A Research Agenda for For-Profit Colleges and Universities

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At first glance, the topic of a research agenda for for-profit institutions may seem to be a rather narrow, technical issue, of concern largely to those closely affiliated with those institutions—at most, some of those who work in them, who regulate them, who study them, and maybe even some of those who take courses in them. Yet, higher education today so influences the overall wellbeing of the United States, that the direction of one entire sector of it has consequences for everyone. At the individual level, higher education plays opposing roles among us: for some an organized and accessible set of stepping stones to a better life and for others a series of stumbling blocks, difficult, sometimes impossible, to surmount in the same pursuit of that better life. America's declining leadership in education exacerbates this problem and reframes it from one of "us vs. them" to "all of us." So, why is a "research agenda" so important for this sector of higher education?

For-profit institutions have existed in society for over 150 years and educate more than 1 in 9 postsecondary students today, yet we know relatively little about them. Everyone will agree that this sector has grown over a short period of time into a substantial component of American higher education, but then the storyline diverges.

Some of us "know" that these institutions have emerged in importance at a critical time in America's history, when needs for higher and more innovative levels of postsecondary education have rapidly eclipsed the capacities and interests of traditional public and private nonprofit colleges. They provide education services especially to those students that have few other options, improving not only their life chances but those of the communities in which they live. Further, these institutions do it at a lower cost to taxpayers than traditional institutions. Without their unique access to capital and the resulting capacity provided by for-profits, the education levels of many, and quality of life of all, Americans would be measurably lessened.

Others of us "know" that these for-profit entities, by virtue of being for-profit, are motivated primarily by profits. Unlike traditional colleges, the profit motive induces senior managers, if they can, to cut corners, dilute quality, and otherwise reduce operating costs in order to ensure adequate returns to their investors. This for-profit condition (an ability to distribute profits to investors rather than being required to plow them back into the institution) exists in all businesses, but the potential for these institutions to take unfair advantage of their customers is particularly severe in education for two reasons. First, it is extremely difficult to objectively measure "high" and "low" quality in education and some of these for-profit institutions are targeting the most vulnerable and least savvy consumers of education. Second, the cost of for-

profit education to students can be higher than at many public or private non-profit institutions.

Both characterizations have extended storylines, each with limited data supporting its arguments—with each leading to a different conclusion. On the one hand, many students, especially poor and minority students, have completed programs and secured better-paying employment as a result. Therefore, for-profit institutions are worthy of no more public oversight than are traditional institutions, especially given their lighter draw on taxpayer dollars. On the other hand, many of the same students are not completing programs, and are burdened with large loans they cannot repay, so the government should target this sector with regulations and oversight because it is uniquely susceptible to fraud and abuse, especially given their students' disproportionate financial burden.

In the contest between these competing narratives, the Pullias Center for Higher Education sought to move beyond hyperbole by confronting each narrative with the other. Five among us agreed to construct a set of arguments each of which examines the for-profit sector from a unique perspective. Daniel Hamburger's paper, "Developing a Private Sector Colleges and Universities (PSCU) Research Agenda," staked out the major elements that in effect constitute the logic, structure, and supporting data of the first narrative. Laura Perna's "What We Might Learn from Research about Traditional Colleges and Universities" examined the research on traditional institutions with an eye toward identifying insights to guide a research agenda on for-profit colleges and universities. Kevin Kinser's "What We Know From Research About For-Profit Higher Education" examined the other side of that coin, examining the distinctive features of the structure, governance, organization, students, and performance of for-profit institutions. Su Jin Jez's "What Data Exist That Might Be Useful to Do Research on For-Profits" shifted the discussion from institutional generalizations to data—sources, access, and their potential for addressing relevant research questions. Bob Shireman's "What We Need to Know" bookended Daniel Hamburger with an argument that forms much of the basis for the second narrative.

In late April we then had a convening of approximately 30 individuals to discuss and debate the issues. Our discussions together over two days were provoked by these papers from our colleagues, and our conclusions and agenda followed from our collective review and critique of subsequent drafts, crafted and revised by three among us. We are not and never were of one mind on this topic, but through dialogue we have reached a consensus that the following research agenda addresses what we believe to be the most pressing and fundamental policy issues affecting the scope, cost, quality, and accessibility of for-profit higher education, and by extension, all of higher education, in the United States.

Priority one—How well do for-profit colleges perform?
This most fundamental of research questions remains difficult to answer for a variety of reasons. The research and policy community lack agreement on what constitutes academic production in higher education, the degree to which specific measures of academic production should apply to all or only some colleges, and the degree to which all, or only some, students

should be included in these metrics. "Performance" here includes four types of institutional outcomes: (1) what do students learn, (2) what proportion of students successfully graduate, (3) have institutions prepared students for employment, and (4) are students capable of repaying loans they incur to attend college.

A primary focus on performance, of course, is not limited to institutions in one sector, to students of one type, to programs of one level, or to one set of majors or concentrations. A primary focus on performance draws each institution toward clarifying and communicating its mission and distinctiveness. Alone among the wide array of higher education metrics, performance measures are of fundamental importance to more constituencies than other higher education measures, including present and future students, public policy makers, funders, accreditors, and employers. Given the diversity and complexity of higher education, it is implausible that many measures can be reasonably applied across all institutions, programs, and concentrations. At the same time, if an institution wishes to claim to prepare students for X, then that institution should be encouraged to gather and report on its performance in X, regardless of how "unique" its program is, which sector the institution belongs to, what types of students it serves, or any other distinguishing feature of that institution.

The nature of the research here falls into two broad categories: (1) design, development, testing, and routine gathering of new and refined data that can serve as proxies for the four types of performance (including degrees, certificates, and credentials); and (2) incremental research and design work on public policies that seek to pursue societal priorities for higher education such as access, affordability, and quality. Included in the first is the testing of measures that account for population differences and assessing the impact that such measures have on improving performance. Advances in the first will fuel improvements in the second.

Improved measures of performance will contribute to improved research on many related areas of higher education policy and practice that are associated, implicitly or explicitly, with performance, including the research priorities presented below as well as much of the current and future negotiations involving the shape of higher education's oversight and public support.

Priority two—What changes would simultaneously increase the likelihood of future "non-traditional" adults enrolling, graduating, and finding meaningful employment while, at the same time, reducing taxpayer and student costs?
This question involves research which is different from that directed at data creation and use in priority one. It is an innovation and design problem, no less sophisticated than R&D involving micro-circuitry or bioengineering. The intention is to foster innovation while simultaneously acknowledging the existing regulatory structure of higher education and the effects of institutional cultures. It would include identifying promising initiatives that are under consideration, under development, or recently under way; tracking their initial impact; identifying the features that appear to contribute to their success and failure; and identifying their applicability to broader-based populations.

These initiatives would be characterized by unusual business and academic models, innovative practices, and novel as well as well-established performance metrics. They may be operated as single-institution public, nonprofit, or for-profit entities; or cross-sector, partnership, or joint-venture entities. Their viability and novelty would be evaluated against existing practices and performance.

Priority three—In what ways do for-profit colleges function differently from traditional nonprofit colleges and universities?
Presumptions about the inherent differences in institutional behavior across sectors are too widespread and dramatic to ignore. The questions pertain to the perceived differences in governance and decision-making in the different postsecondary sectors. Widely recognized examples include the inability of private providers alone to produce sufficient quantities of largely "public" goods ("private market failure"), and corresponding inabilities of public providers alone to cater to consumer tastes or to innovate ("public market failure"). Across different industrial groups individual firms are often found in all three sectors, sometimes providing very similar goods and services, sometimes not, and sometimes providing critical services to each other across sectors. By remaining unexamined, presumptions about the answers to this question fuel both of the dueling narratives and retard policy progress.

Two different sub-questions are interwoven here. First, are there fundamental biases associated with sector location in higher education, e.g., are for-profits unusually opportunistic, innovative, etc. relative to institutions in each of the other sectors? Second, if so, are those unique attributes advantages that can and should be exploited (e.g., for-profit access to investor capital and provision for student convenience) or disadvantages which can and should be prohibited or otherwise governed somehow (e.g., for-profit guile and opportunism).

The inherent value of this line of research lies not just in the ability to uncover possible differences and similarities in organizational incentives and behavior, but also to test the limits of identifying and sharing best policies and practices. For example, most public and nonprofit institutions are not likely to entertain the idea of creating dozens of small learning campuses sprinkled across metropolitan America like it has been the practice among several large for-profits.

Priority four—What might be done to improve the collective, productive interface between institutions of higher education and the present and future workplaces?
For over a generation, the primary rationale provided by all students for pursuing higher education across all sectors has been to enhance employment prospects. Yes, there are other legitimate, widely recognized reasons for pursuing a higher education degree, but contribution to employability is the single most influential driver in the higher education marketplace, and it looks like it will be so into the foreseeable future. Having said that, an understanding of the dynamics and rapidly evolving nature of work is rudimentary at best. Combine this with an only somewhat better understanding of the rapidly changing higher education landscape, and the education-employment uncertainties exponentially explode.

Unlike the first three priorities, this line of research seeks to work backward from employment to preparation, doing so at two levels. One is more macro, seeking to reveal more explicitly the nature of the wide array of transactions that occur as individuals traverse between worlds of schooling and working. The other is more granular, examining higher education programs and institutions that appear to address the education-employment nexus in novel, unusually productive ways. These would, of course, include career-oriented for-profit institutions in general, but would seek also to include institutions from other sectors that are demonstrating distinctive and potentially promising pedagogical approaches that productively interface education and the workplace (e.g., Northeastern University, Drexel University, and University of Maryland University College).

Now what?
We intend these four priorities to be interpreted more as a recipe than as a menu. They are neither mutually exclusive nor collectively exhaustive of the possible array of important research agendas in higher education. We believe, however, that sustained academic work on these four research questions can, over time, fundamentally improve the effectiveness of higher education in America. But how best, then to pursue these four research agendas?

Different organizations and people will have varying levels of enthusiasm and capacity for pursuing this agenda—just as people from differing backgrounds assembled to produce this agenda. Our recommendations and subsequent actions are based on the premise that many different kinds of actors are needed to advance this research agenda and that very few of these actors will be located in any one institution, even any one type of institution. And each institution will ultimately decide for itself how best to participate. Senior managers at for-profit higher education institutions and their affiliated organizations (trade groups, accreditors, regulators) are critically important participants, and so are academics, governmental officials and policy makers, and leaders in civic and educational organizations. At the same time, individuals will have to decide whether and how to participate.

At the USC Pullias Center for Higher Education, we intend to serve as a convener of individuals and groups to pursue these areas, and to create and curate a website dedicated to collecting, reviewing, and sharing any portions of our work and the work of any others that appear to bear on any of the four research questions. We also intend to revisit how to think about for-profits in general. The provisional taxonomies that have been developed seem to us insufficient. Our intent is two-fold: to feature and foster academic work on for-profit higher education aimed at answering the four research questions and, in the process, to contribute to the scope, scale, access, and impact of all higher education. As other individuals decide how best to engage their organizations in this agenda, we will seek to identify them and to characterize their primary interests.

To read the papers featured at the meeting, please click here.