

For-Profit Schools Cost Taxpayers Less According to New Study

The new report might influence a Department of Education decision to punish for-profit schools for higher loan rates.

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As Washington considers a White House plan to produce 5 million more college-level associate degrees, former Clinton administration economist Robert Shapiro has produced a new report that shows for-profit schools end up costing [taxpayers](#) far less than public institutions. "There is a false perception that for-profit institutions cost American taxpayers significantly more money to educate students than their not-for-profit counterparts. In fact, the data show that the opposite is true," says the report commissioned by some of the biggest names in the for-profit education business including Kaplan and DeVry.

The study from Sonecon, a Washington consulting firm, is titled "The Public Costs of Higher Education: A Comparison of Public, Private Not-for-Profit, And Private For-Profit Institutions" It found that when all state and federal money to colleges is considered, taxpayers spend about 6.5 percent more to educate a student at a public four-year institution than at a four-year for-profit school. By showing the value of for-profit schools, the report might influence the move by the Department of Education to punish the schools for having high student loan default rates, a concern that has some in the department considering banning student loans to students of those schools.

It also comes as the administration is making noise about expanding help for community colleges. Just this week, for example, the White House announced that the president will join the vice president's wife, Jill Biden, to host the first-ever White House Summit on Community Colleges on Tuesday.

Read the executive summary of the report [here](#).