

Kim Bookless

Writing Sample

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Audience: high school students and their parents

For-Profit Colleges: Good, Bad, or Nightmarish?

For-profit colleges (let's call them FPCs), a relatively new breed of higher education that has evolved into a \$30 billion industry, reap enormous profits by targeting underprivileged and minority students who are eligible for federal student loans. Many of these students leave school before graduating or are unable to find decent-paying jobs, leaving them with no way to pay back their staggering student loans debt.

They'll Take Anyone Who Can Pay or Get a Loan

Unlike more traditional higher education institutions such as state universities, private colleges, and community colleges, by definition an FPC's highest priority is to make a profit. Therefore, most FPCs pay their recruiters via incentive compensation: the more students they recruit, the more money they make. Admissions criteria used by regular colleges, such as academic ability and personal achievement, usually aren't factored into recruiting at FPCs.

It's Pretty Much All About the Money

The business model at many FPCs is to target people who are underprivileged, uneducated, or minorities, because these students have a good chance of qualifying for federal student loans. They also aggressively go after war veterans and active-duty military because their tuition is paid outright by the federal government. Some schools even recruit at homeless shelters, promising people well-paying jobs after graduation that will help end their poverty--after they pay back tens of thousands of dollars in student loans, of course.

Not the Best Track Record...

There are many problems with this recruiting practice. One problem is that FPC tuition often turns out to be much higher than what the students were told by the recruiters, resulting in higher loan amounts. FPC students are much more likely to drop out of school before graduation. If they do manage to graduate, the well-paying jobs promised by the recruiters usually fail to materialize. For these and other reasons, FPC students are more than twice as likely to default on federal student loans.

Unpaid Student Loans Follow You To Your Grave

This higher tendency to default is a big deal because, unlike other types of debt, student loans cannot be discharged, even in bankruptcy. Pretty much the only way to get rid of a student loan is to pay it off; if you can't pay it off, it follows you throughout your life. This places a tremendous burden on former FPC students, most of whom are already struggling financially.

The Schools Strike Back

Concerned about unethical recruiting practices, in 1992 the federal government passed legislation that banned incentive compensation in college recruiting. Unfortunately, in 2002 a series of loopholes were put in place that allowed FPCs to sidestep the ban.

The Obama Administration has been quietly working to rein in these recruiting practices, but the schools' high-powered lobbyists are making it an exceedingly difficult task.

FPCs Have Friends in High Places

The Obama Administration was unprepared for the firestorm of protest generated in the past year by its proposed new legislation to eliminate federal aid to poor-performing for-profit colleges. The FPCs banded together to spend more than \$16 million to employ high-powered lobbyists to plead their case. The lobbyist list read like a who's who of prominent figures, many of whom have ties to the current and former presidential administrations. Awkward.

Not Really What They Had in Mind

Bowing to intense pressure from FPC lobbyists, including representatives from the deep-pocketed Wall Street giant Goldman Sachs, the Education Department produced a watered-down version of the original legislation to go into effect next year. Under these revised restrictions, fewer schools will face financial penalties, and the penalties won't go into effect until 2015.

Go In With Your Eyes Open

We're not trying to demonize an entire industry; there are undoubtedly some worthy and reputable for-profit colleges. There are many potential pitfalls associated with FPCs, though, so if you're considering enrollment you should do your homework first:

- Compare the FPC tuition with that of private and public institutions in your area; FPC costs are often significantly higher.
- Explore grants, scholarships, work-study, and other forms of student financial aid to reduce or eliminate the need for student loans.
- Explore the FPC's programs for job placement after graduation.

For Further Research:

<http://www.nytimes.com/2011/12/10/us/politics/for-profit-college-rules-scaled-back-after-lobbying.html?pagewanted=all>

http://www.huffingtonpost.com/2011/09/12/for-profit-colleges-student-loan-n_959058.html

<http://www.npr.org/2011/05/12/136238528/for-profit-colleges-targeting-people-who-cant-pay>

http://www.huffingtonpost.com/2011/10/14/goldman-sachs-for-profit-college_n_997409.html