THE EXPANSION OF FOR-PROFIT COLLEGES IN THE 21ST CENTURY AND ITS IMPLICATIONS FOR SOCIAL INEQUALITY

The recent dramatic expansion of for-profit colleges is one of the most fascinating and controversial changes in US higher education. This dissertation examines the sources of the growth of the for-profit sector of higher education and assesses its implications for socioeconomic inequality. Empirical research questions include: What organizational strategies supported the expansion of peripheral and low-status institutions in higher education? How do educational outcomes differ for students who attend for-profit colleges compared to other types of colleges, especially community colleges? To what extent can inequality in degree attainment be traced to differences in the types of students who attend for-profit colleges, and to what extent can we isolate a causal effect of institution type?

These questions are answered using two large, nationally representative samples, one for a cohort of high school students that entered higher education prior to the expansion of for-profit colleges (NELS 1988-2000) and one for a cohort of high school students that entered during the expansion (ELS 2002-2012), along with detailed panel data on all accredited for-profit institutions in the U.S between 2000 and 2010. Results show that gains in enrollment at for-profit colleges are associated with organizational strategies of imitation and differentiation, in which the colleges “borrow” institutional arrangements from established non-profit colleges to legitimize their activity, but simultaneously differentiate their activity from traditional colleges by offering student-focused services. Another major finding of the dissertation is that for-profit colleges enhance socioeconomic inequality. Socioeconomic inequality increased not only because of greater institutional “sorting” by socioeconomic status, but also because low-SES students who attended for-profit colleges were much less likely to graduate than observationally similar low-SES students who attended other types of open admission postsecondary institutions.