

# Chapter 7

## Non-Profit and For-Profit Schools





Deciding where to use hard-earned GI Bill benefits is not easy. When making this decision, it's important to research all the options. Choosing between a non-profit school and a for-profit school is easier if servicemembers know the differences and similarities of these types of schools. Both categories of schools accept GI Bill benefits but may not provide the same advantages to the servicemember student.

### **Non-Profit Schools**

A non-profit school can be either public or private, but neither makes a profit from students' tuition. A public university's funding comes partly from the state's taxpayers. The largest universities in the country are all public, and the size of public universities varies widely. For example, the University of Tennessee, Austin Peay State University, and the University of Kentucky are public universities. Public universities may charge tuition that is considerably lower than private universities, especially for in-state students. Public universities generally have more commuter and part-time students. A large number of community colleges are public. Community colleges tend to be smaller and have either two-year associate's degree programs or gear students toward transferring to a larger four-year university to complete a program. Tuition at community colleges is often cheaper, and the smaller classes may be less intimidating, especially for nontraditional or older students. It is important to verify that credits earned at a community college will transfer to other four-year universities if a student's plan is to obtain a bachelor's degree.

A private non-profit university is a university that gets its funding from tuition, investments, and private donors. Because of this, tuition at private universities tends to be more expensive than at public universities. For example, Vanderbilt University is a private university. For the most part, the majority of students at private universities live at college and attend full-time. Far more commuter students and part-time students attend public universities and community colleges than private universities. Private universities also tend to be smaller in size than public universities.

## **For-Profit Schools**

For-profit colleges and universities, unlike non-profit universities, are managed and governed by private businesses or corporations. For-profit schools are attracting a large and growing population of students entering the education market—particularly working adults, part-time students, students with children, and servicemembers. While these for-profit colleges seem to offer an attractive alternative to public and private universities for some students, it is crucial to make sure that the program being offered fits a student’s needs.

Some for-profit colleges recruit heavily on military bases because of a government rule called the “90-10 rule.” The 90-10 rule requires for-profit colleges to receive no more than 90% of their revenues from federal Title IV funds, like federal student loans and grants. GI Bill funds do not count against that 90%, so that recruiting servicemembers as students leaves more room for the school to enroll additional students using federal Title IV money. When deciding whether or not to use GI Bill funds at a for-profit school, be sure to ask about the school’s accreditation, ability to transfer credits, job placement rates, and most importantly, the total cost of the program. Accreditation is important, because not only can it lend credibility to the degree earned, but it may be necessary if licensure is required for employment. Knowing this on the front end is very important.

## Key Questions to Help Select the Right College

The Federal Trade Commission (FTC) states that getting the answers to eight key questions can help servicemembers and other consumers avoid pitfalls as they pick the college that's right for them.<sup>17</sup>

### **1. What's the total cost? How should a servicemember pay for tuition or expenses that his or her VA benefits don't cover?**

Find out if payment is required by course, semester, or program. Are there fees for dropping or adding a class? How much will books, equipment, uniforms, lab fees, or graduation fees cost? In addition to post-9/11 GI Bill benefits, servicemembers may be eligible for federal financial student aid that may offer more favorable terms than a private loan. The Department of Education administers several major student aid programs in the forms of grants, loans, and work-study programs. Get details at [www.studentaid.gov](http://www.studentaid.gov). Consider other options, too, including community colleges.

### **2. Of the recent graduates who borrowed money to attend the school, what percentage are delinquent in paying back their loans?**

A high default rate could be a tip-off that students are burdened by too much debt or having trouble finding jobs in their field. Get information about student borrowers' default rates at College Navigator, located at [nces.ed.gov/collegenavigator/](http://nces.ed.gov/collegenavigator/), and the United States Department of Education's Federal Student Aid website, located at [studentaid.ed.gov/about/data-center/student/default](http://studentaid.ed.gov/about/data-center/student/default).

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<sup>17</sup> FTC Poses Eight Questions to Ask When Choosing a College After Military Service, [www.ftc.gov/opa/2013/10/choosingcollege.shtm](http://www.ftc.gov/opa/2013/10/choosingcollege.shtm) (last visited November 12, 2013).

**3. Will a degree from this school get the servicemember where he or she wants to go?**

Will a certificate, a two-year degree, or a four-year degree be earned at that school? What percentage of students graduate? Use the Department of Education's College Navigator, located at [nces.ed.gov/collegenavigator/](https://nces.ed.gov/collegenavigator/), to compare graduation and loan default rates, average debt at the school, tuition and expenses, and accreditation among schools. Servicemembers should ask the schools they are interested in to provide written information about job placement and average salaries for their graduates for the program(s) they are interested in studying. Schools may paint a glowing picture of student success and try to convince servicemembers that credentials from their institution will lead to a high-paying career in their chosen field. But some schools manipulate the data about how well their graduates fare. Do some research using the United States Department of Labor's Occupational Outlook Handbook at [www.bls.gov/ooh](https://www.bls.gov/ooh). This handbook has information about the average salary that workers in a particular field are earning, the education or training needed, and careers with the most new jobs, so servicemembers can evaluate whether the results the school claims are realistic.

**4. Is there pressure to enroll?**

Is a recruiter rushing the servicemember to commit? Is the school pressuring the servicemember to decide before having a chance to research the program and confirm the details of financial aid? Recruiters may be paid based on how many students they bring in. Before deciding on a program, read the materials, including the contract. If necessary, can the contract be canceled within a few days of signing up, and, if so, do the materials explain how to cancel? If the school refuses to provide paperwork with all of this information to review before committing, don't enroll.

**5. Can servicemembers get credit for their military training?**

The American Council on Education (ACE) has a guide to help schools give all possible credit for military training. Servicemembers should ask if a school follows the ACE Military Guide, located at [www.acenet.edu/news-room/Pages/Military-Guide-Online.aspx](http://www.acenet.edu/news-room/Pages/Military-Guide-Online.aspx), and whether the school will grant credit for military training. Some schools offer credit for military coursework but not for occupational specialties.

**6. Can servicemembers transfer credit earned at this school to other schools?**

If a transfer to another college may be in the future, find out whether that school would accept the credits earned at the first school. If a servicemember attends a community college, ask about its “articulation agreement,” which is a formal statement of what community college courses and credits can be transferred to a particular four-year college.

**7. Is the school accredited?**

Accreditation is usually through a private education agency or association that evaluates the school’s educational program and verifies that it meets certain requirements. Accreditation can be an important clue to a school’s ability to provide appropriate levels of training and education—but only if the accrediting body is objective and reputable. Many institutions consider regional accreditation as the highest stamp of approval and may not accept the transfer of credits from a school with national accreditation. Accreditation also may affect how prospective employers view the graduate’s credentials. Two reliable sources of information on accreditation are the Department of Education’s Database of Accredited Postsecondary Institutions and Programs, located at [ope.ed.gov/accreditation](http://ope.ed.gov/accreditation), and the Council for Higher Education’s Accreditation database, located at [www.chea.org/](http://www.chea.org/).

## **8. Is the school committed to helping veterans?**

Many schools claim to be military- or veteran-friendly. How do they back that up? Is there access to academic and career support? Mental health, disability and medical services? What are the housing options for veterans? Student Veterans of America, whose website is located at [www.studentveterans.org](http://www.studentveterans.org), has chapters on nearly 300 campuses; their Connect Alumni program, located at [www.studentveterans.org/what-we-do/student-veteran-meetup.html](http://www.studentveterans.org/what-we-do/student-veteran-meetup.html), can put servicemembers in touch with veterans from the schools being considered. Over 3,600 institutions have also agreed to follow the Department of Veterans Affairs (VA) Principles of Excellence program, located at [www.benefits.va.gov/gibill/principles\\_of\\_excellence.asp](http://www.benefits.va.gov/gibill/principles_of_excellence.asp), which includes designating a veteran's point of contact for academic and financial counseling and stopping misrepresentations or aggressive recruiting at their school. Bear in mind that some organizations use names, seals, and logos that look or sound like those of respected, legitimate military or educational institutions. Using the words "veteran" or "military-approved" doesn't necessarily mean the schools are benefitting veterans or servicemembers.

### **Federal Student Aid**

There are financial aid resources available for servicemembers when choosing which college to attend. The Federal Student Aid website, [www.studentaid.gov](http://www.studentaid.gov), contains information that may be helpful. Appendix D and Appendix E are two documents published by the Federal Student Aid program. Appendix D is a fact sheet on scholarships for military families. Appendix E is a resource discussing federal student aid for adult students.