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## Seeking New Start, Finding Steep Cost Workforce Investment Act Leaves Many Jobless and in Debt

By [TIMOTHY WILLIAMS](#) AUG. 17, 2014

Inside

Photo



Joe DeGrella of Louisville trained as a cardiology technician but works at AutoZone. Credit Luke Sharrett for The New York Times

LOUISVILLE, Ky. — When the financial crisis crippled the construction industry seven years ago, Joe DeGrella's contracting company failed, leaving him looking for what he hoped would be the last job he would ever need.

He took each step in line with the advice of the federal government: He met with an unemployment counselor who provided him with a list of job titles the Labor Department determined to be in high demand, he picked from among colleges that offered government-certified job-training courses, and he received a federal retraining grant.

In 2009, Mr. DeGrella, began a course at [Daymar College](#) — a for-profit vocational institute in Louisville — to become a cardiology technician. Daymar officials told him he would have a well-paying job within weeks of graduation.

But after about two years of studying cardiovascular physiology and the mechanics of electrocardiograms, Mr. DeGrella, now 57, found himself jobless and \$20,000 in debt. He moved into his sister's basement and now works at an AutoZone.





“I’ve worked my whole life,” said Joe DeGrella, who had hoped for a new start as a cardiology technician, but has yet to find a job in the field. “I’m just angry that I was trying to improve myself and my situation, and end up \$20,000 in debt.” Credit Luke Sharrett for The New York Times

Millions of unemployed Americans like Mr. DeGrella have trained for new careers as part of the Workforce Investment Act, a \$3.1 billion federal program that, in an unusual act of bipartisanship, was reauthorized by Congress last month with little public discussion about its [effectiveness](#). Like Mr. DeGrella, many have not found the promised new career.

Instead, an extensive analysis of the program by The New York Times shows, many graduates wind up significantly worse off than when they started — mired in unemployment and debt from training for positions that do not exist, and they end up working elsewhere for minimum wage.

Split between federal and state governments — federal officials dispense the money and states license the training — the initiative lacks rigorous oversight by either. It includes institutions that require thousands of hours of instruction and charge more than the most elite private colleges. Some courses are offered at [for-profit colleges](#) that have committed fraud in their search for federal funding. This includes Corinthian Colleges Inc., which [reached](#) an agreement last month with the federal Education Department to shut down or sell many of its campuses.

The Times examination, based on state and federal documents, school and court records, and interviews, shows that some of the retraining institutions advertise graduation and job-placement rates that often do not hold up to scrutiny.

The idea of dividing responsibility between federal and state officials was to give local and state authorities more power in helping the unemployed in their areas. But the unemployed who sign up for training are often left to navigate a bureaucratic maze with almost no guidance. To avoid any appearance of favoritism, federal job counselors are not allowed to recommend schools to job seekers, leaving many of the unemployed to unwittingly select institutions that are expensive, have a history of legal trouble or are academically substandard.

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There is, for example, no mechanism for students to check in with counselors to gauge their progress or determine whether the training program is a good match. States say they investigate complaints and audit programs with poor outcomes, but students say they tend not to register formal complaints about a program’s quality.

When the newly unemployed seek government benefits, their skills and education are assessed at a federal employment office. If there are too few jobs in their current field, they are selected for retraining through the [Workforce Investment Act](#). They choose from among dozens of professions, with each successful applicant

receiving a stipend of up to \$3,000 a year to pay for the training. The rest typically comes from federal grants and loans.

A divorced father of two, Mr. DeGrella said he was among many in the course at Daymar who were unable to find jobs and who now owe thousands of dollars. One classmate is \$25,000 in debt and works at a McDonald's. Daymar, which declined to comment, is being [sued](#) by Kentucky's attorney general for misleading students. "I've worked hard my whole life," said Mr. DeGrella, who also once managed a manufacturing company. "I'm just angry that I was trying to improve myself and my situation, and end up \$20,000 in debt."

While government officials defend the retraining program as useful — and clearly it does lead some unemployed people to new careers — neither federal nor state agencies collect data on the number of people who finish job training or earn professional certificates. As a result, officials acknowledge that they are unable to determine how many students the program has helped find appropriate jobs during the past 15 years.

Carolyn Heinrich, director of the Center for Health and Social Policy at the University of Texas at Austin, has [studied](#) the training program extensively and considers it deficient.

"The jobs they are being trained for really aren't better paying," she said. "We have not used our work force investment system to help people make the choices they need to succeed. For some of the workers, we know what we're doing for them isn't working."

The law was enacted in 1998 and expanded in 2009 as part of the federal economic stimulus package. As the economy has improved — which has led more of the long-term unemployed to try to re-enter the labor market — training and apprenticeships have become a central component of the Obama administration's [plan](#) to match the unemployed with job openings. About 21 million jobless people entered retraining in 2012.

The training program offers courses at community colleges, vocational and business schools, and four-year universities where students can study everything from petroleum pump systems to makeup for the cinema.

Photo





President Bill Clinton after signing the Workforce Investment Act in 1998. Credit Greg Gibson/Associated Press  
Nolan King, 35, completed an 18-month respiratory therapy training program in 2011 at a [Concorde Career College](#), a for-profit school, in Orange County, Calif. He said that he borrowed \$42,000 for the course, and he has not been able to find a full-time job.

Though his school claims a 95 percent job-placement rate within six months of graduation, Mr. King, who has sued Concorde, said only five of the 25 students in his class have found full-time jobs. A Concorde official did not dispute those figures.

University, Fullerton, said he has so little money that he alternates the months in which he pays his two credit card bills and has delayed indefinitely a visit to the doctor to check a worrisome mole.

“I’ve applied for every job under the sun,” he said. “I’m doing everything I’m supposed to do. My wife, who works, expected not to have all the weight on her shoulders.”

The problem is also present at [public institutions](#) that offer federal job training.

At [Florida Keys Community College](#), for instance, training for a two-year associate degree to get a job as a nursing assistant costs \$10,958, compared with the \$6,630 annual tuition at the University of Florida.

Students at Florida Keys default on their loans at a rate of 19.4 percent; at the University of Florida, the rate is 3 percent.

### **Juggling Cost-Effectiveness**

The [South Texas Vocational Technical Institute](#), which operates several campuses, is among a number of schools nationally that have been allowed to offer Workforce Investment Act courses despite having defrauded the federal government.

The school, which calls itself “a leader in the field of technical and vocational training,” has also failed to find jobs for as many as two-thirds of its students in some programs — many of whom have taken out thousands of dollars in loans to enroll, according to school records.



It trains medical and dental assistants, air-conditioning technicians, welders and automobile mechanics for [between \\$18,000 and \\$25,000](#) a year.

During the past seven years, the institute's [former president](#) has been sentenced to federal prison for defrauding the Department of Education; the Texas Workforce Commission has prevented it from offering some Workforce Investment Act training courses for failing to meet required graduation and job placement levels; and two of the institute's employees, including the former admissions director, have been indicted on a charge of attempting to defraud the government of nearly \$500,000 in student aid funds.

In January, the school's parent company, ATI Enterprises Inc., filed for bankruptcy after having agreed to pay \$3.7 million [to settle a Justice Department lawsuit](#) for submitting false student financial aid claims.

The school's new owners, STVT-AAI Education Inc., declined to comment, but in an August 2013 [news release](#) announcing its purchase of the schools, it lauded what it said was a reputation for excellence.

Photo



Kamala Harris, the California attorney general, in October 2013 announced a lawsuit against the for-profit Corinthian Colleges. Credit Justin Sullivan/Getty Images

But only 30 percent of those studying to be medical assistants at the South Texas institute graduate on time, and only 48 percent of those graduates find jobs, according to school [documents](#) — all while paying fees nearly three times the tuition of the University of Texas.

Additionally, nearly 30 percent of the institute's students default on their loans, according to Department of Education records, compared with about 5 percent at the University of Texas at Austin.

And though the institute's medical assistant students borrow an average of \$10,801, according to federal data, they can expect to earn as little as \$10 an hour, according to local job listings — yielding an annual salary roughly equal to the poverty level for a three-person family.

"It's a lot of money for a potentially low-paying job," said Pat Hobbs, executive director of the Cameron County work force board, which manages Workforce Investment Act training programs. "But these are kids who are at home, and maybe no one is working. So they see light at the end of the tunnel, and figure any job is better than no job."

South Texas Vocational Technical Institute's campuses, located in one of the poorest areas of the nation, are made up nearly entirely of Latinos, two-thirds of whom are women. Cameron County, home of the Brownsville campus, has an annual per capita income of less than \$11,000. About 40 percent of the work force lacks a high school diploma.

In May, one day after a Times reporter told state authorities that three of the institute's programs had fallen below the state's minimum 60 percent employment rate for graduates taking part in the training program, the Texas Workforce Commission sent the school a [letter](#) seeking corrective action.

Nonetheless, the commission said the school stands in good stead.

"There are no administrative actions that would affect the school's licensing status with T.W.C. at this time," Lisa J. Givens, a spokeswoman for the state commission, wrote in an email.



## Assessing the Training

When Congress reauthorized the Workforce Investment Act last month, it did not address concerns about the cost of some of the schools, the level of debt students were left with or whether counselors should be allowed to offer more direct professional advice. In a nod to past criticism, however, the updated law does require states to better track former students to determine if training helped them find work with sustainable wages.

During interviews, Labor Department officials said the program works well. They said that assessing the quality of training is up to the states, and that the agency does not regulate tuitions and is unaware of concerns related to prices.

“If providers fail to meet the state’s requirements and job-placement policies, states have a process in place to revoke their eligibility,” Eric Seleznow, a deputy assistant secretary in the Labor Department, said in response to written questions.

While the Labor Department said four of five [dislocated](#) workers had found jobs after undergoing training, a spokesman acknowledged the figure does not distinguish between people who completed job training and those who quit.

In some states, data and academic [studies](#) have suggested that a vast majority of the unemployed may have found work without the help of the Workforce Investment Act.

Photo



“I could live on \$15 an hour because it is not that expensive to live here,” said Jarrod Howard of Atwater, Calif., who has been unemployed for two years, and recently finished a welding course. “But I’m trying to put away as much money as I can to retire. If I ever retire.” Credit Jason Henry for

In South Carolina, for example, 75 percent of dislocated workers found jobs without training, compared with 77 percent who found jobs after entering the program, according to state figures.

A group of for-profit schools frequently at odds with regulators over the quality of their training and their costs charge some of the highest tuitions but place relatively few students in jobs.

One for-profit school, Corinthian Colleges Inc., based in California, is being [sued](#) by the attorneys general of California and Massachusetts, accused of violating securities and consumer protection laws and pressuring students into high-interest subprime loans. Corinthian agreed in July to have a federal monitor oversee its operations as it sells many of its campuses.

Kent Jenkins, a Corinthian spokesman, said its typical student is from a low-income family and has failed in previous attempts to earn a certificate or degree.

“We offer training in health care programs, where if you complete the training, the first job pays in the low- to

mid-\$20,000s a year,” he said. “That’s not a fortune. But it gets you out of unemployment, and gets you on a track for a career. It’s a good investment.”

A medical assistant course offered by Corinthian that costs \$19,000 represents what Mr. Jenkins said was a “consequential amount, but not the proverbial mountains of debt.”

Job-training programs can cost more than \$50,000 at Concorde, a competing group of for-profit schools based in Missouri that had its policies criticized by a United States Senate committee report in 2009.

Tim Foster, Concorde’s chief executive officer, insisted that the schools’ educational standards were worth the cost, but he acknowledged that Concorde had recently reduced prices to make up for fewer students enrolling.

At Daymar College, the for-profit school Mr. DeGrella attended, students pay \$18,000 to earn a certificate in dental assisting, or \$36,000 for an associate degree.

But more than one-third of those who earned the associate degree failed to find a job, despite taking out an average of \$18,475 in loans, according to school data. In another Daymar training program — for billing and coding specialists, which also costs \$36,000 — just 38 percent of graduates find jobs, according to the school’s accreditor, the Accrediting Council for Independent Colleges and Schools. Daymar refused to comment, saying it had few students enrolled in Workforce Investment Act courses, but it declined a request to provide supporting data.

In the Central Valley of California, where unemployment hovers around 16 percent, the program needs more intense focus from the federal government, according to local officials.

At Central Valley Opportunity Center Inc. in Merced, Calif., of 34 people enrolled in a cooking course in 2012, only three found work, according to school [data](#).

More than one-third of the students who graduated from the center’s welding course and more than two-thirds from its general business course earn less than \$20,000 a year, according to [school records](#).

Jarrold Howard, 45, who has been unemployed for two years, recently finished a welding course in nearby Modesto. He said that welders with his skills could earn \$60 an hour, but that he would settle for \$20 an hour if he were able to stay within 50 miles of the house he shares with his mother.

“I could live on \$15 an hour because it is not that expensive to live here, but I’m trying to put away as much money as I can to retire,” he said. “If I ever retire.”

Mr. King, who has a bachelor of arts degree from California State

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