For-Profit Higher Education and Community Colleges

Thomas Bailey
Director, Community College Research Center
Teachers College, Columbia University

Norena Badway
Patricia J. Gumport

National Center for Postsecondary Improvement
Stanford University
School of Education
520 Galvez Mall, 508 CERAS
Stanford, CA 94305-3084

The work reported herein was supported in part by the Educational Research and Development Center program, agreement number R309A60001, CFDA 84.309A, as administered by the Office of Educational Research and Improvement (OERI), U.S. Department of Education. The findings and opinions expressed in the report do not reflect the position or policies of OERI or the U.S. Department of Education. NCPI Technical Report Number x-xx.
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledgements</td>
<td>i</td>
</tr>
<tr>
<td>Preface</td>
<td>ii</td>
</tr>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Goals and Outline</td>
<td>3</td>
</tr>
<tr>
<td>Three Arguments about the For-Profits</td>
<td>4</td>
</tr>
<tr>
<td>For-Profit Postsecondary Education: An Historical Perspective</td>
<td>7</td>
</tr>
<tr>
<td>The Size, Growth, and Characteristics of For-Profit, Public, and Private Non-profit Postsecondary Institutions</td>
<td>9</td>
</tr>
<tr>
<td>Case Studies of a For-Profit College and Public Community Colleges</td>
<td>16</td>
</tr>
<tr>
<td>Institutional Missions</td>
<td>18</td>
</tr>
<tr>
<td>Selectivity in Admissions</td>
<td>21</td>
</tr>
<tr>
<td>Curriculum Development and Faculty Role</td>
<td>22</td>
</tr>
<tr>
<td>Faculty Hiring</td>
<td>25</td>
</tr>
<tr>
<td>Curricula and Instruction</td>
<td>26</td>
</tr>
<tr>
<td>Course Sequencing</td>
<td>29</td>
</tr>
<tr>
<td>Student Services</td>
<td>30</td>
</tr>
<tr>
<td>Flexibility and Scheduling</td>
<td>33</td>
</tr>
<tr>
<td>Data Driven Decision making</td>
<td>36</td>
</tr>
<tr>
<td>Facilitating Transfer</td>
<td>37</td>
</tr>
<tr>
<td>Summary</td>
<td>39</td>
</tr>
<tr>
<td>Perceptions of competition</td>
<td>41</td>
</tr>
<tr>
<td>Conclusion: Review of the Three Arguments</td>
<td>43</td>
</tr>
<tr>
<td>The competitive threat of the for-profits</td>
<td>43</td>
</tr>
<tr>
<td>Convenient, responsive, and customer oriented education</td>
<td>46</td>
</tr>
<tr>
<td>Educational Quality</td>
<td>48</td>
</tr>
<tr>
<td>Community college and for-profit student outcomes</td>
<td>50</td>
</tr>
<tr>
<td>Implications for Community Colleges and Further Research</td>
<td>52</td>
</tr>
<tr>
<td>References</td>
<td>58</td>
</tr>
<tr>
<td>Tables</td>
<td>61</td>
</tr>
</tbody>
</table>
Acknowledgements

We would like to thank the faculty, administrators, and students who gave us their time, and information at TECH COLLEGE and the community colleges that we studied. Much of what is new and valuable in this study comes from the insights that they so generously shared with us.

We also want to thank Greg Kienzl for his assistance with the data analysis. Vanessa Smith Morest, Kathleen Keane, John Jennings and Tina Gridiron also helped us with the field work. Tia Dole and Gretchen Koball gave us valuable assistance in the production of the report.

We presented a draft of this paper at the meeting of the NCPI Board of Senior Scholars at Stanford in March 2001 and at the American Association of Community College Convention in Chicago in April 2001 and we benefited from the reactions and ideas of those who participated in those sessions. Jim Jacobs, Davis Jenkins, Chui Tsang, and Bob Zemsky read earlier drafts and their comments have significantly improved the work.

During his participation in the project, Thomas Bailey has been the Director of the Community College Research Center (CCRC) at Teachers College Columbia University. In that capacity he has been able to draw on, for this report, material and field work gathered by the Center. The CCRC is supported by a generous grant from the Alfred P. Sloan Foundation.

Finally, we want to acknowledge OERI for funding this project. The work reported herein is supported under the Educational Research and Development Center program, agreement number R309A60001, CFDA 84.309A, as administered by the Office of Educational Research and Improvement (OERI), U.S. Department of Education. The findings and opinions expressed in this report do not reflect the position or policies of OERI or the U.S. Department of Education.
Preface

This report presents the findings from a two-year project co-directed by Thomas Bailey, Community College Research Center, and Patricia J. Gumport, Stanford Institute for Higher Education Research and National Center for Postsecondary Improvement.

The purpose of the project was to develop a better understanding of how for-profits compare to public community colleges with respect to their students and programs and to evaluate the extent to which the for-profit colleges compete directly with community colleges. Our research strategy relied upon an exploratory design, drawing upon available national data for context and then conducting a set of comparative case studies.

This report addresses contemporary concerns about the competitive threat from for-profit educational institutions, contrasts national data on for-profits with national data on private non-profit and public post-secondary institutions, and examines case study data comparing a for-profit chain to three public community colleges located near branches of the chain. The data analysis suggests that for-profits have only a small share of enrollments in two- or four-year institutions and the for-profit share of two year enrollments did not grow during the middle part of the 1990s (the latest period for which we have data). For-profit institutions tend to have a limited range of course offerings that have strong links to students’ skill and career aspirations. As a group, the for-profits are concentrated in a limited number of business and technical fields. Although they may compete with community colleges in those specific areas, the small size of the for-profit sector will limit the overall competitive effect. Moreover, some of the four-year for-profit institutions target upper division students and actively recruit community college graduates, so in this sense, these institutions are complements rather than competitors to community colleges. Community college leaders and staff do not perceive for-profits as a competitive threat, characterizing their missions as more comprehensive and their curricula as broader in scope. We did find important differences between the two types of institutions and the community colleges may find lessons in for-profit institutions’ emphasis on customer service, extensive support for employment placement, and degree completion rate.
Introduction

In the last five years, the growth of for-profit educational providers has been one of the most watched trends in higher education (Blumenstyk, 2000; Burd, 1998; Selingo, 1999; Strosnider, 1998). During the mid 1990s, public educational institutions in many states faced increasing criticism and tight-fisted state legislatures. For example, the share of state budgets going to higher education in general and community colleges in particular shrunk from 12.2 percent in 1990 to 10.1 percent in 2000 (National Association of States Budget Officers [NASBO], 2000). Like many state systems, the California public higher education system went through a severe budget crisis early in the decade, and while the economic recovery brought some improvements to state universities and colleges, that improvement did not keep pace with overall economic growth.

Thus in the early years of the 21st century, as the economy faltered, public higher education systems in many states were once again under scrutiny from public officials who fund them. Urban systems in particular were criticized for low standards and poor performance. The so-called Schmidt Commission (1999) in New York published a report on the City University of New York (CUNY) in which the title clearly signaled the conclusions—An Institution Adrift (Schmidt 1999; Klein and Orlando, 1999). Increasingly, legislatures in South Carolina and Florida sought to hold public colleges to higher standards by implementing accountability regulations that tied at least some funding to the performance of the institution (Burke, Rosen, Minassians and Lessard, 2000). Other states increased the reporting requirements for their public colleges as a step to encourage greater efficiency and accountability. Influential analysts foresee radically changing and much more competitive higher education landscape in which the traditional established institutions are threatened by burgeoning new educational providers and new forms of educational technologies. Thus Frank Newman, the past President of the
Education Commission of the States, in an article subtitled: “The End of the Status Quo and the Rise of the Market in Higher Education” argues that, “Competition is forcing a hard reexamination of the purpose and effectiveness of every activity—from how well and often faculty interact with students, to whether expenditures on student life actually create a learning community, to the issue of costs and wise use of resources.” (Newman 2001, p. 9)

The for-profit sector is certainly not the only source of new competition in higher education. Growing competition for research funding and the fierce battles for US News and World Report rankings are indications of competition among the public and traditional non-profit private institutions. New technologies are also expected to play a pivotal role. Nevertheless, the highly publicized growth of some for-profit institutions has been an integral part of the discussions of the new educational environment and indeed has generated growing anxiety among both private non-profit and public colleges and universities. The University of Phoenix, which grew from under 10,000 undergraduate students in 1990 to about 45,000 in 2000 (http://www.phoenix.edu/factbook/pg21.htm), has also been the subject of widespread media attention. (See for example Arenson 2000, Blumenstyk 2000, Selingo 1999, Wyatt 1999, Strosnider 1998.) Tony Zeiss (1998), the President of Piedmont Community College in Charlotte, North Carolina, and a former President of the American Association of Community Colleges, posed a question that identified a core concern: “Will our students become theirs?” and he warned with some urgency that proprietary colleges “already have the jump” on meeting the needs and expectations of a broad cross section of community college students. A 2001 report by the Education Commission of the States (ECS) suggests explosive growth in the sector by pointing out a 78 percent growth in the number of for-profit two-year degree granting institutions between 1989 and 1999. In the same period,
the number of for-profit four-year institutions grew by an impressive 266 percent (Kelly 2001). According to the National Center for Education Statistics (NCES) data quoted in the ECS report, by the end of the 1990s, 28 percent of all two-year degree granting institutions were for-profits. As we shall see, a more meaningful, in our opinion, examination of enrollment patterns presents a different picture. Nevertheless, these types of statements are indicative of the powerful influence that the growth of the for-profits has had on the thinking of educators and educational analysts.

Goals and Outline

Despite widespread public attention and growing anxiety in some segments of the postsecondary enterprise, considerable confusion remains about the size and nature of the for-profit sector: Exactly how many students are enrolled in the for-profits? How much has that number grown? Are there differences between the types of students who enroll in the for-profits and those found in the publics? What are the differences between the academic programs, services, and pedagogy of the for-profit colleges and other public and private institutions of higher education? What is the relationship between public and for-profit institutions? Is there some sense in which one type of institution is more effective or efficient than the other? There is a growing body of research and information on the for-profits (Kelley 2001; Moe, Bailey, and Lau 1999; NCES 1999; The Futures Project 2000). We are building on that literature both by making a detailed analysis of available data, especially from the Integrated Postsecondary Education Data System (IPEDS), and through an explicit comparison between a large and successful for-profit institution and potentially competing community colleges.

The purpose of this report is to strengthen the empirical foundation for an informed discussion of the for-profit phenomenon, especially as it relates to public com-
munity colleges. In order to do this, we first present three common arguments about the for-profits and their relationship to public institutions of higher education. We then provide some background on the history and nature of for profit higher education and then examine the size and characteristics of the for-profit higher education sector, using national data. In the following section, we make a detailed comparison between one successful for-profit institution with several branches, and three community colleges located near some of those branches. We then present conclusions including responses to the three broad arguments that we outlined above and a discussion of student outcomes for the two types of institutions. We end with recommendations, including some suggestions about what community colleges can learn from the experience of the for-profits and some ideas for additional research.

Three Arguments about the For-Profits

Three broad arguments are common in the extensive discussion of the growth of the for-profit sector, and we use these arguments to organize our discussion of the for-profit sector. As we have seen, one influential argument is that the for-profits are a competitive threat to community colleges and other sectors of higher education. According to the second, the for-profits have developed a more flexible and responsive system of delivering post-secondary educational services, especially to adult students. And according to the third, the for-profits provide a lower quality “training” in contrast to broader “education” imparted by the community colleges and public and non-profit four-year schools. We have already discussed the competitive threat argument, but we will discuss the last two of these arguments in more detail in the following paragraphs. This report evaluates all three arguments, focusing particularly on how they relate to public community colleges.
The for-profits provide more flexible, convenient, and responsive education than community colleges: What is the source of the for-profits’ potential competitive advantage? Critics of the community colleges contrast the entrepreneurial spirit of the for-profits with the supposedly tradition-bound inflexibility of the colleges. The University of Phoenix, for example, appeared to have developed a more streamlined model of education designed to cater to working adults. According to this perspective, freed from the traditional academic schedules and even from many of the fixed costs of infrastructure and expensive facilities, the University is able to offer courses at more convenient times and in more convenient locations (for example, malls near the intersections of interstates). Thus the for-profits are believed to have the ability to respond to market shifts and provide services that are attuned to particular needs of a variety of students.

In addition to their flexibility, the for-profits appear to have an important advantage in their access to venture capital (Ortmann, 1998). This capital would allow them to absorb the large up-front costs needed to design courses and develop the sophisticated web-based systems of distance education. How could public institutions who have to go either to state legislatures or directly to taxpayers (through bond issues) for their “venture capital” possibly compete?

Community colleges seem particularly vulnerable, especially in those states in which tuition has been rising. After all, community colleges have long prided themselves on serving the adult, part-time and returning student, precisely that market that the for-profits appear to be aggressively recruiting and successfully serving. Thus, in this report we ask whether the for-profits have indeed developed a more convenient, flexible, and consumer oriented approach to post-secondary education.

The for-profits “train” while community colleges “educate”: The current anxiety about the potential competitive threat from for-profits would seem incompre-
hensible to education analysts of the 1980s. Proprietary schools were best known to much of the public through their advertisements on matchbook covers and subways. The public perceived the schools as institutions set up to take advantage of public financial assistance – offering only narrow “training” at best.

Although the best-known for-profit institutions today enjoy a much better reputation, many educators still believe that the for-profits are less committed to the humanistic educational objectives of the broader higher education enterprise. Critics of for-profit schools suggest that *McEducation* turns the transmission of knowledge into just another market transaction that can be priced like any other service, inevitably debasing the quality of education.¹ They doubt that commercial institutions that have to satisfy stockholders can do as good a job academically as public or non-profit ones. Others worry that profit-driven schools place all of higher education under accountability for a singular output measure—the employability of graduates. Thus students may gain access to short-term occupational rewards at the expense of a solid educational foundation for long-term career development.

The contrast between a broad education and narrow training is a strong current that runs through the perceptions of many of the community college faculty and administrators we interviewed for this project.² For example, one stated that, “There’s a difference between training and education. At community colleges, we focus on long term goals of the AAS so students are secure for the long term.” Another said, “Proprietary schools exist to do some skills only. We educate much more broadly. We have a diverse staff and most of our faculty holds doctorates. They [proprietary schools] are arrogant if they think they can compete with us.” Thus many people continue to argue that for-profit institutions impart a lower quality “training.”
For-Profit Postsecondary Education: An Historical Perspective

The growing positive regard for some for-profit institutions contrasts to the negative image of the proprietaries that dominated the discussion during the 1980s and earlier. That widespread disregard and skepticism about the for-profits was probably too negative, as some high quality for-profit schools did exist in the 1970s and 1980s. Nevertheless, during those decades, proprietary schools operated under few constraints in recruiting and training students. The for-profit sector burgeoned in urban areas where low-income students could qualify for federal Pell grants and guaranteed student loans. By the early 1990s, the majority of proprietary schools were referred to as trade schools, preparing students for a specific craft. Of these, two-thirds offered shorter programs that were under one year: one-third of programs were less than six months duration and about one quarter were shorter than three months. Nearly two thirds of proprietary schools offered training in business, marketing or cosmetology, with cosmetology accounting for 40 percent of all proprietary schools and 14 percent of proprietary students (Apling, 1993).

When scandals arose over fraudulent recruiting practices, high loan default rates, and low completion, placement and wage outcomes, Congress mandated stricter eligibility requirements for institutions participating in Title IV federal student loan assistance programs.\(^3\) The 1992 regulations increased the minimum length of eligible programs, decreased institutional reliance on Title IV funding sources, tightened recruiting and admissions procedures, and established more stringent accreditation standards.

These changes resulted in an increase in what we refer to as Accredited Career Colleges (ACC). ACCs are for-profit postsecondary schools that are accredited to award associates, baccalaureate, masters, or doctorate degrees. They may be regionally accredited, or accredited by one of two other common accrediting agencies—the Association
of Independent Colleges and Schools (AICS) and the National Association of Trade and Technical Schools (NATTS). In one sample of 2 and 4-year degree granting proprietary schools, Bender (1991) found that just over one fifth of all ACCs were accredited by regional accrediting agencies. Although the ACCs maintain an emphasis on applied education for career preparation, they also incorporate general education into their technical degree programs, and offer developmental education, English as a Second Language, and at times extensive student support services. Many of these reformed schools have come to resemble their public two- and four-year counterparts. Thus accreditation and financial aid requirements pushed some of the for-profits to increase offerings of degree programs that incorporated general education and improved student services and also resulted in changing attitudes about the for-profits. Kelly (2001) characterized this as a change from “disparagement to emulation.” Still many of the attitudes about proprietary schools are based on influential research about the pre-1992 era (Grubb, 1993; Friedlander, 1980; Hanson and Parker, 1977; Wilms, 1973, 1974, 1975; Apling and Aleman, 1990; Lee and Merisotis, 1990).

The Size, Growth, and Characteristics of For-Profit, Public, and Private Non-profit Postsecondary Institutions

In this section, we present national data on enrollments, degrees, and tuition to provide some baseline comparison among three sectors—public, private not-for-profit, and for-profit institutions. Each of these sectors are in turn divided among two-year and four-year institutions. A two-year institution is one in which the associates degree is the highest degree granted. And institutions granting both a BA and an AA would be categorized as a four-year institution. The data are from the Integrated Postsecondary Educational Data System (IPEDS), which is collected and maintained by the National Center for Education Statistics (NCES). According to the NCES website, completion of
an IPEDS survey is mandatory for “all institutions that participate or are applicants for participation in any Federal financial assistance program authorized by Title IV of the Higher Education Act of 1965, as amended.” NCES reports a 90 percent response rate for the survey.

Institutional characteristics are displayed in Table 1. Several characteristics revealed in these data are worth emphasizing. First, minorities, especially blacks and Hispanics, account for a larger share of for-profit enrollments than they do in either of the other two sectors. The 1999 NCES report on students in the for-profits also found that blacks and Hispanics were over-represented in the for-profits. Second, women are concentrated among the two-year, for-profits. This may reflect the large number of cosmetology programs in this sector, although the accuracy of these data may be suspect since many for-profits did not report data on gender. Third, most students at the for-profits, according to these data, attend full-time. Indeed, the public two-year colleges—the community colleges—are by far the most important providers of education for part-time students. Finally, the for-profits have slightly lower acceptance rates than the public.

Table 2 presents data on tuition and financial aid. Not surprisingly, the average “sticker price” or the published tuition is much higher for the for-profits than for either the two-year or four-year public institutions. The for-profit students do get more financial aid than students in public institutions, but the net tuition (published tuition minus financial aid) is still about $4000 higher for the two-year for-profits and over $5000 higher for the four-year for-profits. It is worth noting that the private non-profits have a higher net tuition, higher income per student, and higher levels of outside financial aid than the for-profits.

Table 3 presents data on enrollments in two-year institutions in the three sectors
(public, private non-profit, and for-profit) in the 1992-93 and 1997-98 school years. The public community colleges are in the two-year public category. These data suggest that the for-profit sector remains only a minor player among the two-year institutions. Moreover, for-profit enrollments actually dropped during this five-year period and while total enrollment among two-year institutions also fell, the for-profits accounted for a smaller share of enrollments in 1997 than they did in 1992. It is also clear from this table that a large majority of the students in two-year for-profit institutions are still in schools that are not regionally accredited.

Table 4 displays similar data on public, private non-profit, and for-profit four-year schools. Although the for-profits account for less than 2 percent of four-year enrollments, at least in this case, total for-profit enrollments and enrollment shares actually grew between 1992 and 1997. Moreover, in sharp contrast to the two-year for-profits, about 60 percent of the students in four-year for-profits are enrolled in regionally accredited institutions.

The growth rate of the for-profits, especially the four-year for-profits, does give the impression that the for-profits present a serious and growing competitive threat. For example, the Education Commission of the States report (Kelley 2001) points out that for-profit enrollment grew by 59 percent between 1989 and 1999, while enrollment in the public institutions (both two- and four-year) grew by only 6 percent. While this is certainly a large difference, the growth of the for-profits started from such a low base that the 6 percent growth in the public sector enrollments actually represents a larger number of students (600 thousand) than the total for-profit enrollment even after the growth (366 thousand). An emphasis on the growth rate of the number of institutions is even more misleading, since enrollment trends give such a different picture. Thus while the for-profit share of two-year institutions grew from 19 to 28 percent during the ten
years following 1989 (Kelley 2001), we have seen that the for-profit share of enrollment among two-year institutions actually fell from 4.1 to 3.9 percent from 1993 to 1998.7

Table 5 presents data on degrees and certificates awarded by two-year institutions in each of the three sectors. For example, it shows that the publics account for 87 percent of the associates and 84 percent of the sum of all associates degrees and certificates conferred by two-year institutions. This table makes clear that certificates are much more important for the for-profits than they are for the publics. Certificates account for 232,000 of the 662,000 degrees and certificates (35 percent—not shown in the table) awarded by public two-year colleges, while certificates account for 57 percent of all degrees and certificates awarded by the two-year for profits.8 Although we do not have data from IPEDS on enrollments by degree objective, it is still useful to consider the enrollment data from Table 3 in light of these degree data in Table 5. According to Table 3, the for-profits account for only 3.8 percent of the total enrollments in two-year institutions, but we know from Table 3 that the for-profits emphasize certificates more than associates degrees. Therefore, we can conclude that the 3.8 percent for-profit enrollment share is an overestimate of the students pursing an associates degree. Indeed, among all two-year institutions, the for-profits enroll a very small percent of the students pursuing an associates degree.

A comparison of data from Tables 3 and 5 can also provide a rough sense of the percent of students enrolled in the different types of institutions who earn a credential—the completion rate. Table 3 shows that the for-profits accounted for only 3.8 percent of the more than 5.7 million students enrolled in all two-year institutions in the 1997-98 school year. But Table 5 indicates that the for-profits accounted for almost 13 percent of the total degrees and certificates awarded by all two-year institutions. The for-profits accounted for 9 percent of the associates degrees even though we argued above that
they accounted for less than 3.8 percent of the students who were enrolled with the goal of earning an AA. This suggests that completion rates for the for-profits are higher than they are for the public community colleges. One reason may be that, as we saw in Table 1, students in the publics are much more likely to be attending part-time and part-time students are less likely to complete degrees.

Table 6 presents data on degrees and certificates awarded by four-year colleges. It is clear from this table that the for-profits account for a very small share of degrees awarded by four-year institutions. In the 1997-98 school year, they accounted for only two percent of all degrees and certificates awarded by four-year institutions, and less than one percent of all Bachelors degrees. The most interesting information from this table concerns the number of associates degrees awarded by the four-year for-profit colleges. While about 12,000 students received Baccalaureate degrees from four-year for-profit colleges, those colleges actually awarded over 13,000 associates degrees. Thus a typical for-profit college is much more likely than their public or private non-profit counterparts to confer both associates and bachelors degrees.

Data based on the Beginning Postsecondary Student (BPS) survey presented in The Futures Project (2000) report on the for-profits also suggests a higher, or at least a more rapid completion rate for both associates degrees and certificates for the for-profits. For example, three years after enrolling in a certificates program, 31 percent of those at a for-profit and 40 percent of those at a public institution had left without a degree. But 54 percent of those at the for-profits and only 30 percent of those at the publics had earned their certificate. The rest, 14 percent for the for-profits and 29 percent for the publics, were either still enrolled at their first institutions or had transferred. The data give a similar comparison of experience in associate degrees. After 3 years, 34 percent of students in both types of institutions had left school with no degree. But 40
percent of the for-profit students and only 10 percent of the public students had earned
degrees. The rest, 27 percent for the for-profits and 56 percent for the publics, were still
enrolled at their first institutions or had transferred (The Futures Project 2000, Figure 8,
p. 11). As we have pointed out, a much larger percentage of the for-profit students are
full-time, and this could explain some of the faster completion rates and after a longer
time period, the public completion rates will probably partly catch up. Nevertheless,
both the IPEDS data we presented above and the BPS data presented by The Futures
Project do suggest that more for-profit than public students complete their degrees or
certificates.

What do the data presented in Tables 1-6 suggest so far about the relationship
between the for-profit sector and public community colleges? Given the widespread
discussion and anxiety about the competitive threat of the for-profits, the enrollment
numbers seem low, even if there is a significant underreporting among the for-profits.
Enrollments in two-year for-profit institutions actually fell during the middle part of the
1990s, and while enrollment in the four-year for profits did grow, it started from a very
low base. Although the University of Phoenix has attracted a great deal of attention as
its undergraduate enrollment nationwide grew to over 40,000 in 2000 (www/
phoenix.edu/factbook/ pg21.html). But Maricopa Community College District en-
rolled over 180,000 undergraduate students in credit bearing courses in Phoenix, Ari-
izona alone (http://www.maricopa.edu/information/facts.html). This was over four
times the undergraduate enrollment of the University of Phoenix in the entire country.
But before community college administrators dismiss the for-profit phenomenon as a
media-generated exaggeration, three issues deserve more attention.

The first is that the for-profit two-year institutions account for a much higher
share of completed degrees and certificates than of enrollments—this is a rough indica-
tion that degree and certificate completion rates are higher among the for-profits. It is not clear whether this higher completion rate results from lower standards, greater initial selectivity, or better services. Table 5 indicates that the institutions that are not regionally accredited, although they are accredited by other agencies, confer most of these degrees and certificates. Also, a much higher share of the students in the public two-year schools are enrolled part time, which could account for some of the difference.

Second, community college administrators and faculty argue that many students do not come to community colleges looking for degrees. Rather they are seeking specific skills that they can learn in courses and shorter certificate programs. Whether or not this is true, it is clear that the for-profit two-year schools are very significant players in the market for shorter-term credentials. This suggests that students in for-profit institutions looking for a package of skills rather than a full degree may be more likely to leave with some formal credentials than they would if they enrolled in a public community college.

Third, it is interesting that the four-year, for-profit sector, which grew during the mid-1990s, confers as many associates as bachelors degrees. This may be relevant to the ongoing discussion in the public sector about whether community colleges should begin to offer applied bachelors degrees and whether the four-year colleges should confer associates degrees. 9

Case Studies of a For-Profit College and Public Community Colleges

How do for-profit institutions and community colleges compare? Our discussion will be based on a comparison between TECH COLLEGE, a for-profit college with branches in several states and three community colleges located near at least one of TECH’s branches.
At TECH COLLEGE, we interviewed the members of senior management at the national headquarters including the CEO, the vice president for academic affairs, and managers responsible for curriculum development in several areas. We also visited two campuses, interviewing the president and senior staff on each campus. We chose one campus, in a large city, and spent three days there. We conducted eleven interviews with administrators and faculty. We observed twelve classes, and spoke informally with students in the cafeteria. The college provided us with documents, including catalogues, curriculum guides, and data on enrollments and student characteristics. The college is regionally accredited and enjoys a strong reputation. It has experienced significant growth over the last few years and is considered both a successful educational and business organization.

We chose to study a well-respected for-profit organization so that we could examine the potential of for-profit higher education. Moreover, to the extent that the operation of for-profit organizations holds lessons for community colleges, those lessons are most likely to be found in successful colleges. Thus TECH COLLEGE may not be representative, and indeed we suspect that it is among the higher quality for-profit colleges.

In order to compare this college to community colleges, we studied three colleges that operate close to branches of TECH COLLEGE. We spent at least one day at each of these colleges interviewing administrators, faculty, and students, and observing classes. One of these was an urban college in a large city with an ethnically diverse enrollment (73 percent minority enrollment). A second was a suburban college with about 30,000 students (20 percent minority) near a large city. The third was in a smaller city and enrolls approximately 16,000, about 32 percent of whom are minority students (US Department of Education, 1999) We chose these colleges both because they operated in
the same markets as the TECH COLLEGE branches, and because they varied in the size and the make-up of their enrollments. In addition to information from these three comparison colleges, we draw on our knowledge accumulated from research and technical assistance conducted by the authors over the last five years at over 50 community colleges in more than two dozen states.

This section of the report is organized to contrast basic institutional characteristics including missions, selectivity, methods of curriculum development, faculty culture, course sequencing, student services, course scheduling, transfer functions, and the use of data in decision making. For each of these dimensions, we compare and contrast the characteristics of TECH COLLEGE to those of the comparison community colleges.

Institutional Missions

For-profit colleges are usually specialized organizations delivering a limited scope of programs. They target students and attract their greatest enrollment in business administration and accounting, computer science, electronics and allied health (Bender, 1991).

TECH COLLEGE has a similarly limited scope. It offers nine degree programs (both associates and bachelors degrees) in technology, telecommunications, and business (with a strong technology emphasis). The college catalog offers a straightforward mission statement:

The mission of [TECH COLLEGE] is to provide high quality, career oriented higher education programs in business and technology to a diverse student population. These programs integrate general education to enhance graduates’ personal development and career potential.

The contrast with the mission statement of one of our comparison community colleges is marked:

The college is committed to offering career, as well as liberal arts and science
Another of our comparison colleges stated, “our mission is to provide lower division academic instruction, career programs, and continuous workforce improvement to advance [the state’s] economic growth and global competitiveness.”

In these brief statements, the differences in the target constituencies and the scope of objectives is clear. The TECH COLLEGE statement emphasizes preparing students or graduates for careers in a limited number of areas. Both community colleges, in contrast, identify career preparation as one objective among others. Moreover, the community colleges define their constituencies in much broader terms, including individuals, business, and public agencies. One of the community colleges includes the growth and competitiveness of the state’s economy as one of its objectives.

These distinctions become even more obvious in the more detailed elaborations of each institution’s mission published in their catalogues. TECH COLLEGE states that its goals are:

- To offer applications-oriented programs developed by faculty and staff through regular assessment and consultations with other educators and business leaders.
- To offer a variety of scheduling options to accommodate the distinctive needs of both traditional and nontraditional students.
- To assist students in realizing their potential by establishing basic skills assessment and developmental services.
- To provide student services that contribute to student success and achievement.
- To provide career-development strategies and employment assistance to facilitate students’ successful transition to careers.
- To provide highly motivated and qualified graduates to meet the current projected need of the work force.

Each one of these objectives is purported to enhance individual student success, primarily career success. This contrasts with the detailed statement of the objectives of
one of the community colleges:

• to respond creatively to changes in student population, technology, and the global economy;
• to provide extensive support services and opportunities for a highly diverse student population;
• to uphold high standards through a focus on program assessment and innovative approaches to teaching and learning;
• to maintain a dedicated, highly qualified faculty and staff, while promoting their professional development;
• to prepare students to become full participants in the economic and civic life of the city, the nation, and the world; and
• to cultivate partnerships with business, community groups, government, and public schools to enhance the economic, social, cultural, and educational development of [the city].

Once again, the community college has a much broader set of objectives and constituencies. Career preparation is hardly mentioned directly, although “full participation in the economic ... life” would certainly cover such preparation. The statement also emphasizes concurrent preparation for civic life in the “city, nation, and the world” as well as a commitment to serve a diverse student population, and to maintain standards that support high quality and innovation in teaching. The authors of this statement also see the faculty as an independent constituency, rather than primarily the means to provide services to students, and the college, hopes to “enhance the economic, social, cultural, and educational development” of the city in which it is located. Comparing this to the more exclusive focus on individual career preparation found in the for-profit institution, the community colleges state a much more ambitious and comprehensive mission than TECH COLLEGE.

This comprehensiveness is reflected in the services, curriculum, and programs offered by the community college. As is typical of many community colleges, all three of our comparison colleges offer dozens of AA, AS, AAS, and certificate programs and
many non-credit offerings. For example, one has an extensive program of contract and
customized training. It provides adult basic education and GED preparation and it
enrolls many non-matriculated students in continuing education and non-credit
courses. On a headcount basis, this community college has as many non-credit as it has
credit-earning students. In contrast, TECH COLLEGE offers nine structured degree
programs and limited opportunities for electives. It has no customized training, no
continuing education, and no non-credit offerings.

Selectivity in Admissions

The differences in overall missions are also reflected in the admissions policies of
community colleges and the for-profits. The IPEDS data presented above reflect a
slightly lower acceptance rate for public community colleges than for-profit institutions.
However this is misleading, since students at community colleges are usually accepted
on a first-come-first-serve basis up to the capacity of the institution. Thus students are
not “rejected” based on their qualifications. Moreover, community colleges have an
obligation to provide services to students who are not prepared for college level work
(even if those students cannot matriculate), while the for-profits have no such obliga-
tion.

The admissions policy at TECH COLLEGE reflects this approach. Using a place-
ment exam in arithmetic, algebra, reading and writing, students are categorized into
one of three groups. The first group includes those who have passed all of these exams.
They are admitted to the regular courses. The second group, “developmental” students,
includes those who are deficient in algebra and/or either reading or writing. These
students are required to enroll in the college’s developmental education program.
Finally, those who are deficient in more than two areas, or deficient in both reading and
writing, or deficient in basic arithmetic are denied admission, although the college does refer students to Adult Education or developmental classes at a local community college. The TECH COLLEGE staff has concluded that these deficiencies are so serious that they cannot be resolved through the college’s developmental education sequence. Approximately 25 percent of the applicants at the branch we visited were “out placed” in this way. Thus TECH COLLEGE has defined an academic minimum, and their judgment is that they cannot successfully work with students who do not meet that minimum.

Public community colleges, in contrast, are open-admissions institutions; students demonstrate an “ability to benefit” from postsecondary education by holding a high school diploma, a GED certificate, or demonstrating academic competency through grades, SAT/ACT or Advanced Placement Exam scores. However, there are some restrictions. The majority of community colleges (58 percent) mandate assessment of all students in reading, writing and mathematics and 75 percent require that students be placed in remedial or developmental education based on the assessment scores.10 Most colleges set limits on the number of times a student may enroll in remediation by increasing tuition after multiple attempts, restricting students from taking additional remedial courses, ending nonfederal student aid, and by limiting the number of times a student can retake the assessment test. On the other hand, most colleges allow students to enroll in college-level courses while taking remedial courses.11

Curriculum Development and Faculty Role

Just as the mission and goals of the for-profits and public community colleges differ, so do their approaches to meet them. At all the comparison community colleges, individual instructors make nearly all curriculum and pedagogy decisions. The disci-
plinary division prescribes course content and texts with few exceptions. Individual faculty control final exams, grading scales, student learning assignments and methods of instruction.

In contrast, curriculum and course content are developed centrally at TECH COLLEGE. Standardized materials guide the content of each course and teaching methods. Standard Curriculum Guides for each course typically consist of a catalog description, a list of appropriate topics to be explored, the level within the sequence of courses, the rationale for the course, teaching suggestions for using multimedia or other audiovisuals, and suggested teaching methods for each of the course objectives. TECH COLLEGE offers a limited set of programs and similar courses at all of its branch colleges. This standardization affords students the possibility of taking a consistent sequence of courses even though they may attend different branch campuses or need to change from day to evening classes.

TECH COLLEGE calls on experienced faculty to develop the standardized curriculum guides. Each instructor may deviate from suggested methods as long as the designated objectives are met. Department heads at TECH COLLEGE suggest that centralization is a benefit to new and part-time faculty who can use this framework to design student learning activities. Thus the curriculum guides become incorporated into the professional development program for new instructors. During our observations in classes, most instructors were generally adhering to the topics and methods found in the Curriculum Guides.

It should be noted that, contrary to the impression that for-profit colleges can alter curriculum easily and quickly, the TECH COLLEGE course development process takes several months. But the process is likely to be even longer at public community colleges. For example, at one of the comparison colleges, the engineering department
and employers asked for an applied technical algebra course. Once the math and engineering faculty had designed the content, the new course had to be approved by the math and engineering department curriculum committees, the college-wide curriculum committee, the academic senate and then the State Department of Higher Education. Most new courses encounter these same kinds of hurdles: a departmental-level approval process, then a campus approval process, then an academic senate approval, and then some external review by a state or regional entity charged with avoiding duplication or with constraining courses to a catalog of approved content.

On the other hand, community college faculty members are often imaginative about circumventing some of these complications. At one of the comparison colleges, faculty modified the content and pedagogy of a course while retaining common course outcomes without changing the name, thereby avoiding the delay in obtaining state-level approval.

Centralization of curriculum and other decision-making common at for-profit institutions tends to conflict with practices of faculty governance that characterize community colleges. TECH COLLEGE does pay attention to faculty development, but administrators view centralized curriculum development as the means to strengthen quality and guarantee a standardized, well-defined service. Students who take a particular course at any of the branches know what they will be learning, and the for-profit colleges in general see this transparency as an advantage to consumers (Ortmann, 1998). TECH COLLEGE staff also suggest that this standardization helps their students find employment. As one professor stated,

TECH COLLEGE is a known quantity in industry. Employers know what TECH COLLEGE does and they have a good idea what our students know when they come out. The practical knowledge that we teach is what industry is looking for and our students have very little trouble finding jobs because of our reputation.
Community college faculty saw advantages in decentralized curriculum development. At one college, faculty stated that it was both a way to tap the energy and enthusiasm of the faculty and a better way to respond to the needs of the community. Thus one faculty member stated that “[college] faculty are encouraged to design courses that respond to a need, and often the administration will allow the faculty member to generate the enthusiasm and passion around the course.” Indeed, such flexibility and autonomy of faculty within community colleges is a major contrast to for-profit institutions.

Faculty Hiring

From the point of view of the college administration, faculty hiring at TECH COLLEGE is more flexible than at most community colleges. Since they are not part of a state or regional civil service system and faculty are not unionized, as they are in many community colleges, TECH COLLEGE can make hiring decisions independent of outside influences (other than federal and state employment law). When TECH anticipates the need for hiring part-time or full-time faculty, it advertises in local newspapers and minimizes the number of decision-makers involved. Only one or two staff members are involved in the hiring decision. This process is more expedient than the typical community college practice of shared governance in hiring decisions, in which a team of instructors and administrators “paper screens” applications, determines which candidates to interview, conducts a group interview process, and then discusses impressions among the faculty.

But if the process for hiring is different at TECH COLLEGE than at most public institutions, the requirements for employment are not. To meet regional accreditation standards, instructors at the public and proprietary colleges we studied must hold a
master’s degree in the field in which they will teach. Neither training in pedagogy nor experience in teaching was formally required at TECH COLLEGE or the comparison community colleges. TECH prefers applicants who have had industry experience and an appreciation for the advantages of applied learning.

Curricula and Instruction

For-profit colleges emphasize the practical nature of their curricula. According to promotional literature and its website, students at one chain of for-profits schools (not TECH COLLEGE) “learn and apply,” because “unlike many traditional colleges, where students spend most of their time listening to lectures, [our] students also spend considerable time in the lab where they are encouraged to apply what was taught in the classroom and see for themselves how, why and what makes things work.” The same spirit seems evident at TECH COLLEGE.

As we indicated, TECH COLLEGE starts its articulation of purposes with the statement, “To offer applications-oriented programs...” One administrator elaborated what he sees as TECH COLLEGE’s special approach to instruction:

TECH COLLEGE is different because of how we teach. TECH COLLEGE provides an education for students who are not that theoretically oriented to mathematics but who want to pursue a career in technology. Due to these students’ particular orientation, they do best in a hands-on environment... I think people differentiate themselves into different learning environments. Someone who is very concrete learns best in a hands-on environment... We do have theory here, but we try to make the theory easier to understand through the use of lots of experiments [labs]... Students look through our curriculum and they see lots of labs and they say ‘Oh, I can learn from labs’.

Students at TECH COLLEGE perceive this emphasis as well. As one stated, TECH COLLEGE is more into it. Some of these teachers were actually out in the field before they became teachers. At some places I’ve gone, the teachers just teach out of the teacher’s book. Here they really know accounting.
Labs are a component of nearly every technical course and several academic courses offered at TECH COLLEGE, whereas, in community colleges labs are typically delayed until the second or third course. For example, at one of the comparison specialized technical courses some science courses are accompanied by labs, but introductory courses tend to be large, lecture classes which focus on general concepts. At TECH COLLEGE a lab requirement accompanies every technical course in the Electronics Technician program, as well as all general education courses in Composition, Physics, Quantitative Methods, and Statistics.

TECH COLLEGE instructors also make a particular effort to tie general education courses to practical applications. While introductory general education courses are usually taught as stand-alone courses, second-level courses and some electives are integrated with the career fields. These integrated courses include Motivation and Leadership; Professional, Business, or Technical Writing; Technology and Ethics; and Social Issues in Technology.

Entries in the Curriculum Guide for an Ethics course illustrate this point. Students are asked to carry out the following written tasks:

Given an industrial process, provide descriptions of several alternative ways to perform the process and develop a justification for the recommended approach that includes both technical and ethical considerations.

In building a power supply with three output voltages (12v DC, 5v DC, 120v DC), you can choose a different style of connector for each voltage and eliminate the possibility of making a mistake in hooking the wrong power to a module in the system, or use identical connectors and get a price break on the connectors by ordering a larger volume of one style. Justify your recommendation.

Many community colleges have also developed integrated curricula. The website at one of our comparison colleges states that the Electronics program emphasizes hands-on learning through experiments that are selected and paced to reinforce the
theoretical material. The program offers a low-cost, high-quality education and hands-on classes with much personal attention. Applied academics and linkages between academic and occupational courses are typical strategies used at community colleges, nevertheless, research suggests that these are still very much the exception in community colleges.

Although TECH COLLEGE did emphasize applications through course linkages and labs, the specific pedagogy used in the classroom is not distinguishable from the typical teaching styles evident at community colleges. All of the classroom teaching that we observed (in both developmental and regular classes) was characterized by lectures with some limited discussion based on questions and answers—what educators usually refer to as the “chalk and talk” method.

Finally, TECH COLLEGE students take a much more structured curriculum than community college students. While students at TECH COLLEGE are immersed in programs with a limited number of electives, at community colleges the selection of electives is vast and students are permitted, even encouraged, to sample among them. In contrast to TECH COLLEGE, curricular coherence at community colleges is achieved through the majors, and students for the most part meet graduation requirements through a distribution of credits across a number of disciplines. Even within majors, the general education requirements can be met by taking a wide variety of courses. Students also have significant choices within their specific occupational fields. In many community colleges, students are not even required to declare a major. Overall, community college students have greater choice and discretion in their course selection than students at TECH COLLEGE.
Course Sequencing

TECH COLLEGE sequences courses in such a way as to purposefully delay general education courses that might discourage students. The first two terms are composed of technical courses. This has two advantages over emphasizing the general education courses in the first semesters. First, many students are more likely to be interested and motivated by the concrete applied courses, than by the more abstract academic courses. Second, students who need developmental level work can complete it while they are taking their introductory technical courses. Students who arrive with academic deficiencies have much more trouble with the general education courses which generally require composition skills, for example. With this sequencing, students can get started on the applied field courses while they strengthen their academic skills. Students enroll in English during their third term, which is commonly referred to as the killer-semester because the failure rate for English is high (as it is among community college students). By third term, students are heavily invested in the program and more likely to repeat the course than if they failed it during their first term.

Overall, the teaching at TECH COLLEGE and at the community colleges was similar, particularly for instruction taking place in the classroom. The commitment of TECH COLLEGE to applied instruction was most evident in its greater use of labs and in its efforts to integrate general education and specific occupational courses. Table 7 summarizes the contrast between instruction at TECH COLLEGE and the general approach to instruction at the comparison colleges.

Student Services

TECH COLLEGE places a great deal of emphasis on admissions, counseling, and student services. Marketing is central to the admissions process. An integrated marketing strategy introduces potential customers to all areas of the campus. Recruiters go to students’ homes and make presentations to families or school groups. The college also
has an extensive print marketing program. The college’s emphasis on admissions is evident in the appearance of the admissions office. The reception area has a corporate feel, with matching carpets and sofas and motivational signs on the walls. Admissions counselors are young, professionally dressed and well spoken. In contrast, the admissions process at all of the comparison community colleges was more passive.

However many community colleges are becoming more active and focusing on marketing. Following some regulatory changes at the state level in 1995, one of the comparison community colleges had experienced a decline in enrollment, which prompted the college to embark on an extensive marketing campaign that included expanded high school outreach and the development of publications and other marketing materials.

In the past, for-profit colleges have been criticized for over-aggressive marketing to students who had little chance of success. This was a possible explanation for the low completion rates and high loan default rates that were common among many for-profit colleges in the 1980s. To be sure, schools that depend on tuition for revenues do have an incentive to lower admissions standards. However, TECH COLLEGE did require initial assessment tests and did reject students who did not pass those tests, a process that provided a check to overenthusiastic marketing. Moreover, the passing scores on the placement tests had just been raised at the TECH COLLEGE campus that we studied. Finally, under some circumstances, the admissions staff also got bonuses based on the completion rates of the students who they recruited, giving them an incentive to find better-prepared students. It is also worth noting that community colleges may be seen as having an incentive to increase enrollments by accepting students who have little chance of success, since FTE enrollments generate tuition, state, and sometimes local revenue.
As part of its marketing strategy, TECH COLLEGE seeks to project a professional and technologically sophisticated image. One strategy that it uses involves its state-of-the-art computer laboratory. This highly visible centerpiece of the TECH COLLEGE campus houses 300 new PCs in 1500 square feet. The wall between the lab and a heavily traveled hallway is nearly all glass, so that most students look into or attend class in this lab on a daily basis. The lab is full of students working individually and in small groups on a myriad of software and networking projects. A number of instructors and student aides move through the lab providing individuals with assistance. In addition, many of the students converse, comparing answers for project assignments and software challenges. The lab evokes an aura of professionalism and orderliness.

Admissions, financial aid, assessment, advisement and registration are closely linked at TECH COLLEGE, so that students remain under the same set of administrative practices for the first several terms. Students work with financial aid advisors to complete registration and financial aid forms online which smoothes the student entry experience. Academic advisors help students schedule classes, complete registration procedures and monitor their academic achievement for the first two terms, after which the student is assigned to a program area (major) advisor. By smoothing the entry experience for students, college officials hope to improve persistence and achievement.

TECH COLLEGE is proud of its career counseling and job placement services. Nationally, the college employs about 5 full-time counselors per campus whose job it is to help students find part-time employment while enrolled and full-time work after graduation. Every student is encouraged to start their employment search well before graduation, and alumni can continue to use the placement services after graduation. TECH COLLEGE provides extensive support for the career search of students and alumni through a national database of employers, national advertising, career seminars,
and career fairs.

TECH does track the employment experience of its graduates. Indeed, these data are published on the college website and they indicate that for graduates in 2000, about 95 percent of those who looked for work found work in education-related fields within six months of graduation. Average starting salaries for the different degrees, including all taxable compensation, ranged from $31 to $48 thousand. The data combine results from both two and four year programs.

In contrast, admissions, counseling, and placement are far less integrated at community colleges. In most colleges, students usually have to go to different offices or people for financial aid, credit transfer, course selection, and career planning. Overall counseling at community colleges is notoriously uneven, with very low counselor to student ratios (Grubb, 2001). At one of our comparison colleges, a student interested in discussing the possibility of studying in an information technology program had to wait a week to meet with a counselor. The college relied heavily on its website to answer student questions. At another comparison college, an exasperated faculty member stated:

Some of our students might not be willing to jump through all the hoops to get into the College and go through the student services processes. They have to fill out the application form without any help, make an appointment to go through advising where the counselors try to talk you into taking general education courses, get scheduled so they can sit through orientation, schedule a time to take an assessment test, go to another office to pay their fees… we make it kind of difficult for students.

Job finding and placement is usually a haphazard process. To be sure, many high quality community colleges have good relationships with employers, but often this is not a prominent institutional commitment as it is at TECH COLLEGE. Instead student employment placement for a community college is based on a case by case system of
individual faculty or staff using employment relationships for the students in their programs. As a result, while some success stories exist, it is more common that the quality of these relationships varies across programs, and the overall placement of students is inconsistent and sporadic. Idiosyncratic placement services at the periphery, are unlikely to have the type of focus and economies of scale that have contributed to the coordinated services and the highly publicized job placement results for graduates of TECH COLLEGE. At one of the comparison community colleges, a faculty member who had also taught at the local TECH COLLEGE campus acknowledged that TECH’s career assistance process was much more extensive and that the community college did not have the extensive network of contacts and alumni that TECH could draw upon in job placement.

Flexibility and Scheduling

Scheduling is another area in which TECH COLLEGE hopes to provide some extra value for their students. For-profits in general tend to have frequent entry and exit options, allowing students to blend study with work and family responsibilities. TECH COLLEGE starts program sequences three times a year. Faculty are available to assist students during evening and weekend hours. Computer labs are open seven days a week and library materials are available online. TECH COLLEGE, like many of its public competitors, also has several different weekly scheduling options. For example, students can attend classes in the morning, the afternoon, or two different evening time slots.

In addition to flexibility, the accelerated time to program completion is an attractive feature offered by many well-known for-profits. One for-profit college (not TECH COLLEGE) advertises that “by attending class just one night a week, you can earn your
degree years before you could at a traditional university—without interrupting your career!” Another states that their year-round schedule “helps students complete their education and enter the workforce sooner.” And at TECH COLLEGE, an administrator said that the “single greatest strength of the Electronics Technician program is that students are able to complete the program in a year and eight months.”

In order to reach new types of students TECH COLLEGE now offers accelerated programs for working students who have completed an associate’s degree. In attempting to respond to students’ desire for more autonomy and power over their academic careers, TECH COLLEGE designed an accelerated delivery system for just a few students, the system has become so popular that it has been expanded to several majors and is now open to many high performing, mature students. Thus TECH COLLEGE has broadened attendance options, so that students can move from full to part time if their employment situation changes, and from day to evening, thus enabling students to switch from traditional to alternative enrollment patterns.

Many community colleges also pride themselves on their flexibility and their willingness to accommodate working students. As we have seen, a student at a for-profit college is far more likely than a community college student to be attending full-time. Moreover, if a community college student attends summer school and takes a full load of courses, he/ she can certainly finish an associate’s degree in less than two years. And the staff at one of the comparison community colleges point out that, in many respects, their school had many of the convenient features of the for-profits. The school has set up a satellite campus in addition to the main campus; courses are offered on-line as well as during the day and evening; students get individual attention from counselors. Another comparison college also emphasized convenient scheduling, with classes offered in the morning, early afternoon, evenings and weekends.
But there are three distinctions between the for-profits and community colleges concerning scheduling that are worth noting. First, most community colleges face more difficulties than TECH COLLEGE does in developing non-traditional schedules. For example, the faculty contract in one city precluded the college from offering regular classes on Friday. Another community college cancelled some summer vocational offerings because they appeared to reduce fall enrollments in those classes. Second, as a result of the restrictions they face, many community colleges try to provide flexibility through continuing education and non-credit courses. TECH COLLEGE offers no such courses. Although many students may be seeking specific skills that can be most efficiently learned in a non-credit or stand-alone course, such courses are not suitable for students who want a degree. Third, while it is possible to accelerate the time to degree completion at a community college, an accelerated sequence is the norm at TECH COLLEGE where course sequencing and scheduling is designed explicitly to facilitate accelerated graduation.

Data Driven Decision Making

An institution can be more responsive to student needs if it has good information about what those needs are. More so than at the comparison community colleges, TECH COLLEGE monitors data on student progress to make curricular and programmatic decisions. During one of our interviews at TECH, the entire wall of the meeting room was covered with graphs of student retention by week across the five terms of an associate’s degree program. Because the administrators had identified a dip in retention during the term in which students traditionally had enrolled for Composition (second term), the sequence of the program was shifted so that students would take Composition third term when they had done some writing in technical courses and had devel-
oped a greater commitment to the program. Other graphs showed course taking patterns and movement among developmental education and subsequent credit courses.

Moreover, as we have seen, TECH COLLEGE also makes concerted efforts to track the employment experience of their graduates. These data can be used to assess trends in the effectiveness of the college placement services.

Public community colleges have recently come under increased federal, state and accreditation student performance accountability requirements, requiring increased data collection. Nonetheless, it is rare for individual faculty to review retention-within-course and across-program data or to use such data to change curriculum or sequences of courses. Moreover, most community colleges do not systematically keep track the employment experience of their graduates. Community college staff tend to rely on feedback from local employers and from students to get a sense of the employment success of their graduates. An institutional researcher at one of our sites argued that the increased reporting burden resulting from the accountability movement has actually diverted very scarce resources away from the type of useful analysis that we saw at TECH COLLEGE. He stated that “currently there are only two people at the district level that address the issue of institutional research, and they are overwhelmed by the required mandatory reports that must be completed for the district.” Thus TECH COLLEGE had more information than the comparison colleges to evaluate the outcomes of their programs, and was therefore in a better position to use such information for program improvement.

**Facilitating Transfer**

We have emphasized that for-profit institutions of higher education offer both 2- and 4-year degrees. Indeed, in the last year (1997-98) for which we had data, four-year
for-profit colleges conferred more associates than bachelors degrees. TECH COLLEGE is this type of hybrid institution. Combining two- and four-year programs within one college does facilitate transfer. TECH COLLEGE has created articulation between its Electronic Technician (associate degree) and Electronics Engineering Technology (baccalaureate degree) programs. Nevertheless, TECH COLLEGE administrators voiced some of the same frustrations about fitting together two and four year programs that one frequently hears at public four-year colleges. That is, it is difficult to convert all of the courses of a two-year terminal degree into the first two years of a four-year degree. Therefore, while the electronic technician courses do transfer, this is something that the college is still trying to improve.

The presence of the two-year program at the college does give TECH COLLEGE more options when counseling applicants for the baccalaureate degree. The associate degree Electronics Technician program accepts lower placement scores than do other programs, and students wanting to enroll in a program for which they fail the entry scores are counseled to enroll in the ET program until they improve their skills sufficiently to apply to one of the higher skill programs.

TECH COLLEGE staff report that these students, as well as students who apply directly to the ET program, are most likely to go to full-time work immediately after earning their associate’s degree, and may return later if they perceive a need for an additional credential.

TECH COLLEGE has also worked hard to attract transfer students from community colleges. The college has recently relaxed some of its credit transfer guidelines. As one administrator said,

We’ve just relaxed our policy in that regard [transfer] to be we think more thoughtful about how students come to us. So for example we used to have a requirement that transfer credit was from courses that were essentially the same as ours. English 101 for us had to be the same as English 101 from a community
college. We’ve moved away from that and have said the intent of our having
English 101 is to have, say a literary experience or a writing experience. If you
have a similar experience somewhere else, designed to accomplish the same
objective, that’s fine.

Students from every area community college could look at the TECH COLLEGE
website and find a list of courses that correspond to specific TECH COLLEGE courses.
Thus a quarter of TECH COLLEGE students enters with some community college
credits. The University of Phoenix is also well known for its articulation agreements
with local community colleges.

While for-profit colleges work hard to attract transfer students from public com-
community colleges, students at many for-profit colleges have difficulty transferring their
credits to public four-year colleges. This problem is most serious for those for-profits
that are not regionally accredited (Borrego 2001). The four-year colleges will simply
not accept the credits. Since TECH COLLEGE is regionally accredited, this is less of a
problem for their students.

Because TECH COLLEGE students increasingly put together their program of
study with components from a variety of sources, the traditional structured progression
has been altered. This may be an example of “unbundling,” in which students separate
the packages of courses that colleges provide, taking some courses at one college and
others from a different institution. Such an unbundling creates new pathways for
students to reach their academic and career goals, at the same time that it creates new
forms of competition, including the possibilities of subcontracting. For the last few
years, community college staff and state policy makers have been discussing the possi-
bility of subcontracting some remediation (Hebel 2001). And a community college in
Chicago has actually explored the possibility of contracting with a for-profit school to
provide instruction for their IT and business programs. Understanding how these
disjointed patterns contribute to a national system of job training and education is important.

Summary

In this section we have identified several important distinctions between TECH COLLEGE and the comparison community colleges:

1) The most important distinction has to do with the goals and mission of the different types of colleges. TECH COLLEGE conceptualized its mission in much narrower terms than any community college. Its goal is to prepare students for careers in a very limited number of technical careers. This goal is only one among dozens of objectives and functions of community colleges.

2) A second fundamental difference has to do with the nature of an academic culture. This has particular implications for the activities and role of the faculty. At TECH COLLEGE, the tradition of shared governance and faculty professional prerogatives is much weaker than at the community colleges.

3) The curriculum development process at TECH is centralized. College departments and individual faculty members have much more responsibility for program and course development in the community colleges.

4) TECH COLLEGE places much greater emphasis on degrees. TECH faculty and administrators emphasize that they have programs that lead to degrees and that the various parts of those programs fit together. In contrast, community college degree programs tend to be less structured, and community colleges are more likely to argue that many of their students do not want degrees and instead seek specific skills that can be learned in one or a small number of either credit-bearing or non-credit courses.

5) In terms of instruction, we found that the technical training, and even some of
the academic courses in TECH COLLEGE made more use of labs and tended to tie their academic courses to practical applications and to the occupational curriculum.

6) Student services such as admissions, counseling, and career placement are more integrated and better developed at TECH COLLEGE than at the comparison community colleges.

7) TECH COLLEGE places more emphasis on collecting and using data on student outcomes such as course completion and graduate employment.

**Perceptions of competition**

What are the perceptions of community college administrators about potential competition from the for-profit sector? We asked administrators and faculty at our comparison colleges to name the institutions that they considered their primary competitors. We also drew on results from fieldwork carried out at six additional community colleges for a different project by the Community College Research Center. At those colleges, presidents, other administrators, and faculty were asked to list their competitor institutions. These results are displayed in Table 8. Comparison sites are indicated with a “CS” label. The table first lists all of the institutions identified by administrators at the college as creating the most significant competition for the community college. The second panel lists all other mentioned competitors.

In only one case, did community college personnel identify a local for-profit institution as among the most important competitors. In all but two cases, community college staff cited the local four-year public college or university. One exception was a very academically oriented community college in New York City, and the staff there perceived a local private, not-for profit college as providing the most serious competition. Two colleges said that both local four-year public and local community colleges were the most impor-
tant competitors, and one listed a four-year public and a local private not-for profit.

In reviewing the perceptions of community college personnel, it is important to note that misperceptions about the for-profits are common at community colleges. Some personnel did not realize that they granted bachelor’s degrees and others thought that they did not teach any general or developmental education courses.

But some respondents are more knowledgeable than others. For example, a faculty member at one of the comparison colleges had also taught at TECH COLLEGE. He believed that the quality of education at the community college was just as good but that TECH had four specific advantages compared to his college. First, it could be more responsive in academic program change, whereas bureaucracy hampered the community college. Second, TECH COLLEGE provides access to a more extensive program-specific career network. Third, in their specific substantive areas, TECH COLLEGE provides focused training widely recognized by industry as meeting industry needs. This community college is actively trying to strengthen its collaboration with industry. And fourth, TECH COLLEGE simply has more advanced computers and technology in general, giving students better access to computers and facilitating the most up-to-date technical training.

Community college faculty view the comprehensiveness of the community colleges as another advantage, at least for many students. For example community colleges offer a much more extensive variety of liberal arts courses. Even for students who do want a technical degree, community college faculty emphasize that their colleges offer more opportunities for cultural enrichment and for a diverse and comprehensive educational experience. TECH COLLEGE and other focused for-profits are not seen as good places for students who do not know what field they want to study. As one community college administrator argued, “[Our college] is more suited to allow
students to participate in the exploration process of education rather than getting locked into a program before they have a chance to really know what they want. [Our college] provides students with options, not simply a job.”

Thus community college staff do not perceive that for-profit institutions are a significant threat to their college’s enrollment. They also tend to hold traditional views about the narrowness and generally low quality of for-profit education, although in most cases, they have little direct knowledge of the specific programs or students at the for-profits.

Conclusion: Review of the Three Arguments

We started this report with three arguments about the for-profit sector in higher education. The first was that for-profits are a competitive threat to community colleges. The second proposed that for-profits provide a more flexible, convenient, and responsive education than community colleges. Finally, we considered the suggestion that the for-profits “train” while community colleges “educate.” The data analysis presented in this report provides a foundation to re-examine those questions.

The competitive threat of the for-profits

At least through 1998, the last date for which the national sample of post-secondary institutions is available from IPEDS, for-profit institutions enrolled a very small share of total higher education students. Among the two-year schools, for profit enrollments accounted for less than 5 percent of all students and less than one percent of enrollments in regionally accredited institutions. And enrollments in the two-year for-profits actually dropped during the middle part of the decade. Enrollments in four-year for-profits accounted for an even smaller share of the student market, although in this case, the for-profit market for all four-year institutions and for the regionally accredited
colleges did grow slightly.

These numbers hardly reflect a strong competitive threat, although this complacent view needs to be tempered by some important observations. First, it is likely that the numbers have grown since the 1997-98 school year. Second, it is possible that underreporting of enrollments is greater for the for-profits. Nevertheless, we suspect that this may be more the case for those that are not regionally accredited and those that are not seeking financial aid for their students. Such schools would also be the least likely to pose a threat to community colleges. Third, the for-profits account for a much larger share of completed certificates and associates degrees than their share of enrollments. This suggests that for-profit students are more likely than community college students to complete degrees. Finally, the four-year for-profits confer as many associates degrees as they do bachelors degrees. Thus in evaluating the potential for competition, the community colleges need to think about the four-year schools as well. Moreover, hybrid schools—those that confer both two and four year schools may have important advantages over community colleges for promoting transfer. (As we have pointed out, there is an on-going controversy about this issue among community college personnel.)

But in addition to the low number of enrollments, there are other reasons to believe that the for-profits do not represent a fundamental direct threat to community colleges. Community college faculty and staff do not perceive a threat from the for-profits. To be sure, they may not necessarily perceive a threat that is actually there, but they do have a well attuned sense of competition from other sources—the four-year public colleges in particular.

The tuition levels also provide a huge buffer for the community colleges. In most states, the for-profits are still many thousands of dollars more expensive than the com-
munity colleges, even though the students at for-profits do get disproportionately more financial aid. However, for-profits have greater access to capital, which allows for larger up-front investments in equipment, course development, and technology.

As illustrated by our case study data, the focused course offerings offered by TECH COLLEGE also mitigate the direct competition between it and surrounding community colleges. So long as the demand for the technology fields for which TECH educates workers continues to grow, it is unlikely that TECH COLLEGE or other schools like it will have a significant negative influence on community college enrollments. The significant point here is that this college has a specific focus, and while it is providing education that community colleges also serve, it is only a very small part of the overall activities and functions of the public institutions. Indeed, TECH COLLEGE would not serve the interests of the large majority of community college students, because they are interested in fields of study that TECH does not offer, because they are still undecided about what they want to do, or because they simply can not afford the tuition. Of course it is possible that many narrowly focused colleges will be created and, as a group, begin to compete with many of the college’s functions. If this is happening, we have not seen much evidence of it. Data on overall enrollments do not suggest a broad growth of for-profits and for the most part, the for-profits that have grown recently are concentrated in the technology and business fields.

The for-profits are still for the most part pursuing what might be called a *niche strategy*. Certainly, for the community college programs in those niches, the for-profits present potential competition. But so far, the for-profits appear to be concentrated in a limited number of niches, and in any case, the much lower tuition at community colleges continues to provide a significant buffer to competition.

Our study suggests that, rather than characterize the relationship between the
for-profits and community colleges as one of competition, it would be more accurate to characterize the relationship as a division of labor with a few areas of overlap. This situation arises partly from the highly focused strategies pursued by the for-profits, thereby, at least so far, limiting the fields in which direct competition could take place. Moreover, in many cases, the four-year for-profits see the community colleges as a source of students and appear to have worked harder than their four-year public counterparts to attract community college transfer students. This is important from the point of view of the community colleges because it is the four-year sector among the for-profits that has grown most rapidly. Given this trend, it is possible that the growth of four-year for-profits that have transfer agreements with community colleges may benefit these public institutions.

Convenient, responsive, and customer oriented education

One of the common themes in the discussion of the growth of the for-profits is that they have developed a more streamlined, responsive and customer oriented approach to delivering post-secondary educational services. Our case study evidence does suggest that this contrast holds for TECH COLLEGE in relation to the three comparison colleges.

TECH COLLEGE does emphasize convenient scheduling and accelerated degree completion, although even with this flexibility we found that the basic structure of TECH COLLEGE did not radically depart from the more traditional curricular approaches typically used by community colleges. TECH COLLEGE is also trying to develop more convenient scheduling and has recently started a much more flexible and self-directed program that is small but growing rapidly. TECH’s recent efforts to attract transfer students are another indication of their interest in facilitating more flexible
options for students. But TECH’s course development system is not particularly flexible. The centralized process that emphasized consultation with businesses took up to a year to run its course, so TECH also takes time to respond to shifts in the educational needs of the fields in which it is involved.

TECH COLLEGE does emphasize accelerated degree completion through year-round study. Community college students in some states may attend school year-round, but while this may be common among certain self-motivated students at the community college, it is considered the norm at TECH COLLEGE. The differences in the nature of the faculty roles and contracts give the for-profits more flexibility in scheduling and sequencing, although it is important to note that community colleges are working hard to address this as well. Moreover, the public comparison institutions are much more likely to seek convenience and flexibility through offering continuing and non-credit education as well as customized training. But these entrepreneurial activities operate on the periphery of the degree-granting core of the community college. As we have pointed out, TECH COLLEGE does not even offer these more peripheral activities.

The contrast between TECH COLLEGE and the community colleges included in this study is perhaps greatest in the area of student services. This is ironic because community colleges themselves often contend that they provide more personalized and caring student services than their four-year public counterparts. Yet, it does appear that student services from admissions to job placement are more integrated and focused at TECH COLLEGE than at the comparison community colleges. The process of enrollment, course selection, credit transfer, and financial aid are coordinated, and the counseling system is simplified. Even staff at the community colleges we studied acknowledge that the job placement services and the alumni network at TECH COLLEGE are more effective. In the end, TECH COLLEGE does emphasize convenience, accelerated
completion, and coordinated student services more than the comparison community colleges.

*Educational Quality*

Critics of the for-profits argue that they “train” while community college “educate”. By going to a for-profit college students trade off access to short-term technical skill development at the expense of a solid educational foundation for long-term career (and personal) development. Much of the research on which the negative reputation of proprietary schools is based was carried out during the 1970s and 1980s—before the 1992 changes in the Higher Education Act. As we have suggested in this study, at this time, today’s most successful and well-known for-profits institutions share more characteristics with public community colleges and four year colleges than the typical proprietaries of earlier decades.

Nevertheless, the more focused strategy of TECH COLLEGE and many of the other for-profits does have implications for the nature of the education their students receive. TECH COLLEGE would appear to be most effective for a student who has definitely chosen a career in one of a small number of technical fields. If “education” means providing an environment in which undecided students can explore a variety of fields, then there is no question that community colleges provide more of that. And even for students headed for technology careers, the public institutions offer many more options for educational experiences outside of their chosen career area. But for the student who has chosen a general career direction, this study leaves open the question whether TECH COLLEGE is any more or less effective in preparing students for long-term career development than the nearby community colleges. TECH COLLEGE does have fewer course options, but it is not clear that a larger selection of electives and
academic courses offered at a community college would provide a stronger, broader and more flexible foundation for long-term career development within that chosen field. On the one hand, a student who wants to pursue a more flexible long-term career development strategy could get a broader and more diverse intellectual experience at a community college. At the same time though it is possible that some students, especially students who do not have a strong educational background, may be more successful in structured programs such as those at TECH COLLEGE rather than in a more loosely related set of courses and options that characterize many community college programs.

At TECH COLLEGE many of the academic courses are related to practical courses, but this reflects a commitment to an applied pedagogy. A significant number of educators believe that this is a more effective pedagogy. Although the benefits of applied learning and the integration of academic and vocational education remain controversial, there certainly is no general consensus that they are inferior pedagogic strategies. Given these differences in opinion, at best our research suggests that students can achieve an educational foundation on which to build a long-term career both at TECH COLLEGE and at neighboring community colleges. Students who have already decided on a career in one of the areas in which TECH COLLEGE offers degrees, may find extra leverage by attending TECH COLLEGE rather than a community college.

**Community college and for-profit student outcomes**

Have the for-profit institutions developed a more effective post-secondary educational strategy? TECH COLLEGE emphasizes a coordinated and comprehensive approach to student services and greater attention to measuring and analyzing outcomes. It is difficult to argue against these measures, especially for the types of stu-
ents who are most likely to attend either TECH of local community colleges, although a comprehensive assessment would have to balance the extra costs of these programs against the benefits. Other features of the TECH COLLEGE strategy such as more applied instruction, more focused and structured curricula, and a greater emphasis on degrees are also attractive for many students. But community college staff argue that their institutions provide a more thorough commitment to general education and the liberal arts.

Critics of community colleges have been chiding the colleges for many years for their attempts to be “all things to all people.” More than 15 years ago, the influential community college scholar Pat Cross asked, “Can any college perform all of those functions with excellence—or even adequately in today’s climate of scarce resources and heavy competition for students?” (Cross, 1985, p. 35) The leaders of TECH COLLEGE would probably agree. Moreover, it is logical that a more focused mission can facilitate curriculum planning, student services, career counseling and job placement. For example, job placement counselors can focus on a much more limited list of potential employers and student advisors have many fewer options about which to advise. On the other hand, community college faculty argue that their institutions offer a wider set of choices which is especially appropriate for students who are still exploring a variety of career options.

Unfortunately, definitive empirical analysis of these alternative approaches is not available. The data that we have presented on enrollments and degree completions in Tables 3 through 6 provide a rough measure of completion rates, and they do suggest that students who enroll in for-profit institutions are more likely to leave with a degree or formal certificate of completion. NCES longitudinal data on students who started post-secondary education in 1995 are also consistent with this. While we think that
these data are suggestive, such comparisons might be misleading since the characteristics of the students in the two types of schools might be different, nevertheless, the higher minority enrollments in the for-profit institutions hints that the higher completion rates are not simply a reflection of greater selectivity in admissions and enrollment.

TECH COLLEGE does publish data on its website on the employment experience of its graduates, and these data suggest that the large majority of TECH graduates get jobs at good salaries. Indeed, in some programs 99 percent of graduates who looked for work found jobs in areas related to their education within six months of leaving the college. Unfortunately, our comparison community colleges, and indeed most community colleges, do not keep comparable information on employment of their graduates.

Thus we are left sense that TECH COLLEGE students have success in the labor market, but unfortunately we do not have a good comparison between the student outcomes for community colleges and for the for-profits. Our judgments about the effectiveness of the institutions must therefore be based on our assessments of the value and strength of the various policies that make up the overall strategies used by the different institutions. Based on that, our assessment is that community colleges have a good deal to learn from successful for-profit institutions.

Implications for Community Colleges and Further Research

What are the implications of this analysis for community colleges? The for-profits are a growing segment of the higher education enterprise, and they provide education at the associate degree level. Nevertheless, their share of enrollments remains tiny, and the most robust and fastest growing for-profit post-secondary institutions are in the four-year segment. This certainly does not mean that the for-profits are not competitors in some sectors and for some programs. Rather, unless trends change
drastically, their overall impact, at least for the next decade, will not be large.

But this certainly does not mean that all is well with community colleges. While exaggerating the competitive threat of the for-profits might be a useful motivation for reform in the public sector, a more measured assessment of that threat does not imply that reform is not necessary. For-profit institutions have been able to attract many of the same types of students who enroll in community colleges despite higher tuition. This alone would suggest that college administrators might find useful lessons in the operations of the for-profits.  

The much more focused mission and programs at TECH COLLEGE are key factors that differentiate TECH from the surrounding community colleges. Community colleges, as we have emphasized, have a more comprehensive and ambitious mission and we have argued that this complexity creates many difficulties. Does this suggest that community colleges should also seek to narrow their missions and focus on a much smaller number of activities or “core competencies?” Although this is an interesting question, at this point there is no definitive answer; and in any case, strong current incentives push community colleges to continue to take on more functions and activities. Thus despite many calls over the last two decades to narrow college missions, all of the current trends indicate that the community colleges will become even more comprehensive and complex. Community colleges would find it extremely difficult to significantly simplify their mission without abandoning many of the legitimate functions that state legislatures and indeed the public expect from them. Therefore, community colleges must look for lessons in the context of their own comprehensive and expanding missions.

One approach might be to try to create more focused schools or programs within a particular community college. Academic courses and professors and student services
personnel could be attached to these programs and therefore allow them to tailor their activities to the particular substantive field. Some centralization of course development might also be achieved in multi-campus colleges or within multi-college districts. But this would only be feasible for large programs that are able to justify the expense of their own independent administrative service structure. As an alternative, smaller programs might share some of these services to achieve greater specialization, even if minimal.

Our analysis suggests some additional changes that community colleges could make even within their comprehensive structures and missions. Student services are notoriously lacking at public colleges. Students complain that community colleges package information for administrative rather than student convenience. The colleges’ breadth and diversity do complicate the delivery of high quality student services, but they make such services that much more important. The choice and variety available to students may be assets that allow students to discover their interests and broaden their education, but they will not be very effective if students are not provided adequate information and guidance to help them navigate the complexity and make informed choices. This is particularly true for students commonly found in community colleges, who have weak academic skills, who have not had much success in their previous schooling, who have little information about what they need to do to achieve particular occupational goals, and whose personal networks may not be effective in helping them find jobs. Nevertheless, advising and students services are often only minor activities at community colleges. Thus community colleges can certainly learn from the more coordinated and intensive student services and counseling found at TECH COLLEGE and other high quality for-profits.

Many community college administrators believe that faculty prerogatives and
the traditional academic practices as well as state regulations stand in the way of better student services and more entrepreneurial behavior. It does appear that these traditions (and even contractual arrangements, especially where there are faculty unions) do complicate schedule flexibility and restrict the type of centralized curriculum development that we observed at TECH COLLEGE.

Three questions are important to address in evaluating the implications of the traditional faculty culture. First, what difference does centralized curriculum development make? As we have seen, advocates of both centralized and decentralized approaches have reasonable arguments, but we need better research to determine the conditions under which one or the other might be more effective or efficient. Second, it would be interesting to understand more about the faculty culture at the for-profit institutions. Unlike some for-profits that use many adjuncts, TECH COLLEGE relies primarily on full-time faculty. How do they view their jobs and their professional prerogatives? How different are their perspectives from those in public institutions? Third, it is important to understand how to achieve flexibility within the current faculty culture, including on those campuses where faculty are unionized. Unions in the private sector have demonstrated they can work with their employers in innovative and more flexible work arrangements without compromising the interests of their members.

Community colleges do keep a great deal of data, but it is rarely kept in a form through which it can be easily used as a foundation for program improvement. For example, community college staff often argue that many students enroll in the colleges with no intention of graduating—they are simply in search of skills and when they acquire those skills, they leave. The implication of this is that low graduation rates, according to this view, should not be taken as an indication of institutional failure. But most students, when asked, do say that they want degrees, and indeed the majority of
community college students say that they want bachelors degrees (Schneider and Stevenson 1999). These may be unrealistic expectations, but community college staff have trouble backing up their arguments because most community colleges have no systematic data on the educational and employment experience of their students after they leave. The studies that would produce this type of data are difficult to conduct, nevertheless, TECH COLLEGE is able to track its graduates for at least six months after they leave. A commitment to comprehensive data collection and its analysis for program improvement is something else that community colleges can learn from the for-profits.

The role of certificates in education and employment is another area that needs much more attention. If there is a large demand for packages of skills that do not require a full two years to learn, then it would make sense to develop formal credentials that would certify those packages of skills. But we have very little systematic information about the content and educational and economic effect of these credentials. We have seen that the for-profits in general, although not TECH COLLEGE, make proportionately much more use of certificates than the community colleges. Therefore, once again, community colleges may have something to learn from the more extensive experience the for-profits have with certificates.

These conclusions are based on an examination of the programs and services offered at a few institutions that are arguably not representative. For more generalizable conclusions and deeper levels of analysis, additional research based on national data is needed to better understand the educational and economic benefits of for-profit versus non-profit public and private institutions. Such information would help both students and employers make better informed decisions. Current data available from the National Center for Education Statistics (NCES) do not allow a definitive analysis of
these issues. One reason is that in the nationally representative population surveys, the sample size of for-profits is too small as a result of their small enrollments. Second, categorizations of for-profit schools often fail to distinguish between accredited schools that are most likely to compete with public institutions and the lower quality institutions that were more common before the 1992 amendments to the Higher Education Act. Third, the quality of the self-reported data provided by the proprietary schools, especially to the Integrated Postsecondary Data Systems (IPEDS), has questionable reliability. NCES will need to make progress on these issues before we can gain more definitive answers about the relative effectiveness of these different types of educational institutions.

In the meantime, researchers could make headway pursuing case study projects that examine the organizational issues that facilitate and constrain the rearrangement of student services and the potential for decentralized functions within larger organizations. In addition, an important line of research is to study the potential for collaboration between community colleges and local for-profits, including the potential benefits and liabilities of emerging organizational arrangements (such as sub-contracting and outsourcing.) We need to understand how the phenomenon of unbundling educational services creates new pathways for students to reach their academic and career goals, and how students can be best supported to take advantage of the full range of resources provided by community colleges and their for-profit counterparts.
References


1 See Ortmann, (1998) for a discussion of this criticism.

2 The sample of respondents and the nature of these interviews is discussed in the case study section of this report.

3 In order to be eligible for federal financial aid, students must be enrolled in an program or institutions authorized under Title IV of the Higher Education Act of 1965. Such institutions are referred to as “Title IV eligible institutions.” To be Title IV eligible, institutions must be accredited by an accreditation agency approved by the U.S. Department of Education.

4 Regional accreditation is considered the gold standard of accreditation. Although Bender identified 23 percent of baccalaureate and associate degree granting proprietary institutions as accredited by a regional accrediting agency, our study shows a much smaller proportion (see Tables 5 and 6).

5 While females are the majority at most for-profits, they are the minority at the proprietary institution we studied in this report — an institution that emphasizes technical careers.

6 It is perhaps surprising that the acceptance rate at public two-year schools is as low as 86 percent, but this partly reflects capacity constraints. Some community colleges, receive more applicants than they have places. When this is true, students are accepted on a first-come first-serve basis. It is also possible that students who fail assessment tests and are required to take non-credit developmental education course before matriculating are not considered to have been accepted.

7 While the periods are not the same, the implications of these two trends are so different that it is unlikely that analyses based on the same periods could make that much difference.

8 On the other hand, the small number of regionally accredited two-year for-profits look much more like their public sector counterparts.

9 Advocates argue that there is a market for the applied BA, especially among students who start out at
community colleges. Critics worry that if community colleges start to emphasize BAs, that they will lose sight of their mission to provide wide access to post-secondary education for all students. The for-profits are less constrained by these considerations.


11 ibid, p. 8-9.

12 Many community college staff argue that it is a mistake to focus too much on credit courses and degrees. According to this view, many students, perhaps the large majority, are not seeking degrees and their needs are being met by non-credit courses or by sequences of credit courses that do not necessarily result in degrees. An over-preoccupation with degrees fails to recognize and accommodate specific student needs.

13 See Grubb 1995 Education Through Occupations and the articles included in the publication for arguments in favor of the integration of academic and vocational education.

14 See for example Breneman and Nelson (1981) and see Bailey and Averianova (2000) for a review of this issue.

15 It is also interesting that for-profit institutions of higher education continued to be attractive to investors even after the sharp declines in stock market indices in 2000 and 2001 (Borrego and Blumenstyk, 2001).

16 See Bailey (2001) for a discussion of why community colleges continue to take on more functions.

17 Many popular programs in community colleges such as those in nursing already follow this approach.
### Table 1: Institutional characteristics and enrollment by level and control, 1997-98

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private-non-profit</th>
<th>For-profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Two-year</td>
<td>Four-year</td>
<td>Two-year</td>
</tr>
<tr>
<td>Number of institutions</td>
<td>1,239</td>
<td>594</td>
<td>539</td>
</tr>
<tr>
<td>Enrollment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unduplicated fall</td>
<td>4,646</td>
<td>7,889</td>
<td>247</td>
</tr>
<tr>
<td>Unduplicated full-year</td>
<td>7,689</td>
<td>9,375</td>
<td>255</td>
</tr>
<tr>
<td>Institutional characteristics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-time faculty</td>
<td>57.4%</td>
<td>29.2%</td>
<td>46.7%</td>
</tr>
<tr>
<td>Part-time undergraduates</td>
<td>55.4%</td>
<td>24.2%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Female undergraduates</td>
<td>58.1%</td>
<td>55.8%</td>
<td>70.0%</td>
</tr>
<tr>
<td>Acceptance Rate</td>
<td>86.6%</td>
<td>75.2%</td>
<td>77.7%</td>
</tr>
<tr>
<td>Student demographics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pct Black</td>
<td>12.1%</td>
<td>11.9%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Pct Hispanic</td>
<td>7.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Pct Asian</td>
<td>3.6%</td>
<td>3.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Pct Minority</td>
<td>25.1%</td>
<td>22.2%</td>
<td>21.2%</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, IPEDS fall enrollment and institutional characteristics file, 2000
Table 2: Average tuition (sticker price) and financial aid by level and control, 1995-96

<table>
<thead>
<tr>
<th>Number of institutions</th>
<th>Public Two-year</th>
<th>Public Four-year</th>
<th>Private, Non-profit Two-year</th>
<th>Private, Non-profit Four-year</th>
<th>For-profit Two-year</th>
<th>For-profit Four-year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>875</td>
<td>548</td>
<td>89</td>
<td>1,086</td>
<td>912</td>
<td>157</td>
</tr>
</tbody>
</table>

**Price, financial aid, and tuition per FTE student**

- **Tuition (Sticker price)**: $1,685 $3,594 $7,604 $10,875 $7,302 $9,153
- **Outside financial aid***: $643 $493 $1,633 $3,284 $1,347 $693
- **Institutional financial aid**: $327 $788 $794 $465 $1,183 $756
- **Income per student***: $1,358 $2,806 $6,810 $10,410 $6,119 $8,397
- **Net tuition****: $715 $2,313 $5,177 $7,127 $4,771 $7,704


*Outside financial aid: All financial aid from sources other than the college in which the student is enrolled.

**Institutional financial aid: All aid provided by the college in which the student is enrolled. This is in effect a price discount given by the school to the student.

***Income per student: This is the tuition minus the institutional financial aid. The is what the college receives for each FTE enrolled student.

****Net tuition: The amount that the average student must pay and it is calculated by subtracting outside and institutional aid from the tuition.
### Table 3: Two-year enrollments by sector and accreditation status, 1992-93 and 1997-98

<table>
<thead>
<tr>
<th></th>
<th>1992-93 Academic year</th>
<th>1997-98 Academic year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Institutions</td>
<td>Percent of Total</td>
</tr>
<tr>
<td>Public</td>
<td>5,636,526</td>
<td>93.8%</td>
</tr>
<tr>
<td>Not-for-profit</td>
<td>125,004</td>
<td>2.1%</td>
</tr>
<tr>
<td>For profit</td>
<td>247,602</td>
<td>4.1%</td>
</tr>
<tr>
<td>Total</td>
<td>6,009,132</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, IPEDS institutional characteristics file, 2000

### Table 4: Four-year enrollments by sector and accreditation status, 1992-93 and 1997-98

<table>
<thead>
<tr>
<th></th>
<th>1992-93 Academic year</th>
<th>1997-98 Academic year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Institutions</td>
<td>Percent of Total</td>
</tr>
<tr>
<td>Public</td>
<td>4,731,692</td>
<td>68.8%</td>
</tr>
<tr>
<td>Not-for-profit</td>
<td>2,072,449</td>
<td>30.1%</td>
</tr>
<tr>
<td>For profit</td>
<td>72,253</td>
<td>1.1%</td>
</tr>
<tr>
<td>Total</td>
<td>6,876,394</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, IPEDS institutional characteristics file, 2000
Table 5: Degrees and certificates awarded at two-year institutions, including regionally accredited, by control, 1997-98

<table>
<thead>
<tr>
<th></th>
<th>Public</th>
<th>Private</th>
<th>For-profit</th>
<th>Total</th>
<th>Total Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Row Pct</td>
<td>Total</td>
<td>Row Pct</td>
<td>Total</td>
</tr>
<tr>
<td>Less than one year certificate</td>
<td>124,986</td>
<td>83.5%</td>
<td>1,513</td>
<td>1.0%</td>
<td>23,252</td>
</tr>
<tr>
<td>Total</td>
<td>149,751</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than two year certificate</td>
<td>108,317</td>
<td>73.6%</td>
<td>4,506</td>
<td>3.1%</td>
<td>34,411</td>
</tr>
<tr>
<td>Total</td>
<td>147,234</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associates degree</td>
<td>429,200</td>
<td>87.3%</td>
<td>18,097</td>
<td>3.7%</td>
<td>44,223</td>
</tr>
<tr>
<td>Total</td>
<td>491,520</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>662,503</td>
<td>84.0%</td>
<td>24,116</td>
<td>3.1%</td>
<td>101,886</td>
</tr>
<tr>
<td>Total</td>
<td>788,505</td>
<td>100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: National Center for Education Statistics, IPEDS completions file, 2000
Table 6: Degrees and certificates awarded at four-year institutions, including regionally accredited, by control, 1997-98

<table>
<thead>
<tr>
<th>Degree Type</th>
<th>Public Total</th>
<th>Pct</th>
<th>Private Total</th>
<th>Pct</th>
<th>For-profit Total</th>
<th>Pct</th>
<th>Total</th>
<th>Row Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Less than two year certificate</strong></td>
<td>3,478</td>
<td>36.2%</td>
<td>5,063</td>
<td>52.7%</td>
<td>1,069</td>
<td>11.1%</td>
<td>9,610</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Associates degree</strong></td>
<td>37,042</td>
<td>45.1%</td>
<td>31,588</td>
<td>38.5%</td>
<td>13,493</td>
<td>16.4%</td>
<td>82,123</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Bachelors degree</strong></td>
<td>776,504</td>
<td>66.2%</td>
<td>384,095</td>
<td>32.8%</td>
<td>12,116</td>
<td>1.0%</td>
<td>1,172,715</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>817,024</td>
<td>64.6%</td>
<td>420,746</td>
<td>33.3%</td>
<td>26,678</td>
<td>2.1%</td>
<td>1,244,448</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Regionally accredited four-year institutions

<table>
<thead>
<tr>
<th>Degree Type</th>
<th>Public Total</th>
<th>Pct</th>
<th>Private Total</th>
<th>Pct</th>
<th>For-profit Total</th>
<th>Pct</th>
<th>Total</th>
<th>Row Pct</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Less than two year certificate</strong></td>
<td>3,478</td>
<td>45.9%</td>
<td>3,946</td>
<td>52.0%</td>
<td>159</td>
<td>2.1%</td>
<td>7,583</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Associates degree</strong></td>
<td>37,042</td>
<td>52.0%</td>
<td>29,786</td>
<td>41.8%</td>
<td>4,404</td>
<td>6.2%</td>
<td>71,232</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Bachelors degree</strong></td>
<td>776,501</td>
<td>66.6%</td>
<td>380,106</td>
<td>32.6%</td>
<td>9,197</td>
<td>0.8%</td>
<td>1,165,804</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>817,021</td>
<td>65.6%</td>
<td>413,838</td>
<td>33.3%</td>
<td>13,760</td>
<td>1.1%</td>
<td>1,244,619</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
### Table 7: Instruction Compared

<table>
<thead>
<tr>
<th></th>
<th>For Profit</th>
<th>Community College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Classroom Pedagogy</td>
<td>Mostly Chalk and talk</td>
<td>Mostly Chalk and talk</td>
</tr>
<tr>
<td>Occ./Gen Ed Integration</td>
<td>Most Gen Ed courses explicitly linked</td>
<td>Most Gen Ed Courses independent - resistance from ac. prof.</td>
</tr>
<tr>
<td>Labs</td>
<td>All Technical courses</td>
<td>Several Gen Ed Courses</td>
</tr>
<tr>
<td></td>
<td>Gen Ed Delayed</td>
<td>Most Technical Courses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A Few Gen Ed Course</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Early Gen Ed</td>
</tr>
</tbody>
</table>
Table 8: Perceptions of Competition

<table>
<thead>
<tr>
<th></th>
<th>Suburban Illinois (CS Site)</th>
<th>Urban Florida</th>
<th>Urban New York (CS Site)</th>
<th>Rural New York</th>
<th>Urban California</th>
<th>Suburban Calif. (CS Site)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Most significant</strong></td>
<td>1 Private not-for-profit four year school and one for-profit four year</td>
<td>1 Public University</td>
<td>3 Private not-for-profit colleges</td>
<td>2 Public community colleges</td>
<td>2 public universities and 2 community colleges</td>
<td>2 Public Universities, 2 community colleges</td>
</tr>
<tr>
<td><strong>Other listed competitors</strong></td>
<td>2 private not-for-profits</td>
<td>1 Public University, local CC's, 1 for-profit four year college</td>
<td>Local public 4-Year - Business &amp; computer proprietaries, 1 for-profit four year, 1 for-profit two year college</td>
<td>public universities and 1 for-profit four year</td>
<td>2 private not-for-profit colleges, 2 public universities, 2 for-profit four-year colleges, and 3 for-profit two-year colleges</td>
<td>National U. (AA too), 1 private 4- and 2-year college 1 for-profit four year college</td>
</tr>
</tbody>
</table>