



State and Federal Agencies Continue to Scrutinize For-Profit Colleges

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Last fall, Franczek Radelet reported on the Department of Education's increased regulations of the for-profit higher education industry. Other state and federal agencies have now joined in scrutinizing the recruitment and financial aid practices of for-profit colleges.

Accordingly to various news sources, attorneys general from across the country have convened a multi-state investigation into potential civil violations of consumer protection laws by for-profit colleges. Illinois, Iowa, Florida, and Kentucky are among the states participating in the investigation. As part of their investigation, states are seeking information from various for-profit colleges regarding job placement claims made to prospective students and management of financial aid dollars. The primary goal of the investigation is supposedly to share information about violations of consumer protection statutes; however it is possible that participating states could require schools to adhere to certain industry-wide standards through a multi-state settlement.

The U.S. Department of Justice has also become more involved in litigation against for-profit colleges. It recently intervened in a pending federal court action in Pennsylvania that challenges the compensation practices for admissions counselors of for-profit colleges.

More Information

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