

FOR-PROFIT EDUCATION

The for-profit college industry has been hit hard the past few years and has been the subject of intense scrutiny. For-profit enrollment in 2017 dropped 10.1%, following a 9.3% decrease in 2016. As a result, many for-profit colleges are facing distress and skepticism. In addition, for-profit colleges have faced investigations over concerns around dropouts and student loan defaults. Federal rules and regulations combined with bad press has taken its toll on the for-profit education sector. With the new administration, for-profit colleges could make a comeback which makes the for-profit industry worth paying attention to in the years to come.



POLICY CHANGES

Industry groups are actively looking to the current administration to relieve the harsh standards embedded in the [Gainful Employment Regulation](#).

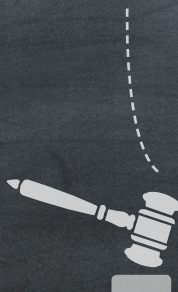
The Gainful Employment Regulation went into effect July 1, 2015, to strengthen institutional accountability requiring career training programs to demonstrate that students met a minimum debt-to-earnings ratio - or risk losing access to federal student aid.

over

800 programs

failed the accountability standards

98% were for-profit college programs



REGULATORS ARE WATCHING

Regulatory bodies like the DOE and CFPB, are keeping close tabs on the industry. The main source of their concern come from [federal data](#) that states for-profit colleges have a much higher average default rate than other types of schools.

for-profit schools enroll about

12 %

of the nation's college students but they account for

52% of all student loan defaults in the past 12 years



DEPENDENT ON FEDERAL MONEY

The federal law known as the [90/10 rule](#) bans for-profit schools from receiving funding if it draws more than 90% from federal student aid funds. Currently, veterans benefits aren't figured into those funds. However, new legislation is being introduced to change that.

in 2013

566 for-profit schools

receiving more than

\$1.4 billion in VA and Defense Department benefits money

It is a rare circumstance that a for-profit college opts for bankruptcy because in doing so permanently bans them from accepting federal student aid money. With the collapse of large for-profit schools such as Corinthian Colleges, Inc., and ITT Tech, many remaining for-profit schools have started to go private or have closed entirely in fear of bankruptcy. Schools have options when trying to resolve distress before opting for bankruptcy.

SOLUTION

Industries such as for-profit education that are undergoing rapid scrutiny from federal regulators, can benefit from unbiased third party financial advisory to ease and support the litigious process.



Resolute offers for-profit institutions the following responses to their economic realities:

- Distressed Asset Consulting
- Financial Management Consulting
- Financial Restructuring
- Liquidating Trustee
- Equity Receivership

Resolute's expertise has successfully provided sound guidance and execution in:

- Intermediary between lenders and borrowers
- Forensically assess operations and assets
- Working alongside government entities such as the Department of Education and U.S. Department of Justice
- Custodian to confidential records

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SOURCES

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2. Earningside News, Disruption in For-Profit Education, March 17, 2018, <https://news.earningside.com/5376-2/>

3. A Medium Corporation, Conversions of For-Profit to Nonprofit Colleges Deserve Regulators' Scrutiny, April 3, 2018, <https://medium.com/whatever-source-derived/conversions-of-for-profit-to-nonprofit-colleges-deserve-regulators-scrutiny-1b9174cf534d>