



American Federation of Teachers, Local 212

Milwaukee Area Technical College
Affiliated with AFT, AFT-WI, AFL-CIO & MALC

MEDIA RELEASE

August 15, 2018

Contact: Dr. Lisa Conley
(414) 429-7883
Dr. Michael Rosen
(414) 467-8908

MATC INSTRUCTORS CONDEMN DEVOS DECISION

The American Federation of Teachers Local 212, the Milwaukee Area Technical College's faculty union, strongly condemns the Department of Education's decision to rescind the *Gainful Employment Rule*.

This rule was instituted to ensure that colleges taking advantage of government-funded student loan programs could demonstrate that the training they provided actually led to students finding employment that paid enough to cover student loans.

According to Dr. Lisa Conley, a Natural Sciences Instructor and President of AFT Local 212, "This action shows that the Trump administration is more concerned with diploma mill profits than with students' welfare."

Conley explained, "These institutions are colleges in name only. They are predatory businesses that manipulate students into taking out huge loans. For-profit executives make multimillion-dollar salaries, while students are left jobless, with huge debts, credits that do not transfer, and more deeply impoverished than when they enrolled. It is outrageous that the Trump administration has eliminated a rule designed to protect students and taxpayers and hold colleges accountable."

The *Gainful Employment Rule* was enacted after the United States Senate issued a scathing report on the for-profit sector and following six Senate hearings. The Senate report concluded that large numbers of students at for-profits fail to earn credentials, citing a 64 percent dropout rate in Associate Degree programs. It linked those high dropout rates to the small amount of money for-profits spend on instruction, noting that for-profits "...devote tremendous amounts of resources to non-education related spending..." with the sector spending more revenue on both marketing and profit-sharing than on instruction.

More than half (52%) of the students who attend for-profit colleges default on their loans. The amount of debt owed by those attending for-profit colleges grew from \$39 billion in 2000 to \$229 billion in 2014.

In 2013, retired MATC Economics Instructor and former Local 212 President, Dr. Michael Rosen, testified at a Department of Education hearing in Minneapolis on the fraudulent practices of for-profits schools. He presented the written testimony of twelve MATC students who had been victimized by these diploma mills.

Wendy Soderbeck's testimony was typical. She wrote: "Sanford Brown are con artists that rip off hard working people that want and worked their butts off to get a degree. I am a single mom of three children, had a full-time job, and a part-time job and still went to school. I applied for financial aid and was granted it. I still took out loans to get through school. I have been used. I am glad Sanford Brown is closing down. They should never

have been allowed to open. They lie and deceive students and then after they get their money push you out the door. They don't help students in any way. There was no support of any kind at that school. All Sanford Brown wanted from their students was our money.”

Carron Kilpatrick wrote, “Everything they (Everest College) promised was a lie. I could talk all day about how my decision to go to this career college ruined my life. But unfortunately, I don’t have enough time in my day because I am working two jobs as a housekeeper and personal aid and have two children to take care of. My intentions were to give my children a better future by bettering myself through education. Everest ripped that dream away from me and is the reason I am struggling today with a \$12,000 debt. All I want is to be cleared of the debt because I did not receive a proper or a full education to prepare me for work in a dental field.”

Conley noted,” The gainful employment rule was established after lengthy deliberation. It was working to weed out the for-profits like Everest and ITT Tech that were schools in name only. The Trump administration's decision to eliminate this successful accountability measure is not surprising since Donald Trump paid \$25 million to settle fraud claims against Trump University and his Secretary of Education, Betsy DeVos, has filled her department with former for-profit college executives who have clear conflicts of interest.”

“This decision is a license for unscrupulous businesses to prey on students and taxpayers and make huge profits by gaming the federal financial aid system”, Conley concluded.

<http://www.chicagotribune.com/business/ct-biz-for-profit-college-loan-default0-20171005-story.html>

<https://www.theatlantic.com/business/archive/2015/09/the-failure-of-for-profit-colleges/405301/>

<https://www.businessinsider.com/25-million-settlement-reached-in-fraud-lawsuit-against-trump-university-2018-4>

<https://www.republicreport.org/2018/senators-question-devos-aides-potential-conflicts-interest/>

<https://www.counterpunch.org/2018/05/25/what-conflicts-of-interest/>

https://www.washingtonpost.com/news/grade-point/wp/2018/04/04/betsy-devos-to-reconsider-the-fate-of-ousted-for-profit-college-accreditor/?utm_term=.b416cf2bb8ac