Access for Whom, Access to What? The Role of the "Disadvantaged Student" Market in the Rise of For-profit Higher Education in the United States

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Abstract

This article explores the role of Pell grants in the rise of for-profit colleges and universities (FPCUs) in the United States by examining National Center for Education Statistics data (Pell are financial "needs-based" grants to students to offset cost of tuition; Pell grants are the main source of federal financial support available to FPCUs). Two major findings are discussed: FPCUs have more than double the percentage of enrollment previously reported and receive greater Pell per FTE than not-for-profits (NFPs) or publics. FPCUs spend less on instruction than NFPs while some institutions have more Pell revenue than instructional expenses. Implications for educational inequality and public purposes of higher education are discussed.

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In the United States, three different types of institutions now provide postsecondary educational opportunities. Centuries-old private not-for-profit institutions such as Harvard and Yale were the first to offer baccalaureate education in the United States. While public or state-sponsored institutions have their origins in the latter part of the eighteenth century, realization of this form of higher education can be marked with the founding of John Hopkins University in 1876 (Brubacher, 1958). Private for-profit institutions have also operated in the United States for more than 300 years, providing technical and vocational training (Ruch, 2001). During most of the 20th century, enrollment in postsecondary institutions at the public 2-year and above level has been much larger than enrollment in not-for-profit or for-profit institutions at this level, with for-profit providers enrolling most of the students at the less-than-2-year level (vocational or occupational training). Recently, however, the role of for-profit providers in offering higher levels of postsecondary education, including masters and doctoral programs, has been expanding (Breneman, Pusser & Turner, 2006).

While a broad range of factors have contributed to creating the conditions for the rise of for-profit colleges and universities (FPCUs),[1] such as declining public financial support for public education, the vocationalization and commercialization of higher education, and neo-liberal globalization more generally (Best, 1988; Dennison, 2000; Brint, Riddle, Turk-Bicakci, & Levy, 2005; Lyall & Sell, 2006; Lynch, 2006; Morey, 2004; Slaughter & Rhoades, 2004; Rhoads & Torres, 2006), a growing body of research examines the nontraditional organizational and operational features of FPCUs, and the relationship of these features to their rapid expansion over the past 20 years (Breneman, Pusser & Turner, 2006a; Howard-Vital, 2006; Kinser, 2005, 2006, 2007; Lechuga, 2008; Ruch, 2001; Tierney & Hentschke, 2007). FPCUs' ability to efficiently and quickly meet new demand (and discontinue programs which no longer yield a profit) is often cited as key to their growth, as is their reliance on part-time faculty, corporate governance structures, standardized and non-teaching faculty generated curriculum, minimal investment in buildings or campuses, and little or no support for research (Morey, 2004; Tierney & Hentschke, 2007; Vedder, 2007). Yet, although recognized and even celebrated as a feature of their operation (e.g., Ruch, 2001; University of Phoenix, 2008) the role of what we call the

"disadvantaged student" market[2] has not been identified as instrumental for their rise.

The term *disadvantaged*, according to Webster's dictionary, is used to describe a person from "unfavorable circumstances, esp. with regard to financial or social opportunities". For this study, "disadvantaged students" are defined as students who are eligible for the need-based Pell Grants and/or classified as racial or ethnic minorities.

Access has long been a theme in higher education policy in the United States and remains the focus of the recent reauthorization of the federal Higher Education Act, the *College Opportunity and Affordability Act of 2008*. This expansive legislation provides the framework for federal student financial aid while also delimiting the definition of an institution of higher education. While access is almost always discussed in terms of providing potential students greater opportunity to obtain postsecondary experiences and degrees, access can also be framed in terms of markets: colleges and universities target (or access) definite markets as they compete for students and thus access tuition-based revenue. Marketization of higher education in the above manner is a result of how student access has been structured by federal policy. In particular, what we call the "disadvantaged student" market is at least in part a policy creation (see Starr, 1989), a result of the following aspects of the Higher Education Act: awarding of federal aid to individuals and not institutions, making aid "portable"; awarding aid to individuals on the basis of their economic means; and equalizing the status of FPCUs and traditional colleges and universities (TCUs) by making students at FPCUs eligible to receive Federal student aid.

All postsecondary institutions participating in Federal student aid programs must report data to the National Center for Education Statistics several times a year. This data is provided to the public through the Integrated Postsecondary Education Data System (IPEDS). By examining these IPEDS data using a calculation of FTE that is sensitive to the enrollment changes identified with FPCUs, this article explores the role of this "disadvantaged student" market in the rise of for-profit higher education. It focuses on changes over time for all levels of higher education institutions by type of control in four areas: enrollment, student characteristics, degrees offered, and revenues and expenses. Previous analyses of the growth and change in the level of operation of FPCUs in the U.S. tend to be limited to information provided in a few National Center for

Educational Statistics (NCES), investment banking, and association reports (e.g., Career College Association, 2003; Kelly, 2001; Knapp, 2003, 2005; Patrick, 2004; Silber, 2004) with Kinser (2006, p. 128) calling for a more thorough descriptive analysis of FPCUs.

The first line of inquiry in this study explores FPCU enrollment trends, and compares these trends to enrollment patterns at NFPs and public institutions. This line of inquiry is inspired in part by the debate as to whether two and four-year TCUs are losing enrollments to for-profits (e.g., Bailey, Badway & Gumport, 2001; Pusser & Doane, 2001; Winston, 1999a) or if in fact FPCUs are serving a new, different market from that served by either NFPs or publics (Tierney & Hentschke, 2007).

The second line of inquiry focuses on student demographics. What populations are FPCUs serving, and how do these trends compare to student demographics at NFP and public institutions? While NCES and others document the higher proportion of low-income, minority students at FPCUs (e.g. Tierney & Hentschke, 2007), other researchers suggest this trend in student demographics may be changing as for-profits move into offering four-year degree programs (Kinser, 2006; Phipps, Harrison, and Merisotis,1999). While news outlets report that some large for-profits target "at risk" populations and proudly report the relative diversity of their enrollments (Blumenstyk, 2008), trend data is required in order to judge the relative significance of student characteristics for the growth of FPCUs compared to TCUs.

As any examination of changes to the nature and function of for-profit higher education would need to take into account changes to degrees awarded, a third line of inquiry compares the type and number of degrees and/or certificates awarded by FPCUs to these outcomes at publics and NFPs over time.

The final line of inquiry explores the relative importance of Pell grants (the main source of public support available to for-profit operators)[3] in supporting FPCUs compared to NFPs and publics. To this end, three distinct sets of finance data are sought. The first set of data reports total expenses per full-time equivalent student enrollment (FTE) and instructional expenses per FTE at for-profit institutions over time. The second compares total Pell grant revenue per FTE

over time at FPCUs. Finally, instructional expenses are compared to Pell revenue at FPCUs. These results are in turn compared to aggregate trends at NFPs (but for reasons of the limitations of accounting standards for reporting, not publics).

These questions were answered using IPEDs data for the years 1993, 2000, and 2004. This study is unique in that it allows financial comparisons over time of NFPs and FPCUs on a per FTE basis. Used since 2003 by IPEDS, the FTE formula is based on calculations using credit hours and contact hours. In order to establish a basis for comparison, this formula was applied to all data years in the study, providing for a more consistent FTE measure over time. Comparisons on a per FTE basis prior to 2003 were not previously possible. This FTE measure is more sensitive to the enrollment changes often noted at FPCUs (e.g., year round enrollments, condensed course schedules, and nontraditional semester schedules). Accomplishing this comparison also required the unique step of combining groups of institutions that reported part of their data to IPEDS as individual institutions and part of their data as a group of institutions. This is called parent-child reporting. Institutions such as the State University of New York and the University of Phoenix are examples where one campus or an administrative unit reported combined financial data for the entire system (parent) while individual campuses (children) reported enrollments. Without aggregation, finance data per FTE could not be calculated. Once institutions were aggregated and FTE was calculated for all years, comparisons could be made between variables for categories of institutions. These original comparisons provide new data to compare for-profit, not-for-profit, and public institutions in the United States.

Discussion of the results explores the relationship between demographics, enrollment and degrees awarded, on the one hand, and the role of Pell grants, on the other, for understanding the growth of for-profit higher education. The discussion suggests that by catering to Pell-eligible students, FPCUs have gained access to the public treasury as much as students have gained access to higher education. Pell revenue may be an important source of funding for the continued expansion of FPCUs. Without "disadvantaged students", FPCUs would not have their reputed advantage. Such a trend should heighten concern about the transformation of access from education as a public responsibility and public good to access to education as a private market

advantage for investors, even if the percentage of total enrollment at FPCUs trails behind that at TCUs.

Method

This study examines data from the Integrated Postsecondary Education Data System (IPEDS) for the years 1993, 2000, and 2004. Vocational and technical institutions were first required to report to IPEDS as a condition of participating in the federal Title IV student aid programs by the 1992 renewal of the Higher Education Act (HEA). Therefore, 1993 was the first year that many for-profit institutions were included in the IPEDS dataset. The most recent year with complete data available at the start of the study was 2004. Since data were not released by IPEDS for the 1999 data year, 2000 was selected to be included to allow tracking of changes overtime.

IPEDS datasets are organized such that all institutions are placed into a sector based upon the highest level of degree offered at that institution (4-year and above, 2-year, and less-than-2-year) and the control of the institution (public, not-for-profit, or for-profit). Sector codes were used to group institutions for purposes of analysis.

Variables gathered from IPEDS included institutional level and type of control as well as Title IV participation, enrollment data at both undergraduate and graduate levels[4], and revenue and expense data. In addition to these variables, data were also gathered on numbers and types of degrees awarded (e.g., associate, bachelors, masters, etc.). Other variables were calculated including FTE enrollments (1993 and 2000), expenses per FTE, instructional expenses per FTE, percent of expenses spent on instruction, total Pell, Pell per FTE, and the difference between Pell revenue and instructional expenses.

The population of this study was all postsecondary Title IV participating institutions in the United States and outlying areas, such as Puerto Rico and Guam. Postsecondary and Title IV indicators were variables included in the 2000 and 2004 datasets. However, the National Center for Education Statistics did not begin using the postsecondary category until 1997. Therefore, inclusion as a Title IV participating, postsecondary institution in the 1993 dataset was determined based upon a series of factors including the 1994 IPEDS survey form mailed to the

institution by the National Center for Education Statistics. As well, inclusion required that the institution meet all criteria for Title IV participation including: being coded as an institution of higher education or granting degrees or formal awards, being accredited or licensed by the state to offer postsecondary education, having certain levels of offerings, offering a program of at least 300 clock hours, and having been in business for at least two years. The combination of these variables resulted in 7,130 out of 10,651 institutions being included in the Title IV postsecondary dataset for 1993. The dataset included 6,716 institutions in 2000 and 6,631 institutions in 2004.

In some instances, related institutions that were part of one larger system identified one institution as the parent and others as children for reporting purposes. In those cases, the child institutions reported most of the enrollment data while the parent institution often reported the aggregated financial data for the whole group of institutions. For purposes of analysis, all data points of child institutions were aggregated with their parent institutions and counted as one institution. This allowed for calculation of finance variables per FTE for each family unit of related institutions. Eighty-one institutions were aggregated into 37 family units in 1993. Nine hundred ninety-two institutions were aggregated into 275 family units in 2000, and 1246 institutions were aggregated into 323 family units in 2004. The 190 Administrative units that were not part of a parent-child relationship were removed because, although they reported finance data, they did not report enrollment data. Therefore, financial information per FTE could not be calculated.

Once this culling process was complete, several new variables were calculated including FTE, Pell per FTE, and instructional expenses per FTE. A methodology to provide a consistent and robust FTE measure was devised. A formula used by IPEDS to calculate finance per FTE variables beginning in 2003 was applied to all institutions in each data year. This FTE calculation is based upon the 12-month total of undergraduate credit hours, undergraduate contact hours, and graduate credit hours divided by a typical full-time course load added to an estimated FTE of first professional students. The FTE formula was adjusted slightly for institutions using a quarter calendar system. Full-time equivalent enrollment is a strong measure for these comparisons because it is calculated using credit hours or contact hours. Therefore, the relative market share of schools that offer extensive summer programs, have numerous part-time

students, or have students on non-traditional schedules are more accurately reflected in this measure than student headcount numbers.

The resulting FTE numbers were verified by referencing the IPEDS 12-month FTE reported in the 2004 dataset. In some cases it became apparent that substitutions were used in the IPEDS formula. In the case where an institution did not agree with the IPEDS calculated FTE number the institution could report a different undergraduate or graduate FTE. This reported number would then be reported in IPEDS in place of the calculated FTE. Therefore, in this study a similar replacement process was followed using a different calculation based upon full-time and part-time headcount data to verify the likelihood of accuracy of the new FTE variable for 1993 and 2000.[5]

Finance variables were calculated for all institutions; however, standard accounting and financial reporting practices complicate comparisons of financial variables. NFPs and FPCUs reported using Financial Accounting Standards Board (FASB) accounting standards on a FASB based IPEDS survey form in both 2000 and 2004. Public institutions used an old IPEDS reporting form in 1993 and 2000 and a Government Accounting Standards Board (GASB) form in 2004. The different reporting requirements and accounting rules used to report on each form result in data that are not comparable. Therefore, all financial comparisons impacted by these differences were made between NFPs and FPCUs for 2000 and 2004 only.

This study focused on total expenses and instructional expenses. NFPs also report other expense data in categories such as research, public service, academic support, student service, institutional support, and auxiliary expenses. FPCUs report similar information but in fewer categories. Research and public service are combined, as are academic support, institutional support, and student services. If an institution reported instructional expenses that were higher than their total reported expenses then they were removed from the calculation of instructional expense as a percentage of total expenses.[6]

The methodology used in this study provides a new basis for comparison over time to provide new insights into the changes in postsecondary education in the United States during this period of tremendous growth and change in enrollments and providers.

Results

Enrollment Trends

Historically, for-profits have been concentrated in the less-than-2-year and 2-year institutional levels. However, over the past 15 years, the number of FPCUs operating at the 4-year and above level has increased, as has student enrollment. Table 1 shows the change in the number of FPCUs at each level over the years of 1993, 2000, and 2004.

A majority of Title IV participating for-profit institutions are still at the less-than-2-year level; however, the different growth/decline patterns (51% decrease at the less-than-2-year level and 157% growth at the 4-year and above level) have dramatically changed the representation of for-profit operators at each level of institution.

Table 2 shows the count of 4-year and above institutions by control. Between 1993 and 2004 the percentage of 4-year and above institutions that were for-profit grew from 4.8% to 12.1% while the percentage of NFPs declined from 68.8% to 62.8%.

Changes in enrollment have also been observed. The growth in relative enrollments at for-profits at the 4-year and above level has coincided with a similar decline in NFP enrollments. Table 3 shows the changes in FTE over time at each level of institution.

In Table 3, it is clear that for-profits continue to dominate the less-than-2-year enrollments in 2004 while NFPs and publics enroll a shrinking percentage of students at less-than-2-year institutions. For-profits grew 43% while the other groups declined in enrollments. In 1993 for-profits enrolled approximately 3/4 of the students at the less-than-2-year institutions. This has increased to 83% by 2004. The overall decline in FTE enrollments in 2000 is related to the decline in the number of institutions at certain levels, as well as the lack of credit or contact hour

data reported to IPEDS by some institutions. This lack of reporting was most prevalent in the less-than-2-year and 2-year levels.

The trend is similar at 2-year institutions[7] with for-profits enrolling 10.7% of FTEs at these institutions by 2004 with a decrease in percentage of FTEs at public institutions. At the 2-year level public institutions dominate the FTE enrollment and enroll more FTEs in 2004 than in 1993; however, nearly 100% growth by 2004 at the for-profits corresponded with the percentage of students at publics dropping from 91.5% in 1993 to 88.0% in 2004. From 1993 to 2004, enrollments at FPCUs grew from 6% of FTE to 10.7% of FTE. Between 1993 and 2004, FTEs at NFPs declined by 43.7%.

While seemingly less dramatic, growth is seen in FTE at 4-year and above for-profits with a decrease in percentage of FTEs at public institutions. All groups of institutions showed growth in enrollments each year; however, the only group with a consistent gain in percentage of enrollments are FPCUs (from 1.5% to 5.8%, a 400% growth rate) with a consistent decline in percentage at the public institutions (from 66.1% to 61.1%) even though the total FTEs at public institutions increased by 17.3%.

Overall FTEs at Title IV participating postsecondary institutions in 2004 were 11.0% at FPCUs, 21.7% at NFPs, and 67.3% at public institutions. While enrollments at Title IV participating postsecondary institutions increased by 21.5% between 1993 and 2004, a 112.6% increase is observed at FPCUs.

FPCUs have not just increased their enrollments at the undergraduate level. Table 4 shows the changes in headcount enrollments at the undergraduate (all 4-year and less programs), graduate, and first professional levels. By 2004, due to a 640% increase in graduate enrollment, more than 11% of the students at for-profit institutions were studying at the graduate level (including doctoral students), up from just 3.3% in 1993. It is evident that FPCUs are not growing at the same rate in first professional enrollments, enrolling only 0.1% of their students in first professional programs in 2004.

Student Characteristics

While generally consistent with recent findings regarding student characteristics at FPCUs (Breneman, Pusser, & Turner, 2006b; Tierney & Hentschke, 2007), our results do reveal more dramatic shifts in the reported racial/ethnic makeup by control and level of institution than previously reported; also noteworthy is the increasing use of the "unknown" category by FPCUs.

In Table 5, the headcount enrollments by control of institution indicate that FPCUs are the only group of institutions where students classified as White are not the majority of the enrolled students. Enrollments of White students at for-profit institutions decreased from 54% in 1993 to 40% in 2004. A similar but smaller decline in enrollments of White students is evident among NFPs and publics (70% to 61% and 71% to 62% respectively).

FPCUs have increased their enrollment of Black, non-Hispanic students from 16% in 1993 to 19% in 2004. NFPs and public institutions also increased enrollments of Black, non-Hispanic students although not to the same levels as FPCUs.

Hispanic student enrollments at FPCUs increased between 1993 (14%) and 2000 (19%) but decreased to 17% by 2004. NFPs increased Hispanic student enrollments each year reaching 9% by 2004 and public institutions reached 11% by 2004. The decrease in relative percentage of White students was most notable at the FPCUs (e.g., a decrease from 71% to 62% White at publics versus a decrease from 54% to 40% at FPCUs).

The only group of institutions showing growth in the percentage of non-resident alien students (students without the legal right to remain in the United States indefinitely) is FPCUs with growth from 2% in 2000 to 4% in 2004. By 2004 the percentage of students enrolled at FPCUs that were non-resident aliens was greater than the percentage in the public institutions (3%).

Some racial/ethnic groups of students enroll in two-year and less-than-two-year institutions at a higher rate than White or Asian students. Since for-profit institutions enroll 10.7% of the FTE at two-year institutions and 83 % of the FTE at less-than-two-year institutions, it becomes important to further subdivide the racial and ethnic data by level of institution.

Table 6 shows the percentage of students in each racial/ethnic category by level and control of institution. In the less-than-2-year institutions, the public institutions enroll a much greater share of White students (66.2%) than the NFPs (23%) or for-profits (33.7%). At all levels, the for-profit institutions enroll a greater percentage of Black students. At the 2-year and 4-year and above levels FPCUs show the lowest percentage of White students and the highest percentage of Hispanic students compared to the public and NFP institutions. However, at all groups of institutions there is a larger percentage of Black and Hispanic students at 2-year and less-than-2-year institutions than at 4-year and above institutions. For-profits at the 4-year and above level show the highest percentage of nonresident alien students (6.7%) as well as a very large number of unknown students (23.1%).

Table 7 shows the percentage of students at each level (undergraduate, graduate, and first professional) at for-profit institutions in 1993, 2000, and 2004 by racial/ethnic category respectively. At all levels, for-profit institutions are serving a shrinking percentage of White students and a growing percentage of Black students. Of note is that in 2004, 10% of the graduate level students at for-profits are nonresident aliens.

While all groups of institutions show an increase in students classified as unknown, the largest increase was at FPCUs reaching a high of 16% unknown by 2004 (Table 5). The increase in unknown students at for-profit institutions is evident at all levels reaching 15.2% at the undergraduate level, 23.7% at the graduate level, and 20.4% at the first professional level in 2004 (Table 7). Unknown students at the graduate level were 24.1% in 2000. Further research is suggested on the factors contributing to the large number of unknown students at FPCUs.

Table 8 shows the median Pell grant revenue per FTE for each level and control of institution over time. Because it is a needs-based grant, Pell revenue is viewed here as a proxy for enrolled students' economic status. FPCUs have the highest median Pell per FTE in each year at each level of control. Substantial differences are noted between FPCUs and the other institutions in 2004, particularly at the 4-year and above level of institution where FPCUs receive $1,420 per FTE and NFPs receive $570 per FTE. The largest increase in Pell per FTE between 1993 and

2004 was at the public 2-year institutions with a 63% increase. The largest dollar amount received in 2004 was at the for-profit 2-year and less-than-2-year institutions at $1,660 per FTE. Institutions offering the shortest programs in all control groups received higher dollar amounts.

Degrees Awarded

Growth in student enrollment is one measure of the growth of FPCUs. Another is to review the percentage of degrees that have been awarded by each group of institutions by control. While IPEDS collects graduation rates, those rates only include students who were first-time, full-time freshman at that particular institution and then graduated within a specified time period. These rates do not include transfer students, part-time students, or other less traditional routes through higher education. Therefore, the percentage of degrees awarded provides a method of determining which groups of institutions are producing larger or smaller percentages of total degrees and graduations.

Table 9 includes the percentage of each level of degree awarded by each group of institutions by control. While FPCUs have not grown in the first professional degrees awarded, they have shown growth in the percentage of degrees awarded at the doctoral, masters, baccalaureate, and associate degree levels. By 2004, FPCUs were awarding 2.4% of the Doctoral Degrees, 5.1% of the Master's Degrees, 3.0% of the Baccalaureate Degrees, and 14.4% of the Associate Degrees. Much of this growth came during periods of decline in the percentage of degrees awarded by public institutions.

At public institutions, the overall percentage of degrees awarded in all categories except first professional declined. At NFPs the percentage of doctoral degrees awarded increased, while the percentage of first professional and associates degrees awarded decreased; the percentages of both Master's and Bachelor's degrees awarded from 1993 to 2000 increased and then decreased from 2000 to 2004.

Expenses and Revenues

The total expenses of the institution as reported to IPEDS are compared by FTE between types of institutions in Table 10. This measure of expenses per FTE provides a basis for comparison by standardizing the number of credit hours that counts as 1 FTE. This prevents institutions whose students enroll in a relatively small number of credit hours from appearing to have low expenditures per student.

The median expenditures per FTE increased at not-for-profit and for-profit 4-year and above institutions with all other groups of institutions reporting a decrease. At every level, FPCUs had lower median expenditures per FTE than NFPs; however, FPCUs showed a higher percentage growth than the NFPs at the 4-year and above level.

The median instructional expenses as reported to IPEDS per FTE are included in Table 10. Median instructional expenses per FTE showed an increase at the 4-year and above NFPs and FPCUs and in the 2-year NFP category. However, when the instructional expenses are compared to the total expenditures, a different trend is observed. In Table 10 the percent of total expenditures spent on instruction are shown for each type of institution. Table 10 shows that between 2000 and 2004 both for-profit less-than-2-year (Mdn = 32, 35) and not-for-profit less-than-2-year institutions (Mdn = 43, 46) had an increase in percentage of expenses spent on instruction. In the 4-year and 2-year groups, NFPs reported an increase and FPCUs reported a decrease causing a widening of the gap between those groups.

The general trends related to percent of expenses spent on instruction show that the FPCUs are lower than the NFPs in all comparisons that can be made. The gap between the percent of expenses spent on instruction widens with NFPs spending a higher percentage over time and 4-year and above and 2-year levels of FPCUs spending a lower percentage. The total expenses per FTE are lower at for-profit institutions and the percentages of those expenses spent on instruction are lower than at not-for-profit institutions.

For-profit institutions received a larger percentage of total Pell grants in 2004 (16.6%) than in 1993 (2.9%) as shown on Table 11. Yet, FPCUs only enrolled 11% of total FTEs in 2004.

During that same time period the percentage of Pell grants received decreased in both the not-for-profit (21.7% to 16.4%) and public (75.4% to 67%) institutions.

Table 12 shows the comparison between an institution's Pell-based revenue and reported instructional expenses. Each table provides the number and percentage of institutions by level and control in which (a) instructional expense exceeds Pell Grants received, (b) instructional expense equals Pell Grants received, and (c) instructional expense is lower than the Pell received. In each year of the study there were some NFP and for-profit institutions at every level where more revenue was received in Pell grants than was reported as instructional expense. The percentages of institutions at each level and control where instructional expenses were lower than Pell received went up between 2000 and 2004 with the exception of NFP 2-year institutions where there was a decrease from 17.6% of institutions to 10.2% of institutions. At every level for both years, there was a higher percentage of FPCUs where instructional expenses were lower than Pell received. Between 2000 and 2004, the percentage of NFPs where instructional expense exceeded Pell received increased and the percentage of FPCUs decreased. Between 2000 and 2004 the percentage of NFPs and FPCUs where instructional expense is less than Pell received went up from 20% to 23.6%.

Lower levels of institutions generally have higher percentages of institutions that received more in Pell than is spent on instruction than 4-year and above institutions. Nearly half of less-than-2-year for-profits and 3/10 of less-than-2-year NFPs received more in Pell revenue than they spent on instruction in 2004.

Discussion and Areas for Future Research

The first line of inquiry guiding this study focused on enrollment patterns and student demographics by level and control of higher education institutions. Typically FPCUs are presented as only enrolling about five percent of the students in postsecondary institutions in the United States (Breneman, Pusser, & Turner, 2006a; Pusser & Doane, 2001; Tierney & Hentschke, 2007; Winston, 1999a).

Our FTE measure reveals a different pattern (a trend that was not observable by those exploring

the rise of FPCUs using turn-of-the century data). By 2004, 11 percent of the FTEs at Title IV eligible institutions attended FPCUs. As well, for each year studied, FPCUs increased their market share as determined by percent of degrees awarded in all but the first professional category. Despite the hitherto undocumented substantial growth of FPCUs at all levels, it is important to remember that FPCUs enroll a fraction of total FTE in the United States. For example, while a 400 percent increase in FTE enrollment at four-year and above FPCUs is documented over the time period studied, four-year and above FPCUs enrolled only 562,665 (or 5.6%) of total FTE in 2004 (see Table 3). While it cannot be assumed that FPCUs will continue to expand their enrollments at a rate similar to that documented between 1993 and 2004, we suggest that with current federal emphasis on career training and FPCU-friendly legislation such as the *College Opportunity and Affordability Act of 2008*, continued growth of FPCUs is expected. Taken as a whole, then, these findings do suggest that FPCUs now constitute an important segment of the higher education landscape in the United States, transforming the nature and purpose of higher education in the United States.

Our analysis points to the need for further research into the impact of FPCU expansion on enrollments and degrees awarded at TCUs, especially publics. While our data do not allow for definitive claims regarding whether FPCUs are taking students away from NFPs and publics, our data do demonstrate that FPCUs enroll a larger portion of the total FTE than in 1993, awarding a higher percentage of the degrees awarded in all but the first professional category than in 1993 (see Tables 3 and 9). Over this period, publics went from enrolling 73% percent of total FTE to enrolling 67% of total FTE; NFPs essentially remained constant, enrolling about 21% of total FTE. And as previously reported, FPCUs increased their percent of total FTE enrollment from 6.3% to 11%. This change in relative market share needs to be examined relative to overall enrollment patterns. We document a 21% increase in total FTE (2,676,418) enrollment from 1993 to 2004. Growth in FTE at FPCUs over this time period accounted for 33% (880,622) of the total growth in FTE; FTE enrollment at NFPs accounts for 25% of this growth, while FTE enrollment at publics accounts for about 42% of total growth. Because the vast majority of the growth in total FTE occurred between 2000 and 2004, it is not possible to discern from only two data points if an increase in percent of total growth for one sector is associated with a decrease in percent of total growth in another sector. Yet, such an analysis is required to better inform

discussion of the working hypothesis that FPCU growth is the result of "tapping into new postsecondary student markets more than competing for existing ones" (Tierney and Hentschke, 2007, p. 53). Examination of this theory of a "new market" is important for predicting the effect of FPCUs on the higher education system as a whole. It is equally important as the now dominant view of the rise of FPCUs presents their emergence as a response to the inability or unwillingness of TCUs to serve increasing demand, especially from "disadvantaged students" (p. 140).

Studies of the rise of FPCUs have long observed that these institutions tend to cater to and are chosen by those euphemistically labeled "disadvantaged" in that they tend to have or come from families with modest or low incomes, minimal education, and who tend to be categorized as minorities or otherwise remain underrepresented in higher education (e.g., Ruch, 2001). Our analyses corroborate earlier findings documenting that the percentage of minority students enrolled in FPCUs is higher than the percentage of minority students enrolled in NFPs or public institutions. It should be noted, however, that publics enroll far great numbers of students classified as minority. For example, in 2004, public institutions reported 1,531,628 students in the Black, non-Hispanic category, while NFPs reported 361,927 and FPCUs reported 229,549.

Based on the relatively large percent of Pell grants received per FTE at FPCUs, we conclude that a large majority of students at the four-year and under level also have limited financial resources (see Tables 8 and 11). It is also noteworthy that students catalogued as nonresident alien appear to be playing a particularly significant role in the expansion of FPCUs into graduate-level education. While this is likely a feature of the globalization of education and increased reliance on online delivery, we suggest this as an area for further research.

While it has long been argued that FPCUs enroll a higher percentage of the non-White student population, our analysis of IPEDS data reveals previously unreported trends, namely the dramatic increase in FPCUs use of the "unknown" category. One study in California suggests that White students are the most likely to be categorized as "unknown" (Smith, Moreno, Clayton-Pedersen, Parker, & Teraguchi, 2005). Should this be the general case, it would challenge for-profits' claims about serving minorities as well as complicate the arguments made

here. But, even if a large portion of "unknowns" are found to be White, this would not change the overall characterization of FPCUs as serving low-income students since Pell is a needs-based grant.

Kinser (2006) has noted that with the shift to higher levels of degrees, it is likely that for-profits are serving proportionally fewer women, minorities, and low-income students than in the past. Phipps, Harrison, and Merisotis (1999) compared enrollment in 4-year and less than 4-year for-profit institutions in 1995 to determine if differences existed between types of students. These authors concluded that students in 4-year for-profit institutions were more likely to be male, full-time students, from higher income quartiles, and less likely to be Black, non-Hispanic than less than 4-year for-profit students. While we did not collect data on gender or income, Tables 6 and 7 do suggest that FPCUs enroll a lower percentage of Black and Hispanic students at the four-year and above level compared to lower levels of operation; yet, Table 7 does show that the percent of Black students at the graduate level has increased from 1993 to 2004 at FPCUs.

The relative importance of public funding for the FPCUs is highlighted by Table 8, which shows that FPCUs receive the highest median Pell grant per FTE at all levels. The percent of total Pell that is awarded to students attending FPCUs increased over the period studied. Just as there has been an increase in the percent of total FTE at FPCUs, and just as there has been an increase in minority enrollment at FPCUs, there has also been a concomitant increase in percent of total Pell awarded to FPCUs (Table 11).

The ability to attract these federal dollars is made possible by both federal policy favorable to FPCUs as well as FPCU efforts to cater to and attract students eligible for the most grant-based aid. This aid is significant as it is guaranteed revenue from the federal coffers. For the Pell eligible group, student agency is mobilized based on their identity as historically marginalized by TCUs and the promise of speedy, convenient, and job-relevant training that will result in upward mobility (Howard-Vital, 2006; Lee & Merisotis, 1990; Sperling & Tucker, 1997). Thus we are concerned that FPCU attraction to Pell-based revenue -- that is the targeting of the "disadvantaged student" market -- may have the effect of creating a new kind of segregation in higher education.

As a federal initiative, the role of Pell grants becomes particularly significant. Traditionally, access to higher education, and in particular access that is premised on meeting some equity standard, is presented as the function of public institutions, funded by and managed by public agencies with the aim of serving the public good (Pusser, 2006a). Public state university systems were developed in part to meet this goal of expanding access to higher education for working-class and minority families. The Pell-driven FPCU model evidences a privatizing of the responsibility for the provision of access. That the possibility that FPCUs are competing with public institutions not only raises for us the concerns noted above, but implies a change in the traditional arrangement of liberal democratic understandings of public and private spheres. In this arrangement, the non-profit sector is best suited to address social needs requiring "extensive trust" and "commitment to individuals" and the public sector is best suited to ensure "equity and stability" of service and a focus on the public interest, where public higher education facilitates democratic participation and debate. The for-profit sector is best suited to "adapting to rapid change" and performing "technical tasks" (Tierney & Hentschke, 2007, pp. 26-27; also see, Pusser, 2006a; Starr, 1989; Winston, 1999b)

There may be other social costs of this policy that have not been explored. To the degree that federal policy supports the FPCU model of higher education, market pressure may narrow curricular and degree offerings. As Pusser and Doane (2001) note, direct subsidies to public institutions were long a "means of encouraging personal investment in higher education for students who otherwise would be reluctant to assume significant debt or to enter majors that have uncertain labor-market returns" (p. 19). This previous arrangement provided support for individuals to pursue a broad range of fields, even if they were not immediately marketable. In this way, the emergence of FPCUs further complicates discussions about the "liberal" and "professional" in higher education (see Labaree, 2006).

Viewed in light of the above analysis, our finding that in 2004, FPCUs had the lowest median total expenses per FTE at all levels when compared to NFPs takes on new significance (note again because of difference in accounting requirements for publics, they could not be included in this comparison). While discussed as an outcome of a focus on efficiency, the elimination of

large physical plants, full-time faculty, shared governance, and supports for research, it also means that fewer resources are spent on FPCU students and their education. While higher total expenses do not guarantee higher quality education or more resources for students, striking is the finding regarding instructional expenses. At FPCUs, a smaller percentage of expenses is directed to instruction than at NFPs, yet the for-profit category had a higher percent of institutions receiving more in Pell than is expended on instruction (Table 12). The trend toward increasing percentage of expenses spent on instruction at NFPs and a decreasing percentage spent on instruction at FPCUs deserves further study, because it suggests that federal policy as currently written is supporting the expenditure of fewer resources on the education of minority and low-income students in the United States.

Taken together, these findings suggest that FPCUs are significant not only for their rapid growth and non-traditional mode of operation, but also because they now constitute a significant sector of the higher education market in the United States. Since continued growth is the general strategy for continual profitability (Tierney & Hentschke, 2007), increasing the enrollment of students with guaranteed revenue attached to them becomes a viable corporate strategy.

The provision of the Higher Education Act that sets a limit on the percent of the total revenue FPCUs are allowed to obtain from federal Title IV student aid including Pell (the 90-10 rule, where no more than 90 percent of a for-profit provider's revenue can be derived from Title IV aid) is not simply evidence of concern on the part of lawmakers regarding fraudulent behavior of FPCUs (see Swenson, Warren, & Boggs, 2005). It recognizes that FPCUs may have targeted this "disadvantaged student" market because of the guaranteed revenue attached to it. While concerns about scandal underpin discussions about FPCU regulation, our research is framed by concerns that go far beyond fraud. Our assertion that the "disadvantaged student" market has become vital for the rise of FPCUs raises several key questions regarding how a publicly subsidized for-profit model structures educational opportunities. We are concerned that FPCUs may provide access to an education limited to occupational training for minority and low-income students who will receive less exposure to the broader social goals supported by traditional models of higher education (e.g., Pusser, 2006b), all while FPCUs receive the financial benefit of public funds. Meanwhile, more privileged students attend traditional institutions with the experiences

associated with a traditional college education and the future social positions such colleges predict. We thus ask: Access for whom, Access to what?

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Table 1

For-profit Title IV-Participating Postsecondary Institutions

	1993		2000		2004		
Level of institution	Count	Percent	Count	Percent	Count	Percent	Percent change 93-04
4-year +	112	3.8%	227	10.1%	288	14.1%	157.1%
2-year	514	17.7%	740	32.9%	652	31.9%	26.8%
< 2-year	2284	78.5%	1283	57.0%	1105	54.0%	-51.6%
Total	2910		2250		2045		

Table 2

Four-year and Above Title IV Participating Postsecondary Institutions

	1993		2000		2004	
Control	Count	Percent	Count	Percent	Count	Percent
For-profit	112	4.8%	227	10.0%	288	12.1%
Not-for-profit	1612	68.8%	1503	66.0%	1494	62.8%
Public	618	26.4%	548	24.1%	597	25.1%
Total	2342		2278		2379	

Table 3

FTE Enrollments at Title IV Participating Postsecondary Institutions

		1993		2000		2004		% change
Level	Control	Count	Percent	Count	Percent	Count	Percent	93 - 04
4-Year +	For-profit	111,074	1.5%	263,271	3.1%	562,665	5.8%	406.6%
	Not-for-profit	2,468,311	32.4%	2,824,956	33.6%	3,197,498	33.1%	29.5%
	Public	5,027,996	66.1%	5,315,364	63.3%	5,897,087	61.1%	17.3%
	Total	7,607,381	100.0%	8,403,591	100.0%	9,657,250	100.0%	26.9%
2-Year	For-profit	256,136	6.0%	314,282	8.1%	506,641	10.7%	97.8%
	Not-for-profit	103,678	2.4%	72,871	1.9%	58,392	1.2%	-43.7%
	Public	3,895,916	91.5%	3,509,357	90.1%	4,157,910	88.0%	6.7%
	Total	4,255,730	100.0%	3,896,510	100.0%	4,772,943	100.0%	11.0%
< 2-Year	For-profit	415,166	74.6%	245,880	77.5%	593,692	82.9%	43.0%
	Not-for-profit	38,408	6.9%	13,921	4.4%	25,016	3.5%	-34.9%
	Public	103,298	18.5%	57,589	18.1%	97,500	13.6%	-5.6%
	Total	556,872	100.0%	317,390	100.0%	716,208	100.0%	28.6%
Totals	For-profit	782,376	6.3%	823,433	6.5%	1,662,998	11.0%	112.6%
	Not-for-profit	2,610,397	21.0%	2,911,748	23.1%	3,280,906	21.7%	25.7%
	Public	9,027,210	72.7%	8,882,310	70.4%	10,152,497	67.3%	12.5%
	Total	12,419,983	100.0%	12,617,491	100.0%	15,096,401	100.0%	21.5%

Note: One 2-year, for-profit institution was not included in this table for 2004. IPEDS calculated and reported the 2004 FTE for Maric College, which is owned by Kaplan Higher Education Corporation, to be 768,135. This institution reported a headcount of 1,041 students. Through additional research including a review of FTE and headcount totals in other years and research into the history of the institution, it was determined that this FTE total is unlikely. Therefore this institution was excluded from this table. If this institution were included the total FTE at 2-year for-profit institutions in 2004 would have been 1,274,776 and 23.2% of enrollments at that level. This would change the 2004 total enrollment percentages to 15.2% for-profit, 20.7% not-for-profit, and 64% public.

Table 4

Headcount Enrollments at Title IV Participating Postsecondary For-profit Institutions by Level of Student Including 4-year and Above, 2-year, and Less-than-2-year Institutions

	1993		2000		2004		Percent change
Level of student	Count	Percent	Count	Percent	Count	Percent	93-04
Undergraduate	558,456	96.3%	659,788	93.1%	1,093,498	88.6%	95.8%
Graduate	18,917	3.3%	47,473	6.7%	140,031	11.3%	640.2%
First Professional	2,780	0.5%	1,643	0.2%	1,326	0.1%	-52.3%
Total	580,153		708,904		1,234,855		

Table 5

Percent of Headcount Enrollments by Race/Ethnicity by Control of Institution Including 4-year and Above, 2-year, and Less-than-2-year institutions

		White, Non-Hispanic	Black, Non-Hispanic	Hispanic	Asian/ Pacific Islander	Native American/ Alaskan Native	Non-resident Alien	Unknown	Total
1993	For-profit								
	percent	54%	16%	14%	4%	1%	2%	9%	100%
	headcount	346,728	103,507	92,132	23,493	3,496	10,797	57,929	638,082
	Not-for-profit								
	percent	70%	8%	7%	4%	0%	5%	6%	100%
	headcount	2,262,636	268,656	220,246	135,577	15,044	152,265	195,014	3,249,438
	Public								
	percent	71%	10%	8%	5%	1%	3%	2%	100%
	headcount	8,421,960	1,151,185	934,583	602,994	110,831	305,941	294,488	11,821,982
2000	For-profit								
	percent	46%	18%	19%	5%	1%	2%	10%	100%
	headcount	327,143	127,081	133,071	35,407	5,559	12,240	68,403	708,904
	Not-for-profit								
	percent	64%	10%	8%	5%	1%	5%	8%	100%
	headcount	2,064,869	307,643	259,823	162,842	18,156	177,856	246,733	3,237,922
	Public								
	percent	64%	11%	10%	6%	1%	3%	4%	100%
	headcount	7,694,190	1,293,770	1,253,037	732,101	123,468	344,281	535,670	11,976,517
2004	For-profit								
	percent	40%	19%	17%	4%	1%	4%	16%	100%
	headcount	497,743	229,549	207,993	44,882	8,890	45,638	200,160	1,234,855

Not-for-profit								
percent	61%	10%	9%	5%	1%	5%	9%	100%
headcount	2,184,440	361,927	318,885	181,358	21,624	176,094	320,023	3,564,351
Public								
percent	62%	12%	11%	6%	1%	3%	5%	100%
headcount	8,163,670	1,531,628	1,476,873	817,245	140,420	372,486	662,867	13,165,189

Table 6

Percent of Headcount Enrollments by Race/Ethnicity in 2004 by Level and Control of Institution

Level	Control	White, Non-Hispanic	Black, Non-Hispanic	Hispanic	Asian/ Pacific Islander	Native American/ Alaskan Native	Non-resident Alien	Unknown	Total
4-year +	For-profit	39.4%	16.3%	10.2%	3.6%	0.7%	6.7%	23.1%	100%
	Not-for-profit	61.6%	10.1%	8.7%	5.1%	0.6%	5.0%	9.0%	100%
	Public	64.8%	10.5%	8.7%	6.1%	1.0%	4.1%	4.8%	100%
2-year	For-profit	47.4%	21.3%	17.6%	3.1%	0.9%	0.4%	9.4%	100%
	Not-for-profit	54.8%	14.6%	12.8%	5.2%	3.4%	2.3%	6.9%	100%
	Public	58.9%	12.9%	14.0%	6.3%	1.1%	1.4%	5.3%	100%
< 2-year	For-profit	33.7%	20.8%	31.8%	4.4%	0.5%	0.7%	8.2%	100%
	Not-for-profit	23.0%	16.4%	40.8%	6.8%	0.4%	3.5%	9.1%	100%
	Public	66.2%	13.0%	10.9%	4.5%	2.6%	0.7%	2.0%	100%

Table 7

Percent of For-profit Enrollments at Title IV Participating Postsecondary Institutions by Race/Ethnicity by Level of Student including all 4-year and Above, 2-year, and Less-than-2-year Institutions

Year	Level	White, Non-Hispanic	Black, Non-Hispanic	Hispanic	Asian/ Pacific Islander	Native American/ Alaskan Native	Non-resident Alien	Unknown	Total
1993	Undergraduate	53.6%	16.6%	14.6%	3.6%	0.6%	1.6%	9.3%	100%
	Graduate	73.7%	7.4%	8.7%	4.0%	0.2%	4.1%	2.0%	100%
	First Professional	79.2%	3.0%	8.0%	8.9%	0.6%	0.2%	0.0%	100%
2000	Undergraduate	46.0%	18.3%	19.7%	4.8%	0.8%	1.7%	8.6%	100%
	Graduate	47.9%	12.5%	5.5%	7.0%	0.5%	2.4%	24.1%	100%
	First Professional	65.3%	5.4%	12.3%	14.1%	0.6%	0.7%	1.5%	100%
2004	Undergraduate	40.3%	18.9%	18.3%	3.6%	0.7%	2.9%	15.2%	100%
	Graduate	40.1%	16.4%	5.2%	3.9%	0.6%	10.0%	23.7%	100%
	First Professional	54.9%	7.4%	6.6%	7.8%	1.0%	1.8%	20.4%	100%

Table 8

Median Pell Grants per FTE in 2004 Constant Dollars

Level of institution	Control of institution	1993	2000	2004	Percent change 93-04
4-year	For-profit	$980	$750	$1,420	45%
	Not-for-profit	$570	$420	$570	0%
	Public	$590	$550	$770	31%
2-year	For-profit	$1,270	$1,420	$1,660	31%
	Not-for-profit	$820	$790	$920	12%
	Public	$670	$730	$1,090	63%
<2-year	For-profit	--	$1,440	$1,660	15%*
	Not-for-profit	--	$1,070	$1,240	16%*
	Public	--	$920	$1,240	35%*

* percent change 2000 to 2004

Note. No less-than-2-year institutions were included in the 1993 financial comparisons due to extremely low representation in the reported IPEDs data.

Table 9

Percent of Degrees Awarded at Title IV Participating Postsecondary Institutions including all 4-year and Above, 2-year, and Less-than-2-year Institutions

	First Professional			Doctoral			Masters			Baccalaureate			Associates		
Control	1993	2000	2004	1993	2000	2004	1993	2000	2004	1993	2000	2004	1993	2000	2004
For-profit	0.6%	0.6%	0.3%	0.4%	1.3%	2.4%	0.7%	2.3%	5.1%	0.7%	1.6%	3.0%	9.0%	12.6%	14.4%
Not-for-profit	60.3%	58.9%	58.1%	34.8%	35.3%	36.3%	41.7%	44.6%	44.1%	32.4%	33.1%	32.5%	9.4%	8.4%	7.0%
Public	39.1%	40.5%	41.5%	64.8%	63.3%	61.3%	57.6%	53.0%	50.8%	67.0%	65.3%	64.5%	81.6%	79.0%	78.6%

Table 10

Median Total Expenses per FTE, Instructional Expenses per FTE, and Percent of Expenses Spent on Instruction at Title IV Participating Postsecondary Not-for-profit and For-profit Institutions in 2004 Constant Dollars

Level of institution	Control of institution	Medians	1993*	2000	2004	% change 2000-2004
4-year +	For-profit	Total Expenses	$7,070	$9,880	$10,760	9%
		Instructional Expenses	$1,830	$2,720	$2,880	6%
		% Spent on Instruction		29	28	
	Not-for-profit	Total Expenses	$18,690	$17,920	$18,640	4%
		Instructional Expenses	$4,880	$6,040	$6,440	7%
		% Spent on Instruction		34	35	
2-year	For-profit	Total Expenses	$6,570	$7,780	$6,890	-11%
		Instructional Expenses	$1,710	$2,490	$2,180	-12%
		% Spent on Instruction		33	32	
	Not-for-profit	Total Expenses	$13,600	$14,930	$12,620	-15%
		Instructional Expenses	$3,380	$4,940	$6,150	24%
		% Spent on Instruction		36	49	
Less-than-2-year	For-profit	Total Expenses		$6,280	$5,300	-16%
		Instructional Expenses		$1,980	$1,920	-3%
		% Spent on Instruction		32	35	
	Not-for-profit	Total Expenses		$10,380	$8,590	-17%
		Instructional Expenses		$3,970	$3,820	-4%
		% Spent on Instruction		43	46	

* Accounting and reporting changes between 1993 and 2000 make comparisons of the 1993 data to later years problematic. Therefore the percent change is only calculated from 2000 to 2004.

Note. No less-than-2-year institutions were included in the 1993 financial comparisons due to extremely low representation in the reported IPEDs data.

Note. There were several not-for-profit institutions with very high expenses per FTE in 2000. They were all institutions with a focus on healthcare (generally radiology) with less than 50 FTEs.

Table 11

Percent of Total Pell Distributions Reported by Institutions by Control including all 4-year and Above, 2-year, and Less-than-2-year Institutions

Control of institution	1993	2000	2004
For-profit	2.9%	14.3%	16.6%
Not-for-profit	21.7%	17.6%	16.4%
Public	75.4%	68.2%	67.0%
Total	100.0%	100.0%	100.0%

Table 12

Instructional Expense Compared to Pell Revenue at Title IV Participating Postsecondary Not-for-profit and For-profit Institutions 2000 and 2004

Control and Level	Year	Labels	Instruc exp > Pell	Instruc exp = Pell	Instruc exp < Pell	Total
For-profit 4-	2000	Count	194	6	18	218
		% within	89.0%	2.8%	8.3%	100%
	2004	Count	239	2	44	285
		% within	83.9%	.7%	15.4%	100%
NFP 4-yr+	2000	Count	1441	20	38	1499
		% within	96.1%	1.3%	2.5%	100%
	2004	Count	1435	3	49	1487
		% within	96.5%	.2%	3.3%	100%
For-profit 2-	2000	Count	536	6	179	721
		% within	74.3%	.8%	24.8%	100%
	2004	Count	408	0	242	650
		% within	62.8%	.0%	37.2%	100%
NFP 2-yr	2000	Count	202	8	45	255
		% within	79.2%	3.1%	17.6%	100%
	2004	Count	185	0	21	206
		% within	89.8%	.0%	10.2%	100%
For-profit	2000	Count	723	21	503	1247
		% within	58.0%	1.7%	40.3%	100%
	2004	Count	579	3	519	1101
		% within	52.6%	.3%	47.1%	100%
NFP <2yr	2000	Count	58	5	21	84
		% within	69.0%	6.0%	25.0%	100%
	2004	Count	61	0	24	85
		% within	71.8%	.0%	28.2%	100%
TOTAL	2000	Count	3154	66	804	4024
		% within	78.4%	1.6%	20.0%	100%
	2004	Count	2907	8	899	3814
		% within	76.2%	.2%	23.6%	100%

Endnotes

[1] Three categories of higher education institution are adopted, following federal definitions: for-profit (proprietary), not-for-profit private, and public. For-profits colleges and universities (or FPCUs) refer to any postsecondary institution that operates on a for-profit basis for legal purposes. Not-for-profits (NFPs) are also private, but register under not-for-profit legal codes. Public colleges and universities are publicly owned and governed. Following Tierney and Hentschke (2007) FPCUs are also contrasted with traditional colleges and universities (or TCUs), a category that includes both private, not-for-profits (or NFPs) and publics.

[2] The terms "market" and "market share" are utilized in this study merely to highlight the ways privatization and generation of profit are reframing the purposes and functions of higher education. The authors do not advocate that education be treated as a market due to the negative impact a full market structure would have on the public purposes of education.

[3] While this study only focuses on Pell, recent efforts to expand veterans' education benefits would likely benefit FPCUs (Field, 2008a). The role of GI funding should also be further studied as a support for the growth of FPCUs.

[4] Enrollment and completion data are reported by level of student including undergraduate, graduate, and first professional. One limitation of the IPEDS dataset is that financial data is reported only in aggregate for each institution making it impossible to measure finances per FTE by level of student.

[5] The difference between the FTE and verification FTE was calculated using the formula: ((FTE -Verification FTE) / Verification FTE)*100. When the result was less than -50 or

greater than 500 the verification FTE was substituted for the FTE. This impacted 469 institutions in 1993 and 1669 institutions in 2000.

[6] A discussion of the limitations of the IPEDS data is beyond the scope of this paper. However readers are encouraged to review the IPEDS data quality study: Jackson, K.W., Jang, D., Sukasih, A., and Peeckson, S. (2005). Integrated Postsecondary Education Data System Data Quality Study (NCES 2005-175). U.S. Department of Education. Washington, DC: National Center for Education Statistics.

[7] The 2004 FTE totals cited in this paper exclude one 2-year for-profit institution. The institution, Maric College, is owned by Kaplan Higher Education. The total FTE reported was more than 700,000 on a campus with a reported headcount of 1,041. A note of the impact of inclusion of this institution is included on Table 3. This issue raises an important question for future research related to the use of IPEDS data as this is the largest dataset currently available for study.

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