The Expansion of For-Profit Colleges for Immigrant and Minority Education: A Socio-Spatial Analysis of For-Profit Colleges in Metropolitan Washington, DC

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Abstract

The Expansion of For-Profit Colleges for Immigrant and Minority Education: A Socio-Spatial Analysis of For-Profit Colleges in Metropolitan Washington, DC

For-profit colleges have greatly expanded their geographic scope in metropolitan Washington, DC during the 2000 decade. This study analyzes the relationship between the spatial distribution of for-profit colleges and metropolitan Washington demographics. The spatial distribution of these schools is analyzed within the context of the history of for-profit education, and the history of immigration and demographic change in Washington. The spatial patterns of for-profit colleges are compared with that of community colleges in the region. Results indicate that for-profit education institutions have more purposefully and more successfully located in areas high in Asian, Hispanic and foreign-born populations than community colleges during the 2000 decade. Generally speaking, community college locations are nearly twice as far from these populations. The consequences of increased enrollment among foreign-born and minority families into for-profit higher education is considered, with particular attention paid to the high cost and high student loan default rates among students attending these colleges.
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INTRODUCTION

On April 3rd, 2012, just seven weeks before the conclusion of the academic year, ACT College closed all three of its campuses in northern Virginia. The for-profit college, which specialized in vocational training in healthcare fields, closed after nearly 30 years of operation. The college abruptly shut down when the Department of Education deemed it in violation of the federal standards required of for-profit colleges to participate in the Title IV federal loan program. The Department of Education alleges that president and CEO Jeff S. Moore at best mismanaged the school’s federal loan funding, and at worst committed fraud. The DOE argues that ACT withheld education loans from the students they were designated for, reallocated them to unauthorized expenses and doctored financial documents to cover it up. Recent audits revealed that upwards of 200 thousand dollars in federal aid was owed to a third of the student body (de Vise 2012). Moore argues that the administration committed no malicious activity but rather that “antiquated student information system” caused errors in the process of matching student identities to their federal aid (de Vise 2012). According to Moore, the denial of ACT’s application to continue participating in the federal student aid program forced it to shut down. Without the loan program, which subsidizes students’ tuition expenses, the college was no longer financially viable.

For-profit colleges are institutions of higher learning which tend to provide more vocational education and technical training than traditional nonprofit colleges. For-profit colleges are privately owned companies, and are designed to create profits for their corporate leaders and shareholders while nonprofit colleges devote all their profits to their educational mission. As the number of for-profit universities and colleges across the
United States has surged, there is increasing concern about the effectiveness of these institutions in preparing students for jobs as well as life-long career opportunities.

In this study of the expansion of for-profit college and university programs in metropolitan Washington, DC, a geographic perspective is utilized to analyze the locations of for-profit colleges and what this may indicate about their target demographics. In order to understand how for-profit locations articulate with broader demographic trends, this study focuses on the relationship between ethnic diversity and for-profit education, with the hypothesis being that for-profit colleges strategically locate their campuses in areas with high rates of ethnic diversity. In particular, the relationship between the growth of immigrant groups in metropolitan Washington and the growth of for-profit colleges is analyzed. It is expected that for-profit campuses have opened in areas with higher rates of immigration and greater ethnic diversity.

While “for-profit” denotes a particular type of institution that is publically traded and governed by shareholders, smaller, “proprietary” schools will also be included in the analysis. This study does not distinguish between the schools which are owned by international corporations and traded on the open market (for-profit schools) and those which are owned and operated by sole proprietors seeking to sell their skills (proprietary schools); both are included in this analysis. Colleges and universities with vocational foci are referred to by a wide range of terms; college, university, institute, and school are used liberally to label these organizations and typically do not adhere to comparably named institutions in the nonprofit academic world. In this text, both proprietary and for-profit colleges and universities are referred to as “for-profit colleges”, which has emerged as the most commonly used title for vocational schools which are for-profit, not publically
funded, and vocational in their focus. This study will analyze what the locational choices of all these non-traditional colleges indicate about their market niche.

Enrollment at for-profit colleges has grown faster than that of traditional nonprofit universities over the past thirty years. While these for-profit institutions have attracted nine percent more students per year over the last thirty years, nonprofit colleges have grown only by 1.5 percent annually (Wilson 2010). Given this continuous growth, for-profit schools now educate approximately 15 percent of the 19 million students in higher education, or 2.6 million students (Wilson 2010). The Chronicle of Higher Education reports that the University of Phoenix—considered the original innovator and gold standard of the for-profit college—is one of the largest higher education systems in the United States as of 2010, second only to the State University of New York system. The Apollo Group manages 200 University of Phoenix campuses throughout the US, Mexico, Puerto Rico, Canada and the Netherlands. While in 1995 the total enrollment amounted to 25,000 students, in 2010 it enrolled nearly half a million students, which includes both online-only students and those who attend campus-based classes (Wilson 2010). That is, in fifteen years University of Phoenix enrollment grew more than twentyfold.

Several other companies run large for-profit education enterprises, if not quite as expansive as University of Phoenix. Education Management Corporation owns and operates 19 Art Institute campuses and approximately 14 locations of Argosy University (bought by EMC in 2001) that educate some 136,000 students (Jacobsen 2001). Career Education Corporation enrolls approximately 114,000 students while DeVry Inc. enrolls about 100,000 students between its Keller Graduate programs and DeVry Technical Institutes. Kaplan University, owned by the Washington Post Company, also hovers
around the 100,000-student mark (Wilson 2010). A crucial aspect of the expansion of vocationally-focused education in the United States is the increasing ubiquity of the internet. Without the requirement of centralized campuses, most of these education companies have premised their business model and long-term growth plan on the ability of its potential students to access the internet from their homes. In a mere four years, the online presence of Education Management Corporation grew from enrolling 4,000 students online in 2006 to more than 30,000 in 2010 (Wilson 2010).

The Chronicle of Higher Education mapped the increase in enrollments at for-profit colleges around the United States. Between 1996 and 2008, the US experienced an average growth rate of 319% in enrollment at for-profit colleges. Twelve states and the District of Columbia registered the highest expansion of for-profit enrollment between 1996 and 2008: Oregon (414%), Idaho (433%), Minnesota (726%), Illinois (556%), Oklahoma (605%), South Carolina (664%), Arkansas (875%), North Carolina (877%), Arizona (1,239%), West Virginia (1,692%), District of Columbia (1,774%), North Dakota (2311%), and Iowa (3,238%) registered the highest rate of growth in enrollment at for-profit colleges (Chronicle of Higher Ed. 2011). Five of these states experienced growth beyond one thousand percent. Rather than reflecting an increase in the raw number of students attending for-profit colleges, these high growth rates reflect the fact that very few, for-profit colleges existed in 1998 in these four states and the District of Columbia. Since 1998 for-profit colleges have begun to enroll students at rates which rival nonprofit colleges, resulting in extraordinary percentage growth.

Reibel (2007) emphasizes that even if neighborhoods are not used as the unit of analysis, social-geographic contexts are important to understanding the roots of social
phenomena. I analyze the social context of the locations where for-profit colleges are concentrated because concomitant characteristics of these locations speak to why for-profit schools are in operation. Similarly, Tobler’s (1970) seminal work in which he establishes the so-called “first rule of geography” explains that characteristics and objects closer to one another share similarities; in this case, for-profit colleges are more related to that which is in their immediate surroundings. A metropolitan-level analysis of for-profit education will be more successful in identifying related phenomena than analysis of a higher order or broader scale. While these spatial principles have been used to analyze public health issues (Cromley, McLafferty 2002), transportation systems (Chen et al 2011), and retail location (Graves 2003) the application of geographic information systems (GIS) to analyze for-profit college locations has yet to be performed.

Analyzing for-profit college locations will reveal much about their target demographic because of the corporate nature of these colleges. Just like other private corporations, for-profit colleges strategically position their products and services in areas where they have the most potential customers. While traditional nonprofit colleges, especially public colleges, are often erected to serve publicly designated geographic units such as counties, for-profit colleges open where there is a large potential market for their services. As will be shown in Chapter 2 for-profit colleges operate more like businesses than traditional higher education institutions, and devote a large portion of their budget to marketing their degree programs to potential customers. Geographic research is especially well-suited to these colleges because it can be surmised that these for-profit colleges carefully choose their locations to maximize access to potential customers. Despite the increase in online learning, it should be noted that the vast majority—ninety
percent—of courses at for-profit colleges are still taught in-person, on brick and mortar campuses (Leatherman 1998).

While for-profit college students do not necessarily live in the areas where these schools are located, the schools are strategically located in areas with good public access to where the target population either lives or works. This study of higher education will consider colleges in metropolitan Washington as a pattern of service delivery, one in which locations and their demographic characteristics are especially relevant to understanding the strategies of for-profit college placement. Lastly, the differences between the geography of for-profit colleges and that of public community colleges will be considered.

This research is informed by the theoretical literature regarding neoliberal economic policy. For-profit colleges not only serve minorities at a disproportionately high level compared with nonprofit colleges, but also operate in a post-Fordist fashion in order to respond to neoliberal macroeconomic trends. Minority and immigrant students enroll at nonprofit colleges at much lower rates than at for-profit colleges, which suggests there are problems regarding access to higher education among these populations. As will be explained later, for-profit colleges have long seen themselves as institutions more devoted to educating minorities than traditional higher education institutions. These colleges also open and close training programs in direct response to local and national industry demand; this flexibility is indicative of their participation in the neoliberal economy. Neoliberal economic policies can be considered part and parcel of the globalizing economy wherein capital has become more flexible across time and space; the labor force—and in this case, those who educate the labor force—has had to become
similarly nimble. If for-profit colleges locate in areas of high immigration, it is important to consider whether this is evidence that immigrants and their children have limited access to higher education, and whether immigrants are more exposed to neoliberal economic trends in higher education than the native population.
CHAPTER 1
LITERATURE REVIEW

While very few geographers have written about the spatial distribution and characteristics of higher education (Lowe and Viterito 1989), no geographers have analyzed the spatial distribution of for-profit colleges. Some educational researchers have noted the geographic differences between for- and non-profit colleges (Grubb, 1993, 20). Economic geographers have studied related socio-economic phenomena and I will use their major theoretical contributions to orient this study of for-profit colleges. Geographic characteristics of the neoliberal economy, the geographic differences between the provision of public and private goods, and GIScience techniques will all be considered in this study. This analysis of for-profit schools will add to the economic geography literature in several ways. First, as a study of higher education, the study will analyze a specific subcategory of higher education which lacks representation in the geographic literature. Similarly, it will compare the geographic distribution of public and private entities, the similarities and differences between which will be pertinent to broader policy audiences.

Michael Teitz’s seminal locational analysis (1968) of urban public facilities is useful in understanding the spatial distribution of for-profit colleges. His analysis of the difference between public and private services contributed to the economic geography literature by identifying tradeoffs in efficiency and equity of access that exist in service delivery. These tradeoffs affect service locations’ geographic patterns as measured by the number of service locations, consumers’ distance from them, and number of people served per location (deVerteuil 2000). He argues that public services are uniquely
positioned to deliver services to the populations with the most need, while private
industry tends to value efficiency (and profitability) over access in service delivery. The
geographic consequences of these different models play out in interesting ways: private
services organize on a mid-level with an organization which maximizes efficiency but
requires consumers to travel outside of their neighborhoods to a given site. Public
services locate comparatively smaller offices within neighborhoods identified as in need
of particular services. Many of these same dichotomies can be seen in the education
industry, particularly when one contrasts community colleges and for-profit or
proprietary universities.

Of course locations of community colleges are decided by the state, whereas
private-sector managers decide the locations of for-profit colleges. One might expect
then, that the public institutions would be most concerned with access and therefore
locate many small offices in areas of greatest need while for-profit companies locate
larger offices in fewer places further from their target market. Individuals in this model
would travel shorter distances to the public locations, and further distances to the private
locations. However, higher education may offer a challenge to this previously observed
dichotomy; for-profit colleges actually tend to maintain smaller locations in many highly
populated areas, in a manner similar to the public services identified by Tietz.
Community colleges, on the other hand, maintain fewer, larger campuses located in less
populated areas.

Neoliberal development is intricately connected with many of the trends in higher
education. Neoliberalism is an economic model which is characterized by deregulation,
support for free trade, and globally-connected capital. In his discussion of
‘regulationism’, economic geographer Jamie Peck argues that neoliberal models are more a symptom of globalization rather than a true policy response to it. That is, globalization has caused an increase in what we consider neoliberal policies; policy makers themselves are not purposely embracing neoliberalism as a development tool. Industry deregulation has facilitated the short-term flexibility and responsiveness to the market that global markets increasingly require to operate. However, neoliberal policies not only accept but may exacerbate the instability and uncertainty that characterizes the global economy today (Peck 2000, 65). There is evidence that neoliberal policies have supported the increased migration of higher educational services from the public sector to the for-profit sector, and its increased presence in the private sector has precipitated a host of structural changes in the higher education industry.

Neoliberal economic policies have changed the organizational structure of higher education in recent decades. Federal education loan policy coupled with copyright and patent legislation has led to a rise in the proportion of private funding of traditional nonprofit colleges and universities (Slaughter and Rhoades 2004). Profit-making enterprises are increasingly used by institutions of higher education to cover their operational costs. University copyright offices transform professors’ research into intellectual property to be sold on the private market, a development which was facilitated by the Copyright Act of 1976, which enabled universities to claim the intellectual property of their researchers, and the Bayh-Dole Act of 1980, which made it easier for universities to patent and market this intellectual property. Lastly, a series of changes in federal communications and technology law deregulated emerging media industries with great effect on higher education. The 1995 Digital Performance Right in
Sound Recording Act, the 1996 Telecommunications Act, and the 1998 Next Generation Internet Act created competition among media which had separated into different industries previously (Slaughter and Rhoades, 57-58). Together this legislation supported the growth of online business, and created new commercial opportunities for higher education. Everything from pharmaceutical products to digital learning materials became university property which could be copyrighted and sold on the private market.

Related to these trends in copyright law is the change in federal education lending in which loans were disbursed directly to students rather than to colleges and universities. The Committee on Economic Development spearheaded this transition in the 1970s, under the mantra of increasing school choice, with an eye for increasing students’ ability to attend expensive private universities. Financial aid became determined through the Free Application for Financial Student Aid (FAFSA), and students effectively became the consumers of education. Colleges and universities were subsequently in competition with each other for students and their federal dollars, a development which Slaughter and Rhoades argue has stratified universities by income level. They argue “student financial aid continued to modestly serve low-income students[…but steered larger grants, generous loan packages, and tax relief to a relatively small segment of students who attend costly, elite private institutions” (Slaughter and Rhoades, 2004, 68). Since these changes in federal lending practices, aid in the form of grant money has continuously declined and aid in the form of loans has continuously increased (Slaughter and Rhoades, 2004, 42).

An economic geography theory of capital is particularly applicable to the education industry. Due to globalization and the expansion of neoliberal economic
policies, capital has become more nimble (Martin 2000). In the globalized economy, technology connects far-flung markets with one another. Ronald Martin, an economic geographer argues that the chain of production is more fragmented today in that it utilizes distant locations to manufacture preliminary material which is then shipped to another location for further processing. Similarly, the demand for goods and its concomitant supply are matched over increasingly long distances. Martin terms this system the “post-Fordist” economy, and argues that these global processes have put pressure on the labor market to be equally nimble geographically. Policy leaders have therefore supported policies which connect labor markets to international supply chains, a move which has resulted in the detaching of labor markets from local conditions. One consequence of this shift is that local economies are more affected by shocks in the international economy; a drop in demand in a distant location can mean the sudden contraction of a local industry.

A whole host of worker conditions change when local labor markets are fashioned to serve a global supply chain. Whereas in the Fordist economy workers were more likely to work in manufacturing, experience substantial job security (i.e. through long-term employment and pension plans), and be organized into unions, the post-Fordist worker is more likely to work in service industries, experience less job security, and not organize into labor unions (Martin 2000). Wage and working condition disparities have also grown throughout the transition from Fordist to post-Fordist economic systems; full-time employment has become a rarity for all but the highest level workers and part-time, low-wage employment has expanded beyond the lowest skilled jobs to those requiring an intermediate to high level of skill. Martin argues that the vast majority of working environments today can be characterized as “workfare” or “training fare” where jobs
have been stripped of long-term stability and benefits. Instead, workers must be prepared to lose one job and quickly pick up another, as globally-connected capital enters and exits one’s local economy. The terms workfare and training fare connote that workers continuously lose their positions and must retrain for new employment. Thus the transition to post-Fordist jobs in education usually results in the decline of tenured workers, who are highly supported by an institution, to independent contractors who have little to no institutional support. As will be discussed later, these trends can be seen not only in employment practices at for-profit colleges, but in the fields which for-profits train students to enter.

The increasing marketization of academic material and changes in federal education lending has together led to increased commercialization of higher education across sectors. Slaughter and Rhoades argue that the transformation of higher education is largely due to broader structural changes in the economy. In the 1970s, the industry changed alongside many others from a Fordist to a post-Fordist\(^1\) system of manufacturing (Slaughter and Rhoades 2004, 18). Higher education delivery has undergone the same technological innovations and outsourcing strategies which have transformed all industries since the 1970s. While this study focuses on for-profit colleges, the policy changes outlined above have also had wide-ranging impacts on the non-profit education enterprise. Non-profit colleges are increasingly selling their intellectual property on the private market, creating complex administrative capacities to advertise and better market themselves, as well as hiring more part-time faculty and offering less tenure-track faculty positions (Slaughter and Rhoades 2004). This analysis focuses on the for-profit sector,

\(^{1}\)Slaughter and Rhoades use the term non-Fordist in their text, but its meaning and application is the same
which should be conceived of as an extreme version of the higher education regime which is increasingly shaped by the neoliberal economy. Rather than an absolute departure from nonprofit education, which is also involved in a “new economy” characterized by post-Fordist manufacturing and a flexible workforce, for-profit higher education is rather the most overt version of it. A case in point is the fact that many nonprofit colleges today operate for-profit arms: most universities operate for-profit extension and night-schools which help fund the nonprofit college. For-profit colleges are like these night-schools, but operate independently from any nonprofit parent organization.

The management of for-profit colleges provides an informative example of how selling education purely on the private market changes the academic enterprise. While the internal management of nonprofit schools is highly political, and conflict is only resolved through widespread debate, for-profit schools resolve conflict through decisive top-down management. For-profit schools largely lack any form of a “faculty senate” which often operate at nonprofits as a form of faculty self-governance (Bailey, Badway, and Gumport 2001). While nonprofit colleges are accountable to the public, due to a combination of receiving public funds or otherwise partnering with public programs, for-profit colleges have no such accountability. For-profits are largely free from public scrutiny, especially when their decisions produce negative externalities (Schwenk 1990). A prime example is with the sudden closing of ACT College in Virginia and the subsequent abandonment of students who had paid for programs they cannot now complete. The internal decisions of for-profit institutions are made at the top with little, if any, input from those who will be most affected by the proposed changes. The organizational patterns of for-profit colleges
can be viewed as a natural consequence of deregulation of the education industry; with increased competition comes the need to be flexible in the market, a shift that alters the relationship between faculty and educational institutions.

This hierarchical management style has implications for curriculum development. While nonprofit schools give their professors a large measure of freedom to choose materials and design their classes, for-profit professors are given no such leeway. For-profit course curriculums are designed by managers with an eye to create skill-based and standardized classes for their many far-flung campuses. Many view for-profit schools as corrosive to the academic enterprise because such curriculum decisions are made at the top, with profitability always in mind. Professors are seen more as teachers than independent experts with scientific research interests, and the search for scientific truth is not the driving force behind curriculum creation at for-profit colleges (Tierney and Hentschke 2007, 71-77). Professors are expected to teach large numbers of students, not perform research, and teach primarily part-time. Together these policies substantially lower labor costs at for-profit colleges (Winston 1999).

One of the major effects of the post-Fordist economy on higher education is the pay and tenure structure of professors. The long-held tradition of the tenure-track system, whereby professors are integrated into a college for the indefinite future, is being phased out and replaced with a more flexible workforce. This trend is occurring across higher education, but is most dramatic at for-profit colleges. Increasingly professors at both for- and non-profit colleges hold titles like ‘lecturer’ or ‘adjunct’ and do not have the possibility of tenure in the future. In fact, a requirement for being hired at the University of Phoenix is that one have a master’s degree and a full-time job (Leatherman 1998). For-
profit colleges have adjusted more fully to a neoliberal economy than nonprofit colleges; many offer no tenure track positions, and those which do have tenured positions maintain only a small number. Professors at for-profit colleges are primarily hired on temporary contracts, and often work part-time. Furthermore, the online nature of many programs provides an added level of flexibility, with many instructors working remotely from locations far from the locations of their students. The ratio of full-time to adjunct faculty at for-profit institutions is 1:10, while the ratio at public 2-year non-profit colleges is approximately 1:3 (Leatherman 2000). It should be noted, also, that these public 2-year colleges employ the highest percent of part-time faculty among all other categories of non-profit colleges.

For-profit colleges also offer programs catered to the service industries that are part and parcel of the post-Fordist economy. These schools are nimble in the same way that capital is nimble in the post-Fordist economy; for-profit institutions of higher learning seek to train the labor force demanded by industry’s sudden demand for labor. When companies manufacture or refine a good in a given region as part of a broader supply chain, this activity creates jobs in that region. For-profit colleges seek to measure the extent of these jobs and train students to fill the available jobs. For-profit colleges thus position themselves between potential workers and incoming post-Fordist capital, and fulfill demand for workers that may suddenly increase or decrease due to any given number of domestic and international economic forces. In the same way that industries may expand and contract, for-profit educational programs also attempt to expand and contract with the market for labor. The job prospects of vocational students are equally mobile, and expand and contract with the market.
For-profit colleges hope their students will graduate in time to enter a given workforce, before the capital funding that industry migrates out of an area and renders the school’s training program obsolete. Martin emphasizes that while capital and its concurrent job opportunities are very mobile, local labor markets are actually comparably immobile. Because it is expensive to relocate one’s residence, individuals usually change jobs within their current locale rather than relocate for a job opportunity (Martin 2000, 461). Neoliberal economic patterns therefore put individuals with lower income at an increased risk of being isolated from capital-infused economies. He explains that “when firms shut down, many out of work struggle to find replacement jobs and struggle even harder to move out of economically depressed areas” (Martin 2000, 466). In this scenario capital moves freely across international boundaries, sometimes leaving a trail of blighted communities and unemployed labor markets in its path.

However, it is unclear how well for-profits estimate the market and train their students accordingly. Apling’s analysis of proprietary schools in the 1980s shows that for-profit colleges offer programs that are too short to prepare their students for the intended occupations, and that the programs cater to fields which are not actually experiencing growth (Apling 2011). The Governmental Accountability Office (GAO) also found that proprietary schools were contributing to extreme oversupply in several industries. In the states they studied, “proprietary school students received training in jobs classified under 23 occupational categories with a labor surplus” (GAO 1997, 8). GAO reported that $172 million in federal lending and more than 75 thousand students in the country were associated with training in these oversupplied occupations (8).
A particular critique of adult retraining programs illustrates the danger of developing a flexible workforce with little to no institutional support. In 1998 The Workforce Investment Act created a “work-first” approach wherein those who partook in government-funded education programs were required to maintain at least part-time employment during their time in the program. These requirements made retraining particularly onerous, and resulted in a dropout rate of approximately 30 percent of Hispanics enrolled in 1998 (Huerta-Macias 2002, 17). The programs also emphasized training over basic education, and their stated purpose was to put workers into new jobs. The requirement to work while one retrains, and the training programs emphasis on employability rather than education has been described as promoting the working-poor. The vocational nature of the training only prepared individuals for low-wage employment, and never actually added to their long-term human capital. Not only are the types of jobs which the job training prepared them for inadequate for supporting families (Huerta-Macias 2002, 17), but the lack of basic education in language and analytical skills did not equip workers with the skills needed to be promoted beyond entry-level jobs (Fisher 1999). An emphasis on training and job placement may lead to a cyclical process between low-wage work, welfare, and retraining programs in an economy where capital and jobs continuously change locations.

While post-secondary education entails substantive, basic skills that provide long-term benefits, training offers short-term benefits that may be uncertain and unstable. The differences between education and training are important to understand; the value of for-profit colleges lies in their ability to increase the employability of their students. But if this employability is short-term in nature and actually facilitates a similar revolving door
between work and poverty, as the work training programs critiqued by Huerta-Macias, then the value of for-profit degrees needs to be reevaluated. Housing insecurity, childcare needs, and social immobility often complicate the education needs of low-income people. For-profit colleges serve this population disproportionately, so it is crucial that their credentials be scrutinized.

Some evidence that the for-profit sector leads to relatively low wages as well as job insecurity is born out in Norton Grubb’s research on the long-term effects of proprietary school degrees (Grubb 1993). Building on the research by Lyke et al (1991) concerning the short-term effects of proprietary school credentials, Grubb studied longer term data which analyzed how students fared fourteen years after receiving a credential from a proprietary school (equivalent to for-profit school in this analysis). While he found that for men, vocational associate’s degrees from community colleges resulted in increased earnings and wages, he found that men with associate’s degrees from proprietary schools actually earned lower wages and lower yearly earnings than high school graduates (Grubb 1993, 23).

The results for women were slightly different, and speak to the role of for-profit education in the post-Fordist economy illustrated by Martin (2000). For women, public vocational and for-profit associate’s degrees actually led to a decline in wages and earnings, as compared to high school graduates. Gains for women were seen in certificate programs: community college certificates led to the highest wage increases and public vocational certificates led to the highest earnings increases. However, for-profit certificates increased wages by 25% but only increased yearly earnings by 7% (Grubbs 1993, 23). Grubbs attributes this disparity in gains to the insecure nature of the fields
proprietary school programs place students. While wages are higher in the fields these school train in, employment in such fields are erratic and result in bouts of unemployment which decrease individuals’ overall yearly earnings. Noteably, certificates and degrees from community colleges, and degrees from public vocational schools increased wages and earnings across all groups.

The sudden growth of for-profit education in the 1990s may also be understood within this paradigm of social exclusion-inclusion (Dymski 2010). While access to education by minority populations may have expanded through for-profit institutions, their higher cost and dubious outcomes may indicate a similar transformation of social exclusion in the market for higher education that was seen in the home mortgage market. While this study does not address educational outcomes, its analysis of the social geography of for-profit schools contributes to an understanding of the historical and demographic nature of post-secondary education access in the United States. In particular, the public support of for-profit students is particularly pertinent to this question. If federal educational grants and loans are being disbursed to borrowers with little ability to repay them, we may find ourselves in a financial crisis precipitated this time by the education market. Finally, I intend for this study to contribute to a discussion

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2 Recent analyses of the US financial crisis and resulting 2008 recession are important to any discussion of the growth of for-profit colleges and universities. The mortgage crisis in 2008 was underpinned by a transformation in the exclusion of minorities from the home mortgage market (Dymski 2010). Minorities had been systematically denied mortgage loans and other financial products preceding the 1990s, but that decade low-income and minority borrowers were pursued as customers. As the broader economy restructured, Dymski explains that “racial minorities were no longer denied mortgage-credit altogether. Instead, they were increasingly given access to housing-credit under terms far more adverse than were offered to non-minority borrowers.” (Dymski 2009, 150). Rather than excluding minorities from home loans and other financial services, banks expanded access to their services to minorities. This time people were not denied access to certain financial services; instead there was a price for access, one which happened to be much higher than for others.
about the level of access—as reflected in quality and price—that minority and low-income individuals really have to higher education.

**Thesis Structure and Research Questions**

In the following chapters I will consider the insights presented above, as they apply to the Washington, DC context. It will serve as the first geographic analysis of for-profit colleges in a metropolitan area, and will consider the for-profit college model to be an example of a post-Fordist industry. The growth of for-profit colleges in Washington will be considered in relation with demographic change, specific public policy issues regarding immigration and education, and potential long-term effects of the expansion of for-profit higher education. I will outline the landscape of higher education access in metropolitan Washington, DC by exploring the geography of community colleges and for-profit colleges and how it relates with the broader social geography of the region. Finally, attention will be given to education costs, and how education loans are distributed at for-profit and community colleges in order to evaluate how these financial patterns further contribute to the social geography of higher education access.

This study’s central research questions are: what are the geographic patterns of growth among the for-profit education sector and how do they compare to geographic patterns of demographic change in metropolitan Washington? Is there a correlation between the growth of minority populations and that of for-profit colleges in metropolitan Washington? If so, is there a spatial correlation between where minority/immigrant populations have settled in metropolitan Washington and where for-profit colleges have established themselves? Finally, what are the geographic differences between traditional
sources of adult higher education and that offered by for-profit colleges and what might this tell us about access to higher education among certain populations? Considered at the end of the study will be the cost of for-profit education, specifically the amount of federal loans taken on by students and how students fare after graduating or otherwise leaving their institutions.

The thesis is structured as follows. Chapter 2 examines how for-profit schools generally compare to community colleges, in regards to their student demographics, advertising and marketing strategies, and their associated costs. This will be done by analyzing how for-profit colleges advertise themselves and by analyzing data from the Integrated Postsecondary Data System. Chapter 3 presents the context of metropolitan Washington as a growth area of for-profit education and outlines the methodology used in the spatial analysis of for-profit schools and their surrounding communities. Chapter 4 presents the results from the spatial analysis, and its limitations. Chapter 5 discusses the results and makes some conclusions about the potential effects of the growth of for-profit education in metropolitan Washington.
CHAPTER 2
THE RISE OF FOR-PROFIT COLLEGES IN THE UNITED STATES

For-profit colleges have a long and somewhat fractious history. Despite their consistent place in the educational landscape, these private institutions that offer skills-based training for a fee have received an equally steady flow of criticism. Because of their emphasis on skills over traditional education, for-profit colleges have been condemned and relegated to second-class status compared to their nonprofit counterparts. In some accounts, for-profits are heralded as educational renegades, on the frontlines of civil rights as well as disciplinary innovation (Ruch 2001). When African-Americans were barred from higher education in the South, Ruch argues that entrepreneurs provided them with technical training, a covert action which could not have been accomplished from within the “educational establishment” (Ruch 2001, 58). Similarly, Native American children, women, and disabled individuals were catered to by a for-profit educational sector that offered alternatives to the liberal arts curriculum which was reserved for the elite. One example is the National Deaf Mute College in 1864 which was the first institute of higher learning devoted to educating deaf and/or mute students. The college first operated on a for-profit basis but after earning a good reputation through its various northeastern campuses, the college received public funding and was incorporated as Gallaudet College in 1954 and later renamed Gallaudet University. Ruch describes the for-profit education mission as “education for marginalized people”—education which could only have been accomplished outside of the nonprofit system, by visionaries on the fringes of traditional education.

Kevin Kinser analyzes for-profit colleges through the lens of accreditation. The
histories of accrediting bodies and their relationship with the US Department of Education go a long way in illuminating not only how federal education funds are allocated but how the evolution of this process has affected educational delivery.

Accrediting bodies for for-profit colleges first emerged in the early 20th century. These organizations served to ensure quality within their respective industries, and were rarely utilized by external individuals or bodies. After the Second World War, however, the G.I. Bill established the first federal support of higher education in the US; the federal government turned to accrediting bodies in 1952 to help ensure veterans did not enroll in fraudulent programs (Kinser 2006, 100). The new requirements set by the federal government provided a clear avenue to accreditation, and many associations worked to satisfy these standards.

In the 1970s, community colleges changed their orientation from primarily centered on transferring students to 4-year programs, to offering their own terminal 2-year degrees in vocational fields. In an effort to secure both business and governmental support, community colleges chose to emphasize vocational programs and deemphasize their liberal arts and transfer-oriented programs. This decision provided community colleges with a stable identity and niche in the market as an alternative to vocational schools and state colleges which had raised their entrance requirements in the face of growing rolls (Brint and Karabel 1989). While it may appear that competition originated entirely from the for-profit sector, which today offers liberal arts programs to compete with community colleges, community colleges have historically competed with for-profit colleges as well. Community colleges positioned themselves in the market to compete with for-profit colleges, in ways which have made them more similar to these vocational
schools as well. For-profit colleges and community colleges have therefore influenced each other heavily in the latter half of the 20\textsuperscript{th} century.

The Higher Education Act of 1965 (HEA) expanded the federal government’s support of higher education, and further cohorts of technical and vocational college accrediting associations sought federal approval to participate in the new funding programs. At the time of the HEA’s reauthorization in 1972, only approximately 10 percent of for-profit colleges were accredited and by 2006 approximately 50 percent of such schools were accredited (Kinser 200). Regional accreditation standards are notorious for being more stringent than national standards, but a court case in Washington, DC illustrates how their power to regulate education institutions has been steadily eroded. When the Marjorie Webster College was rejected by the Middle States Association in 1966, a district court decided that to revoke accreditation would cause unreasonable harm to the institution. While the ruling was overturned, the case still set a precedent that the court system could interfere with accrediting bodies’ decisions, and for-profit colleges have continued to seek recourse from the judicial system in similar situations (Kinser 2008, 103).

Because accrediting bodies took on a “monopolistic nature” and were tasked with “the concept of accreditation as a quasi-governmental activity”, this meant that they were entitled to the protections of legal due process. Since then, accrediting agencies have established accreditation avenues for for-profit colleges, and many have achieved regional accreditation. Kinser reports that all virtual universities which hold regional accreditation and most other distance education providers hold accreditation from the North Central Association, which spans the Midwest and governs universities in 19 states.
(Kinser 2008). The electronic and multi-campus nature of most for-profit schools makes the geographical nature of accrediting bodies largely inconsequential. A school need only be headquartered in a region for all of its far-flung campuses to receive that region’s accreditation.

Higher education received generous state and federal funds during the 1950s and 60s to support research believed to be vital to the national interest (Kinser 2008). However, this support waned in the 1970s when the Vietnam War and an energy crisis put pressure on the national budget. In the 1980s and 1990s, state budgets also became pinched due to increased spending on entitlement programs. These two developments left higher education largely starved of the public funds which had facilitated its growth in previous decades and not able to accommodate growing numbers of students. The explosion of research and development in the 1950s and 60s began to slow in the 1970s and largely ground to a halt by the end of the 20th century. (Kinser 2008). Higher education was then forced to reposition itself in the broader economy, and for-profit schools expanded as institutions which were not dependent on public funds. Many nonprofit colleges turned to commercial activities for much needed funding, and for-profit colleges expanded in their scope. Towards the turn of the century, for-profit colleges like the University of Phoenix opened with a revolutionary idea to offer both 2- and 4-year degrees in liberal arts subjects, a niche which had traditionally been the domain of nonprofits.
A Different Funding Model

Many supporters of the for-profit educational model emphatically hold that its funding model is superior to that of nonprofit education institutions. For-profit colleges are proposed as innovative public policy; institutions that are superior to nonprofits because:

[T]hese for-profit, adult-centered universities are labor but not capital intensive, their facilities can be constructed with private capital, they pay taxes, and they return more to the public treasury than they take out in the form of federally insured loan subsidies available to their students. In short, they are a bargain for the taxpayers (Sperling and Tucker 1997, 1).

In contrast to nonprofit colleges, the authors also argue that for-profits are more accountable for their educational quality and operate more efficiently, a notion that is hotly contested. These are similar to arguments made for a variety of private market enterprises, and Sperling and Tucker (1997) write as financiers who have identified a good investment; they do not write from within the field of education, as education practitioners. Their analysis regards the financial, statistical and business operations of educational enterprise and, from their vantage point in the 1990s, advocate the expansion of for-profit education. Their perspective represents the view of private-market industrialists who see education as a service with a built-in market in the United States; education is a money-making opportunity they advise their entrepreneurial audience to invest in. Sperling and Tucker’s view is a harbinger of the for-profit model which many of the largest education corporations adopted in late 1990s and into the 2000s.

One of the central questions regarding for-profit universities is how the profit motive affects the quality and type of education provided. Gordon Winston, an economist
who specializes in the economics of higher education at Williams College, provides a thorough analysis of the micro- and macro-economic forces which affect higher education (Winston 1999). Winston dissects the operating costs of both nonprofit and for-profit schools, and distinguishes between how both types of schools subsidize their students. Winston argues that the for-profit model necessitates a lower level of spending per student; in order to make a profit and compete with nonprofit colleges, for-profits subsidize their students to a lesser degree than nonprofits. The broader discussion about costs at for-profit colleges is a cacophonous one; proponents of for-profit education claim their degrees come at a discount compared to traditional nonprofit programs, while opponents emphasize the comparatively high cost of for-profit schools. Additionally, proponents of for-profit education emphasize that for-profit colleges pay property taxes, from which nonprofit universities are exempt. A policy perspective which prioritizes state and local budgets may cast a more favorable light on for-profit colleges. A few issues are difficult to untangle in this discussion. For instance, how does one judge the relative cost of programs when the offerings, program length (i.e. four-year or two-year), credential earned, and student’s earning potential upon graduation vary so greatly between for-profit and non-profit schools.

One major theoretical issue is whether for-profit colleges and community colleges are truly considered substitutes in the market for higher education. While they appear similar in their course offerings and degrees, students at community colleges receive less vocational training and are more likely to continue on to four-year degrees at public universities. Stephanie Cellini found in her analysis of the market for two-year degrees in California that an increase of $100,000 dollars in public subsidies to community colleges
moved seven hundred students from the private to the public market, and a concomitant closing of two local for-profit colleges (Cellini 2009). These results indicate that community- and for-profit colleges are substitutes, and indeed compete with one another. It also suggests that students view community colleges as a first option and only enter the private market when community college cost or quality decline.

Another issue of major concern among researchers is the relationship between for-profit higher education and the federal education loan program. As Stephanie Cellini has also shown in her analysis of California colleges, as public education subsidies increase among two-year colleges, students are more likely to enroll (Cellini 2010). While this relationship holds for both community- and for-profit colleges, it is stronger among for-profit colleges. Students are also more likely to be drawn to these programs with more public subsidies in areas with higher rates of poverty. While she studied grants, it does serve as an example of how financial aid incentivizes students to attend college and therefore suggests that increasing access to student loans may have the same effect.

Patrick Lynn Rivers works for the Art Institute of Chicago, a for-profit university managed by EMC. He argues that an educational model which favors privatization and shuns public investment directly affects the diversity of academic offerings (Rivers 2010). In a private-market model schools are conceived of as a bundle of courses and programs, which can easily be separated from the overall university. In the world of for-profit art and design, this view has affected how programs are managed and which survive through time (Rivers 2010). The for-profit managerial tactic of “Responsibility-Centered Management”, or RCM, restructures academic enterprise to maximize
flexibility and efficiency, and causes programs to rise or fall on the basis of their profitability. Programs which do not turn a profit are minimized or closed altogether. Over time a school will thus be gutted of all of its more “soft” disciplines, and left only with those which have industry connections and are profitable on the free market.

Emphasizing disciplines with industry applications allows a college to capture economies of scale. A college is able to increase its efficiency—no small task in a service industry—if the college does not waste its resources offering courses in disciplines which may damage its job-placement rates. However, this type of organization may inhibit academic freedom and damage interdisciplinary collaboration (Rivers 2010). RCM puts pressure on professors to emphasize curriculums with industry applications, fosters competition between disciplines rather than collaboration, and discourages professors from forging new and innovative concepts. This inter-disciplinary competition demonstrates one way that for-profit colleges successfully compete with nonprofit colleges; subjects with economies of scale are uniquely well-suited to a for-profit model. Business and applied medical fields, for instance, are being spearheaded at for-profits in a way that draws students from nonprofit universities which may offer the same programs. A for-profit’s business or applied medical curriculum is likely to be more streamlined, and at least in terms of degree length, less expensive. In this way the for-profit model is encouraging nonprofit colleges to change their course offerings, a switch which may affect their broader organization and institutional values.

Critics of for-profit education maintain that the profit motive corrupts the ethical fabric of the educational enterprise, as well as its overall quality. The goal of increasing profits for share-holders is seen as antithetical to the academic tradition, and as the root
cause of many of the ills associated with for-profit schools. For instance, federal investigators with the Government Accountability Office uncovered illegal recruiting practices at for-profit colleges; the for-profit equivalent of admissions counselors, recruiters, were found to be relaying false information about college programs and costs, as well as emotionally intimidating students into enrolling for courses (GAO 2010). In another study, GAO found that online courses at for-profit colleges varied greatly in quality and that in some cases professors inflated grades by giving credit for work that was not turned in (GAO 2011).

These predatory practices are often attributed to the profit motive because the schools not only have an interest in bringing in tuition dollars, but have an organizational duty to increase profits for their shareholders. This organizational goal trickles down to student recruiters, who experience structural pressures to enroll as many students as possible. As GAO uncovered, many recruiters resort to unethical or illegal means to enroll students so as to increase their own commissions. The fact that there are little if no admissions requirements limiting students’ academic eligibility further support these incentives. While some colleges require placement exams upon entering, most do not require SAT scores, high school recommendations, essays or GPA information; a student must simply provide proof that they graduated high school or the equivalent (a diploma or transcript). For-profit colleges must also keep their attrition rates down in order to remain eligible for Title IV\(^3\) funding from the federal government. Kelly Field reported in the Chronicle for Higher Education that two former professors at a for-profit college in

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\(^3\) Title IV is the part of the Higher Education Act of 1965 that established federal funding of higher education. Today federal education loans are disbursed to students for use at approved colleges, as determined by accreditation, to help subsidize their higher education expenses. The act aimed to increase access to higher education by providing students with low-interest government loans to be used for college education.
Florida sued their former employers for pressuring them to inflate grades, track down truant students, and decrease the rigor of their courses in order to maintain the level of student enrollment required to receive federal funding (Field 2011).

A broader trend of divestment in public higher education has partly set the stage for the rise of for-profit schools. Traditionally, private nonprofit institutions provided a more elite, personalized education as an alternative to the standard undergraduate educations offered at state-funded public universities. However, a combination of neoliberal policies and state fiscal crises has contributed to decreased public funding of state-run colleges. One example is California, which has one of the largest and well-respected public higher education systems in the United States. State funds for the University of California system have been on the decline for decades, but have especially plummeted since the 2008 recession began. At the same time the state is seeing a rise in population largely due to immigration. Thus the demand for undergraduate education has increased while space and funding per student at California state universities have declined; tuition has been subsequently raised.

As suggested by Cellini’s results, for-profit institutions are able to step into this void. Winston describes the for-profits as “geographically nimble” institutions located in office parks and along highways, where they can expand into vacant or otherwise undeveloped spaces in isolated office parks and developments (Keller 2010). With remote teachers and classrooms, for-profit campuses do not need to physically accommodate all of their staff and students, and do not need to provide housing for those students who enroll. Further, for-profit colleges generally do not hold physical libraries, but only offer online resources to their students (Davis, Adams, Hardesty 2011). This
California example suggests that limited capacity at nonprofit universities has contributed to higher costs, lower acceptance rates, and a concomitant increase in enrollment in the for-profit sector.

In one comparison of a two-year University of Phoenix campus, Axia College, with the typical community college, *The Chronicle of Higher Education* demonstrated that tuition at Axia was more than four times the cost of tuition at a typical community college. While a community college on average charges $85 per credit hour, the two-year arm of Phoenix (hereafter referred to as Phoenix) charged $345 per credit hour. The Chronicle also reports that approximately 21 percent of community college students received federal education loans for the 2007-8 school year, but that Phoenix does not track the proportion of students who receive such aid. Based on Department of Education IPEDS College Navigator records, 46 percent of students at the Reston, VA Phoenix location were enrolled in federal financial aid programs for the 2009-2010 school year with another 23 percent receiving federal Pell grants. Proponents of for-profit education would likely argue that the added value of a Phoenix program lies in the personalized nature of its industry-specific programs, as well as their applicability to the job market.

A further difference between these schools is that Phoenix is private while the community college is public. Some may say that costs at Phoenix compare favorably to a private nonprofit school, which are likely to be higher. As this example demonstrates, it can be difficult to measure the value and cost of higher education; any analysis must take into account several factors ranging from overall academic rigor to long-term employment success. Arranged on the scale of cost, in ascending order, school types fall in the following order: public two-year (nonprofit), public four-year (nonprofit), private
two-year (for-profit), private four-year (nonprofit). The College Board reports that while public two-year programs average $2,713 per year and four-year programs (in-state) average $7,605 a year, for-profit (two- or four-year) schools charge an average of $14,174 this year, and private nonprofits average $27,293 a year (College Board website 2011). It is of note that there is no category for private two-year colleges which run on a nonprofit basis.

Who Attends For-Profit Colleges

The demographic characteristics of students at for-profit schools are a major focus of this research. For-profit colleges enroll a much higher percentage of ethnic minorities and women, a general pattern which is seen in the for-profit colleges in metropolitan Washington (Farrell 2003). A particular focus of this research is the relationship between immigrants and the for-profit sector, which many researchers have noted but not studied in particular. A spatial perspective will contribute greatly to an understanding of who for-profit colleges serve, and how they do so.

It is important to consider why these demographic differences in enrollment exist. On the national scale, Latinos who entered for-profit colleges are more likely to have attended poorer resourced schools than those who entered nonprofit colleges, and are more likely to have experienced low educational expectations from parents and teachers (Epstein and Malagon 2011). In general, students who attend for-profit colleges are more likely to have a General Education Development certificate (GED) rather than a high school diploma, more likely to have delayed enrollment in a postsecondary program, and more likely to have experienced low academic performance. Another factor associated
with for-profit performance, at least among Latino/as, is whether English is a second language for a student. If English is a student’s second language, he or she is more likely to enroll in a four-year for-profit college than a four-year nonprofit college. Latino/as in four-year for-profit programs are more likely to have entered the US public education at a later stage (middle school or later), a factor which is likely to result in decreased English proficiency (Oseguera and Malagon 2011).

Latino or Latina students’ career goals also play an important role in whether they choose a for-profit college. Students whose goal is “to ensure financial security” are more likely to choose a two- or four- year for-profit institution, while students who believe “education is important for job skills development” are less likely to enroll in a for-profit institution (Oseguera and Malagon 2011, 74). While for-profit students are focused on post-college financial security, students headed to nonprofit education are focused on their long-term development. This distinction suggests that students view for-profit school’s services as more akin to training that will lead them to a precise industry and provide job security, while students see nonprofit education as providing a starting point for the long-term development of their job skills.

The demographic characteristics of for-profit college students are similar to the characteristics of Adult Basic Education (ABE) students. Adults, many of whom have dependents and full-time jobs, often return to school at an older age in order to strengthen their long-term employability. However, the differences between for-profit colleges and ABE programs are vast; colleges offer degrees while ABE only offers certificates, are much less structured, and are often haphazardly facilitated at institutions ranging from local public schools to churches. The most common ABE programs include preparation
for the General Equivalency/Education Diploma (GED) exam, and English as a Second Language (ESL) courses. The former allows students to earn their high school diploma credential if they dropped out of high school, and the latter helps those with limited literacy skills to increase their command of the English language.

Some certificate programs are offered through ABE, but ABE programs never offer college degree programs. Unfortunately, ABE programs have only received $2 more (adjusted for inflation) in funding per student from 1966 to 1998 (Huerta-Macias 2002, 19). Community colleges are a common next step after ABE programs; with a GED and improved English, students are then ready for college-level courses. However, for-profit schools may be filling a market niche that falls between ABE literacy programs and college-level coursework. For-profit colleges usually have open admissions policies, provide remedial education for students who have been inadequately prepared for college-level work, and enroll a disproportionately high number of minority adult learners—the same demographic as ABE programs. One major benefit that for-profit schools offer to these nontraditional students is the ability to earn a credential, whether a certificate or a degree. For-profits may be capturing a market of students who would normally pursue a combination of Adult Basic Education and community college programs, but see for-profit programs as a more streamlined route to the skills provided by both types of programs.

**Contrasting For-Profit Colleges with Community Colleges**

Community colleges have long served local communities by offering low-cost post-secondary education ranging from vocational training to academic preparation.
required for four-year universities. Many courses are offered at night and are meant to be accessible to working adults who may be attending school part-time. Community colleges only require a high school diploma or GED for admission. Community colleges offer vocational training as well as preparation for four-year degrees; most students either earn a less-than-four year certificate or degree and enter the labor market, or transfer their credits to a local four-year college or university. Most community colleges maintain special relationships with local public four-year institutions and facilitate students’ transfer into their bachelor programs.

Like community colleges, for-profit schools serve the adult population at a higher than average rate. Specifically, for-profit schools serve adults who have had a non-traditional educational path which may include gaps in their education timeline or working alongside their schooling. Like community colleges, for-profit colleges offer programs designed for working adults with the desire to earn higher education credentials and advance their careers. For-profit colleges also offer short certificate programs in specific skill areas, or associates degrees in vocational fields. Many for-profit colleges have open admissions policies, which are even more liberal than those at community colleges. While anyone with a high school diploma or GED is granted admission at a for-profit school, certain residency requirements and prerequisites may be required of incoming community college students. While the community college system of education has been in place for the last half century and remained largely unchanged, the for-profit education system has largely expanded in the latter half of the twentieth century and has evolved dramatically during a short time period.
A study by the National Center for Postsecondary Improvement in 2000 comparing community colleges and for-profit universities yielded a variety of interesting results. Although the study needs updating, its analysis helps paint the evolution of the for-profit sector over the last few decades. By studying NCES data and results from the *Beginning Postsecondary Student* survey, and conducting extensive interviews with education leaders, the National Center argued that for-profit schools have evolved far beyond the infamous technical training schools which offered poor educations and disproportionately used government funding. The study offered five major conclusions regarding how these types of schools compare with one another. Firstly, for-profit colleges have narrower missions than community colleges; while the former offers vocational education, the latter offers liberal arts tracks with the goal of opening up longer term educational opportunities. Secondly, professors at for-profit colleges do not have a culture of shared governance, since curriculum is created centrally and professors are not unionized. Third, for-profit schools emphasized degree attainment more than community colleges. The study also found that for-profit colleges offer more practical training and comprehensive counseling and career services. While the National Center for Postsecondary Improvement (NCPI) recognized that these types of schools shared similar student demographics and offered two-year degrees, they concluded that for-profits occupy a small market niche and did not directly compete with community colleges (Bailey et al 2000, 41-42).

The relationship between community colleges and for-profit colleges seems to have shifted since 2001. Both types of schools offer programs in similar fields, require similar credentials for admission, offer flexible class times, and advertise to a similar
group of potential students. The amount in which they overlap has grown since the NCPI report. A study performed in 2005 by the Northern Virginia (NOVA) Community College Office of Institutional Research is particularly informative. NOVA community colleges experienced 1.1 percent enrollment growth between 1999 and 2003, whereas three of the largest for-profit institutions in metropolitan Washington, DC grew by 92.3 percent. During this time, enrollment at Strayer University grew 75.1 percent, enrollment at the University of Phoenix grew 162 percent, and enrollment at ITT Technical Institute grew 39.8 percent (Gabriel 2005, 6). In particular, NOVA’s study identifies that their losses have focused on older, part-time students; its campuses have experienced an overall 13 percent decline in students over 24 years of age, and a 4.6 percent decline in part-time students of all ages from 1999 to 2003. Some campuses experienced around 20 percent declines in these segments of the student population (Gabriel 2005, 12). As analysis in Chapter 3 will show, and the NOVA report asserts, for-profit schools in metropolitan Washington maintain high rates of part-time and students older than 24. The continued growth of these for-profit institutions and these demographic patterns suggest adult students are migrating from community colleges to for-profit institutions. Based on Cellini’s findings in California, it is possible that a lack of funding in community colleges in Virginia has led to a growth in the for-profit market there.

*Marketing For-Profit Education*

The growth of for-profit college’s share of the higher education market has largely been attributed to their marketing efforts (NOVA 2005). For-profit schools utilize media at a much higher rate than community colleges. In the field of advertising, for-
profit schools are far ahead of traditional colleges; for-profits’ use integrated marketing, professional consultant groups, internet marketing and tag lines as marketing tools that have attracted students who may have otherwise attended a community college (NOVA 2005, 17-18). While many nonprofit colleges are starting to include online marketing campaigns in their budgets, they have difficulty competing on the same level as the for-profits. For-profit colleges have always seen branding as a necessary component of their business model, and today devote as much as 20 percent of their budget on marketing. Non-profits have been reluctant to promote their educational mission in such a commercial way, and spend an estimated five percent of their budget on advertising (Strout 2006).

The field of online advertising is largely dominated by the for-profit college industry. For-profit colleges have hired online marketing specialists to optimize the visibility of their advertisements and links on the web (Blumenstyk 2006). Using a combination of “pay per click” advertising campaigns, and website coding, marketers enhance the ranking information about the school in Google search results. These marketing companies essentially capture information about a group of potential clients they call “leads”; the college pays the company a certain commission for every lead cultivated. Potential students are often encouraged to call for more information, and are provided the number to a call center also run by the marketing company. One service promises to call each prospective student within three minutes of receiving the lead’s information from the college’s website or other online portal, which is the experience of government researchers who performed an undercover study of for-profit colleges (GAO 1997). The University of Phoenix is “the uncontested leader of the pack” when it comes
to online marketing (Blumenstyk 2006). Of all industries, the Phoenix’s parent company, the Apollo Group, was the seventh largest online advertiser, with more than $142 million spent on internet advertising in 2005 (Blumenstyk 2006).

A review of the advertisements that are displayed for popular searches on popular search engines is informative. Search terms such as “college”, “for-profit college”, “community college”, “two-year degree” and “technical degree” in Bing, Yahoo and Google search engines render similar advertisements. When performing a search, sponsored links or advertisements appear along the top and side bars of the results page, with marketing lines which promote the schools which have paid to have their ads linked to the given search term. Not only the schools which appear, but the messages they convey to their potential customers shed light on the type of students they seek to attract, as well as the type of postsecondary experience they are selling.

Below are advertisements that accompanied search results in my three online searches. As argued by Blumenstyk, for-profit colleges are best represented in the online search space. Online universities were most heavily represented in all searches, not just the searches for “for-profit college” and “technical degree”. For-profit colleges also dominate advertising space for “college” and even for “community college”. One institution refers to itself as an “online community college”, but is in fact an online wing (Ivy Bridge University) of a for-profit university named Tiffin University. In another advertisement, University of Phoenix seems to respond to the online search for a community college, saying “Considering community college? See if our classes are a better fit” (see Figure 2.1).
After for-profit college advertisements are those for third party websites which provide aggregated information about college programs. Websites like “www.OnlineCollege.eLearners.com” and “EducationConnection.com” urge prospective students to access their vast database of information about colleges. Their websites clearly serve as lead-generators for colleges which partner with them, probably in the “pay for click” campaigns reported on by Goldie Blumenstyk (2006). If one clicks on an advertisement, oftentimes one is led to a page asking questions about what type of program one is interested in. If a prospective student answers these questions, the next screen will identify applicable programs and ask the student for personal information. Before receiving any school information, the potential student must submit personal information such as address, phone number, email address, program of interest, and current level of education attained (see Figure 2.2).

**Figure 2.1** University of Phoenix advertisement.

A Google search for “community colleges in DC” rendered three ads; one for a third party website of community colleges in Washington, DC, one for Northern Virginia Community College, and one for the University of Phoenix. (Jan 7, 2012)
There are several examples of the techniques cited in the Northern Virginia Community College study in the sample of advertisements below. Several colleges use tag lines to emphasize what type of students they cater to. “Get a degree faster than you think”, “a practical, affordable path to your degree”, “a streamlined path to a bachelor’s degree” and “earn your degree without putting your life on hold” (see Figure 2.3). These phrases emphasize that students can earn a credential quickly, simply by taking classes alongside work or other commitments that fill individuals’ schedules. In contrast to common adult or continuing education programs, these college programs want to highlight that one can earn a degree through part-time attendance. While many public colleges or Adult Basic Education programs provide classes for credit as part of non-degree programs, or provide non-credit classes, these for-profit colleges provide courses
that can actually result in a higher education credential. Further subtext communicates to students that while community colleges and other nonprofit universities are able to provide flexible scheduling for select classes, these colleges offer enough classes at flexible times for students with full-time work schedules and other demands to accumulate a degree—“a degree that fits your schedule.”

Many advertisements catered themselves to my location, based upon my computer’s IP address. In the advertisements below, several colleges mention that they have campuses in the Washington, DC area, and even provide the name and/or address of the particular campus. Many colleges also advertise their accreditation status, almost insinuating that if a college does not mention its accreditation status it probably is not accredited. Another metric on which colleges demonstrate their flexibility and convenience is the number or types of programs they offer; the degree is heralded as fully customizable to the individual. The potential student, who may be initially interested in a traditional college, is bombarded with messages like the ones below (Figure 2.3) that argue for the for-profit college model. A for-profit degree’s convenience, program customization, short degree length, and personalized campus options (including fully online), all speak to the potential student as a consumer who is comparing products on the private market rather than a public good on the nonprofit market.
Traditional advertising methods are also utilized by for-profit colleges. In particular, for-profits produce television and billboard advertisements to spread awareness about their programs. For-profits are very particular about how they advertise, using techniques in their marketing material which more directly reach their target audience. As Elizabeth Farrell reports, ITT Technical Institute uses Spanish in their marketing material to reach out to the rising cohort of young Latino/a students who are entering their post-secondary education years (Farrell 2003). Surprisingly, the advertising is more designed to reach parents than students; parents of Latino/a students are often not fluent in English and ITT
Tech has found that parents are more likely to support their children’s attendance if they are familiar with the school and its offerings. This finding supports the forthcoming geographic analysis which posits that for-profit colleges’ target market is the foreign-born market and their children.
CHAPTER 3
THE METROPOLITAN WASHINGTON CASE STUDY

Immigration to Washington, DC

The growth of for-profit colleges in Washington, DC in the 2000 decade was preceded by extensive immigration to the region. Audrey Singer, a demographer at the Brookings Institution analyzed the chronology of immigration to the Washington, DC region and identified the many ways in which it was unique. Between 1990 and 2000, metropolitan Washington received a quarter of a million immigrants from 193 countries and territories (Singer et al 2001). In her influential work, “World in Zip Code”, Singer emphasized that what set the patterns of immigration to Washington apart from that of other cities was its diversity. No immigrant group formed a majority in the region, and the top ten sending countries all sent less than 11% of the region’s share of immigrants (3). Further, immigrants did not cluster into particular parts of the city, but were dispersed throughout the region. Immigrants experienced general gender parity, but the median age was a young 29, with 25% falling below 18 years of age (Singer et al 2001). In terms of race, the metropolitan area was approximately 56% white, 26% black, 14% Hispanic, and 9% Asian.4

The metropolitan Washington’s rise as a major immigrant destination in the 1990s earned it the classification of “emerging immigrant gateway” (Singer 2004). Between 1980 and 2000, the metropolitan Washington region’s immigrant population grew a whopping 228%. Approximately half of the immigrants in emerging gateways like Washington, DC entered the United States during the 1990s, and were more likely to be

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4 According to the Census Bureau’s American Community Survey 2010 1-year Estimate.
from countries in Asia, the Caribbean, or Latin America. These immigrants were more likely to have low English proficiency, more likely to be poor, and less likely to become US citizens (Singer 2004). Metropolitan Washington stands out as a region which received a sizeable African immigrant population; by 2000 93,000 Africans had immigrated and made up 11.2% of the area’s immigrants (Singer 2004, 13). Singer et al report that the African immigrant population in Washington in 2000 was second after New York’s 99,000 where Africans made up only 3.2% of immigrants.

Interestingly, 87% of immigrants chose to reside in suburban communities in the 1990s, with nearly half of the population living outside of the beltway (Singer et al 2001). Eight out of the top ten neighborhood destinations for immigrants lay outside of the District of Columbia, in the suburbs of Maryland and Virginia (5). Washington experienced hardly any immigration for the majority of its history, but received so many immigrants from the 1980s to the 2000s that the city’s immigrant population became comparable to other major immigrant destinations; in 2000 it was seventh among all metropolitan areas for its share of foreign-born residents (Singer 2003). Immigration spiked in Washington during the 1990s, a time when an increasing number of jobs lay outside the city’s center and housing prices were becoming unaffordable in downtown areas. These forces, combined with a lack of historical immigrant neighborhoods, led to most immigrants settling in the outer suburbs. These forces combined to produce an explosion of immigrant settlement in suburban areas of metropolitan Washington, DC in the 1990s and 2000s. In the 2000 decade, the Hispanic population in metropolitan Washington grew from 432,000 to nearly 780,000. This growth represented a change from 9 percent of the population to 14 percent (Price, in press).
It is against this backdrop of major immigration that the growth of for-profit colleges in the metropolitan area has taken place. Whether or not for-profits are indeed locating in areas high in foreign-born residents will help illuminate whether for-profit growth is actually correlated to the growth of immigrants in metropolitan Washington. The next chapter will discuss the results of a spatial analysis of for-profit college locations and demographic characteristics of the metropolitan area. Once it is established whether or not for-profit growth is correlated with foreign-born growth, I will then consider the implications of this finding in Chapter 5.

Methods

This research seeks to understand how for-profit locations articulate with broader demographic trends in the Washington, DC metropolitan area. In order to study this relationship, this study analyzes the relationship between ethnic diversity and for-profit education with the hypothesis that there is a positive relationship between these variables in metropolitan Washington. As metropolitan Washington has experienced increasing immigration there has been a concomitant increase in for-profit education in pockets where underserved populations live and work. To understand these relationships the study uses a combination of demographic and locational analysis in Geographic Information Systems (GIS), quantitative analysis of federal educational data, and qualitative analysis of for-profit colleges’ offerings and marketing techniques.

Higher education services like the community college system and for-profit colleges will all be considered as part of a spatial pattern of service distribution and access in the study area. There are few studies utilizing Geographic Information Systems
in the study of college choice or college growth, and none focus primarily on for-profit colleges. One study of the geography of UK grade-schools by Chris Taylor utilized GIS to chart the flow of students from middle to high schools, in order to demonstrate competition among secondary schools in the UK (Taylor, 2007). He represents school size and school intakes visually, and demonstrates that most students chose their high schools based upon geographic proximity (88-89). The Chronicle of Higher Education creates interactive mapping tools with GIS to present statistics regarding college choice, higher education funding patterns, and other education trends visually (Almanac of Higher Education 2011). Jonathan Rothwell of the Brookings Institution similarly utilized GIS to model the relationship between zoning, public education systems and demographic characteristics like poverty (Rothwell 2012). This study utilizes a similar type of mapping as these two examples, but will consider for-profit colleges specifically and compare their locations with broader demographic trends. In particular, the ethnic characteristics of individuals in areas that for-profits have expanded into will be considered, with the goal of better understanding the role of these schools in human capital development and in the broader economy.

Borrowing from Michael Tietz’s (1968) analysis of the locational differences between public and private sector service delivery, this study compares the traditional non-profit education system to the for-profit education system. In this analysis of non- and for-profit higher education in metropolitan Washington, community college programs are mapped first in order to establish a baseline to represent the adult education system that was in place before for-profit colleges entered the market. It is expected that the geography of community colleges will reflect a service delivery pattern similar to
those of public services studied by Tietz. The locations of for-profit education institutions will be mapped next with the expectation that they will resemble the geographic patterns for private service delivery, but also suggest patterns particular to the education industry. Locational and attribute data on for-profit institutions is drawn from the United States Department of Education’s Integrated Post-Secondary Education Data System (IPEDS).

In addition to comparing the distribution of traditional institutions of adult education to the emerging for-profit education system, this study analyzes the relationship between demographic change in metropolitan Washington and the geographic scope of for-profit colleges. GIS analysis that relies upon overlay, the study of spatial dependence, and the study of neighborhoods and regions drives this case study (Janelle and Goodchild 2011). It is expected that this analysis will show for-profit colleges are accessible to populations which community colleges are less accessible to, particularly minority populations. To model the relationship between for-profit college growth and demographic change, census data for metropolitan Washington will be overlaid with for-profit college location information from the National Center for Education Statistics’ Integrated Post-Secondary Education Data System.

Detailed tract-level information regarding race from the 1990 and 2000 censuses and tract-level information regarding nativity from the 2005-2009 American Community Survey will be input into ArcGIS (10.0). In these tables, individuals’ responses to the 2000 and 2010 bicentennial census regarding their racial identification are recorded and associated with a particular census tract. Similarly, nativity information is gathered from the 2000 census and the American Community Survey which is a large national survey of a sample of the American population taken each year. Respondents indicate what country
they were born; anyone born outside the United States is considered in this study to be “foreign-born”. While the 2000 census included a foreign-born question, the census in 2010 did not. Therefore instead of the 2010 census the 2005-2009 American Community Survey is used, which projects foreign-born populations using statistical models, to represent the rates of foreign-born in the latter half of the decade.

These data will complement data from IPEDS which indicates when for-profit colleges started operating. Several maps will be generated that show demographic change and concurrent growth of for-profit colleges in metropolitan Washington over the last decade. One reason race data from Census 2000 and 2010 are used is because IPEDS’ enrollment data only gathers racial identity of its students and not nativity. Patterns gleaned from map overlays of race data and college locations will therefore relate to the enrollment data from IPEDS. It will be possible to compare and contrast the demographics of colleges’ location patterns with data regarding the types of students who attend the colleges. What information is lacking in IPEDS regarding students’ country of origin will be complimented with Census and ACS data regarding students’ country of origin.

Unfortunately, IPEDS stopped collected the dates colleges opened in the 1980s. Since the focus of the study is the 2000 decade, a different metric is used to approximate the opening of a college. Instead of an opening date, an accreditation date is used to indicate when a college began operating. Colleges must be accredited to receive Title IV funding as part of the Higher Education Act of 1965 and for-profit colleges’ inclusion in this program is the cornerstone of their ability to compete with mainstream non-profit colleges. Without Title IV funding most for-profit schools would not be profitable, and it
has only been since these funds became available that for-profit colleges expanded so dramatically in the last two decades. Furthermore, only those for-profit colleges with accreditation can be compared to community colleges, which are all accredited. Using accreditation as a proxy for the creation of a for-profit college will limit the study to colleges participating in the Title IV lending program and help facilitate a later analysis to student loan debt among for-profit college students.

In order to understand the role of immigration in the story of for-profit education in Washington this study analyzes the distribution of foreign-born residents in the Washington metropolitan area. The change between the 2000 data and that from the latter half of the decade is measured, and those tracts which have seen an increase in their foreign-born population are focused on. These foreign-born data allow this study to analyze the relationship between for-profit schools and minority access to them on a more granular level; rather than looking at minority status broadly, foreign-born data will help clarify whether for-profit schools are specifically interested in this type of minority group, distinct from native-born minority groups.

An analysis of the foreign-born population is especially important for metropolitan Washington because of an influx of African immigrants. For instance, a large Ethiopian community has arisen in Washington over the last twenty years. In race data, these immigrants will likely be captured as “African-American” or “Black”, but their ethnic and cultural backgrounds are vastly different than the native-born African-American population. It is therefore important to supplement the race data with foreign-born data to disentangle whether for-profit colleges geographically target racial and ethnic minorities en masse or whether they target a narrower group of native or
immigrant minorities. Comparing the relationship between for-profit locations and the distribution of racial minorities versus that of the foreign-born population during the 2000 decade will address this question.

Combining race and nativity data will be useful for another reason. While only individuals who are born abroad are considered “foreign-born”, their children likely form a cultural or ethnic identity distinct from the native-born population. Children of the foreign-born are born in the United States, but may still identify as a minority in the US on the basis of race or ethnicity. Therefore viewing patterns among racial groups alongside that of foreign-born groups will effectively capture some share of individuals who, despite being born in the US, share many of the same characteristics and struggles as their immigrant parents. Racial groups which are associated with particular world regions will therefore help us to identify second- or third-generation immigrants. The particular history of immigration in the Washington metropolitan area further supports this reality; while immigrants are quite diverse in their countries of origin, there are large populations of Hispanic, African and Asian immigrants, who are likely to identify racially as such. Therefore I supplement my analysis of the spatial distribution of foreign-born residents with an analysis of the spatial distribution of Hispanic, Asian and Black minorities in the metropolitan Washington region. While racial minorities with foreign-born ancestors cannot be fully teased apart from racial minorities with no such immigration history, their locations will be considered supplemental to locational information about the foreign-born population.

The locations of community colleges in the Washington, DC metro area are used as a comparison group in my study of for-profit school locations. Not only does this study
consider how the distribution of these public universities compares to that of for-profit colleges and what this indicates about service distribution patterns, but also whether these patterns indicate social exclusion or differential educational access to each type of schools. If areas around for-profit colleges are devoid of community colleges, and largely complement those areas with community colleges together like a puzzle then perhaps certain populations lack access to traditional higher education, especially in the area of vocational and two-year degree programs. This would indicate a need for higher education services which for-profit colleges are filling by moving into those areas.

In order to verify the relationships between college locations and demographic characteristics observed in the maps, a zonal statistics analysis is performed on Euclidean Distance rasters of all tracts and also tracts with high numbers of residents of the aforementioned racial categories as well as foreign-born. Average distances from all tracts to for-profit and community colleges are measured, as are distances from tracts with high rates of white, black, Asian, Hispanic, and foreign-born residents. In an attempt to capture the geographic effects of satellite campuses, both community colleges and for-profit colleges are divided based on their status as a main campus or a satellite campus. This division will complement the division of schools which were opened by 2000 and those opened by 2010, because satellite campuses do not have associated opening dates, but we know they were opened by 2010. Therefore when schools that opened by 2010 are considered, satellite campuses of both community colleges and for-profit colleges are included. When schools opened by 2000 are considered, all satellite campuses and only look at those schools with opening dates prior to 2000 are left out. In this way, the study is conservative in its estimates of the opening dates of satellite campuses, but also
displays the major geographic advantages which satellite campuses afford both community college and for-profit college systems.

Zonal statistics measures are taken across groups, across categories of educational institutions, and across time. For the year 2000 the distances of all demographic groups to all types of schools are compared. The same comparison is made across all demographic groups and types of schools for data regarding the latter half of the decade, from Census 2000 and the 2005-2009 ACS. Lastly, a comparison of how distances have changed from all community colleges and from all for-profit colleges to the demographic groups being studied demonstrates what populations these institutions have located nearest to.

In order to verify the results of the zonal statistics analysis, a difference of means statistical test on all of the distance comparisons described above is performed. This test validates the differences in distance found across groups in the cross-sectional data for the beginning (2000) and end of the decade (2010 and 2005-2009). This statistical test is also performed for the longitudinal comparisons between data from 2000 and the latter half of the decade among community and for-profit colleges. The z-statistics generated indicate whether or not we can be 95% positive that for each distance compared there is indeed a difference between these average distances in the population. In this way the distance findings from the beginning and end of the decade, as well as changes in the distances which occurred between these two points in time are verified. The results of these statistical tests are be displayed alongside the zonal statistics results in order to indicate which of the zonal statistics findings are statistically significant. In addition to significance, the strength of the z-statistics in each comparison are considered.
Lastly, basic demographic data regarding the student populations at the for-profit schools in Washington, DC are considered, as well as and how they relate to the findings of the spatial analysis. In order to corroborate, contextualize, or challenge what the census data reveals about the locations of for-profit schools, race, tuition and loan rates for students at the for-profit colleges in question are overlaid. This information further illuminates how for-profit colleges’ locations interact with students’ patterns of college choice, and also give a spatial dimension to those characteristics which are not represented by any census information. This study will map the patterns of college lending (Pell grants, tuition and financial aid rates) for both community colleges and for-profit schools. Whether loan rates show spatial patterns will be relevant to a discussion of higher education access, and to the implications of a neoliberal economy.
CHAPTER 4  
RESULTS FROM THE SOCIO-SPATIAL ANALYSIS OF FOR-PROFIT COLLEGES

Summary Statistics

The metropolitan Washington area has a high concentration of universities of all types. This study is only concerned with community colleges and for-profit colleges. In 2010, there were six community college systems, with 19 satellite campuses and learning centers associated with these main campuses, for a total of 25 community college locations. Similarly, there are approximately 47 for-profit college campuses which can be classified as “main” or “central” campus locations, and an additional 31 satellite campuses or learning centers, for a total of 78 for-profit college locations. The Integrated Postsecondary Education Data System gathers basic demographic information about the students enrolled at all schools which participate in the Title IV federal lending program, including all 78 for-profit colleges and all 25 community colleges in this study.

While community colleges in metropolitan Washington are fewer, the campuses serve more students per campus. In absolute terms, more students in metropolitan Washington attended for-profit colleges in 2010 than community colleges; approximately 105,000 students attended area community colleges while 137,000 students attended for-profit colleges (Table 4.1). However, for-profit colleges enroll both undergraduate and graduate students; only 66,000 for-profit students attended an undergraduate program, while all 105,000 community college students attended undergraduate programs (Figure 4.1). Figure 4.2 shows that enrollment levels in community college campuses vary greatly, with the Northern Virginia Community College system being the largest.
Table 4.1: Enrollment in community and for-profit colleges in metropolitan Washington, DC.

<table>
<thead>
<tr>
<th></th>
<th>Community Colleges</th>
<th>For-Profit Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average Campus</td>
<td>Total</td>
</tr>
<tr>
<td>Students Enrolled</td>
<td>25,265</td>
<td>105,144</td>
</tr>
</tbody>
</table>

Figure 4.1: Enrollment in For-Profit and Community Colleges in metropolitan Washington.

Figure 4.2: Share of Enrollment at Community Colleges in Metropolitan Washington.
All for-profit colleges in Appendix 1 are listed in ascending order, with Centura College being the smallest and the University of Maryland University College the largest. While there are many small schools like Centura, UMUC is a major outlier in this dataset with nearly three times the enrollment of the second largest college, Strayer University. The total enrollment of UMUC is over 60,000 students, which is three times larger than the next largest for-profit school Strayer University-Arlington. Most for-profit college enrollment totals range between 1,000 and 2,000 students, but are much more numerous than community colleges. Those which fall outside of this range are DeVry Institute in Arlington with 3,183 students, UMUC with a total enrollment of 65,263 students (across 5 campuses), and Strayer University with four campuses each larger than 4,000, its largest in Arlington with 22,246 students. In addition, 28 for-profit colleges in metropolitan Washington are missing enrollment data because they are satellite locations. They are not included in the Appendix.

For-profit colleges tend to have smaller enrollments than community colleges and their demographic profiles are distinct. The average community college campus is 21 times larger than the average for-profit undergraduate college. However, community colleges are on average three times larger than for-profit colleges with graduate programs. All but one of the community colleges has multiple satellite campuses; while the average student body at an area community college is upwards of 25,000 students, this student body is distributed among satellite campuses far from the college’s main campus.

5 Although UMUC does have five campuses, so presumably the students are spread amongst these locations.
In addition to size and number, community colleges and for-profit colleges in metropolitan Washington vary greatly in the demographic profiles of their students. Table 3 displays the average percent of students in each racial category, by gender and age cohort at community colleges and for-profit colleges in metropolitan Washington. The most striking finding is that for-profit colleges serve twice as many black students as community colleges per campus, and community colleges alternatively serve twice as many white students as for-profit colleges per campus. Hispanic and Asian students make up a comparable percent of the average campus enrollment, although for-profits serve a slightly higher percentage of Hispanic students, and community colleges serve a slightly higher percentage of Asian students. For-profit colleges also have a higher percentage of older students and full-time students than community colleges. In sum, while the average student at a community college is a white female, younger than 25 and taking classes part-time, the average student at a for-profit college is a black female, older than 25 and taking classes full-time.

Table 4.2: Demographic Profiles of Community College and For-Profit College Students.

<table>
<thead>
<tr>
<th></th>
<th>Community Colleges</th>
<th>For-Profit Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average Percent</td>
<td>Minimum Percent</td>
</tr>
<tr>
<td>Students 25 and Older</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>38</td>
<td>28</td>
</tr>
<tr>
<td>Full-Time Students</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>36</td>
<td>29</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>62</td>
<td>54</td>
</tr>
<tr>
<td>White</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>46</td>
<td>5</td>
</tr>
<tr>
<td>Asian</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.5</td>
<td>2</td>
</tr>
<tr>
<td>Black</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>5</td>
</tr>
<tr>
<td>Hispanic</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>4</td>
</tr>
</tbody>
</table>

61
It is important to take into account the great variation in campus size in order to evaluate how many students each college system serves in the region. For-profit colleges serve more than twice as many older students than community colleges, despite the fact that, per campus, they have more comparable percentages of full- and part-time students (Table 4.2). While for-profit colleges serve a higher percentage of full-time students per campus (66% to 36%), all community colleges together serve comparable numbers of full-time students across the metropolitan region as for profit colleges (39,115 and 32,404). Despite the fact that white students make up twice the proportion of the student body on community college campuses than at for-profits, all for-profit colleges taken together serve the same overall number of white students in metropolitan Washington.

Table 4.3: Total enrollment at for-profit and community college systems in metropolitan Washington, 2010.

<table>
<thead>
<tr>
<th></th>
<th>Community Colleges</th>
<th>For-Profit Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average Campus</td>
<td>Total Enrollment</td>
</tr>
<tr>
<td>Students 25 and Older</td>
<td>9,600</td>
<td>41,534</td>
</tr>
<tr>
<td>Full-Time Students</td>
<td>9,095</td>
<td>39,115</td>
</tr>
<tr>
<td>Female</td>
<td>15,664</td>
<td>63,647</td>
</tr>
<tr>
<td>Male</td>
<td>9,604</td>
<td>41,497</td>
</tr>
<tr>
<td>White</td>
<td>11,621</td>
<td>41,316</td>
</tr>
<tr>
<td>Asian</td>
<td>1,895</td>
<td>11,181</td>
</tr>
<tr>
<td>Black</td>
<td>7,074</td>
<td>29,250</td>
</tr>
<tr>
<td>Hispanic</td>
<td>2,526</td>
<td>13,597</td>
</tr>
</tbody>
</table>

However, the disparity in representation of black students on the campus level is replicated on the metropolitan scale. Just as for-profit colleges serve twice as many black
students as whites per campus, for-profits together enroll twice as many black students than community colleges. Finally, Hispanic (56%) and Asian (38%) students make up a smaller percent of total for-profit enrollment. Taken together, community colleges serve a higher proportion of these groups. Hispanic and Asian students at area community colleges total 24,778, a share of 54%. In particular, Asian students are more highly represented at community colleges and less so at for-profits when viewed at the metropolitan scale. We will now take a look at the spatial structure of for-profit colleges compared with that of community colleges across the region.

*Map Overlays: Mapping Washington, DC College Locations and Demographic Groups*

Comparing for-profit college locations and the distribution of different racial and ethnic populations will help illuminate how spatially correlated their locations are with certain demographic characteristics. Each of the following categories is mapped for the years 2000 and 2010: Black, Asian, Hispanic. The foreign-born population is mapped for the years 2000 and estimates from ACS 2005-2009 are mapped. The analysis is centered on race in order to align it with the statistics from IPEDS enrollment, as well as approximate native-born members of immigrant families as mentioned earlier. Because for-profit colleges have higher enrollment rates of minorities than white students, the white population is not mapped against for-profit locations. While we cannot be sure whether students who attend colleges necessarily live near them, a spatial analysis will illuminate the populations for which the colleges are most accessible. Further, for-profit colleges operate as private businesses and can be presumed to locate their services near their clientele, just as any commercial entity. The following spatial analysis will show the
spatial correlation of college campuses with the distribution of four racial groups as well as the foreign-born population in metropolitan Washington.

Figure 4.3 and Figure 4.4 display the proportional distribution of black residents throughout metropolitan Washington. While black residents are concentrated in the eastern and southern portions of the metropolitan area, most for-profit colleges are located in the northern and western portions of the metropolitan area. There are a few for-profits located in areas densely populated by blacks (such as parts of the District of Columbia and Prince George’s County) but the majority of schools are located outside of these areas. The same pattern is apparent in the 2010 map; during this decade, when for-profits experienced 142% percent growth in metropolitan Washington, campuses continued to locate in areas with relatively low percentages of black residents. While for-profit colleges have located in tracts between 0% and 28%, and some in areas up to 52% black, they have not located in tracts higher than 52% black. Clearly tracts in metropolitan Washington reach higher percentages of black residents than Hispanic, Asian or foreign-born populations. For-profits then are located in areas with high proportions of black residents relative to other races, but low compared to how concentrated the black population is in some of the regions’ tracts.
Figure 4.3: For-Profit Colleges, Community Colleges and Percentage Black in Metropolitan Washington, DC, 2000.
Figure 4.4: For-Profit Colleges, Community Colleges and Percentage Black in Metropolitan Washington, DC, 2000.
A comparison of the distribution of the Asian population in metropolitan Washington and for-profit college locations renders a more congruent spatial structure than that of the black population. Asians are concentrated in Northern Virginia’s Fairfax County with some extending into Loudoun County, as well as Maryland’s Montgomery County. In 2000, for-profit campuses dot the same path through Montgomery County as that of the Asian population (Figure 4.5). In 2010 there is a drastic expansion of for-profit campuses into the outer parts of Fairfax County and into Loudoun County, Manassas City/Park and Prince William County where high percentages of Asians lived in 2000 and where the population expanded in 2010 (Figure 4.6). It therefore appears that for-profit colleges have chosen to locate in areas with large percentages of Asian residents.
Figure 4.5: For-Profit Colleges, Community Colleges and Percentage Asian in Metropolitan Washington, DC, 2000.
Figure 4.6: For-Profit Colleges, Community Colleges and Percentage Asian in Metropolitan Washington, DC, 2010.
A comparison of the distribution of the Hispanic population and the location of for-profit college locations shows a close spatial relationship as well. While the Asian population was more dispersed among tracts in Fairfax, Loudon and Montgomery counties, the Hispanic population is concentrated in more distinct sections of these same counties. For-profit colleges are closely aligned with the spatial structure of these tracts. Similar to the Asian population, the Hispanic population is concentrated in Fairfax County and reaches into several neighboring counties. Tracts with a high percent of Hispanics reach from Fairfax County into Loudoun County, Manassas City/Park, and Prince William County, as did the Asian population. While the population was more evenly distributed across tracts with high concentrations of Asians, Hispanics are more concentrated along three arcs in Virginia: one reaching south into Prince William County, one reaching west into Manassas, and one reaching northwest into Loudoun County. For-profit colleges were highly concentrated across these arcs in 2000 (Figure 4.7) and only increased their presence there by 2010. Another arc north of the District of Columbia reaches from Prince George’s County to Montgomery County all the way into Frederick, Maryland. For-profits enhanced their geographic concentration along these arcs from 2000 to 2010 (Figure 4.8).
Figure 4.7: For-Profit Colleges, Community Colleges and Percentage Hispanic in Metropolitan Washington, DC, 2000.
Figure 4.8: For-Profit Colleges, Community Colleges and Percentage Hispanic in Metropolitan Washington, DC, 2010.
For-profit colleges appear to be more closely aligned spatially with minorities who are more likely to have a mixed ethnic and cultural heritage. That is, the spatial structure of for-profit locations most closely aligns with minorities with a more recent history of immigration than the black population, who are the native-born minority considered here. For-profits are located in areas where residents have multicultural backgrounds, speak languages other than English, and are more likely to be part of an international diaspora. This apparent relationship between for-profit locations and minorities of mixed cultural background suggests that for-profits have a preference for areas with high shares of immigrants. The following maps (Figure 4.9 and Figure 4.10) display the distribution of the foreign-born population in metropolitan Washington with the goal of further approximating what demographic characteristics are most correlated with the spatial structure of for-profit college locations.
Figure 4.9: For-Profit Colleges, Community Colleges and Percentage Foreign-Born in Metropolitan Washington, DC, 2000.
Figure 4.10: For-Profit Colleges, Community Colleges and Percentage Foreign Born in Metropolitan Washington, DC, 2005 - 2009.
It appears that for-profit college locations are most related to the presence of the foreign-born population. Not only do for-profit locations extend into all general areas with foreign-born residents, but a high percentage of for-profit colleges are located within tracts with the highest percentage of foreign-born residents (higher than 32%). “Foreign-born” simply denotes that someone was not born in the United States, and thus includes immigrants from a variety of countries, with different skill levels, and who have come to the United States at different times. While it is probably most obvious that a percentage of residents who classify themselves racially as Asian or Hispanic will also be foreign-born, it is important to keep in mind that foreign-born residents may classify themselves as another racial group, or a combination of racial groups.

For instance, members of the African immigrant population in the metropolitan Washington area are likely to classify themselves as “black” or “African-American” when they are different in many ways from the native-born black population in the region. We are able to identify these immigrants in census data, and display their dispersion in choropleth maps. However, the Integrated Post-Secondary Data System (IPEDS) does not gather data on the foreign-born and thus does not differentiate between these populations. IPEDS gathers data regarding residential status and race, while there are not questions about native-born or foreign-born status. Due to the well-documented immigration of Africans to the metropolitan Washington area starting in the 1980s, it is likely that some of the students classified as “African-American” in the IPEDS data are native to Africa and not the United States. Rather than exclusively capturing Americans of historically African descent, the data are probably also capturing African immigrants. Furthermore, the American Community Survey estimated in 2009 that a high percentage
of African immigrants in the metropolitan Washington area are enrolled in higher education (Table 4.4).

**Table 4.4:** Selected features of African immigrant population profile to metropolitan Washington, DC. Source: American Community Survey 2010.

<table>
<thead>
<tr>
<th>Demographic Characteristic</th>
<th>Percentage</th>
<th>Total Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>49.40%</td>
<td>72,783</td>
</tr>
<tr>
<td>Female</td>
<td>50.60%</td>
<td>74,552</td>
</tr>
<tr>
<td>Under 5 years</td>
<td>0.90%</td>
<td>1,326</td>
</tr>
<tr>
<td>5 to 17 years</td>
<td>9.30%</td>
<td>13,702</td>
</tr>
<tr>
<td>18 to 24 years</td>
<td>9.20%</td>
<td>13,554</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>21.10%</td>
<td>31,087</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>25.70%</td>
<td>37,865</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>20.60%</td>
<td>30,351</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>9.00%</td>
<td>13,260</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>3.30%</td>
<td>4,862</td>
</tr>
<tr>
<td>People enrolled in college or graduate school*</td>
<td>60%</td>
<td>26,653</td>
</tr>
<tr>
<td>Males enrolled in college or graduate school*</td>
<td>54.90%</td>
<td>11,309</td>
</tr>
<tr>
<td>Females enrolled in college or graduate school*</td>
<td>64.30%</td>
<td>15,316</td>
</tr>
<tr>
<td><strong>Total population</strong></td>
<td></td>
<td><strong>147,336</strong></td>
</tr>
</tbody>
</table>

* Includes only persons three years and older.

The Census Bureau (ACS, 2010) estimates that a total of 44,631 African immigrants in the metropolitan Washington area are between the ages of 18 and 34 years old. This age group typically attends higher education at a rate higher than any other age group; given that 26,625 African immigrants are enrolled in college or graduate school, probably a large proportion of these students are between the ages of 18 and 34. The latter half of this group, people between the ages of 25 and 34, accounts for 31,000 of the African immigrant population, while there are 13,554 18-24 year olds. Both community
colleges and for-profit colleges enroll a disproportionately higher number of students aged 25 and older than their private nonprofit counterparts, but for-profit colleges enroll twice as many adult students as community colleges in metropolitan Washington. Large proportions of students at these schools worked for a period of time after receiving their high school credentials and are therefore entering higher education at an older than average age. These students are more likely to maintain full time jobs alongside their studies, and also have responsibilities such as dependent family members.

It is very likely that some of the students classified as “black” or “African-American” in the demographic profiles of community colleges and for-profit colleges in IPEDS are from the African immigrant population of metropolitan Washington. As shown in Table 4.2, twice as many black students enroll at for-profit colleges than community colleges; yet the spatial analysis of for-profit college locations reveals that for-profit colleges locate in areas high in foreign-born residents at much higher rates than areas high in black residents. Of course African immigrants also enroll at community colleges, some of which are located close to their places of residence as well. Figure 4.11 displays enrollment rates of black students at both community colleges and for-profit colleges, overlaid on the distribution of black residents in metropolitan Washington, DC in 2010. Most for-profit colleges (and community colleges, for that matter) are located in the northern and western halves of the metro area, while the black population is concentrated in the eastern half of the metro area.
Figure 4.11: Black Population and Black Enrollment at For-Profit and Community Colleges, 2010.

Note about the data: Community College demographic data were attributed to all related satellite campuses.
By comparing the spatial characteristics of the distribution of African immigrants and for-profit locations, one can see that African immigrants are concentrated in different locations than the native African-American, or Black population (Figure 4.12). The spatial distribution of for-profit colleges in metropolitan Washington, DC is more congruent with the distribution of African immigrants, and immigrants overall, than that of native African-Americans. These patterns will be verified through zonal statistics calculations, where for-profit college locations are shown to be much closer to the foreign-born population than to native-born minorities.
Figure 4.12: Black Enrollment at For-Profit and Community Colleges and African Foreign-Born Residents

Percent Black Enrollment at For-Profit and Community Colleges and Estimated Percent African Foreign-Born by Census Tract in Metropolitan Washington, DC 2005-2009

Legend
Percent African Foreign-Born by Census Tract
- 0% - 1%
- 2% - 4%
- 5% - 7%
- 8% - 14%
- 15% - 34%

Legend
Percent Black Students at For-Profit Colleges
- 1 - 20
- 21 - 40
- 41 - 60
- 61 - 80
- 81 - 100

Legend
Percent Black Students at Comm Colleges
- 5 - 20
- 21 - 40
- 41 - 60
- 61 - 80
- 81 - 100

Note about the data: Community College demographic data were attributed to all related satellite campuses.
Lastly, Figure 4.13 shows the for-profit colleges that opened before and after 2000. Blue locations identify for-profit campuses which existed before 2000 and green locations identify campuses which opened between 2000 and 2010. The chloropleth map behind it displays the growth in foreign-born residents across the region in the 2000 decade. Of note is that for-profit colleges appear in somewhat distant, isolated regions which experienced an increase in foreign-born residents, namely Frederick County Maryland and Fredericksburg, Virginia. Many new campuses can also be seen in Fairfax where there was moderate to high growth in foreign-born residents. A map of absolute numbers was used in this case in order to avoid the skewed counties which saw extremely high proportional increase in foreign-born simply because they had very low counts of foreign-born in 2000 (or perhaps none). Overall, this map corroborates the same growth patterns displayed in the previous maps of race and foreign-born in metropolitan Washington.
Figure 4.13: For-Profit Campuses Opened in the 2000 Decade and Increase in Foreign-Born Population in Metropolitan Washington, 2000 to 2005-2009.
Zonal Statistics: Average Distance to College Locations

In order to verify the relationships between college locations and demographic characteristics observed in the maps, I perform a zonal statistics analysis on Euclidean Distance rasters of tracts with high numbers of residents of different racial and ethnic categories. Distances from all tracts to for-profit and community colleges were measured and compared to distances from tracts high in residents of particular racial and ethnic backgrounds. Figure 4.14 shows that for-profit campuses were, on average, 5 km closer to all groups than main community colleges in 2000. Both community colleges and for-profit colleges were closer on average to tracts high in minorities, and closest to foreign-born populations. However, there is a more dramatic drop in distance from tracts with high numbers of minority and foreign-born residents compared with the overall population among for-profit colleges than community colleges.

This analysis divides the campuses into for-profit and community colleges, as well as “main” campuses and “satellite” campuses as defined by the IPEDS system. The data is further divided into those schools that existed in 2000 and those that existed by 2010 based on the accreditation dates in IPEDS. The divisions between “main” and “satellite” campuses and that between colleges open in 2000 and those open in 2010 attempt to capture both the opening of new for-profit colleges in the 2000 decade as well as existing colleges’ expansion through the creation of satellite locations. Results will be shown for how the expansion through satellite campuses affect average distances, as well as results regarding how growth of each sector over time affects average distances.

Zonal statistics will either verify or challenge what patterns appeared to be true in the previous maps. For-profit colleges and community colleges are both located furthest
from tracts with high concentrations of white residents, and closest to tracts with high numbers of foreign-born residents. While main community colleges in 2000 were on average 12.2 kilometers from tracts with high rates of the foreign-born, main for-profit colleges in 2000 are 5.8 kilometers from tracts with high rates of the foreign born. Therefore in 2000 for-profit colleges were on average 6.4 kilometers closer to tracts high in foreign-born residents than community colleges. In this distribution, Asian, Hispanic, and foreign-born residents are approximately the same distance from for-profits, while they are more variable in their distances from community colleges. For-profit colleges have a sharper drop-off between distances from white and black residents and these groups than exists with community colleges.

**Figure 4.14:** Distance in kilometers from tracts of various demographic characteristics in 2000.

Figure 4.16 shows the average distances for both types of schools in 2010. A similar distribution exists, where for-profit colleges seem to be approximately equidistant
to Asian, Hispanic and foreign-born populations and dramatically further from white populations. By comparison, the black population is more similar in distance to Asians, Hispanics and foreign-born than with for-profit colleges. Also, there is not as much of a drop off from the white population and these minority groups as there is among for-profit colleges. Community colleges are closest to the Hispanic population (10.8km), and furthest from the white population (20.3km), while for-profit colleges are closest to the foreign-born population (5.8km) and furthest from the white population (18.5). The distributions are very different; community colleges have a smaller range (8km) than for-profits (13km), and a higher average distance to these populations (14.6 km) than for-profits (9.8 km). For-profits have a more bimodal distribution with the black (12 km) and white (18 km) populations on the higher end, and Asian, Hispanic and foreign-born populations on the lower end (~6 km). The average distances from these groups to community colleges, on the other hand, all cluster around the average distance of 14 kilometers.
Figure 4.15: Z-Scores of differences in distances from foreign-born populations and other populations to main community and for-profit colleges in 2000

Figure 4.15 verifies that foreign-born populations were indeed closer to both main for-profit college campuses and main community college campuses than were white and black populations, and that these findings were statistically significant. The difference in distance to these campuses between the foreign-born and the black population was more significant in the case of for-profit colleges. That is, while we can be 95% confident that there is a difference between these groups in the population, we can be 99% confident that there is a difference between these groups’ distance to for-profit colleges in the population. However, the difference between distance of the foreign-born population was not significantly different from that of the Hispanic or Asian populations, for both types of schools.
Figure 4.16: Distance in kilometers from tracts of various demographic characteristics in 2010.

While main community college campuses remained fairly stagnant in their accessibility to these populations in 2010, for-profit colleges drastically increased their geographic coverage of the metropolitan Washington. While all of the average distances dropped for for-profits, all of the average distances for community colleges increased, albeit slightly. Because no new main community colleges opened during this time, these changes in distance are a function of changing settlement patterns among these populations. For-profits maintained the same bimodal distribution they had in 2000, but with decreased average distances among all groups, including whites. Figure 4.17 verifies these findings.
Figure 4.17: Z-Scores of differences in distances from foreign-born populations and other populations to main community and for-profit colleges in 2010

Figure 20 indicates that main community colleges were significantly closer to the foreign-born population than the Hispanic and white population in 2010. Alternatively, there was no statistical difference between their distances from the foreign-born, black and Asian populations. Main for-profits were significantly closer to foreign-born than whites and blacks but there was no statistical difference between their distance to the foreign-born and distance to Hispanics and Asians. It appears then, that through time for-profit colleges became more accessible to Asians, Hispanics and the foreign-born while community colleges stayed stagnant with distances from all populations comparable to those in 2000. Community colleges were closest to Asians, Blacks and foreign-born populations, although their distances from these groups actually increased from 2000 to 2010.
Figure 4.18: Distance in kilometers from tracts of various demographic characteristics in 2010, comparing main campuses with all campuses.

Looking at the different types of campuses in 2010, it is evident that both community colleges and for-profit colleges decreased their average distances from all five populations studied through opening satellite locations. Both types of schools were closest to the foreign-born population, and decreased their average distance to this population (Figure 4.18). While the average distance from the foreign-born population to main for-profits in 2000 was 5.8 kilometers (Figure 4.14), it dropped to 4.6 kilometers in 2010 (Figure 4.16), a decrease of 2.2 kilometers. If you then consider all the satellite campuses in 2010, the average distance from tracts with high numbers of foreign-born residents dropped from 4.6 kilometers to 3.6 kilometers, a difference of 1 kilometer (Figure 4.18).

It looks as though only through the creation of satellite campuses did community colleges become much closer to the foreign-born population; while in 2000, their main campuses were 12.2 km from this population, they were 13.4 km in 2010. However,
satellite campuses dramatically drop this 2010 average to 5.4 km, a difference of 8 km. Community colleges also drop their distances to Asians by 10 km and to Hispanics by 9.4 km, a dramatic change which is a result of their satellite campuses. While this study does not take into account distance traveled for prospective students, it should be considered that community colleges still remain a driving distance away from its closest population (foreign-born), while for-profits enter the realm of walkability among the foreign-born at 3.6 km. Lastly, with all campuses accounted for in 2010, community colleges and for-profit colleges reach near parity in their distance to the black population as both are an average of around 6 km from this group.

In general, community colleges are approximately 6 km from the Asian, Hispanic and foreign-born populations while for-profit colleges are about 4 km from them. While community colleges dropped their distances more dramatically from 2000 to 2010 (through the creation of satellite campuses), for-profit colleges maintained their focus on the Asian, Hispanic and foreign-born market during the decade and dropped their average distances to these populations into the realm of walkability. It also should be noted that among the minority populations, with all campuses considered, for-profit colleges maintain a wider range in their distances from these populations. While their distance to foreign-born is only 3.6 km, their distance to blacks is 6.1, for a range of 2.5 kilometers. Community colleges ranged only 1.5 km (5.4 to 6.7 km) among these populations, showing more equitable access, as measured by Euclidean distance, to each minority population. This difference further indicates that for-profit colleges seek a particular proximity to the foreign-born population and minorities likely to be from immigrant ancestry (Hispanics and Asians), as distinct from domestic minorities (blacks).
Figure 4.19: Z-Scores of differences in distances from foreign-born populations and other populations to all community and for-profit colleges in 2010.

Figure 4.19 addresses whether the reported average distances for both main and satellite campuses in 2010 are statistically significant. Interestingly, the difference between the foreign-born distance and that of blacks and whites are statistically significant for both types of schools. At for-profit colleges, however, for-profits are not significantly closer to the foreign born population than the Hispanic or Asian population. In the true population, these groups may all be the same distance from for-profit colleges, as they all hover around 4 km. All community colleges, however, were significantly closer to the foreign-born population than the Asian and black populations but not the Hispanic population. It appears then, that through time for-profit colleges have become more accessible to Asians, Hispanics and the foreign-born while community colleges have primarily increased their accessibility to the foreign-born and Hispanic populations.

Another way to test for whether for-profit colleges chose new locations based on their foreign-born or immigrant populations is to perform a two-tailed hypothesis test on
the average distances of for-profit colleges to each group in 2000 compared with 2010. In this test we will combine the dual strategies of opening satellite campuses and new main campuses over the course of the decade in order to model all the change possible during the decade. Significance would indicate that it can be said with at least 95% confidence that the average distance from for-profit colleges to tracts high in foreign-born residents indeed dropped in 2010. The change in average distances to from main for-profit colleges in 2000 to that of all for-profits in 2010 was found to be highly statistically significant among all groups considered (Table 4.5). We can therefore reject the null hypothesis and say with 99% confidence that there are differences in the true population between the distance from each of these groups in 2000 and 2010.

**Figure 4.20:** Decrease in distances from main for-profits in 2000 to all for-profits in 2010.
Table 4.5: Statistical test of mean distances to for-profit colleges between 2000 and 2010 from different demographic groups: two-tailed hypothesis test, difference of means using Z distribution.

<table>
<thead>
<tr>
<th></th>
<th>Distance from All For-Profits in 2010</th>
<th>Distance from Main For-Profits in 2000</th>
<th>Z Obtained Statistic</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>N=690 (\sigma=12722) (x=10141)</td>
<td>N=434 (\sigma=20067) (x=18532)</td>
<td>-7.774</td>
<td>&lt;.0001*</td>
</tr>
<tr>
<td>Black</td>
<td>N=370 (\sigma=6776) (x=6110)</td>
<td>N=294 (\sigma=9244) (x=8763)</td>
<td>-4.112</td>
<td>&lt;.0001*</td>
</tr>
<tr>
<td>Hispanic</td>
<td>N=323 (\sigma=4608) (x=4010)</td>
<td>N=186 (\sigma=5815) (x=5948)</td>
<td>-3.885</td>
<td>&lt;.0001*</td>
</tr>
<tr>
<td>Asian</td>
<td>N=290 (\sigma=2725) (x=4245)</td>
<td>N=193 (\sigma=3905) (x=6234)</td>
<td>-6.134</td>
<td>&lt;.0001*</td>
</tr>
<tr>
<td>Foreign-Born</td>
<td>N=267 (\sigma=2455) (x=3567)</td>
<td>N=286 (\sigma=4892) (x=5750)</td>
<td>-3.384</td>
<td>&lt;.0001*</td>
</tr>
</tbody>
</table>

*Indicates significance at the \(\alpha=.01\) level; null hypothesis is rejected because we are 99% positive there is a difference in distance from these schools to different populations in the true population.

This statistical analysis substantiates the contention that for-profit colleges have intentionally increased their access among immigrant populations in metropolitan Washington. They have achieved this goal by increasing the number of for-profit colleges in the area, as well as creating satellite locations for their existing campuses over the past decade. These campuses have consistently been opened closer to tracts with high rates of foreign-born, Asian and Hispanic residents than black or white residents. While for-profit colleges over time decreased their distance from other tracts (and the difference in these
distances among all other groups are also significant) it is notable that the distance from the foreign-born population maintains its place as the lowest throughout time.

Interestingly, the z-value for the difference in distance from the white population is highest, with that of Asians and blacks next. This may be taken as evidence that for-profit colleges have intentionally targeted these populations over the course of the decade. It may also be true, however, that these z-scores reflect the change in overall geographic coverage that for-profit colleges achieved. Since for-profits were so distant from the white population in 2000, their increased geographic coverage has affected their distance to this population as well. Any change in their distance from the white population will be dramatic and significant since it was initially so far from this group. We know from enrollment data that whites and Asians attend for-profit colleges at rates lower than community colleges, which further corroborates this second conclusion. With increased overall coverage, for-profits have seen their distances from whites and Asians decrease most dramatically over the decade, but probably as a secondary consequence of numerous, targeted location in heavily foreign-born communities.
**Figure 4.21:** Decrease in distance from main community colleges in 2000 to all community colleges in 2010.

![Distance Decrease Chart]

**Table 4.6:** Statistical test of mean distances to community colleges between 2000 and 2010 from different demographic groups: two-tailed hypothesis test, difference of means using Z distribution.

<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Distance from All Community Colleges in 2010</th>
<th>Distance from Main Community Colleges in 2000</th>
<th>Z Obtained Statistic</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>N=690</td>
<td>N=434</td>
<td>-6.217</td>
<td>&lt;.0001*</td>
</tr>
<tr>
<td></td>
<td>σ=12337</td>
<td>σ=16421</td>
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<tr>
<td></td>
<td>x=11862</td>
<td>x=20283</td>
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</tr>
<tr>
<td>Black</td>
<td>N=370</td>
<td>N=294</td>
<td>-15.069</td>
<td>&lt;.0001*</td>
</tr>
<tr>
<td></td>
<td>σ=5066</td>
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<td></td>
<td>x=6624</td>
<td>x=14025</td>
<td></td>
<td></td>
</tr>
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<td>N=186</td>
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<td></td>
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<td></td>
<td>x=5814</td>
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<td></td>
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</tr>
<tr>
<td>Asian</td>
<td>N=290</td>
<td>N=193</td>
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</tr>
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<td></td>
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<td>σ=5271</td>
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</tr>
<tr>
<td>Foreign-Born</td>
<td>N=267</td>
<td>N=286</td>
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<tr>
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</tbody>
</table>
While all of the differences in distance for community colleges are also highly statistically significant, the z-scores show a pattern opposite of the for-profit colleges. While the z-score of the difference between the white population’s distances in 2000 and 2010 is the lowest, the change in the foreign-born is the highest. In the same way as with for the for-profit colleges, the decrease in distance to this population probably reflects the fact that these schools dropped their distance to this population more dramatically than other groups by expanding satellite campuses. While in 2000, main community colleges were closest to the Asian population, they were closest to the foreign-born population in 2010; this pattern is reflected in the high z-score for foreign-born and the comparatively low z-score for the Asian population in Table 4.6. The creation of satellite campuses dropped community colleges’ distances most dramatically among the minority populations of black, Hispanic and foreign-born populations. Community colleges did not become drastically closer to the Asian or white populations over the course of the decade, and thus received the lowest z-score. This pattern was the opposite of for-profit colleges, and reflects that counting only main campuses in 2000, these colleges were more than twice as far from the foreign-born, Hispanic and black populations than they were with all satellite campuses in 2010.

Lastly, some zonal statistics calculations will address the question of whether African migrants may be attending for-profit colleges and being recorded as an “African-American” or “black” population rather than foreign-born. As the map overlays and zonal statistics trends showed, foreign-born residential patterns mirror the distribution of for-profit colleges more closely than any other combination considered in this study. To
verify that the settlement patterns of the African immigrant population are indeed more closely aligned with for-profits than the generally “black” population (which could include foreign-born black residents as well, since this is taken from race-only data), a zonal statistics measurement of just this population was performed. Similar to the general foreign-born population, the African foreign-born population was an average of 2.3 km closer to for-profits than the black population. This finding is statistically significant, as shown in Table 4.7.

Table 4.7: Statistical test of African-born distance to all for-profit colleges: two-tailed hypothesis test, difference of means using Z distribution.

<table>
<thead>
<tr>
<th>Distance from Black Population</th>
<th>Distance from Foreign-Born African Population</th>
<th>Z-statistic</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 km</td>
<td>3.8 km</td>
<td>5.7</td>
<td>.0001*</td>
</tr>
</tbody>
</table>

*Significance at the 99% level.

The Spatial Pattern of Costs

Lastly, a look at the different costs of these college systems will further compliment the spatial analysis of their locations (Table 4.8). The average community college costs less than a third the cost of a for-profit college. Students at for-profit colleges are seven times more likely to take out student loans. And when students at for-profit colleges take out loans, they are almost twice as likely to take out federal loans as their community college counterparts. For-profit students are also more than twice as likely to receive Pell Grants, a standardized federal grant program designed to fund the education for minorities underrepresented in higher education. It is clear that for-profit
college students receive more government assistance than students at community colleges, probably due to their higher cost.

Graduation rates are very different between these schools, although this topic probably requires a more in-depth discussion than can be performed here. It should be noted that most community college students usually transfer credits to other degree-granting institutions, often a four-year public college. For-profit colleges, however, offer pre-career training, so it is presumably important for the students to graduate with their credential in order to begin working in their chosen industry. For those colleges which provide two- and four-year degrees, it is not as customary or streamlined as in community colleges to transfer the credits to another college. It is more likely, then, that students who drop out of for-profit colleges are unlikely to finish their degrees than those who do not graduate from community colleges.
Table 4.8: Average finances of community colleges and for-profit colleges in metropolitan Washington.

<table>
<thead>
<tr>
<th></th>
<th>Community Colleges</th>
<th>For-Profit Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Average Tuition</strong></td>
<td><strong>Min. Tuition</strong></td>
</tr>
<tr>
<td>Net Price</td>
<td>$6,138</td>
<td>$3,946</td>
</tr>
<tr>
<td>Graduation Rate</td>
<td>15%</td>
<td>5%</td>
</tr>
<tr>
<td>Receiving Federal Loans</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>Average Federal Loan Amount</td>
<td>$4,598</td>
<td>0%</td>
</tr>
<tr>
<td>Receiving Pell Grants</td>
<td>19%</td>
<td>14%</td>
</tr>
<tr>
<td>Average Pell Amount</td>
<td>$3,492</td>
<td>$2,982</td>
</tr>
<tr>
<td>Tuition</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>In-District</td>
<td>$3,438</td>
<td>$3,159</td>
</tr>
<tr>
<td>In-State</td>
<td>$4,808</td>
<td>$3,305</td>
</tr>
<tr>
<td>Out-of-State</td>
<td>$8,138</td>
<td>$7,055</td>
</tr>
</tbody>
</table>

Since for-profit colleges are spatially correlated with tracts that have high numbers of foreign-born residents, and the financial profile of the students at these schools are more likely to take out loans, attention should be paid to the financial risks facing these students. Proximity to these services make the foreign-born particularly likely to attend for-profit colleges which are known to be high cost and lead to high rates of student loan debt among their students. The following maps display the rates of
student loan debt among for-profits and community colleges against the backdrop of the spatial pattern of foreign-born settlement in metropolitan Washington. As shown in Figure 4.22 and Figure 4.23, students at community colleges carry much lower student loan debt than students at for-profit colleges. However, community colleges are located further from the foreign-born population, making this type of education more difficult to attain than for-profit education. The less stringent admissions criteria and placement testing at for-profit colleges make this route even easier for students with a poor academic history.

The spatial pattern of costs displays how for-profit colleges and their students are associated with much higher rates of education loans. The spatial pattern of these costs maps onto the distribution of the foreign-born population most closely, just as for-profits do. Rather than introduce new information into the study, the following maps provide a visual representation of the disparity in federal education loan rates between community college and for-profit colleges. The proximity of for-profit colleges to the foreign-born population in particular suggests that this population is more likely to be exposed to these types of costs. In the following discussion the particular vulnerabilities of the foreign-born population will be analyzed in conjunction with evidence showing that students at for-profits are more likely to default on their student loans. The ways in which enrolling at a for-profit college may affect the foreign-born population will be considered, since this sector of higher education has become most accessible to the foreign-born population in the past decade.
Figure 4.22: Percent Foreign-Born Overlaid with Percentage of Students Receiving Federal Student Loans at For-Profit and Community Colleges in Metropolitan Washington, 2010.
Figure 4.23: Percent Foreign Born Overlaid with Average Amount of Federal Loans Per Student at For-Profit and Community Colleges in Metropolitan Washington, DC, 2010.
Limitations of the Spatial Analysis

The division of schools which opened before or after 2000 is somewhat problematic since there is no data concerning when satellite campuses were opened. Because of this data challenge, the results regarding how community colleges have decreased their distances from each population throughout the decade are not certain. If their satellite locations were established before 2000, then none of this expansion and change would have occurred during the 2000 decade, which is certainly possible since all main campuses were opened in the 1970s. In order to compare the geographic scope of community colleges alongside for-profits’ more than two-fold increase in campuses in the 2000 decade, it was assumed that community college satellite campuses were opened in this decade. However, a cross-sectional comparison of main community colleges’ distances to each group in 2000 or 2010 would render the same types of transformations, since main campuses did change in this time. Therefore it is not highly consequential that this study assumes satellites were opened during the 2000 decade, since we know that they were opened at some point before 2010.

Furthermore, because the structure of community colleges is somewhat different from for-profits, it is harder to judge just how much more accessible community colleges have truly become to areas where they opened satellite locations. For every ‘main’ community college campus in the metropolitan Washington area there is an average of five satellite campuses, while the vast majority of for-profit campuses are main campuses. Only six for-profit colleges have multiple campuses; in these cases, the for-profits have about as many satellites as the community colleges, with an average of four satellite campuses each. Satellite campuses are often learning centers where classes are
held and students may study, but do not provide the same all-inclusive administrative assistance as main campuses. That is, new students may not be able to fully sign up for an education program at a satellite campus. If satellite community college campuses are taken out of the equation, and only distance to main campuses is measured, community colleges have hardly changed their distances to each population (in fact, they have increased slightly).

Unfortunately, the lack of data in IPEDS regarding satellite locations also impedes our ability to understand their enrollment characteristics. If these campuses were taken into account in this analysis, the average enrollment per campus would drop dramatically and might be comparable to for-profit colleges. Some for-profit colleges, like Strayer University, also have satellite campuses about which there is no enrollment data, so their average campus size will be inflated as well. The missing enrollment data would more accurately portray the size of each and every campus, but does not affect the total enrollment calculations in this study. In total, twenty-eight for-profit college satellite locations have no enrollment numbers, and all but four of these colleges had their main campuses accounted for in this dataset. Therefore the total enrollment numbers are mostly correct even if the size of each campus is unknown. Four campuses are satellite campuses for which the main campus is outside of metropolitan Washington, causing a small underestimation of the total for-profit enrollment numbers.

Similarly, only the five main community college campuses have enrollment information through IPEDS. Although the analysis does not reflect the true size of satellite campuses, the total enrollment of the community college systems is mostly accurate. In the case of the Fauquier campus of Lord Fairfax Community College, there
was no enrollment data available for that particular campus because of its satellite status, and its parent campus did not fall within the metropolitan Washington area, which will cause a small underestimation of the total enrollment at community colleges. It is my hope that the small underestimations and overestimations of enrollment numbers among both community and for-profit colleges will balance each another out. Yet these data issues serve as a reminder that the figures presented are estimates. Lastly, some schools had limited or otherwise incongruent data in IPEDS, and while their locations were used in the spatial analysis, they have not been included in the analysis of student demographics.
CHAPTER 5
FOR-PROFIT EDUCATION AND THE IMMIGRANT AND MINORITY POPULATION

Discussion of Spatial Analysis Results

The hypothesis that for-profit colleges are located most closely to the foreign-born population is borne out in these results. For-profit colleges have maintained a substantial lead in their proximity to the foreign-born, Asian and Hispanic populations throughout the 2000 decade. In fact, the differences between these groups in their distances to for-profit colleges were not statistically significant, but each was significantly different from for-profits’ distance to white and black populations. The secondary hypothesis that for-profit colleges have targeted the foreign-born population in their growth is somewhat substantiated, through the further decrease in their distance from this population. However, the changes from 2000 to 2010 were somewhat less dramatic than one might have expected. Perhaps these results support the first hypothesis more, that for-profits have from the start targeted the immigrant population in their location decisions. More dramatic change across time might have been seen if this analysis started about when immigration to the Washington metro region greatly increased, during the 1980s and 1990s.

Overall, community colleges followed a similar distance pattern as for-profits, with the foreign-born being the closest population to their locations. However, community colleges were less varied in their distribution and therefore seemed to be more equitably accessible to multiple groups. For instance, community colleges were more accessible to the black population than were for-profit colleges in 2000. Community colleges maintained distances to all five groups that were more steady and
comparable to one another than for-profit colleges which displayed a more bimodal
distribution. These differences suggest that community colleges value more equitable
access to their services across populations, while for-profit colleges are more interested in-reaching Asian, Hispanic and foreign-born populations over the white and black
populations. These different foci support the hypothesis that for-profit colleges are more
interested in catering to multi-cultural minorities rather than native minorities, as
exemplified by their longer distances from the black community. However, data from all
colleges regarding the nativity status of their students is needed to answer this question
with greater certainty.

The patterns found among community colleges over time were somewhat
surprising. Satellite campuses drastically reduced their distance to all populations, and
most dramatically among the foreign-born. Perhaps this geographic strategy has been
employed to compete with the growing for-profit sector in metropolitan Washington. The
distribution of main campuses is quite different from that of the satellite campuses. While
main campuses were highly accessible to a mix of minorities, notably the black
population, satellite campuses appear to have been designed to target the Asian, Hispanic
and foreign-born minority groups. Knowing when satellite campuses were opened is a
key to understanding when this change took place, and ultimately whether it has any
relationship with the growth of the for-profit sector.

There appears to be a degree of “race-avoidance” in for-profit location decisions.
That is, for-profits locate in areas with mixed ethnicity, but not in areas with an
overwhelming percentage of black residents. Other factors may be associated with this
pattern, which are not analyzed here. For instance, the lack of commercial enterprises in
historically black areas of the metropolitan Washington area may explain why for-profits have located in other areas. Their goal is to make education accessible to where adult students may work, so perhaps only highly commercial areas are chosen for campuses. There also may be a poverty or crime component which is not considered here; for-profits may choose to locate in areas with a certain median income and crime rate which some areas of the metropolitan area do not satisfy. Lastly, a preference for convenient locations accessible to public transportation could eliminate some locations in highly black areas of metropolitan Washington in favor of other areas with high rates of immigrants who also value these services. In fact, eighty-three percent of for-profit colleges in the dataset of for-profit colleges used in this study are located along highways or within two miles of a Metrorail or other train station such as MARC (Maryland Area Regional Commuter).

Regardless, it is an important finding that while for-profits have chosen to locate in areas with the highest rates of immigrants they have not chosen to locate in areas with the highest percentage of black residents. Areas with high percentages of immigrants often have substantial black populations as well, but for-profits do not tend to locate in areas with the highest proportions of black residents. It appears that to the extent that for-profit colleges make their decisions on demographic characteristics, they value diversity of minority groups over sheer percentage. One could think of this as a strategy to maximize for-profits’ access to the many minority populations in the region. The zonal statistics do indicate that for-profits have minimized their distance to several minority groups simultaneously, while leaving the white population behind. It appears then that rather than maximizing their proximity to absolute numbers of potential students, for-profits seek relative proximity to multiple groups. This location strategy could explain
why for-profits appear to avoid highly black areas in favor of areas with relatively high percentages of Hispanic, Asian and foreign-born residents as well.

Community colleges are publically funded and take a long time to open and close their doors, while for-profits are private entities which can quickly establish a new location. Therefore the distance measures from populations to the community college and that from the for-profit colleges have different meanings. It is more likely for average distances to community colleges to reflect residents’ decision to locate near them, than for the distances to for-profit colleges to reflect such decisions. That is, since community colleges are largely fixed geographically, their proximity to certain residents may be due to residents’ choice to live near a community college that they plan to attend. For example, the enrollment data in IPEDs indicates that a higher proportion of Asians in the region attend community colleges than for-profit colleges. The reason main community colleges are closest to the Asian population (and they are very close to satellites as well) may be because Asian residents moved close to community colleges with the intention of enrolling.

These results add a new category of commercial location theory to the geographic literature. This study shows the retail geography of for-profit colleges in a region, and how interconnected it is with the demographic characteristics of that region. The role of for-profit colleges as a novel system of delivering education makes this study unique and also a contribution to the education literature. The comparison of main for-profit campuses with main community colleges campuses shows that a for-profit model leads to a different geographic strategy, one which can be sharply contrasted with that of traditional non-profit educational institutions. While the non-profit model expands and
reaches its market through creating few, large satellite campuses, the for-profit model expands and reaches its market by locating many small campuses in key locations. Both target the populations that they are trying to reach, however non-profits expand more slowly, steadily and equitably while for-profit campuses expand more quickly and strategically.

However, the analysis of community college satellite campuses speaks to the ways in which these sectors interact and compete with one another. Satellites appear to mimic the locational strategies of for-profits and diverge from the locational patterns of their main campuses. While both systems create a network through which to reach their target audience, community college campuses are yet more hierarchically organized than the for-profit sector which is composed of many independent, modular campuses. Community colleges appear to operate two complementary systems, one of main campuses which are large, geographically fixed and not strategically located near target audiences, and a second system composed of satellite campuses which are also large, but more geographically nimble and more strategically located in high-growth and ethnically diverse areas.

The comparison between for-profit and community colleges renders some stark differences from Michael Tietz’s 1968 analysis of service delivery. Tietz’s study argues that the private market values efficiency in its organization over access, and that the public sector values the opposite. The geographic patterns of these higher education systems seem to indicate different system-wide trends. The ways in which efficiency and access are accomplished are quite different from the services analyzed by Tietz. Rather than maintaining fewer, larger locations in distant locations in order to increase
efficiency, the private colleges (for-profits) in this case maintain many, smaller locations in locations highly convenient to public transportation and major highways. The public sector institutions in this analysis, community colleges, maintain a structure more similar to the private enterprises described by Tietz; they maintain fewer, larger campuses which are located in areas less accessible to highways or public transportation. It should be mentioned that in this study, more of the private for-profit locations are associated with a unique college while in Tietz analyzed the many locations of one private organization.

These seemingly opposite patterns belie the unique characteristics of higher education in Washington, DC. As the literature indicates, for-profit education does appear to be more accessible and more efficient in its service delivery than community colleges. As private organizations, they are more flexible not only in their policies and offerings but also in their locations than the community college system. In a city with widespread public transportation, it appears that there are not the same tradeoffs between access and efficiency as identified by Tietz. For-profit colleges manage to maximize access to their services without compromising organizational efficiency. Community colleges, as compared with the for-profits, seem to be less efficient in their service delivery as well as less accessible to populations in need. While Tietz’s private organizations are located further from their target populations than public organizations, in this case the private colleges maintain shorter proximity to their target populations than public colleges.

These patterns reflect the unique characteristics of the for-profit college industry. Across the nonprofit college industry, community colleges are widely considered to be the most accessible to needy populations, perhaps at the expense of organizational efficiency. Alternatively, private nonprofit colleges have historically located in distant,
often rural destinations, an example being the land-grant institution system (Rudolph 1990). If this study compared the locations of private nonprofit universities to public nonprofit colleges such as community colleges, the pattern described by Tietz would be more likely to hold up. It is likely that community colleges and public universities are more evenly distributed across states, and therefore maximize access over efficiency, while private nonprofits (which have no public mandate) are located in distant locations and require students to travel further to their campuses. What is unique about the for-profit college industry is that it serves the type of high-need populations traditionally served by the public sector, a characteristic Tietz found was related to small locations, while maintaining the efficiency of the private sector. For-profit colleges serve needy populations with small, convenient campuses, but manage to maintain organizational efficiency through their unique private funding apparatus. From a service delivery perspective, for-profits seem to achieve the best of both worlds, and maximize the two goals of access and efficiency at the same time.

Implications for the Education of the Immigrant and Minority Population

The particular challenges faced by immigrants and their families in achieving a postsecondary credential are real. Because the Washington metropolitan context is characterized by high rates of immigration from South and Central America, Africa and Asia, and both the mapping and enrollment data suggest that for-profit colleges in Washington enroll many students of Hispanic origin, the particular educational challenges faced by Hispanics will be emphasized. This chapter will attempt to synthesize previous chapters by providing a long-term prospectus for the average for-
profit college student in metropolitan Washington. Given that for-profit colleges have expanded in the region over the last two decades, that they cater to nontraditional students, and locate primarily near the foreign-born population, what are the potential long-term effects of this sector’s growth? How might this emerging path to postsecondary education affect the population of nontraditional students in metropolitan Washington, many of whom are likely to be immigrants or children of immigrants?

For-profit colleges acknowledge, and even herald proudly, that they enroll primarily students with nontraditional educational career paths. While we cannot determine from the data how many immigrants or children of immigrants are enrolled in for-profit colleges, we do know that many immigrants have nontraditional educational career paths and that for-profits in metropolitan Washington have consistently located near these populations. From the enrollment data it is also clear that for-profit students in metropolitan Washington borrow at much higher rates than their non-profit counterparts, which reflects national trends. While both community colleges and for-profit colleges in metro Washington suffer from low graduation rates (15% and 50%, respectively), students of community colleges are known to transfer to other state-run institutions and students from for-profit colleges rarely do so because for-profit credits are often not accepted at other institutions. Advocates of for-profit colleges argue that comparing their graduation rates with those of non-profits is unfair and not representative of school quality, but the issue of graduation is important because studies show that for-profit students are more likely to suffer financially if they do not complete their degree. Low graduation rates at for-profit colleges are therefore very consequential, and while
judgment should not be based solely on such numbers, they are crucial to understanding the hardships faced by students who do not graduate.

Robert Crosnoe and Ruth Lopez Turley (2011) summarize the research regarding immigrant educational outcomes in the United States, with an emphasis on how they vary across immigrant groups. They identify that issues such as parental educational attainment, “school readiness”, socioeconomic status and language proficiency pose challenges for all immigrants, but that disadvantages in these areas affect Hispanic immigrants and their children disproportionately. Generally speaking, while Asian and African immigrants tend to have higher average educational attainment than U.S. natives, immigrants from Latin American countries and the Caribbean have lower average educational attainment than U.S. natives. These immigrant groups vary greatly, due to the different migration push factors they experience in their home country as well as the different ways they are received in the U.S. For instance, while in Asia and Africa the socioeconomically advantaged are more likely to migrate, socioeconomically disadvantaged immigrants from Mexico and other Latin American countries are more likely to migrate (Crosnoe and Turley 2011, 129).

The transition to a “knowledge economy” in the U.S. has therefore intensified the socioeconomic struggles for Latin American immigrants in particular, and made postsecondary education attainment more difficult for this group. The manufacturing jobs and manual labor jobs which used to be plentiful have decreased in number, and it is more important than ever for an individual to gain a post-secondary credential in order to secure a stable income over the course of their lives. The returns on a postsecondary
credential are therefore higher than ever, or put differently, the consequences of not achieving a postsecondary credential are harsher than ever. Crosnoe and Turley explain:

During the first half of the twentieth century, predominantly European immigrants were absorbed into manufacturing and retailing jobs that made possible the upward mobility of the next generation. By contrast, today’s predominantly non-European immigrants must struggle ever harder to provide the economic foundation their children need to pursue higher education, even as that education becomes increasingly important to their children’s futures (131).

Hispanic immigrants are particularly vulnerable to the changing U.S. economy because of the socioeconomic and educational disadvantages they migrated with.

Sandy Baum and Stella M. Flores (2011) report that among those who immigrated between the ages of thirteen and nineteen in 2005, only 26 percent of those enrolled in college when they were college-going age (between the ages of 18 and 24) (175). Because Hispanics are more likely to enter the U.S. during their adolescent or adult years than other immigrant groups, students of Hispanic origin are less likely to acquire English proficiency through grade school, and then less likely to attend college in their young adult years (176). Baum and Flores (2011) also cite Turley’s study (2006) of parental preferences regarding college, which found that Hispanic parents strongly prefer their children live at home while attending college, and that these students were less likely to apply to college during their senior year of high school; when they did apply, these students were less likely to apply to multiple colleges. The Chronicle of Higher Education reported similar patterns among the first-generation college-going, minority students it interviewed (Farrell 2003). Because the United States college system is largely designed for students to board at or near a campus, this different cultural orientation to higher education further strains Hispanic college enrollment. In sum, Latino/a students enroll in college at lower rates, from a combination of factors which deter them from postsecondary schooling.
It is in this context that the results of this analysis are alarming. For-profit colleges have decreased their average distance to immigrant and foreign-born populations dramatically over the last decade, consistently opening up in areas with high percentages of Asian, Hispanic and foreign-born populations. While the geographic domain of community colleges and for-profit colleges are not mutually exclusive, for-profit colleges do show a stronger bias for areas low in white and black potential students, and high in potential students from an immigrant background. For-profit colleges are also marketing heavily to these populations, and lowering all barriers to enrollment at their locations. Students who find it historically difficult to succeed in and complete higher education programs are being recruited by these schools, while they are not accepted into other types of colleges.

Community colleges have historically stepped into this void and encouraged lower performing students to invest in their skills and make future higher educational attainment possible through transfer to 4-year public colleges. Rather than requiring mastery of the skills which students lacked in high school, such as basic math and English skills, for-profit colleges encourage students to skip these skills and move immediately to job skills. While for-profits do encourage the accessibility of education, they do not build the basic education skills which individuals will need for long-term success in their lives. Students see for-profit degrees as a win-win; they are able to achieve their goal of an associates or bachelor’s degree in an applied field without spending time and money on investing the skills in which they are deficient. Many students who would otherwise work and attend adult basic education to increase their English proficiency (either through ABE or community colleges) are instead pursuing
these applied credentials which could greatly limit their academic and career potential in the long-term. Students learn job skills for particular industries which are often low-paying, and which may leave an area suddenly to follow nimble neoliberal capital.

These educational issues are confounded by the reality that for-profit colleges are much more expensive than community colleges. Slaughter and Rhoades identify why this shift is part of the neoliberalization of higher education:

Although loan programs for upper-middle-class students were not directed toward the new economy, they in effect privatized the cost of college attendance, following general policy trends that were part of the emergence of the neoliberal state. As all students paid a greater share of their tuition and fees, the costs to working adults who returned to school to improve their positions in the new economy were normalized, even though those students paid a greater share of their income for tuition than did well-to-do traditional age students (Heller 2000).

That is the cost structure of education has become regressive; the cost of higher education to working adults is much higher than for recent high school graduates. Loan programs are not fully to blame, but they have complimented the neoliberal policies since the 1970s which have decreased the share of public funding of education and increased the share of funds which are from the private market. For-profit colleges can be conceived of as the arms of traditional nonprofit institutions which were designed to bring in private money during this transition to the new economy, but which are independent from the nonprofit body. Therefore, the question is whether for-profit colleges actually increase accessibility to higher education for students who would normally not qualify. Is the access to job skills worth such programs’ higher costs and skills- rather than knowledge-based curriculum? Do students gain job skills in these programs that they would not have otherwise, or are they no better off than high school graduates with some on-the-job training? Can these degrees really be valued as a college degree, or are for-profit colleges creating a superfluous market for higher education? Their students are classified as “non-
traditional”, yet they argue these students can be, and should be, recruited into a more
traditional path. Next we will evaluate the success of this type of transition.

In their study of the relationship between degree attainment and debt burdens over
the long term, Lawrence Gladieux and Laura Perna (2005) emphasize the forgotten
cohort of students who borrow for college, expecting to finish with a degree, but who
drop out before graduating. This group of students is especially exposed to financial
difficulties which result from the heavy student loan debt which they incurred, because
they have not benefitted from the increased earning capacity that receiving a
postsecondary credential confers. Gladieux and Perna studied data from the Beginning
Postsecondary Students Study which was performed by the National Center for
Education Statistics in 1989 and later repeated in the 1990s, and gleaned important
graduation, employment, and financial trends among students after they graduated or
dropped out of postsecondary programs. Among its central findings are that many low-
income students face competing goals of graduating with a postsecondary credential but
also not undertaking a high debt burden. While graduates on the whole incurred more
loan debt than those who dropped out without a credential, dropouts faced more financial
hardship due to their diminished earning capacity. Students therefore walk a fine line
between the two goals of staying out of debt and graduating from a postsecondary
program so that they can earn more over their lifetimes. It is a type of catch-22, because
failing at either of these goals is likely to lead to financial difficulties in the future.

Gladieux and Perna report that students at for-profits are more likely to borrow
and also more likely to drop out than students at other types of colleges. Among students
in one- or two-year for-profit programs, 68% had borrowed to pay for it, and 32% of
borrowers had dropped out before graduating compared with 33% and 24% at public two-year colleges, respectively. That is, for-profit student borrowers are twice as likely to borrow and 33% more likely to drop out of their postsecondary programs than their nonprofit counterparts. Rates of lending at four-year nonprofit colleges were comparable to for-profits (67%), but only 19% of student borrowers dropped out of their programs at these schools compared with 32% at for-profits. Therefore for-profit student borrowers are at a much higher risk than their nonprofit counterparts of experiencing the dual pressure of education loans to repay while having diminished earning capacity.

The types of financial hardships faced by dropouts primarily include experiencing higher employment rates and lower salaries than those who graduated from a program. Dropouts were twice as likely to be unemployed and more than ten times as likely to default on their loans as their counterparts who finished their degrees (Gladieux and Perna 2005, 2). However, for those who borrow for their education and then drop out, these outcomes are particularly acute consequences. While dropouts who borrowed and those who did not experienced similar levels of unemployment and the same median income when working ($24,000), dropouts with debt burdens were at a financial disadvantage. On average, borrowers “had incurred a median debt of $7,000 in undergraduate loans”, and borrowers who dropped out had a median debt of $10,000, pressures which led to approximately a quarter of borrowers who dropped out defaulting on at least one loan in 2001 (Gladieux and Perna 2005, 7). Despite the fact that borrowers who graduated had higher education loan burdens ($17,000), borrowers who graduated maintained lower median debt-to-earnings ratios (5.3% versus 7.3%) (Gladieux and Perna 2005, 17). Graduates made enough money to pay back their student loans; while
only 85% of borrowers who dropped out kept their loans in good standing in 2001, 98% of borrowers with bachelor’s degrees kept their loans in good standing and did not default (Gladieux and Perna 2005, 8). Lastly, the data show that borrowers who graduated from a certificate program are not better off financially than borrowers who dropped out of such a program, an outcome which throws into question the utility of short-term training programs which are often the focus of for-profit colleges.

Because of these trends, at for-profit colleges are particularly at risk of becoming unemployed, earning less over their lifetimes, and having student loan debts. Mary Nguyen (2012) reports on student loan trends since the Great Recession, which are particularly alarming among for-profit colleges. Not only has borrowing increased at for-profit colleges at a faster pace than at nonprofits, but so have dropout rates among borrowers. Students in four-year for-profit programs increased their borrowing by 11 percentage points while students at less than four year for-profit programs increased their borrowing by 24 percentage points in 2012. For comparison, borrowing rates increased at public two-year colleges (community colleges) by only 5 percent (Nguyen 2012, 2). To complement Gladieux and Perna’s in-depth report from the first half of the decade, Nguyen reports that borrowers who dropped out increased from 23% in 2001 to 29% in 2009. At for-profit two-year programs the dropout rate among borrowers increased nine percentage points (32% to 41%), while the dropout rate among borrowers increased four percentage points at community colleges (27% to 31%) (Nguyen 2012, 4). Borrowers who dropped out in 2009 experienced unemployment rates 10 percentage points higher than their peers who graduated (25% vs. 15%) while the difference was only 6% points in 2001, probably due to the widespread unemployment that has characterized the Great
Recession. The importance of graduating and receiving a postsecondary credential is clearly stronger than ever.

A change in the way default rates are calculated would drastically alter the loan statistics at all colleges, but especially at for-profit colleges. Right now default rates, and how they are used in regulating the use of federal education loans, are only based on how many students default on at least one loan within two years after their loans enter repayment. If a college’s students default on their loans at a rate higher than 40% for any one year, or over 25% for three consecutive years then they are barred from participating in the federal loan program as well as the federal Pell grant program (Blumenstyk 2011). In 2008, Congress took steps to extend the length of time in which default rates are calculated from two to three years; a trial dataset of borrowers entering repayment in 2007 indicated the change would nearly double default rates at public (6% to 10.8%) and private (4% to 7.6%) nonprofit colleges, and more than double the rates at for-profit colleges. While the new rule would drastically change individual college’s default rates, the overall share of defaults would increase from “43 percent of all loan defaults in the 2008 cohort; under the three-year measure, they would account for 47 percent” (Blumenstyk 2011). This change in the calculation of default rates will take full effect September 30th of 2014 and likely push the default rate at many for-profit colleges above the existing threshold, from 11.6% to 25%.

Congress also increased the allowed default rate from 25% to 30%, and the percent of students participating in the program (for the penalties to apply) from 15% to 21%. Thus it is unlikely that a large cohort of for-profit schools will suddenly lose federal funding. However, the following six colleges from the dataset analyzed here are projected
to have default rates above the new maximum of 30%: TESST College of Technology, Centura College, Advanced Technology Institute, Aviation Institute of Maintenance, Everest, and The Heritage Institute (The Chronicle 2011). While the rule change draws attention to the default problems which have plagued students beyond the two measured years, this concomitant rise in the maximum default rate will keep colleges and students from making any major behavior changes regarding lending. Moreover, these regulations apply to all colleges, not just for-profit colleges, so this change will only make higher lending and default rates the norm. The fact that expanding the period of default measurement by only one year increases rates exponentially does shed light on the fact that students face an ongoing risk of defaulting on their loans. Students may face the hardships associated with defaulting on these loans well after graduating or otherwise leaving their programs, not just in the few years following.

I focus on the fate of borrowers who drop out in order to emphasize the increased financial risks associated with attending a for-profit college. Advocates of for-profit colleges assert that the academic and financial challenges faced by their students are preexisting and a product of the disadvantaged socioeconomic backgrounds their students come from. Of course increasing postsecondary educational opportunities for students with such disadvantages should be a priority. It is incumbent upon policymakers, however, to ensure that programs widely available to these students do not further disadvantage them socioeconomically. Perhaps students with economic and family responsibilities associated with coming from a lower-income family are more predisposed to dropping out without a credential. It does not follow, however, that students who attempt to complete a postsecondary program must struggle with
insurmountable student debt as a consequence. For-profit colleges are substantially more expensive than nonprofit colleges and the benefits of their credentials are still unclear.

A case in point is the students of ACT College in Virginia, which closed April 3rd, 2012. The vast majority of its students took out loans to cover their tuition costs—in fact, the college’s accreditation was revoked due to its management of these loan dollars. With the closing of the college, however, hundreds of students were unable to complete their degrees. While the college administrators can close their doors when they have difficulty paying their bills, ACT’s students cannot escape the federal loans they took out to finance their educations. Many of these students will have to pay back their federal loans without the credential they expected to have, and therefore with lower earnings than they expected. While some may manage to transfer their credits and complete their degrees elsewhere, for-profit colleges’ credits often do not transfer to one another much less to traditional universities. For these students the path to graduation has been at worst foreclosed upon and at best delayed and made more complicated.

The fact that for-profits produce the bulk of dropouts should be worrisome to lawmakers, but the fact that they also produce the bulk of borrowers who drop out should alarm lawmakers. While it is beyond the scope of this paper, the consequences of defaulting on one’s loans reaches beyond just low credit ratings and decreased economic mobility: education debt can grow exponentially within a few years’ time, is not dischargeable in bankruptcy, and can jeopardize one’s ability to participate in other government programs. Owing the federal government for education loans is more akin to tax evasion than owing money to a bank or credit card company. Defaulting on loans carried by banks can lead to poor credit ratings, increased interest rates, and limitations
on future borrowing. If one defaults on education debt, it cannot be reduced or negotiated to rates that the borrower can afford, as is achieved through bankruptcy, and can lead to the garnishing of one’s wages or social security benefits.

These upward trends in borrowing as well as dropping out among for-profit students are evidence of the move to a post-Fordist educational system discussed by Slaughter and Rhoades (2004) and Ronald Martin (2000). Not only are the fields for which students are trained unstable and often lacking in benefits (Grubb 1993), but the prospect of higher education itself has become unstable. The onus is entirely on the student, usually as borrower, to make wise decisions regarding his or her education and broader career options. But just as whole industries and labor forces have become more flexible to accommodate the demands of a globalizing economy, higher education and its students must be flexible. There are no guarantees anymore that higher education will serve one well, and earn one higher lifelong earnings, especially with the specter of student loan debt. If we are entering a new era of post-Fordist production in the education industry, then perhaps new rules are being written regarding the wider purpose and value of education.

It appears that many for-profit colleges and their students are operating on the assumption that a bachelor’s degree will secure one’s entrée into the middle class. Situations like that of ACT College’s desertion of its students, the majority of whom carry substantial debt burdens, challenge this long-held belief. If the for-profit sector is going to cater to a population of people who are being left out of a globalizing economy, this population should be aware of the differences between these institutions and traditional colleges, as well as the changing relative value of a college degree today.
compared with in the past. This sector of higher education has emerged during a time when the traditional higher education system appears to not be keeping pace with the global economy and its neoliberal principles.

However, it is not clear that the for-profit model and its values are the answer. The for-profit college industry may have arrived during a painful transition period for the broader economy as it adapts to a flexible global economy. For-profits have arrived during a period when the economy is not connecting the labor market with industry as well as it used to. If the for-profit sector does not solve but rather hides these deeper issues, then many of the most vulnerable and striving people maybe be taking a gamble on their futures by choosing a for-profit as a means to a postsecondary credential. While any higher education would have improved one’s economic prospects in the recent past, the same is not true today. Not all college education has the same value, and where it leads is increasingly unclear.

Conclusions

While advocates of for-profit education argue that their programs make postsecondary education accessible to disadvantaged populations, it can also be said that for-profits institutionalize precisely the risk factors associated with dropping out of college. For-profit colleges encourage part-time enrollment by providing classes at convenient times for working adults, enroll students who hold GEDs rather than regular high school diplomas and are more likely to work full-time and attend classes at night and on weekends, and have been out of high school for several years. All of these factors increase the risk that a student will drop out, primarily because postsecondary programs
take many years to complete at a part-time pace, and working takes time away from studying, leading to poorer academic performance. Again, perhaps attending a postsecondary program for only a few years and not fulfilling all degree requirements still advances one’s skill set and employment prospects of these nontraditional students. However, it is clear that for students who borrow and do not complete their degrees, there are severe financial consequences. Because students at for-profit colleges borrow for their educations at the highest rates, and also drop out at the highest rates, for-profit colleges are not doing enough to ensure that they fulfill their mission to increase the socioeconomic mobility of the nontraditional students they serve.

Risk factors for dropping out are prevalent among the immigrant population and their children, especially among the Hispanic population. Hispanic students are more likely to have English language limitations due to migrating in their teen or young-adult years, have lower socioeconomic status, and parents without college degrees (Crosnoe and Turley 2011). Because of the aforementioned preference among Hispanic parents for their children to stay at home while attending college, combined with their financial limitations, this population is more likely to delay enrollment in a postsecondary program and to work while attending one. Immigrants are more likely to be unfamiliar with the higher education system in the United States, especially if their parents did not attend college themselves (in the US or otherwise). Further, Zajacova, Lynch and Espenshade (2005) found that many immigrant students based their college choices on location and cost rather than the quality of their programs. A consequence of this pattern is that students who attend the most selective institutions into which they are accepted are much
more likely to complete their programs and graduate than their peers who attend less challenging institutions (Roderick et al 2008).

Indeed eighty-three percent of for-profit colleges in the dataset of for-profit colleges in metropolitan Washington used in the spatial analysis have located along highways and areas with public transportation. The literature indicates that for-profit colleges attempt to locate in areas convenient to students’ residential and working patterns. These schools are more convenient for the commuting student, their classes cater to the working population by being offered outside of regular working hours. While community colleges also try to cater to working adult populations, their locations are less mobile and each campus serves many more students than at the average for-profit campus. Immigrants find the convenience of for-profit colleges enticing, but may be unaware of their differences from traditional higher education, as well as their higher associated tuition costs.

For-profits clearly maximize their proximity to the foreign-born population, presumably because of the high percentage of prospective students among this population. While the data do not confirm the rates at which immigrants and children of immigrants attend these colleges, these populations are often characterized by the nontraditional educational career which for-profits design themselves to serve. Many immigrants in the United States and in the metropolitan Washington area come from low-income backgrounds, and increasingly need postsecondary education in order to secure stable employment. This study demonstrates that for-profits are targeting immigrant populations through their location decisions.
These students are more vulnerable because they often have limited cultural
capital, less information about their educational and financial options, and more fragile
socioeconomic positions. Increased debt is damaging to anyone, but especially
detrimental to the immigrant population. Put differently, attaining a postsecondary
credential is valuable to anyone but it is especially valuable to someone from an
immigrant background. It is crucial to the future success of the immigrant population that
immigrants and their families have access to affordable higher education. It is important
that policy makers understand the financial risks that students at for-profit colleges face,
but it is even more important to understand that the financial risks faced by immigrant
students only approximate a broader inability to participate in the economy and assimilate
into the host country. Not only do immigrants and their families deserve all the
opportunities available in the United States, but it is important to the national economy
that a cohort of young adults is not underutilized or exploited by for-profit schools that
are more interested in shareholder profits than educational outcomes.

The research presented here has demonstrated that for-profit colleges have grown
exponentially in the metropolitan Washington region, and that they have consistently
located in areas high in foreign-born residents. For-profit colleges have a long history,
but their increased share of the higher education market in recent decades has sparked
interest in whether this alternative education model compares to the existing system.
These colleges advertise at much higher rates online and across traditional media than
nonprofit institutions, and reach out to their potential market of nontraditional students.
The particular educational challenges facing immigrant families should make
policymakers cautious about this populations’ involvement in the for-profit college
sector. This population is experiencing an increased need for postsecondary education, and find for-profit education more accessible and perhaps more amenable to their lifestyles than area community colleges. The for-profit colleges, however, have an increasing number of borrowers as well as dropouts, a combination which leads to detrimental socioeconomic outcomes. Policymakers need to recognize these patterns, and take steps to ensure that immigrants and their families are adequately prepared for higher education, understand their higher education options, and have access to affordable higher education which will increase their economic and social mobility.

The federal government also needs to find a way to successfully regulate these institutions. Despite the increased regulation of for-profits compared with nonprofits, it appears that these schools simply achieve the minimum that is required of them. Because the federal government requires ten percent of their income to come from non-federal lending sources, most for-profit colleges bring in only 10% of funding from sources other than the Title IV program. Similarly, for-profits focus their efforts on maintaining the minimum graduation rate and loan repayment rates required to stay in the Title IV program. These patterns emerge because for-profits have conflicting interests; they are contractually obligated to their shareholders to do all that is possible to increase the profitability of the company. To achieve this goal, then, for-profits take in the maximum amount of federal education subsidies that they can while simultaneously trimming the costs and often the quality of their offerings. The cumulative effect is education which is more expensive than most students will be able to repay, as well as a dubious accrual of skills which more often than not only increase one’s short-term job prospects but not one’s lifelong career prospects.
Further research needs to be done regarding college choice, the demographics of higher education, and the social stratification of access to quality higher education. In order to perform such research, the Department of Education’s Integrated Postsecondary Data System should collect data regarding students’ country of origin rather than racial identification. With this type of information, researchers will better understand the demographic patterns of college choice as well as colleges’ marketing strategies. Understanding whether students were born in the US, and ideally when any born abroad arrived in the US, would help researchers to understand their likely language needs and pre-college preparation. Further research should be performed regarding the particular subgroups discussed in this paper, in order to understand the particular needs of different populations. This research should also be replicated in other metropolitan areas in order to better understand for-profit college location decisions, and how they vary in different contexts.
## Appendix

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<th>Graduate Students</th>
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