



Evaluating For-Profit Higher Education

Evidence from the Education Longitudinal Study,
North Carolina and Virginia

Vivian Liu

Teachers College, Columbia University

Clive Belfield

Queens College, City University of New York

- September 2014 | CAPSEE Conference | Washington, DC



How for-profit colleges rip off students

CNN - 4 days ago

Whitney Barkley says many **for-profit colleges** deceive students, charge exorbitant tuition and make false promises, and Corinthian is one of the ...

For-profit Anthem Education a
Inside Higher Ed - 3 days ago



For-Profit College Grads Have The Same Shot At A Job...

ThinkProgress - Aug 19, 2014

In their television ads, **for-profit colleges** promise to deliver credentials that will jump-start students' careers. The people lured in by that ...

At Work: Does For-Profit Degree Pay Off for Job Seeker?

Highly Cited - Wall Street Journal - Aug 20, 2014

Explore in depth (9 more articles)

Going To A For-Profit College Won't Help You Get Hired

Huffington Post - Aug 18, 2014

A new study comparing graduates of **for-profit colleges** with those of cheaper community colleges found attending a school like the University of ...



Another For-Profit College Bites The Dust

Daily Caller - Aug 30, 2014

Nearly 10,000 students across the country are facing an uncertain future following the sudden collapse of another **for-profit college** system this ...

For-profit Anthem Education abruptly closes campuses after filing ...

Inside Higher Ed - Aug 29, 2014

Explore in depth (21 more articles)

Existing Evidence

- Mixed/negative results for attainment and earnings (Chung 2009; Lang & Weinstein 2012; Cellini & Chaudhary 2012)
- Using BPS, Deming, Golding & Katz (DMK 2012) found for-profit students had:
 - Higher aid application rates, higher Title IV loan & grant aid
 - Paid more tuition
 - Larger loan balances and default rates 6 years after enrollment
 - Less likely to be employed and reported lower earnings
 - Lower levels of satisfaction with their postsecondary education

Research Questions

- Are these results from DMK (2012) generalizable?
- Does high school ability make a difference?
- What is the full impact of for-profit college (fees/returns)?
- Do transfer students face similar impacts?

Data

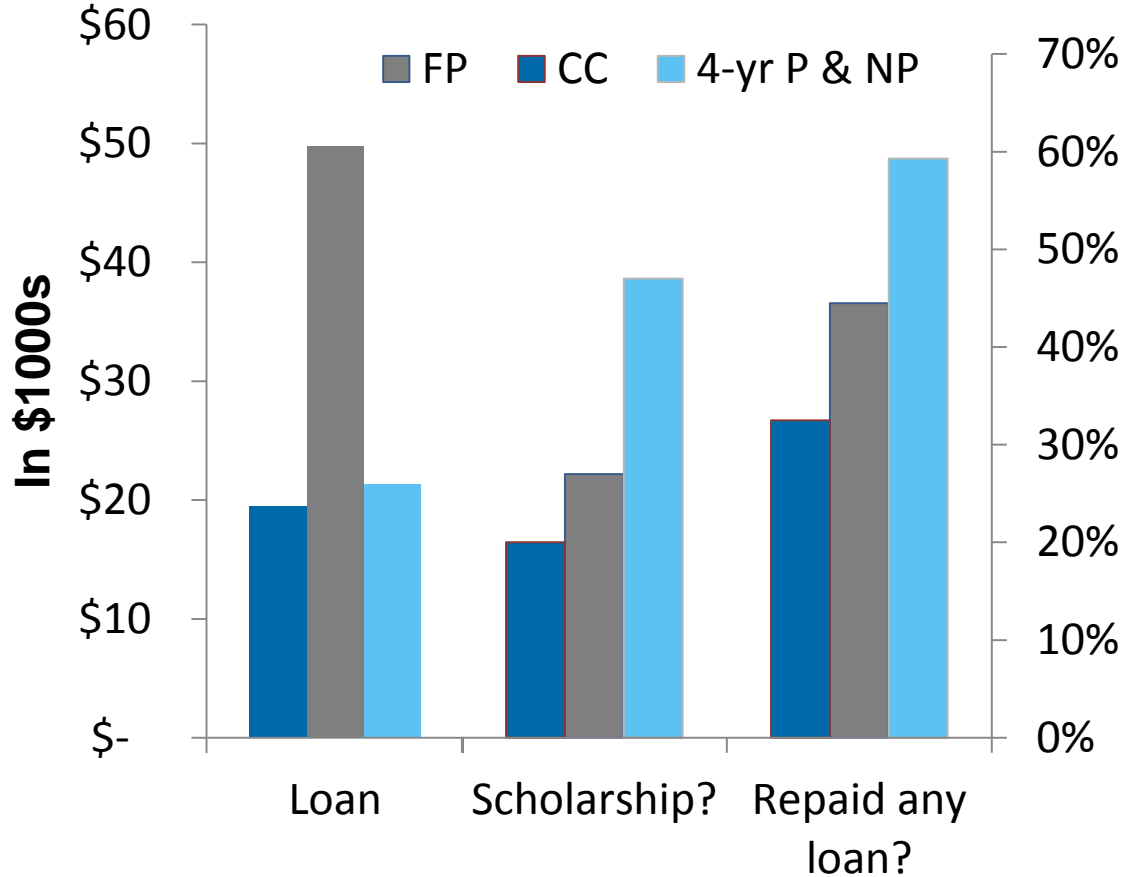
- Education Longitudinal Study (ELS)
 - Nationally representative of 12th graders in 2004
 - High school transcripts, college and earnings data (2006, 2012)
- State administrative data (NC & VA)
 - NC 2001-04 cohorts, VA 2004-06 cohorts
 - College transcripts, transfer and earnings data (up to 2012)

Student Characteristics (ELS)

- For-profit students look a lot more like community college students than students in 4-year public and non-profit colleges:
 - Female and minority
 - Lower family income
 - Lower high school GPA; more GEDs
 - Teachers report poor behavior in 2004
 - Some delayed enrollment after high school
 - Most enrolled in Certificates or Associate degree programs

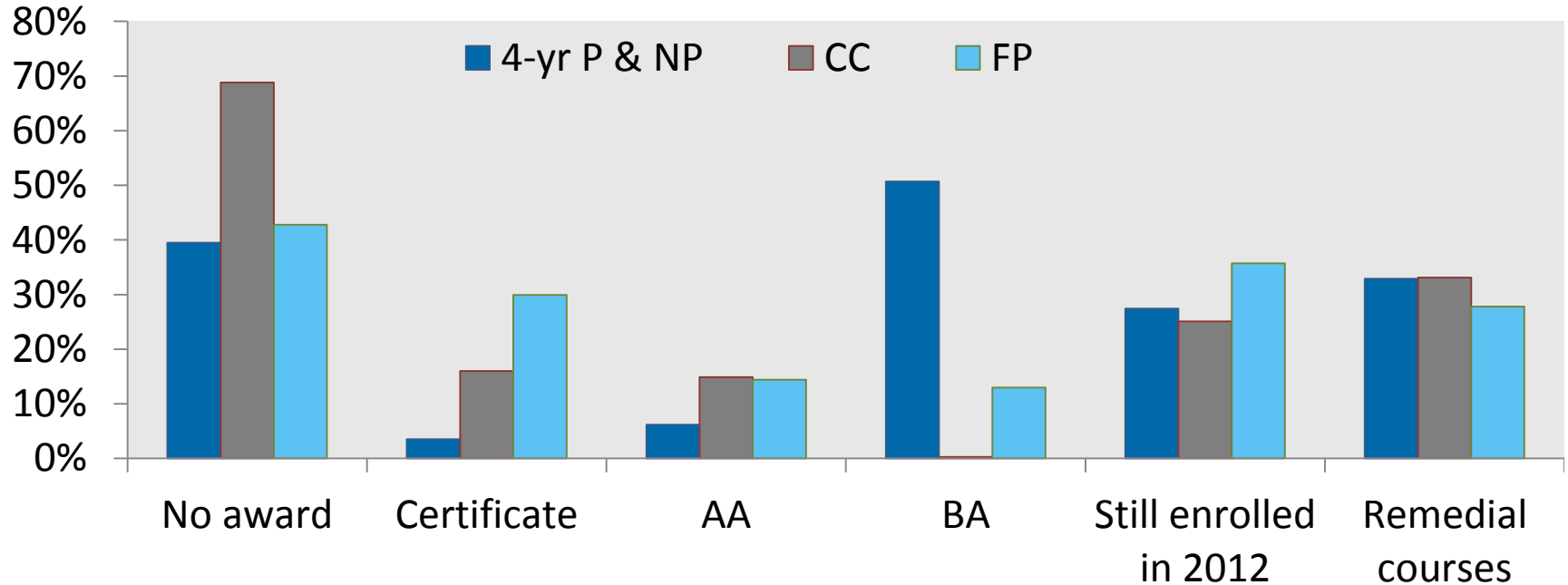
Tuition, Aid and Debt (ELS)

- For-profit students are in much worse financial position
 - During college: Higher tuition and loans (fewer scholarships)
 - After college: Higher Pell grants, total amount borrowed, and lower loan repayment

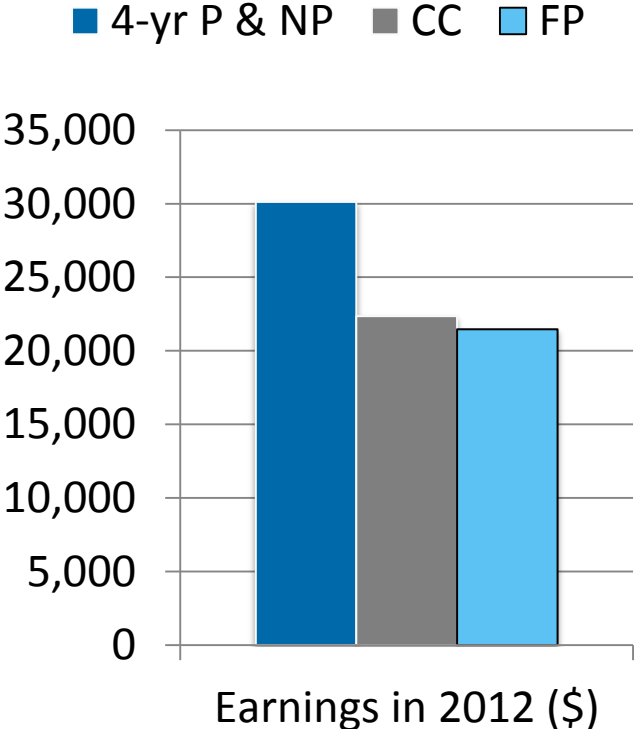
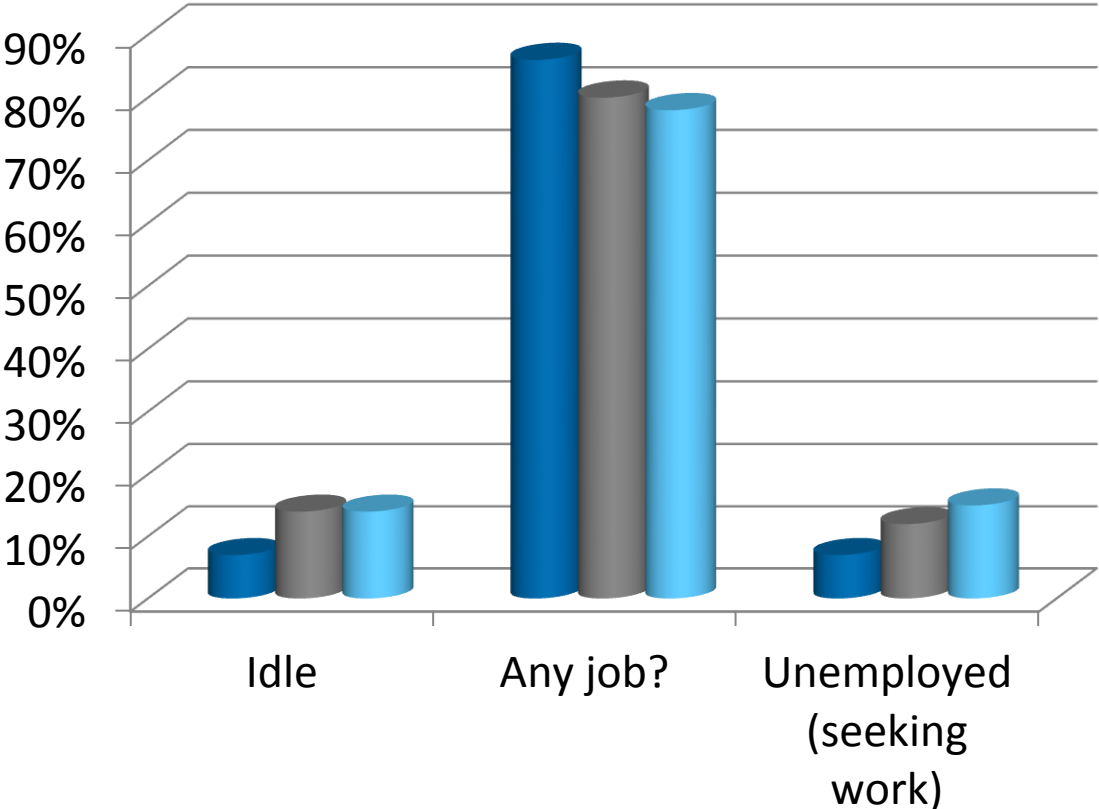


Academic Outcomes 8 Years After Entry

- For-profit students are more likely to earn certificates and still be enrolled in 2012 than community college students



Labor Market Outcomes (2012)



Ability matters, FP education does not

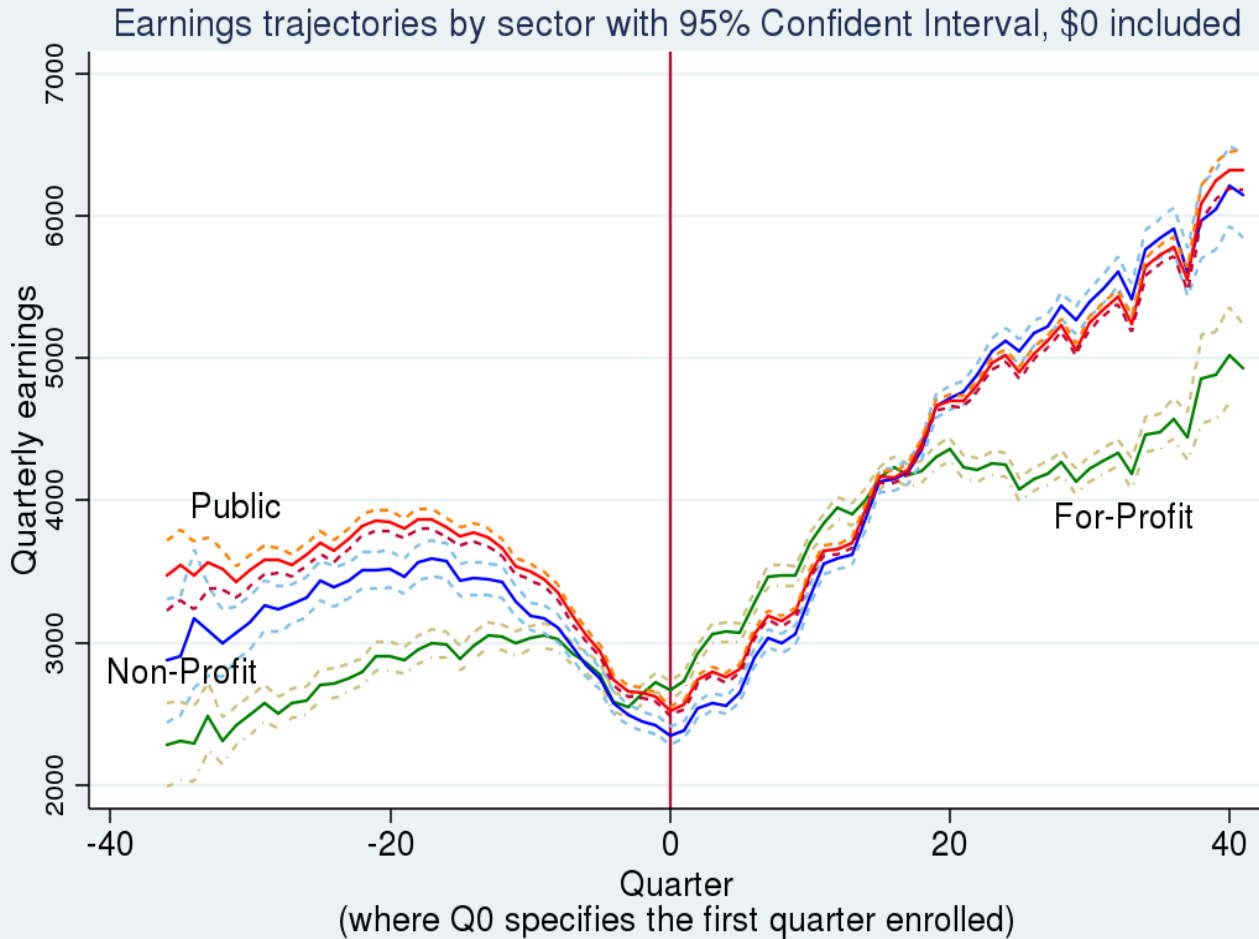
- High school ability (Math and Read score in 10th grade, Math score in 12th grade, high school GPA, student effort and behavior in 12th grade)

	FP impact over CC
Certificate	8%
AA degree	19%
BA degree	30%
Idle	-1%
Unemployed	-1%
Any job	-1%
Earnings in 2012	Not significant

The Puzzle Remains...

- Even adjusting for HS ability, FP students more likely than CC students to earn award and still be enrolled after 8 years
- But FP students experience no earnings advantage and are more likely to be unemployed
- One explanation is the work-school trade off
 - FP students work more during enrollment
 - Delay degree attainment
 - Accumulate less experience after earning a degree

Explanation from NC



Work-School Trade-off (NC & VA)

- Assume:
 - 6 quarters in college and employment for the rest of the decade
 - Discount rate 5%

PV Net earnings	NC	VA
For-Profit	\$ 5,400	\$16,500
Private non-profit	\$26,700	\$28,100
Public	\$12,300	\$31,600

Conclusion and Policy Questions

- ELS
 - FP degrees and students valued less by employers
 - Quality of FP education
- NC & VA
 - FP students earn more during and less after existing college
- Changing policy landscape for FP colleges:
 - Possible reductions in funding for FP students?
 - Can quality control be enforced on the FP sector?
 - Would the public sector be able to accommodate all the students?

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Center for Analysis of Postsecondary Education and Employment

Teachers College, Columbia University

525 West 120th Street, Box 174, New York, NY 10027

capsee@columbia.edu

212.678.3091