

8 Facts That Will Make You Think Twice Before Enrolling at a For-Profit College



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For-profit colleges and universities have expanded tremendously over the past two decades. In 2015, nearly three times as many students attended for-profit schools as did in 2000 and there were 36 percent more for-profit schools across the country. At its enrollment peak, in 2010, the industry enrolled 2.4 million students, representing about 11 percent of all those pursuing higher education, up from around 3 percent in 1995.

Unfortunately, much of this expansion has been in high-priced, low-quality programs marketed to veterans and low-income students eligible for the maximum amount of federal financial aid. Some recruiters systematically mislead students about the value of the degrees they award and the chances of securing a job after graduation so that they can quickly enroll students and their employers can start

collecting taxpayer dollars. Here are some of the disturbing facts that have come to light as a result of public scrutiny:

1. For-profit schools using federal aid charge an average of nearly 80 percent more than similar programs at for-profit schools without access to federal aid. The average certificate or associate degree program costs about four times as much at a for-profit college than at a state school—a difference far greater than the amount attributable to public funding. The average cost of a certificate program at a public institution is around \$4,000, while it is over a whopping \$19,000 at a proprietary one. For associate degree programs, the average cost is \$8,313 at a public school and \$34,988 at a for-profit.

This report can be found online at: <https://tcf.org/content/facts/8-facts-will-make-think-twice-enrolling-profit-college/>

2. As a result of these steep prices, for-profit colleges and universities leave more students with more debt.

Twelve percent of bachelor's degree recipients at for-profit colleges graduated with no debt, compared to 34 percent at public institutions and 25 percent at private nonprofit schools. For-profit graduates are four times more likely to graduate with at least \$40,000 in student debt than their counterparts at public institutions.

3. And these debts are often overwhelming, causing graduates of for-profit colleges to disproportionately default on their student loans.

While accounting for 35 percent of student loan defaults, this population represents just 26 percent of all borrowers and only about 10 percent of students. Fifteen percent of for-profit student borrowers have defaulted on a federal loan since 2013; this number is 7 percent at nonprofits and 11.3 percent at publics.

4. Even for-profit graduates who stay out of default have a harder time paying back their loans than their public school counterparts.

Ninety-eight percent of vocational programs that failed to meet the standards established by the Department of Education's new gainful employment regulation—regulation that monitors whether career training leaves students with overwhelming debt—are offered at for-profit institutions. 787 programs offered at for-profit schools left students paying more than 30 percent of their discretionary income or 12 percent of their total earnings to meet annual loan payments.

5. And these earnings and job prospects tend to be less rosy for for-profit graduates.

Research suggests that those who attend for-profit colleges and universities receive

fewer callbacks from potential employers than graduates who attended public institutions, even non-selective publics. In addition, these graduates earn lower salaries and are less enthusiastic about their degrees than are their peers at nonprofit schools. It's no wonder the same population has trouble paying back their student loans.

6. But the students who even complete their degrees are the lucky ones—and they are in the minority.

Students at for-profit colleges and universities are less than half as likely to complete their bachelor's degree within six years than their counterparts at public and nonprofit institutions. Twenty-three percent of first-time, full-time bachelor's degree-seeking students at four-year schools earn their degree within this time frame at proprietary institutions, compared with 59 percent at publics and 66 percent at nonprofits.

7. Investigations by the Government Accountability Office, the Senate Committee on Health, Education, Labor, and Pensions, and at least twenty attorneys general's offices have uncovered widespread fraud among for-profit colleges and universities.

These schools and their representatives frequently engaged in immoral and illegal misleading recruitment, among other predatory practices.

8. When students enroll in for-profit colleges, they frequently sign away their right to sue these institutions in court.

Proprietary schools often include mandatory arbitration clauses in their enrollment agreements, restricting the way in which students and former students can seek any redress of grievances against these institutions, should they feel the need.