

## Directions:

1. Mark your confusion.
2. Show evidence of a close reading. Mark up the text with questions and/or comments.
3. Write a one-page reflection on your own sheet of paper.

### **Cracking Down On For-Profit Colleges**

*Schools like DeVry and Kaplan are booming, but critics say they are putting students into debt, not jobs*

Source: *The Week* 9/16/11

#### **Who attends for-profit colleges?**

Almost 2 million Americans who want college degrees but can't get them at conventional schools. For-profits such as the University of Phoenix, Kaplan University, and DeVry University target this market by offering degrees that can be obtained online or at night classes in convenient locations. Rather than degrees in English literature or physics, these schools focus on pragmatic coursework that will, at least in theory, prepare students for careers in such fields as nursing, law enforcement, cooking, and upholstery. Their students are largely adults already working in low-paid jobs, veterans, and others who can't get admitted to, or commit the time to, conventional colleges. Blacks and Hispanics make up nearly half of enrollees at for-profits. Harry Alford, the head of the National Black Chamber of Commerce, credits for-profit colleges with "stepping up to the plate and taking on the daunting task of educating 'high-risk' students." Over the last decade, the for-profits have boomed: There are now 2,000 such colleges, currently enrolling 12 percent of all students in higher education — up from 3 percent a decade ago.

#### **Do these colleges deliver on their promises?**

No, says a growing group of critics, including educators, former students, and the federal Department of Education. They say the schools provide dubious coursework and degrees that don't lead to good jobs, but do leave students with crushing debt. Most students never complete their degrees. The University of Phoenix, for example, is the industry leader, yet it graduates less than 9 percent of its bachelor's degree candidates within six years. Schools have been accused of misleading applicants about loan costs, exaggerating potential post-graduation salaries, and targeting disabled veterans and homeless people to boost enrollment. Former students of for-profit colleges now account for about half of all student-loan defaults. "I don't think I learned anything at the Art Institute [of Philadelphia], other than how to get scammed by somebody," said Taryn Zychal, who accumulated \$150,000 in loans, only to find that no other institution would recognize her academic credits. Legions of other students tell similar stories.

#### **So why do students enroll?**

Lack of good alternatives. The recession has left tens of millions of people out of work, or stuck in jobs that barely pay their bills. For-profits have targeted the underemployed and the out-of-work with aggressive marketing tactics that promise better job skills and salaries. Their recruiting success has made for a very lucrative business. For-profit students pay an average of \$31,000 a year for four-year degrees — almost double the average cost of public universities. The country's largest for-profit college company, the Apollo Group, which owns the University of Phoenix, has nearly 400,000 students and revenues of \$4.9 billion. In 2009, the CEO of Strayer, a chain of for-profits with more than 60,000 students, took home nearly \$42 million; that year, the president of Harvard made less than \$700,000.

### **Who pays the colleges' tuitions?**

Mostly the taxpayers. For-profit colleges receive an average of three quarters of their revenue from federal grants and loans. "Some for-profit schools are efficient government-subsidy collectors first and educational institutions second," a recent congressional committee report said. Critics of the industry say recruiters target poor and minority students precisely because such students can tap the deep well of federal aid money. In 2000, \$4.6 billion in federal college loans and grants flowed to for-profit colleges; last year they received more than \$26 billion. A quarter of all federal student-loan money — and almost a third of Pell Grants, which are earmarked for low-income students — now goes to for-profit institutions. "Millions of low-income students are borrowing heavily to attend for-profit colleges," Education Secretary Arne Duncan said, "and too many of them are dropping out, failing to get a job, and leaving taxpayers with the bill."

### **So what is the government doing?**

The Department of Education recently approved new rules blocking federal aid to a for-profit school if less than 35 percent of its former students are actively paying down their loans. For-profits say it's illegal that the tougher rules apply only to them, and not to not-for-profit universities, but the government is stepping up its crackdown: Last month, the Department of Justice and four states filed suit against Education Management Corporation, the country's second-largest for-profit college company, charging that it fraudulently collected \$11 billion in federal aid, and illegally based recruiters' pay on how many students they enrolled.

### **Will for-profits survive?**

Their image has clearly taken a big hit, and many are toning down their recruiting tactics. As a result, new-student enrollment fell an average of 14.1 percent for the summer quarter at 10 of the biggest for-profit institutions. Kaplan reported a 47 percent decline in new-student enrollments in its summer quarter, and the exclusively online Capella Education, which has some 38,000 students, reported a drop of nearly 36 percent earlier in the year. For-profit schools now "have a huge bull's-eye on them," said Kevin Kinser, an associate professor at the State University of New York at Albany who studies the industry. "They can't risk business as usual anymore."

### **A virtual college with real profits**

In 2005, California-based Bridgepoint Education bought Franciscan University of the Prairies, a failing religious college with 332 students in Clinton, Iowa. Six years later, the school, renamed Ashford University, has been transformed into one of the biggest online colleges in the country, with 78,000 students. Bridgepoint posted \$216 million in profits last year, while collecting nearly 87 percent of its revenue from federal aid. Sen. Tom Harkin (D-Iowa) says the college is "an absolute scam" that has enriched Bridgepoint while providing students with little of value. Harkin's committee found that 84 percent of students enrolled in two-year degree programs at Ashford in 2008 had dropped out by 2010, and that the school employed more than 1,700 student recruiters but just one job-placement specialist. "In the world of for-profit higher education," Harkin said, "spectacular business success is possible despite an equally spectacular record of student failure."

Reflection ideas:

- Reflect on the advantages and disadvantages of for-profit universities.
- Reflect on your possible path after high school. Goals?
- What paths other than college are you considering? Reflect.