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## Research Article

Su Jin Jez\*

# The Role of For-Profit Colleges in Increasing Postsecondary Completions

**Abstract:** For-profit institutions of higher education have been in the hot seat for their recruiting practices and questions of quality have reached a crescendo. Still, a large number of students are attending these colleges. For-profits enroll a more diverse student population than any other higher education sector in California, including the community colleges, and about half of their students receive Pell Grants – a smaller proportion than non-profits, and a number similar to the University of California system. Not only are many students attending for-profits, but a large number of them are graduating from these institutions. I found that in 2010, more than 20% of the long-term certificates, associates and bachelor’s degrees were awarded by a for-profit institution. These certificates and degrees focus on career-related fields, such as health sciences, and few are in the traditional liberal arts, such as the humanities, math, or social sciences. As state-level policy conversations in higher education focus on outcomes and increasing educational attainment rates, they must include for-profit institutions in strategic planning. While there may be much to be critical of regarding for-profits, they still educate a huge number of students, and these numbers are only growing.

**Keywords:** For-Profit Colleges; higher education policy; state-level policy

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## 1 Introduction

President Barack Obama has called for the USA to have the highest proportion of college graduates in the world by 2020 (Obama 2009). To achieve this goal, about 60% of young Americans would need a college degree (Organisation for Economic Co-operation and Development 2010). Thirty-eight percent of young Californians have a postsecondary degree (“American Community Survey Public Use Microdata Sample” 2009), and if current trends continue, this figure would reach 40% by

2020 (author's calculation). California would need another 1.3 million of its young residents to earn a postsecondary degree to reach the 60% (author's calculation).

How does California get there, particularly during a time when public institutions are cutting enrollment because of major budget cuts? One source estimates that enrollment at public colleges in California dropped by 165,000 over the 2010–2011 academic year (Keller, 2011). Because of funding cuts, the California Community Colleges may reduce enrollment by 400,000 students (Greenberg 2011). California State University received more qualified applicants than it could enroll and cut enrollment by more than 20,000 between 2009 and 2010, even with federal stimulus funds and substantial raises in student fees (California State University 2011). The University of California has increased enrollment of out-of-state students, who pay higher fees, in an effort to fill the gap left by budget cuts; and these out-of-state students may be less likely to eventually contribute to California's educated workforce, as they may be less likely to stay in California (Burnett 2011; Gordon 2011; UC Office of the President 2010).

Meaningful, state-level policy-making in higher education is largely absent. The conversations that do take place tend to focus on the University of California, California State University, and the California Community Colleges. The role of private colleges and universities has largely been ignored in these conversations, especially the role of for-profit colleges and universities. These institutions (to be referred to as “for-profits” or “for-profit colleges”) have been in the hot seat for a number of things, including dishonesty in marketing, completion rates, student indebtedness, students' labor market outcomes, and general questions of quality (*Drowning in Debt: Financial Outcomes of Students at For-Profit Colleges* 2011; Gramling 2011; Kentucky Office of the Attorney General 2011; Lederman 2011; University of Antelope Valley 2011). As such, the few policy conversations around for-profits have centered on regulating them. But given the constraints on public colleges' capacity, it is imperative that the role of for-profits in meeting postsecondary goals be considered.

This paper sets out research that would support consideration of the for-profit role in President Obama's higher education agenda by shedding light on their current role in California. In an effort to understand the role that for-profits play in higher education, this paper examines enrollment and completions at the for-profits in California, specifically:

- How many students are attending for-profits?
- What portion of the students at these institutions are students of color and Pell Grant recipients?
- How many certificates and degrees are for-profits producing?
- At what level (short- or long-term certificates, associates or bachelors) and in what fields are these awarded?

While completion rates would be a useful metric to analyze, current measures of completion rates are inadequate. The most comprehensive institutional completion rate data is collected by the US Department of Education, but it only includes first-time, full-time freshmen in its calculations. As such, I do not include completion rates. Furthermore, in considering California's postsecondary goals, the absolute number of completions is much more relevant.

## 1.1 Literature review

The literature on for-profits is limited. Much of the previous research was done before the massive growth of the for-profit industry, or was funded by for-profits or related interested parties. Little exists that lays out who for-profits are educating before jumping to the next step of what to do with these institutions.

A paper by Tierney and Hentschke (2011) examines the role of California's non-profit and for-profit private institutions in meeting the calls for higher levels of educational attainment. Tierney and Hentschke recognize the gap between what California's public higher education institutions can produce, and what California needs to produce to bolster its economy. The paper examines California's need for more graduates, how the state's demographics may impact its ability to increase educational attainment, and public institutions' limited capacity before discussing how public policy can encourage private institutions to play a larger role in California's higher education agenda. The only figures the paper gives on California's for-profits are their enrollment – as a percentage of all higher education enrollments and as a percentage of all private enrollments. However, this paper does not explicitly focus on for-profits, nor does it seek to understand their current role in the state.

Understandably, the research on for-profits is only beginning to ramp up as their role becomes more prominent. In this paper, I hope to shed light on the baseline data of for-profit enrollments and completions in an effort to advance California's policy discussion on the role of for-profit institutions.

## 2 Methodology

### 2.1 Data

This study uses the National Center for Education Statistics' Integrated Postsecondary Education Data System (IPEDS) and labor market projections from California's Employment Development Department (EDD). IPEDS is a census

of US postsecondary institutions and collects data on a variety of institutional characteristics. I limit the data to include only California institutions. It is unclear whether students who took online courses or completed online programs were included in this count. Representatives from IPEDS state that this depends on how postsecondary institutions report online students; IPEDS does not require institutions to report in any specific way (e.g. based on student residence). For instance, the University of Phoenix, a provider of online courses and programs with campuses across the USA, does not include students from California who take online classes in their California campuses. Other national online programs that I checked did the same, indicating that the IPEDS data for California significantly undercounts enrollments and completions, especially for private institutions.

From this dataset, I measure enrollment two ways: 12-month undergraduate instructional full-time-equivalent (FTE) students and 12-month undergraduate instructional headcount. Twelve-month counts, unlike fall enrollment counts, better capture the enrollment figures for postsecondary institutions that admit and enroll student throughout the academic year. FTEs also take into account part-time enrollment; two students enrolled halftime count as a single FTE. However, when examining the potential for completions, we may want to consider headcount rather than FTEs. A student who enrolls part-time in a program still represents only one award upon completion. The only sector where this may not be the case is at California's Community Colleges, which enroll a large number of part-time students who are not award-seeking; they may be trying to improve work skills, taking a foreign language before traveling abroad, or simply getting exercise in a physical education course. All other California higher education sectors enroll almost exclusively students who are seeking to complete an award. But because California Community Colleges are such a major sector, I present both FTEs and headcount enrollment figures.

To understand the role of the different sectors in California's higher education arena, I break down California's postsecondary world into five sectors: the California Community Colleges (CCC), the California State University (CSU), the University of California (UC), private non-profit institutions ("non-profits"), and private for-profit institutions ("for-profits"). Two sectors are omitted from this study: administrative units and public less-than 2-year institutions (e.g. adult education programs under the umbrella of a K-12 system).

I categorize undergraduate credentials, or awards, into short-term certificates, long-term certificates, associates degrees, and bachelor's degrees. Short-term certificates are awards of less than one academic year. Long-term certificates are awards of at least one but less than four academic years.

For all analyses, I use the most recent data available, which are usually 2009–2010 ("2010"). However, some variables from this year have not been

released and I use 2008–2009 (“2009”) data. I note in each analysis which year was used.

## 2.2 Methods

The analyses in this paper are purely descriptive. I compare counts, means, and sums across the five California higher education sectors I’ve chosen.

# 3 Findings

## 3.1 Enrollments

Higher education enrollments are generally analyzed in one of two ways: full-time equivalents (FTEs) and headcount. As discussed in the methodology section, FTEs make adjustments for part-time versus full-time enrollment, such that two students enrolled halftime count as a single FTE. Headcounts, however, count each student enrolled regardless of the student’s course load; whether the student enrolls in one course or five, the student represents one headcount. FTEs paint a clearer picture of institutional size for colleges and universities with large numbers of part-time students. On the other hand, when thinking about the pipeline for completions, headcounts may be a better metric than FTEs, as a part-time student still counts for only one award upon completion.

Enrollments have been increasing in all sectors, but at a greater rate at for-profits and CCCs. Since 2000, for-profit FTEs increased from 73,511 to a high of 379,192 in 2009, then declined to 284,607 in 2010. From 2000 to 2010, for-profit enrollments increased by an average of 29% each year.

For-profits’ 284,607 FTEs in 2010 account for 13% of the state’s undergraduate FTEs. The 2010 FTE figure for for-profits represents a 25% decrease from 2009, when for-profits were the second largest sector and enrolled 19% of the state’s undergraduate FTEs. This drop in for-profit enrollments reflected a national decrease, likely stemming from negative media coverage, the economic recession, federal regulations, and increased selectivity at some of the larger national for-profits (Fain 2011).

When analyzing headcount, for-profits are a close third in the most popular destinations for California’s undergraduate students, enrolling 10% of all students, right behind CSU, which enrolls 11% of the state’s students.

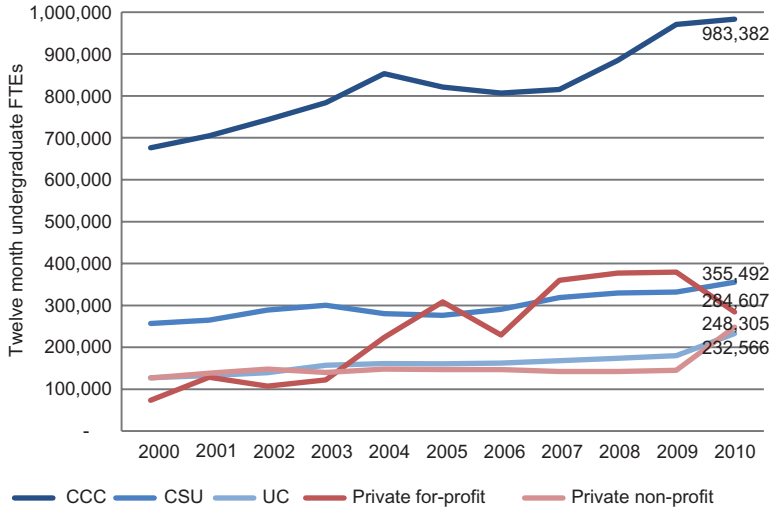


Figure 1: Twelve-month undergraduate full-time equivalent students by sector in California, 2000–2010.

So who are the students who enroll at for-profits? These institutions are more likely to enroll Hispanic and Black students and less likely to enroll White and Asian students than any other sector in the state. California’s for-profits, as a group, are 24% White, 11% Black, 9% Asian, 34% Hispanic, and 22% other. California Community Colleges, often viewed as enrolling large numbers of students of color, break down as 33% White, 8% Black, 14% Asian, 29% Hispanic, and 16% other.

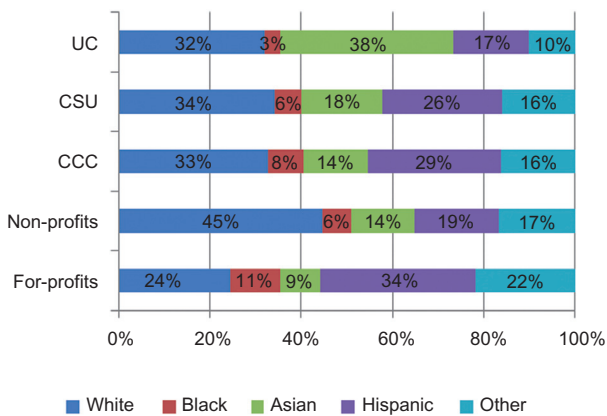
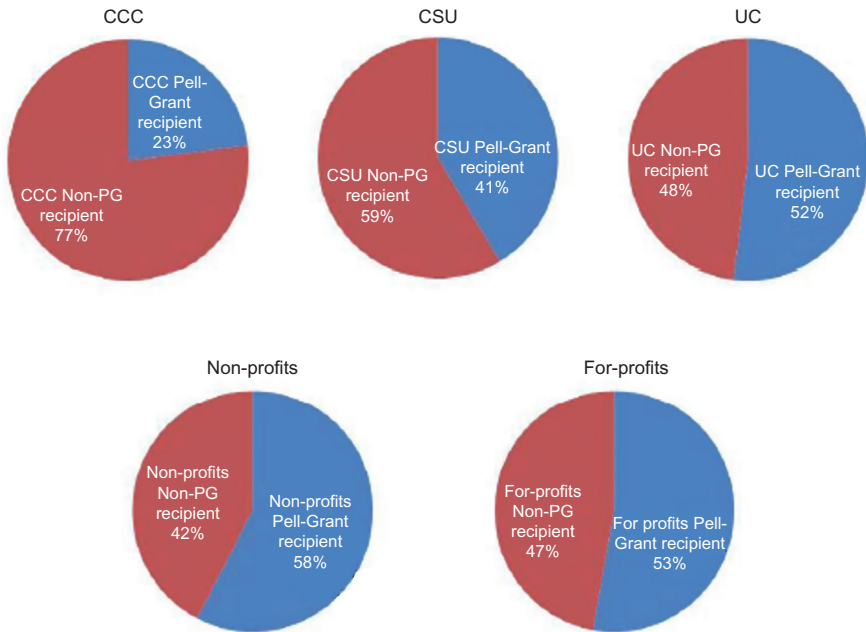


Figure 2: Racial, ethnic breakdown of undergraduate enrollment by sector in California, 2010.



**Figure 3:** Percentage of the student population that receives a Pell Grant by sector in California, 2009.

For-profits also enroll large numbers of low-income students who receive federal financial aid in the form of Pell Grants. On average, 53% of students at for-profit institutions receive Pell Grants. This is a smaller portion than non-profit institutions at 58%, and similar to the UCs at 52%. Twenty-three percent of California Community College students receive Pell Grants, on average. The low figure at CCCs may be because of their low cost, ease of receiving an income-based fee waiver, limited awareness of financial aid options, and limited availability of federal financial aid, rather than an indicator of students' low-income status.

### 3.2 Completions

While the enrollment numbers are striking, just as important in increasing California's educational attainment rates are completions – how many credentials, the level of the credentials (certificates, associates degrees and bachelor's degrees), and the field or major of the credentials being produced.



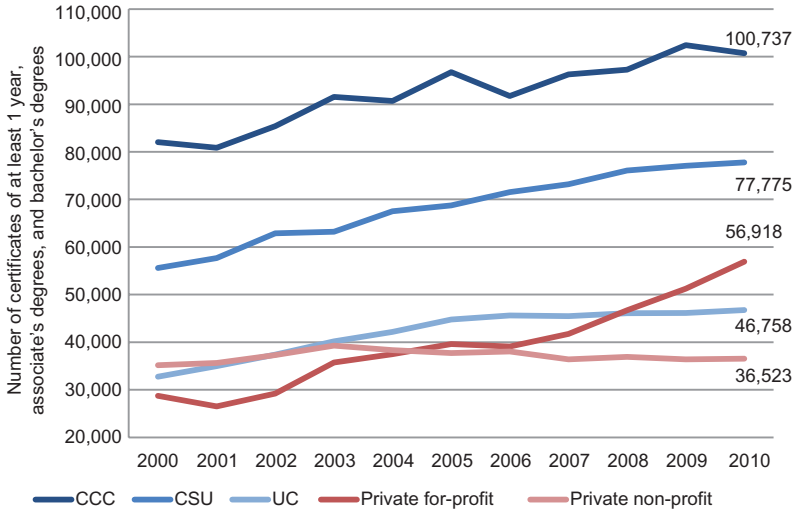


Figure 4: Number of long-term certificates, associates degrees and bachelor’s degrees awarded by sector in California, 2000–2010.

How many completions are for-profits producing? In summarizing total undergraduate completions in Figures 4 and 5, I have excluded short-term certificates. However, in analyses where awards are broken down by type, I have

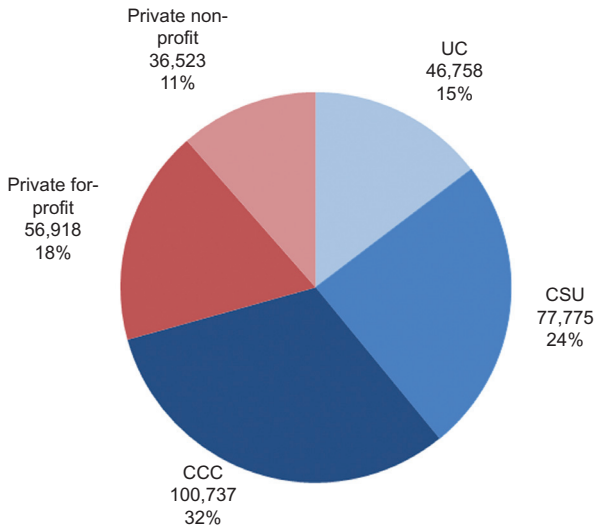


Figure 5: Number and percentage of credentials awarded by sector in California (excluding short-term certificates), 2010.

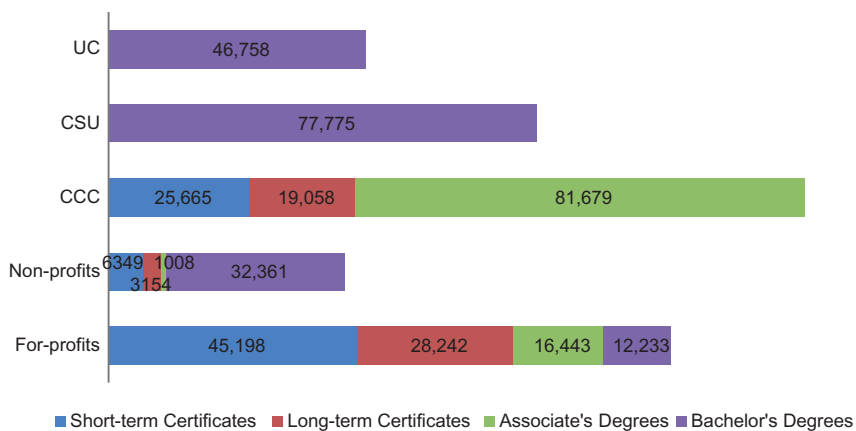
included them. The economic returns of receiving a short-term certificate are questionable. As such, they should not be included in examining total undergraduate award production and should not be a part of a higher education agenda for the state (Bosworth 2010).

Production of long-term certificates, associates degrees and bachelor's degrees has been increasing over the past 10 years for all sectors except private non-profit institutions. In these 10 years, for-profits have seen a 50% increase in the number of these completions. No other sector has seen as large of an increase. The UCs, CSUs, CCCs and non-profits have seen a 30%, 29%, 19% and 4% increase, respectively, in the same time period.

In 2010, for-profits were the third major producer of these undergraduate awards in the state; CCCs were the largest producers, followed by the CSU. For-profits awarded 56,918 long-term certificates, associates degrees and bachelor's degrees, which accounted for 18% of California's production of these credentials.

For-profits are producing a large and increasing share of California's completions, but at what level – certificates, associates degrees or bachelor's degrees? For-profits produce a mix of award levels. Unlike California's other sectors, no award level makes up a majority of the completions at for-profits. Short-term certificates account for 44% of for-profit awards (they award more short-term certificates than all the other sectors combined), 28% of for-profit awards are long-term certificates, 16% are associates degrees and 12% are bachelor's degrees.

Clearly, for-profits are a major player in the production of certificates in California. In fact, 59% of short-term certificates and 56% long-term certificates



**Figure 6:** Number of awards produced by level of award and sector in California, 2010.

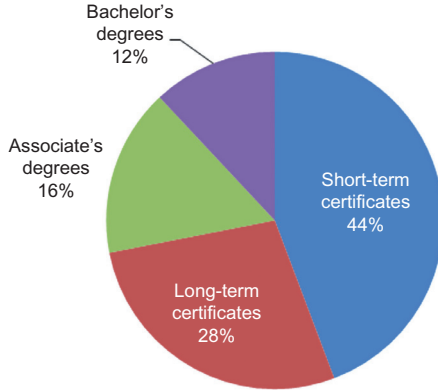


Figure 7: Breakdown of awards by type for California's for-profit institutions, 2010.

produced in 2010 were awarded by for-profits. They produced a smaller proportion of California's associates and bachelor's degrees. In 2010, for-profits produced 17% of the state's associates degrees and 7% of California's bachelor's degrees.

It is clear that for-profit institutions are a major player in the state, producing a majority of California's certificates, a significant share of the state's associate's degrees and a smaller share of the state's bachelor's degrees. However, in what fields are these credentials awarded and at what level? For-profits produce the

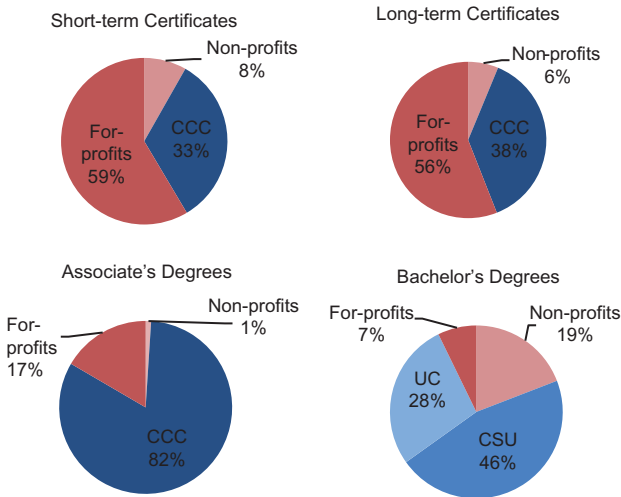


Figure 8: Percentage of credentials awarded by level and sector in California, 2010.

Field	Completions			
	Including short-term certificates		Excluding short-term certificates	
	#	%	#	%
Health professions and related programs	53,230	52	19,967	35
Personal and culinary services	15,128	15	9693	17
Business, management, marketing and related support services	9401	9	8205	14
Visual and performing arts	5241	5	4637	8
Mechanic and repair technologies/technicians	4016	4	3496	6
Engineering technologies and engineering-related fields	3440	3	2294	4
Computer and information sciences and support services	3372	3	2734	5
Homeland security, law enforcement, firefighting and related protective services	2488	2	2264	4
Construction trades	1767	2	737	1
Communications technologies/technicians and support services	1514	1	1154	2
Legal professions and studies	935	1	604	1
Psychology	275	0	275	0
Transportation and materials moving	240	0	–	–
Communication, journalism and related programs	239	0	183	0
Family and consumer sciences/human Sciences	194	0	177	0
Science technologies/technicians	152	0	152	0
Precision production	124	0	110	0
Parks, recreation, leisure and fitness studies	77	0	77	0
Biological and biomedical sciences	60	0	20	0
Engineering	55	0	55	0
Liberal arts and sciences, general studies and humanities	51	0	17	0
Architecture and related services	45	0	45	0
Multi-/interdisciplinary studies	31	0	–	0
Public administration and social service professions	20	0	20	0
Education	20	0	1	0
Mathematics and statistics	1	0	1	0
English language and literature/letters	–	0	–	–
Foreign languages, literatures and linguistics	–	0	–	0
<b>Total</b>	<b>102,116</b>	<b>100</b>	<b>56,918</b>	<b>100</b>

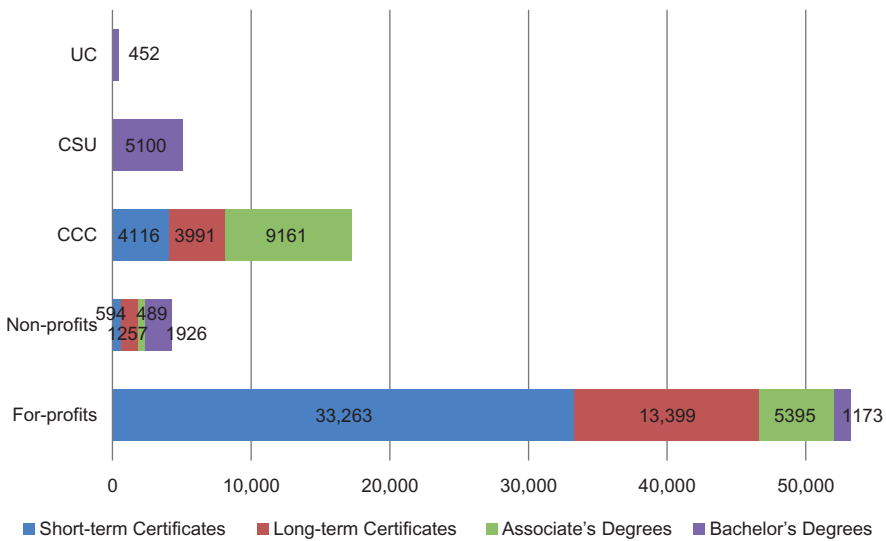
**Table 1:** Breakdown of fields in which for-profits award credentials.

largest number of awards in the health professions and related programs. Fifty-two percent of for-profit awards were in this area; 15% were in personal and culinary services; 9% were in business, management, marketing and related support services; and 5% were in visual and performing arts.

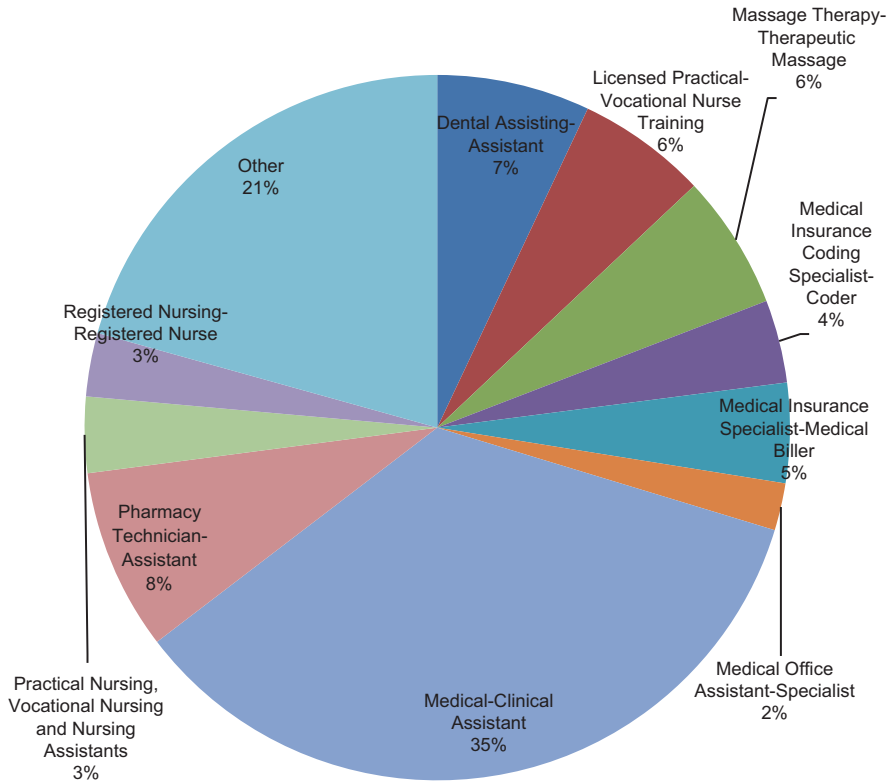
Looking more closely at the awards in health professions and related programs, 63% of the awards were short-term certificates, 25% were long-term certificates, 10% were associates degrees, and 2% were bachelor’s degrees. More than one-third of these awards were for medical-clinical assistant training. Other popular awards were pharmacy-technician assistant (8%), dental assistant (7%), licensed practical-vocational nurse training (6%), and massage therapy-therapeutic massage (6%).

For-profits also produce a large number of credentials in personal and culinary services; business, management, marketing and related support services; and visual and performing arts. For-profits are by large the state’s biggest producer of awards in personal and culinary services, producing 15,128 credentials in this field, or 83% of the state’s awards. Fifty-six percent of these awards were long-term certificates, 36% were short-term certificates, 8% were associates degrees and 1% were bachelor’s degrees.

For-profits, like all sectors in California, produce a significant number of credentials in business, management, marketing and related support services. The 9401 awards in this field make up 18% of the state’s total in the field. Unlike the



**Figure 9:** Number of credentials awarded in health professions and related programs by award type and sector in California, 2010.



**Figure 10:** Breakdown of for-profit credentials in healthcare professions and related programs in California, 2010.

credentials in healthcare and personal and culinary services, for-profits' credentials in business are largely bachelor's degrees. Fifty-two percent of the awards in business, management, marketing and related support services were bachelor's degrees, 32% were associates degrees, 13% were short-term certificates and 3% were long-term certificates.

For-profits are the second largest producer of credentials in visual and performing arts, making up 5241 of the sector, or 26% of the state's awards in this field. Forty-seven percent of these awards were associates degrees, 36% were bachelor's degrees, 12% were short-term certificates and 5% were long-term certificates.

Given for-profit institutions' focus on career awards, it is crucial we understand if these awards are those that are most in demand in the labor market. Will they help sustain California's economy, and will they assist students receiving these awards to advance their careers as they expect? To understand this, I

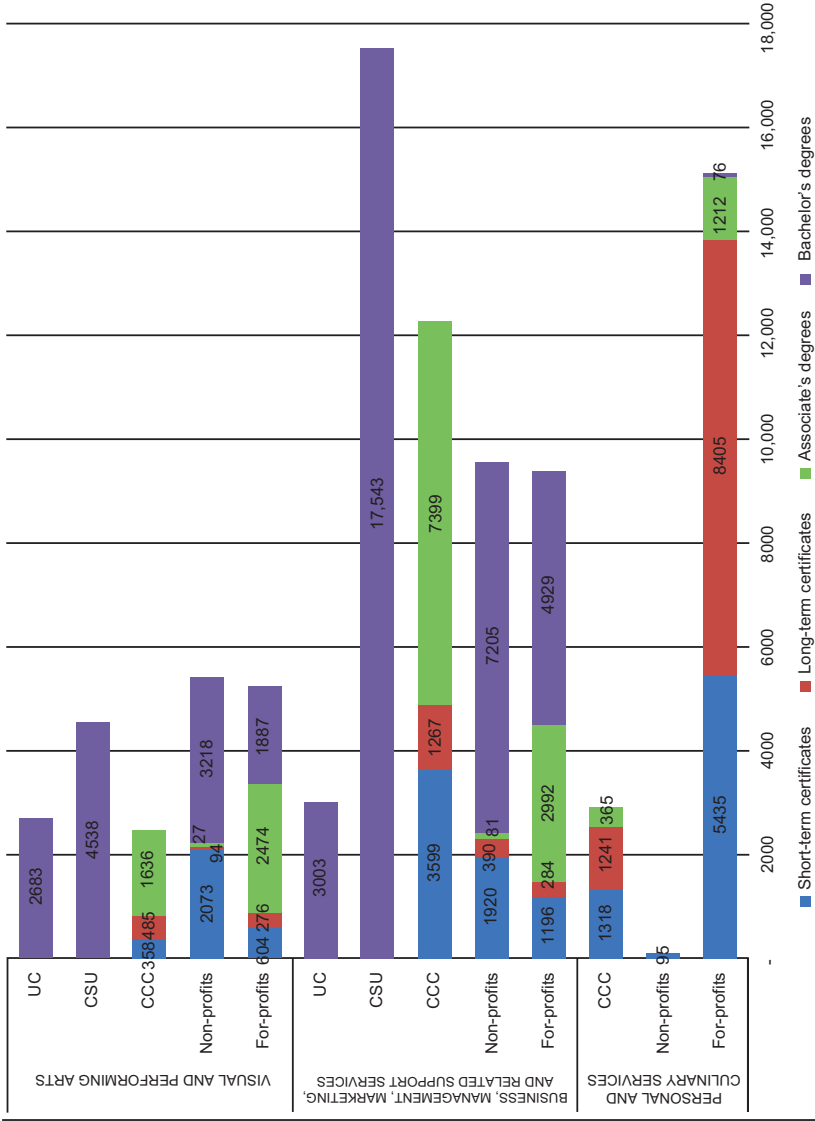


Figure 11: Number of credentials awarded by award type and sector, 2010. In: Personal and Culinary Services; Business, Management, Marketing, and Related Support Services; and Visual and Performing Arts.

Occupation	Average annual openings for occupations with the most job openings (2008–2018) <sup>1</sup>	Average annual for-profit awards in related fields (2009–2010) <sup>2</sup>	Awards as a percent of openings
Registered nurse <sup>3</sup>	10,209	1355	13%
Elementary school teachers (except special education)	8081	1	0%
General and operations managers	7269	3664 <sup>4</sup>	50%
Secondary school teachers (except special and vocational education)	5289	0	0%
Accountants and auditors	5066	324 <sup>5</sup>	6%
Licensed practical and licensed vocational nurses	3343	5026	150%
Medical secretaries	3294	983	30%
Computer software engineers, applications	3198	55 <sup>6</sup>	2%
Management analysts	3193	3261 <sup>7</sup>	102%

**Table 2:** For-profit awards in high-need fields.

Notes:

<sup>1</sup> California Employment Development Department, Occupations With the Most Job Openings, 2008–2018. Listed are the subset of occupations with Education and Training Levels 4 (bachelors degree or higher and some work experience), 5 (bachelors degree), 6 (associate degree), 7 (postsecondary vocational education).

<sup>2</sup> Only completions awarded by for-profits with at least the level indicated by the California Employment Development Department's education classifications were counted. Also, note that matching occupational classifications with academic awards is not precise. As such, I have tended to err on including more academic awards and have noted any less obvious classifications.

<sup>3</sup> Certificate programs in registered nursing (RN) are either aimed at preparing students who are already licensed vocational nurses to meet RN licensing requirements, or at preparing students new to nursing to meet RN licensing requirements without completing all the general education requirements of an associate degree.

<sup>4</sup> Included in the for-profits figures for general and operations managers are: business administration and management, general; and business administration, management and operations, other.

<sup>5</sup> Included in the for-profits figures for accountants and auditors are: accounting; and accounting and business management.

<sup>6</sup> Included in the for-profits figures for computer software engineers. Applications are: computer software engineering.

<sup>7</sup> Included in the for-profits figures for management analysts are: business administration and management, general.



compare the for-profit completions with California's Employment Development Department's predictions of jobs with the most openings. Among these high-need fields, California's for-profits are producing more than enough Licensed Practical and Licensed Vocational Nurses and management analysts to meet the state's projected demands, and more than their share (based on enrollments) of general and operations managers and medical secretaries. However, they are hardly producing any elementary and secondary school teachers, computer software engineers, or accountants and auditors. As for the occupation with the most projected job openings, registered nursing, for-profits are meeting 13% of the state's need – a significant number, but lower than one would expect based on their total enrollments.

## 4 Implications for State Policy

### 4.1 California's current policy environment

Currently, the Bureau for Private Postsecondary Education (BPPE) regulates California's private (for-profit and non-profit) postsecondary institutions. BPPE exempts institutions that are regionally-accredited from regulation, thereby limiting regulation to private postsecondary institutions that are not accredited or are nationally accredited. This means that more than 150 private institutions (serving more than 250,000 students) that are regionally-accredited operate without state oversight (Shireman 2011).

However, recent federal regulations are changing this by requiring postsecondary institutions to have state authorization by July 1, 2012 (Federal Register 2010), which puts a spotlight on the regionally accredited private institutions that are currently exempt from state authorization. California and the institutions in this void are now figuring out how they will approach this, and most institutions will likely request an extension as they continue to work on this issue. This new federal policy provides an opportunity for California to be more involved in shaping the role of for-profits operating in the state.

But before California can take action, it needs leadership in higher education policy. Higher education in California is fractured, with the three public segments and the privates largely operating apart from each other. There is no state-level entity to set goals and coordinate California's higher education activities. As such, while BPPE has the potential to refocus for-profits to align with the state's higher education goals, there are no higher education goals to speak of.

This begs the questions: "is this – the for-profits' role in California as outlined here – what state officials want? Should the for-profits step in to help relieve

capacity issues at the public institutions? Should California be subsidizing the for-profits' production of more than 30,000 short-term certificates in health fields?" It is hard to say, because no state-level organization is examining these issues.

## 4.2 Where might California policy go?

Given the lack of state leadership in higher education policy, an obvious recommendation is for the state to form an entity to fill this void. This recommendation is not a new one; the Legislative Analyst's Office and California Competes (a council comprised of business and civic leaders), among others, have pushed for the creation of such an entity (California Competes 2012; Heiman and Boilard 2012). This state-level higher education organization could take over the role of various existing state higher education organizations, such as the California Postsecondary Education Commission (which lost its funding in 2011 and has been dismantled) and the California Student Aid Commission. This new entity would use data to decide what California needs from its higher education sectors. The entity would not only make recommendations but have regulatory authority and could use state financial aid as a tool to align state policy priorities with institutional behavior.

One of the first tasks for this new organization would be to establish goals for California higher education. How many postsecondary awards does the state need? Does California prioritize the production of certain awards over others (e.g. associates degrees in nursing or doctorates in computer science)? And should there be differences by region?

Next, the entity could spend time figuring out how California can meet the goals it has set, while ensuring quality. Clearly, understanding the role of for-profits (and other institutions) is critical in setting state-wide goals and devising strategies to achieve them.

A potentially more tangible recommendation is to revise the federal 90/10 policy that focuses on for-profit colleges ("1998 Amendments to the Higher Education Act of 1965" 1998). Federal policy requires for-profit colleges to receive at least 10% of its revenue from sources other than federal financial aid. This policy is an evolution of the GI Bill that required that 15% of students at institutions that received GI Bill funds to be paying out-of-pocket ("Veterans' Benefits" 1976). In other words, this policy used free market principals to ensure the quality of a program – if no one was willing to pay for a program out of their own pocket, it likely is not a program worth supporting with taxpayer dollars.

When it came time to rein in abuses of federal financial aid in the 1960s and 1970s, the GI Bill's free market model was used, but with a change that

handicapped the effectiveness of the policy: the new policy required an 85/15 (later changed to 90/10) revenue split for federal financial aid (versus the 85/15 student split used for the GI Bill). This distinction is important. By changing the 90/10 split to focus on revenues rather than students, it allowed colleges to simply raise their tuition so that federal financial aid would cover 90% or less of the total cost but all of the college's students could be receiving federal financial aid.<sup>1</sup>

California could implement a 90/10 student split policy that would require colleges to have at least 10% of their students paying tuition/fees from sources outside of public funds or institutional financial aid. Such a model is clearly not new to higher education nor is it new to other policy areas that aim to ensure quality. For instance, in the provision of quality childcare, having programs that are demanded by a mix of income groups is seen as desirable (Berk and Associates 2011). We also see this in the development of affordable housing, where experts recommend that 60% of housing units go to higher income households. The CEO of the Atlanta Housing Authority (Glover 2005, p. 4) explains the logic of such free-market policies:

The long-term success of mixed-income communities must be driven by the same market factors that drive the success of every other real estate development. Daily competition to attract market rate renters... require that the properties are managed and operated at a superlative level.

Like childcare and housing, this market-based, mixed-income approach could be applied to higher education institutions in California to ensure quality. While such a policy could not answer the strategic questions that a state higher education coordinating board could (and should) address, it would be a first step toward ensuring some minimal level of college quality while protecting student and taxpayer investments.

Should such a policy focus only on for-profits? Proponents of a 90/10 reform have spoken largely about for-profits, but this policy could be applied to all colleges in the state. In fact, all colleges should pass this competitive test.

But the focus on for-profits is not without reason. For-profit colleges and universities are different than public and non-profit colleges and universities in one major way that, if not adequately monitored, could be disastrous for students: the primary goal of for-profit colleges and universities is to earn a profit for its owners. In other words, the main incentive for administrators at for-profit

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<sup>1</sup> Note that the current 90/10 revenue split only focuses on federal financial aid. For-profit institutions can fill the 10% of their revenues from other public sources, including GI Bill funds. This loophole in the 90/10 revenue policy is currently in the spotlight.

institutions is financial, not educational. For public and non-profit institutions, governing boards are restricted from having a financial stake in their institutions because such interests are often counter to promoting the educational quality of the institution. The financial motive of for-profits is one that California should seek to align with the interests of the state. Using the 90/10 student policy is a relatively simple way of ensuring some minimal level of quality, given that free markets and competition work well in higher education.

The creation of a state-wide higher education coordinating board and the implementation of a 90/10 student split policy would go far in helping California harness the positive contributions that for-profits could make toward increasing educational attainment.

## 5 Conclusion

For-profits are a major player in California higher education. As such, any state-wide higher education strategic planning must consider the role of for-profits in increasing the state's level of educational attainment. The rapid growth of for-profits may demonstrate their ability to respond quickly to growing demand, while California's public institutions have limited enrollment capacity. Moreover, for-profits enrolled more Hispanics than any other postsecondary sector in California. Given the rapid growth of California's Hispanic population, the state's ability to educate this population will largely determine how successful California will be. Finally, the bulk of for-profit completions were certificates and in career-focused fields, and they appear to be in fields that meet labor market needs.

This clear focus on job-related training may be attractive to students and may be useful to the state. For-profits, whether honestly or not, are selling this structured path to a better-paying job. The current economic climate and evidence of burdensome student debt may lead students to take fewer risks, specifically in terms of time and cost related to a postsecondary program that they are not sure will lead to better jobs. Whether or not for-profits can deliver this clear path to better careers is beyond the scope of this paper; however, this paper does lay the groundwork for further investigation into why so many students, especially traditionally underserved students, are attending for-profits, and it presents some ideas on how California's officials can better work with for-profits to promote higher education in the state.

For-profits have been sharply critiqued for their marketing practices, the quality of their programs and their ability to provide students with an education

that increases their employability (*Drowning in Debt: Financial Outcomes of Students at For-Profit Colleges* 2011; Gramling 2011; Kentucky Office of the Attorney General 2011; Lederman 2011; University of Antelope Valley 2011). While others have written about the policy changes that can lead to better regulation of for-profits, I found only one other paper that focused on the role for-profits can play in California's higher education agenda (Tierney and Hentschke 2011). Clearly, there is a great demand for higher education, both from students and from employers. While continuing to work to reform the for-profit higher education industry, the state should also examine how it can use for-profits' seemingly limitless capacity to meet student, employer and society's demands for higher levels of educational attainment. The creation of a state-wide higher education coordinating board and the implementation of a 90/10 student split could be instrumental in ensuring that the role of for-profits in California is one of engaged contributor, rather than simply a profit seeker.

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