

Opinion | EDITORIAL

## Who Profits? Who Learns?

JULY 28, 2010

Enrollment at for-profit colleges and trade schools has tripled in the last decade to about 1.8 million, or nearly 10 percent of the nation's higher education students. These schools, partly because they serve poorer students who need more support, receive almost a quarter of the federal aid. This year, federal financing for financial aid is expected to total \$145 billion.

Some for-profits provide an important service for students who don't qualify academically for traditional colleges. Too many have been cited for enrolling students who have no chance of graduating and tossing them out once that flow of aid is exhausted.

The Obama administration is right to tighten the operating rules for these for-profit schools and right to press states to vigilantly monitor them.

The need for these changes was underscored last month when Kathleen Tighe, the inspector general for the Department of Education, told Congress that 70 percent of her department's higher education fraud investigations were focused on for-profit schools.

Schools have been caught falsifying data on student enrollment levels, attendance and eligibility requirements. Federal student aid is usually the main source — up to 90 percent in some cases — of the revenue at these often highly profitable schools. A disturbing Senate report also found that many for-profits spent suspiciously little money on teaching, while spending lavishly on recruiting, marketing and administrative costs.

New rules proposed by the Obama administration would finally put an end to the practice of schools paying recruiters based on how many students they bring in. The rules, which should become final in November, also would require states to create credible systems for licensing all institutions of higher learning that participate in the federal student aid programs and reviewing complaints about them. New York State already has adopted a system that oversees the quality of education being offered at colleges.

Another new rule would cut off federal aid to degree and training programs at for-profit schools that repeatedly saddle students with high levels of debt that are judged to be unpayable under a new federal formula.

The for-profit sector will fight these rules tooth and nail. The Obama administration should not back away. Congress also needs to keep closer tabs on this rapidly expanding industry to make sure that it works for students rather than fleecing them.

A version of this editorial appears in print on July 29, 2010, on Page A28 of the New York edition with the headline: Who Profits? Who Learns?.