Risks to Students in Post-COVID Higher Ed

Throughout the pandemic, students are facing new and potentially catastrophic risks to their academic futures. The abrupt shift to online learning is reportedly leading many students to leave school, putting them at substantial risk of not returning and leaving them unable to manage their loans. Students who did continue their programs mostly agreed there was a drop in the quality of their programs; for millions of students enrolled in hands-on training programs in health fields, cosmetology, and other vocations, online learning won't be sufficient to prepare them for jobs. For-profit colleges are using every trick in the book to aggressively recruit students into their programs, and private companies are heavily pursuing colleges of all types, hoping to lock them into their typically costly long-term contracts for recruitment and online management that may provide questionable quality for students. And all schools are going to try everything they can to keep their enrollments from cratering—including reopening regardless of whether it is truly safe to do so—which will often mean that a school's best interest is at odds with its students' best interests.

In an effort to combat the devastating effects on students' education and finances, Congress has invested $14 billion already; many billions more will likely be needed as students return to school without the jobs and family finances that helped pay for it before the pandemic. But in their haste to approve new funding, lawmakers have not taken the necessary steps to make sure the federal funds are used to make things better—not worse—for students. This may be because while colleges and universities are well-represented in the now-virtual halls of Congress, students and taxpayers are not.

While community colleges and regional public institutions struggle to continue serving their students in light of significant revenue losses and state budget cuts to their institutions, nearly 9 percent of the $14 billion went to for-profit colleges, with few restrictions to prevent the predatory behaviors that became standard practice during the Great Recession. Regulators at the Department of Education and accrediting agencies—who are responsible for ensuring students are protected—have stepped back, offering new flexibilities for all types of colleges but often not requiring any reporting on how the institution is adapting or how it is maintaining quality in online learning or how students are doing in this seismic shift. And with hundreds of colleges already struggling financially, it is increasingly clear that not all will survive the financial turmoil of the pandemic – yet they are doing little planning to ensure students aren't left navigating a sudden, permanent college closure on their own.

We've compiled some of the biggest risks we see facing students over the course of the year, as the repercussions of the pandemic continue to reverberate throughout the higher education sector. Too often, it is assumed that industry interests and students' interests are aligned. In this crisis, more than ever, they diverge. If no one is watching, we are likely to see millions of students (and taxpayers) paying for a subprime education.

RISK #1: OPENING THE FLOODGATES TO PREDATORY BEHAVIOR

College enrollment soars during recessions, as unemployed adults seek new skills to help them find jobs. Historically, these periods are also fertile for predatory colleges. In the years around the Great Recession, for-profit college enrollment soared, often due to high-pressure and deceptive recruiting tactics. Only a determined effort by the Obama Administration and its congressional allies reined in abuses, drove down defaults, and prodded many for-profit colleges to improve the value they offer students.

Since her first days in office, however, Secretary DeVos has dismantled these protections, leaving students and taxpayers with fewer protections against shoddy or even fraudulent colleges. Many more colleges are now online, including a majority of for-profit colleges, and some for-profit colleges are already seeing enrollment gains even as other colleges expect contractions. For-profit colleges are disproportionately likely to leave students with debts they cannot afford to repay.

Congress provided emergency funds to colleges in the CARES Act, including $1.1 billion to for-profit colleges. They received 9 percent of the money despite only serving 5 percent of students. Meanwhile community colleges—which educate almost 40 percent of students—got only about 27 percent of the funding.`

- **Low-quality colleges may use stimulus funds to fuel recruitment and grow.** Lawmakers provided billions in federal dollars in response to the pandemic, hoping to relieve the pressures of state budget cuts and sudden drops in tuition revenue. But with little oversight conducted by the Department and little transparency into how schools are spending the funds, it's likely that many schools will use the funds to finance their own efforts to grow. While residential colleges used stimulus funds to cover housing refunds and other campus expenses related to moving online, many large for-profit colleges could take that money to the bank. During the Great Recession, predatory recruitment and rampant misrepresentations fed rapid growth in the for-profit sector. Billions of dollars were wasted and millions of students left indebted and unable to repay their loans with an influx of corporations designed to extract profit at any cost. High-cost, low-value programs flourished, with lasting implications both for students and for taxpayers. Without careful oversight, the same could happen here.

- **Emergency grant aid may not make it to the students who need it most.** Approximately half of the federal formula dollars to colleges were designated for emergency grants to students, a quick way to get funds to the students who need it most. But Education Department guidance has muddied the waters as to which students qualify; colleges are using the funds very differently, including to pad their summer enrollment; and inadequate transparency means the effects of that aid won't be measured (for a proposal on how to fix that problem, see here). For example, it has already been reported that some schools are using their students' emergency aid dollars to offer "scholarship programs" that entice students to enroll over the summer or otherwise pay the money back to the institution.

- **Marketing budgets are about to explode**. For-profit colleges in particular have already ramped up their advertising budgets. Based on past experience, in this difficult economic time, colleges will make great efforts to enroll students and collect tuition and student aid dollars. However, they will place far less focus on helping them finish or provide quality degrees. Veterans could bear the brunt because of the additional subsidies they earn to spend on higher education.

RISK #2: WITHOUT QUALITY PROTECTIONS, ONLINE INSTRUCTION WILL LEAVE STUDENTS BEHIND

This spring, colleges were forced to close their campuses and move classes online; now, that situation looks likely to continue in many parts of the country. But for millions of students, the quality of that online education may be unacceptable. Institutions that seek to move online on the cheap, or that scale too quickly in an effort to turn a profit, or that try to move hands-on training programs to an online format, can leave their students worse off in the process. Ensuring colleges offer quality instruction and students are learning effectively is difficult even on campuses; online, it can be much more challenging.

Federal regulators must make the quality of online instruction a priority, especially as the pandemic wears on and a new cohort of students enrolls in college for the first time. Students deserve to get—and are paying and borrowing for—a quality higher education, even during the crisis; and colleges must provide both strong instruction and robust supports for students to ensure they can learn and succeed. Key risks include the possibility that:

- **Regulators continue to waive the rules for colleges enrolling students online.** In the initial throes of the pandemic, Education Secretary Betsy DeVos threw out rules that colleges be approved to offer online courses, allowing them to move online rapidly without seeking approval from their accrediting agencies. Since then, accreditors have taken different approaches, with some not asking colleges even for a basic plan of how the school intends to ensure it provides quality instruction. And while some emergency flexibilities helped students finish the spring semester, the Education Department has repeatedly extended those waivers without any information on how colleges use that flexibility, effectively ensuring schools will not be subject to quality oversight or an approval process for their online offerings even after the national emergency.

- **Institutions fail to provide basic transparency about students' outcomes.** With millions of students forced to end the semester early or thrust online overnight, there are effectively no data to help the Education Department, accreditors, states, or the public understand who these students are or how well those students fared. The Department has not required colleges to report any details of changes in their status; nor has it begun collecting data on the enrollment, withdrawal rates, or college completion of students who were on campus and moved to online learning. Given reports of students disengaged from their classes and unhappy with the quality of their new online courses, the lack of data is likely obscuring significant problems at colleges.

- **Even nonprofit colleges outsource their programs to for-profit actors.** In recent years, many colleges, including name-brand, selective nonprofit schools, have established online programs by outsourcing much of the work to for-profit online program management companies. The companies typically extract a significant portion of the revenue—as high as 80 percent—from online programs, setting up incentives to lower admission standards and aggressively recruit more students. Accreditors often engage in little oversight of the contracts or the quality of the education provided by the for-profit company, and there is virtually no transparency into the terms of the contract for students or other members of the public. Early data suggest that rising student debt at some non-profit universities, particularly in graduate programs, are closely associated with the schools' contracts with these for-profit companies. With colleges of all kinds scrambling to put up online courses and programs, this under-the-radar outsourcing is likely to increase dramatically.

RISK #3: SCHOOLS FIGHTING FOR SURVIVAL WON'T PRIORITIZE PROTECTING STUDENTS

Too many times in the past years have students arrived at their colleges only to find the doors barred and with minimal if any plans for where they should try to continue their studies. The pandemic may exacerbate this trend if estimates are correct that as many as 10 to 20 percent of colleges end up closing in the coming months and years.

While any closure can be damaging to a student's educational progress, sudden shutterings are even worse. They can leave students scrambling to access transcripts and find someone else to take them--a bounty for predatory institutions. Other students may decide to give up on their education, losing time they cannot recoup. And while the federal government will cancel some loans when a college closes, not all students may get their debts forgiven and taxpayers are often entirely on the hook for these expenses.

Policymakers must be proactive to protect students from sudden closures and the educational disruption that causes. This does not mean bailing out every college at risk of closing—some closures are inevitable and in some cases they may be better than enrolling more students over the long run. But they must ensure colleges operate with the best interests of students in mind instead of keeping the lights on and the money flowing as long as possible. Key risks are that colleges may:

- **Get government protection so they can risk students' health to stay open.** The decision of whether to operate in person this fall will literally be one of a colleges' bottom line versus the health and wellbeing of their students and employees. That's because many private colleges will not be able to attract sufficient students if they have to operate online in the fall as students object to high prices for lower quality remote education. The higher education lobby is further trying to stack the decision to operate in person against students by asking for immunity from Congress in case students get sick when they come back.

- **Fold permanently with no warning or plans for students.** The higher education lobby is already asking the federal government to stop financial oversight and monitoring for the next three years. Doing so would prevent the federal government from demanding letters of credit or other financial protection to cover costs in case colleges close suddenly. It would also mean there are no plans in place for where students can transfer if their colleges close.

- **Degrade their educational experience to just keep operating**. Some colleges will continue trying to operate well past the point of financial viability. This could mean dropping programs, firing faculty, and doing other things that reduce the value of the education while still taking in tuition. If a college is barely able to keep the doors open and cannot afford to deliver a quality education it should move toward an orderly closure that produces options for students to attend other institutions that can deliver them a high-quality education.

- **Predatory institutions prey upon students from closing colleges.** It may be hard for students to find alternatives if their colleges close. There is a risk that predatory institutions could use closures as a marketing opportunity. There must be rules in place that ensure any educational alternative for a student from a closing college is both at least as good or better than and equal to or cheaper than where they are currently enrolled.

CONCLUSION

If these potential risks go unmonitored or fall off the radar, it could have a devastating impact on students when so many are already seriously struggling. We hope you will consider monitoring, investigating, and writing on these issues as the pandemic and recovery continue, and we would be happy to help in any way we can with those crucial efforts.

Center for American Progress

The Century Foundation

The Education Trust

The Institute for College Access & Success (TICAS)

National Association for College Admission Counseling (NACAC)

New America

The Project on Predatory Student Lending

Third Way

Veterans Education Success

Young Invincibles