



For-Profit Schools' Post-9/11 GI Bill Revenue and Enrollment Declined from 2014 to 2016

Highlights

- **Enrollment:** From 2014 through 2016, the percentage of GI Bill students using the Post-9/11 benefit declined at for-profit schools but increased at public and nonprofit institutions.¹
- **Revenue:** Consistent with these enrollment trends, revenue from the Post-9/11 GI Bill increased at public (+12%) and nonprofit (+22%) institutions from 2014 to 2016, but declined at for-profit schools (-16%).
- GI Bill revenue is understated because the Department of Veterans Affairs (VA) reports tuition payments only for GI Bill students using the Post-9/11 benefit, excluding payments for other GI Bill education programs. Overall, 73% of veterans were using the Post-9/11 GI Bill in FY 2016.
- The revenue “understatement” is larger at public and nonprofit institutions because more GI Bill students were using different VA administered benefits in those sectors, compared to veterans attending for-profit schools.

Background

In July 2014, the U.S. Senate Health, Education, Labor, and Pensions Committee [reported](#) that (1) for-profit schools had sharply increased their share of enrollment and tuition revenue from GI Bill students using the Post-9/11 benefit through the 2012-13 academic year, and (2) enrollment in public institutions had shown a steep decline. The report was based on data provided directly to the Committee by VA.

Methodology

This issue brief uses the dataset that powers VA's GI Bill Comparison Tool to determine how enrollment and benefit revenues changed by sector from 2014 to 2016.

The Comparison Tool was introduced in February 2014 as a resource to help GI Bill students choose a school. The underlying dataset, however, can also be used by researchers interested in enrollment and revenue trends both for individual schools and for schools aggregated by institutional sector—public, nonprofit, and for-profit.

VA revises the dataset each spring to reflect enrollment and tuition payments to schools for the prior calendar and fiscal year, respectively. For example, 2014 data became available in April 2015. For our analysis, we used Comparison Tool data downloaded on February 12, 2016 (2014 data) and December 30, 2017 (2016 data). The download timeframes are important because of monthly updates that result in small changes to the enrollment and revenue data. In addition, schools are removed from the dataset after they close, resulting in an understatement of GI Bill student enrollment. ITT Tech was removed after it closed in Sept. 2016.

The VA dataset reports enrollment for all of the existing GI Bill benefit programs as well as disaggregated enrollment for beneficiaries using the newest program, the Post-9/11 GI Bill.² On the other hand, it reports tuition and fee payments only for the Post-9/11 benefit, the sole benefit program that pays tuition and fees to the school and living expense stipends directly to the GI Bill student.

The three other GI Bill programs—the Montgomery GI Bill, the Survivors and Dependents Educational Assistance Program (DEA), and the Reserve Educational Assistance Program (REAP)—pay a monthly stipend directly to the GI Bill student and can be used for both tuition and living expenses.³ Because the VA doesn't know the proportion each GI Bill student uses to pay tuition versus living expenses, the Comparison Tool focuses on school revenue from the Post-9/11 benefit, resulting in an understatement of schools' overall GI Bill revenue.

In this brief, we report separately on total GI Bill enrollment and enrollment for only the Post-9/11 benefit. Post-9/11 revenue includes tuition payments for qualifying GI Bill students through the Yellow Ribbon program under which VA matches a school's contribution to cover any gap between charges and the annual tuition cap at private-sector schools.⁴

Institutional Sector Enrollment and Revenue Trends Since 2014

From 2014 to 2016, the number of GI Bill students using the Post-9/11 benefit declined by about 3% (20,000 students) while overall school revenue increased (\$166 million) by about the same percentage.⁵ These trends mask important inter-sector changes over the same timeframe (see tables 1 and 2).

- The share of Post-9/11 GI Bill students attending *for-profit institutions* declined from 31% to 27% (about 36,000) and their Post-9/11 GI Bill revenue fell by 16% (just over \$300 million).
- In contrast, the share of Post-9/11 GI Bill students attending *public sector* schools grew from 51% to 53% (about 6,500) and their revenue from the Post-9/11 GI Bill grew by 12% (about \$200 million).
- Similarly, *nonprofit* schools' share of Post-9/11 GI Bill students increased from 18% to 20% (about 10,000) and their revenue increased by 22% (almost \$300 million).

The for-profit sector received 32% of Post-9/11 revenue even though they enrolled 27% of GI Bill students using this benefit in 2016. Considering nonprofit schools' share of enrollment (20%), they also received a disproportionate share of Post-9/11 GI Bill revenue (31%). In contrast, public institutions enrolled 53% of beneficiaries using the Post-9/11 GI Bill in 2016 but received 36% of the associated tuition and fee payments. These results reflect the higher tuition and fees charged by for-profits and nonprofits compared to public sector institutions.

TABLE 1: 2014 GI Bill Student Enrollment and Revenue by Institutional Sector

Sector	All GI Bill students	%	Post-9/11 students	%	Post-9/11 revenue	%
Public	603,671	56	392,844	51	\$1,683,243,354	34
Nonprofit	177,109	17	140,946	18	\$1,309,707,017	26
For-profit	290,010	27	236,393	31	\$1,998,074,815	40
Total	1,070,790	100	770,183	100	\$4,991,025,186	100

Source: Comparison Tool downloaded Feb. 12, 2016. CY 2014 enrollment, FY 2014 revenue (in current dollars). Post-9/11 revenue includes the Yellow Ribbon program. Enrollment excludes about 3,200 GI Bill students attending foreign, flight, and correspondence programs. "All GI Bill students" includes enrollment from the Post-9/11 as well as other current benefit programs, such as the Montgomery GI Bill.

TABLE 2: 2016 GI Bill Student Enrollment and Revenue by Institutional Sector

Sector	All GI Bill students	%	Post-9/11 students	%	Post-9/11 revenue	%
Public	588,052	57	398,519	53	\$1,884,117,593	36
Nonprofit	196,657	19	150,654	20	\$1,591,807,294	31
For-profit	244,547	24	200,549	27	\$1,681,092,173	32
Total	1,029,256	100	749,722	100	\$5,157,017,060	100

Source: Comparison Tool downloaded Dec. 30, 2017. CY 2016 enrollment, FY 2016 revenue. Post-9/11 revenue includes the Yellow Ribbon program. Enrollment excludes about 3,300 GI Bill students enrolled in foreign, flight, and correspondence programs. "All GI Bill students" includes enrollment from the Post-9/11 benefit as well as other current benefit programs, such as the Montgomery GI Bill.

A small number of for-profit schools account for a significant share of GI Bill students. In a related issue brief, we [reported](#) that enrollment at schools owned by six large for-profit companies represented 35 percent of all GI Bill students at the 5,000 participating, for-profits.

As noted above, the Comparison Tool reports on school revenue from the Post-9/11 GI Bill, excluding three other current benefit programs (such as the Montgomery GI Bill), which results in an understatement of schools' overall GI Bill revenue. Table 2 shows that the understatement of institutional revenue disproportionately affected the nonprofit and public sectors in 2016 because they enrolled a greater proportion of GI Bill students using benefit programs other than the Post-9/11 benefit (23% and 32%, respectively) compared to for-profit institutions (18%).

Factors Contributing to Decline in For-Profit School Enrollment Among GI Bill Students

Several factors likely contributed to the decline in GI Bill enrollment and revenue in the for-profit sector.

- According to for-profit company press releases, overall declining enrollment and revenue losses resulted in sector consolidation, including the sale, or closure, of some campuses. For example, the University of Phoenix, Career Education, and Kaplan all sold or closed campuses.
- Two large for-profit chains—Corinthian and ITT Tech—closed in 2015 and 2016, respectively. Collectively, they enrolled about 26,000 GI Bill students in 2013.⁶
- Numerous federal and state Attorney General investigations, lawsuits, and settlements likely also had a negative impact on GI Bill student enrollment, such as [those](#) involving EDMC, DeVry, and Ashford.

Total student enrollment in postsecondary education declined as the economy recovered after the 2008 recession. Because GI Bill educational benefits are intended to help veterans transition to the civilian workforce, an improving economy may have less of an effect on their decision to enroll and use those benefits.

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¹"GI Bill student" includes any eligible individual using the GI Bill, including veterans, dependents, survivors, and active duty servicemembers.

²The Comparison Tool dataset only includes GI Bill students who qualify for and are using VA administered educational benefits.

³According to [CRS](#), a fifth benefit program (Post-Vietnam Era Veterans Educational Assistance) was used by four GI Bill students in 2016. Disabled veterans who are eligible for the Vocational Rehabilitation and Employment Program receive help with job training, employment accommodations, resume development, and job search coaching and may also qualify for educational benefits from the Post-9/11 or Montgomery GI Bills.

⁴There is an annual, inflation-adjusted cap on tuition payments to nonprofit and for-profit institutions of about \$23,000 per enrollee for the 2017-18 academic year. In general, public institutions must charge GI Bill students the in-state tuition rate, which is fully covered under the Post-9/11 benefit. Only GI Bill students at the 100% eligibility level (served at least 3 years after Sept. 10, 2001) can participate in the Yellow Ribbon Program.

⁵A revenue increase despite the enrollment decline may be the result of the annual inflation adjustment to the cap on tuition and fees paid to private institutions. From 2014 to 2016, the adjustment increased tuition and fee payments to such institutions from \$20,235 to \$21,970.

⁶Historical enrollment data for 2013 was provided by VA.