

# You Can't Get There from Here: Postsecondary Capacity, the Master Plan, and the Role of For-profit and Private Institutions

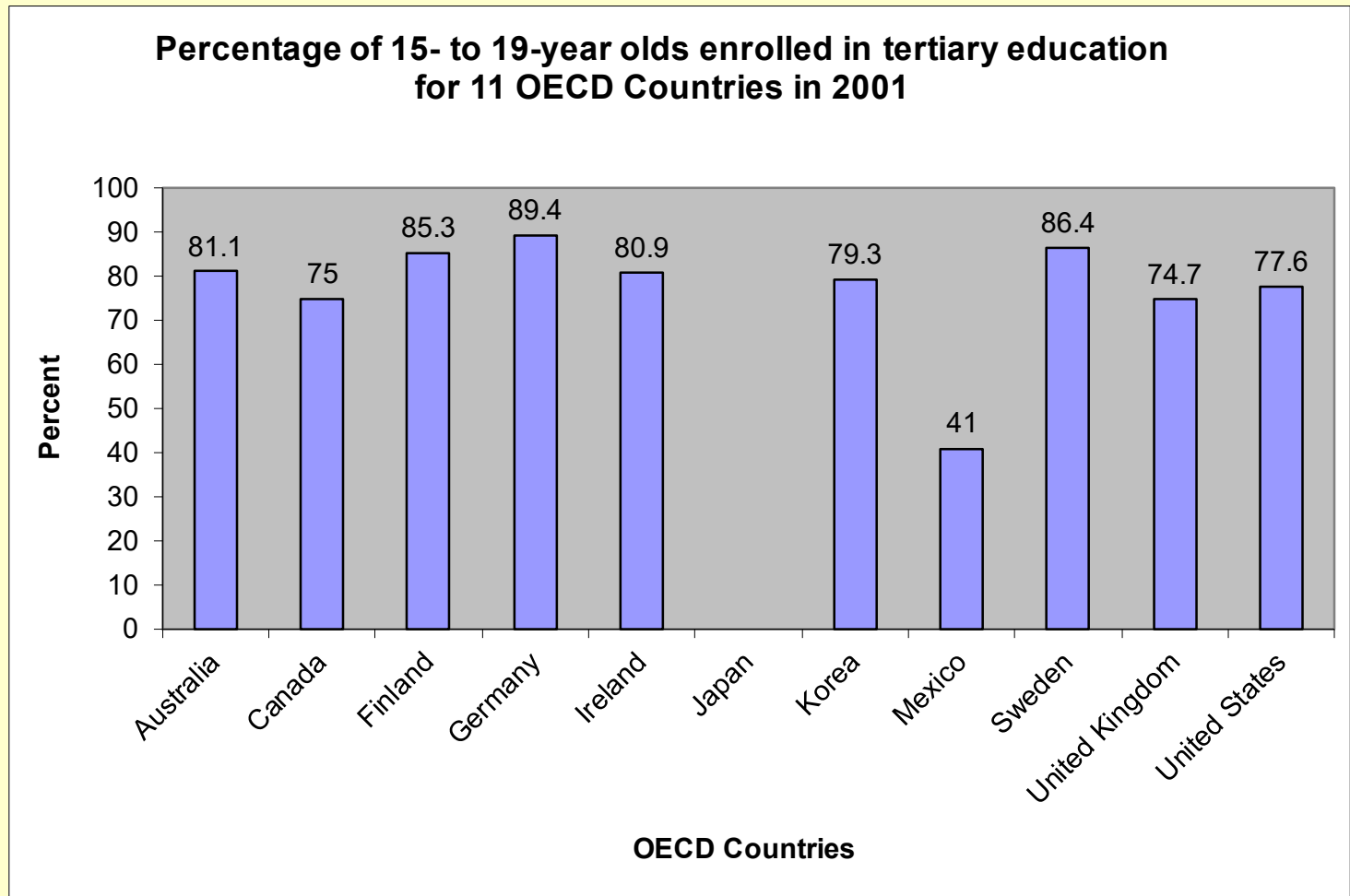
William G. Tierney  
University Professor,  
Wilbur Kieffer Professor of Higher Education  
Director,  
Center for Higher Education Policy Analysis

<http://www.usc.edu/dept/chepa/>  
[www.21<sup>st</sup>CenturyScholar.org](http://www.21stCenturyScholar.org)

*“By 2020, America will once again have the highest proportion of college graduates in the world.”*

**President Obama,  
February 2009**

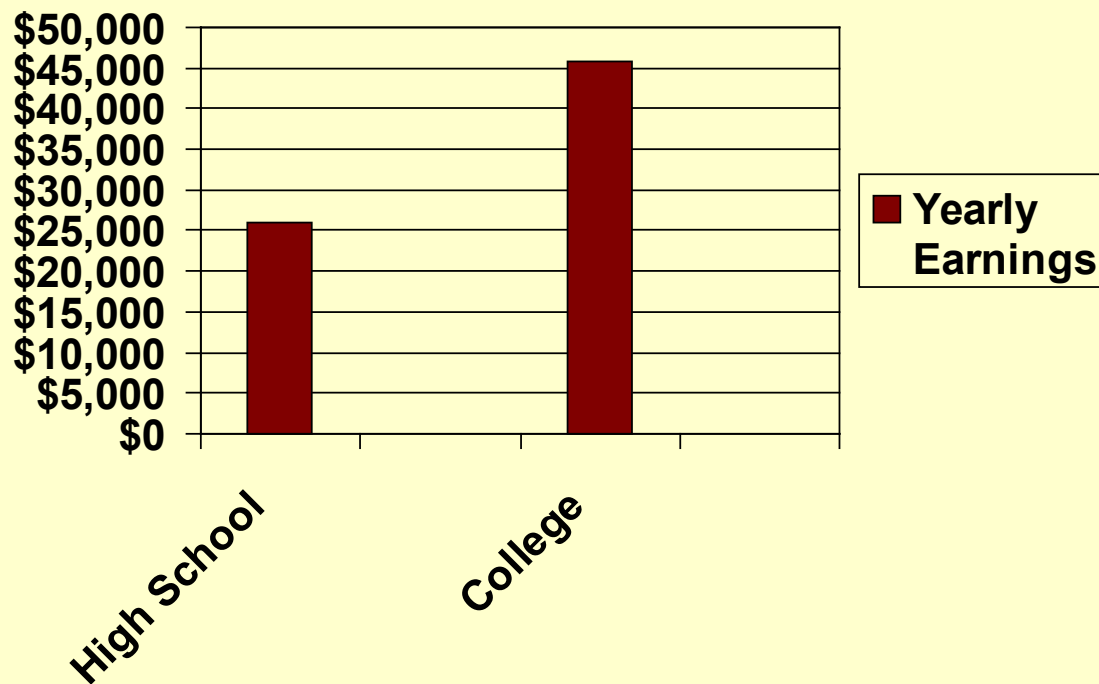




In today's dollars, bachelor's degree recipients can expect to earn about 1 million more during working careers than high school graduates.



**Median income of workers with a bachelor's degree or higher is about double the income for those with only a high school degree.**



The total number of additional degrees needed over a ten year period is approximately 10 million, representing an additional 1 million graduates per year.

# Barriers to Reaching These Goals

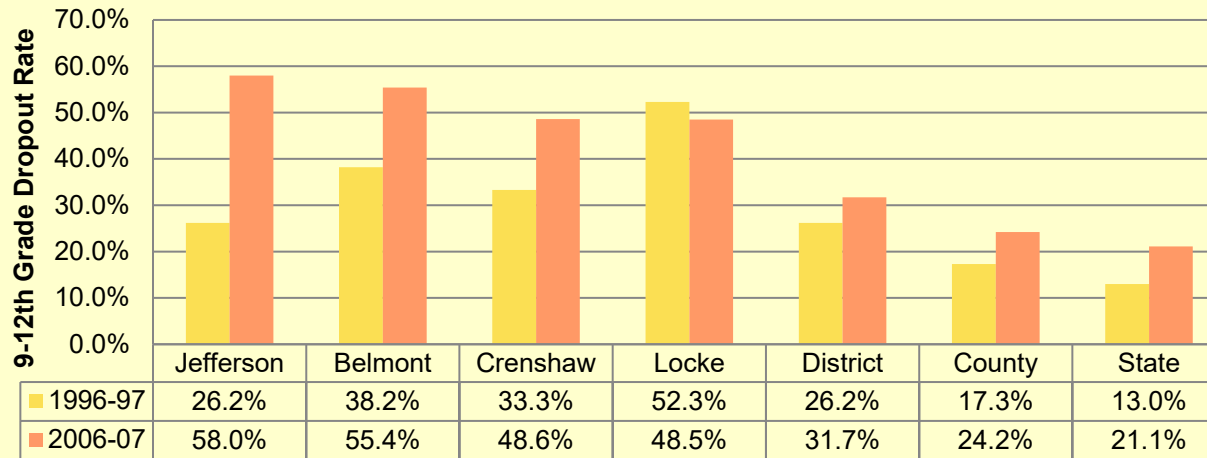
- Capacity Constraints
- The Challenge of Educating At-risk Students

# The New Entrants:

- 1<sup>st</sup> Generation Youth from Low-College Going Schools
- Working Adults

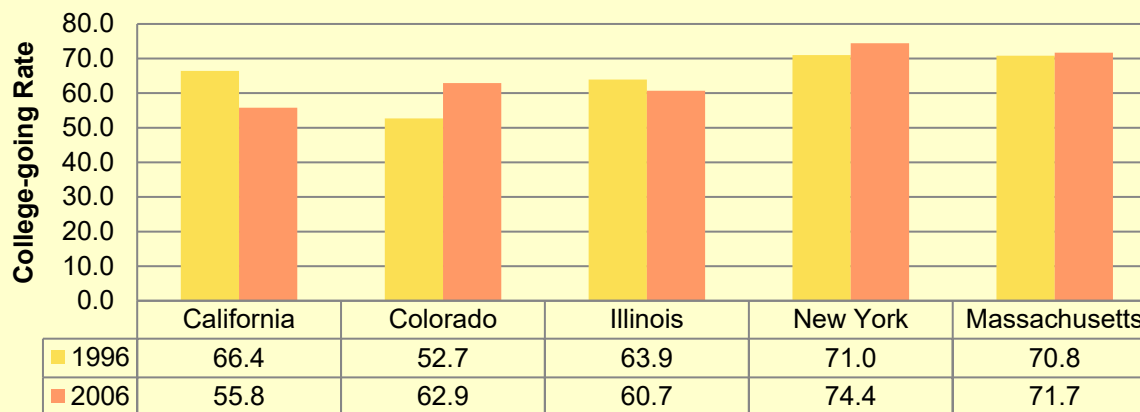


## Highest Dropout Rates among High Schools in Los Angeles Unified School District



Source: California Department of Education

## Percent of High School Graduates Who Enrolled in a Postsecondary Institution



The rate is the percentage of high school graduates who enrolled in a postsecondary institution within a year of graduation.

Source: The National Center for Higher Education Management Systems

# Capacity constraints

- **47% of children under five are a “minority,” 25% Hispanic**
- **44% of children under 18 are a minority, 22% Hispanic**
- **34% of total population are a minority**

- **Only 27% of today's undergraduates are considered "traditional students." Among the 73% of new traditional students:**
- **More than 40% attend 2-year community colleges**
- **40% are enrolled part-time**
- **Almost 33% in college are over 24 years old**
- **The over 24-year olds make up 44% of these students**

Can conventional IHE's do it  
on their own?

# California public postsecondary enrollment

	CCC enrollment	CCC difference	CSU enrollment	CSU difference	UC enrollment	UC difference	TOTAL System
Fall 2008	2,898,216	+135,000 from 2007	437,008	+3,991 from 2007	227,000	+6,006 from 2007	3,562,224
Fall 2009	2,877,216	-21,000	433,008	-4,000	224,700	-2,300	3,534,924
Fall 2010	2,737,216	-140,000	427,008	-6,000	223,200	-1,500	3,387,424
<b>TOTAL Students Cut</b>		-161,000		-10,000 <sup>1</sup>		-3,800	-204,800

(CCC Chancellor's Office, 2010; CSU Public Affairs, 2009; UC Office of the President, 2010; Wilson, Newell, & Fuller, 2010)

To reach President Obama's goal we need 100,000 new students in California next year.



And every year for the next decade!

# 2007-2008 Enrollment Shares with States, by Category of Institution

	Public 4-year or above	Public, 2-year	Private, not-for-profit, 4-year or above	Private not-for-profit, 2-year	Private for-profit, 4-year or above	Private for-profit, 2-year	Total Private Share
Massachusetts	24.8%	21.5%	51.9%	0.4%	0.7%	0.7%	53.7%
Arizona	13.6%	35.7%	1.1%	0.0%	47.8%	1.8%	50.1%
Pennsylvania	33.8%	21.5%	34.8%	1.1%	3.6%	5.2%	44.7%
New York	29.7%	26.4%	38.8%	0.6%	2.3%	2.3%	43.9%
Florida	46.4%	26.2%	15.4%	0.0%	9.6%	2.3%	27.3%
Michigan	39.7%	41.3%	17.5%	0.0%	0.9%	0.5%	19.0%
California	20.6%	64.4%	9.1%	0.1%	<b>3.7%</b>	<b>2.1%</b>	15.0%

Note: Includes institutions that award associate's and higher degrees only.

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Table 221, 2009.

# 424 Colleges in California

Institution Type	Total Number	Percentage of Total
UC System	10	2.4%
CSU System	23	5.4%
Community Colleges	112	26.4%
Independent	146	34.4%
Proprietary	133	31.4%
<b>Total</b>	<b>424</b>	<b>100%</b>

Sources:

California Postsecondary Education Commission and U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

# Growth in Enrollment by Sector

	1998	2007	'98-'07 Change
UC System*	173,643	220,034	+ 26.7%
CSU System*	349,804	433,017	+ 23.8%
Community Colleges	1,252,954	1,628,380	+ 30.0%
Independent, 4-yr.**	227,371	324,995	+ 42.9%
Proprietary, 4-yr.**	46,928	133,535	+ 184.6%
Independent, 2-yr.**	9,198	3,063	- 67.0%
Proprietary, 2-yr.**	20,765	74,606	+ 259.3%

Sources:

\*California Postsecondary Education Commission

\*\* U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS)

- Growth: Between 1996-7 and 2006-7
- Number of AA degrees conferred by for-profits grew 100% vs 22% for public Institutions
- Bachelor's degrees grew by 492% vs 26% by public institutions
- Numbers by 2009, approximately 2.0 million students (+10% of all postsecondary students) attended proprietary institutions (by 2015, 3.0 million students are expected)

For-profits are:

- Very evil
- Evil
- Not evil
- Don't know,  
don't care
- Other

## **“Analysis: For-profit Colleges Haul in Federal Aid”**

*- USA Today (November 30, 2009)*

## **“Student Loan Defaults Rack Up in Pennsylvania”**

Students at for-profit schools in Pennsylvania defaulted nearly three times more often on federally guaranteed loans than students at traditional colleges and universities

*- Pittsburgh Tribune Review (January 31, 2010)*

## **“For-profit Colleges Spur Dreams and Doubts”**

Critics wonder if popular Schools are a good deal for students and taxpayers”

*- Pittsburgh Tribune Review (January 31, 2010)*

## **The American Graduation Initiative**

President Barack Obama called for an additional 5 million community college degrees and certificates by 2020... Together, these steps will cost \$12 billion over the next decade

*- President Obama (July 14, 2009)*

**Likewise, discussions in Washington have focused on assuring quality outcomes for students with enhanced and new regulations for the higher education industry**

**“As For-profits Colleges flourish, Focus Turns to Grads’ Success and Debt.**

*- Denver Post (January 17, 2010)*

**“Leveraging Up To Learn”**

*- Barron’s (November 9, 2010)*

**“Rules May Tighten in Regulating For-Profit Colleges”**

*- Denver Post (January 18, 2010)*

**“Shares of US Education Companies Fall on Regulation Concerns”**

*- Reuters (January 28, 2010)*

**“Education Stocks Continue Slide On Gainful Employment Fears”**

*- Wall Street Journal (January 29, 2010)*



# Underlying assumptions

For-profits favor profit over  
educational quality

Higher education (defined as public institutions) is a *public good*

# Broad Questions Around the Private Sector's Role in Post-Secondary Education

What role does the private sector play in post-secondary seat expansion?

Is the private sector providing educational access to underrepresented students?

How efficient is the private sector in generating positive outcomes?

Are those degrees valuable – do they lead to income gains and positive student return on educational investment?

Are students aware of the debt they will incur and are they left with a burdensome debt load?

What are major (perceived) problems with for-profits?

- Debt burden
- Unscrupulous admissions practices
- Teaching and learning practices (50-50 rule)

- Retention/Graduation Rates
- Job Placement Rates
- Funding (90-10 rule)

# What are solutions?





*chepa*





<p><b>“A” score</b></p> <p>Point range = 90 to 100</p> <p>1-6 point deduction for each violation</p>	<ul style="list-style-type: none"> <li>• Food temperature violations</li> <li>• Rusty shelves in a refrigeration unit</li> <li>• Holes/cracks in wall that may promote vermin harborage</li> <li>• Accumulated food debris, grease, mold, or dirt on floors</li> <li>• Employee preparing food without hair restraint</li> </ul>
<p><b>“B” score</b></p> <p>Point range = 80 to 89</p> <p>1-6 point deduction for each violation</p>	<ul style="list-style-type: none"> <li>• Soiled wiping cloth on food preparation table</li> <li>• Washing produce in a mop sink</li> <li>• Shrimp thawing in standing water</li> <li>• Dead cockroaches and/or fecal markings</li> <li>• Flies in a pre-packaged food facility</li> <li>• sewage overflow in food preparation area</li> </ul>
<p><b>“C” score</b></p> <p>Point range = 70 to 79</p> <p>1-6 point deduction for each violation</p>	<ul style="list-style-type: none"> <li>• Rodent droppings or urine on floors</li> <li>• Open wound on hand of food employee</li> <li>• Poultry spoilage</li> <li>• One live cockroach observed with no other evidence of an infestation</li> <li>• Meat served from animal hunted on a personal hunting trip</li> </ul>

If we awarded “A” “B” and “C” ratings to institutions, what would be the issues?

Is this another example of the  
'nanny' state?

Whose role is it to develop and enforce the ratings – the state or some other group?

Would we award these ratings only to fast food restaurants or to all institutions that serve food?



If we awarded the ratings  
would we force closure of  
institutions or is it  
simply 'buyer beware?'

If we provided such ratings  
what would be the central  
issues for determining the  
ratings?

# Retention Rates

# Graduation Rates

# Time to Degree

# Student Profiles

# Learning Outcomes

# Debt Burden

# Job Placement

# Center for Higher Education Policy Analysis

[www.21<sup>st</sup>CenturyScholar.org](http://www.21stCenturyScholar.org)