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**FAILING U: FIFTY-STATE REPORT CARD REVEALS LAWS IN 49 STATES
FAIL TO PROVIDE ADEQUATE OVERSIGHT AND REGULATION
OF PRIVATE, FOR-PROFIT POSTSECONDARY INSTITUTIONS**

SAN DIEGO, CA – According to a new report released today, 42 of the 50 states earn a grade of F, and seven others earned a grade of D, with regard to how well their laws protect students from bad actors in the for-profit college industry. Entitled **Failing U**, the report from the Children's Advocacy Institute (CAI) at the University of San Diego School of Law analyzes to what extent each state's laws and regulations protect students from what CAI refers to as for-profit postsecondary predators.

“After seeing the demise of several large for-profit schools, and witnessing the catastrophic impact that bad schools have on their students, we wanted to know whether state laws provide appropriate legal protections and ensure adequate oversight to deter and respond to predatory practices,” said Melanie Delgado, CAI Senior Staff Attorney and Director of Transition Age Youth Projects, the report's primary researcher. “Unfortunately, we found that most states do not engage in appropriate regulation or oversight to protect against the harm that these schools can inflict.”

“The title of this report is ‘Failing U’ for good reason,” Robert Fellmeth, CAI's Executive Director, said. “Too many for-profit schools fail their students by making misleading representations about their academic programs, targeting vulnerable populations (especially veterans and others with access to federal educational funds), promising lucrative employment upon graduation, engaging in predatory marketing tactics, failing to appropriately invest in academic supports, etc., and most states are failing their students by not doing more to weed out the bad actors in the for-profit college industry.”

The report grades states in seven areas, analyzing to what extent a state's laws (1) provide for a multi-member, publicly accountable oversight body that can, among other things, engage in rulemaking, initiate investigations, and impose penalties for violations of law; (2) require reviews and/or inspections of for-profit postsecondary schools operating within its jurisdiction; (3) provide exemptions from oversight and/or regulation; (4) require institutions to disclose performance measures to prospective or current students; (5) prohibit specific acts regarding advertising and

recruiting; (6) provide an appropriate complaint process and other relief for victimized students; and (7) authorize appropriate enforcement mechanisms.

The report found that only 8 states earned grades higher than F. California earned a B, and six states earned the grade of D: Alaska, Illinois, Ohio, Tennessee, Massachusetts, Texas, and Wisconsin. The remaining 42 states earned scores of 59% or less, with Montana and South Dakota bringing up the rear, with scores of 19% and 9%, respectively.

The report notes that the failure of most states to engage in adequate oversight and regulation makes the growing trend of reciprocity all the more dangerous for students. Under State Authorization Reciprocity Agreements (SARA), students attending online schools only enjoy as much protection and regulatory oversight as is offered by the state where a school is headquartered. “Basically, SARA ensures a race-to-the-bottom national regulatory regime that permits on-line for-profits to shop for the most favorable regulatory climate. That does not bode well for students,” explained Fellmeth. “Unfortunately, all but two states — California and Massachusetts — are part of SARA.”

Failing U focuses entirely on state laws and regulations that are in place to protect students, and does not analyze or grade the efforts of states’ attorneys general, many of whom laudably seek to protect their residents through enforcement and litigation. “Many states attorneys general, from Massachusetts to Illinois, Kentucky to California, are actively and ambitiously cracking down on predatory for-profits, alleging widespread and serious violations of law. But this litigation takes place in significant part because state oversight and regulation have failed to prevent harms from occurring in the first place. It is the quality of states’ oversight and regulatory laws aimed at preventing harm that is the focus of this report,” noted CAI Senior Counsel Ed Howard.

Failing U seeks to start a discussion about the protections necessary to ensure that students at private, for-profit colleges receive a quality education. The report is also intended to start a discussion about how to protect taxpayers — who ultimately pay the price when students who attend unscrupulous institutions cannot repay their federal student loans. Finally, the report is intended to help states learn from one another, as it highlights several notable provisions that states have enacted. These, along with the model elements the report provides, are intended to serve as a guide for states to use as they set out to improve oversight of for-profit postsecondary schools and, in turn, to better protect the interests of students and taxpayers.

The report can be accessed at www.caichildlaw.org/FailingU.html.

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The Children’s Advocacy Institute of the nonprofit University of San Diego School of Law works to improve the health, safety, and well-being of children and youth. In addition to its academic component, CAI engages in regulatory and legislative advocacy, impact litigation, and public education in order to ensure that children’s interests are represented effectively whenever and wherever government makes policy and budget decisions that will impact them. Visit www.caichildlaw.org.