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News

High Enrollers

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When the economy is down, people go back to college. That rule of thumb is as true now as it has been in past downturns, and for-profit institutions especially have been reaping the benefits, according to **new data** from the U.S. Education Department.

In fall 2009, during one of the most devastating years of the current financial crisis, 7.1 percent more students enrolled in college than had **the previous fall**, according to data released Wednesday by the National Center for Education Statistics (NCES). And while all types of institutions -- public, private nonprofit, and private for-profit -- saw a bump, for-profit institutions easily outpaced the other sectors, growing their rolls by nearly 25 percent and their revenues by 21 percent, the federal study found.

Even as they prepared to gird themselves against stingy allocations from cash-poor state legislators, the nation's public institutions grew by 6 percent -- a modest rate compared to the for-profits, but substantial as far as raw numbers. Public institutions added 844,273 students to the commercial colleges' 441,463; both owe their growth at least in part to the continuing boom in online education, a medium that both have embraced.

It was a less auspicious fall for private nonprofit institutions, which grew by 2.8 percent (106,695 students) and saw their stock portfolios spontaneously combust. After seeing their investments return $6.5 billion in fiscal year 2008, private nonprofit colleges stood by helplessly as their portfolios lost $64 billion in fiscal year 2009. (Public institutions lost $8 billion on their investments that year. For-profits actually saw a $35 million return, although they raked in most of their total $14.8 billion in revenue from tuition and fees.)

The for-profits, which have been steadily gobbling up student market share for years, officially cracked double digits for the first time, accounting for 10.6 percent of all postsecondary students in the country in fall 2009.

However, the new figures predate last year's **damning report** from the Government Accountability Office alleging predatory recruiting practices at certain for-profit institutions (see related item **here**), and the broader regulatory crackdown on the colleges by the Education Department. Some have speculated that tighter federal oversight **could slow growth** at popular institutions such as the University of Phoenix, Kaplan University, and Ashford University -- particularly if new federal rules or potential Congressional legislation make it harder for the companies to accept federal grant money from students.

According to the new data, 43 percent of students enrolled at for-profit institutions used federal Pell Grants to help pay tuition, compared to 26 percent at four-year publics and 24 percent at four-year private nonprofits. The fact that for-profit colleges enroll roughly one-tenth of all students, while those students **receive about a quarter of all Pell Grant dollars**, has helped to drive the regulatory scrutiny and **attract the attention** of critical members of Congress. That is especially true as Washington's politicians face a massive budget crunch that college officials fear could force cutbacks in Pell or other student aid programs.

	2009	2008	2004	1-Year Change	5-Year Change
Total	20,966,826	19,574,395	17,710,798	7.1%	18.4%
Public	14,936,382	14,092,109	13,081,358	6.0%	14.2%
Private	3,791,418	3,684,723	3,440,559	2.8%	10.2%
For-profit	2,239,026	1,797,563	1,188,881	24.5%	88.3%
4-year colleges	12,906,743	12,131,855	10,726,683	6.4%	20.3%

Undergraduate	10,044,034	9,394,747	8,235,301	6.9%	22.0%
Public	6,285,149	5,951,146	5,407,236	6.2%	16.2%
Private	2,558,713	2,501,295	2,347,309	2.3%	9.0%
For-profit	1,200,172	942,306	480,756	27.4%	149.6%
Graduate	2,862,709	2,482,941	2,156,853	15.2%	32.7%
Public	1,424,091	1,272,612	1,193,584	11.9%	19.3%
Private	1,171,953	982,898	825,093	5.2%	42.0%
For-profit	266,665	227,431	138,176	17.3%	93.0%
2-year colleges	7,674,744	7,100,631	6,656,105	8.1%	15.3%
Public	7,180,665	6,693,185	6,282,576	7.3%	14.3%
Private	46,579	46,355	56,705	0.5%	-21.7%
For-profit	467,500	361,091	316,824	29.5%	46.6%
Less than 2-year	385,339	341,909	328,010	12.7%	17.5%
Public	66,477	67,075	62,206	-0.9%	6.9%
Private	14,173	11,821	14,005	19.9%	1.2%
For-profit	304,689	263,013	251,799	15.8%	21.0%

Graduation Rates

Graduation rates at four-year colleges (for student cohorts that enrolled in 2003) remained steady overall at about 56 percent, with private nonprofit colleges leading at 64 percent, followed by public institutions at 54 percent, then for-profits at 35 percent. Those numbers were virtually unchanged from **the 2002 cohort**, although for-profit institutions saw their numbers slide by three percentage points.

For-profit institutions fared better with two-year degree programs, graduating 60 percent of their students (in the 2006 cohort). They also did significantly better than community colleges, which only managed to shepherd 22 percent of their students to graduation, according to the federal data. Both rates were about the same as the previous year.

Retention Rates

New to this batch of NCES data were retention rates (defined as the proportion of first-time students each fall who re-enrolled the following fall), which have become a hotter issue at many institutions as the national completion agenda has picked up steam. As of fall 2009, the retention rates for full-time students at all types of institutions stood at 72 percent; for part-time students, the rate was 43 percent.

Among four-year institutions, private nonprofit colleges reported the highest retention rates (80 percent), followed closely by public institutions (79 percent) and somewhat less closely by for-profits (54 percent). As with graduation rates, the for-profits had better luck keeping students in two-year programs, leading the pack with a 69 percent retention rate, followed by private nonprofits (61 percent) and public institutions (59 percent).

As always, the NCES data were laden with caveats. Because of different standards for reporting at public and private institutions, the number crunchers point out, the financial data from public institutions cannot be reliably compared with the data from privates, even within the same categories. And the federal data, especially with respect to graduation rates, have been criticized for being too broad

and error-prone to be treated as a decisive authority.

— **Steve Kolowich**