

Private For-Profit Colleges: What to Know Before You Enroll

1


What are Private For-Profit Colleges?

- ▶ Private for-profit colleges are postsecondary institutions that offer an array of educational options from small vocational programs to traditional degree programs.
- ▶ They differ from their public counterparts in that they are managed and governed by private organizations and corporations.
- ▶ They differ from their non-profit counterparts in that they are operated for the purpose of making a profit.

2

For-Profit Colleges Can Offer Valuable Benefits:

- ▶ Flexible Schedules that may help students manage work and family obligations while attending school
- ▶ Shorter Programs which allow students to obtain their certificate or degree more quickly
- ▶ Online options & innovation provide opportunities for non-traditional students
- ▶ Capacity in an environment where community colleges and other postsecondary institutions are filling to capacity



3

However...

- ▶ Unlike non-profit and public educational institutions, for-profits have an obligation to maximize profits for their shareholders.
- ▶ This obligation presents a potential conflict with the objective of increasing access to a quality higher education
- ▶ “Internal company documents provide examples of tuition increases being implemented to satisfy **company profit goals** that **have little connection to increase in academic and instruction expenses**.”
(Senate HELP Committee – 2012)



4

Misleading Students

- ▶ A recent Congressional Report (2012) revealed that many for-profits have used tactics that **mislead prospective students** with regard to:
 - The cost of their program
 - The availability and obligations of Federal aid
 - The time to complete their program
 - The completion rates of other students
 - The job placement rate of other students
 - The transferability of credits, or
 - The reputation and accreditation of the school



5

Expense and Student Debt

- ▶ **For-Profit Colleges are often far more expensive than their public counterparts**
 - Bachelor's degree programs average **20 percent** more than the cost of comparable programs at flagship public universities
 - Associate degree programs averaged **four times** the cost of degree programs at comparable community colleges
 - Certificate programs similarly averaged **four and a half times** the cost of such programs at comparable community colleges.
- ▶ For-profit colleges rarely set tuition below available Federal student aid.
- ▶ As a result, students who attend for-profit colleges often take out sizable loans to help pay the high tuition at for-profit colleges.




6

Worth it?

- ▶ Several recent studies, including major Congressional reports (the HELP Reports, which examined 16 large for-profits) have revealed that many students who attend for-profit colleges experience disastrous outcomes all too often, such as:

- ▶ **High withdrawal rates**
- ▶ **High student loan debt**
- ▶ **High rates of student loan default by graduates**
- ▶ **Inability to transfer credits**



7

What to Know Before You Enroll

- » The Law
- » The Facts
- » Your Rights
- » Available Resources

8

California



- ▶ Oversight Body:
 - California Bureau of Private Postsecondary Education (BPPE) is tasked with overseeing California's Private Postsecondary institutions
 - If you have a problem with a private postsecondary institution in California, you can file a complaint with the BPPE.

[HTTP://WWW.BPPE.CA.GOV/](http://www.bppe.ca.gov/)

9

CALIFORNIA

**PRIOR to enrollment, schools
MUST Provide Students:**

- ▶ **School Catalog**
 - Including information about accreditation, and if the school is unaccredited - known limitations to degree programs
- ▶ **School Performance Fact Sheet**
 - Job placement rate
 - License exam passage rate
 - Salary / wage information
 - Loan default rates
 - Percentage of students receiving federal aid

10


School Website

- ▶ **Must Include:**
 - School Catalog
 - Performance Fact Sheet
 - Student Brochures
 - Link to BPPE Website
 - Most recent annual report



11

Use Caution when selecting a college



12

The Art Institute

(July 30, 2015 on TBS at 10:48am – National)

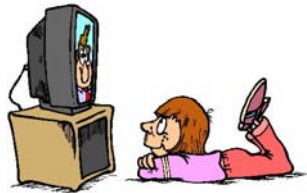
▶ Let's break it down...

- \$18,600 is 20% of **\$93,000**. At this rate, even with the scholarship, you would be paying **\$73,400** for your bachelor's degree.
- The Art Institute has programs in Media Arts, for example – San Diego State University (SDSU) offers bachelor's degrees in majors that closely parallel these. Tuition for four years at SDSU: **\$27,904.00**

13

Education Connection

(October 16, 2015 on CMT National spot)



14

Websites

education
connection

eLearners[®].com

EarnMyDegree.com

StudyAbroad.com

In addition to Education Connections (the ad you just saw) all of these websites are brands associated with **Education Dynamics**.


The purpose of Education Dynamics is to help colleges increase recruitment and enrollment.

It is important to understand how these search sites are funded, because it means you may not be presented with all of your options, only the options that have PAID Education Dynamics (for example) to advertise and target students for them.

15

Investigate the school BEFORE Enrolling

- ▶ Interview students in the program, or take a tour of the school.
- ▶ Ask if the school will let you sit in or observe the class or course that you are interested in before enrolling
- ▶ Get a copy of the student catalog
- ▶ Read the enrollment agreement – if you don't understand something, ask.



16

Investigate...

College Scorecard
Dept. of Education Website




HTTPS://COLLEGESCORECARD.ED.GOV

17

Investigate...

Federal College
Navigator Website



Academy of Art University
79 New Montgomery, San Francisco, California 94105

General information: (415) 274-2200
 Website: www.aacademyofart.edu
 Type: 4-year, Private for-profit
 Awards offered: Associate's degree
 Two but less than 4 years certificate
 Bachelor's degree
 Postbaccalaureate certificate
 Master's degree
 City/Large

Campus setting:
 Campus housing: Yes
 Student population: 15,212 (10,044 undergraduate)
 Student-to-faculty ratio: 16 to 1

Expand All | Collapse All

- ⊖ GENERAL INFORMATION
- ⊖ TUITION, FEES, AND ESTIMATED STUDENT EXPENSES
- ⊖ FINANCIAL AID
- ⊖ NET PRICE
- ⊖ ENROLLMENT
- ⊖ ADMISSIONS
- ⊖ RETENTION AND GRADUATION RATES
- ⊖ PROGRAMS/MAJORS
- ⊖ SERVICEMEMBERS AND VETERANS
- ⊖ VARSITY ATHLETIC TEAMS
- ⊖ ACCREDITATION
- ⊖ CAMPUS SECURITY
- ⊖ COHORT DEFAULT RATES

HTTPS://NCES.ED.GOV/COLLEGENAVIGATOR

18

🚩 Watch for Red Flags 🚩

- ▶ Make sure the school **is accredited** – and look for program limitations if it is not
- ▶ **Default Rates:** Look at the default rate, if it is over 10% – that is a red flag.
- ▶ Make sure the credits **are transferable**
- ▶ Look at the **graduation rate**. Compare it with similar programs. The rate should be over 50%
- ▶ Look at **salary and wage information**. Even if it looks high, consider how much you will have to pay to service your student loans.

22

Know Your Rights

- ▶ If you have an issue at a for-profit school:
 - Try to resolve your problem with the school
 - Make certain that you **keep records of everything**: always note where, what, when, who, and how. Keep a file with notes and paperwork.
 - Keep **all** of your paperwork re: enrollment and financial aid. **Keep everything you sign or read when you are enrolling**
 - **CONTACT THE BPPE**
AND FILE A COMPLAINT.



23

Questions?



24

Children's Advocacy Institute: Contact Information

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25
