Many Students Fail to Profit from For-Profit Colleges

Bennett College

Julianne Malveaux

According to the National Center for Educational Statistics, about 1.7 million people will receive their bachelor's degrees, and another nearly 750,000 will receive associate's degrees this May and June. The numbers have been rising over the past 10 years, with 22 percent more receiving bachelor's degrees (the growth in women's degrees is faster than that of men), and 12 percent more associate's degrees (again, with the degrees awarded to women growing faster than those awarded to men).

Too many of these students will graduate with heavy debt. While the data suggest that the average student graduates with about $30,000 of debt, the fact that some students have no debt at all makes the number even higher. African American students are nearly twice as likely to graduate with debt as Caucasian students. And it is often much harder for African American students to find jobs than it is for others. Still, a college degree makes a difference in life chances and lifetime earnings, which is one of the reasons that public policy has focused on postsecondary education.

Students who have attended for-profit colleges go to school with the same hopes and dreams as those who attend traditional not-for-profit-universities. They attend schools such as Kaplan, DeVry and Corinthian because they want to improve their education and find better jobs. They go into debt, and seek grants because they believe the investment is worth it. And too many of them have been sold a bill of goods.

> African American students are nearly twice as likely to graduate with debt as Caucasian students

Corinthian Colleges, Inc. had more than 77,000 students at its peak, although those numbers have dropped since then. Their students, in 2012-2013 were mostly adults who worked full time, mostly minority (51.8 percent), and mostly low-income enough to qualify for Pell Grants (72.9 percent). According to one source, these students borrowed more than $7,600 each year to pay for their education.

Corinthian is among the for-profit schools that depend on the federal government for their income stream. They direct them to apply for Pell grants, push them to seek federal student loans that have subsidized interest rates, and encourage them to get bank loans with higher interest rates. They tell students that these loans are worth it because it will help them get better jobs later.

The federal government has been scrutinizing Corinthian and other for-profit colleges for years, especially because they have found that these colleges often exaggerate their success in placing students in better jobs. Now, Corinthian Colleges have shut down, leaving more than 16,000 students stranded. These students have used up semesters of their Pell grant eligibility (which is capped at 12 semesters), and have thousands of dollars of debt. If they are mid-degree, they face the challenge of trying to transfer credits to another college. While there may be some relief for these students who owe money, others will either be forced to repay debt or imperil their credit standing.

Is Corinthian the exception, or is it the rule in the world of for-profit colleges? We know that these colleges target adult learners, and market to minority populations. More than half of the students at Corinthian were students of color, and at many of the other for-profit colleges the enrollment of minority students exceeded 30 percent. We know that these colleges rely on tuitions for their profit, which means that when they find students who qualify for Pell grants, it boosts their bottom line.

According to the California Association of Private Postsecondary Schools (CAPPS), at least 60 percent of the students enrolled in the top six for-profit colleges received Pell grants. Corinthian topped the group with nearly 73 percent of their students receiving Pell grants, but ITT Technical Institutes was not far behind with a 71.8 of their students receiving Pell grants. In comparison, 39 percent of the students at public colleges, and 34 percent at private nonprofit colleges have Pell grants.

Some for-profit colleges do a better job than Corinthian, and many have not run into trouble with the federal government. Still, because taxpayer dollars are being used to finance these colleges, they must be more carefully scrutinized both by the federal government and by accrediting associations. Furthermore, the Corinthian debacle is a warning to students who might get a lower cost and better education by going to a public university or to a community college. Before enrolling in one of these colleges, students need to consider other options, and also check on the placement records these schools like to brag about.

Students of color are especially vulnerable to the hype these colleges offer. They say they provide opportunities and jobs, but too often they don't. They market to those at the periphery; those who believe their lives would be significantly improved with education. Their lives can improve with more learning, but the students must beware of for-profit colleges that often promise more than they can give, and push students into debt. The closing of the Corinthian Colleges, Inc. is a cautionary tale for those who choose for-profit colleges as the gateway for their hopes and dreams.

Sick

continued from page 5

ers' ability to innovate and be creative with their leave options," she said.

Eileen Appelbaum, senior economist at Center for Economic and Policy Research, says mandated sick pay has not had a negative impact on some companies that have been surveyed. According to a survey the group did of businesses in Connecticut, which has required paid sick leave since 2012, one-third of workers took no paid sick leave. "They treat them as insurance," she said.

Big companies with operations nationwide are changing their paid sick leave policies ahead of legislation.

In February, Wal-Mart, the largest U.S. private employer, said within about a year it would end the one-day wait for sick pay for all full-time U.S. workers. That's a change from the current system that requires Wal-Mart workers in the U.S. to wait a day to use sick days, which means they have to use personal days on the first day out sick. (Full-time workers can earn up to two personal days and about six days of sick leave pay a year.)

Randy Hargrove, a Wal-Mart spokesman, said the company also is reviewing its sick policy for part-time workers, who account for half of its 1.3 million-person workforce in the U.S. Currently, if part-time workers are ill, they have to use personal days.

McDonald's is taking a different approach by lumping personal and sick days together. Starting July 1, full-time and part-time workers at company-owned restaurants will begin to accrue personal paid time off after one year of service that can be used for sick leave.

An employee working an average of 20 hours a week will be eligible to accrue about 20 hours of paid time off a year. If employees don't take the earned time off, they will be paid for the value of it. The benefits apply to only McDonald's company-owned restaurants, which represent about 10 percent of its more than 14,300 restaurants nationwide.

> 'We've listened to our employees and learned that paid personal leave would make a real difference in their careers and lives'
> *McDonald's President and CEO Steve Easterbrook*

"We've listened to our employees and learned that — in addition to increased wages — paid personal leave ... would make a real difference in their careers and lives," McDonald's President and CEO Steve Easterbrook said in a statement.

Workplace experts expect other companies to follow Wal-Mart and McDonald's. "More employers are voluntarily adopting paid sick leave programs," says Mark Girouard, an employment attorney at Nilan Johnson Lewis who represents national retailers.

That is welcome news to workers who struggle to make ends meet when they take a sick day.

Henderson, the customer service rep, works under the 34 hours per week average that would make her a Wal-Mart full-time employee, so the company's policy change doesn't affect her. She said she's looking forward to California's sick leave mandate, which goes into effect in July and allows workers one hour of paid sick leave for every 30 hours worked.

The single mother of an infant makes $10 an hour — an annual paycheck of a little over $16,000. Henderson, who says she can't afford to take time off, has gone to work with a runny nose and no voice. But