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## Politicians Are The Problem For Higher Ed

By NEAL MCCLUSKEY

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In a recent hearing — the first in a promised series — members of the Senate Health, Education, Labor and Pensions (HELP) committee began an inquisition into for-profit higher education, suggesting the sector exploits vulnerable Americans.

"Congress has a responsibility to ensure that ... opportunity is real, and not just false hopes pedaled on a billboard or pop-up ad," declared HELP Chairman Tom Harkin, D-Iowa, in his opening statement, setting the hearing's tone.

So what's wrong with federal politicians calling for-profits to the carpet?

What's wrong is the entire higher education system — not just the proprietary part — is broken, and it's the politicians' fault.

There certainly are shady for-profits. One, the Drake College of Business, recently received significant attention for recruiting students in homeless shelters, likely just to bring in federal financial aid attached to warm bodies.

Then there's the lingering problem of diploma mills — institutions that dole out sheepskins for a fair amount of money ... and very little scholarship.

While such outrages are anecdotal, there is also troubling systemic evidence about problems in the for-profit higher education sector. According to federal data, only 27% of for-profit students who started four-year programs in 2000 finished at the same institutions within four years, and only 38% within eight years. For two-year programs, only 42% of students who started programs in 2004 completed on time.

Those are some rotten results, and they don't come cheap. According to the College Board, among for-profit students who received bachelor's degrees in the 2007-08 academic year and borrowed money, the median debt level was \$32,650.

Unsurprisingly, there are loan defaults, which cost federal taxpayers who back most student loans. Among federal loans for which repayment was supposed to begin in fiscal 2007, 11% belonging to for-profit students were in default as of September 2009.

So for-profit schools produce lots of trouble. But they're not much worse than the rest of the higher education, no matter what senators' rhetoric might suggest.

Consider costs. Estimating federal, state and local appropriations to public institutions — direct funding that for-profits don't get — reveals outlays of \$7,452 per pupil for four-year programs, \$3,660 for two-year and \$5,881 for less than two-year programs.

Adding those subsidies to government student aid reveals total taxpayer burdens, and suddenly for-profits don't look so singularly terrible. The annual burden per undergraduate at a four-year public school is around \$15,794 vs. just \$10,272 at a for-profit. For a two-year program, the for-profit is just somewhat costlier: \$10,960 vs. \$8,489.

How about graduation rates?

Again, it all stinks. Look at bachelor's programs. While only 27% of for-profit students finished on time at the institution where they started, only 29% of public-school students did. That's hardly a major difference. The gulf widens as one moves to six- and eight-year rates, but even the best rate — 66% of students at private, nonprofit schools graduated within eight years — is underwhelming.

So the for-profit sector isn't much worse than anyone else. Why, then, are our honorable senators focusing their fire on it?

Scapegoating, that's why.

Higher education is awash in government cash, with tens of billions of taxpayer dollars going to schools and students annually. But all that money, coupled with nonstop political rhetoric about everyone needing to go to college, has led millions of unprepared people to futilely pursue degrees at all kinds of institutions.

It's also fueled stratospheric price inflation. Between the 1989-90 and 2009-10 academic years, inflation-adjusted prices rose 75% at four-year private schools, 139% at four-year public institutions and 75% at two-year public colleges.

Blame that on Washington, which has kept upping student aid and driving Americans to consume far more higher education than they need or can handle. It's also let colleges raise prices with impunity.

Higher education has bad actors, and some are at for-profit institutions.

Ultimately the worst are the politicians, who fuel profligacy for political gain, then shamelessly blame others for the trouble they've wrought.

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