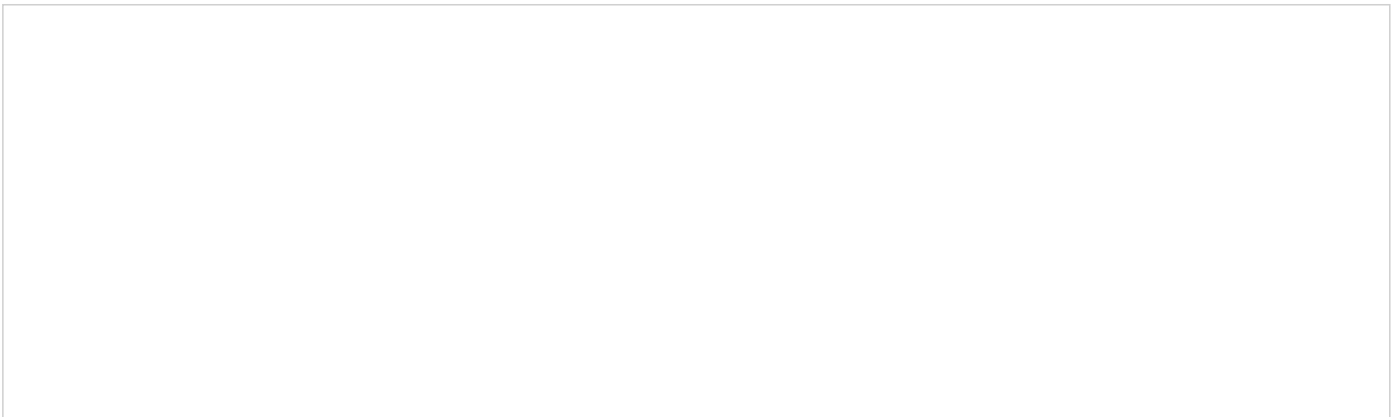




Home > Personal Finance

Dan Rather on for-profit colleges: 'It's hard to find anything more outrageous than this'



By **Jillian Berman**

Published: Dec 28, 2017 9:34 a.m. ET

Aa

New film exposes how for-profit colleges exploit veterans and single moms



Jennifer Wilson spent thousands of dollars on a for-profit college degree she now says is worthless.

A little bit more than an hour into “Fail State,” a documentary about the rise of for-profit colleges, Jennifer Wilson, a graduate from one of these schools, looks at the camera and distills the essence of the film into one sentence.

“This \$50,000 piece of paper,” she says, holding up her degree from the now-defunct Everest College, “is actually completely worthless.”

“Fail State,” which recently premiered in New York, chronicles the system that allowed thousands of students to wind up in Wilson’s position. The film’s central argument: aided by sympathetic lawmakers, cuts to public funding for higher education and motivated by a drive to increase their bottom line, for-profit colleges have lured students into taking on high levels of debt with little concern for their future.

In Wilson’s case, that meant falling prey to a recruiter who used sympathy over her daughter’s untimely murder to gain her trust and push her into signing a paper that enrolled her in the school without her knowledge. After graduating summa cum laude from her program, Wilson was unable to find work in her desired field and wound up continuing in the job she had before she attended school — airport security.

Meanwhile, Corinthian Colleges, the parent company of the school Wilson attended, **filed for bankruptcy in 2015**. It was the company’s spectacular collapse that inspired Alex Shebanow, the film’s creator, to focus the documentary on for-profit colleges instead of the wider student loan problem. As he began to do more research into the for-profit college sector, he realized “there was something going really wrong in this industry,” he told MarketWatch.

Several investigations documented the ways the for-profit college industry systematically targeted students in dire straits, mined their

And indeed, for-profit colleges have been the subject of intense scrutiny for years. Several government probes and media investigations documented the ways the for-profit college industry systematically targeted students in dire straits, mined their pain and a desire for a better life to convince them to enroll, ultimately capturing the federal financial aid dollars that came with them.



The Obama administration even took a stab at reining the schools in — an effort that now hangs in the balance since Donald Trump became president. **Stakeholders are meeting this week** as part of sessions convened by Betsy DeVos’s Department of Education to rewrite Obama-era rules on how borrowers like Wilson can access loan forgiveness when they’ve been ripped off by their schools.

But this film illustrates through interviews, press clips and old commercials that this cycle of malfeasance and regulatory crackdown is nothing new for the for-profit college industry. Ever since the end of World War II, when the government started providing students with money to use at college, for-profit operators have popped up to take advantage. “The incentives to do bad by students are so good and so profitable that there’s almost no incentive to do good by students,” Shebanow said.

The film illustrates through interviews, press clips and old commercials that this cycle of malfeasance and regulatory crackdown is nothing new for the for-profit college industry.

He’s hoping “Fail State” will help build the kind of outrage and momentum of other recent regulatory scandals — he cited **John Oliver’s campaign** to maintain net neutrality as an example — around the for-profit college industry.

Shebanow has one theory why the issue hasn’t gotten as much attention as he thinks it deserves: Many of those suffering are single moms, first-generation, low-income and other “voiceless” parts of society. “People feel embarrassed, they feel like they were duped and they don’t want to speak out about it,” he said.

That machine includes companywide instructions to recruiters of how best to lure students and convince them to sign up regardless of the cost. It also features intense efforts to avoid regulation; the film documents how contributions flowed from the industry into the coffers of members of Congress who used that money to raise their profile.

That for-profit college machine includes companywide instructions to recruiters of how best to lure students and convince them to sign up regardless of the cost

“In so many places elected officials are basically bought and sold,” broadcasting legend Dan Rather, the film’s executive producer, told the audience during a Q&A following the screening.

But like Shebanow, he’s hopeful the film will help build enough momentum to spur legislators and the public to take action. “When you talk about predators taking advantage of veterans, that’s bipartisan,” Rather said.

The incentives for **for-profit colleges to target veterans** is a major theme running through the film. Murray Hastie, one of the borrowers featured in the movie, reveals that he used up all of his GI Bill benefits — money the government provides veterans to pay for their education — on a for-profit college. He only discovered that his benefits were gone after trying to enroll in a community college following a stint in a VA hospital to treat his post-traumatic stress disorder. Even with the benefits, Hastie still wound up with \$50,000 in debt.

“There are a lot of outrageous things happening but it’s hard to find anything more outrageous than this,” Rather said.

And if the screening is any indication, the general public may agree. Following the movie, one audience member suggested Shebanow mobilize defrauded students and supporters to march on Washington. Another said simply, “This is the most depressing thing I’ve seen in a long time.”

Get a daily roundup of the top reads in personal finance delivered to your inbox. Subscribe to MarketWatch's free Personal Finance Daily newsletter. [Sign up here.](#)

Personal Finance Daily

Top stories in personal finance.

[SIGN UP](#)



[you to connect with financial advisors in your area.](#)



CONTINUE READING



WE WANT TO HEAR FROM YOU

Join the conversation

COMMENT



JILLIAN BERMAN



Jillian Berman covers student debt and millennial finance. You can follow her on Twitter [@JillianBerman](#).

When Should You Claim Social Security?

Age

47

Annual Income ⓘ

\$ 110,000

Gender ⓘ

Male Female

Anticipating Living Into ⓘ

70s 90s

Marital Status ⓘ

Single

See How Claiming Earlier or Later Affects Your Benefit ⓘ

Lifetime Benefit

Monthly Benefit

AGE 62	Earliest you can claim	\$ - - - -
67	Your Full Retirement Age (FRA) ⓘ	\$ - - - -
70	Age you qualify for the max monthly benefit	\$ - - - -

[Methodology](#)

Show Results



[Read Important Information](#)
This calculator is for illustrative purposes only. Fidelity Brokerage Services, Member NYSE, SIPC. © 2018 FMR LLC. All rights reserved. 855953.1.0

Take The Next Step

Get a clear view of how much you may need for retirement, how you're tracking towards that goal, and how Social Security fits into your overall plan.

[Visit Our Planning & Guidance Center](#)



CNBC's Jim Cramer says stock market is in 'a very serious correction' — and there's nowhere to hide



Stay bearish because the 'Big Low' for stocks hasn't arrived yet, says Bank of America



U.S. oil prices continue record skid, headed for lowest finish of the year



Tips from a guy who managed to live in Manhattan on a \$40,000 salary and still max out his 401(k) contributions



Think investing technology has changed? Investors have changed more

Best Savings Accounts & Rates - November 2018

Account: Minimum for APY: Min. for APY: APY:

<p>★★★★☆ Nov 13, 2018</p>	<p>Investors Bank eAccess <i>Open Online, No Minimum Balance, No Monthly Fees, FDIC</i> Money Market Account</p>	<p>\$0 Nov 13, 2018</p>	<p>2.25%</p>	<p>Min. for APY: \$0</p>	<p>APY: 2.25%</p>	<p>Open Account</p>
<p>★★★★☆ Nov 13, 2018</p>	<p>Citizens Access <i>\$5,000 minimum balance to obtain APY. Absolutely no fees.</i> Savings Account</p>	<p>\$5,000</p>	<p>2.25%</p>	<p>Min. for APY: \$5,000</p>	<p>APY: 2.25%</p>	<p>Open Account</p>
<p>★★★★★ Nov 13, 2018</p>	<p>CIBC Bank USA <i>Competitive Rate. Easy online access. No account maintenance fee.</i> Savings Account</p>	<p>\$1</p>	<p>2.16%</p>	<p>Min. for APY: \$1</p>	<p>APY: 2.16%</p>	<p>Open Account</p>

+ Show More

Savings Rates Provided By Bankrate.com | Disclaimer Advertiser Disclosure



Man Who Called DOW 20,000 Has Surprising New Prediction
Stansberry Research



This is what Bezos thinks is the next big thing in tech.
Angel Publishing



6 Credit Cards You Should Not Ignore If You Have Excellent Credit
NerdWallet

SPONSORED RESULTS

- | | |
|------------------------------------|------------------------------------|
| 1. Online RN to BSN Program | 5. Online Colleges and Univers... |
| 2. Best Student Loans for Colle... | 6. Criminal Justice Degree Onli... |
| 3. Online College Degrees | 7. Obama Student Loan Forgiv... |
| 4. Online Classes for College | 8. Best Online College Programs |

FROM THE WEB



Surprising Things Men Found Attractive 50 Years Ago
TheList.com



The Cringeworthy Details of Mark Zuckerberg's Marriage
NickiSwift.com



HGTV Shows are Completely Fake, and Here's Proof
NickiSwift.com



The Real Reason Why Costco's Hot Dogs Cost \$1.50
Aol.com



SPONSORED FINANCIAL CONTENT



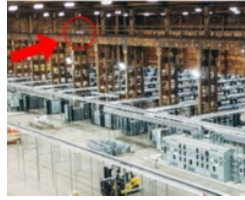
Analyst: The next financial crisis is already here

Weiss Ratings



A Shockingly Lucrative Cash Back Card If You Have Excellent Credit

The Ascent



The No. 1 Stock to Buy

Banyan Hill



Explore how high dividend stocks have fared in rising rate regimes

Global X ETFs



New ETF Alert: Durable Dividend ETF (DURA)

VanEck

dianomi

[BACK TO TOP ▲](#)

Copyright © 2018 MarketWatch, Inc. All rights reserved.

By using this site you agree to the [Terms of Service](#), [Privacy Policy](#), and [Cookie Policy](#).



Intraday Data provided by SIX Financial Information and subject to [terms of use](#). Historical and current end-of-day data provided by SIX Financial Information. All quotes are in local exchange time. Real-time last sale data for U.S. stock quotes reflect trades reported through Nasdaq only. Intraday data delayed at least 15 minutes or per exchange requirements.