

## Sen. Harkin wants to protect you from for-profit schools

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Sen. Tom Harkin, D-Iowa, wants to protect you from for-profit [colleges](#). Really.

University of Phoenix, with more than 200 locations across the country, and DeVry University, with 90 schools, have graduated hundreds of thousands of students nationwide in the past 10 years. But Harkin doesn't care. Beholden to teacher unions and non-profit college administrators, the chairman of the Senate Health, Education, Labor and Pensions (HELP) Committee is waging a war against for-profit schools.

He wants to ensure you don't take out a loan you can't repay for a [college degree](#) you can't parlay into what he deems meaningful employment. He, and the Obama administration, who just released proposed new rules banning loans to students who attend the wrong schools (by their standards) have determined that for-profit universities don't always give students their money's worth. In other words, Harkin wants to limit your options so you don't make the "wrong choice."

Of course, Harkin has no idea who you are or any idea what you, or anyone, wants to do with your lives. But that's never mattered to meddling politicians, so he's trying to make you dependent on traditional, non-profit colleges, whether they fit your needs or not.

The assertions he's made would be damning, if he could prove them. Instead of setting out to prove them, however, he enlisted the help of someone who figures to profit massively if for-profit schools lose their federal loan-dependent students and suffer financially. Harkin held a hearing of his committee in an attempt to prove his case, but a funny thing happened on the way to self-righteousness.

He brought in Steven Eisman, a Wall Street short-seller with no experience in education policy, who acknowledged he and his investors stand to benefit if efforts to restrict federal loans to students who choose for-profit universities is successful. Eisman testified that for-profit college industry is as “socially destructive” as the [subprime mortgage](#) industry that nearly brought down the U.S. financial system.

Bringing in a witness so brazenly positioned to profit from legislation that could grow out of such a hearing didn’t even pass muster for progressive groups, such as Citizens for Responsibility and Ethics in Washington (CREW), whose executive director, Melanie Sloan, said, “Congressional hearings are intended to air issues of national significance – not line witnesses’ pockets.”

But let’s not just impugn the witness. Let’s examine the claims.

Harkin says these schools spend far more to recruit and attract students than traditional colleges. Of course they do. They don’t have football teams with million dollar coaches or Nobel laureates or award-winning theater departments to do their recruiting for them. If they don’t make students aware of the opportunities they offer, students won’t know. If students come to believe these marketing efforts mean they don’t receive sufficient value for their tuition dollar, they will signal it in the most unarguable way possible – by attending school elsewhere.

Harkin says he’s become alarmed that 23.6 percent of Pell Grant money flowed to for-profit schools in 2008-2009 – double the percentage of 1999-2000. He’s also concerned that 80 percent of the revenue of *some* for-profit schools comes from federal student loans. This may mean – may – traditional colleges receive less in Pell Grant and other student loan money.

It also may mean student [loanprograms](#) finally have begun to work as they should. Not everyone is cut out to spend four years in a dorm at State U. Some must work as they attend college. Others spent the traditional college years on other pursuits and are trying to catch up and get a degree while juggling family and career responsibilities. Still others don’t get serious about doing the work it takes to obtain a degree until they’ve spent a few years in the workforce.

As a result, they are looking for different things in a college than other students. They like the convenience of online courses or [night school](#). They have no use for the traditional accoutrements of campus life – the student union, expensive climbing walls, student activities, ball games and the like.

But these students also are at higher risk of dropping out. For some, their student skills decline as they spend years away from a classroom, and they aren’t prepared for college work in the 21st century. Others find the problems with motivation and focus that prevented them from seeking a degree right after high school return once again.

But none of this can or should be blamed on for-profit schools. They take a chance on students who may have had difficulty in getting into State U. They offer courses community colleges don’t or can’t because of budget constraints. They offer opportunities that simply wouldn’t be available for some students. They may cost more than community colleges, which are heavily subsidized by taxpayers, but nobody is forced to sign up.

Harkin also makes the argument that many for-profit schools offer classes that aren’t accredited – or not sufficiently so. Colleges seek accreditation so students who receive their degrees can be considered for jobs in the students’ chosen profession and so students who transfer can receive proper credit for classes they’ve already taken.

But a great many of these for-profit schools are accredited, and it's not like those schools that aren't hide the accreditation status of their programs. Students can find out upfront which programs have received full regional accreditation and which haven't and make their decisions accordingly.

Finally, there is profit envy to consider. The inability of state universities to control costs has contributed significantly to the rise of for-profit schools. For-profits have capitalized on this by reshaping and expanding their operations to cater to a new generation of student. And don't think state or [private colleges](#) don't make a profit; call it a surplus, but how else can they continue without bringing in more than they spend.

Eisman testified that the CEO of one for-profit university makes 25 times as much money as the president of Harvard. He also decries profit margins in the 40 percent range and the rapid growth of for-profit schools. But neither Eisman nor Harkin explained why the president of a for-profit would make more than the president of Harvard. Could it be because he has established something, rather than presided over something hundreds of years in the making? Could the profit margins signify a new approach to how education is marketed that perhaps state universities and even traditional private universities may want to emulate?

Of course not. This is nothing more than the usual fear among the Harkins of the world that someone somewhere is making a buck and government better rush to stop it. And as usual, that buck is being earned because a new merchant has developed a new product that meets new needs.

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