

Regulatory Impact on For-Profit Higher Education Degree-Granting Capacity

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Comparative and International Education Society
Washington, DC

March 10, 2016

Knights and Knaves in Public Service

Knights nobly fulfill the public
mission



Knaves act in own
self-interest

Adapted from Le Grand, 2003

DeVry | Education Group

Our Commitment



Our Doing Well by Doing Good philosophy gives our colleagues and students the opportunity to contribute their knowledge, talents and passions in meaningful ways to those in need.

Doing Well by Doing Good

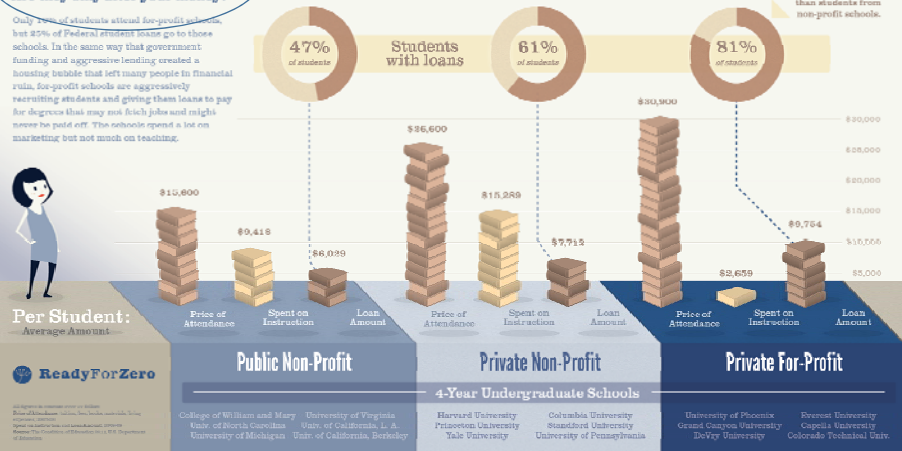
"Doing Well by Doing Good" is DeVry Group's commitment to supporting social and educational initiatives in the communities in which our students and employees live and work. As global citizens, DeVry Group colleagues also participate in relief efforts and service projects around the world.

FOR-PROFIT COLLEGES

Are they only after your money?

Only 2% of students attend for-profit schools, but 25% of Federal student loans go to those schools. In the same way that government funding and aggressive lending created a housing bubble that left many people in financial ruin, for-profit schools are aggressively recruiting students and giving them loans to pay for degrees that may not fetch jobs and might never be paid off. The schools spend a lot on marketing but not much on teaching.

These students are almost 3x more likely to default on loan payments than students from non-profit schools.



Regulatory History: Accreditation

- 1950s-60s: FP Banned →
- 1970-90s accepted →
- 2000s NP conversions →
- 2010 Dana College denial

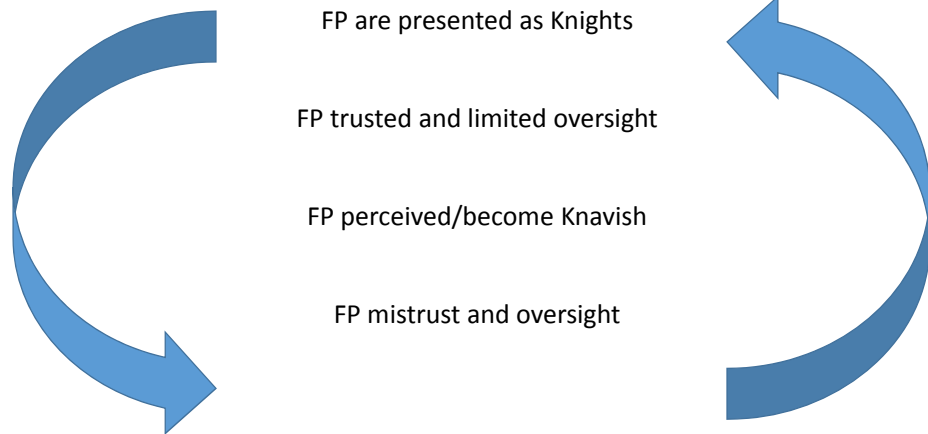
Regulatory History: Federal Oversight

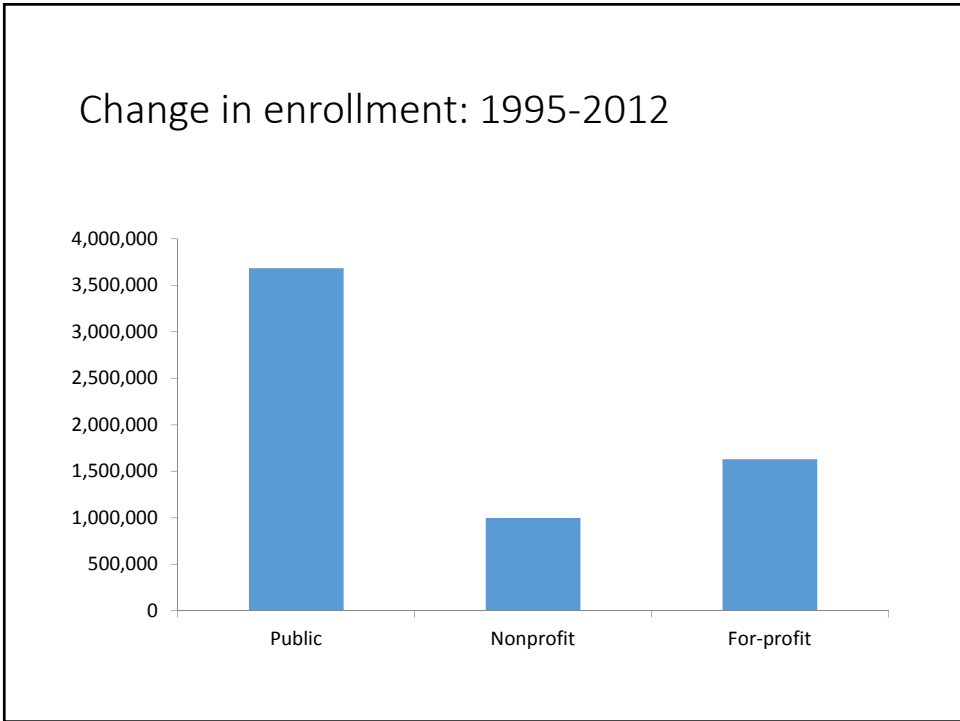
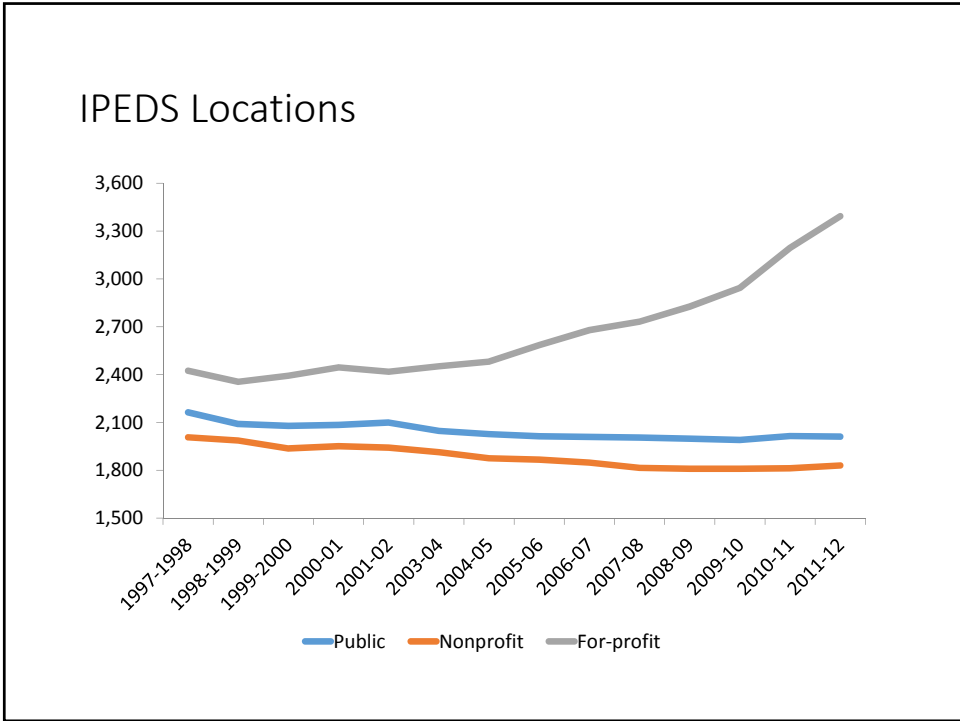
- 1978: FTC oversight (failed)
- 1980s-90s: ED oversight → 1992 Reauthorization
 - Twelve-hour rule → waivers 1998 → eliminated 2002
 - 50% rule → waivers 1998 → eliminated 2005
 - 85/15 rule, modified 90/10 in 1998
 - Cohort default rate
 - 1991-1994: 35% → 30% → 25% (2yr window)
 - 2008: 30% in 3yr window
 - Incentive compensation banned: 2002 Safe harbors → ban reinstated 2010

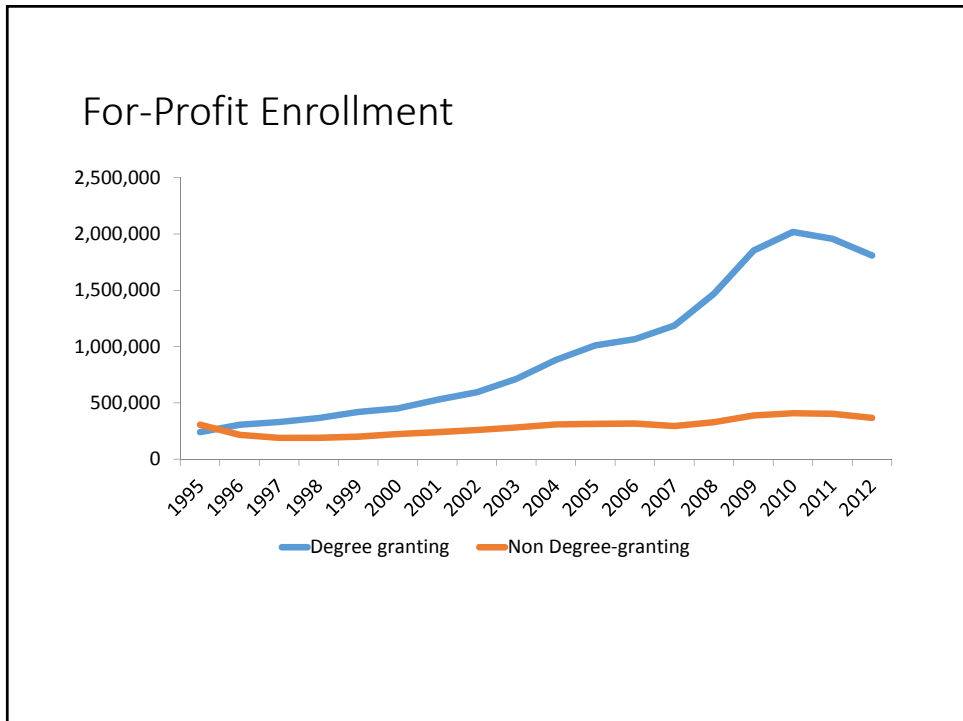
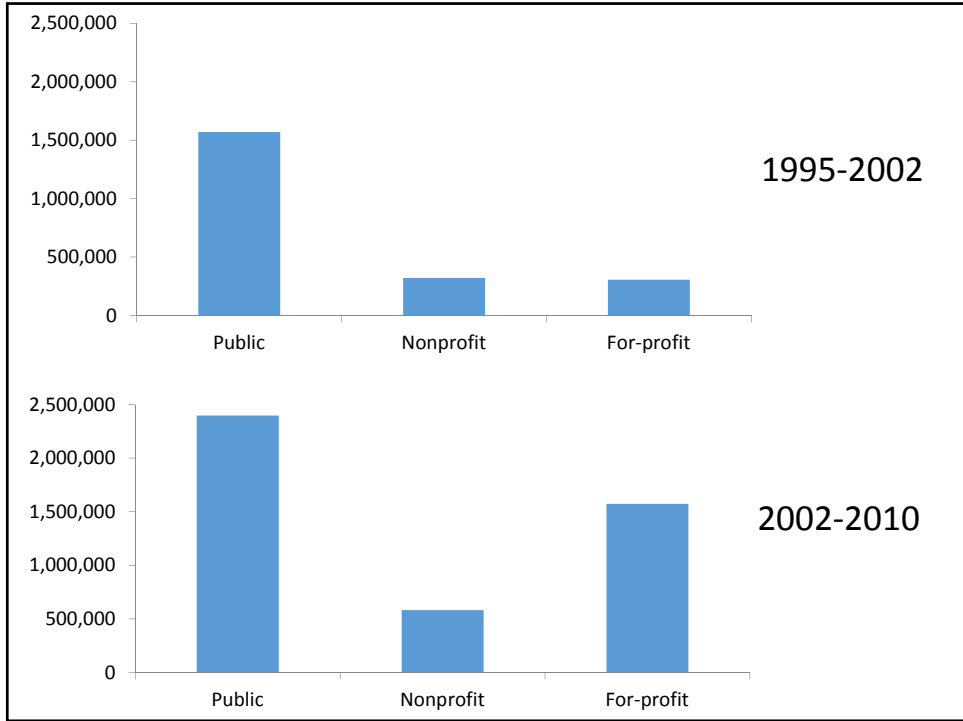
Regulatory History: Pending Oversight

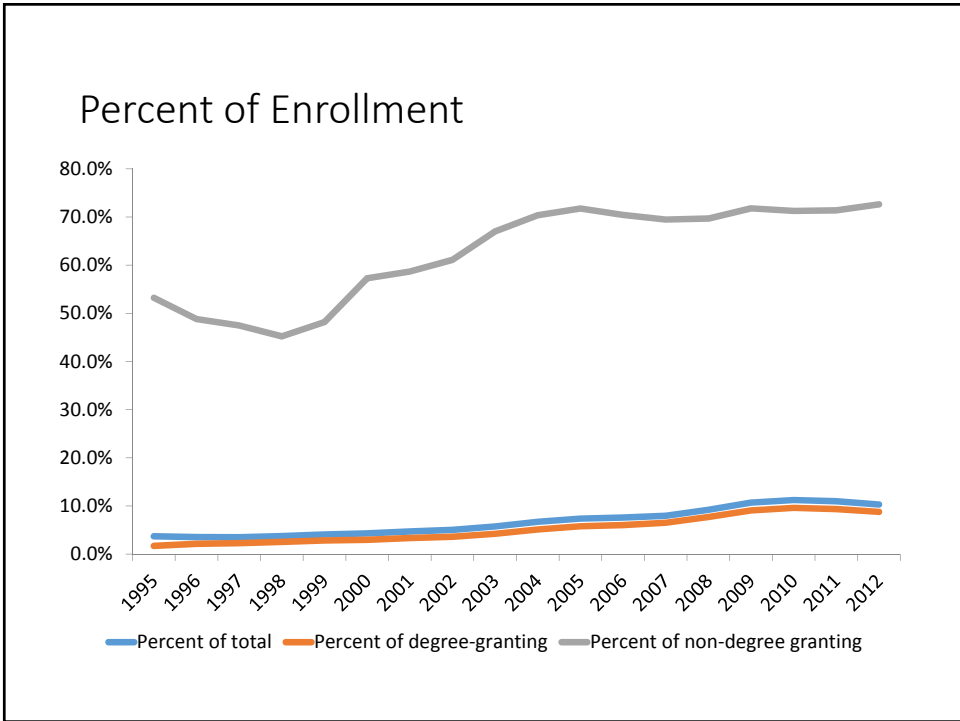
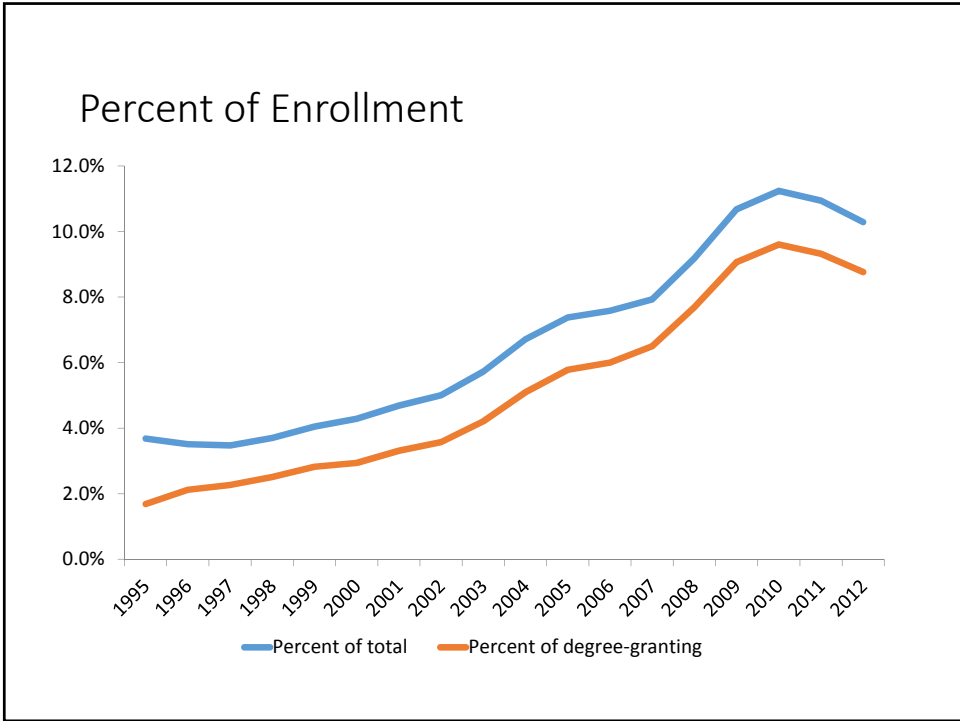
- Gainful employment: 1972 → 2010
- Veterans Administration
- Single Definition
- 90-10 modifications
- Disclosure and ratings

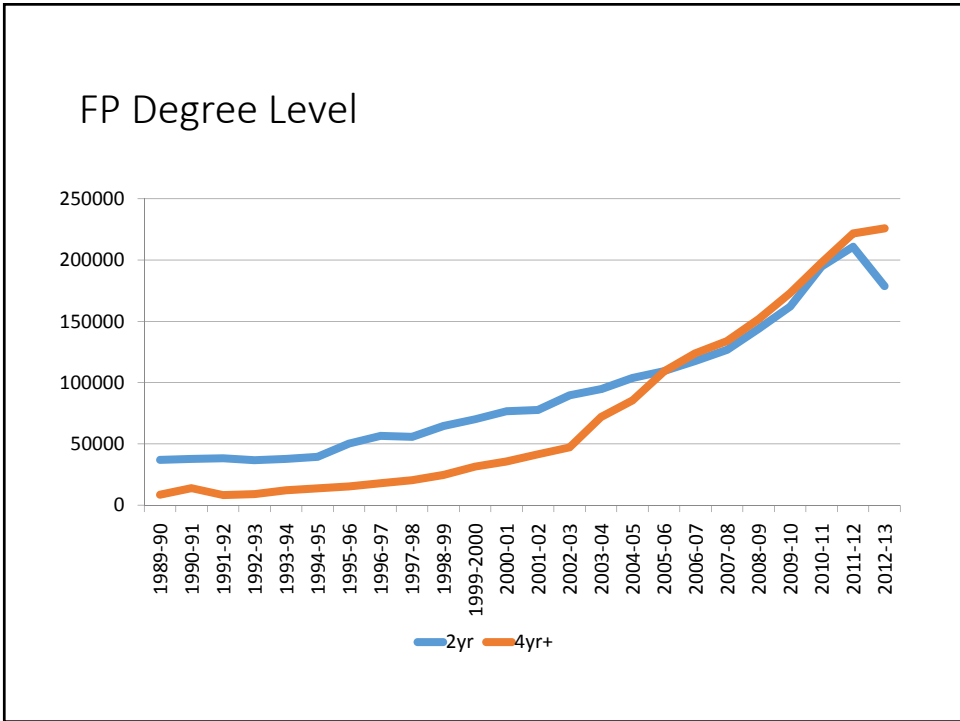
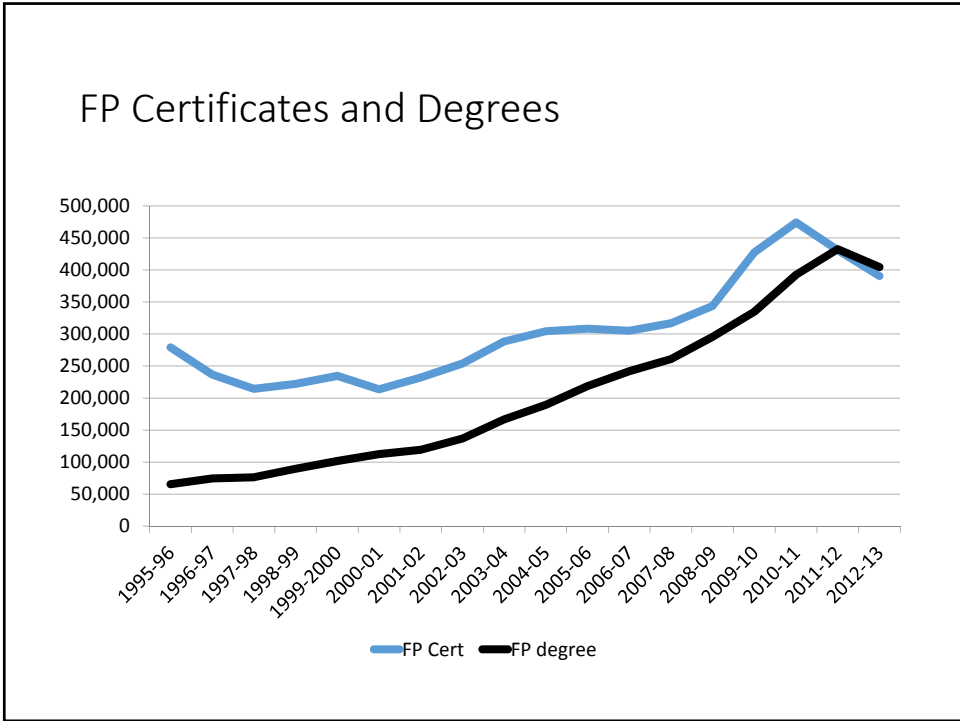
Regulatory Cycle











Enrollment Algebra

$$**B - G - L + N = T**$$

Certs $**100 - 50 - 25 + 75 = 100**$

Degrees $**100 - 25 - 25 + 50 = 100**$