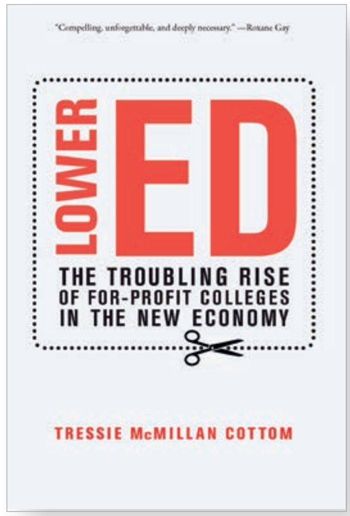
Paying More for Less

Lacking opportunity, the poor turn to for-profit colleges

Lower Ed: The Troubling Rise of For-Profit Colleges in the New Economy
by Tressie McMillan Cottom

The New Press, 2017, $26.95; 240 pages.

As reviewed by Claudia Goldin



Higher education comes in many flavors—public colleges and universities, nonprofit private, and for-profit private. All have become more popular as the monetary returns to college and university degrees and to certificates have increased. The phenomenal growth of one of these types—the for-profit private sector—is the focus of Tressie McMillan Cottom's passionately written and disquieting book.

Cottom comes to the subject with firsthand experience, having worked as a recruiter (enrollment officer) for two for-profit institutions, one specializing in cosmetology and the other in technology. She writes with disdain about the for-profits: the institutions, the people who run them, the Wall Streeters who bankroll them. But she reserves her greatest scorn for the labor-market conditions that have fueled them and for the absence of a government jobs policy. "When we offer more credentials in lieu of a stronger social contract, it is Lower Ed," Cottom writes. "When we ask for social insurance and get workforce training, it is Lower Ed. When we ask for justice and get 'opportunity,' it is Lower Ed." *Lower Ed* is the story of those who walk through the doors of the for-profits in search of a better life.

In the last 15 years, the for-profits have ballooned. In the fall of 2000, this sector enrolled 4.5 percent of all postsecondary students. By 2010, that share had grown to a whopping 11.5 percent. But in the wake of criticism and investigation during the Obama administration, the for-profits' portion declined to 8 percent by 2015, exactly where it had been at the start of the Great Recession. Other data series (for example, the fraction of students completing any degree or certificate program) show higher levels but similar trends. Some for-profit enrollments, however, have not undergone declines. Disturbingly, to me and to Cottom, the for-profit share of bachelor's degrees awarded grew from virtually nothing in 2000 to about 8 percent in 2015.

Cottom's evidence is largely ethnographic, and that is the source of her book's unique contribution. She's not a numbers person (those in this review are mine). She interviewed 109 for-profit students, whose cameo appearances tell us why poor people often pay more for less. Jason, in his early 20s, needed handholding to fill out his financial-aid form. London, a 48-year-old woman, was a recidivist enrollee, always seeking another vocation. Mike, 32, had a bachelor's from Morehouse College and wanted to add the initials MBA after his name. Janet, 35, and her "Swagger" girlfriends (Sisters Working to Achieve Greatness) paid dearly for the PhD label and couldn't have cared less about the institution from which it came.

Like these students, most who attend for-profit institutions tend to be older than traditional college age. They are also disproportionately female, single-parent, black, low income, in debt, and first-generation college-goers. The for-profit business model is designed for them, with its rolling admissions, night classes, online degrees, occasional handholding and babysitting, and career counseling thrown in with the hard sell. Most notably, the for-profits help students fill out their financial-aid forms. Enrollment officers are paid to make certain these forms are completed. The business model also requires that most students qualify for federal student aid of some type. These institutions spend inordinately on advertising, including posters on public transportation and commercials on late-night television. The fact that most for-profits aim for the poor may be deemed prima facie evidence that they are unethical, since the poor are often desperate to improve their circumstances and ill informed as consumers in the education market. But one needn't carry the argument that far. There is direct evidence of the for-profits' dishonesty.

A 2010 U.S. Government Accountability Office audit study of for-profits used hidden cameras to reveal fraud in the process of filling out financial-aid forms and deception in the information given to prospective students about available jobs, degree cost, and program duration. From Cottom, in her role as enrollment officer, we learn of the pressure the deceivers face. She was required to praise Jason's performance on an admissions test that he barely passed and to lead him through the financial-aid paperwork. She was instructed to tell Jason he was a "loser" if he didn't sign the enrollment agreement.

But even Cottom admits there is a bright side to this picture, and that not all for-profits are evil. The cosmetology school and other career-training colleges "helped people," she writes. Community colleges are crowded, have little support staff, and demand students take costly remedial courses. The for-profits, on the other hand, by rarely requiring such courses, assisting students with paperwork, and even driving them to obtain needed documents, help alleviate their time constraints.

Together with colleagues, I have studied the for-profit sector in an attempt to understand why it is less successful than traditional colleges and universities in various ways and to estimate what for-profit degrees are worth in the labor market. In one study, we used a large data set on postsecondary students that tracked them for six years after college entry. Relative to equivalent community-college entrants, for-profit students advanced faster through the short programs that often result in certificates. But relative to public four-year institutions, the for-profits were less able to get equivalent students through BA programs, and they left students in far greater debt. Cottom's statement that "the best data we have on students in for-profit colleges relies either on the accuracy of the schools' self-reports or on a snapshot of students enrolled at any one time" is incorrect. We have a lot more data—but there is still much that is missing.

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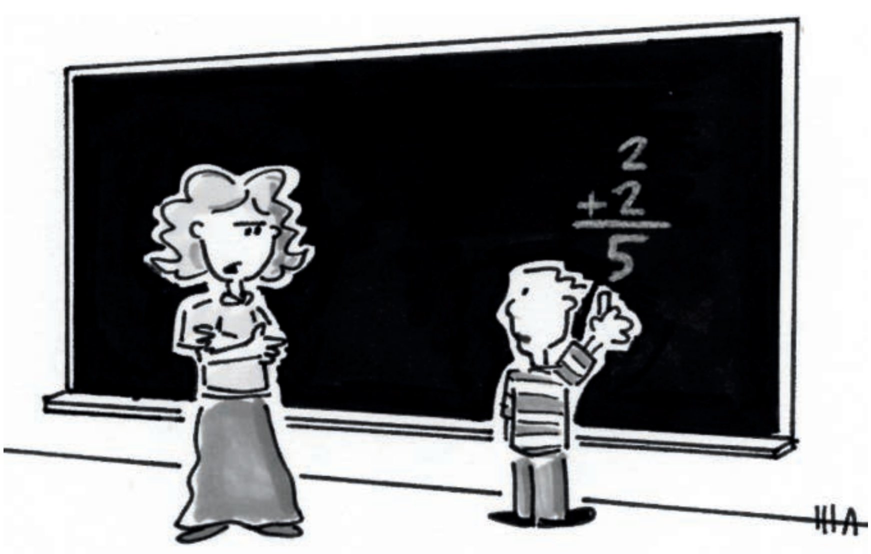
"The fact is," Cottom tells us, "for-profit colleges have not done much to pull back the curtain on their classrooms." That is undoubtedly true. But the for-profit Strayer University, Cottom informs us, has an underground economy of completed course assignments that are easily bought and sold. She could have dug deeper and asked the 109 students what they learned, what knowledge and skills a credential actually represents, and how the for-profits do away with remediation.

What can be done to end the exploitation of students by for-profit institutions? Cottom proposes that we strike at the reasons poor people choose for-profits. "If job insecurity creates demand, one way to alleviate that is to address job insecurity," she writes. Good idea, but far easier said than done. She also suggests that "free or near-free tuition at public colleges [is] an important part of the solution." But for most needy students, tuition is already almost zero at community colleges. Tuition costs aren't what keeps them away. They need handholding, advice, more classes, and fewer remedial courses. Giving more money to community colleges to provide better student support and less overcrowding of classes could go a long way toward putting some for-profits out of the degree-mill business.

What about providing students with more accurate information? Cottom notes that among all the students she interviewed, "no one talked about the context of their college choices in ways that would suggest more accurate or clear job-placement data would have changed their circumstances or decisions." However, the students in her interview sample did say they didn't understand the burden of the debt they would incur and the impossibility of shedding student loans in the event of default. Students often felt pressured into signing enrollment agreements. A cooling-off period with independent counseling after a student signs could be valuable in directing students to less-expensive alternatives.

But Cottom is pessimistic about the prospect of change. "If we have a shitty credentialing system, in the case of for-profit colleges, then it is likely because we have a shitty labor market." To her, the new economy—whatever is meant by the catch phrase—requires more than tinkering. It calls for a grand social-insurance program and a broad safety net. This is a revolutionary book with a radical, if unattainable, solution.



"No, we cannot agree to disagree!"

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