Education America, Inc.

Introduction

Education America, Inc.(Remington) primarily offers career-focused Certificate and Associate degree programs primarily at campus locations. Unlike most companies examined, Remington has experienced relatively steady enrollment over the past 10 years and has recently seen its profit decline. Remington's moderate student withdrawal rates suggest students are persisting in the company's programs, however, the company's high rates of student loan default call into question whether Remington's students are receiving an education that affords them to the ability to repay the debt incurred.

Company Overview

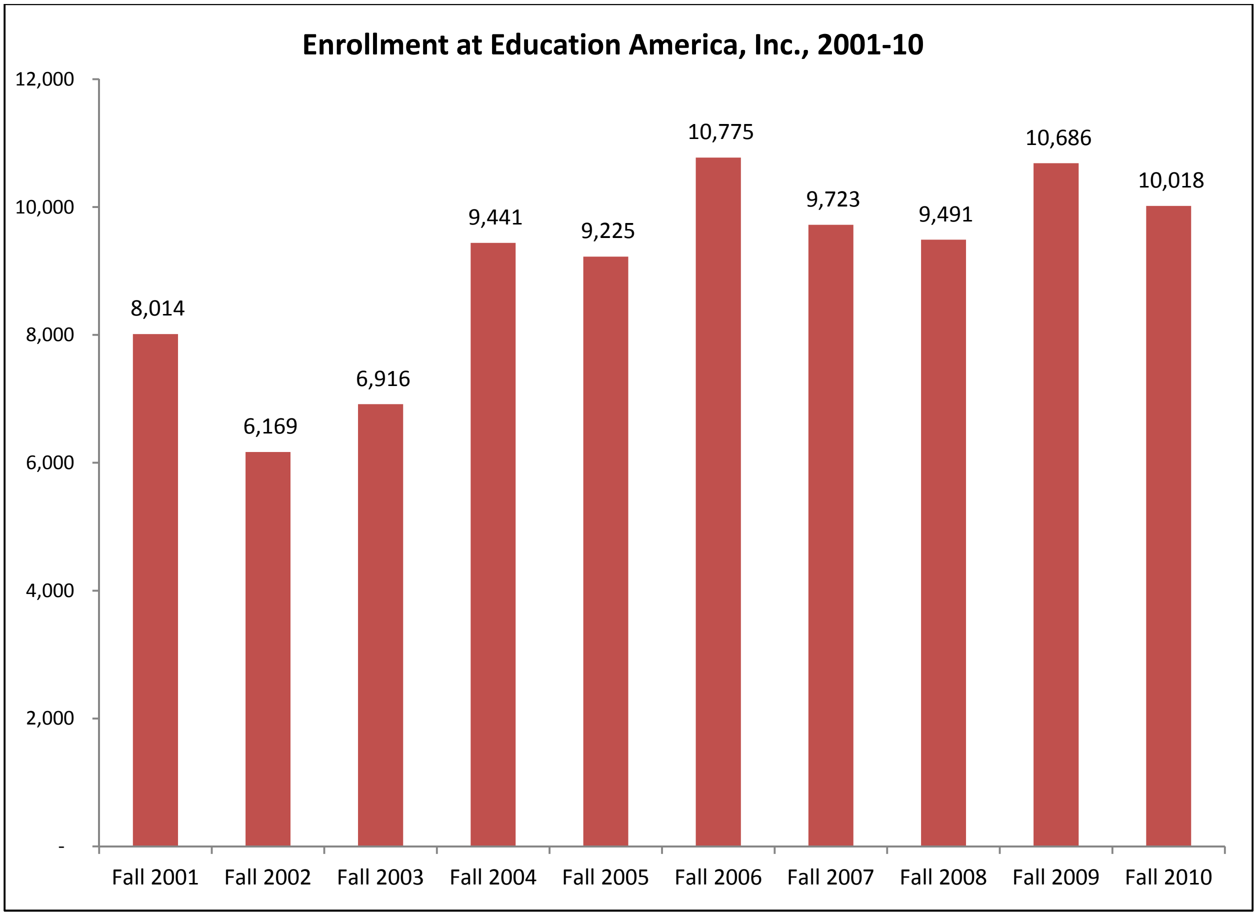
Education America, Inc. (Remington) is a non-profit education company currently headquartered in Heathrow, FL.[1755] The company was founded in 1985 by Jerry Barnett, and was originally headquartered in Little Rock, AK.[1756] The current president of Remington is Jack W. Forrest. Forrest became president in 2005, when majority shareholder and founder Jerry Barnett stepped down.[1757]

Remington operates 19 campuses in 10 States and a small online division.[1758] The company offers programs in the fields of business, graphic design/CADD, beauty and fitness, criminal justice, information technology, healthcare, nursing, culinary arts, electronics, HVAC and engineering technology. The majority of students are enrolled in Certificate programs. All campuses offer Certificate programs and Associate degrees, except for the Orlando campus which offers solely Bachelor's degrees in nursing. The Tampa and Honolulu campuses also offer Bachelor's degrees. The online division offers Associate and Bachelor's degrees, but not Certificate programs.

Remington campuses are nationally accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC), with the exception of the Colorado Springs campus, which is accredited by the Accrediting Council for Independent Colleges and Schools (ACICS). ACICS's 2012 chair-elect currently serves as the executive vice president, general counsel, and chief compliance officer at Education Corporation of America.

Enrollment at Remington has remained fairly steady over the last decade, and 10,018 students were enrolled as of fall of 2010.[1759]

[1755] Education America, Inc. operates Remington College.
[1756] Business Wire, "Remington College Marks 25th Anniversary by Giving Back to its Campus Communities" January 6, 2010, http://www.businesswire.com/news/home/20100106006350/en (accessed June, 19, 2012).
[1757] Memphis Business Journal, "Remington College HQ Leaving Little Rock for Florida," http://www.bizjournals.com/memphis/stories/2005/06/20/daily13.html (accessed June 19, 2012).
[1758] Education America, Inc., Remington College: Find a Remington College Campus Near You, http://www.remingtoncollege.edu/campus-locations/ (accessed May 12, 2012).
[1759] 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.



Revenue at Remington has also remained relatively level, decreasing slightly from $138.8 million in 2006 to $136.4 million in 2010.[1760]

Conversion to Non-profit Status

In January 2011 Remington announced that it had made a "loan" to a non-profit entity, Remington Colleges, Inc., to purchase Remington and operate it as a non-profit. The new nonprofit entity is expected to pay back the sales price, which was not disclosed, over 15 years, from its excess cash flows.[1761]

Remington did not publicly disclose the terms of the transaction. It is unclear as to how the value of the school was determined. No publicly available information reveals whether appraisers were brought in, whether they received second opinions, and what process was used to determine the value of intangibles, such as reputation.

[1760] 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 drop in revenue and profit at some companies.
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.

[1761] Goldie Blumenstyk, January 20, 2011, "Another College Take the Path From For-Profit to Nonprofit," *The Chronicle of Higher Education*, http://www.intered.com/storage/deptofed/CHE_AnotherCollegeGoesNonProfit.pdf (accessed June 20, 2012).

All the managers and executives (including President and CEO Jack Forrest) will continue to work for the college, and founder Jerry Barnett will serve as a consultant to the college and has been appointed to serve on its new five member board.[1762] Meanwhile, as recently as January 2011 (after the change in status), Jack W. Forrest, president and CEO of Remington, was still referring to revenue in excess of operating expenses as "profits." [1763]

By "selling" themselves to a nonprofit institution of higher education, Remington is free from not only the obligation to pay taxes, but from regulatory requirements that pertain only to for-profit colleges, including the 90/10 rule which requires for-profit institutions derive at least 10 percent of their revenue from non-title IV funds.[1764] Institutions that violate 90/10 for 2 consecutive years lose their Federal aid eligibility for at least 2 years.

According to data provided by the Department of Education, Remington reported a 2010 90/10 ratio of 83.9 percent.[1765] Not included in this percentage, however, is revenue the company was allowed to temporarily discount pursuant to the Ensuring Continued Access to Student Loans Act (ECASLA).[1766] Based on information the company provided, the committee estimates that Remington discounted up to 6.2 percent of revenue, or $10.5 million, pursuant to ECASLA. With these funds included, Remington's 2010 90/10 ratio was an estimated 90.1 percent, and as such, upon the expiration of this exception, the company faced the risk of violating the 90/10 rule. This concern likely served as the prime impetus for conversion to nonprofit status. Remington president and CEO Jack W. Forrest admitted that one of the reasons for changing Remington's status was in order to avoid the 90 percent limit on Federal funding.[1767] Conversion to nonprofit status to avoid a regulation would seem to defeat the purpose of the nonprofit tax status, which is to provide an educational and charitable public service that justifies exemption from Federal taxes.

As a non-profit, Remington is also eligible for much higher levels of State based grant aid. In Florida for example, students are eligible for up to $2,425 at non-profit schools compared to $945 at for-profit schools.[1768]

Federal Revenue

Nearly all for-profit education companies derive the majority of their revenue from Federal financial aid programs. Between 2001 and 2010, the share of title IV Federal financial aid funds

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[1762] Id.
[1763] Id.
[1764] Id. The U.S. Department of Education has advised Remington that it may require the college to continue to adhere to the 90/10 rule for a few years as a condition of the conversion.
[1765] 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.
[1766] Pursuant to the Ensuring Continued Access to Student Loan Act (ECASLA), for-profit education companies were allowed to exclude $2,000 in increased Stafford loan eligibility for each student during fiscal years 2009 and 2010.
[1767] Goldie Blumenstyk, January 20, 2011, "Another College Take the Path From For-Profit to Nonprofit," *The Chronicle of Higher Education*, http://www.intered.com/storage/deptofed/CHE_AnotherCollegeGoesNonProfit.pdf (accessed June 20, 2012).
[1768] Florida Department of Education, July 1, 2010, HB5001 Conference Committee Report, http://www.fldoe.org/GR/Bill_Summary/2010/HB5001.pdf (accessed June 20, 2012); Florida House of Representative, HB 5001 Appropriations, http://www.myfloridahouse.gov/sections/Bills/billsdetail.aspx?BillId=44560 (accessed June 20, 2012).

flowing to for-profit colleges increased from 12.2 to 24.8 percent and from $5.4 to $32.2 billion.[1769] Together, the 30 companies the committee examined derived 79 percent of their revenue from title IV Federal financial aid programs in 2010, up from 69 percent in 2006. [1770]

In 2010, Remington reported 83.9 percent of revenue from title IV Federal financial aid programs. [1771] However, this amount does not include revenue received from the Departments of Defense and Veterans Affairs education programs or, as mentioned above, any revenue discounted pursuant to ECASLA. Department of Defense Tuition Assistance and post-9/11 GI bill funds accounted for approximately 2 percent of Remington's revenue, or $3.4 million.[1772] With funds from the Departments of Defense and Veterans Affairs included, 85.9 percent of Remington's total revenue was comprised of Federal education funds.[1773]

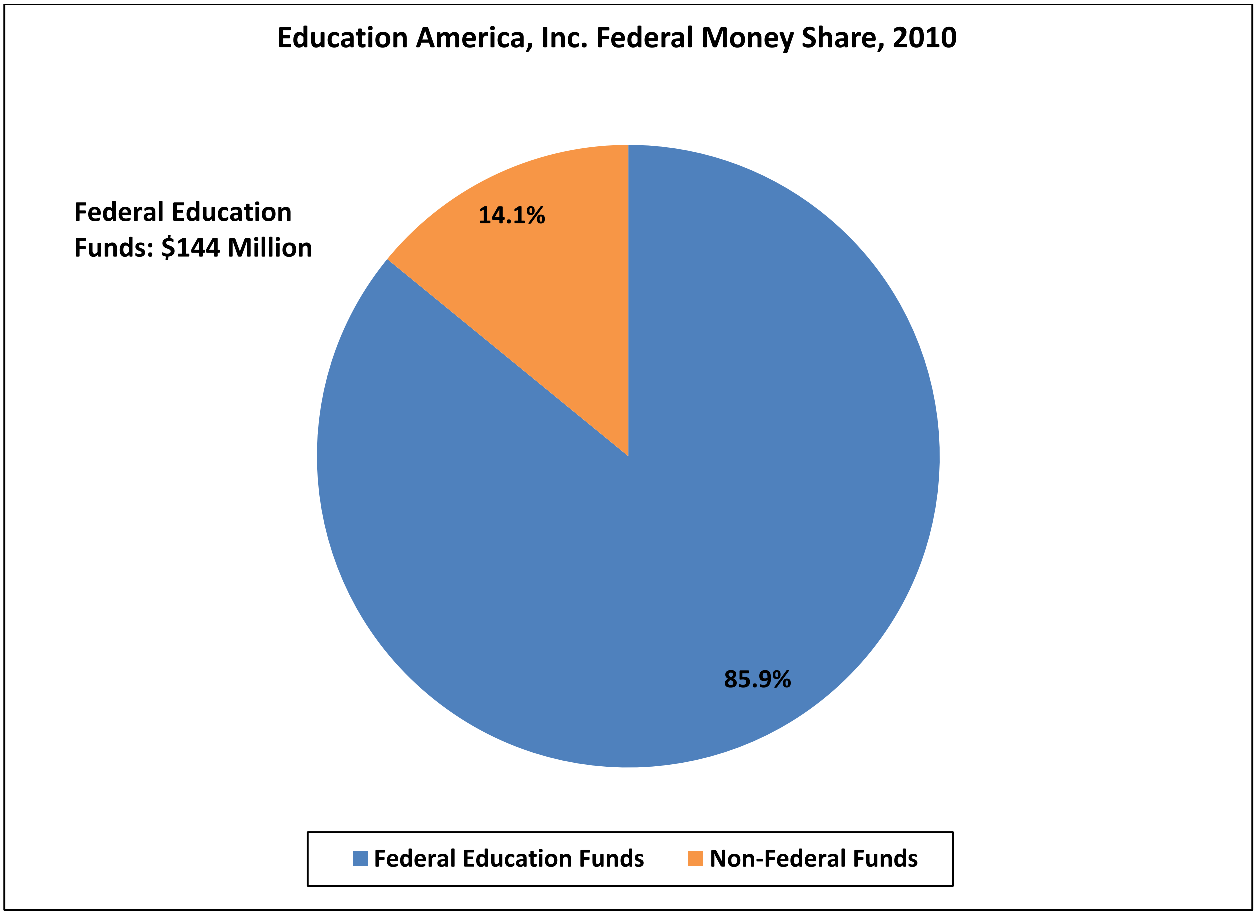
[1769] Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Program Volume Reports by School*, http://federalstudentaid.ed.gov/datacenter/programmatic.html, 2000-1 and 2009-10. Figures for 2000-1 calculated using data provided to the committee by the U.S. Department of Education. "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.

[1770] 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.

[1771] Id.

[1772] 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.

[1773] "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.

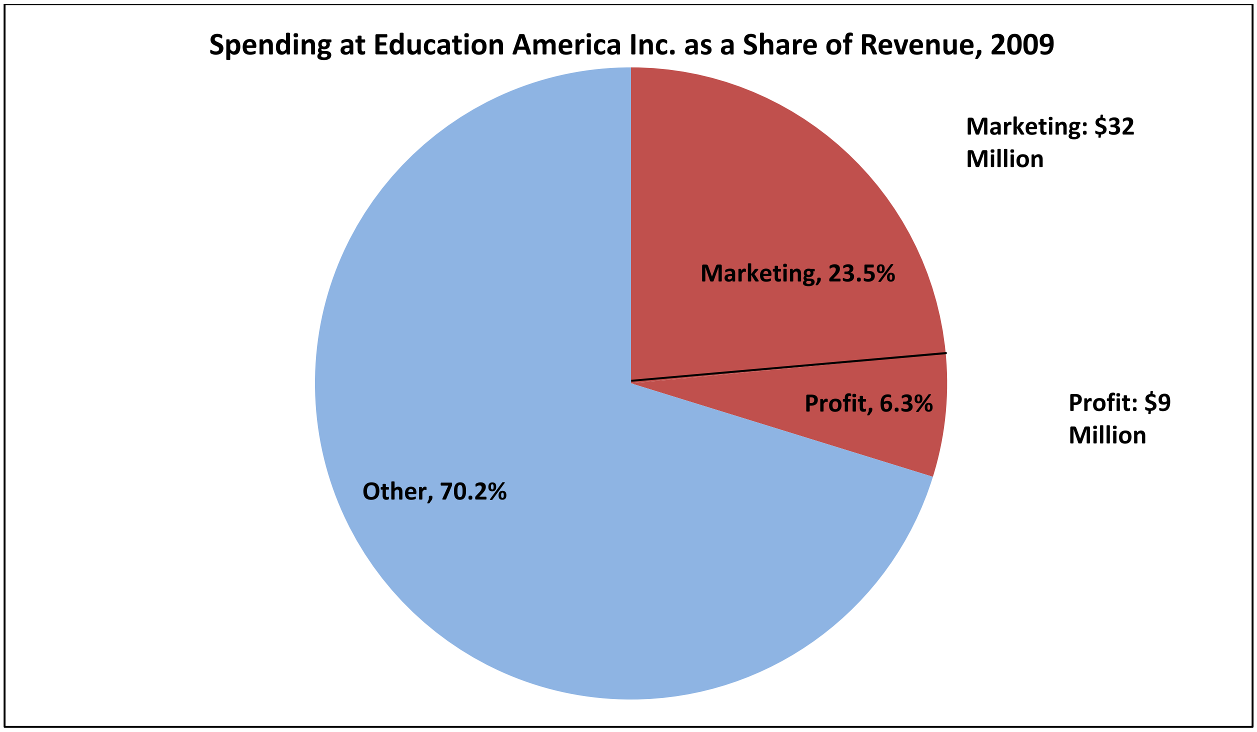


Spending

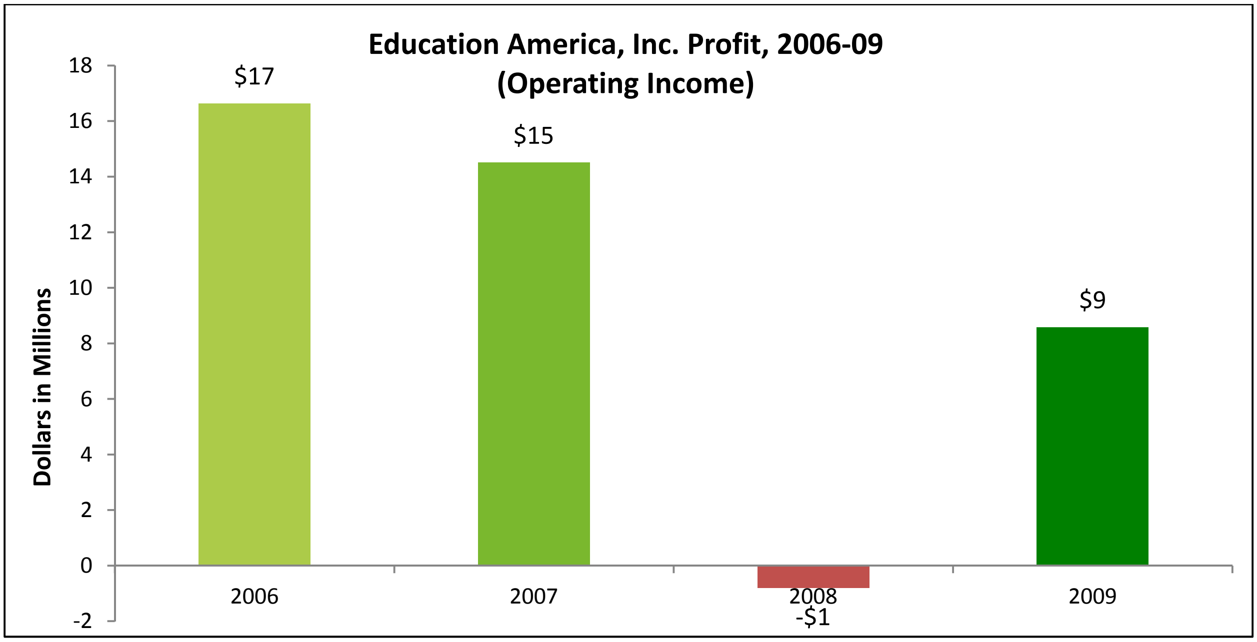
While the Federal student aid programs are intended to support educational opportunities for students, for-profit education companies direct much of the revenue derived from these programs to marketing and recruiting new students and to profit. On average, among the 15 publicly traded education companies, 86 percent of revenues came from Federal taxpayers in fiscal year 2009. 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).[1774] These 15 companies spent a total of $6.9 billion on marketing, recruiting and profit in fiscal year 2009.

In 2009, Remington allocated 23.5 percent of its revenue, $32 million, to marketing and recruiting and 6.3 percent, $8.6 million, to profit.[1775]

[1774] 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.
[1775] Id. "Other" category includes administration, instruction, executive compensation, faculty salary, student services, facilities, maintenance, and other expenditures.



The amount of profit Remington generated has declined since 2006. In 2006, Remington reported a profit of $16.6 million and by 2010 that profit decreased by nearly half to $8.6 million, dropping as low as an operating loss of $793,000 in 2008.[1776]



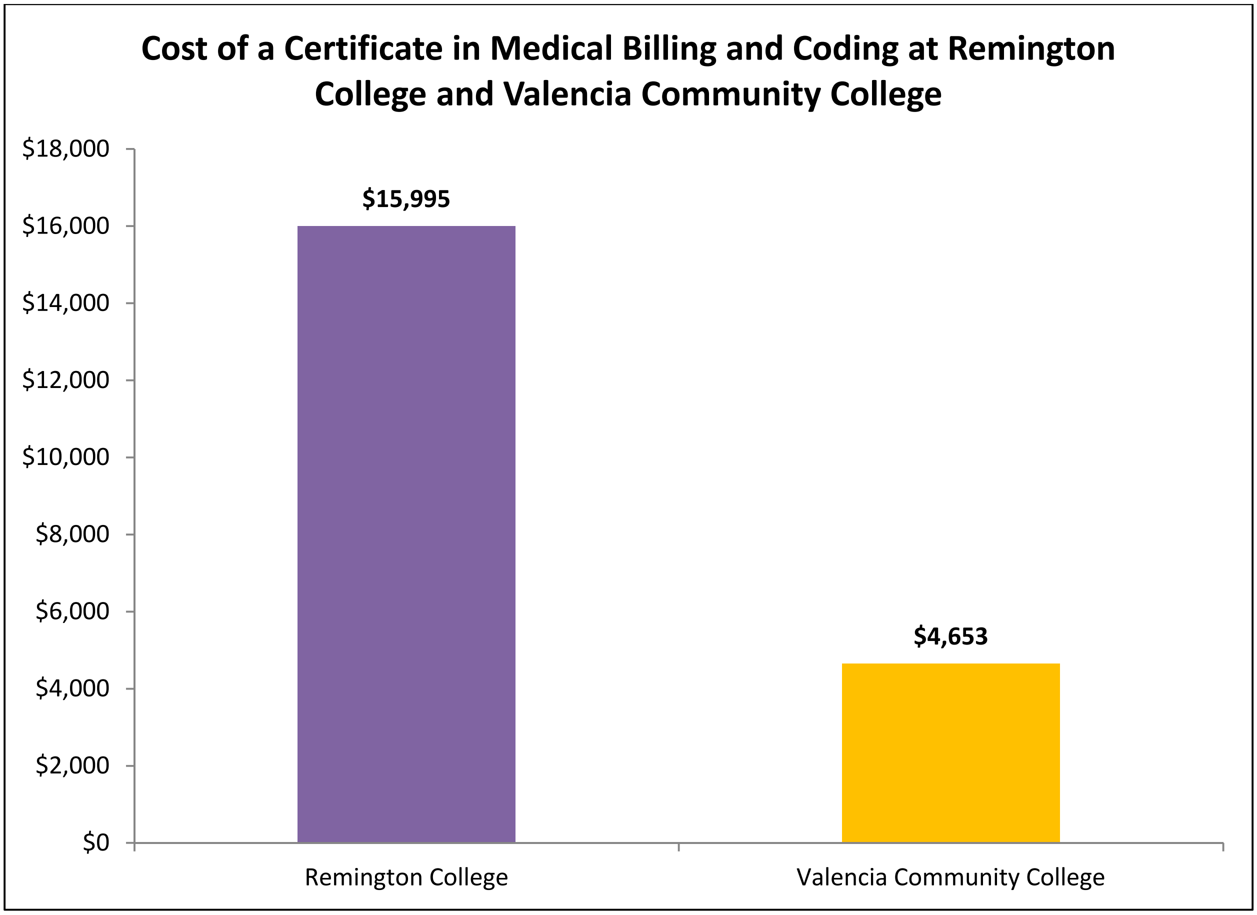
Executive Compensation

As a privately held company, Remington is not obligated to release executive compensation figures.

[1776] Senate HELP Committee staff analysis. See Appendix 18.

Tuition and Other Academic Charges

Compared to public colleges offering the same programs, the price of tuition is higher at Remington. A Certificate in medical assisting at Remington's Tampa campus costs $15,995.[1777] A similar degree at Valencia Community College costs $4,653.[1778]



Internal Remington communications indicate that company executives are concerned with the high cost of tuition. Specifically, they expressed concern that increasing tuition for incoming students will cause students to "decide to go elsewhere for their education," [1779] and that higher tuition "will make things harder on our students." [1780]

Student complaints express concern regarding the price of tuition at Remington. While student complaints may not be representative of the experience of the majority of students, they do provide an important window into practices that appear to be occurring. One student wrote about withdrawing from Remington after attending classes for only 3 weeks before. This student wrote:

> Iwent to this school to get a education what I feel I got was taken for alot of money, they are saying Iowe them over 3 thousand dollars for only 3 weeks of school . . . I was first

[1777] See Appendix 14; see also, Remington College, *Medical Assisting Certificate Program*, http://www.remingtoncollege.edu/ma-disclosures/ (accessed June 20, 2012).
[1778] See Appendix 14; see also, Erwin Technical Center, *Erwin Technical Center*, http://erwin.edu/CourseDetail.aspx?CourseId=75 (accessed June 20, 2012).
[1779] Education America Internal Email, June 17, 2010, *RE: HEA and the 90/10 rule* (11-000085),
[1780] Id., at 11-000020

> told it would be about 1,7500 when I got the bill, it was for 3,276.02. big difference [sic].[1781]

Part of Remington's strategy for dealing with 90/10 was to increase tuition.[1782] Other companies examined have similarly increased tuition in an effort to avoid violating this regulation. However, it is striking that these companies fail to consider, or consider and dismiss, the possibility of reducing tuition and attracting some students who are willing and able to make cash payments towards their education, thus meeting the policy goal of the regulation: to ensure that colleges and the programs they offer are of sufficient quality to draw some cash-paying students. In fact, one executive wrote, "even though prices continue to rise, from an affordability perspective, this is the best situation we have ever been able to offer our students." [1783]

The higher tuition that Remington charges is reflected in the amount of money that Remington collects for each veteran that it enrolls. From 2009 to 2011, Remington trained 574 veterans at a cost of $7.9 million ($13,807 per veteran). In contrast, on average it costs a public institution $4,874 per veteran trained.

Recruiting

Enrollment growth is critical to the business success of for-profit education companies. In order to meet revenue and profit expectations for-profit colleges recruit as many students as possible to sign up for their programs.

Student complaints illustrate that, in some cases at least, recruiters mislead or lied to prospective students in order to induce their enrollment. According to one former student, recruiters assured students that Remington credits would unquestionably be transferrable to a 4-year public university.[1784] Another student reports being rushed through the financial aid process, and as a result, he or she did not realize the full amount of their financial obligation. The student wrote:

> They . . . rush you through when you are filling out the paper work to begin school so you do not really know what all you are filling out. They wait until the end of your program to tell you they need more money or paperwork or you will not graduate.[1785]

A different student complained that he or she had been charged more than $6,000 for room and board and transportation, none of which Remington provides.[1786]

Yet students have little opportunity for recourse; Remington like many other for-profit education companies includes a binding arbitration clause in its standard enrollment agreement.[1787] This clause severely limits the ability of students to have their complaints heard in court, especially in cases in which students with similar complaints seek redress as a group.

[1781] Education American, Inc., Student Complaint Letter, (5-000132).
[1782] Education American Internal Memorandum, July 14, 2008, *Tuition Price Changes* (11-000018, at 11-000020); Education American Internal Email, June 17, 2008, *RE: HEA and the 90/10 rule* (11-000085); Education American Internal Memorandum, April 21, 2006, *Effective Dates for Upcoming Annual Tuition Increases* (11-000014, at 11-000015).
[1783] Id.
[1784] Education America Internal E-mail, December 17, 2009, *I need someone's help. Please.*(5-000332)
[1785] Education America, Inc., April 11, 2007, Student Complaint Letter (5-000102, at 5-000103).
[1786] Education America, Inc., August, 20, 2010, Complaint Activity Report (5-000312).
[1787] Education America, Inc., September 17, 2004, Program Application and Enrollment Agreement (29-000001).

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.[1788]

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 at Remington are not achieving their educational and career goals.

<u>Retention Rates</u>

Information provided to the committee by Remington indicates that of the 10,319 students who were enrolled at Remington in 2008-9, 39.6 percent, or 4,089 students, withdrew by mid-2010. These withdrawn students were enrolled a median of 3 ½ months.[1789] The withdrawal rates for all Remington's degrees are lower than average sector-wide withdrawal rates.[1790]

Status of Students Enrolled in Education America, Inc. in 2008-9, as of 2010						
Degree Level	Enrollment	Percent Completed	Percent Still Enrolled	Percent Withdrawn	Number Withdrawn	Median Days
Associate Degree	2,342	12.2%	31.7%	56.1%	1,314	152
Certificate	7,977	64.7%	0.5%	34.8%	2,775	87
All Students	10,319	52.8%	7.6%	39.6%	4,089	108

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.

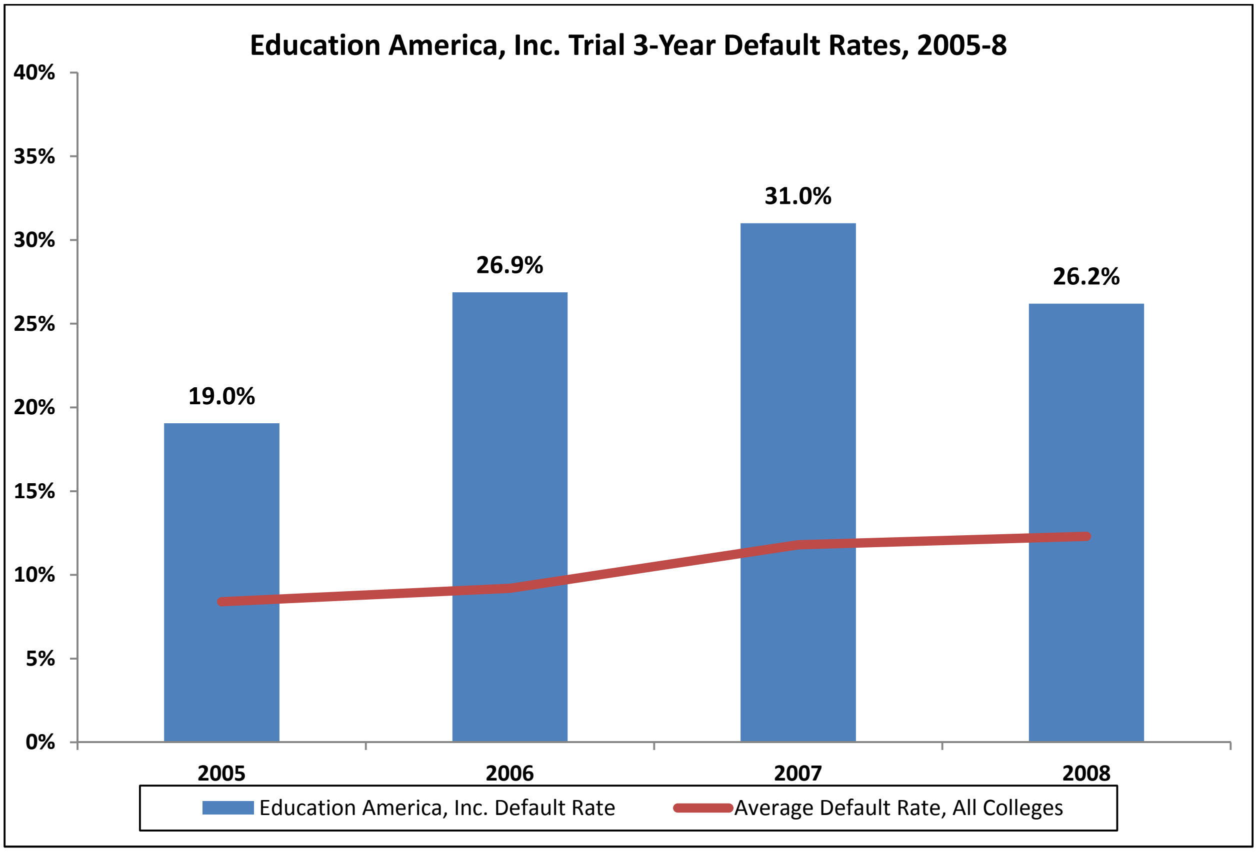
<u>Student Loan Defaults</u>

The low number of students leaving Remington with no degree does not correlate with the high rate of student loan defaults by students who attended Remington.

[1788] 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 18, 2012).
[1789] 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.
[1790] 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.

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.[1791] 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.[1792] In contrast, 1 student in 11 at public and nonprofit schools defaulted within the same period.[1793] On the whole, students who attended for-profit schools default at nearly three times the rate of students who attended other types of institutions. [1794] 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.

The default rate across all 30 companies examined increased each fiscal year between 2005 and 2008, from 17.1 percent to 22.6 percent.[1795] This change represents a 32.6 percent increase over 4 years.[1796] Remington's 3-year default rate has similarly increased, growing from 19 percent for students entering repayment in 2005 to 26.2 percent for students entering repayment in 2008. Remington's most recent default rate is nearly a fifth higher than the rate for all for-profit colleges and is more than double the average default rate for all schools.



[1791] Direct Loan Default Rates, 34 CFR § 668.183(c).
[1792] Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-8, http://federalstudentaid.ed.gov/datacenter/cohort.html (accessed July 12, 2012). Default rates calculated by cumulating number of students entered into repayment and default by sector.
[1793] Id.
[1794] Id.
[1795] Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-8, http://federalstudentaid.ed.gov/datacenter/cohort.html (accessed July 12, 2012). 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.
[1796] Id.

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. By looking at the instructional cost that all sectors of higher education report to the Department of Education, it is possible to compare spending on actual instruction.

Remington spent $2,922 per student on instruction in 2009, compared to $2,472 on marketing and $2,193 on profit.[1797] The amount that privately held companies examined by the committee spend on instruction ranges from $1,118 to $6,389 per student per year.[1798] In contrast, public and nonprofit 4-year colleges and universities, generally spend a higher amount per student on instruction while community colleges spend a comparable amount but charge far lower tuition than for-profit colleges. For comparison, on a per student basis, Valencia Community College spent $2,617.[1799]

A large portion of the faculty at many for-profit colleges is composed of part-time and adjunct faculty. While a large number of part-time and adjunct faculty is an important factor in a low-cost education delivery model, it also raises questions regarding the academic independence they are able to exercise to balance the colleges' business interests. Among the 30 schools investigated by the committee, 80 percent of the faculty is part-time.[1800] Likely reflecting its heavy emphasis on brick and mortar classes, Remington has a more even division between full-time and part-time faculty. In 2010, the company employed 547 full-time and 365 part-time faculty.[1801]

Academic quality concerns are reflected in the student complaints. One student writes about a professor: "While he is a nice gentleman, he has minimal knowledge of the subject and plans to do complete book study."[1802] Another student writes: "We had a teacher that did not teach us the course material and instead, would complete her own homework for her school at the back of the class while a test engine was put up on the projector for the class to go through."[1803]

Students report instructors who taught with expired materials, did not have adequate credentials, or could not communicate well in English.[1804] Others report that they were not adequately prepared by

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[1797] 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, 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.

[1798] Drake College of Business (low end) and Chancellor University (high end) have been excluded from this calculation due to unreliability regarding the data.

[1799] 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.

[1800] 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 24.

[1801] Id.

[1802] Education America, Inc., Student Complaint (5-000004).

[1803] Education America Internal E-mail, February 3, 2010, *Remington Complaint*, (5-000147).

[1804] Education American, Inc., May 18, 2007, *West Tempe Justice Court: Civil Complaint* (5-000343); Education America, Inc., June 19, 2008, *Better Business Bureau of West Florida: Complain Activity Report* (5-000168, at 5-0000169).

their instructors for the national licensing exam in their field of study.[1805] In some cases, classes were missing teachers for weeks out of a semester. As one student writes:

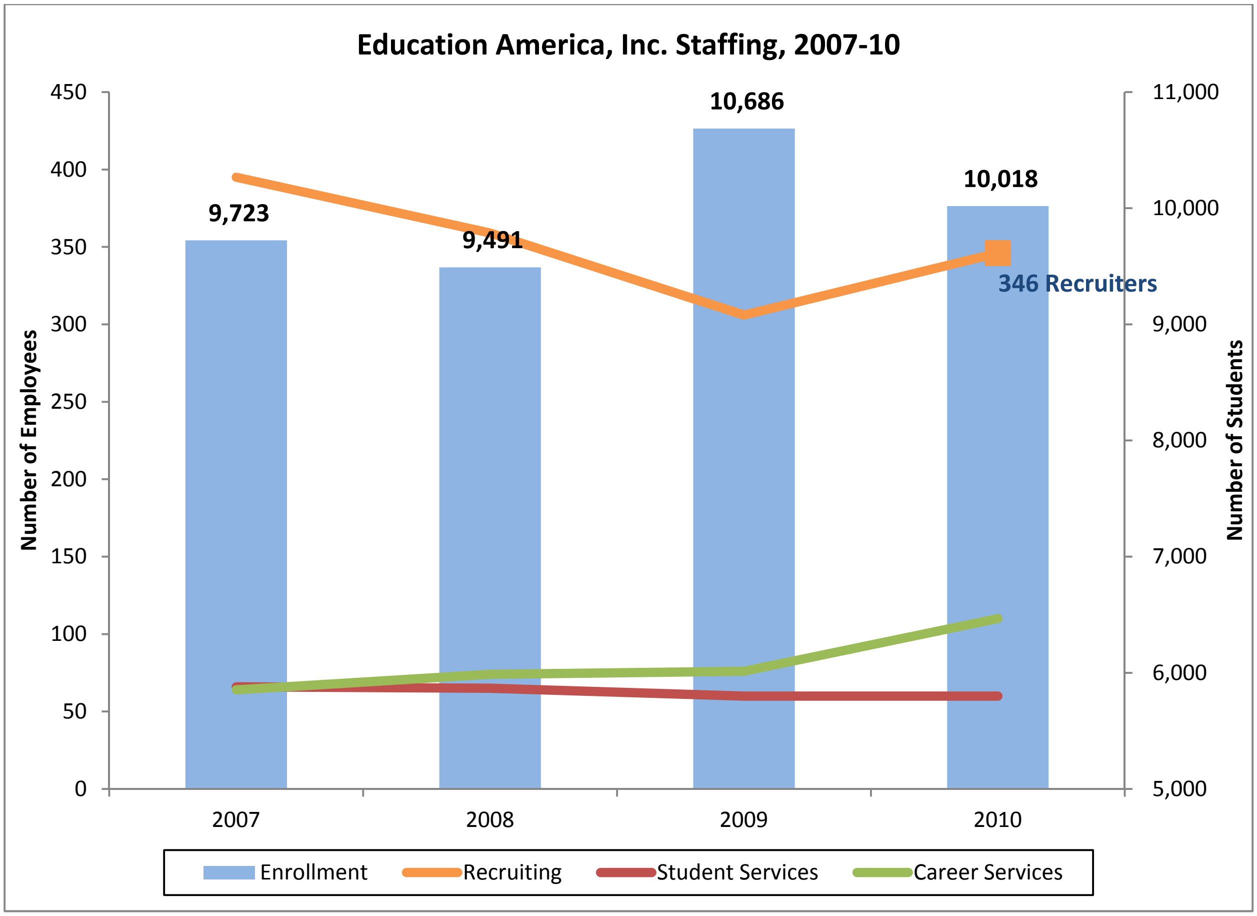
> The reason for this is because that class I attended at Remington College this past semester did not have a teacher for eight weeks. Instead, what we had was the Director of Education, … teaching the information that was not relevant to the curriculum and a substitute who taught bits and pieces of the book. This class was on Monday, Tuesdays, and Thursdays from 6:00 p.m. until 11:00 p.m. They would come at 6:00 p.m., sometimes 6:30 p.m. and would leave at 8:30 p.m. because either [they] would have to go home or the substitute would have to teach his class that started at that time.[1806]

Another student complained that the education he or she received was not worth the money he or she paid, and that he or she frequently felt disrespected by the staff. The student wrote:

> This school turned out to be a lazy, 'push em thru ' waste of money. The instructors were changing quarterly and nothing was ever in sync. Staff changed often also and it was hard to find help when needed. . . I believe this school needs to be looked at as long as it is getting Federal funds and being considered an accredited school. Whatever the student, we still deserve to be treated with dignity, not like street rats that feed their bank account.[1807]

[1805] Education America, Inc., May 18, 2007, *West Tempe Justice Court: Civil Complaint* (5-000343)
[1806] Education America Internal E-mail, November 19, 2009, *FW: Complaint against Remington College Tampa Campus* (5-000031).
[1807] Education America, Inc., Complaint Summary (5-000005, at 5-000006).

Staffing



While for-profit education companies employ large numbers of recruiters to enroll new students, the same companies frequently employ far less staff to provide tutoring, remedial services or career counseling and placement. In 2010, with 10,018 students, Remington employed 346 recruiters, 110 career services employees, and 60 student services employees.[1808] That means each career counselor was responsible for 91 students and each student services staffer was responsible for 167 students. Meanwhile, the company employed one recruiter for every 29 students.

Student complaints express dissatisfaction with the level of services available. One student reports that, due to understaffing and a lack of organization in the financial aid department, his or her financial aid paperwork was not processed on time and she was told she would have to pay out of pocket.[1809] That student wrote:

> Between February, 2009 and June, 2009, I was working with Remington to get all of my paperwork completed. The financial aid department told me they would contact me if they needed help with anything else. On June 2, 2009, financial aid contacted me and stated, 'If we do not get everything finished by tomorrow, then you will have to pay monthly for school.' I asked, 'Why is this just now getting taken care of?' In response,

[1808] 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.
[1809] Education America, Inc., July 9, 2009, Better Business Bureau of Southern Colorado: Complaint Activity Report (5-000058).

> ‘The girl that was working on your file is no longer here and corporate just now brought your file to attention.’[1810]

Several students complained that the career services office did not help them find leads or connect them with employers. These students noted that all the office does, when the office does anything, is send job postings the students had already found themselves.[1811] As one student writes:

> I didn't receive any "help" until after I had complained. I was finally contacted by [a career services counselor] and all she ever did was tweak my resume slightly and alert me to job postings I already had knowledge of and jobs that I had already applied to. Then, after promising to help me secure employment, she never stayed in contact with me.[1812]

Conclusion

Remington traditionally offered skill-based Certificate and Associate degree programs, prior to its conversion to a non-profit company in 2011. The committee is concerned about the apparent lack of controls in place to regulate these for-profit to non-profit conversions, particularly given that its purpose appears to have been, at least in part, to escape the regulatory requirements governing for-profit colleges. While Remington’s retention rates are higher than those at many companies examined, 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 outcomes cast serious doubt on whether Remington students are receiving an education that affords them adequate value relative to cost, and call into question the $144 million investment American taxpayers made in the company in 2010.

[1810] Id.
[1811] See, e.g., Education America Inc., Letter to Accrediting Commission (5-000021); Education America, Inc., April 23, 2010, Better Business Bureau of Southern Colorado: Complaint Activity Report (5-000013); Education America, Inc., July 9, 2009, Better Business Bureau of Ohio: Complaint Activity Report (5-000298); Education America, Inc., April 23, 2010, Letter from the Accrediting Commission (5-000107, at 5-000109),
[1812] Id.