

OPEN THE BOOKS OVERSIGHT REPORT

# The U.S. DEPARTMENT of EDUCATION







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**PUBLISHED: JANUARY 2019** 

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**Thomas W. Smith** – Chairman of OpenTheBooks.com

"Open the Books is doing the work I envisioned when the Coburn-Obama bill became law.

Their innovative app and other tools are putting sunlight through a magnifying glass." March 11, 2014

Dr. Tom Coburn, Honorary Chairman of OpenTheBooks.com

#### **OUR REPORT MADE POSSIBLE BY:**

The "Federal Funding Accountability and Transparency Act of 2006"

Sponsors: Sen. Tom Coburn (R-OK) & Sen. Barack Obama (D-IL)

(Public Law 109-282, 109th Congress)

"Is the spending in the public interest or the special interest?"

- U.S. Sen. Tom Coburn

"I know that restoring transparency is not only the surest way to achieve results, but also to earn back the trust in government..."

- U.S. Sen, Barack Obama

#### **PROLOGUE**

When President Jimmy Carter signed the Department of Education Organization Act in 1979, he created the Department of Education. Since its inception, this cabinet-level department has faced its share of criticisms, proposed reforms, and even threats of disassembly.

Today, the arguments continue. In December 2017, House Republicans proposed the <u>PROSPER Act</u> to <u>streamline</u> student aid, eliminate regulations, and fund job-training programs. In July 2018, House Democrats released the <u>Aim Higher Act</u> to improve campus climate, help students graduate, and support teachers.

Higher education in America has become a partisan issue with each party arguing for a different set of priorities and reforms. Our *OpenTheBooks Oversight Report – The Department of Education* highlights areas of potential bipartisan higher education reform. We show there are outdated policies, misaligned priorities, and weak accounting controls at the department. Resources are being squandered.

For example, between fiscal years 2014 and 2017, millions of dollars funded colleges such as the gaming college DigiPen Institute of Technology (\$51.4 million); Crescent City School of Gaming and Bartending (\$9.5 million); the Professional Golfers Career College (\$4.5 million); and Northwest School of Wooden Boat Building (\$781,330).

We found the 25 colleges and universities with the largest endowments in the country – a quarter trillion dollars, collectively – received nearly \$7 billion in federal funds during fiscal years 2017 and 2018. Further, another \$1 billion flowed to the nation's 50 worst performing community and junior colleges.

The Department of Education even admitted to overpaying \$11 billion in Pell grants and student loans over the last two fiscal years.



These troubling patterns exist despite a highly compensated agency workforce. In fiscal year 2017, the agency employed 4,000 staffers and 2,600 of them made more than \$100,000 (64 percent). On average, including benefits, each employee costs taxpayers \$143,992.

## Our report raises several questions that will elevate the debate on higher education in America:

What is the role of the department regarding higher education reform across America?

Where can there be bipartisan agreement on higher education reforms?

With student debt exceeding \$1.5 trillion, how can the Department of Education offer students and taxpayers a better financial deal?

#### Who We Are

American Transparency (website: OpenTheBooks.com) is a public charity. We do not accept government money. Our oversight reports present hard data so citizens, media, think tanks, politicians, and watchdogs can "follow the money." Our goal is to enhance public discourse with delineated facts.



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#### **TOP 10 TAKEAWAYS**

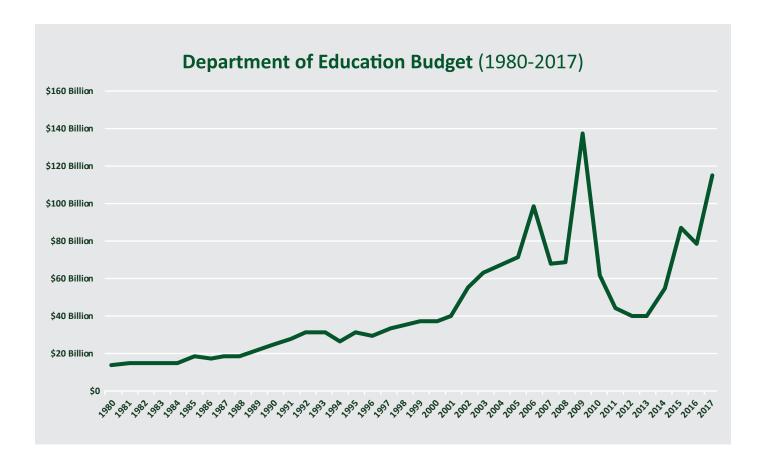
- 1. The 25 colleges and universities with the largest endowments in the country reaped \$6.9 billion in Department of Education (ED) funding despite holding a quarter-trillion in existing assets, collectively. This money was distributed as grants, contracts, and direct payments (FY2017) as well as student loans (FY2017-FY2018).
- 2. The 50 lowest performing junior and community colleges in the nation received \$923.5 million in ED student loans (FY2017-FY2018) and grants (FY2017). Of these 50 schools, the 10 which received the most federal funding had a 12 percent graduation rate, on average.
- 3. ED overpaid \$11 billion in Pell grants and loans over a two-year period (FY2016-FY2017).
- 4. Nontraditional schools reaped millions of dollars in federal funding such as an international school for videogame design (\$51.4 million), a school for wooden boat-making (\$781,330), an Arizona college for gun-smithing (\$10.4 million), a school for gambling and bartending (\$9.5 million), and the Professional Golfers Career College (\$4.5 million). These numbers are comprised of student loans (FY2017-FY2018) as well as contracts, grants, and direct payments (FY2017).
- 5. The average wage at ED in FY2017 was \$109,918. The average employee cost taxpayers \$143,992, including benefits. In May 2018, ED disclosed 3,818 employees a large decrease from 4,642 employees in 2012.
- 6. Nearly \$700 million in federal funding flowed to schools of cosmetology, beauty, and hair, including millions of dollars to industry juggernauts like Empire Beauty School (\$65.6 million) and Tricoci University of Beauty Culture (\$12.3 million) in the form of grants, direct payments, and contracts (FY2017), as well as student loans (FY2017-FY2018).
- 7. Federal funding of \$10.5 billion flowed to for-profit colleges in FY2017. Just 10 for-profit schools received nearly 30 percent of this funding. Many for-profit colleges have been cited for alleged discrimination, harassment, and even fraud. This funding is comprised of grants, direct payments, and contracts (FY2017) as well as student loans (FY2017-FY2018).
- 8. ED spent \$1.6 billion hiring companies to collect and disperse federal student loans.
- 9. ED employees spent 6,522 working-hours (FY2016) doing union activities rather than working their department jobs. During this time, employees' hourly wages are still taxpayer funded. This practice is known as 'official time.' In March 2018, ED eliminated this policy, saving taxpayers roughly \$500,000 annually. Employee unions are private organizations, not public entities.
- 10. The top five recipient states claimed 36 percent of all ED funding: California (\$18.6 billion), Texas (\$12.6 billion), New York (\$11.9 billion), Florida (\$9.5 billion), and Illinois (\$7.2 billion). This funding included grants, contracts, direct payments (FY2017) as well as student loans (FY2017-FY2018).

#### **BACKGROUND**

The Department of Education (ED) was founded on October 17, 1979 when President Jimmy Carter signed the Department of Education Organization Act into law. Since its creation, the department's <u>mission</u> has been "to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access."

Since its inception, critics have sought to eliminate this cabinet-level department, citing a need to decrease federal involvement in local education. In the presidential election of 1980, then-candidate Ronald Reagan promised to disassemble ED, though he was unsuccessful once elected. Still today, some government officials have sought to dismantle the department. Most recently, Representative Thomas Massie (KY-4) introduced H.R. 899 on February 7, 2017. The bill was comprised of one sentence: "The Department of Education shall terminate on December 31, 2018."

In its first year, ED ran on a \$14-billion <u>budget</u>. The department's operational funds increased at a steady pace for the next decade, reaching \$25 billion in 1990. A comparable rate of growth persisted through 2000. Over the next six years, the education budget grew by 108 percent, exceeding \$100 billion in 2006 and eventually spiking to \$138 billion in 2009 due to an additional \$98 billion in federal stimulus funding. Today, the ED budget is approximately \$115 billion – more than \$100 billion larger than its initial budget.



#### SCOPE AND METHODOLOGY

Our *OpenTheBooks.com Oversight Report – The Department of Education (FY2017)* audited all publicly disclosed spending and payroll at the Department of Education (ED) acquired via the Freedom of Information Act.

The data used for this research was provided by the Office of Personnel Management (salaries and bonuses) and the Department of Education (contracts, grants, direct payments, and loans).

Student loan data was acquired separately through the <u>Federal Student Aid Data Center</u>. These figures were provided by ED on a two-year basis. Therefore, student loan data reflects FY2017-FY2018 spending.

Our source on 'improper payments' is from the July 2018 released report by the Congressional Research Service entitled, "Improper Payments in High-Priority Programs: In Brief." This is congressionally mandated report documenting improper payments made by agencies and programs within the federal government. Improper payments were defined as "payments that should not have been made or that were made in an incorrect amount."

For the purposes of this report, the term "federal funding" refers only to funding from ED.



## DEPARTMENT OF EDUCATION FUNDING ACROSS AMERICA (FY2017)

RECEIVING ENTITIES BY STATE – INCLUDES ALL FUNDING (PRESCHOOL, K-12, HIGH SCHOOL, ETC.)

STATE	DIRECT PAYMENTS	GRANTS	CONTRACTS	LOANS	TOTAL
CALIFORNIA	\$3,560,435,305	\$5,108,707,043	\$178,830,460	\$9,733,800,000	\$18,581,772,808
TEXAS	\$1,965,282,190	\$3,879,143,593	\$82,736,711	\$6,634,800,000	\$12,561,962,494
NEW YORK	\$2,126,289,944	\$3,003,124,237	\$298,980,355	\$6,543,300,000	\$11,971,694,536
FLORIDA	\$1,569,543,843	\$2,324,379,355	\$28,900,192	\$5,575,200,000	\$9,498,023,390
ILLINOIS	\$905,953,089	\$1,781,304,150	\$44,503,189	\$4,446,800,000	\$7,178,560,428
PENNSYLVANIA	\$783,994,474	\$1,535,276,792	\$37,381,061	\$4,687,800,000	\$7,044,452,327
OHIO	\$757,725,376	\$1,448,611,491	\$15,876,973	\$3,810,500,000	\$6,032,713,840
VIRGINIA	\$720,540,455	\$894,547,060	\$1,496,282,991	\$2,755,300,000	\$5,866,670,507
GEORGIA	\$747,777,204	\$1,343,281,228	\$10,892,697	\$3,762,800,000	\$5,864,751,129
MICHIGAN	\$685,924,626	\$1,343,320,072	\$1,304,275	\$3,338,700,000	\$5,369,248,973
NEW JERSEY	\$612,858,026	\$1,055,679,110	\$64,740,970	\$3,314,400,000	\$5,047,678,105
NORTH CAROLINA	\$678,423,217	\$1,221,507,789	\$35,957,971	\$2,923,600,000	\$4,859,488,977
MASSACHSETTS	\$443,784,296	\$811,902,187	\$56,837,848	\$2,395,800,000	\$3,708,324,331
ARIZONA	\$932,365,838	\$985,163,129	\$14,700,364	\$1,710,800,000	\$3,643,029,330
MARYLAND	\$352,310,022	\$684,713,556	\$234,288,434	\$2,220,600,000	\$3,491,912,012
TENNESSEE	\$451,731,822	\$768,810,690	\$120,498	\$1,787,600,000	\$3,008,263,009
INDIANA	\$420,770,810	\$764,666,555	\$4,401,703	\$1,813,200,000	\$3,003,039,068
WASHINGTON	\$406,374,446	\$814,940,463	\$5,050,751	\$1,706,400,000	\$2,932,765,659
MISSOURI	\$391,331,363	\$730,789,133	\$2,223,762	\$1,772,000,000	\$2,896,344,259
MINNESOTA	\$355,108,558	\$606,742,741	\$32,223,562	\$1,855,400,000	\$2,849,474,861
WISCONSIN	\$318,539,010	\$657,914,621	\$64,244,940	\$1,621,900,000	\$2,662,598,571
COLORADO	\$374,062,614	\$548,156,329	\$50,324,324	\$1,615,700,000	\$2,588,243,267
SOUTH CAROLINA	\$323,739,610	\$629,021,069	\$101,352	\$1,608,400,000	\$2,561,262,031
LOUISIANA	\$332,046,159	\$780,178,817	\$39,574,078	\$1,282,800,000	\$2,434,599,054
ALABAMA	\$382,039,049	\$687,632,305	\$1,889,752	\$1,358,900,000	\$2,430,461,106
KENTUCKY	\$323,432,952	\$657,554,044	\$31,217,509	\$1,180,300,000	\$2,192,504,505
CONNECTICUT	\$265,092,717	\$407,847,807	\$323,350	\$1,346,500,000	\$2,019,763,874
OREGON	\$301,736,180	\$495,647,767	\$37,851,607	\$1,135,500,000	\$1,970,735,554
OKLAHOMA	\$271,521,872	\$577,379,834	\$(447,833)	\$852,000,000	\$1,700,453,872
MISSISSIPPI	\$241,197,105	\$480,570,055	\$130,535	\$912,400,000	\$1,634,297,695

IOWA	\$304,020,421	\$347,627,031	\$17,584,534	\$914,500,000	\$1,583,731,985
OTHER	\$487,420,406	\$849,320,412	\$123,097	\$197,600,000	\$1,534,463,915
KANSAS	\$240,717,989	\$400,964,041	\$2,371,110	\$817,300,000	\$1,461,353,140
UTAH	\$404,870,895	\$339,646,634	\$687,312	\$666,700,000	\$1,411,904,841
ARKANSAS	\$192,591,368	\$443,499,025	\$11,672,826	\$736,800,000	\$1,384,563,218
NEW MEXICO	\$155,822,661	\$523,849,405	\$149,646	\$403,900,000	\$1,083,721,712
NEVADA	\$115,981,466	\$314,684,236	\$179,436	\$590,200,000	\$1,021,045,138
DISTRICT OF COLUMBIA	\$59,837,085	\$526,681,367	\$111,238,682	\$307,300,000	\$1,005,057,133
NEBRASKA	\$114,593,201	\$263,718,902	\$60,743,740	\$549,700,000	\$988,755,843
NEW HAMPSHIRE	\$137,936,963	\$153,569,820	\$84,300,396	\$500,900,000	\$876,707,178
WEST VIRGINA	\$151,134,142	\$260,897,696	\$174,426	\$443,000,000	\$855,206,264
DELAWARE	\$64,728,335	\$141,948,783	\$289,513,652	\$285,800,000	\$781,990,770
IDAHO	\$138,042,614	\$206,622,873	\$152,508	\$413,700,000	\$758,517,994
MAINE	\$87,512,975	\$212,557,885	\$303,555	\$412,800,000	\$713,174,415
HAWAII	\$70,862,117	\$243,935,238	\$2,442,579	\$326,400,000	\$643,639,934
RHODE ISLAND	\$119,658,107	\$157,647,565	\$218,666	\$325,300,000	\$602,824,338
MONTANA	\$48,102,730	\$223,663,890	\$127,965	\$247,700,000	\$519,594,585
SOUTH DAKOTA	\$69,760,482	\$194,048,250	\$163,488	\$236,300,000	\$500,272,219
ALASKA	\$24,537,691	\$298,530,272	\$808,601	\$138,600,000	\$462,476,564
VERMONT	\$41,486,006	\$127,004,501	\$(3,383)	\$190,900,000	\$359,387,124
NORTH DAKOTA	\$34,469,260	\$151,230,798	\$120,922	\$168,100,000	\$353,920,980
WYOMING	\$25,220,260	\$140,082,629	\$173,652	\$101,000,000	\$266,476,541

SOURCE: 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.



#### California – \$18.6 Billion

FY2017-FY2018 Student Loans: \$9.7 Billion

Entities located in California received the most Department of Education (ED) funding among all 50 states. In total, \$18.6 billion flowed to recipients in California – that's more than the least-funded 21 states received collectively. Our <u>previous oversight</u> found 13,086 community college employees in California earn more than \$100,000, including 178 who made more than \$200,000. One of those highly compensated administrators, Thomas Fallo, retired after community outrage regarding his \$346,895 compensation plan.

#### Texas - \$12.6 Billion

FY2017-FY2018 Student Loans: \$6.6 Billion

Recipients in Texas collected the second most funding from ED: nearly \$13 billion in total. ED provided \$8,000 of funding per student enrolled at a college or university in Texas. Our recent oversight showed fiscal mismanagement is prevalent at K-12 public schools in Texas, too. We recently <u>quantified</u> the 7,300 six-figure public school salaries in the state, costing Texas taxpayers \$903 million.

#### New York - \$12 Billion

FY2017-FY2018 Student Loans: \$6.5 Billion

With roughly \$12 billion in funding from ED, recipients in New York received the third largest amount of education funding. In previous investigations, we <u>uncovered</u> questionable spending in NYC public schools, as janitors out-earned school principals.

There were 694 six-figure "custodian engineers" who earned up to \$206,000, with most surpassing the average salary of principals (\$150,000). Here are the top three custodian engineers earning over \$200,000 – Donald Tierney (\$206,371); Frank Zapata (\$202,647); and Simon Kocovic (\$200,320).

#### Florida - \$9.5 Billion

FY2017-FY2018 Student Loans: \$5.6 Billion

Recipients in Florida received the fourth largest amount of funding from ED: \$9.5 billion in total. In July 2018, we found more than 13,300 public college and university employees in Florida made six-figure salaries costing taxpayers \$2.5 billion (FY2017).

Even junior colleges doled out huge paychecks. Sanford "Sandy" Shugart, Valencia Community College president, pulled in \$386,576. Kenneth Atwater, president of Hillsborough Community College, made \$324,617 and James Murdaugh, president of Tallahassee Community College, received \$304,834.

#### Illinois - \$7.2 Billion

FY2017-FY2018 Student Loans: \$4.4 Billion

Entities in Illinois received more than \$7 billion from ED. In 2017, we revealed roughly, <u>30,000 highly compensated Illinois public school employees</u> made six-figure salaries, costing taxpayers \$3.7 billion – that's the equivalent of half of the federal funding flowing into the state.

For the last two decades, public colleges and universities in Illinois vastly increased the cost of their payrolls and lavished extraordinary lifetime pension payouts – but the institutions have yet to see a measurable increase in students. Quite to the contrary, enrollments *decreased* by nearly 8 percent over the last 17 years.

#### HIGHER EDUCATION

Our report quantifies Department of Education (ED) funding of \$120 billion into higher education institutions. Student loans (FY2017-FY2018) accounted for 79 percent of funding, direct payments comprised 19 percent, and grants and contracts accounted for 2 percent of total funding. Although more than 5,000 colleges and universities received ED funding, the top 25 schools received 16 percent of all higher education dollars.

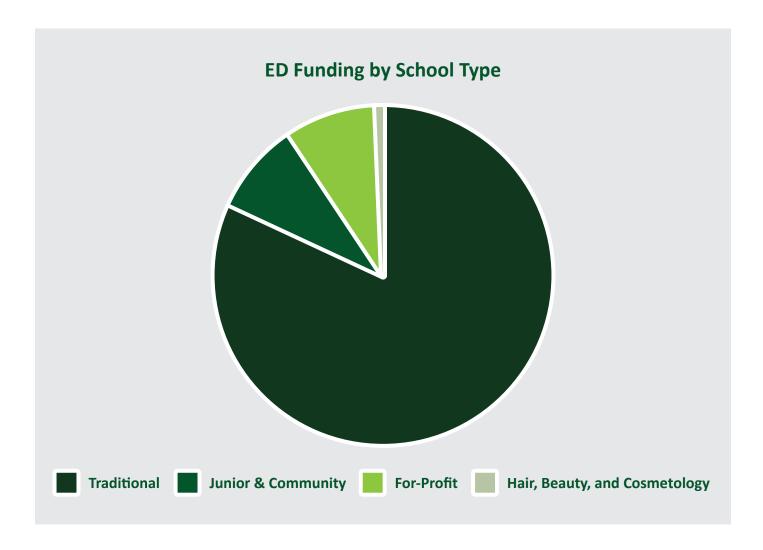
ED <u>admitted</u> that overpayments accounted for more than \$11 billion of the money spent on funding higher education (FY2016-FY2017). Over this two-year period, \$7.1 billion in overpayments came in the form of direct loans while another \$4.1 billion was dispersed as Pell Grants.

Top 25 Colleges & Universities Receiving Department of Education Funding (FY2017)

RECIPIENT NAME	GRANTS	DIRECT PAYMENTS	LOANS (FY2017-18)	TOTAL
THE CITY UNIVERSITY OF NEW YORK	\$22,273,064	\$821,872,367	\$314,613,553	\$1,158,758,984
CALIFORNIA STATE UNIVERSITY	\$5,261,834	\$104,306,649	\$916,496,196	\$1,026,064,678
UNIVERSITY OF WISCONSIN SYSTEM	\$409,907	\$139,016,166	\$642,158,294	\$781,584,367
THE STATE UNIVERSITY OF NEW YORK	\$8,141,372	\$362,146,078	\$376,530,366	\$746,817,816
ARIZONA STATE UNIVERSITY	\$14,500,694	\$133,507,101	\$589,527,623	\$737,535,417
NEW YORK UNIVERSITY	\$4,969,156	\$22,849,118	\$593,611,787	\$621,430,061
PENNSYLVANIA STATE UNIVERSITY	\$8,557,453	\$82,137,184	\$517,824,611	\$608,519,248
THE UNIVERSITY OF PHOENIX	\$-	\$280,847,113	\$326,453,281	\$607,300,394
GRAND CANYON UNIVERSITY	\$-	\$127,284,754	\$465,042,201	\$592,326,955
TEXAS A & M UNIVERSITY	\$19,944,235	\$54,106,502	\$486,124,593	\$560,175,331
MINNESOTA STATE COLLEGES AND UNIVERSITIES	\$26,760,748	\$87,141,434	\$443,967,017	\$557,869,200
UNIVERSITY OF ILLINOIS	\$10,837,723	\$89,450,575	\$451,622,960	\$551,911,258
LIBERTY UNIVERSITY	\$-	\$100,456,525	\$408,783,781	\$509,240,306
RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY	\$7,651,127	\$84,345,288	\$388,855,049	\$480,851,465
SOUTHERN NEW HAMPSHIRE UNIVERSITY	\$-	\$78,297,003	\$370,621,155	\$448,918,158
REGENTS OF THE UNIVERSITY OF COLORADO	\$11,104,704	\$57,305,172	\$373,862,834	\$442,272,710
REGENTS OF THE UNIVERSITY OF MINNESOTA	\$15,404,025	\$37,792,052	\$349,638,726	\$402,834,803
UNIVERSITY OF MARYLAND	\$26,600,612	\$34,144,226	\$323,870,563	\$384,615,401
UNIVERSITY OF MASSACHUSETTS	\$7,677,973	\$47,222,466	\$323,072,195	\$377,972,634
UNIVERSITY OF SOUTH CAROLINA	\$5,313,154	\$55,528,148	\$305,013,467	\$365,854,769
HOWARD UNIVERSITY	\$178,133,940	\$13,969,982	\$172,885,200	\$364,989,122
MICHIGAN STATE UNIVERSITY	\$4,915,828	\$39,696,088	\$320,178,970	\$364,790,886
STRAYER UNIVERSITY	\$-	\$96,195,666	\$267,263,664	\$363,459,330
UNIVERSITY OF HOUSTON SYSTEM	\$5,754,302	\$78,172,764	\$275,821,323	\$359,748,389
UNIVERSITY OF MISSOURI SYSTEM	\$6,057,811	\$21,709,538	\$315,338,483	\$343,105,832

SOURCE: 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.

Of the \$120 billion in higher education funding from ED, 82 percent (\$98.5 billion) flowed to traditional schools, 8.7 percent (\$10.5 billion) went to community and junior colleges, 8.7 percent (\$10.5 billion) flowed to for-profit colleges, and less than one percent (\$677.4 million) went to hair, beauty, and cosmetology schools. Student loans account for a large portion of this funding (FY2017-FY2018): traditional schools (\$66.1 billion), community and junior colleges (\$2.8 billion), for-profit schools (\$7.4 billion), and hair, beauty, and cosmetology schools (\$240.6 million)



#### THERE'S A COLLEGE FOR THAT?

#### DEPARTMENT OF EDUCATION (ED) FUNDING NONTRADITIONAL SCHOOLS



#### **DigiPen Institute of Technology**

FY2017: FY2014-FY2017: \$10.7 MILLION \$51.4 MILLION

FY2015-FY2016 Student Loans: \$10.4 Million | FY2017-FY2018 Student Loans: \$9.2 Million

A self-proclaimed leader in game development education, <u>DigiPen Institute of Technology</u> is based in Redmond, Washington, with additional satellite campuses in Spain and Singapore. Boasting a videogame repertoire that spans 10 years and 15 genres, DigiPen offers bachelor's degrees in fields such as Game Design, Digital Arts, and Real-Time Interactive Simulation. The school's most celebrated games include <u>Dungeon Delvers</u>, <u>Lurking</u>, and <u>Tag: The Power of Paint</u>.



#### **Professional Golfers Career College**

FY2017: FY2014-FY2017: \$527,251 \$4.5 MILLION

FY2015-FY2016 Student Loans: \$680,033 | FY2017-FY2018 Student Loans: \$400,161

Based out of Temecula, California, with a satellite campus in Hilton Head, South Carolina, the Professional Golfers Career College (PGCC) specializes in providing Associate Degrees in Professional Golf Management. The <u>curriculum</u> involves "theory and practice of golf shop operations, methods of golf teaching, golf rules, and country club management." The cost of the program is \$33,024 for tuition and fees – which includes all greens fees, range balls, and golf lessons. PGCC boasts a staff of golf professionals dedicated to teaching students the intricacies of the golf world. According to its website, PGCC is "the only school that guarantees golf seven days a week... noon until dusk."



#### The Refrigeration School

FY2017: FY2014-FY2017: \$6.1 MILLION \$18.9 MILLION

FY2015-FY2016 Student Loans: \$4.9 Million | FY2017-FY2018 Student Loans: \$3.4 Million

Located in Phoenix, Arizona, The Refrigeration School offers a variety of programs lasting between three and 15 months, including 'Refrigeration Technologies,' 'Welding Specialist,' and 'Electrical Technologies.' The Refrigeration School's courses vary between in-person and online, costing an <a href="mailto:estimated">estimated</a> \$20,000 per year.



#### Sonoran Desert Institute

FY2017: FY2014-FY2017: \$4.3 MILLION \$10.4 MILLION

FY2015-FY2016 Student Loans: \$974,433 | FY2017-FY2018 Student Loans: \$2.4 Million

Sonoran Desert Institute (SDI) is an accredited gunsmithing college based in Scottsdale, Arizona, offering an associate of science degree in firearms technology and an advanced gunsmithing certificate. All classes are online based and materials are mailed to students in advance. Tuition costs range from \$9,000 to \$17,000. In classes ranging from 'Basic Ballistics' to 'Machining and Manufacturing of Firearms,' SDI utilizes video, message boards, and email to teach students about firearms.



#### **Crescent City School of Gaming and Bartending**

FY2017: FY2014-FY2017: \$2.8 MILLION \$9.5 MILLION

FY2015-FY2016 Student Loans: \$2.3 Million | FY2017-FY2018 Student Loans: \$1.2 Million

With five campuses – in New Orleans, Memphis, Biloxi, and two in Las Vegas – the <u>Crescent City School of Gaming and Bartending</u>: two primary programs: 'Casino Gaming' and 'Bartending'. With courses like Beverage Controls; Mixology: Specialty and Exotic Mixes; and Handling Money; the bartending department offers both a three-week bartending course as well as a 12-week beverage management course. The gaming department focuses primarily on Blackjack, Roulette, Poker, Baccarat, and Craps.



#### **Northwest School of Wooden Boat Building**

FY2017: FY2014-FY2017: \$211,916 \$781,330

FY2015-FY2016 Student Loans: \$243,520 | FY2017-FY2018 Student Loans: \$133,010

At an <u>annual average cost</u> of more than \$20,000, the Northwest School of Wooden Boat Building in Port Hadlock, Washington, has about 60 students. The school's <u>mission</u> is to "teach and preserve traditional and contemporary wooden boatbuilding skills while developing the individual as a craftsman." Students can opt for a 12-month program to receive an Associate of Occupational Studies degree in Traditional or Contemporary Boat Building or a six-month diploma in Marine Systems.



#### **Seminaries**

FY2015-FY2016 Student Loans: \$147.5 Million | FY2017-FY2018 Student Loans: \$111.2 Million

Over a four-year period, seminaries across the United States received \$667.5 million in funding from ED. Roughly one third of this funding flowed to ten seminaries:

#### **Top 10 Seminaries**

SEMINARY NAME	LOANS (FY2015-FY2018)	TOTAL FEDERAL FUNDING
FULLER THEOLOGICAL SEMINARY	\$22,643,194	\$77,766,026
ASBURY THEOLOGICAL SEMINARY	\$11,114,574	\$32,876,743
SAINT VINCENT COLLEGE & SEMINARY	\$30,126,138	\$30,126,138
UNITED THEOLOGICAL SEMINARY	\$7,870,817	\$23,370,802
GRACE COLLEGE AND THEOLOGICAL SEMINAR	Y \$22,598,911	\$22,598,911
DENVER SEMINARY	\$7,958,074	\$22,020,306
MIDWESTERNBAPTISTTHEOLOGICALSEMINAR	Y \$7,690,293	\$18,924,845
LUTHER RICE SEMINARY INC	\$9,732,779	\$17,148,632
WESLEY THEOLOGICAL SEMINARY	\$5,152,854	\$14,475,318
PRINCETON THEOLOGICAL SEMINARY	\$5,120,366	\$13,767,756

**SOURCE:** 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.

The top two recipient seminaries – Fuller Theological Seminary and Asbury Theological Seminary – are Christian multidenominational institutions. United Theological Seminary is a United Methodist institution. Overall, 9 of the top 10 are protestant seminaries. Saint Vincent College and Seminary is the only Catholic institution on this list.

In total, many seminaries received federal funding, reviewing contracts, grants, and direct payments (FY2017) as well as student loans (FY2017-FY2018), including 92 protestant seminaries (\$108.1 Million), 12 Catholic seminaries (\$15.8 Million), and eight Jewish seminaries (\$8.9 Million) received federal funds. There was no evidence that Islamic institutions received funding.



#### American Musical and Dramatic Academy

FY2017: FY2014-FY2017: \$28.4 MILLION \$74.2 MILLION

FY2015-FY2016 Student Loans: \$32.1 Million | FY2017-FY2018 Student Loans: \$24.7 Million

With campuses in New York City and Los Angeles, the <u>American Musical and Dramatic Academy</u> is dedicated to creating industry professionals in theater, film, and television. The school is organized into four major programs: acting, music theater, dance theater, and performing arts. The academy estimates direct costs (tuition, housing, and fees) to cost students between \$38,000 and \$48,000 annually per student. The <u>estimated salary</u> for an American Musical and Dramatic Academy graduate, however, is \$26,900. Further, the school has a 56 percent graduation rate.



#### Laboratory Institute of Merchandising, Inc.

FY2017: FY2014-FY2017: \$17 MILLION \$43.5 MILLION

FY2015-FY2016 Student Loans: \$19.8 Million | FY2017-FY2018 Student Loans: \$15.1 million

Laboratory Institute of Merchandising (LIM) is a <u>fashion college</u> in Midtown Manhattan, offering both graduate and undergraduate degrees in fields such as fashion media, visual merchandising, and styling. Overall, 92 percent of LIM's 1,720 students are female, and the school's graduation rate is 53 percent.



#### **College of Court Reporting**

FY2017: FY2014-FY2017: \$1.2 MILLION \$4.7 MILLION

FY2015-FY2016 Student Loans: \$1.8 Million | FY2017-FY2018 Student Loans: \$669,708

Based in Hobart, Indiana, the College of Court Reporting has <u>212 undergraduate students</u> and a 14 percent annual graduation rate. The college offers one <u>program</u>: an Associate of Applied Science degree in court reporting, which takes seven semesters to complete for an estimated \$20,000 per year. All classes are online.

#### FOR-PROFIT ENTITIES - \$10.5 BILLION

For-profit schools reaped roughly 9 percent of all funding to higher education institutions from the Department of Education (ED) in FY2017. For-profit schools are higher education institutions owned and operated by private individuals or organizations seeking a profit. Although ED distributed funding to well-performing for-profit schools such as Full Sail University (\$48.1 million) and American Intercontinental University (\$47.3 million), we also found funding flowing to for-profit education entities charged with harassment and discrimination allegations, low graduation rates, and high loan default rates.

In total, \$10.5 billion flowed from ED to for-profit schools: \$7.4 billion came in the form of student loans (FY2017-FY2018) while \$1.6 billion came as direct payments and \$4 million as grants. Overall, 68 percent of this funding went to the top 10 largest recipients in this category:

Top 10 For-Profit Schools Receiving Department of Education Funding (FY2017)

RECIPIENT NAME	DIRECT PAYMENTS	LOANS	TOTAL	GRADUATION RATE
THE UNIVERSITY OF PHOENIX	\$280,847,113	\$326,453,281	\$607,300,394	17%
GRAND CANYON UNIVERSITY	\$127,284,754	\$465,042,201	\$592,326,955	31%
STRAYER UNIVERSITY	\$96,195,666	\$267,263,664	\$363,459,330	27%
IOWA COLLEGE ACQUISITION CORP. (KAPLAN UNIVERSITY)	\$90,889,001	\$197,317,409	\$288,206,410	30%
ASHFORD UNIVERSITY	\$129,448,669	\$153,721,817	\$283,170,486	16%
COLORADO TECHNICAL UNIVERSITY	\$88,362,521	\$148,477,657	\$236,840,178	25%
DEVRY UNIVERSITY, INC.	\$61,747,353	\$169,767,727	\$231,515,080	26%
FULL SAIL UNIVERSITY	\$48,056,792	\$113,638,622	\$161,695,414	50%
SOUTH UNIVERSITY, LLC	\$38,328,492	\$113,562,450	\$151,890,942	12%
AMERICAN PUBLIC UNIVERSITY SYSTEM, INC.	\$45,450,932	\$94,176,685	\$139,627,617	41%

SOURCE: 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST. IF NOT AVAILABLE THROUGH ED, SOME GRADUATION RATES WERE COMPILED BY COLLECTION OF UNIVERSITY REPORTS.



#### **University of Phoenix**

FY2017: FY2014-FY2017: \$607.3 MILLION \$6.8 BILLION

FY2015-FY2016 Student Loans: \$32.1 Million | FY2017-FY2018 Student Loans: \$24.7 Million

The University of Phoenix is a for-profit, accredited online university, based in Phoenix, Arizona, with a network of 91 campuses nationwide. Often criticized for allegedly low standards and over-aggressive marketing (often <u>targeting veterans</u>), the University of Phoenix posts a graduation rate (18 percent) <u>lower</u> than its student loan default rate (26.4 percent). *USA Today* listed the University of Phoenix as a "red flag school." The University of Phoenix has faced lawsuits concerning educational standards, <u>violation of federal rules</u>, <u>unfair business practices</u> and the <u>largest religious discrimination case settlement</u> ever brought before the Equal Opportunity Commission (2008).

In 2014, the University of Phoenix ranked No. 1 among institutions with the most outstanding student loans, according to a Brookings Institute <u>study</u>. In the final quarter of 2015, the University of Phoenix lost 38 percent of its student body (50,500 students). The school <u>faced a scandal</u> as former students claimed to have been deceived about potential career placement opportunities and professional outcomes.

The University of Phoenix received more than \$600 million in FY2017 federal funding. Student loans accounted for the vast majority. The university also received funding for Pell Grants, Teacher Education Assistance, and Federal Supplemental Educational Opportunity Grants. According to the <u>Center for Investigative Reporting</u>, 92 percent of the University of Phoenix's revenue was funded by taxpayers.

#### **Ashford University**

FY2015-FY2016 Student Loans: \$410.5 Million | FY2017-FY2018 Student Loans: \$153.7 Million

Owned by Bridgepoint Education, Ashford University is one of the largest for-profit colleges in the United States. The university has faced many allegations such as over-aggressive marketing, <u>sudden tuition hikes</u>, and <u>substandard teaching</u>. Most recently, the state of California <u>sued</u> Ashford University for allegedly misleading students about its tuition costs and "burying" them in student loan debt. Ashford University is <u>ranked</u> No. 10 in most outstanding student loans according to the Brookings Institute. Further, just <u>4.2 percent</u> of Ashford University students graduate on time and 20.8 percent of students graduate altogether.

Ashford University endured multiple investigations and lawsuits, including a Senate hearing in 2011 regarding consumer protection and financial aid fraud. In 2008, the Department of Education's Office of Inspector General <u>audited</u> the university and found it rewarded recruiters based on enrollment – breaking ED's requirement for a school's eligibility to receive federal aid – and improperly retained at least \$1.1 million in federal funding between 2006 and 2010. In 2016, Brian J. Zotti, a former senior vice president at Ashford University, filed a <u>whistleblower lawsuit</u> regarding the misrepresentation of internal statistics. That same year, the Consumer Financial Protection Bureau fined the parent company, Bridgepoint, \$31.5 million for giving students misleading information concerning private student loans.

In 2017, Ashford University received nearly \$130 million in federal direct payments and \$154 million in student loans. Federal funding supported Pell Grants, Teacher Education Assistance, and Federal Supplemental Educational Opportunity Grants. According to the <u>Center for Investigative Reporting</u>, 95 percent of Ashford University's revenue was funded by taxpayers.

#### **Strayer University**

FY2017: FY2014-FY2017: \$363.5 MILLION \$2.6 BILLION

FY2015-FY2016 Student Loans: \$487.8 Million | FY2017-FY2018 Student Loans: \$267.3 Million

Strayer University's Washington, D.C., campus holds a spot on *USA Today*'s red flag schools <u>list</u>. The same campus <u>ranked sixth</u> among institutions with the most outstanding student loans (\$6.7 billion). In 2014, a former Strayer <u>admissions official</u> was "convicted of conspiring to create fraudulent transcripts so that foreign students would appear eligible to retain their student visas in the United States." Today, Strayer faces two lawsuits in which employees at the University <u>alleged</u> "systematic racial discrimination and sexual harassment" by the institution's leadership" and "... attempted to use bribery and other coercive acts to cover up the activities." The university is currently fighting these claims in court.

In 2017, ED gave Strayer University more than \$96 million in direct payments in Pell Grants, Teacher Education Assistance, and Federal Supplemental Educational Opportunity Grants. Students at Strayer University also received \$267 million in federal student loans. According to <a href="https://doi.org/10.1007/journal.org/">the Center for Investigative Reporting</a>, Strayer University received 92 percent of its revenue from taxpayers.



## COMMUNITY AND JUNIOR COLLEGES – \$10.5 BILLION

Proponents often claim community colleges and junior colleges are viable and affordable alternatives to four-year higher education institutions. Critics, however, argue junior colleges offer a lower quality education and often provide students with little career outcomes and future financial success. In FY2017, however, community and junior colleges received more than \$10 billion from ED, roughly \$2.8 billion in student loans (FY2017-FY2018).

In FY2017, the Department of Education (ED) doled out \$923.5 million including \$383 million in loans (FY2017-FY2018)] to the 50 worst community and junior colleges in the nation based on cost and financing, educational outcomes, and career outcomes according to criteria scored by <u>WalletHub</u>. Among these underperforming schools, the 10 which received the most federal funding had an average <u>graduation rate</u> of 12.3 percent.

#### Top 50 Community & Junior Colleges Receiving Department of Education Funding (FY2017)

NAME	TOTAL FUNDING	CITY	STATE	GRADUATION RATE	OVERALL RANK
HARRISBURG AREA COMMUNITY COLLEGE	\$80,384,829	HARRISBURG	PA	10%	711
COMMUNITY COLLEGE OF PHILADELPHIA	\$73,201,625	PHILADELPHIA	PA	11%	721
AUSTIN COMMUNITY COLLEGE	\$59,694,916	AUSTIN	TX	8%	726
BLINN COLLEGE	\$40,510,495	BRENHAM	TX	6%	679
LONG BEACH COMMUNITY COLLEGE DISTRICT	\$37,546,285	LONG BEACH	CA	23%	688
EL CAMINO COMMUNITY COLLEGE DISTRICT	\$35,696,927	TORRANCE	CA	31%	687
PRINCE GEORGES COMMUNITY COLLEGE	\$31,207,164	LARGO	MD	7%	694
BATON ROUGE COMMUNITY COLLEGE	\$31,190,504	BATON ROUGE	LA	10%	722
FAYETTEVILLE TECHNICAL COMMUNITY COLLEG	£ \$30,237,009	FAYETTEVILLE	NC	9%	680
OAKLAND COMMUNITY COLLEGE	\$29,753,701	BLOOMFIELD HILLS	MI	8%	685
STARK STATE COLLEGE OF TECHNOLOGY	\$28,976,179	NORTH CANTON	ОН	7%	691
UNION COUNTY COLLEGE	\$27,826,912	CRANFORD	NJ	13%	710
HUDSON COUNTY COMMUNITY COLLEGE	\$27,539,756	JERSEY CITY	NJ	9%	727
MONTGOMERY COUNTY COMMUNITY COLLEGE	\$26,352,581	BLUE BELL	PA	18%	706
ESSEX COUNTY COLLEGE	\$24,690,080	NEWARK	NJ	9%	719
OWENS COMMUNITY COLLEGE	\$24,117,917	PERRYSBURG	ОН	10%	716
PIEDMONT TECHNICAL COLLEGE	\$24,039,985	GREENWOOD	SC	17%	704
SOUTH LOUISIANA COMMUNITY COLLEGE	\$21,555,518	LAFAYETTE	LA	23%	705
PASSAIC COUNTY COMMUNITY COLLEGE	\$21,248,185	PATERSON	NJ	11%	698
COMMUNITY COLLEGE OF DENVER	\$19,474,871	DENVER	СО	12%	713
TRIDENT TECHNICAL COLLEGE	\$19,410,896	CHARLESTON	SC	11%	693
READING AREA COMMUNITY COLLEGE	\$18,213,284	READING	PA	11%	723
PARKLAND COLLEGE	\$17,844,677	CHAMPAIGN	IL	18%	690
LACKAWANNA COLLEGE	\$15,935,559	SCRANTON	PA	29%	725
MID MICHIGAN COMMUNITY COLLEGE	\$15,316,028	HARRISON	MI	12%	681
TRI-COUNTY TECHNICAL COLLEGE	\$10,788,291	PENDLETON	SC	20%	683
COASTAL BEND COLLEGE	\$10,529,940	BEEVILLE	TX	18%	682
EASTERN GATEWAY COMMUNITY COLLEGE	\$10,102,499	STEUBENVILLE	ОН	22%	720
LAWSON STATE COMMUNITY COLLEGE	\$9,885,024	BIRMINGHAM	AL	11%	708
SOUTH SUBURBAN COLLEGE	\$9,528,021	SOUTH HOLLAND	IL	30%	707

BISHOP STATE COMMUNITY COLLEGE	\$9,491,783	MOBILE	AL	10%	703
SHELTON STATE COMMUNITY COLLEGE	\$9,426,428	TUSCALOOSA	AL	12%	709
ORANGEBURG-CALHOUN TECHNICAL COLLEGE	\$8,212,866	ORANGEBURG	SC	11%	689
CLEVELAND COMMUNITY COLLEGE	\$8,006,947	SHELBY	NC	17%	699
NASH COMMUNITY COLLEGE	\$7,958,516	ROCKY MOUNTAIN	NC	8%	700
RIO SALADO COLLEGE	\$7,312,781	TEMPE	AZ	4%	715
PENNSYLVANIAHIGHLANDSCOMMUNITYCOLLEGE	\$5,569,829	JOHNSTOWN	PA	24%	717
ROBESON COMMUNITY COLLEGE	\$4,650,785	LUMBERTON	NC	5%	714
LENOIR COMMUNITY COLLEGE	\$4,548,063	KINSTON	NC	15%	702
COMMUNITY COLLEGE OF VERMONT	\$3,862,097	MONTPELIER	VT	16%	695
RAPPAHANNOCK COMMUNITY COLLEGE	\$3,270,166	GLENNS	VA	28%	684
MOUNTAIN EMPIRE COMMUNITY COLLEGE	\$3,257,344	BIG STONE GAP	VA	36%	701
J. F. DRAKE STATE TECHNICAL COLLEGE	\$3,122,491	HUNTSVILLE	AL	12%	718
MARIN COMMUNITY COLLEGE DISTRICT	\$3,120,587	KENTFIELD	CA	25%	686
LOS ANGELES CITY COLLEGE	\$3,019,274	LOS ANGELES	CA	18%	697
TERRA COMMUNITY COLLEGE	\$2,836,027	FREMONT	ОН	9%	712
DENMARK TECHNICAL COLLEGE	\$2,205,277	DENMARK	SC	14%	724
BERKELEY CITY COLLEGE	\$830,021	BERKELEY	CA	19%	696
KILIAN COMMUNITY COLLEGE	\$-	SIOUX FALLS	SD	SINCE CLOSED	728
MID-SOUTH COMMUNITY COLLEGE	\$-	WEST MEMPHIS	AR	11%	692

SOURCE: 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.

#### BREAKOUT:

#### College of DuPage

Previously, OpenTheBooks investigated fiscal mismanagement at a Chicago-area junior college, the College of DuPage – the second largest community college in Illinois.

We uncovered \$100 million in hidden spending between FY2009 and FY2014, the purchase of \$250,000 in alcohol as "instructional supplies," more than \$100,000 in fine dining, and nearly \$30,000 in expensed dues and fees at a country club-style shooting club.

Our exposures stopped a corrupted \$20 million state construction grant. The oversight played a role in helping set the environment for cuts in student tuition, property taxes, and the budget.

#### TRADITIONAL SCHOOLS - \$96 BILLION

In FY2017, Department of Education (ED) distributed nearly \$96 billion to traditional, four-year, public and private higher education institutions. Direct payments, \$15.1 billion (FY2017) and student loans, \$83.1 billion (FY2017-FY2018) accounted for most of the funding.

Many of these universities and colleges amassed assets and endowment funds worth billions of dollars. The 25 colleges and universities with the <u>largest</u> endowments in the United States combine for more than a quarter trillion dollars. Still, these schools reaped \$6.9 billion in ED funding in FY2017.

Top 25 Schools with Largest Endowments Receiving Department of Education Funding (FY2017)

NAME	LOANS (FY2017-FY2018)	FEDERAL FUNDING	ENDOWMENT
UNIVERSITY OF CALIFORNIA SYSTEM	\$1,023,299,456	\$1,385,284,313	\$8,341,073,000
UNIVERSITY OF TEXAS SYSTEM	\$882,728,262	\$1,247,019,194	\$24,203,213,000
TEXAS A&M UNIVERSITY SYSTEM	\$486,124,593	\$615,485,384	\$10,539,526,000
PENNSYLVANIA STATE UNIVERSITY	\$517,824,611	\$608,519,248	\$3,602,312,000
UNIVERSITY OF SOUTHERN CALIFORNIA	\$529,038,885	\$559,451,658	\$4,608,714,000
THE UNIVERSITY OF MICHIGAN	\$273,537,324	\$330,795,732	\$9,743,461,000
OHIO STATE UNIVERSITY	\$262,442,722	\$324,336,865	\$3,578,562,000
COLUMBIA UNIVERSITY	\$261,285,301	\$263,177,041	\$9,041,027,000
THE UNIVERSITY OF PENNSYLVANIA	\$170,695,876	\$189,828,167	\$10,715,364,000
NORTHWESTERN UNIVERSITY	\$156,812,385	\$169,461,938	\$9,648,497,000
HARVARD COLLEGE	\$139,254,585	\$154,086,699	\$34,541,893,000
THE UNIVERSITY OF VIRGINIA	\$120,800,266	\$140,149,751	\$5,852,309,000
CORNELL UNIVERSITY	\$106,010,982	\$124,530,295	\$5,757,722,000
EMORY UNIVERSITY	\$115,357,808	\$124,283,731	\$6,401,650,000
DUKE UNIVERSITY	\$117,309,752	\$121,951,069	\$6,839,780,000
VANDERBILT UNIVERSITY	\$80,359,079	\$100,087,483	\$3,822,187,000
UNIVERSITY OF CHICAGO	\$85,616,315	\$95,325,751	\$7,001,204,000
YALE UNIVERSITY	\$72,821,186	\$80,690,967	\$25,408,600,000
WASHINGTON UNIVERSITY	\$73,288,372	\$80,365,146	\$6,461,717,000
UNIVERSITY OF NOTRE DAME	\$58,654,265	\$66,081,279	\$8,374,083,000
STANFORD UNIVERSITY	\$44,788,840	\$55,932,567	\$22,398,130,000
DARTMOUTH COLLEGE	\$28,432,101	\$33,263,117	\$4,474,404,000
MASSACHUSETTS INSTITUTE OF TECHNOLOGY	\$18,018,969	\$23,738,095	\$13,181,515,000
RICE UNIVERSITY	\$14,770,164	\$17,926,443	\$5,324,289,000
PRINCETON UNIVERSITY	\$2,871,764	\$9,212,129	\$22,152,580,000
TOTAL	\$5,642,143,863	\$6,920,984,063	\$272,013,812,000

SOURCE: 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.

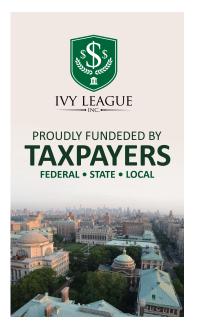
#### Ivy League, Inc.

In March 2017, we published an oversight report – <u>Ivy League, Inc.</u> revealing the eight schools of the Ivy League received \$25.7 billion in federal funding over a six-year period (FY2010-FY2015). On an annual basis, these schools collected more federal funding than sixteen states.

With continued gifts at present rates, the Ivies \$119 billion collective endowment could provide free tuition to the entire student body in perpetuity. Without new gifts, the endowment is equivalent to a full-ride scholarship for all Ivy League undergraduate students for 51-years, or until 2068.

We found the Ivy League received federal dollars for wasteful projects. For example:

- Dartmouth College: Recession Inspired Video Game \$137,530
- University of Pennsylvania: Penile Implant Surgery \$52,000
- Brown University: Paying Gay Mexican Prostitutes to Practice Safe Sex \$53,419
- Columbia University: Climate Change Games \$5.7 Million
- Cornell University: Reframe Latino Beliefs on Death and Dying \$882,841
- University of Pennsylvania: Small Business Administration grants \$24 million



#### **Illinois Public Colleges & Universities**

In a recent <u>investigation</u>, we uncovered multiple public colleges and universities in Illinois are on track to have more staffers than students. While enrollment trends downward, employee pay and pension benefits have spiked. Over a 17-year period the schools with the largest enrollment drops show huge payrolls.

The total enrollment of all public colleges and universities in Illinois dropped roughly 8 percent between 2000 and 2016. Meanwhile, the active payroll increased from \$2.8 billion (2000) to \$4.2 billion (2017). Therefore, total payroll outpaced inflation (CPI) by approximately 25 percent. We also found highly compensated educators: 13,300 employees in the public college and university system who received more than \$100,000 in 2017 compensation.

#### Illinois Colleges and Universities with the Largest Enrollment Drops (2000–2016)

		ENRO	LLMENT	
INSTITUTION	2017 PAYROLL	2000	2016	ENROLLMENT DROP
CHICAGO STATE UNIVERSITY	\$39,382,180	6,914	3,578	-48%
SOUTH SUBURBAN COLLEGE OF COOK COUNTY	\$19,685,219	6,751	3,703	-45%
JOHN A. LOGAN COLLEGE	\$18,239,394	7,675	4,424	-42%
CARL SANDBURG COLLEGE	\$8,847,062	3,220	1,927	-40%
TRITON COLLEGE	\$34,874,583	16,927	11,386	-33%
EASTERN ILLINOIS UNIVERSITY	\$69,631,462	10,637	7,415	-30%
SOUTHERNILLINOISUNIVERSITYOFCARBONDALE	\$269,292,321	22,552	15,987	-29%
SOUTHWESTERN ILLINOIS COLLEGE	\$39,958,809	13,351	9,515	-29%
HIGHLAND COMMUNITY COLLEGE	\$8,657,507	2,595	1,857	-28%
CITY COLLEGES OF CHICAGO	\$186,895,424	66,396	47,680	-28%

SOURCE: ENROLLMENT DATA COMPILED BY OPENTHEBOOKS VIA THE ILLINOIS BOARD OF HIGHER EDUCATION ENROLLMENT DATABASE (HTTP://LEGACY.IBHE.ORG/ENROLLMENTS-DEGREES/SEARCH.ASPX). PAYROLL DATA COMPILED BY OPENTHEBOOKS VIA A FREEDOM OF INFORMATION ACT REQUEST.

#### Florida Public Colleges & Universities

In a <u>recent investigation</u> of all six-figure public employee salaries in the state of Florida, we found 13,305 public college and university employees making \$100,000 and above. The University of Florida paid out more six-figure salaries than any other public college or university in the state. Overall, 3,234 employees at the University of Florida made six-figures, the highest belonging to Vice President of Health Affairs, David Guzick (\$1.2 million).

Even junior colleges doled out huge paychecks. Sanford "Sandy" Shugart, Valencia Community College president, pulled down \$386,576. Kenneth Atwater, president of Hillsborough Community College, made \$324,617 and James Murdaugh, president of Tallahassee Community College, received \$304,834.

#### Top 10 Florida Universities Paying \$100,000+ Salaries (FY2017)

3,785,044
9,063,548
4,065,136
6,228,467
2,002,192
7,788,439
7,285,600
5,447,969
3,936,671
1,468,088
5

SOURCE: 2017 STATE OF FLORIDA PEOPLE FIRST PERSONNEL, INFORMATION SYSTEM PAYROLL DATA AND FLORIDA STATE MANAGEMENT SERVICES RETIREMENT SYSTEM PAYROLL DATA COMPILED BY OPENTHEBOOKS.COM VIA OPEN RECORDS REQUEST.



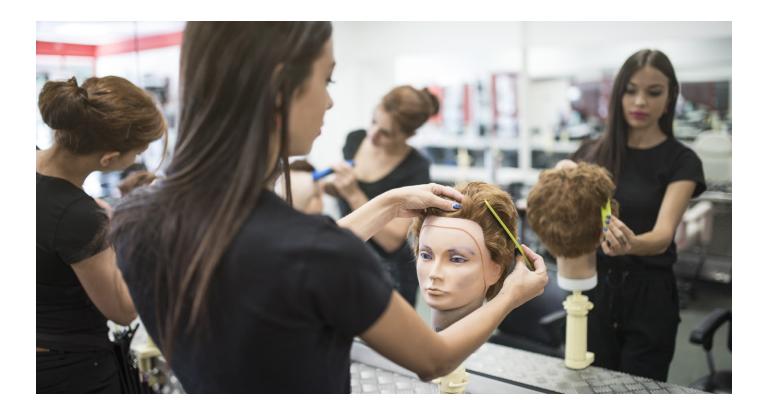
#### HAIR & BEAUTY SCHOOLS - \$677.4 MILLION

The Department of Education (ED) doled out nearly three-quarters of a billion dollars to schools of hair, beauty, and cosmetology, including \$241 million in student loans (FY2017-FY2018). Though over 600 schools in this category received funding, the top 10 schools reaped 18 percent (\$119.9 million) of the funding. These schools typically provide one or two-year programs that, upon completion, provide students with a legal license to work professionally in the corresponding field (hair, massage, make-up, etc...).

Top 10 Hair and Beauty Schools Receiving Department of Education Funding (FY2017)

NAME	STUDENT LOANS (FY2017-FY2018)	TOTAL FEDERAL FUNDING
EMPIRE BEAUTY SCHOOL INC.	\$51,360,302	\$65,609,006
TRICOCI UNIVERSITY OF BEAUTY CULTURE LLC	\$8,807,718	\$12,343,909
BEAUTY BASICS, INC.	-	\$7,581,530
KENNETH SHULER SCHOOL OF COSMETOLOGY & HAIR DESIGN, INC	\$3,871,115	\$7,540,917
CONTINENTAL SCHOOL OF BEAUTY CULTURE LTD	\$3,934,775	\$7,209,053
ACADEMY OF HAIR DESIGN INC	\$3,334,672	\$6,429,798
MILAN INSTITUTE OF COSMETOLOGY	\$952,097	\$3,981,459
STUDIO ACADEMY OF BEAUTY LLC	\$1,518,601	\$3,207,432
THE HAIR ACADEMY INC	\$922,143	\$3,131,984
DURAN RUBERO BEAUTY CENTER INC	_	\$2,874,800

**SOURCE:** 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.





#### **Empire Beauty School**

FY2017: FY2014-FY2017: \$65.6 MILLION \$534.3 MILLION

FY2015-FY2016 Student Loans: \$74.8 Million | FY2017-FY2018 Student Loans: \$51.4 Million

The largest system of cosmetology schools in the country, Empire Beauty Schools, is a subsidiary of Regis Corporation, a publicly traded company with more than \$1.7 billion in annual revenue and nearly 10,000 salons across the country, including industry leader, SuperCuts. Empire Beauty School alone has more than 100 campuses across the United States. In 2007, its parent corporation merged 51 other cosmetology schools with Empire, allowing it to become the largest system of beauty schools in the country.

However, students rarely climb the economic ladder after receiving an education at Empire Beauty School, according to a <u>study</u> done by the *New York Times*. The estimated annual cost of tuition and fees at Empire Beauty School is \$14,050. After attending for two years, students who rely on loans can accumulate <u>more than half</u> of the annual wages of a hairdresser (\$24,260) in student debt. In other words, students can accumulate \$12,000 in debt for a position that pays \$12 per hour.



#### **Tricoci University of Beauty Culture**

FY2017: FY2014-FY2017: \$12.3 MILLION \$58.6 MILLION

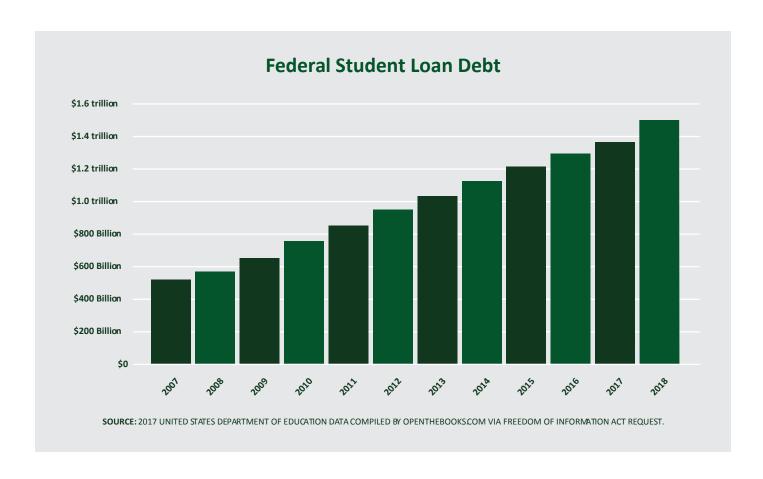
FY2015-FY2016 Student Loans: \$10.7 Million | FY2017-FY2018 Student Loans: \$8.8 Million

The Tricoci University of Beauty Culture, founded by Mario Tricoci, a "<u>patron saint</u>" and "<u>legend</u>" of the beauty industry, is a system of beauty and cosmetology schools spanning Illinois, Indiana, and Wisconsin. At an <u>estimated cost (tuition and fees)</u> of \$22,350, Tricoci University of Beauty Culture proves <u>much more expensive</u> than competing beauty schools. Though the university's <u>annual revenue</u> exceeds \$18 million, 78 percent of its funding from taxpayer-funded financial aid.

## CONTRACTORS FOR STUDENT AID AND DEBT COLLECTION

In FY2017, the Department of Education (ED) signed \$1 billion in contracts for the collection of outstanding student debt plus another \$602 million for the service, operation, and maintenance of the student aid disbursement system.

This \$1.6 billion in cost associated with student debt is dwarfed by the nearly \$1.5 trillion in student loan debt that ED holds as a liability. In fact, the amount of outstanding federal student loan debt has risen nearly 40 percent over the last 10 years from \$516 billion (2007) to \$1.4 trillion (2017). This number grows annually as ED distributes nearly \$100 billion in student loans each two-year period.





#### Accenture Federal Services - \$656.4 Million

ED <u>contracted</u> with the Irish company Accenture to "design, build, implement, and operate a Common Origination and Disbursement System (COD) to process originations and disbursements for Federal loans and grants."

In 2011, two whistleblowers had the firm <u>sued</u> for "fraudulently inflated prices and rigged bids in connection with federal information technology contracts," a <u>theme</u> that persisted in its dealings with many federal agencies. Accenture agreed to pay \$63.7 million to settle the lawsuit. In 2014, the company was then hired as lead contractor for <u>\$563 million</u> over a five-year period to fix the Obama administration's HealthCare.gov website. Accenture continued to receive large contracts from the federal government, amounting to \$3.3 billion over a three-year period (2014-2016).



#### Navient Corporation - \$289.3 Million

After legislation in 2010 prohibited private banks from servicing federal loans, <u>Sallie Mae created a new company</u>, Navient, to service its student loans. In 2014, the United States Consumer Financial Protection Bureau <u>sued</u> Navient for "systematically and illegally failing borrowers at every stage of repayment" and "cheating borrowers out of billions, often by deceiving them about repayment options."

On January 18, 2017, Illinois Attorney General Lisa Madigan <u>filed</u> a lawsuit against Navient Corporation and Sallie Mae for "widespread unfair and deceptive subprime lending," failing to "offer proper repayment options," and engaging "in deceptive collection practices."

Madigan's <u>complaint</u> stated that Navient had been "increasing subprime lending to students attending for-profit schools... saddling these borrowers with billions of debt they could not pay." It was <u>recently ruled</u> that the lawsuit could proceed after the court dismissed Navient's motion to dismiss the case. Despite years of allegations, the federal government continues to contract with Navient for \$651 million over the last four years (FY2014-FY2017).



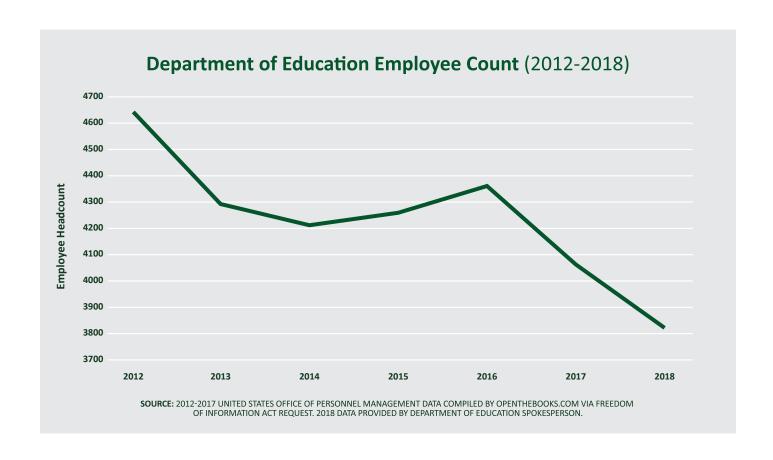
#### Continental Service Group - \$204.3 Million

More commonly known as ConServe, this debt collection agency has experienced growth over the last few years as a result of ED contracts. In August 2017, however, Continental Service Group faced a class action lawsuit alleging "deceptive representation" when dealing with borrowers. Plaintiffs allege a long history of harassment and deception. The company has always denied these claims. In the summer of 2017, ConServe fought for its FY2018 contract by suing ED. The company was concerned that contracts were being given unfairly let to other companies. ConServe received more than \$200 million from ED in 2017 and \$227 million between 2014-2016.

## DEPARTMENT OF EDUCATION EMPLOYEE COMPENSATION

Most federal government employee salaries went unchanged during the federal wage freeze period (FY2011-FY2014). ED data on salaries and bonuses show small total payroll growth over a seven-year period: \$429.6 million (FY2010) to \$446.2 million (FY2017).

However, ED is currently under a hiring freeze causing employee counts to continue to drop throughout fiscal year 2018. In May 2018, ED disclosed 3,818 employees. Over a seven-year period (FY2012-FY2018), ED employee headcount has actually decreased by 18 percent



#### **Key Facts – Department of Education Salaries and Bonuses**

- ED paid 4,059 employees a total of \$446.2 million in compensation. On average, each employee received \$109,918. Including an estimated 31 percent in benefits each employee costs taxpayers \$143,992 on average. Exactly 2,603 Department of Education employees received more than \$100,000 each in FY2017 (65 percent).
- Employees at ED hold 60 different job titles. Average pay for 32 of these job titles exceeded \$100,000 in FY2017.

#### **Top 10 Job Titles at the Department of Education** (FY2017)

JOB TITLE	TOTAL CASH	EMPLOYEE COUNT	COMPENSATION AVERAGE
MANAGEMENT AND PROGRAM ANALYSIS	\$97,867,030	858	\$114,064
MISCELLANEOUS ADMINISTRATION AND PROGRAM	\$53,496,773	511	\$104,690
GENERAL ATTORNEY	\$58,319,850	479	\$121,753
GENERAL BUSINESS AND INDUSTRY	\$40,223,111	404	\$99,562
EDUCATION PROGRAM	\$34,343,379	285	\$120,503
INFORMATION TECHNOLOGY MANAGEMENT	\$32,432,107	248	\$130,775
CONTRACTING	\$14,586,972	129	\$113,077
ACCOUNTING	\$13,839,483	113	\$122,473
EQUAL OPPORTUNITY COMPLIANCE	\$11,764,954	109	\$107,935
MISCELLANEOUS CLERK AND ASSISTANT	\$5,348,214	96	\$55,711

SOURCE: 2017 UNITED STATES OFFICE OF PERSONNEL MANAGEMENT DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.

- The three largest divisions by employee count at ED are the Office of Federal Student Aid (1,380); the Office for Civil Rights (564); and the Office of Inspector General (230).
- Hiring practices at the Office for Civil Rights have been under close observation. Our data show FY2017 headcounts (564) at the division are down by 7 percent compared to FY2016 (604) and by 13 percent from its height during the Obama administration (646). According to FY2017 payroll data, 65 percent of all employees at the Office of Civil Rights are attorneys.
- The highest paid employee at ED was the Secretary of Education Elisabeth "Betsy" DeVos, earning \$199,700 in FY2017.
- Employees at ED collected 117 disclosed bonuses worth \$158,749 in FY2017. Denise Carter, the <u>acting assistant secretary</u> in the Office of Management, received the department's largest bonus for \$10,000.

## 50 MOST HIGHLY COMPENSATED EMPLOYEES AT THE DEPARTMENT OF EDUCATION

#### RANKED BY TOTAL CASH COMPENSATION AMOUNT

NAME	TOTAL COMP.	TITLE
ELISABETH DEVOS	\$ 199,700	EDUCATION PROGRAM
DENISE CARTER	\$ 196,978	MISCELLANEOUS ADMINISTRATION AND PROGRAM
MARGO ANDERSON	\$ 194,987	MISCELLANEOUS ADMINISTRATION AND PROGRAM
JENNIFER BELL-ELLWANGER	\$ 189,451	MISCELLANEOUS ADMINISTRATION AND PROGRAM
CASSANDRA CUFFEE-GRAVES	\$ 188,974	HUMAN RESOURCES MANAGEMENT
PATRICK BRADFIELD	\$ 187,000	CONTRACTING
ANGELA BILLUPS	\$ 187,000	CONTRACTING
SANDRA BRUCE	\$ 187,000	PROGRAM MANAGEMENT
RAMONDA CROWNER QUASETTE	\$ 187,000	PROGRAM MANAGEMENT
RICKY TAKAI	\$ 187,000	EDUCATION RESEARCH
BRENDA WENSIL	\$ 187,000	MISCELLANEOUS ADMINISTRATION AND PROGRAM
JAMES MANNING	\$ 187,000	MISCELLANEOUS ADMINISTRATION AND PROGRAM
ARTHUR WAYNE JOHNSON	\$ 187,000	MISCELLANEOUS ADMINISTRATION AND PROGRAM
PATRICK HOWARD	\$ 187,000	MISCELLANEOUS ADMINISTRATION AND PROGRAM
WILLIAM LEITH	\$ 187,000	PROGRAM MANAGEMENT
MATTHEW SESSA	\$ 187,000	PROGRAM MANAGEMENT
ROBIN MINOR	\$ 187,000	PROGRAM MANAGEMENT
COLLEEN MCGINNIS	\$ 187,000	MISCELLANEOUS ADMINISTRATION AND PROGRAM
IRMA BLANCHETT	\$ 187,000	PROGRAM MANAGEMENT
JEFFREY WILSON	\$ 186,998	INFORMATION TECHNOLOGY MANAGEMENT
SUE BETKA	\$ 186,987	MISCELLANEOUS ADMINISTRATION AND PROGRAM
SANDRA BATTLE	\$ 186,987	GENERAL ATTORNEY
JOSEPH CONATY	\$ 186,987	PROGRAM MANAGEMENT
PEGGY CARR	\$ 186,987	STATISTICS
LINDA STRACKE	\$ 186,987	MISCELLANEOUS ADMINISTRATION AND PROGRAM
JOHN HURT	\$ 186,987	FINANCIAL ADMINISTRATION AND PROGRAM
PHILIP ROSENFELT	\$ 186,987	GENERAL ATTORNEY
ROSS SANTY	\$ 186,987	PROGRAM MANAGEMENT
PAUL RIDDLE	\$ 186,987	GENERAL ATTORNEY
ANDREW PEPIN	\$ 186,987	MISCELLANEOUS ADMINISTRATION AND PROGRAM
MAUREEN MCLAUGHLIN	\$ 186,978	MISCELLANEOUS ADMINISTRATION AND PROGRAM
ERNEST CANELLOS	\$ 186,655	GENERAL ATTORNEY
LARRY KEAN	\$ 186,534	BUDGET ANALYSIS
PHILIP MAESTRI	\$ 186,136	MISCELLANEOUS ADMINISTRATION AND PROGRAM
LINDA WILBANKS	\$ 186,047	INFORMATION TECHNOLOGY MANAGEMENT
DANIEL GALIK	\$ 185,091	INFORMATION TECHNOLOGY MANAGEMENT
MARTA ERCEG	\$ 184,585	GENERAL ATTORNEY
TIMOTHY SOLTIS	\$ 184,463	FINANCIAL ADMINISTRATION AND PROGRAM

THOMAS BROCK	\$ 184,150	MISCELLANEOUS ADMINISTRATION AND PROGRAM
GANESH REDDY	\$ 183,967	INFORMATION TECHNOLOGY MANAGEMENT
JASON GRAY	\$ 183,424	INFORMATION TECHNOLOGY MANAGEMENT
ELIZABETH ANNE MCGEARY MCFADDEN	\$ 183,392	GENERAL ATTORNEY
TRACEY SASSER	\$ 183,390	GENERAL ATTORNEY
DARRELL GRAHAM	\$ 183,267	MANAGEMENT AND PROGRAM ANALYSIS
BRADLEY BUMGARNER	\$ 182,000	CONTRACTING
CHARLES APPEL	\$ 182,000	MISCELLANEOUS ADMINISTRATION AND PROGRAM
RUTH RYDER	\$ 181,662	PROGRAM MANAGEMENT
BEREKET TANJU	\$ 181,563	PROGRAM MANAGEMENT
BRYON GORDON	\$ 180,999	AUDITING
KATHRYN ELLIS	\$ 180,306	GENERAL ATTORNEY

SOURCE: 2017 UNITED STATES DEPARTMENT OF EDUCATION DATA COMPILED BY OPENTHEBOOKS.COM VIA FREEDOM OF INFORMATION ACT REQUEST.

#### **OFFICIAL TIME**

In a <u>report released</u> April 2018, the Office of Personnel Management (OPM) uncovered the usage of "Official Time" cost taxpayers \$175 million (FY2016). OPM defines official time as "paid time spent by Federal employees performing representational work for a bargaining unit in lieu of their regularly assigned work." In short, federal employees worked 3.6 million hours on official time at hefty cost to taxpayers.

At ED, 2,646 employees spent 6,522 hours on official time in FY2016. This cost the American taxpayers \$424,556. In the past few months, ED <u>implemented new policy</u> requiring employees to take unpaid leave in order to work on union duties. The federal employee unions are filing unfair labor practice charges against the department, but the agency is now on pace to save taxpayers nearly \$500,000 per year.

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#### The Board of Directors at American Transparency (OpenTheBooks.com) thanks our team:

Adam Andrzejewski, Founder and Chief Executive Officer, authored this report. Matthew Tyrmand, Deputy Director, disseminated this report to national media. Craig Mijares, Chief Operating Officer at American Transparency, assembled and organized datasets. Frank Bruno, Director of Government Oversight, and Madalen Strumpf, Oversight Manager, managed our data investigation and oversight teams. Jessie Fox, Communications Specialist, and Lauren Renslow, Social Media Specialist, helped draft and edit the report.

#### **Research Interns included:**

**Daniel Sutkowski** – Loyola University, Chicago, Illinois **John Zachariah Shuster** – Emory University, Atlanta, Georgia

This report quantifies federal transactions compiled at <a href="https://www.openTheBooks.com">www.openTheBooks.com</a> as a result of the Federal Funding Accountability and Transparency Act of 2006. To the extent the government makes mistakes in reporting inaccurate or incomplete data, our report will reflect these same mistakes.

NOTES:	



