

The first-timer's cookbook

Presents

For-Profit Culinary Schools-Exposed!



Depending on how you look at it, you may not be getting what you want out of culinary school. In other words culinary school might be the wrong financial way to go about learning to cook, becoming a foodservice executive or even becoming a famous chef.

Yep, I said it. . . Culinary school may not be the best option for most people, so why is enrollment continuing to rise and tuition rates soaring out of control? Because people don't know, what they don't know.

Real Costs of National Private Culinary Schools and Why

In March 2010, an article in the New York Times entitled **The New York Times** "In Hard Times, Lured in Trade School and Debt" surfaced and began to enlighten people as to what for-profit culinary schools are doing to put themselves ahead and the students to fend for themselves.

Peter S. Goodman, the author of the article, explains how "schools are harvesting growing federal student aid dollars, including Pell grants awarded to low-income students." Part of the Obama administration's federal stimulus package was to invigorate the economy by allowing more people go to/back to school to earn degrees and increase their earning capacities. Sounds good right? It is good as



long as you can afford to pay off those student loans once they are obtained, but what happens if you can't?

According to Collegeboard.com, "Public four-year colleges charge, on average, \$7,605 per year in tuition and fees for in-state students. . . Private nonprofit four-year colleges charge, on average, \$27,293 per year in tuition and fees."

It seems like there is a world of difference between these two prices, a \$20,000 difference on average to be exact. So, as Peter Goodman explains, through "a proposal being floated by the Department of Education, programs would be barred from loading students with more debt than justified by the likely salaries of the jobs they would pursue." Which is great news for those students who are getting in way over their heads initially to pursue careers in industries like foodservice that don't have the same monetary return on investment that others careers like being a doctor does.

"For-profit colleges would not be eligible to receive federal student aid if their graduates debt load was too high to be repaid, over 10 years, with 8 percent of their starting salary," writes Tamar Lewin in the June 5, 2010 New York times article entitled, "Facing Cuts in Federal Aid, For-Profit Colleges are in a Fight." But, as the article states, this is the last thing that for-profit schools want so inevitably lobbying has begun to change this legislation.

But why, if this is what is best the students responsible for these loans?

If education is all about helping individuals improve their lives, then shouldn't that be the central focus? Shouldn't we as instructors and administrators see to it that if this is our mission statement, it is being accomplished? Absolutely! But we all know things don't always work out like that.

Peter Goodman points out that "for-profit schools have long derived the bulk of their revenue from federal student loans and grants, and the percentages have been climbing sharply. . . The (Obama) administration increased financing for Pell

grants by \$17 billion for 2009 and 2010 as part of its \$787 billion stimulus package. . . Two years ago at for-profit trade schools received \$3.2 billion in Pell grants. . . By the 2011-2012 school year, the administration now estimates, students at for-profit schools should receive more than \$10 billion in Pell grants.” Tamar Lewin points out, “the fast growing for-profit education industry . . . received more than \$4 billion in federal grants and \$20 billion in Department of Education loans last year” (2009-2010) in the August 3, 2010 New York Times article entitled, “For-Profit Colleges Mislead Students, Report Finds.”

Recruiting = \$\$\$

This becomes even more intriguing when you look at the increase in enrollment numbers, which makes sense since these institutions can continually get more by simply adding more students and making class sizes bigger and bigger, thus maximizing their investment. According to Peter Goodman and the Career College Association, “enrollment at for-profit trade schools expanded about 20 percent a year the last two years, more than double the pace from 2001 to 2007.” (Think that’s a lot? 17 culinary schools grew by 31 percent.)



And what does that mean for the amount of money coming in to these schools? Obviously the more students you have coming in the money you have as well, but there are other factors involved, as Peter Goodman points out, “for-profit schools (are able) to (secure) large numbers of Pell grants because their financial aid offices (are) diligent and because schools served many low-income students. But the financial aid experts say the surge of federal money reaching such institutions reflects something else: their aggressive, sometimes deceitful recruiting practices.”

So what about the recruiters for these private institutions, where do they fit in all this? A lot of times over-promising and under-delivering and sometimes even

outright lying to get new students in so that they can get paid. As Peter Goodman writes, “Concerned about aggressive marketing practices, the Obama administration is toughening rules that restrict institutions that receive federal student aid from paying their admissions recruiters on the basis of enrollment numbers.”

Peter also gives the example of some of these “aggressive marketing tactics” when a recruiter at a culinary school in Oregon promising to help a prospective student get a line cook position when they completed the program at \$38,000 a year (just as a side note, I know very few line cooks that make that, most sous chefs barely make that, they usually make less). Yet, “from July 2007 to June 2008, students who graduated from the culinary arts associate degree program



landed jobs that paid an average of \$21,000 a year, or about \$10 an hour. Oregon’s minimum wage is \$8.40 an hour.”

Tamar Lewin points out, that to make sure they were being fair in these assumptions, “Undercover investigators posing as students interested in enrolling at 15 for-profit colleges found that recruiters at four of the colleges encouraged prospective students to lie on their financial aid applications-and all 15 misled potential students about their programs’ cost, quality and duration, or the average salary of graduates, according to a federal report.”

During a senate committees hearing on September 30, 2010, the details of this report were made public. “The report finds that of the 16 schools, 14 received at least 87 percent of all the revenue from federal student aid in 2009 and 4 schools receive at least 90 percent of all the revenue from federal student aid in 2009. Eight of those institutions reported profit margins ranging from 16 percent to 37 percent. Also included in the report are student enrollment data showing that 57 percent of students attending the 16 for-profit schools between June 2008 and June 2009 withdrew. (Iowa Democrat) Senator Harkin noted that when a student drops out of college, often the student is left with student loan debt, but without

the earnings potential that comes with a college degree.” (Taken from www.ncls.org)

57 percent drop out! What is causing almost 6 out of 10 students to leave within a year?

My thoughts are, if the person that brought you in misleads you as to what the program will be like, you will probably leave once you find out the truth. But what kind of consequence is there for the recruiter who did the misleading? Any? Let's see, first, they got paid for you signing up, second, they got to count you as one of their goals or numbers for the month(s), and third, now they don't have to call and harass you about “taking a tour” or “looking at your options” or any other line they used to get you to come in and meet with them anymore. . .

Consequences, hmm, I guess not.



Teaching Disgruntled Students

What about the instructors or administrators, who actually deal with the students on a daily basis, how does this affect them? Is there a down side to having 57 percent of your students leave within a year?

Spending two years as a chef instructor for one of these private institutions, I was able to see and experience first-hand the positive and negative aspects of having a team of recruiters bringing in new students every month by the dozens.

The positive side is that we always had students to teach, a steady following stream of the recently duped.

The negatives were that most of these students should not have been there. I had students that had challenges that hindered their success even before they walked through the doors. Students that should never have been coerced into even applying, let alone being accepted (and would not be in a typical higher education setting).

Challenges ranging from the difficult yet manageable things like pregnancy, having little to no living accommodations, inability to purchase needed supplies and transportation issues; To the almost impossible challenges of having students with the inability to read, write and even communicate on a grade school level, students in their later years (past retirement age) expected to stand for 5 hour lab classes and perform at the same level as their 20 year-old counterparts.

Despite all this, probably the biggest challenge was dealing with the horrible attitudes of students who had been promised so much and given so little, but had no choice but to continue or throw everything away they had worked for so far.

An unfortunately common example was a student who had enrolled at one campus, but later transferred to Las Vegas with the hopes of finishing up his Associates degree at his current school and then transferring to the University of Nevada Las Vegas (UNLV) and obtaining his Bachelor's degree in Hospitality Management (one of the premier programs in the nation). He was told that he could do this when he first enrolled, only to have his dreams dashed when he arrived in Las Vegas and was told by UNLV that his credits would not transfer to there since his current school was a private school and credits were not transferable to other institutions outside of that organization.



Administration vs. Instructors

Another challenge was the standard set by administrators to keep students enrolled regardless of performance, attendance or desire to stay. If recruiters are paid to get them in, then I'm sure at least part of the administration's performance and/or bonuses are judged on how well they can retain students. Because of this, we had students that would fail numerous classes sometimes as much as three or four times, only to be readmitted (oftentimes called, emailed and hounded repeatedly until they re-enrolled) and set-up to fail again.

You may think that this is an isolated incident and although particular stories might be, there are similar occurrences across the country.

On October 10, 2010, in an article in the opinion section of The New York times entitled "Degrees of Debt," Jeremy Dehn who teaches as an adjunct professor at what he calls "one of these vilified (private) colleges," in Denver, Colorado, says, "I wish I could say the critics are wrong. They're not. The Gainful employment rule is a step in the right direction, but it is only the beginning of what needs to be done. . . Education should lead students out of poverty, not into it."

Professional Teachers or just Hired Help?

Another interesting little bit of information is the qualifications for instructors at for-profit institutions versus state or non-profit schools. As Jeremy Dehn points out, "qualifications aren't much of a priority for the college. While teachers at a state or private university are typically expected to hold M.F.A.'s or Ph.D.'s, for-profit teachers need only to have taken a few hours of graduate course work."

The school I taught at only required a bachelor's degree (in anything), 18 credit hours of culinary classes and about 4 years of industry experience.

You might think that at a for-profit culinary school teaching students to become professional chefs, the instructors would be former/current chefs. Yet some of the instructors have never even held the title of chef before coming to the school. They may have the minimum requirements, maybe a bachelor's degree and/or a few years of experience, but many have never actually run a kitchen. Sometimes they have just recently graduated or are in the process of graduating when they accepted the position of teaching at the school.

Here are my questions, how do you teach someone to be a chef, if you yourself have never been one? How do you teach someone to run a kitchen if you have little to no experience actually running a one?

Logically, you would also think that because tuition costs are much higher at these for-profit entities that the pay for instructors would follow the same trend. But you would be surprised, as I was, that as Jeremy Dehn points out that, "teachers

at for-profits are paid less, and work more. Full-time instructors teach up to four times as many classes as their state school counterparts. And although nobody teaches only for the money-I (Jeremy) earn 50 percent to 65 percent more at nonprofits.”

As a full-time instructor I was on a salary of just over \$40,000 a year with benefits ranging from health and dental care to matching 401(k) and tuition reimbursement (100% as long as I attended a sister school to the one I worked at that was under the same parent company umbrella). Imagine my surprise when I was offered a similar position at a neighboring state school for over \$50,000 starting salary, all the same benefits, only with higher coverage’s at a significantly less out-of-pocket expense each month. Plus, I would only have to work roughly 3/4 of hours I was working in my current position . . . Plus have 3 months off in the summer, instead of 3 weeks. Oh, and if I did work during the summer for say a private event the school was doing, I would be compensated at \$33 an hour, on top of my \$50K salary!

MONEY QUESTION



The Bigger Picture

With the recent rough tumble the economy has taken over the last few years you would think that people would be on the look-out for similar circumstances that might lead us down the same road as we were lead down that resulted in the current mortgage crisis.

The current student loan challenges could lead us down a similar road.

The following is from the article “Facing Cuts in Federal Aid, For-Profit Colleges Are in a Fight” written June 5, 2010 by Tamar Lewin.

Advocacy groups representing students and consumers are less diplomatic. “These programs overpromise, underdeliver and load vulnerable students up with way too much debt,” said Chris Lindstrom, higher education program director at the U.S. Public Interest Research Group, part of a coalition of education, consumer, student and public interest groups supporting the regulations.

In 2007, coalition members said, students at for-profit colleges made up only 7 percent of those in higher education but 44 percent of those defaulting on federal student loans. Adding new fuel to the fire was a recent presentation at a New York conference for investors by Steven Eisman, a hedge-fund manager known for having anticipated the housing market crash.

Mr. Eisman, whose early awareness of structural problems in the housing market is described in Michael Lewis’s bestseller “The Big Short,” said the for-profit education industry, like the subprime mortgage industry, has rested on the proliferation of loans to low-income people who would not be able to repay them.

Without tighter government regulation, Mr. Eisman predicted, students at for-profit colleges will default on \$275 billion of student loans over the next decade.

“Until recently I thought that there would never again be an opportunity to be involved with an industry as socially destructive and morally bankrupt as the subprime mortgage industry,” said Mr. Eisman, of FrontPoint Partners, a unit of Morgan Stanley. “I was wrong. The for-profit education industry has proven equal to the task.”

In an interview last week, Mr. Eisman said the gainful employment regulations help change the for-profits’ business model of aggressively recruiting needy students eligible for maximum federal aid.

For-profit colleges typically get three-quarters of their revenues from federal grants and loans — and some, like Apollo Group, which owns the University of Phoenix, nearly 90 percent, the legal limit. Federal aid for students at for-profit colleges has more than quintupled, to \$26.5 billion, since 2000.

What do the Food service Professionals think?

You might be wondering, beside all the banter of journalists, legislators, finance experts and the students actually being caught in this trap, what are the chef's and other foodservice professionals saying? Surely they must have something to say.

What I have seen heard from almost every culinary professional I have worked



with from Memphis to LA and New York to Portland, is that Culinary school is not always the best route to becoming a food service professional.

Below are a collection of quotes from various professionals that articulate the point.

“When they graduate and come in the kitchen, I tell them, ‘I’m going to treat you like you don’t know anything,’ said Kenneth Giambalvo, executive chef at Bluehour, an upscale restaurant in Portland’s Pearl District. “It doesn’t really give them any edge.”



-Taken from March 13, 2010 NY Times Article “For Profit Schools Cashing In on Recession and Federal Aid” by Peter S. Goodman

What does one of the premier chefs in the country think?

(Questions by Cookingschools.com)

For those who have the talent already, should they go to culinary school and why?

-Cookingschools.com

“If necessary, yes - but they should focus on their weak points (pastry, bread, management, etc.). When choosing a school, consider what kind of cooking they wish to do and what chefs they are inspired by. Then, they should try to learn the most they can about the basics and the type of cuisine they are inspired by. Once they start to work in a kitchen, only 10% of their time will be available for education.”

Is there a major difference in the industry between graduating from a prestigious culinary school and graduating from a college with a culinary program?

-Cookingschools.com

“No school can give the gift of talent; it can only prepare you to be more knowledgeable when you start out in the industry and to keep you aware of the latest food laws, trends and news.”

-Chef Daniel Boulud



What do other Food Service Professionals think?

(Questions by Cookingschools.com)

As an employer, what kinds of degrees, certifications and experience do you look for in new hires?



“When I am hiring, I don't look for degrees - honestly, I look for NICE. Then, I look for experience. And this is definitely a common approach in the industry: Experience is important!”

-Beth Casey, Restaurant Owner and Manager

What factors should students look for when choosing a school?

“It should suit their budget and career goals.”

-Chef Farid Zadi

“You can learn how to cook without a cooking school. The three chefs I respect the most--Michael Henderson, Jean Donnelly and Alice Waters--never went to school.”

-Vegan Chef Alex Bury

“I know of many self trained chefs and photographers who are excellent. I know just as many that completed a degree and just do not have what it takes.”

-Iris Richardson, Food Photographer

What are the For-Profit Culinary Schools saying?

What are these schools saying about these allegations, as well as students graduating and getting out and working in the industry?

The following is taken from the March 13, 2010 New York Times Article *“For Profit Schools Cashing In on Recession and Federal Aid”* by Peter S. Goodman.

Executives at Career Education denied the allegations while asserting it would be wrong to judge a school on the basis of its graduates’ first jobs.

“You go out in the industry and work your way up,” said Brian R. Williams the senior vice president for culinary arts. . . .

The Career Education Corporation emailed The New York Times names and contact information for four graduates “with whom we hope you’ll touch base for important perspective.” One came with a wrong number. A second had graduated 15 years ago.

A third, Cherie Thompson, called the program “a really positive experience” but declined to discuss her debts or earnings. The fourth, Eric Tan, graduated in 2003 and later earned \$42,000 a year overseeing catering at a convention center near Seattle. He said his success reflected his seven years of kitchen experience prior to culinary school.

What do the Legislators say about the findings of the undercover reports?

The following is taken from the December 7, 2010 Washington Post article entitled “*GAO revises its report critical of practices at for-profit schools*” by Nick Anderson

The Government Accountability Office has revised portions of a report it released last summer on recruiting practices in for-profit higher education, softening several examples from an undercover investigation but standing by its central finding that colleges had encouraged fraud and misled potential applicants. . .

Justine Sessions, a spokeswoman for Sen. Tom Harkin (D-Iowa), the committee chairman, said the revisions “do not change the substance of the report” or its conclusions that the for-profit colleges investigated “used deceptive or fraudulent recruiting techniques to enroll new students.”

Are there any good Culinary Schools out there?

Just because there are a few bad apples out there, it doesn’t mean that everyone is just out to get your money without giving your due.

My opinion just happens to be Chef Daniel Boulud’s too, he takes the words right out of my mouth.

Based on what you hear in the industry, what do you think are the five most respected and prestigious culinary schools in the world that really make a difference to students who graduate from these schools?



- Le Ferrandi in France
- French Culinary Institute in New York City
- Culinary Institute of America in New York
- California Culinary Academy in San Francisco

-Chef Daniel Boulud

My personal favorite the “Culinary Institute of America,” otherwise known as CIA is actually a non-profit school.

With so many options, if you’re going to pay for culinary school, you might as well go to one that is going to be worth it.

To Read the Full Articles

- ✓ ***Degrees of Debt*** by Jeremy Dehn

<http://www.nytimes.com/2010/10/11/opinion/11dehn.html>

- ✓ ***Facing Cuts in Federal Aid, For-Profit Colleges Are in a Fight*** by Tamar Lewin

<http://www.nytimes.com/2010/06/06/education/06gain.html>

- ✓ ***In Hard Times, Lured into Trade School and Debt*** by Peter S. Goodman

<http://www.nytimes.com/2010/03/14/business/14schools.html? r=1>

- ✓ **GAO revises its report critical of practices at for-profit schools** by Nick Anderson

<http://www.washingtonpost.com/wp-dyn/content/article/2010/12/07/AR2010120706803.html>

- ✓ ***For-Profit Colleges Mislead Students, Report Finds*** by Tamar Lewin

<http://www.nytimes.com/2010/08/04/education/04education.html>