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For-profit colleges get harsh grades



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For-profit colleges get harsh grades by former students

Graduates complain of onerous debt, unmet promises about careers

By Megan Woolhouse | GLOBE STAFF OCTOBER 20, 2014



DAVID L. RYAN/GLOBE STAFF

Marie DelTufo said she has more than \$25,000 in student loans from private for-profit colleges, but no well-paying job to show for it.

The pitch made by for-profit colleges, a staple of daytime and late-night TV, often features successful alumni from the schools, from Pulitzer Prize-winning photographers to Hollywood animators. Yet the US Department of Education estimated that 72 percent of the for-profit programs at 7,000 schools produced graduates who on average earned less than high school dropouts.

Many of those students — veterans, single mothers, teenagers — end up in debt, often without degrees, jobs, or prospects.

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The practices of for-profit colleges have come under scrutiny in recent years, prompting federal and state investigations, lawsuits, and enforcement actions. The US Consumer Financial Protection Bureau last month sued Corinthian Colleges, alleging that the nation's largest for-profit chain engaged in predatory lending.

Corinthian officials said the lawsuit ignores evidence that thousands of its graduates are hired by employers every year and called problems cited by the agency “isolated incidents.”

Types of colleges

For-profit colleges don't measure up to traditional four-year institutions.

GRADUATION RATE

Freshmen entering school in 2006 who had graduated by 2012

Public schools	54.8%
Private nonprofit	64.6%
For-profit schools	33.6%

EMPLOYMENT

2008 graduates* who had a job in 2012

Public schools	83.6%
Private nonprofit	81.9%
For-profit schools	72.5%

*Excluding those pursuing advanced degrees

DEBT

Percent of students who used loans to help pay for college (2013)

Public schools	62%
Private nonprofit	70%
For-profit schools	90%

Average amount of debt (2007-08 school year)

Public schools	\$24,600
Private nonprofit	\$23,100
For-profit schools	\$26,100

SOURCE: National Center for Education Statistics

DAVID HULTZ/FRANCIS STAFF

In Massachusetts, Attorney General Martha Coakley is investigating about a dozen for-profit schools, suing several, and has issued regulations to govern the industry. But the Massachusetts Association of Private Career Schools challenged her in federal court, alleging that the regulations are “unnecessary and unwarranted” and that she overstepped her authority.

Industry advocates say for-profit schools help students who are squeezed out of oversubscribed community colleges and might not otherwise have opportunities for higher education. They argue that federal and state authorities impose a double standard— many students from nonprofit institutions also leave school burdened by onerous debts and without degrees and jobs.

Students at for-profit colleges graduate at about half the rate of students at public and nonprofit four-year colleges and universities, according to the

Education Department. The most recent data show that about 34 percent of students at for-profits earned bachelor's degrees after four years, compared to about 55 percent for public institutions and 65 percent for nonprofit schools.

Bachelor's degree programs cost about 20 percent more at for-profit schools than flagship public universities, a 2012 US Senate committee report found. Associate's degree and certificate programs at for-profits cost at least four times more than at community colleges, the report found.

Students at for-profit schools default on federal student loans at higher rates, according to the Education Department.

The department later this year will unveil new regulations aimed at preventing alleged abuses in the industry. The Association of Private Sector Colleges and Universities, the industry trade group, did not respond to repeated requests for comment.

For-profit colleges showcase their success stories. Here are stories of four students whose experiences illuminate the more controversial aspects of for-profit colleges' value. One of the four is deemed a success story by the college involved.

In debt for \$180,000, with a degree termed 'a joke'

Will Puntarich came to Boston to get a college degree. He left owing more than \$180,000 in loans for his four years at a for-profit college, with little hope of being able to repay them.

In the last two years, Puntarich, 27, has been sued by the lender and his credit has been destroyed, even as prospective employers told him that his degree had little or no value. With his prospects bleak, he moved back in with

his parents in the New York metropolitan area, where he works odd jobs and dodges bill collectors.

“There are times when I think, ‘I’m never getting out of this,’” he said. “It gets really bad. Sometimes I think I’d like to fall off the grid and never be found again.”

Puntarich enrolled in the New England Institute of Art in Brookline in 2008 with his girlfriend; the two rented an apartment off Commonwealth Avenue and felt like a “power couple,” he said. Neither had much money, funding their academic adventure with giant loans.



JENNIFER S. ALTMAN/BOSTON GLOBE

Will Puntarich, in a Rocky Point, N.Y. art gallery, graduated from New England Institute of art in Brookline in 2010.

A special-education student for most of his life, Puntarich desperately wanted to go to college and was happy to be accepted by the school. Admissions officers guided him through the process of signing private and government-subsidized loans.

In fact, he said, he saw the government loans as an endorsement. “You never think the government will back a school like that,” he said.

Puntarich graduated with a bachelor’s degree in advertising and design in 2010, but the best job he could find was working at the front desk of the school’s admissions office for \$8 an hour. When he applied for jobs in his field, employers told him his degree was “a joke.” He took it off his resume.

The New England Institute of Art in Brookline is a unit of the for-profit chain Education Management Corp. in Pittsburgh, which is under investigation in

Massachusetts and 10 other states for its practices. Education Management Corp. did not respond to requests for comment.

Puntarich and his girlfriend broke up long ago. He has been sued by the lender and had a judgment entered against him because he did not show up in court, unable to afford a lawyer.

Today, he earns a modest income doing odd jobs. He figures if he scrambles, he can get by.

"You have to hustle to survive," Puntarich said.

'They knew I was kind of desperate'

The first time Marie Deltufo tried to find a career, she graduated from beauty school but her work in a salon ended up paying so little, she decided to start over.

After seeing a TV ad for Career Education Institute in Brockton, she enrolled in a nine-month course to break into the medical field. Her experience, however, did not match the college's advertisements and brochures.

Deltufo racked up \$26,000 in debt, and now she finds herself back in school, this time at a community college.

"I've made sacrifices and tried to do the right thing," said Deltufo, 39, of Quincy. "But I really haven't gotten anywhere."

Career Education Institute in Brockton, part of the Lincoln Educational Services Corp. of West Orange, N.J., chain of



DAVID L. RYAN/GLOBE STAFF

"I've made sacrifices and tried to do the right thing," said Marie Deltufo, 39, of Quincy. "But I really haven't gotten

schools, recently changed its name to **anywhere.**
Lincoln Technical Institute.

The for-profit is being investigated by Attorney General Martha Coakley's office, the company disclosed in recent financial filings with the Securities and Exchange Commission.

Lincoln officials did not return phone calls requesting comment, but the company said in its filing that it intended to cooperate with Coakley's office.

Deltufo, a single mother, said her income never rose above \$300 a week during her decade working in the beauty business.

She enrolled in the Career Education Institute, hoping to earn a certificate in medical coding that would enable her to work in a medical billing department. But just weeks from completing the program in 2006, she learned she would be certified only as a medical administrative assistant, not a coding specialist, which required additional training.

"They knew I was kind of desperate to have a better career," she said, "and they took advantage of it."

Deltufo tried to find a job as a medical administrative assistant but was unsuccessful. She took a customer service job paying about \$300 a week because, she said, she needed "something — anything" to pay the bills.

"I was in a really tough place financially," she said.

Unable to keep up with loan payments, rent, and other bills, she contacted Crittenton Women's Union, a nonprofit in Brighton that helps women out of poverty. A lawyer at Crittenton helped Deltufo get her loans into an income-based repayment program.

Deltufo's loans are now deferred because she is enrolled at Bunker Hill Community College, with the goal of entering its medical imaging pro two-year certificate program to operate MRI and other equipment at hospitals.

She still owes about \$16,000 in Career Education Institute loans. With monthly payments of \$280, she says it will take her another 11 years to pay off the loans.

Her community college courses cost a fraction of that amount, and she pays her tuition working part time as a nanny and occasionally in a salon. She is looking for another part-time job on weekends. This time, she hopes the effort pays off.

"It's very difficult," Deltufo said. "I'm just going to take it one step at a time."

Hollywood dreaming, but a job at Kinko's

Michael DiGiacomo thought college was the answer.

After three years in the Army and five years in the Army National Guard, the Randolph native earned his associate's degree in graphic design and then sought a bachelor's in animation at the for-profit New England Institute of Art. He dreamed of working for a video game company, but school admissions staff said the degree would take him further, to Hollywood studios such as Pixar or Warner Brothers.

But a year after he enrolled at New England Institute of Art in 2006, he was tens of thousands of dollars in debt, still without an animation degree, and working at the counter of a FedEx Kinko's copy center, for \$15 an hour.

The New England Institute of Art in Brookline is a unit of the for-profit chain

Education Management Corp. of Pittsburgh, which is under investigation in Massachusetts and 10 other states for its practices. Education Management Corp. did not respond to requests for comment.

With the G.I. bill covering some of his living costs, DiGiacomo enrolled at the school full time, taking out federal and private loans to cover the tuition. School officials would pull him out of class and tell him that if he did not sign paperwork for more loans, he could not return to class, DiGiacomo said.

He always signed, often without knowing what it was.

By 2006, DiGiacomo owed \$80,000 in loans, including what he borrowed for his associate's degree. Institute officials told him he had reached the limit of his credit and needed a cosigner to take more loans to finish the program, he said.

Unable to find one, he dropped out and went to work at FedEx Kinko's, taking home about \$1,500 a month.

DiGiacomo's student loan bills began rolling in, totaling about \$800 month. He quickly fell behind, and debt collectors followed. About \$130 was garnished from his biweekly paycheck. His credit was in tatters.

While dating his future wife, Ronda, DiGiacomo worried she would never marry him because of his financial problems. "I felt that she was going to



MICHELE MCDONALD FOR THE GLOBE

Mike DiGiacomo (with his daughter Mikayla) owes nearly \$100,000 in loans for his studies at New England Institute of Art. He has not been able to get a job related to his degree.

look at me differently,” he said.

They married in 2012, and shortly afterward, DiGiacomo was laid off by FedEx. Several months ago, he found a contract job doing installation work for a lighting company that pays \$18 an hour.

DiGiacomo owes nearly \$100,000 in student loans, including interest. He was able to defer his federal loans of about \$30,000 because he was unemployed, but soon must begin repayments. He has disputed private loans, writing to lenders that he did not know what he was agreeing to when he signed the loans.

DiGiacomo and his wife have a 2-year-old daughter.

“I would love to be able to start over; it’s one of those things I think about constantly,” he said. But “I have a family to provide for now, and no time to go back and start from scratch.”

For Lynn woman, grants turned out to be loans and job promises unrealistic

Brittney Patient was only 18, living in a homeless shelter for teens with her infant son. Her mother was in jail.



WRNDY MAEDA/GLOBE STAFF

Brittney Patient of Lynn attended a for-profit private school in Chelsea.

The Everest Institute seemed like a way out. After talking to an admissions counselor at the for-profit school's campus in Chelsea, she was convinced that training as a medical administrative assistant would land her a good-paying job while grants would cover most of the cost.

She signed the paperwork without reading it. "I felt like here's the answer to all my problems," said Patient, now 24, of Lynn.

But the grants turned out to be loans, and the \$22-an-hour job that she said school officials promised proved to be unrealistic. The best job she could find paid \$12 an hour.

Everest is part of Corinthian Colleges of Santa Ana, Calif., which the US Consumer Financial Protection Bureau has sued, alleging predatory lending. Attorney General Martha Coakley is investigating Everest, alleging deceptive enrollment practices.

Kent Jenkins, a spokesman for Corinthian, said the school disputes the claims made by both Coakley and the federal agency. He said there was a brief period when the chain offered student loans at "market rates," but more recently, Corinthian stopped lending directly to students.

He also disputed Patient's account, estimating that she borrowed just \$8,000 in federal loans toward the tuition of \$14,300. And he called her story a success. "She got the job skills the program was supposed to give her," he said.

Patient got her general equivalency degree after dropping out of high school.

It took her three years to finish the Everest program. She said she needed time off for various reasons, including having to work to help support her child. She also delayed her course work after having a second baby.

But she persevered and finished the program in 2011, believing a good-paying job as medical administrator was coming. Instead, she found herself filing medical records at about half the pay she said she had been told to expect.

Patient said Jenkins's estimate of her borrowing is wrong. She says she owed most of the \$15,000 cost of the program. It proved a heavy burden.

She managed to stay current with her loans for about a year after graduation, struggling to pay the \$109 a month, along with other bills. She tried to make ends meet by going to a local food pantry and signing up for food stamps.

But eventually she could no longer make loan payments. Collection letters and phone calls streamed in. She looked for a better-paying job and ended up working at a private medical practice for \$12.50 an hour.

She eventually called the lender and was able to put the more than \$11,000 she said she still owes on her loans into forbearance, deferring her payments for a year due to financial hardship. But her credit took a beating.

Patient recently started a job at an orthopedic practice office, and it comes with better pay. She makes \$17.50 an hour. "I'm still not making \$22 an hour," she said. "Not even close."

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