

Press Release

Coalition for Educational Success Responds to Announcement of Senate HELP Committee Hearing

Coalition urges HELP Committee to investigate controversies swirling around gainful employment rulemaking process

WASHINGTON, DC (January 31, 2011) – Today, the Coalition for Educational Success (<http://www.ed-success.org/>) called on Senator Tom Harkin to use the February 17 Senate HELP Committee hearing on career colleges to consider the substantial opposition to the Department of Education’s proposed gainful employment regulation, and investigate controversies swirling around the Department’s rulemaking process and a now-discredited Government Accountability Office (GAO) investigation of the career college sector.

“It is time to put theatrics aside and focus on substance. We urge Senator Harkin and the rest of the HELP Committee to examine the major controversies swirling around the Department’s proposed gainful employment regulation,” said Lincoln Frank, Co-Chairman of the Coalition for Educational Success. “This includes understanding what factors could have influenced the biased GAO report on career colleges, which has been used to justify the need for increased regulations, and a deeper examination of how short sellers who bet against the performance of the career college sector may have directed the gainful employment rulemaking process.”

Mr. Frank continued, “The vast majority of underlying information used for the Committee’s previous hearings has been discredited in recent weeks. The last thing the Committee should do is introduce new material into the public record now, without correcting the mistakes of the past.”

An error-riddled process that examined for-profit colleges began in earnest last year when, in August, the critical GAO report was first released. At the time, the GAO reported it found fraudulent or deceptive practices at all 15 for-profit colleges it chose to investigate. The GAO has never explained how or why it chose the schools to investigate.

Significantly, on November 30, 2010, the GAO released a heavily amended version of its report. The revised report revealed a series of mistakes in the initial analysis that substantially misrepresented the interactions between the GAO investigators and the 15 schools featured in the report, skewing the GAO’s findings to the detriment of career colleges. The Department, along with Senator Harkin and others have repeatedly continued to attack the sector, citing the GAO investigation report as primary evidence.

Earlier this month, Norton Norris, Inc., a leading marketing and consulting firm focused on the education sector, found that the GAO failed to properly conduct its investigation and analysis, directly leading to disingenuous and erroneous conclusions. As a result, the study was incorrectly critical of career colleges.

“This process has tarnished the reputation of many admirable institutions that are serving millions of Americans by providing access to quality higher education that they would otherwise not have. We hope this hearing is not an attempt to distract the public from the many unanswered questions raised about this faulty process. These issues deserve a full and fair discussion based on accurate and truthful information,” said Mr. Frank.

In addition, it is now publicly known that shorts-sellers met with high-ranking U.S. Department of Education officials in advance of Department’s release of its Notice of Proposed Rulemaking concerning the “gainful employment” proposal – rules that would negatively impact the for-profit education sector. Short-sellers who bet against the performance of this industry had a significant financial stake in such regulations that would harm the impacted schools. Furthermore, this adds to the cloud of inappropriate conduct and behavior surrounding the entire process of examining for-profit schools.

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The Coalition for Educational Success includes many of the nation’s leading career colleges, serving more than 350,000 students at 478 campuses in 41 states. Career colleges provide training for students in 17 of the 20 fastest growing fields. The Coalition advocates for policies that support wider access to higher education, particularly for non-traditional students including full-time workers, workforce returners, working parents, minorities and veterans.

