



For-Profit Schools

Recruiter's Experience at one For-Profit University Suggests Reform Efforts Will Face Hurdles



New federal measures to rein in certain recruitment practices are scheduled to take effect this summer, but it may be difficult for some schools to change their long-standing sales culture. Inset: Brian Mueller, CEO of Grand Canyon University, said the school would make changes to comply with new regulations on student recruitment.

*by Sharona Coutts
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When Ryan Richardson took a job as a recruiter at Grand Canyon University last summer, he was no novice to the business of for-profit colleges.

He had worked as an enrollment counselor at the University of Phoenix, the biggest school in the sector, for years before leaving to pursue his dream of playing professional baseball.

Richardson had heard that Grand Canyon was a good place to work: that it treated employees well and that—as a Christian university—it did not use the high-pressure sales tactics that had made him uncomfortable working at the University of Phoenix. But within days of starting at the school, Richardson said, he had a growing sense of disillusionment at the techniques the university was using to recruit students.

“I remember calling my Dad and telling him it was just like the University of Phoenix, except they’d implemented God into the mix,” Richardson said.

Richardson says he became so dismayed that he decided to record meetings, training sessions and conversations with Grand Canyon managers and other staff during the four months he stayed on the job, ending when he quit last October. The recordings, as well as other documents and internal e-mails that Richardson provided to ProPublica, give an unflattering inside view of how one team of recruiters at the school was seeking to bring in students.

For-profit schools’ recruitment methods have been the subject of intense scrutiny over the last year, as [government investigators](#) [1], [lawmakers](#) [2] and [regulators](#) [3] have taken aim at tactics deemed abusive or deceptive. Last week, Sen. Tom Harkin, D-Iowa, chairman of the Senate Committee on Health, Education, Labor and Pensions, decried for-profit schools’ “systemic effort to enroll students at any costs.”

New federal measures to rein in certain recruitment practices are scheduled to take effect this summer. Richardson’s experience suggests it may be difficult for some schools to change their long-standing sales culture.

With just over 42,000 students and a market capitalization of around \$800 million, Phoenix-based Grand Canyon is one of the smaller publicly traded for-profit schools, some of which have burgeoned into multi-billion dollar enterprises.

The University of Phoenix has around 438,000 students and net revenues of nearly \$4.5 billion last year, according to regulatory filings. Kaplan Higher Education, which is owned by the Washington Post Company, has over 100,000 students, and DeVry Inc., which owns DeVry University, had about 130,000, according to company spokespeople.

Grand Canyon has relatively low loan default rates, [according to recently released government data](#) [4] and was not named in a recent Government Accountability Office report that found fraudulent recruiting practices at 15 other for-profit colleges.

Richardson started at the school last June. He had just been released by the St. Paul Saints, a Minnesota team unaffiliated with Major League Baseball, after a quixotic attempt to revive his aspirations to be a catcher, at age 27.

He said he was drawn to Grand Canyon because he believed the company’s chief executive, Brian Mueller, operated an ethical for-profit college. Mueller took over Grand Canyon after more than two decades at the University of Phoenix and its parent company, the Apollo Group, including a stint as company president.

Almost immediately, however, Richardson said he was taken aback by the way his manager, Isabel Ford, a long-time Grand Canyon employee, prodded her 12-member team to call prospective recruits as many as four times a day and coached him to be more aggressive in signing up students.

“You have to ride the bull a little bit harder,” Ford can be heard telling Richardson in a recording he provided.

Richardson refused to pressure people into enrolling in the doctoral program, he said. Instead, he insisted on giving candidates all the information he thought they needed before signing up. He said he never tried to dissuade anyone from attending Grand Canyon, but they simply chose to go elsewhere or stopped answering his calls.

Grand Canyon confirmed that Richardson resigned without notice.

Ford sent e-mails instructing Richardson to make 100 calls and leave 100 messages per day. He also was given so-

called “blitz lists,” names and numbers to blast with multiple calls throughout a given day.

Some of the people he was directed to call repeatedly were not interested in signing up for Grand Canyon, Richardson said. In a recording he provided to ProPublica, a woman pleaded with him to stop calling, saying the school had the wrong number and that she had been receiving calls from multiple recruiters each day.

Among the training materials provided to Richardson was a document titled “Creating Urgency-Guidelines,” with topic headings that included, “Set the Pace,” “Focus on the Finish,” and “Don’t Stop at No.” Ford listened in on Richardson’s recruitment calls, instructing him on how he could capitalize on prospective students’ emotional cues to persuade them to sign up.

“I would have said, ‘What is it that you were hoping to get out of a doctoral degree?’” Ford said, reviewing Richardson’s pitch to a woman on the school’s doctoral program in education. “Right then, you would have known the vanity thing, because that came out. She just wants ‘doctor.’”

In his speech on Monday, Harkin criticized for-profit schools for manipulating potential applicants’ emotions in order to get them to sign up. He pointed to ITT Technical Institute, Kaplan University, and Corinthian Colleges, where documents or staff statements have shown that recruiters were taught to identify prospects’ “pain” as a lever to prompt them to enroll.

Ford still works at Grand Canyon, but she declined to comment when reached at work.

In an interview last month, Mueller called Ford’s conduct “inappropriate” and “disappointing” and said she had been “counseled.” He said the documents given to Richardson were not official company training materials.

Grand Canyon allowed ProPublica to review its training materials, which explained federal laws on telemarketing and gave detailed instructions on how to make recruitment calls. One sheet said that, following a recruiter’s call, “The potential student should walk away feeling educated and knowledgeable, ready to make the best decision for him/herself.”

But a lawsuit filed in 2007 asserts that Grand Canyon had relied on high-pressure recruiting tactics. The complaint describes a meeting of top executives, during which the director of ground enrollment said recruiters were participating in contests to boost the number of new students at the college of education. The suit also cites an e-mail from the director of business development and enrollment that says recruiters who signed up 25 new students would receive a \$25 gift card.

According to the complaint, the company took top-performing recruiters to an annual ski vacation in Lake Tahoe. The company settled the suit for \$5.2 million last August but did not admit liability.

Richardson said recruiters were not rewarded for signing up students, but they knew their jobs were on the line if they did not. He said they were also rewarded in more subtle ways that nevertheless encouraged them to pressure people to enroll.

For instance, a training document called “Retention Strategies” refers to bonuses that recruiters could earn when students they enrolled had completed a certain number of course credits.

“Remember that it is not just a Reg[istration], it’s an enrollment that pays off in the future if you take care of it,” the presentation says. “The more you invest, the more you will get in return.”

Richardson said he obtained the PowerPoint presentation from a computer drive that was accessible to all staff members.

Mueller would not give details on the amount of such bonuses, saying the information was proprietary, but admissions experts and regulators said incentives linked to signing up students could be corrosive.

“We believe this practice contains significant potential for abuse,” said James Kvaal, deputy undersecretary for Education.

Under the federal rules that take effect in July, such bonuses will no longer be permitted. Mueller said Grand Canyon would phase them out in order to comply.

The new regulations target misleading or overly aggressive recruiting practices [5] by restoring a ban on tying recruiters’ pay to the number of new students they enroll and strengthen the Department of Education’s ability to take action against deceptive marketing.

To discourage schools from pressuring people to sign up for courses in which they are unlikely to succeed, the regulations also link colleges’ eligibility to participate in federal student aid programs to the ability of their students to repay loans, Education Department spokesman Justin Hamilton said.

The draft of the rule elicited tens of thousands of public comments and was the focus of an intense public relations and lobbying drive by both supporters and opponents. The department delayed the full finalization of the rule but expects to publish the entire text early this year, Hamilton said.

A spokesman for the University of Phoenix said the school has already implemented changes to its enrollment procedures, including “completely eliminating enrollment results as a component of enrollment advisor compensation.”

Harkin has said he plans to introduce legislation aimed at abuses in the for-profit sector, and his committee is planning more hearings into proprietary schools.

Richardson, who now works at a data processing company, said he never enrolled a single student at Grand Canyon. He quit in late October, when he says he could no longer stomach the pressure to sign people up. Yet he doesn’t think he was a bad enrollment counselor.

“If I could have found someone who was genuinely going to benefit from the program, then I would have registered them,” he said.

Table: Default rates for publicly-traded and privately-held for-profit education companies

Source: Office of Sen. Tom Harkin (D-Ia.), Senate Committee on Health, Education, Labor and Pensions

Company Name	Current Enrollment	FY 2007 3-Year Cohort Default Rate	FY 2008 3-Year Cohort Default Rate
Alta College, Inc.*	15,479	25.3%	26.8%
American Career College	4,777	23.0%	24.0%
American Public Education, Inc.*	69,200	3.3%	11.5%
Anthem Education Group*	10,434	22.6%	24.2%
Apollo Group, Inc.*	438,100	17.8%	22.5%
Bridgepoint Education*	77,179	17.2%	21.5%

Capella Education Co.*	38,634	5.5%	7.5%
Career Education Corp.*	118,205	19.8%	24.4%
Chancellor University*	515	N/A	7.5%
Concorde Career Colleges, Inc.	8,873	24.4%	22.7%
Corinthian Colleges, Inc.*	105,498	29.1%	39.3%
DeVry, Inc.*	64,003	16.2%	20.1%
Drake Colleg of Business	543	17.8%	43.2%
ECPI Colleges, Inc.	12,849	N/A	25.4%
Education America, Inc.	10,658	31.0%	30.1%
Education Management Corp.*	158,300	14.7%	18.4%
Grand Canyon Education, Inc.*	42,300	2.9%	8.4%
Henley-Putnam University	Does not participate in Title IV programs		
Herzing Educational System	5,616	14.4%	16.4%
ITT Educational Services*	84,686	24.1%	29.3%
Kaplan Higher Education*	112,141	27.4%	30.2%
Keiser University	18,788	22.6%	22.2%
Laureate Education, Inc. (Walden University)*	40,714	3.0%	3.3%
Lincoln Educational Services Co.*	32,000	26.2%	30.8%
National American University*	9,643	15.7%	16.7%
Rasmussen, Inc.*	14,018	17.9%	13.1%
Strayer Education, Inc.*	57,300	13.0%	14.0%
TUI University*	8,046	N/A	4.7%
Universal Technical Institute, Inc.*	19,300	13.8%	14.5%
Vatterott Educational Centers, Inc.*	9,728	28.3%	30.6%

* Publicly traded or Wall Street investor owned companies.

1. <http://www.gao.gov/products/GAO-10-948T>

2. <http://help.senate.gov/hearings/hearing/?id=19454102-5056-9502-5d44-e2aa8233ba5a>

3. <http://www.ed.gov/news/press-releases/proposed-rule-links-federal-student-aid-loan-repayment-rates-and-debt-earnings>

4. #senatetable

5. <http://www.ed.gov/news/student-aid-rules-protect-borrowers-and-taxpayers>

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