



For-profit vs. nonprofit colleges and universities

Introduction

For-profit organizations aim to maximize profits, and forward these profits to the company's owners and shareholders. Apple, Ford, many textbook publishers, are for-profit companies. Many universities are for-profit.

Nonprofit organizations aim to provide society's needs, and have no owners. They are also called mission-driven organizations—their mission depends on the needs they want to meet. Instead of maximizing profits, they are concerned with ensuring their revenues are greater than their costs.¹ The Salvation Army, the Boys and Girls Club, many churches and museums, and the majority of colleges and universities are nonprofit institutions. PCC is technically a nonprofit, with its own mission statement.

Nonprofit colleges and universities fall into two categories: public and private. In general, private nonprofit colleges and universities have a higher price tag than public ones, but often, scholarships, grants, and other financial aid make them as affordable as public colleges. Most nonprofit colleges and universities are accredited by educational accrediting agencies. They offer courses on campus and sometimes online.

Public nonprofit colleges and universities	Private nonprofit colleges and universities
All community colleges, all CSUs, all UCs	USC, La Verne University, Whittier College, Redlands University, Pacific Oaks College, Western Governors University, and others

For-profit colleges have become much more common in the past 20 years. For-profit colleges may operate fully or partially online, with a central campus or with rooms in office buildings. Their price tag is generally higher than that of nonprofit public colleges, sometimes as high or even higher than that of nonprofit private institutions. Often, financial aid opportunities are limited to educational loans only.

For-profit colleges and universities
University of Phoenix, Grand Canyon University, Mount Sierra University, Kaplan University, and several career/vocational colleges such as American Career College, and others

¹ <http://smallbusiness.chron.com/major-accounting-differences-between-profit-non-profit-organizations-26257.html>, Accessed September 26, 2017.

Features of for-profit and nonprofit colleges and universities

Nonprofit colleges/universities	For-profit colleges/universities
None are predatory, but have varying success rates--students should research institutions carefully before applying	Good and bad actors--students should research institutions carefully before applying
Well-established rules, current regulations tightening institutions' accountability toward students	Federal regulations are changing--currently loosening institutions' accountability toward students
All forms of financial aid available (scholarships, grants, work study, loans)	Financial aid may be limited to loans
Most are accredited, courses transfer between institutions, degrees are widely recognized	May or may not be accredited, courses may or may not transfer to nonprofits, degrees may or may not be recognized
Regulated by state/federal laws and educational accrediting agencies	Regulated by the Department of Consumer Affairs

Advantages and disadvantages of for-profit and nonprofit colleges and universities

Nonprofit colleges/universities	For-profit colleges/universities
Advantages: established paths with community colleges, availability of grants, scholarships, federal loans, accreditation and reputation of colleges are well-established and courses transfer, mostly in-person instruction, lower total cost generally	Advantages: Open admission, serve nontraditional students, convenient scheduling, many online options, "second chance schools," transferring to them may be easy, but it depends on each institution's policies
Disadvantages: some public campuses are impacted (overcrowded), they offer traditional scheduling with limited online options, and may be more bureaucratic	Disadvantages: Misleading and aggressive sales and marketing tactics, profits are spent on advertising instead of instruction, many are fully or mostly online, unfavorable/controversial educational and occupational results, courses and degrees may not be recognized, many students default on loans, financial aid other than loans may be limited

How can you tell nonprofit colleges and for-profit colleges apart?

A school's own website might not be straightforward; ".edu" does not reveal for-profit or nonprofit status. Instead, words such as "Investor relations" reference for-profit status, while "public" refers to non-profit status.

The landing page of school websites may offer clues: If the page is informational, it is likely nonprofit. If it is asking for your contact information, it is likely a for-profit that will be aggressive in advertising to you.

Find reliable information on a college's for-profit or nonprofit status and other important data (graduation rates, costs, income after graduation, default rates, programs/majors) on these two sites:
<https://collegescorecard.ed.gov/> <https://nces.ed.gov/collegenavigator/>