

The Growth of For-Profit Colleges in California: Impacts on the Health Professions

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Abstract

The growth of for-profit postsecondary institutions in the US has been the focus of several national studies, media reports, and legislative activity in recent years. Concerns have been raised about the role these schools – especially two-year, private colleges – play in training the country’s healthcare workforce. These concerns include the quality of education, participation in loan programs, student debt load, and competition with community colleges. To understand the impact of private for-profit institutions on postsecondary education in California, we undertook an analysis of data from the Integrated Postsecondary Education System (IPEDS). Using these data, we were able to compare enrollment and completion totals of public, private non-profit, and private for-profit schools. Overall, we found that institutions in the public sector enroll by far the most students but the private, for-profit sector grew significantly between 2000 and 2010. Moreover, while the number of healthcare-related degrees and certificates awarded over this period increased among all types of postsecondary institutions, the increase was greatest among those in the private for-profit sector. Additional research is needed to understand the role that private for-profit institutions play in postsecondary health professions education, and the impact they have on student experiences and the broader healthcare workforce.

Key Findings

- Total fall enrollment increased dramatically among California's private for-profit postsecondary institutions between 2000 and 2010. Enrollments more than doubled (133% increase) at 4-year for-profit universities, and more than tripled (233% increase) at 2-year for-profit colleges.
- Although enrollments at private for-profit colleges and universities grew rapidly between 2000 and 2010, the vast majority of students pursue higher education at one of California's public colleges and universities. In 2010, enrollments in the state's public institutions accounted for 80% of all students enrolled in a postsecondary education program. In contrast, private for-profit institutions accounted for just 9% of 2010 total fall enrollment.
- Between 2000 and 2010, the share of all postsecondary degrees and certificates awarded related to health professions education increased from 12% to 18%.
- 2-year private for-profit colleges were a significant driver of growth in health professions education in California between 2000 and 2010. The share of all degrees and certificates awarded by these schools that were health professions-related increased from 37.5% in 2000 to 70% 2010.
- In 2010, private for-profit institutions offering two-year degrees and non-degree certificates awarded 55% of the total number of health professions-related degrees and certificates granted in California.

Background

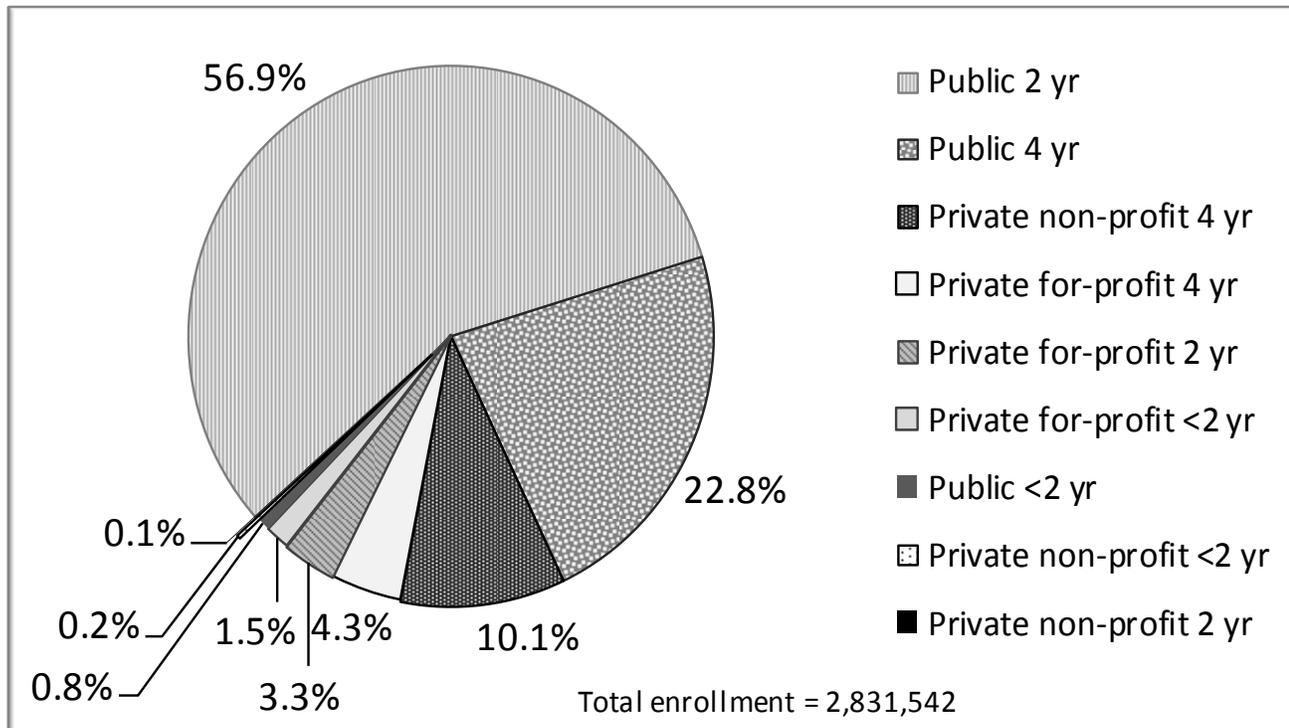
In 2010, following a series of media reports and investigations, The Education Trust released its report, *Sublime Opportunity: The Unfulfilled Promise of For-Profit Colleges and Universities*.ⁱ This report was highly publicized and debated due to several findings, including significantly lower baccalaureate graduation rates within six years at for-profit institutions compared to non-profit institutions. Perhaps more controversial were data showing that although 2-year for-profit colleges were having more success graduating their students within three years by comparison with community colleges, students at private for-profit colleges incurred substantially higher student loan debt and experienced greater difficulty finding jobs with salaries high enough to pay down student loans.

The Education Trust's report was followed by a series of reports from other organizations focused on the cost of for-profit higher education and its policy implications,^{ii iii iv v vi} at least six hearings in the US Senate on the issue; and legislative and regulatory actions at both the federal and state

levels.^{vii} Federal policy tightened rules regarding school participation in scholarship and loan programs by tying program eligibility to graduation rates, loan repayment rates, student debt loads and other gainful employment measures. In 2011 and 2012, California was one of a handful of states to enact dramatic changes in its state loan program, Cal-Grant.^{viii} Participating colleges are now required to achieve minimum graduation rates of 30% and default rates may not exceed 15.5% (essentially twice as restrictive as federal policy). The laws were written to exclude community colleges and are projected to result in 80% of for-profit colleges losing their eligibility for Cal-Grant funds for their students.^{ix x}

This issue brief provides additional data and analysis describing the growth of for-profit postsecondary education in California during the decade leading up to the increased public scrutiny of these institutions, and the dramatic changes to federal and state policies impacting grant monies available to students who attend them. Particular attention is given to 2-year for-profit colleges, which

Figure 1. Fall 2010 total postsecondary enrollment by institutional sector



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2010 enrollment (EF component)

play an important role in training the state's healthcare workforce.

Methodology: Description of the data

The Integrated Postsecondary Education Data System (IPEDS) is a collection of interrelated surveys conducted annually by the U.S. Department of Education's National Center for Education Statistics (NCES). It is the most comprehensive source of information on postsecondary education available.¹ The completion of IPEDS surveys is mandatory for postsecondary institutions that participate in (or apply to participate in) federal student financial aid programs.

The universe of institutions that are surveyed includes universities, community and technical colleges, and non-degree granting schools. There are three different levels of institutions, based on the types of degrees awarded: 4-year colleges and universities, 2-year colleges, and less-than-2-year schools.² There are also three different types of financial control: public, private non-profit, and private for-profit. The characteristics of institutional

level and financial control combine to form nine different institutional sectors, which are used to organize the data presented in this issue brief.³

Postsecondary enrollment in California

In the fall of 2010, approximately 2.8 million students were enrolled at a postsecondary institution in California. Figure 1 below shows that a majority of these students (56.9%) were enrolled in one of the state's 2-year public schools (i.e. community college). In combination, total enrollment in the state's public institutions (4-year colleges and universities, 2-year colleges, less-than-2-year schools) accounted for 80% of all students enrolled in a postsecondary education program in the fall of 2010. In contrast, private for-profit institutions accounted for just 9% of 2010 total fall enrollment.

Although small by comparison with the state's public sector, the number of private for-profit postsecondary institutions and the number of students enrolled at these institutions increased dramatically over the past decade. Table 1 (prior

Table 1. Number of schools and total fall enrollment by institutional sector: California, 2000 vs. 2010

Sector	2000		2010		2000 – 2010 enrollment growth
	No. of schools	Total fall enrollment	No. of schools	Total fall enrollment	
Public	158	1,955,129	164	2,278,665	17%
Public <2 yr	13	23,188	10	23,377	1%
Public 2 yr	113	1,380,070	118	1,610,925	17%
Public 4 yr	32	551,871	36	644,363	17%
Private non-profit	187	262,914	173	293,964	12%
Private non-profit <2 yr	24	4,036	21	6,567	63% ⁴
Private non-profit 2 yr	21	17,955	6	1,427	-92% ⁵
Private non-profit 4 yr	142	240,923	146	285,970	19%
Private for-profit	294	116,473	373	258,913	122%
Private for-profit <2 yr	185	36,038	189	42,164	17%
Private for-profit 2 yr	64	27,887	112	94,516	239%
Private for-profit 4 yr	45	52,548	72	122,233	133%

Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2000 and Fall 2010 enrollment (EF component)

page) compares the number of institutions and total fall enrollment in 2000 with 2010, by institutional sector. These data show that during this period both 2-year and 4-year private for-profit colleges and universities significantly increased in number and total student enrollment.

Total fall enrollment more than doubled (133% increase) at 4-year private for-profit colleges and universities between 2000 and 2010, and more than tripled (239% increase) at 2-year private for-profit colleges. In contrast, the number of public or non-profit institutions (at both the 2-year and 4-year level) increased only slightly, and total enrollment growth in these sectors was comparatively modest.

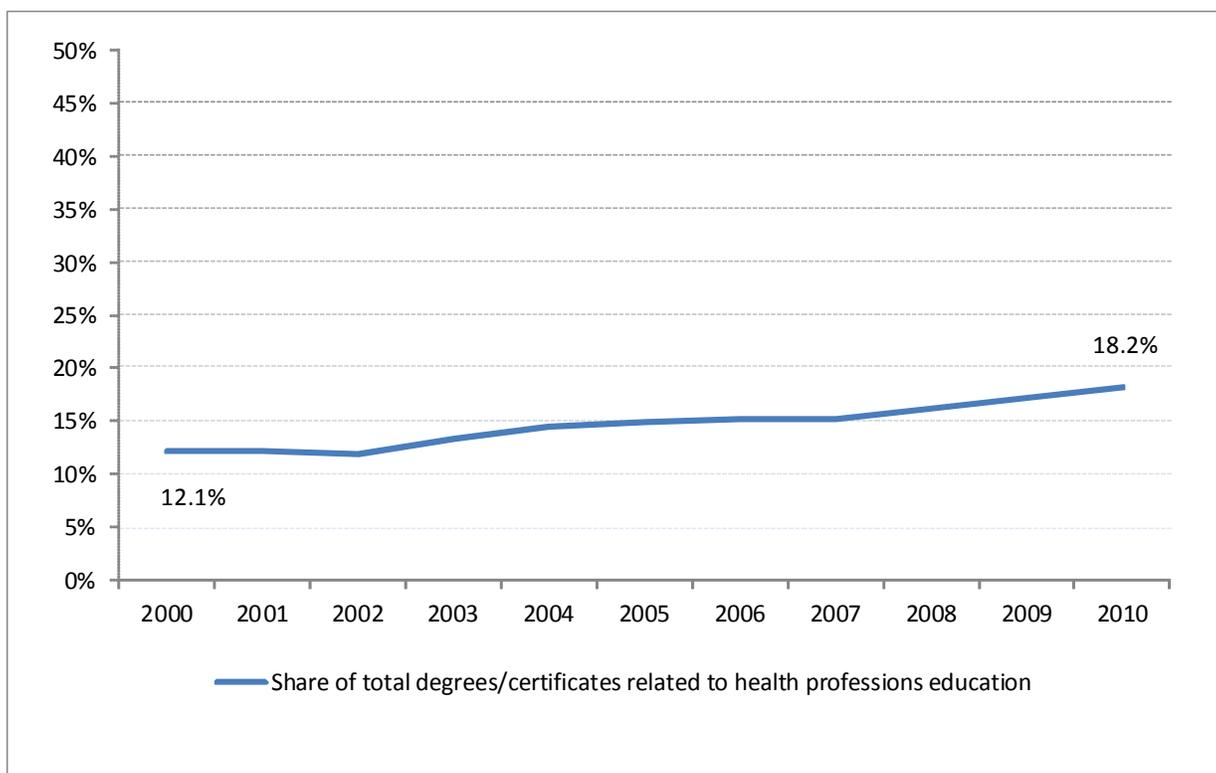
The private for-profit sector closely resembles the patterns seen in the public and not for-profit sectors: 4-year degree-granting institutions such as the University of Phoenix; 2-year colleges (frequently a single provider operating multiple

campuses, such as Heald College) and less-than-2 year schools focused on technical and vocational training.

Postsecondary health professions education in California

The annual number health professions-related degrees and certificates⁶ awarded by postsecondary institutions in California doubled between 2000 and 2010 (from 45,846 to 91,617 degrees/certificates). Figure 2 below demonstrates that this growth was much faster than the growth in postsecondary awards generally, and health professions-related degrees and certificates now account for almost one in five of all postsecondary awards. In 2000, approximately 12% of all postsecondary awards granted in California were reported as being related to health professions education. In 2010 this share had increased to 18%.⁷

Figure 2. Postsecondary health professions-related degrees/certificates as a share of total degrees/certificates awarded in California: 2000 - 2010



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall 2000-2010, Completions component

Table 2. Total degrees/certificates awarded and the share related to health professions education by institutional sector: California, 2000 vs. 2010

Sector	2000		2010	
	Total degrees/certificates	Health professions-related	Total degrees/certificates	Health professions-related
Public	239,914	7.60%	302,135	9.30%
Public <2 yr	32,463	8.30%	4,576	37.10%
Public 2 yr	93,388	10.10%	132,258	13.70%
Public 4 yr	114,063	5.30%	165,301	5.10%
Private non-profit	77,043	8.50%	90,829	11.10%
Private non-profit <2 yr	2,985	13.90%	8,450	13.50%
Private non-profit 2 yr	8,011	0.20%	938	65.50%
Private non-profit 4 yr	66,047	9.20%	81,441	10.20%
Private for-profit	62,020	34.10%	109,485	48.70%
Private for-profit 4 yr	12,699	6.10%	27,219	10.60%
Private for-profit 2 yr	16,420	37.50%	53,541	70.10%
Private for-profit <2 yr	32,901	43.20%	28,725	45.00%

Table 3. Total number and share of health professions degrees/certificates awarded by institutional sector and degree/certificates: California, 2000 vs. 2010

Sector	2000		2010	
	Health professions-related	Share of total	Health professions-related	Share of total
Public	18,158	39.6%	28,232	30.8%
Public less than 2 yr	2,692	5.9%	1,698	1.9%
Public 2 yr	9,422	20.6%	18,098	19.8%
Public 4 yr or higher	6,044	13.2%	8,436	9.2%
Private non-profit	6,527	14.2%	10,073	11.0%
Private non-profit less than 2 yr	416	0.9%	1,142	1.2%
Private non-profit 2 yr	18	0.0%	614	0.7%
Private non-profit 4 yr or higher	6,093	13.3%	8,317	9.1%
Private for-profit	21,161	46.2%	53,312	58.2%
Private for-profit less than 2 yr	14,218	31.0%	12,913	14.1%
Private for-profit 2 yr	6,163	13.4%	37,526	41.0%
Private for-profit 4 yr or higher	780	1.7%	2,873	3.1%
Totals	45,846		91,617	

Table 2 (prior page) describes the share of all postsecondary degrees and certificates awarded that are related to health professions education, by institutional sector. At the broadest level, all institutional sectors experienced an increase in the share of degrees/certificates awarded in fields related to health professions education between 2000 and 2010. However, among 2-year private for-profit colleges the growth was dramatic. The total number of degrees/certificates awarded by schools in this sector more than tripled between 2000 and 2010, but the total number related to health professions education increased by more than five times (6,163 in 2000 and 37,526 in 2010). In 2000, 37.5% of all degrees/certificates awarded by 2-year private for-profit colleges in California were related to health professions education. In 2010 this share increased to 70%. Table 2 also demonstrates that less-than-2-year for-profit schools also play an important role in training the state's health professions workforce.

Table 3 (prior page) describes the distribution of health professions-related degrees/certificates across institutional sectors, and how this distribution changed in California between 2000 and 2010. It highlights two important trends in health professions education in the state: it demonstrates that over the past decade, demand for health professions education has been strongest at the two-year degree level; and the expansion in capacity to meet this growing demand has been met by the private for-profit sector. In 2010, 2-year private for-profit schools awarded 41% of all health professions-related degrees/certificates awarded in California. In combination, 2-year and less-than-2-year for-profit institutions awarded 55% of all health professions-related degrees/certificates awarded in the state in 2010.

The data presented in this brief highlight the rapidly growing influence of the private for-profit sector in providing postsecondary education in California. The public sector is still the predominant provider, but the private for-profit sector has dramatically expanded its role. This is particularly the case for health professions education. As the demand for healthcare education and training has grown over the past decade, it's largely the private for-profit sector that has grown capacity to meet this need. Additional research is needed to assess the types of programs and students trained by these schools, and address the policy implications of the for-profit

sector's increasing relevance in health professions education. Some of these topics will be explored further in issue briefs published at www.futurehealth.ucsf.edu

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Notes

1. Tables and figures in this issue brief are based on *revised* data files (considered the most up-to-date data). As such, they may not match tables or figures published by NCES, which are based on original, unrevised data.
2. Data describing less-than-2-year schools appear to be less reliable in comparison to data from 2-year and

- 4-year institutions. There is evidence that schools open and close comparatively rapidly, and program-level data are inconsistently reported from one year to the next. Caution should be exercised when drawing conclusions from the data describing these institutions.
3. Postsecondary institutions are organized by sector (degree level and financial control). The 4-year public sector includes the University of California (UC) and California State University (CSU) systems while the 2-year public sector includes the California Community College system. The less-than-2-year public sector includes California's adult education schools offering vocational training. The 4-year private non-profit sector includes degree-granting universities and colleges such as Stanford and Pomona. The 2-year private non-profit sector is very small and is almost exclusively represented by a non-governmental organization (ORT) that provides technical and vocational training. Similarly, the less-than-2-year private non-profit sector consists of campuses operated by the Center for Employment Training.
 4. The 63% increase in total fall enrollment occurring at private, non-profit less-than-2-year schools can be attributed entirely to a single private, non-profit school whose institutional level changed between 2008 and 2009, from 2-year to less-than-2-year.
 5. The data indicate that the enrollment decline in the 2-year private non-profit sector is due to the single largest provider, operating ten different campuses, converting from non-profit to for-profit status beginning in 2007.
 6. Fields of academic study and occupational training are organized into a taxonomic scheme called the Classification of Instructional Programs (CIP). The CIP scheme assigns numeric codes to areas of instructional content in order to facilitate the collection of information describing educational programs. The CIP code 51 is assigned to programs that "prepare individuals to practice as licensed professionals and assistants in the healthcare professions and related clinical sciences and administrative and support services." Throughout this issue brief, we define health professions-related education as all those instructional programs which are defined by the CIP code 51. For more information see: <http://nces.ed.gov/ipeds/cipcode/resources.aspx?y=55>
 7. In 2000 and 2010, the number of postsecondary awards granted in California was 378,977 and 502,449 respectively.

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