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For-profit colleges changing higher education

By Jim Nowlan

Increasing numbers of students are deserting the ivied walls of ol' Siwash for modern office buildings adjacent to expressways, where for-profit universities are growing like topsy. With the lure of three-year baccalaureate degrees and jobs-oriented curriculums, the for-profits are becoming game-changers for traditional public universities, private liberal arts and community colleges.

Other than a top tier of elite private and public institutions, those that don't make some changes will be fighting to maintain market share, even to survive.

The juggernaut among the for-profits is the University of Phoenix, which has grown in just three-plus decades into a national force of almost half a million students, with \$4 billion in annual revenues and a 15 percent net profit for 2009. Others among the 300 or more for-profit colleges and universities include Illinois-based and respected DeVry University as well as scores of universities such as Argosy and Westwood that focus on technology, law enforcement, health care, business and other job-growth fields.

With parents and their youngsters panicked by rapidly rising tuition charges, the siren call of the for-profits includes live-at-home study, quick degree completion, flexible course attendance, convenient on-line delivery (for part or all of the coursework) and, for the many who show need, federal and state grants to pay large chunks of the tuition charges.

Nine of the top ten universities in U.S. Pell grant revenue (up to \$5,000 per student) in 2009 are for-profit institutions. Phoenix received \$656 million in Pell grants and, down the line, DeVry captured more than \$100 million. Some but not all of the for-profit universities are also eligible for state-level grants such as the Illinois Monetary Assistance Program (up to almost \$5,000).

For-profits are not inexpensive. For 2010, public university tuition and fees in Illinois totaled \$10,442, according to the Illinois Board of Higher Education, while community colleges were only \$2,939. At the other end, private college tuition and fees in the state averaged \$26,257, while for-profits came in at \$20,266.

Nevertheless, with grants and loans, the student from a low-income family can matriculate at a for-profit university for nothing, or almost nothing, out-of-pocket.

Ironically, it has always been easier for any college to put together attractive financial aid packages for low-income students than for students from middle-income families, who do not qualify for the grants.

Meanwhile, public universities in Illinois watch almost helplessly as the governor and legislature cut their budgets. The University of Illinois can increase its tuition by 10 percent a year and not suffer enrollment loss, but the regional state universities lack that pricing power.

Since many high schoolers now enter college with numerous dual-credit college hours earned in high school, more talk is being heard around the private colleges of three-year baccalaureate degrees.

And several two-year community colleges in Illinois wish for state approval to offer four-year undergraduate degrees.

Criticisms of some, not all, for-profit universities include promising more than they produce in the way of course quality and job prospects. In the past, at least, some for-profit colleges have also been charged with recruiting unprepared students and forgetting about them after the federal grant money is received up front.

The for-profits use primarily part-time faculty, which some view as a minus for their lack of training and others see as a plus for their real-world experience. And then there is the barb that for-profits “train” their students rather than “educate” them, which again can be viewed by parents as a plus or a minus.

The fact is there are more higher education options than ever for parents and their youngsters. And there are many financial resources out there for those who apply early. The problem is that low-income families tend not to know about the resources, are doubtful college can be afforded, and are late to start the college-going process.

For these and other reasons such as poor time management, lack of support models and even lack of peer pressure to succeed, the completion rate for college students from low-income families is abysmal. Nationally, only 23 percent of students from the bottom quartile of family income completed college by age 24, whereas for the top quartile students, 95 percent completed their studies.

My advice to parents and their high school students is to contact the Illinois Student Assistance Commission and their young ISACorps representatives, who are spread throughout the state. The savvy young ISACorps reps can help you simplify the daunting maze of forms and paperwork that go with seeking financial aid. The reps can be reached through email at corps@isac.org. Ask for the one nearest you.

The new generation of for-profit universities is changing the way higher education is delivered. Now readers have to determine what type of education makes most sense for your sons and daughters.