
GUEST EDITORIAL

Predatory Practices in Higher Education

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At the core of ethics is training and education. If we are to expect our college graduates to behave ethically once they enter the workforce, then the institutions that educate and train them need to adhere to the same principles. American universities have come under close scrutiny due to their rising tuition costs. From 1980 to 2011, college tuition increased by 244% (Mettler, 2014), which has made college education out of reach for most Americans. Public universities have increased tuition and fees in response to decreased funding by state legislatures. In addition, the percentage of tenured and tenure-track faculty has decreased from 40% to 25%, while administrative positions have increased by 221%. However, the more egregious behavior has been that of private, for-profit institutions that engage in predatory practices. This article focuses on the unethical behavior of these institutions.

According to a recent article in *The New York Times*, the practices of for-profit institutions of higher education include fraud, illegal activity, and bankruptcy (Cohen, 2015). More specifically, these have included incentive payments to recruiters and deceptive enrollment practices. Not only do these institutions charge higher tuitions than public universities, but they also target low-income students and veterans. Moreover, they have the highest default rates and the lowest graduation rates when compared to private, nonprofit, and public institutions (Naylor, Wyatt-Nichol, & Brown, 2015).

According to the Association of Private Sector Colleges and Universities (2012, 2013), for-profit universities enroll over 4 million students annually, or 12% of the U.S. college population. On average, for-profits charge \$15,000 in tuition for full-time students, compared to \$8,655 for public four-year colleges, and \$3,131 for community colleges (College Board, 2013). In sum, the for-profits charge twice as much for tuition as public universities. This is significant because it increases the debt load for students. In terms of for-profit student bodies, 46% are either African American or Hispanic. In addition, 51% are first-generation college students, and the majority are low-income. Eighty-six percent of students receive need-based financial aid, 63% receive Pell Grants, and 53% have annual incomes less than \$30,000. As

a result of their targeting of low-income students, for-profit institutions receive a large sum of funding from the federal government. According to the U.S. Government Accountability Office (GAO), for-profits received over \$4 billion in Pell Grants and \$20 billion in federal loans. This is alarming given that 86% of their annual revenue (\$32 billion) is generated from the federal government even though they account for 50% of all student loan defaults (GAO, 2010, 2011; Mettler, 2014), which is significantly higher than public universities and community colleges. Moreover, because federal rules allow institutions of higher education to receive 90% of their revenue from the federal government, for-profits target veterans, because tuition covered by the GI Bill is excluded from this rule, making veterans a prime target.

These practices are unethical, and Congress must hold for-profit institutions that engage in them accountable. This includes setting and enforcing clear standards and performance measurements in three areas: tuition pricing, graduation rates, and student default rates. The first step is to require all universities (public, private, and for-profit) that receive federal money to post performance information on their websites. This will increase transparency and assist students and their families in making more informed choices when selecting a university. If our students are to engage in ethical standards, then we must start by providing a solid foundation at our institutions of higher education. Our students deserve it and taxpayers demand it.

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