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Don't invest more in poorly performing community colleges: Washington Post opinion

By Neal McCluskey

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President Obama announced a plan last week to provide free community college to any "responsible" student who wanted it.

That's a bad idea. Community colleges perform poorly, and any additional government subsidy of these already heavily subsidized, weak performers would likely be a waste of money. For proof, compare them to much derided for-profit institutions. While these schools have their own flaws, their students do better on a variety of measures.

Take completion rates. According to the federal Digest of Education Statistics, only 19.5 percent of first-time, full-time students at two-year public schools finish their programs within 150 percent of the time they are slated to take. So less than 20 percent finish a two-year degree within three years, or, say, a 10-month certificate program within 15 months. And that rate has fallen even since 2000, when 23.6 percent of students completed.

That statistic doesn't change much when you account for student transfers. According to the National Student Clearinghouse Research Center, only 20 percent of community college students transfer to four-year institutions. Four years later, 72 percent of those have completed their degree or remain enrolled. That inches the success rate to roughly 34 percent. Meanwhile, the for-profit sector that has been so demonized by the administration has an almost 63 percent completion rate at two-year institutions, and that has been rising steadily since the 2000 cohort.

How about cost?

For-profit schools are much more expensive than community college. In the 2012-13 school year, average tuition and fees at two-year public schools ran \$2,792, versus \$14,193 at two-year for-profits. But something interesting is going on.

Given the wide price difference, you would expect for-profit schools to be getting their lunch eaten by already dirt-cheap community colleges. They haven't been. Between 1990 and 2010, for-profit colleges saw much faster enrollment growth than community colleges; 179 percent compared to 44 percent. Why?

There are many reasons, but one seems to be that for-profits are more responsive to students' needs and desires than community colleges. They appear to offer more flexible scheduling, better focused training and superior student services. They can charge more in part because they provide a better service.

Of course, profit doubters offer a different explanation: For-profits are duping students. While there certainly are examples of proprietary schools offering misleading employment data, or recruiting unprepared individuals to bring in federal student aid, there is no compelling evidence that fraud and abuse are endemic to for-profit higher ed.

But aid-grabbing points us to the root of the higher education problem: government subsidies. As long as taxpayers pick up much of the college tab instead of the students consuming the education, waste will be rife.

Indeed, one likely reason community college completion rates are so low is that their heavily subsidized prices - they get tens of billions of dollars in direct government subsidies every year - create serious disincentives for many students to work as hard and as quickly as they can to complete studies they know are in demand in the workforce. The colleges also need not respond effectively to student needs, since much of their funding is detached from students. The education research firm MDRC recently reported that counselor-to-student ratios of 1 to 1,000 are not uncommon in community colleges, and large percentages of students don't see a counselor within four weeks of starting their programs.

On the flip side, while they are more student-centered, for-profit schools have strong incentives to set high prices because the federal government attaches major aid to students. Of course, it isn't just for-profit schools doing this; price inflation throughout higher education is infamously rampant, while even the best first-time, full-time completion rate - at private, nonprofit schools - is only 65.3 percent.

For-profit schools have serious problems - high prices, too-low completion rates and, yes, sometimes dubious behavior - but given the information we have, even in this imperfect system for-profit institutions seem to beat community colleges.

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