



Corinthian Should Just Be a Sideshow

[Neal McCluskey](#)

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To hear the [national discussion](#), you'd think [openly for-profit](#) schools like Corinthian Colleges were not just the only problem in higher education, but a problem of alien-invasion-sized proportions. You know, wipe out humanity kind of stuff. But regardless of whether for-profits are as monstrous as many people would have us believe – and it is much easier to accuse and threaten than prove guilt – they simply are not the main higher education problem.

First, look at [completion rates](#). For students who entered college in 2008, only 63 percent at public institutions completed a 4-year program within 6 years according to data from the National Student Clearinghouse Research Center. At 4-year private, non-profits, that rate was better, but still only 74 percent. That leaves very big percentages not finishing, and both these types of schools have far more college-prep, “traditional” students than for-profit institutions.

How about community colleges, with students more like those at for-profit institutions but probably still more traditional? Their 6-year completion rate, including both people who finished their 2-year programs and subsequent four-year degrees: 39 percent, a single point above the completion rate for 4-year – not 2-year – for-profits. And for [first-time, full-time students](#), 2-year for-profits destroy community colleges, with a 63 percent completion rate versus just 19 percent. Yet not only are community colleges not incessantly demonized by politicians and activists, [they are lionized!](#)

Now let's look at [enrollment](#). In 2008 there were 7,331,809 students at public 4-year schools; 3,626,168 at non-profit privates; 6,640,344 at public 2-year schools, and 1,173,459 at 4-year for-profit institutions. That means students at 4-year for-profits were only 6 percent of the total. Applying 2008 non-completion rates to total 2008 enrollment, far, far more students would fail to finish at not-for-profit schools: 2,712,769 at public 4-year colleges; 942,804 at private nonprofits; and 4,050,610 at community colleges, for a total of 7,706,183. 4-year for-profits, in contrast, would see only 727,545 non-completers, a number that is too high, but just 9 percent of all non-completers. Yet these guys are the big enemies?

What about loan default rates, which potentially tell us more about costs and outcomes than just completions? The first thing to understand is that for-profits will tend to have higher prices – and

hence higher rates – because they don't get huge [taxpayer subsidies](#) upfront, nor do they qualify for big, tax-incentivized donations. Indeed, they actually *pay* taxes. Yet examining schools using the federal government's [College Navigator](#) we find that two subsets of institutions that can be pinpointed on the Navigator and that tend to take students similar to for-profits – Historically Black Colleges and Universities and community colleges – often have worse default rates than for-profits. Indeed, a [federal summary](#) shows that public 2-3 year institutions had an FY 2011 cohort default rate of 20.6 percent, versus 19.8 percent for for-profits. Of course, HBCUs have served a crucial role in bringing higher education to a population long shamefully excluded from other institutions, and many people in community colleges don't take out loans. But again, what their rates show is that for-profit schools are hardly alone in their troubling outcomes.

The overall problems in higher ed dwarf proprietary schools, and no amount of anti-profit zealotry will change that. So let's stop obsessing over what should be sideshows.

Neal McCluskey is the Director of the Cato Institute's Center for Educational Freedom.