

By Elaine Sanchez

Service members and their families are under siege from for-profit colleges, many of which see service members as nothing more than “dollar signs in uniform,” according to a top financial official.

A number of these schools target troops with aggressive, misleading marketing tactics followed by a lack of administrative or counseling support — which can lead to roadblocks for service members seeking to advance their education, said Holly Petraeus, the Consumer Financial Protection Bureau’s assistant director for service member affairs.

She issued this caution in a Sept. 21 *New York Times* op-ed, and in written testimony submitted to a U.S. Senate Committee on Homeland Security and Governmental Affairs’ subcommittee.

“The real and growing concern is that, just as in the days of unchecked payday lending before the implementation of the Military Lending Act, military communities are once again under siege by a group that sees big money to be made off the military: for-profit colleges,” Petraeus wrote.

These colleges are targeting a population that’s become increasingly more interested in obtaining higher degrees, she noted. She recalled when her husband, CIA director David H. Petraeus, a retired Army general, first enlisted in 1974. Back then, officers were expected to have a bachelor’s degree, but enlisted service members with a two- or four-year college diploma were scarce.

These days, officers who would like to move up the ranks are expected to have a graduate degree, and enlisted personnel who would like to reach senior noncommissioned officer status, a bachelor’s degree, she said.

The growing demand for higher

education has caught the attention of for-profit colleges, eager to enroll troops with ready cash in hand. Active-duty service members, Petraeus explained, have access to tuition assistance funds, and troops, veterans and some family members, to the GI Bill.

They’re also driven to enroll service members to help meet the “90-10 rule,” she said, created by the 1998 amendments to the Higher Education Act. Under this rule, a for-profit college has to obtain at least 10 percent of its revenue from a source other than Title IV federal education funds. While tuition assistance and the GI Bill are federally funded, they don’t fall under the Title IV category, she added, “putting [service members] squarely in the 10-percent category of the 90-10 rule.”

For every service member who uses tuition assistance or GI Bill funds — or a service member’s spouse or child under the Post-9/11 GI Bill — the college can enroll nine other students with Title IV funds, Petraeus said. “Therein lies the problem,” she said. “This has given some for-profit colleges an incentive to see service members as nothing more than dollar signs in uniform, and to use some very unscrupulous marketing techniques to draw them in.”

Petraeus said she often hears concerns about “unscrupulous marketing” by some for-profit colleges. On one site she visited, the schools were listed as “GI Bill” schools, but all were for-profit colleges. A number of these schools proceed to deliver poor treatment after enrollment. One spouse told Petraeus she had connectivity problems and couldn’t sign on for her online class, yet was unable to gain assistance from the school. Still, she was billed for the full tuition.

These support problems can pose a challenge for deployed troops, Petraeus added, who can experience

a “lock down” on communications or other connectivity issues. “I have heard about instances where no flexibility was shown by the college and the student received an ‘F’ for failure to submit the work on time,” she said. “The tuition bill, of course, was still expected to be paid.”

Some students run into problems when transferring credits, as well. A number of for-profit colleges have questionable credentials or lack accreditation accepted by other schools, Petraeus said.

While some for-profit colleges have solid academic credentials and a history of graduate success, “as a group, and compared with other institutions, for-profit colleges have low graduation rates and a poor gainful-employment history,” she noted. “The benefits provided to our military and their families should not be wasted on programs that do not promote, and may even frustrate, their educational goals,” she added.

Yet there’s been “explosive growth” in the amount of military benefit money flowing from the government to for-profit schools, Petraeus noted. Between 2006 and 2010, combined Defense and Veterans department education benefits, received by just 20 for-profit education companies, increased from \$66 million in 2006 to an estimated \$521.2 million in 2010 — a 683 percent increase.

“As long as military education funds are on the 10 percent side of the 90-10 rule, service members will be a lucrative target for exploitation,” she said. “It is critical that federal agencies redouble efforts to prevent aggressive and deceptive practices.”

The end goal of federal agencies working together, she said, is for every military family to be a well-educated family, “armed with the knowledge of how to avoid poor financial decisions, and willing and able to invest toward long-term goals that lead to a successful future.” ●

Elaine Sanchez writes for the American Forces Press Service