

Testimony

Subcommittee on Economic Opportunity  
House Committee on Veterans' Affairs

**The Value of Education for Veterans at Public, Private and For-Profit  
Colleges and Universities**

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We are pleased to respond to the Chairman's request for testimony on the growth in the cost of postsecondary education, non-loan student aid, and student debt for students in different sectors of postsecondary education.

As Table 1 shows, in 2011-12, the federal government awarded \$12.2 billion in grant aid through educational assistance programs for veterans. About three quarters of the total funding (\$9.4 billion) was awarded under the Post-9/11 GI Bill. (About 92% of the funding went to undergraduate students, with the remainder financing graduate education.) Expenditures more than doubled between 2008-09 and 2009-10, with the introduction of the new benefits program.

In 2011-12, veterans' benefits accounted for 25% of all federal grant aid to postsecondary students and 11% of the grant aid students received from all sources. (The \$34.5 billion Pell Grant program accounted for 70% of total federal grant aid in 2011-12.)

**Table 1:** Total Veterans' Benefits for Education in 2011 Dollars (in Millions) and Veterans' Benefits as a Percentage of Total Federal Grant Aid and Total Grant Aid, 1981-82 to 2011-12, Selected Years

	81-82	86-87	91-92	96-97	01-02	06-07	07-08	08-09	09-10	10-11	11-12
Veterans	\$3,331	\$1,615	\$1,452	\$1,841	\$2,397	\$3,658	\$3,771	\$4,297	\$8,934	\$10,986	\$12,177
Veterans/Total Federal Grants	21%	15%	11%	15%	14%	17%	16%	16%	20%	21%	25%
Veterans/Total Grants	15%	8%	5%	5%	4%	5%	5%	5%	9%	10%	11%

Source: The College Board, *Trends in Student Aid 2012*, Table 1.

This significant level of funding for veterans and dependents makes examining how students are using the funds, and whether the investment is paying off, vital from the perspective of taxpayers and students.

Veterans are different from other students in a variety of ways. Most are older than traditional-age college students and like other adult students, many are juggling family and work responsibilities while they are in school. While we do not have data on the enrollment patterns of veterans, we do know where they are using their federal aid dollars. As Table 2 shows, in 2009-10, 36% of the funding from the Post-9/11 GI Bill went to students enrolled in for-profit institutions. Overall, about 12% of postsecondary enrollments were in this sector. Because low-income students are disproportionately likely to enroll in for-profit institutions, this sector also received 21% of Pell Grants in 2011-12.

**Table 2:** Percentage Distribution of Federal Student Aid and Enrollment by Sector, 2009-10

	Public Two-Year	Public Four-Year	Private Nonprofit	For-Profit
<b>Federal Student Aid</b>				
Pell Grants	32%	30%	13%	25%
Campus-Based Programs	10%	36%	46%	8%
Academic Competitiveness Grants (ACG)	18%	53%	25%	4%
SMART Grants	0%	67%	25%	8%
<b>Post-9/11 Veterans' Benefits</b>	<b>40%</b>		<b>24%</b>	<b>36%</b>
Subsidized Stafford Loans	10%	37%	28%	25%
Unsubsidized Stafford Loans	8%	35%	29%	28%
PLUS Loans	<1%	35%	53%	11%
<b>Fall Enrollment</b>				
Undergraduate Full-Time-Equivalent (FTE) Students	31%	39%	17%	12%
All FTE Students	27%	40%	20%	12%

Source: The College Board, *Trends in Student Aid 2011*, Figure 7.

The concentration of veterans in the for-profit sector is not new, although it appears to have increased with the advent of the new, more generous benefit program. In 2007-08, when 9% of all undergraduates were enrolled in for-profit institutions, 14% of veterans were in this sector. At that time, much of this difference could be attributed to the older ages of all enrolled veterans, 59% of whom were age 30 or older, compared to 22% of the students with no military experience. Among students age 30 or older, 16% of veterans and 13% of non-veterans were enrolled in the for-profit sector.<sup>1</sup>

<sup>1</sup> National Center for Education Statistics, *National Postsecondary Student Aid Study*, 2007-08.

## Published Prices

Tuition prices vary considerably across sectors. Table 3 shows that published tuition and fees at private for-profit institutions averaged an estimated \$15,172 in 2012-13, compared to \$8,655 for in-state students at public four-year colleges and universities and \$3,131 for those enrolled in community colleges. The price differential between for-profit and public institutions is large and for many students, is reflected in the higher student debt levels in the for-profit sector, discussed below.

Eligible veterans attending a public college or university have all of their in-state tuition and fee payments covered under the Post-9/11 GI Bill. Generally, students attending a private or foreign school are covered for up to \$18,077.50 in tuition and fees in 2012-13. (This maximum is adjusted each year for inflation.)<sup>2</sup> In addition to tuition and fee coverage, eligible veterans receive a monthly housing allowance and an annual books and supplies stipend. As a result of these benefits, student debt levels are not likely to cause the same problems for veterans as for students who are not eligible for these subsidies.

**Table 3:** Average Published Charges for Full-Time Undergraduate Students by Sector, 2012-13 (Enrollment-Weighted)

Sector	Tuition and Fees	Room and Board	Tuition, Fees, Room and Board
Public Two-Year In-State	\$3,131	\$7,419	\$10,550
Public Four-Year In-State	\$8,655	\$9,205	\$17,860
Public Four-Year Out-of-State	\$21,706	\$9,205	\$30,911
Private Nonprofit Four-Year	\$29,056	\$10,462	\$39,518
For-Profit	\$15,172	N/A	N/A

Source: The College Board, *Trends in College Pricing 2012*, Table 1.

## Student Financial Aid

In addition to federal grant aid, students receive grant aid from state governments, from employers and other private entities, and from colleges and universities. As Table 4 shows, 44% of the total grant aid awarded in 2011-12 was from the federal government, up from 32% a decade earlier. In 2011-12, full-time equivalent undergraduate students received an average of \$6,932 in grant aid from all of these sources combined. They received an additional \$1,169 in average benefits from federal education tax credits and deductions.

<sup>2</sup> Department of Veterans Affairs, Post-9/11 GI Bill, Chapter 33 ([http://www.gibill.va.gov/resources/benefits\\_resources/rates/CH33/Ch33rates080112.html](http://www.gibill.va.gov/resources/benefits_resources/rates/CH33/Ch33rates080112.html)).

**Table 4:** Percentage Distribution of Total Grant Aid by Source, 2001-02, 2006-07, and 2011-12

Grant Source	2001-02	2006-07	2011-12
Federal Grants	32%	30%	44%
State Grants	12%	12%	9%
Institutional Grants	40%	41%	37%
Private and Employer Grants	15%	17%	10%

Source: The College Board, *Trends in Student Aid 2012*, Figure 5.

The composition of grant aid differs across sectors. In 2011-12, full-time students in private nonprofit four-year colleges and universities received only about 18% of their grant aid from the federal government, and received 69% from institutions. At the other end of the spectrum, about 92% of the grants received by students in the for-profit sector were from the federal government.

**Table 5:** Percentage Distribution of Total Grant Aid to Full-Time Undergraduate Students, by Source and Sector, 2011-12

Grant Source	Public Two-Year	Public Four-Year	Private Nonprofit Four-Year	For-Profit
Federal Grants	81%	42%	18%	92%
State Grants	9%	20%	8%	2%
Institutional Grants	6%	31%	69%	2%
Private and Employer Grants	4%	7%	5%	4%

Source: The College Board, *Trends in College Pricing 2012*; calculations by the authors.

## Net Price

Although it is generally the published prices that make headlines, it is the net prices paid by individual students that matter most for college access and affordability. Table 6 shows the published price, net price, and total grant aid and tax benefits per full-time undergraduate student by sector over time. As Table 6 shows, while the average published tuition and fee price at public four-year institutions was \$8,660 in 2012-13, the average *net* price was \$2,910, after subtracting \$5,750 estimated grant aid and tax benefits from published tuition and fees. In the same year, full-time students received an estimated \$4,350 in grant aid and tax benefits in the public two-year sector. This aid averaged about \$15,680 for full-time students in the private nonprofit four-year sector and \$10,220 for those enrolled in for-profit institutions.

Over the past five years, the average published public four-year in-state tuition and fee price has increased by 27% in real terms, while the average net price has increased by 18%. During this period, the average published tuition and fee price increased by 24% and 13% for public two-year and private nonprofit four-year institutions, respectively, while the net tuition and fee price in both sectors declined.

**Table 6:** Published Prices, Net Prices, and Total Grant Aid and Tax Benefits in 2012 Dollars, Full-Time Undergraduate Students, 1992-93 to 2012-13, Selected Years

	92-93	97-98	02-03	07-08	08-09	09-10	10-11	11-12	12-13
<b>Public Two-Year In-State</b>									
Published Tuition and Fees (TF)	\$1,820	\$2,240	\$2,130	\$2,520	\$2,470	\$2,720	\$2,870	\$3,000	\$3,130
Net TF	\$490	\$300	-\$570	\$10	-\$450	-\$890	-\$1,460	-\$1,350	-\$1,220
Total Grant Aid and Tax Benefits	\$1,330	\$1,940	\$2,700	\$2,510	\$2,920	\$3,610	\$4,330	\$4,350	\$4,350
Published Tuition, Fees, Room and Board (TFRB)	\$7,920	\$8,880	\$9,380	\$10,130	\$9,880	\$10,320	\$10,620	\$10,440	\$10,550
Net TFRB	\$6,590	\$6,940	\$6,680	\$7,620	\$6,960	\$6,710	\$6,290	\$6,090	\$6,200
<b>Public Four-Year In-State</b>									
Published TF	\$3,810	\$4,440	\$5,210	\$6,810	\$6,860	\$7,500	\$8,000	\$8,370	\$8,660
Net TF	\$1,920	\$1,780	\$1,490	\$2,470	\$2,340	\$1,950	\$2,120	\$2,620	\$2,910
Total Grant Aid and Tax Benefits	\$1,890	\$2,660	\$3,720	\$4,340	\$4,520	\$5,550	\$5,880	\$5,750	\$5,750
Published TFRB	\$9,510	\$10,660	\$12,300	\$14,910	\$14,960	\$16,180	\$16,980	\$17,380	\$17,860
Net TFRB	\$7,620	\$8,000	\$8,580	\$10,570	\$10,440	\$10,630	\$11,100	\$11,630	\$12,110
<b>Private Nonprofit Four-year</b>									
Published TF	\$17,040	\$19,680	\$22,970	\$25,760	\$25,850	\$27,380	\$28,130	\$28,280	\$29,060
Net TF	\$10,010	\$11,010	\$13,150	\$13,870	\$13,440	\$12,650	\$12,540	\$12,600	\$13,380
Total Grant Aid and Tax Benefits	\$7,030	\$8,670	\$9,820	\$11,890	\$12,410	\$14,730	\$15,590	\$15,680	\$15,680
Published TFRB	\$24,500	\$27,640	\$31,630	\$35,190	\$35,200	\$37,310	\$38,320	\$38,510	\$39,520
Net TFRB	\$17,470	\$18,970	\$21,810	\$23,300	\$22,790	\$22,580	\$22,730	\$22,830	\$23,840
<b>Private For-Profit</b>									
Published TF				\$13,740	\$13,870	\$14,100	\$14,750	\$14,950	\$15,170
Net TF				\$7,370	\$6,990	\$4,490	\$4,740	\$4,720	\$4,950
Total Grant Aid and Tax Benefits				\$6,370	\$6,880	\$9,610	\$10,010	\$10,220	\$10,220

Note: Because financial aid data for 2012-13 are not yet available, financial aid and the resulting net prices for 2012-13 are preliminary estimates.

Source: The College Board, *Trends in College Pricing 2012*, Table 7.

## Student Debt

The most up-to-date, reliable data about the debt levels of college graduates in all sectors are from 2009. As Table 7 shows, in 2009, 37% of bachelor's degree recipients who were dependent on their parents for financial aid purposes graduated debt-free, compared to only 25% of those who were independent. While we know that students borrow more now, there is no reason to believe that the pattern across sectors has changed significantly.

Table 7 shows that while 18% of dependent bachelor's degree recipients graduated with more than \$28,000 in debt in 2009, in the for-profit sector that figure was 65%. (There were too few bachelor's degrees awarded to independent students in the for-profit sector to yield a valid figure for this group.)

**Table 7:** Distribution of Cumulative Debt Among 2009 Bachelor's Degree Completers, by Last Institutional Sector Attended

Dependency Status	Sector of Four-Year Institutions	Cumulative Debt Level of 2009 Bachelor's Degree Completers					Students (in 000s)
		\$0	First Quartile (\$1–\$9,882)	Second Quartile (\$9,883–\$17,288)	Third Quartile (\$17,289–\$27,978)	Fourth Quartile (>\$27,978)	
Dependent	Public	40%	13%	16%	17%	14%	720
	Private Nonprofit	32%	8%	16%	20%	25%	347
	For-Profit	16%	2%	6%	11%	65%	15
	<b>Total Four-Year</b>	37%	11%	16%	18%	18%	<b>1,082</b>
Independent	Public	32%	11%	12%	18%	27%	27
	Private Nonprofit	26%	5%	13%	13%	44%	21
	<b>Total Four-Year</b>	25%	8%	10%	13%	44%	<b>58</b>
All	Total Four-Year	36%	11%	15%	18%	19%	1,140

Source: The College Board, *Trends in Student Aid 2011*, Figure 9A.

Many students enroll in postsecondary programs but never earn degrees. These students are likely to have difficulty repaying their loans. As Table 8 shows, 30% of students who enrolled for less than one year borrowed, 78% of those who enrolled for such a short period of time in the for-profit sector borrowed and 13% borrowed more than \$10,000. Overall, 13% of students who left school after two years or longer with no credential had accumulated more than \$20,000 in debt; 30% of students from the for-profit sector had accumulated this level of debt.

Again, the level of the federal assistance program for veterans may shield this group of students from the debt problems facing others.

**Table 8:** Amount Borrowed by Students Who First Enrolled in 2003-04 and Left without Completing a Degree or Certificate by 2009, by Institutional Sector and Length of Enrollment (with Percentages of Students in Each Sector Within Enrollment Category)

Total Months Enrolled	Sector (and Percentage of Students in Each Sector)	Amount Borrowed			
		Did Not Borrow	\$1–\$10,000	\$10,001–\$20,000	\$20,001 or More
Up to 12 months (32%)	For-Profit (18%)	22%	66%	9%	4%
	Private Nonprofit Four-Year (4%)	42%	48%	10%	1%
	Public Four-Year (10%)	54%	46%	1%	0%
	Public Two-Year (65%)	87%	12%	1%	0%
	Total	70%	27%	3%	1%
13–24 months (31%)	For-Profit (25%)	7%	57%	27%	10%
	Private Nonprofit Four-Year (6%)	31%	41%	15%	13%
	Public Four-Year (14%)	37%	45%	12%	6%
	Public Two-Year (52%)	65%	30%	4%	2%
	Total	44%	40%	12%	5%
Greater than 24 months (37%)	For-Profit (10%)	11%	18%	41%	30%
	Private Nonprofit Four-Year (12%)	27%	21%	28%	24%
	Public Four-Year (25%)	39%	23%	20%	19%
	Public Two-Year (52%)	59%	27%	10%	5%
	Total	45%	24%	18%	13%

Note: In Table 8, institutional sector refers to the first institution attended. Sectors do not sum to 100% because public less-than-two-year and private nonprofit two-year-or-less institutions are excluded. Percentages in parentheses in the “Total Months Enrolled” column refer to the percentage of all students leaving school without a degree who were enrolled for the specified number of months and to the sector breakdown within those categories. For example, 37% of the students who left without a degree were enrolled for more than 24 months. Of this group, 52% began their studies in public two-year colleges.

Source: The College Board, *Trends in Student Aid 2012*, Figure 11C.

## Completion Rates

It is difficult to predict outcomes for the veterans now benefitting from the relatively new federal benefits. Many of these students attend for-profit institutions. Because they are typically adults with family and work responsibilities, they tend to seek shorter-term programs with flexible schedules and specific occupational direction. The for-profit sector offers many shorter-term certificate programs and has relatively high completion rates for these programs.

Table 9 shows the percentage of students who completed a degree or certificate by sector and cohort. For students who started at a four-year institution in 2005, 65% of those in the private nonprofit sector had received a bachelor’s degree by 2011, compared with 57% of those in the public sector and 42% in the for-profit sector. (It is important to note however, that the bachelor’s degree completion rates for the for-profit sector have been volatile and should be interpreted with caution.) Where the data shows a different picture, however, is the awarding of two-year degrees in the for-profit sector. For students who started at a two-year institution in 2008, 31% had received a degree or certificate within 150% of normal time, ranging from 20% for students in the public two-year sector to 62% for students in the for-profit sector.

**Table 9:** Completion Rates of Students by Sector, Selected Cohort Entry Years, 2000 Through 2008 (Based on First-Time Full-Time Students Who Completed at the Same Institution at Which They First Enrolled)

	% of Four-Year Students Completing a Bachelor's Degree within Six Years				% of Two-Year Students Completing a Credential within 150% of Normal Time			
	All Four-Year	Public Four-Year	Private Nonprofit Four-Year	For-Profit Four-Year	All Two-Year	Public Two-Year	Private Nonprofit Four-Year	For-Profit Two-Year
2000 Cohort	58%	55%	64%	33%	31%	24%	50%	59%
2002 Cohort	57%	55%	65%	22%	29%	22%	49%	57%
2003 Cohort	57%	56%	65%	20%	29%	22%	49%	57%
2004 Cohort	58%	56%	65%	28%	28%	20%	44%	58%
2005 Cohort	59%	57%	65%	42%	27%	21%	48%	58%
2006 Cohort	—	—	—	—	29%	20%	53%	59%
2007 Cohort	—	—	—	—	30%	20%	51%	60%
2008 Cohort	—	—	—	—	31%	20%	51%	62%

— Data are not yet available.

Source: National Center for Education Statistics, *Digest of Education Statistics 2012*, Tables 376 and 377.

Table 10 shows the six-year completion rates for students who started college in fall 2006 by age and enrollment intensity. Unlike the Department of Education's IPEDS data on which Table 9 is based, the data in Table 10, from the National Student Clearinghouse, allow tracking of individual students as they switch institutions. Among students who started at a four-year institution at the age of 24 or younger and enrolled exclusively full-time, more than 80% of those in the public and private nonprofit sectors had completed a degree or certificate six years later. Of those who started at a for-profit four-year institution, 54% had completed a degree or certificate. For older students who enrolled exclusively full-time, about 70% of those who started in the public and private nonprofit four-year sectors had completed a degree or certificate within six years. Sixty-three percent of those who started in the for-profit four-year sector had completed a degree or certificate within six years, which may be a result of the relatively high completion rate of certificates among these students.

**Table 10:** Total Six-Year Completion Rates of 2006 Starting Cohort by Age, Enrollment Intensity, and Sector of First Institution (Includes Completion at Any Institution)

	24 or Younger			Over 24		
	Exclusively Full-Time	Exclusively Part-Time	Mixed Enrollment	Exclusively Full-Time	Exclusively Part-Time	Mixed Enrollment
Public Two-Year	54%	10%	33%	46%	27%	36%
Public Four-Year	82%	8%	47%	69%	25%	47%
Private Nonprofit Four-Year	86%	14%	50%	71%	35%	52%
For-Profit Four-Year	54%	14%	26%	63%	30%	25%

Source: National Student Clearinghouse Research Center, *Completing College: A National View of Student Attainment Rates*, Tables 11, 14, 20, and 23, November 2012.

## Concluding Remarks

The Post-9/11 GI Bill should allow many veterans to continue their education without extensive borrowing. The high correlation between levels of educational attainment and employment and earnings makes this a vital component of easing re-entry into the civilian world. However, like other aspiring college students, veterans are faced with a wide array of institutional options and available credential programs. A significant problem faced by both veterans and other adults seeking to return to school is a lack of adequate guidance in making these important choices. This problem has led to proposals to assure that these students have access to assessment and counseling from disinterested experts before they commit to a program or an institution.<sup>3</sup>

As documented in this testimony, students face very different price tags, student aid subsidies, and success probabilities depending on the choices they make. Like other adult students, veterans are often drawn to the for-profit sector because of the flexible schedules such institutions offer.

The for-profit sector has a relatively high completion rate for shorter-term certificates and two-year degrees, especially compared to other sectors, including the public two-year sector. However, their completion rates for bachelor's degrees are much lower.

It is important to assure that the federal aid dollars are well-spent on cost-effective programs. Even with the growing availability of on-line data on completion rates and short-term labor market outcomes, veterans, even more than most other students, could benefit from better, personalized advice about postsecondary choices.

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<sup>3</sup> Sandy Baum et al., *Rethinking Pell Grants*, The College Board, April 2013.