

# What to Focus on in 2010 and Why

By Stephen B. Friedheim

Every year is different; 2010 will be no exception. But knowing where and why to focus your resources will put you ahead of the game. What's different about the coming year relates to how well you understand the landscape and how well you prepare for it. There are several key issues that all career colleges should know.

## Oversight Review

In recent meetings with accrediting commission representatives on behalf of our clients, we learned that the Department of Education intends to closely review any institution that has experienced a 39 percent growth of enrollments in the past year. Those institutions, and this means most private career schools as well as community colleges, will be subjected to additional reporting and perhaps even unannounced visits either by the accrediting commissions at the direction of the Department or by the Department itself. The concern is: How well has the institution prepared to provide for the increase in enrollment—especially academically?

Have more teachers been hired? Can more classroom space and education-related equipment be obtained, if needed? Has the career services support team been expanded to accommodate the additional student

population and the increasing need to find employment for graduates in a difficult economy? Have you reached out in your community to find new potential employers for your students?

## Career Services

The current economy is a bear in many respects, but certainly when it comes to the opportunity to find a job. A recent article by Paul Krugman in the *New York Times* notes that, "There are six times as many Americans seeking work as there are job openings, and the average duration of unemployment—and the time the average job-seeker has spent looking for work—is more than six months, the highest level since the 1930s."

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The impact of the economy is harder on career schools than any other institutions in higher education: students enroll because of a desire to become employed or better employed. While we don't promise a job—and are careful not to—at the conclusion of our programs, there is a tacit assumption that a job will be waiting upon

graduation. So the question is: What actions did you take as the job market got tighter? Did you increase the in-service training for your career service professionals? Did you modify the preparation of your students for the jobs your programs represent with more guest speakers and other ideas to bring job-reality into the classroom? Did you

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increase the externships for your students to bring them in touch with real jobs, with the possibility that they'll be hired when they graduate? Have you emphasized the

job search role your students have in the process? Have you updated the way job searches are conducted today?

Did you brief the faculty on the importance of job readiness and their role in contributing to the success of the graduates to find a job? Did they identify job opportunities that they know about? Are they "members" of the career service team?

### **Managing Defaults**

Following closely behind the first two is the issue of defaults and the challenges that rest just around the corner. Predictions are that whatever your current default rate is, it will double next year and perhaps triple the following year, making your continuation as an approved institution to participate in the federal financial assistance programs problematic. So, what have you done or are you doing about it?

Have you determined what your rate will be in 2010, 2011, and 2012? Have you hired a default management firm to help you help your students/graduates to fulfill their repayment obligations? Have you set up separate departments

or individuals whose sole job is default management? Many institutions have recognized that unless your staff has had extensive training or experience in the collections field, their success in managing the defaults is minimal. And even then, if the default prevention/management is an added responsibility as opposed to being a sole responsibility, it suffers in commitment and results. Generally it takes a professional, who knows how to trace students, and how to encourage to make payments without alienating the audience in the process.

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Another issue in this topic concerns the Department's discussion about the need to regulate tuitions based on the



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relationship of the cost of attendance as compared with the job opportunity at the conclusion. Although this has not resulted in the issuance of new regulations yet, the danger is that it might result in a new initiative to limit tuitions, which could be extremely onerous and stifling.

### **Accountability**

This word and all that it implies will become more and more significant for all institutions in higher education. Fortunately, the career college sector is better prepared and more experienced in demonstrating the accountability factors.

We anticipate that the Department of Education, under the new Administration, will be pushing the accountability envelope in several directions. While our sector will be a principal focus for the Department, other institutions, including public and non-profit colleges and universities, will come in for their share.

Being prepared to demonstrate success in graduation and persistence will be the key to addressing these issues. This increased scrutiny comes at a time when the economy isn't cooperating; it is predicted that there will be an insufficient number of new jobs to satisfy the increased number of anticipated graduates from each of our programs. Being actively involved in the community, being seen as an asset in workforce, development of employers and employer-support will be critical to an institution's ability to prove accountability.

### **Federal Funding and 90/10**

The increased generosity of the federal government's loan and grant programs is proving to be a two-edged sword, much to the delight of Congresswoman Maxine Waters (D-CA), who was

the author of the original 85/15 restriction. Students wanting to maximize the use of their eligibility for the maximum of loans and grants with little or no personal, private contribution can provide a troubling and perhaps disastrous condition for our schools. Since such participation in the federal programs is "entitlements," schools should ensure that each student is given strong encouragement to limit that participation, noting the realities of default consequences. Those institutions in states that distribute state grants may find these funds drying up resulting in first-time concerns by these institutions for achieving the 90/10 ratio.

In addition, members of Congress have to be educated to recognize this funding anomaly that focuses on serving the most needy while punishing the "servers" as a consequence of the 90/10 restrictions. Our sector has not succeeded in overcoming the hue and cry of the consumer advocates who see us as greedy, uncaring thieves. Somehow we must cut through the noise to clarify our role in educating those who deserve our attention.

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### **Sector Involvement**

We are already seeing organized activities to criticize our sector with exaggerated charges of wrongdoing and misguided motives. These are not unusual or unexpected. However, they can never be taken lightly or ignored. They will not go away. The sensationalism of their messages, their anxieties about profit-making educational institutions, their easy headlines of student-related abuse in sound-bite form, makes them extremely dangerous.

Individually, we are frankly helpless to counter-attack and defend our principles; but, collectively, we have a chance to demonstrate the truth and illustrate the value of our system in supporting and successfully responding to student goals.

That means that each institution has a responsibility and obligation to participate in organized activities at the state and local levels. Being actively involved now at the state and local levels can and will make a difference in how the future unfolds from a regulatory standpoint. Standing up and being seen and heard has never been more important than now.

Are you a member of the Career College Association and the state association in your location? If not, you should be. When I was the executive director of the Association of Independent Colleges and Schools, and, later, the first chairman of the

Career College Association, I was mystified by the lack of involvement in the associations' political action activities. For businesses that relied almost 100 percent on federal funding for their students, it seemed

a real curious fact that so many institutions stood on the sideline and refused to become involved.

Now we are faced with some very challenging issues being debated in Washington by legislators who frankly know too little about us, what we do, and whom we do it for. Many have been influenced by our enemies and critics.

One needs only to review the reporting in the higher education media to recognize that we are under attack. The few isolated scandals are being

trumpeted as the standard for career school and college operation.

Public institutions have a cadre of local voices to support them and advocate for them. We need the same. We have that opportunity with our employers and our advisory committee members. But they need to be recruited and organized; they won't act on their own if they don't recognize that we are under attack. Whatever the success our attackers enjoy will limit or inhibit our ability to serve our primary customer...the employers, who rely on us for trained, competent employee-candidates. Letters and other communications from this group to elected officials can go a long way to temper the actions of the Congress or state legislators. Seeing the questions or challenges through the eyes of their constituents will be a powerful element influencing the thinking and voting of legislators at all levels on issues important to your students and you.

### Actions You Can Take

- Consider each of the elements above to see how you stack up.
- Make sure your member of Congress knows about your school; has been on your campus, met your students and maybe even attended one of your graduations.
- Stay up to date on the issues by subscribing to the *Career Education Review*, and *Career College Central*, as well as *The Link*.
- Attend your state association's annual meeting and the CCA annual meeting. Volunteer to help; be actively engaged.
- Most of all—make sure that your school is in order. Everyone will benefit, particularly your students.

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