FOR-PROFIT EDUCATION COMPANIES

Mr. HARKIN. Mr. President, over the past 6 months, I have come to the floor several times to discuss the findings of an ongoing investigation by the Health, Education, Labor, and Pensions Committee into the for-profit education sector, and the growing role they play in higher education. This investigation has been now ongoing for over a year.

Today, I want to focus my remarks on our men and women in uniform and how the for-profit schools are focusing on recruiting them to their schools, and what this means for the taxpayers of America.

The first GI bill made it possible for many of the servicemembers returning from World War II to go to college and get ahead in life. In the process, that ushered in a new era of American prosperity. That GI bill continued, of course, with Korea, through the Cold War, and through Vietnam. I myself used the GI bill after my service time so I could go to law school.

Over the decades, we have built on that success by extending Federal financial aid to active-duty members of our Armed Forces, and indeed to all Americans who seek to build a better life through higher education. On the whole, this has proved to be one of the Federal Government's smartest investments—an investment in human capital that has produced huge dividends for our Nation. We in Congress have been eager to ensure that this new generation of veterans returning from Iraq and Afghanistan—those who sacrificed so much for our country—are getting the education benefits they earned and the quality of education they deserve.

Led by Senator WEBB and others, we have enacted new laws and expanded existing programs to provide generous new educational benefits to veterans, to active-duty servicemembers, and to their families. This is a historic achievement, and I am sure all of us were proud to support it.

Implemented in August of 2009, the post-9/11 GI bill provides that veterans who serve 90 days or more on active-duty effort, after September 10, 2001, are eligible for up to 36 months of educational benefits; and for the first time ever in history, veterans can transfer these benefits to a spouse or to a child. Over the last decade, the Department of Defense has also expanded aid available to active-duty soldiers, sailors, and airmen through its tuition assistance program. This program will pay up to a maximum of $4,500 a year toward a servicemember's classes.

Also in 2009, Congress created the military spouse career advancement account, designed to expand employment and career opportunities for active-duty spouses, and that provides for a grant of $4,000 over a 3-year period of time.

When the Congress acted to give new and better benefits to veterans and active-duty members and their families, we fully expected that for-profit schools might have an important role to play in providing higher education. Obviously, they are flexible, and some of the primary work done is suited to veterans and active-duty soldiers and students juggling work and family obligations.

During my time in the military, of course, we had the University of Maryland, which still obviously provides a lot of online work. At that time, it was called ''distance learning,'' and you did it by mail. The University of Maryland provided a lot of educational benefits for many years to active-duty personnel serving in far-flung places around the world. Of course, that was not a for-profit school; that was a nonprofit school.

Unfortunately, when we enacted this whole new benefits package for servicemembers and veterans and their families, we didn't anticipate what would happen by opening up a new stream of funding to the for-profit schools. We didn't foresee that the for-profit sector, which is eager to please Wall Street investors, would go after student funding aggressively, in ways not in the best interests of veterans and servicemembers. We didn't recognize that by allowing servicemembers to combine, transfer, and borrow against these various Federal benefit packages we were giving for-profit schools an opening to enroll servicemembers, veterans, and family members in very expensive educational programs.

My committee's investigation over the past year has revealed an industry dominated by the very same Wall Street companies and equity investors who brought about the subprime mortgage crisis. These investors are focused on rapid growth and quick profits. In relatively short order, for-profit colleges and universities have succeeded in enrolling 10 percent of the students and claiming fully 25 percent of the Federal financial aid budget, including $7 billion a year in Pell grants. So the for-profit sector has 10 percent of all of the students in the country and gets 25 percent of all Federal financial aid.

Many of these companies generate big profits, and there is a big problem. The committee has compiled data for 30 companies that own for-profit schools, including the 15 largest publicly traded ones, showing that more than half of the students these institutions enroll drop out within the first year. Two-thirds of the students who are there for a 2-year program drop out in the first year. Some of the worst performing institutions have been the most aggressive to enroll servicemembers and veterans.

Because profitability and the for-profit education industry is driven by enrollment growth, my committee's investigation has focused largely on the extraordinarily aggressive marketing and recruitment practices at these schools. Building on the findings of last year's undercover investigation by the GAO, which found abusive recruitment practices at each of 15 campuses visited, we have uncovered additional evidence that misleading and deceptive recruiting tactics are not the exception but the norm.

Several months ago, on the floor of the Senate, I spoke about documents uncovered in my investigation. Those documents instruct recruiters in tactics designed to manipulate and emotionally exploit potential students in order to convince them to enroll. As I will demonstrate later in my speech they are going after the military by exploiting fear, uncertainty, and doubt.

We should be concerned that Congress may have unintentionally created an opening for the current generation of veterans and active-duty servicemembers to be victimized by these abuses simply because of their eligibility for expanded Federal aid that we enacted in the Congress.

My committee found evidence that large for-profit schools are aggressively recruiting active-duty servicemembers and veterans expressly because of their generous educational benefits packages. It is not just that these military benefits provide a new revenue stream for the companies. The point is that it is an especially valuable kind of revenue stream for these companies—more valuable than even going after nonveterans and non-GIs. Why is that?

Well, military money helps these for-profit schools to meet a key statutory requirement that no more than 90 percent of their revenue can come from Federal financial programs. That is in the law. No more than 90 percent of the income coming into a for-profit school can be from Federal financial programs. If a school is getting close to that 90 percent, guess what they do. They go after military people. Why is that? Because a military person, active duty or veteran, enrolled in a for-profit school doesn't count towards the 90 percent; it counts towards the 10 percent. So the school could actually have—and there are some—92 or 94 percent of all their money coming from Federal financial programs, even though the law says you can only get 90 percent, because military doesn't count. So you can see why, when close to 90 percent, they would want to go after the military. And that is exactly what is happening.

With their eyes on this 90/10 ratio, the for-profit schools have moved aggressively to exploit this opportunity. They have created marketing plans and a sales force specifically designed to target and enroll as many veterans, servicemembers, and family members as possible. Schools spend billions on sophisticated marketing campaigns and large sales teams to get those students in the door. Documents obtained by the HELP Committee paint a picture of an industry with a laser-like focus on enrolling military students.

For example, I have a 56-page document from Kaplan. This lays out their strategy for recruiting military students. If you go through it, you will see

their objective. As I said, they have a laser-like focus on enrolling military students.

Objective No. 1:

Grow our military enrollments to 9,000 per year by 2011.

At the time, Kaplan signed up about 2,200 military students each year. They were aiming at more than a four-fold increase in the military. The document goes on to lay out the marketing and sales plan for achieving this enormous growth. This is in this document:

Drive awareness via print advertising in key military publications and targeting key military installations.

To do this, the document suggests that Kaplan plans to spend $30 million over 3 years for new military-specific recruiting staff, advertising, and public relations—just on the military.

In a later brainstorming exchange between Kaplan executives, the No. 1 item on the list of initiatives to deal with Kaplan's 90/10 because they were getting close to that 90 percent was:

Accelerate military billings/collections. Go to DC and pick up the check if you have to.

Go get that military money so we do not go over that 90-percent limit.

At Education Management Corporation—another for-profit school—the story is similar. Let me quote from a 2010 memorandum prepared by a consultant to the CEO of EDMC, Education Management Corporation. The memo begins:

Thanks for the call outlining the interest of EDMC in learning more about potential areas of funding that could add revenue that would also address the 90/10 issue.

No. 1 on the list says:

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—

And this is in italics—

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.

A subsequent e-mail message between EDMC's executives recommends that the company should be ''leveraging military spouse benefits to the fullest extent possible'' in order to overcome the 90/10 regulation.

Executives of for-profit schools are candid about the value of military students in trying to ease investors' concerns about regulatory compliance. The CEO of Bridgepoint Education told investors:

Our military enrollment grew from 1 percent in 2007 to 17 percent at the end of September 2009.

He went on to say:

We believe that when we are able to report our 90/10 for 2009 that it should decrease due to our penetration in particular into the military market.

We know these for-profit schools, in their own words, are aggressively pursuing military personnel and their families. How are they enticing them to enroll? A Kaplan training manual entitled ''Military Learning Modules'' tells recruiters how to utilize fear, uncertainty, and doubt in the sales process with regard to competitors' offers and teaches them to overcome objections that potential students may raise in signing an enrollment agreement.

This is the one from Kaplan:

Fear, uncertainty, doubt. This technique was originally created within the computer hardware industry and uses these emotions to attempt to influence perceptions or beliefs. The technique is especially effective when prospects introduce the ''need'' to examine other online schools.

In other words, a Kaplan recruiter calls up a veteran or a military person on Active Duty and wants to get them to enroll. If that person says: I have seen some ads for Phoenix, I have seen ads for ITT and others, maybe I will look them up, they want to use fear, uncertainty, and doubt when prospects introduce the need to examine other online schools.

Statements such as the following:

instill fear, uncertainty and doubt regarding the features of competitors' programs.

It is one thing if you are selling a keyboard or hard drive. That is one thing. But when you are doing it to enroll a young man or woman whose family may never have gone to college—they enlisted in the military out of a patriotic sense of duty; they have had no college experience whatsoever; maybe they did not do all that well in high school, but now they are thinking about what they are going to do, and they get hit with this. And I find really objectionable when these for-profit schools exploit fear, uncertainty, and doubt in our young military people.

I will have more to say about how onerous it is when they do this to get them to sign up with their school, to get students take taxpayers' money and turn it over to the school, only to find out they do not have any support, nothing to help them, and they drop out within a year. They have debt. They went through all their military benefits, which they can never get back, and the for-profit schools have the money.

A military recruiter at Colorado Technical University—another for-profit school—owned by the publicly traded Career Education Corporation, told the New York Times:

There is such pressure to simply enroll more vets—we knew that most of them would drop out after the first session . . . Instead of helping people, too often I felt like we were almost tricking them.

Robert Songer, the coordinator of all education programs for servicemembers at Camp Lejeune Marine Corps Base in North Carolina, expressed his reservations to the Bloomberg news service.

Some of these schools prey on Marines . . . Day and night, they call you, they e-mail you. These servicemen get caught in that. Nobody in their families ever went to college. They don't know about college.

These recruiting tactics are nothing short of disgraceful. When students are enrolled through deception or fear, not only are they being tricked, they are also more likely to be unprepared for the challenges of college. These strong-arm, emotionally abusive tactics are indicative of schools that see students strictly as a means to an end of higher profits. They appear to have little or no interest in providing students the academic help and support they need to succeed. The end result is that servicemembers, veterans, and their spouses end up enrolling in high-cost programs, dropping out in staggering numbers, often winding up with a mountain of student debt. This often happens despite the availability of similar or better quality programs in the public and nonprofit sectors of higher education.

The tactics have certainly paid off for the company's bottom line. I released a report last December documenting the absolutely tremendous increase in the amount of money these companies are receiving from military education programs. Building on the already substantial growth in revenues generated from the traditional financial aid programs—which went, by the way, from $14 billion in 2005 to $29 billion in 2009—the relentless focus for-profits have brought to military recruiting has yielded an astonishing growth in the funds they get both from the Department of Defense and the Department of Veterans Affairs. Again, keep in mind we are talking about two entities: Active-Duty personnel and veterans.

As the new post-9/11 GI bill was implemented, 18 large for-profit operators pushed their intake of VA dollars from $26 million in 2006 to an astonishing $286 million in 2010. This is what happened. This chart illustrates what happened in VA. Here we are at $26 million in 2006; $25 million in 2007; $27.6 million in 2008; and in 2009, when we passed the bill, it goes up to $55 million. Look what happened in 1 year, 2009, $55 million up to $285.8 million in 1 year. That is the amount of money they took in. That is just the Veterans Affairs funds.

The same companies increased their collection of Department of Defense benefits by 337 percent—$40 million in 2006 to $175 million in 2010. Again, this is for Active Duty. We see the steady increase all the way into 2010—$40 million in 2006 to $175 million in 2010.

This did not just happen; it happened because the for-profit companies decided they were going to go after the military because they were getting close to their 90-percent threshold. Keep in mind, these dollars do not count towards the 90-percent, so they can keep under the threshold by getting more military students.

Let's be clear. These exorbitant amounts of Federal dollars are not going to small, family-owned institutions. They are going to some of the largest Wall Street-owned companies. Out of the $640 million in post-9/11 GI benefits that flowed to for-profit schools just in 2009 and 2010—that is $½ billion; $640 million, $½ billion in 1

year—$439 million went to the 15 publicly traded companies. This amount is equal to 69 percent of the military money going to for-profit schools and 25 percent of all post-9/11 GI bill benefits.

Let me repeat that. Let's just say this: 25 percent—one-fourth—of all of the GI bill benefits post-9/11 went to 15 publicly traded companies. It would be one thing if the for-profit schools were using this for educational expenses, but unfortunately the lion's share of that money—taxpayers' dollars—went into profits, marketing, and—guess what—Wall Street executive salaries and bonuses.

What are we getting in return for this enormous investment of taxpayers' dollars? We are getting a lot of questions.

We know student outcomes for the general population at for-profit schools are pretty dismal. On average, 55 percent of students who attend these schools drop out within a year, and there is no evidence that military students are faring better. Eight of the ten top recipients of VA dollars see more than half of the associate degree students they enroll drop out within the year, and five of the schools see more than a 60-percent drop.

This is what our investigation revealed. Here are the 10 schools receiving the most Department of Veterans Affairs funds. You see ITT, and they got the most—$79.2 million, and that is a 1-year amount. Of those who enrolled for a 4-year degree program, 44 percent withdrew; of those who signed up for a 2-year program, 53 percent withdrew. We look down here to Kaplan, and they got $17.3 million. On their bachelor's degree, 68.2 percent withdrew—69 percent of the 2-year students withdrew in the first year.

Here is with what is startling. That is bad enough as it is, but our investigation showed that neither the Department of Defense nor the Department of Veterans Affairs has any method to assess what is happening to these students. The money flows out, and neither the Department of Veterans Affairs nor the Department of Defense has any way to assess whether they are getting a good education.

I might also add, Senator CARPER has looked into this in his subcommittee. He has looked into this, and we have discussed the possibility of working on something to get the Department of Defense to start taking better care of their Active-Duty personnel and the Department of Veterans Affairs to take better care of veterans. We need to have better assessment of what is happening to these students, how much debt they are accumulating, and what is happening to their education.

We are basically handing over huge and growing sums of military money to for-profit schools without any ability to assess whether these schools are giving our Active-Duty members or veterans the kind of a quality education they deserve.

The complaints I have gathered in the course of our investigation point to a deeply disturbing willingness on the part of for-profit schools to exploit veterans. I repeat, our investigation shows clearly that a number of these for-profit schools are out to exploit veterans. I received this letter from a veteran who attended ITT Technical Institute, the greatest recipient of VA funds. Here is what he said:

> Unlike other institutions I reached out to, as soon as I expressed interest in ITT Tech, they began to actively and aggressively pursue me. Minutes after I filled out an online form, a recruiter called me. He then called every day, telling me it was urgent for me to enroll.

The letter writer notes that due to the high cost of tuition, he had to take out loans. But he writes:

> The expensive tuition did not seem to go toward a quality education.

He concludes with this:

> Within 2 months of leaving ITT Tech, they sent me a bill for $2,000 and a transcript that showed clear signs that it was altered in a way to specifically make my positive balance disappear and create a negative balance.

This letter writer ends with these chilling words:

> I regret attending ITT Tech. The institution provided at best an absolute minimum education and left me with nearly insurmountable debt.

This is a veteran.

Here is another veteran who attended Bridgepoint Education Inc.'s Ashford University who wrote the following:

> I was extremely disappointed, confused and angry. I felt I had been misled, deceived or even outright lied to in an effort to gain my contractual agreement.

He was repeatedly assured by Bridgepoint recruiters that his post-9/11 GI bill benefits would cover the entire cost of his degree, only to find out after he was enrolled that he would owe close to $11,000.

Another student, this one at the University of Phoenix, sent this letter to the Arizona attorney general after trying to resolve his complaint with the school:

> I have been a police officer for over 20 years. I am also an Iraq war veteran. I believe that the University of Phoenix is using deceptive practices in order to lure students into the school. The enrollment counselors tell students that they should be complete with their course of study in a short period of time fully knowing exactly how long it is going to take. The enrollment counselors eventually tell the student it is going to take a lot longer to finish their program but not until the student has committed all of his financial aid and invested so much money that it would be senseless to leave and waste his invested time and money.

A letter to the attorney general of Arizona.

What are the consequences for a student who enrolls at one of these schools but is not satisfied with their experience? The post-9/11 GI Bill benefit package can be depleted rapidly. If benefits are used up without completing a program or for credits that can't be transferred, the benefits cannot be recovered. In fact, because of the high tuition, many students, have to apply for additional grants or loans to pay for school. That means many veterans are pressured into signing up for one of these for-profit schools, told they have free money to pay for their tuition and then, all of a sudden, they find that is not quite enough money. Now they have to apply for a loan. They get a loan, they drop out within 1 year or so, the schools keep the money—some of it grant money, some of it loan money—and the GI or the military person is left with debt and no diploma.

Here is a letter addressed to the Ohio for-profit school regulator that just tears your heart out. This is from a mother:

> Normally, a 26-year-old man doesn't need his mom advocating for him. But this is anything but a normal situation. I expected my son to be changed by his tour of duty in Iraq. But I could not have been prepared for the reality of those changes. My son struggles on a daily basis with symptoms from PTSD (post-traumatic stress disorder) and TBI (traumatic brain injury). He suffers from bouts of depression, anxiety, headaches, nightmares, vision problems, mental confusion, insomnia, and many other symptoms. You have to pretty much ''bottom-line'' your conversations with him. He can't mentally process a lot of details. If you continue with your details, he is done with the conversation, unless you can return to a quick ''bottom-line.''

The mother goes on:

> It is my belief that the ITT Representative may have quickly figured this out and taken advantage of the opportunity. I remember when he called from ITT because I was on my way out to an important occasion. He said the Representative told him he needed a co-signer just so he could start school immediately, but not to worry about it, because the military was going to pay for everything, even give him money to live on and pay his expenses. He sounded so hopeful, something I hadn't heard from him since before the war. It was really hard for him to admit he couldn't continue going to school. He said he just couldn't retain the material. It became too stressful for him to continue. My son is a proud, young man. He is not looking for pity or charity. He is embarrassed that he believed what he was told by the ITT Rep. He could hardly come around me when he found out that Sallie Mae was calling me for payment of his loan. Veterans with PTSD commonly isolate themselves from family and friends. This made it even worse. As a mother and a human being, I am outraged this kind of predatory lending tactic is used on anyone, but especially on an American soldier who gave everything he had and almost lost his life many times, and who continues to suffer. I will pursue this, on my son's behalf, until someone listens and forgives these loans. Thank you all for all of your effort, it is very much appreciated.

This situation is unacceptable. It is unacceptable that Active-Duty military personnel and veterans using their hard-earned benefits are becoming victims of these kind of high-pressure tactics of the for-profit schools—enticing them to enroll, taking their money, causing them to go even further into debt, and then not giving them any support whatsoever.

As I said before, the agencies distributing this money do not investigate or

act on the reported abuses of for-profit schools. They just don't. Earlier this month, the GAO released a report concluding that the VA still faces numerous challenges in implementing a program to start to begin interventions. Many for-profit schools have succeeded in building a highly profitable business structure while failing to provide the student services, a learning environment, and career services that would enable their students to graduate and succeed.

The Federal Government must be vigilant to ensure that poor performing for-profit schools with huge dropout and student default rates are not allowed to continue to receive billions of dollars in Federal taxpayer money every year. We owe this to taxpayers, but we also owe this to the men and women who served and sacrificed for our Nation in uniform. That is why I wanted to take the time on the floor today to point out this new and disturbing finding of our committee, how much these schools are targeting military personnel, how they are using high-pressure tactics to get them to enroll because they know they can get the money to help keep them below the 90-percent threshold.

It is shameful that these for-profit schools are allowed to get by with this. They continue it today. They continue reaping huge profits, paying their CEOs and their executives enormous amounts of money. Yet our men and women in uniform, our GIs, who are taken in are not provided any help or support but now are saddled with a lot of debt or have used up their GI bill benefits. Maybe now they want to go to a community college, somewhere to really get a good education, and they find out they cannot get any more GI bill money. They are done. They gave it all to one of these for-profit schools.

Mr. HARKIN. I ask unanimous consent to have the documents I referred to printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HARKIN. I am delighted to yield to my friend from Illinois, who has been a strong fighter for students and also, I would say, over the last several years has focused a lot of attention on these abuses of the for-profit schools.

EXHIBIT 1

Excerpts from KHE 267362 Kaplan Military University Agenda Objectives Our Military Value Proposition The Pricing Pilot The phases of the military strategy plan Field team deployment Staffing Plan Appendix A. Pricing Analysis B. Marketing Elements C. Public Relations Marketing D Web Strategy E. American Military University Objectives Grow our military enrollments to 9K per year by 2011 2009 increase from 2.2.K to 6K enrollments 2010 8.8K enrollments 2011 10.5 K enrollments Over 3 years: Bring retention rate on par with traditional students (28 to 34) Improve 90/10 by 5% Provide incremental revenue of $XYZ in year 3 Objectives Transition Kaplan into a ''top of mind'' educator within the active duty & veteran military segments, penetrating the key decision maker and influence (education service officers) Evolve our product offering to attract, retain, and better educate military students Transition current low converting lead & poor retaining student base into highly profitable segment Engage DOD/DHS in custom development of Kaplan Inc. solutions Our Military Value Proposition We have dedicated ourselves to serving our military students with advisors at each step who understand military challenges (admission/FA/Academic Advising/Career Counseling) We have designed our educational platform to help you take full advantage of your military training, experience and any previous college credit We are integrated into military educational system, making it easier for you to enroll and attend Kaplan Go Army Ed, SOC, AEX Portal, Air force ABC program We've built in the flexibility a military lifestyle demands Military Friendly LOA and coursework extension policies We're committed to your success and provide innovative tools to help you succeed in your studies and career such as Kaplan MyPath helping you customize your education We value the sacrifice you have made to our country and provide all active duty and veterans tuition packages, so you can get the quality education you deserve and books are included so there are no unforeseen expenses along the way We recognize that serving is a family commitment, and also offer reduced tuition rates to military spouses We support your lifetime learning needs, including an online high school completion programs, professional development programs, and higher degree programs Tactics Drive awareness via print advertising in key military publications and targeting key military installations ESO Relationship Manager ESO outreach effort leveraging, phone, web, DM, and supporting key military events and periodic base events Target veteran and spousal community via key publications and including military elements in traditional student marketing Continuous development of military offerings, providing tools for high conversion and referral rates Leverage MSG field team in regional areas to drive military events Community College Partners Educational Liaisons to attend military events Business Development efforts at Federal and DOD level Business Development Activities DoD Activities Representing All of Kaplan, Inc. Meeting with High Level Pentagon Officers Pursue Deeper Relationships with branches Veteran Associations Financial Plan Growth Projections Enrollments/Rev 2009 2010 2011 Expense Enrollment Total 6,196 8,848 10,526 MSGField Marketing Expense Total $7,247,975 $10,139,450 $11,632,550 MSG Marketing Net Revenue—Total $4,277,301 $7,957,358 $11,768,938 MSG Lead Generation MSGField NonAggregation Marketing 20082009 Military Marketing Impressions Total Investment Print Out of Home Marketing eNewsletter Direct Mail Total Impressions Operational (Events/Sponsorships) CollateralBase & ESO Booth & Graphics Web Integration and Landing Pages Development Costs Research Pricing Analysis $1,596,050 Marketing Staffing Plan Roles & Definitions Director of Military Marketing & Strategy Oversight over all military marketing including: Lead Generation Web strategy DM/EM Print Collateral Campaign management B2B Marketing (ESO/DOD etc) Product Marketing Direct Product Development Efforts Feasibility on new programs SOCAD/SOCGUARD/SOCMAR etc Develop Sales Tools VA & other military student programs Single Course Offerings Alternate Delivery Modes Military Newsletter Coordinate Military Research Field Support Marketing Operates on shared services and with 1 direct report Military marketing manager

Excerpts from KHE 271429 From: [High-level Executive] Sent: Wednesday, November 11, 2009 4:55 PM To: [High-level Executive]; [High-level Executive] Cc: [High-level Executive]; [High-level Executive]; [High-level Executive]; [High-level Executive]: RE: KU 90/10 Issue [High-level Executive], This has been an area of intense focus over the last 30 days. In mid October we ([High-level Executive], [High-level Executive] and I) projected our 90:10 at year end based on current run rates to be 89.6%. We shared our analysis and actions plans with [High-level Executive], [High-level Executive] and [High-level Executive] and the decision was made to switch SES from an automatic submission process to a manual process. We needed the ability to throttle our submissions based on our cash intake. Although we have implemented a number of initial steps that will help us increase our cash intake in the future, we have a larger list of additional initiatives that we are continuing to move forward and I could walk you through those at your convenience. In response to your suggestions we have added comments below: Accelerate military billings / collection at KU. We have streamlined our internal process on timely billings for our military students. The population of military folks that are awaiting TA vouchers is approximately $400K. Although our records indicate that we are current, we are currently reconciling the entire military group to see if we have any legacy items that were not billed correctly. From: [High-level Executive] Sent: Wednesday, November 11, 2009 12:07 PM To: [High-level Executive]; [High-level Executive] Cc: [High-level Executive]; [High-level Executive]; [High-level Executive]; [High-level Executive]; [High-level Executive] Subject: KU 90/10 Issue Importance: High Other areas to look at quickly/aggressively before yearend: 1. Accelerate military billings / collection at KU. Go to D.C. and pick up the check if you have to.

Excerpts from EDMC916000228224 Memorandum Confidential TO: [Director] FROM: [Outside Consultant] DATE: July 8, 2010 SUBJECT: Possible Opportunities for EDMC ''90:10'' Thanks for the call outlining the interest of EDMC in learning more about potential areas of funding that could add students and revenue that would also address the ''90:10'' issue. In light of that dual set of interests, let us briefly review the opportunities we see among recurring sources of government funding, plus some other prospects to consider. THE FEDERAL GOVERNMENT There are a number of emerging opportunities that may present short, medium, and longerterm opportunities that should also be carefully considered, given their size and scale. The Military 1. Military Spouses. Probably one of the most important potential short and longterm targets for EDMC are the 800,000 plus military spouses who have been authorized, for the first time in history, for a onetime entitlement of up to $6,000 that can be used for training, as well as for counseling and other ways to assist them in finding work. We are told by the DOD that the largest demand among the spouses is for healthcare related training, although it can also cover almost all other occupational areas. The Department of Defense has also informed military personnel and their spouses that under the most recent G.I. Bill, they can authorize up to 50 percent of his/her education benefits for the spouse to continue their education. Therefore, in theory, every spouse has access to two separate sources of funding. As you probably know, military spouses are a particularly attractive group of prospective students. Nearly twothirds have at least some college education. The average age is 36, they have strong support systems with the military bases and operations and, of course, they tend to be very stable. The big issue that is driving these new training funds is that

when the military do their surveys, the primary reason people give for leaving the military is that their ''spouse is not happy.'' When the military spouses are surveyed, they say the reason they are not happy is that they cannot find a job or, more often, they cannot find a good job for which they believe they are qualified with their background and experience. This is the reason for the focus on providing training and other forms of assistance: so that they can get better jobs and, in turn, encourage their spouses to stay in the military. The ''My CAA'' (My Career Advancement Account) program for the $6,000 entitlement for all 800,000 spouses, however, has been thoroughly bungled. The entire webbased system for enrollment literally collapsed in January. Therefore, the DOD is not authorizing any new CAAs at the moment, and they have spent months trying to restore the system. At least 100,000 military spouses had gained eligibility when the system ''crashed.'' Those are approved for their training. Once My CAA gets up and running, one can safely assume an enormous demand will follow, given all the interest that has been shown by the spouses. EDMC was provided information on becoming a ''Military Spouse Friendly School'' in the past. We would strongly encourage this to be a first step since that is the first stop the spouses see on their websites. No doubt, EDMC is already benefiting from some of this, but an aggressive effort to reach the 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. 2. Enlisted Personnel. Of course, there is the longstanding tuition and other support for most members of the military as an entitlement. 3. Veterans also have a variety of tuition and other benefits, plus preferred eligibility for almost all other Federal programs.

Excerpts from EDMC916000228222 From: [High-level Executive]: Friday, July 30, 2010 9:22:51 PM To: [High-level Executive] Subject: FW: Possible Opportunities for EDMC ''90:10'' Attachments: [High-level Executive] 0708 re Opportunties.doc Hi I attended the call yesterday with [Director] [High-level Executive] and [High-level Executive] (Strategic Partnerships). The call as expected was to review the areas that had been highlighted on the report as potential opportunities for 90/10 impacting funding sources. The outcome of the call was a followup call with [High-level Executive] and [High-level Executive] on opportunities on the local Workforce Boards and I took the action item for a followup discussion on ensuring we are leveraging the military spouse benefits to the fullest extent possible. I plan to include [High-level Executive] in the next discussion Do you recommend anyone else? [High-level Executive] Original Message From: [High-level Executive] Sent: Monday, July 12, 2010 6:47 PM To: [High-level Executive]; [High-level Executive] Subject: FW: Possible Opportunities for EDMC ''90:10'' [High-level Executive] and [High-level Executive], After you have had a chance to review please give me a call. I know you are probably wondering why the two of you. [High-level Executive] because of the potential match with BMC and [High-level Executive] because of the impact on OHE. [High-level Executive]

Excerpts from KHE 094984 LEARNING OBJECTIVES Define and demonstrate (through role play) each step in the A.C.T.I.O.N. model Differentiate between Outcome Based and Process Based Selling Utilize Outcome Based Selling language effectively Differentiate between Feature, Advantage and Benefit (FAB) Differentiate between Needs and Wants Utilize Open Ended Questioning and Active Listening techniques Utilize Fear, Uncertainty and Doubt (FUD) in the sales process Handle and overcome objectives Utilize trial close techniques KAPLAN UNIVERSITY A.C.T.I.O.N. FOCUSED SALES MODEL ACTIVATE INTEREST (Introduction) Recognize, Acknowledge, Congratulate Establish rapport and credibility Ask effective questions CONNECT AND DISCOVER Ask open ended questions Dig for motivators Establish needs and wants Listen actively TIE IN THE SOLUTION Satisfy needs and wants Use Feature, Advantage, Benefit technique Use Fear, Uncertainty, Doubt technique Make the solution fit INITIATE AND EXPLAIN THE PROCESS Recognize buying signals Trial close Outline next steps OVERCOME OBJECTIONS Use LISTEN model Use Outcome Based language Show empathy Active listening involves taking note of key points that you can further explore, asking questions, investigating, digging deeper, resulting in longer, more meaningful conversations. For example, the prospect says she is worried about her financial position. The advisor might ask, ''Do you think in a few years, when you decide you want to pursue an education, you will be in a better or worse financial position?'' TRANSITION STATEMENT Confirm your understanding of what the student has told you. ''So if I understand you correctly . . .'' or ''Let me summarize what I've heard.'' TIE IN THE SOLUTION How the Solution Fits Listen for specific information about the prospective student's dissatisfaction with life as it is now, and tailor solutions specifically for him or her. Pique the prospect's interest and arouse enthusiasm! Feature, Advantage, Benefit Feature WHAT IS IT Advantage WHAT IT DOES Benefit WHAT IT DOES FOR ME The Benefit is Important! The features and advantages of individual schools can often look alike. The key is the value. The advisor must address the benefit each feature brings to the students. Not every feature has a benefit for every student. When showing benefits, choose the features that are meaningful and relevant. Presenting benefits paves the way to what the solution offers. INITIATE AND EXPLAIN THE PROCESS It is at the point in the ACTION sales model where the advisor closes the sale. An effective closer pays attention to buying signals, trial closes, outlines next steps and moves toward gaining commitment. OVERCOME OBJECTIONS An objection is generally a reason or argument presented in opposition or a feeling or expression of disapproval. People usually object when they encounter: A misunderstanding Incorrect information Lack of information Fear or doubt Something which is keeping them from making a commitment to move forward. The Admission Advisor's role is to help prospective students overcome objections when making the decision to achieve their educational goals. Types of Objections As a general rule, objections fall under one of five categories: TIME I don't have time in my life to fit school into it. MONEY I can't afford the deposit, much less the tuition. SUPPORT My friends and family don't think I need to go back to school. COMPETITION XXX school is cheaper, faster, easier. FEAR I doubt that I'd be able to succeed

Expect Objections Objection management is an integral part of the advisor's job. Objections may happen during every step of the admissions process. Advisors encounter objections of varying kinds. Successful advisors are able to approach objections systematically. Overcome Objections with Fundamental Skills Listen Actively—to the student's objections and concerns. Interpret the Objection Repeat objection, then empathize. ''I understand your concern about finding 20 hours a week to study.'' Solve Together Jointly find a solution. Ask probing questions to divulge the true nature of the person's objection. ''How do you spend your time?'' ''Can you walk me through a typical day?'' ''What are you willing to sacrifice to fulfill you dream? Get the student involved in overcoming his own objection. Establish Buy in Gain the student's commitment. Ask reaffirming questions. ''Which of these solutions would work best for you?'' ''Do you feel more comfortable now?'' Move person forward. ''Great, let's move on to the next step.'' Don't hesitate! Next Step Lead student to the next step with confidence.

Excerpts from ITT00007708 Dear This letter is in response to the concern you filed regarding ITT Technical Institute (''ITT''). In your complaint, you voiced concern over your financial obligation and in particular the Montgomery GI Bill funding you thought you would be receiving. The Board initiated an investigation into this matter and reviewed all of the financial documents involved in your enrollment. In response to the Board's request for information, ITT submitted the attached response to the concerns you raised. The documentation submitted by ITT shows that you completed one term with the school and withdrew late in the second term. When a student withdrawals from school, the school is required to calculate a tuition refund in accordance with Ohio Revised Code §3332110 and the school may also be required to calculate a refund of federal loan money in accordance with applicable federal regulations. According to the refund calculations, your total financial obligation to the school for those two terms equaled $10,709.68. This tuition charge was financed through two loans for your education, one for $5,760.80 and one for $4,417.00. In addition to the loans that were used to pay your tuition costs, it appears that between March 2007 and July 2007, you received a total of six payments for veteran's education benefits in accordance with the Montgomery GI Bill to subsidize your tuition costs, totaling $6,808.33. For students who receive Montgomery GI Bill funding, It is standard procedure for a school to set up loans or other funding mechanisms for a student before they begin classes. This is due to the fact that the GI Bill funds are dispersed directly to the student after the student has already begun classes. The school cannot control whether the student uses that money to reduce their student loan obligations or whether it is used for other purposes. As such the loans that you applied for while you were enrolled at ITT were properly attributed to your tuition charges and it was within your discretion to use your GI Bill funds to reduce your loan obligations. There is no evidence that ITT is in violation of any law or rule under the jurisdiction of this Board. Finally, I would also note that ITT has served 155 veterans during the last two years and during a visit to the school in December, the State Approving Agency for Veterans Training conducted a review of the ITT's administration of veteran's benefit and nothing out of the ordinary was noted. ITT has offered to meet with you and your mother and assist you in exploring any deferment or forbearance options you may have with your lenders. If you wish to accept their offer, you may contact [Campus Director], School Director, to set up an appointment. Sincerely,

Excerpts from ITT00007722 I am writing in response to your August 4, 2008 correspondence. I appreciate you bringing your concerns related to your enrollment at our campus to my attention. I am sorry to hear of your difficulties following your service in our nation's military. However, after reviewing the available information, the facts do not substantiate the refund or waiver of the tuition and fees related to your enrollment in the Information Technology Computer Network Systems program. In your letter,

you claim you were told that the military would pay for your schooling. This statement cannot be substantiated. While our institution assists students in seeking financial aid for which he or she may qualify, we do not represent to a student that he or she will have their education paid for by a particular entity. The Catalog you received at the time you enrolled at our campus outlined this further. Specifically, the Financial Assistance section of the Catalog states in pertinent part: The school may, from time to time, provide the student with (I) information on federal, state and other student financial aid for which he or she may apply to receive and/or (II) estimates of the amount of federal, state and other student financial aid for which he or she may qualify, but: (a) the federal, state and other authorities, and not the school, determine the student's eligibility for any federal, state or other student financial aid; (b) the federal, state and other authorities, and not the school, determine the amount of any federal, state or other student financial aid the student may receive. . . . As this language states, the school makes no representation or promise of aid which a student will receive. Rather, such a final determination is that of the agency providing the aid. In speaking with the Financial Aid Administrator (FAA) who assisted you, the FAA does not recall any discussions that the military would be paying the full cost of your education. Rather in assisting you with the financial aid process, there were discussions pertaining to your possible eligibility to receive benefits from the Veterans Administration (VA). For your information, I have enclosed a copy of your Enrollment Agreement and related Cost Summary and Payment Addendum (CSPA). The CSPA provides an outline of the expected cost and funding for your first three quarters of attendance at the campus. Further our records also indicate that you did apply for VA benefits. Any such benefits would have been paid directly by the VA to you. Our school does not receive these funds on your behalf. Again I appreciate you bringing your concerns to my attention for review and response. While I sympathize with the circumstances you have endured since leaving the military, I must review each matter based upon its own merits. In this instance, the facts do not substantiate a refund or waiver of tuition and fees. If you have any questions or wish to provide any further information, please do not hesitate to contact me. Sincerely, [Campus Director]

Mr. DURBIN. I thank the Senator from Iowa. He has led the way. His committee investigation on this industry is a clarion call to every Member of the Senate of both political parties. Are we going to continue to waste taxpayers' money? Are we going to continue to allow these schools to exploit veterans and students across America?

You cannot turn on the local television here in Washington, DC, where there are a lot of military families, without running into ITT ads trying to lure these young veterans into their programs that are virtually worthless, that end up saddling many of them with debt, if not saddling the government with debt before it is all over.

I ask the Senator from Iowa, is it not a fact that when the new leadership came into the new House of Representatives, that in the first few weeks of activity, one of the first things they did was to attempt to stop the Department of Education from regulating this for-profit school industry?

Mr. HARKIN. The Senator is right on the mark. The House wanted to keep the Department of Education from issuing what we call a gainful employment rule, which basically is a rule saying, if you are going to take all this money and you are supposed to be educating kids to get a job or career, what is happening to them? We want to know if they are actually getting jobs. What could be more innocent than that? We want to know how they are doing. Yet the Republican leadership in the House of Representatives wanted to stop the Department from issuing that rule.

Mr. DURBIN. I might ask the Senator from Iowa, at the end of the day is it not true that while these for-profit schools have about 10 percent of the students in America, they take in almost 25 percent of all Federal aid to education?

Mr. HARKIN. The Senator is absolutely right.

Mr. DURBIN. Is it not also true that we requested, I think together, that the GAO do a study of the amount of money that was being spent on behalf of our veterans at for-profit schools, and did we not find that the cost to the Federal Government was often two or three times as much for the same education that was being offered at community colleges and public colleges? Isn't it true that the for-profit industry, by all objective measures, is exploiting our GI bill at the expense of our taxpayers, our government in debt, and these veterans who are unwittingly signing up for these worthless courses?

Mr. HARKIN. I say to my friend, yes, we did. On December 8, our committee issued a report, December 8, 2010, a report on, partially—what the Senator is saying now, how much more expensive these programs are in these schools compared to what they could get, say, at a community college or a nonprofit school in their States. The Senator is right, it is three to four times as much.

Plus there is one other thing, I say to my friend. He knows this. When these students go to a small not-for-profit school that you would have in Illinois or the colleges I have in Iowa, such as Simpson or Graceland or Central College—a number of our small private colleges—they do a great job. They do a wonderful job in helping poor students who need a lot of Pell grants. What these colleges do when students come in and they borrow money and use Pell grants, is provide a lot of support from the university. The university is there to help them with their studies, to make sure they get the kind of help and support they need. A lot of these students come from families who have never gone to college, they never had that kind of experience. They come to college, and they get that support. What the for-profits do is they sign the kids up, and once they get the money, good luck in ever getting any help or support from the for-profit colleges.

Mr. DURBIN. I might say to the Senator from Iowa, the next time you are in Chicago and headed out to O'Hare Airport, right before the O'Hare exit, look to your right. You will see a tall office building, and on the top it says ''Westwood College.'' This has been one of my favorites because I have met many of their so-called students, despite their best efforts, who have been exploited by Westwood College. I want to share with the Senator one story to show it can go from bad to worse in Westwood College.

There was a veteran named Carlos. He served in Iraq, came home, and wanted to get a degree. He saw the ad for Westwood College on television. He went to sign up, and they said: Don't worry about it, Carlos, because at the end of the day, your GI bill is going to pay for everything. He signed up and started going out to this Westwood College and was disappointed at how awful the courses were and how the teaches didn't teach anything. He didn't feel he was learning anything.

After a year, Westwood called him in and said: Carlos, you are on the road to your degree, but we have run into a problem—the GI bill will not cover all the expenses.

If I am not mistaken, I ask the Senator from Iowa, doesn't the GI bill pay about $17,000 a year?

Mr. HARKIN. That is right. Starting in August, that's about how much the GI Bill will pay per year.

Mr. DURBIN. They said to Carlos: You need to take out student loans on top of the GI bill.

He ended up taking out the GI loans, going $21,000 in debt over and above the GI bill, and he couldn't finish. He didn't want to go further into debt.

I might say to Carlos that he got off easy. I had a young woman who went to Westwood College for a criminal justice degree. After 5 years of extra effort to get her diploma, she ended up with a worthless diploma that she couldn't turn into a job anyplace, at any sheriff's office or anyplace related to criminal justice. I might say to the Senator from Iowa, she was $90,000 in debt at the age of 26, with a worthless diploma from Westwood College, this for-profit school. She is living in her parents' basement because she cannot get a job that pays anything, and whatever she makes goes to the student loans, and she cannot borrow a nickel now to get a real education.

Mr. HARKIN. Of course not.

Mr. DURBIN. Think about this poor girl. She was doing the right thing.

I will say something to the Senator from Iowa and ask him to comment on this. I think the Federal Government is at fault here too. Somewhere along the way, Westwood College ended up qualifying for college student loans and Pell grants. Who said they are qualified? I would challenge that based on these experiences.

Are we doing our job as a Federal Government to make sure these are truly accredited colleges and universities? I ask at this point, is there more we can do to make sure these are real

schools teaching real courses that can lead to jobs?

Mr. HARKIN. I say to my friend, first of all, Westwood was one of the schools that the GAO had an undercover investigation into that had one of the most deceptive programs of getting students to sign up. That is all documented on film.

Second, the accrediting agency that accredits Westwood was out at Westwood about the same time. Yet they found none of the things the GAO found. I talked to them. I had a hearing. I had them before our committee. I asked the accrediting agency: How could it be that on the one hand the GAO finds out all this, yet you say they are fine and they get accredited?

They did admit there was some laxness or some loopholes, some things they were not paying attention to, that they needed to do a better job in accrediting.

I say to my friend, what the Federal Government does is we say to a school: To be able to be eligible for Federal financial aid so you could accept Pell grants and get the guaranteed student loans, you would have to be accredited. The Federal Government doesn't do that accrediting. That is done by private agencies.

Here is another one, I say to my friend from Illinois, that we need to look into. Get this. The accrediting agencies that accredit let's say a Westwood, do you know where they get their funding? From the schools they accredit. Talk about a fox in the chicken coop. They go out to accredit Westwood, but it is Westwood that is paying them to accredit them.

This is something that I think we as a Federal Government have to get into. To me, this is a system that has kind of run amok, this whole accrediting system. I think there needs to be a better system of accrediting schools. I can assure my friend this is something else our Committee on Education will be looking at in the future.

Mr. DURBIN. I ask the Senator from Iowa, is it not true that when our GAO undercover agents went out to look at 15 for-profit colleges along the lines the Senator discussed, they found all 15 made deceptive or questionable statements to potential applicants, including recruiters at the so-called Westwood College? Investigators found admissions representatives at Westwood misstating the cost of the program, failing to disclose the graduation rates, even suggesting falsification of Federal financial aid forms.

As with the experience of the young veteran I described, the GAO report found the recruiters overstated what it would cost to go to public college. On film, as you said—this is on videotape—when asked the cost, this recruiter from Westwood said: Well, it depends on the program. Usually with a bachelor's program, coming in with no college credits, this could be—it could range from $50,000 to $75,000, he said. Most schools, more traditional schools, you are looking at $100,000, $150,000, $200,000.

I might say to the Senator from Iowa, isn't it true that to obtain the same degree he was offering at Westwood from a public university degree in Texas would cost $36,000? Isn't that what the GAO came in and said?

These people are deliberately misleading these youngsters and new veterans trying to make a life for themselves, piling debt on them with a worthless diploma and ripping off the taxpayers. Why don't we have a sense of some rage here in Congress that this is going on?

I would say to the Senator, it strikes me first and foremost that we should protect the young people in America and we ought to make an equally high, if not higher, priority of protecting our veterans. We created the GI bill with a great source of pride—I know you are a Navy veteran yourself—great source of pride that we were standing up for this generation of veterans. Senator JIM WEBB led the way on that. We were good about keeping our word to veterans. Now these same veterans are being ripped off because we are not doing our job in Congress.

I say to the Senator, when it comes to some of these recruiting practices that are being used by Kaplan University, what you have disclosed here on the floor is embarrassing, that we allow this to occur to our veterans.

Mr. HARKIN. I say to my friend it is. It is embarrassing, and it is just shameful.

I said earlier this is from Kaplan's recruiting. They call it their military learning module. They call it ''Fear, Uncertainty, and Doubt.'' As I said earlier, they say—now, this is an internal document. This is for the recruiters. This is not something they hand out through the public. We got this through our investigation. They say: This technique was originally created within the computer hardware industry and uses these emotions to attempt to influence perceptions or beliefs—and on and on.

As I said earlier, it is one thing to use high pressure tactics to sell someone a hard drive or a new computer or something, but when they are exploiting fear, uncertainty, and doubt on a GI who may have post-traumatic stress disorder, who may have served in Iraq, who didn't go to college, that is another thing. Young people now, they are worried about their future and what is going to happen to their future. Then these people come in and put the pressure on them with fear, uncertainty, and doubt to get them to sign a contractual agreement and turn over their GI bill benefits. It is just disgraceful.

Mr. DURBIN. Mr. President, I ask the Senator again, this is Kaplan University, which owns the Washington Post?

Mr. HARKIN. I think it is the other way around. The Washington Post owns Kaplan University.

Mr. DURBIN. I see. I also think, for the record, that Kaplan University makes more money than the newspaper, but be that as it may, they are linked economically.

Mr. HARKIN. Yes, they are.

Mr. DURBIN. I have always respected this newspaper. I just wonder how they can rationalize this sort of activity—the exploitation of students and the exploitation of veterans.

I am sure the Senator has been visited by so many people who have called and said: Senator HARKIN, I loved your speech. I loved your hearing. I have to get in to talk to you because we are the good guys. We are the good school. We are the ones who don't exploit students.

You know what. I found a couple of them I believe. There are some that are good.

Mr. HARKIN. That is right.

Mr. DURBIN. But the rest of them, at this point it is an embarrassment to me. As a person who couldn't have gone to college without a student loan—and I have voted reflexively now in the House and the Senate to give the next generation the same chance—I have to say to the Senator the party is over as far as I am concerned. The next time we have a debate on Pell grants and college loans, I want this issue front and center. They are ripping off the taxpayers and ripping off the students and ripping off the veterans and we are fools to ignore it.

The House Republicans have announced that they want no part of reform, that they are going to take this power away from the Department of Education. I think we have to send a different message.

Mr. HARKIN. I say to my friend, the Senator is right on target. What has happened as we have looked at this over the last year and a half now is even the good actors are being sucked into this vortex because the business model itself is bad.

For example, how many times has my friend heard from the for-profit industry: Well, the reason we have these high dropout rates—for example, here is Westwood; 57.6 percent dropped out in the first year. Here is Kaplan; 69.1 percent dropped out in the first year—the reason we do is because, see, we serve a lot of low-income students. These are low-income people we serve, and they have a lot of problems in their lives. That is why we have such a high dropout rate.

What they are not telling us is, because of the business model, that is exactly who they go after to recruit. Why do they do that? Because the lowest income student gets the highest Pell grant and the most guaranteed student loan. So if you are in the for-profit business and you want to make the most money, you don't want to recruit Senator DURBIN's son or daughter. You want to recruit somebody whose parents never went to college, who is probably a minority, maybe doesn't even speak English all that well, who can get the maximum Pell grant and the maximum student loan, and once they

get the money—well, if they stay, fine; if they don't, no big deal.

Mr. DURBIN. Let's stay on that point for a second. I ask the Senator from Iowa, how long does the student have to stay at the school for the school to get the Federal money? If they left and didn't finish, would the school still get paid?

Mr. HARKIN. This is something else we have to look into. Right now, the Federal laws are that a student has to be in for at least 60 percent of the term. If they are in for 60 percent of a term, then the school can keep the money.

Now, I ask my friend from Illinois, what is a term? I ask people that, and they say: well, isn't that a semester? Well, a term is whatever the school says it is. Some of these schools have a term that is 6 weeks long. So you sign up, you turn over your money, you spend 4 weeks there, you fulfill 60 percent of the term. If you leave, they keep the money.

Mr. DURBIN. And you end up with the student loan.

Mr. HARKIN. And, by the way, as the Senator fully knows, these student loans are not dischargeable in bankruptcy. They are around your neck forever.

Mr. DURBIN. I might also add, I think Congress made a serious error in saying that the private loans from the same schools will be treated the same way. They are not dischargeable in bankruptcy.

Here we have someone who could be 19 or 20 years old signing up for $4,000, $5,000 or $10,000 worth of student loans. Have they really thought and reflected on the fact that that debt they have incurred is going to be with them for a lifetime and, at some point in their lives, when they can no longer borrow money to go to school, and they are still facing default on their student loan, they could have their income tax returns attached, they could be prohibited from Federal employment? They cannot discharge this loan in bankruptcy. They are stuck with it.

That poor girl living in her parents' basement with a $90,000 debt for Westwood College, a rip-off institution, is stuck. She has nowhere to turn. The college president wrote to me and said I am just being totally unfair with him about her experience. Well, I know her experience inside and out.

I said: You want fairness? You step in and forgive her loan. You pay it back. You have the money. You pay it back. Never heard back from him.

They don't have the interests of the students at heart. They have the interests of money at heart. That is why I am glad the Senator is investigating, and we will continue to speak out.

Mr. HARKIN. I thank the Senator for his great work on this.

I just want to add one other thing about the school and about the debt of these students. Some have likened what the for-profit school industry is doing to the subprime bubble we had. But there is a big difference. Even as bad as the subprime mortgages were, a person who had a house they couldn't pay for could walk away from that house. They could always walk away from it, and that is the end of the debt. You can't walk away from this. No way. That is the difference.

This is not a dischargeable debt, and these students, as the Senator points out, might end up alone. They might not be able to go to a legitimate school because they can't get any money for that. They could be barred from Federal employment. This will follow them for the rest of their lives until they pay it off. Yet these companies are making almost obscene profits and paying their CEOs tremendous salaries and benefits.

As I pointed out earlier, many of these for-profit schools are owned by the same investment firms on Wall Street that brought us the subprime problem.

Well, I say to my friend, we just cannot let this go. There is too much at stake not only for the taxpayers of this country but for these students, these young kids, these poor kids who are being preyed upon. So whenever we hear these schools say: Well, the reason we have this problem is because we are servicing all of these poor kids—don't forget. That is who they prey on. That is who they go after because they get the most Pell grants and the most student loans out of the poor kids. Then after they get the money, hey, if they leave, no sweat. They don't care. It is not a problem with them.

I thank my friend from Illinois.

Mr. DURBIN. I thank the Senator from Iowa.

Mr. HARKIN. Mr. President, I yield the floor.

Mr. DURBIN. I ask unanimous consent to speak as in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE DREAM ACT

Mr. DURBIN. Mr. President, we have been speaking on the Senate floor about students who are being exploited by for-profit colleges. I think about turning on the television in Washington and the ad that really troubles me which shows a lovely young woman who says: You can go to college in your pajamas. You don't even have to get out of bed to go to college. And she has a computer on the bed.

It strikes me that—I don't believe anybody should fall for that, but some must, and they end up signing up for these for-profit schools, getting deep in debt, with a worthless diploma when it is all over. The exploitation of veterans, Senator HARKIN is bringing that out. I hope the people who are going to give the patriotic speeches in this Chamber about our love of country and our love for the men and women in uniform will love them enough to put an end to this exploitation.

I wish to speak about the DREAM Act. It is legislation which I first introduced 10 years ago and came to my office when we were approached by a Korean-American woman in Chicago whose daughter was brought to the United States when the little girl was 2 years old. She was brought on a visitor's visa. Her mom stayed, had other children, started a business. Eventually, she became a naturalized citizen. The other brothers and sisters were born in the United States, but this young girl who was brought from Korea literally had no papers filed.

Well, she turned out to be an amazing concert pianist. She was accepted at the Julliard School of Music. When she went to apply and was asked about her citizenship, her mom realized she had never done anything about her daughter's citizenship. So they called our office. We checked, and the laws of the United States were very clear. They said this young girl who had never remembered ever being in Korea was told to return to Korea and wait at least 10 years to try to get back into the United States. I thought that was unfair. It turns out she wasn't alone.

Young people all across the United States, who were brought here by their parents, undocumented, have lived their lives here, have gone to school here, have grown up here, have pledged allegiance to the flag in the classrooms here, have known no other flag or National Anthem, and then they learn as they graduate from high school they are without a country. They have no place to go.

For many of them, it is a rude awakening, after all the effort they put into school, to realize they can't do anything. They can't qualify for student loans even at good schools. They can't qualify for a lot of jobs they might otherwise have if they graduate—engineers, nurses, doctors, teachers—because they have no citizenship.

So I said: Let's at least agree on something basic. You shouldn't hold a child responsible for the wrongdoing of their parents. I hope we all agree on that.

Secondly, if we have spent so much time and resources in giving this young person a chance to be educated, and they have paid us back by working hard at graduating, isn't it in the best interests of America to give them a chance to help our country move forward?

That is why I introduced the DREAM Act. It says: If you graduated from high school—if you came to this country under the age of 16 and you graduated from high school, you have had no serious problems with the law, you have had no issues of moral character, and you go on to do one of two things—either serve in our military or finish at least 2 years of college—we will give you a chance to become legal in America. It is called the DREAM Act. We have been considering it for 10 years.

Last December, the Senator from New Mexico knows we voted on it.