Concorde

Introduction

Concorde Career Colleges, Inc. ("Concorde") provides traditional vocational programs, primarily Certificates, at its on-ground campus locations. In recent years, Concorde has experienced steady growth in Federal funds collected and profit realized. While Concorde's moderate student withdrawal rates suggest students are persisting in its programs, the company's high rates of student loan default call into question whether Concorde students are receiving an education that affords them to the ability to repay the debt incurred.

Company Overview

Concorde Career Colleges, Inc. is a privately held, for-profit education company headquartered in Kansas City, MO. The company operates 15 campuses in seven States, does not operate programs online and offers diplomas and Associate degrees in healthcare programs.

Thirteen of the company's campuses are accredited by Accrediting Commission of Career Schools and Colleges (ACCSC). The Arlington, TX, campus is accredited by the Accrediting Bureau of Health Education Schools (ABHES). The Memphis, TN, campus is accredited by Council on Occupational Education (COE).

Concorde Career Colleges, Inc. was spun-off from CenCor, a company which operated vocational schools, in 1988.[1460] The newly formed Concorde Career Colleges, Inc. took over more than 20 campuses, eventually consolidating them to 11 by 2000. In 2006, Liberty Partners, a Wall Street private equity firm, bought Concorde Career Colleges. A Florida State retirement fund is the primary investor in the Liberty-managed corporate entity that in turn owns Concorde.[1461] Concorde pays Liberty Partners $240,000 a year in "management fees." [1462] The company began to grow its program offerings and open new campuses in 2006 and the growth has continued to the present.

In the fall of 2010, 7,952 students were enrolled at Concorde.[1463] While enrollment at Concorde has fluctuated over the last decade, it has increased by 20 percent since the company's purchase by Liberty Partners in 2006.[1464]

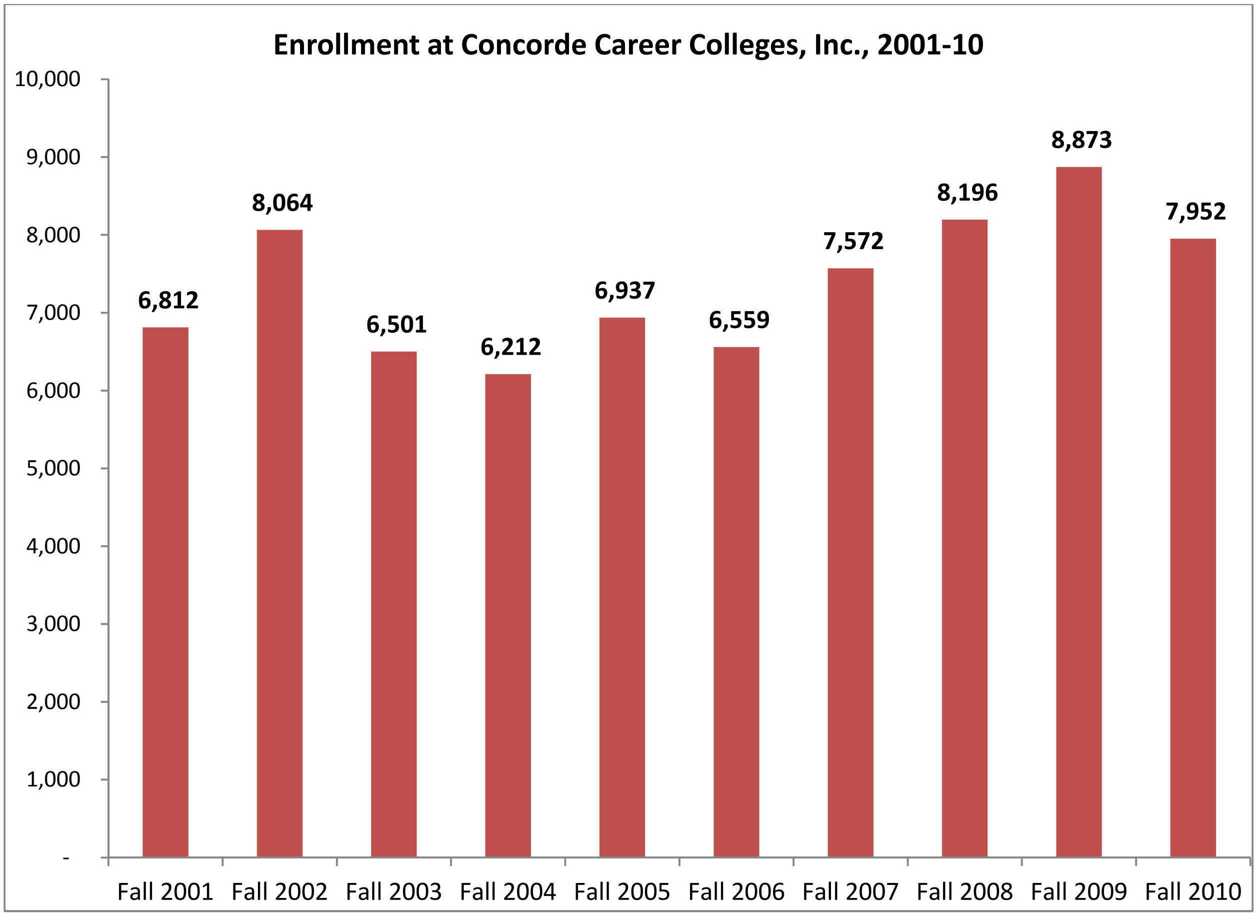
[1460] Concorde Career College, Inc., June 2009, *Executive Summary* (CCC000042376, at CCC000042386).

[1461] Concorde Career Colleges, Inc., April 14, 2009, Letter to ACCSCT *Re: Concord Career Institute, Miramar (054977)* (CCC000059502, at CCC000059514).

[1462] Concorde Career Colleges, Inc., *Accountant's Reports and Consolidated Financial Statements: December 31, 2009 and 2008* (CCC000000992, at CCC000001000) [unredacted document on file with committee].

[1463] Enrollment is calculated using fall enrollment for all unit identifications controlled by the company for each year from the Department of Education 's Integrated Postsecondary Data System (hereinafter IPEDS). See Appendix 7. Concorde Career College, Concorde Career College, *Enrollment Agreement* (CCC000113229).

[1464] The most current enrollment data from the Department of Education measures enrollment in fall 2010. In 2011 and 2012, news accounts and SEC filings indicated that many for-profit education companies experienced a drop in new student enrollment. This has also led to a decrease in revenue and profit at some companies.



Over the last 4 years, Concorde's revenue has grown by over 300 percent from $33.1 million in 2006 to $147.1 million in 2009.[1465]

Federal Revenue

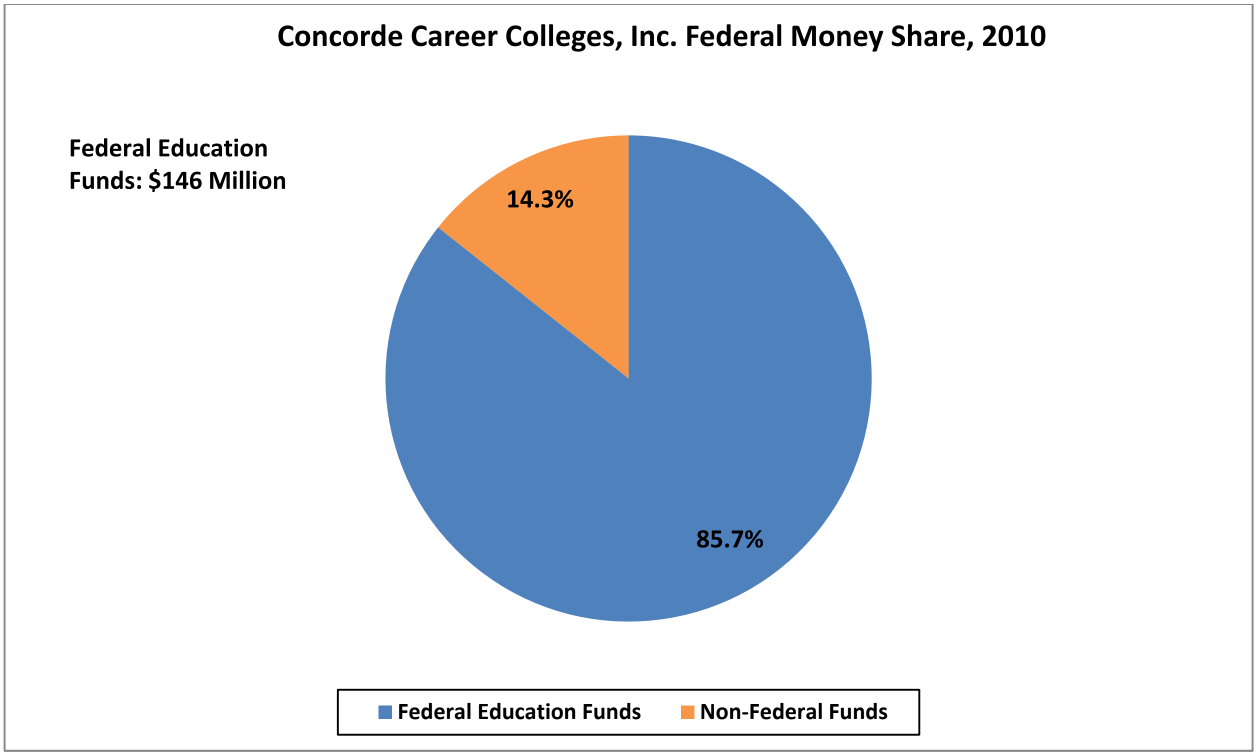
Nearly all for-profit education companies derive the majority of revenues from Federal financial aid programs. Between 2001 and 2010, the share of title IV Federal financial aid funds flowing to for-profit colleges increased from 12.2 to 24.8 percent and from $5.4 to $32.2 billion.[1466] Together, the 30 companies the committee examined derived 79 percent of revenues from title IV Federal financial aid programs in 2010, up from 69 percent in 2006.[1467]

[1465] Revenue figures for publicly traded companies are from Securities and Exchange Commission annual 10-K filings. Revenue figures for privately held companies are taken from the company financial statements produced to the committee. See Appendix 18.

[1466] "Federal financial aid funds" as used in this report means funds made available through title IV of the Higher Education Act, including subsidized and unsubsidized Stafford loans, Pell grants, PLUS loans and multiple other small loan and grant programs. See 20 U.S.C. §1070 et seq. Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Program Volume Reports by School*, http://federalstudentaid.ed.gov/datacenter/programmatic.html, 2000-1 and 2009-10. Figures for 2000-1 calculated using data provided to the committee by the U.S. Department of Education.

[1467] Senate HELP Committee staff analysis of Proprietary School 90/10 numerator and denominator figures for each OPEID provided to the U.S. Department of Education pursuant to section 487(d)(4) of the Higher Education Act of 1965. Data for fiscal year 2006 provided to the committee by each company; data for fiscal year 2010 provided by the Department of Education on October 14, 2011. See Appendix 9.

In 2010, Concorde reported 83.3 percent of revenue from title IV Federal financial aid programs.[1468] However, this amount does not include revenue received from the Departments of Defense and Veterans Affairs education programs.[1469] Department of Defense Tuition Assistance and post-9/11 GI bill funds accounted for approximately 2.5 percent of Concorde's revenue, or $4.1 million.[1470] With these funds included, 85.7 percent of Concorde's total revenue was comprised of Federal education funds.[1471]



The Pell grant program, the most substantial Federal program to assist economically disadvantaged students with college costs, is a significant source of revenue for for-profit colleges. Over the past 10 years, the amount of Pell grant funds collected by for-profit colleges as a whole increased from $1.4 billion to $8.8 billion; the share of total Pell disbursements that for-profit colleges

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[1468] Senate HELP Committee staff analysis of fiscal 2010 Proprietary School 90/10 numerator and denominator figures for each OPEID provided to the U.S. Department of Education pursuant to section 487(d)(4) of the Higher Education Act of 1965. Data provided by the Department of Education on October 14, 2011. See Appendix 9.

[1469] The Ensuring Continued Access to Student Loan Act (ECASLA) increased Stafford loan amounts by up to $2,000 per student. The bill also allowed for-profit education companies to exclude the increased amounts of loan eligibility from the calculation of Federal revenues (the 90/10 calculation) during fiscal years 2009 and 2010. However, ECASLA calculations for Concorde could not be extrapolated from the data Concorde provided to the committee.

[1470] Post-9/11 GI bill disbursements for August 1, 2009-July 31, 2010 provided to the committee from the Department of Veterans Affairs on November 5, 2010; post-9/11 GI bill disbursements for August 1, 2009-June 15, 2011 provided to the committee from the Senate Committee on Veterans' Affairs via the Department of Veterans Affairs on July 18, 2011; Department of Defense Tuition Assistance Disbursements and MyCAA disbursements for fiscal years 2009-11 provided (by branch) by the Department of Defense on December 19, 2011. Committee staff calculated the average monthly amount of benefits collected from VA and DOD for each company, and estimated the amount of benefits received during the company's 2010 fiscal year. See Appendix 11 and 12.

[1471] "Federal education funds" as used in this report means Federal financial aid funds combined with estimated Federal funds received from Department of Defense and Department of Veterans Affairs military education benefit programs.

collected increased from 14 to 25 percent.[1472] Part of the reason for this increase is that Congress has repeatedly increased the amount of Pell grant dollars available to a student over the past 4 years, and, for the 2009-10 and 2010-11 academic years, allowed students attending year-round to receive two Pell awards in 1 year. Poor economic conditions have also played a role in increasing the number of Pell eligible students enrolling in for-profit colleges.

Concorde nearly doubled the amount of Pell grants it collects in 3 years, from $21.1 million in 2007 to $39.8 million in 2010.[1473]

Financial Integrity

The company's auditors found that Concorde failed to properly return student aid money to the Department of Education when students dropped out.[1474] Concorde improperly retained approximately $500,000 due to incomplete recordkeeping and error in the "return to title IV" calculations. Most of these errors occurred in 2008, a year when the company nearly doubled its profit from $7.4 million to $13.9 million compared to the previous year.

Due to accounting standards, the 2006 acquisition of Concorde by Liberty Partners private equity resulted in a significant reduction in the company's tangible worth.[1475] Because of this reduction, the Department of Education required Concorde to post a letter of credit of approximately $12 million to satisfy the Department's standards of financial responsibility. This letter of credit is required because of concerns that the company would not be able to make refunds of student aid or provide teach-out facilities should the school unexpectedly close.

Spending

While Federal student aid programs are intended to support educational opportunities for students, for-profit education companies direct much of the revenues derived from these programs to marketing and recruiting new students and to profit. On average, among the 15 publicly traded education companies, 86 percent of revenue came from Federal taxpayers in fiscal year 2009.[1476] During the same period the companies spent 23 percent of revenue on marketing and recruiting ($3.7 billion), and 19.7 percent on profit ($3.2 billion).[1477]

[1472] Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Pell Grant Program Volume Reports by School*, 2001-2 and 2010-11, http://federalstudentaid.ed.gov/datacenter/programmatic.html (accessed July 12, 2012).

[1473] Pell disbursements are reported according to the Department of Education's student aid "award year," other revenue figures are reported according to the company's fiscal year. Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Pell Grant Program Volume Reports by School*, 2006-7 and 2009-10, http://federalstudentaid.ed.gov/datacenter/programmatic.html (accessed July 12, 2012). See Appendix 13.

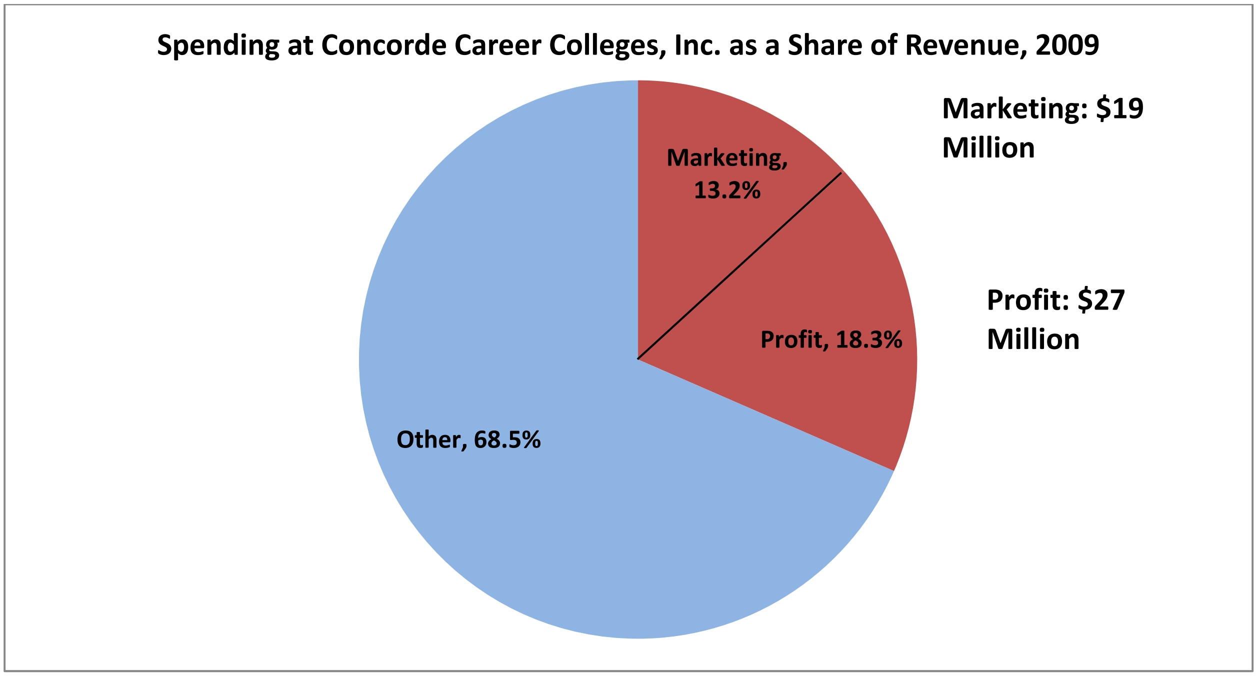
[1474] Concorde Career Colleges, Inc., *Accountant's Reports and Consolidated Financial Statements: December 31, 2009 and 2008* (CCC000000992, at CCC000001017). [unredacted document on file with committee].

[1475] Id., at CCC000001000.

[1476] Senate HELP Committee staff analysis of fiscal year 2009 Proprietary School 90/10 numerator and denominator figures plus all additional Federal revenues received in fiscal year 2009 provided to the committee by each company pursuant to the committee document request of August 5, 2010.

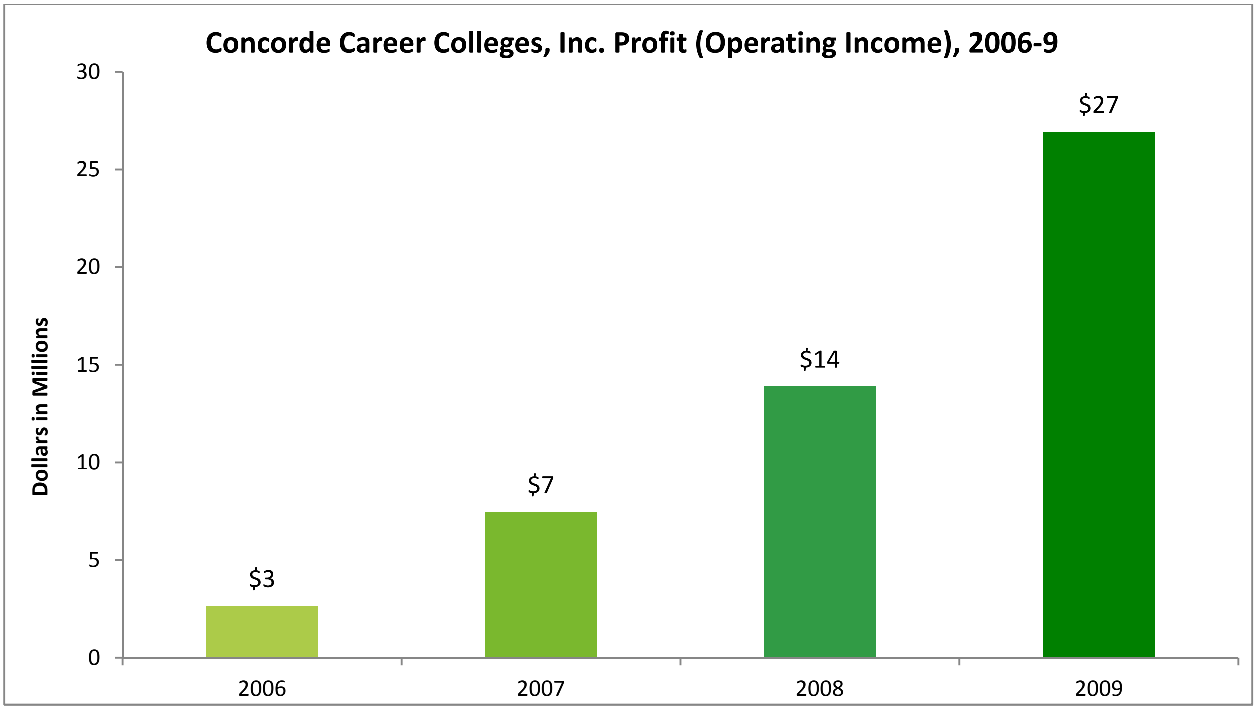
[1477] Senate HELP Committee staff analysis of fiscal year 2009 financial statements. Marketing and recruiting includes all spending on marketing, advertising, admissions and enrollment personnel. Profit figures represent operating income before tax and other non-operating expenses including depreciation. See Appendix 19.

In 2009, Concorde allocated 13.2 percent of its revenue, or $19.5 million, to marketing[1478] and recruiting and 18.3 percent, or $26.9 million, to profit.[1479]



The amount of profit Concorde has generated increased rapidly since the company's acquisition by Liberty Partners. In the year of the acquisition, Concorde recorded a profit of $2.6 million.[1480] The next year, the profit nearly tripled to $7.4 million. In 2009, the company reported a profit of $26.9 million.[1481] Liberty Partners has not taken distributions of these profits out of the company, however, Concorde pays an annual "management fee" of $240,000 to the private equity firm.[1482]

[1478] At least some of this money was dedicated to visiting "welfare offices" and "unemployment offices." Concorde Internal Email, June 2010, re: *FW: Recruitment at Unemployment and Welfare offices* (CCC000105156). The company states that the employees did not work for the admissions office and that they were visiting workforce training centers that were co-located with the "welfare" and "unemployment" offices mentioned in the internal email.
[1479] On the chart detailing spending, "Other" includes: instruction, faculty salaries, executive compensation, lobbying, student services, maintenance, administration, facilities and other expenditures. On average, the 30 for-profit schools examined spent 22.6 percent of revenue on marketing and 19.4 percent on profit.
[1480] Senate HELP Committee staff analysis. See Appendix 18.
[1481] Id.
[1482] Concorde Career Colleges, Inc., *Accountant's Reports and Consolidated Financial Statements: December 31, 2009 and 2008* (CCC000000992, at CCC000001010) [unredacted document on file with committee].



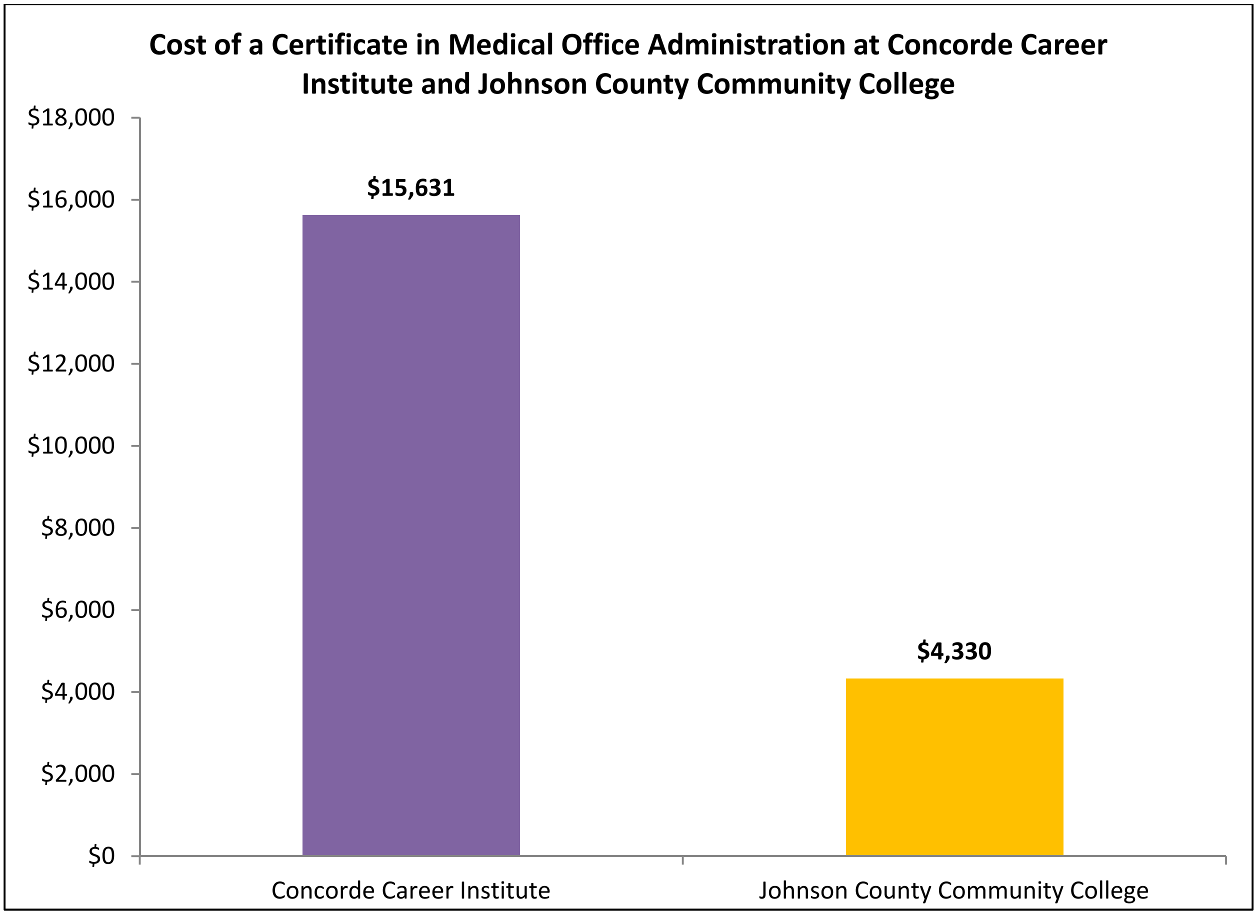
Tuition and Other Academic Charges

Compared to public colleges offering the same programs, the price of tuition is higher at Concorde. In the current 2011-12 school year, the price of Certificate programs ranges from about $10,000 to $35,000.[1483] The Certificate programs are designed to take 8 to 12 months. The price of tuition varies by program and by campus location. A Certificate in Medical Office Administration at the Kansas City campus costs $15,631.[1484] The same program at Johnson County Community College costs $4,330.[1485] The company's Associate degree programs are priced from about $24,000 to $58,000 and typically take 14 to 17 months.

[1483] All tuition information from 2012 course catalogs: http://www.concorde.edu/campus (accessed April 4, 2012). Lowest cost: Patient Care Technician program, Miramar campus. Highest cost: Vocational Nursing (weekend), Garden Grove campus. Includes tuition, fees, equipment and books.

[1484] See Appendix 14; see also, Concorde Career Colleges, *Medical Office Administration*, http://www.concorde.edu/docs/programs/disclosure/momkc_moa-info-051412.pdf (accessed April 4, 2012).

[1485] See Appendix 14; see also, Johnson County Community College, *Johnson County Community College*, http://www.jccc.edu/ (accessed July 12, 2012).



The higher tuition that Concorde charges is reflected in the amount of money that Concorde collects for each veteran that it enrolls. From 2009 to 2011, Concorde trained 555 veterans and received $7.3 million in post-9/11 GI bill benefits, averaging $13,159 per veteran. In contrast, public colleges collected an average of $4,642 per veteran trained in the same period.[1486]

Outcomes

While aggressive recruiting and high cost programs might be less problematic if students were receiving promised educational outcomes, committee staff analysis showed that tremendous numbers of students are leaving for-profit colleges without a degree. Because 98 percent of students who enroll in a 2-year degree program at a for-profit college, and 96 percent who enroll in a 4-year degree program, take out loans, hundreds of thousands of students are leaving for-profit colleges with debt but no diploma or degree each year.[1487]

Two metrics are key to assessing student outcomes: (1) retention rates based on information provided to the committee, and (2) student loan "cohort default rates." An analysis of these metrics indicates that many people who enroll in at Concorde are not achieving their educational and career goals.

[1486] See Appendix 11. Post-9/11 GI bill disbursements for August 1, 2009-June 15, 2011 provided to the committee from the Senate Committee on Veterans' Affairs via the Department of Veterans Affairs on July 18, 2011.
[1487] Patricia Steele & Sandy Baum, "How Much Are College Students Borrowing?," *College Board Policy Brief*, August 2009, http://advocacy.collegeboard.org/sites/default/files/09b_552_PolicyBrief_WEB_090730.pdf (accessed June 14, 2012).

Retention Rates

Information Concorde provided to the committee indicates that out of the 11,104 students who enrolled in Concorde in 2008-9, 27.1 percent of students had withdrawn by September 30, 2010.[1488] These withdrawn students were enrolled a median of 2 months. Overall, Concorde's withdrawal rate is significantly better than the average sector-wide withdrawal rate of 54.1 percent. The company's Certificate students, who make up the bulk of all enrolled students, had a withdrawal rate of 27.1 percent while 32.1 percent of the company's Associate degree students withdrew by 2010.[1489]

Status of Students Enrolled at Concorde Career Colleges, Inc. in 2008-9, as of 2010						
Degree Level	**Enrollment**	**Percent Completed**	**Percent Still Enrolled**	**Percent Withdrawn**	**Number Withdrawn**	**Median Days**
Associate Degree	1,100	48.0%	19.9%	32.1%	353	127
Certificate	10,004	72.0%	1.5%	26.6%	2,660	57
All Students	11,104	69.6%	3.3%	27.1%	3,013	65

The dataset does not capture some students who withdraw and subsequently return, which is one of the advantages of the for-profit education model. The analysis also does not account for students who withdraw after mid-2010 when the data were produced.

Internal documents show that since 2006 Concorde has made significant strides in improving student retention and has enticed students who withdrew to re-enroll.[1490] According to an internal survey, "average monthly net (of restarts) attrition decreas[ed] from 5.0% in 2006 to 3.0% YTD April 2009."[1491] Company executives wrote that:

> Concorde has segmented its at-risk and withdrawn students into three groups: dismissals, attendance withdrawals, and students withdrawn in good standing. Student service resources have been augmented and tailored to better meet completion and re-entry needs of these segments. As a result, restarts have increased by 109% since 2006. Further, students are now required to sign individual learning contracts upon entering their respective program, creating a higher level of commitment and accountability for its students. Concorde also offers extensive remedial classes as well as tutoring, especially for students in the more rigorous Clinical programs.[1492]

[1488] Senate HELP Committee staff analysis. See Appendix 15. Rates track students who enrolled between July 1, 2008 and June 30, 2009. For-profit education companies use different internal definitions of whether students are "active" or "withdrawn." The date a student is considered "withdrawn" varies from 10 to 90 days from date of last attendance. Two companies provided amended data to properly account for students that had transferred within programs. Committee staff note that the data request instructed companies to provide a unique student identifier for each student, thus allowing accurate accounting of students who re-entered or transferred programs within the school. The dataset is current as of mid-2010, students who withdrew within the cohort period and re-entered afterward are not counted. Some students counted as withdrawals may have transferred to other institutions.

[1489] It is not possible to compare student retention or withdrawal rates at public or non-profit institutions because this data was provided to the committee directly by the companies. While the Department of Education tracks student retention and outcomes for all colleges, because students who have previously attended college are excluded from the data set, it fails to provide an accurate picture of student outcomes or an accurate means of comparing for-profit and non-profit and public colleges.

[1490] Concorde Career College, Inc., June 2009, *Executive Summary* (CCC000042376, at CCC000042392).

[1491] Id.

[1492] Id.

Concorde also helped students pass licensing exams at higher rates by requiring "all students to take a comprehensive exam at the end of their program to ensure preparedness for the exams required by each program's respective licensing body." [1493]

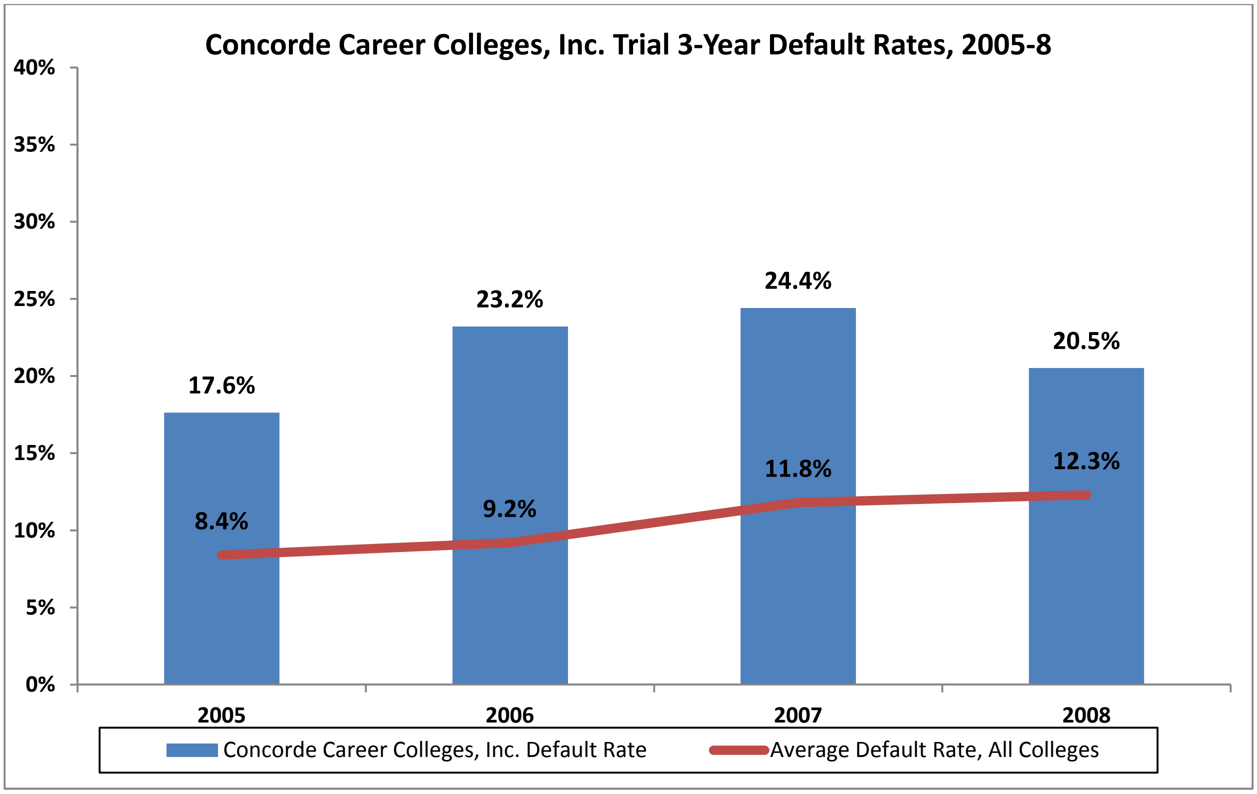
Student Loan Defaults and Repayment

The number of students leaving Concorde with no degree correlates with the high rates of student loan defaults by students who attended Concorde. The Department of Education tracks and reports the number of students who default on student loans (meaning that the student does not make payments for at least 360 days) within 3 years of entering repayment, which usually begins 6 months after leaving college.[1494]

Slightly more than 1 in 5 students who attended a for-profit college (22 percent) defaulted on a student loan, according to the most recent data.[1495] In contrast, 1 student in 11 at public and non-profit schools defaulted within the same period.[1496] On the whole, students who attended for-profit schools default at nearly three times the rate of students who attended other types of institutions.[1497] The consequence of this higher rate is that almost half of all student loans defaults nationwide are held by students who attended for-profit colleges.[1498]

The default rate across all 30 companies examined increased each fiscal year between 2005 and 2008, from 17.1 percent to 22.6 percent. This change represents a 32.6 percent increase over 4 years.[1499] Concorde's default rate has moved up and down within a range of about 7 percent between the 2005 and 2008 cohort years. The company reported a consolidated default rate of 17.6 percent for students entering repayment in 2005, growing to 24.4 percent in 2007, and falling to 20.5 percent in 2008.

[1493] Id.
[1494] Direct Loan Default Rates, 34 CFR 668.183(c).
[1495] Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-2008, http://federalstudentaid.ed.gov/datacenter/cohort.html. Default rates calculated by cumulating number of students entered into repayment and default by sector.
[1496] Id.
[1497] Id.
[1498] Id.
[1499] Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-2008, http://federalstudentaid.ed.gov/datacenter/cohort.html. Default rates calculated by cumulating number of students entered into repayment and default for all OPEID numbers controlled by the company in each fiscal year. See Appendix 16.



It is likely that the reported default rates significantly undercount the number of students who ultimately face default, because of companies' efforts to place students in deferments and forbearances. Concorde's default management script instructs employees to tell students, without mentioning payment options, "the government offers deferment and forbearance options to take your loans out of the delinquent status. . . . I am going to conference in your Loan Management Advisor … to help us complete the process." [1500] Similarly, the letter that the school sends students who are late paying their loans only mentions deferment and forbearance.[1501] When a student is in forbearance their loan balances continue to grow as the result of accumulating interest but default is averted both for the student and the company. However, for many students forbearance and deferment serve only to delay default beyond the 3-year measurement period the Department of Education uses to track defaults.

Instruction and Academics

The quality of any college's academics is difficult to measure. However, the amount that a school spends on instruction per student compared to other spending and what students say about their experience are two useful measures.

Concorde spent $4,625 per student on instruction in 2009, compared to $2,129 on marketing, $2,940 on profit.[1502] The amount that privately held companies examined by the committee spend on

[1500] Concorde Career College, *Script* (CCC000052355). The company states that the script is not the one currently in use.
[1501] Concorde Career College, Internal Form Letter from Loan Management Advisor (CCC000060626). The company states that the form letter is not the one currently in use.
[1502] Senate HELP Committee staff analysis. See Appendix 20, Appendix 21, and Appendix 22. Marketing and profit figures provided by company or Securities and Exchange filings, instruction figure from IPEDS. IPEDs data for instruction spending based on instructional cost provided by the company to the Department of Education. According to IPEDS, instruction cost is composed of "general academic instruction, occupational and vocational instruction, special session

instruction ranges from $1,118 to $6,389 per student per year.[1503] In contrast, public and non-profit schools, generally spend a higher amount per student on instruction. Other Missouri-based colleges spent, on a per student basis, $9,762 at University of Missouri-Columbia, $5,610 at Webster University, and $5,801 at Johnson County Community College.[1504]

Student complaints reflect a number of concerns with Concorde's academic quality. While student complaints may not be representative of the experience of the majority of students, these complaints provide an important perspective on Concorde's academic quality. Twenty-two students, an entire class of nursing students at one campus, wrote to school administrators that "instructors [were] late to start class … [by] 20-40 minutes," lectures were "vague" and "lack[ed] structure," instructors were "ill prepared" and spent time "searching for lost papers or tests or equipment," they were not being taught crucial material about anatomy and pathology, when instructors were absent the class was "left to sit unlectured, unguided, untested and uninformed," and classes were sometimes excused an hour early.[1505] Another student at a different campus wrote that she got great encouragement and service when she was a prospective student but that "Once [she] signed the [enrollment] paperwork it seemed everything changed." [1506] "My first 3 modules were horrible. I stayed because I had an obligation to my contract and I wanted to prove to myself that I was CAPABLE. . . . To our disappointment the first instructor was rude and abrupt to the point that . . . everyone in the class was afraid to ask a question about the homework or lecture or afraid of being singled out or belittled." [1507]

Other students complained about the clinical education sites the company had contracted with. A vocational nursing student, who graduated with a 4.0 GPA, wrote that "we were promised that our clinical hours would be spent mainly at acute care hospitals" where they could get hands-on experience.[1508] "We ended up having a total of 10 days at an acute care hospital, the rest spent mainly in skilled nursing homes and . . . public health clinics where we were not even able to perform nursing duties. We spent the majority of our days filing charts in a chart room." The student also said the class was frustrated because of the high faculty turnover: the San Bernardino campus had cycled through three Directors of Nursing and two Assistant Directors in the first year.[1509] Internal company documents indicate that the company's campuses have experienced large turnover. Annual turnover for all campuses was around 42 percent in 2008 and 35 percent through the first 9 months of 2009, with turnover among all clinical faculty at 41 and 32 percent, respectively, for those periods.[1510] But turnover was much higher in specific departments and at specific campuses. Turnover in "core faculty" ranged from 4 percent to 61 percent. In one extreme case, one campus nursing faculty experienced a turnover of 218 percent in 2009. Turnover in the "clinical faculty" at an other campus was 79 percent.

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instruction, community education, preparatory and adult basic education, and remedial and tutorial instruction conducted by the teaching faculty for the institution's students." Denominator is IPEDS "full-time equivalent" enrollment.

1503 Drake College of Business (low end) and Chancellor University (high end) have been excluded from this calculation due to unreliability regarding the data.

1504 Senate HELP Committee staff analysis. See Appendix 23. Many for-profit colleges enroll a significant number of students in online programs. In some cases, the lower delivery costs of online classes – which do not include construction, leasing and maintenance of physical buildings – are not passed on to students, who pay the same or higher tuition for online courses.

1505 Concorde Career College, Complaint Letter from the LVN Class of 2010 to Concorde Dean (CCC000109599, at CCC000109599-600).

1506 Concorde Career College, April 20, 2009, Response Letter to Student Complaint (CCC000109294, at CCC000109295).

1507 Id.

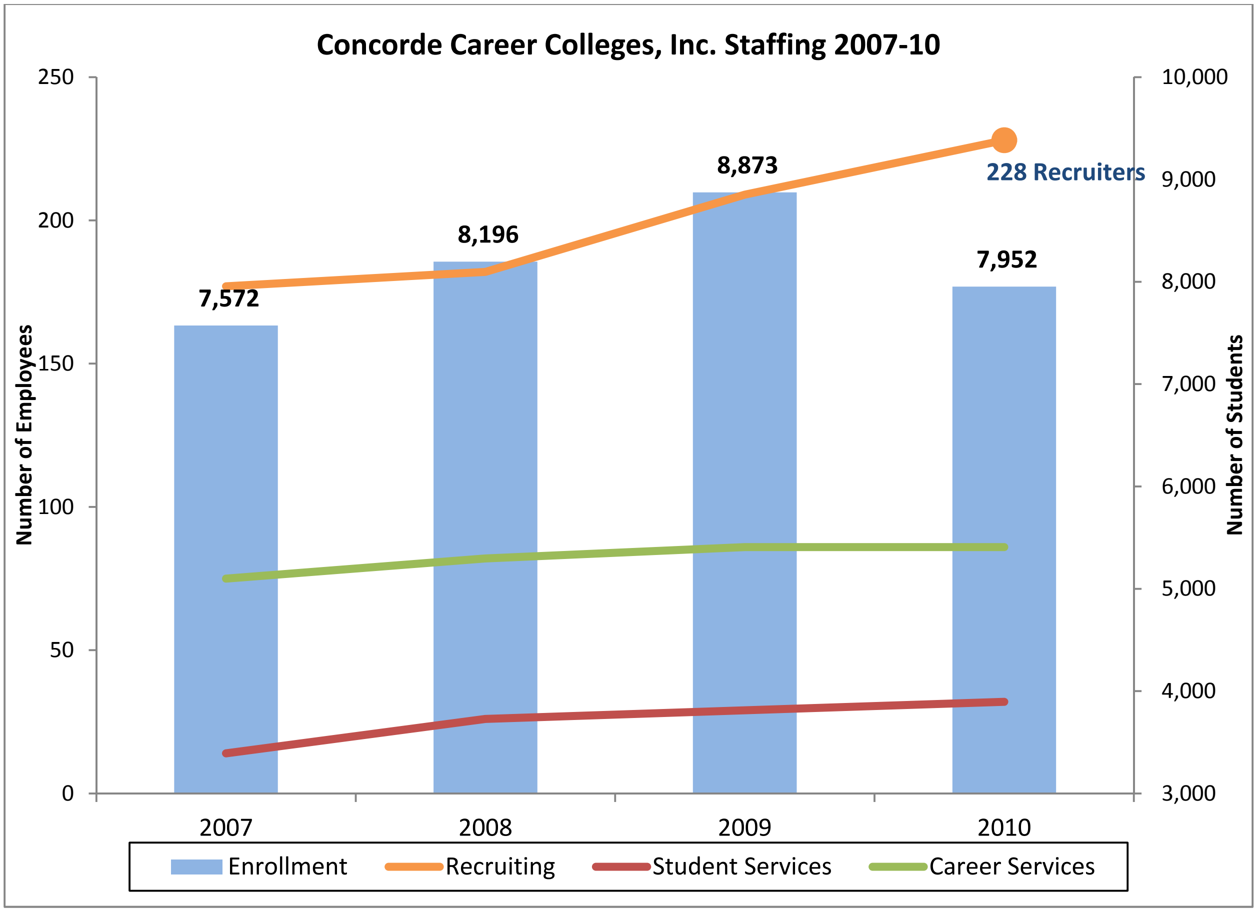
1508 Concorde Career College, March 11, 2010, Student Complaint Letter (CCC000109630).

1509 Id.

1510 Concorde Career College, December 21, 2009, *Board of Directors Meeting* (CCC000000545, at CCC000000558).

Staffing

While many for-profit companies employ large numbers of recruiters to enroll new students, these same companies frequently employ far less staff to provide tutoring, remedial services or career counseling and placement. In 2010, with 7,952 students, Concorde employed 228 recruiters, 86 career services employees and 32 student services employees.[1511] That means each career counselor was responsible for 92 students and each student services staffer was responsible for 248 students. Meanwhile, the company employed one recruiter for every 34 students.



Career Services

For-profit schools promote themselves as career-oriented skill-focused places. Indeed, most for-profit education advertising focuses on "getting the job" after graduating from school. Concorde emphasizes its role in helping students secure jobs in their field of training. "Students come to Concorde Career College for one important reason — to train for a new career in a medical field. Once you graduate, Concorde offers valuable assistance to help you find that all-important healthcare job," the company's Web site reads.[1512] But student complaints show that students' experiences with job

[1511] Senate HELP Committee staff analysis of information provided to the committee by the company pursuant to the committee document request of August 5, 2010. See Appendix 7 and Appendix 24.
[1512] Concorde Career Colleges, Inc., *Graduate Employment*, http://www.concorde.edu/graduate-employment (accessed April 24, 2012).

placement did not always match these advertisements.[1513] "It was made to sound like they had connections that a graduate could utilize at any point in their career as long as they asked for help," one student wrote.[1514] "The only 'job placement' the school does is search three websites (Craig's List, Monster, and one other one) . . . Everyone searches these websites." The student also felt that the school misled her about the job market for dental assistants. "It is much harder to gain employment. The employment is very low pay when it comes to the amount of money you pay for the program and the time you spend completing the program. . . . The school makes out like you are training for a career. A job that barely makes more than minimum wage and does not offer benefits does not sound like a career."

A surgical technology student wrote:

> when I first met with a Concorde [admissions] Rep. he said that once I graduated . . . they placed 98% of there students [sic]. . . . As of 4 [months] post graduation only 1 out of 7 have a job in their field of surgical technology, and this individual had no help with finding this position either. I was also told that I would be prepared for the [Certified Surgical Technologist] exam, and that they had a 80% [sic] pass rate on this exam, again that was not true, only 50% of our class passed the exam as did the graduateing [sic] class a month before mine. . . . So, now I have no job, no certification, and a huge student loan coming due.[1515]

A vocational nursing student wrote, "one week prior to my exit from school, the financial office informed me that I owed $297.00. I was required to sign a contract indicated that I will pay $25.00 every month commencing on May or June, 2009 in order to be release [sic] to graduate. I graduate on May 5, 2009 and have not been able to obtain a job. . . . For the past seven months I have been living from place to place, staying in homeless shelter in order to try to complete the nursing program."[1516]

Institutional Loans

Concorde operates a small institutional loan program to lend money to its students to cover institutional charges. The company had $10.9 million in outstanding loans as of November 2009. The interest rate on these loans is 18 percent.[1517]

[1513] While student complaints may not be representative of the experience of the majority of students, these complaints provide an important perspective on the way some students perceived the problems with the company's career services and job placement.

[1514] Concorde Career Colleges, December 4, 2009, Complaint Letter from Student (CCC000110342). The BBB closed the case after the student indicated she "was satisfied to see that school is willing to admit publicly that the average salary for a dental assistant is $11.57 and the current rate of placement is down to 83% . . . I realize this is probably going to be the best I can get the school to admit to so I will accept it and move on."

[1515] Concorde Career Colleges, February 25, 2009, Better Business Bureau Letter (CCC000110051, at CCC00011055). The BBB decided the complaint in favor of the school, but the student was not satisfied and she indicated she would pursue legal action.

[1516] Concorde Career Colleges, June 22, 2009, Student Complaint Letter, (CCC000109313).

[1517] Concord Career Colleges Internal Email, September 05, 2008, *RE: Concorde loans charging interest* (CCC000107536). In September 2008, after complaints from campus financial aid directors, the corporate office stopped charging interest on these loans for students who did not take out their full eligibility for title IV student aid. The 18 percent interest rate was retained for all other borrowers.

Regulatory Strategies

For-profit education companies are subject to two main regulatory provisions: that no more than 90 percent of revenues come from title IV Federal financial aid programs and that no more than 25 percent of students default within 2 years of entering loan repayment. As discussed in the body of this report, some companies including Concorde lower their reported default rates by placing students in forbearances and deferments to delay default. Moreover, many schools employ a variety of tactics to meet the requirement that no more than 90 percent of revenues come from title IV Federal financial aid programs.

In order to stay under 90 percent, internal documents indicate that Concorde employed a number of tactics that include limiting Federal loan disbursements and maximizing cash payments from students.

Internal documents reveal that multiple Concorde campuses were making what one executive termed "unauthorized FFELP loan reductions" to manage the company's 90/10 situation.[1518] The executive, the company's national director of financial aid who has since left the company, wrote, "Concorde has been following a policy of meeting only institutional charges with Title IV Awards [and] has forgotten that institutional policy is not what the Feds want us to do, and therefore we must do it in a complex but compliant way." This "institutional policy" suggests that the company may have been limiting the amount of Federal aid its students receive, requiring students to use other sources of funding to pay tuition and other charges. Federal student loans generally carry low interest and valuable alternative repayment options that private loans do not. Another email, from the company's controller indicates that students "with additional Title IV eligibility" were "required to make 10% student payments through Concorde [institutional] loans."[1519] Concorde loans at the time carried an interest rate of 18 percent; the Controller pointed out that "these students would be paying a significantly lower interest rate" with Federal loans and requests that the campus presidents "go back and modify" the Concorde loan promissory notes for students in that situation. Two years earlier, another employee had raised the same issue.[1520] The company states that the practice was limited to a small number of campuses and that it was ended by November 2008.

Conclusion

Like most companies examined, Concorde tuition is more costly than tuition at public colleges offering the same programs. Moreover, an audit by the Department of Education Inspector General also revealed that Concorde improperly retained approximately $500,000 in taxpayer dollars due to incomplete recordkeeping and errors in its "return to title IV" calculations. While Concorde's student withdrawal rates are significantly lower than average, the company's high student loan default rates suggest that students completing its programs may not be able to obtain employment or salaries that enable them to repay the debt they incur. Taken together, these issues cast serious doubt on whether Concorde students are receiving an education that affords them adequate value relative to cost, and call into question the $146 million investment American taxpayers made in the company in 2010

[1518] Concord Career Colleges Internal Email, May 15, 2008, *FW:Formula 4 --34CFR 690.63e* (CCC000106391, at CCC000106392).
[1519] Concord Career Colleges Internal Email, September 05, 2008, *RE: Concorde loans charging interest* (CCC000107536).
[1520] Concord Career Colleges Internal Email, December 13, 2006, *Conference Call Questions* (CCC000098707). See also Concord Career Colleges Internal Email, January 06, 2010, *COL Stipends* (CCC000105786).