of Veteran students for financial reasons. However, including Post 9/11 GI Bill benefits in the 90/10 calculation could cause some schools to exceed the 90 percent threshold and potentially lose their eligibility to participate in the Title IV or Post 9/11 GI Bill programs. In order to minimize adverse effects on Veterans, how this change is implemented is important and would require ED and VA to provide information about the amount of dollars from various Federal education benefit programs that flow to each higher education institution. VA would welcome the opportunity to work with ED and the Committee as it considers changes in this area.

Oversight

VA is aware of concerns raised regarding for-profit institutions and potential fraudulent activities. Under existing VA statutes, for-profit institutions are held to the same standards and criteria as non-profit institutions for the purpose of approval for use of VA education benefits. For example, the law requires all schools to maintain a complete record of all advertising, sales, and enrollment materials utilized within the last

12 months. These materials are reviewed during compliance surveys to ensure that the institution has not engaged in erroneous, deceptive, or misleading enrollment practices. VA believes Veterans and their eligible dependents should be able to choose to use their education benefits at the academic institution – public, private non-profit, or private for-profit – that best meets their specific needs and is approved by the State Approving Agency (SAA) of jurisdiction.

If a school is found to be non-compliant with one or more approval requirements, the SAA or VA Education Liaison Representative immediately attempts to make necessary corrections during site visits to the school. If additional time is needed, the SAA may suspend approval for up to 60 days. In this situation, current students continue to receive benefits, but the school is not permitted to certify new students. If the school does not provide a resolution or response, approval is withdrawn. Since fiscal year (FY) 2011, VA has withdrawn the approval of 9 schools for erroneous, deceptive, or misleading practices.

VA will continue to provide oversight through compliance reviews and face-to-face interviews with Veterans. Additionally, section 203(d) of P.L. 111-377, expanded VA's authority to utilize SAAs for oversight of programs and institutions. VA began to use SAAs for compliance reviews under this authority in fiscal year (FY) 2012. In FY 2012, compliance surveys of 4,755 facilities with 350,603 students were completed; of those, 2,418 were for-profit facilities with 96,334 students.

Executive Order 13607

Issued by the President on April 27, 2012, EO 13607 directs VA, the Department of Defense (DoD), and ED, in consultation with the Department of Justice (DOJ) and the Consumer Financial Protection Bureau (CFPB), to develop and implement "Principles of Excellence" to strengthen oversight, enforcement, and accountability within Veteran and military educational benefit programs.

These principles apply to educational institutions receiving funding from Federal military and Veterans educational benefit programs, including benefits provided under the Post-9/11 GI Bill. The principles will ensure that educational institutions provide meaningful information to Servicemembers, Veterans, spouses, and other family members about the cost and quality of educational institutions. The principles will also assist prospective students in making choices about their Federal educational benefits; prevent abusive and deceptive recruiting practices that target the recipients of Federal military and Veterans' educational benefits; and ensure that educational institutions provide high-quality academic and student-support services to Servicemembers, Veterans, and their families. I am pleased to report that 6,325 campuses have voluntarily agreed to comply with the Principles of Excellence as of July 10, 2013. These institutions are listed on our GI Bill Web site (http: //www.gibill.va.gov). VA is also developing a Comparison Tool/GI Bill Benefit Estimator that will enable prospective students to compare educational institutions using key measures of affordability and value through access to school performance information and consumer protection information. VA placed a link to ED's College Navigator on the eBenefits Web site in November 2012. ED's College Navigator is designed to help students find information

about postsecondary institutions in the United States – such as programs offered, retention and graduation rates, prices, aid available, degrees awarded, campus safety, and accreditation. VA subsequently embedded ED's College Navigator into the GI Bill Web site in March 2013. As a long-term plan, VA will integrate data from ED's College Navigator with data from VA's Web-Enabled Approval Management System to calculate tuition and fees, monthly housing allowance, and books and supplies estimates. The tool will include indicators on graduation rates, retention rates, loan default rates, average student loan debts, Veteran population, Yellow Ribbon Program and Principles of Excellence participation, as well as an estimated cost of attendance. We anticipate this tool will be available on the GI Bill Web site and the eBenefits Web site by April 2014.

In addition, VA, DoD, ED, CFPB, and DOJ are developing student-outcome measures that are comparable, to the extent practicable, across Federal educational programs and institutions. We have vetted a set of proposed measures with the Veterans Service Organizations (VSO), and school organizations, and received positive feedback. VA will begin collecting data elements from our stakeholders in August 2013.

EO 13607 also requires VA and DoD, in consultation with ED, CFPB, and DOJ, to create a centralized complaint system for individuals to register complaints about particular educational institutions on topics such as student loans, quality of education, refund policies, and post-graduation job opportunities. Complaints will be received, processed, responded to, and ultimately transmitted to the Federal Trade Commission's (FTC) Sentinel database so that the information is available to other Federal agencies, law enforcement organizations, and SAAs. VA will review and triage all complaints

received. Valid complaints will be sent to schools or employers for a response and to the FTC's Consumer Sentinel Network.

Public Law 112-249

P.L. 112-249, was enacted on January 10, 2013, and much of the new law overlaps and complements the work of EO 13607. P.L. 112-249 requires VA to develop a comprehensive policy to improve outreach and transparency to Veterans and Servicemembers through the provision of information on institutions of higher learning (IHL) and to implement online tools to facilitate the policy. The law also requires VA to develop a policy and plan for promoting Chapter 36 educational and vocational counseling to Veterans and recently separated members of the Armed Forces; develop a centralized mechanism for tracking and publishing feedback from students and SAAs regarding the quality of instruction, recruiting practices, and post-graduation employment placement of IHLs; and develop a policy and plan to disapprove any courses offered by an IHL that provides any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any persons or entities engaged in any student recruiting or admission activities or in making decisions regarding the award of student financial assistance. VA was also required to perform two market surveys related to academic readiness and commercially available off-the-shelf online comparison tools.

To implement P.L. 112-249, VA is partnering with ED, DoD, CFPB, and the National Association of State Approving Agencies. As required by this law, VA submitted a report to the Congress in April 2013 that included a description of the

comprehensive policy, our plan to implement the policy, and the results of the market surveys conducted to determine the availability of commercially available off-the-shelf online tools. The full report is available on our GI Bill Web site.

As a result of the market surveys, VA plans to pilot use of an online assessment tool called CareerScope® that allows a Veteran or Servicemember to assess whether he or she is ready to engage in postsecondary education and determine his or her likely vocational aptitude. VA conducted another market survey for an online tool that provides a Veteran or Servicemember with a list of providers of postsecondary education and training opportunities based on specific postsecondary education criteria selected by the individual. We discovered that many online tools provide much of the required information; however, none of the Web sites provide all the data required in the law. As a result, VA plans to build a tool that aggregates information from existing Web sites to provide all data, which will be hosted on the GI Bill and eBenefits Web sites.

To promote Chapter 36 educational and vocational counseling (provided under 38 United States Code (U.S.C.) § 3697A), VA will increase awareness and inform eligible participants about Chapter 36 counseling services, including how to determine an appropriate degree program and the education benefit program most appropriate for their individual circumstances. VA will facilitate applications for interested eligible participants as a part of the redesigned Transition Assistance Program (TAP) process. VA is also promoting Chapter 36 counseling services through the VetSuccess on Campus programs at more than 32 schools. In addition, we will provide information about Chapter 36 counseling services to our stakeholders, including other Federal agencies, VSOs, school certifying officials, SAAs, and other private-sector entities that

provide information and guidance to Veterans and Servicemembers about VA educational benefit programs. Title 38, U.S.C., section 3697, currently appropriates payments not to exceed $6 million in any FY for contract vocational and educational counseling. VA submitted an FY 2014 legislative proposal to increase the amount to $7 million. By FY 2014, VA expects a substantial increase in requests for these counseling services due to vocational assessments required for VA's collaboration with DoD's Integrated Disability Evaluation System, VetSuccess on Campus program, and the ongoing modernization of TAP in conjunction with the current military drawdown.

P.L. 112-249 provides a process for acquiring the necessary information and the guidelines for communicating with IHLs. It also specifies that VA efforts should not duplicate the efforts being taken by other Federal agencies. It further specifies that VA's comprehensive policy must be consistent with the requirements and initiatives of EO 13607.

The Cost of Postsecondary Education and the Increase in Non-college Degree Programs

VA's focus, through implementation of the EO and P.L. 112-249, is to do everything possible to ensure Servicemembers, Veterans, and family members are informed consumers, so they pursue an approved program of education at the academic institution – public, private non-profit, or private for-profit – that best meets their specific needs and that results in good educational and professional outcomes and a smooth transition to civilian life. As part of the Veterans Opportunity to Work to Hire Heroes Act of 2011, which made TAP generally mandatory for all separating

Servicemembers, VA worked with DoD and ED to redesign the curriculum. As part of the new Transition Goals, Plans, and Success (Transition GPS) curriculum, Servicemembers will receive pre-separation counseling and register for an eBenefits account. Transition GPS also has a new optional track, Accessing Higher Education, which provides information on education and/or training opportunities including VA education benefits.

Conclusion

Veterans' hard-earned educational benefits are the vehicle by which many of our Nation's heroes pursue their educational goals and successfully transition to civilian life. VA is dedicated to ensuring that Veterans are able to make well-informed decisions concerning the use of their benefits and receive a quality education. We look forward to working with the Committee and our Federal agency partners to provide the very best support possible to our Veterans and beneficiaries as they pursue their educational goals. Through further continuing interagency cooperation and student outreach, VA will ensure that Veterans are informed consumers and that schools meet their obligations in training this Nation's next "greatest generation."

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you and other Members of the Committee may have.

Hollister K. Petraeus

Assistant Director, Office of Servicemember Affairs
Consumer Financial Protection Bureau

Testimony before
U.S. Senate Committee on Homeland Security and Governmental Affairs
July 23, 2013

Chairman Carper, Ranking Member Coburn, and distinguished Members of the Committee, thank you for the opportunity to testify before you today concerning higher education for our nation's servicemembers and their families. As you know, the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which was signed into law on July 21, 2010, established the Consumer Financial Protection Bureau (CFPB) as an independent bureau within the Federal Reserve System and charged it with ensuring that consumers have timely and understandable information to make responsible decisions about financial transactions. In addition, the law assigns my office, the Office of Servicemember Affairs (OSA), the responsibility to "educate and empower service members and their families to make better informed decisions regarding consumer financial products and services." I am happy to take part in a dialogue like today's hearing, to ensure that military families have all the information they need to make sound decisions about where and how they spend their military education dollars.

The government has provided a number of benefit programs to assist servicemembers and, in some cases, their family members, to gain a post-secondary education. The largest and most significant are the GI Bill, which may be used mostly after military service in pursuit of a college or technical degree, and the Military Tuition Assistance (TA) program, which is designed to be used to take courses while on active duty. These are valuable benefits and I think we would all like to see them replicate the success story that happened after World War II, when a generation of veterans came home, went to college on the GI Bill, and became the engine that drove our economy to tremendous success.

Holding at least a bachelor's degree is a "must" for many jobs in today's economy. And studies have shown that a college degree tremendously increases one's lifetime earnings potential. So we're seeing a new generation of servicemembers and veterans who are eager to earn advanced degrees, hoping to give themselves the best possible chance for success—both in the military and beyond. And many for-profit colleges are eager to enroll them as students, due in no small part to the "90-10 rule" created by the 1998 amendments to the Higher Education Act (HEA). Put simply, the 90-10 rule says that a for-profit college has to obtain at least 10 percent of its revenue from a source other than Title IV federal education funds. The rule has been explained as being necessary to ensure that a college does not exist solely on federal funds, but offers an education valuable enough that people are willing to pay for it through other means.

Although TA and the GI Bill are certainly federally funded, they are not Title IV student aid funds administered by the Department of Education (ED), and that puts them squarely into the

10-percent category of the 90-10 rule. This means that for every servicemember using TA or GI Bill funds (as well as the spouse or child of a servicemember, in the case of the Post 9-11 GI Bill) that a for-profit college recruits, the college can then go out and enroll nine other students who are using Title IV funds. And that can be a problem.

This has given some for-profit colleges an incentive to see servicemembers as nothing more than dollar signs in uniform, and to use some very unscrupulous marketing techniques to draw them in. To give some examples that I've heard in my travels around the country:

- An active-duty military spouse at Fort Campbell, Kentucky, told me that she was attending a "military-affiliated college" (she wasn't; it was a for-profit school with no official military status, but she had been given this impression by the recruiter). After she filled out an interest form she was called multiple times per day until she enrolled. But when she had trouble logging on to her online class, she couldn't get anyone from the college to help her. She failed the class due to lack of access, but was charged the full fee anyway.
- National Guard education officers in Ohio and North Carolina told me they are besieged by for-profit colleges desiring access to the troops. They noted that if one of their National Guard units holds a job fair, over half the tables may be for-profit colleges, and that servicemembers may see a school's presence at a job fair as an implied promise that you will get a job if you graduate from that school.
- In Nevada, I spoke with a woman from the VA Regional Office who was overseeing vocational rehabilitation for veterans. She told me that she had patients with traumatic brain injury (TBI) and post-traumatic stress disorder (PTSD) who had been persuaded to sign up for classes at for-profit colleges, and didn't even remember doing so. That didn't stop the colleges from pressing them for full payment, even though they were not regularly attending classes. She said that some of the schools were also pushing her patients to enroll in master's degree programs even though they were not capable of doing the work. Their tactics were aggressive enough that she described it as "tormenting veterans."
- At Joint Base McGuire-Dix-Lakehurst in New Jersey, I discovered that a military spouse who was employed by a for-profit college had a regular standing appointment at the Wounded Warrior barracks to provide educational counseling – the only college rep with that access.

The overall cost to the government of the GI Bill and TA has soared in recent years. According to VA records, while the number of individuals using Department of Veterans Affairs (VA) education benefits has roughly doubled since 1998 – from less than 500,000 recipients to nearly 1 million– the monetary cost has grown ten-fold, rising from less than one billion to nearly ten and a half billion dollars.[1] And the cost of TA has also grown exponentially, on what I have heard described as an unsustainable upward trajectory, with for-profit colleges taking an increasing share of those TA dollars. In 2011, for-profit colleges collected one of every two TA dollars, totaling $280 million of the $563 million disbursed during the year. This is an 8%

[1] This information was provided by The Department of Veteran Affairs.

increase over 2009, when for-profit schools collected 42% of the $515 million in TA funds disbursed.[2]

If the TA benefit is cut back at a future date and servicemembers are asked to pay a greater share of the cost of courses taken under the TA program, it's possible that colleges may encourage servicemembers to "top up" the costs by using their GI Bill benefits, or by using other loans to fill the gap. And with the 90-10 rule as it now stands, it would be in the financial interest of a for-profit college to drive servicemembers not to a Title IV loan, but instead to the school's own private student loan arrangement – even though it is likely to be more expensive – in order to keep those revenues in the ten percent category for purposes of the 90-10 rule.

According to a study in 2012 by the Senate Committee on Health, Education, Labor & Pensions (HELP), for-profit schools spend a substantial amount of money on marketing: 23% of their revenue in the case of the schools studied by the HELP Committee. One effective way to market to the current generation of students is online, and there have been concerns about lead-generation websites with URLs or names that use "GI Bill" or "Military" in their titles in order to market to servicemembers. Although some presented themselves as offering unbiased, helpful advice on GI Bill benefits, they actually served to direct visitors to the limited list of schools that were funding the site. We showed one such site, GIBill.com, to the Attorney General of Kentucky during a visit to Fort Campbell, and he was joined by 19 other AGs in pursuing a case against the site's owner, Quin Street, that led to substantial changes to that company's websites, monetary damages, and the agreement to turn over the URL GIBill.com to the VA. Subsequently, the VA copyrighted the term "GI Bill" in an effort to prevent future such abuses. And when I searched "GI Bill schools" recently on Google, I was pleased to see that the majority of the first-page results now lead directly to the VA.

The OSA, Congress, and the state Attorneys General are certainly not the only ones to take an interest in how military education benefits are being used. President Obama has taken extraordinary steps to address the issue, as well. In April 2012, I watched him sign Executive Order 13607, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members" and since then, the CFPB has been working in concert with the VA, Department of Defense (DoD), ED and the Department of Justice (DOJ) to implement its provisions.

As part of those efforts, the VA, DoD and ED are poised to launch a centralized complaint system for students receiving military tuition assistance and GI Bill benefits, so they can register complaints about educational institutions that fail to follow the Principles. Now that servicemembers, veterans, and family members will have a centralized place to share their stories and seek resolution to their issues, I believe we will have a clearer picture of what is happening on the ground. And I challenge schools to be ready to start resolving these complaints as they come in.

Another requirement of the President's Executive Order is for ED, in consultation with DoD and the VA, to collect from schools information about the amount of funding those schools are

[2] http://www.help.senate.gov/imo/media/for_profit_report/PartI-PartIII-SelectedAppendixes.pdf.

receiving from the Post-9/11 GI Bill and TA programs. Previous efforts to collect and analyze this type of data did not succeed because the VA and DoD's lists of approved programs did not sync with ED's lists of schools. But now ED, DoD and the VA are working on a data crosswalk that links ED's database of schools (over 7,000 institutes of higher learning) to the VA's lists of approved programs (over 30,000). The data crosswalk will allow the VA and ED to share data about schools across agencies, improve consumer information available to beneficiaries, and allow VA to track outcome measures that compare education benefit programs.

The crosswalk will also allow policymakers to accurately assess which schools would be in danger of violating the 90-10 rule if military and veterans' education benefits were included in the calculation.

OSA is certainly not the only, or even the primary, office at the CFPB interested in these issues. CFPB has an Office for Students led by our Student Loan Ombudsman. He has reported to Congress on student loan issues, and has raised concerns about both the amount of student loan debt being carried by Americans, and problems servicing those student loans. Under his leadership, CFPB has developed a suite of products for the Bureau's website, consumerfinance.gov, intended to help individuals identify useful information about student loan issues. And in partnership with ED, we've developed a financial aid shopping sheet to improve the way schools communicate financial aid offers. Colleges and universities could use this shopping sheet to help students better understand the type and amount of grants and loans they qualify for. The shopping sheet could also be used to help students easily compare aid packages offered by different institutions. As of July 11, 2013, over 750 schools[3] have adopted it for all of their students and over 6,220 campuses[4] have agreed to offer the shopping sheet to students receiving federal military and veterans educational benefits.

As part of CFPB's Paying for College suite of tools, we built the federal government's only online GI Bill benefits calculator. CFPB's GI Bill calculator informs veterans and their family members what their Post-9/11 GI Bill benefits are worth at different educational institutions. As part of the President's Executive Order, the VA is also working to build a GI Bill benefits calculator and is leveraging CFPB's existing tool to develop their calculator.

CFPB's Office for Students also partnered with my office to produce a report on the servicing of military student loans, an area where we are seeing troubling similarities to the mortgage-servicing crisis of recent years. For example, borrowers may have trouble finding out who currently owns their loan, which may have been securitized and sold. As our report indicates, student loan holders are facing a number of challenges, including an inability to get timely and accurate answers to their questions or have corrections made to their account when an error is

[3] http://www2.ed.gov/policy/highered/guid/aid-offer/shopping-sheet-institutions.xls.

[4] http://gibill.va.gov/resources/education_resources/Principles_of_excellence/poe_list_2012.html.

made by the lender. Our report[5] also raised concerns that student loan repayment benefits for military service can be complex, confusing, and even conflicting with one another.[6]

In conclusion, there are some very worthwhile efforts underway to improve the ability of military personnel, veterans and their families to learn more about the schools where they may choose to spend their hard-earned education benefits. However, it seems prudent for Congress to examine whether the 90-10 rule in its current form is a sensible framework, given the significant increase in the number of veterans receiving benefits under the Post-9/11 GI Bill. As long as the 90-10 rule adds a significant extra incentive for for-profit colleges to enroll military students, this concern will remain.

Although there may be some for-profit colleges with solid academic credentials and a history of success for their graduates, some for-profit colleges have low graduation rates and a poor gainful employment history.[7] They also tend to have a higher-than-average student loan default rate, which can be an indicator that students are being recruited with little concern for their ability to do the coursework, graduate, and repay their loans. Although the Association of Private Sector Colleges and Universities recently convened a "blue-ribbon" task force to make recommendations for best practices for military and veteran students, one of the recommended best practices was simply that schools "consider...assess(ing) academic readiness prior to enrollment," which indicates that there is still plenty of room for improvement.[8]

For veterans, the GI Bill should provide the opportunity to build a better future. We all want our veterans to become successful, productive contributors to our society. Education can be the key to that success, and the wonderful education benefits provided to our military and their families through TA and the GI Bill should not be channeled to programs that do not promote – and may even frustrate – this outcome.

Thank you for the opportunity to testify before the Committee.

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[5] Consumer Financial Protection Bureau: The Next Front? (2012). See http://www.consumerfinance.gov/reports/the-next-front-student-loan-servicing-and-the-cost-to-our-men-and-women-in-uniform/.

[6] For example, the Federal Perkins Loan provides for principal reduction for certain service in an "area of hostility." However, to take advantage of Public Service Loan Forgiveness, the servicemember must convert the Perkins Loan into a Direct Consolidation Loan. This new Direct Consolidation Loan may not qualify for the Servicemembers Civil Relief Act rate cap. Members of the Judge Advocate General corps have shared with the CFPB that this process is very challenging.

[7] http://www.help.senate.gov/imo/media/for_profit_report/PartI-PartIII-SelectedAppendixes.pdf (*see* 55 n.158, 73, 120-121).

[8] Association of Private Sector Colleges and Universities, *Best Practices for Military and Veteran Students*, Pg. 6, Issued Feb. 2013, *available at* http://www.apscu.org/policy-and-issues/federal-issues/military-veterans-ed/upload/MVBP-Brochure_Feb2013.pdf.

WRITTEN TESTIMONY OF STEVE GUNDERSON

PRESIDENT AND CEO

THE ASSOCIATION OF PRIVATE SECTOR COLLEGES AND UNIVERSITIES

Before the

Committee on Homeland Security and Governmental Affairs

United States Senate

July 23, 2013

Chairman Carper, Ranking Member Coburn, and members of the committee, I would like to thank you for the opportunity to appear before this committee and for holding this important hearing on Improving Educational Outcomes for our Military and Veterans.

I am here to represent the member institutions of The Association of Private Sector Colleges and Universities, their faculty and the nearly four million students who attend our institutions. Our institutions provide a full range of higher education programs to students seeking career-focused education. We provide short-term certificate and diploma programs, two- and four-year associate and baccalaureate degree programs, as well as a small number of master's and doctorate programs. We educate students for careers in over 200 occupational fields including information technology; allied health; automotive repair; business administration; commercial art; and culinary and hospitality management.

APSCU and our member institutions want to ensure that our students are well-prepared to enter the workforce and that every institution of higher education lives up to the high standards expected by our students. Private sector colleges and universities have a long and important relationship with our nation's military and veteran students. We celebrate who they are and what they do. Our actions as educators of military and veteran students honors this partnership by providing our military and veteran students with the best possible educational experience at our institutions.

According to the latest data obtained by APSCU from the Department of Defense, 762 private sector colleges and universities (PSCUs) have been approved to offer courses to active duty military. The Department of Veterans Affairs reports that more than 325,000 veterans and their families have been served by our institutions using their post 9/11-GI benefits. Although veterans make up less than 10 percent of our students, we are proud to serve those who choose our institutions. More than 1,200 of our institutions participate in the Yellow Ribbon Program and a majority of those impose no limits on the number of eligible students while providing the maximum institutional contribution.

Why do veterans and active duty military choose to attend our institutions? Quite simply, the answer lies in our customer service. We understand the challenges that arise when our military men and women transition back to civilian life and enter into postsecondary education. Often, traditional institutions of higher education are not the best fit. Our military and veteran students are not the fresh-out-of-high school, first-time, full-time student living on campus and attending college thanks to the generosity of family. Our military and veteran students are like many of our new traditional students - working, with a spouse and children and paying for their education with money they have saved.

Service members and veterans attend our institutions because we design courses to be relevant, concentrated, and suited to the personal goals of our students. This education foundation is of a particular benefit to military and veterans seeking a promotion, advance in rank or supplementing skills attained during their service. This type of purposeful, tailored education ensures that veteran and military students nimbly move from the classroom onto their next academic or professional goal. The ability to offer courses on-base, online, and on the student's schedule is of tremendous value. Because of our longer school days and year-round academic programming, our students can often complete an associate's degree in 18 months or a bachelor's degree in just over three years.

We share your commitment to ensuring that every postsecondary institution provides the highest level of service to each and every student, especially active duty military, veterans and their families. We take great pride that our institutions are designing and delivering education in ways that meet the needs of today's military and veteran students. We strive to ensure that all students receive the education they deserve.

Our Veteran Students

We offer veteran students who are juggling work, school and family a more efficient approach to completing their careers by offering flexible schedules, focused academics and accelerated programs so that they may more expeditiously begin their careers.

Because the Integrated Postsecondary Education Data System (IPEDS) does not count anyone but first-time, full-time students in their database, no one has an accurate source of data on veterans, or other non-traditional students attending our schools. Earlier this year we surveyed several member institutions and looked at 16,500 veteran graduates. We can share with you the following description of the veterans enrolled in our schools:

- 24% are single parents;
- Over 50% attend part-time;
- Nearly 80% are 25 years of age or older and almost all of them are living independent of their parents;
- Over 33% are female;
- 46% have dependents;
- 29% are African American; and
- 12% percent are Hispanic.

PSCUs are providing skills that put Americans back to work. Today, in America, there is a very real skills gap that is impeding job creation and economic growth. Our institutions are working to bridge this gap by combining postsecondary education and career skills in ways that equip veteran students with workplace skills.

Of veteran graduates, 75 percent earned certificates and associates degrees while 25 percent earned bachelor's and graduate degrees.

Forty percent of all the veteran graduates earned credentials in healthcare fields, one of the fastest growing industries in the country. These occupations range from medical, dental and veterinary assistants to nurses and technologists of various types with weighted average annual median salaries of $33,000 for certificate and associate degree holders to $56,000 for bachelor and graduate degree holders.

Another 20 percent of veteran graduates earned credentials in skilled trade programs, such as construction, maintenance and repair, and engineering technologies. According to the U.S. Bureau of Labor Statistics, the United States will need more than 1 million additional workers to fill these jobs by 2020. The weighted average annual median salary for graduates earning their certificates and associate degrees in these fields was $44,000.

Ten percent of veteran graduates earned awards in computer and information programs like computer programming, computer graphics, computer systems networking, and information technology. The weighted average annual median salary is $57,000 for certificate and associate degree holders and $89,000 for bachelor and graduate degree holders. The US will need nearly 3 million additional computer and IT workers by 2020.

We want to work with you to provide our service members and veterans, particularly young combat veterans, with the tools and resources to make an informed, thoughtful decision about which educational opportunity will best prepare them for the workforce.

Access to Postsecondary Education

During the recent economic downturn when states and local communities reduced education budgets, many of our colleagues at public institutions had to endure budget cuts resulting in limited access and service for students. But our institutions continued to invest in their schools to offer students industry-leading innovation while expanding capacity and meeting the evolving demands of employers. Because we are not dependent on brick-and-mortar facilities to expand access, we are able to meet the growing demand for postsecondary education through vastly expanding online technology offerings, and perhaps our most successful academic delivery – a blend of online and on-site programs.

Even while investing in education programs, our schools have been successful in reducing the cost of attendance for our students. Recently, the U.S. Department of Education released an analysis that compares the average costs at institutions between 2010-2011 and 2012-2013. Only our institutions experienced a reduction in the average costs by - 2.2 percent; other sectors experienced an increase in costs, with public in-state cost increasing 6.7 percent, public out-of-state increasing 4.1 percent and private non-profit rising 3.1 percent. For two-year institutions, our schools were able to reduce costs to students by 0.2 percent, while public in-state cost increased 6.4 percent, public out-of-state increased 3.9 percent and private non-profit rose 1.8 percent. Unlike our public colleagues, we don't have differing rates of tuition for in-state versus out-of-state students.

Just as important as the cost of attendance to students is the spending on instruction by institutions of higher education. According to the latest U.S. Department of Education data, instruction expenses as a percent of total expenses is 32 percent for public institutions, 33 percent for private non-profit and 27 percent for our institutions. Considering our institutions have fewer tenured and research faculty, our spending on instruction is very comparable to our postsecondary peers.

On the subject of marketing and student recruitment, our institutions seldom recruit students through high school guidance counselors because most of our students have been out of school for some time. We cannot count on hundreds of years of history or an NCAA sports team to get ournames known. As a result, we do advertise and depend substantially on word-of-mouth referrals. As we have discussed today, many of our students are new traditional students who cannot be reached through a high school guidance counselor. The average school will only enroll 1 out of a 100 initial inquiries. As a result, we must raise awareness of our institutions as viable postsecondary education options. According to financial analyst

reports, the per student cost of enrollment does not differ that much among the institutions of higher education. According to the National Association for College Admissions Counseling (NACAC) 2011 report, the mean cost per enrolled student was $2,407.73 ($987.01 public, and $3,042.52 private non-profit.) This compares to a median of $3,858 for seven of the 15 publicly-traded PSCU for FY 2011.

We've expanded educational opportunities for many people, as evidenced by the increasing number of degrees our institutions have awarded. Yes, much of this is the simple result that our sector of postsecondary education is probably the newest with new campuses and forms of academic delivery. But in an era when we expect 65 percent of all jobs and 85 percent of all new jobs to require some level of postsecondary education this growth in access is important. Between 2008 and 2012, while the country was deep in recession, our institutions prepared 3.5 million adults with the education and skills essential for real jobs, real incomes and a real chance at America's middle class.

Our institutions experienced a higher growth in degrees awarded than all others between 2010/2011 and 2011/2012. Degrees conferred by our institutions increased 8.6 percent compared to 5.2 percent by public and 3.2 percent by private nonprofits. According to Bureau of Labor Statistics data, the degrees and certificates awarded by our institutions are in some of the fastest-growing occupations nationwide. For example, in 2010/2011 we awarded 52 percent of all Dental Assistant Certificates, 50 percent of all Veterinary Technologists and Technicians Associate Degrees and 40 percent of all Diagnostic Medical Sonographers Associates Degrees. Without our students, employers in these fields would be unable to find the well-trained staff they need to deliver services to patients and customers.

Importance of Postsecondary Education for Military Students
As an all-volunteer force, during a period of prolonged conflict, effective recruitment, retention and morale initiatives are essential to attracting and retaining professional personnel. More importantly, service members have taken their ambitions and turned them into reality by taking classes and earning degrees, diplomas and certificates.

Sergeant 1st Class James Wallace who is stationed at Ft. Knox Kentucky, and is attending Sullivan University, wrote to me recently about how pursuing his education at Sullivan University has helped him apply to become a Warrant Officer. He strongly believes that pursuing an education while in the military is a great tool no matter if the soldier is going to make a career out of the military or serve one enlistment.

Another student, Staff Sergeant Thomas M. Windley wrote that he began attending ECPI University in the summer of 2004 as a veteran recently discharged from service in the U.S. Navy, "Several months after enrolling with ECPI, I enlisted in the U.S. Army. During my attendance at ECPI, I was appointed System Administrator for my unit because of my knowledge of computer systems."

"I was able to complete my degree program and obtain an associate's degree in Network Security within 18 months. In 2007, I earned another Associate's degree in electrical engineering. It was at this point in my military career that my civilian education assisted me in being promoted over my peers. In 2010, I worked on a network installation team and within three months I earned my CompTIA A+, Network+, and Security + certifications due largely to my education, experience, and opportunity that ECPI provided me."

"In 2010, my military assignment took me overseas to Afghanistan. While deployed, I earned my bachelor's degree in Computer Information Science with a concentration in Network Security. Earning my degree led to another promotion, which was due to the tools and benefits ECPI provided in the areas of

leadership, professionalism, and core curriculum content. I have been tasked, since my promotion, with training others in my unit both below and above me in rank, to sit for certifications, thus far those I have trained have a 100 percent pass record. I would highly recommend this program to fellow service members, I believe ECPI to have the best customer service of any online school and I have attended several. Furthermore, the curriculum is very precise and concentrated in the areas most needed to perform the job at maximum proficiency."

Whether we are talking about Sergeant First Class James Wallace, Staff Sergeant Thomas M. Windley or an Army Major working on her Master's degree for career advancement, these men and women know what they want and are committed to getting it. Their service coupled with their commitment to getting an education is truly extraordinary.

APSCU Best Practices For Military And Veteran Students
In recognition of the growing numbers of military and veteran students enrolling at our institutions, APSCU adopted Five Tenets of Veteran Education that included the creation of a Blue Ribbon Taskforce for Military and Veteran Education. The Taskforce was comprised of a broad group of individuals who share a common commitment towards the education of service members and veterans representing a diverse range of institutions, including non-APSCU members, as well as representatives of nationally-recognized leadership organizations in the area of military and veteran postsecondary education. The Taskforce was specifically charged with identifying, collecting, and documenting practices and programs that meet the unique needs of military and veteran students, on the road toward their academie and professional goals.

I have attached a copy of these Best Practices to this testimony, so I won't discuss them in detail, but I would just highlight the four major topic areas addressed by the Taskforce. (1) Consumer information, enrollment and recruitment makes clear that information should be provided in clear and understandable language and that no student should be subjected to aggressive or misleading recruiting practices. (2) Institutional commitment to provide military and veteran student support identifies initiatives related to personnel and faculty designed to help employees understand the special needs of military and veteran students. It also identifies institutional policies aimed at assisting military and veteran students such as participating in the Yellow Ribbon program, offering a reduced military tuition rate, maximizing the use of military training credit recommended by ACE, or exceeding the standards of the Uniformed Services Employment and Re-Employment Act for deployed employees. (3) Promising practices for ensuring military and veteran student success through student services discusses the need for student centers and partnerships, such as establishing a Student Veterans of America chapter or having a military and veterans lounge where students can meet and find peer to peer support. (4) Establish institutional research guidelines for tracking military and veteran student success encourages the collection and use of data to improve programs and evaluate program effectiveness. We are encouraging all our institutions and our colleagues at other institutions of higher education to look at these Best Practices and find opportunities to implement them where appropriate in order to best serve our military and veteran students.

A 2010 study by the Rand Corporation and American Council of Education (ACE) entitled "Military Veterans' Experiences Using the Post 9/11 GI Bill and Pursuing Postsecondary Education reported findings which support the view that our institutions are working to support these students. The report noted the following:

- Rate of satisfaction with the credit transfer experience was 60 percent among survey respondents who had attempted to transfer military credits to our institutions, versus only 27 percent among

those from community colleges and 40 percent among respondents from public four-year colleges. Only participants from private nonprofit colleges reported higher credit transfer satisfaction rates, at 82 percent;

- Respondents from our institutions reported fewer challenges to accessing required courses than all other institutions except for four-year public institutions (33percent of respondents at public two-year colleges, 26 percent at private nonprofits, 22 percent at our institutions and 18 percent at public colleges).

- Survey respondents in private sector colleges and universities reported higher than average satisfaction rates with academic advising, at 67 percent, versus about 50 percent satisfaction among respondents at other institution types.

- Reasons for choosing our institutions included: career oriented programs with flexible schedules, like-minded adult students, flexible credit transfer rules and same institution in multiple locations.

Serving Military and Veteran Students
Many PSCUs offer a reduced military tuition rate for active duty, National Guard, and reserve service members and their spouses to minimize out-of-pocket student expenses and offer scholarships to wounded service members and their spouses as they recover from their injuries and prepare for new career opportunities. Some also maintain a military-friendly deployment policy, which allows military students to withdraw and return to school at any time if they are deployed and provide specialized military student advisors to evaluate past military training and experience and assess eligible academic transfer of credit based on ACE recommendations. The generous awarding of credit for military skills and experience and fair transfer of credit policies exemplify how PSCUs strive to be responsible stewards of this educational benefit, as exiting service members are not forced to take duplicative or extraneous classes.

This gives rise to the important issue of transfer of credits between institutions of postsecondary education. Students, both traditional and new traditional, routinely transfer to new institutions, enroll in classes at more than one institution concurrently, and take courses online, in person, and within new competency-based learning models. We now see the majority of postsecondary students attend more than one institution before completing their education. When students transfer, they often face the nerve-wracking and uncertain task of having credits accepted by the new institution. All too often, institutions will simply not accept credits earned at an institution accredited by a different organization, especially when the sending institution is nationally and not regionally accredited. As students transfer, the rejection of credits they have earned costs them in terms of time - needing to retake classes and delayed entry into the workforce - and money - in the form of additional loans and grants. APSCU encourages this Committee, and the Congress, to examine policies that facilitate credit transfer so that completion is not delayed and extra debt amassed as a result of repeating coursework, especially when it comes to helping our active duty military and veterans continue and complete their postsecondary education.

Recent Bureau of Labor Statistics (BLS) data suggest that the unemployment situation of our nation's veterans is improving, particularly in the 18-24 age category that has historically experienced higher unemployment than civilians. The Administration, veteran advocates, and veteran service organizations (VSOs) have responded by developing and implementing initiatives to put veterans in jobs.

The American Legion has partnered with DoD to educate state legislators and governors on the actual value of military skills and experience and how they translate into a civilian employment environment.

Additionally, the American Legion is serving as an advocate for changing current state laws to enable credentialing and/or licensing boards to consider military skills and experience when evaluating a candidate for a license or certification. The American Legion has also partnered with the Administration and the Departments of Defense, Energy, Labor, and Veterans Affairs to evaluate the current job-task analysis (JTA), identify any gaps in the JTA, and work with the private sector and postsecondary education institutions to best address how to fill the gaps through higher education, on-the-job-training, or apprenticeships. This initiative relies on the symbiotic relationship between credentialing, higher education, public and private entities to proactively work together to reduce veteran unemployment.

When members of the armed forces separate from their service, they enter a pivotal transition period that is often wrought with challenges, and as a result, the potential for failure is high. As we have discussed, our institutions are fully committed to helping veterans achieve success in higher education. This commitment and focus on educating members of the military, as well as veterans and their families is critical because according to the Defense Activity for Non-Traditional Education Support (DANTES) over 80 percent of members have only a high school diploma.

Addressing the Skills Gap and Building the Middle Class

Our nation currently faces twin crises - stubbornly high unemployment and a skills gap where employers all across the country cannot find trained and job-ready workers. The key to narrowing the skills gap and reducing civilian and veteran unemployment is an "all-hands-on-deck" approach to postsecondary education. All sectors of higher education must be part of the solution and accountable for the educational experience and outcomes of all students, especially military and veteran-students.

The facts are simple: Career-oriented schools are educating America's next generation and helping secure our nation's economic vitality. We all agree that a higher education degree greatly improves employment opportunities and income. At a time of extended, high unemployment and economic hardship, we should be supporting anyone seeking access to skills and training that will allow them to better their own future.

President Obama has challenged all Americans to commit to at least one year or more of higher education or career training, under the belief that if we are to succeed economically as a nation, every American will need to get more than a high school diploma. To meet President Obama's challenge we will have to ensure that people who historically have not pursued higher education or succeeded in completing their postsecondary education attend and complete their education. From both a jobs and a global competitiveness standpoint, our institutions can help fill the existing education and skills gap and meet capacity demands that cannot be satisfied by public and private non-profit colleges alone. Increasing the number of educated people is essential. Research shows that raising the college graduate rate just a single point will unleash $124 billion per year in economic impact on the 51 largest metropolitan areas in the U.S.

We share President Obama's commitment and passion for education, and look forward to working with him and the Congress to ensure that all Americans can attain the skills they need to access meaningful opportunities.

There is an ongoing conversation in higher education and Congress about the post-9/11 GI Bill, as well as issues like 90/10. I would like to comment specifically on 90/10. But I would like to do so in the context of today's student veterans attending our schools, and the skill demands of these future workers.

The postsecondary federal loan and grant programs were created to allow Americans who cannot afford to pay for college on their own to have access to college with the help of the federal government. Unfortunately, the 90/10 Rule encourages institutions to not enroll students most in need of postsecondary education simply because they use the federal funds made available by the government.

The 90/10 Rule is not a measure of institutional quality. It is a financial calculation that is a measure of the socioeconomic position of the student population served by an institution. An institution that is close to the 90 percent threshold is enrolling low-income students in need of postsecondary education. The government should be encouraging this behavior, rather than penalizing institutions serving a majority of low-income students. This metric undercuts the very reason we have loan and grant programs.

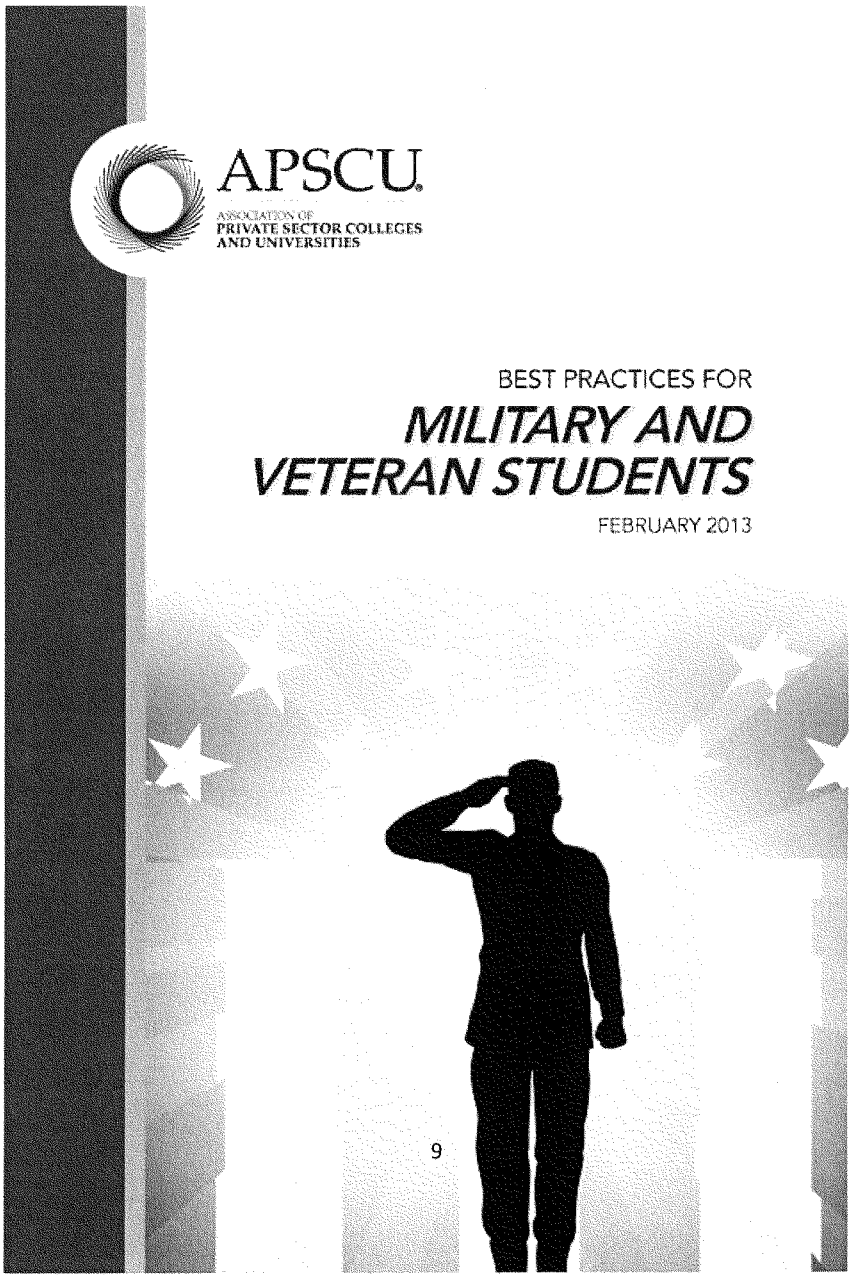
Further, across the country, public institutions like community colleges have reached capacity and simply cannot meet the demand for postsecondary education. Imposing changes that make 90/10 more punitive endangers student access and choice. It may also require institutions to deny an individual not based on their qualifications, but rather for their method of payment. Such denial would significantly interfere with the individual's right to select the institution that best fits their needs.

As mentioned earlier, our recent survey shows that 75% of the student veterans attending our schools are enrolled in certificate or AA degree programs. This is higher than the 68% of all students attending our schools pursuing similar degrees. This is critically important because a June 2013 study by The Georgetown Center for Education and the Workforce shows that between 2010 and 2020 the American job market will grow its demand for workers with these very skills (certificates and AA programs) by 9 million. Our veterans have chosen the right career paths. But if we take steps to limit their access to the schools providing these programs we will deny them the education, the skills and the jobs they deserve.

Private sector colleges and universities have demonstrated a unique capability to confront the challenges of educating America's middle class. We have been at the forefront of the effort to close the skills gap by offering career-focused training aiding business owners seeking workers with specific training and expertise. We have made it our mission to close this gap and are working every day to achieve that end.

We take seriously the charge to work with veteran and military student populations and prepare America's students to succeed in the workforce. Private sector colleges and universities look forward to helping these students achieve their dreams, maintain military readiness and prepare them for life after the military.

Thank you for your time. I look forward to answering your questions and discussing these important issues with you today.


APSCU
ASSOCIATION OF
PRIVATE SECTOR COLLEGES
AND UNIVERSITIES
BEST PRACTICES FOR
MILITARY AND
VETERAN STUDENTS
FEBRUARY 2013
9

MISSION STATEMENT

The Association of Private Sector Colleges and Universities (APSCU) has established this "Blue Ribbon" Taskforce to ensure that every service member, veteran, and family member utilizing their earned, postsecondary education benefits are provided with the quality education to which they are entitled at every institution of higher education. The Taskforce is comprised of a broad group of individuals who share a common commitment towards the education of service members and veterans representing a diverse range of institutions, including non-APSCU members, as well as representatives of nationally-recognized leadership organizations in the area of military and veteran postsecondary education.

The Taskforce has been specifically charged with identifying, discussing, and documenting the very best postsecondary education practices and support services that meet the specific needs of military and veteran students. The primary objective of the Taskforce is to publish a set of recommended institutional standards and associated operational practices that foster persistence, program completion, and other factors that will enable the military and veteran student population to achieve its academic and professional goals. The final product will represent a condensed, practical set of suggested actions and policies for all institutions of higher education.

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MEMBERS OF THE APSCU BLUE RIBBON TASKFORCE FOR MILITARY AND VETERAN EDUCATION

The Taskforce has been led by **Jeff Cropsey**, *Vice President for Strategic Initiatives at Grantham University and Chair, Public Affairs, Council of College and Military Educators* and **James Hendrickson**, *Vice President of Military Relations at Colorado Technical University and Executive Director of the CTU Wounded Warrior and Spouse Scholarship Program.*

Other Members of the Taskforce include:

- **Jeff Arthur** - *CIO and Vice President of Financial Assistance, ECPI University*
- **Mike Betz** - *General Manager, Military Student Initiatives, Education Corporation of America*
- **Scott A. Kilgore** - *Senior Vice President of Military of Affairs, Kaplan University*
- **Russell Kitchner, Ph.D.** - *Vice President for Regulatory and Governmental Relations, American Public University System*
- **Scott D. Palumbo, LCDR. USNR** – *formerly National Director of Military Affairs, DeVry University*
- **James Shane, Jr., BG. USA (Ret.)** - *Director of Military and Veterans Affairs, Sullivan University*
- **Kathy Snead** - *Servicemembers Opportunity Colleges Consortium President and Vice President for Military and Veteran Partnerships, American Association of State Colleges and Universities*
- **Dennis Trinkle, Ph.D.** - *Provost and Chief Academic Officer, Harrison College*
- **Joseph W. Wescott, Ph.D.** - *Executive Director, Veterans and Military Education Programs, North Carolina State Approving Agency and Vice President, National Association of State Approving Agencies*
- **Garland H. Williams, Ph.D., Col. USA (Ret.)** - *Associate Regional Vice President, Military Division, University of Phoenix*

Special Advisors:

- **Michael Dakduk** - *Executive Director, Student Veterans of America*
- **Ryan M. Gallucci** - *Deputy Director, National Legislative Service, Veterans of Foreign Wars of the U.S.*
- **Steve Gonzalez** - *Assistant Director, National Economic Division, American Legion*

BEST PRACTICES FOR MILITARY AND VETERAN STUDENTS

PREAMBLE

These Best Practices represent the collective efforts of the work of the Blue Ribbon Taskforce. The institutions represented on the Taskforce are incredibly diverse in size, ownership structures and academic programming and provide career-centered education ranging from skilled trades to post graduate degrees. However diverse, these Best Practices were created to encourage all institutions of higher education to aspire to high levels of service for this special group of students.

The Best Practices are organized under four subject areas:

- Full transparency and accuracy of information in the recruitment and enrollment process.
- Institutional commitment supporting the military and veteran students' academic needs.
- Appropriate student services reflecting the numbers and needs of their military and veteran student population.
- Pursuit of outcomes data related to retention, degree completion and other metrics for an institution's military and veteran students, enabling us to learn and improve our services in the future.

The Taskforce is mindful that the diversity of institutions – in size, number of veterans and/or military students, types of academic programming, and other factors – will result in implementation of many, but not necessarily all the Best Practices, in ways appropriate to the needs of each institution and its military and veteran students. We recognize and celebrate this diversity of service while being unified in our commitment to excellence in military and veteran education.

BEST PRACTICES FOR MILITARY AND VETERAN STUDENTS

I. Consumer Information, Enrollment and Recruitment...page 4

II. Institutional Commitment to Provide Military and Veteran Student Support...page 7

III. Promising Practices for Ensuring Military and Veteran Student Success Through Student Services...page 9

IV. Establish Institutional Research Guidelines for Tracking Military and Veteran Student Success...page 11

CONSUMER INFORMATION, ENROLLMENT AND RECRUITMENT:

Prospective military and veteran students should receive appropriate, relevant information in order to make a sound, informed decision about their postsecondary education. Information should be provided in clear and understandable language. Prospective students looking to utilize their U.S. Department of Defense (DoD) or U.S. Department of Veterans Affairs (VA) education benefits should not be the subject of aggressive or misleading recruiting practices. Institutions should follow all federal and state laws and regulations to ensure that the recruitment of military and veteran students is appropriate.

A. Consumer Information

i. Provide accurate and complete information to prospective students on:

- Institutional and programmatic accreditation status for each offered program;
- Whether program meets minimum requirements to qualify student for state licensure in relevant occupation(s);
- Potential earnings and employment pathways of program completers;
- Financial obligations and cost of educational program;
- Institution participation in various military and veteran programs and partnerships; and
- Institution transfer of credit policies.

ii. Require prospective students to affirm receipt and understanding of the required disclosures.

iii. In an effort to achieve complete transparency, include information in catalogs, websites, and other media outlets that adheres to the following minimums:

- Clearly articulated and defined mission statement;
- Clearly defined academic and financial information about program requirements; and
- Total cost of admission, tuition, instructional materials, and all mandatory fees.

iv. Provide in-depth financial counseling, so that prospective students fully understand their financial obligations upon enrolling in an educational program.

- Explain the extent to which DoD Tuition Assistance and VA education benefits will pay for the cost of the education;
- Explain the ramifications of student loan debt, in terms of monthly repayment obligations when feasible;
- Explain long term financial obligations related to use of educational benefits as compared to borrowing under federal or private loan programs; and
- Always encourage responsible borrowing if a student needs or chooses to borrow to pay for education costs or other personal expenses which may be covered by federal loan funds.

B. Recruitment

i. Develop and/or maintain enrollment and recruitment policies appropriate to higher education institutions and compliant with federal and accrediting agency regulations.

ii. Use only promotional and recruitment materials and practices that do not have the capacity to mislead or coerce students into enrolling and are consistent with policies of the VA, Federal Trade Commission (FTC), Department of Education (ED), and all applicable federal and state regulations.

iii. Create reasonable internal policies for contacting potential students that do not exert high pressure to enroll through unsolicited follow-up calls or other forms of personal contact.

For example:

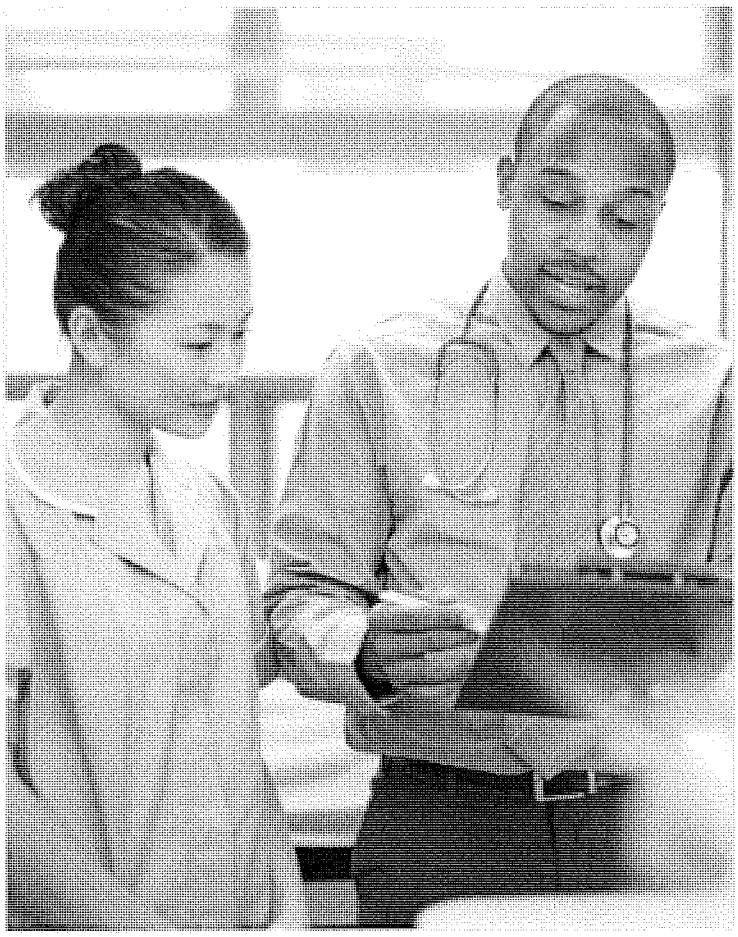
- Marketing and outreach systems, including third-party vendors, must have an opt-out feature for individuals who do not wish continued recruiting contact; and
- Establish and enforce internal call limits on unsolicited recruiting calls, such as a "Three Calls then Stop" policy.

iv. Employ appropriate sanctions, including termination of employment, on recruiters and managers found to have engaged in predatory recruitment practices.

C. Enrollment

i. Ensure students are appropriately placed and prepared for the programs in which they enroll. Consider employing any of the following practices: (a) assess academic readiness prior to enrollment; (b) offer appropriate remediation if necessary; (c) offer limited course loads; (d) offer a reasonable "Trial Period" for enrollment; (e) offer penalty-free drop/add periods upon enrollment.

ii. Offer military and veteran students a tailored orientation program, which would provide an overview of specific information regarding VA certification requirements, satisfactory academic progress, and additional tutorial assistance, as appropriate.



INSTITUTIONAL COMMITMENT TO PROVIDE MILITARY AND VETERAN STUDENT SUPPORT

Institutions should actively support and promote programs and services for military and veteran students. Institutions should employ an engaged faculty that understands the needs of military and veteran students and provides mentoring and advising to ensure the success of these students. Institutions should consider instituting the following, as applicable:

A. Personnel/Faculty

i. Appoint a senior-level administrator to lead the institution's military and veteran support programs (or Office of Military and Veteran Affairs).

ii. Designate an employee, or team of employees (as student enrollment numbers dictate), to provide support/services tailored to the needs of the military and veteran students.

iii. Appoint a Military and/or Veteran Student Ombudsman to escalate and resolve issues related, but not limited, to DoD or VA educational benefits, academic enrollment issues, and institutional policies and procedures.

iv. Conduct regular roundtable discussions, focus groups, and/or interviews with service-member military and student veteran organizations, either on-campus or virtually, to establish a continual understanding about the needs of the military and veteran student population enrolled at the institution and how to meet those needs.

v. Appoint an interdepartmental military and veteran education taskforce to evaluate the institution's policies, practices and procedures relating to the military and veteran students.

vi. Institute faculty development training to ensure that faculty members:

- Receive the necessary tools and information regarding the unique qualities of the military and veteran learner;
- Learn effective classroom instructional practices to better meet the needs of this non-traditional student population; and
- Understand the various support services available to military and veteran students and the associated referral processes for accessing those services.

vii. Institute campus wide training on the specific needs and resources available for military and veteran students and their families.

B. Administrative Policies and Practices

i. If applicable, become a Yellow Ribbon Program participating institution, offsetting the unmet cost of an education for eligible VA education beneficiaries and consider the following:

- Allow "all" or an unlimited number of eligible veteran students to enroll; and
- Offer the maximum institution contribution allowed under the program.

ii. Offer alternative grants to veterans and their spouses who may not be eligible for the Post-9/11 GI Bill benefits to cover any funding gaps not covered by other financial aid benefits, such as the Montgomery GI Bill.

iii. Offer a reduced military tuition rate for active duty, National Guard, and reserve service members and their spouses to minimize out-of-pocket student expenses beyond what DoD Tuition Assistance (TA) benefits cover.

iv. Adopt a policy for evaluating and awarding credit for military training and experiences, maximizing the use of military training credit recommended by the American Council on Education (ACE).

v. Comply with existing federal requirements related to the postsecondary education of military or veteran students, including:

- Enter into the DoD Memorandum of Understanding (MOU) for participation in TA; and
- Formally agree to accept the Principles of Excellence outlined in Executive Order 13607 – Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members.

vi. Become a member of the Servicemembers Opportunity Colleges (SOC) Consortium.

vii. Establish Human Resources policies that exceed the standards set by the Uniformed Services Employment and Re-Employment Rights Act (USERRA). Institutions of higher education with employees currently serving in the military should exceed USERRA guidelines for employees during military training activities and deployment status.

viii. Offer multiple learning formats for military and veteran students to access and interact with program curriculum and course materials, which allow students the freedom to pick the format that best suits their learning style. These formats may include videos, text, a library of archived audio content of classroom instruction, problem-solving activities, and practice tests.

PROMISING PRACTICES FOR ENSURING MILITARY AND VETERAN STUDENT SUCCESS THROUGH STUDENT SERVICES

Recent studies and anecdotal information related to military and veteran student success reveal a growing trend toward centralized student services at institutions with significant populations of military and veteran students. Building on the success of existing programs, institutions of higher education should strive to provide the following services and programs tailored to the specific needs of their military and veteran students:

A. Centers

i. When the number of students necessitates its creation, institutions should establish an Office of Military and Veterans Affairs with clearly articulated goals and expectations, which complement the mission of the institution, accompanied by the full support and resources from the institution's leadership. The Office of Military and Veterans Affairs would typically administer and manage the following:

- Military and veteran-specific Student Advisors in the areas of admissions, academics, and benefits;
- Specific academic counselors for the military and veteran student population trained to address transfer credit and awards for prior academic or military credit (College Level Examination Program (CLEP), portfolio, military training);
- Trained VA certification specialists to assist with the timely processing of educational benefits documentation to avoid benefit funding delays; and
- A tailored orientation program for military and veteran students, developed to enable active-duty, Guard, or Reservist students or transitioning veterans to optimize the available institution resources and support programs.

ii. Another approach is to establish a Military Student Center (MSC), which acts as a hub to guide military and veteran students throughout their postsecondary experience, beginning with recruitment and ending with job placement. The MSC functions as a clearinghouse of information for all military and veteran benefit programs and assists potential and current students with navigating the intricacies of the federal programs for which they may be eligible. More specifically, the MSC may function as follows:

- Counsel prospective students who self-identify themselves as military- or veteran-affiliated on the best way to access and maximize the benefits for which they are eligible;
- Staff the MSC with specialists who are either a military veteran or spouse who received specific training in DoD and VA benefits eligibility and processes; and

- Provide transfer of credit assistance, help with military and prior-college transcript requests upon application and acceptance to a program of study, training to Program Directors and Deans regarding ACE guidelines for the award of military credit, and recommendations for credit acceptance based on review of military transcripts and Military Occupational Specialty (MOS).

B. Partnerships

i. Support student veterans interested in organizing a campus-based, or online, student organization with necessary resources and use the Student Veterans of America (SVA) as a resource and guide. Institutional support for student veterans to create a student veteran organization or club is critical to fostering successful veteran student transition, peer support, and camaraderie, and providing needed opportunities for student veterans to network and make social connections with other student veterans who possess similar interests or experiences.

ii. Establish a Campus Military and Veterans Lounge or Virtual Student Gathering Place, which allow military and veteran students to interact, access program-related resources and services, and provide peer-to-peer support.

iii. Establish and maintain student chapters of professional organizations and academic honor societies to expose students to potential professional networks. Encourage student membership and participation in relevant local, regional or national professional societies while completing coursework.

iv. Introduce and partner with established veteran service organizations, such as the American Legion or Veterans for Foreign Wars of the U.S. (VFW), within the geographical area of the campus to further connect veteran students to community resources and peers.

v. Institutions with a sufficiently large military and veteran population should develop a specific career services strategy, including:

- Establishing partnerships with employers who will work with students while enrolled and offer quality job opportunities upon graduation;
- Establishing formal alumni networks for military and veteran graduates, allowing students who have completed programs of study to interact with one another, building geographically based or industry-based professional networks; and
- Engaging with local Employer Support for Guard and Reserves (ESGR), professional associations such as Society for Human Resources Management (SHRM), or the National Association of Colleges and Employers (NACE).

ESTABLISH INSTITUTIONAL RESEARCH GUIDELINES FOR TRACKING MILITARY AND VETERAN STUDENT SUCCESS

Tracking data related to credit completion, degree completion, and student satisfaction is vital to understanding successful student outcomes. Accurate data collection is essential to understanding and addressing the needs of military and veteran students and their families. To the extent practicable, institutions should:

A. Collect/Use Data

i. Identify and track military and veteran student populations with regard to retention, degree completion, persistence, and other valuable metrics.

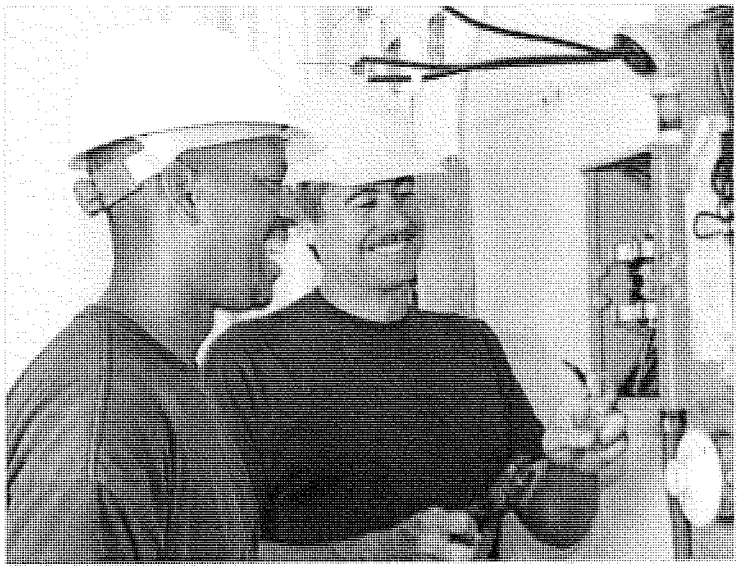
ii. Analyze and use data to identify areas in need of improvement and ways to better serve military and veteran students.

iii. Use data to develop measures to evaluate program effectiveness.

B. National Student Clearinghouse

i. Participate in the National Student Clearinghouse to help to provide meaningful data for military and veteran students across higher education (transfer, degree completion, and persistence).

ii. Provide meaningful data to the VA and DoD for use in developing programs to better serve military and veteran students.



APPENDIX

APPENDIX I: INSTITUTION RESOURCES

i. Supportive Education for the Returning Veteran (SERV)
ii. Veteran-Civilian Dialogue
iii. Veterans in Transition Course
iv. Military to Civilian Transition Manual
v. Mobile National Test Center (NTC) for CLEP and DSST exams
vi. Transfer credit evaluation at no cost – awards transfer credit for ACE approved military training
vii. Webinar series for veterans and employers of veterans
viii. Institution Skills Translator
ix. ACE Toolkit for Veteran Friendly Institutions, March 2012

APPENDIX II: COMMUNITY INITIATIVES AND PARTNERSHIPS

i. Veteran Stand Down (KCMO) – volunteer annually
ii. Toys for Tots – collect toys annually
iii. Partners with Veterans Today Network to hire veteran employees
iv. Teamed up with CCME Cares to send care packages to deployed troops over Valentine's Day
v. Fundraising for Wounded Warrior Project over Veterans Day
vi. Annual sponsor of KC Association of the United States Army's Army Birthday Ball

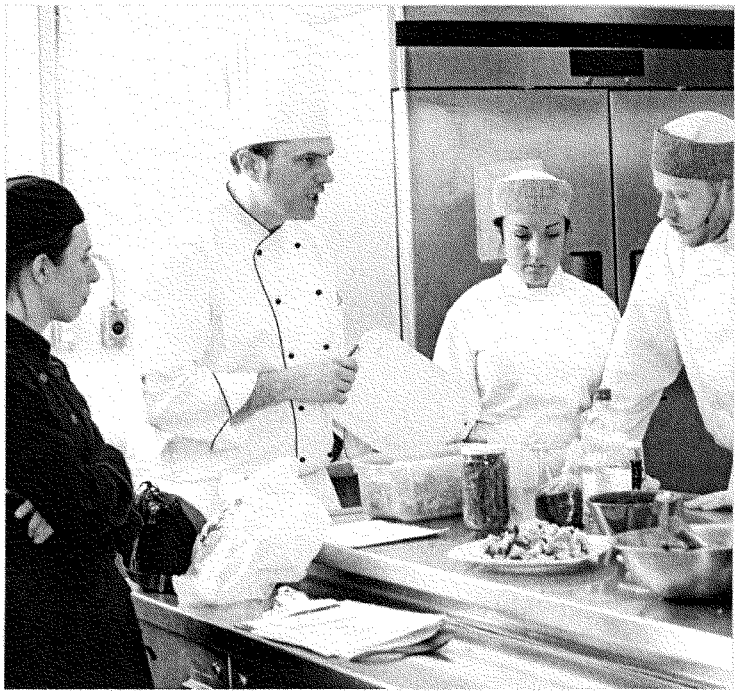
APPENDIX III: MEMBERSHIPS AND AFFILIATIONS

i. SOC
ii. CCME
iii. Yellow Ribbon Program
iv. DoD MOU
v. Principles of Excellence

APPENDIX IV: PUBLICATIONS

i. From Boots to Books: Applying Scholssberg's Transition Model to the Transition of Today's American Veterans to Higher Education
ii. From Combat to Campus: Voices of Student-Veterans
iii. A New Generation of Student Veterans: A Pilot Study
iv. The Difficult Transition from Military to Civilian Life
v. Veterans' Post-Secondary Education: Keeping the Promise to Those Who Serve
vi. Servicemembers Opportunity Colleges (SOC) Consortium Publications/ Forms/Resources (Principles and Criteria, Standards of Good Practice for Servicemembers Opportunity Colleges, Pocket Guide for College Outreach to Military Students, Veteran and Military Family Programs and Services, and Military Student Bill of Rights)
vii. Educational Attainment: Tracking the Academic Success of Servicemembers and Veterans, July 2012, Education Working Group convened by SOC

viii. From Soldier to Student II Assessing Campus Programs for Veterans and Service Members, July 2012, prepared by American Council on Education (ACE), American Association of State Colleges and Universities (AASCU), NASPA: Student Affairs Administrators in Higher Education, and National Association of Veteran's Program Administrators (NAPVA)
ix. Time is the enemy, September 2011, Complete College America
x. Service Members in School: Military Veterans' Experiences Using the Post-9/11 GI Bill and Pursuing Postsecondary Education, November 2010, prepared by the RAND Corporation, with support from Lumina Foundation for Education for the American Council on Education (ACE)
xi. National Survey of Student Engagement (NSSE), Major Differences: Examining Student Engagement by Field of Study, Annual Results 2010, sponsored by The Carnegie Foundation for the Advancement of Teaching.
xii. Military Service Members and Veterans in Higher Education: What the New GI Bill May Mean for Postsecondary Institutions, July 2009, prepared by Alexandria Walton Radford, MPR Associates, Inc. with support from the ACE Center for Policy Analysis Center for Lifelong Learning and the Lumina Foundation for Education
xiii. From Soldier to Student: Easing the Transition of Service Members on Campus, July 2009, prepared by ACE, SOC, AASCU, NASPA: Student Affairs Administrators in Higher Education, and NAPVA with support from the Lumina Foundation for Education



SPECIAL ADVISORS

American Legion

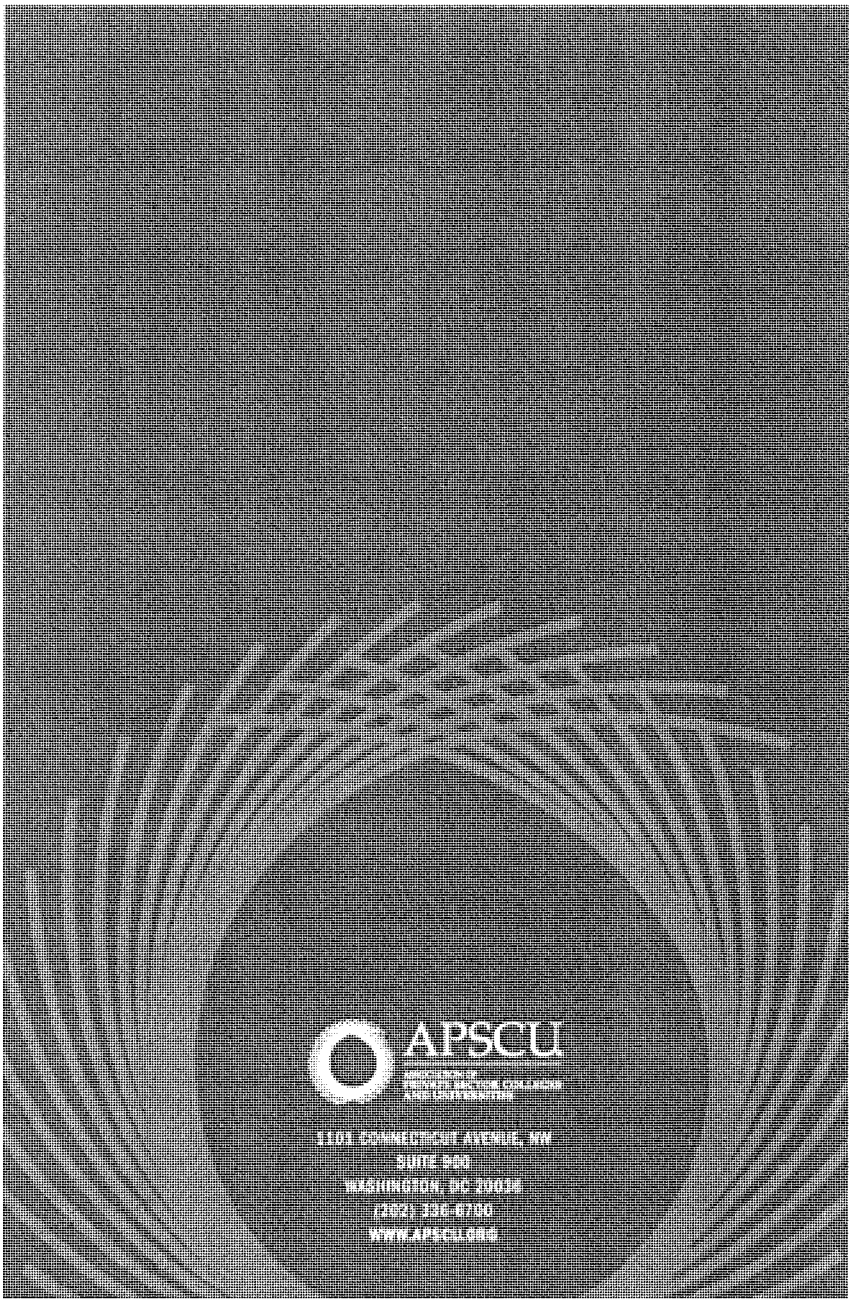
The American Legion was chartered by Congress in 1919 as a patriotic veteran's organization. Focusing on service to veterans, service members and communities, the Legion evolved from a group of war-weary veterans of World War I into one of the most influential nonprofit groups in the United States. Today, membership stands at over 2.4 million in 14,000 posts worldwide. The posts are organized into 55 departments: one each for the 50 states, along with the District of Columbia, Puerto Rico, France, Mexico and the Philippines. The birth of the Servicemen's Readjustment Act of 1944, known informally as the GI Bill of Rights, was a law that included several key parts: educational opportunity; on-the-job training; unemployment benefits; home, farm and business loans; review of discharges; health care; disability claims and veteran employment services. Today, the American Legion continues to work with all stakeholders in protecting and creating meaningful veterans education benefits that truly meet the needs of our 21st century veterans.

Student Veterans of America (SVA)

The mission of SVA is to provide military veterans with the resources, support, and advocacy needed to succeed in higher education and following graduation. Today's veterans face numerous obstacles in their path to attaining a college degree. These challenges range from a missing sense of camaraderie to feeling like an outsider amongst 18 year old traditional students to a lack of understanding by university faculty. When coupled with the visible and invisible wounds of war, a college degree can be an elusive goal for men and women returning from military service. SVA makes that goal a reality. SVA is a coalition of student veterans groups on college campuses around the globe. These member chapters are the "boots on the ground" that help veterans reintegrate into campus life and succeed academically. Each chapter must be an officially recognized student group by their university or college and provide a peer-to-peer network for veterans who are attending the school. Additionally, chapters often coordinate campus activities, provide pre-professional networking, and generally provide a touchstone for student veterans in higher education.

Veterans of Foreign Wars of the U.S. (VFW)

Since 1899, the VFW has continued to be a leading voice in veterans' advocacy, helping to enact nearly every major Quality of Life initiative for the benefit of every generation of veteran, military service member and their families. Composed of 2 million VFW and Auxiliary members in 7,200 VFW Posts across the country and around the world, the VFW creates, protects and enhances these benefits and programs by actively engaging with Congress and the White House. From the passage of the original World War II GI Bill of Rights in 1944 to the Montgomery GI Bill and now Post-9/11 GI Bill, the VFW will continue to advocate for student-veterans to improve their earned educational benefits and the consumer product information they deserve to receive.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Statement of Tom Tarantino
Chief Policy Officer, Iraq & Afghanistan Veterans Of America
before the
Senate Committee on Homeland Security & Governmental Affairs

July 23, 2013

Chairman Carper, Ranking Member Coburn, and Distinguished Members of the Committee:

On behalf of Iraq and Afghanistan Veterans of America (IAVA), I would like to extend our gratitude for being given the opportunity to share with you our views and recommendations regarding this important issue that affects the lives of thousands of service members and veterans.

IAVA is the nation's first and largest nonprofit, nonpartisan organization for veterans of the wars in Iraq and Afghanistan and their supporters. Founded in 2004, our mission is critically important but simple – to improve the lives of Iraq and Afghanistan veterans and their families. With a steadily growing base of nearly 270,000 members and supporters, we strive to help create a society that honors and supports veterans of all generations.

In partnership with other military and veteran service organizations, IAVA worked tirelessly to see that the Post-9/11 GI Bill was passed because we understand how valuable a meaningful education can be to service members and veterans. IAVA will continue to fight to protect the GI Bill and work to support legislation that establishes a robust consumer education program in order to ensure that there is some measure of accountability in this industry. We must act now to ensure that veterans are able to safely use their GI Bill to receive the kind of quality training that will help them realize their full potential.

In 1944, Congress passed the Servicemen's Readjustment Act. Lawmakers of the WWII era viewed this policy not as a handout to veterans, but as an investment in the future of the nation. Now, generations removed from the initial iteration of what is commonly referred to as the GI Bill, the benefits of this initial investment in America's 'Greatest Generation' are still being felt.

The GI Bill is arguably one of the most successful government investment programs in our nation's history, doubling the number of degrees awarded by colleges and universities from 1940 to 1950, and resulting in a five-fold increase in the percentage of Americans with bachelor's degrees from 1945-95[1]. It is estimated that for every dollar invested in America's veterans through the GI Bill, the government took in $7 in tax revenue, which illustrates not only the success of the policy specifically for the men and women who served their country with distinction and honor in its hour of need, but the successful impact this thoughtful policy had on the nation in general.

[1] "100 Documents that Shaped America". *Servicemen's Readjustment Act (1944)*. U.S. News and World Report. http://www.usnews.com/usnews/documents/docpages/document_page76.htm

In 2008, Congress passed a new GI Bill that took into account the realities of our modern higher education system in order to better serve Post-9/11 service members and veterans. Over 800,000 post-9/11 veterans have utilized the educational benefits they earned during their terms of service to the nation under the Post-9/11 GI Bill program.

When applied effectively, these funds can mean the difference between a veteran who struggles with the transition from military to civilian life and a veteran who is able to extend the leadership abilities attained in the military to the classroom and beyond. It is essential that the benefits our nation's service members and veterans have earned are protected, not only for the benefit of these heroes, but for the benefit of the country as well.

The proposed reforms seek to make educational institutions accountable to free market principles by counting Post-9/11 GI Bill funds as government sourced funds under the 90-10 rule. The predecessor to the 90/10 rule was the 85/15 rule, which mandated that educational institutions maintain an 85%-15% veteran-to-civilian student ratio. With the dramatic decrease in the student veteran population that occurred over the past 65 years, the development of a new formula became necessary. Rather than focusing solely on a head-count of service members and veterans enrolled at educational institutions, the 90/10 rule says that no more 90% of revenue for a school can come from government funds, and at least 10% must come from private sources, giving the government another avenue through which to ensure that educational institutions are providing service members and veterans with a quality product.

The intent of Congress with regard to each of these rules was not only to decrease instances of fraud and predatory targeting of veterans by educational institutions, but also to ensure that these institutions provided a quality product to students by making them accountable to free market forces. Unfortunately, due to a loophole in the law, military and veterans benefits are counted as part of the 10% of revenue that is supposed to come from private sources. This puts a target on every veteran's back. Every veteran that a for-profit school recruits is worth nine more students using federal financial aid.

The problem is that the Post-9/11 GI Bill did not exist when the 90/10 rule was put in place, and Congress has yet to update this rule to include Post-9/11 GI Bill funds in its language. This means that Post-9/11 GI Bill funds are not counted as government sourced funds for the purpose of the 90/10 rule. However, the tuition payments associated with the Post-9/11 GI Bill are paid directly to educational institutions by the Department of Veterans Affairs (VA), and these payments are indeed taxpayer funded. As such, these funds should absolutely be considered government funds, because they unquestionably are.

The goal of the proposed reforms is not to penalize educational institutions, but to ensure that America's veterans are receiving a quality education that will help them transition successfully from military to civilian life. Unfortunately, as a result of the actions of some bad actors in the system, this transition is being made more difficult for too many of our nation's veterans.

One IAVA member, Maggie Crawford, expressed frustration with for-profit schools on IAVA's Defend the New GI Bill webpage. After serving a tour of duty in Afghanistan, Maggie, a member of the Army National Guard, enrolled in ITT Tech to study nursing. It wasn't until the second quarter of her program that they told her she didn't have 100 percent GI Bill coverage and couldn't request a Yellow Ribbon scholarship. During the course of her classes, her professors discouraged her from asking questions, insisting that all the answers she needed would be in her books. According to Maggie, ITT was also dishonest about its nursing accreditation, at first telling her they were accredited and later telling her that its accreditation was pending. Maggie quit ITT and is still working to pay off the debt she incurred

with them. She is currently enrolled at another for-profit school and is pleased with her experience so far.

Another IAVA member, Howard Toller, expressed similar frustrations. Howard joined the Army in 2004 and deployed to Iraq twice. He enrolled in ITT in 2010 for a degree in computer networking services, and later admitted that he was duped by their advertising. A couple of months after his enrollment, he learned that ITT wasn't properly accredited by a national organization, thereby rendering his degree worthless. In his words, the classes are subpar, the teaching is subpar, and the instructors are subpar.

The experiences of these veterans demonstrate the need for more effective policies to protect military and veteran education benefits from the practices of predators in the higher education system. Many for-profit institutions are valued participants in education. They provide veterans with a service that is not widely available in traditional non-profit universities, including online and vocational programs that offer highly technical degrees. Unfortunately, it is difficult to separate the good actors from the bad actors in for-profit education without closing the 90/10 loophole. This loophole undermines the spirit and the intent of the GI Bill and should be closed.

As IAVA's CEO and founder, Paul Rieckhoff, commented a year ago, "Education is the single best tool that veterans have to level the playing field in this tough job market. IAVA is committed to ensuring that each and every one of them can maximize their benefits…[and] IAVA refuses to allow predatory for-profit colleges to gouge the New GI Bill and pad their pockets at the expense of our nation's veterans." At the same time, the American public deserves to have its tax dollars spent effectively and efficiently, especially with regard to the investment our nation makes in the future success of our service members and veterans through military and veteran education benefits.

Although less than 20% of veterans are attending for-profit schools, these schools are taking over a third of all GI Bill funds. Drop-out rates at for-profit schools are above 60% on average, and even though they account for just 13% of all college students, they produce half of all loan defaults. In this period of deficit cutting and waste reduction, the failures of for-profit schools with regard to providing quality job training and education programs to service members and veterans clearly represents an unacceptable threat to the future of the GI Bill.

Like the Servicemen's Readjustment Act before it, the Post-9/11 GI Bill was passed with the intent of providing America's veterans with the opportunity to reach their full potential. An opportunity they earned by answering their country's call to service. It is not a handout; it is an investment in service members, veterans, and the nation. In order to ensure the Post-9/11 GI Bill is as impactful on the lives and livelihoods of this New Greatest Generation of Americans as it was on previous generations we must protect its intent and its integrity.

We again appreciate the opportunity to offer our views on this important topic, and we look forward to continuing to work with each of you, your staff, and this Committee to improve the lives of veterans and their families.

Thank you for your time and attention.

Prepared Statement of Sergeant Christopher J. Pantzke, USA, Retired

"The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans"
July 23, 2013

Greetings to the committee, panel, members of the media,

Let me start by telling you a little bit about myself. My name is Christopher James Pantzke, SGT, US Army, RET. I am a 100% disable Iraq Combat Veteran. I hail from Minnesota but live in Prince George, VA., where myself, wife and son currently live. I will try to keep my story short as possible due to my time frame with the committee. I will start when I re-enlisted with the US Army.

My family and I were living in Fergus Falls assisting my mother and step-father with everyday life as they were aging. In October of 2002 I decide to enlist with the MN Army National Guard. During my time in the MN Nation Guard I was promoted from Private First Class to Specialist due fact that I had strived for excellence in the tasks that assignments that were put to me. During this time my step-father passed and my mother went into an assisted living home. My wife and I know that my mother would be well taken care of. So, I decided that I needed to provide a better life for my wife and son. I went and spoke with my chain of command and told them I wanted to re-enlist into the US Army. I was granted permission on one condition that I would keep my rank of Specialist (E-4). When I enlisted into the US Army I given three choices of duty stations, I chose Ft. Lee. I was notified that I would have to wait six months due to fact that my receiving unit was deployed at the time. In April of 2004 I signed in at Ft. Lee.

When we arrived at Ft. Lee, VA, I was assigned to the 109th Quartermasters Company, 240th Quartermaster Battalion, 49th Group. From 2004 to 2005 my squad leader, SGT Ivan Andrade saw leadership potential in me and started mentoring, training, and testing me to become a sergeant, a leader of soldiers. In late September of 2005 I was promoted to sergeant and five day later the 109th QM CO was deployed to Iraq.

The 109th QM CO was stationed at Al Asad Airbase were we became a transportation company, moving supplies, from I to class X supplies to various parts of Iraq. I was as assigned to several convoys during my deployment all but one went without a hitch. In late October early November of 2005 we set out on a convoy to Rawah Firebase to drop off a J lens (Video Camera). The following day we left on our way back to Al Asad Airbase about 3 p.m. in the afternoon my convoy was hit by VBIED (Vehicle Borne Improvised Explosive Device). The vehicle that I was traveling in was about 125 meters from the center of the blast. We stopped as we watched the explosive plume engulf one of our security vehicles, it completely disappeared. We both felt the concussion from the blast. My driver and I had sinking feeling that road had completely been destroyed, trapping the rest the convoy that was behind us, setting up for an ambush. I told my drive to go, go, go, push through, push through. As drove through the "kill zone" we saw bits and parts of the vehicle plus possible burnt body parts. I submitted a request for a Combat

Action Badge buts denied due to that the commanding Colonel had change the distance from the blast radius from 150 meters to 100 meters.

In December of 2005 I was assigned to COP North, a small outpost five miles south of the Syrian border to support the 414th CAV division. I was assigned to help resupply the outpost with food, water, and water. I became my XO's administrative assistant. I was place in charge of keeping track of the food, water, fuel supplies and supplies that were needed to operate the outpost. I had even created an excel tracking program to help in keeping track of our supplies, which I believe is still in use today. Shortly before our redeployment many of us received the Army Accommodation Medal for our participation in completing our mission objective. We also transported over 1.2 million gallons of fuel during our deployment.

In June of 2006 the 109th QM CO redeployed back to states. When we got back we were released for a thirty day leave. In which my family and I went back to Minnesota to visit my mother. After getting back from Minnesota we started our daily routine of preparedness. In the months to follow I started to get moody, depressed, and angry. My immediate leadership became concerned and was sent to the behavioral health center and Ft. Lee's Kenner Army Health Clinic. Where I was evaluated by Dr. Robert Brown and was recommended to be place in hospital for further evaluation. I was placed on medication to help with my mental health issues. When I was released three days later back to my company, it was recommended that I be place on thirty days of covalence leave as I started my mental health treatment.

I tried to complete my tasks and assigned duties as a sergeant, once again I found myself becoming angry, depressed, and suicidal. My treatment intensified as my doctors became concerned about well being. In 2008 I was place in the WTU at Ft. Lee so I could concentrate on healing and decide whether I wanted to continue on with my military career, or not. In November 2008 I was once again hospitalized for two weeks with anger, depression and suicidal tendencies. After being released from the hospital and sent back the WTU, I had decided that I was no longer a viable leader, I was damaged. So, after that decision Rene' (my wife) and I sat down discuss what I was going to do with my enormous free time that would be coming. I have always been interested in photography so, I search the web for online photography classes and schools. One school came up over and over, The Art Institute of Pittsburgh, which had an online photography degree program, a Bachelors Degree of Science in Photography.

The following day I called The Art Institute of Pittsburgh and spoke with a recruiter and told her that I was interested in the photography program that is offered. I told her first and foremost that I was Iraq Combat Veteran / Wounded Warrior, and that I had memory issues and PTSD. She responded that I would not be a problem that we will take care of you if you needed anything. I was satisfied with her response. She told me we need to get started on the admittance paper right away so I can be enrolled by start of school. She E-Mailed me the paperwork that I needed to be filled out plus other paperwork needed to complete the admittance process. She asked about if I any loans outstanding I told her that was not sure, and that I was very doubtful that I would be able to attend school. She told me to let her

handle that and not worry. As we were speaking I received and printed out the admittance paperwork, which I informed her that I received it. She told to fill out the paper work as quick as possible so she could submit the paperwork higher. We hung up and immediately started fill out the paperwork and got together the rest of the requested paperwork. That afternoon I E-Mailed my paperwork to my admittance officer. I also called her to let her that I returned my admittance paperwork. The next day less than forty-eight hours I received a call from the admittance officer telling that I "got in, you are good to go." I was very surprised that I was accepted into The Art Institute of Pittsburgh Online Division.

On March 19, 2009 I was medically retired and placed on TDRL status. Shortly after my release from the US Army we moved out of government housing to our current residence. I believe it to be July of 2009 I started my classes through the Art Institute of Pittsburg. I started my core classes such as Math, English, Art History, etc., the first quarter was a little shaky, I was starting to struggle a little bit. Shortly after I started my classes I receive (about 2 months) my VA back pay and some funds from AiO and I purchased my photographic equipment. I was very excited when I got my equipment. I then notified my Academic Advisor that I gotten my photographic equipment and was ready for some of my photography courses.

In 2010 Summer Quarter I became so depressed due to fact that I was struggling in all my classes that I failed to login into my classes for a week. In which I failed the two classes that I was in. AiO had believed that I withdraw me from school, which I had not. They also did not contact me to see what was going on. I understand that it is not the school's responsibility for my participation in my classes, but they should been concerned about me and what is going on. Just to give you an idea of my struggle with my classes. I had two classes every 9 $^{1}/_{2}$ weeks, and I would have anywhere from 8 to 10 assignments / projects due each week between the two classes. I would get up around 8 a.m. and I would not get to bed until 4 a.m. the next day. Another issue that I was having was with many of photographic assignment I was told I need to photograph people.....well, that would be fine but to fact that I have PTSD, crowds and I do not get along. I get very nervous and fell enclosed. I told my instructors and academic advisor (which I five during my time at AiO) about that I was unable to go out in crowd of people and start taking photographs. I finally contacted my academic advisor and told her that I was really struggling with my classes. I had asked her if there were remedial course that I could take (for math), or if there was any kind tutoring, such as "face to face. I told that there were no tutoring services available for me. I asked why, because I had told my enrollment officer that I was disabled veteran. My academic advisor did know that I was disabled, I was furious. She told that I had to apply for disability accommodations. The person I need to contact was Ms. Sarah White Assistant Disability Director.

I was still considered to be withdrawn from school when I contacted Ms. White. When speaking with Ms. White I explained to her what was going on and that I was struggling my classes. She said that I needed to apply for disability services and also needed to submit "evidence" of my disabilities. After about week I was readmitted to school with accommodations. My accommodation was that I was given one extra day to complete my assignments. I was unable to get simplified instructions, which frustrated many of my instructors. So, I had to break down assignment into simple bulleted format, in which my wife assisted me in doing. There was one photography assignment that I messed royal that my instructor

asked me what I was doing. My wife had e-mail my instructor back asking her for clarification for the assignment. My wife explained to the instructor that I had a hard time following complex instructions. My instructor was kind enough to simplify the instructions through my wife. Only one instructor offered tutoring at designated time during the week which I attended religiously, this was one my math classes.

During my struggle with the Art Institute of Pittsburgh, I was contact by a journalist Dan Golden from Bloomberg, who had heard about my demise with AiO (Art Institute of Pittsburgh, Online) and wanted to interview about my experience with AiO. I said I that I would be pleased grant him an interview. Hoping this would affect change in the way AiO was treating me. When Mr. Golden arrived at my home in August of 2010 and we did some talking before the interview, making me feel at ease with him. He asked if I know that The Art Institutes were a "For-Profit" school and they charge more tuition than average on ground campus college. I was taken back, as I listened to Mr. Golden telling me about how these schools bait veterans to enroll into their schools. He also mentioned that there was an instant where a recruiter from one of these for-profit college had gotten into a wounded Marines barracks and enrolled Marines with TBI. I was angry, felling that and realizing that I had been swindled.

After the interview I continued on with my studies as best as I could, because I did not want to give up I wanted to attain my degree no matter what. Even though I knew that AiO was taking advantage of my benefits (Post / 911 GI Bill), I continue on with my courses and doing my best to deal with AiO and my assignments. In December 2010 or January 2011 PBS Frontline contacted me after they had seen Mr. Golden's article on my struggle with AiO they also wanted to interview my about my experience with the Art Institute. I was more than pleased, since the interview with Mr. Golden had no effect on how AiO was handling veterans. The PBS Frontline's piece called "Educating Sergeant Pantzke" air on June 27, 2011. A day or two after the Frontline piece aired I received a phone call from the Vice President of the Online Division of The Art Institute of Pittsburgh asked to make a statement to PBS that AiO was taking care of me and that I was doing fine. I had thought about making the statement, but wife with her infantine wisdom practical kick me in the hind end to put my brains back into my head as did my individual therapist (not literally). Within the PBS Frontline piece AiO had stated that AiO had offered me "extensive tutoring services," that was news to me because I did not receive on phone call or e-mail from AiO saying they were offering me tutoring services.

Though before Educating Sergeant Pantzke aired I was involved in a serious car accident on Easter Sunday 2011 which left me injuries where I was unable to continue with school. My right hand was broken, fractured wrist and a rib fracture. I notified AiO right away that I was unable to continue with school due to my injuries. I applied for medical leave from school, which was granted. I was told to let the school know when I would be returning to class. I was required to have surgery to pin one of my bones in my right hand together. I was in a cast hot pink cast from March to early July 2011. Once the cast came off my wife and I sat down once again to discuss if I should go back to school and was it worth the struggle. I also spoke with my individual therapist about returning to school, I was still on the wall about it at that time. I still had that military mindset not give up and do not surrender. I was in a battle.

In July or early August I was contacted by ABC wanting to interview about my experience with AiO. I figured the more attention I could get on how AiO treats veterans especially that are disabled maybe AiO would change how they do business. I did the interview with ABC Nightly News with Dianne Sawyer. ABC was going to air it that night after they done interviewing, which did not happen. I received a phone call from who I believe to be the segment producer asking me to sign a release of information so they could speak with Ai about me. I signed the released and e-mailed it back. The next day I received call form the segment producer asking me more questions about AiO. One thing that infuriated me was Ai had accused me in using funds to take exuberant trips spending money from school. I did take ONE trip to Virginia Beach, three day two night stay, but I spent my own money. I also went to VA Beach to do a photographic assignment. The ABC piece never aired.

Then in October of 2011 NBC's Rock Center contacted me wanting to interview me about my experience with AiO. I agreed to do the interview hoping that NBC would air their piece. There two other interviewees where also there being interviewed by Natalie Morales. It was myself Mike DeGiacomo and Rikk Wolf. I knew of Mike as he also appeared in Frontline's Education Sergeant Pantzke. He had contacted me shortly after the airing of Educating Sergeant Pantzke. The piece did air on NBC's Rock Center but my segment was not. When I was speaking with Mrs. Morales we discussed why I had not withdrawn for AiO due to fact that I was struggling and the amount of tuition that they charge my Post / 911 GI Bill. She was the deciding factor, along with my wife, son and my therapist. So the day after I got back from New York I wrote a withdraw letter with the main points being that the education that were giving would not yield a gratifying and successful career in photography and the lack of disability services.

Throughout my attendance at AiO my PTSD was raging. My items through my house grew wings and started flying about, yelling and screaming, I had put a hole in my wall with my elbow as I was going through a PTSD fit. My PTSD is monster or demon that I keep under tight control. When it shows its ugly head it is not pretty, everyone and everything is a target.

These days I continue to learn about photography on my own, it sad that I have learned more about photography on my own than I ever did when I was a student at AiO. I believe AiO had failed to provide proper disability services which when I was first admitted to AiO that I needed to apply for disability services and set me up for failure. I also have taken up the gauntlet to help others to make informed decision when they are considering applying to a for-profit college. I try to warn them of the pitfalls before it is too late and end up in the situation that I was in.

When I watch T.V. and I see the commercials for University of Phoenix, The Art Institutes, ITT Tech, DeVry etc. I see that they use older alumni or those are in higher professional positions where they already have degrees from other schools, or they were students before the school became possession of a corporation, and public traded on the stock market. it sickness me due fact that they lure unsuspecting potential students from all walks of life.

Now that I am no longer a student at AiO, not having worries about how I am going to this assignment in on time, or am I going to fail this class again. I work on my own creative photography. I use photographic websites like Learn My Shot (http://www.learnmyshot.com/index.php?mode=browse) I believe that anyone can take a picture but a photograph is created and with proper schooling a photography student can become a great photographer like Frank Capa and Annie Leibovitz.

Here is a slide show if some Annie Leibovitz, as you can see why she is an inspiration for me. http://www.youtube.com/watch?v=mO4pjdVseEs&feature=player_embedded

I close with this education should never be for sale and certainly education should not be trade on the stock market. It not right for anyone to benefit from a student that is attending college except the student who is striving for their future.

Thank you for your Time

Christopher J. Pantzke
SGT, US Army, RET

The Art Institute of Pittsburgh®

Date: 02/18/2012

Pantzke, Christopher J
[redacted]
REDACTED

Amount Due: $0.00

Student Account Balance: $0.00

Please note that total account balance may not reflect financial aid and/or other financial resources that have not yet posted.

Current Charges/Payments:

Transaction	Date	Charges	Payments	Balance
AUTO-Application Fee Payment	06/12/2009		($50.00)	($50.00)
Application Fee	06/12/2009	$50.00		$0.00
Enrollment Fee	06/12/2009	$100.00		$100.00
Online Lab Fee	07/13/2009	$100.00		$200.00
Tuition	07/13/2009	$5,681.00		$5,881.00
Online Lab Fee	07/13/2009	$100.00		$5,981.00
Online Lab Fee	07/13/2009	$100.00		$6,081.00
Online Lab Fee	07/13/2009	$100.00		$6,181.00
Books/Supplies	07/13/2009	$240.00		$6,421.00
Federal Unsubsidized Stafford Loan 2009-	07/23/2009		($1,990.00)	$4,431.00
Interest Charge	08/31/2009	$5.56		$4,436.56
Supply Kit	09/29/2009	$389.98		$4,826.54
Military Tuition Reduction 2009-10	09/30/2009		($1,136.00)	$3,690.54
Military Tuition Reduction 2009-10	09/30/2009		($1,136.00)	$2,554.54
Federal Pell Grant 2009-10	10/01/2009		($1,784.00)	$770.54
Federal Pell Grant 2009-10	10/01/2009		($1,783.00)	($1,012.46)
Tuition - Military	10/05/2009	$5,681.00		$4,668.54
Online Lab Fee	10/05/2009	$100.00		$4,768.54
Online Lab Fee	10/05/2009	$100.00		$4,868.54
Online Lab Fee	10/05/2009	$100.00		$4,968.54
Online Lab Fee	10/05/2009	$100.00		$5,068.54
Books/Supplies	10/05/2009	$240.00		$5,308.54
Federal Subsidized Stafford Loan 2009-10	10/06/2009		($1,161.16)	$4,147.38
Federal Subsidized Stafford Loan 2009-10	10/06/2009		($1,161.16)	$2,986.22
Federal Unsubsidized Stafford Loan 2009-	10/07/2009		($1,990.00)	$996.22
Institutional Socrates Grant 2009-10	10/15/2009		($333.00)	$663.22
Books/Supplies	10/19/2009		($23.34)	$639.88
Supply Kit	10/23/2009		($389.98)	$249.90
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	11/16/2009		($1,179.85)	($929.95)
Stipend - SUBSTAF 2009-10	12/02/2009	$929.95		$0.00
Supply Kit	12/31/2009	$389.98		$389.98
Federal Pell Grant 2009-10	01/04/2010		($1,783.00)	($1,393.02)
Military Tuition Reduction 2009-10	01/06/2010		($568.00)	($1,961.02)
Online Lab Fee	01/11/2010	$100.00		($1,861.02)
Online Lab Fee	01/11/2010	$100.00		($1,761.02)
Tuition - Military	01/11/2010	$5,824.00		$4,062.98
Online Lab Fee	01/11/2010	$100.00		$4,162.98
Online Lab Fee	01/11/2010	$100.00		$4,262.98
Books/Supplies	01/11/2010	$240.00		$4,502.98
Federal Unsubsidized Stafford Loan 2009-	01/14/2010		($1,990.00)	$2,512.98
Federal Subsidized Stafford Loan 2009-10	01/14/2010		($1,160.17)	$1,352.81

Tuition - Military	01/15/2010		($1,274.00)	$78.81
Institutional Socrates Grant 2009-10	01/22/2010		($333.00)	($254.19)
Stipend - SUBSTAF 2009-10	01/28/2010	$254.19		$0.00
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	02/01/2010		($6,158.00)	($6,158.00)
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	02/01/2010		($6,224.00)	($12,382.00)
VOID VA Chapter 33 Benefits (Post 9/11)	03/01/2010	$6,224.00		($6,158.00)
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	03/01/2010		($6,224.00)	($12,382.00)
Stipend - SUBSTAF 2009-10	03/02/2010	$1,160.17		($11,221.83)
Stipend - SUBSTAF 2009-10	03/02/2010	$1,061.16		($10,160.67)
Stipend - UNSBSTAF 2009-10	03/02/2010	$1,989.00		($8,171.67)
Stipend - UNSBSTAF 2009-10	03/02/2010	$1,990.00		($6,181.67)
Stipend - VA33 2009-10	03/02/2010	$3,463.81		($2,717.86)
Stipend - VA33 2009-10	03/02/2010	$2,717.86		$0.00
Books/Supplies	04/02/2010		($240.00)	($240.00)
Tuition - Military	04/05/2010	$4,550.00		$4,310.00
Online Lab Fee	04/05/2010	$100.00		$4,410.00
Online Lab Fee	04/05/2010	$100.00		$4,510.00
Online Lab Fee	04/05/2010	$100.00		$4,610.00
Online Lab Fee	04/05/2010	$100.00		$4,710.00
Books/Supplies	04/06/2010	$240.00		$4,950.00
Federal Direct Subsidized Loan 2009-10	04/07/2010		($1,162.00)	$3,788.00
Federal Direct Unsubsidized Loan 2009-10	04/07/2010		($664.00)	$3,124.00
Federal Pell Grant 2009-10	04/08/2010		($1,784.00)	$1,340.00
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	04/15/2010		($2,888.00)	($1,548.00)
Stipend - DLSUB 2009-10	04/22/2010	$1,162.00		($386.00)
Stipend - DLUNSUB 2009-10	04/22/2010	$146.00		($240.00)
Stipend - VA33 2009-10	04/22/2010	$240.00		$0.00
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	06/02/2010		($2,650.00)	($2,650.00)
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	06/02/2010		($6,462.00)	($9,112.00)
Stipend - VA33 2009-10	06/10/2010	$2,650.00		($6,462.00)
Books/Supplies	06/25/2010		($32.19)	($6,494.19)
Federal Direct Unsubsidized Loan 2009-10	07/07/2010		($664.00)	($7,158.19)
Tuition - Military	07/12/2010	$4,200.00		($2,958.19)
Online Lab Fee	07/12/2010	$100.00		($2,858.19)
Online Lab Fee	07/12/2010	$100.00		($2,758.19)
Online Lab Fee	07/12/2010	$100.00		($2,658.19)
Online Lab Fee	07/12/2010	$100.00		($2,558.19)
Digital Resource Fee	07/12/2010	$70.00		($2,488.19)
Digital Resource Fee	07/12/2010	$70.00		($2,418.19)
Digital Resource Fee	07/12/2010	$70.00		($2,348.19)
Federal Direct Subsidized Loan 2009-10	07/13/2010		($1,162.00)	($3,510.19)
Books/Supplies	07/13/2010	$240.00		($3,270.19)
Federal Pell Grant 2010-11	07/13/2010		($1,850.00)	($5,120.19)
Stipend - DLUNSUB 2009-10	07/20/2010	$664.00		($4,456.19)
Stipend - DLUNSUB 2009-10	07/20/2010	$32.19		($4,424.00)
Stipend - DLSUB 2009-10	07/20/2010	$1,162.00		($3,262.00)
Stipend - VA33 2009-10	07/20/2010	$3,262.00		$0.00
Refund - PELL 2010-11	08/23/2010	$925.00		$925.00
Books/Supplies	08/25/2010		($240.00)	$685.00
Digital Resource Fee	08/25/2010		($70.00)	$615.00
Online Lab Fee Adjustment	08/25/2010		($200.00)	$415.00
Tuition Adjustment - Military	08/25/2010		($2,100.00)	($1,685.00)
Tuition Adjustment - Military	08/25/2010		($1,050.00)	($2,735.00)
Online Lab Fee Adjustment	08/25/2010		($100.00)	($2,835.00)
Refund - VA33 2009-10	08/25/2010	$807.51		($2,027.49)
Refund - DLSUB 2009-10	08/25/2010	$1,162.00		($865.49)
Refund - PELL 2010-11	08/25/2010	$201.49		($664.00)
Refund - DLUNSUB 2009-10	08/25/2010	$664.00		$0.00
Federal Pell Grant 2010-11	09/30/2010		($1,850.00)	($1,850.00)
Tuition - Military	10/04/2010	$4,550.00		$2,700.00

Digital Resource Fee	10/04/2010	$50.00		$2,750.00
Online Lab Fee	10/04/2010	$100.00		$2,850.00
Online Lab Fee	10/04/2010	$100.00		$2,950.00
Online Lab Fee	10/04/2010	$100.00		$3,050.00
Digital Resource Fee	10/04/2010	$75.00		$3,125.00
Digital Resource Fee	10/04/2010	$50.00		$3,175.00
Digital Resource Fee	10/04/2010	$50.00		$3,225.00
Online Lab Fee	10/04/2010	$100.00		$3,325.00
Books/Supplies	10/04/2010		($60.00)	$3,265.00
Books/Supplies	10/08/2010	$60.00		$3,325.00
VA Chapter 33 Benefits (Post 9/11) Payment 2010-11	10/12/2010		($5,150.00)	($1,825.00)
Digital Resource Fee	10/18/2010		($50.00)	($1,875.00)
Stipend - VA33 2010-11	10/20/2010	$1,875.00		$0.00
Tuition - Military	10/27/2010		($350.00)	($350.00)
Federal Direct Subsidized Loan 2010-11	10/27/2010		($1,162.00)	($1,512.00)
Federal Direct Subsidized Loan 2010-11	10/27/2010		($1,161.00)	($2,673.00)
Digital Resource Fee	10/29/2010		($75.00)	($2,748.00)
Stipend - VA33 2010-11	11/02/2010	$2,748.00		$0.00
Digital Resource Fee	11/23/2010		($50.00)	($50.00)
Stipend - DLSUB 2010-11	11/30/2010	$50.00		$0.00
Digital Resource Fee	12/29/2010		($50.00)	($50.00)
Refund - DLSUB 2010-11	01/13/2011	$50.00		$0.00
VA Chapter 33 Payment 2011-12	02/07/2011		($2,700.00)	($2,700.00)
VA Chapter 33 Payment 2011-12	02/07/2011		($2,350.00)	($5,050.00)
Refund - VA33XEFA 2011-12	02/10/2011	$2,700.00		($2,350.00)
Refund - VA33XEFA 2011-12	02/10/2011	$2,350.00		$0.00
Tuition - Military	02/17/2011	$4,550.00		$4,550.00
Online Lab Fee	02/17/2011	$100.00		$4,650.00
Online Lab Fee	02/17/2011	$100.00		$4,750.00
Online Lab Fee	02/17/2011	$100.00		$4,850.00
Online Lab Fee	02/17/2011	$100.00		$4,950.00
Digital Resource Fee	02/17/2011	$50.00		$5,000.00
Digital Resource Fee	02/17/2011	$50.00		$5,050.00
Digital Resource Fee	02/17/2011	$50.00		$5,100.00
VA Chapter 33 Payment 2009-10	03/09/2011		($269.28)	$4,830.72
Online Lab Fee	03/15/2011		($100.00)	$4,730.72
Digital Resource Fee	03/15/2011		($50.00)	$4,680.72
Tuition - Military	03/15/2011		($2,100.00)	$2,580.72
Online Lab Fee	03/15/2011		($100.00)	$2,480.72
Digital Resource Fee	03/15/2011		($50.00)	$2,430.72
Online Lab Fee	03/16/2011	$100.00		$2,530.72
Digital Resource Fee	03/16/2011	$50.00		$2,580.72
Tuition - Military	03/16/2011	$2,450.00		$5,030.72
Online Lab Fee	03/16/2011	$100.00		$5,130.72
Digital Resource Fee	03/16/2011	$75.00		$5,205.72
VA Ch 33 Benefits [Post 9/11] XEFA Payment 2011-12	03/24/2011		($2,700.00)	$2,505.72
VA Chapter 33 Benefits (100%) Payment 2011-12	04/11/2011		($2,775.00)	($269.28)
Federal Pell Grant 2010-11	05/04/2011		($925.00)	($1,194.28)
Refund - VA33 2010-11	05/05/2011	$177.00		($1,017.28)
Stipend - VA33XEFA 2011-12	05/24/2011	$1,017.28		$0.00
Refund - VA33XEFA 2011-12	10/11/2011	$2,350.00		$2,350.00
AR Forgiveness	10/11/2011		($2,350.00)	$0.00
VA Ch 33 Benefits [Post 9/11] XEFA Payment 2010-11	12/19/2011		($2,350.00)	($2,350.00)
AR Forgiveness	01/05/2012	$2,350.00		$0.00
Total Charges/Credits		$91,927.13	($91,927.13)	$0.00

Charges	Payments	Amount Due	Student Account Balance
$91,927.13	($91,927.13)	$0.00	$0.00

If you prefer to mail your payment, please print this page and mail your payment to:

The Art Institute of Pittsburgh

Date: 07/17/2013

Pantzke, Christopher J

[redacted]

REDACTED

Amount Due: $0.00

Student Account Balance: $0.00

Please note that total account balance may not reflect financial aid and/or other financial resources that have not yet posted.

Current Charges/Payments:

Transaction	Date	Charges	Payments	Balance
AUTO-Application Fee Payment	06/12/2009		$50.00	($50.00)
Application Fee	06/12/2009	$50.00		$0.00
Enrollment Fee	06/12/2009	$100.00		$100.00
Online Lab Fee	07/13/2009	$100.00		$200.00
Tuition	07/13/2009	$5,681.00		$5,881.00
Online Lab Fee	07/13/2009	$100.00		$5,981.00
Online Lab Fee	07/13/2009	$100.00		$6,081.00
Online Lab Fee	07/13/2009	$100.00		$6,181.00
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Military Tuition Reduction 2009-10	09/30/2009		$1,136.00	$2,554.54
Federal Pell Grant 2009-10	10/01/2009		$1,784.00	$770.54
Federal Pell Grant 2009-10	10/01/2009		$1,783.00	($1,012.46)
Tuition - Military	10/05/2009	$5,681.00		$4,668.54
Online Lab Fee	10/05/2009	$100.00		$4,768.54
Online Lab Fee	10/05/2009	$100.00		$4,868.54
Online Lab Fee	10/05/2009	$100.00		$4,968.54
Online Lab Fee	10/05/2009	$100.00		$5,068.54
Books/Supplies	10/05/2009	$240.00		$5,308.54
Federal Subsidized Stafford Loan 2009-10	10/06/2009		$1,161.16	$4,147.38
Federal Subsidized Stafford Loan 2009-10	10/06/2009		$1,161.16	$2,986.22
Federal Unsubsidized Stafford Loan 2009-	10/07/2009		$1,990.00	$996.22
Institutional Socrates Grant 2009-10	10/15/2009		$333.00	$663.22
Books/Supplies	10/19/2009	($23.34)		$639.88
Supply Kit	10/23/2009	($389.98)		$249.90
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	11/16/2009		$1,179.85	($929.95)
Stipend - SUBSTAF 2009-10	12/02/2009		($929.95)	$0.00
Supply Kit	12/31/2009	$389.98		$389.98
Federal Pell Grant 2009-10	01/04/2010		$1,783.00	($1,393.02)
Military Tuition Reduction 2009-10	01/06/2010		$568.00	($1,961.02)
Online Lab Fee	01/11/2010	$100.00		($1,861.02)
Online Lab Fee	01/11/2010	$100.00		($1,761.02)
Tuition - Military	01/11/2010	$5,824.00		$4,062.98
Online Lab Fee	01/11/2010	$100.00		$4,162.98
Online Lab Fee	01/11/2010	$100.00		$4,262.98
Books/Supplies	01/11/2010	$240.00		$4,502.98
Federal Unsubsidized Stafford Loan 2009-	01/14/2010		$1,990.00	$2,512.98
Federal Subsidized Stafford Loan 2009-10	01/14/2010		$1,160.17	$1,352.81

Tuition - Military	01/15/2010	($1,274.00)		$78.81
Institutional Socrates Grant 2009-10	01/22/2010		$333.00	($254.19)
Stipend - SUBSTAF 2009-10	01/28/2010		($254.19)	$0.00
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	02/01/2010		$6,158.00	($6,158.00)
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	02/01/2010		$6,224.00	($12,382.00)
VOID VA Chapter 33 Benefits (Post 9/11)	03/01/2010		($6,224.00)	($6,158.00)
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	03/01/2010		$6,224.00	($12,382.00)
Stipend - SUBSTAF 2009-10	03/02/2010		($1,160.17)	($11,221.83)
Stipend - SUBSTAF 2009-10	03/02/2010		($1,061.16)	($10,160.67)
Stipend - UNSBSTAF 2009-10	03/02/2010		($1,989.00)	($8,171.67)
Stipend - UNSBSTAF 2009-10	03/02/2010		($1,990.00)	($6,181.67)
Stipend - VA33 2009-10	03/02/2010		($3,463.81)	($2,717.86)
Stipend - VA33 2009-10	03/02/2010		($2,717.86)	$0.00
Books/Supplies	04/02/2010	($240.00)		($240.00)
Tuition - Military	04/05/2010	$4,550.00		$4,310.00
Online Lab Fee	04/05/2010	$100.00		$4,410.00
Online Lab Fee	04/05/2010	$100.00		$4,510.00
Online Lab Fee	04/05/2010	$100.00		$4,610.00
Online Lab Fee	04/05/2010	$100.00		$4,710.00
Books/Supplies	04/06/2010	$240.00		$4,950.00
Federal Direct Subsidized Loan 2009-10	04/07/2010		$1,162.00	$3,788.00
Federal Direct Unsubsidized Loan 2009-10	04/07/2010		$664.00	$3,124.00
Federal Pell Grant 2009-10	04/08/2010		$1,784.00	$1,340.00
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	04/15/2010		$2,888.00	($1,548.00)
Stipend - DLSUB 2009-10	04/22/2010		($1,162.00)	($386.00)
Stipend - DLUNSUB 2009-10	04/22/2010		($146.00)	($240.00)
Stipend - VA33 2009-10	04/22/2010		($240.00)	$0.00
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	06/02/2010		$2,650.00	($2,650.00)
VA Chapter 33 Benefits (Post 9/11) Payment 2009-10	06/02/2010		$6,462.00	($9,112.00)
Stipend - VA33 2009-10	06/10/2010		($2,650.00)	($6,462.00)
Books/Supplies	06/25/2010	($32.19)		($6,494.19)
Federal Direct Unsubsidized Loan 2009-10	07/07/2010		$664.00	($7,158.19)
Tuition - Military	07/12/2010	$4,200.00		($2,958.19)
Online Lab Fee	07/12/2010	$100.00		($2,858.19)
Online Lab Fee	07/12/2010	$100.00		($2,758.19)
Online Lab Fee	07/12/2010	$100.00		($2,658.19)
Online Lab Fee	07/12/2010	$100.00		($2,558.19)
Digital Resource Fee	07/12/2010	$70.00		($2,488.19)
Digital Resource Fee	07/12/2010	$70.00		($2,418.19)
Digital Resource Fee	07/12/2010	$70.00		($2,348.19)
Federal Direct Subsidized Loan 2009-10	07/13/2010		$1,162.00	($3,510.19)
Books/Supplies	07/13/2010	$240.00		($3,270.19)
Federal Pell Grant 2010-11	07/13/2010		$1,850.00	($5,120.19)
Stipend - DLUNSUB 2009-10	07/20/2010		($664.00)	($4,456.19)
Stipend - DLUNSUB 2009-10	07/20/2010		($32.19)	($4,424.00)
Stipend - DLSUB 2009-10	07/20/2010		($1,162.00)	($3,262.00)
Stipend - VA33 2009-10	07/20/2010		($3,262.00)	$0.00
Refund - PELL 2010-11	08/23/2010		($925.00)	$925.00
Books/Supplies	08/25/2010	($240.00)		$685.00
Digital Resource Fee	08/25/2010	($70.00)		$615.00
Online Lab Fee Adjustment	08/25/2010	($200.00)		$415.00
Tuition Adjustment - Military	08/25/2010	($2,100.00)		($1,685.00)
Tuition Adjustment - Military	08/25/2010	($1,050.00)		($2,735.00)
Online Lab Fee Adjustment	08/25/2010	($100.00)		($2,835.00)
Refund - VA33 2009-10	08/25/2010		($807.51)	($2,027.49)
Refund - DLSUB 2009-10	08/25/2010		($1,162.00)	($865.49)
Refund - PELL 2010-11	08/25/2010		($201.49)	($664.00)
Refund - DLUNSUB 2009-10	08/25/2010		($664.00)	$0.00
Federal Pell Grant 2010-11	09/30/2010		$1,850.00	($1,850.00)
Tuition - Military	10/04/2010	$4,550.00		$2,700.00
Digital Resource Fee	10/04/2010	$50.00		$2,750.00

Online Lab Fee	10/04/2010	$100.00		$2,850.00
Online Lab Fee	10/04/2010	$100.00		$2,950.00
Online Lab Fee	10/04/2010	$100.00		$3,050.00
Digital Resource Fee	10/04/2010	$75.00		$3,125.00
Digital Resource Fee	10/04/2010	$50.00		$3,175.00
Digital Resource Fee	10/04/2010	$50.00		$3,225.00
Online Lab Fee	10/04/2010	$100.00		$3,325.00
Books/Supplies	10/04/2010	($60.00)		$3,265.00
Books/Supplies	10/08/2010	$60.00		$3,325.00
VA Chapter 33 Benefits (Post 9/11) Payment 2010-11	10/12/2010		$5,150.00	($1,825.00)
Digital Resource Fee	10/18/2010	($50.00)		($1,875.00)
Stipend - VA33 2010-11	10/20/2010		($1,875.00)	$0.00
Tuition - Military	10/27/2010	($350.00)		($350.00)
Federal Direct Subsidized Loan 2010-11	10/27/2010		$1,162.00	($1,512.00)
Federal Direct Subsidized Loan 2010-11	10/27/2010		$1,161.00	($2,673.00)
Digital Resource Fee	10/29/2010	($75.00)		($2,748.00)
Stipend - VA33 2010-11	11/02/2010		($2,748.00)	$0.00
Digital Resource Fee	11/23/2010	($50.00)		($50.00)
Stipend - DLSUB 2010-11	11/30/2010		($50.00)	$0.00
Digital Resource Fee	12/29/2010	($50.00)		($50.00)
Refund - DLSUB 2010-11	01/13/2011		($50.00)	$0.00
VA Chapter 33 Payment 2011-12	02/07/2011		$2,700.00	($2,700.00)
VA Chapter 33 Payment 2011-12	02/07/2011		$2,350.00	($5,050.00)
Refund - VA33XEFA 2011-12	02/10/2011		($2,700.00)	($2,350.00)
Refund - VA33XEFA 2011-12	02/10/2011		($2,350.00)	$0.00
Tuition - Military	02/17/2011	$4,550.00		$4,550.00
Online Lab Fee	02/17/2011	$100.00		$4,650.00
Online Lab Fee	02/17/2011	$100.00		$4,750.00
Online Lab Fee	02/17/2011	$100.00		$4,850.00
Online Lab Fee	02/17/2011	$100.00		$4,950.00
Digital Resource Fee	02/17/2011	$50.00		$5,000.00
Digital Resource Fee	02/17/2011	$50.00		$5,050.00
Digital Resource Fee	02/17/2011	$50.00		$5,100.00
VA Chapter 33 Payment 2009-10	03/09/2011		$269.28	$4,830.72
Online Lab Fee	03/15/2011	($100.00)		$4,730.72
Digital Resource Fee	03/15/2011	($50.00)		$4,680.72
Tuition - Military	03/15/2011	($2,100.00)		$2,580.72
Online Lab Fee	03/15/2011	($100.00)		$2,480.72
Digital Resource Fee	03/15/2011	($50.00)		$2,430.72
Online Lab Fee	03/16/2011	$100.00		$2,530.72
Digital Resource Fee	03/16/2011	$50.00		$2,580.72
Tuition - Military	03/16/2011	$2,450.00		$5,030.72
Online Lab Fee	03/16/2011	$100.00		$5,130.72
Digital Resource Fee	03/16/2011	$75.00		$5,205.72
VA Ch 33 Benefits [Post 9/11] XEFA Payment 2011-12	03/24/2011		$2,700.00	$2,505.72
VA Chapter 33 Benefits (100%) Payment 2011-12	04/11/2011		$2,775.00	($269.28)
Federal Pell Grant 2010-11	05/04/2011		$925.00	($1,194.28)
Refund - VA33 2010-11	05/05/2011		($177.00)	($1,017.28)
Stipend - VA33XEFA 2011-12	05/24/2011		($1,017.28)	$0.00
Refund - VA33XEFA 2011-12	10/11/2011		($2,350.00)	$2,350.00
AR Forgiveness	10/11/2011	($2,350.00)		$0.00
VA Ch 33 Benefits [Post 9/11] XEFA Payment 2010-11	12/19/2011		$2,350.00	($2,350.00)
AR Forgiveness	01/05/2012	$2,350.00		$0.00
Military Tuition Reduction 2010-11	02/27/2012		$910.00	($910.00)
Military Tuition Reduction 2010-11	02/27/2012		$210.00	($1,120.00)
Military Tuition Reduction 2010-11	02/27/2012		$840.00	($1,960.00)
Military Tuition Reduction 2010-11	02/27/2012		$490.00	($2,450.00)
Stipend - VA33XEFA 2011-12	03/09/2012		($220.72)	($2,229.28)
Stipend - VA33 2009-10	03/09/2012		($910.00)	($1,319.28)
Stipend - VA33 2009-10	03/09/2012		($82.16)	($1,237.12)
Stipend - VA33 2009-10	03/09/2012		($87.12)	($1,150.00)

Stipend - DLSUB 2010-11	03/09/2012		($840.00)	($310.00)
Stipend - DLSUB 2010-11	03/09/2012		($210.00)	($100.00)
Stipend - VA33 2009-10	03/26/2012		($100.00)	$0.00
Military Tuition Scholarship 2009-10	07/10/2012		$0.20	($0.20)
Military Tuition Scholarship 2009-10	07/10/2012		$0.20	($0.40)
Military Tuition Scholarship 2009-10	07/10/2012		$342.00	($342.40)
Stipend - UNSBSTAF 2009-10	07/17/2012		($342.40)	$0.00
Total Charges/Credits		$34,637.01	$34,637.01	$0.00

Charges	Payments	Amount Due	Student Account Balance
$34,637.01	$34,637.01	$0.00	$0.00

If you prefer to mail your payment, please print this page and mail your payment to:

Art Institute of Pittsburgh - Online Division
1400 Penn Avenue
Pittsburgh, PA 15222-4332
Attn: Student Accounting

To speak to someone about your account, please contact your Financial Aid Officer. You can find your Financial Aid Officer's contact information on the Campus Common Home Page under the MyContacts/Financial Services Section.

The Art Institute of Pittsburgh

Unofficial Transcript

Student Name: Christopher Pantzke
Student ID: 0906054080

Date: 07/17/2013

2011 Winter/Spring Full Quarter

Course	Title	Credits	Status	Grade
ENG1020	Composition and Language II	4.00	Dropped	W
PH134	Digital Image Illustration	3.00	Dropped	W
MTH1010	College Math I	4.00	Complete	B
PH133	Introduction to Photojournalism	3.00	Complete	A-

2010 Fall Quarter Full

Course	Title	Credits	Status	Grade
FND132	Fundamentals of the Internet	3.00	Complete	A
PH123	Principles of Digital Photography	3.00	Complete	C
MTH100	Elementary Algebra	3.00	Complete	C+
PH124	Digital Image Management	3.00	Complete	C

2010 Summer Quarter Full

Course	Title	Credits	Status	Grade
FND132	Fundamentals of the Internet	3.00	Complete	F
PH124	Digital Image Management	3.00	Complete	F

2010 Spring Quarter Full

Course	Title	Credits	Status	Grade
ART1020	Art History: Prehistory to the Early Modern Era	4.00	Complete	B
FND110	Drawing	3.00	Complete	B
CPU101_S	Computer Literacy	3.00	Complete	A
MTH099	Basic Mathematics	3.00	Complete	A

2010 Winter Quarter Full

Course	Title	Credits	Status	Grade
ENG1010	Composition and Language	4.00	Complete	C
FND115	Color Theory for Web and Multimedia	3.00	Complete	C
CPU101_S	Computer Literacy	3.00	Complete	F

MTH099	Basic Mathematics	3.00	Complete	C-

2009 Fall Quarter Full

Course	Title	Credits	Status	Grade
ENG1010	Composition and Language	4.00	Complete	F
FND115	Color Theory for Web and Multimedia	3.00	Complete	F
CPU101_S	Computer Literacy	3.00	Complete	F
MTH099	Basic Mathematics	3.00	Complete	F

2009 Summer Quarter Full

Course	Title	Credits	Status	Grade
ART1020	Art History: Prehistory to the Early Modern Era	4.00	Dropped	W
CPU101_S	Computer Literacy	3.00	Dropped	W
ENG095	Transitional English	3.00	Complete	B
SS100	Strategies for Online Learning	3.00	Complete	B

Cumulative GPA: 2.79

IPEDS Graduation Rates for First-Time, Full-Time Undergraduates, 2011

INSTNM	GRS RESPONSE	STATE	SECTOR	Institution: 2 Year or Less			Institution: 4-Year or Above			Transfer Out
				LT 4YR 100%	LT 4YR 150%	LT 4YR 200%	4YR 100%	4YR 150%	4YR 200%	
Beebe Hospital School of Nursing	Not applicable	DE	Private not-for-profit- 2-year							
Dawn Career Institute Inc	Respondent	DE	Private for-profit- less-than 2-year	86	86	86				6
Delaware Technical and Community College-Owens	Respondent	DE	Public- 2-year	12	19	25				10
Delaware Technical and Community College-Terry	Respondent	DE	Public- 2-year	7	15	19				15
Delaware Technical and Community College-Stanton-Wilmington	Respondent	DE	Public- 2-year	3	7	13				16
Delaware State University	Respondent	DE	Public- 4-year or above				15	34	36	
University of Delaware	Respondent	DE	Public- 4-year or above				59	75	77	
Goldey-Beacom College	Respondent	DE	Private not-for-profit- 4-year or above				30	49	49	14
Schilling-Douglas School of Hair Design	Respondent	DE	Private for-profit- less-than 2-year	26	67	71				
Wesley College	Respondent	DE	Private not-for-profit- 4-year or above				19	38	38	13
Wilmington University	Respondent	DE	Private not-for-profit- 4-year or above				17	40	43	9
Widener University-Delaware Campus	Respondent	DE	Private not-for-profit- 4-year or above				45	64	64	
Delaware College of Art and Design	Respondent	DE	Private not-for-profit- 2-year	44	45	56				
Harris School of Business-Wilmington Campus	Respondent	DE	Private for-profit- less-than 2-year	49	57	57				2
Harris School of Business-Dover Campus	Respondent	DE	Private for-profit- less-than 2-year	52	60	60				1
Delaware Learning Institute of Cosmetology	Respondent	DE	Private for-profit- less-than 2-year	52	80	100				
Strayer University-Delaware	Not applicable	DE	Private for-profit- 4-year or above							
Academy of Massage and Bodywork	Respondent	DE	Private for-profit- less-than 2-year							
Paul Mitchell The School-Delaware	Respondent	DE	Private for-profit- less-than 2-year	0	78	78				
University of Phoenix-Delaware	Not applicable	DE	Private for-profit- 4-year or above							
American Broadcasting School-Oklahoma City	Respondent	OK	Private for-profit- less-than 2-year	40	50	50				
Bacone College	Respondent	OK	Private not-for-profit- 4-year or above				4	13	13	
Oklahoma Wesleyan University	Respondent	OK	Private not-for-profit- 4-year or above				24	38	40	
Southern Nazarene University	Respondent	OK	Private not-for-profit- 4-year or above				32	49	53	26
Broken Arrow Beauty College-Broken Arrow	Respondent	OK	Private for-profit- less-than 2-year	0	75	75				
Pontotoc Technology Center	Respondent	OK	Public- less-than 2-year	98	99	100				
Cameron University	Respondent	OK	Public- 4-year or above				6	20	23	17

IPEDS Graduation Rates for First-Time, Full-Time Undergraduates, 2011

INSTNM	GRS RESPONSE	STATE	SECTOR	Institution: 2 Year or Less			Institution: 4-Year or Above			
				LT 4YR 100%	LT 4YR 150%	LT 4YR 200%	4YR 100%	4YR 150%	4YR 200%	Transfer Out
Carl Albert State College	Respondent	OK	Public- 2-year	15	26	29				10
Central State Beauty Academy	Respondent	OK	Private for-profit- less-than 2-year	86	100	100				18
University of Central Oklahoma	Respondent	OK	Public- 4-year or above				12	36	41	38
Claremore Beauty College	Respondent	OK	Private for-profit- less-than 2-year	0	92	92				
Connors State College	Respondent	OK	Public- 2-year	11	20	23				19
East Central University	Respondent	OK	Public- 4-year or above				11	32	36	27
Eastern Oklahoma State College	Respondent	OK	Public- 2-year	14	22	23				16
Redlands Community College	Respondent	OK	Public- 2-year	15	23	25				22
Enid Beauty College	Respondent	OK	Private for-profit- less-than 2-year	17	69	69				
Eves College of Hairstyling	Respondent	OK	Private for-profit- less-than 2-year	38	56	56				1
Hillsdale Free Will Baptist College	Respondent	OK	Private not-for-profit- 4-year or above				6	9	9	20
Hollywood Cosmetology Center	Respondent	OK	Private for-profit- less-than 2-year	31	69	69				13
Langston University	Respondent	OK	Public- 4-year or above				13	27	38	21
Murray State College	Respondent	OK	Public- 2-year	12	22	25				17
Spartan College of Aeronautics and Technology	Respondent	OK	Private for-profit- 4-year or above				95	100	100	
Northeastern State University	Respondent	OK	Public- 4-year or above				11	30	34	30
Beauty Technical College Inc	Respondent	OK	Private for-profit- less-than 2-year	0	75	75				6
Northern Oklahoma College	Respondent	OK	Public- 2-year	14	23	25				28
Northeastern Oklahoma A&M College	Respondent	OK	Public- 2-year	16	24	27				20
Northwestern Oklahoma State University	Respondent	OK	Public- 4-year or above				15	31	34	20
Oklahoma State University Center for Health Sciences	Not applicable	OK	Public- 4-year or above							
Oklahoma Christian University	Respondent	OK	Private not-for-profit- 4-year or above				28	51	51	24
University of Oklahoma Health Sciences Center	Not applicable	OK	Public- 4-year or above							
Oklahoma Panhandle State University	Respondent	OK	Public- 4-year or above				23	38	39	15
Oklahoma State University-Main Campus	Respondent	OK	Public- 4-year or above				31	60	63	20
Oklahoma State University-Oklahoma City	Respondent	OK	Public- 4-year or above							39
Oklahoma Baptist University	Respondent	OK	Private not-for-profit- 4-year or above				41	55	56	
Oklahoma City Community College	Respondent	OK	Public- 2-year	3	11	16				24
Oklahoma City University	Respondent	OK	Private not-for-profit- 4-year or above				40	56	57	16

IPEDS Graduation Rates for First-Time, Full-Time Undergraduates, 2011

INSTNM	GRS RESPONSE	STATE	SECTOR	Institution: 2 Year or Less			Institution: 4-Year or Above			
				LT 4YR 100%	LT 4YR 150%	LT 4YR 200%	4YR 100%	4YR 150%	4YR 200%	Transfer Out
University of Oklahoma Norman Campus	Respondent	OK	Public- 4-year or above				30	63	66	
Oklahoma School of Photography	Respondent	OK	Private for-profit- less-than 2-year	84	84	84				
Oklahoma State University Institute of Technology-Okmulgee	Respondent	OK	Public- 4-year or above							19
Oral Roberts University	Respondent	OK	Private not-for-profit- 4-year or above				39	52	53	
Tulsa Technology Center-Peoria Campus	Respondent	OK	Public- 2-year	0	100	100				
Platt College-Central OKC	Respondent	OK	Private for-profit- 2-year	57	57	57				
Rogers State University	Respondent	OK	Public- 4-year or above				4	14	18	31
Rose State College	Respondent	OK	Public- 2-year	3	10	14				22
Saint Gregorys University	Respondent	OK	Private not-for-profit- 4-year or above				23	28	28	32
Standard Beauty College of Oklahoma LLC	Respondent	OK	Private for-profit- less-than 2-year	14	59	59				1
University of Science and Arts of Oklahoma	Respondent	OK	Public- 4-year or above				19	30	33	30
Seminole State College	Respondent	OK	Public- 2-year	14	23	25				16
Southern School of Beauty Inc	Respondent	OK	Private for-profit- less-than 2-year	91	91	94				9
Southeastern Oklahoma State University	Respondent	OK	Public- 4-year or above				11	30	33	22
Southwestern Christian University	Respondent	OK	Private not-for-profit- 4-year or above				15	27	42	
Southwestern Oklahoma State University	Respondent	OK	Public- 4-year or above				12	31	34	29
Tulsa Community College	Respondent	OK	Public- 2-year	4	12	18				16
Tulsa Welding School-Tulsa Campus	Respondent	OK	Private for-profit- 2-year	25	66	67				
University of Tulsa	Respondent	OK	Private not-for-profit- 4-year or above				44	62	63	
Virgils Beauty College	Respondent	OK	Private for-profit- less-than 2-year	0	68	72				4
Indian Capital Technology Center-Tahlequah	Respondent	OK	Public- 2-year	73	73	73				
Western Oklahoma State College	Respondent	OK	Public- 2-year	11	18	20				15
Woodward Beauty College	Respondent	OK	Private for-profit- less-than 2-year	44	74	74				75
High Plains Technology Center	Respondent	OK	Public- less-than 2-year	59	62	64				
Mid-America Christian University	Respondent	OK	Private not-for-profit- 4-year or above				8	17	20	48
Platt College-Tulsa	Respondent	OK	Private for-profit- 4-year or above							
Ponca City Beauty College	Respondent	OK	Private for-profit- less-than 2-year	0	81	85				
Francis Tuttle Technology Center	Respondent	OK	Public- 2-year	26	32	43				

IPEDS Graduation Rates for First-Time, Full-Time Undergraduates, 2011

INSTNM	GRS RESPONSE	STATE	SECTOR	Institution: 2 Year or Less			Institution: 4-Year or Above			
				LT 4YR 100%	LT 4YR 150%	LT 4YR 200%	4YR 100%	4YR 150%	4YR 200%	Transfer Out
Career Point College	Respondent	OK	Private for-profit- 2-year	72	72	72				
Central Technology Center	Respondent	OK	Public- less-than 2-year	78	78	78				2
Moore Norman Technology Center	Respondent	OK	Public- 2-year	96	96	96				
Red River Technology Center	Respondent	OK	Public- less-than 2-year	39	53	59				9
Tulsa Technology Center-Lemley Campus	Respondent	OK	Public- 2-year	100	100	100				
Tulsa Technology Center-Riverside Campus	Respondent	OK	Public- 2-year	100	100	100				
Tulsa Technology Center-Broken Arrow Campus	Respondent	OK	Public- 2-year	91	91	97				
Metro Technology Centers	Respondent	OK	Public- 2-year	70	73	76				
Great Plains Technology Center	Respondent	OK	Public- 2-year	77	77	78				
Pioneer Technology Center	Respondent	OK	Public- less-than 2-year	78	85	95				3
Caddo Kiowa Technology Center	Respondent	OK	Public- 2-year	62	62	86				26
Southern Oklahoma Technology Center	Respondent	OK	Public- less-than 2-year	31	40	40				
Autry Technology Center	Respondent	OK	Public- 2-year	55	55	55				4
Canadian Valley Technology Center	Respondent	OK	Public- less-than 2-year	36	49	49				
American Beauty Institute	Respondent	OK	Private for-profit- less-than 2-year	0	0	0				
Meridian Technology Center	Respondent	OK	Public- 2-year	42	54	56				
Northwest Technology Center-Alva	Respondent	OK	Public- less-than 2-year	100	100	100				20
Southwest Technology Center	Respondent	OK	Public- 2-year	24	81	94				
CC's Cosmetology College	Respondent	OK	Private for-profit- less-than 2-year							9
Chisholm Trail Technology Center	Respondent	OK	Public- less-than 2-year	43	43	52				
Gordon Cooper Technology Center	Respondent	OK	Public- 2-year	99	99	99				1
Kiamichi Technology Center-Atoka	Respondent	OK	Public- less-than 2-year	100	100	100				
Kiamichi Technology Center-Durant	Respondent	OK	Public- 2-year	89	97	97				
Kiamichi Technology Center-Hugo	Respondent	OK	Public- less-than 2-year	0	95	97				
Kiamichi Technology Center-McAlester	Respondent	OK	Public- less-than 2-year	22	54	57				6
Kiamichi Technology Center-Idabel	Respondent	OK	Public- less-than 2-year	78	78	78				
Kiamichi Technology Center-Poteau	Respondent	OK	Public- less-than 2-year	88	88	95				
Kiamichi Technology Center-Spiro	Respondent	OK	Public- less-than 2-year	88	88	88				
Kiamichi Technology Center-Talihina	Respondent	OK	Public- 2-year	48	48	57				
Kiamichi Technology Center-Stigler	Respondent	OK	Public- 2-year	83	83	92				8
Northwest Technology Center-Fairview	Respondent	OK	Public- less-than 2-year	100	100	100				

IPEDS Graduation Rates for First-Time, Full-Time Undergraduates, 2011

INSTNM	GRS RESPONSE	STATE	SECTOR	Institution: 2 Year or Less			Institution: 4-Year or Above			Transfer Out
				LT 4YR 100%	LT 4YR 150%	LT 4YR 200%	4YR 100%	4YR 150%	4YR 200%	
Heritage College-Oklahoma City	Respondent	OK	Private for-profit- 2-year	6	59	59				
American Broadcasting School-Tulsa	Respondent	OK	Private for-profit- less-than 2-year	31	46	46				
Yukon Beauty College Inc	Respondent	OK	Private for-profit- less-than 2-year	0	88	88				9
Cosmetology Schools Inc	Respondent	OK	Private for-profit- less-than 2-year	0	92	92				8
Phillips Theological Seminary	Not applicable	OK	Private not-for-profit- 4-year or above							
Tri County Technology Center	Respondent	OK	Public- less-than 2-year	69	69	69				
Indian Capital Technology Center-Muskogee	Respondent	OK	Public- 2-year	91	91	91				
Western Technology Center	Respondent	OK	Public- less-than 2-year	90	90	90				
Mid-America Technology Center	Respondent	OK	Public- less-than 2-year	28	28	28				25
Northeast Technology Center-Pryor	Respondent	OK	Public- less-than 2-year	86	86	86				
Eastern Oklahoma County Technology Center	Respondent	OK	Public- less-than 2-year	39	39	52				
Wes Watkins Technology Center	Respondent	OK	Public- less-than 2-year	46	46	46				
Technical Institute of Cosmetology Arts and Sciences	Respondent	OK	Private for-profit- less-than 2-year	59	71	87				
Northeast Technology Center-Afton	Respondent	OK	Public- less-than 2-year	43	63	64				1
Indian Capital Technology Center-Sallisaw	Respondent	OK	Public- less-than 2-year	91	97	97				
Indian Capital Technology Center-Stilwell	Respondent	OK	Public- less-than 2-year	51	71	83				
Green Country Technology Center	Respondent	OK	Public- less-than 2-year	85	85	90				4
Platt College-Lawton	Respondent	OK	Private for-profit- less-than 2-year	0	62	62				
Mid-Del Technology Center	Respondent	OK	Public- less-than 2-year	66	66	79				4
Northeast Technology Center-Kansas	Respondent	OK	Public- less-than 2-year	60	69	69				
University of Phoenix-Oklahoma City Campus	Respondent	OK	Private for-profit- 4-year or above				4	22	23	
University of Phoenix-Tulsa Campus	Respondent	OK	Private for-profit- 4-year or above				6	18	18	
Pryor Beauty College	Respondent	OK	Private for-profit- less-than 2-year	0	74	74				7
Oklahoma Health Academy-Tulsa	Respondent	OK	Private for-profit- less-than 2-year	80	80	80				
Oklahoma Health Academy-Moore	Respondent	OK	Private for-profit- less-than 2-year	57	63	63				
Community Care College	Respondent	OK	Private for-profit- 2-year	41	85	85				1
Shawnee Beauty College	Respondent	OK	Private for-profit- less-than 2-year	0	71	81				7
Vatterott College-Tulsa	Respondent	OK	Private for-profit- 2-year	74	80	80				
Family of Faith College	Respondent	OK	Private not-for-profit- 4-year or above				0	0	0	25
Institute of Hair Design	Respondent	OK	Private for-profit- less-than 2-year	0	74	74				3

IPEDS Graduation Rates for First-Time, Full-Time Undergraduates, 2011

INSTNM	GRS RESPONSE	STATE	SECTOR	Institution: 2 Year or Less			Institution: 4-Year or Above			
				LT 4YR 100%	LT 4YR 150%	LT 4YR 200%	4YR 100%	4YR 150%	4YR 200%	Transfer Out
Platt College-North OKC	Respondent	OK	Private for-profit- 4-year or above							
Central State Massage Academy	Respondent	OK	Private for-profit- less-than 2-year	75	88	88				
Platt College-Moore	Respondent	OK	Private for-profit- 2-year	64	79	79				
DeVry University-Oklahoma	Not applicable	OK	Private for-profit- 4-year or above							
Brookline College-Oklahoma City	Respondent	OK	Private for-profit- less-than 2-year	17	17	25				
Broken Arrow Beauty College-Tulsa	Respondent	OK	Private for-profit- less-than 2-year	10	70	70				
ITT Technical Institute-Oklahoma City	Not applicable	OK	Private for-profit- 4-year or above							
ITT Technical Institute-Tulsa	Not applicable	OK	Private for-profit- 4-year or above							
American Institute of Medical Technology	Respondent	OK	Private for-profit- 2-year	65	88	96				
Clary Sage College	Respondent	OK	Private for-profit- 2-year	14	71	71				2
Cutter's Edge School of Cosmetology	Respondent	OK	Private for-profit- less-than 2-year	20	60	75				
Brown Mackie College-Tulsa	Not applicable	OK	Private for-profit- 4-year or above							
Academy of Hair Design	Not applicable	OK	Private for-profit- less-than 2-year							
Northeast Technology Centerâ€"Claremore	Not applicable	OK	Public- less-than 2-year							
ATI Career Training Center-Oklahoma City	Respondent	OK	Private for-profit- less-than 2-year	31	34	38				
ATI Career Training Center-Oklahoma City	Not applicable	OK	Private for-profit- less-than 2-year							
DeVry University's Keller Graduate School of Management-Oklahoma	Not applicable	OK	Private for-profit- 4-year or above							
National American University-Tulsa	Not applicable	OK	Private for-profit- 4-year or above							
Oklahoma Technical College	Respondent	OK	Private for-profit- 2-year							
American Broadcasting School-Online Program	Respondent	OK	Private for-profit- less-than 2-year							

The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans
Committee on Homeland Security and Governmental Affairs
July 23, 2013 10:30AM

On behalf of the more than 70,000 active duty military and veteran students attending American Military University (AMU), I respectfully ask that the following information and perspectives be entered into the record associated with this hearing. At the outset, please know that the university recognizes the importance of the issues surrounding how educational institutions serve America's military personnel, veterans, and their families. In fact, those considerations were the sole rationale for the creation of the AMU in 1991, and they remain the guideposts that direct our efforts to serve those populations. Within the past few years, legitimate concerns have been raised regarding predatory recruiting practices, and some institutions from both for-profit and not-for-profit sectors are culpable in this regard, but these issues are not as simple as some would propose. Consequently, it is essential that Congress acknowledge the fundamental difference between "predatory" and "effective" marketing practices. Recent legislative attempts in this regard do not do justice to those institutions that have a long-standing history of serving these populations well, with integrity, and at a cost that represents a genuine value to both students and taxpayers.

Specifically, bills have been introduced that call for a radical change in the Higher Education Act of 1965 related to the so-called "90/10 formula," which stipulates that market-funded institutions must derive a minimum of 10 percent of their revenue from sources other than federal financial aid. In this regard, the Act specifically excluded from the definition of federal financial aid military tuition assistance and veterans educational benefits.

Unfortunately, some in Congress are unwilling to acknowledge that educational funds allocated by the Department of Defense (Tuition Assistance) and the Veterans Administration (GI Bill) represent compensation that has been earned. In fact, one can say with some assurance that in the case of DoD funds, the various branches typically consider TA to be a strategic tool by which to support the acquisition of specific skills and knowledge that are deemed important to their specific mission. As such, the benefits of those funds accrue as much to the armed forces as to the individuals to whom they are assigned. In any case, both TA and VA funds historically and appropriately have not been viewed as financial aid, but rather earned compensation. Moreover, many of the current legislative initiatives fail to take into account the collateral impact that changing the 90/10 formula would have on both military students and high-performing institutions. The latter may have to institute enrollment quotas that exclude military students, or raise the tuition those students pay in order to avoid being out of compliance with a revised 90/10 formula. Neither of these developments serves military and veteran students' interests, for the following reasons:

1. They will increase the cost of attendance and/or limit the options for those students;
2. They diminish the educational benefits earned through military service;
3. They have the effect of questioning the ability of military students and veterans to make informed choices;
4. They undermine the ability of colleges and universities that have historically served these students well to continue to fulfill that mission.

AMU is more than willing to lend its support to initiatives that will be more appropriate and less harmful to those whose interests we are collectively striving to maintain. Those interests include the legitimate concerns raised by members of Congress and taxpayers, but our efforts should not have the effect of limiting the educational options for military students and veterans, or undermining the ability of institutions like AMU to provide those opportunities. Rather than adjusting the 90/10 formula, I would propose that the following suggestions:

1. **Exclude Differentiated Tuition Models** - Perhaps the most effective single benchmark that Congress could establish to prevent predatory recruiting practices is to exclude from adjustments in 90/10 (or future adjustments in that formula) any institution that does not have a differentiated tuition model. Many institutions discount tuition to military personnel and veterans, some for sound reasons and others solely to avoid breaching the 90/10 threshold, but often a differentiated tuition model reflects predatory recruiting practices.
2. **Require Fair and Reasonable Academic Transfer Policies** - Stipulate that credit transfer policies provide clear and convincing evidence that they minimize unnecessary duplication of coursework, thus limiting the total cost to students and taxpayers, and reducing the time-to-degree/program completion. Such a policy will inhibit institutions from attempting to maximize tuition income through policies that limit the transfer of credit in the absence of sound academic justification.
3. **Encourage and Support Retention and Persistence** - Promote institutional accommodation of the special circumstances and expectations of military students and veterans, taking into account that those individuals typically are working adults who are attempting to balance multiple responsibilities. As such, they deserve an appropriate institutional investment in academic counseling, course management policies, and other academic support services. They will also benefit from policies that encourage limited coursework, especially for first-time students, thus maximizing the potential for academic success and persistence.
4. **Correlate Academic Programs with Practical Career Options** - Institutions that actively recruit military students and veterans should be expected to provide evidence that they develop, design, and offer programs of study, and associated methods of delivery that align with military-related careers and professional vocations outside the military. Some indication of congruence between programs of study and military-related experience would help to substantiate an institutional commitment to this population.
5. **Provide Institutional Transparency** - Qualifying institutions should establish quantifiable indicators of academic integrity and participate in nationally-benchmarked surveys and studies. Furthermore, colleges and universities should openly publish institutional metrics that effectively inform prospective students, the Departments of Defense and Veterans Affairs, and the education service officers and commanding officers who routinely interact with military personnel. In this regard I would offer the following link by way of an example: http://www.collegechoicesforadults.org/

These are all measures that could be legislatively stipulated and effectively implemented in an effort to inhibit abuse of TA and VA funds by institutions of higher education. Taken together, they would likely serve Congressional objectives related to "eliminating the bad actors," while

also preserving the ability of high performing institutions to continue to meet the educational needs of military students and veterans. Perhaps most importantly, these recommendations would have the distinct advantage of ensuring that the educational opportunities of those populations are not compromised or diminished in any way, nor their expenses increased.

As noted above, AMU welcomes that prospect of contributing to this important conversation, and we will appreciate the opportunity to provide additional information, data, and perspectives at your convenience.

Cordially,

Russell S. Kitchner, Ph.D, Vice President
Office of Regulatory and Governmental Relations

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EDMC
Education Management Corporation

July 6, 2011

Chairman Kline,

At Education Management Corporation (EDMC), we take great pride in actively supporting our country's servicemembers, veterans, and military spouses. We feel it's our duty and obligation to provide the absolute best education and service to our military students. We take this mission very seriously, because we sincerely appreciate all they are doing for our country.

That is why after viewing the 6/28/11 PBS *Frontline* segment entitled "Educating Sergeant Pantzke," we are disappointed with the manner in which EDMC – and specifically The Art Institute of Pittsburgh – Online Division (AiP) – was portrayed. Despite numerous attempts to supply the show's correspondent, Martin Smith, and associate producer, Chris Livesay, with balanced information, the program was little more than a one-sided view of just one of the thousands of military students who attend our schools.

We have several military students and graduates who expressed their willingness and availability to share their stories of success in our schools with PBS *Frontline* producers. On more than one occasion, we communicated these opportunities to producers and, in fact, they spoke with one of them but his story did not make it into the segment. Their heavy reliance on the testimony of one individual to assert the claims that an entire population of students has somehow been exploited – even after being given access to several military students who earned degrees from The Art Institutes and now enjoy successful careers as a result of their education – is irresponsible journalism at its best.

What may be most troubling is that *Frontline* ran a news story that no longer bears the slightest resemblance to Sgt. Pantzke's current status. In April of this year, Sgt. Pantzke re-enrolled at AiP. Due to personal circumstances unrelated to his education, he withdrew but has expressed to academic counselors that he is planning to re-enter in October.

Throughout the course of *Frontline*'s pursuit of this "story," EDMC provided producers with several supporting examples of our commitment to assisting and helping Sgt. Pantzke. I'd like to share some of them with you:

- AiP sincerely tried to work with Sgt. Pantzke to ameliorate his concerns. Despite our best efforts and as many as 37 documented attempts to render support, Sgt. Pantzke had poor attendance, a general reticence to pursue academic support services available in the online program, and an insufficient incremental completion rate of coursework, resulting in dismissal the first time he enrolled at AiP.

- While we always encourage our students to graduate with the least possible debt necessary to complete their education, records confirm that Sgt. Pantzke secured significant aid beyond what was needed for his direct educational costs. Records indicate that he had also defaulted on student loans (satisfied through consolidation loans in order to access additional student loans) prior to joining the military and prior to enrolling at AiP.

- With regard to providing accommodations based on a specific medical condition, AiP, despite numerous requests for such information, was never provided documentation of an official medical diagnosis of the condition from a qualified medical professional in order to confirm that which may be limiting or impacting Sgt. Pantzke's ability to succeed until recently.

- With regard to academic support and tutoring services, AiP has no documentation to reflect that Sgt. Pantzke attempted to utilize available tutoring services, which included Self-Directed Tutorials, Online Tutoring Learning Centers, On-Demand Tutoring (where students can select a subject and be assigned a "live" tutor to join within minutes), Scheduled Tutoring for an hour-long session with a "live" tutor (using an interactive Whiteboard), and an Essay Center (which enables students to submit a paper for review). All students are expected to take personal responsibility for ensuring support strategies available to them are scheduled and utilized on a regular basis.

- AiP afforded careful consideration to Sgt. Pantzke with regard to tuition and fees, as well. In fact, we

agreed to lock in his tuition rate for as long as it took him to complete his degree -- at a tuition reduction of 21%, compared to a 10% tuition reduction afforded to all veterans, active military, spouses and their families.

- And, although EDMC and/or AiP cannot forgive loans Sgt. Pantzke received from the federal government, he was notified that the opportunity existed to appeal his dismissal and some of his financial obligations for courses charged, but not completed.

Others were balanced and discerning of the facts as a whole with respect to Sgt. Pantzke's experiences at AiP. For example, the day after the piece ran, First Analysis Securities Corp. observed as follows:

> "We presume the story about Sergeant Pantzke failing out of the Art Institute Online and being frustrated at his classes (to the point of punching a hole in his wall) was intended by the producers to convey the idea that the school was aggressive in recruiting military students and provided insufficient support. **However, we note 1) the fact that the school did fail him suggests it was maintaining academic rigor (as opposed to keeping him enrolled regardless of performance, to keep collecting his financial aid), and 2) the fact that he re-enrolled at the Art Institute Online even after experiencing significant frustration and being interviewed for a negative story in Business Week suggests he was likely satisfied with his experience.** (As a side note, our personal memory of college would suggest experiencing some frustration while taking classes is not necessarily a sign of insufficient support services, but an almost-inevitable part of engaging in a rigorous academic process)."

We take issue with any allegation that may imply an inherent disregard for our students, especially since EDMC institutions are uniquely suited to serve the needs of members of our nation's military. The broad array of programs that we offer provide active duty personnel and veterans the quality, flexibility and convenience they seek through courses both on campus and online. The online university environment, offered by both traditional and proprietary schools, provides students the flexibility of not having to be physically located at a campus, if they choose. This has proven to be a better and more convenient option for those with family, career, or other obligations, since they do not have to relocate or make lifestyle changes to pursue an education.

These features have made our schools the preference for many current and former members of the U.S. Armed Forces. Students like Chad Dulac, a Lieutenant and Public Affairs Officer in the United States Navy; Catherine Carbullido, a Non-Commissioned Officer in Charge of an eight-person team of Air Force broadcasters; Juan Bautista, a military veteran who is now an animation engineer for Northrop Grumman Corporation; and Peter VanAmburgh, a Lieutenant Colonel with the Georgia Army National Guard who completed his doctoral dissertation while stationed in the deserts of Iraq, just to name a few. I've attached their full stories below.

For more than 40 years, we have been dedicated to delivering education that provides students with the skills they need to become successful in their chosen professions. We remain committed, as always, to ensuring that students from every walk of life, including those who have served in uniform, get the quality education they deserve.

Should you have any questions, or require any further information, do not hesitate to contact me.

Sincerely,

Anthony J. Guida Jr.
Senior Vice President, External Affairs
Education Management Corporation

EDMC™
Education Management Corporation

FACT SHEET

210 Sixth Avenue, 33rd Floor, Pittsburgh, PA 15222 | 412-562-0900 | www.edmc.edu

To honor the service of our nation's men and women in uniform, Education Management Corporation (EDMC) is actively working with the U.S. Department of Veterans Affairs in the Yellow Ribbon Reduced Tuition Program, part of the post-9/11 G.I. Bill. Like our traditional college and university peers, as participants in the Yellow Ribbon Program, our schools are able to voluntarily provide tuition assistance to eligible veterans to help offset all or some of their educational costs. A provision of the Veterans Educational Assistance Act of 2008, the Yellow Ribbon Program allows degree granting institutions to fund up to 50 percent of tuition expenses that exceed the highest public in-state undergraduate tuition rate, with the Veterans Affairs Department matching the same amount.

Quick Facts

- 3.8% of EDMC students are active military or veterans
- Approximately 4% of EDMC revenue is derived from Military-related financial aid programs
- 60% of EDMC military students are minorities
- 60% of EDMC military students are also Pell eligible
- 22% of EDMC military students are enrolled in an online program
- Our Brown Mackie College was honored as a 2011 Military Friendly school by *G.I. Jobs* Magazine recognizing the top 15 percent of colleges doing the most to embrace America's veterans as students

EDMC: Committed to Military Higher Education

For more than 40 years, EDMC has been dedicated to delivering quality education that builds careers for more than 150,000 students across every walk of life. EDMC institutions are uniquely suited to serve the needs of members of our nation's military. The broad array of programs we offer provide active duty service members, reservists, veterans, military spouses and families the quality, flexibility, and convenience they seek through courses both on campus and online.

What makes EDMC schools appealing to military students?

When compared to traditional 18-21 year old college students, military students tend to be older, with more real-life responsibilities and experiences. These students often feel more comfortable at institutions that offer more flexible administrative and academic policies, career-focused curricula, credit for past training and accomplishments, and support services that strive to meet their unique academic and personal needs. And, many of our schools are located near military bases, making it convenient to attend on-campus classes.

Many EDMC military students pursue their degrees through online programs. Depending upon a student's unique circumstances, online higher education can provide the flexibility of not having to be physically located on campus – a more convenient option for those with family, career, or other obligations, since they do not have to relocate or make a lifestyle change to pursue an education. Some programs even enable active military personnel to stay enrolled online while serving overseas. While others may offer the opportunity to allow special start and stop accommodations that reflect the reality of soldiers and sailors finding themselves deployed in the midst of a course.

EDMC has a number of program and scholarship opportunities available to military personnel and their families. We encourage prospective students to explore the benefits that may by available including the Montgomery G.I. Bill, Vocational Rehabilitation, Veterans Educational Assistance Program (VEAP), the Post-9-11 G.I. Bill, Dependents Educational Assistance, the Reserve G.I. Bill and Reservists Activated after Sept. 11, 2001 (REAP).

As with our nation's financial aid system generally, in which students receive financial aid and apply it to a participating institution of their choice, military students have the final authority over how their benefits may be administered and at which institutions.

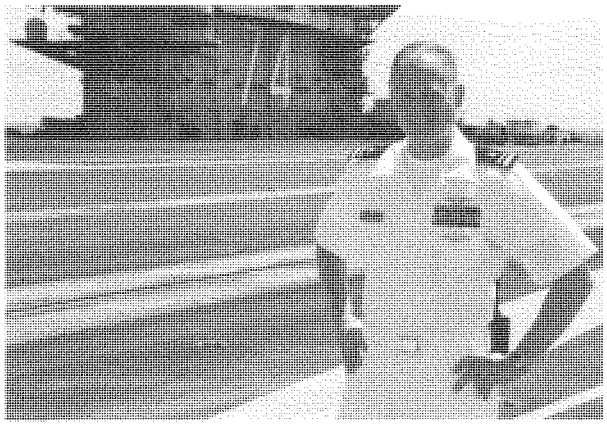
Which EDMC schools serve military students?

Institution	Military Student Population
The Art Institute of Pittsburgh – Online Division	314
The Art Institutes (on campus and online)	3,851
Argosy University (on campus and online)	460
Brown Mackie College (on campus and online)	274
South University (on campus and online)	1,482

What are the most popular programs of study for EDMC military students?

Program	% of Military Students in Program
Associate in Culinary Arts	8.2%
Bachelor's in Graphic Design	6.1%
Bachelor's in Media Arts & Animation	5.7%
Bachelor's in Photography	5.5%
Bachelor's in Culinary Management	5.5%

"A Man on Many Missions"



Chad A. Dulac
Bachelor of Science – Game Art & Design, 2010
The Art Institute of Pittsburgh – Online Division

Chad A. Dulac of San Diego has been stationed all over the country, serving as Lieutenant and Public Affairs Officer in the United States Navy. While exercising his passion to serve his country, Dulac desired to explore his creative arts passions as well. And by enrolling in The Art Institute of Pittsburgh – Online Division, he was able to find a perfect fit in balancing military service and starting a new career path.

Dulac graduated with a Bachelor of Science degree in Game Art & Design from The Art Institute of Pittsburgh – Online Division in 2010, and according to Dulac, the programs offered at the school gave him the flexibility needed to for him to succeed. "The degree I wanted to achieve in life wasn't always present in the places where I was stationed. By attending The Art Institute of Pittsburgh – Online Division, it gave me the flexibility to pursue the degree in games I wanted despite moving all around the United States during my time in the Navy."

In describing his academic experience, Dulac appreciated the "real-time" classes that are germane to his field of study, as well as the use of current technology and game art techniques. "It was a robust, diverse program that was every bit as enriching as an 'in class' based school. The instructors used current games as an example for what methods they were teaching and I could see, with every class, that I was learning something practical instead of an ambiguous subject that wouldn't be worth its merit."

With five years remaining until his Navy retirement, Dulac has already blazed an exciting creative arts career path. He is a Concept Artist working on the Legends of Etherell, a fantasy RPG game project. Dulac also provides part-time illustration work to Paizo Publishing, rendering non-player characters for Paizo's online "Dungeons and Dragons" Fanzine and serves as the creator/writer/illustrator for a six-issue fantasy comic book series called "The Gifted," which is in its final stages of production.

"The career I am currently pursuing is as an illustrator, providing character and level design concept art, in both black and white, and color. These professional opportunities are a foot in the proverbial door that can easily lead to a long-standing career in games, and great portfolio work."

Dulac credits The Art Institute of Pittsburgh – Online Division for providing an inspiring platform to further his education. "With the flexibility to work from your home, duty station or overseas assignment, The Art Institute of Pittsburgh – Online Division's curricula and program delivery model were incredible benefits to me as an active duty service member. This is a phenomenal platform to pursue any one of multiple degree paths in the creative arts, while still allowing you to honorably serve."

"An Architect of a New Career"

Catherine Carbullido
Diploma – Digital Design, 2007
The Art Institute of Pittsburgh – Online Division

Catherine Carbullido keeps her comrades on Ramstein Air Force Base in Germany up to speed on what's happening on base and around the world. The Non-Commissioned Officer in Charge leads an eight-person team of Air Force broadcasters, while directing and producing news stories and commercials. Previously, Carbullido was an Air Force graphic illustrator for two years before the job was contracted out to civilians.

As if she weren't busy enough, Carbullido practically has built a second career in expanding her knowledge. Since graduating high school, she's attended Guam Community College, University of Detroit, Okaloosa Walton Community College in Florida and Old Dominion University in Virginia. She earned two associate's degrees with the Community College of the Air Force.

Carbullido decided to attend The Art Institute of Pittsburgh – Online Division because it provided the flexibility she needed to pursue a four-year degree as an active military member. "Attending The Art Institute of Pittsburgh – Online Division made balancing going to college better because my class schedule was as flexible as my Air Force work schedule," said Carbuillido.

What Carbullido learned in her classes extended beyond the realm of Digital Design. She learned analytical and communications skills that have proved beneficial in her current position. "It has also helped my professional career by improving my critiquing skills," added Carbullido.

"I found that my troops respond better to critiques when they can learn something from it and I've encouraged them to critique each other so that they can learn how to give constructive criticism. I've not only taken what I learned in class, but also the method of learning into my broadcast section to create a better work center."

Carbullido received her Digital Design diploma in 2007 and is now pursuing her bachelor's degree in Graphic Design from The Art Institute of Pittsburgh – Online Division. "Attending The Art Institute of Pittsburgh – Online Division has afforded me the opportunity to finally get my bachelor's degree and prepare me for working in the civilian sector."

Carbullido started her educational journey aspiring to be an architect, but then "fell in love" with the graphic arts field when the Air Force opened that door for her. Little did she think she'd be able to build her career brick by brick while travelling the world and serving her country.

"I'm glad that I've discovered an institution like The Art Institute of Pittsburgh – Online Division to help me achieve my goals. I've been able to attend classes while stationed in Virginia, Portugal, Germany and even completed 19 credits while deployed to Afghanistan."

"Animation Engineer on Top-Secret Government Projects"

Juan Bautista
Bachelor of Science – Media Arts & Animation, 2006
The Art Institute of California – Los Angeles

Not many people have the phrase "top secret" in their job descriptions. But for Juan Bautista, it's a part of every day at the office. As an animator/animation engineer for Northrop Grumman Corporation, Juan works on high-level, top-secret projects for the United States government. And with his company's recent merger with Aerospace, he's begun picking up projects for NASA as well.

Juan's main responsibilities include modeling, lighting, texturing, compositing, directing cinematic shots, and technical advising for military hardware such as weapons and tactics. He works with three other animators, jumping from different projects as needed, depending on priority. "We are our own production managers and see each project through to the end," he asserts, adding that he's a generalist in 3ds Max, Maya, Vue, Shake, After Effects, and Right Hemisphere.

A military veteran, guitarist, and painter, Juan combines discipline and innovation in his work. He credits his education at The Art Institute of California—Los Angeles with helping him to fine-tune his creativity and pursue his love of animation. And he's continuing to challenge himself, by taking advantage of Northrop's generous continuing education program—pursuing a master's degree in Film at the University of Southern California's Film School.

"Student and Soldier: Earning a Doctorate in the Deserts of Iraq"

Lt. Colonel Peter VanAmburgh
Doctorate of Education (Ed.D.), 2003
Argosy University,Sarasota

While other doctoral students are working in the library or on their computers at home, Lt. Col. Peter VanAmburgh, a Bronze Star Medal recipient, was completing the final statistical analyses for his doctoral dissertation in a destroyed building at the Baghdad airport in Iraq.

Earning an advanced degree and maintaining a full time job can be a daunting task for anyone. But for Peter C. VanAmburgh, the decision to complete a doctoral dissertation in education from Argosy University/Sarasota, while being stationed in the deserts of Iraq, was perhaps the biggest feat of all in fulfilling one student's desire for a higher education. Argosy University offers the Doctorate of Education (Ed.D.) program in an accelerated format, providing students the option to complete coursework online, in the classroom, or a hybrid of both methods.

VanAmburgh is a Lieutenant Colonel (LTC) with the Georgia Army National Guard whose National Guard Unit was mobilized to the war in Iraq in February 2004. For LTC VanAmburgh, this flexibility became a critical factor in allowing him to continue his studies. At the time of his combat deployment, he was in the dissertation phase of his doctoral studies. When his unit was called up, LTC VanAmburgh explains, "I loaded all my data and dissertation items on my unclassified laptop to finish the project and not fall too far behind when I was not engaged."

He credits Argosy University's flexible doctoral committee with helping him finish his degree in a rather unorthodox fashion. Says Dr. Celia Edmundson, department head of the Organizational Leadership program in the School of Psychology and Behavioral Sciences at Argosy University/Sarasota, "as educators, our priority is helping our students achieve their academic goals. In this case, we were more than happy to accommodate Peter's desire to complete his degree under what had to be challenging, if not frightening circumstances. Peter has shown, as a student and as a leader, that life is to be lived with dedication, integrity and courage."

According to LTC VanAmburgh, he chose his course of study, Organizational Leadership(OL), because "I have been able to apply the lessons to the challenges of Army transformation, for example, building the objective force for CI/Human Intelligence forces of the future, teaching ROTC students, commanding battalion-level organizations, and organizing and directing combat operations."

VanAmburgh moved frequently between Kuwait, Iraq, Afghanistan and Uzbekistan. As for the challenges of concentrating on writing a dissertation on a laptop while traveling regularly in military vehicles to and from different locations, LTC VanAmburgh jokes that his fellow soldiers often looked at him with "shock and awe." "Most were very surprised I brought my educational pursuits to the Gulf operation."

ITT Technical Institute ITT

ITT Educational Services, Inc.
13000 North Meridian Street
Carmel, IN 46032-1404

(317) 706-9200
www.itt-tech.edu

August 5, 2013

The Honorable Thomas R. Carper
Chairman
U.S. Senate Committee on Homeland Security & Governmental Affairs
430 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tom Coburn
Ranking Member
U.S. Senate Committee on Homeland Security & Governmental Affairs
430 Dirksen Senate Office Building
Washington, DC 20510

Re: U.S. Senate Committee on Homeland Security & Governmental Affairs
Hearing on July 23, 2013 at 10:30 a.m.
The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans

Response by ITT Educational Services, Inc.

Dear Chairman Carper and Ranking Member Coburn:

On behalf of ITT Educational Services, Inc. (ITT/ESI) and the ITT Technical Institutes (ITT Tech), we want to thank the Committee for the opportunity to respond to the written Statement (Statement) by Tom Tarantino, Chief Policy Officer, Iraq & Afghanistan Veterans of American (IAVA) dated July 23, 2013, which, we believe, contains allegations that are inaccurate.

While we would have preferred to address, with detailed specificity, each and every inaccurate allegation made by Mr. Tarantino about the alleged experiences of two former ITT Tech students, Howard Toller and Margaret "Maggie" Crawford, we are constrained from doing so by the Family Educational Rights and Privacy Act of 1974, as amended (FERPA), which prohibits us from disclosing to you any non-directory information from those students' education records without their prior written consent. Unfortunately, both Mr. Toller and Ms. Crawford have refused our requests to provide the required FERPA consent. Should Mr. Toller and/or Ms. Crawford change their minds and provide the requisite FERPA consent in the future, we respectfully request the opportunity to correct the Record, even if it is after the date the Record formally closes on August 7, 2013.

Due to Mr. Toller's and Ms. Crawford's refusal to provide a FERPA consent, ITT Tech finds itself in the untenable situation of having to respond to the Statement of Mr. Tarantino who provided hearsay testimony, allegedly on behalf of two individuals who were not present at the Hearing and, who were not subject to any examination by the Committee.

ITT Educational Services, Inc.

The Honorable Thomas R. Carper
The Honorable Tom Coburn
August 5, 2013

Written Statement by Tom Tarantino, Chief Policy Officer, IAVA

On July 23, 2013 at 10:30 a.m., the U.S. Senate Committee on Homeland Security & Governmental Affairs (Committee) held a Hearing on "The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans" (Hearing).

As part of the formal record, Mr. Tarantino provided the Committee with a written Statement which, in relevant part, provides as follows:

> One IAVA member, Maggie Crawford, expressed frustration with for-profit schools on IAVA's Defend the New GI Bill webpage. After serving a tour of duty in Afghanistan, Maggie, a member of the Army National Guard, enrolled in ITT Tech to study nursing. It wasn't until the second quarter of her program that they told her she didn't have 100 percent GI Bill coverage and couldn't request a Yellow Ribbon scholarship. During the course of her classes, her professors discouraged her from asking questions, insisting that all the answers she needed would be in her books. According to Maggie, ITT was also dishonest about its nursing accreditation, at first telling her they were accredited and later telling her that its accreditation was pending. Maggie quit ITT and is still working to pay off the debt she incurred with them. She is currently enrolled at another for-profit school and is pleased with her experience so far.
>
> Another IAVA member, Howard Toller, expressed similar frustrations. Howard joined the Army in 2004 and deployed to Iraq twice. He enrolled in ITT in 2010 for a degree in computer networking services, and later admitted that he was duped by their advertising. A couple of months after his enrollment, he learned that ITT wasn't properly accredited by a national organization, thereby rendering his degree worthless. In his words, the classes are subpar, the teaching is subpar, and the instructors are subpar (emphasis added).

See pages 2 and 3 of Mr. Tarantino's Statement.

ITT Tech Denies Each and Every Inaccurate Allegation in Mr. Tarantino's Statement That Were Purportedly Made by Mr. Toller and Ms. Crawford

ITT Tech denies each and every inaccurate allegation contained in Mr. Tarantino's Statement including the complaints allegedly made by Mr. Toller and Ms. Crawford. Furthermore, neither Mr. Toller nor Ms. Crawford testified at the Hearing nor were questioned regarding the veracity of the allegations contained in Mr. Tarantino's Statement.

ITT Educational Services, Inc. - Background

ITT/ESI is a leading proprietary provider of postsecondary degree programs in the United States. As of the date of the Hearing, ITT/ESI was offering master, bachelor and associate degree programs to approximately 59,000 students at its ITT Technical Institutes and Daniel Webster College. ITT/ESI has 149 college locations in 39 states. All of ITT/ESI's college locations are authorized by the applicable education authorities of the states in which they operate and are accredited by an accrediting commission recognized by the U.S. Department of Education ("ED").

ITT Tech – Ethics and Compliance Programs and Training for All Employees and Recruitment Representatives

All ITT Tech employees are required to be fully knowledgeable of and conversant with ITT Tech's Policies and Procedures, Codes, Handbooks, etc., (Policy or Policies), which govern their conduct and are readily available to employees on the ITT Tech Employee Portal. Key Policies include:

- The Code of Business Conduct and Ethics for Employees;
- The Employee Handbook;
- General Policies which apply to all Employees;
- Recruitment Policies; and
- Legal and Ethical Principles to be Followed by Recruitment Personnel.

When hired, employees are required to successfully complete, and recertify bi-annually, a course entitled "The Code of Business Conduct and Ethics for Employees." Additionally, recruitment personnel who meet with prospective students are also required to take, and successfully pass, a series of courses related to "Recruitment Policies" prior to meeting with a prospective student.

Enrollment Process - Required Documentation and Disclosures

To ensure that prospective students receive accurate information about ITT Tech, and to guard against misrepresentations, ITT Tech utilizes a standard electronic recruitment presentation (Standard Presentation), that cannot be altered or amended by recruitment personnel. Each recruiter is required to use the Standard Presentation and must be "certified" that s/he is fully conversant with its content prior to meeting with a prospective student. While the Standard Presentation covers a broad range of information about ITT Tech, a portion of the presentation that would have been given to Ms. Crawford and Mr. Toller, provides the following information about ITT Tech's accreditation.

> "Accredited by the Accrediting Council for Independent Colleges and Schools" (emphasis added).

Once a prospective student has met with a recruitment representative and a member of the Finance Department, and has decided that s/he would like to enroll at ITT Tech, the prospective student is required to review and sign a series of documents, agreements and disclosures, including, among others, an:

- Enrollment Agreement (EA); and
- Cost Summary and Payment Addendum to Enrollment Agreement (CSPA or EA/CSPA).

In relevant part, the EA provides as follows:

> "3. **Catalog**: Student agrees to all terms of the School catalog, as revised and amended from time to time by the School ("Catalog"). The Catalog contains, among other things, information about the School, the Program and the Program courses. Prior to Student signing this Agreement, the School has given Student a copy of the current Catalog. (See the

Acknowledgment Section below.) All terms of the Catalog are incorporated in this Agreement and made a part of this Agreement as if they were originally and fully set forth in this Agreement, and the Catalog constitutes an addendum to this Agreement. If any terms of the Catalog conflict with any terms of this Agreement, the terms of this Agreement will control in determining the agreement between Student and the School."

ITT Tech's Catalog is also posted on the ITT Tech website and is readily available to prospective students, current students and the public at large. With respect to ITT Tech's Accreditation, the Catalog contains the following information:

"**Accreditation**

Accredited by the Accrediting Council for Independent Colleges and Schools to award associate of applied science degrees and bachelor of science degrees.

Accrediting Council for Independent Colleges and Schools
750 First Street, NE Suite 980
Washington, DC 20002-4241
Telephone: (202) 336-6780

Evidence of the institution's accreditation is on display at the school or may be obtained from the Director."

Also, governing the enrollment process is ITT/ESI Recruitment Procedure 1.4, Documentation and Disclosure Summary Completion Procedure, which, in relevant part, provides as follows:

"It is policy of the Company to provide both prospective and reentry students (prospective students) with important information about ITT Technical Institute, including, without limitation, all disclosures required by applicable laws and regulations, and sound business practices, including details on cost of attendance and refund procedures. Further, Company policy requires that the prospective student, and a witness, must sign the Documentation and Disclosure Summary which serves as evidence that the prospective student received and reviewed the documents and disclosures critical to providing sufficient information during the enrollment process" (emphasis added).

The "Documentation and Disclosure Summary" (Disclosure Summary), which all prospective students receive and are required to sign and acknowledge, is as follows:

"DOCUMENTATION AND DISCLOSURE SUMMARY

I, _____, acknowledge and agree that I have received and reviewed the following documents and disclosures as part of my enrollment in a program of study at ITT Technical Institute and that all of the following documents and disclosures were fully completed.

Initial:

____ **Enrollment Agreement**

☐ Including Cost Summary and Payment Addendum

____ **School Catalog**

The following topics are outlined in the School Catalog:

☐ Program of Study Curriculum
☐ Homework
☐ Attendance Requirements
☐ Unlikely Transferability of Credits to Other Institutions
☐ Student Conduct
☐ Student Complaint/Grievance Procedure
☐ Resolution of Disputes
☐ Financial Aid Assistance
☐ Career Services Assistance
☐ Accredited by the Accrediting Council for Independent Colleges and Schools (ACICS) (emphasis added).

____ **Student Handbook**

____ **Graduate Employment Information (or State Specific, as applicable) Disclosure**

____ **Student Right-to-Know Act Disclosures**

* * *

Applicant Signature: _____ Date: _____
Witness Signature: _____ Date: _____
Witness Printed Name: _____ Title: _____

Note: Original is maintained in the Prospective student's File, and a copy must be provided to the Prospective student."

Of particular interest is the Graduate Employment Information Disclosure (GEI Disclosure), which is referenced above in the Disclosure Summary and provides prospective students with information regarding recent graduates from the prospective student's program of study. While the GEI Disclosure is discussed more fully below as it relates to Mr. Toller's claim that he was "duped," the GEI Disclosure provides the prospective student with information, among other things, about the (i) the number of graduates and employed graduates and (ii) the high, average and low salary of those employed graduates. Prospective students are required to confirm, by signature, that they have read and understand the GEI Disclosure.

Howard Toller – Student at the ITT Technical Institutes in Seattle, WA and Cary, NC

Complaint – "Duped by Their Advertising" and "Not Properly Accredited by a National Organization"

According to Mr. Tarantino's Statement, Mr. Toller alleges that "[h]e enrolled in ITT in 2010 for a degree in computer networking services, and later admitted that he was duped by their advertising…." (emphasis added). If Mr. Toller was duped when he enrolled in 2010, the Committee must ask, why then did he re-enroll two more times, once in March 2011 and then again in December 2011.

The public record reflects that Howard Toller enrolled in the Associate Degree program in Information Technology-Computer Network Systems (ITCNS) at the ITT Tech in Seattle, WA, and attended for three academio quarters beginning in June 2010 before dropping out in March 2011. As noted above, prospective students enrolling at that time would have:

- been required to sit through the Standard Presentation;
- signed an EA and a CSPA;
- signed the Disclosure Summary (which references accreditation); and
- received the GEI Disclosure.

When Mr. Toller first enrolled in the ITCNS program of study at the ITT Technical Institute in Seattle WA, prospective students received a GEI Disclosure which, in relevant part, provided that, of the 29 total graduates of the program in 2008, 79%, or 23, of those graduate were employed in positions utilizing their education at an average salary of $40,646.

While Mr. Tarantino advised the Committee that Mr. Toller, "was duped by their [ITT-Tech's] advertising [in 2010]," Mr. Toller subsequently re-enrolled a second time in the ITCNS program of study at the ITT Technical Institute in Cary, NC in March 2011 (emphasis added). As a prospective student who enrolled at that time, Mr. Toller would have again:

- been required to sit through the Standard Presentation;
- signed a new EA and CSPA;
- signed a new Disclosure Summary (which references accreditation); and
- received a new GEI Disclosure.

Mr. Toller attended the ITT Technical Institute in Cary, NC for one academic quarter beginning in March 2011 before dropping from his program of study in June 2011.

Thereafter, despite Mr. Tarantino's claim that Mr. Toller, "was duped by their [ITT-Tech's] advertising [in 2010]," Mr. Toller then enrolled a third time in the ITCNS program of study at the ITT Technical Institute in Cary, NC in December 2011 (emphasis added). This time, Mr. Toller remained enrolled for approximately four academic quarters before again dropping from his program of study in December 2012. As a prospective student who enrolled at that time, Mr. Toller would have, for the third time:

- been required to sit through the Standardized Presentation;
- sign a new EA and CSPA;
- signed a new Disclosure Summary (which references accreditation); and
- received a new GEI Disclosure.

In December 2011, prospective students enrolling in the ITCNS program of study at the ITT Technical Institute in Cary, NC campus would have received a GEI Disclosure which, in relevant part, provided that, of the 28 total graduates of the program in 2010, 82%, or 23, of those graduates were employed in positions utilizing their education at an average salary of $31,295.

Finally, while Mr. Tarantino stated that Mr. Toller clams that his "degree" from IT Tech is worthless, the fact is, as explained above, Mr. Toller never graduated from an ITT Technical Institute and, therefore, has no ITT Tech degree. In addition, the placement rates and average salary of graduates from Mr. Toller's program at each time of his enrollment suggest a different level of program quality.

Howard Toller – Conclusion

Mr. Tarantino claims that Mr. Toller says that he was "duped" by ITT Tech and that "a couple months after he enrolled he learned that ITT Tech wasn't properly accredited by a national organization, thereby rendering his degree worthless." The truth is, however, that ITT Tech was (and is) accredited by ACICS, an accrediting agency recognized by the U.S. Department of Education and prospective students, such as Mr. Toller, who enrolled at ITT Tech were fully apprised of the nature of ITT Tech's accreditation and, among other things, the success of previous graduates of that program of study. In addition, the program for which Mr. Toller was enrolled does not require programmatic accreditation and he re-enrolled two more times after allegedly learning that ITT Tech was not properly accredited.

ITT Tech would need a FERPA consent from Mr. Toller before it can demonstrate via grades, attendance records, student surveys, and other education records to the Committee that the claims Mr. Tarantino attributes to Mr. Toller are inaccurate, including the claims with respect to whether his "classes are subpar, the teaching is subpar, and the instructors are subpar."

Margaret "Maggie" Crawford – Student at Strongsville, OH

Complaint – Accreditation

Mr. Tarantino states that "[a]ccording to Maggie, ITT was also dishonest about its nursing accreditation." Margaret "Maggie" Crawford enrolled in the Associate Degree program in Nursing at the ITT Technical Institute in Strongsville, OH in September 2011 before dropping from her program of study in December 2011.

As noted above, prospective students enrolling at that time would have:

- been required to sit through the Standard Presentation;
- signed an EA and CSPA;
- signed the Disclosure Summary (which references accreditation); and
- received the GEI Disclosure.

As a result, prospective students, such as Ms. Crawford, enrolling at that time would have been fully informed of ITT Tech's accreditation by the ACICS. Also, since the ITT Tech's accreditation by the ACICS is disclosed in the school catalog and posted on the ITT Tech Web site, prospective students can access that information at any time prior to enrollment.

It is true that at the time of Ms. Crawford's enrollment, our Nursing Program was not accredited by the National League for Nursing Accrediting Commission (NLNAC), and we still do not have this accreditation. Nursing Programs are not eligible to apply for NLNAC accreditation until the first class of students has graduated. As the first graduating class from the Nursing Program at Strongsville did not complete their program until June of 2013, NLNAC accreditation would not even have been possible at the time of Ms. Crawford's enrollment.

As to not deliberately or otherwise mislead prospective students with respect to the Nursing Program's accreditation, a discussion of NLNAC accreditation does not appear in the approved Enrollment Presentation, EA or signed Disclosure Summary that prospective students receive. The Catalog does provide, however, that "[u]pon graduation from the Nursing program graduates are eligible to make application to the National Council of State Boards of Nursing ("NCSBN") National Council Licensure Examination for Registered Nurses ("NCLEX-RN")."

Complaint – Financial Aid

Mr. Tarantino states that "[i]t wasn't until the second quarter of her program that they [ITT Tech] told her she didn't have 100 percent GI Bill coverage and couldn't request a Yellow Ribbon scholarship."

ITT Tech supports and participates in a broad range of programs for service members and their families, including the following:

- the Post 9/11 G.I. Bill Education Program;
- the Department of Defense's Military Spouse Career Advancement Accounts MyCAA;

- the Yellow Ribbon G.I. Education Enhancement Program;
- the Montgomery G.I. Bill Education Program;
- the Reserve Education Assistance Program (REAP); and
- other financial aid programs for those who qualify, including grant, loan and scholarship programs

In relevant part, the ITT Tech website also provides as follows:

"YELLOW RIBBON GI EDUCATION ENHANCEMENT PROGRAM

The Yellow Ribbon GI Education Enhancement Program (Yellow Ribbon Program) is a provision of the Post-9/11 GI Bill Veterans Educational Assistance Act of 2008. Under this program, ITT Technical Institutes have entered into an agreement with the United States Department of Veterans Affairs (VA) to fund the tuition expenses of eligible students which exceed the highest public in-state undergraduate tuition rate. ITT Technical Institutes and the VA each contribute 50% of those excess expenses.

Under the Yellow Ribbon Program, ITT Technical Institutes:

- Provide contributions to eligible students who apply for the Yellow Ribbon Program on a first-come first-served basis, regardless of the rate at which the student is pursuing training in any given academic year;
- Provide contributions during the current academic year and all subsequent academic years in which the ITT Technical Institutes participate in the Yellow Ribbon Program and the student maintains satisfactory academic progress, conduct, and attendance;

The Post-9/11 GI Bill Veterans Educational Assistance Act of 2008 (Post-9/11) pays up to the highest public in-state undergraduate tuition charged to eligible students. If an eligible student's tuition and fees exceed the highest public in-state undergraduate tuition, additional funds are available under the Yellow Ribbon GI Education Enhancement Program (Yellow Ribbon Program) for the tuition costs without an additional charge to the student's VA entitlement.

Only students entitled to the maximum benefit rate (based on service requirements) may receive Yellow Ribbon Program funding. Therefore, a student may be eligible if he or she:

- Served an aggregate period of active duty after September 10, 2001, of at least 36 months;
- Was honorably discharged from active duty for a service connected disability and served 30 continuous days after September 10, 2001; or
- Is a dependent eligible for Transfer of Entitlement under the Post-9/11 GI Bill based on a veteran's service under the eligibility criteria listed above.

More information about the Yellow Ribbon Program and the Post-9/11 Veterans Educational Assistance Act of 2008 can be found on the VA's website at **www.gibill.va.gov**."

When a veteran enrolls at ITT Tech, the EA/CSPA is completed by the prospective student and the school, and the school provides, among other things, an estimate of potential financial aid for which the service member or his/her family member may qualify. The CSPA provides as follows:

"Estimated Funds the School Expects to Receive From or on Behalf of Student:

VA Chapter 33 Benefit	$.00* Total Amount	Q1 Q2 Q3	$Q1 $Q2 $Q3
VA Yellow Ribbon Program Benefit (VAYRPB)	$.00 Total Amount	Q1 Q2 Q3	$Q1 $Q2 $Q3
School Matching VA Yellow Ribbon Program Benefit (VAYRPB)	$.00 Total Amount	Q1 Q2 Q3	$Q1 $Q2 $Q3
Federal Pell Grant	$.00 Total Amount	Q1 Q2 Q3	$Q1 $Q2 $Q3
Federal Subsidized Stafford LOAN ($0 Less Fees):	[Etc.	Etc.	Etc.]
Federal Unsubsidized Stafford LOAN ($0 Less Fees):			
Federal PLUS LOAN ($0 Less Fees):			
Bank LOAN: OTHER			
Academic Competitiveness Grant:			
SMART Grant:			
Family Supplemental Educational Opportunity Grant:			
Other: New Temporary Credit			
Other: New Temporary Credit Exemption			
TOTAL			

*Note, an actual EA/CSPA would be completed with quarter by quarter estimates, not zeroes.

While ITT Tech provides the student with an "**estimate,**" it is the student's responsibility to apply for and make certain elections which are approved by the U.S. Department of Veterans Affairs (VA). The VA then issues the student a Certificate of Eligibility (COE) which formally advises the student of the benefits for which s/he would qualify. If the student delays the COE process, for any reason, including the failure to complete and/or submit all applicable forms, etc., the VA's determination of benefits may be delayed for weeks, even months.

Again, it is the student who has an affirmative duty to select benefits and complete the appropriate forms. And, it is the VA, not individual institutions, that determines a student's percentage of veteran benefits and eligibility for the Yellow Ribbon Scholarship.

While ITT Tech has additional information about the handling of Ms. Crawford's financial aid that is relevant to the complaint that Mr. Tarantino alleges was made by Ms. Crawford, ITT Tech is precluded from sharing this information with the Committee without first receiving a FERPA consent that Ms. Crawford has refused to provide.

Regarding other types of financial aid, however, it should be noted that the Higher Education Act of 1965, as amended, requires each school to have a written policy for the return of Title IV aid received by students who withdraw, terminate enrollment or stop attending class before completing 60 percent of the enrollment period. As such, ITT Tech requires exit counseling in which all students are informed of the financial ramifications of withdrawing from class or terminating enrollment prior to completion of the academic quarter.

Complaint – Classroom Concerns

Mr. Tarantino states that Ms. Crawford further alleges that, "her professors discouraged her from asking questions, insisting that all the answers she needed would be in the book." The ITT Tech instructors who taught the course sections in which Ms. Crawford was registered deny that they refused to answer any student's questions, and ITT Tech has never received any student complaints with respect to those instructors in that regard. Those same instructors also said that they encourage students to look for answers in the course materials before they would give the student the answers. This is a common and respected pedagogy followed by ITT Tech instructors because it encourages students to study their course materials and helps them learn.

Unfortunately, without a FERPA consent from Ms. Crawford allowing ITT Tech to share information from her education record with the Committee, ITT Tech cannot fully demonstrate that the claims Mr. Tarantino attributes to Ms. Crawford are inaccurate, including those wherein he alleges that she was improperly discouraged from asking questions.

Margaret "Maggie" Crawford - Conclusion

Mr. Tarantino's claims that, with respect to Ms. Crawford, ITT Tech misrepresented its accreditation, failed to properly advise her concerning her VA benefits, and then discouraged her from asking questions in class are inaccurate. The truth is (i) that ITT Tech was (and is) accredited by ACICS, an accrediting agency recognized by the U.S. Department of Education (ii) that prospective students, such as Mr. Crawford, who enrolled at ITT Tech, were fully apprised of the nature of ITT Tech's accreditation and, among other things, (iii) that it does not improperly advise students regarding their VA benefits but rather relies on the student to obtain a COE, and that its financial aid staff only estimates benefits, (iv) that it advises students of the financial ramifications of withdrawing before completing an academic quarter, and (v) that it its instructors do not improperly discourage students from asking questions.

Again, without a FERPA consent from Ms. Crawford, ITT Tech is unable to respond, with specificity, to each and every allegation made by Mr. Tarantino allegedly on behalf of Ms. Crawford.

Conclusion

In closing, ITT Educational Services, Inc. and the ITT Technical Institutes would like to thank the Committee for this opportunity to respond to Mr. Tarantino's Statement and requests that, should a FERPA consent be signed by either Mr. Toller and/or Ms. Crawford, it would be permitted to amend its response and the Record.

Respectfully,

Jeffrey R. Cooper
SVP, Chief Compliance Officer
ITT Educational Services, Inc.
13000 N. Meridian Street
Carmel, IN 46032

cc: Members of the U.S. Senate Committee on Homeland Security & Governmental Affairs

The Art Institute of Pittsburgh®
Online Division

ADA ACCOMODATION: CONFIRMATION OF ACCOMODATION

Student Name: Christopher Pantzke (0906054080)

Accommodations for this student have been approved by the Accommodations Committee. Any questions or concerns regarding these accommodations should be directed to Disability Services at aiods@aii.edu.

The following accommodations have been approved for this student:

- Allow student 1-1/2 time (an additional 50% time) in completing assignments.

The above accommodations are being provided for the following terms and for the indicated academic year.

- Accommodations approved for the remainder of student's current degree program.

Sarah D. White Digitally signed by Sarah D. White DN: cn=Sarah D. White, o=EDMC, ou=Online Student Affairs, email=sawhite@edmc.edu, c=US Date: 2010.10.29 08:03:50 -04'00'

School Official Signature — October 29, 2010 Date

Campus Use Only:
Date Confirmation of Accommodations Form completed: 10/28/10

Date Confirmation of Accommodation Form provided to student: 10/29/10

All accommodations, unless otherwise noted, are for the duration of the student's current program. A change of program, change of student status, or change in requested accommodations will be reviews by Disability Services Accommodations Committee.

PASSBACK QUESTIONS FOR THE RECORD
U.S. Senate Committee on Homeland Security and Governmental Affairs
The 90/10 Rule: Improving Education Outcomes for our Military Veterans
July 23, 2013

Post-Hearing Questions for the Record Submitted to Curtis L. Coy from Senator Tom A. Coburn, M.D.

1. Too often veterans enroll at colleges and universities and despite having GI Bill benefits that cover tuition costs, choose to also take out student loans under the Department of Education's Title IV program. While it may be necessary in limited circumstances, this also can lead to over-borrowing that burdens the financial futures of these individuals and their families. What in your opinion can be done to help prevent unnecessary borrowing?

VA Response: While some borrowing is unavoidable, the Department of Veterans Affairs (VA) believes Executive Order 13607, Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members, will help reduce unnecessary borrowing. Prior to enrollment, educational institutions will be required to provide prospective students, who are eligible to receive Federal military and Veterans educational benefits, with a personalized and standardized form, as developed in a manner set forth by the Secretary of Education, in collaboration with the Secretaries of Defense and Veterans Affairs, to help those prospective students understand the total cost of the educational program and the debt burdens associated with any educational loans for that program. The prospective students will get a break-out of the tuition and fees; the amount of that cost that will be covered by Federal educational benefits; the type and amount of financial aid for which they may qualify; the estimated student loan debt upon graduation. The information also covers program outcomes; and may include other information to facilitate comparison of financial aid packages offered by different educational institutions. In addition, students can now take advantage of new tools that can help them better understand their loan debt and stay on track in repayment. The Department of Education has launched two key features on its StudentLoans.gov website: a Complete Counseling Web page and a new Repayment Estimator that lets borrowers compare what their monthly payment amounts would likely be across all seven repayment plan options. Among other things, this online resource provides students with the basics of financial management and information about their federal student loan debt (and total student loan debt if they enter information about their private student loans), estimates what their student loan debt is likely to be when they leave school, and provides financial planning tips.

2. Under current law, financial aid officers at colleges and universities cannot restrict the amount of money a student borrows, even if they know these students are over-borrowing. While they *do* have the authority under law to exercise what is known as "professional judgment" so that students can *access* federal dollars, they are powerless to keep students from needlessly racking up debt. Do you

support giving financial aid officers greater "professional judgment" to rein in unnecessary borrowing in limited circumstances?

VA Response: VA defers to the Department of Education with regard to allowing financial aid officers greater "professional judgment".

Post-Hearing Questions for the Record
Submitted to Hollister K. Petraeus
From Senator Thomas R. Carper

"The 90/10 Rule: Improving Educational Outcomes for Our Military and Veterans"
July 23, 2013

1) Your testimony discussed the data crosswalk that the Departments of Veterans Affairs, Defense, and Education are developing to link the Education Departments database of schools (over 7,000 institutes of higher learning) to the VA's lists of approved programs (over 30,000). Is it accurate to say that the federal government lacks basic data on where GI benefits are spent, the extent to which those benefits cover tuition and fees, and how much and what type of student loan debt veterans incur? When will this crosswalk be available?

Response

Pursuant to Executive Order (EO) 13607, "Establishing Principles of Excellence for Educational Institutions Serving Service Members, Veterans, Spouses, and Other Family Members" and the Comprehensive Veterans Education Information Policy law (Public Law 112-269), the Department of Veterans' Affairs (VA), Department of Defense (DoD), and Department of Education (ED) have been working on a data crosswalk to link ED's database of schools to the VA's list of approved programs.

While each of those departments possesses rich data on the benefits they administer, the lack of a crosswalk makes it difficult to compare data across federal agencies. For example, the VA knows how much money they spent in tuition and fees per beneficiary at a particular educational institution, but the VA does not know the average retention rate for students attending the same institution.

Once completed, the crosswalk will allow VA, DoD, and ED to share data about educational institutions across agencies, improve consumer information available to beneficiaries, and allow VA to track outcome measures that compare education benefit programs.

This crosswalk will be available sometime this fall.

2) Your testimony discussed the new complaint system for service members and veterans that is scheduled to go live later this summer. Can you describe the shortcomings in the various departmental complaint systems—Education, Veterans Administration, and DOD—that necessitated the creation of this new system? How will the new system address those shortcomings?

Response

While the Consumer Financial Protection Bureau (CFPB) handles consumer financial product and service complaints and includes those complaints in the Federal Trade Commission's (FTC) Consumer Sentinel database, there is currently no similar mechanism for different agencies or branches of the military to share complaints about educational institutions.

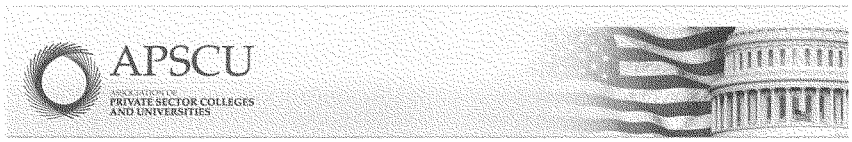
For example, if a servicemember or veteran submits a complaint about an educational institution, there is no formal process to account for the complaint or share it between agencies. Complaints about educational institutions have been dealt with on an ad hoc basis between agencies, making issues and trends difficult to identify and resolve.

As part of implementation efforts of EO 13607, VA partnered with DoD, ED, CFPB, the Department of Justice, and the FTC to develop a centralized complaint system for educational institution complaints. Beneficiaries of military and veteran education benefits will soon have the opportunity to submit feedback about educational institutions that fail to follow EO 13607's Principles of Excellence.

VA's implementation plan for EO 13607 will allow beneficiaries to submit feedback or complaints via the GI Bill Hotline (1--888--442-4551), or via an online web form located on gibill.va.gov and eBenefits.va.gov. This feedback will be shared internally with State Approving Agencies (SAAs) and VA personnel.

To create a centralized repository for these educational institution complaints, VA, DoD, and ED will begin forwarding complaints each agency receives to the FTC's Consumer Sentinel database. VA, DoD, and ED have been working with the FTC to streamline this submission process by standardizing the complaint intake form and the files provided to the FTC.

Once these educational institution complaints reside in the Sentinel database, any law enforcement agency (federal, state, and local) that has access to Sentinel will also have access to those complaints. VA is working with the FTC to gain access to the Consumer Sentinel database for VA personnel.



September 17, 2013

Via Email (laura_kilbride@hsgac.senate.gov)

The Honorable Tom Carper
Chairman
U.S. Senate Committee on Homeland Security and
Governmental Affairs
340 Dirksen Senate Office Building
Washington, DC, 20510

Dear Senator Carper:

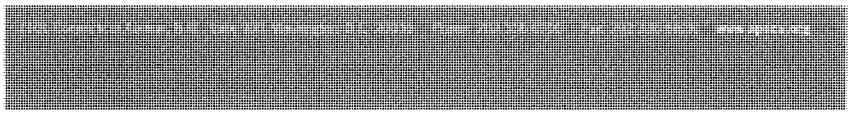
In response to your letter of August 21, 2013, attached please find answers to the questions posed following the hearing titled "The 90/10 Rule: Improving Educational Outcomes for our Military and Veterans." I greatly appreciated the opportunity to testify before your Committee and discuss the commitment of private sector colleges and universities to our nation's veteran and military students.

If you have any additional questions, please do not hesitate to contact me.

Sincerely,

Steve Gunderson
President and CEO

Attachments (2)



Post-Hearing Questions for the Record
Submitted to The Honorable Steven C. Gunderson
From Senator Thomas R. Carper

"The 90/10 Rule: Improving Educational Outcomes for Our Military and Veterans"
July 23, 2013

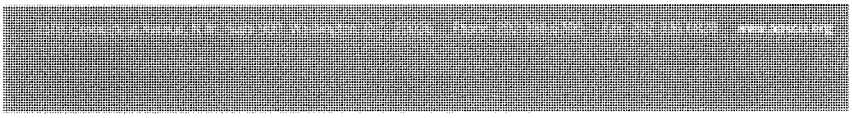
1) The Blue Ribbon Task force, which you described in your testimony, recommended that schools *consider* assessing academic readiness prior to enrollment. Why isn't such an assessment a pre-requisite for admission?

The APSCU Blue Ribbon Task Force was established to develop best practice recommendations for our member institutions and for all of postsecondary education to the extent institutions found the recommendations applicable to their individual programs. The actual recommendation related to enrollment is for institutions to "ensure students are appropriately placed and prepared for the programs in which they enroll." Assessing academic readiness prior to enrollment is one means identified for accomplishing the recommendation. However, for many of our institutions that have open admissions policies similar to our community college colleagues, other means for assisting students included in the Best Practices are: offer appropriate remediation if necessary; offer limited course loads; offer a reasonable trial period for enrollment; offer penalty-free drop/add periods upon enrollment. The extent to which an institution engages in pre-enrollment testing will depend on each individual institution's established practice.

2) Your testimony highlights the -2.2 percent decrease in the cost to students at for-profit schools compared to an increase of 6.7 percent for in-state tuition at public schools. This is welcome news, but isn't the cost of a degree at a for-profit school, e.g. an associate business degree, 4 to 5 times more expensive than at a public institution? What accounts for this significant disparity?

The tuition statistics cited are taken directly from the U.S Department of Education report: Postsecondary Institutions and Cost of Attendance in 2012-2013; Degrees and other Awards Conferred, 2011-12; and 12-Month Enrollment, 2011-2012, July 2013. The statistics apply to four year institutions where most students are enrolled. As stated in the report, "[a]fter adjusting for inflation, public institutions reported a 7 percent increase (to about $7,500) for in-state students and a 4 percent increase (to approximately $17,000) for out-of-state students and nonprofit institutions reported a 3 percent increase (to about $24,300). For profit institutions reported average tuition and required fees of approximately $15,400 for 2012-13, which represents a decrease of 2 percent when compared with the inflation-adjusted figure from 2010-11." In Fiscal Year 2012, a total of $81.1 billion in educational appropriations for higher education was spent by state and local governments, accounting for a combined 57% of total revenue supporting general operating expenses of public higher education institutions, according to the State Higher Education Finance FY 2012 Report of the State Higher Education Executive Officers (SHEEO).

Any accurate comparison of the cost to attend a private sector college versus a public college should factor in the significant public subsidy provided by state taxpayers. As noted above, the price at private sector colleges is very similar to out-of-state students at public institutions (those not benefiting from state taxpayer subsidies).



3) Your testimony indicated that 75 percent of veteran graduates at for-profit schools earned certificates and associate degrees while 25 percent earned bachelor and graduate degrees. Can you tell us what the withdrawal rate was for veterans at for-profit schools?

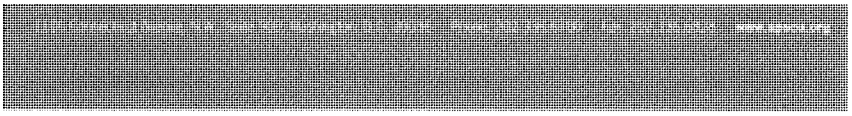
The Department of Education does not report withdrawal rates, so I don't have the information to answer your question. However, the most recent data, which was released in December 2012, show the four year graduation rate at private sector institutions is 42%, an increase of nearly 14% since the previous year, while the other sectors show little or no change. The 14% increase is evidence of the efforts being made by our institutions to help more of the new traditional student who has multiple risk factors (Pell eligible, single parent, older and working full or part time) succeed in postsecondary education. It is worth noting that our institutions do not apply selective admissions nor do they predominantly enroll middle and upper class students. Moreover, this same report shows that our graduation rate at two year institutions is 62.7%, which leads all institutions.

4) How many for-profit schools would be at risk for losing access to federal taxpayers' dollars if the 90/10 rule were modified to include veteran and military service member educational benefits on the 90 percent side of the equation?

APSCU does not have institutional level information with respect to veteran and military benefits so we cannot provide a definitive answer to your question. I can provide you with some independent insight into this issue by sharing a report that Mark Kantrowitz, a nationally-recognized expert on student financial aid, recently published. In his paper Mr. Kantrowitz wrote:

> "Counting military student aid in addition to Title IV federal student aid would increase the percentage of revenue from federal student aid by about 2 percentage points on average. While this is not much of a change overall, individual colleges that are more reliant on military student aid might be more significantly impacted by such a change in the scope of the 90/10 rule. This includes colleges that have a high military student enrollment because they are better at addressing the needs of service members and veterans. The 90/10 rule might then preclude some veterans from enrolling in these colleges."
> [...]
> It is noteworthy that "[t]he percentage of Title IV revenue is highest at public colleges in part because they charge lower tuition and fees. Generally, colleges that charge less than $8,000 in tuition and fees have a much higher 90/10 percentage than colleges that charge $8,000 or more. The lower tuition and fees means that the federal student aid covers more of the cost, making it more difficult for the college to comply with the 90/10 rule. Most public colleges would not be able to comply with the 90/10 rule if it applied to them, especially if state appropriations and grants were included in the percentage of revenue from government aid. More than 90% of the real cost of education at public colleges and universities comes from federal aid, state aid and state appropriations."

As Mr. Kantrowitz asserts "the 90/10 rule is ineffective at measuring educational quality. Instead, it depends heavily on the demographics of each college's student population, measuring *ability* to pay more than a *willingness* to pay." See Mr. Kantrowitz's full report titled: *Consequences of the 90/10 Rule*, which is attached.



Highlights of *Consequences of the 90/10 Rule*

The 90/10 rule requires private for-profit colleges to get at least 10% of revenue from sources other than federal student aid, based on a "skin in the game" rationale.

Findings

- This paper demonstrates that colleges that enroll significant numbers of low-income (family AGI < $50,000) students are at greater risk of violating the 90/10 rule.
- Other demographic characteristics that hurt compliance with the 90/10 rule include Pell Grant recipients, low EFC (especially zero EFC), underrepresented minority students, female students, independent students, GED recipients, low high school GPA, low admissions test scores, first-generation college students, part-time enrollment, and high unsubsidized Stafford loan amounts.
- Colleges that charge under $8,000 in tuition are at greater risk of violating the 90/10 rule.
- Counting military student aid in addition to Title IV federal student aid would increase the 90/10 percentage at private for-profit colleges by 2 percentage points on average.
- Counting education tax benefits in addition to Title IV federal student aid would increase the 90/10 percentage at private for-profit colleges by 5 percentage points on average.
- 42% of tuition revenue at private non-profit colleges, 70% at private for-profit colleges and 82% at public colleges (98% at community colleges and 77% at public 4-year colleges) comes from Title IV federal student aid.
- The majority of public colleges, including 80% of community colleges, would fail the 90/10 rule if it applied to them. This is due, in part, to the lower tuition at these colleges.
- The need to comply with the 90/10 rule may cause some colleges to discriminate against high-risk students, perhaps by adopting more selective admissions policies.

Recommendations

The 90/10 rule measures *ability* to pay more so than *willingness* to pay. It is an ineffective proxy for direct measurement of educational quality. This paper proposes several possible solutions.

- Repeal the 90/10 rule, replacing it with direct measurement of educational quality (e.g., licensing rates on state licensing exams, pass rates on independent competency tests).
- Exclude student loans from the scope of the 90/10 rule if the college has a high loan repayment rate. A loan that is repaid represents skin in the game. Alternately, count only the college's annual dollar default volume as part of revenue from federal student aid.
- Exclude low-income students (e.g., Pell Grant recipients, zero-EFC students) from the 90/10 rule calculation.
- Count students only if their EFC exceeds the unsubsidized Stafford loan limits.
- Waive the 90/10 rule for colleges that charge below-average tuition and fees and which have below-average tuition inflation rates as compared with public colleges or CPI-U.
- Use a weighted measure where the 90/10 percentage associated with an individual student is weighted by the student's EFC. This would count the contributions from high-income students more heavily than the contributions from low-income students.

Student Aid Policy Analysis

Consequences of the 90/10 Rule

Mark Kantrowitz
Senior Vice President and Publisher of Edvisors.com

August 19, 2013

OVERVIEW

The 90/10 rule requires for-profit colleges to get at least 10% of their revenues from sources other than federal student aid. Proponents argue that the "skin in the game" rationale behind the rule ensures that the programs are of sufficient quality that students are willing to invest some of their own money in their education. But low-income students may be incapable of contributing any funds to the cost of their education, even if they are willing to do so, because they lack financial resources. Accordingly, colleges that enroll significant numbers of low-income students may be at greater risk of violating the 90/10 rule.

This paper analyzes the characteristics of students and institutions that help or hurt a college's compliance with the 90/10 rule. For example, Federal Pell Grant recipients, low-income students, students with a low Expected Family Contribution (EFC) (especially zero EFC), students with greater utilization of federal unsubsidized Stafford loans, underrepresented minority students (especially Black and Hispanic students), female students, independent students, GED recipients, first-generation college students, part-time enrollment, and students with lower high school GPAs and test scores may hurt compliance with the 90/10 rule.

Colleges[1] may have a tendency to discriminate against these characteristics as the percentage of revenue from federal student aid approaches the 90% threshold. This type of discrimination may not be readily apparent, since these characteristics tend to be over-represented at the institutions that are subject to the 90/10 rule. For example, colleges with about 62% or more of their enrollment receiving the Federal Pell Grant are at higher risk of non-compliance with the 90/10 rule. With only about a quarter of the students at public and private non-profit colleges receiving a Federal Pell Grant,[2] for-profit colleges could reduce their share of Federal Pell Grant recipients and still enroll a greater proportion of Federal Pell Grant recipients than the traditional colleges. Similarly, adopting a more selective admissions policy might improve compliance with the 90/10 rule.

Counting military student aid in addition to Title IV federal student aid would increase the percentage of revenue from federal student aid by about 2 percentage points on average. While this is not much of a change overall, individual colleges that are more reliant on military student aid might be more significantly impacted by such a change in the scope of the 90/10 rule. This includes colleges that have a high military student enrollment because they are better at addressing the needs of servicemembers and veterans. The 90/10 rule might then preclude some veterans from enrolling in these colleges.

Counting education tax benefits, such as the American Opportunity Tax Credit, Lifetime Learning Tax Credit and Tuition & Fees Deduction, as part of federal student aid would have a greater impact than counting military student aid, increasing the percentage of revenues from federal student aid by about 7

[1] The term "colleges" as used in this paper is intended to include both colleges and universities.
[2] 23.0% and 26.3%, respectively.

percentage points overall. The increase would be 5 percentage points at private for-profit colleges, 4 percentage points at private non-profit colleges and 10 percentage points at public colleges.

Some opponents of the 90/10 rule have argued that the rule should be applied to all colleges, not just for-profit colleges, since the government should seek to improve the quality of all colleges. Overall, almost two-thirds of institutional revenue across all types of colleges comes from federal student aid. The figures are 42% for private non-profit colleges, 70% for private for-profit colleges and 82% for public colleges (98% at community colleges and 77% at public 4-year colleges).

The percentage of Title IV revenue is highest at public colleges in part because they charge lower tuition and fees. Generally, colleges that charge less than $8,000 in tuition and fees have a much higher 90/10 percentage than colleges that charge $8,000 or more. The lower tuition and fees means that the federal student aid covers more of the cost, making it more difficult for the college to comply with the 90/10 rule. Most public colleges would not be able to comply with the 90/10 rule if it applied to them, especially if state appropriations and grants were included in the percentage of revenue from government aid. More than 90% of the real cost of education at public colleges and universities comes from federal aid, state aid and state appropriations.

RECOMMENDATIONS

As is, the 90/10 rule is ineffective at measuring educational quality. Instead, it depends heavily on the demographics of each college's student population, measuring *ability* to pay more than *willingness* to pay.

There are several possible approaches to addressing the shortcomings of the 90/10 rule, ranging from repeal, to excluding high-risk students from the scope of the metric to normalizing the metric according to student demographics or the EFC distribution. One could use these solutions alone or in combination.

- **Repeal the 90/10 rule.** The 90/10 rule is one of several financial proxies for perceived institutional quality, including cohort default rates and gainful employment. But aside from limiting federal investment in postsecondary education, the 90/10 rule acts in conflict with key public policy goals, such as reducing college costs and increasing enrollment by underrepresented minority students, low-income students and other high-risk populations. Substituting direct measurement of institutional quality, such as licensing rates on state licensing exams and pass rates on independent competency tests, might be more effective.
- **Exclude student loans from the 90/10 rule if the college has a low cohort default rate.**[3] After all, if a loan is repaid, it represents skin in the game. Loans also aren't really financial aid, since they are usually repaid with interest. Alternately, one could count only the college's annual dollar default volume as part of the revenue from federal student aid, so colleges with a higher default rate would be penalized in the 90/10 rule.
- **Exclude low-income students, such as Pell Grant recipients or zero-EFC students, from the 90/10 rule calculation.** By excluding low-income students, the 90/10 rule would measure the extent to which students who are capable of contributing financially to their education actually do so. This would eliminate much of the influence of demographics on a student's ability to have skin in the game. Most low-income students are generally incapable of contributing to the cost of their education. When a student has a very low EFC, the government is effectively saying that

[3] It might be better to base this requirement on the college having a high loan repayment rate, since the cohort default rate is prone to manipulation by colleges.

they cannot and should nor pay out of pocket for any percentage of their college costs. Most Federal Pell Grant recipients are incapable of contributing 10% or more in funds from sources other than federal student aid.

- **Count only revenue from students whose EFC exceeds 10% of net tuition revenue or the unsubsidized Stafford loan limits.** If the EFC is below the annual unsubsidized Stafford loan eligibility limits, the student is very unlikely to contribute to the 10% because the student can pay for their share of college costs entirely with federal student loans.
- **Waive the 90/10 rule for colleges that have below-average tuition rates,[4] below-average tuition inflation rates and/or below-average dollar tuition increases as compared with public colleges, CPI-U or some other index.** This would provide the colleges with an incentive to offer an affordable college education.
- **Use a weighted measure, where the 90/10 percentage is weighted by the student's EFC.** This would count contributions to the 90/10 percentage from high-income students more heavily than contributions from low-income students. For example, one could calculate a simple weighting of the students' contributions to the 90/10 percentage by EFC as follows where $f(x) = x$:

$$\frac{\sum_{i=1}^{n} f(EFC_i) * Contribution\ to\ \frac{90}{10} Percentage_i}{\sum_{i=1}^{n} f(EFC_i)}$$

A more sophisticated weighting would set $f(x) = x$ for $x > 5{,}000$ and $f(x) = 0$ otherwise. This would count the contribution toward the 90/10 percentage of only those students who had an EFC greater than 5,000.

METHODOLOGY

The analysis in this report is based on data from the 2007-08 National Postsecondary Student Aid Study (NPSAS:08) and the 2010-11 Integrated Postsecondary Education Data System (IPEDS). The NPSAS is a large survey conducted every four years by the National Center for Education Statistics (NCES) at the U.S. Department of Education. The 2007-08 NPSAS surveyed 114,000 undergraduate students about how they paid for college. The analysis of NPSAS data was performed using the data analysis system[5] and the PowerStats system.[6]

HISTORY OF THE 90/10 RULE

The 90/10 rule requires private for-profit colleges[7] to get no more than 90 percent of their revenues from Title IV federal student aid. The rule is intended to ensure that students have "skin in the game" – that the college is of sufficient quality that the students and their families (or another source) are willing to pay part of the cost from their own funds. It is argued that the 90/10 rule's restriction on the percentage of revenue from federal student aid yields an indirect metric of program quality. For example, The Institute for College Access and Success (TICAS) wrote "Someone other than the federal government will have to

[4] Below-average costs would include tuition and all required fees to prevent colleges from manipulating their compliance by increasing non-tuition charges.
[5] http://nces.ed.gov/dasol
[6] http://nces.ed.gov/datalab/powerstats/
[7] The 90/10 rule applies only to private for-profit colleges. Public and private non-profit colleges are not required to comply with the 90/10 rule.

be willing to pay for its programs. This will happen only if the school is offering a quality education worth paying for."[8]

The 90/10 rule currently appears in section 487(a)(24) and (d) of the Higher Education Act of 1965 [20 USC 1094(a)(24) and (d)]. The statutory language states:

> *In the case of a proprietary institution of higher education (as defined in section 1002(b) of this title), such institution will derive not less than ten percent of such institution's revenues from sources other than funds provided under this subchapter and part C of subchapter I of chapter 34 of title 42, as calculated in accordance with subsection (d)(1), or will be subject to the sanctions described in subsection (d)(2).*

The 90/10 rule was originally introduced as the 85/15 rule by the Higher Education Amendments of 1992 (P.L. 102-325, 7/23/1992), effective October 1, 1992.

A similar 85/15 student ratio rule for Veterans Affairs (VA) funding was introduced at about the same time. The student ratio rule, which was enacted by the Veterans' Benefits Act of 1992 (P.L. 102-568, 10/29/1992) and which appears in 38 USC 3680A(d)(1), requires that no more than 85 percent of a program's students be receiving funding from the Department of Veterans Affairs. A similar requirement appeared previously in 38 USC 1673(d), which was enacted as part of the Veterans' Readjustment Assistance Act of 1952, also known as the Korean Conflict GI Bill (P.L. 82-550, 7/16/1952).

The 85/15 rule for federal student aid was subsequently changed to become the 90/10 rule by the Higher Education Amendments of 1998 (P.L. 105-244, 10/7/1998), effective October 1, 1998. This legislation also moved the language for the 90/10 rule from section 481(b) of the Higher Education Act of 1965 [20 USC 1088(b)] to section 102(b)(1)(F) [20 USC 1002(b)(1)(F)]. The Higher Education Opportunity Act of 2008 (P.L. 110-315, 8/14/2008) subsequently moved the language to section 487(a)(24) of the Higher Education Act of 1965 [20 USC 1094(a)(24)] and replaced the regulations for calculating the percentage of revenues with a statutory encoding in a new section 487(d).

There are several pending legislative proposals for fixing flaws in the 90/10 rule:

- Loopholes in the types of aid that are counted as part of federal student aid
    - Some proponents of the 90/10 rule want military student aid, such GI Bill and Tuition Assistance funds, to be counted as part of federal student aid alongside Title IV federal student aid. Military student aid is not currently counted as part of the percentage Title IV revenue. Some for-profit colleges recruit members of the military to help them comply with the 90/10 rule.
    - Some proponents of the 90/10 rule want education tax benefits, such as the American Opportunity Tax Credit, Lifetime Learning Tax Credit and the Tuition & Fees Deduction, counted as part of federal student aid.[9]

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[8] *Q&A on the For-Profit College "90-10 Rule"*, TICAS, October 30, 2011.

[9] This proposal is least likely to be enacted because of practical considerations. Education tax benefits are received long after the start of the academic year. Education tax benefits are also received directly by the family, not the colleges, so data on student utilization of education tax benefits is not available to the colleges. It might also be difficult to calculate the financial benefit, especially if a taxpayer claims benefits for two or more students.

- Tighter thresholds on the percentage of revenues from federal student aid
    - Some proponents of the 90/10 rule would like to see a return to the 85% threshold that was in effect when the 85/15 rule was first adopted in 1992.
    - Some proponents of the 90/10 rule have proposed a ban on using federal student aid funds for marketing, recruiting and lobbying activities. This would be the equivalent of an 80/20 rule, since many of the largest for-profit colleges currently spend about 20% of revenues on student recruiting, marketing and lobbying efforts.

Opponents of the 90/10 rule argue that the 90/10 rule forces colleges that are close to the threshold to increase tuition to compensate for increases in federal student aid. The Government Accountability Office (GAO) issue a report[10] that showed no "relationship between a school's tuition rate and its likelihood of having a very high 90/10 rate." Colleges with lower tuition rates did not have higher 90/10 percentages. However, the GAO study compared absolute tuition levels with absolute percentage Title IV figures, but did not study the correlations between changes in tuition levels and changes in the availability of federal student aid.

The analysis in this paper refutes the GAO study by demonstrating an inverse relationship between tuition levels and the percentage Title IV federal student aid. The GAO study did find that colleges with a higher percentage of low-income students (e.g., Federal Pell Grant recipients) were more likely to have a higher 90/10 rate, consistent with the findings of the present paper.

IMPACT OF THE 90/10 RULE

There is very little prior analysis of the impact of student characteristics on compliance with the 90/10 rule. Most previous analyses evaluate the impact of the rule on postsecondary educational institutions, not students.

It is possible to calculate the contribution of student and institutional characteristics to compliance with the 90/10 rule. Characteristics for which the percentage of revenue from federal student aid ("90/10 percentage") is below 90% will contribute to a postsecondary educational institution's compliance with the 90/10 rule, while characteristics for which the 90/10 percentage is 90% or greater will make it more difficult for the institution to comply with the 90/10 rule.

The 90/10 percentage for a characteristic can be approximated by calculating the ratio of the mean[11] total Title IV federal student aid to the difference between mean tuition and fees and mean institutional grants.[12] This is roughly the percentage of net tuition revenue that is attributable to Title IV federal student aid.

For example, given mean tuition and fees paid of $5,801 across all types of colleges, mean institutional grants of $989, and mean total federal Title IV aid of $3,071, the percentage of revenues from Title IV

[10] Government Accountability Office (GAO), *For-Profit Schools: Large Schools and Schools that Specialize in Healthcare Are More Likely to Rely Heavily on Federal Student Aid*, GAO-11-4, October 4, 2010. http://www.gao.gov/cgi-bin/getrpt?GAO-11-4

[11] The mean divides the total by all students (with zeros), not just the average across the students who received the particular form of financial aid.

[12] Institutional grants are not counted because a college could reduce its 90/10 percentage by raising tuition and refunding part of tuition to all or some students in the form of institutional grants.

student aid is $3,071 / ($5,801 - $989) = 64%. Including the mean veterans benefits and DOD of $127 as part of federal student aid would increase the percentage to 66%.

So overall, almost two thirds of institutional revenue across all types of colleges comes from federal student aid. The figures disaggregated by institution type are 42% for private non-profit colleges, 70% for private for-profit colleges and 82% for public colleges.[13] The percentage of Title IV revenue is highest at public colleges in part because of their lower tuition rates.

Tables 1-16 show the impact of other demographic variables on the 90/10 percentage. These figures are for undergraduate students at all institutions, not just for-profit colleges and universities. Tables 17-28 disaggregate the data by institutional control.

Table 1 shows that Federal Pell Grant recipients do not contribute to a college's compliance with the 90/10 rule. The percentage of Title IV revenue exceeds 100% because the aid received by low-income students also pays for other components of the college's cost of attendance, such as room and board, books and supplies, transportation, and personal/miscellaneous expenses, not only tuition and fees.

Table 1 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Federal Pell Grant			
None	39%	42%	17%
Some	121%	124%	17%

Even among Federal Pell Grant recipients, there are differences according to the Expected Family Contribution (EFC). Students with lower EFCs receive more Title IV aid and so are less likely to contribute to the college's compliance with the 90/10 rule. A college could improve compliance while still enrolling the same number of Federal Pell Grant recipients by shifting the mix of recipients to those with higher EFCs.

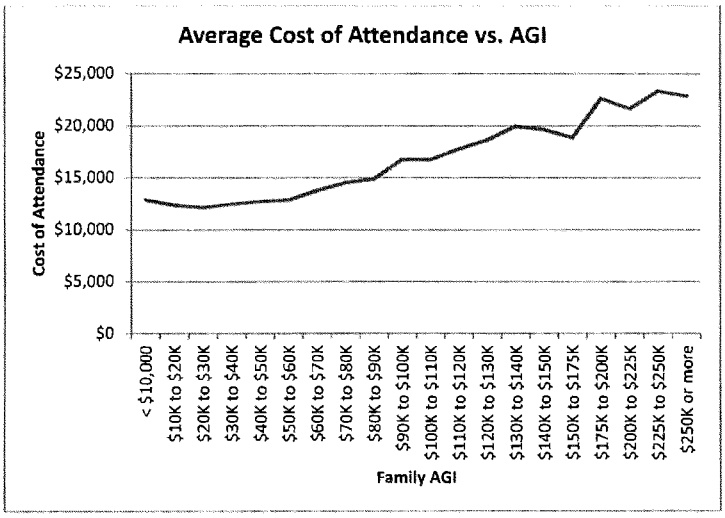
Table 2 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
EFC			
Zero	100%	104%	12%
1 to 2,499	98%	102%	19%
2,500 to 4,999	76%	80%	19%
5,000 to 7,499	62%	66%	21%
7,500 to 9,999	57%	61%	20%
10,000 or more	35%	37%	17%

[13] These figures consider only federal student aid, not state grants or direct state appropriations to public colleges. Few public colleges would be able to comply with the 90/10 rule if it applied to them and counted *all* government funding, not just *federal* aid.

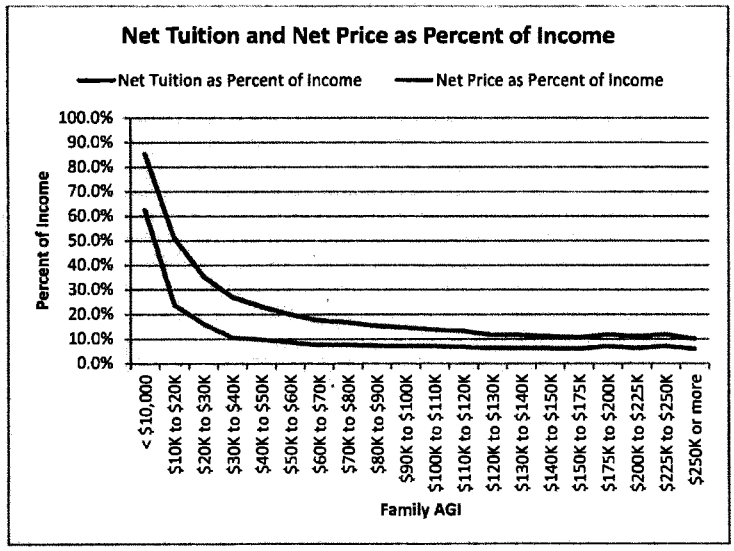
Table 3 shows a similar effect when the 90/10 percentage is disaggregated by the student's family Adjusted Gross Income (AGI). There is a strong correlation between family AGI and the contribution to a college's compliance with the 90/10 rule. Students from higher-income families contribute more to a college's compliance with the 90/10 rule.

Table 3 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Income (AGI)			
Very Low Income (< $25K)	98%	102%	13%
Low Income (< $50K)	89%	93%	15%
Middle Income ($50K to $100K)	51%	53%	21%
High Income ($100K or more)	30%	30%	17%

Family income influences the choice of college, with students from low-income families tending to choose lower-cost colleges, as illustrated in the next chart.



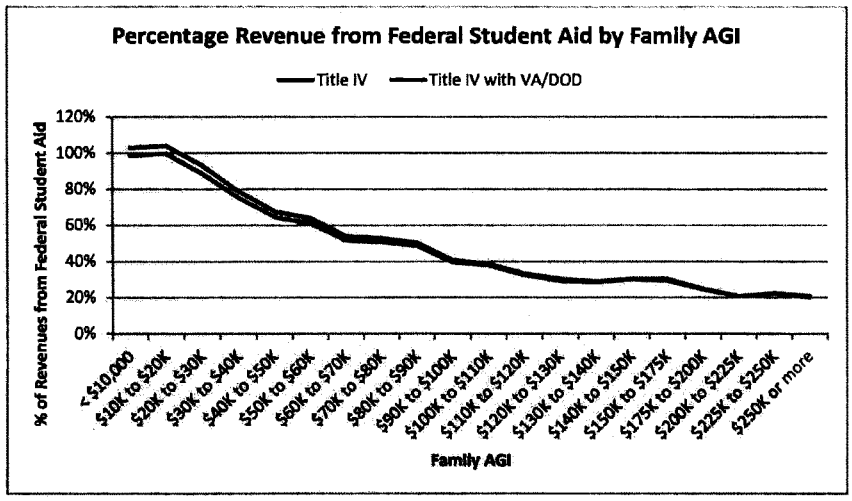
Despite this trend, the net price (cost of attendance after subtracting grants) represents a greater percentage of family income among lower-income students. The next chart shows the net price as a percentage of family AGI flattening out after family income reaches about $70,000.



Clearly, the concept of "skin in the game" is not valid when students are so poor that they cannot contribute any financial resources to their education. This forces them to enroll at lower-cost colleges where the federal student aid including loans covers most of the cost and at colleges with more generous institutional financial aid policies. Accordingly, colleges that enroll many low-income students are less likely to comply with the 90/10 rule.

The next chart shows the relationship between family AGI and the percentage of revenue from Title IV federal student aid. It demonstrates that the contribution to compliance with the 90/10 rule improves with increasing family income, providing colleges with an incentive to discriminate against low-income students.

The blue line reflects the percentage of revenues from Title IV federal student aid while the red line adds in the impact of military student aid. The disparity is greatest among low-income students, where it is as much as 5%. While on average the inclusion of military student aid does not affect the percentage of revenues significantly, some colleges may vary significantly from the average. Community colleges, for example, have a 9 percentage point increase in the percentage of revenues from federal student aid when military student aid is included.



The 90/10 rule's "skin in the game" metric is only meaningful to the extent to which the students are capable of contributing financially to their education. As the *Percentage Revenue from Federal Student Aid by Family AGI* chart demonstrates, low-income students are largely incapable of contributing to the cost of their education. For most colleges, the percentage of revenue from federal student aid measures the extent to which the college serves low-income students, not the students' willingness to pay for their education.

This practice may provide an incentive for colleges to discriminate against low-income students and Federal Pell Grant recipients because it may help their institutions comply with the 90/10 rule.

The 90/10 rule would be a more meaningful metric if the results were normalized according to the student's ability to contribute to the cost of his/her education. It would then measure the student's willingness to pay all or part of the cost of his/her education. There are several possible approaches that base the 90/10 calculation on the student's EFC or the student's status as a Federal Pell Grant recipient or non-recipient:

- Exclude Zero EFC students from the calculation because they have no ability to pay.
- Exclude Federal Pell Grant recipients from the calculation. The percentage of revenue from federal student aid would then be based only on students who do not receive a Federal Pell Grant.
- Count only students whose EFC exceeds 10% of net tuition revenue or the unsubsidized Stafford loan limit.
- Weight the percentage of revenue from federal student aid for each student by the student's EFC.

Table 4 demonstrates that underrepresented minority students contribute a higher percentage of revenue from federal student aid (78%) than Caucasian students (56%), perhaps a reflection of the greater tendency for underrepresented minority students to come from low-income families. Black or African American students have the highest percentage of revenue from federal student aid (96%), followed by

Hispanic or Latino students (82%). This provides an incentive for colleges to discriminate against minority students since it may help them comply with the 90/10 rule.

Table 4 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition & Fees
Overall	64%	66%	17%
Race			
White	56%	59%	18%
Black or African American	96%	99%	14%
Hispanic or Latino	82%	84%	15%
Asian	42%	43%	18%
American Indian or Alaska Native	69%	73%	12%
Native Hawaiian / Pacific Islander	63%	67%	14%
Other	63%	68%	11%
More than One Race	72%	76%	19%
Minority	78%	81%	16%

Female students have a higher 90/10 percentage than male students, potentially leading to discrimination against women.

Table 5 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition & Fees
Overall	64%	66%	17%
Gender			
Male	57%	61%	17%
Female	69%	70%	17%

Table 6 shows the impact of dependency status on the 90/10 percentage.

Table 6 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition & Fees
Overall	64%	66%	17%
Dependency Status (2 Categories)			
Dependent	54%	54%	21%
Independent	83%	90%	6%
Dependency Status (3 Categories)			
Dependent	54%	54%	21%
Independent without Dependents	77%	85%	8%
Independent with Dependents	89%	94%	5%

Independent students[14] have a higher 90/10 percentage. Independent students are also much more common at private for-profit colleges, in contrast with public and private non-profit colleges.[15]

Table 7 illustrates the impact of academic performance on compliance with the 90/10 rule. Students who have a higher high school GPA or higher admissions test scores tend to have lower 90/10 percentages. This may cause colleges to adopt more selective admissions policies to help them comply with the 90/10 rule.

Table 7 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition & Fees
Overall	64%	66%	17%
High School GPA			
0.5-1.9 (D- to C)	80%	83%	9%
2.0-2.4 (C to B-)	73%	76%	10%
2.5-2.9 (B- to B)	71%	74%	12%
3.0-3.4 (B to A-)	62%	64%	15%
3.5-4.0 (A- to A)	53%	54%	25%
SAT/ACT Composite Score			
< 600	85%	87%	6%
600 to 799	88%	90%	11%
800 to 999	71%	73%	16%
1000 to 1199	56%	58%	21%
1200 to 1399	39%	41%	27%
1400 or more	21%	22%	27%
< 1000	75%	78%	14%
1000 or more	47%	49%	23%

A similar phenomenon is seen with high school degree type. Students with a GED tend to hurt a college's compliance with the 90/10 rule, so some colleges might decide to stop admitting students with only a GED.

[14] Independent student status is defined in the Higher Education Act of 1965 at 20 USC 1087vv(d). It includes students who are 24 years old as of December 31 of the award year, married students, students with dependents other than a spouse, graduate and professional school students, veterans, servicemembers serving on active duty for other than training purposes, and orphans, among other criteria. Any student who is not independent is considered dependent.

[15] It is unclear why independent student enrollment is disproportionately high at for-profit colleges and disproportionately low at public and private non-profit colleges. Independent students are more likely to work full-time while enrolled, especially those who enroll at for-profit colleges. Based on data from the 2007-08 NPSAS, 51.0% of independent students work full-time while in college, compared with 15.5% of dependent students.

Table 8 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition & Fees
Overall	64%	66%	17%
High School Degree Type			
High school diploma	64%	67%	18%
GED or other equivalency	93%	97%	5%
High school completion certificate	62%	64%	8%
Attended foreign high school	21%	21%	15%
No high school degree or certificate	64%	64%	5%
Home schooled	63%	70%	27%

Curiously, students from larger families contribute more toward a college's compliance with the 90/10 rule, but there is little difference among students who do and do not have siblings in college. Since the 90/10 percentages are similar for families of 3 or more, this effect may be due to the impact of independent students and students from single-parent households.

Table 9 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Family Size			
1	81%	88%	8%
2	76%	79%	13%
3	63%	65%	17%
4	56%	58%	20%
5	56%	57%	20%
6+	60%	61%	20%
Have Siblings in College			
No	55%	56%	21%
Yes	51%	51%	22%

Students who are the first in their family to attend college have a much higher 90/10 percentage than students who are not first-generation college students. First-generation college students are defined as having both parents with a highest education level below a Bachelor's degree.

Table 10 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition & Fees
Overall	64%	66%	17%
Parent's Highest Education Level			
Less than Bachelor's Degree	79%	83%	15%
Bachelor's Degree or Higher	46%	48%	20%

Students who enroll part-time have a higher 90/10 percentage than students who enroll full-time. So despite these students having higher income and reduced eligibility for need-based aid, they do not help the college comply with the 90/10 rule. This may be due to the students being independent students who need to support themselves and their families in addition to paying for college expenses.

Table 11 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Attendance Intensity in Fall			
Full-Time	60%	62%	19%
Part-Time	80%	84%	6%

Similar results are demonstrated by the Persistence and Attainment Risk Index, which counts the number of risk factors that are known to affect retention and completion. These risk factors include delayed enrollment, lack of a high school diploma, part-time enrollment, financial independence, having dependents other than a spouse, single parent status and working full-time while enrolled (35 or more hours a week). As Table 12 illustrates, students with more risk factors are less likely to help a college comply with the 90/10 rule. At-risk students need more financial support to succeed, which provides colleges with a disincentive to enroll such students.

Table 12 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Index of Risk			
None	51%	52%	24%
One	66%	68%	15%
Two	74%	80%	8%
Three	79%	86%	5%
Four	84%	90%	5%
Five	90%	95%	4%
Six	101%	106%	4%
Seven	108%	109%	2%
Two or Less	57%	58%	20%
Three or More	85%	91%	5%

Table 13 shows that veterans have a higher 90/10 percentage than students who have not served in the military. The 90/10 percentage for students on active duty or in the Reserves is lower, perhaps because of the use of GI Bill and ROTC money to help pay for school.

Table 13 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Military Service			
None	64%	64%	17%
Active Duty	43%	91%	5%
Reserves	10%	89%	11%
Veteran	74%	136%	5%

Institutional Characteristics

Institutional characteristics also correlate with compliance with the 90/10 rule. Table 14, for example, demonstrates that colleges that charge less than $8,000 in tuition and fees have a higher 90/10 percentage than colleges that charge $8,000 or more. The lower cost means the federal student aid covers more of the cost, making it more difficult for the college to comply with the 90/10 rule.

Table 14 Institutional Characteristics	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition & Fees
Overall	64%	66%	17%
Tuition & Fees Paid			
Less than $500	151%	179%	27%
$500-999	98%	110%	8%
$1,000-1,999	104%	115%	5%
$2,000-3,999	104%	109%	9%
$4,000-7,999	92%	94%	13%
$8,000-11,999	65%	67%	13%
$12,000-15,999	54%	55%	13%
$16,000-19,999	45%	46%	20%
$20,000 or more	32%	33%	25%
< $8,000	98%	103%	11%
$8,000 or more	43%	45%	21%

The type of college has an impact on the 90/10 percentage. The 90/10 percentage is 82% at public colleges and universities (98% at community colleges and 77% at public 4-year colleges), 42% at private non-profit colleges and universities and 70% at private for-profit colleges. The 90/10 percentage is higher at public colleges than at private for-profit colleges because the costs are lower. Lower tuition and fees yields a higher 90/10 percentage because the denominator is smaller while the numerator (the per-student utilization of federal student aid funds) is similar.

Many public colleges would not be able to comply with the 90/10 rule if it applied to them, especially if state appropriations and grants were included in the percentage of revenue from government aid. More than 90% of the real cost of education at public colleges and universities comes from federal aid, state aid and state appropriations.

Table 15 Institutional Characteristics	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Undergraduate Degree Program			
Certificate	65%	67%	2%
Associate's Degree	82%	88%	4%
Bachelor's Degree	59%	61%	21%
Institution Control			
Public	82%	86%	13%
Private Non-Profit	42%	43%	27%
Private For-Profit	70%	72%	1%
Institution Type			
Public 4-Year	77%	80%	14%
Public 2-Year	98%	107%	7%
Public < 2-Year	55%	57%	1%
Private Non-Profit 4-Year	42%	43%	27%
Private Non-Profit 2-Year	57%	59%	4%
Private Non-Profit < 2-Year	52%	52%	2%
Private For-Profit 4-Year	73%	75%	1%
Private For-Profit 2-Year	70%	72%	0%
Private For-Profit < 2-Year	61%	62%	2%
Institution Control x Degree Level			
Public Bachelor's	77%	80%	15%
Public Associate's	101%	110%	7%
Public Certificate	62%	67%	6%
Private Non-Profit Bachelor's	42%	43%	28%
Private Non-Profit Associate's	54%	56%	5%
Private Non-Profit Certificate	40%	40%	3%
Private For-Profit Bachelor's	75%	77%	1%
Private For-Profit Associate's	67%	70%	1%
Private For-Profit Certificate	68%	69%	1%

Using IPEDS data, it is possible to estimate the number of colleges that would comply with the 90/10 rule if the 90/10 rule applied to all colleges. The data in Table 16 is based on a comparison of the sum of total Federal Pell Grant and federal education loan funding received by the college with the total gross tuition revenue. It may understate the actual 90/10 percentage due to discounting and due to the exclusion of FSEOG grants and Federal Work-Study funding from the analysis.

Table 16	
Institutional Characteristics	Percentage Complying with 90/10 Rule
Overall	68%
Institution Control	
Public	37%
Private Non-Profit	92%
Private For-Profit	84%
Institution Type	
Public 4-Year	60%
Public 2-Year	20%
Public < 2-Year	70%
Private Non-Profit 4-Year	92%
Private Non-Profit 2-Year	87%
Private Non-Profit < 2-Year	81%
Private For-Profit 4-Year	86%
Private For-Profit 2-Year	80%
Private For-Profit < 2-Year	89%

90/10 PERCENTAGES BY INSTITUTION TYPE

Tables 17-28 disaggregate the 90/10 percentages by institution type.

Differences according to control of college are partly due to differences in college costs and partly due to differences in enrollment patterns. Public colleges tend to be less expensive, yielding higher 90/10 percentages.

Table 17 90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Federal Pell Grant			
None	45%	30%	55%
Some	209%	89%	78%
EFC			
Zero	148%	73%	76%
1 to 2,499	138%	72%	73%
2,500 to 4,999	97%	59%	64%
5,000 to 7,499	72%	50%	64%
7,500 to 9,999	68%	43%	61%
10,000 or more	42%	26%	57%
Income (AGI)			
Very Low Income ($0K to $25K)	144%	69%	74%
Low Income ($0K to $50K)	123%	64%	72%
Middle Income ($50K to $100K)	58%	39%	62%
High Income ($100K or more)	38%	23%	57%

Table 18 shows differences by control and race. Notice how the private non-profit colleges have much lower 90/10 percentages than for-profit colleges for white and Asian students than for Black or African American and Hispanic or Latino students. This may be due to differences in socio-economic status within each minority student group at each type of college.

Table 18			
90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Race			
White	71%	38%	68%
Black or African American	145%	67%	74%
Hispanic or Latino	115%	63%	70%
Asian	53%	25%	60%
American Indian or Alaska Native	113%	41%	44%
Native Hawaiian / Pacific Islander	90%	42%	73%
Other	95%	36%	58%
More than One Race	95%	50%	71%
Minority	108%	38%	71%

Female students have a greater contribution to the 90/10 percentage than male students, especially at public colleges.

Table 19			
90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Gender			
Male	71%	38%	66%
Female	97%	45%	71%

Note how the differences between dependent and independent students in Table 20 are much greater at the public and private non-profit colleges than at the private for-profit colleges. Independent student enrollment at for-profit colleges tends to be disproportionately higher than at other types of institutions, perhaps because these colleges better address the needs of students who work full-time.

Table 20			
90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Dependency Status (2 Categories)			
Dependent	69%	37%	64%
Independent	115%	61%	72%
Dependency Status (3 Categories)			
Dependent	69%	37%	64%
Independent without Dependents	101%	56%	68%
Independent with Dependents	131%	66%	75%

Table 21

90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
High School GPA			
0.5-1.9 (D- to C)	103%	55%	70%
2.0-2.4 (C to B-)	88%	51%	71%
2.5-2.9 (B- to B)	87%	47%	70%
3.0-3.4 (B to A-)	77%	41%	68%
3.5-4.0 (A- to A)	72%	36%	68%
SAT/ACT Composite Score			
< 600	128%	78%	64%
600 to 799	115%	58%	74%
800 to 999	86%	51%	67%
1000 to 1199	68%	42%	63%
1200 to 1399	53%	30%	65%
1400 or more	38%	18%	N/A
< 1000	94%	53%	69%
1000 or more	62%	34%	63%

Table 22

90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
High School Degree Type			
High school diploma	85%	43%	69%
GED or other equivalency	146%	66%	74%
High school completion certificate	70%	43%	77%
Attended foreign high school	22%	13%	60%
No high school degree or certificate	85%	22%	66%
Home schooled	84%	58%	46%

There is more variation according to family size at public and private non-profit colleges than at private for-profit colleges, especially for family size 1 and 2. This may be due to the greater prevalence of independent students at private for-profit colleges.

Table 23 90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Family Size			
1	110%	57%	68%
2	98%	52%	71%
3	77%	43%	71%
4	74%	37%	66%
5	73%	36%	73%
6+	74%	41%	72%
Have Siblings in College			
No	71%	38%	65%
Yes	66%	36%	61%

Parent's highest education level has more of an impact on the 90/10 percentage at public and private non-profit colleges than at private for-profit colleges, perhaps because parents have less influence on the educational choices of independent students.

Table 24 90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Parent's Highest Education Level			
Less than Bachelor's Degree	103%	56%	71%
Bachelor's Degree or Higher	59%	32%	67%

Regardless of the type of college, part-time students have a higher 90/10 percentage than full-time students.

Table 25 90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Attendance Intensity in Fall			
Full-Time	80%	41%	67%
Part-Time	90%	60%	74%

Higher-risk students are more likely to have a higher 90/10 percentage, especially at public colleges. The 90/10 percentages for students at private for-profit colleges is more uniform, regardless of risk index.

Table 26

90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Index of Risk			
None	68%	37%	59%
One	78%	45%	67%
Two	93%	51%	66%
Three	104%	55%	71%
Four	117%	62%	75%
Five	124%	71%	76%
Six	146%	82%	74%
Seven	168%	124%	75%
Two or Less	74%	39%	65%
Three or More	115%	62%	74%

Table 27

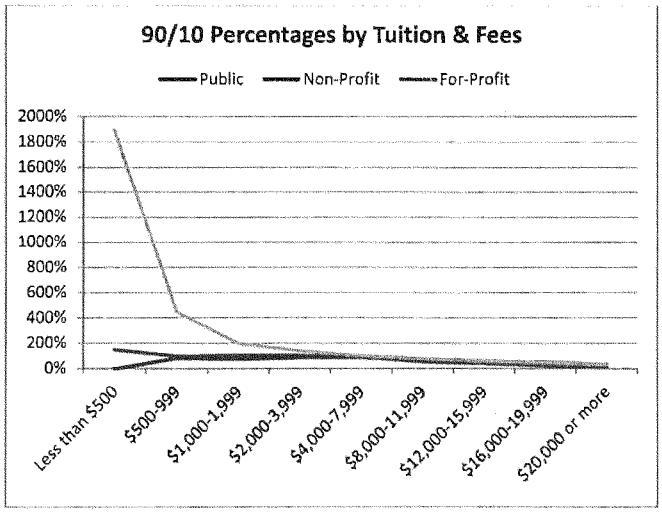
90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Military Service			
None	82%	42%	70%
Active Duty	43%	21%	59%
Reserves	11%	5%	N/A
Veteran	102%	53%	66%

Tuition and fees are a key driver of the 90/10 percentages. At all types of colleges, the 90/10 percentages decrease with increasing college costs. This may serve as a disincentive for colleges that are subject to the 90/10 rule to cut their costs below $8,000 a year.

Table 28

90/10 Percentage Comparison	Public	Non-Profit	For-Profit
Overall	82%	42%	70%
Tuition & Fees Paid			
Less than $500	148%	N/A	1890%
$500-999	97%	80%	444%
$1,000-1,999	104%	72%	198%
$2,000-3,999	102%	86%	140%
$4,000-7,999	89%	89%	103%
$8,000-11,999	56%	68%	78%
$12,000-15,999	42%	50%	63%
$16,000-19,999	24%	53%	49%
$20,000 or more	15%	33%	36%
< $8,000	96%	88%	112%
$8,000 or more	42%	38%	56%

As the next graph demonstrates, the 90/10 percentages converge when tuition and fees exceed $8,000 per year. Private for-profit colleges are more likely to be affected by high 90/10 percentages at lower costs, possibly because of greater enrollment of independent students who borrow to pay for living expenses.



IMPACT OF AID ON 90/10 PERCENTAGES

It may seem obvious, but students who use more federal student aid hurt a college's compliance with the 90/10 rule by increasing the percentage of revenues from federal student aid. Table 1 above shows the relationship between Pell Grant recipient status and the 90/10 percentage. Table 2 shows that increases in financial need, as evidenced by lower EFC scores, lead to increases in the 90/10 percentage. The next table, Table 29, shows that greater utilization of the federal unsubsidized Stafford loan leads to a higher 90/10 percentage, and that federal unsubsidized Stafford loan amounts of $2,500 or more tend to hurt a college's compliance with the 90/10 rule. Use of the federal unsubsidized Stafford loan is subject to the student's discretion. Approximately 15% of undergraduate students borrow $2,500 or more in federal unsubsidized Stafford loans, representing two thirds of students with federal unsubsidized Stafford loans.

Table 29 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Unsubsidized Stafford Loan			
None	42%	45%	19%
$1 to $2,499	86%	88%	12%
$2,500 to $4,999	103%	105%	12%
$5,000 to $7,499	120%	122%	16%
$7,500 to $9,999	147%	152%	10%
$10,000 or more	133%	142%	12%

Table 30 demonstrates that students receiving $7,500 or more in total federal Title IV student aid tend to hurt a college's compliance with the 90/10 rule. Generally, the greater the amount of total federal Title IV student aid, the greater the 90/10 percentage.

Table 30 Characteristic	90/10 Percentage	90/10 Percentage with Military Aid Adjustment	Ratio of Institutional Grants to Tuition
Overall	64%	66%	17%
Total Federal Title IV Aid			
None	0%	3%	13%
$1 to $2,499	54%	59%	16%
$2,500 to $4,999	73%	76%	17%
$5,000 to $7,499	88%	90%	21%
$7,500 to $9,999	107%	109%	17%
$10,000 or more	141%	142%	19%

MAXIMUM PREVALENCE

This data can be used to calculate the maximum potential prevalence of a characteristic with a high 90/10 percentage before an institution risks failing to comply with the 90/10 rule. To the extent that a characteristic correlates with a college's compliance with the 90/10 rule, the 90/10 percentage will increase monotonically with increasing prevalence of the characteristic in the student population. The maximum prevalence of a characteristic is the highest percentage of the student population that can demonstrate the characteristic while still permitting the college to comply with the 90/10 rule.

Let C be a set of mutual exclusive characteristics including H and L. Let H be the 90/10 percentage of the characteristic with the highest 90/10 percentage and let L be the 90/10 percentage of the characteristic with the lowest 90/10 percentage. Let P be the maximum prevalence of H. Then $H \times P + L \times (1 - P) \leq 90\%$ sets the criteria for compliance with the 90/10 rule, with equality occurring at the limit. Note that H must be greater than 90%, otherwise any combination of H and L will be compliant with the 90/10 rule. Transforming this equation yields $P = (90\% - L) / (H - L)$.

For example, given H = 121% and L = 39% for Federal Pell Grant recipients, we have P = 51% / 82% = 62%. Of course, individual colleges will differ in the maximum prevalence of Federal Pell Grant recipients due to differences in the high and low 90/10 percentages, but on average a college can have no more than 62% Federal Pell Grant recipients and still comply with the 90/10 rule.

The maximum prevalence for other characteristics includes:

- Federal Pell Grant Recipient 62%
- Very Low Income (< $25,000) 88%
- Zero EFC 85%
- Black or African American 85% (vs. White)
- Tuition < $500 49%
- Risk Index (7) 68%

Colleges seeking to comply with the rule might do so by changing the mix of students enrolled at the college to one that is more likely to help the college reduce its 90/10 percentage. This, in turn, may lead to discrimination according to particular student characteristics, such as income, race, Federal Pell Grant recipient status, gender, dependency status, academic performance, receipt of a GED, first-generation college students, students who enroll on a part-time basis, military service and risk index.

APPENDIX: 90/10 RULE FORMULA

The formula for calculating the revenue percentages is specified in 20 USC 1094(d)(1):

d. Implementation of non-title IV revenue requirement

1. Calculation

In making calculations under subsection (a)(24), a proprietary institution of higher education shall —

A. use the cash basis of accounting, except in the case of loans described in subparagraph (D)(i) that are made by the proprietary institution of higher education;

B. consider as revenue only those funds generated by the institution from —

i. tuition, fees, and other institutional charges for students enrolled in programs eligible for assistance under this subchapter and part C of subchapter I of chapter 34 of title 42;

ii. activities conducted by the institution that are necessary for the education and training of the institution's students, if such activities are —

I. conducted on campus or at a facility under the control of the institution;

II. performed under the supervision of a member of the institution's faculty; and

III. required to be performed by all students in a specific educational program at the institution; and

iii. funds paid by a student, or on behalf of a student by a party other than the institution, for an education or training program that is not eligible for funds under this subchapter and part C of subchapter I of chapter 34 of title 42, if the program —

I. is approved or licensed by the appropriate State agency;

II. is accredited by an accrediting agency recognized by the Secretary; or

III. provides an industry-recognized credential or certification;

C. presume that any funds for a program under this subchapter and part C of subchapter I of chapter 34 of title 42 that are disbursed or delivered to or on behalf of a student will be used to pay the student's tuition, fees, or other institutional charges, regardless of whether the institution credits those funds to the student's account or pays those funds directly to the student, except to the extent that the student's tuition, fees, or other institutional charges are satisfied by —

i. grant funds provided by non-Federal public agencies or private sources independent of the institution;

ii. funds provided under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low-income individuals who are in need of that training;

iii. funds used by a student from savings plans for educational expenses established by or on behalf of the student and which qualify for special tax treatment under title 26; or

iv. institutional scholarships described in subparagraph (D)(iii);

D. include institutional aid as revenue to the school only as follows:

i. in the case of loans made by a proprietary institution of higher education on or after July 1, 2008 and prior to July 1, 2012, the net present value of such loans made by the institution during the applicable institutional fiscal year accounted for on an accrual basis and estimated in accordance with generally accepted accounting principles and related standards and guidance, if the loans —

I. are bona fide as evidenced by enforceable promissory notes;

II. are issued at intervals related to the institution's enrollment periods; and

III. are subject to regular loan repayments and collections;

ii. in the case of loans made by a proprietary institution of higher education on or after July 1, 2012, only the amount of loan repayments received during the applicable institutional fiscal year, excluding repayments on loans made and accounted for as specified in clause (i); and

iii. in the case of scholarships provided by a proprietary institution of higher education, only those scholarships provided by the institution in the form of monetary aid or tuition discounts based upon the academic achievements or financial need of students, disbursed during each fiscal year from an established restricted account, and only to the extent that funds in that account represent designated funds from an outside source or from income earned on those funds;

E. in the case of each student who receives a loan on or after July 1, 2008, and prior to July 1, 2011, that is authorized under section 1078-8 of this title or that is a Federal Direct Unsubsidized Stafford Loan, treat as revenue received by the institution from sources other than funds received under this subchapter and part C of subchapter I of chapter 34 of title 42, the amount by which the disbursement of such loan received by the institution exceeds the limit on such loan in effect on the day before May 7, 2008; and

F. exclude from revenues-

i. the amount of funds the institution received under part C of subchapter I of chapter 34 of title 42, unless the institution used those funds to pay a student's institutional charges;

ii. the amount of funds the institution received under subpart 4 of part A;

iii. the amount of funds provided by the institution as matching funds for a program under this subchapter and part C of subchapter I of chapter 34 of title 42;

iv. the amount of funds provided by the institution for a program under this subchapter and part C of subchapter I of chapter 34 of title 42 that are required to be refunded or returned; and

v. the amount charged for books, supplies, and equipment, unless the institution includes that amount as tuition, fees, or other institutional charges.

September16, 2013

The Honorable Thomas R. Carper, Chairman,
Senate Committee on Homeland Security & Governmental Affairs
340 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Carper:

Iraq & Afghanistan Veterans of America is pleased to provide the following answers to the questions for the record you sent to us following the July 23rd hearing entitled "The 90/10 Rule: Improving Educational Outcomes for Our Military and Veterans" before your Committee:

Question 1: *Both the American Legion and the Veterans of Foreign Wars have told the committee that they have received almost no complaints about the aggressive and deceptive marketing practices of for-profit schools. Your testimony refers to veteran frustration with for-profit schools that was registered on your "Defend The New GI Bill" webpage. How frequently do you receive complaints similar to the ones highlighted in your testimony? Why do you think other veterans' organizations might not be receiving as many complaints?*

Response: In 2008, IAVA played a leading role in building a united front among veterans' organizations and a bipartisan consensus in Congress in order to pass the Post-9/11 GI Bill. Since IAVA is the first and largest organization for Iraq and Afghanistan veterans, a much larger proportion of our membership is eligible for Post-9/11 GI Bill education benefits. As a result of these unique membership demographic, as well as the prominence and high visibility of our NewGIBill.org website, we receive a more diverse variety of education-related inquiries. However, we would suggest that simply counting the number of complaints received by IAVA or other veterans' organizations is not the best measure of the level of frustration amongst veterans when dealing with for-profit schools.

While IAVA is not the only organization to provide real world examples of veterans and active-duty military personnel being exploited by for-profit universities, there are other entities to which troops and veterans are more likely to report these issues. The Consumer Financial Protection Bureau (CFPB) is one such alternative repository for complaints, particularly CFPB's new Office of Servicemember Affairs. Also, the Better Business Bureau would perhaps be a more natural place for a servicemember or veteran to turn to in order to consequentially express his or her frustration and report negative experiences with for-profit schools.

Question 2: *Your testimony notes that some but not all for-profit schools provide a quality education. Do you have any advice on ways to help veterans differentiate the good from the bad actors in the for-profit sector?*

Response: Our NewGIBill.org website lists a variety of useful resources to help veterans differentiate between the good and bad actors in the for-profit education sector, including the Better Business Bureau's "Educational Consumer Tips," the VA's "Factors to Consider When Looking for a School," the White House's college scorecard, College Navigator, etc. These resources encourage veterans to check the accreditations that the school holds with the U.S. Department of Education's database, but also reminds veterans to be vigilant in understanding whether their coursework will transfer to a new school. VA explicitly mentions that if a veteran were to transfer from an online institution to a public in-state school, there is a possibility that not all credit will be accepted, so veterans should find an institution where previously earned credit is best utilized towards degree requirements that will help veterans make the most of their benefits.

If you have any additional questions, please don't hesitate to reach out to me or to our Legislative Director, Alexander Nicholson at 202-544-7692 or alex@iava.org.

Thank you again for giving IAVA the opportunity to offer our analysis and the views of our members as the Committee continues to consider and debate this very important issue for the military and veteran community.

Respectfully,

Thomas A. Tarantino
Chief Policy Officer
Iraq & Afghanistan Veterans of America

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