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# Skunks in an English Woodland: Should England Embrace For-Profit Higher Education?

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**Abstract**
The British government is encouraging the growth of for-profit alternative providers of higher education (HE). While it is true that for-profits have opened HE access to previously underserved groups and have been more agile in reacting to market demand, they have done so at a considerable cost to students and the taxpayer because they do not share in the cost of the failure of HE to ensure a payoff for many of their students. The US experience with for-profits should be a cautionary tale for those supporting their expansion in Britain. Policy is needed to craft a regulatory framework that produces the benefits that for-profits can provide, but minimises the costs that often accompany them. At present, it is far from clear that expanding alternative providers—that is, for-profits—would 'work better' for students.

**Keywords**: higher education, alternative providers, for-profit, student loans, dropout rates

IN HIS important book, *A University Education*, David Willetts outlined his strategy for the expansion of higher education (HE): 'to create a more open and diverse HE system which would work better for students.[1] That meant more choice and competition between universities and easier entry for new providers. In two previous papers published in this journal, I addressed whether more competition would 'work better' for students and argued that this was far from certain.[2] In this paper I address Mr. Willetts' enthusiasm for 'alternative providers' of HE, an enthusiasm shared by subsequent ministers for universities. These 'alternative providers' are principally for-profit businesses. I will first discuss some activities of 'alternative providers' in England which do not work well for students and then turn to a discussion of for-profit HE institutions in the US which have a longer history than those in England. Mr. Willetts admires features of the US HE system, but he said 'we cannot and should not copy them'. There are very good reasons why Britain should not copy US experience with for-profit HE providers because, unless they are closely regulated, they are likely to be—to borrow a colourful term from Mr. Willetts—'skunks in an English woodland'.

## For-profits in England

The for-profit HE sector in England, often referred to as 'private' providers, is already large: 674 for-profit colleges providing degree and sub-degree courses and receiving about £400 million per year from the student loan system, and the government is keen to expand this sector.[3] A key feature of alternative or private providers is that they are for-profit businesses and I shall refer to them as such. A writer for the US business magazine *Forbes* noted that for-profits are businesses that sell education and like all for-profit businesses, they exist to make money. And, like other providers of HE in England, for-profits make money by recruiting students who pay for their education with government provided student loans. Another observer of HE writing in the *New York Times* remarked that when industry reaps all the profit from student loans and the taxpayer has to pick up the losses, we can't be surprised when things turn out badly. One cannot fault for-profits for entering HE because they are reacting to incentives provided by the government. They get paid to enrol students, not to graduate them, and they suffer no financial penalty, other than the loss of a paying customer when



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things do not turn out well for students. Customer satisfaction is less important where the demand for places in HE exceeds the supply. Of course, the same incentives apply to non-profit HE. Because the for-profit sector must cover the costs of education and make a profit, short-termist pressure to maximise profits is more likely to lead to opportunistic behaviour than is the case for the traditional sector where there is no profit maximising motive and where reputation, built up over many years, if not centuries, is of considerable importance. For-profits are new entrants in the market and have to decide whether building a reputation is worth the long-term investment.

The size of some of the for-profits may come as a surprise to many readers. BIMM (British and Irish Modern Music Institute) offers degrees in contemporary music and in 2016–7 was the biggest private recipient of student loan funding (£24.4 million and 4183 students). This sum exceeded that of many traditional HE institutions including LSE and SOAS, University of London, and was treble the amount received by BIMM in 2001. BIMM is owned by Sovereign Capital, which also owns Greenwich School of Management (GSM London). GSM received £19.9 million in fee loans from its students in 2016–7. Together GSM and BIMM accounted for 30 per cent of all fee funds received by for-profits. Student maintenance loans received by the students at these institutions amounted to an additional £65 million.[4]

Higher Education Statistics Agency (HESA) data show that alternative providers serve students who are older and more likely to be black or minority ethnic than those at non-profit institutions. Unlike their US counterparts, they serve equal numbers of men and women.

## Skunks in the English woodlands

Late in 2017, BBC *Panorama* filmed an 'education agent' offering to get 'bogus' students admitted to a government approved private for-profit college for a fee of £200. Government provided student loans would pay for attendance. For £600 the agent supplied a backdated certificate for a course the 'student' had never taken that was equivalent to A-levels. For a further £1,500 the agent offered to fake attendance records and provide all necessary coursework. An agent at another for-profit college was reportedly paid £600 for every student he helped enrol—10 per cent of the annual tuition charged. The agent also promised to put the 'bogus' student in contact with someone who could do all assignments required for a three-year honours degree in business. The 'bogus' student tested this proposal by buying three assignments that were submitted and awarded good marks.[5] The *Times Higher Education* recently reported that a company, The PhD Consultancy, offers for a fee 'assistance' in all stages of undertaking a PhD. It is unclear how widespread are these practices.

Under Mr. Willetts and his successors, 'alternative providers' have flourished, particularly those with university status and those granted taught degree awarding powers. Is this expansion a cause for concern? Seemingly not, because Mr. Willetts claimed 'not much public spending was involved—other than if any part of these loans had to be written off in the future'. As we will see below, the latter part of Mr. Willetts' statement is a significant qualifier as is the impact on students of failure to complete a course. Not everyone is as sanguine about for-profits. In 2015 Margaret Hodge, chair of the Public Accounts Committee, reported that the failings of the alternative providers could cost the taxpayer £100 million and she did not have 'confidence the [government had] systems in place properly to guard our public money'. An earlier National Audit Office (NAO) report raised concerns about the high dropout rates at some for-profit institutions and the number of 'ineligible' students claiming funding. In a follow-up report in 2017, the NAO again found higher dropout rates among for-profits and a failure to recover £36 million of £45 million paid to 'ineligible' students attending for-profit institutions in the six years to 2014–5. The NAO noted some improvement in oversight of these institutions by the Department for Education (DfE), but it still had 'important issues to address before it can provide assurances that it has a firm grip on current or emerging problems'.[6]

While there is a growing literature on the earnings of graduates of for-profit programmes in the US, such information is scarce in England. Most for-profits are vocational in nature and concerned with 'gainful employment', so earnings data should be important in evaluating whether they 'work' for students. Some suggestive information on at least part of the sector is provided by a recent DfE and Institute for Fiscal Studies (IFS) report on graduate earnings. BIMM produces graduates in creative arts, as do a number of other for-profits, funded by student loans. These graduates have the lowest earnings five years after graduation of any student, controlling for differences in student characteristics: 21 per cent less than average for females and 29 per cent for males. For-profits are also prominent in the provision of business courses, and business graduates have the eighth highest earnings for women and fifth highest for men. However, after controlling for student characteristics, there are very large variations in earnings among business graduates from different institutions, with the lowest ranked having earnings up to 40 per cent below average for all business courses.[7]

Dropout rates are another measure of whether for-profits 'work' for students, and although for-profits are not alone in having student dropouts, they are more prevalent in this sector. For example, a recent HESA report showed that four of the top six institutions with the highest first-year dropout rates were for-profit institutions. GSM London had the highest dropout rate for students within a year of beginning at 28 per cent, eight points higher than the next highest, BPP University, also a private HE provider. The average first-year dropout rate for HE institutions in England was 7.7 per cent.[8] One positive development is that dropout rates among for-profits were much higher in 2012–3 at 38 per cent. For-profits claim that higher dropout rates are to be expected given the characteristics of the students they enrol. However, their dropout rates exceeded those to be expected, even when controlling for student characteristics. HESA data also dispute the claim made by for-profits that they enrol a disproportionate number of disadvantaged students. In 2015–6, GSM drew just 2.7 per cent of their students from 'low participation', that is, disadvantaged areas. The same was true of other large for-profits, namely, BPP University and the London School of Business and Management. To be fair, some traditional providers also have high dropout rates, but the highest of these, Birkbeck College, has a dropout rate 10 percentage points below that of GSM London.

A further concern with for-profits is their financial soundness. GSM London, the largest alternative supplier of HE courses, with 4587 students and £17 million received in tuition fee loans in 2017–8, made a loss of almost £10 million and had debt of £26 million written off as part of a turnaround plan approved by the DfE. The *Times Higher Education* reported doubts over GSM's ability to continue to operate if market events are negative and future funding cannot be arranged. Former Minister for Universities, Sam Gyimah, told a conference of university leaders in November 2018 that 'we do not see it as the government's role to bail out universities when they make reckless financial decisions'. However, David Willetts was 'assured by BEIS that the legislation ensured Office for Students would have the power to make loans where institutions failed'. So no bailout when 'reckless' but otherwise, possibly? And can we tell when a for-profit has been 'reckless'? There is a lack of transparency about what is happening at GSM. The University of Plymouth, which validates degrees for GSM, is withholding an investigative report into claims of fraud on grounds including 'commercial interests of both itself and its partner college'.[9] One worries about 'too big to fail' in HE.

There is understandable concern in England that as many as half of students will not earn enough to repay their student loans. This should not be surprising because, when students do not anticipate having to repay their loans, they have little incentive to worry about the cost or value of the education they are pursuing. Similarly, when there is no penalty for institutions for their students being unable to repay loans, there is no incentive to be selective about students or programmes other than that they appeal to students. The challenge for the government is to decrease adverse outcomes from HE and decrease the risk for the taxpayer of non-repayment of loans, while still providing fair and expanded access to HE for those who can succeed. As Mr. Willetts said, 'alternative providers are more willing to take risks' but why should they not when there is no penalty for failure?

 

Skunks have some positive attributes. Proponents of for-profits emphasise that they are more innovative than traditional HE, are better at getting under-represented groups into HE, are more responsive to the market, and are more willing to provide short degree courses. A further claim that seems to be unique to England is the belief that for-profits provide 'better value for money'. The NAO found 'indications' that for-profits had helped widen access to HE. Based on experience in the US, the main innovation is in online courses, which allow non-traditional students to combine education, work, and family responsibilities. Online courses have accounted for much of the growth in for-profit HE in the US. However, recent rigorous evidence has shown that online courses, as currently offered, result in students earning lower grades in the course and in subsequent related courses, suggesting that students learned less in an online setting. These negative effects were concentrated in the lowest performing students. In addition, earnings of graduates of online programmes are lower than those of graduates of bricks and mortar institutions.[10] While for-profits may be more willing to take risks and may be faster at responding to changes in labour demand, the evidence presented here suggests that such agility does not result in a profitable labour market outcome for many students.

## Skunks on the American prairie

A discussion of evidence on the performance of the non-profit HE sector in the US will be helpful in evaluating whether and how England should embrace further expansion of this sector. Until recently, the sector was the fastest growing part of HE in the US. Enrolment grew more than 100 fold from 1970 to 2009, whereas the HE sector as a whole grew 2.4 fold. Based on National Center for Education Statistics data, for-profits increased their share of all HE fall enrolments from 4.3 per cent in 2001 to 11.3 per cent in 2010 and from 2.9 per cent to 9.6 per cent of fall enrolment in institutions granting two-year and four-year degrees, respectively. The averages of annual growth rates between 2000 and 2010 were 13.8 per cent for all for-profits, and 16.4 per cent for for-profit degree granting institutions, but only 2.6 per cent for all public non-profit HE institutions. Between 2010 and 2016 the for-profit sector suffered substantial contraction: 8.4 per cent annual declines in fall enrolment from 2010 to 2016, compared with 1.3 per cent decline for all public HE enrolment. For-profits disproportionately enrol females, older students, students of colour, economically disadvantaged students, and single parents. These are groups of particular interest to the UK government. Since 2000, non-profits have expanded their business in the degree granting end of HE while still being a dominant player in the production of sub-degree (certificate) programmes. For-profits enrolled 57 per cent of all sub-degree students in 2000 and 71 per cent in 2010, and in 2000 they enrolled 3 per cent of all students seeking a degree. By 2010 they enrolled 10 per cent of such students. Between 2000 and 2016 degree-seeking students increased from 67 per cent of all for-profit students to 82 per cent. Because of their vocational focus, for-profits concentrate on programmes in business, communication, and healthcare. For-profits are relatively expensive. A public two-year college charges just 19 per cent of the annual charge at a similar for-profit, and four-year public institutions charge just 55 per cent of the cost of a similar for-profit. Another feature of for-profits is their significant expenditure on advertising and marketing—on average they spend 24per cent of revenue on these areas.[11]

By any metric, for-profits have become an important part of the HE sector in the US. The sector is large, but is it successful? If success is measured by getting students into higher education, then the sector has been very successful, but if the metric is based on the results of that education, the conclusion must be that for-profit education has not been a resounding success. Barmak Nassirian, a programme director at the American Association of Colleges and Universities, summed up the 'success' of the for-profit sector in this way: 'terrible outcomes are very profitable and there is no adverse consequence visited upon corporations that generate absolutely abysmal consequences—for both student and taxpayer'.[12] Is this an exaggeration or is there evidence that the outcomes from for-profits are 'abysmal'?



 

Of particular interest for the UK is the US experience of dropout rates, debt levels, student loan default rates, earnings of for-profit students, and student satisfaction. For-profits have a better record than non-profits of retaining and graduating students in two-year programmes, but for students in four-year degree programmes who entered HE is 2011, only 35 per cent of students at for-profits had graduated after six years. The comparable data for public and private non-profit four-year institutions were 65 per cent and 76 per cent. For-profit attendance is associated with greater student debt. Fully 55 per cent of graduates from two-year for-profit colleges had more than $20,000 in debt compared with 9 per cent of those from public two-year colleges. Graduates from four-year for-profit colleges also had relatively higher levels of debt—78 per cent had more than $20,000 in debt compared with 39 per cent from public and 53 per cent from private colleges and universities. In 1990 only 1 per cent of students who borrowed for graduate school attended for-profit institutions. By 2014, 17 per cent did so and the for-profit share of large borrowers ($50,000 or more) increased from 3 per cent to 21 per cent. Within twelve years of graduation, 47 per cent of all first-time students at for-profits had defaulted on their government loans compared to 13 per cent of students in public and private colleges and universities.[13] In 2009, for-profits accounted for 11 per cent of all HE enrolment, but 50 per cent of student loan defaults. Default rates at non-profit institutions have changed little over time, but have increased at for-profits. Indeed, the increase in default rates in the US has largely been caused by increasing enrolment at for-profit and lower quality schools, not by increases in unemployment or changes in student characteristics. Default rates are higher for all segments of the for-profit sector. For example, even after controlling for differences in student and institutional characteristics, the for-profit default rate is 11 percentage points higher for four-year degree programmes and about 6 percentage points for two-year programmes. It is important to control outcomes for differences in student characteristics because, as noted above, a common defence used by for-profits is that they enrol more disadvantaged students than non-profit institutions. Ten years after graduation, graduates of for-profits make 10 per cent less in income than graduates of non-profit colleges and universities and are less likely to be employed. A study of 800,000 sub-degree students tracked over eighteen years found that students at for-profit institutions earn 11 per cent less than those from non-profit institutions, and most for-profit students would be better off at non-profit institutions. More damning is evidence suggesting that many for-profit students would be better off *not* attending a for-profit programme at all. These findings control for student characteristics. Sub-degree students from for-profits have lower earnings and higher debt in 70 per cent of all subjects, and even the top earnings programmes at for-profits have lower net earnings than their non-profit peers when the higher costs of for-profits are taken into account. Outcomes were particularly bad for women.[14] The disadvantage is most marked for students from low socioeconomic status (SES) groups, suggesting that for-profit institutions are furthering social inequality rather than decreasing it. Although the vast majority of for-profit students report that they are satisfied with their programme, they are significantly less satisfied than students at non-profit schools. Thus, no matter the metric used—graduation rates, debt, loan default, earnings and employment, or satisfaction—the outcomes for students from for-profit programmes are, on average, inferior to those of students who attended non-profit programmes. These results should give even the most ardent supporters of for-profits cause for reflection.

Concerns have been expressed in England about for-profits' financial stability and the impact on students. The US has experienced bankruptcies and the impact on students and taxpayers should give pause for thought. The Education Corporation of America declared bankruptcy in 2018, closed most facilities and left 20,000 students with course credits that were worthless because they were not recognised by 94 per cent of public and 83 per cent of other for-profit institutions. That is, they were not transferable to other institutions. The students were generally stuck with the debt for these courses. Two years before the closure of the



 

Education Corporation of America, the largest conglomerate of for-profit schools, ITT Tech, closed, and Corinthian Colleges, another large chain of for-profit HE institutions was fined $30 million and forced to close in 2015 because of misrepresenting job placement data, grades and attendance records. Echoes of the *Panorama* story.

## What can be done?

Strict government regulation of for-profits is required because students, particularly those from disadvantaged areas where there is little experience of HE, often lack the expertise to assess the quality of for-profit institutions—especially in the face of strong advertising and recruitment practices and sometimes false promises of positive outcomes. Such regulation could include stricter definitions of 'success', including admissible loan default or loan repayment rates, 'gainful employment' requirements, sharing in the cost of adverse outcomes, stricter screening on a student's suitability for HE study, limits on public funding, and better data.

The US experience is informative on stricter admissible loan default rates and 'gainful employment' rules. In the US, loan default rates increased during the 1980s, so in 1992 the government removed eligibility to receive income from student loans from institutions where the default rate exceeded 25 per cent for three consecutive years. By 2000, 1000 HE institutions lost access and 80 per cent of these were for-profits. Building on this requirement, the Obama administration introduced a 'gainful employment' requirement for for-profits, based on the debt to earnings ratio of recent graduates. If these rules had been instituted, 800 programmes would not have met the new standard and 98 per cent of these were for-profits.[15] The aim of the 'gainful employment' rule was to hold for-profits accountable for the outcomes of their students because they were 'vocational' institutions. However, in August 2018 Betsy DeVos, the Trump administration Secretary of Education, moved to abolish the gainful employment requirement in order to 'increase options for students'. This move was widely seen as removing a necessary safeguard for students and a boost for the for-profit industry. The latter view is bolstered by the Department of Education hiring key executives and lobbyists from the for-profit sector to oversee the regulation of their own sector—a classic case of what economists call 'regulatory capture'. The US administration estimates that removal of the gainful employment rule will cost taxpayers $5.3 billion over ten years and trap more than 350,000 students deep in debt. The recent decisions of Secretary DeVos continue a disturbing cycle in the US approach to for-profits: generous federal student financial support and lax oversight, leading to rapid growth of for-profits; this growth leads to deceptive behaviour on the part of at least some for-profits and media exposés; this behaviour and the adverse media attention leads to stricter regulation and shrinking of the for-profit sector; as time passes and for-profits promise reform, restrictions are eased. . .and the cycle starts over.[16] The cycle can be broken if it is recognised that for-profit behaviour improved *because* of stricter regulation and that this must be maintained to ensure the continuation of improved behaviour. Most policies enacted to-date are designed to increase protection for graduates, but not the majority who drop out of for-profit programmes, although making failing institutions ineligible to receive funds does protect all students. Specific policies need to be crafted to apply to dropout rates.

Another approach is to have HE institutions share in the loss when students fail to repay loans or drop out, that is, the institution would repay the government a percentage of the student loan money they received if the student failed to repay their student loan. It has been argued by non-profit HE institutions and many policy makers that this requirement should apply only to for-profit institutions, because they are essentially vocational institutions—including those that grant degrees, while non-profit degree granting institutions are not primarily vocational in purpose. Basically, for-profits are narrowly focussed on certain vocational areas, such as business, healthcare, law, and music, and emphasise the connection between the course and subsequent employment, whereas traditional non-profit institutions are more diverse in their offerings and do not generally make the same explicit connection between the courses they provide and subsequent employment. In the



 

US, the Trump administration sees higher education as 'market-driven workforce development' and statements made by the Department for Education suggest a similar belief, with proposals to apply the 'failure sharing' rule to both for-profit and non-profit HE. The argument for not applying the rule to non-profits is weakened by the claim made by colleges and universities that they produce cognitive and non-cognitive skills that are highly valued in the market place. In addition, degrees such as business, engineering and law do have a vocational purpose. Evidence cited above suggests that even if the same rule applied to all institutions, the majority who would fall foul of it would be for-profits.

The notion of 'clawing back' loan funds received based on low repayment rates and high dropout rates may sound radical, but Education Secretary, Damian Hinds, suggested that dropout rates be considered when setting vice chancellors' pay. In addition, current Teaching Excellence Framework (TEF) awards are based on student satisfaction, dropout rates, and graduate employment. Another policy approach would be to cut off access to public student loans if loan default rates exceeded or loan repayment is below a particular level—as in the US—or set a limit on the amount of funds an institution could receive and allow them to allocate that between programmes. Also, as I argued in my earlier papers, the government could use data on earnings to rank programmes and institutions, or decrease fees or student loans for under-performing programmes and institutions, and increase them for those who perform better. This would provide incentives for institutions to shrink poorly performing programmes and expand those that are better performing and decrease the debt and default risk for students who choose under-performing programmes or those with highly variable outcomes. With the availability of detailed data on individuals (which has been used to estimate contextualised school rankings) there is a far better understanding of who is likely to succeed in HE. It is therefore arguable that it is now possible to have stricter screening of students' suitability for HE. A challenge of stricter screening is that it will exclude low performing secondary students who may blossom in HE. This is clearly contrary to the government's desire to increase access to HE, but it would reduce the cost of failure for the taxpayer. The challenge for policy is to give at-risk students the opportunity to attend HE, but to guide this choice to programmes that will serve them and the public well. Good policy relies on good timely data and the NAO has pointed out that there is insufficient timely and specific data on payments to track ineligible students and non-continuation rates. Data systems need to be improved to decrease fraud and improve the impact of regulation.

## Conclusion

While it is true that for-profits have opened access to HE to previously under-served groups and have been more agile in reacting to market demand, they have done so at a considerable cost to students and the taxpayer, because they do not share in the cost of the failure of HE to ensure a payoff for many of their students. If England is to keep 'skunks' out of the English woodland they should learn from the US experience and craft a regulatory framework that produces the benefits that for-profits can provide, but minimises the costs that often accompany them. At present, it is far from clear that expanding alternative providers—that is, for-profits—would, in the words of Mr. Willetts, 'work better' for students.

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## Notes

1 D. Willetts, *A University Education*, Oxford, Oxford University Press, 2017.
2 D. A. Ahlburg, 'Is going to university in Britain a wise investment?', *The Political Quarterly*, vol. 88, no. 4, 2017, pp. 660–66; and D. A. Ahlburg, 'Higher education a market like any other?', *The Political Quarterly*, vol. 89, no. 4, 2018, pp. 679–86.
3 BBC news, 'Student loans fraud exposed by *Panorama*', 13 November 2017; www.bbc.com/

 

news/uk-41966571 (accessed 23 January 2019), identified only 112 such institutions. The number quoted in the text is from Willetts, p. 276. The ambiguity in numbers is understandable, because data on the sector is incomplete. HESA has just released the third year of data on alternative providers and noted that the data is still 'experimental' because providers are being added and dropped and requirements for inclusion are changing. In the third release, postgraduates were included for the first time. In addition, some providers did not submit data.

4 Data in this paragraph is from J. Grove, 'Rock school awarded more student loan funding than LSE', *Times Higher Education*, 4 January 2018; www.timeshighereducation.com/news/rock-school-awarded-more-student-loan-funding-lse (accessed 23 January 2019). The exact amount of funds received from students is unclear because of uncertainties in the data noted in endnote 3.

5 BBC news, 'Student loans fraud exposed by *Panorama*'.

6 See J. Morgan, 'Private college "fiasco" could cost £100 million, suggests Hodge', *Times Higher Education*, 17 March 2015; www.timeshighereducation.com/newsprivate-college-fiasco-could-cost-100-million-suggests-hodge/2019140.article; and J. Morgan, 'NAO: still no "firm grip" on English private provider "problems"', *Times Higher Education*, 18 October 2017; www.thetimeshighereducation.com/news.nao-still-no-firm-grip-english-private-provider-problems. (both accessed 23 January 2019).

7 See C. Belfield, et al., *The Relative Labour Market returns to Different Degrees*', Department for Education/Institute for Fiscal Studies report, June 2018.

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9 See J. Morgan, 'DfE "bends over backwards" to help England's biggest for-profit', *Times Higher Education*, 22 November 2018; www.timeshighereducation.com/news/dfe-bends-over-backwards-help-englands-giggest-profit; and J. Morgan, 'Plymouth keeps report on private college cheating claims secret', *Times Higher Education*, 23 January 2019; www.timeshighereducation.com/plymouth-keeps-report-private-college-cheating-claims-secret (both accessed 23 January 2019).

10 E. Bettinger and S. Loeb, 'Promises and pitfalls of online education', Brookings Institution, 9 June 2018; www.brookings.edu/research/promises and pitfalls-of-online-education/ (accessed 12 February 2018) and studies cited therein. Also, see S. R. Cellini and N. Turner, 'Gainful employment? Assessing the employment and earnings of for-profit college students using administrative data', National Bureau of Economic Research, working paper 22287, revised January 2018. These finding are for current online programmes. There is potential that AI could lead to better tailored online courses, which could improve student outcomes compared with current online programmes.

11 D. Deming, C. Goldin and L. Katz, 'The for-profit postsecondary school sector: nimble critters or agile predators?', *Journal of Economic Perspectives*, vol. 26, no. 1, 2012, pp. 139–64.

12 Quoted in C. Simon, 'For-profit colleges' teachable moment: terrible outcomes are very profitable', *Forbes*, 19 March 2018; www.forbes.com/sites/schoolboard/2018/03/19/for-profit-colleges-teachable-moment-terrible-outcomes-are-very-profitable/ (accessed 23 January 2019).

13 Data in this paragraph are from A. Looney and C. Yannelis, 'A crisis in student loans? How changes in the characteristics of borrowers and in the institutions they attended contributed to rising loan defaults', Brookings Papers on Economic Activity, Fall 2015, pp. 1–89; https://www.brookings.edu/bpea-articles/a-crisis-in-student-loans-how-changes-in-the-characteristics-of-borrowers-and-in-the-institutions-they-attended-contributed-to-rising-loan-defaults/ (accessed 16 April 2019); Center for Analysis of Postsecondary Education and Employment, 'For-profit colleges by the numbers', February 2018; https://capseecenter.org/research/by-the-numbers/for-profit-college-infographic/ (accessed 16 April 2019); Cellini and Turner, 'Gainful employment?'; Deming et al., 'The for-profit postsecondary school sector'; and D. Gelbgiser, 'College for all, degrees for few: for-profit colleges and socioeconomic differences in degree attainment', *Social Forces,* vol. 96, no. 4, 2018, pp. 1785–1824.

14 Cellini and Turner, 'Gainful employment?'.

15 Ibid., p. 6 and D. Whitman and A. Duncan, 'Betsy DeVos puts protection of for-profit schools ahead of students', Brookings Institution Brown Center Chalkboard, 17 October 2018.

16 See Whitman and Duncan, 'Betsy DeVos' and Deming et al., 'The for-profit postsecondary school sector'.



 