

For-profit colleges have been ripping off veterans since World War II



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Earlier this week, several veterans' organizations [petitioned](#) the Department of Veterans Affairs to halt its flow of federal funding to for-profit colleges—institutions like DeVry University, Corinthian Colleges, ITT Tech and the University of Phoenix.

Via the G.I. Bill, the V.A. diverts [over \\$1 billion](#) per year to such schools.

The problem is for-profit colleges are widely acknowledged to be predatory.

They attract applicants with low barriers to entry, relatively low tuition costs, and online courses that can be taken around busy work schedules.

Poor people, many of them, who don't realize the degrees they're pursuing are close to worthless. For instance, for-profit law schools promise to mint lawyers, but typically have no bar association accreditation, which students often only discover after completing the program, saddled with high-interest loans and unimproved career prospects.

The federal government has already [acknowledged](#) that misleading marketing, including gross exaggeration of graduation rates and deceptive claims about career placement, constitutes consumer



Vietnam war veterans among other guests listen to U.S. President Barack Obama at the Memorial Day observance at Arlington National Cemetery in Washington, U.S., May 30, 2016.

REUTERS/Yuri Gripas

fraud. So why is it still forking over billions in funding?

The answer is that for-profit colleges pounced on the G.I. Bill the moment it was introduced in 1944. The industry, which had almost petered out by the time the legislation came along, attached itself to the G.I. Bill like a parasite, exploiting one of the most democratically-minded programs in American history for its own financial gain.

For-profit colleges have been around since the 19th century. The first were established between 1820 and 1850 as institutes owned and operated by wealthy industrialists who promised to share their business secrets. (Trump University, anyone?) They were called "mercantile colleges" and actually did impart some useful skills, like penmanship and bookkeeping. For non-elites who wanted to enter the business world, mercantile colleges weren't such a bad investment.

Then began the ascent of the public university. "Public secondary schools and large-grant colleges developed new models of vocational and practical education that undercut the market for the for-profit business colleges," writes Kevin Kinser in *From Main Street to Wall Street: The Transformation of For-Profit Higher Education*.

According to Kevin W. Connell, author of *Degrees of Deception: America's For-Profit Higher Education Fraud*, "The for-profit industry was on the brink of collapse. However, this all changed with a fundamental financial transformation that began with the G.I. Bill."

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Before the G.I. Bill, private money funded private colleges, while public money funded public colleges. The legislation changed this formula by making it possible for veterans to apply federal funding to the institution of their choosing. Having been left out of the federal funding frenzy of the early 20th century, the remaining for-profit colleges "lobbied to be included at the table during the next round of government initiatives to promote postsecondary education," Connell writes. The government assented, and the flow of money from federal coffers to private educational corporations began.

There were some concerns about this from the very beginning. In 1952, the federal government started to insist on accreditation. But the accreditation system itself wasn't standardized, and the for-

profits banded together to establish the rubberstamping Accrediting Commission for Business Schools. Over the next few decades, the flow of federal funds helped the for-profits keep their tuition prices down, which helped them to continue to attract low-income students who brought more federal aid with them, and so on.



People started suing for-profit colleges for fraud as far back as the 1980s. The federal government was obliged to investigate, and in 1992 established guidelines meant to rein in the industry. According to the Higher Education Act of that year, a for-profit institution couldn't receive more than 85 percent of its funding in the form of the federal student aid.

But there was a loophole: veterans. The language of the act says that no more than 85 percent should come from Title IV federal funds, which doesn't include G.I. Bill money. So for instance, DeVry University says it [receives 80 percent](#) of its funding from the federal government in the form of federal student aid, but that number doesn't include veterans, whom it actively recruits. (DeVry spends more of that money on marketing than on student instruction, by the way.)

The recruitment of veterans has exploded since the turn of the century, with conflicts in the Middle East churning out more and more military personnel eligible for the G.I. Bill. In 2009, for instance, Kaplan University invested \$29 million in the recruitment of veterans, including hiring 45 staffers whose main job it was to woo vets, often by visiting Wounded Warrior centers and veterans' hospitals.

In recent years, the problem has become too blatant to ignore. Seven of the eight companies that received the most G.I. Bill money in 2014 were under investigation for fraud. Earlier this year, the V.A.'s own educational advisory committee asked the department to do something about the for-profit college industry's targeting of veterans. Now, the National Military Family Association, the Military Officers Association of America have written letters to the V.A. urging them to stop the flow of federal funds into predatory corporations' pockets.

"The veterans we serve are understandably angry," [said](#) a spokesperson for the non-profit Veterans Education Success, "when they discover that the very consumer fraud they faced at a predatory school is one the V.A. knew about but approved for G.I. Bill benefits anyway."

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