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Another College Takes the Path From For-Profit to Nonprofit

By Goldie Blumenstyk

Keiser University isn't the only for-profit college that is [going nonprofit](#). So is Remington College, another Florida-based institution that caters to working adults seeking career-focused degrees.

Remington's conversion took effect earlier this month. And at time when the for-profit-college industry is facing increased scrutiny from federal and state governments and the public, the 26-year-old college of about 8,700 students is already visibly celebrating the change with the prominent use of the slogan "non-profit, non-traditional" in its logo and throughout its Web site.

Remington has sold itself to a nonprofit entity called Remington College Inc. The entity is paying for the college with a loan from the sellers, which the college will pay back from its excess cash flows over a period of up to 15 years.

Jack W. Forrest, the college's president, said the payment schedule is designed to ensure that in the first three years, a portion of those surpluses go first to the college, to provide it with a \$20-million fund to pay for various needs. Once the debt on the sale price is paid off—he declined to disclose the price—the college itself will have full use of any surpluses it generates. Beyond the established sale price, the former owners "don't get a percentage of the profits," he said.

Remington had been majority-owned by its founder, Jerry Barnett; members of its management also owned stakes. All the managers will continue to work for the college. Mr. Barnett will serve as a consultant to the college and has been appointed to serve on its new five-member board.

Mr. Forrest said Remington looks forward to operating as a nonprofit because that status could eventually free it from "the unintended consequences" of a federal regulation that requires for-profit colleges to generate no more than 90 percent of their revenues from Pell Grants and student loans. As the federal

government has raised grant and loan levels in recent years, he said, one of those consequences "is that it forces us to price at the max" to ensure that at least 10 percent of the revenues come from other sources.

The U.S. Department of Education has advised Remington that it may require the college to continue to adhere to the 90-10 rule for a few years as a condition of the conversion, Mr. Forrest said. "They do that just to make sure you're not using it as a 90-10 dodge," he noted.

Remington has 19 campuses in 10 states and an online operation and was known over the years for having considered but never accepted offers by private-equity investors seeking to buy it.

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