

On July 27, 2012, Rep. Elijah E. Cummings [issued the Ranking Member preliminary findings Committee investigation](#)

Cummings sent [letters](#) to 13 publicly traded, for-profit educational institutions requesting documents



Key Findings

- ***Corporate profitability is the single most important factor in determining executive compensation.***

The documents obtained during the course of this investigation indicate that the single most significant measure for determining executive compensation at these schools is corporate profitability, including factors such as operating income, earnings, profits, operating margins, earnings per share, net cash flow, and revenue. Across the board, measures relating to corporate profitability dwarfed those relating to student achievement.

- ***Certain companies failed to demonstrate any link whatsoever between the compensation they pay their executives and factors relating to the success of their students.***

These companies based compensation primarily on the achievement of corporate financial goals. Some of these companies indicated that bonus pay could be based in part on executive performance, but they did not demonstrate that student achievement was among those goals.

- ***Several companies provided documents with vague references to student performance, but failed to indicate the specific extent to which they affect executive compensation.***

Although student performance appears to be one of many factors considered in determining executive pay at these companies, the documents produced lack details on how pay was awarded as a result of achieving targets for those measures.

- ***Some companies provided the specific percentages they use to weigh student achievement measures when determining executive compensation—which is commendable—but these factors were far outweighed by corporate profitability concerns.***

In addition, significant questions remain about the relatively low targets set for student performance and outcomes, while certain executives continue to receive high bonus payments.

[CEO Pay Chart \(2\)](#)

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