Regulatory Impact on For-Profit Higher Education Degree-Granting Capacity

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Comparative and International Education Society
Washington, DC
March 10, 2016

Knights and Knaves in Public Service

Knights nobly fulfill the public mission

Adapted from Le Grand, 2003

Knaves act in own self-interest
Our Doing Well by Doing Good philosophy gives our colleagues and students the opportunity to contribute their knowledge, talents and passions in meaningful ways to those in need.

Doing Well by Doing Good

“Doing Well by Doing Good” is DeVry Group’s commitment to supporting social and educational initiatives in the communities in which our students and employees live and work. As global citizens, DeVry Group colleagues also participate in relief efforts and service projects around the world.

FOR-PROFIT COLLEGES

Do they only care about your money?

The proliferation of for-profit education is the result of a flawed federal loan system designed to flood the market with credit. The for-profit sector thrives on deceptive marketing and aggressive recruiting. Students are lured into debt with promises of college and career success. In reality, the majority of students do not achieve their goals and are saddled with debt they cannot afford.

Per-Student Costs

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Public Non-Profit</th>
<th>Private Non-Profit</th>
<th>4-Year Undergraduate Schools</th>
<th>Private For-Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td>$18,000</td>
<td>$27,000</td>
<td>$18,000</td>
<td>$27,000</td>
</tr>
<tr>
<td>Books</td>
<td>$500</td>
<td>$900</td>
<td>$500</td>
<td>$900</td>
</tr>
<tr>
<td>Room &amp; Board</td>
<td>$8,000</td>
<td>$16,000</td>
<td>$8,000</td>
<td>$16,000</td>
</tr>
<tr>
<td>Total</td>
<td>$18,500</td>
<td>$38,900</td>
<td>$18,500</td>
<td>$38,900</td>
</tr>
</tbody>
</table>

3X more students are enrolled
3X more debt
3X more graduates
3X more job losses

Source: National Center for Education Statistics
Regulatory History: Accreditation

1950s-60s: FP Banned
1970-90s accepted
2000s NP conversions
2010 Dana College denial

Regulatory History: Federal Oversight

• 1978: FTC oversight (failed)
• 1980s-90s: ED oversight → 1992 Reauthorization
  • Twelve-hour rule → waivers 1998 → eliminated 2002
  • 50% rule → waivers 1998 → eliminated 2005
  • 85/15 rule, modified 90/10 in 1998
• Cohort default rate
  • 1991-1994: 35% → 30% → 25% (2yr window)
  • 2008: 30% in 3yr window
• Incentive compensation banned: 2002 Safe harbors → ban reinstated 2010
Regulatory History: Pending Oversight

- Gainful employment: 1972 → 2010
- Veterans Administration
- Single Definition
- 90-10 modifications
- Disclosure and ratings

Regulatory Cycle

- FP are presented as Knights
- FP trusted and limited oversight
- FP perceived/become Knavish
- FP mistrust and oversight
IPEDS Locations

Change in enrollment: 1995-2012
For-Profit Enrollment

- Degree granting
- Non Degree-granting
FP Certificates and Degrees

FP Degree Level

2yr  4yr+
<table>
<thead>
<tr>
<th>Enrollment Algebra</th>
<th>$B - G - L + N = T$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certs</td>
<td>$100 - 50 - 25 + 75 = 100$</td>
</tr>
<tr>
<td>Degrees</td>
<td>$100 - 25 - 25 + 50 = 100$</td>
</tr>
</tbody>
</table>