

The Chubb Institute fails to improve

By Nihit Aurora

The Chubb Institute is a chain of job-training schools with locations in New Jersey, New York City, Springfield, Chicago, and Arlington. In operation since 1970, The Chubb Institute offers training programs in a variety of fast-growing career areas like medical billing, CAD/drafting technology, graphic design and animation, medical billing and coding, surgical technology, computer networking and security, medical assistant programs, and massage therapy. In 2004, however, the school ran into regulatory troubles. Former students claimed that the school had promised more than it could deliver, and the students proceeded to initiate legal action.

As a result, the school suffered financial troubles. According to the State Council of Higher Education in Virginia, The Chubb Institute's expenditures exceeded its income by more than \$9 million. Consequently, Boston-based Great Hill partners and other investors took over the school for \$1 and invested millions of dollars in fixing its problems.

However, The Chubb Institute continued to face numerous problems. The Chicago branch lost its accreditation after the Accrediting Council of Continuing Accreditation and Training faulted the branch for its high staff turnover. The ACCET also criticized the branch for enrolling students who had not taken the prerequisite courses.

The Chubb Institute also faces lawsuits in New Jersey and Pennsylvania for misrepresenting job-placement figures and providing inadequate teaching materials. Although The Chubb Institute changed the name of its Arlington branch to Banner College in an attempt to disassociate the branch from previous problems, the school still faces a delay in accreditation due to a delay in supplying the necessary information to ACCET. The Institute may close its Arlington branch due to a lack of funds.

It seems that investing heavily in a declining business already beset with problems does not yield desirable results. At the time of the takeover, many private-equity funds had invested in for-profit education after the collapse of the dot-com boom. Others began considering investing in for-profit education when it was expected that the service sector would gain popularity because of the growing number of technology and nursing professions.

On the Net:

New Owners Fail to Improve Chain of Career Schools

www.washingtonpost.com/wp-dyn/content/article/2007/08/12/AR2007081201029.html

Career School in Danger of Closing

www.hewi.net