Universal Technical Institute, Inc.

Introduction

Universal Technical Institute, Inc. offers vocational programs in mechanical fields and has experienced steady growth in recent years. It offers few degree programs and has no online offerings. While the cost of its programs is very high, the company's relatively low student withdrawal and default rates suggest that students are completing programs and finding jobs.

Company Profile

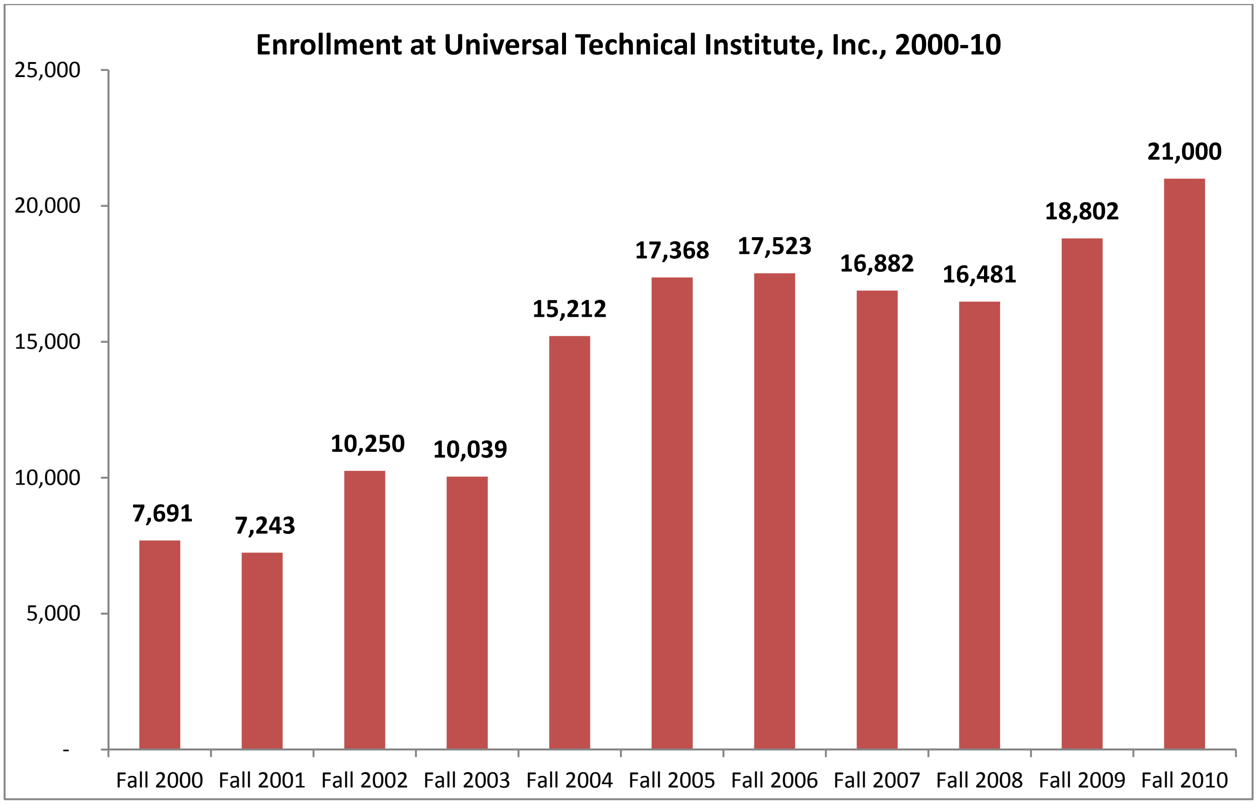
Universal Technical Institute, Inc. ("UTI") is a publicly traded, for-profit educational institution headquartered in Scottsdale, AZ. UTI is traded on the New York Stock Exchange and operates 10 campuses under the banner of several brands, including Universal Technical Institute, Motorcycle Mechanics Institute, Marine Mechanics Institute, and NASCAR Technical Institute. The company offers vocational Certificate and Diploma programs for technicians in the automotive, diesel, collision repair, motorcycle and marine fields, as well as manufacturer specific training programs; one campus in Avondale, AZ, also offers Associate's degrees in these fields. UTI does not offer courses online and is accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC).

Founded in 1965, UTI went public in December 2003. The current chief executive officer of UTI is Kimberly J. McWaters, who also serves as a director of Penske Automotive Group, Inc.[2759]

UTI has experienced steady growth since going public. In fall 2004, UTI enrolled 15,212 students and as of fall 2010 enrolled 21,000 students.[2760]

[2759] The board of directors of UTI includes John C. White, Alan E. Cabito, A. Richard Caputo, Conrad A. Conrad, Dr. Roderick R. Paige, Roger S. Penske, Linda J. Srere, Kenneth R. Trammell, and David Blaszkiewicz.

[2760] For companies that began filing with the Securities and Exchange Commission subsequent to an initial public offering between 2001 and 2010, enrollment is calculated using fall enrollment for all unit identifications controlled by the company for each year from the Department of Education 's Integrated Postsecondary Data System (hereinafter IPEDS) until Securities and Exchange Commission filings become available at which time SEC filings for the August-October period each year are used. See Appendix 7. The most current enrollment data from the Department of Education measures enrollment in fall 2010. In 2011 and 2012, news accounts and SEC filings indicated that many for-profit education companies experienced a drop in new student enrollment. This has also led to a decrease in revenue and profit at some companies.



The growth in enrollment has led to growth in revenue. Over the past 5 years, revenue has grown steadily from $353.4 million in 2007 to $436 million in 2010.[2761]

Federal Revenue

Nearly all for-profit education companies derive the majority of revenues from Federal financial aid programs.[2762] Between 2001 and 2010, the share of title IV Federal financial aid funds flowing to for-profit colleges increased from 12.2 to 24.8 percent and from $5.4 to $32.2 billion.[2763] Together, the 30 companies the committee examined derived 79 percent of revenues from title IV Federal financial aid programs in 2010, up from 69 percent in 2006.[2764]

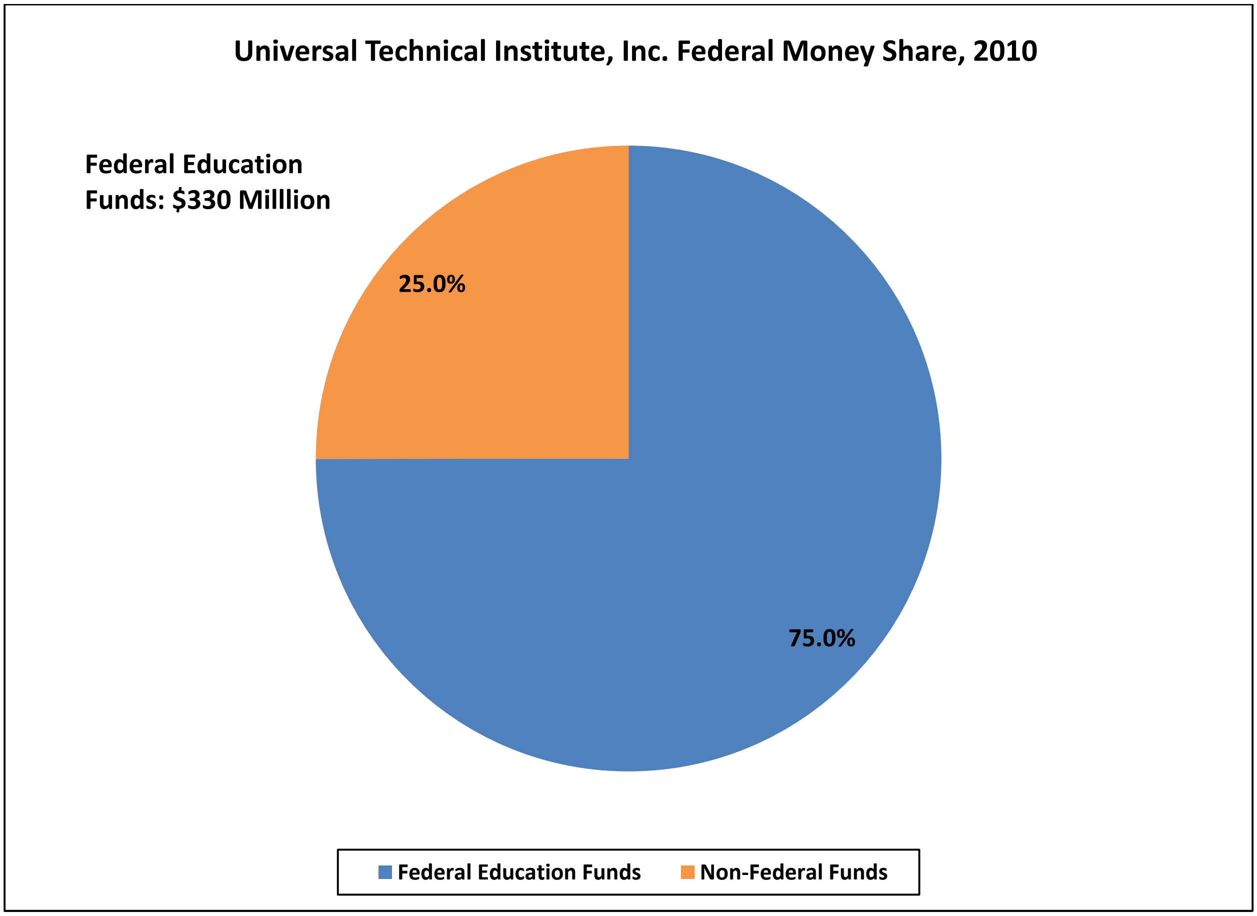
[2761] Revenue figures for publicly traded companies are from Securities and Exchange Commission annual 10-K filings. Revenue figures for privately held companies are taken from the company financial statements produced to the committee. See Appendix 18.

[2762] "Federal financial aid funds" as used in this report means funds made available through title IV of the Higher Education Act, including subsidized and unsubsidized Stafford loans, Pell grants, PLUS loans and multiple other small loan and grant programs. See 20 U.S.C. §1070 et seq.

[2763] Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Program Volume Reports by School*, http://federalstudentaid.ed.gov/datacenter/programmatic.html, 2000-1 and 2009-10. Figures for 2000-1 calculated using data provided to the committee by the U.S. Department of Education. "Federal financial aid funds" as used in this report means funds made available through title IV of the Higher Education Act, including subsidized and unsubsidized Stafford loans, Pell grants, PLUS loans and multiple other small loan and grant programs. See 20 U.S.C. §1070 et seq.

[2764] Senate HELP Committee staff analysis of Proprietary School 90/10 numerator and denominator figures for each OPEID provided to the U.S. Department of Education pursuant to section 487(d)(4) of the Higher Education Act of 1965. Data for fiscal year 2006 provided to the committee by each company; data for fiscal year 2010 provided by the Department of Education on October 15, 2011. See Appendix 9.

In 2010, UTI reported 72.5 percent of revenue from title IV Federal financial aid programs.[2765] However, this amount does not include revenue received from the Departments of Defense and Veterans Affairs education programs or revenue the company was allowed to temporarily discount pursuant to the Ensuring Continued Access to Student Loans Act (ECASLA).[2766] The committee estimates that UTI discounted approximately 3.7 percent of revenue, or $16.3 million, pursuant to ECASLA. Department of Defense Tuition Assistance and post-9/11 GI bill funds accounted for approximately 2.5 percent of UTI's revenue, or $10.9 million.[2767] With these funds from the Departments of Defense and Veterans Affairs included, 75 percent of UTI's total revenue was comprised of Federal education funds.[2768]



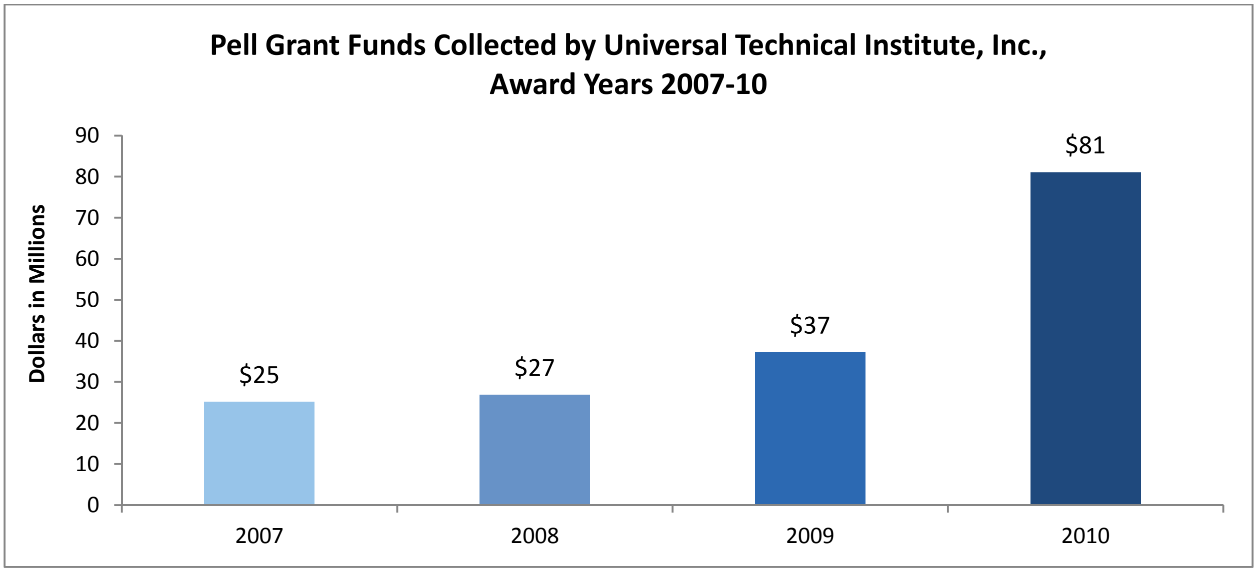
[2765] Senate HELP Committee staff analysis of fiscal 2010 Proprietary School 90/10 numerator and denominator figures for each OPEID provided to the U.S. Department of Education pursuant to section 487(d)(4) of the Higher Education Act of 1965. Data provided by the Department of Education on October 15, 2011. See Appendix 9.

[2766] Pursuant to the Ensuring Continued Access to Student Loan Act (ECASLA), for-profit education companies were allowed to exclude $2,000 in increased Stafford loan eligibility for each student during fiscal years 2009 and 2010.

[2767] Post-9/11 GI bill disbursements for August 1, 2009-July 31, 2010 provided to the committee from the Department of Veterans Affairs on November 5, 2010; post-9/11 GI bill disbursements for August 1, 2009-June 15, 2011 provided to the committee from the Senate Committee on Veterans' Affairs via the Department of Veterans Affairs on July 18, 2011; Department of Defense Tuition Assistance disbursements and MyCAA disbursements for fiscal years 2009-11 provided (by branch) by the Department of Defense on December 19, 2011. Committee staff calculated the average monthly amount of benefits collected from VA and DOD for each company, and estimated the amount of benefits received during the company's 2010 fiscal year. See Appendix 11 and 12.

[2768] "Federal education funds" as used in this report means Federal financial aid funds combined with estimated Federal funds received from Department of Defense and Department of Veterans Affairs military education benefit programs.

The Pell grant program, the most substantial Federal program to assist economically disadvantaged students with college costs, is a significant source of revenue for for-profit colleges. Over the past 10 years, the amount of Pell grant funds collected by for-profit colleges as a whole increased from $1.4 billion to $8.8 billion; the share of total Pell disbursements that for-profit colleges collected increased from 14 to 25 percent.[2769] Part of the reason for this increase is that Congress has repeatedly increased the amount of Pell grant dollars available to a student over the past 4 years, and, for the 2009-10 and 2010-11 academic years, allowed students attending year-round to receive two Pell awards in 1 year. Poor economic conditions have also played a role in increasing the number of Pell eligible students enrolling in for-profit colleges.



UTI more than tripled the amount of Pell grant funds received from $25.1 million in 2007 to $81 million in 2010.[2770]

Spending

While Federal student aid programs are intended to support educational opportunities for students, for-profit education companies direct much of the revenue derived from these programs to marketing and recruiting new students and to profit. On average, among the 15 publicly traded education companies, 86 percent of revenue came from Federal taxpayers in fiscal year 2009.[2771] During the same period those companies spent 23 percent of revenue on marketing and recruiting ($3.7 billion),

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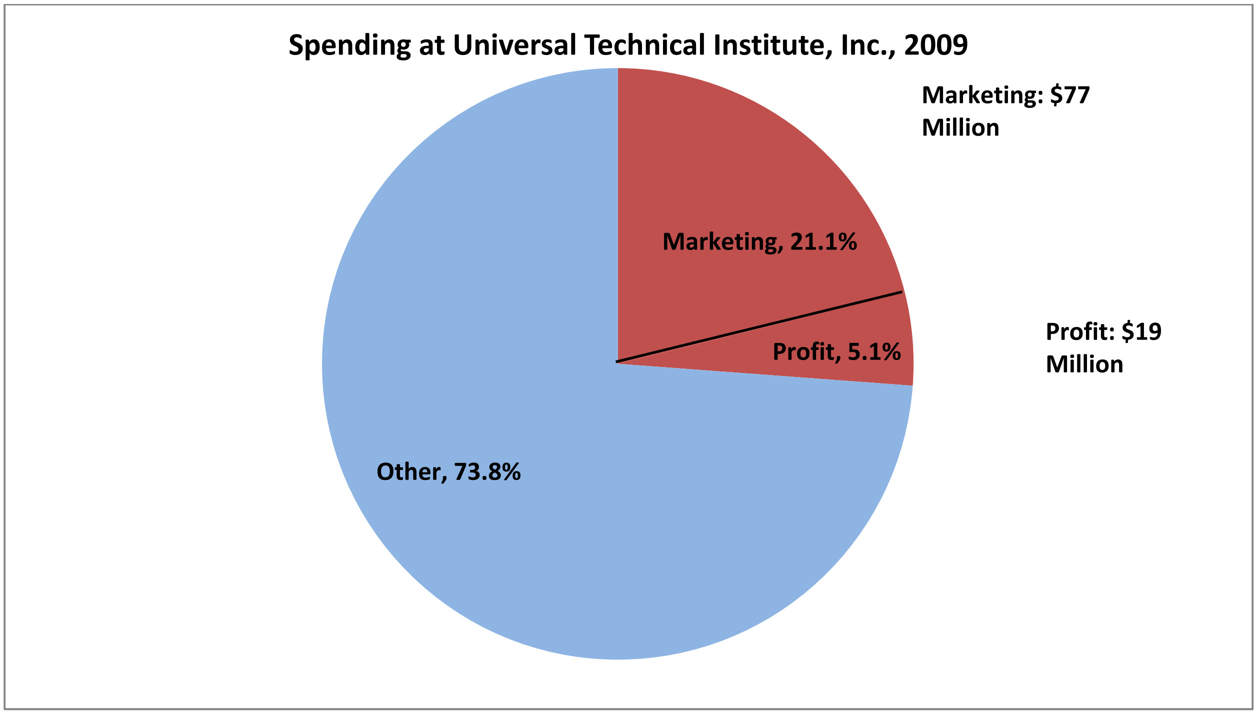
[2769] Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Pell Grant Program Volume Reports by School*, 2001-2 and 2010-11, http://federalstudentaid.ed.gov/datacenter/programmatic.html.

[2770] Pell disbursements are reported according to the Department of Education's student aid "award year," which runs from July 1 through June 30 each year. Senate HELP Committee staff analysis of U.S. Department of Education, Federal Student Aid Data Center, *Title IV Pell Grant Program Volume Reports by School*, 2006-7 through 2009-10, http://federalstudentaid.ed.gov/datacenter/programmatic.html. See Appendix 13.

[2771] Senate HELP Committee staff analysis of fiscal year 2009 Proprietary School 90/10 numerator and denominator figures plus all additional Federal revenues received in fiscal year 2009 provided to the committee by each company pursuant to the committee document request of August 5, 2010.

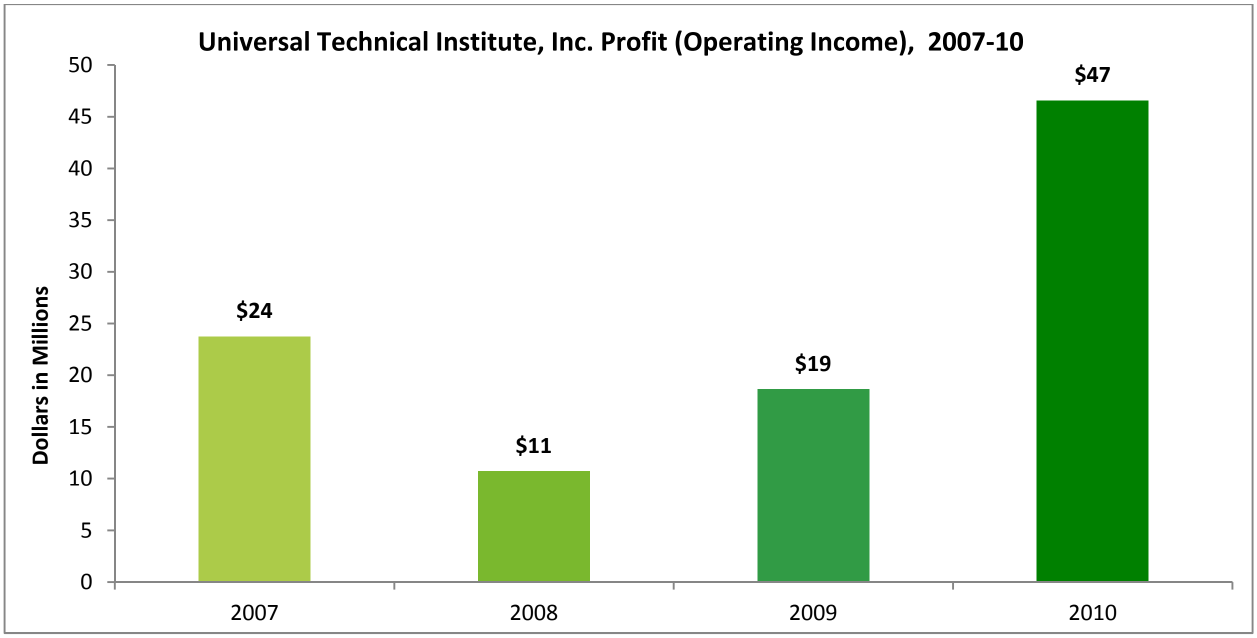
and 19.7 percent on profit ($3.2 billion).[2772] These 15 companies spent a total of $6.9 billion on marketing, recruiting and profit in fiscal year 2009.[2773]

The percentage of revenue UTI allocates to marketing and profit is well below the publicly traded, for-profit average. In 2009, UTI devoted 21.1 percent, or $77.3 million, of its revenue to marketing and recruiting, and 5.1 percent, or $18.6 million, to profit.[2774]



UTI devoted a total of $95.9 million to marketing, recruiting and profit in fiscal year 2009.[2775] The amount of profit UTI generated has increased rapidly, growing from $23.7 million in 2007 to $46.6 million in 2010.[2776]

[2772] Senate HELP Committee staff analysis of fiscal year 2009 Securities and Exchange Commission annual 10-K filings and information provided to the committee by the company pursuant to the committee document request of August 5, 2010. Profit is based on operating income reported in SEC filings. Marketing and recruiting includes all spending on marketing, advertising, admissions and enrollment personnel as reported to the committee. See Appendix 19.
[2773] Id.
[2774] Senate HELP Committee staff analysis. See Appendix 19. On average, the 30 for-profit schools examined spent 22.7 percent of revenue on marketing and 19.4 percent on profit.
[2775] Id. “Other” category includes administration, instruction, executive compensation, faculty salary, student services, facilities, maintenance, lobbying and other expenditures.
[2776] Senate HELP Committee staff analysis. See Appendix 18.



Executive Compensation

Executives at UTI, like most for-profit executives are also more generously compensated than leaders of public and non-profit colleges and universities. Executive compensation across the for-profit sector drastically outpaces both compensation at public and non-profit colleges and universities, despite poor student outcomes at many for-profit institutions.[2777] In 2009, UTI CEO Kimberly McWaters received $1.9 million in compensation, more than three times as much as president of University of Arizona who received $633,206 in total compensation for 2009-10.[2778]

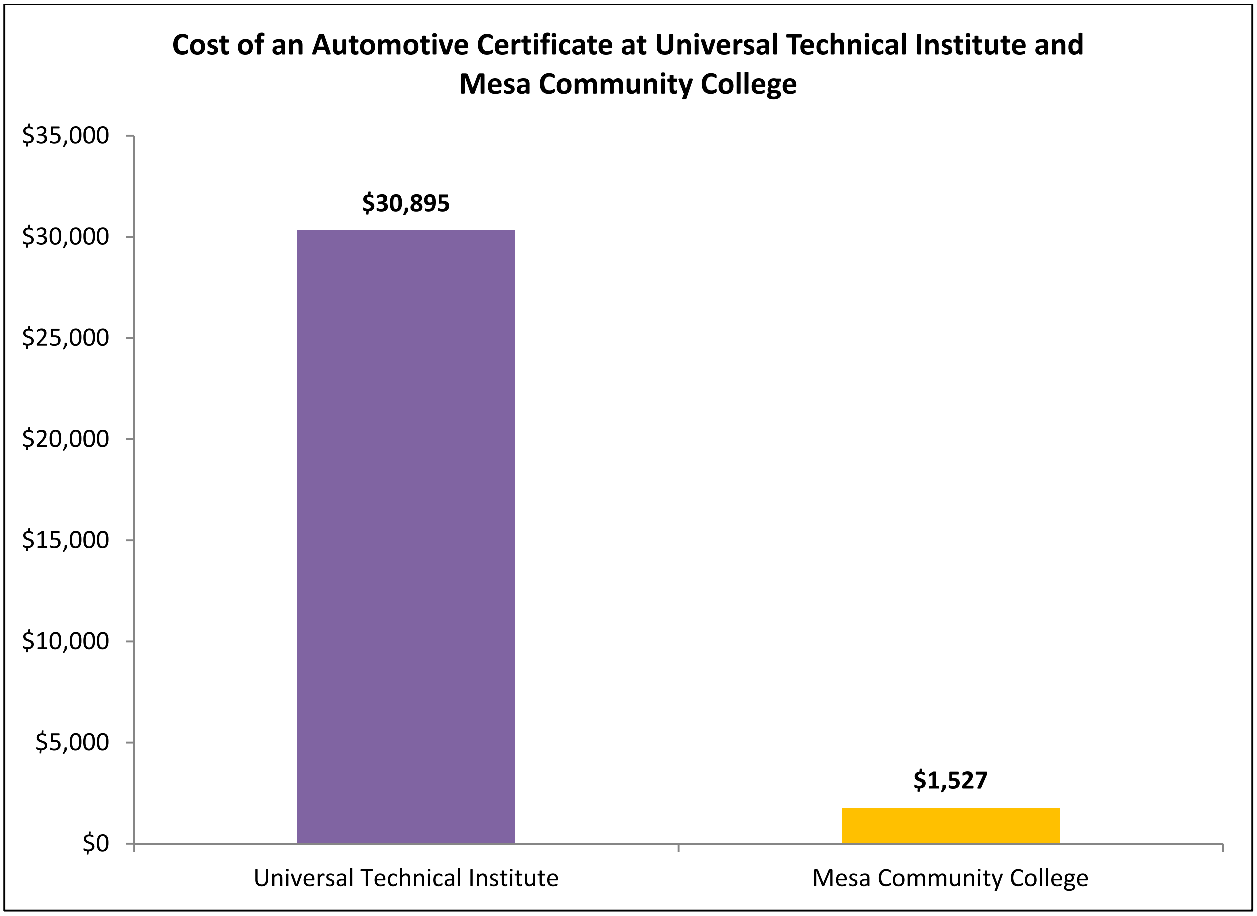
Executive	Title	2009 Compensation	2010 Compensation
Kimberley J. McWaters	CEO, President and Director	$1,948,901	$2,248,720
John C. White	Chairman of the Board	$1,345,147	$1,165,634
Eugene S. Putnam, Jr.	Executive VP and CFO	$1,089,315	$1,004,052
Richard P. Crain	Senior VP, Marketing and Strategy	$752,329	$697,483
Thomas E. Riggs	Senior VP, Campus Operations	$706,845	
Total[2779]		$5,842,537	$5,115,889

The chief executive officers of the large publicly traded, for-profit education companies took home, on average, $7.3 million in fiscal year 2009.[2780] McWaters' $1.9 million compensation package is not among the highest of the sector. However, it is still noteworthy given that 1 in 3, or 6,555, of the company's students who enrolled that year withdrew by mid-2010, and 12.2 percent of students who entered repayment in 2008 defaulted on their student loan within 3 years.

[2777] Senate HELP Committee staff analysis of fiscal year 2009 Securities and Exchange Commission annual proxy filings and chief executive salary surveys published by the Chronicle of Higher Education for the 2008-9 school year. See Appendix 17a.
[2778] Id.
[2779] Senate HELP Committee staff analysis of fiscal year 2009 and 2010 Securities and Exchange Commission annual proxy filings. Information analyzed includes figures for named executive officers. See Appendix 17b.
[2780] Includes compensation information for 13 of 15 publicly traded for-profit education companies. Kaplan, owned by the Washington Post Company, does not disclose executive compensation for its executives. And National American University was not listed on a major stock exchange in 2009.

Tuition and Other Academic Charges

Compared to public colleges offering the same programs, the price of tuition is significantly higher at UTI. For example, a Certificate in Automotive Technology at UTI's Arizona campus costs on average $30,895,[2781] while a Certificate in Automotive Performance at Mesa Community College in Phoenix, AZ, costs $1,527.[2782] The same Certificate costs almost 20 times more at UTI than it does at the public college.



The higher tuition that UTI charges is also reflected in the amount of money that UTI collects for each veteran that it enrolls. From 2009-11, UTI trained 1,092 veterans and received $24.9 million in post-9/11 GI bill benefits, averaging $22,767 per veteran. In contrast, public colleges collected an average of $4,642 per veteran trained in the same period.[2783]

[2781] See Appendix 14; see also Universal Technical Institute, *UTI Program Disclosures*, http://cdn.uti.edu/disclosure/Program_Disclosure.pdf (accessed July 12, 2012).
[2782] See Appendix 14; see also Mesa Community College, *Mesa Community College*, http://www.mesacc.edu/ (accessed July 12, 2012).
[2783] See Appendix 11. Post-9/11 GI bill disbursements for August 1, 2009-June 15, 2011 provided to the committee from the Senate Committee on Veterans' Affairs via the Department of Veterans Affairs on July 18, 2011.

Recruiting

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

UTI student and parent complaints help to document some of these concerns asserting that recruiters mislead and outright lied in order to induce enrollment. While student complaints may not be representative of the experience of the majority of UTI students, these complaints provide an important perspective on UTI's recruiting practices. One such complaint from a parent of a prospective UTI student reads:

> I feel your school representative was very misleading and misrepresented Universal Technical Institute. [Your school representative] told my son, quote "with your grade point average, you'll be our top student and Porsche will hire you just like that." We feel like [this representative] would say whatever it takes to get you to sign papers and pay the $100.00 fee. He was very misleading in telling my son everything was going to be very promising with a $180,000 a year job [that] was sure to be his before graduation!... I truly feel like we have been scammed by sales people...[2784]

Other complaints allege that a recruiter furnished prospective students with misleading information on the cost of attendance and tuition policies:

> One recommendation that I have for your recruiters is to be extremely explicit about your charging policies. Another falsehood was that we were told most UTI graduates start at approximately $90K a year at dealerships; however, an instructor told a class that mechanics are the lowest paid trade and not to listen to the recruiters![2785]

Numerous other complaints assert that UTI's recruiters and enrollment agreement are misleading due to their non-disclosure of UTI's retroactive tuition increase. For example, a parent of a graduating student explained:

> My son and his father signed a contract for enrollment upon [my son's] graduation [from high school]. The prices were stated for each phase. He wanted to attend their master mechanic program. There was also an additional course he could take specializing in Fords. My son wasn't sure he wanted to enroll in the Ford program but the representative told him that if he did he could drop the course at any time without it affecting anything as long as he dropped the course prior to starting the class. My son will soon complete the master mechanic program by does not wish to take the Ford class. We are now being told that dropping this course changes the whole program now and he is being charged a higher rate … It does not state in the contract that prices will not be effective if he drops the Ford course … Now it is being pointed out to us that it states in the catalog that [UTI]

[2784] Universal Technical Institute Internal Correspondence, April 2009, Letter of Complaint from Student's Parent (UTI-C-000432). See also Universal Technical Institute Internal Email, May 2010, re: Emailing: Complaint Details–Adeptis Systems Group (UTI-C-000845, at UTI-C-000846) ("it [is] nothing but a scam.").

[2785] Universal Technical Institute External Correspondence, September 2006, Letter of Complaint from Parent of a Student (UTI-C-000204). See also Universal Technical Institute External Correspondence, September 2009, Letter from Better Business Bureau to Universal Technical Institute Regarding Student Complaint (UTI-C-000407, at UTI-C-000409,) ("there was an orientation stating that after completing this course with UTI we would be making up to 90,000").

can change the prices if you make changes to your courses. I feel this is very misleading.[2786]

Outcomes

While aggressive recruiting and high-cost programs might be less problematic if students were receiving promised educational outcomes, committee staff analysis showed that tremendous numbers of students are leaving for-profit colleges without a degree. Because 98 percent of students who enroll in a 2-year degree program at a for-profit college, and 96 percent who enroll in a 4 year degree program, take out loans, hundreds of thousands of students are leaving for-profit colleges with debt but no diploma or degree each year.[2787]

Two metrics are key to assessing student outcomes: (1) retention rates based on information provided to the committee, and (2) student loan "cohort default rates." An analysis of these metrics indicates that while some people who enroll in UTI are not achieving their educational and career goals, overall, a much higher rate of students are completing programs than many of the companies examined.

Retention Rates

Information UTI provided to the committee indicates that of the 18,119 students who enrolled at UTI in 2008-9, 36.2 percent, or 6,555 students, withdrew by mid-2010. These students were enrolled a median of 4 months.[2788] While UTI's Certificate withdrawal rate of 36.6 percent is slightly better than the sector-wide rate of 38.5 percent, its 32.1 percent Associate degree withdrawal rate is significantly lower than the sector-wide rate of 62.9 percent.[2789]

Overall, UTI students withdraw at a much lower rate than the 54.1 percent average among the 30 companies examined.

[2786] Universal Technical Institute External Correspondence, February 2006, Letter from Better Business Bureau to Universal Technical Institute Regarding a Student Complaint (UTI-C-000435, at UTI-C-000436). See also Universal Technical Institute External Correspondence, January 2007, re: *Grievance over Downgrade Policy* (UTI-C-000240).

[2787] Patricia Steele and Sandy Baum, "How Much Are College Students Borrowing?," *College Board Policy Brief,* August 2009, http://advocacy.collegeboard.org/sites/default/files/09b_552_PolicyBrief_WEB_090730.pdf

[2788] Senate HELP Committee staff analysis. See Appendix 15. Rates track students who enrolled between July 1, 2008 and June 30, 2009. For-profit education companies use different internal definitions of whether students are "active" or "withdrawn." The date a student is considered "withdrawn" varies from 10 to 90 days from date of last attendance. Two companies provided amended data to properly account for students that had transferred within programs. Committee staff note that the data request instructed companies to provide a unique student identifier for each student, thus allowing accurate accounting of students who re-entered or transferred programs within the school. The dataset is current as of mid-2010, students who withdrew within the cohort period and re-entered afterward are not counted. Some students counted as withdrawals may have transferred to other institutions.

[2789] Id. It is not possible to compare student retention or withdrawal rates at public or non-profit institutions because this data was provided to the committee directly by the companies. While the Department of Education tracks student retention and outcomes for all colleges, because students who have previously attended college are excluded from the data set, it fails to provide an accurate picture of student outcomes or an accurate means of comparing for-profit and non-profit and public colleges.

Status of Students Enrolled in Universal Technical Institute, Inc. in 2008-9, as of 2010						
Degree Level	Enrollment	Percent Completed	Percent Still Enrolled	Percent Withdrawn	Number Withdrawn	Median Days
Associate Degree	1,776	53.5%	14.4%	32.1%	570	134
Certificate	16,343	48.5%	14.9%	36.6%	5,985	123
All Students	18,119	49.0%	14.8%	36.2%	6,555	124

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

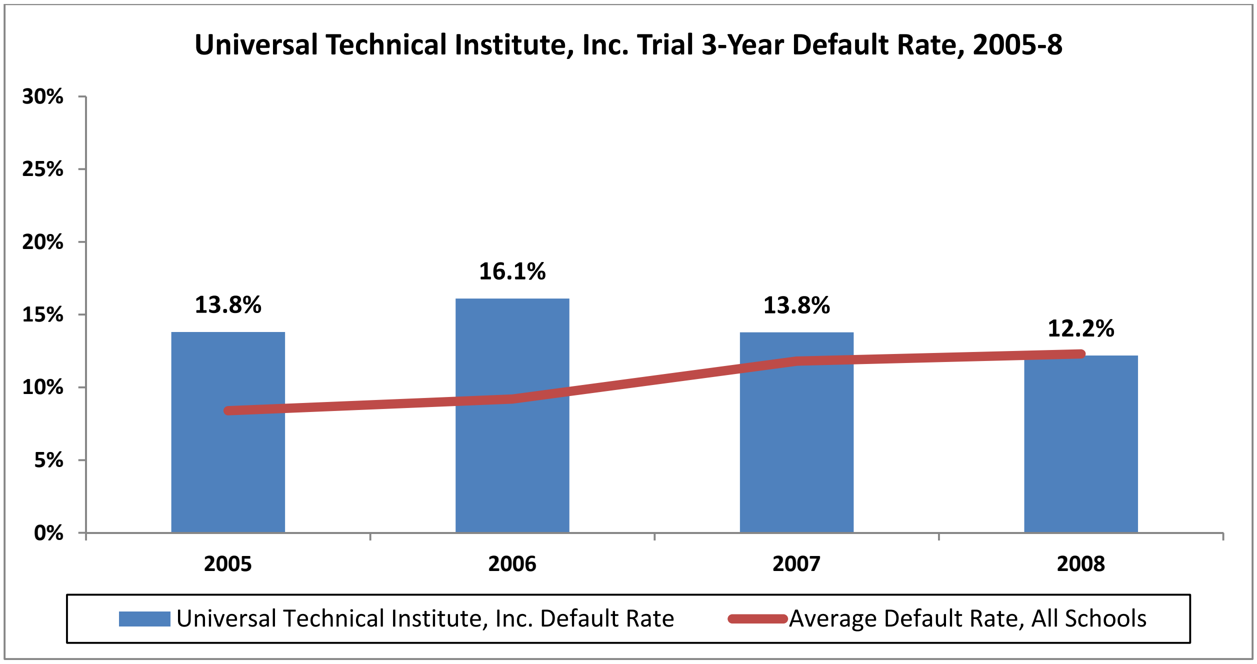
Student Loan Defaults

The Department of Education tracks and reports the number of students who default on student loans (meaning that the student does not make payments for at least 360 days) within 3 years of entering repayment, which usually begins 6 months after leaving college.[2790]

Slightly more than 1 in 5 students who attended a for-profit college (22 percent) defaulted on a student loan, according to the most recent data.[2791] In contrast, 1 student in 11 at public and non-profit schools defaulted within the same period.[2792] On the whole, students who attended for-profit schools default at nearly three times the rate of students who attended other types of institutions.[2793] The consequence of this higher rate is that almost half of all student loans defaults nationwide are held by students who attended for-profit colleges.[2794]

The default rate across all 30 companies examined increased each fiscal year between 2005 and 2008, from 17.1 percent to 22.6 percent.[2795] This change represents a 32.6 percent increase over 4 years.[2796] UTI's default rate has fluctuated over time, from as high as 16.1 percent for students entering repayment in 2006 to as low as 12.2 percent for students entering repayment in 2008.

2790 Direct Loan Default Rates, 34 CFR § 668.183(c).
2791 Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-8, http://federalstudentaid.ed.gov/datacenter/cohort.html. Default rates calculated by cumulating number of students entered into repayment and default by sector.
2792 Id.
2793 Id.
2794 Id.
2795 Senate HELP Committee staff analysis of U.S. Department of Education Trial Cohort Default Rates fiscal year 2005-8, http://federalstudentaid.ed.gov/datacenter/cohort.html. Default rates calculated by cumulating number of students entered into repayment and default for all OPEID numbers controlled by the company in each fiscal year. See Appendix 16.
2796 Id.



It is likely that the reported default rates significantly undercount the number of students who ultimately face default, because of companies' efforts to place students in deferments and forbearances. Internal UTI default prevention training documents obtained by the committee emphasize that "maintaining the lowest possible Federal Cohort Default Rate (CDR) is very important to the health of the company." [2797] These training documents go on to outline "Items to cover with every borrower"; deferment eligibility and forbearance are covered most prominently as "options to explore with every borrower with repayment difficulty." [2798] When a student is in forbearance their loan balances continue to grow as the result of accumulating interest but default is averted both for the student and the company. However, for many students forbearance and deferment serve only to delay default beyond the 3-year measurement period the Department of Education uses to track defaults. Overall, UTI's default rates closely track the rates for all schools and suggest that many of its students are finding jobs that allow the students to repay loans.

Instruction and Academics

The quality of any college's academics is difficult to measure. However, the amount that a school spends on instruction per student compared to other spending and what students say about their experience are two useful indicators.

UTI spent $2,778 per student on instruction in 2009, compared to $2,244 per student on marketing and $541 per student on profit.[2799] The amount that publicly traded, for-profit companies

[2797] Universal Technical Institute, *Default Prevention New Employee Training Plan* (UTI-C-016309, at UTI-C-016311).
[2798] Id.
[2799] Senate HELP Committee staff analysis. See Appendix 21. Marketing and profit figures provided by company or Securities and Exchange filings, instruction figure from IPEDS. IPEDs data for instruction spending based on instructional cost provided by the company to the Department of Education. According to IPEDS, instruction cost is composed of "general academic instruction, occupational and vocational instruction, special session instruction, community education, preparatory and adult basic education, and remedial and tutorial instruction conducted by the teaching faculty for the institution's students." Denominator is IPEDS "full-time equivalent" enrollment.

spend on instruction ranges from $892 to $3,969 per student per year.[2800] In contrast, public and non-profit 4-year colleges and universities generally spend a higher amount per student on instruction, while community colleges spend a comparable amount but charge far lower tuition than for-profit colleges. By comparison, Mesa Community College spent, on a per student basis, $4,091.[2801]

A large portion of the faculty at many for-profit colleges is composed of part-time and adjunct faculty. While a large number of part-time and adjunct faculty is an important factor in a low-cost education delivery model, it also raises questions regarding the academic independence they are able to exercise to balance the colleges' business interests. Among the 30 schools investigated by the committee, 80 percent of the faculty is part-time.[2802] In contrast, UTI employs an almost exclusively full-time faculty, with1,046 full-time and 3 part-time faculty in 2010.[2803] However, complaints from UTI's faculty reflect concerns with the academic quality. One such letter from a faculty member at the NASCAR Technical Institute campus to Kimberly McWaters, the CEO of UTI, explicitly states that faculty is instructed to pass students who otherwise would not:

> Every day that I come to work, I hear student tell me that they have encountered employers that point blank tell them that they do not hire NTI students because of consistent poor performance …[W]e at NTI are being told to pass students who should fail because we are 'training entry level technicians who paid for their certificates like everybody else'… I have been told to give student points to pass my courses when they should fail. … [T]he attention is directed at completion rates so much that even the students have started to notice the fact that their NTI degree is losing its value every day!!!![2804]

In another letter, a faculty member at the UTI Illinois campus expresses his concern regarding the solely profit-driven policies adopted by the new campus president, Pat Kellen:

> Keeping in mind that UTI is a "for profit" educational institution, it in no way excuses the manner in which Mr. Kellen has changed our mission to "profit, profit, profit"… What Mr. Kellen is currently doing is cooking the books! He has devalued the UTI education, reputation and brand in order to pump up student count numbers and profit. It is unfortunate that he has chosen to do so by compromising the educational experience of the student as well as the work environment of the employee in return for short term profit. It seems at the Glendale Heights campus we no longer graduate students with a quality education and the tools needed to make them successful in the automotive field. We have been reduced to merely "selling" diplomas for $30,000.[2805]

As part of the document request, UTI also produced hundreds of student and parent complaints. The subject matter of these complaints varies, however many conveyed student disappointment with the

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[2800] Id.
[2801] Senate HELP Committee staff analysis. See Appendix 23. Many for-profit colleges enroll a significant number of students in online programs. In some cases, the lower delivery costs of online classes–which do not include construction, leasing and maintenance of physical buildings–are not passed on to students, who pay the same or higher tuition for online courses.
[2802] Senate HELP Committee staff analysis of information provided to the committee by the company pursuant to the committee document request of August 5, 2010. See Appendix 24.
[2803] Id.
[2804] Universal Technical Institute Internal Email, August 2008, re: *FW:* (UTI-C-000491, at UTI-C-000492).
[2805] Universal Technical Institute External Correspondence, September 2009, *Letter of Complaint From Universal Technical Institute Employees* (UTI-C-000494, at -000495).

instructional and educational quality of their respective programs at UTI.[2806] While student complaints may not be representative of the experience of the majority of students, these complaints do provide an important perspective on UTI's academic quality. One such complaint reads:

> It would be wise, dollar for dollar, to regain the respect of employers in the area who cringe when they hear "UTI student." That's not an image you want or should have, especially for a privately run company. I for one won't be advertising UTI once I'm finished here and I don't know too many who will for the fear of being laughed at and dismissed from an interview.[2807]

Another UTI student who withdrew explained:

> I withdrew because I was not receiving the education [I was promised]…Why are schools like this even allowed to receive money for education when they are clearly not educating anyone. These schools are cash machines…[2808]

Staffing

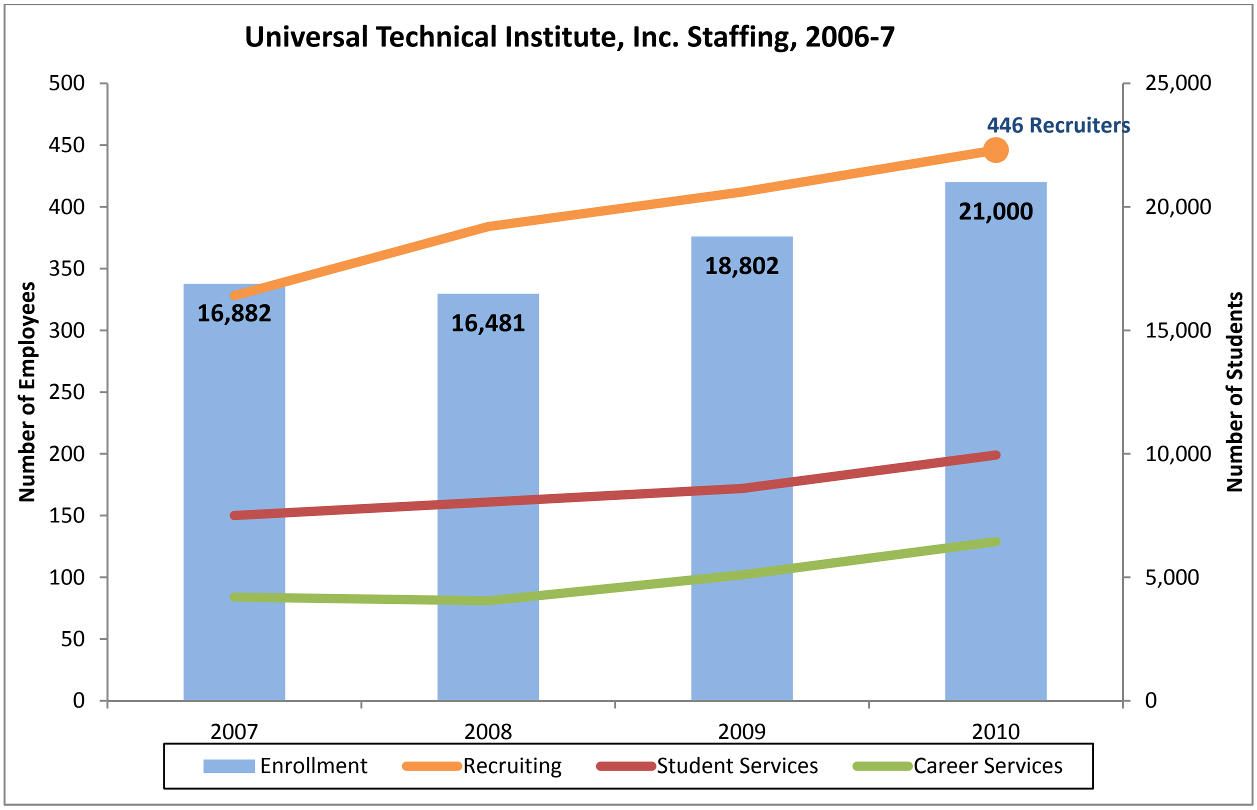
While for-profit education companies employ large numbers of recruiters to enroll new students, the companies frequently employ far less staff to provide tutoring, remedial services or career counseling and placement. In 2009, with 21,000 students, UTI employed 446 recruiters, 129 career services and placement employees and 199 student services employees.[2809] That means each career counselor was responsible for 163 students and each student services staffer was responsible for 106 students. Meanwhile, the company employed one recruiter for every 47 students.

[2806] Universal Technical Institute, March 2005, Completed Complaint/Incident Resolution Form (UTI-C-000860, at UTI-C-000862) ("a student paying 20 thousand dollars to learn should not have to be subjected to this type of environment"); Universal Technical Institute, June 2008, Completed Complaint/Incident Resolution Form (UTI-C-000969, at UTI-C-000970) ("Hoping that UTI Orlando is more interested in improving their quality of instruction rather than just collecting the financial aid monies."). See also Universal Technical Institute, October 2007, Completed Complaint/Incident Resolution Form (UTI-C-001040).

[2807] Universal Technical Institute Internal Email, December 2009, re: *RE: Complaint Letter – Norwood* (UTI-C-000567, at UTI-C-000577).

[2808] Universal Technical Institute Internal Email, June 2010, re: *Student Complaint* (UTI-C-000847, at UTI-C-000850).

[2809] Senate HELP Committee staff analysis of information provided to the committee by the company pursuant to the committee document request of August 5, 2010. See Appendix 7 and Appendix 24.



Many student complaints addressed the inadequacy of UTI's student support services, namely financial aid and career services.[2810] One student wrote:

> Another problem I had was with Student services, Financial aid, Accounting, and Employment services. All of these departments are very unorganized and unprofessional. Nearly every time I went into one of these departments, I only went away unhelped, mad and frustrated [sic] . . . With employment services, I had issues with my call list getting done. I turned mine in on my first week of Ford FACT. Yet with only 3 weeks left in my school, it still had not been started yet. I stopped in and was asked to come back in one week and that it would be done. So when I cam back it still wasn't done [sic]. After 3 days of stopping in to babysit and asking them to do their job, it finally got done. This isn't acceptable! I paid an awful lot of money to get not only a good education, but all these services as well. This is supposed to be what sets UTI apart from the rest. But in my experience here, I didn't see that.[2811]

Career Services

For-profit schools promote themselves as career-oriented skill-focused places. Indeed, most for-profit education advertising focuses on "getting the job" after graduating from school.

[2810] Universal Technical Institute External Correspondence, February 2009, *Letter of Concern from Parent of a Student* (UTI-C-000091); Universal Technical Institute External Correspondence, April 2009, *Letter from Better Business Bureau to Universal Technical Institute Regarding Student Complaint* (UTI-C-000189, at UTI-C-000194); Universal Technical Institute, June 2010, *Letter of Complaint from Student to Better Business Bureau* (UTI-C-000372); Universal Technical Institute Correspondence, *Letter of Complaint from a Student* (UTI-C-000924); Universal Technical Institute, *Completed Student Complaint Form* (UTI-C-000974).

[2811] Universal Technical Institute, October 2009, *Completed Customer Call Sheet Operations Form* (UTI-C-000604, at UTI-C-000608).

With 165 students for every career services employee, UTI has a relatively robust career services program compared to other education companies examined by the committee. However, some students report that those services are not helpful. For example, the parent of one student complained that when her son went to career services, “he was given a list of names and told to ‘contact them’ on his own. And, when they did give him a contact to see and he went to the place they said the job was filled three weeks ago.” [2812]

Conclusion

Students attending the publicly traded UTI’s brick and mortar automotive training programs appear to complete the programs at higher rates than many companies the committee reviewed. For students who enrolled between 2008–9, approximately 35 percent withdrew from UTI, a much lower rate than most other companies reviewed. While the company offers skill-based programs in high demand fields, UTI’s programs are expensive and student complaints suggest some issues with the quality of the programs. However, the company also has a relatively robust job placement program and below average rates of student default, suggesting, at a minimum, that students are able to repay the debt they take on.

[2812] Universal Technical Institute, March 2009, *Completed Customer Call Sheet Operations Form* (UTI-C-000677, at UTI-C-000684).