



The Center for
College
Affordability &
Productivity

For More Information:

Daniel L. Bennett

Tel: 202-375-7831

Email: dbennett@centerforcollegeaffordability.org

PRESS RELEASE

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New Study on For-Profit Higher Education:

Growth, Innovation and Regulation

Washington, DC – A new report from The Center for College Affordability and Productivity, with generous support from Lumina Foundation, provides an in-depth examination of the for-profit higher education industry in the U.S. The report includes an “insider’s view” of the industry, gained from talking to leaders of for-profit firms about what distinguishes their industry from traditional higher education, as well as the challenges and opportunities that lie ahead. One common theme espoused by industry leaders was a strong focus on creating value for their student by employing cost effective strategies to meet market demand. A few examples of this customer-based strategy include offering courses at times and locations convenient for the students, and leasing facilities rather than buying them to allow more flexibility to respond to changes in demand and/or market conditions.

Other highlights from the report include:

- An analysis of the complex regulatory environment facing the industry;
- An analysis of the management and operational practices that differentiate for-profit from traditional higher education;
- A comparison of trends (e.g. – enrollment, outcomes, resources, student characteristics) in the for-profit industry to those in the traditional nonprofit spheres;
- An examination of the financial performance of the industry; and
- A review of the history of proprietary education and the regulation of it.

The report concludes with a discussion on the economics of a market-based approach to postsecondary education, pointing out that:

“The single characteristic that most sets for-profit institutions of higher learning apart from the traditional sectors of higher education is the profit motive,” and economic theory suggests that for-profit schools “can only make a profit by providing educational services that are in high demand...[and by providing] something of value for the customer.”

The authors suggest that the remarkable growth and sustained demand indicates that the for-profit industry is in fact providing a valuable service, and that for-profit education serves other important functions, such as introducing a market-based approach to education and providing much needed competition for traditional colleges and universities.

An embargoed copy of the report is available upon request, or can be downloaded at http://www.centerforcollegeaffordability.org/uploads/ForProfit_HigherEd.pdf

The Center for College Affordability and Productivity is an independent, non-profit higher education research center based in Washington, D.C.

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