US Education Dept
Negotiated Regulatory Rulemaking Panel
Public Comments
Thomas Corbett
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Thank you for the opportunity to speak to you today.

I have special insight into these issues because I served in the executive ranks of several large for-profit college chains, University of Phoenix, Kaplan University, and ITT Technical Institute. I would like to share my experience as a former Campus President of the now-defunct ITT Tech.

I feel compelled to speak out as an Air Force veteran who was deeply troubled by the conduct of my former employers as they deceived and defrauded so many thousands of veterans – to circumvent federal 90/10 requirements and gain access to veterans' lucrative GI Bill.

In the strongest terms, I want to make plain to this panel that there are education companies that do not have students' best interest at heart and do not seek to honorably educate students. This panel runs the risk of gravely underestimating the reality inside education companies and failing to realize that not all colleges put students first.

It is important for the Department to recognize the pressures inside a company to demonstrate to Wall Street that we are increasing enrollment growth while decreasing costs and increasing profit. The truth is that educating students is costly. And it is a cost that is the easiest to slash when a company wants to cut costs and increase profit.

The company I was part of was extremely profitable. For example, the US Senate Education Committee reported that my ITT Tech CEO, Kevin Modany, was the fifth highest paid of the 30 largest for-profit college companies. But our company's profitability was at odds with its service to students. According to US Education Department data, in 2014, ITT Tech took in almost $928 million in tuition and fees, but spent only 14% of it on instruction. The lack of spending on instruction showed in the quality of education offered.

Our company had a bifurcated culture. To the outside world, we presented an external appearance of concern for the students and compliance with federal requirements, but, inside the company, students were viewed as potential sales targets and our internal communications focused on "sales production" rather than student needs. The real guidance was that behind closed doors we were to "do anything and say anything" to convince students to enroll and sign the loan package, and our regional chief financial officers regularly expressed aloud, in meetings, their discomfort filing compliance reports and data to the Education Department that they knew to be false. Every employee - even at the highest levels - had recruitment and funding metrics they had to meet, set by HQ and closely monitored - with the threat of termination. Weekly emails to all campuses compared our recruitment numbers.

I share this so the panel can have a glimpse into the internal priorities and pressures inside a for-profit college company. The truth is that some colleges will bilk students and taxpayers if they have the chance. If colleges are not required to demonstrate they provide at least a minimum amount of learning or faculty-student interaction, or are allowed to operate without much oversight and to subcontract the education to unaccredited providers, then what protections are there for taxpayers and students?

Many of the rules the panel is considering abandoning or weakening were originally put in place to stop “bad actor” colleges that were bilking taxpayers and students by taking federal student aid without delivering much of an education, including credit hour, regular and substantive interaction, and the outsourcing of education.

Frankly, it is hard to believe this is even being considered in the wake of widespread evidence from state and federal law enforcement about rampant fraud against students by some "bad actors" in the industry. It is not so long ago that ITT Tech and Corinthian shuttered under law enforcement pressure. And just recently, 49 states - nearly every state in the nation – recovered $500 million from another for-profit college chain, Career Education Corporation, for defrauding students.

With all of the many school closures and failed oversight in recent years, the panel should be seeking to strengthen accreditation, not weaken it.

I know, from the inside, as a Campus President, that not all education providers are to be trusted to independently monitor themselves. The Department is opening a dangerous floodgate.