Overview of Regional Conditions

• Anniversary of Superstorm Sandy
  ▪ Regional economy rebounded quickly from the damage and disruption caused by the storm

• Economic Activity and Employment
  ▪ New York City remains on a solid growth trajectory
  ▪ Moderate growth in Upstate New York and Northern New Jersey
  ▪ Puerto Rico remains weak

• Housing
  ▪ Most of the region’s housing markets continue to improve, though home price appreciation has generally been below average during the housing recovery
Rebound from Superstorm Sandy
New York City Metro, Total Employment

Comparison to Other Natural Disasters

Total Employment Trends

Index (Disaster Date = 100)

Hurricane Andrew
Miami-Dade County

Superstorm Sandy
New York City Metro

Northridge Earthquake
Los Angeles County

Hurricane Katrina
New Orleans Metro

Months Before Disaster

-12 -9 -6 -3 0 3 6 9 12 15 18 21 24

Aug13

School Attendance After Superstorm Sandy

New York City Schools, K-12

Source: New York City Department of Education.

Note: “Most Affected” schools are those that were closed or relocated as of November 8, 2012; excludes special education and charter schools.
Regional Economic Activity
Indexes of Coincident Economic Indicators

Note: The Puerto Rico composite index is based on a different methodology than the indexes produced by the FRBNY.
Weekly Initial Jobless Claims
New York and New Jersey, Seasonally Adjusted

Regional Consumer Confidence
Mid-Atlantic States, Present Situation Index, Seasonally Adjusted

Source: The Conference Board and Haver Analytics.
Status of Jobs Recovery

Share of Lost Jobs Gained Back During Local Recovery

Note: Putnam and Bergen are the Putnam-Rockland-Westchester
and Bergen-Hudson-Passaic Special BLS Areas.
Regional Home Price Trends

CoreLogic Home Price Index, Seasonally Adjusted

Source: CoreLogic Home Price Index (including distressed sales); Seasonally adjusted by FRBNY staff.
Geography of the Housing Recovery
Change in Home Prices, November 2011 to September 2013

Source: CoreLogic Home Price Index (including distressed sales).
Backlog of Foreclosures in Region

Share of Mortgages in Foreclosure

Source: CoreLogic LoanPerformance (LP) and Lender Processing Services Mortgage Performance data (LPS).
Private For-Profit Institutions in the Higher Education Landscape
Rajashri Chakrabarti, Economist
Outline

• Private for-profit institutions have shown exceptional growth in recent years

• What are for-profit schools? Where are they located? What degrees do they offer? Whom do they serve?

• Examine the growth of for-profits, and any changes following the Great Recession

• What are their tuition levels and net prices? How much do their students rely on student loans?

• What is the future outlook for students in these for-profit institutions?
Key Takeaways

• For-profits are primarily trade schools that offer undergraduate certificates and associate’s degrees

• For-profits tend to serve lower income, older, minority, and female students

• Enrollment in for-profits skyrocketed during the Great Recession, and declined as recovery set in

• Tuition at for-profits considerably higher than comparable publics, and the gap has widened over time

• Students at for-profits are more likely to take student loans, and in larger amounts
Who Are the Private For-Profit Schools?
For-Profits Primarily Offer Short-Term Programs

Share of Institutions by Program Length

- 4 Year: 17%
- 2 Year: 32%
- Less than 2 year: 51%

- Private For-Profit: 51%
- Public: 56%
- Private Non-Profit: 11%

Source: Integrated Postsecondary Education Data System (IPEDS).
## For-Profits Focus on Trade Skills

<table>
<thead>
<tr>
<th>For-Profits</th>
<th>&lt;2-Years</th>
<th>2 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Appliance control, Automotives, Business, Construction, Computers, Healthcare, Massage, Legal</td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>Adult Remedial (GED), Citizenship Training, Nursing, Trade skills (less common than in For-Profits)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Arts, Automotives, Business, Construction, Electrical, Healthcare, Legal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Primarily Academic, Associate’s Degrees, Military Institutions</td>
<td></td>
</tr>
</tbody>
</table>
For-Profits Primarily Grant Certificates Below the Bachelor’s Level

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Are the 2-Year Schools?

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Are the 2-Year Schools?

2-Year Public Examples

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Are the 2-Year Schools?

2-Year For-Profit Examples

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Are the <2-Year Schools?

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Are the <2-Year Schools?

<2 Year Public Examples

Genesee Valley BOCES Practical Nursing Program
Cayuga Onondaga BOCES Practical Nursing Program
Oswego County BOCES
Hamilton Fulton Montgomery BOCES Practical Nursing Program
Dutchess BOCES School of Practical Nursing
Vreeb Nassau County School of Practical Nursing

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Are the <2-Year Schools?

<2 Year For-Profit Examples

Source: Integrated Postsecondary Education Data System (IPEDS).
Entrants to For-Profits Are Low-Income

For-Profits Cater More to Minorities, Women, and People Over 25 Years Old

Percent of 2012 Enrollment

Source: Integrated Postsecondary Education Data System (IPEDS).
For-Profits Command by Far the Largest Share of <2-Year Enrollment

Share of Enrollment in <2 Year Institutions

Non-Profit

Public

For-Profit

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Do <2 Year For-Profits Most Dominate?

For-Profit Share of Enrollment in <2 Year Colleges

Enrollment Share

- 0 - 50%
- 50 - 75%
- 75 - 85%
- 85 - 95%
- 95 - 100%

National Average: 75%

Source: Integrated Postsecondary Education Data System (IPEDS).
Share of For-Profits in 2-Year College Enrollment Has Been Rising

Share of Enrollment in 2-Year Institutions

- Non-Profit
- Public
- For-Profit

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Do 2 Year For-Profits Most Dominate?
For-Profit Share of Enrollment in 2 Year Colleges

**National Average: 5%**

Source: Integrated Postsecondary Education Data System (IPEDS).
Growth of For-Profit Institutions: Did Recession Matter?
Total Full-Time Undergraduate Enrollment

Source: Integrated Postsecondary Education Data System (IPEDS).
For-Profits Have Grown Much Faster Than Publics, Especially During the Recession

Source: Integrated Postsecondary Education Data System (IPEDS).
Much of the Growth in For-Profits Coming From Older Students

Source: Integrated Postsecondary Education Data System (IPEDS).
Tuition Patterns
Average Tuition at For-Profits Is Higher Than at Comparable Publics

Source: Integrated Postsecondary Education Data System (IPEDS).
Note: Chart depicts average tuition and fees of largest program for <2 year institutions, and average in-state tuition for 2-year institutions.
Grants and Net Price
Even Though For-Profit Students Receive Large Support Through Pell Grants, Net Tuition Is Higher Than Publics

Source: Integrated Postsecondary Education Data System (IPEDS).
Note: Net Tuition defined by Average Tuition minus Average Grants Received.
Patterns in Student Loans
For-Profit Enrollees More Likely to Take Out Student Loans to Finance Education

Source: National Student Loan Data System (NSLDS).
Average Loan Size at For-Profits Is Higher Than in Publics

Source: National Student Loan Data System (NSLDS).
Outcomes
For-Profit Completion Rates

- Only about 40% of For-Profit students complete their program within 100% of its normal time.
- But closer to 60% complete within 150% of normal time.

Source: Integrated Postsecondary Education Data System (IPEDS).
Where Do We Stand Now?

• For-profit institutions serve many different niches

• Completion rates are reasonably good

• During recession, may have provided retraining opportunities for displaced workers

• Research raises questions about their benefits:
  ▪ Student loan default rates at for-profits are relatively high
  ▪ Employment and earnings picture not too rosy

• How will newly minted for profit graduates be affected in the future?
Bottom Line

• During the Great Recession enrollment in for-profits surged, but then declined as recovery set in

• Tuition amount and growth markedly higher at for-profits than publics

• Consequently, for-profit students are typically more likely to take loans and in larger amounts

• As the economy gets stronger, it remains to be seen how the recent rise in for-profit enrollment affects these students, and the economy
Reference Slides
Regional Employment Trends

Index of Total Employment, Seasonally Adjusted

Most Student Aid Comes from Pell Grants at For-Profits

Percent of Total 2011 Aid

For-Profits

- Pell Grants 87%
- Federal Student Aid 4%
- State and Local Student Aid 7%
- Institution Aid 2%

Public 2 and < 2 years

- Tuition Discounts 33%
- Pell Grants 52%
- State and Local Grants 3%
- Federal Student Aid 4%
- Institution Aid 5%

Source: Integrated Postsecondary Education Data System (IPEDS).
For-Profits Finance Themselves Mostly Through Tuition

Tuition Revenue 83%

Federal Grants 9%
Private Grants 0%
State and Local Grants 1%
Other Revenue 7%

Source: Integrated Postsecondary Education Data System (IPEDS).
Note: Other Revenue includes revenue from gifts, investment income, hospital services, research and development centers, auxiliary services (e.g. room and board, athletics etc.)
Additional Resources

• *Liberty Street Economics* Blog
  - Just Released: Lifting the veil – For-Profits in the Higher Education Landscape

• Interactive charts available on our website
  - Private For-Profit Institutions in Higher Education