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Don't dismiss for-profit colleges

By Keith Zakarin

Recently, considerable media coverage and even more governmental activity have been directed against private sector colleges, which include career colleges and private, for-profit academic institutions. Some newspapers have published op-eds criticizing private sector colleges as detrimental to students. Groups of state attorneys general have made pursuit of private sector colleges their current passion. The Consumer Financial Protection Bureau has even gotten involved, abusing its authority to attempt to regulate private education. In addition, the U.S. Department of Education has reintroduced its "Gainful Employment" regulations (after the prior version was struck down in part by the courts for being arbitrary and capricious), which if enacted, would likely devastate many private sector colleges and limit educational opportunities for millions of Americans.

Let's take a step back and look at the facts. There are 3,752 private sector colleges, serving more than 3.7 million students in the U.S. Together they generate new workers, with more than 430,000 professional certificates and more than 425,000 degrees. The economic impact from the institutions and their graduates is \$81.9 billion, with no fewer than 242,000 full-time employees.

Private sector colleges serve vital student needs, providing both occupational and academic education for millions of Americans. They address students who want the flexibility and occupational relevance often missing from so-called traditional institutions. They have flexible schedules, online programs, blended programs, smaller classes and the ability to get trained for specific occupations more quickly. They also serve a demographic inadequately addressed by public institutions.

- 94 percent of private sector college students are eligible for federal financial aid.

- 80 percent are financially independent of their parents.

- 67 percent are female.

- 62 percent are more than 25 years old.

- 50 percent have children.

- 46 percent are African-American or Hispanic.

- 35 percent are employed full-time.

Private sector colleges address the needs of returning students especially well. Courses are usually delivered in-depth one at a time; academic content is connected

to the students' career interests; and education is delivered year-round to permit completion as soon as possible. Most private sector colleges are also accredited by agencies approved by the Department of Education as authorities on educational quality. The accreditation criteria are rigorous, and the accreditors are tough.

Students achieve terrific results at private sector colleges, in no small part because unlike the outcomes in traditional education, private sector colleges are measured by accreditors and held accountable for those outcomes. At two-year public institutions, only 21 percent of students complete their degrees within 150 percent of the scheduled time. At private sector colleges, it's 63 percent. That's no accident. For the schools that are nationally

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accredited, at least 60 percent of graduates are expected to be placed in their field of training within a year. With few exceptions, the regionally accredited public colleges do not even disclose their placement outcomes, and they are not accountable to anyone for them.

As a practical matter, the public and private four-year schools cannot meet the demand for advancement; private sector colleges are necessary. In California, New York, Ohio and Texas alone, the taxpayers would have to provide another \$11 billion to educate those presently served by private sector colleges. That's assuming state schools have the capacity to enroll and educate those students even if they had the money. They don't.

Then why are some so hateful towards this key sector of higher education? The unfortunate answer is that many are ideologically driven. The deeply held (but rarely candidly stated) view of private sector college opponents is the belief that the mere existence of the profit incentive in the provision of education is inherently bad. It presumes that anything that produces a profit is unvirtuous and, conversely, that the absence of a profit motive somehow confers virtue. Their core belief is that the private sector of postsecondary education should be put out of business, period.

That belief system can be seen in the Department of Education's proposed

"Gainful Employment" regulations. These regulations attempt to judge an educational program's academic quality by how it fares on two arbitrary metrics that measure the short-term earnings of graduates. If a percentage of graduates have a debt-to-earnings ratio that is more than 8 percent of income in their third year after graduation, the programs become ineligible for federal funding. A low-income graduate working either in rural America or in the inner city is probably doomed to fail that test.

It is important to note that the regulations primarily target the private sector of higher education. They subject virtually all private sector colleges to their sanctions and completely exempt all four-year public institutions. Many programs in other sectors of higher education would fail these arbitrary tests in droves. A law degree from George Washington University, a bachelor's of Social Work from Virginia Commonwealth University and a B.A. in Education from the University of Michigan all would flunk the Gainful Employment test. Yet those institutions get a pass because they are not in the private sector.

A recent National Center for Education Statistics report found that 26 percent of bachelor's degree recipients from public four-year institutions would fail this test, but they are excluded from the proposed regulations on purely ideological grounds. Note that even the leaders of venerated public academic schools oppose the concept of linking graduate salaries to program value. Harvard University President Drew Faust said that looking at a graduate's salary in a first job as a proxy for the value of a college education is a huge mistake. UC Berkeley Chancellor Nicholas Dirks says schools should not be rated on the earnings of their graduates. Vassar College President Catharine Hill noted that a rating system based on earnings ignores the fact that earnings typically increase over time.

If this pernicious regulation takes effect, nearly 2 million students will lose access to programs of their choice, including more than 140,000 veterans, 500,000 African-Americans, 300,000 Hispanics and more than a million Pell Grant eligible students.

An element of snobbery also appears to be at work. In the view of some critics, the students who enroll at private sector colleges are incapable of making informed choices to pursue education at those institutions. They assume students who pursue a practical education are taken advantage of by "trade schools." However, these crit-

ics who posture as champions for students instead reveal a patronizing disdain for the choices of those they purport to protect.

And it is about choices. Americans normally reject limitations on their choices. We choose where we want to live, what we consume, what we buy, and what we believe. Education is not a one-size-fits-all proposition. For those who want to pursue an academic education at a public campus or traditional university, that's great. For others — working adults; returning veterans; non-traditional learners; and those seeking flexibility in classes, learning modalities and content — private sector colleges may be a better, more responsive choice.

Private sector colleges are nimble in ways that public institutions could never be: They are able to design and implement program opportunities that are responsive to employers' current needs. Education is personally delivered, with effective systems for monitoring the engagement of learners that traditional institutions could only dream about. Graduates are often the first in their family to have a college education, and who now have marketable, practical skills.

America is strengthened by having a wide range of institutions of higher education, but may be weakened by an educational ideology that deems institutions to be unworthy (or worthy, for that matter) simply because of their tax status. Educational virtue knows no such distinction.

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