Faculty in Proprietary Institutions: Beginning of the End?

By Henry Lee Allen

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Many disasters in anthropogenic systems should not be seen as “bad luck,” but as the results of inappropriate interactions and institutional settings. Even worse, they are often the consequences of a wrong understanding due to the counter-intuitive nature of the underlying system behavior. Hence, conventional thinking can cause fateful decisions and the repetition of previous mistakes. This calls for a paradigm shift in thinking: system instabilities can be understood by a change in perspective from a component-oriented to an interaction- and networked-oriented view. This also implies a fundamental change in the design and management of complex dynamical systems.¹

Phenomena that are effective or stable at the local level, scientists repeatedly report, may be counterproductive or destabilizing at intermediate or global levels.² Innovations and changes to the U.S. academic system, such reports suggest, therefore merit careful, diligent scrutiny.³

Inadequate funding, tied to long-term sub-optimal fiscal trajectories, has caused most public higher education institutions to languish. Meanwhile, legislation, accreditation, and fiscal subsidies permitted the expansion of proprietary institutions. Congress invested $32 billion in proprietary institutions in 2012,⁴ an amount comparable to the federal contribution of $31.2 billion to colleges and universities for research and development in 2008.⁵ Federal investments have subsidized a market niche for proprietary institutions, adversely affecting academic work and faculty careers.⁶ This outcome results from the successful lobbying of interconnected political and economic interests.⁷

Do nominally free-market proprietary institutions merit near-parity public funding? Here are some hard questions related to these federal subsidies:
• Does the proprietary college industry meet the same standards of quality as their public and private non-profit counterparts?
• Is the faculty, funding, facilities, and staffing infrastructure commensurate with the standards expected elsewhere in the U.S. academic system?
• Are proprietary institutions characterized by dubious or fraudulent recruiting practices?
• Do proprietary institutions encourage students to absorb enormous debt while offering subnormal employment prospects?
• Does the profit motive compromise college readiness and lower student-learning outcomes?
• Does directing more resources toward administrators and investors than toward students and faculty adversely affect educational integrity?
• Do online courses and distance-learning programs prepare students for the competencies needed for a globalized 21st century workforce? Do these courses and programs certify genuine competence?
• Have accrediting agencies, investors, and politicians introduced a Trojan horse into American higher education?
• What justifies the massive federal investment?

Faculty workload and productivity—often obscured by a focus on institutional productivity and econometric thinking—are reemerging as timely topics. This article focuses on the workload, productivity, and careers of faculty members at proprietary institutions, especially prospects for their vitality, longevity, and professionalism. Market incentives, supported by an ideology of credentialism, standardization, and routinization are eroding professorial status and marginalizing academic work and undermining intellectual innovation.

PROPRIETARY HIGHER EDUCATION

Hyper-entrepreneurial capitalism can make any domain an object of profit-maximizing activity. A seemingly unassailable ideology defends proprietary institutions against critics who question their legitimacy and their accountability. Their presence is everywhere: on freeway billboards and in slick commercials promising a new world to recruits, for example. The messianic images given distance education and online learning fail to mention faculty quality and academic assessment. Recruits go uninformed about possible pitfalls and problems often encountered after vain promises result in indebtedness.

In the 1990s, issues of accountability, affordability, cost containment, faculty tenure, and instructional quality preoccupied the public. Meanwhile, few states planned to reduce the widening gap between student demand and infrastructure capacity. But a solution to these problems was at hand: proprietary colleges and universities! The fecundity of free markets and privatization, advocates claimed, will address these concerns while increasing access and student diversity. We now know better: federal investment promoted by business interests and politicians—not free markets—subsidized the expansion of the proprietary sector.

A structural difference exists between proprietary and non-profit institutions. Many non-profits include research as a fundamental mission. If state policy makers minimize the costs of producing degrees by reducing research funding, the growth of the knowledge base slows, along with teaching efficiency and quality. Gains from attending college diminish. Admittedly, there is considerable distance between the traditional autonomy of research universities and the resource-dependency of many public institutions. But the for-profit sector provides instruction exclusively; it bases its curricula on knowledge produced elsewhere, thereby incurring lower costs. This sector derives even more benefit than resource-dependent public colleges from the subsidies they receive from research institutions. No wonder they market themselves as bargains! If underfunded public colleges are subject to productivity measures, why not apply these
indicators to student learning outcomes, credit hours, and completion rates at heavily subsidized for-profit colleges?16

Proprietary institutions grew “from fewer than twenty bachelor’s granting institutions in 1980 to over 660 by 2011, and from 530 associate’s awarding colleges in 2006 to 1,016 five years later.”17 Table 1 compares enrollment growth in the public, private non-profit, and for-profit sectors since 1969.

Rising student demand, societal expectations, and increased student aid fueled the exponential growth of proprietary institutions. Launched by private investments, entrepreneurs marketed these schools to the underserved, nontraditional niche of aspiring students.18 Between 1991 and 2010, 13 companies controlled 48 percent of 2.6 million full-time equivalent students.19 Proprietary student enrollments mushroomed by an estimated 312 percent since 2000.20

### Table 1. Enrollment in Degree-Granting Institutions by Control, 1949–2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Enrollment</th>
<th>Public</th>
<th>Control of Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Enrollment</td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>1949*</td>
<td>2,444,900</td>
<td>1,207,151</td>
<td>49.4</td>
</tr>
<tr>
<td>1954*</td>
<td>2,446,693</td>
<td>1,353,531</td>
<td>55.3</td>
</tr>
<tr>
<td>1959</td>
<td>3,639,847</td>
<td>2,180,982</td>
<td>59.9</td>
</tr>
<tr>
<td>1964</td>
<td>5,280,020</td>
<td>3,467,708</td>
<td>65.7</td>
</tr>
<tr>
<td>1969</td>
<td>8,004,660</td>
<td>5,896,868</td>
<td>73.7</td>
</tr>
<tr>
<td>1974</td>
<td>10,223,729</td>
<td>7,988,500</td>
<td>78.1</td>
</tr>
<tr>
<td>1979</td>
<td>11,569,899</td>
<td>9,036,822</td>
<td>78.1</td>
</tr>
<tr>
<td>1984</td>
<td>12,241,940</td>
<td>9,477,370</td>
<td>77.4</td>
</tr>
<tr>
<td>1989</td>
<td>13,538,560</td>
<td>10,577,963</td>
<td>78.1</td>
</tr>
<tr>
<td>1994</td>
<td>14,278,790</td>
<td>11,133,680</td>
<td>78.0</td>
</tr>
<tr>
<td>1999</td>
<td>14,791,224</td>
<td>11,309,399</td>
<td>76.5</td>
</tr>
<tr>
<td>2004</td>
<td>17,272,044</td>
<td>12,980,112</td>
<td>75.2</td>
</tr>
<tr>
<td>2009</td>
<td>20,427,711</td>
<td>14,810,642</td>
<td>72.5</td>
</tr>
</tbody>
</table>


Note: * Degree-credit enrollment only.

THE FACULTY ROLE

Faculty members at for-profits are contingent employees by default; tenure is not an option. These colleagues are often constrained by a prescribed curriculum, choice of textbooks, and their inability to offer new courses and programs without prior administrative approval.21 Interested scholars try to differentiate between schools meeting regular accreditation standards and “diploma mills.”

But even the dynamics of accredited proprietaries can be unsettling. “The most disruptive innovations, each designed to better serve working adult learners,” one scholar concluded, “included offering condensed courses (of five and six weeks duration rather than the traditional twelve-week quarter or sixteen- to eighteen-week semester courses), year-round academic calendars (instead of fixed quarterly or semester terms with long summer vacations), [and] a professoriate composed overwhelmingly...
of practitioner, ‘facilitator’ faculty who taught in the evening what they practiced during the day [in lieu of full-time, tenure and tenure-track appointments with research and service responsibilities].”

Also on the list of “disruptive innovations:”

use of a centralized curriculum/syllabus (as opposed to each faculty member creating his or her own course), the accumulation of credits resulting from the mastery of specific course outcomes (rather than based on number of hours of ‘seat time’), ‘facilitated’ classes supplemented by collaborative learning teams (rather than reliance primarily on the lecturing of professors), and asynchronous fully online degree programs and e-libraries (in the place of face-to-face instruction at fixed locations and physical books in bricks and mortar buildings).

Most important, this scholar concluded, accrediting bodies—especially the North Central Association of Colleges and Schools, which certified most of the regionally accredited for profit IHEs [Institutions of Higher Education]—were unsettled by an unshakeable suspicion that the troublesome innovations were primarily motivated by the financial incentives of parent companies rather than by the concern of the academic institutions to provide the right pedagogy and student services needed by a new breed of nontraditional students.25

To outside observers, dissatisfaction with customs and traditions in mainstream higher education seem to drive these innovations.23 These innovations appear trendy if the core mission of postsecondary education is to transmit information to students. But for-profits may underserve future generations if we wish to nurture critical thinking, authentic understanding, reflexivity, and creative complexity.24 Authorities were skeptical about the validity of their educational practices before surrendering their misgivings.25

These institutions accentuate adult student-centered learning at the cost of faculty professionalism. Pigeonholed between students, administrators, and investors, faculty members at proprietary must abandon their autonomy to survive. At stake is academic freedom: the right to determine a professor’s workload and productivity.26 For-profits harbor a diminished view of academic freedom by feasting on contingent labor, exploiting career vulnerabilities, and marginalizing professionalization.27 The failure of leaders of proprietary institutions to excel at scholarly work imposes a low academic ceiling on the industry.28

We need to know more about faculty culture in this sector, and why this knowledge did not predate the political and financial decisions to subsidize these institutions.29 This obliviousness is disturbing at a time when Congress has targeted the National Academy of Sciences. A qualitative probe of four institutions found high turnover rates, long hours, demanding instructional workloads, and administrative opaqueness about the details of faculty work. Curricula and degree programs emerged from three assumptions: (1) a practical, hands-on learning experience; (2) applied degree programs that are relevant to the job market; (3) faculty with field experience.30

For-profit accrediting norms—related to assessment, consumerism, and stakeholder accountability—have diffused to the rest of American higher education. Table 2 contrasts the characteristics of non-profit and for-profit IHEs.

The paramount difference between traditional colleges and universities and proprieties: who controls the educational process? Proprietary institutions sacrifice faculty worth for the sake of profits.31 Arguments about instructional productivity and accountability conceal the marginalization of academic labor.32
DYNAMICS OF PROPRIETARY INSTITUTIONS

Scholars focus on the consequences of corporate ownership of proprietaries. Disproportionately featuring degrees and certificates in personal and culinary services, health professions, business, and computer sciences, they function as recruiters for the corporate world, certifying the skills and competencies needed for narrow workforce segments. Their students and stakeholders institutionalize corporate values for future generations.

Growth, expansion, and profitability are higher priorities than educational development. Critical thinking and democratic participation are not in the picture at all. Liberal arts curricula may be anathema to employers who desire compliant workers. Student experiences and educational quality—along with enrollment fluctuations, international expansions, and organizational networks—are unstudied variables. The external dynamics of proprietary institutions will affect the future of U.S. postsecondary education for generations.

Whatever the institutional setting, the recruitment processes instrumental to any faculty appointment and the protocols of retention or promotion are essential benchmarks for the longevity, vitality, and practice of academic work. But policies, motivations, and networks can affect these benchmarks. The political and economic policies of many nations encouraged the growth of contingent employment—especially in the for-profit sector, where academic labor is most vulnerable—because few countries enhance labor prospects. Institutional and system-wide policies also affected access to and eligibility for student aid. Motivations matter because the proponents of proprietary schools will not serve the public good at their private expense.

Is for-profit higher education the most effective or the only way to educate students? With appropriate resources, could traditional colleges do a better job with current proprietary students? Not everyone worships at the altar of material wealth and corporate control. Proponents of for-profit education champion student-learning outcomes while criticizing the intangible, professional outcomes of academic

<table>
<thead>
<tr>
<th>Cultural Component</th>
<th>Traditional IHEs</th>
<th>For-Profit IHEs</th>
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<tbody>
<tr>
<td>Institution</td>
<td>Policies are based on academic norms; shared governance.</td>
<td>Policies based on business norms-centralized governance.</td>
</tr>
<tr>
<td>Discipline</td>
<td>Defined by area of expertise; sociology, history, or physics, for example.</td>
<td>Defined by profession; computer programmer, financial analyst, or travel agent, for example.</td>
</tr>
<tr>
<td>Academic Profession</td>
<td>Focus on teaching, research, and service to the university.</td>
<td>Focus on teaching, learning, and service to students.</td>
</tr>
<tr>
<td>Individual</td>
<td>Belief in tenure and academic freedom.</td>
<td>Job security linked to performance; academic freedom is contextual.</td>
</tr>
<tr>
<td>National</td>
<td>Education is a public good.</td>
<td>Education is a private commodity.</td>
</tr>
</tbody>
</table>

Source: Adapted from Lechuga, 2006, 192, Table 16.
life. But some students and faculty may desire scientific and humanistic rewards more than pecuniary returns. Lacking respect for such outcomes, these proponents provide no inducements that enhance the academic professions. Their naïve addiction to markets can irretrievably wreck public or indivisible goods. The networks behind for-profit higher education are even more problematic than state legislator preoccupation with performance indicators and employment outcomes.

**IMPLICATIONS FOR FACULTY AND THE U.S. ACADEMIC SYSTEM**

We debate the pros and cons of proprietary institutions, but their proponents will aggressively resist any assault on their livelihood. Proprietaries claim to offer attractive features, such as building capacity for postsecondary education, freedom from tradition, flexibility, occupational education, distance learning, and responsiveness to market incentives. Faculty members, they claim, enjoy the financial rewards offered by online classes or distance learning. Multi-campus accessibility and computer-assisted learning, proponents add, enticed 470,000 students to enroll at the University of Phoenix in 2010.

But advocates for this sector overstate the uniqueness of these benefits. They also minimize related costs and dysfunctions—including debt resulting from comparatively high tuition and spurious student employability. One can understand this defensiveness; they’re up against the integrity and professionalism with which many faculty members and institutions at non-profits perform their duties and carry out their missions. It is, of course, possible to maximize the weaknesses and minimize possible benefits of for-profits; there is usually diversity of quality among organizations in the same industry. But a less-than-optimal quality of education accompanies enlarged capacity and increased access at most for-profits. Educational sharecropping may indeed occur for many students! Money and profit do not offset the expertise offered by quality faculty.

How different stakeholders visualize academic organizations affects their attitude towards proprietaries. Table 3 offers a typology reflecting research about the social role of for-profit colleges and universities.

<table>
<thead>
<tr>
<th>Concept of the Organization</th>
<th>Concept of the Environment</th>
<th>Organizational Concerns</th>
</tr>
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<tbody>
<tr>
<td>As a societal resource.</td>
<td>A complex set of expectations, needs, demands, and values.</td>
<td>Social legitimacy, responsiveness, and regulation.</td>
</tr>
<tr>
<td>As a decision-making unit.</td>
<td>A pool of information.</td>
<td>Uncertainty and complexity in decision-making.</td>
</tr>
<tr>
<td>As a consumer of societal resources.</td>
<td>A pool of resources.</td>
<td>Ability to mobilize resources, manage dependence and autonomy.</td>
</tr>
<tr>
<td>As a system of interdependent elements.</td>
<td>A source of change/pressures.</td>
<td>Impact of external change on the internal elements such as structure, technology, and ideology.</td>
</tr>
<tr>
<td>As a supplier of services, products, and decisions.</td>
<td>A consumer of the outputs of the organization.</td>
<td>Social relevance of the organization and its inputs.</td>
</tr>
</tbody>
</table>

Source: Adapted from Chaturvedi and Chaturvedi, 2011, 36, Table 1.
Here are illustrations from each row of Table 3. To those seeing colleges and universities primarily as a societal resource or public good, for-profit higher education diverts resources away from more viable and effective public institutions. For managers or administrators, academic organizations might seem like places where decisions and policies are made for employers. One argument for proprietary institutions is that they are more manageable and efficient than traditional nonprofits. Such managerial biases abound among governing boards and academic administrators. Higher education is a means to a private goal for students and parents. Proprietary institutions can facilitate utilitarian ends, including job placement and career mobility.

Scholars might visualize the academy as a place where we may understand the vicissitudes of life, knowledge, wisdom, and learning. Encroachments that compromise this core pursuit may be unwarranted intrusions. Other stakeholders, including politicians and media representatives, may see colleges and universities as suppliers of educational services. Mixed, inconsistent, and ambiguous combinations are possible, and policy prescriptions and funding formulas are functions of coalitions with diverse conceptions of postsecondary education.

**MARGINALITY FOR FACULTY?**

How are proprietary institutions faring? What lies ahead for professors? The answer depends on whom you ask, their presuppositions about the academic system, and the anecdotal evidence they cite. Many features of faculty life across the range of proprietary institutions remain elusive. We do not possess, for example, a database of faculty salaries at proprietary institutions. Concealing this data may help proprietaries dodge scrutiny of faculty quality.

“In the midst of the Great Recession, for-profit colleges and universities in the U.S. grew at a staggering pace in enrolment, profits, and the corporate value of those traded on the New York Stock Exchange,” wrote one analyst. “The 11 largest for-profit higher-education companies, for instance, experienced an increase in their enrolments of over 30% between 2008 and 2010.” The economic downturn “triggered ‘hypergrowth’ in for-profit institutions, including a rush of laid-off workers seeking job training.” Prior to that bubble, “steady growth in American for-profits (henceforth FP) was already a well-worn pattern. From 2000 to 2010, the sector grew by some 235% in enrollment, increasing its market share from 3 to 9.1% of all tertiary enrolled students.” Not surprisingly, new for-profits proliferated. Between 2005 and 2010, “a total of 483 new colleges and universities gained regional or national accreditation in the U.S. Of those new institutions, some 77% were FP, compared to only 4% public and 19% independent non-profit institutions.” For-profits still represent less than ten percent of enrollments, but that sector “currently accounts for 26.2% of all the postsecondary institutions.”

Their explosive growth, noted one observer, resulted from past political decisions that created a “Brazilian Effect,” defined as “when public higher education cannot keep pace with growing demand for access and programs.” Global, technological, and regulatory influences intertwined with U.S. patterns. Proprietary colleges and universities averaged higher tuition costs, student debts, lower graduation rates, and spurious diplomas. They also show larger student to faculty ratios, higher attrition and default rates, limited capital expenditures and student services, and lower operating costs. Controversies over accreditation erupted, and President Obama called for increased federal scrutiny and regulation to stem the tide of student debt, questionable certification, and bogus degrees.

These factors contributed to a reversal in fortune while creating a conundrum for the entire academic system. The proprietary sector experienced an estimated seven percent decline in the last few years, “a rate roughly 3 times the percentage of overall higher education declines, according to the National Student Clearinghouse.”
The University of Phoenix eliminated 800 jobs in 2012, and announced 700 more lay-offs in the coming months and years as it closes more than half of its 227 nationwide campuses and learning centers. Career Education Corporation planned to close one-fourth of its 90 campuses and cut 900 positions.60

Students at proprietaries pay a high price.61 The average tuition and fees for certificate, associate, and bachelor degree programs at for-profits and public colleges, respectively were: $19,806 vs. $4,249 for certificates; $39,988 vs. $8,313 for associate degrees; and $67,702 vs. $52,522 for bachelor’s degrees.52 In 2008–09, 38 percent of students (246,792 enrollees) left certificate programs at for-profit institutions; nearly 63 percent of students (474,817) withdrew from associate degree programs, and 54 percent (374,264) withdrew from bachelor degree programs. Combined, 54 percent withdrew from these programs with few consequences while policymakers forced public colleges and universities to conform to performance indicators.63

Proprietary colleges and universities are not a panacea for increased access and equity.64 Let the buyer beware! It will take nonpartisan, rigorous research to certify the ability of for-profit higher education to achieve excellent learning outcomes.

CONCLUSION

For-profit higher education appears here to stay. But achieving quality in a growing proprietary sector requires overcoming apparently insurmountable difficulties.65 The supposed free-market in postsecondary education cannot exist without massive federal student aid. Proprietary colleges may siphon off resources that might have produced better outcomes in public colleges and universities. That’s a major liability in an era of global competition for intellectual capital.66 Administrators at proprietaries downgraded the employment status of their faculty members; the controversies surrounding this sector accelerated this marginalization.67

The National Academy of Sciences recently recommended increased funding for early-career faculty and for the research universities that educate and certify most professors.68 The dedicated faculty who began their careers between 1980 and 2008 lacked such constructive support.69 One thing is certain: The nation’s future depends on leadership in higher education. Faculty unions must hold politicians and policymakers accountable to assure the integrity and sustainability of postsecondary education.70 Flux and dissonance continue, but constructive pathways are possible.71

NOTES

1 Helbing, 2013, 51. Dirk Helbing is chair of sociology at the Swiss Federal Institute of Technology in Zurich, Switzerland. He is a key organizer of Futurict, the largest global scientific enterprise on the planet.
2 Estrada, 2012.
3 Page, 2012; Ball, 2012; Daly, 2010.
4 Allen, 2013, 77.
5 Research and development expenditures by colleges and universities totaled $52 billion in that year. Sullivan, Mackie, Massy, and Sinha, eds., 2012, 11.
6 Allen, 2013.
7 Ibid.
9 Bowen, 2013.
10 Stark, 2009.
11 Hansmann, 2012.
12 The affordability crisis is not likely to go away. See Pew Research Center, 2012.
13 Allen, 2013.
17 deAlva 2011, 3.
18 Ibid.
19 Ibid.
20 Ibid., 7.
21 Lechuga, 203. Does this situation indicate an academic ghetto or a black hole of professionalization?
Faculty members respect reasonable controls by authentic exemplars, though not by coercive forces or certified pundits.

Lechuga, 2006, 10. Is this a form of educational trafficking?


Lechuga, 2006. Lechuga studied 52 faculty members at four proprietary institutions from December, 2003 until November, 2004. Most of these faculty members did not have full-time employment.


Circumventing or minimizing academic freedom or the faculty role in decision-making leads to the demise of the academic professions.


Kallenberg, 2011.

Is professorial sharecropping inevitable for the bulk of the academic professions if nothing is done constructively or intentionally to avert this outcome? Only faculty unions can subvert this inevitability.


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