For-profit education and student loans

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Major players
For-profit college market overview

- Percent of undergraduates enrolled in for-profit colleges:
  - 2000: 4.6 percent
  - 2012: 10.3 percent
- Revenues of 4-year for-profit schools grew nearly 800 percent from 2000 to 2012
- Student body: 24.2 percent African American, 15.7 percent Latino; 50 percent low income

Sources: National Center for Education Statistics, The Education Trust
Cost of for-profit colleges

• On average, a year of college at for-profit school cost $15,130 in 2013-2014
  • Tuition and fees at public two-year school: 21 percent of for-profit; tuition and fees at public four-year school: 59 percent of for-profit

Source: The College Board, Trends in College Pricing
For-profit colleges cost more for low-income students

Net cost of attendance for students in lowest income quartile, 2011-2012

- Public two-year: $8,065
- Public four-year: $11,854
- Private non-profit: $19,359
- Private for-profit: $24,173

Source: The College Board, Trends in College Pricing
For-profit college students are more heavily indebted

Cumulative Amount Borrowed for Undergrad

Average: $9,767
Public 2-year: $4,336
Public 4-year: $11,170
Private nonprofit 4-year: $15,695
Private for profit: $16,583

Source: Woodstock Institute analysis of National Postsecondary Student Aid Survey 2011-2012
For-profit college students are more heavily indebted

Package of private and non-private loans by institution sector

- No loans received
- Non-private loans only
- Both non-private and private loans
- Private loans only

Source: Woodstock Institute analysis of National Postsecondary Student Aid Survey 2011-2012
Students of color more likely to take out private student loans at for-profit schools

Source: Woodstock Institute analysis of National Postsecondary Student Aid Survey 2011-2012
Outcomes of for-profit college students

Graduation rates of full-time, first-year students by race/ethnicity and institution type (cohorts: 2006 and 2009)

Source: National Center for Education Statistics, Graduation Rates, Selected Cohorts, 2004-09
For-profit college students are more likely to default on their loans

- For-profit institutions accounted for:
  - 11% of all students enrolled in 2009-10
  - 32% of those who entered repayment in 2010-11
  - 43% of those who defaulted by the end of September 2012

Sources: National Center for Education Statistics, The Education Trust
Policy recommendations

• Gainful employment rule: make sure schools deliver on their promises
• School certification: avoid unnecessary private student loans
• Student Loan Borrower Bill of Rights
• Reform bankruptcy rules
• CFPB, AGs, Justice Dept, Department of Education enforcement actions
• CFPB rules for private student loans
• Better data

Sources: National Center for Education Statistics, The Education Trust
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