

Education is not for profit: 'College Inc.'

Watch the film here:

<http://www.pbs.org/wgbh/pages/frontline/collegeinc/view/>

For-profit education - Briefing note

UCU has under ROCC's guidance been running a campaign against the marketisation of education: 'Challenging the Market in Education'.

This has included high profile branch level campaigning against public private partnerships, conferences, the production of briefings on companies and political lobbying.

You can see the range of resources UCU has produced and much of our action at

<http://www.ucu.org.uk/stopprivatisation>.

But over the last year, the Recruitment, Organising and Campaigning Committee of the NEC has identified the need to prioritise campaigning against the emergence of a for-profit sector in UK higher education.

With the advent of the Coalition government in particular, the threat from for-profit provision has become clear and present. David Willetts went on record early as wanting to encourage more for-profit provision and he's been as good as his word so far.

He has granted his own favourite company, BPP, university college status and he's increased the amount of loan money that private providers can access to £6000 per student.

UCU believes that for-profit provision represents the distillation of all the worst trends and developments of higher education. Its primary obligation is to its shareholders and this overrides any public obligation or educational mission, while course provision is determined purely by student demand and profitability. It also operates a lean and mean business model in which staff have no real pensions, worse terms and conditions, no time for scholarly activity and can expect to be hired and fired at will.

UCU believes that if this sector is allowed to expand significantly, it will not only mean that some universities close or are bought up piecemeal but it will exercise a huge dragging down effect on other universities.

We have run a vigorous campaign against the expansion of for-profit provision.

- We've produced campaign briefings detailing the problems and abuses of for-profit provision,
- we've produced materials on the various companies operating in the sector,
- with the press team we've worked on planting stories that expose the risks of for-profit.
- We've written to David Willetts and lobbied him directly,
- We are working to build a coalition against the privateers.

Find out more at our website here:

<http://www.ucu.org.uk/stopprivatisation>.

The key strategic aims are:

1. to try to prevent the HE white paper from freeing up the flow of public money into for-profit provision and
2. to try to stop the government removing the regulatory burden on for-profit provision.

Access to public money and de-regulation are what the for-profit sector needs.

At the moment, the for-profit sector is small – BPP are the only company with degree awarding powers, though Kaplan is on record as interested in applying or buying up other universities - but if it wins this from the government, it will grow.

We know this because we've seen it in the USA. The USA has the most developed for-profit higher education sector in the world.

www.ucu.org.uk/stopprivatisation

Challenging **the Market** in Education

Its growth over the last 30 years has been astronomical. The industry is now worth \$33 billion, it enrolls 10% of all students in the US HE system – the University of Phoenix alone enrolls 500,000 students.

And it is big business: the industry is dominated by four or five major companies, including Apollo, which owns Phoenix, and Kaplan. Its profitability rates are greater than the big names of US capital, including Apple and Procter and Gamble and it consistently outperforms the rest of the stock exchange as a whole. That's why it is now dominated by institutional investors, hedge funds and investment banks, including Goldman Sachs.

But it's also been rocked by major scandals. The for-profit model is built on massive dependence on the flow of public funds in the form of federal loans, into shareholder profit.

- The top companies depend on these loans for 85% of their revenue and the need to generate fast profits for their investors leads them to keep teaching costs low, spend massively on marketing and aggressively target poorer students for recruitment.
- Students are saddled with massive debts for courses that are often not recognised by employers or other colleges.
- And the drop out rates are alarmingly high. At Phoenix, for example, the completion rates for full-time courses are just 13%.

In 2008-9, the US taxpayer paid \$24 billion to for-profit colleges in the form of federal student loans. With such a poor return on their investment, it's become a public and political scandal.

As we'll see, the Obama administration is trying to impose greater regulations on this industry, but their size and lobbying power makes it clear that in some ways they are now too big to fail.

'College Inc.' is a documentary made as part of the current affairs programme Frontline, for the PBS channel in the USA. It does a very good job of exposing the nature, growth and current scale of for-profit education in the USA and it has formed part of the public debate about for-profit education.

The US companies at the heart of for-profit education, Apollo and Kaplan are looking to use their acquisitions here, like BPP, to expand into the UK market. And they are banking on the UK government to deliver. Apollo's CEO Greg Capelli recently reassured nervous investors that BPP's current financial woes would be turned around with the help of the British government.

So this film shows a little bit of what the future in the UK would be like without UCU and what it might be like if we can't stop them.

What can we do:

UCU will be conducting more high profile campaigning in the near future and we need members to get involved.

Make sure members are aware of this film and of the UCU campaign against for-profit education.

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University and College Union