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As for-profit colleges flourish, focus turns to grads' success and debt

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Zahra Crowley used to be an admissions representative at for-profit Westwood College. "It was about reaching your numbers," she said of the high-pressure sales pitches she delivered. (RJ Sangosti, The Denver Post)

The television ads promise a glittering future: Give us three years and we will get you your dream job. No high school diploma or GED certificate? No problem. Single mother trying to give your kids a better life? Sign up for classes today.

The standard pitch from the for-profit college industry has become a daytime television commercial staple. Recruiters for new students hang out at high schools, teen job fairs — even homeless shelters.

And it has worked.

Since 2004, the number of private degree- granting institutions has grown from 45 to 76 schools

in Colorado, reflecting the popularity of for-profit colleges.

But with that growth have come complaints and lawsuits over recruiting practices, tuition costs



Elesha Stone and other students take part last month in practice activities simulating an operating room during a surgical procedures class at the Westminster campus of Colorado Technical University. (Matt McClain, Special to The Denver Post)

and the ability of graduates to land jobs in their fields of study. There also is growing concern in Washington, D.C., about the graduates' ability — or inability — to repay the millions in federal loans for-profit students take out to pay tuition.

In three years, the state has received 164 student complaints about for-profit schools. The state has revoked authorizations of two for-profit schools and one for-profit vocational school since September.

"This is not dissimilar to what we see in other fast-growing sectors," said Frederick Hess, education policy director at the American Enterprise Institute, a right-leaning policy think tank. "There is a larger population looking at postsecondary school. Now it's time to figure out quality control. We need to keep in check the snake oil."

At times, promises made during enrollment at the for-profit schools are delivered. Graduates make more money than before and are able to pay back the thousands of dollars they often owe in student loans.

Supporters say the industry has crafted an innovative educational model that serves students who aren't getting what they need from traditional public and nonprofit schools.

In some cases, students would



Colorado Technical University in Colorado Springs, CO. (Special to The Denver Post Nathan W. Armes)

not be accepted at a traditional school or need the highly flexible schedules for-profit schools offer.

"These are students who tend to not have been very successful in academic settings before. They're intimidated; they're not sure they can do it," said Trace Urdan, a financial analyst in San Francisco with Signal Hill who follows the industry.

"At a for-profit school, everybody who works there knows your name. They're looking out for you. They're all over you if you don't go to class. They work really hard to get those students and to get them through the program," he said.

But a Denver Post examination of graduation rates, loans, default rates and other federal Department of Education data found that on many fronts,



Heritage College (John Prieto | The Denver Post)
for-profit schools as a group underperform their public and nonprofit counterparts.

Among the findings:

- For-profit students are defaulting on their loans at much higher rates than students enrolled in public or private nonprofit schools. Twenty-three percent of students who attended Colorado for-profit schools were in default in the first three years they are required to make payments, according to a Denver Post analysis of 2009 federal Department of Education data.

Adams State College in Alamosa had the state's highest default rate among four-year public schools at 15 percent.

- Tuition rates are high. Associate's degrees usually run \$30,000 to \$40,000, and bachelor's degrees usually cost between



ITT Technical Institute (John Prieto | The Denver Post.)
\$60,000 and \$75,000 at for-profit colleges.

That compares with Metropolitan State College of Denver, where a three-year bachelor's degree runs about \$12,900, and the University of Colorado at Boulder, where the cost is \$29,000 for in-state students. At the private, nonprofit University of Denver, a three-year bachelor's degree costs

\$148,704.

- Taxpayers are paying for it. Last year, Colorado students received \$1.6 billion in federal loans and Pell grants. Of that, \$690 million went to for-profit schools, according to an analysis of federal loan data.
- Twenty-five percent of students seeking bachelor's degrees at for-profits receive their degrees within six years, compared with 55 percent at public colleges