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## Nonprofit Colleges Are More 'Profitable' Than For-Profits, Report Says

June 15, 2011, 12:01 am

Nonprofit colleges have higher "profit" margins than their for-profit peers, according to a [report](#) that compares the sectors' per-pupil spending and revenue. The report, by the libertarian Cato Institute, estimates that the average private college makes \$12,800 per undergraduate—double the margin of the for-profit University of Phoenix—while the average public college makes \$11,000. Although that revenue does not go to shareholders, as in the for-profit sector, some of it subsidizes programs that do not directly benefit undergraduates, such as research and graduate education. The report recommends shrinking the federal student-aid system to end the "massive transfer of wealth from the taxpayer to the industry."

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**tgraham13** 3 hours ago

"Although that revenue does not go to shareholders, as in the for-profit sector, some of it subsidizes programs that do not directly benefit undergraduates, such as research and graduate education."

That sounds so noble! But let's not forget the money that also subsidizes athletic programs, marching bands, climbing walls, stratospheric administrative salaries and benefits, dubious capital expenditures and -- my favorite -- massive endowments whose sole purpose seems to be to pile up mountains of money. ("Gee, I hope nobody notices. Quick, let's shift the focus back to for-profit institutions!")

4 people liked this. [Like](#)



**senecan** 1 hour ago

Whatever the validity of this report's claims (the Cato Institute doesn't have a good recent track record where accuracy is concerned) tgraham13's comment about endowments is silly. Tuition is not a source for endowments.

1 person liked this. [Like](#)



**jcstrachan** 1 hour ago

research and graduate programs do benefit undergraduates -- not to mention society as a whole....

2 people liked this. [Like](#)



**bstevens** 36 minutes ago

If research and graduate education do not "directly benefit undergraduates," then where do you think the knowledge and analysis comes from that the undergraduates are asked to learn? Even the for-profits need the latest information, inventions, understanding, and "new" knowledge, and those things come from "research and graduate education".

3 people liked this. [Like](#)



**richardtaborgreene** 34 minutes ago

This is nothing---similar studies by nazi and right wing think tanks approved by R. Limbaugh have consistently found that for profit colleges, by eliminating students in all but name, operate at enormously higher levels of efficiency---taking in money and distributing it to boards of directors with minimal friction from waste-of-time professors, courses, and students.

[Like](#)



**tmaberle** 0 minutes ago

nonprofit colleges generally offer many programs that are "free" paid for by student fees and the "profit" that seems so high maintains more buildings, dormitories, and infrastructure that smaller for profit schools do not have to have....at least that would be my guess.

[Like](#)

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