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For-profit colleges and an illusion of opportunity

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Recognizing that their record profits stand in stark contrast to the low graduation and high loan default rates of their students, for-profit colleges are spending millions on a marketing and lobbying campaign to buy themselves immunity from accountability in exchange for providing "choice" to America's underserved students.

Neither the public nor government can afford to be distracted by these PR efforts. As is clear in a recent report by the Education Trust, "Subprime Opportunity," the for-profit sector graduates - within six years - just 1 out of every 5 of its first-time, full-time students seeking bachelor's degrees. And while the sector enrolls 12 percent of all undergraduates, it consumes one-fourth of all federal loan dollars and produces 43 percent of all defaults on those loans. Something is obviously wrong. But instead of pledging to improve student success, proprietary colleges and their lobbyists are calling our report "unfair."

'Six years is too short' - We measured the percentage of first-time, full-time students seeking bachelor's degrees who graduated within six years: 22 percent. Defenders of the for-profit sector argue that their students can't be expected to graduate in that time frame. However, their own internal data suggest that a longer timeline doesn't produce much better results. When the University of Phoenix recently counted all bachelor's degrees awarded regardless of how long students took, it improved their internal graduation rate by only three percentage points.

'Our results are indicative of our students ' - For-profits also blame low graduation rates on the demography of their students - many of whom are students of color or from low-income households. Aside from what this implies about their beliefs about these student groups as well as their recruiting practices in these communities, the truth is that traditional colleges with similar admissions policies and comparable percentages of low-income students have higher graduation rates. Even among four-year institutions with completely open enrollment standards, success rates at public and private nonprofits are three times higher than those at for-profits.

'We cost taxpayers less' - For-profits also insist that they have a higher value to taxpayers.

Citing an internal study, they claim to cost the American people less than do other colleges because they don't receive large public subsidies and they pay taxes, from which most traditional colleges are exempt. But for-profits are absorbing billions in federal student aid every year and, more importantly, generating tremendous long-term costs for the students they serve.

Given their dramatic expansion over the last decade, for-profits had the potential to expand access to innovative, high-quality higher education. Instead, much like the subprime loan industry, they are reaping huge profits from a model that leaves most students with no degree and huge debt. What institutions do - or don't do - has an enormous impact on student success, regardless of the college setting or the demographics of the students they serve. As a nation, we need all types of colleges - for-profit, public and private nonprofit - to do a better job. Instead of blaming their students at every turn, for-profits need to step up and take greater responsibility for improving their results.

Kati Haycock is the executive director of the Education Trust, a Washington organization that works for high academic achievement for all students at all levels. Send your feedback to us through our online form at SFGate.com/chronicle/ submissions/#1.

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