FOR-PROFIT HIGHER EDUCATION:
U.S. TENDENCIES, INTERNATIONAL ECHOES

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In most of the world, higher education has long been understood overwhelmingly or
even exclusively as public. Today, in most regions and countries, surging private higher
education compels increased consideration of two separate sectors, public and private.
Yet fast-paced developments show that even dual-sector analysis is often too limited:
for-profit higher education is on the rise. In the United States, where not-for-profit
private higher education is extensive and often prestigious, the for-profit sector has
grown dramatically in recent years, fueling discussion about markets and competition
across all sectors. Meanwhile, in some countries with traditional public dominance,
for-profit higher education adds a fresh dimension—sometimes encouraged, sometimes
legally or otherwise suspect—to the global expansion of private higher education.

It is reasonable, then, to speak of three higher education sectors: Public, private non-
profit, and private for-profit. Globally, the private nonprofit sector is more prevalent and
important than the for-profit sector, and the public sector is more prevalent and impor-
tant than both private sectors together. But the gap between prevalence and importance
on the one hand, and study and understanding on the other hand, is particularly great
regarding for-profit higher education. The literature on for-profit higher education is
limited (though fast-growing) for the U.S.; elsewhere, it is paltry. Even in the U.S.,
analysis is often heavily weighted toward a few large for-profits (Kinser, 2005).

The principal purpose of this chapter is to advance an internationally sound defi-
nition and identification of for-profit higher education and its main types. While our
geographic scope is global, the U.S. is at the core. This is a reflection of reality, as the
U.S. in many ways leads a global phenomenon. For-profit higher education is larger
and more developed in the U.S. than elsewhere: of the roughly 9,000 postsecondary
institutions in the U.S. nearly half are for-profit (NCES, 2003a). Furthermore, several
prominent U.S.-based companies have a global presence in the management of for-profit
institutions, by establishing branch campuses in other countries, purchasing existing
institutions, or marketing distance education curricula to an international audience.
The chapter identifies key contours of U.S. for-profit higher education and sketches the
parallels or contrasts that can be discerned globally (although often tentatively).¹

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At the same time, this inquiry is restricted in a fundamental sense, by not dealing with for-profit elements of either nonprofit or public institutions. These elements are growing and attracting great attention, and although the U.S. leads in this respect, it is far from alone (Kirp, 2003; Clark, 1998). Moreover, many of the driving forces of this expansion, as well as of privatization beyond higher education, are forces also fueling the growth of for-profit higher education institutions. Purpose and even many aspects of practice overlap among the sectors, but this discussion will focus only on the for-profit sector.

From a global perspective, however, it is crucial to keep in mind that many private higher education institutions that are not legally for-profit display strong behavioral equivalency. The recognition of such reality, as well as a desire to tax, led Brazilian authorities in 1996 to permit the for-profit form (for both universities and other higher education institutions), while stipulating requirements to be nonprofit. In many countries, the growth of private higher education has spectacularly occurred without a clear legal framework, and sometimes for-profit higher education is neither legal nor illegal. Nor is it clear whether the legal situation will or should be sorted out through laws on education, higher education, private higher education, nonprofit institutions, or training. In any event, much of what is reported here about for-profits applies to many other commercially oriented private higher education institutions as well.

**Size and Scope**

International data on for-profit higher education remain sparse, unreliable, and inconsistent. Nonetheless, it can be simultaneously affirmed that the growth is notable while enrollment percentages remain small. Many countries do not legally permit for-profit higher education institutions (e.g., Poland, Portugal, Russia, Tanzania, and Uruguay) or at least have no legally recognized for-profits. Other countries permit for-profits only in non-university sectors (e.g., Chile).

In fact, the bulk of worldwide for-profit enrollment tends to be in non-university institutions, often ones that grant diplomas below the standard first-degree (as in UNESCO level 5 rather than level 6). The vast majority of U.S. for-profit institutions serve non-university students. This remains true despite the fact that since 1990 the phenomenal growth of for-profits in the U.S. has been dominated by universities; although comprising just 6% of all for-profit institutions, they enroll more than 40% of the students in this sector. In any event, for-profits taken all together still account for fewer than 5% of total U.S. postsecondary enrollment. For degree-granting places, for-profits account for roughly 3% of enrollment and 19% of institutions. Table 1 provides additional data on the U.S. for-profit sector (see Table 1).

For-profit higher education is most extensive where the private sector is demand-absorbing and has a large share of total enrollments. That applies to some Asian and Latin American cases. Roughly two-thirds of Brazil’s private institutions are now for-profit. The Philippines, with an 82% overall private share of enrollment, had 47% of all students in for-profits, including a few large and many small institutions, though the law since 1982 has insisted that new institutions be nonprofit (James, 1991,