

Appendix

Comparing the NELS and BPS Data on Graduation Rates at Two-Year Institutions

While our study of the National Educational Longitudinal Survey (NELS) merged for-profit and nonprofit private colleges (Stephan, et al., 2009), a more recent study using data from the Beginning Postsecondary Survey (BPS) focused on for-profit colleges, and found their graduates have much higher certificate completion rates than a merged category of community-college and nonprofit-college graduates (in this journal, Deming et al. 2012). Yet unlike the NELS study, it finds no significant difference in degree completion rates (AA or higher). Comparing raw completion rates, community college outcomes are fairly similar in the two studies (particularly since the NELS data give students two more years), but the private college results are very different. Appendix Table 1 compares raw completion rates.

The two studies differ on many details that may explain the better performance of occupational colleges in NELS. First, while all NELS students entered college under age 20, data from the BPS includes students entering at all ages. Older entrants have lower degree completion rates (DeLuca et al., 2012), which may especially hurt success in private colleges. Second, while the NELS study merged nonprofits with for-profits, the BPS study merged nonprofits with community colleges. Factors like these may explain part of the different results.

Of particular concern, while the NELS sample entered college in 1992, right after the federal government imposed tough regulations that led 1300 private colleges to close, students in the BPS entered college in 2004. By that time, many new for-profit colleges had appeared, some with worse completion rates, and the worst for-profit colleges may have figured out how to evade the regulations. Also, for-profit college enrollment had dramatically increased, and the students attending for-profit colleges may be worse students on average than the cohort entering in the early 1990s (so it is unfortunate that the BPS data does not have good student achievement measures).

Moreover, the composition of this sector may have changed again since 2009, in response to recent Department of Education regulations, but comprehensive evidence is not yet available. For instance, some for-profit colleges have begun new "test drive" trial periods, when both sides can gather information on which students are unlikely to succeed, and screen them out before a substantial commitment of time and money is made.

In addition, frequent discoveries of frauds in this sector raise concerns that outcome estimates may include an unknown portion of frauds in both data sources. Frauds include colleges that don't usually lead to graduation or in which graduates are not qualified for promised careers. We would speculate that frauds (and other forms of cutting corners) were low in 1992, increased until 2009, and may have decreased thereafter. While the frauds are certainly a part of the estimates of average outcomes, they may cause us to underestimate the value of the good actors in this sector.

Appendix Table 1: Degree completion rates in community colleges and occupational colleges in two studies.

Study of NELS Cohort beginning college in 1992. Stephan et al. 2009

	Community colleges (public)	For-profit and nonprofit
AA +	36.8%	56.0%

Study of BPS Cohort beginning college in 2004. Deming et al., 2012.

	Community colleges (& nonprofits)	For-profit colleges
Certificates	42.4 %	53.7 %
AA	22.4%	28.4%
AA +	28.3%	29.1%