Profiting Higher Education?

What Students, Alumni and Employers Think of For-Profit Colleges

September 18, 2014
Public Agenda

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We do this through
- stakeholder research and
- engagement and facilitation.

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About This Research
WHY THIS RESEARCH NOW?
For-profits popularity has seen a steep increase

Undergraduate 12-month enrollment at for-profit colleges and universities in the United States
Continuous debate about value

- High tuition
- Disproportionate % of fed. financial aid
- Account for nearly 50% of defaults
- Aggressive recruiting
- Are students making informed decisions?
- What do employers think?
We have heard too little from:

- Students
- Alumni
- Employers
Key Questions

Are students effectively weighing their options before deciding on a college?

Do students considering for-profits have different priorities and needs than other students?

How do students and alumni from for-profit colleges feel about their schools and education?

How do employers view for-profit colleges as a source for job applicants?
Sample and Methodology

Representative surveys with:
- 803 adults without degrees who intend to enroll in college within the next two years – including 105 interested in a for-profit school.
- 197 for-profit undergraduates
- 249 for-profit alumni (undergrad. credentials)

Regionally representative survey with:
- 656 human resources professionals from LA, Philadelphia, Detroit and El Paso-Las Cruces.

Focus groups with employers and adult prospective students.
## Sample and Methodology

### Undergraduates and alumni of for-profit schools listed by NCES

<table>
<thead>
<tr>
<th>Type of fp schol</th>
<th>Current undergrads</th>
<th>Recent alumni</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-year (NCES)</td>
<td>77</td>
<td>58</td>
</tr>
<tr>
<td>2-year (NCES)</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td>Less than 2 year (NCES)</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Chain and online (Deming et al., 2011)</td>
<td>87</td>
<td>84</td>
</tr>
<tr>
<td>Small, independent (Deming et al., 2011)</td>
<td>13</td>
<td>16</td>
</tr>
</tbody>
</table>
A Note About For-Profits
“FOR-PROFIT COLLEGE” IS AN UNFAMILIAR TERM
“For-profit college?” What’s that?

Percent who say “nothing comes to mind” when they hear the term *for-profit college*

- For-profit alumni: 41%
- Current for-profit undergrads: 47%
- Current community college students: 47%
- Adult prospective students considering for-profit schools: 51%
“For-profit college?”

65% of for-profit undergrads are unsure if their school is for-profit.

12% think they are not-for-profit.
STUDENTS ARE NOT COMPARATIVE SHOPPERS
Considering more than one school is rare

About 4 in 10 current for-profit undergrads say they seriously considered another school before enrolling at their current institution.
Considering a not-for-profit is also rare

Just 20% say they seriously considered a not-for-profit
Students seem drawn to either for-profit or not-for-profit schools, rarely to both.

7% of community college students looked at for-profit schools
Incoming for-profit students learn about colleges via ads, recruiting

Percent of adult prospective students who have learned about colleges from the following sources, by the types of schools in which they are interested:

- **TV, billboards or other ads**
  - Interested in for-profit schools: 75%
  - Interested only in public or private not-for-profit schools: 60%

- **Friends, family or colleagues**
  - Interested in for-profit schools: 73%
  - Interested only in public or private not-for-profit schools: 82%

- **A college recruiter**
  - Interested in for-profit schools: 51%
  - Interested only in public or private not-for-profit schools: 40%
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Students don’t consider key stats essential in their decisions

**current for-profit students**

61% *don’t know* how much debt the average student from their school graduates with.

**prospective students**

Just 51% think this is essential to know.
But what motivates them?

Do for-profit students have distinct expectations and needs?
PROSPECTIVE FOR-PROFIT STUDENTS DO HAVE DISTINCT PRIORITIES
They seek accelerated programs and online classes

Percent of adult prospective students who say the following are absolutely essential when choosing a school:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Interested in for-profit schools</th>
<th>Interested only in public or not-for-profit schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programs of study are set up for students to graduate quickly</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>Online classes are available</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>34%</td>
<td></td>
</tr>
</tbody>
</table>

Base: Adult prospective students who name at least one specific school they are considering for their studies (n=514).
They’re also looking for hands-on support

Percent of adult prospective students who say they would be a lot more interested in a school if they knew the following

- There are opportunities for internships and work experiences: 71% interested in for-profit schools, 58% interested only in public or not-for-profit schools.
- Tutors are easily available when you need help: 72% interested in for-profit schools, 57% interested only in public or not-for-profit schools.
- The school provides hands-on help with financial aid applications: 75% interested in for-profit schools, 59% interested only in public or not-for-profit schools.
- The school will help you find a job in the field you want: 77% interested in for-profit schools, 63% interested only in public or not-for-profit schools.

Base: Adult prospective students who name at least one specific school they are considering for their studies (n=514).
CURRENT STUDENTS AND ALUMNI ARE ENTHUSIASTIC ABOUT QUALITY BUT WORRIED ABOUT COST AND VALUE
Giving students effective guidance

91% of current students

74% of alumni
Having caring instructors who knew how to teach

87% of current students

77% of alumni
Keeping class size small

85% of current students

81% of alumni
Providing good opportunities to work in teams

85% of current students
82% of alumni
92% of undergrads say their program “allows me to make good progress.” 73% prefer structure to being able to explore.
But undergrads and alumni worry about costs

Percent who say their schools are very or somewhat expensive:

- **Current for-profit student**: 26% (Very expensive) + 39% (Somewhat expensive) = 65%
- **For-profit alumni**: 36% (Very expensive) + 41% (Somewhat expensive) = 77%

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Undergrads are anxious about debt

Percent of undergraduates who say they worry about taking on too much debt:

- Worry “a lot”: 47%
- Worry “some”: 21%
- Worry “only a little”: 13%
- Worry “not at all”: 18%
Alumni are pessimistic about the value of their education

Percent of for-profit alumni who say the following about their degree:

- It was well worth it: 37%
- It remains to be seen: 30%
- It really wasn’t worth it: 32%
38% of alumni say their schools didn’t prepare them for the workplace.
And 44% say their schools cared more about **making money** than educating students.
EMPLOYERS ARE STILL ON THE SIDELINES
Employers know little about for-profits in their area

Percent of employers who do not know anything about a specific local school in each of the following categories:

- Public university: 13%
- Private not-for-profit 4-year school: 26%
- Community college: 41%
- National or online for-profit: 50%
- Local, independent for-profit: 76%
Most employers rate the for-profits they know positively.

70% rate the quality of a national or online for-profit as excellent or good.
But they’re more positive about not-for-profit schools

More than 9 in 10 rate not-for-profit 4-years highly.

8 in 10 rate community colleges highly.
For-profit colleges are a growing number of schools that operate as profit-making businesses.

Many for-profit colleges are small, private, vocational schools.

Some are large, national enterprises such as [3 randomly chosen examples].
We asked about the following indicators:

- Teaching important knowledge and skills
- Preparing students to work at your company
- Providing professional development opportunities
Employers are neutral or give public schools the edge

Percent of employers who say either public universities or for-profit colleges are better at the following:

- Preparing students to work at your company:
  - Public universities: 41%
  - For-profit colleges: 46%
  - About the same: 5%
  - Don't know / refused: 8%

- Providing professional development opportunities for your worker:
  - Public universities: 39%
  - For-profit colleges: 46%
  - About the same: 8%
  - Don't know / refused: 7%
Summary

• “For-profit college” is an unfamiliar term
• Most for-profit students aren’t comparative shoppers (neither are CC students)
• Prospective for-profit students have some distinct priorities
• For-profit students are enthusiastic about their educational experience, but worry about cost and value
• Employers are still on the sideline, giving public schools the edge
Thank You

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