

## Visa Mills, Diploma Mills, and Other For-Profit Colleges Sorting Out Some of the Controversies in Higher Education

By David North

With federal immigration authorities raiding yet another sham university “visa mill” in California’s Bay Area, and with even “Doonesbury” paying attention to profit levels in the for-profit sector, it may be time to sort out the players on the lowest rungs of the higher education ladder, and the related controversies.

While I worry about how many of our traditional universities deal with some of the foreign student populations, the focus of this piece is on three partially overlapping sets of institutions lower on the academic ladder: most for-profit institutions, diploma mills, and visa mills.

Table 1 characterizes some of the interactions between current controversies in the field and the various types of higher education institutions.

Here are some perhaps useful definitions and generalizations. While both visa and diploma mills are, by definition, for-profit entities, most for-profit institutions do not fall into either of those categories. Diploma and visa mills are, once identified, illegal operations; most other for-profits, no matter what their utility to students, are not illegal entities. Diploma and visa mills seem to focus on different client groups.

Table 1. Higher Education/Immigration and Student Debt Controversies: A Typology

	<b>Traditional Universities</b>	<b>Most For-Profit Institutions</b>	<b>Diploma Mills</b>	<b>Visa Mills</b>
Levels of Migration, Generally	High on an Absolute Basis	Not Clear	Probably Minor	High on a Percentage Basis
Levels of Fraudulent Migration	Low	Low	Not Significant	High
Useful Education	High	Questionable	None	None
Student Debt for Citizens	High	High	Cash Prevails	N/A
U.S. Student Debt for Aliens	Not Clear*	Not Clear	Not Significant	Cash Prevails
Blatant Fraud	No	No	Yes	Yes

\* Overseas debt for alien students is obviously a factor at the below-PhD levels, but it is impossible to measure; alien PhD candidates have substantially fewer debts when they get their degrees than their citizen peers.

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The three controversies of interest here are: 1) the interactions of higher education and immigration; 2) the quality of education provided; and 3) the levels of student debt, usually meaning resident student debt, not that of international students.

To an extent perhaps not appreciated by the casual observer these are three quite separate controversies, and the criticized entities tend to specialize in their very own kind of behavior, or misbehavior. Let's look at how the traditional universities, and the other three groupings, interact with the immigration, quality of education, and student debt variables, with an accent on the first.

## Traditional Universities

These are the generally long-standing, public and private, non-profit institutions that provide most post-secondary education in the United States. While they range in quality, with the Ivies and the Ivy-likes at the top and community colleges at the bottom, all these institutions have some things in common. They all can admit foreign students, and many of their U.S.-resident students secure federal grants and/or student loans to help fund their education. Further, their overall motive is to provide education, not to make money, the prime mover for the other three groupings.

**Immigration.** The matters of concern here are basic policies, large numbers, and sometimes lax administration of rules on foreign students, not fraudulent admissions or other criminal activities. My sense is that how we manage the influxes of foreign students to these main-line colleges and universities is much more important than the (much sexier) matter of the sham universities or visa mills.

The last statement is based both on the sheer numbers of international students and on the way the administration, Congress, the universities, and the big employers have created and manipulated various systems in this connection, all seemingly aimed at increasing the size of the educated alien labor force, and thus pushing down, or at least stabilizing, wages.

Some substantial use of American institutions of higher learning by people from overseas is a good thing, for the students themselves and for the American students with whom they interact, but that in my view should be largely a self-contained process, and not merely one of a series of steps between living somewhere else in the world, and migrating to the United States. There is a growing tendency in the latter direction.

No government agency, unfortunately, measures the population of foreign students, but as we have previously estimated,<sup>1</sup> in 2010-11 there were about 694,000 in the F-1 and J-1 categories, the vast majority in traditional universities with some enrolled in the for-profits, and 15,000 M-1s, virtually all in the for-profit entities. M-1 visas are for vocational, as opposed to academic, students.

These numbers are very large and growing noticeably as the administration seeks to encourage students to come to the United States and in many cases to stay here after graduation, as explained in the just-cited document.

The numbers of foreign students in, and passing through, the traditional universities dwarfs those in the other three categories.

**Quality of Education.** It is within this group, and this group alone, that one finds high quality education, in some cases the best in the world.

Universities in this category are usually accredited by accreditation entities approved by the U.S. Department of Education; this is a useful credential, but not necessarily an impressive one. Most organizations doing the checking are, in fact, membership organizations of educational institutions and many of these are not known to be terribly assertive about standards. But an accredited organization, generally, is better than an unaccredited one.

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**Levels of Student Debt.** This is not my issue, but it is safe to say that the overwhelming majority of students who are in debt have attended the traditional institutions of higher learning, even though the incidence of such debt is much higher, as we note below, among students at the mainstream for-profit institutions.

While I know of no information on the cumulative debt of foreign students as opposed to U.S. students, generally, this is reported at the PhD level by the National Science Foundation's well-regarded annual "Survey of Earned Doctorates". In its most recent report, for the 2010 PhDs, that survey showed that the mean cumulative debt for U.S. citizens and green card holders was \$25,627, while it was only \$8,270 for those with new doctorates who held temporary visas.<sup>2</sup>

With this information on the traditional universities as background, let's turn to the differing patterns of the three sets of entities lower on the academic scale.

## Mainline For-Profit Institutions

The fast-growing, mainline, for-profit higher education establishments have about 13 percent of the nation's college enrollment according to a recently published U.S. Senate document on these institutions.<sup>3</sup> The committee releasing the report, led by Sen. Tom Harkin (D-Iowa), investigated the usually scattered, often urban campuses owned by 30 corporations.

The report was damning; according to the *New York Times* story, "[T]he majority of students they enroll leave without a degree, half of those within four months."<sup>4</sup>

**Immigration.** While these institutions apparently produce below-par education, at enormous cost to the U.S. government (\$32 billion a year in Pell Grants), they do not appear, at least not yet, to play much of a role in immigration. This may be the case because you have to be a citizen or legal resident of the United States to get a Pell Grant, so those on student visas do not qualify.

I can find no direct estimates of the number of alien students in the for-profits, but *Open Doors*,<sup>5</sup> the annual survey of foreign students and higher education mounted by the Institute of International Education (IIE), a pro-foreign student organization, offers some clues, if negative ones, on the subject. The IIE study routinely gathers data from the foreign student advisors of the nation's universities and colleges; for-profits are included in these surveys, though their response rates may be different than those of the traditional institutions.

If one examines the 2010 results in *Open Doors* one finds a tabulation of "Top 25 Institutions Hosting International Students". It indicates that these 25 account for 20 percent of all foreign students, yet none of the 25 has a name that suggests it is a for-profit.

More telling, the 2007 issue of the publication lists 156 institutions with 1,000 or more foreign students, and only two of these appear to be for-profits. These were the Academy of Art University in San Francisco (rank 56), and Strayer University, in Washington, D.C. (rank 137).

While the for-profits do not seem to be very active — yet — in alien admissions, some of them are quite active in another dubious part of the foreign student business: the DHS power to define who is an F-1 student.

Although one thinks of F-1 students as actually going to college, DHS (in both the Bush and Obama administrations) has twisted the definition to allow *former* foreign students to stay in the United States for 29 months after graduation as workers in the STEM fields (science, technology, engineering, and math). During this almost two-and-a-half-year period the aliens can hold jobs in what is called the Optional Practical Training program (OPT), and during this time their employers are excused from paying payroll taxes — though they would have to pay those taxes were they to hire similarly qualified citizen students, an oddly tipped playing field.<sup>6</sup>

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The biggest users of the OPT program, according to *Computerworld*, are the recent graduates of for-profit Stratford University, with 1,345 OPT slots.<sup>7</sup> Second on that list is the non-profit University of Bridgeport (Conn.), until recently run by the Unification Church.

**Quality of Education.** The high rate of failure of the for-profit students generally, and the entities' cost structure (tipped toward profits and marketing rather than education), are widely enough reported that they have even moved into the comic pages, thanks to a series of Doonesbury cartoons in August of this year.<sup>8</sup> Many of the financial references in the comic strip seem to be based on the Harkin Committee report.

While some of the for-profits provide commendable levels of education, notably in vocational fields, this is often not the case.

**Levels of Student Debt.** Despite the availability of the Pell Grants, students at the for-profits are highly likely to go into debt. Compared to the 13 percent of the post-high school enrollments in these places, their students account for 47 percent of the defaults on the loans, according to the Harkin report. Further, the incidence of taking out loans is 96 percent at the for-profits, 48 percent at the four-year public universities, and only 13 percent at the (subsidized) community colleges.

Though the variable is not discussed, to my knowledge, the vast majority of these debts must be citizen-created, not alien-created.

## Diploma Mills

These institutions, by definition beyond the law, create diplomas for paying customers who might be regarded as co-conspirators, as they know what they are buying: phony educational credentials. They do not have campuses, and often move from one location to another when authorities catch up with them.

Unlike the traditional and for-profit universities, neither the diploma mills nor the visa mills have powerful lobbies working for their interests; defense attorneys, yes, but lobbyists, no.

The diploma mills, by definition, are the only set of entities in this grouping of four that have no need for federal approval; they do not seek Pell Grants or research funding from the feds, nor the right to start the visa process.

**Immigration.** I sense no overlap between diploma mills and visa mills, though the motivations and the lawless character of the two sets of entities are similar; one sells diplomas, and the other sells visas. One caters, I suspect, to ambitious Americans and the other to ambitious aliens.

I have paid attention to both kinds of scams over the years and have yet to read about an entity that is involved in both trades. Diplomas after all do not create visas, all by themselves, but college admissions do.

In order to check on this perception of a non-relationship I decided to sample the overlap, or lack thereof, between two listings on the Web. These were "List of unaccredited institutions of higher education" on Wikipedia,<sup>9</sup> and the list of approved educational institutions by the Department of Homeland Security in its Student and Exchange Visitor Program (SEVP).<sup>10</sup> The SEVP institutions are those empowered to issue the I-20 form, which leads to student visas for alien students.

The Wikipedia file seemed to have two kinds of entities on it, diploma mills (often shut down by the action of state governments) and religious entities (mostly with evangelical or fundamentalist names) that refused to deal with accreditation out of stated First Amendment concerns. There were more of the former than the latter.

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Since the Wikipedia file is an international one, I looked only at those entities with a U.S. address and a file (i.e., more information than just the name of the institution.) The first of the entities to meet that qualification was Adam Smith University, said to have locations in both Saipan and Liberia. I then checked the identified schools with the SEVP list.

Before I decided that the overlap was minimal, I had checked 18 entities, concluding with the Carolina University of Theology. Of the 18 examined, only one was on both lists: The Calvary Chapel Bible College in Murrieta, Calif., was on both lists but seemed to be clear of any visa or diploma mill complications. Perhaps some journalist or graduate student might find it useful to extend this survey through the end of the alphabet.

That the diploma mills generally do not seem to be involved in immigration does not, of course, make them admirable institutions.

**Quality of Education.** No education is provided by a diploma mill.

**Levels of “Student” Debt.** These would appear to be cash-only processes, and how the “students” secured the funds for the diplomas would not be reported any place.

## Visa Mills

This is probably the smallest of the four categories, and consists of institutions whose objective in life is to collect money from aliens in exchange for creating the paper (the Form I-20) that leads to a visa. These entities come to the surface only when Immigration and Customs Enforcement (ICE) actually identifies them. This happens rarely, as the Senate subcommittee on immigration complained at a recent hearing.<sup>11</sup>

Incidentally, neither visa mills nor diploma mills have innocent victims; anyone who has a financial transaction with either kind of institution is a co-conspirator, trading money for an illicit benefit. You would not know this, however, from reading some of the accounts in the Indian press about the closures of some of the visa mills. One such story began, “The fate of some 400-odd Indian students hangs in the balance as U.S. federal authorities have raided yet another unaccredited California University.”<sup>12</sup>

**Immigration.** Unlike the other three sets of institutions, visa mills focus totally on aliens, and thus their entire operations impact immigration. Further, every one of the “students” brought to the United States is, by definition, an illegal alien and, again by definition, none of these “students” gets a minute of education. There is not a shred of public utility in these operations.

In the last year and a half there have been ICE raids on three of these institutions and the reporting on them has given us some insights into both their operations and the slowness of ICE’s moves against them. That agency seems to approach this matter with a prosecutorial mentality (“let’s build a rock-solid case against the institution, no matter how long it takes”) rather than a regulatory mentality (“let’s close ‘em down immediately”).

The three raided entities include two institutions in or near Silicon Valley, and one in suburban Washington, D.C. There may have been others.

The poster child for the visa mills is Tri-Valley University in Pleasanton, Calif. ICE raided it on January 19, 2011, and shut it down. While closing a visa mill is an unusual action, this one had an unusual record. Its enrollment of F-1 students went from eleven in May 2009 to 939 a year later. DHS agents found that 550 of its “students” were enrolled with the same address, a two-bedroom apartment in Sunnyvale. “Students” were given discounts on their tuition when they referred other “students” to the place.

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The Indian government protested when some of these “students” were placed into deportation procedures and given ankle devices to monitor their movements.<sup>13</sup>

The next place to be raided was the University of Northern Virginia (UNVA); it is located in a modest housing complex in Annandale, Va., and was visited by ICE agents on July 28, 2011 (and by me two days later). ICE carted off lots of documents and suspended the organization’s right to issue the I-20.

The owner of the institution also owns three Chinese groceries. UNVA was accredited by the American University Accreditation Council, which is not recognized by the U.S. Department of Education. One news report adds: “The address listed as the council’s headquarters is an auto-body repair shop owned by the chairman of Northern Virginia’s board. A caller to the number listed on the accreditator’s web site was greeted with the following message Thursday evening ‘This is D’Angelo, so get at me back.’”<sup>14</sup>

To add a little spice to the ambient sleaze, Wikipedia noted, based on stories in the *New York Post* and the *Daily Mail*, admittedly scandal sheets both, that:

“Chancellor David V. Lee resigned on August 19, 2011 [three weeks after the raid], stating that ‘discussions of my personal life have become a distraction for students and friends of UNVA.’ His resignation came after *The Smoking Gun* reported that Lee was involved with sadomasochistic sexual activities.”<sup>15</sup>

Bear in mind that the reporting about the accreditation process (if not the chancellor’s extracurricular activities) comes from *The Chronicle of Higher Education*, a distinctly establishmentarian publication that enthusiastically supports the extensive use of U.S. education by foreign students.

Also bear in mind that after all of the above, ICE suspended UNVA’s I-20 authority only temporarily. UNVA is now very much back in the business of issuing the documents that create student visas.

The third visa mill known to be raided by ICE in this period was Herguan University in Sunnyvale, Calif. According to *University World News*, a London-based Internet publication:

“On 4 August [2012], U.S. Immigration and Customs Enforcement (ICE) issued a notice of intent to withdraw accreditation to Herguan University, where Indians comprise 94 percent of the 450 students enrolled.

“Herguan stands accused of acting almost as a ‘visa mill’ for foreign students wanting to go to the United States, in some cases using forged documents to back up visa applications. Herguan’s chief executive Jerry Wang (32) was arrested and charged with 15 counts of visa fraud.”<sup>16</sup>

It is too early in this operation to know if Herguan will be put out of business, but Wang and several members of his family have been hauled into federal court, something that has not happened, at least not yet, to those running UNVA.<sup>17</sup>

In contrast to these corrective (or partially corrective) actions against three visa mills in 18 months in a nation with a population of 312 million, there is the record of New Zealand, a country of 4.4 million.

The Kiwis, in a similar, but slightly earlier time period, closed down 16 institutions of the same type.<sup>18</sup>

It is no wonder that the three senators who held the previously-mentioned hearing on this subject earlier this summer were so grumpy with the mid-level ICE official who was the government’s sole witness before them.

**Quality of Education.** By definition, in a pure visa mill, there is no education.

**Levels of “Student” Debt.** Clearly millions of dollars change hands in these operations, but the money is raised overseas, and there are no data on the extent of the debts created.

### Three Observations

First, in all three visa mill cases, the primary purchasers of the phony visas were from India, and the owners of the sham universities carried non-Indian Asian names (Su, Ho, and Wang). This may be a coincidence or part of a broader pattern. I do not know.

Second, in the case of the University of Northern Virginia it appears that in addition to issuing visas to people who did not study, it also issued them to actual students, so that it was perhaps playing a role both as a visa mill and as a mainstream for-profit entity. Apparently for that reason ICE did not close the institution as it did Tri-Valley.

Third, Congress may be on the cusp of passing some slightly tougher legislation on the visa mills, demanding that all I-20-issuing institutions are accredited by an accreditation system accepted by the Department of Education, (which, oddly, is not now the case), but giving the not-yet-accredited ones three years to complete that task. The House of Representatives has passed, on a voice vote, such a bill (HR 3120) and the three senators (of both parties) at the previously mentioned hearing said that they were in the process of introducing similar if not identical legislation.<sup>19</sup>

That would ultimately help, but the insertion of a little more spine into the DHS enforcement of the existing law would be even more useful.

## End Notes

- <sup>1</sup> See “How Employers Cheat America’s Aging by Hiring Foreign Workers”, by David North, Center for immigration Studies, June 2012, about the tax breaks used by American employers when they hire F-1, J-1, and M-1 workers.
- <sup>2</sup> “Doctorate Recipients from U.S. Universities”, National Science Foundation, June 2012, NFS 12-305, table 40.
- <sup>3</sup> U.S. Senate, Committee on Health, Education, Labor, and Pensions committee print: “For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success”, July 29, 2012.
- <sup>4</sup> Tamar Lewin, “Senate Committee Report on For-Profit Colleges; Condemns Costs and Practices”, *The New York Times*, July 29, 2012.
- <sup>5</sup> See “Open Doors 2011”, Institute of International Education, New York, N.Y., November 14, 2011.
- <sup>6</sup> For more on the OPT program see the report cited in note 1.
- <sup>7</sup> See Patrick Thibodeau, “Obama expands OPT visa program for foreign students”, *Computerworld*, June 4, 2012.
- <sup>8</sup> See, for instance, this “Doonsbury” comic strip from August 8, 2012.
- <sup>9</sup> See the Wikipedia entry “List of unaccredited institutions of higher education”.
- <sup>10</sup> See the Department of Homeland Security webpage “Study in the States”.
- <sup>11</sup> U.S. Senate subcommittee on immigration hearing: “Strengthening the Integrity of the Student Visa System by Preventing and Detecting Sham Educational Institutions”, July 24, 2012; also see my blog on the hearing: “‘Process, Process, Process, but No Action’ Sen. Feinstein Fumes at Hearing”.
- <sup>12</sup> See, for instance, “Tri-Valley repeat: Indians on sticky wicket”, *The Pioneer* (India), August 5, 2012, an account of the ICE raid on Herguan University.
- <sup>13</sup> See my blog “All College Student (F-1) Visa Fraud Comes in Three Parts”.
- <sup>14</sup> Tom Bartlett, Karin Fischer, and Josh Keller, “Federal Agents Raid Virginia Institution That Draws Many Students from India”, *The Chronicle of Higher Education*, July 29, 2011. For more on UNVA see my blog “‘Why ‘All Men Are Created Equal’ Shouldn’t Always Apply” and “ICE raid targets University of Northern Virginia”, *The Washington Post* July 29, 2011.
- <sup>15</sup> See the Wikipedia entry on the University of Northern Virginia.
- <sup>16</sup> See Alya Mishra, “U.S. visa fraud institutions highlight regulatory gaps, loopholes”, *University World News*, August 12, 2012.
- <sup>17</sup> Users of PACER, the federal courts’ electronic documents system, can see Jerry Wang’s indictment at 5:12-cr-00581-EJD, document 1.
- <sup>18</sup> See Andrew Laxon, “Poor marks for troubled foreign student schools”, *The New Zealand Herald*, February 18, 2012. I must admit a bias toward this small, distant, clean, and progressive nation, as I was a foreign student there on a U.S.-funded Fulbright Scholarship some years back.
- <sup>19</sup> See Murthy Forum U.S. Immigration Law Discussion Board thread “House Passes H.R. 3120 Student Visa Reform Act to Prevent Student Visa Mills and Student Visa Fraud”, started August 2, 2012.