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Study Finds Strong Growth in For-Profit Higher Education

By ANNE MARIE BORREGO

For-profit, degree-granting institutions have grown at a significantly faster rate than their not-for-profit counterparts, according to a report released on Wednesday by the Education Commission of the States.

The report, titled, "Meeting Needs and Making Profits: The Rise of For-Profit Degree-Granting Institutions," examines the for-profit higher-education sector, including both small, single-location "enterprise colleges" and larger, multicampus "super-systems," like DeVry Institutes and the University of Phoenix.

According to the study on which the report was based, the number of degree-granting for-profit two-year institutions rose 78 percent, to 483, from 1989 to 1999. During that same period, the number of public two-year institutions grew 9 percent, to 1,075, while the number of not-for-profit private institutions fell 6 percent, to 169.

For-profit four-year degree-granting colleges showed even more explosive growth. From 1989 until 1999, they grew to 194, an increase of 266 percent. The public sector grew 3 percent, to 613 institutions, while the number of not-for-profit private colleges increased 4 percent, to 1,536.

For-profit institutions have also outpaced their not-for-profit counterparts in enrollment growth, the study says. From 1989 to 1998, enrollment at public institutions rose by 6 percent, to 11.2 million, while private, nonprofit college enrollment rose 10 percent, to 3 million. For-profit institutions increased their enrollment numbers by 59 percent, to 366,000, during the same period.

For-profit institutions' share of the two-year market grew to 28 percent from 19 percent over the past decade, while for-profit colleges increased their share of the four-year market to 8 percent from 3 percent.

The study's author, Kathleen F. Kelly, notes that the growth occurred despite stringent state and federal regulations and accrediting requirements. The commission, a nonprofit research group based in Denver, tracks and helps develop education policy.