**The Turbulent Education “Market”**

How can your potential students cut through the noise and find their niche?

Selecting a career path and college is more confusing today than ever before. “Choice” is celebrated as liberating, but many people struggle with exactly *how* to choose? With declining numbers of guidance counselors and ubiquitous high-pressure advertising on the internet and television, many would-be students do not receive the objective information and help they need to make this big decision. You can help!

While community colleges have long been the pride of their regions and the engine of academic and technical education across the US, your message needs to cut through the noise. The changing higher education marketplace is ignored at our peril. It puts a premium on successful communications.

So what does the future bring?

**Closures and consolidation will continue and possibly accelerate.**

The growing trend of closures and consolidations has not gone unnoticed among your potential students. It’s no secret that increased competition for students is putting significant financial pressure on colleges. While near-record numbers of students graduated from high school in 2018-19, enrollment is not expected to bounce back to its 2010 level, even by 2027. [Fitch Ratings projects](https://www.educationdive.com/news/higher-ed-consolidation-could-pick-up-in-2019-fitch-says/543798/)[[1]](#endnote-1) an acceleration of the recent rash of mergers, acquisitions, affiliations and closures in the higher education sector as a result.

Already, in the past five years, about a half million students have been affected by closures, which [shuttered more than 1,200 campuses](https://www.chronicle.com/interactives/20190404-ForProfit).[[2]](#endnote-2) A [report in Forbes](https://www.forbes.com/sites/michaelhorn/2018/12/13/will-half-of-all-colleges-really-close-in-the-next-decade/#380b5e5a52e5)[[3]](#endnote-3) recently suggested that as many as 25% of every tier of colleges would disappear or merge over the next decade.

But, there is a bright spot. The decades-long record of success and stability by publicly-funded community colleges stand apart. It’s time to let your potential students know they are not tying themselves to a fly-by-night operation that is here today and gone tomorrow.

Effective messaging should highlight not just the innovations of your school and its up-to-date programs, but its proven track record of educating generations of students. Your alumni testify to the permanence and value of your school over the long haul. Stories from successful graduates are living testimony to the value of your community college.

**Buyer beware: the for-profit industry is not going away**

There are still over one million students enrolled in the for-profit, proprietary schools, despite the raft of closures and negative publicity surrounding them. Struggling with balancing family and job responsibilities, many young adults continue to be tempted by the lure of online, flexible career training, even when it comes with a high price tag.

Many prospective students do not understand the distinction between traditional community colleges which operate as nonprofits—their income goes into the classroom—and for-profits which answer to stockholders and owners *before* students.

Noted economist Burton A. Weisbrod explains that nonprofit and for-profit entities “respond differently to opportunities to use their advantages ***over poorly informed consumers*** [emphasis added].” Put another way, providing solid **information** to prospective students can shift the perception and serve to help inoculate them to slick advertising promises.

It is the facts themselves that make the most compelling case for community colleges. For example, the Department of Education’s [most recent data](https://nces.ed.gov/programs/digest/d18/tables/dt18_303.20.asp?current=yes)[[4]](#endnote-4) shows that for-profit schools have a lower six-year graduation rate and their alumni are more likely to default on their student loans. As of December 2018, [more than 240 for-profits](https://studentaid.ed.gov/sa/about/data-center/school/hcm)[[5]](#endnote-5) were under Heightened Cash Monitoring oversight by the federal government for failure to comply with regulations such as accreditation requirements or fiduciary improprieties among others.

To help cut across the glitz of expensive (and wasteful) TV ads, many community colleges are focusing their marketing efforts away from simple taglines and emphasizing what their prospective students need to make a smart decision about their future. Some examples of this approach include:

* Using multi-channel communication to promote programs for in-demand jobs. Using graphs to show expected pay ranges.
* Explaining the value to students of national accreditation—breaking down the jargon with a clear explanation.
* Demonstrating their school’s strong record of student success across programs and careers (with engaging examples).
* Making the cost effectiveness argument explicit and visual.

**A new subterfuge has developed—the “covert for-profit” school**

According to [The Century Foundation](https://www.theatlantic.com/education/archive/2015/10/the-covert-for-profit/409477/)[[6]](#endnote-6) there has been a growth of a new strategy from for-profit institutions. Reeling from all the bad press surrounding abrupt closures and stranded students, some schools are converting their IRS status from publicly-traded companies to non-profits. The aim is to get a “trustworthy-looking wrapper around a for-profit business.”

The Department of Education currently relies solely on the IRS label in determining nonprofit status, while the IRS reexamines less than one percent of existing nonprofits each year. A bad actor can operate for years or even decades without getting caught. Meanwhile unknown sums are funneled to investors and owners. The Century Foundation scoured hundreds of pages of documents from the IRS and U.S. Department of Education and assembled four case studies of “covert nonprofits.” These schools all spent far less on instruction (actual teaching by faculty) than nonprofits. Herzing was the highest at 39 percent, with Everglades/Keiser at 31 percent, Remington at 31 percent, and Carl Barneys spending only 16 percent of tuition revenue on instruction. By contrast, more than nine out of ten nonprofit institutions devote at least 50 percent.

The Century Foundation researchers scrutinized schools’ financial backgrounds and examined the number of fraud claims. Researchers concluded that among the schools that had operated for at least five years as nonprofits, “the three with the most fraud complaints”—Keiser University, Wright Career College (now closed), and Remington College—were actually nonprofits in name only, because “power never actually shifted away from owners who have an ongoing financial interest,” meaning that the institution’s tax status may have changed, but not its corrupt management.

“Because of their financial incentives, these ‘covert for-profits’ are more likely to take unfair advantage of students,” [explains The Century Foundation](https://tcf.org/content/commentary/colleges-say-theyre-nonprofit/?agreed=1).[[7]](#endnote-7) The study notes that there are very few fraud complaints levied against public and nonprofit schools, if any.

In response, last February California state legislators introduced a bill to require colleges claiming to be public to meet standard financial and public oversight expectations; in January Maryland state senators similarly advanced legislation directed at the conflict of interest issues involved. Several other agencies are seeking partial solutions.

**Guiding prospective students toward better options.**

What can you do? It is important to know your local education landscape thoroughly. But inasmuch as the final enrollment decisions rest with your potential students, it is critical to make the factual benefits of community college widely known throughout your service area.

Even without an advertising budget to match the for-profits or “covert for-profits”, community colleges have what it takes to get their message out—the truth. The important thing is to educate everyone you can—students, potential students, influencers, grandparents and community members. The better your community *knows* your school and its offerings, the more students you will attract.

At bottom, the changing higher education marketplace means more competition and more different *types* of choices for potential students. The plain fact is that they need to know *more* than previous generations to make the right decision. That underlying idea informs the most effective approach to potential students: make the information they need available, accessible and attractive—and they can cut across the noise and find their place at your school.

1. https://www.educationdive.com/news/higher-ed-consolidation-could-pick-up-in-2019-fitch-says/543798/ [↑](#endnote-ref-1)
2. https://www.chronicle.com/interactives/20190404-ForProfit [↑](#endnote-ref-2)
3. https://www.forbes.com/sites/michaelhorn/2018/12/13/will-half-of-all-colleges-really-close-in-the-next-decade/#380b5e5a52e5 [↑](#endnote-ref-3)
4. <https://nces.ed.gov/programs/digest/d18/tables/dt18_303.20.asp?current=yes> [↑](#endnote-ref-4)
5. https://studentaid.ed.gov/sa/about/data-center/school/hcm [↑](#endnote-ref-5)
6. https://www.theatlantic.com/education/archive/2015/10/the-covert-for-profit/409477/ [↑](#endnote-ref-6)
7. https://tcf.org/content/commentary/colleges-say-theyre-nonprofit/?agreed=1 [↑](#endnote-ref-7)