

Introduction

Like many for-profit education companies, ECPI Colleges, Inc. (“ECPI”) has experienced steady growth in student enrollment, Federal funds collected, and profit realized in recent years. The company is family-owned and has consistently served a predominantly military population since 1966. The company’s performance measured by student withdrawal rates at the brick and mortar campuses is better than many of the companies examined; however, withdrawal rates for its smaller online programs and high default rates are troubling.

Company Overview

ECPI is a privately held, for-profit education company based in Virginia Beach, VA. ECPI has 14 campuses in Virginia, North Carolina, and South Carolina, along with an online division and offers Certificate, Associate, Bachelor’s and Master’s degrees in technology, allied health, business, and culinary programs.¹⁷⁰³ The committee estimates that approximately 14 percent of ECPI students are enrolled online, and 58 percent are enrolled in an Associate degree program.

ECPI is regionally accredited by the Southern Association of Colleges and Schools. The company was founded in 1966 by Richard Dreyfus, and his son, Mark Dreyfus, is the current president.¹⁷⁰⁴

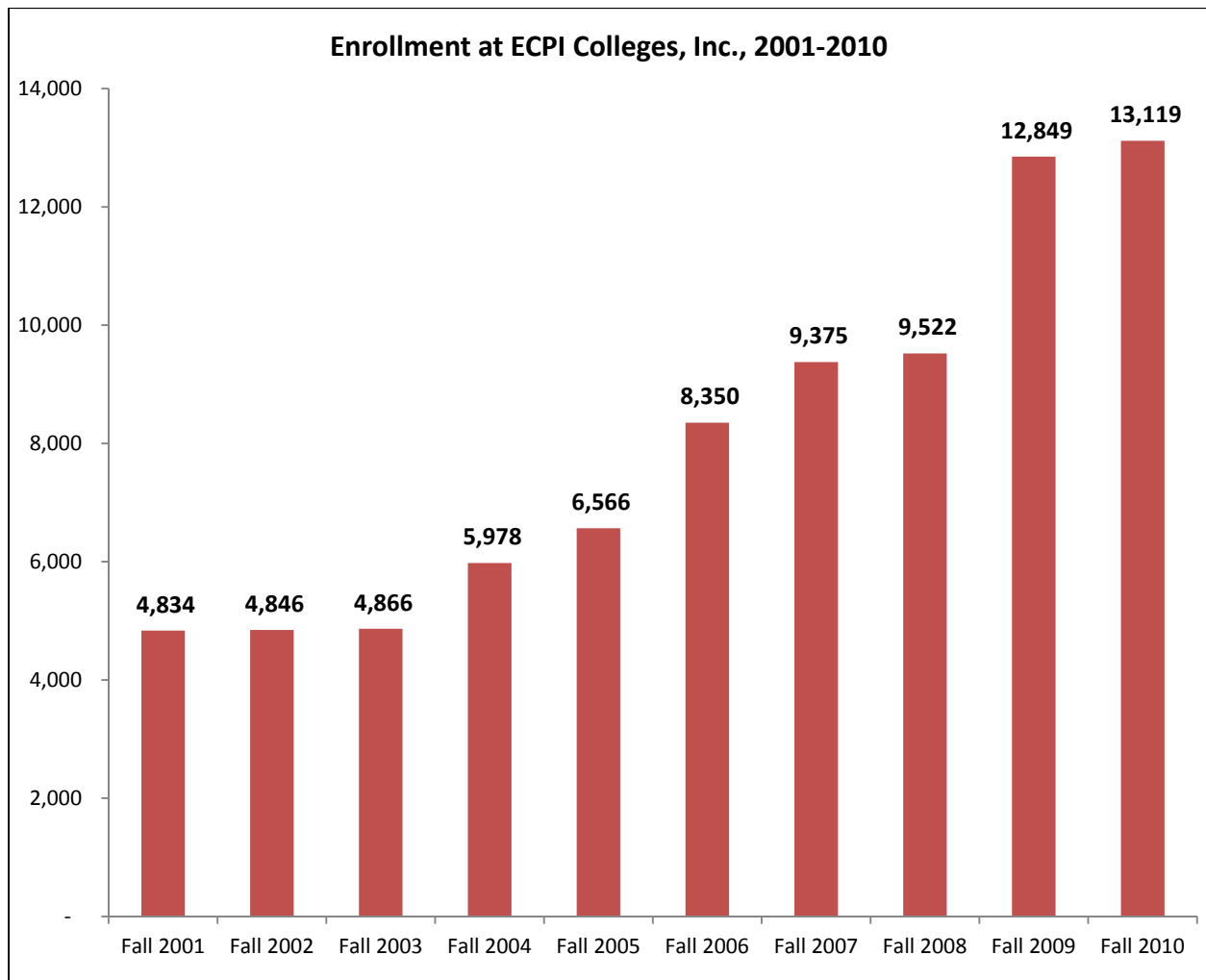
In the fall of 2010, ECPI enrolled 13,119 students, many of whom were veterans and servicemembers.¹⁷⁰⁵ The company has grown significantly over the last several years, more than tripling since the fall of 2003, when it enrolled just 4,866 students.¹⁷⁰⁶

¹⁷⁰³ ECPI University, March 5, 2012, *2012 Catalog: Volume 20 Issue 1*, http://www.ecpi.edu/assets/uploads/2012/03/ECPI_University_Catalog.pdf (accessed April 12, 2012).

¹⁷⁰⁴ Id.

¹⁷⁰⁵ Enrollment figures from IPEDS Fall enrollment. The most current enrollment data from the Department of Education measures enrollment in fall 2010. In 2011 and 2012, news accounts and SEC filings indicated that many for-profit education companies experienced a drop in new student enrollment. This has also led to a decrease in revenue and profit at some companies.

¹⁷⁰⁶ Id.



The growth in enrollment led to growth in revenue. Revenues at ECPI increased 176 percent between 2006 and 2009.¹⁷⁰⁷

Federal Revenue

Nearly all for-profit education companies derive the majority of revenue from Federal financial aid programs.¹⁷⁰⁸ Between 2001 and 2010, the share of title IV Federal financial aid funds flowing to for-profit colleges increased from 12.2 to 24.8 percent and from \$5.4 to \$32.2 billion.¹⁷⁰⁹ Together, the

¹⁷⁰⁷ Revenue figures for publicly traded companies are from Securities and Exchange Commission annual 10-K filings. Revenue figures for privately held companies are taken from the company financial statements produced to the committee. See Appendix 18.

¹⁷⁰⁸ “Federal financial aid funds” as used in this report means funds made available through Title IV of the Higher Education Act, including subsidized and unsubsidized Stafford loans, Pell grants, PLUS loans and multiple other small loan and grant programs. See 20 U.S.C. §1070 et seq.

¹⁷⁰⁹ Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Program Volume Reports by School*, <http://federalstudentaid.ed.gov/datacenter/programmatic.html>, 2000-1 and 2009-10. Figures for 2000-1 calculated using data provided to the committee by the U.S. Department of Education.

30 companies the committee examined derived 79 percent of their revenue from title IV Federal financial aid programs in 2010, up from 69 percent in 2006.¹⁷¹⁰

In 2010, ECPI reported 74.5 percent of revenue from title IV Federal financial aid programs.¹⁷¹¹ However, this amount does not include revenue received from the Departments of Defense and Veterans Affairs education programs or revenue the company was allowed to temporarily discount pursuant to the Ensuring Continued Access to Student Loans Act (ECASLA).¹⁷¹² Department of Defense Tuition Assistance and post-9/11 GI bill funds accounted for approximately 7.7 percent of ECPI's revenue.¹⁷¹³ With the Departments of Defense and Veterans Affairs funds included, 82.2 percent of ECPI's total revenue was comprised of Federal education funds.¹⁷¹⁴ The committee estimates that ECPI also discounted as much as 5.1 percent of revenue, pursuant to ECASLA.

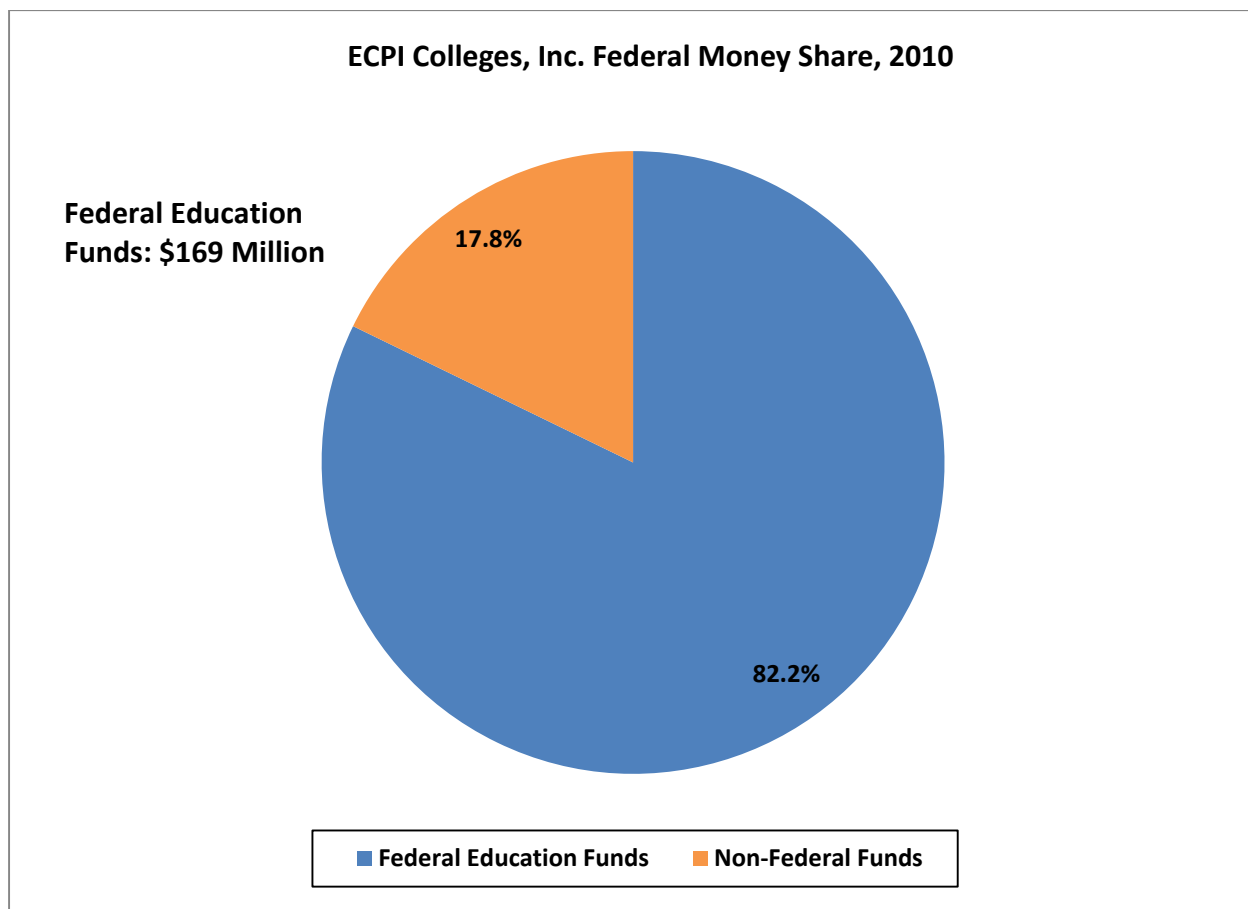
¹⁷¹⁰ Senate HELP Committee staff analysis of Proprietary School 90/10 numerator and denominator figures for each OPEID provided to the U.S. Department of Education pursuant to section 487(d)(4) of the Higher Education Act of 1965. Data for fiscal year 2006 provided to the committee by each company; data for fiscal year 2010 provided by the Department of Education on October 14, 2011. See Appendix 9.

¹⁷¹¹ *Id.*

¹⁷¹² Pursuant to the Ensuring Continued Access to Student Loan Act (ECASLA), for-profit education companies were allowed to exclude \$2,000 in increased Stafford loan eligibility for each student during fiscal years 2009 and 2010.

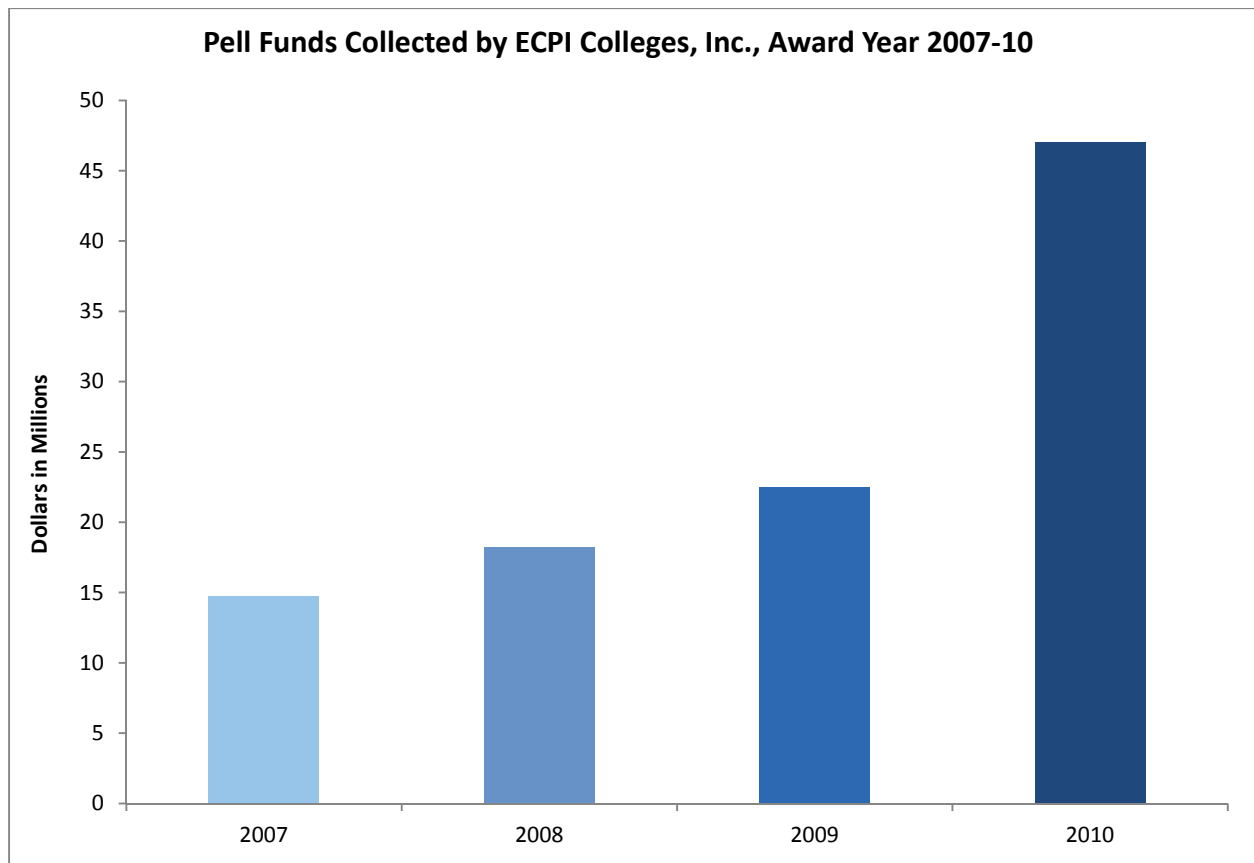
¹⁷¹³ Post-9/11 GI bill disbursements for August 1, 2009-July 31, 2010 provided to the committee from the Department of Veterans Affairs on November 5, 2010; post-9/11 GI bill disbursements for August 1, 2009-June 15, 2011 provided to the committee from the Senate Committee on Veterans' Affairs via the Department of Veterans Affairs on July 18, 2011; Department of Defense Tuition Assistance disbursements and MyCAA disbursements for fiscal years 2009-11 provided (by branch) by the Department of Defense on December 19, 2011. Committee staff calculated the average monthly amount of benefits collected from VA and DOD for each company, and estimated the amount of benefits received during the company's 2010 fiscal year. See Appendix 11 and 12.

¹⁷¹⁴ "Federal education funds" as used in this report means Federal financial aid funds combined with estimated Federal funds received from Department of Defense and Department of Veterans Affairs military education benefit programs.



The Pell grant program, the most substantial Federal program to assist economically disadvantaged students with college costs, is a significant source of revenue for for-profit colleges. Over the past 10 years, the amount of Pell grant funds collected by for-profit colleges as a whole increased from \$1.4 billion to \$8.8 billion; the share of total Pell disbursements that for-profit colleges collected increased from 14 to 25 percent.¹⁷¹⁵ Part of the reason for this increase is that Congress has repeatedly increased the amount of Pell grant dollars available to a student over the past 4 years, and, for the 2009-10 and 2010-11 academic years, allowed students attending year-round to receive two Pell awards in 1 year. Poor economic conditions have also played a role in increasing the number of Pell eligible students enrolling in for-profit colleges.

¹⁷¹⁵ Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Pell Grant Program Volume Reports by School*, 2001-2 and 2010-11, <http://federalstudentaid.ed.gov/datacenter/programmatic.html>.



ECPI more than tripled the amount of Pell grant funds it collected in just 3 years between 2007 and 2010.¹⁷¹⁶

Spending

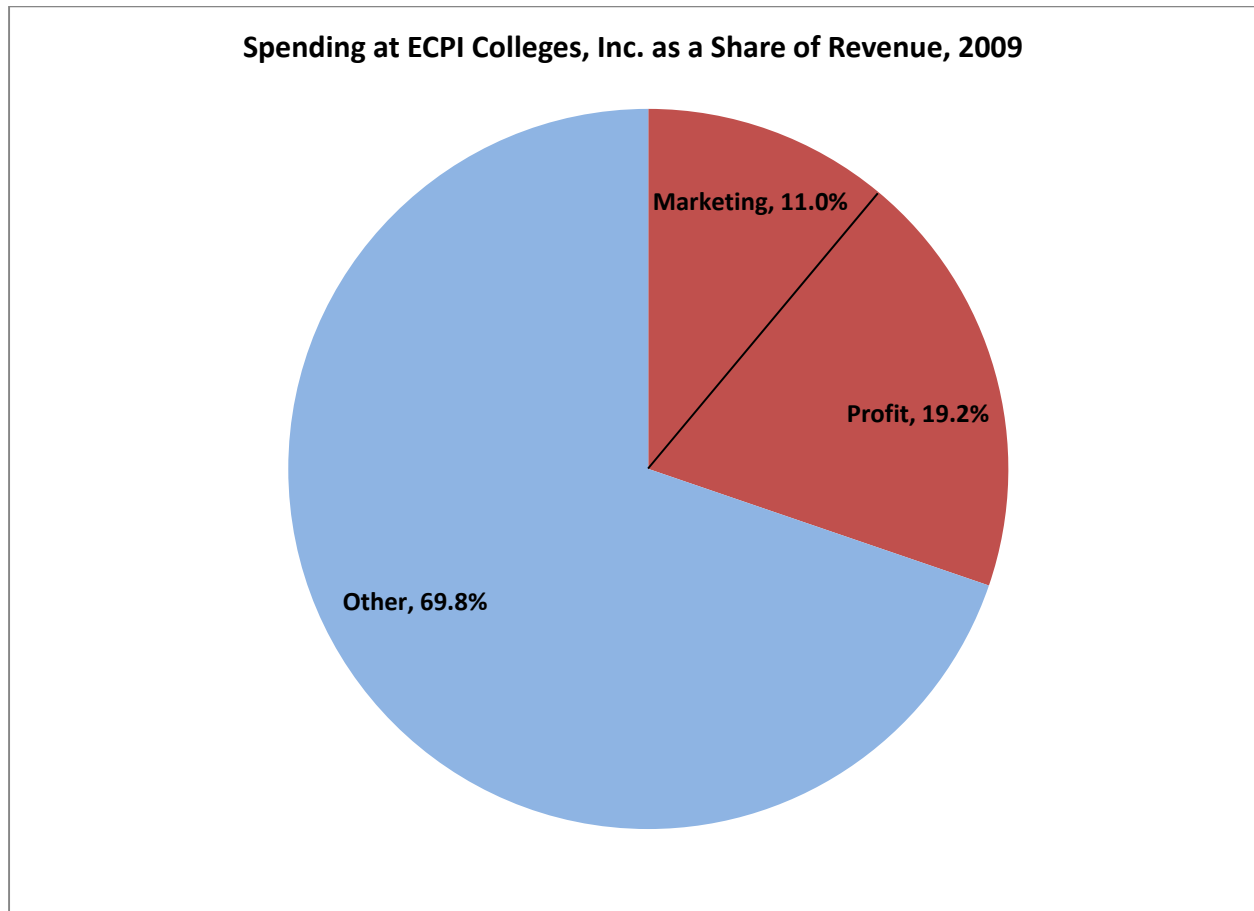
While Federal student aid programs are intended to provide educational opportunities for students, for-profit education companies direct much of the revenue derived from these programs to marketing and recruiting new students and to profit. On average, among the 15 publicly traded education companies, 86 percent of revenues came from Federal taxpayers in fiscal year 2009.¹⁷¹⁷ During the same period the companies allocated 23 percent of revenues to marketing and recruiting and 19.7 percent to profit.¹⁷¹⁸ These 15 companies spent a total of \$6.9 billion on marketing, recruiting and profit in fiscal year 2009.¹⁷¹⁹

¹⁷¹⁶ Pell disbursements are reported according to the Department of Education’s student aid “award year,” which runs from July 1 through June 30 each year. Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Pell Grant Program Volume Reports by School*, 2006-7 through 2009-10, <http://federalstudentaid.ed.gov/datacenter/programmatic.html>. See Appendix 13.

¹⁷¹⁷ Senate HELP Committee staff analysis of fiscal year 2009 Proprietary School 90/10 numerator and denominator figures plus all additional Federal revenues received in fiscal year 2009 provided to the committee by each company pursuant to the committee document request of August 5, 2010.

¹⁷¹⁸ Senate HELP Committee staff analysis of fiscal year 2009 financial statements and information provided to the committee by each company pursuant to the committee document request of August 5, 2010. Profit is based on operating

In 2009, privately held ECPI allocated 11 percent of its revenue to marketing and recruiting, and 19.2 percent to profit.¹⁷²⁰



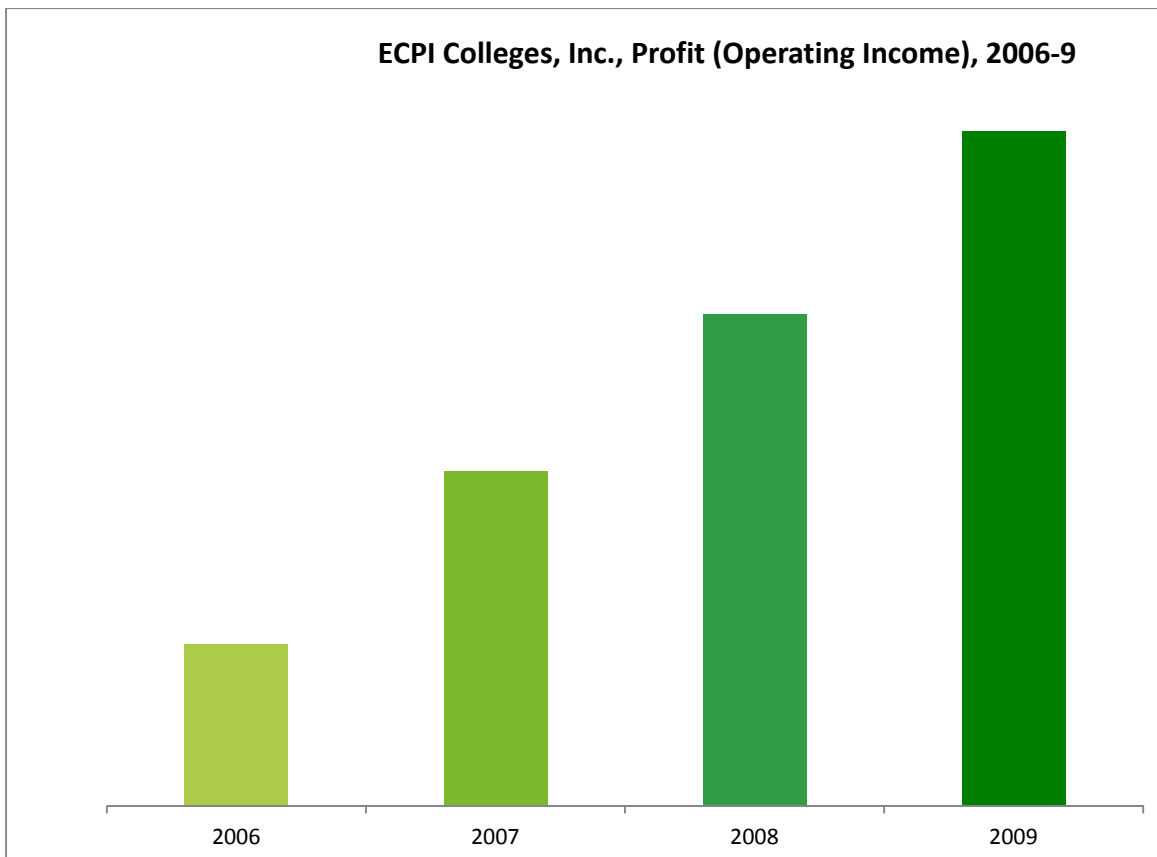
The amount of profit ECPI generated has also risen rapidly in recent years, quadrupling between 2006 and 2009.¹⁷²¹

income. Marketing and recruiting includes all spending on marketing, advertising, admissions and enrollment personnel as reported to the committee. See Appendix 19.

¹⁷¹⁹ Id.

¹⁷²⁰ Id. “Other” category includes administration, instruction, executive compensation, faculty salary, student services, facilities, maintenance, lobbying and other expenditures.

¹⁷²¹ Senate HELP Committee staff analysis. See Appendix 18.



Executive Compensation

As a privately held company, ECPI is not obligated to release executive compensation figures.

Tuition and Other Academic Charges

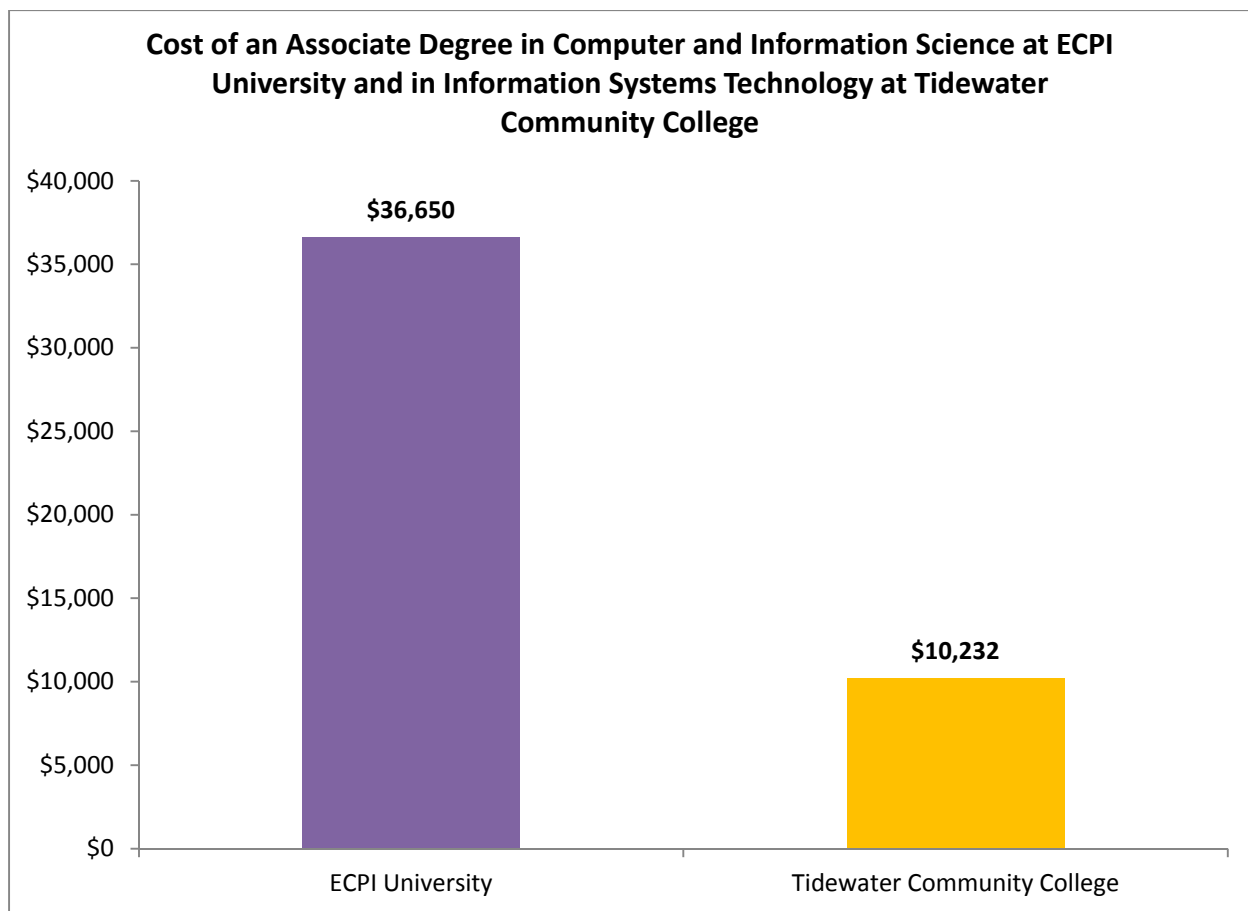
Compared to its public non-profit counterparts, it is more expensive to obtain a degree at ECPI. An Associate degree in Computer and Information Science at ECPI costs \$36,650,¹⁷²² compared to the cost of an Associate Degree in Information Systems Technology at Tidewater Community College in Virginia which costs \$10,232.¹⁷²³ ECPI charges \$58,550 for a Bachelor's degree in Business Administration.¹⁷²⁴ The same degree costs \$51,912 at the University of Virginia.¹⁷²⁵

¹⁷²² See Appendix 14; see also, EPCI University, *Network Security*, <http://www.ecpi.edu/technology/program/network-security-associate-degree/> (accessed July 12, 2012).

¹⁷²³ See Appendix 14; see also, Tidewater Community College, *Tuition & Fees for In-State*, http://www.tcc.edu/students/admissions/tuition/tuition_is.htm (accessed June 19, 2012); Tidewater Community College, *Tidewater Community College*, <http://www.tcc.edu/> (accessed June 20, 2012).

¹⁷²⁴ See Appendix 14; see also, EPCI University, *Business Administration*, <http://www.ecpi.edu/business/program/business-administration-bachelor-degree/> (accessed July 12, 2012).

¹⁷²⁵ See Appendix 14; see also, University of Virginia, *University of Virginia*, <http://www.virginia.edu/> (accessed July 12, 2012)



Recruiting

Enrollment growth is critical to the business success of for-profit education companies, particularly for publicly traded companies that are closely watched by Wall Street analysts. In order to meet revenue and profit expectations for-profit colleges recruit as many students as possible to sign up for their programs.

During the period examined, and prior to the current ban on paying recruiters based on the number of students enrolled that took effect in July 2011, problematic recruiting practices were documented in student complaints. One student wrote:

Upon signing up for this school, we had been given misleading and false information. The admissions rep ... told us there was a forensic lab in place. However, to our surprise there is no existing lab. We will be completed with our crime scene forensic course on 2/7/08 and we have not had any hands-on experience in this class.¹⁷²⁶

Another student notes:

Because ECPI was not regionally accredited at the time I received my Bachelors degree, I have not been able to enter any graduate school of my choice [sic]. ... These schools do

¹⁷²⁶ ECPI University, February 1, 2008, Student Complaint Letter (E0014870). To ECPI's credit, the school followed up with a site visit by an Associate Dean for the company, who recommended some extensive changes to the program complained about. Id.

not accept degrees from nationally accredited schools. This was not disclosed to me by ... my admissions advisor, and in fact he stated that I could go on to any school to earn my Masters degree once I had a Bachelors degree from ECPI [sic].¹⁷²⁷

While student complaints may not be representative of the experience of the majority of students, these complaints provide an important perspective on ECPI's recruiting practices. Yet students have little opportunity for recourse; ECPI, like many other for-profit education companies, includes a binding arbitration clause in its standard enrollment agreement.¹⁷²⁸ This clause severely limits the ability of students to have their complaints heard in court, especially in cases in which students with similar complaints seek redress as a group.

Outcomes

While aggressive recruiting and high cost programs might be less problematic if students were receiving promised educational outcomes, committee staff analysis showed that tremendous numbers of students are leaving for-profit colleges without a degree. Because 98 percent of students who enroll in a 2-year degree program at a for-profit college, and 96 percent who enroll in a 4-year degree program, take out loans, hundreds of thousands of students are leaving for-profit colleges with debt but no diploma or degree each year.¹⁷²⁹

Two metrics are key to assessing student outcomes: (1) retention rates based on information provided to the committee, and (2) student loan "cohort default rates." An analysis of these metrics indicates that while more students attending ECPI are successful than at many other for-profit colleges, many other students who enroll in at ECPI are not achieving their educational and career goals.

Retention Rates

Information ECPI provided to the committee indicates that of the 7,869 students who enrolled at ECPI in 2008-9, 46.2 percent, or 3,638 students, withdrew by mid-2010.¹⁷³⁰ Overall, ECPI's withdrawal rate was better than the sector-wide withdrawal rate of 54.1 percent. Looking at degree programs, ECPI's Associate (47.0 percent) and Bachelor's (51.1 percent) withdrawal rates are also lower than the sector-wide rates (62.8 percent and 54.3 percent respectively).¹⁷³¹

Status of Students Enrolled in ECPI Colleges, Inc. in 2008-9, as of 2010

¹⁷²⁷ EPCI University, April 23, 2009, Student Complaint Letter (E0014918).

¹⁷²⁸ EPCI University, Enrollment Agreement (E0008277).

¹⁷²⁹ Patricia Steele & Sandy Baum, "How Much Are College Students Borrowing?," *College Board Policy Brief*, August 2009, http://advocacy.collegeboard.org/sites/default/files/09b_552_PolicyBrief_WEB_090730.pdf (accessed June 18, 2012).

¹⁷³⁰ Senate HELP Committee staff analysis. See Appendix 15. Rates track students who enrolled between July 1, 2008 and June 30, 2009. For-profit education companies use different internal definitions of whether students are "active" or "withdrawn." The date a student is considered "withdrawn" varies from 10 to 90 days from date of last attendance. Two companies provided amended data to properly account for students that had transferred within programs. Committee staff note that the data request instructed companies to provide a unique student identifier for each student, thus allowing accurate accounting of students who re-entered or transferred programs within the school. The dataset is current as of mid-2010, students who withdrew within the cohort period and re-entered afterward are not counted. Some students counted as withdrawals may have transferred to other institutions.

¹⁷³¹ *Id.* It is not possible to compare student retention or withdrawal rates at public or non-profit institutions because this data was provided to the committee directly by the companies. While the Department of Education tracks student retention and outcomes for all colleges, because students who have previously attended college are excluded from the data set, it fails to provide an accurate picture of student outcomes or an accurate means of comparing for-profit and non-profit and public colleges.

Degree Level	Enrollment	Percent Completed	Percent Still Enrolled	Percent Withdrawn	Number Withdrawn	Median Days
Associate Degree	4,589	25.3%	27.8%	47.0%	2,155	175
Bachelor's Degree	1,409	2.8%	46.1%	51.1%	720	184
Certificate	1,871	42.4%	16.8%	40.8%	763	171
All Students	7,869	25.3%	28.5%	46.2%	3,638	176

The dataset does not capture some students who withdraw and subsequently return, which is one of the advantages of the for-profit education model. The analysis also does not account for students who withdraw after mid-2010 when the data were produced.

Online vs. Brick and Mortar Outcomes

An analysis of withdrawal rates among the 11 companies that provided disaggregated data indicates that students enrolled in online programs had higher withdrawal rates than students enrolled in campus-based programs. Students who attended ECPI online withdrew at a much higher rate (67.4 percent) than students who attended its brick and mortar campuses (43.9 percent). The difference is most significant at the Associate degree level, where online ECPI Associate degree students have a withdrawal rate that is 27 percentage points higher than their brick and mortar counterparts.

Status of Online Students Enrolled in ECPI Colleges, Inc. in 2008-9, as of 2010					
Degree Level	Enrollment	Percent Completed	Percent Still Enrolled	Percent Withdrawn	Number Withdrawn
Associate Degree	383	14.8%	13.3%	71.8%	275
Bachelor's Degree	400	5.0%	31.8%	63.3%	253
All Students	783	9.8%	22.7%	67.4%	528

Status of Brick-and-Mortar Students Enrolled in ECPI Colleges, Inc. in 2008-9, as of 2010					
Degree Level	Enrollment	Percent Completed	Percent Still Enrolled	Percent Withdrawn	Number Withdrawn
Associate	4,206	26.2%	29.1%	44.7%	1,880
Bachelor's	1,009	1.9%	51.8%	46.3%	467
Certificate	1,871	42.4%	16.8%	40.8%	763
All	7,086	27.0%	29.1%	43.9%	3,110

Student Loan Defaults

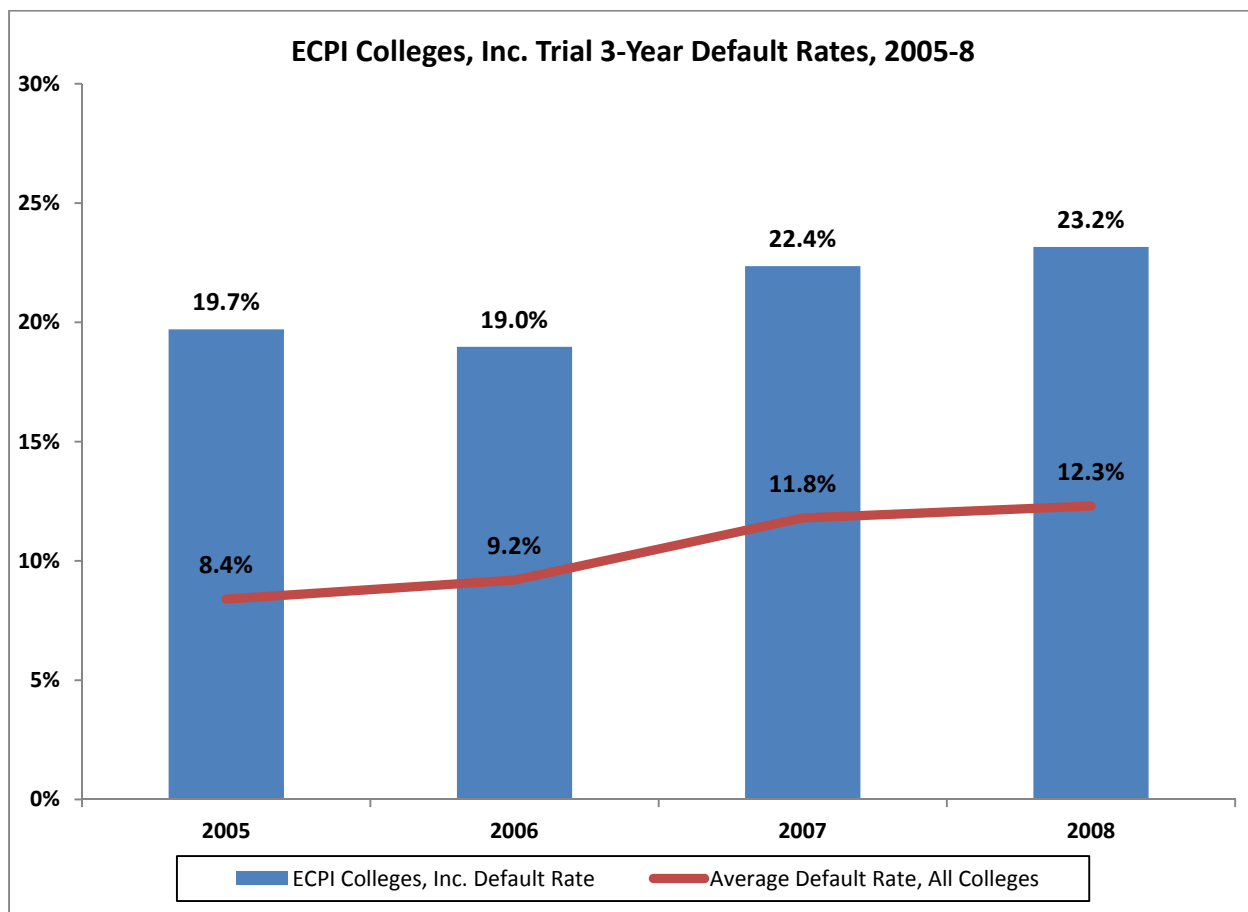
The Department of Education tracks and reports the number of students who default on student loans (meaning that the student does not make payments for at least 360 days) within 3 years of entering repayment, which usually begins 6 months after leaving college.¹⁷³²

Slightly more than 1 in 5 students who attended a for-profit college (22 percent) defaulted on a student loan, according to the most recent data.¹⁷³³ In contrast, 1 student in 11 at public and non-profit

¹⁷³² Direct Loan Default Rates, 34 CFR § 668.183(c).

schools defaulted within the same period.¹⁷³⁴ On the whole, students who attended for-profit schools default at nearly three times the rate of students who attended other types of institutions.¹⁷³⁵ The consequence of this higher rate is that almost half of all student loans defaults nationwide are held by students who attended for-profit colleges.¹⁷³⁶

The default rate across all 30 companies examined increased each fiscal year between 2005 and 2008, from 17.1 percent to 22.6 percent.¹⁷³⁷ This change represents a 32.6 percent increase over 4 years.¹⁷³⁸ ECPI's default rate has similarly increased, growing from 19.7 percent for students entering repayment in 2005 to 23.2 percent for students entering repayment in 2008. ECPI's most recent default rate is slightly higher than the rate for all for-profit colleges.



It is likely that the reported default rates significantly undercount the number of students who ultimately face default, because of companies' efforts to place students in deferments and forbearances. By doing so, companies improve their default rate statistics. However, for many students forbearance and deferment serve only to delay default beyond the 3-year measurement period the Department of

¹⁷³³ Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-8, <http://federalstudentaid.ed.gov/datacenter/cohort.html>. Default rates calculated by cumulating number of students entered into repayment and default by sector.

¹⁷³⁴ Id.

¹⁷³⁵ Id.

¹⁷³⁶ Id.

¹⁷³⁷ Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-8, <http://federalstudentaid.ed.gov/datacenter/cohort.html>. Default rates calculated by cumulating number of students entered into repayment and default for all OPEID numbers controlled by the company in each fiscal year. See Appendix 16.

¹⁷³⁸ Id.

Education uses to track defaults. As one for-profit executive from ECPI explained, “Career colleges have worked hard to manage their default rates for the cohort period, which has been a considerable job and expense, but beyond that period, we know there is a big drop off for most.”¹⁷³⁹

Other debt management options, like income based repayment or income contingent repayment, would serve students better than forbearance or deferment, but take longer and require significantly more paperwork. As a result, many schools spend little time or real attention to options other than forbearance or deferment. ECPI executives estimated that as many as 90 percent of late stage delinquencies are “cured through [forbearance and deferment] and some by consolidation.”¹⁷⁴⁰ And, as one ECPI executive told his default management subordinates, “We do know that [forbearance] is the only successful answer most of the time” for lowering reported default rates, but that the company should inform students of options other than forbearance.¹⁷⁴¹

The company’s emphasis on forbearances as the tool to improve their statistics was reflected throughout the chain of command. One ECPI default management employee, after securing a forbearance from a former student, commented to her boss, “Wow, this will be #10 [forbearance/deferment] submitted this week. . . . Also, there are a few that have called servicer to request [forbearance] due to our calls.” Her boss responds, “Are we good or are we good!!!” and then the vice president of Financial Aid chimes in, “This is great!”¹⁷⁴²

That same vice president prepared a speech for a leadership institute explaining cohort default rate management: “So, what do we have to do to keep someone out of default? On average, we only have to get students to pay or forbear their loans for 6 months! With the proper effort, it really isn’t that hard to keep your default rate low!”¹⁷⁴³

Instruction and Academics

The quality of any college’s academics is difficult to quantify; however the amount that a school spends on instruction per student compared to other spending is a useful measure. ECPI spent \$3,852 per student on instruction in 2009, compared to \$1,303 per student on marketing, and \$2,271 on profit.¹⁷⁴⁴ The amount that privately held companies examined by the committee spend on instruction ranges from \$1,118 to \$6,389 per student per year.¹⁷⁴⁵ In contrast, other Virginia-based public and non-profit schools spent, on a per student basis, \$14,567 at the University of Virginia-Main Campus, \$3,789 at Tidewater Community College, and \$1,957 at Liberty University.¹⁷⁴⁶

¹⁷³⁹ ECPI University Internal Email, November 15, 2007, RE: *Grijalva Amendment Yesterday* (E0016579, at E0016580).

¹⁷⁴⁰ ECPI University Internal Email, July 15, 2010, RE: *FY09 rates* (E0016590).

¹⁷⁴¹ ECPI University Internal Email, November 17, 2008, RE: *Ecpl Loan Help* [sic] (E0016551, at E0016553).

¹⁷⁴² Id.

¹⁷⁴³ ECPI University Internal Memorandum, CDR Management Presentation (E0007942, at E007943).

¹⁷⁴⁴ Senate HELP Committee staff analysis. See Appendix 20, 21, and 22. Marketing and profit figures provided by company or Securities and Exchange filings, instruction figure from IPEDS. IPEDS data for instruction spending based on instructional cost provided by the company to the Department of Education. According to IPEDS, instruction cost is composed of “general academic instruction, occupational and vocational instruction, special session instruction, community education, preparatory and adult basic education, and remedial and tutorial instruction conducted by the teaching faculty for the institution’s students.” Denominator is IPEDS “full-time equivalent” enrollment.

¹⁷⁴⁵ Id. Drake College of Business (low end) and Chancellor University (high end) have been excluded from this calculation due to unreliability regarding the data.

¹⁷⁴⁶ Senate HELP Committee staff analysis. See Appendix 23. Many for-profit colleges enroll a significant number of students in online programs. In some cases, the lower delivery costs of online classes – which do not include construction,

While per student instruction expenses should be expected to be lower in an exclusively or majority online program, the savings generated by these models do not appear to be passed on to students in lower tuition costs. Similarly, the higher per student instruction costs in public and non-profit colleges may reflect a failure to embrace online models or embrace more efficient spending. However taken as a whole these numbers demonstrate that for-profit colleges spend significantly less on instruction than similar programs in other sectors.

A large portion of the faculty at many for-profit colleges is composed of part-time and adjunct faculty. While a large number of part-time and adjunct faculty is an important factor in a low-cost education delivery model, it also raises questions regarding the academic independence they are able to exercise to balance the colleges' business interests. Among the 30 schools the committee examined, 80 percent of the faculty is part-time, higher in some companies.¹⁷⁴⁷ This is not the case at ECPI where in 2010, 598 faculty were employed part-time while 532 were full-time faculty.¹⁷⁴⁸

However, in 2009, the school's regional accreditor the Southern Association of Colleges and Schools issued a warning to ECPI for failing to comply with standards of quality regarding the number of full-time faculty and the effectiveness of its educational programs.¹⁷⁴⁹ Regarding the faculty, in a January 12, 2010 letter, the accreditor warned:

[ECPI] has not yet demonstrated compliance because, although data are provided regarding the percentage of full-time versus part-time faculty as well as courses taught by each faculty member on each campus, the course load for a number of faculty per semester seems excessive...A further report is requested which should demonstrate the number of full-time faculty is adequate to ensure the quality and integrity of academic programs...¹⁷⁵⁰

In response to the accreditor's warning, ECPI reported back that they were reducing the number of part-time faculty. The company asserted that it employed 266 adjunct (part-time) faculty in Fall of 2009, and 215 in Spring of 2010.¹⁷⁵¹ ECPI also highlighted for the accreditor that the part-time faculty decreased in size by 20 percent.¹⁷⁵²

Regarding institutional effectiveness, the accreditor warned: "[ECPI] has not yet demonstrated compliance because, although the institution provided data on course completion rates, graduation rates, and curriculum changes, evidence was not found regarding the extent to which goals are matched to student outcomes, or how assessment results are used for improvement."¹⁷⁵³ ECPI's accreditation is due for renewal in 2013.

leasing and maintenance of physical buildings – are not passed on to students, who pay the same or higher tuition for online courses.

¹⁷⁴⁷ Senate HELP Committee staff analysis of information provided to the committee by the company pursuant to the committee document request of August 5, 2010. See Appendix 24.

¹⁷⁴⁸ Id.

¹⁷⁴⁹ ECPI University, First Monitoring Report (E0008473, at E008477).

¹⁷⁵⁰ Id. at E008478.

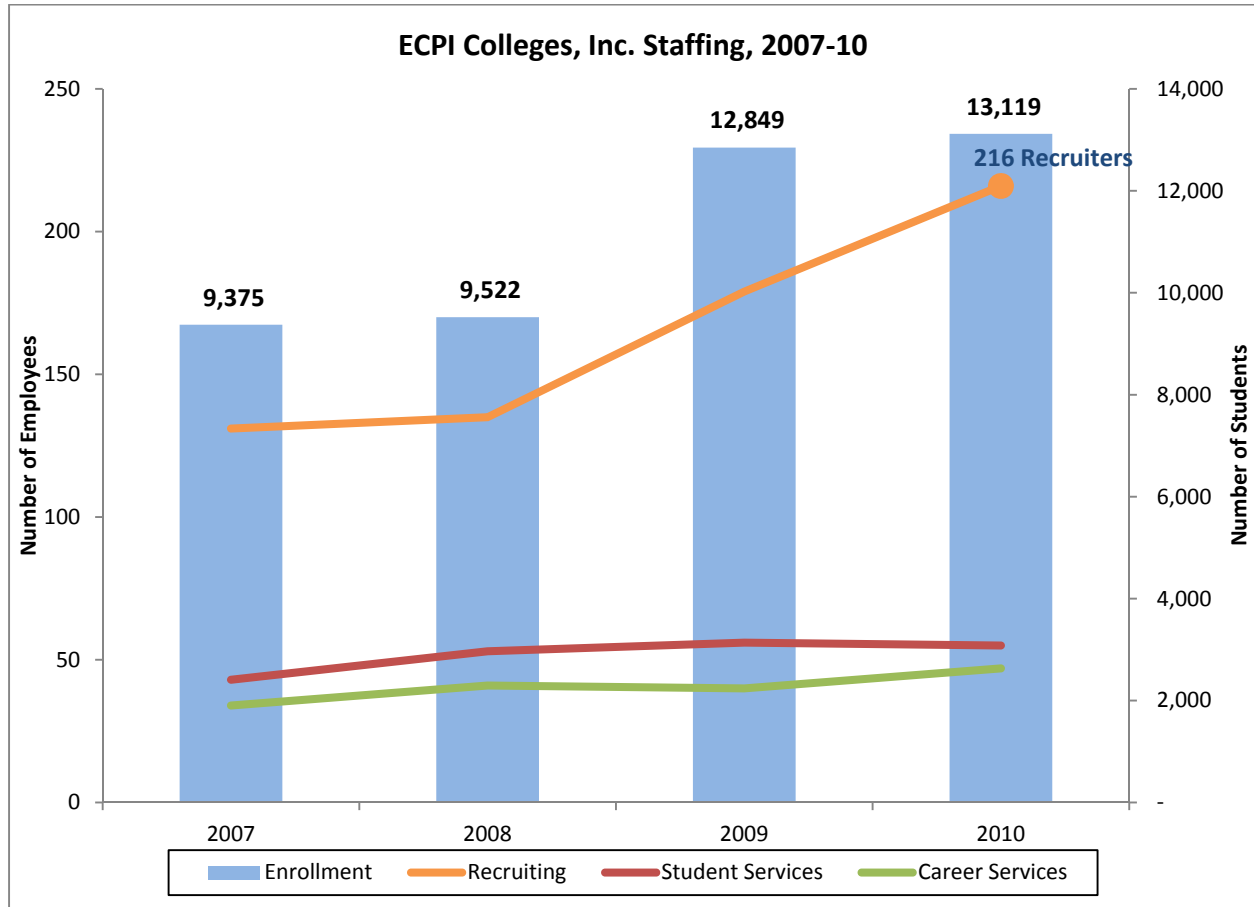
¹⁷⁵¹ Id. at E008490.

¹⁷⁵² Id. In response to the committee's document request, ECPI reported that it employed 428 part-time teaching staff in fiscal-year 2009 and 598 in fiscal-year 2010.

¹⁷⁵³ Id.

Staffing

While for-profit education companies employed large numbers of recruiters to enroll new students, the same companies frequently employ less staff to provide tutoring, remedial services or career counseling and placement. In 2010, with 13,119 students, ECPI employed 216 recruiters, 55 student services staff, and 47 career services and placement staff.¹⁷⁵⁴ That means each career counselor was responsible for 279 students and each student services staffer was responsible for 239 students. Meanwhile, the company employed one recruiter for every 60 students.



Conclusion

Students attending privately held and family-managed ECPI appear to fare better than students at many other for-profit colleges. Overall less than 50 percent of students withdrew from the 2- and 4-year degree programs offered by the company during the 1-year period examined. However, the small online division has significantly worse student outcomes, and the company has seen significant recent increases in the number of students unable to make payments on student loans and entering default. The recent surge in enrollment appears to have had consequences for students attending the programs. The company appears to avoid many of the tactics used by larger publicly traded companies and by companies with private equity owners, and devotes a relatively small share of revenues to marketing and

¹⁷⁵⁴ Senate HELP Committee staff analysis of information provided to the committee by the company pursuant to the committee document request of August 5, 2010. See Appendix 7 and 24.

recruiting new students. While ECPI has thus far maintained regional accreditation by one of the more rigorous regional accreditation agencies, the company will need to focus on improving student outcomes rather than prioritizing growth in upcoming years.