Acupunture Board
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Motion

Requiring Schools to Report on Post Graduate Employment

Motion that the CAB immediately retain a consultant to conduct a statewide workforce survey of licensed acupuncturist to determine the amount of student loans owed, the range of hours they work weekly, what is the range of income derived from the acupuncture practice of licenses, lapsed licenses,, and other matters related to acupuncture employment, under-employment, and unemployment. And thereafter, the Board requires all acupuncture schools approved by CAB to submit graduate placement information to the CAB on a yearly basis consistent with AB48. A non-compliance fee of $1,000 will be leved against any school submitting a late report (more than 30 days late) and $1,000 fine every month thereafter. This late fee will cover the administrative cost to oversee late reports.

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Obama Plans New Rules as For-Profit Colleges Mobilize (Update2)

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(Closes shares in the ninth paragraph.)

By John Hechinger, Daniel Golden and John Lauerman

May 4 (Bloomberg) -- The Obama Administration is gearing up to produce tougher regulations that may reduce the amount of federal financial aid flowing to for-profit colleges, cutting the companies' annual revenue growth by as much as a third.

In response, the $29 billion industry and its supporters including Republican Senators have enlisted top Washington lobbyists and are courting black and Hispanic legislators to fight the proposed rules scheduled to be released as early as this month. The companies draw students from low-income and minority communities.

Federal aid to for-profit colleges has become an issue as it has jumped to $26.5 billion in 2009 from $4.6 billion in 2000, according to the Education Department, prompting concern that these students are taking on too much debt. Twelve higher- education stocks fell an average of 7.4 percent for the week ended April 30, according to Bloomberg data, following an April 28 speech by an Education Department official critical of for- profit colleges. In the same period, the Standard & Poor's 500 Index dropped 1.7 percent.

"There's an attempt to manage" for-profit colleges by the Obama administration, Robert Wetenhall, an analyst with RBC Capital Markets in New York, said in a telephone interview. The education companies' influence in Washington has "radically changed," from the years of the Bush administration, he said.

Tougher Rules

The tougher rules, which are expected to be released for public comment in the next several weeks, would require ITT Educational Services Inc., Career Education Corp. and Apollo Group Inc.'s University of Phoenix to show that their graduates earn enough money to pay off their student loans. If for-profit colleges can't meet the standard, they could lose federal financial aid, which typically makes up three-quarters of their revenue.

The proposed rules may disqualify for-profits from receiving federal financial aid if their graduates must spend more than 8 percent of their starting salaries on repaying student loans. The regulations may slow or even halt tuition increases at ITT, Education Management Corp., Lincoln Educational Services, Universal Technical Institute, and Career Education because many graduates take low-paying jobs in criminal justice, cooking and medical office work, Trace Urdan, an analyst at Signal Hill Capital Group in San Francisco, said in an interview.

Pricing Power

Education companies have increased revenue by as much as 15 percent and enrollment by 8 to 10 percent on an annual basis, while raising tuition about 4 to 6 percent a year, Urdan said. The new rules may slow their revenue growth by one third by limiting their ability to raise tuition.

"The days of 4 to 6 percent annual tuition price increases are over," Urdan said. "The new proposed rules will bring some school's power to increase prices down to zero."

Apollo fell $2.22 or 3.8 percent to $56.10 at 4 p.m. today in New York Stock Exchange composite trading. ITT fell $3.25 or 3.1 percent to $100.97. Career Education fell 77 cents or 2.6 percent to $29.47.

The Education Department plans to issue the regulations without Congressional approval, unlike student-loan legislation which passed in March.

'Controversial' Proposal

"Congress has not held a single hearing on these new enforcement mechanisms," Alexa Marrero, spokeswoman for John Kline, the ranking Republican on the House education committee, said in an e-mail. "No research has been offered by the department to justify the controversial proposal."

U.S. Senator Lamar Alexander, who chairs the Senate Republican Conference, is trying to persuade U.S. Education Secretary Arne Duncan to reconsider the regulations, said a Republican aide on the education committee. If that doesn't work, Alexander, who is on the education and appropriation committees, would try to kill the regulations by cutting off funding, the aide said.

Enrollment in for-profit colleges increased to 1.8 million in 2008 from 673,000 in 2000. Industry revenue will rise to $29.2 billion this year from $9 billion in 2000, said Jeffrey Silber, an analyst for BMO Capital Markets in New York. The industry has grown in part by marketing to low-income students, including the homeless, who qualify for federal grants and loans.

Regulations' Impact

The new regulations would shut 300,000 students out of classes and eliminate 2,000 educational programs, according to a study commissioned by the Washington-based Career College Association, which represents more than 1,400 for-profit colleges.

The proposal would reduce opportunities for women and racial minorities who want to go to college, the group said. For-profit colleges have proposed alternative regulations that would require companies to disclose more information about students' debt and job prospects.

The Career College Association has retained the Podesta Group, a Washington lobbying firm headed by Anthony Podesta, whose brother, John, was President Bill Clinton's chief of staff, according to federal filings. Clinton will be a keynote speaker at the association's annual meeting in June. Podesta's Paul Brathwaite, former executive director of the Congressional Black Caucus, is also lobbying on the association's behalf, records show.

Phoenix Scholarships

The University of Phoenix, the largest for-profit college in the U.S. by enrollment, awarded 25 full-tuition scholarships worth $1.25 million in the fiscal year ended August 31 to the Congressional Black Caucus Foundation, which selects the recipients, Apollo spokeswoman Sara Jones said in an e-mail. More minority students earn degrees from Phoenix than from any other U.S. university, she said.

In March, several members of the Congressional Black Caucus sent a letter to Duncan, saying the regulations would reduce educational opportunity.

Regulators need more tools to oversee publicly traded education companies receiving increasing amounts of federal money, Robert Shireman, deputy undersecretary of the education department, said in a speech on April 28.

"I don't think we have the firepower that we need," he said, according to a transcript of his remarks.

The speech was "highly negative" and was "drawing inappropriate and unwarranted parallels between developments in higher education and the causes of the recent financial crisis," Harris Miller, president of the Career College Association wrote in an April 29 letter to Duncan.

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March 13, 2010

In Hard Times, Lured Into Trade School and Debt

By PETER S. GOODMAN

One fast-growing American industry has become a conspicuous beneficiary of the recession: for-profit colleges and trade schools.

At institutions that train students for careers in areas like health care, computers and food service, enrollments are soaring as people anxious about weak job prospects borrow aggressively to pay tuition that can exceed $30,000 a year.

But the profits have come at substantial taxpayer expense while often delivering dubious benefits to students, according to academics and advocates for greater oversight of financial aid. Critics say many schools exaggerate the value of their degree programs, selling young people on dreams of middle-class wages while setting them up for default on untenable debts, low-wage work and a struggle to avoid poverty. And the schools are harvesting growing federal student aid dollars, including Pell grants awarded to low-income students.

“If these programs keep growing, you’re going to wind up with more and more students who are graduating and can’t find meaningful employment,” said Rafael I. Pardo, a professor at Seattle University School of Law and an expert on educational finance. “They can’t generate income needed to pay back their loans, and they’re going to end up in financial distress.”

For-profit trade schools have long drawn accusations that they overpromise and underdeliver, but the woeful economy has added to the industry’s opportunities along with the risks to students, according to education experts. They say these schools have exploited the recession as a lucrative recruiting device while tapping a larger pool of federal student aid.

“They tell people, ‘If you don’t have a college degree, you won’t be able to get a job,’ ” said Amanda Wallace, who worked in the financial aid and admissions offices at the Knoxville, Tenn., branch of ITT Technical Institute, a chain of schools that charge roughly $40,000 for two-year associate degrees in computers and electronics. “They tell them, ‘You’ll be making beaucoup dollars afterward, and you'll get all your financial aid covered.' "

Ms. Wallace left her job at ITT in 2008 after five years because she was uncomfortable with what she considered deceptive recruiting, which she said masked the likelihood that graduates would earn too little to repay their loans.

As a financial aid officer, Ms. Wallace was supposed to counsel students. But candid talk about job prospects and debt obligations risked the wrath of management, she said.

"If you said anything that went against what the recruiter said, they would threaten to fire you," Ms. Wallace said. "The representatives would have already conned them into doing it, and you had to just keep your mouth shut."

A spokeswoman for the school's owner, ITT Educational Services, Lauren Littlefield, said the company had no comment.

The average annual tuition for for-profit schools this year is about $14,000, according to the College Board. The for-profit educational industry says it is fulfilling a vital social function, supplying job training that provides a way up the economic ladder.

"When the economy is rough and people are threatened with unemployment, they look to education as the way out," said Harris N. Miller, president of the Career College Association, which represents approximately 1,400 such institutions. "We're preparing people for careers."

Concerned about aggressive marketing practices, the Obama administration is toughening rules that restrict institutions that receive federal student aid from paying their admissions recruiters on the basis of enrollment numbers.

The administration is also tightening regulations to ensure that vocational schools that receive aid dollars prepare students for "gainful employment." Under a proposal being floated by the Department of Education, programs would be barred from loading students with more debt than justified by the likely salaries of the jobs they would pursue.

"During a recession, with increased demand for education and more anxiety about the ability to get a job, there is a heightened level of hazard," said Robert Shireman, a deputy under secretary of education. "There is a lot of Pell grant money out there, and we need to make sure it's being used effectively."

The administration's push has provoked fierce lobbying from the for-profit educational industry, which is seeking to maintain flexibility in the rules.

A Lucrative Business

The stakes are enormous: For-profit schools have long derived the bulk of their revenue from federal loans and grants, and the percentages have been climbing sharply.

The Career Education Corporation, a publicly traded global giant, last year reported revenue of $1.84 billion. Roughly 80 percent came from federal loans and grants, according to BMO Capital Markets, a research and trading firm. That was up from 63 percent in 2007.

The Apollo Group — which owns the for-profit University of Phoenix — derived 86 percent of its revenue from federal student aid last fiscal year, according to BMO. Two years earlier, it was 69 percent.

For-profit schools have proved adept at capturing Pell grants, which are a centerpiece of the Obama administration's efforts to make higher education more affordable. The administration increased financing for Pell grants by $17 billion for 2009 and 2010 as part of its $787 billion stimulus package.

Two years ago, students at for-profit trade schools received $3.2 billion in Pell grants, according to the Department of Education, less than went to students at two-year public institutions. By the 2011-12 school year, the administration now estimates, students at for-profit schools should receive more than $10 billion in Pell grants, more than their public counterparts. (Those anticipated increases may shrink, depending on the outcome of wrangling in Congress over health care and student lending.)

Enrollment at for-profit trade schools expanded about 20 percent a year the last two years, more than double the pace from 2001-7, according to the Career College Association.

Mr. Miller, the association's president, said for-profit schools were securing large numbers of Pell grants because their financial aid offices were diligent and because the schools served many low-income students.

But financial aid experts say the surge of federal money reaching such institutions reflects something else: their aggressive, sometimes deceitful recruiting practices.

Jeffrey West was working at a pet store near Philadelphia, earning about $8 an hour, when he saw advertisements for training programs offered by WyoTech, a chain of trade schools owned by Corinthian Colleges Inc., a publicly traded company that last year reported revenue of $1.3 billion.

After Mr. West called the school, an admissions representative drove to his house to sell him on classes in auto body refinishing and upholstering technology, a nine-month program that cost about $30,000.

Mr. West blanched at the tuition, he recalled, but the representative assured him the program amounted to an antidote to hard economic times.

"They said they had a very high placement rate, somewhere around 90 percent," he said. "That was one of the key factors that caused me to go there. They said I would be earning $50,000 to $70,000 a year."

Some 14 months after he completed the program, Mr. West, 21, has failed to find an automotive job. He is working for $12 an hour weatherizing foreclosed houses.

With loan payments reaching $600 a month, he is working six and seven days a week to keep up.

"I've got $30,000 in student loans, and I really don't have much to show for it," he said. "It's really frustrating when you're trying to better yourself and you wind up back at Square One."

Corinthian says it bars its recruiters from making promises about pay.

"The majority of our students graduate," said a spokeswoman, Anna Marie Dunlap, in a written statement. "Most see a significant earnings increase."

The increase in market opportunities for the for-profit education industry comes as governments spend less on education. In states like California, community colleges have been forced to cut classes just when demand is greatest.

"This is creating a very ripe environment for the for-profit schools to pick off more students," said Lauren Asher, president of the Institute for College Access & Success, a nonprofit research group based in California that seeks to make higher education more affordable. "The risks of exploitation are higher, and the potential rewards of those practices are higher."

For-profit culinary schools have long drawn criticism for leading students to rack up large debts. Now, they are enjoying striking growth. Enrollment at the 17 culinary schools of the Career Education Corporation — most of them operated under the name Le Cordon Bleu — swelled by 31 percent in the final months of last year from a year earlier.

When Andrew Newburg called the Le Cordon Bleu College of Culinary Arts in Portland, Ore., to seek information, he was feeling pressure to start a new career. It was 2008, and his Florida mortgage business was a casualty of the housing bust. An associate degree in culinary arts from a school in the food-obsessed Pacific Northwest seemed like a portal to a new career.

The tuition was daunting — $41,000 for a 15-month or 21-month program — but he said the admissions recruiter portrayed it as the entrance price to a stable life.

"The recruiter said, 'The way the economy is, with the recession, you need to have a safe way to be sure you will always have income,' " Mr. Newburg said. " 'In today's market, chefs will always have a job, because people will always have to eat.' "

According to Mr. Newburg, the recruiter promised the school would help him find a good job, most likely as a line cook, paying as much as $38,000 a year.

Last summer, halfway through his program and already carrying debts of about $10,000, Mr. Newburg was alarmed to see many graduates taking jobs paying as little as $8 an hour washing dishes and busing tables, he said. He dropped out to avoid more debt.

"They have a basic money-making machine," Mr. Newburg said.

More Bills Than Paychecks

Career Education says admissions staff are barred from making promises about jobs or salaries. The school requires students to sign disclosures stating that they understand that its programs afford no guarantees.

But promotional materials convey a sense of promise.

"Our students are given the tools needed to become the future leaders in the industry," proclaims the Le Cordon Bleu Web site. "Many graduates have attained positions of responsibility, visibility, and entrepreneurship soon after completing their studies."

The job placement results that the school files with accrediting agencies suggest a different outcome. From July 2007 to June 2008, students who graduated from the culinary arts associate degree program landed jobs that paid an average of $21,000 a year, or about $10 an hour. Oregon's minimum wage is $8.40 an hour.

The job placement list is cited in a class-action lawsuit filed against the Portland school — previously known as Western Culinary Institute — by graduates who allege fraud, breach of contract and unlawful trade practices. Executives at Career Education denied the allegations while asserting it would be wrong to judge the school on the basis of its graduates' first jobs.

"You go out in the industry and work your way up," said Brian R. Williams, the company's senior vice president for culinary arts.

On a recent morning at the campus in Portland, hundreds of students donning chef's whites labored in demonstration kitchens stocked with stainless steel countertops and commercial gas ranges. A chef inspected plates of boeuf Bourgogne and risotto Milanese. Students melted and pulled sugar into multicolored ribbons. Others used a chainsaw to sculpture blocks of ice into decorative centerpieces.

"It's employable skills; that's what we teach people here," said the school president, Jon Alberts. "We try to give them as much of an industry experience in the classroom as possible."

But several local chefs said the program merely simulated what students could learn in entry-level jobs.

"When they graduate and come in the kitchen, I tell them, 'I'm going to treat you like you don't know anything,' " said Kenneth Giambalvo, executive chef at Bluehour, an upscale restaurant in Portland's Pearl District. "It doesn't really give them any edge."

What the school does give many students is debt, often at double-digit interest rates — debt that even bankruptcy cannot erase without a lengthy, low-odds legal proceeding.

When TJ Williams arrived in Portland from his home in Utah to enroll at Le Cordon Bleu in 2007, he was shocked by the terms of the aid package the school had arranged for him: One loan, for nearly $14,000, carried a $7,327 "finance charge" and a 13 percent interest rate.

"They told me that halfway through the program, I could probably refinance to a lower rate," he said.

When he tried to refinance, the school turned him down, he says.

Career Education declined to discuss Mr. Williams's case, citing privacy restrictions and saying he had not signed a waiver.

Mr. Williams has been jobless since last fall and recently returned to Utah, where he moved in with his mother.

After Graduation

The Career Education Corporation e-mailed The New York Times names and contact information for four graduates "with whom we hope you'll touch base for important perspective." One came with a wrong number. A second had graduated 15 years ago.

A third, Cherie Thompson, called the program "a really positive experience" but declined to discuss her debts or earnings. The fourth, Ericsel Tan, graduated in 2003 and later earned

$42,000 a year overseeing catering at a convention center near Seattle. He said his success reflected his seven years of kitchen experience prior to culinary school.

Career Education notes that only 5.9 percent of the federal loans to students at the Western Culinary Institute that began to come due in 2007 — the latest available data — are listed in default by the Department of Education.

But default rates have traditionally reflected only those borrowers who fail to pay in the first two years payments are due.

The Department of Education has begun calculating default rates for three years. By that yardstick, Western Culinary's default rate more than doubles, to 12.5 percent.

For-profit schools have ramped up their own lending to students to replace loans formerly extended by Sallie Mae, the student lending giant.

These loans are risky: Career Education and Corinthian recently told investors they had set aside roughly half the money allocated this year for private lending to cover anticipated bad debts.

Financial aid experts say such high rates of expected default prove that graduates will not earn enough to make their payments, yet the loans make sense for the for-profit school industry by enabling the flow of taxpayer funds to their coffers: they satisfy federal requirements that at least 10 percent of tuition money come from students directly or from private sources.

"They're making so much money off their federal student loans and grants that they can afford to write off their own loans," said Ms. Asher of the Institute for College Access & Success.

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National Guild of Acupuncture & Oriental Medicine
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Better health for the American worker, better healthcare for the nation

January 5, 2010

The Obama Healthcare Plan has a Workforce Problem

Once the 47 million uninsured become insured under the new national health care plan, the nation will still be in need of a new stratum of primary care providers to staff our national safety net clinics Testimony before the California Assembly Select Committee on Halthcare Workforce estimated 10,000 primary care providers were needed immediately to adequately staff safety net clinics in California. These clinics are presently the point of care for 3.36 million uninsured and under-insured patients. The average wait time to be triaged is between 29 and 90 days. National studies estimate, that under the Obama Healthcare Plan, more than 40,000 primary care providers will be needed over the next few years.

Where these problems come from? Insuring the uninsured will do nothing to impact the problem of not having enough primary care providers to treat them. Experts testifying before the California Committee suggested the same old solutions that being the training more Masters level Nurse, Physician Assistants and MDs. Suppose all the PA, MD and BSN training programs increased graduates by 10%. In California this would amount to approximately 200 new providers who would not be available for three to eight years. Clinics would still be unable to hire them on more than a part time basis.

The math calls for a radical solution. Healthcare needs to look at non-traditional professions, anxious to work with sufficient training. Conventional healthcare should consider licensed acupuncturists (Lacs) to fill at least some of the mid-level primary care roles.

California legislation recognizes acupuncture as a primary healthcare profession. However, acupuncturist training generally excludes foundational training in clinical experience and medical terminology comparable to what a Physician Assistant receives. Therefore, Lacs who might fill these primary care roles in safety net clinics will need at least one year of additional training.

A one year training program that immersed LAcs in safety net clinics and require didactic training in conventional medicine would produce a new class of practitioners who could make an immediate difference. make an immediate difference.

There are approximately 6,500 LAcs in California of whom 60% work less than 30 hours a week and 70% earn less than $60,000 a year. There are at least 700 Lacs ready to be trained in primary care who would join the staff of each safety net clinic, perform triage functions (essentially a paper task for referring patients to the appropriate clinical service), and treat those requiring pain management within the acupuncture scope of practice. This initiative would provide immediate affordable staff support, add a pain management service, and Chinese Medicine which provides a sufficient foundation for additional training in primary care and , in California they have passed a licensing exam.

Not enough training? Consider there are Physician Assistant programs that prepare PAs to "practice medicine under the supervision of a physician" in 16 months.. These PA students often start with a bare minimum background in healthcare. By comparison, LAcs have completed a 3,000 hour program in acupuncture and Chinese Medicine which provides a sufficient foundation for additional training in primary care and in California they have passed a licensing exam.

The inclusion of acupuncturist in the Obama Healthcare Plan holds too many possibilities to help two unsolvable problems: (1) impacting the need to staff safety net clinics with a new stratum of primary care providers; (2) and increase access to care for those patients least likely to receive prompt quality care..

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