
I recently reviewed a book with the generic title, *Paying the Price*, that focused on the substantial decreases in public funds for “public” colleges and universities and the astronomical increases in student tuition and fees as well as private individual and corporate donations. (It is available on the CSU-ERFA website if you link to “News/Views”).

The McMillan Cottom book focuses on for-profit post-secondary institutions. During most of my student and academic career I, naively, thought there were two types of colleges and universities: public and private. Though the latter receive some public monies via research grants and student tuition reimbursements, their primary sources of income are tuition and funds from generous non-public donors as well as returns on large endowments. Unlike for-profits, none of their revenue went back to donors.

Though I had heard of for-profit educational institutions, I knew little about them and assumed they were of minor importance. Two developments woke me up! The first wake-up call came from the recent well-publicized Trump University scandal. There were actually two other Trump for-profits: Trump Wealth Institute and Trump Entrepreneur Initiative. The lawsuits against these unaccredited real estate “training” programs and the $25 million dollar settlements made me curious about how widespread for-profits are. We have all heard of Trump’s infamous for-profits. Others that I was familiar with include the University of Phoenix, Argosy, DeVry and Strayer. Some potential students might be fooled by names such as, Berkeley College (I am a Cal alum), Northwestern College or Grand Canyon University.

The second eye-opener was much more personal. My favorite nephew enrolled in a post-graduate program at a for-profit and then called me to ask about his decision. I did some research and found out that it was an unaccredited for-profit and his degree would be worthless. Thankfully, he had two weeks to obtain a refund of the $10,000 first-year tuition and was able to get his money back.

When I saw McMillan Cottom in a TV interview and heard about her book, I felt compelled to read it. Tressie is a fellow sociologist who worked for two for-profits educational institutions before going back to graduate school, receiving her doctorate, acquiring a professorial position and conducting this research. Her findings amazed me.

For-profits have been around for over two hundred years. However, they have been a minor and almost invisible part of higher education for most of that time. There were a few beauty or technical schools. I did some quick research just using Wikipedia and discovered that, at the time their article was written, there were 155 for-profits that were open and 51 that, for one reason or another, had closed. There were 88 lawsuits against them in process in 2015. The author described the for-
profit sector as the fastest growing segment of higher education. Between 1998 and 2014 they expanded by 225% and enrolled 2.1 million students. And what astounded me the most was that McMillan Cottom claims that 30% of higher education enrollment is at for-profits. They offer BA’s as well as graduate and professional degrees.

In general, the for-profits are businesses some of which sell and trade shares on Wall Street. They recruit millions of students and generate billions of dollars of income. However, according to McMillan Cottom, more of their budgets are spent on advertising and recruitment than instruction and counseling. She describes the high-pressure recruiters as much like “TV evangelists”. They even have a lobby group called the Association for Private Sector Colleges and Universities.

What kind of students do they focus on? Many of the institutions have few, if any, admissions criteria; they are open access. They accept general equivalency diplomas or non-traditional high school certifications. Demographically, their student population is largely minority, low income and female. Some are accredited and, if so, their students can receive federal and/or state financial aid. Though it is hard to believe, according to McMillan Cottom, “Almost 97% of students in for-profit college certificate programs use federal student aid to pay their tuition.” (p. 162.). In addition, almost half of them default on their loans. Furthermore, she asserts that “Cost savings were reserved for investors, never for students, as shareholder for-profit colleges kept tuition rates sufficiently high to extract maximum student aid dollars.” (p. 61). Can you believe that our tax dollars are being diverted from public university students into the deep pockets of business entities?

Do the students graduate and get jobs? Though McMillan Cottom’s data is somewhat meager since it is difficult to find reliable and comprehensive sources, she concludes that for-profit school students are considerably less likely to graduate than those from public and not-for-profit private institutions. The “graduates” are also much less likely to be able to become employed. Degrees or certificates from unaccredited programs are almost always totally discounted by employers.

In conclusion, to put these changes in a broader context, the dramatic recent expansion of for-profit colleges and universities needs to be viewed in terms of the “new economy”. McMillan Cottom utilizes Yale political scientist Jacob Hacker’s concept of the “great risk shift” to do so. This term refers to the fact that our society, in a vast variety of ways, is shifting from a public-based to a private-based system. An increasing proportion of our population has to pay for their own health care, save for retirement and many have lost unemployment benefits. Many formerly public functions; such as, prisons, roads, bridges, and security, have been privatized. McMillan Cottom poignantly describes this as being “swept up in a wave of disinvestment in all things public”. I definitely agree! For-profits are a large and largely misunderstood segment of higher education!!! And they are a significant competitor and financial threat to the California State University and other public higher education systems.