Washington, D.C. (Dec. 12, 2011)—Today, Rep. Elijah Cummings, Ranking Member of the House Committee on Oversight and Government Reform, sent letters to the CEOs of 13 for-profit schools seeking copies of compensation agreements for senior executives as part of an effort to determine whether salaries, bonuses, and other compensation are appropriately tied to the performance of students they educate, the vast majority of whom pay for their education with federal tax dollars.

“The American taxpayers fund these schools through billions of dollars in tuition assistance, but there is little evidence that lavish executive pay is linked to the well-being of the students they are supposed to educate,” said Cummings. “Congress has a responsibility to ensure that taxpayer funds are being used first and foremost for the benefit of students, not to line the pockets of corporate executives.”

For-profit schools receive the majority of their funding from U.S. taxpayers in the form of student assistance, including Title IV loans and grants, Title X tuition assistance, and Veterans Education Assistance Act funds. When compared to public and nonprofit schools, for-profit companies spend a smaller percentage of their funds on student education, reserving more for marketing, advertising, recruitment, and other non-education expenses. Their student success rates are lower, and their students are more likely to default on loan payments. Studies have found that CEOs at for-profit colleges consistently make much more than their counterparts at public and nonprofit schools.

Cummings sent letters to the following 13 for-profit schools seeking documents by December 23, 2011:

Apollo Group, Inc.
Bridgepoint Education, Inc.
Capella Education Company
Career Education Corporation
Corinthian Colleges, Inc.
DeVry, Inc.
Education Management Corporation
Grand Canyon Education, Inc.
ITT Educational Services, Inc.
Kaplan, Inc.
Lincoln Educational Services Corporation

Strayer Education, Inc.
Universal Technical Institute, Inc.

Over the past three Congresses, Cummings has been a nationally recognized leader investigating excessive corporate salaries, bonuses, stock options, and other compensation. As a Member of the Oversight Committee, he has investigated unwarranted bonuses for AIG executives, conflicts of interest with compensation consultants, the disconnect between corporate pay and company performance, and the widening gap between the ultra-rich and middle-class American workers.

Since becoming the Committee's Ranking Member this year, Cummings has continued these efforts. In August, he called on Committee Chairman Darrell Issa to hold hearings after a report issued by the Institute for Policy Studies revealed that 25 of the top 100 highest paid CEOs received more in compensation last year than their companies paid in federal taxes.

Last month, Cummings led the charge to investigate the compensation of executives at Fannie Mae and Freddie Mac, who were paid more than $12 million in bonuses despite deficient performance in helping American families facing foreclosure and despite Inspector General reports finding inadequate management practices.

Today, Cummings is also delivering the keynote address on executive compensation at the Americans for Financial Reform Conference hosted by Public Citizen.