Where are Federal G.I. Bill Dollars Going?

Top Ten Recipients of Post-9/11 G.I. Bill Benefits

<table>
<thead>
<tr>
<th>Institution</th>
<th>Dollars in Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apollo</td>
<td>$210</td>
</tr>
<tr>
<td>ITT</td>
<td>$178</td>
</tr>
<tr>
<td>EDMC</td>
<td>$173</td>
</tr>
<tr>
<td>DeVry</td>
<td>$144</td>
</tr>
<tr>
<td>CareerEd</td>
<td>$130</td>
</tr>
<tr>
<td>Strayer</td>
<td>$80</td>
</tr>
<tr>
<td>Corinthian</td>
<td>$60</td>
</tr>
<tr>
<td>U. of Maryland System</td>
<td>$51</td>
</tr>
<tr>
<td>U. of Texas System</td>
<td>$45</td>
</tr>
<tr>
<td>Kaplan</td>
<td>$44</td>
</tr>
</tbody>
</table>

Source: HELP Committee analysis of Department of Veterans Affairs data; does not include Yellow Ribbon program funds.

Chart 1
What Are Taxpayers and Veterans Getting For Their Money?

Student Outcomes for the 10 Schools Receiving the Most G.I. Bill Benefits

<table>
<thead>
<tr>
<th>Institution</th>
<th>Bachelor’s Students Withdrawn</th>
<th>Associate Students Withdrawn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apollo (University of Phoenix)</td>
<td>50.3%</td>
<td>66.4%</td>
</tr>
<tr>
<td>ITT</td>
<td>44.5%</td>
<td>53.1%</td>
</tr>
<tr>
<td>Ed. Mgmt. Corp. (Art Institute, Argosy)</td>
<td>61.9%</td>
<td>63.7%</td>
</tr>
<tr>
<td>DeVry</td>
<td>56.4%</td>
<td>54.3%</td>
</tr>
<tr>
<td>Career Ed. Corp. (Sanford Brown, CTU)</td>
<td>51.4%</td>
<td>61.7%</td>
</tr>
<tr>
<td>Strayer</td>
<td>34.1%</td>
<td>48.8%</td>
</tr>
<tr>
<td>Corinthian (Everest, Heald, WyoTech)</td>
<td>59.2%</td>
<td>66.5%</td>
</tr>
<tr>
<td>U. of Maryland System</td>
<td>13.1%*</td>
<td>N/A</td>
</tr>
<tr>
<td>U. of Texas System</td>
<td>26.4%*</td>
<td>N/A</td>
</tr>
<tr>
<td>Wash. Post Co. (Kaplan)</td>
<td>68.2%</td>
<td>69.1%</td>
</tr>
</tbody>
</table>

Source: HELP Committee analysis of Department of Veterans Affairs data, Department of Education data and documents provided by schools.

* For-Profit student outcomes based on all students who enrolled between July 1, 2008 and June, 30 2009 as of mid-2010. Public University Systems’ outcomes based on Department of Education retention data and includes only first-time full-time students.
Federal Taxpayers Spend More Than Twice as Much Per Veteran at For-Profit Colleges

Average Cost Per Veteran by Sector

- Public Schools: $4,874
- For-Profit Schools: $10,875

Source: HELP Committee analysis of Department of Veterans Affairs data.
For-Profit Schools Collected More than One Third of Post-9/11 G.I. Bill Benefits but Trained Just One Quarter of Veterans.

**Benefits Disbursed by Sector, 2010-11**
- Total Funds: $4.4 Billion
  - For-Profit Education Companies: 37%
  - Other Schools: 63%

**Veterans Trained by Sector, 2010-11**
- Total Veterans: 608,521
  - For-Profit Education Companies: 25%
  - Other Schools: 75%

Source: HELP Committee analysis of Department of Veterans Affairs data.

Chart 4
For-Profit Colleges Devote Federal Funds to Profit and Marketing -- Not Education

Apollo Group, Inc. - Spending, 2010
- Marketing: 22%
- Profit: 21%
- Other: 57%

ITT Educational Services, Inc. - Spending, 2009
- Marketing: 19%
- Profit: 37%
- Other: 44%

Corinthian Colleges, Inc. - Spending, 2010
- Marketing: 20.3%
- Profit: 13.6%
- Other: 66.1%

Strayer, Inc. - Spending, 2010
- Marketing: 18%
- Profit: 34%
- Other: 48%

Other: Executive Compensation, Lobbying, Student Services, Administration, Facilities, Instruction, Faculty Salary, and Bad Debt Expense.

Source: HELP Committee analysis of S.E.C. filings and documents provided by schools.

Chart 5
• Federal law requires that for-profit colleges receive no more than 90% of revenues from federal financial aid.

• This restriction originated with the first GI bill.
• Federal military educational benefits do not count toward the 90% limit.

• For every veteran enrolled, a school can enroll 9 non-veterans without worrying about the regulation.

• As a result, many large for-profit companies have made big investments in recruiting operations specifically directed at veterans, active duty troops, and family members.
The credit crunch of 2007 made compliance with the 90/10 rule a serious concern for the for-profit higher education industry because private loans became unavailable to students.

- For-Profit schools receiving over 90% in federal dollars:
  - ECPI
  - Trident University International
  - Remington College
  - Kaplan Higher Education
  - American Career College
  - Vatterott College

- For-Profit schools receiving over 85% in federal dollars:
  - Education Management Corporation
  - Career Education Corporation
  - Westwood College
  - Apollo Group
  - Anthem Education Group
  - Bridgepoint Education
  - Rasmussen College
  - Keiser University
  - Corinthian College
  - ITT Educational Services
  - Concord Colleges
  - Herzing University
  - National American University
  - Drake University
• For-Profit College Executives Discuss Military Enrollment:

  “As I mentioned, one of the reasons we think our 90/10 will be less than 2009, than it was in 2008 is because of the military channel. We’ve had a lot of success in that area...Our military enrollment grew from 1% in 2007 to 17% at the end of September 2009.” -- **Bridgepoint Education.**

  “Probably one of the most important potential short and long-term targets for EDMC are the 800,000-plus military spouses who have been authorized, *for the first time in history*, for a one-time entitlement of up to $6,000 ... An aggressive effort to reach these spouses at the military bases with various career fairs, direct communications, and visibility with the Office of Military Families in Washington would be very important.” -- **Education Management Corporation**

  In a brainstorming exchange between Kaplan executives, the number one item on the list of initiatives to deal with Kaplan’s 90/10 situation was “accelerate military billings/collection. Go to D.C. and pick up the check if you have to.” -- **Kaplan Higher Education**