

For-profit college risk: Huge debt, questionable degree

By **Stephanie Chen**, CNN

Atlanta, Georgia (CNN) -- Dane Lockman saw a commercial advertising Westwood College while watching late-night television. The then-29-year-old single father, with a budding interest in web design, decided he would be the first in his immediate family to attend college. By October 2006, he was enrolled in the for-profit institution to complete a bachelor's degree in graphic design. To pay for school, he took out \$40,000 in private and government loans.

Lockman says he earned A's and B's at Westwood, but he wanted to take his education further by transferring to Georgia State University in late 2007, a public school that is regionally accredited, which is considered to be the "gold standard" of college education. But since Westwood is nationally accredited, Georgia State University refused to recognize Lockman's credits. Lockman says Westwood [admissions](#) representatives never warned him about the difference. "I went into it really blindly," Lockman said. "I tried to do everything on my own."

Today, he's without a degree or a full-time job and unable to pay back his loans. He says his savings are gone. His credit score is shot because of his student [debt](#), and he can't get credit cards. His student loans will incessantly haunt him, even if he declares bankruptcy.

Lockman is not alone. At least 750 former Westwood students and employees have come forward with complaints about the school engaging in deceptive recruiting practices that have left some students with an unmanageable amount of debt, according to a class-action lawsuit filed in U.S. District Court in Denver, Colorado, in August.

Some students, like Lockman, have also complained that the school failed to give them accurate information about future job prospects or whether their degrees would be recognized by other schools or employers. "This is a massive problem that's going to change the face of education if this isn't corrected," said Jillian Estes, an attorney at the Florida law firm James, Hoyer, Newcomer, Smiljanich & Yanchunis P.A., which filed the [suit against Westwood](#). "This isn't only about the students; this is about you and I. Taxpayer money is funding the deceptive practices these schools are using. This has to be everyone's problem."

Westwood College, owned by Alta Colleges Inc., is one of about 3,000 for-profit [colleges](#) in the country. The college denies claims made in the lawsuit and has filed a defamation suit against the law firm. The defamation suit is pending.

This summer, the multibillion-dollar for-profit college industry has come under the scrutiny of the U.S. Senate. Some government officials say the industry is regulated too loosely. [Senate hearings](#) in August revealed government findings that 15 for-profit schools, including Westwood, were encouraging [fraudulent practices](#) among students. For example, some schools were caught suggesting that prospective students hide their savings to secure more federal aid. Across the country, other for-profit schools are facing their own legal battles.

In June, a Chicago law firm filed a lawsuit on behalf of students at Illinois School of Health Careers claiming the school engaged in deceptive trade practices. Students say the college failed to inform them that the school's nursing program was not approved by the Illinois Department of Public Health. CNN called the school several times but did not get a response. The school is trying to get the court to dismiss the suit.

"We think they're innovative and have done some good things, but in some of these programs, students have high debt loads," said James Kvaal, deputy undersecretary at the Department of Education. "We are also hearing anecdotes of graduates unable to get jobs in the fields they were trained."

The for-profit sector explodes

The number of for-profit colleges, which typically cater to working students and students beyond the traditional college age, has grown dramatically. Between 2007 and 2008, there were 2.6 million students enrolled in for-profit schools, up from 1.7 million between 1997 and 1998, according to The Institute for College Access & Success, a think tank committed to expanding access to higher education.

For-profit institutions do exactly what the name suggests: They are private companies that aim to make money. Some for-profit colleges have physical campuses, some have online classes, and others have both. For-profit schools tend to cater to specific skills in a certain vocation or industry, explained Terry Hartle, Senior vice president of the American Council on Education, a trade association representing colleges.

These schools say they fill a void for students who may not have access to traditional universities or overcrowded community colleges. They offer busy students many advantages, including a shorter time period to complete degrees, in some cases, and flexible classes that can be taken online and at night, some say. For some students, the schools' accreditation is a major concern.

Many for-profit schools are nationally accredited, which makes transferring credits to universities that are regionally accredited often impossible, education experts say. Private institutions, such as Harvard University and Smith College, and public schools, such as the University of Michigan or community colleges, are usually regionally accredited.

Regionally accredited schools are more widely recognized by other schools and employers, education experts say.

Westwood College is nationally accredited, and company officials say the school makes that clear during the recruitment process, but some students complained they weren't told the difference when they enrolled. "Westwood maintains transparency with everything it does with its students," a company spokesman said. "They go above and beyond what they need to do to create transparency."

A degree but no job

Critics of for-profit institutions allege these schools use deceptive enrollment practices, including failure to warn about student debt, similar to practices used in the recent subprime mortgage crisis.

Some, such as Sen. Tom Harkin, D-Iowa, are concerned that for-profit schools may be failing to adequately inform students of the risks of taking loans they cannot pay back. On average, students who attend for-profit colleges are more likely to borrow federal aid, and they borrow larger amounts.

During the 2007-08 school year, 92 percent of undergraduates attending for-profit colleges took out student loans, compared with 60 percent of undergraduates attending private nonprofit colleges and 27 percent of undergraduates attending public colleges, according to The Institute for College Access & Success.

One former Westwood admissions representative, Joshua Pruyn, [who testified](#) at the Senate hearings in August, admitted to conducting interviews at which he and other representatives pressured students to enroll by manipulating their "hopes, fears and insecurities." Westwood officials call Pruyn's claims an "isolated incident." After the hearings, Westwood College said it planned to add third-party verification programs to ensure Westwood employees are accurately explaining the costs and career outcomes of enrolling in its programs.

"It's not enough that we find out how this breakdown in our system happened," Westwood College CEO George Burnett said in a statement on the school's website. "We have to make sure this doesn't happen again."

Estes, the attorney who filed the class-action lawsuit against Westwood this month in Colorado, said she is also concerned about what happens when students complete a Westwood degree. She said her firm has interviewed hundreds of students who were unable to find a job in the field they studied because the Westwood degree was not recognized by employers. Kvaal, deputy undersecretary at the Department of Education, also mentioned similar concerns about job placement by these for-profit schools.

The lead plaintiff is Krystle Bernal of Denver, Colorado, who completed a degree in fashion merchandising at Westwood College in 2008 with honors. She says she paid \$75,000 for the degree, but she also says it didn't help her find a job in her field. The suit alleges Westwood made false promises to Bernal and other students in order to receive their private and federal aid. "Defendants follow a simple formula," the suit says. "Recruit those with the greatest financial need and enroll them in high-cost institutions to maximize the amount of funding the defendant receives."

Westwood has denied the claims in the suit. Officials at the college say they explain the financial risks and the accreditation differences to students during enrollment.

Select the BEST answer for each question below.

- 1. The difference between a college being regionally accredited and nationally accredited is a detail that Lockman was unaware of. This caused him to . . .**
 - a. Take classes and earn good grades that would not transfer to a public college/university that would issue a bachelor's degree.**
 - b. Go into debt to earn a degree that will not get him a job.**
 - c. Earn a degree that got him a high paying job.**
 - d. A and C**
 - e. A and B**
- 2. A regionally accredited college or university is a public school . . .**
 - a. That is recognized as a worthy institution and will be credible when the student is looking for a job.**
 - b. That is not recognized for their degree awarding practices and allow students to pay for a useless degree.**
 - c. Are up front about the coursework and the types of jobs and degrees awarded to graduates.**
 - d. None of the above**
 - e. A and B**
 - f. And C**
- 3. A for-profit college is usually nationally accredited and not regionally accredited making it less desirable for the job seeker after graduation.**
 - a. True**
 - b. False**
- 4. Since 92% of students attending a for-profit college took out student loans compared with 60 % of undergraduates attending private nonprofit colleges and 27% of undergraduates attending public nonprofit colleges, this fact tells the reader . . .**
 - a. For profit colleges may be targeting students who cannot afford college at all potentially putting them at financial risk.**
 - b. Nonprofit colleges are more affordable.**
 - c. Public nonprofit colleges are the best financial "deal" in earning a marketable degree.**
 - d. All of the above**
 - e. None of the above**
- 5. Pulling exact language from the article, what is the problem or issue that the government is checking into regarding the for-profit colleges.**

- 6. On the back write an extended paragraph detailing your opinion – based on facts presented in the article – about the controversy between for-profit colleges and nonprofit colleges. Use passages/facts to support your opinions. (MLA format)**