

NATIONAL PERSPECTIVES: HISTORY, ACCOUNTABILITY AND THE DEFINITION OF QUALITY

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Research that Matters

Proposition

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- Through the years, for-profit education has taken repeated steps to assure quality
- Regardless of these steps, critics continue with the same criticism

Stereotypes are generalizations about a group of people, whereby we attribute a defined set of characteristics to this group.

Why are Stereotypes so Hard to Change

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- As we learn new contradictory information, we incrementally adjust the stereotype to adapt to the new information
- We usually need quite a lot of repeated information for each incremental change
- Individual evidence is taken as the exception that proves the rule

Traditional Criticisms that Support the Stereotype

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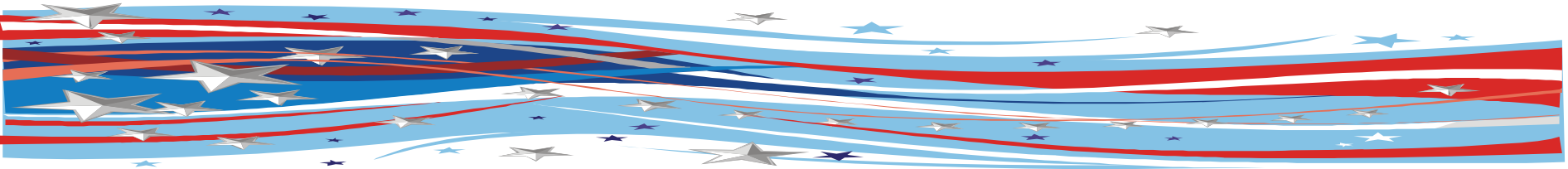
- ❑ False advertising about programs
- ❑ Low standards for admission
- ❑ Inadequate resources
- ❑ Ineffective teachers
- ❑ Prepare students for low-paying jobs

Traditional Criticisms that Support the Stereotype

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- High default rates
- Newspaper stories
- Bankrupt schools
- Class action lawsuits
- Inspector General investigations

History

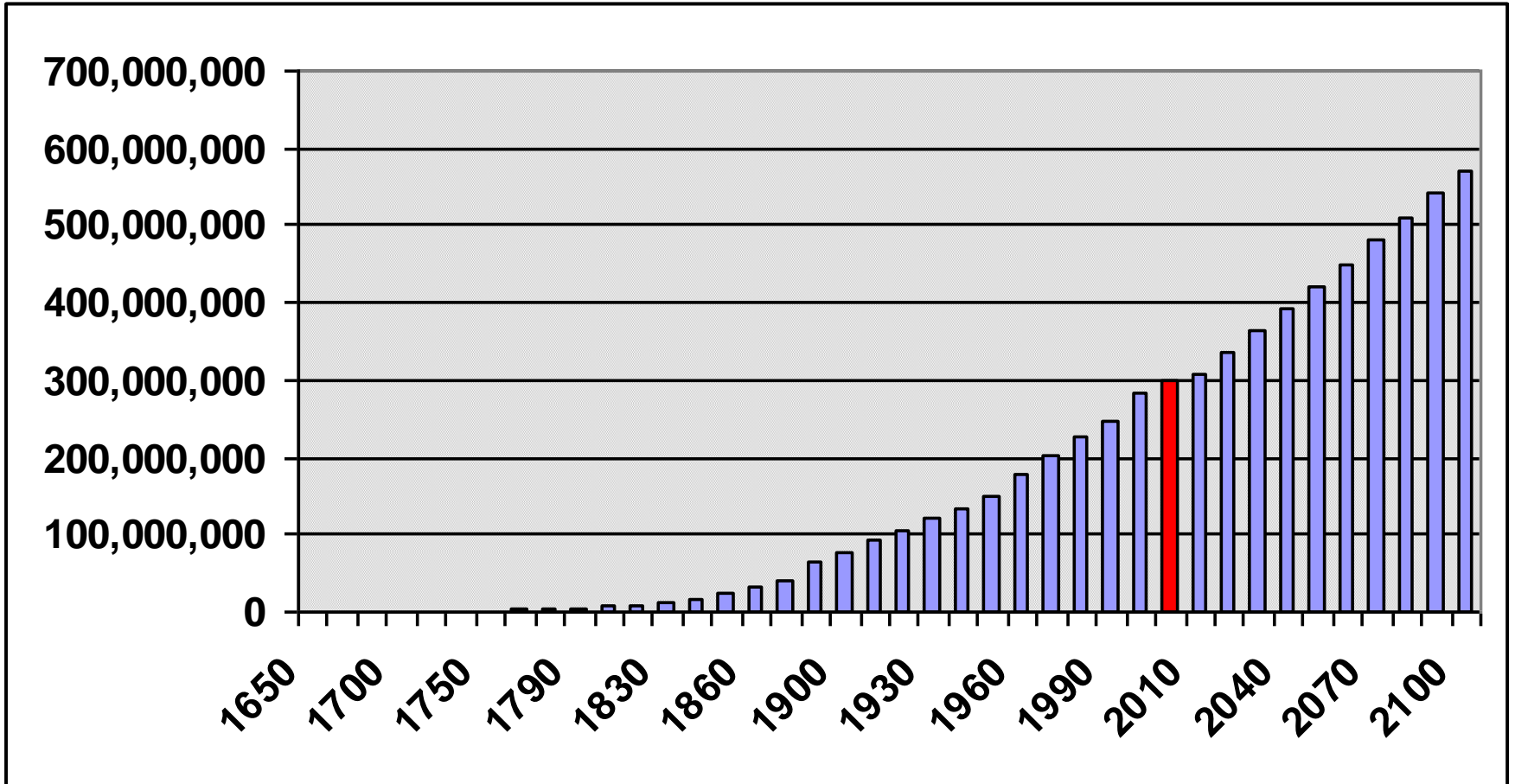


Engines of Change

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- Technology
- Urbanization
- War
- Population growth

Population Trend



Proprietary Education in Colonial America

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- Traditional colleges were almost exclusively dedicated to theology
- Master's, the forerunners of proprietary schools, taught practical skills, such as:
 - ▣ bookkeeping
 - ▣ mathematics
 - ▣ surveying
 - ▣ navigation
 - ▣ foreign languages

Colonial Education

- Not the same distinction between public and private, church and state.
- Harvard did not decide if it was public or private until 200 years after its charter in 1650

Industrial Revolution

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- In 1793, Eli Whitney invented the cotton gin
- The Cumberland Road, the first national road, was begun in 1811
- In 1844, Samuel F. B. Morse created the telegraph
- In 1846, Elias Howe created the sewing machine
- Zeth Wheeler patented rolled and perforated wrapping paper in 1871

Effects of the Industrial Revolution

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- As industries and factories arose, people moved from farms to cities
- The new economy needed chemists, engineers, managers and accountants, few of which were being trained by colleges

Changing Missions

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- *First Morrill Act (1852)* authorized public land grants to the states for the establishment and maintenance of agricultural and mechanical colleges
- *Smith-Hughes Act (1917)* provided for grants to states for support of vocational education

Critical Changes in Government

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- In 1913, the 16th Amendment to the Constitution made the income tax a permanent fixture in the U.S. tax system
- The withholding tax on wages was introduced in 1943

Increasing Public Investment in Vocational and Technical Education

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- 1867: the first U.S. Office of Education
- 1901: Joliet Junior College in Illinois is the first public two-year college
- 1906: A nationwide vocational education movement results in the National Society for the Promotion of Industrial Education (NSPIE)

Increasing Public Investment in Vocational and Technical Education

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- 1920: The American Association of Community Colleges is established.
- 1945: The American Society for Training and Development is organized

Servicemen's Readjustment Act of 1944

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- 7.8 million veterans trained at colleges and trade schools, and in business and agriculture training programs.
- Veterans of the Korean War (1952) and the Vietnam War (1966) were also included in the Act.
- Participation ended in 1989

The GI Bill had a Major Impact on Postsecondary Education

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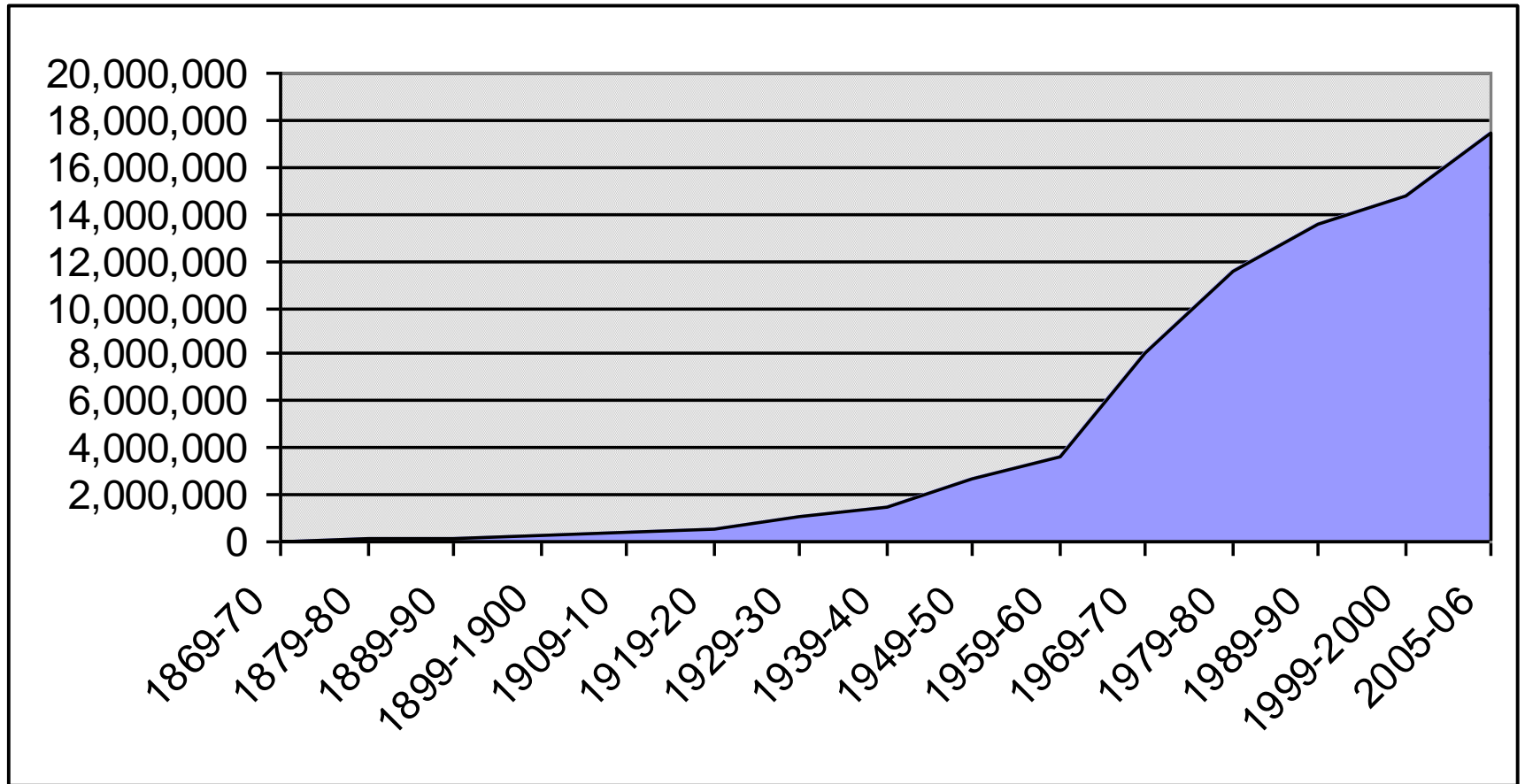
- In 1947, veterans accounted for 49% of US college enrollments.
- The cost of the World War II education program totaled \$14.5 billion.
- In the late 1930s, about 160,000 US citizens graduated from college each year. By 1950, that number had increased to 500,000.

The Knowledge Economy

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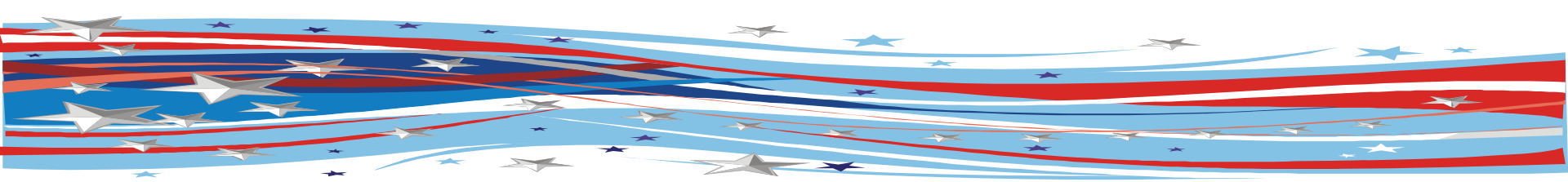
- 30 years ago, 28% of workers between the ages of 30 and 59 had at least some postsecondary education
- Today, more than 60% of this age group has some education beyond high school

Trends in College Enrollment



Proprietary School Accountability

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Proposition

- For-profit education was accepted as a creditable educational option until public schools and colleges entered the field of occupational education
- Competition resulted in continuing criticism of for-profit education
- Efforts to improve the quality of for-profit education did not change perceptions

Bryant & Stratton was founded in 1863

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Major Proprietary School Associations

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- AICS (Association of Independent Colleges and Schools): 1912
- NACCAS (National Accrediting Commission of Cosmetology Arts and Sciences): 1924
- NATTS (National Association of Trade and Technical Schools): 1965
- ACCET (Accrediting Council for Continuing Education and Training): 1974

Federal and State Accountability

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- Consideration of student academic achievement
- Retention rates
- Course and program completion
- Passing state licensing examinations
- Job placement rates

Guardians of Quality

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- Accreditation
- State licensure
- ED approval for Title IV participation

Regulation of Proprietary Schools

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- The G.I. Bill was modified so that only institutions with state approval could redeem veterans' stipends
- Further oversight was exercised by the Veterans Administration
- Even then, complaints about false advertising and high incompleteness rates persisted

Higher Education Act

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- The Higher Education Act of 1965 and the National Vocational Student Loan Insurance Act
- 1972 Amendments to the Higher Education Act
 - ▣ Established the Pell Grant
 - ▣ Established Sallie Mae
 - ▣ Recognized proprietary schools as equal partners

Higher Education Act Amendments, 1992

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- Elimination of eligibility to participate in federal student loan programs for any college with a default rate of 25% or more for three consecutive years (or 40% or more in a single year)

Higher Education Act Amendments, 1992 (cont'd.)

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- The 90/10 (formerly 85/15) Rule: federal financial assistance is limited to no more than 90 percent.
- Limits on Student Aid for Schools that Primarily Offer Correspondence and Telecommunications Courses
- Minimum Instructional Time Requirements
- Minimum Completion and Job Placement Rate Requirements
- Prohibit commissions, bonuses, and other incentive payments to school employees and recruiters
- Limited Loan Forgiveness for Victims of Fraud

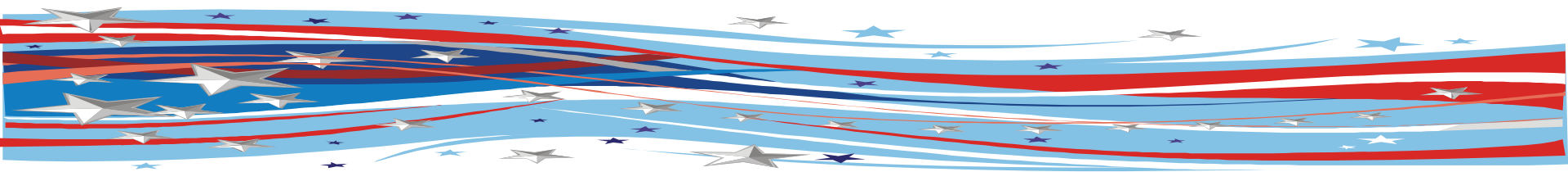
Result

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- For-profit education has become more “collegiate”
- Increase in corporate ownership
- Movement of for-profit education out of low-income communities and short programs
- Loss of educational opportunity for the most needy

Economic Impact of Proprietary Schools

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The Proprietary School Sector Is Growing

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Proprietary schools:

- include 2,694 Title IV eligible institutions
- make up 39 percent of all Title IV postsecondary institutions in the nation
- serve over 2.1 million students annually
- have increased enrollment by 17 percent since 2003-2004

Economic Impact

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- Career colleges reported total revenues of approximately \$14.6 billion last year
- Of nearly 500,000 career college completers in 2005, 76% (376,560) were employed directly following graduation
- The average income earned by career college graduates is \$39,546

Changing Job Market

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- Manufacturing jobs have dropped from 32% of all jobs in 1959 to 17% today
- Big increases in:
 - office jobs—30% to 39%
 - health care—10% to 16%
 - technical jobs—3.5% to 7%
- Low-skilled service jobs—unchanged at 20%

Growth in Demand

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- According to BLS projections, between 2004 and 2014, there will be a 14 percent increase in job opportunities requiring a vocational certificate
- During the same period, there will be a 19 percent increase in jobs requiring an associate's degree

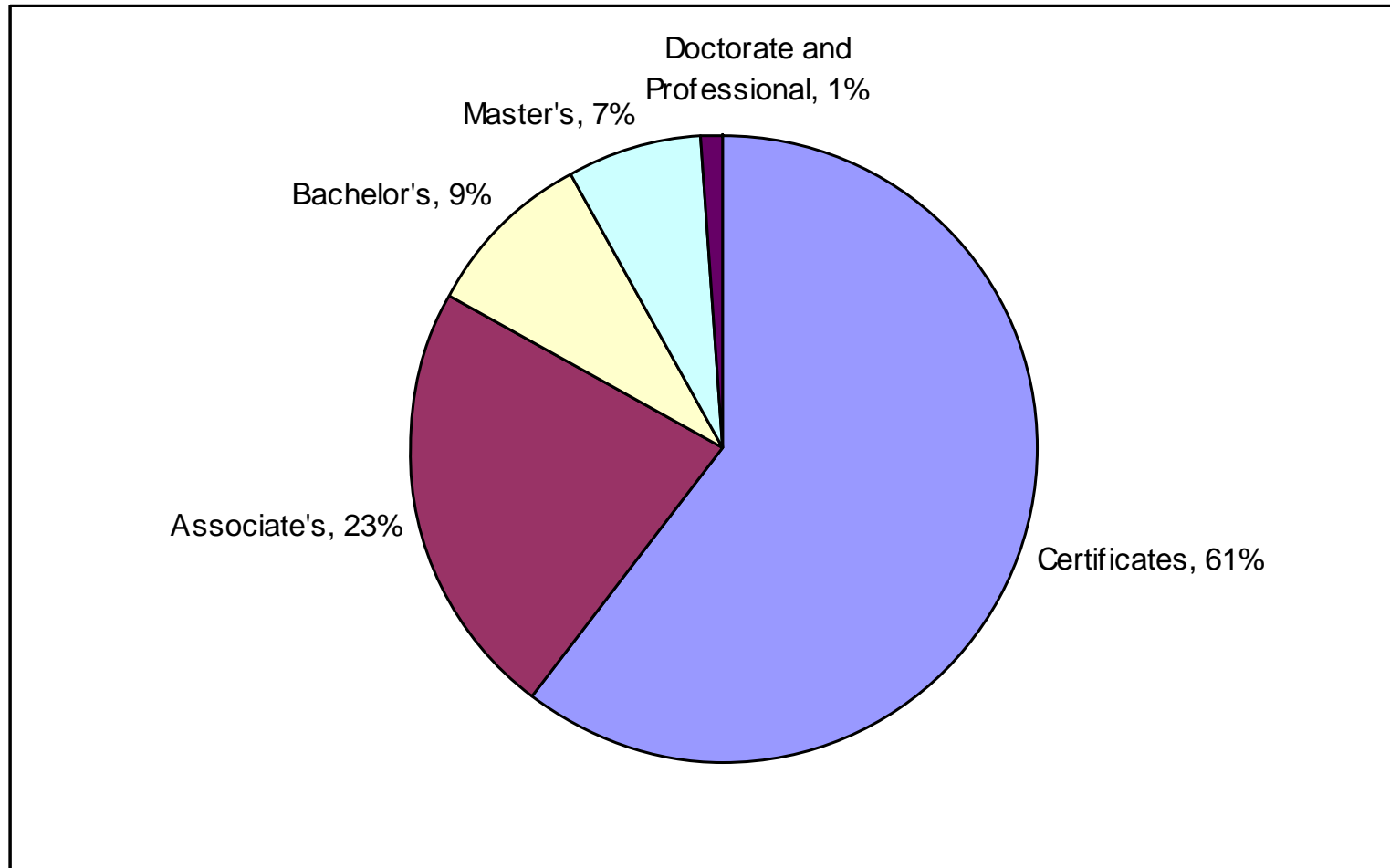
Most Commonly Pursued Occupations for Career College Graduates

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- Health Services/Allied Health/Health Sciences
- Personal and Culinary Services
- Business, Management, Marketing & Related Support Services
- Computer and Information Sciences

Degrees Awarded

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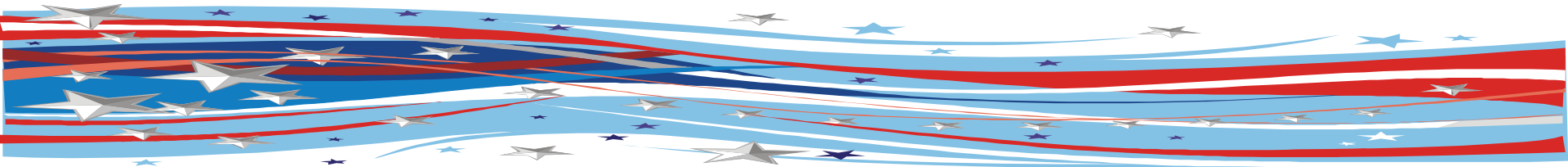
Proprietary School Graduates Receive Higher Salaries

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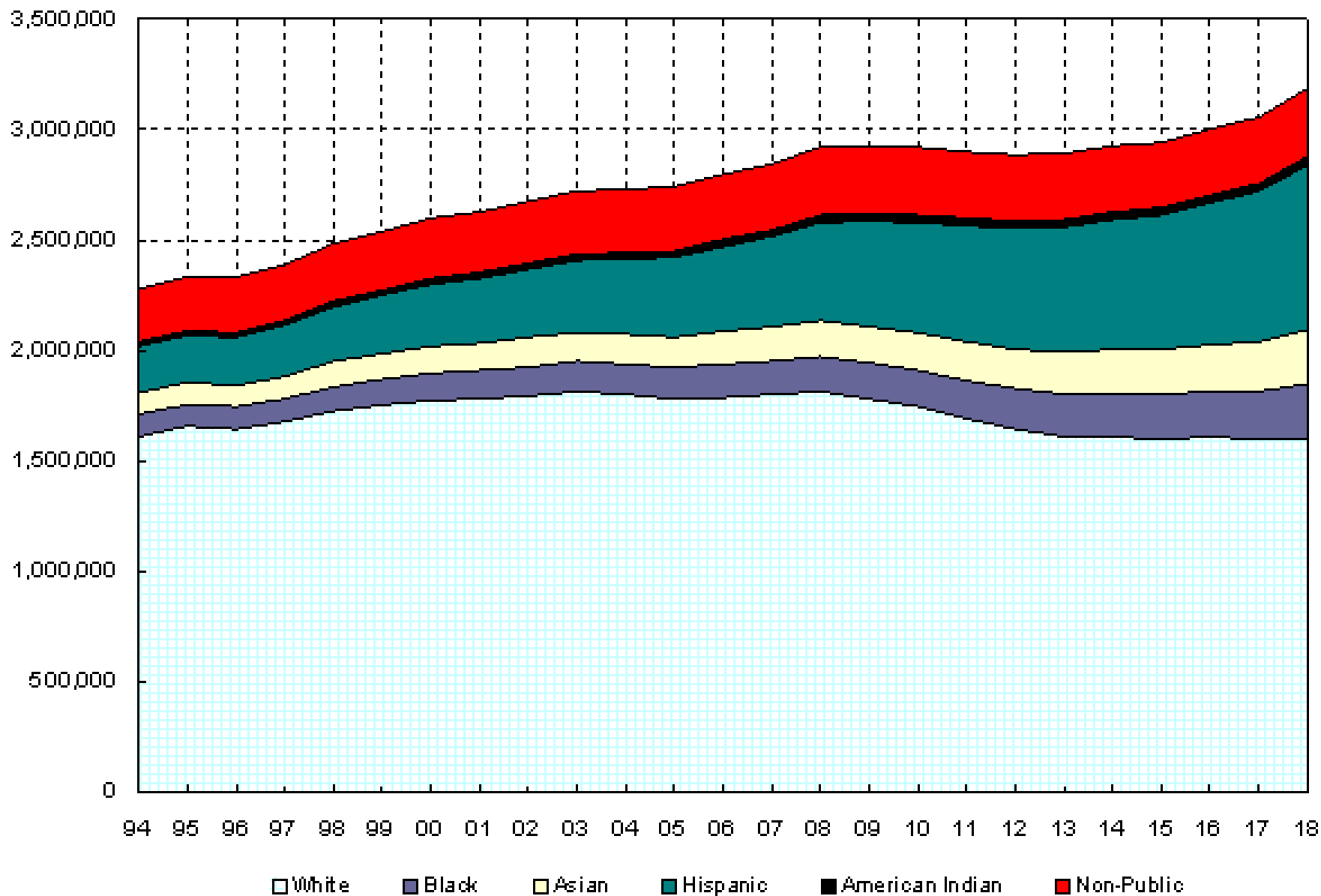
- The lifetime earnings for associate's degree holders total \$1.6 million, or \$337,127 higher than that of high school graduates
- The average career college graduate paid an estimated extra \$4,363 in federal taxes

Demographics

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Number of High School Graduates, 1994-2018: United States



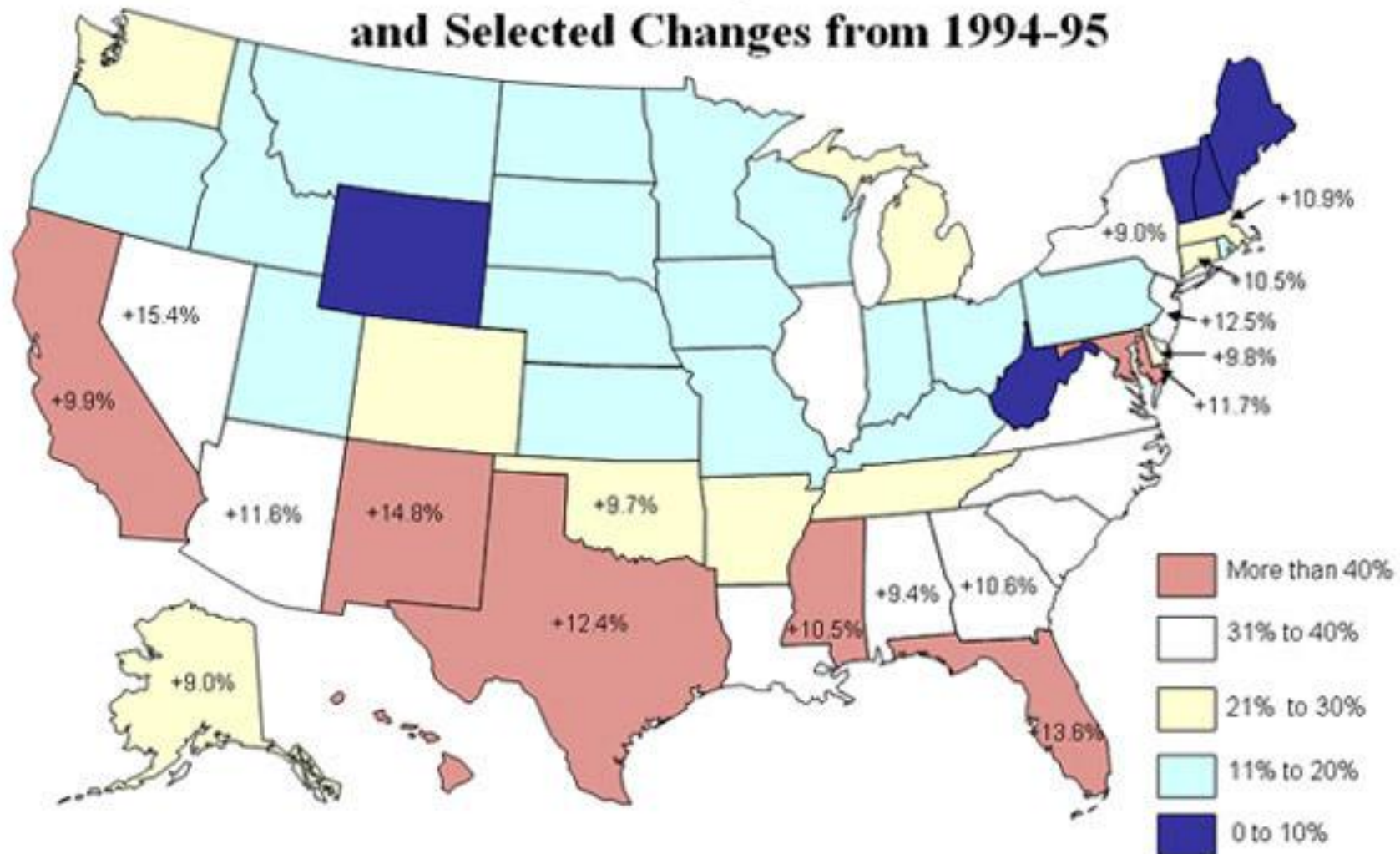
Projected Enrollment Increases, 2004 to 2014

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- White, non-Hispanic: 6%
- Black, non-Hispanic: 27%
- Hispanic: 42%
- Asian or Pacific Islander: 28%
- American Indian or Alaska Native: 30%
- Nonresident aliens: 34%

Concentration of Minorities Enrolled in Higher Education, 2005-06

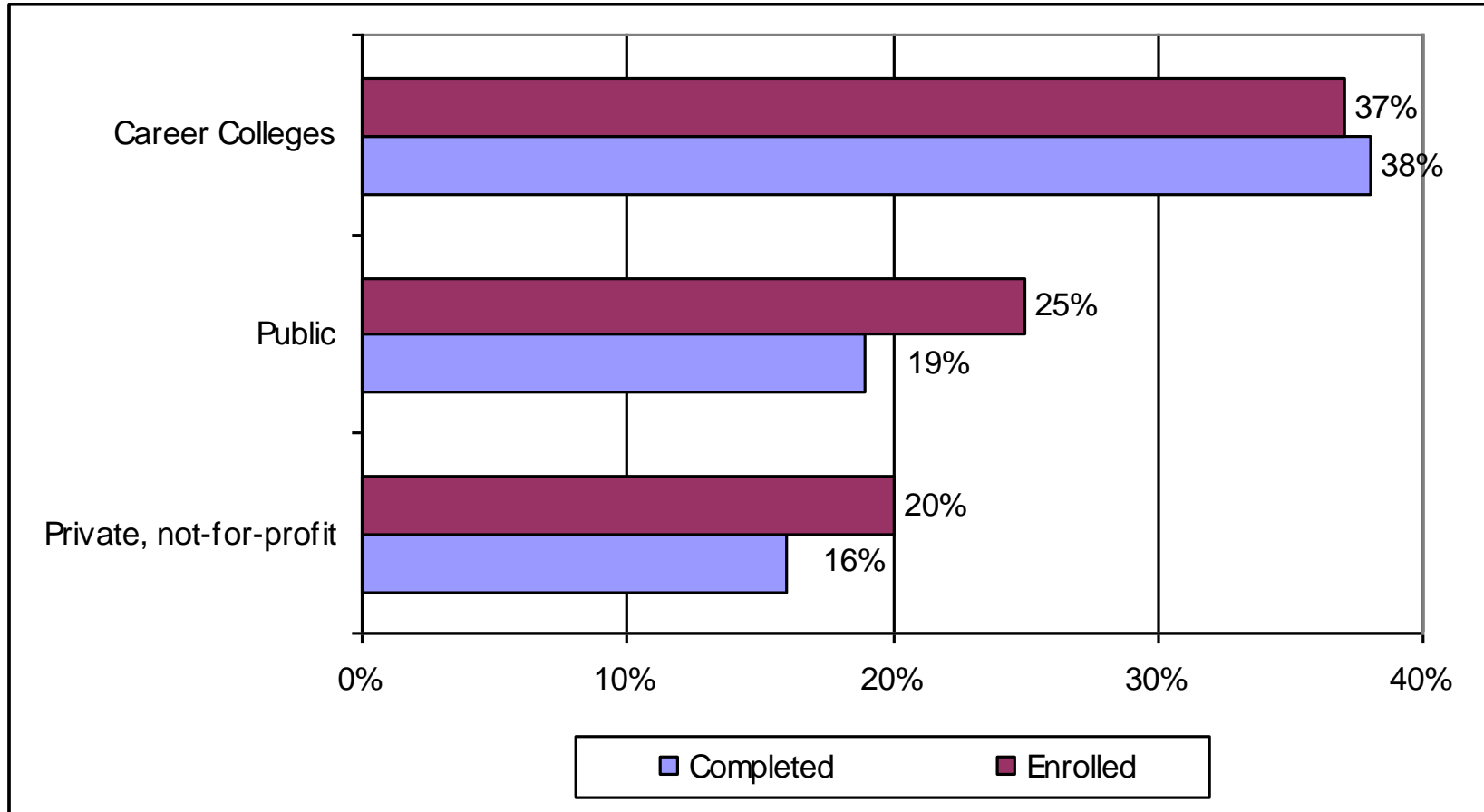
and Selected Changes from 1994-95



Source: U.S. Department of Education

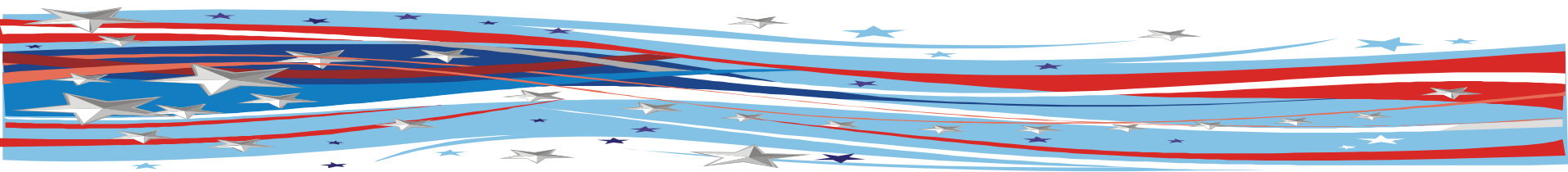
Proprietary Schools Enroll and Graduate Minority Students

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Increasing International Competition

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Preparing youth for jobs in the U.S., England, Germany, Japan, and Sweden

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- The other nations expect all students to do well in school. U.S. schools accept that many will lag behind
- The other nations have competency-based national training standards to certify skills. U.S. practice is to certify program completion

U.S., England, Germany, Japan, and Sweden (cont'd.)

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- The other nations invest as heavily in the education and training of work-bound youth as they do for college-bound youth
- The schools and employers in the other countries do more to guide students' transition from school to work, helping students learn about job requirements and assisting them in finding employment

U.S., England, Germany, Japan, and Sweden (cont'd.)

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- Young adults in the other nations have higher literacy rates than do those in the United States

Implications

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- We must increase educational achievement if we are to remain competitive in the world economy
- This will be difficult, given that the generation entering postsecondary age will pose greater educational challenges

For-profit Schools

Will be an Important Part of the Solution

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- Market responsive
- Must provide effective education
- Other providers will continue to be critical
 - ▣ Limit aggressive marketing
 - ▣ Document job placement
 - ▣ Transparent accounting

Cautions and Questions

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- Can we prove value added by our education?
- Employability is partially a function of “soft skills.”
Can we teach those skills?
- Do we add to the cultural capital of our students?
- We can only be accountable for what can be measured, but that may not be enough

To Whom Should We Be Accountable?

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- Federal government
- State government
- Accrediting agencies
- Employers
- Directly to students

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