

Durbin: 'FTC charges of deception against DeVry University are the latest chapter in the shameful story of so many for-profit colleges

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Students from DeVry University are the ‘story behind the story’ cumulatively holding \$8.3 billion in student debt, but nearly half aren’t prepared to pay it back

WASHINGTON, D.C. – After learning that the Federal Trade Commission (FTC) filed suit against DeVry University, U.S. Senator Dick Durbin (D-IL) today said “it’s time to clean up the for-profit college industry and stand up for students and taxpaying families.” DeVry University is a for-profit college whose students cumulatively hold \$8.3 billion in student debt – the fourth highest debt volume of any higher education institution in America – and have a 2009 five-year cohort default rate of 43%.

[In its complaint](#), the FTC accuses DeVry University – owned by DeVry Education Group which, last year, received more than \$1 billion in taxpayer funding through federal student loans and grants – of knowingly misleading potential students. [The Department of Education also took steps](#) today to stop DeVry from misleading more students through certain false advertisements.

“The FTC’s charges of deception against DeVry University are the latest chapter in the shameful story of so many for-profit colleges,” said Durbin. “It is time to clean up for-profit colleges and stand up for the students and taxpaying families who are the real victims of their pathetic practices. I commend the FTC and the Obama Administration for working to hold DeVry and all of these for-profit universities accountable for their wrongdoing.”

Following the collapse of two for-profit college systems – Corinthian Colleges, which landed in bankruptcy after lying to the federal government, and Westwood College, which stopped all enrollments after notoriously deceiving students about their job placement prospects particularly in the Chicago area – the University of Phoenix was suspended by the Department of Defense for its misrepresentation to military families and veterans. Scores of other legal actions have been taken by states, including Illinois, for misleading and mistreating their students. Additional information on for-profit colleges that are under investigation can be found [HERE](#).

Students & Taxpayers: The “Story Behind the Story”

Noting a startling fact that, five years after graduation, nearly half of DeVry University students are unable to make payments on their student loans, Durbin said: **“There is a critical story behind the story for DeVry University’s deception. The real losers here are both the students who are overcharged for worthless diplomas and the taxpayers who subsidize the for-profit college industry – an industry made up of the most heavily subsidized ‘private sector’ companies in America.”**

Durbin added that: “At the same time, for-profit college administrators shamelessly reward themselves at the expense of unsuspecting students and hapless taxpayers. For comparison, the President of the University of Illinois is paid a base salary of \$600,000 per year, while Daniel Hamburger, the President of DeVry University was paid \$5.7 million in total compensation in 2014.”

Bipartisan Legislation to Close DeVry Education Group’s Foreign Medical School Loophole

Last year, Durbin lead the bipartisan, bicameral introduction of legislation that would save taxpayer dollars and protect students by closing a loophole that gives special treatment to a small number of medical schools in the Caribbean that, in 2012, took in more than \$450 million in U.S. Department of Education Title IV funding – two-thirds of all Title IV dollars that go to foreign medical schools. =

The [*Foreign Medical School Accountability Fairness Act*](#) would require all foreign medical schools to meet the same minimum requirements. This simple fix would apply the following two requirements to all medical schools outside of the U.S. and Canada: at least 60% of the enrollment must be non-U.S. citizens or permanent residents and students must have at least a 75% pass rate on the U.S. Medical Licensing Exam. The legislation is cosponsored by U.S. Senator Bill Cassidy (R-LA) and U.S. Representatives Elijah Cummings (D-MD) and Michael Burgess (R-TX).

A September 2013 investigative report in [*Bloomberg Markets*](#) highlighted two foreign medical schools owned by DeVry, Inc. – American University of the Caribbean School of Medicine (AUC) and Ross University School of Medicine – which admit hundreds of students, many of whom were rejected by U.S. medical colleges. According to the report, students at medical schools operating outside of the United States and Canada amass more student debt than those at medical schools in the United States. For example, graduates of the American University of the Caribbean have a median of \$309,000 in federal student debt versus \$180,000 for graduates of U.S. medical schools.

These foreign medical schools are also much less successful ensuring students’ progress all the way through the program. The average attrition rate at U.S. medical schools is 3% while rates at for-profit foreign medical schools can be up to 26% or higher. Even if students do finish at these schools, with much more debt, they often have difficulty finding a residency – mandatory for actually practicing medicine in the United States. In 2015, foreign-trained, American graduates had a residency match rate of 53% compared to 94% of graduates of U.S. medical schools. They are even less likely to land a residency position the second time around.