



Trade School and Online University Scams

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In times of economic difficulty, many people decide to bolster their qualifications by seeking more education. Unfortunately, where there is money and desperation involved, scam artists are the first ones to recognize a promising new trend.

Over the last six months, enrollment in community colleges has increased by 26%. That is a good sign, since community colleges offer accredited degree programs at a reasonable price, which can help people qualify for better-paying jobs. Unfortunately, enrollment in trade schools and online universities is also increasing dramatically, and the students who attend those institutions rarely get value for their money or hard work.

Recruiters for trade schools and online universities are very skilled at persuading mostly young and unsophisticated students that the exorbitant tuition charged for often-worthless degrees is justified. And Sallie Mae, the student loan giant that also is the leading lender for traditional student loans, is the top lender for trade schools, offering a “Career Training Loan” with an exorbitant interest rate of 15.24%. That rate is variable, and will increase as federal loan rates increase.

Since Kaplan University, one of the leaders in this field, charges \$65,000 for a three-year online criminal justice degree, a 15-year loan repayment plan at the current interest rate would require monthly payments of about \$900. Since most trade school graduates earn around \$30,000 to start, that kind of loan repayment is virtually impossible to maintain. As a result, students who attend non-traditional programs are saddled with massive debt and a virtually worthless degree.

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The reason trade school and online university degrees are such a risk is that they are not properly accredited, and credits and degrees earned through those schools are not transferrable or recognized by accredited institutions or potential employers. One student in California who spent \$60,000 and three years earning a criminal justice degree from a trade school is now suing that school, after being rejected by every local, state, and national law enforcement agency to which he applied.

Since less than 40% of students who begin trade school even finish the course work, the majority of them end up with not only a huge student loan debt, but absolutely nothing to show for their money. Student loans are one of the few types of debts that can lead to garnishment of tax refunds and Social Security benefits, and are not dischargeable in bankruptcy. Unfortunately, a brief encounter with a trade school can lead to a lifetime of financial difficulty and make it impossible for a person to borrow funds later to get a legitimate education.