Earnings of Kaplan University Graduates: How Their Earnings Compare to Counterparts Who Did Not Pursue Higher Degrees, Graduates of Public and Private Not-for-Profit Institutions in Five States, and Graduates Nationwide

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Executive Summary

This study applied rigorous economic analysis to assess the value of an education and degree from Kaplan University. We draw on data from the Department of Labor's Wage Record Interchange System (WRIS 2), data from Kaplan University on the earnings of graduates who completed their degrees from 2007–2008 to 2011–2012, and data from CollegeMeasures.org, a joint venture of the American Institutes for Research, Optimity Advisors, and five states on the first-year earnings of graduates of public and private not-for-profit colleges and universities in those states. The analyses disaggregate graduates by degree programs — associate's, bachelor's, and master's degrees — and by their major fields of study.

Based on all these results, we conclude that students gain substantial economic value from a Kaplan University education and degree, and the value they derive is generally comparable to the value gained from a comparable education and degree from not-for-profit public and private institutions across the five states that provide data for such comparisons.

First, we examined the 2014 mean and median earnings of Kaplan University graduates from the classes of 2007–2008 to 2011–2012 by their degree programs and major fields of study.

- In 2014, 2012 associate's degree graduates, across majors, earned on average \$25,395; 2012 bachelor's degree graduates, across majors, earned on average \$36,960; and 2012 master's degree graduates, across majors, earned on average \$47,642.
- These earnings vary substantially by major field of study: The 2014 average earnings of Kaplan University 2012 associate's degree graduates ranged from \$15,300 (early childhood education) to \$53,530 (registered nursing). Similarly, the earnings of bachelor's degree graduates ranged from \$22,717 to \$61,803 and the earnings of master's degree graduates ranged from \$24,802 to \$70,186.
- The data also suggest that a Kaplan University education provided its graduates the knowledge and skills to make steady income progress: In 2014, 2008 associate's degree graduates earned \$32,809, 29.2% more than the \$25,395 earned by 2012 associate's degree graduates. Similarly, 2008 bachelor's degree graduates earned \$49,607 in 2014, or 34.2% more than 2012 bachelor's degree graduates; and 2008 master's degree graduates earned \$55,292, 16.5% more than 2012 master's degree graduates.

Next, we assessed the economic value of a Kaplan University education by comparing the earnings of its graduates to those who did not earn higher degrees. We used as their base the earnings of Kaplan University students in the year they began their degree program, adjusted those earnings to the year they graduated based on the income growth of those who did not pursue the degree, and then tracked their actual earnings after receiving their degrees. We compared those earnings with the earnings of those who started with the same earnings as the Kaplan University students upon graduating and did not pursue a higher degree. Kaplan University reports that its associate's degree students and master's degree students each take an average of 3 years to complete their degrees and bachelor's degree students take about 6 years.

- For those students who entered Kaplan University in 2006 and received an associate's degree in 2008, median earnings were \$15,071 in 2006 (their income before entering the University) and \$15,290 in 2008 (their pre-University income adjusted by the average growth rate of income for high school graduates with similar demographics). After graduating from Kaplan University, their earnings rose to an estimated \$27,890 in 2014, controlling for income differences across majors and across graduation cohorts, for an increase of 82.4% over the 6 years. The earnings of their counterparts who did not pursue an associate's degree rose from \$15,290 in 2008 to an estimated \$15,964 in 2014, or 4.4 %. The income premium for a Kaplan University associate's education and degree was 74.7% over 6 years.
- For those students who entered Kaplan University in 2003 and received a bachelor's degree in 2008, their average earnings increased from \$29,286 in 2003 and \$30,358 after adjustments to 2008, to an estimated \$41,947 in 2014, or 38.2% over 6 years. The earnings of high school graduates who earned \$29,286 in 2003 and \$30,358 in 2008 increased to an estimated \$31,698 by 2014, or 4.4%. Therefore, the income premium of a Kaplan University bachelor's degree and education was 32.3% over 6 years.
- For those students who entered Kaplan University in 2006 and received a master's degree in 2008, their average income increased from \$34,322 in 2003 and \$36,231 after adjustments to 2008, to an estimated \$47,890 in 2014, or 32.2% over 6 years. The earnings of college graduates who earned \$36,231 in 2008 increased to an estimated \$42,621 in 2014, or 17.6%. Thus, the income premium of a Kaplan University master's degree and education was 12.4% over 6 years, although data issues limit the reliability of this analysis.

This study focuses on the earnings associated with completing Kaplan University degrees, not the cost of doing so. However, the data show that the costs of attending Kaplan University have risen significantly more slowly than the costs of attending not-for-profit public and private institutions.

- From 2008 to 2012, the average total tuition and fees rose 1.2% per year for the Kaplan University associate's degree program and 2.3% per year for the bachelor's degree program.
- Over the same period, the average total tuition and fees for in-state students grew 6.4% per year at 2-year public institutions and 8.3% per year at 4-year public institutions.
- Over the same period, the average tuition and fees at a 4-year, private, not-for-profit institution grew 5.0% per year.

Next, we compared the first-year earnings of Kaplan University graduates with the first-year earnings of graduates from public and private not-for-profit institutions, in the same fields and same degree programs, in five state (Arkansas, Colorado, Florida, Texas, and Virginia).

- Kaplan University 2012 associate's degree graduates had higher mean first-year earnings than associate's degree graduates in the same fields from public and private not-for-profit institutions in Arkansas and Virginia. Kaplan University associate's degree graduates had lower median first-year earnings than associate's degree graduates in the same fields from not-for-profit public and private institutions in Colorado, Florida, and Texas.
- Kaplan University 2012 bachelor's degree graduates had higher mean or median first-year earnings than bachelor's degree graduates in the same fields from public and private not-for-profit institutions in Arkansas, Florida, and Virginia. Kaplan University bachelor's degree graduates had lower median first-year earnings than their counterparts in the same fields from public and private not-for-profit institutions in Colorado and Texas.
- Kaplan University 2012 master's degree graduates had lower mean or median first-year earnings than master's degree graduates in the same fields from public and private not-for-profit institutions in all five states.

However, the data used here contain certain biases that overstate the earnings of the graduates of public and private not-for-profit institutions:

- The earnings data for Arkansas, Colorado, Florida, and Virginia graduates in all three degree programs exclude those graduates who earned less than a year-round, full-time minimum wage worker, while the data for Kaplan University graduates (and graduates of Texas not-for-profit institutions) cover all graduates, including low earners. (Most low-earning graduates likely worked only part time or for only part of the year.)
- In addition, Kaplan University enrolls and graduates a significantly larger share of female students, minority students, and students from lower-income backgrounds than the not-for-profit institutions in the five states. Extensive research shows that women with associate's, bachelor's, or master's degrees earn less than their male counterparts; minorities with those degrees earn less than their white counterparts; and people from low-income backgrounds with those degrees earn less than their counterparts from higher-income backgrounds.

Next, we compared the mean or median first-year earnings of bachelor's degree graduates from Kaplan University, not-for-profit institutions in the five states, and the nationwide average, for nine major fields of study.

- Graduates of Kaplan University and not-for-profit institutions in three states (Virginia, Colorado, and Texas) had average first-year earnings equal to or greater than graduates nationwide in three of the nine major fields of study.
 - Kaplan University graduates and graduates of Texas not-for-profit institutions both had first-year earnings equal to 110% to 125% of the nationwide average in one major field and first-year earnings of 125% or more of the nationwide average in two major fields.
 - By contrast, Virginia graduates had first-year earnings equal to 100% to 110% % of the nationwide average in three major fields, and Colorado graduates had

earnings equal to 110% to 125% of the nationwide average in two major fields and earnings of 125% or more of the national average in one field.

• Graduates of not-for-profit institutions in the other two states—Arkansas and Florida—had first-year earnings equal to or greater than graduates nationwide in only one of nine fields.

Finally, we analyzed the impact of gender, race, and ethnicity on the earnings of bachelor's degree graduates. The economic literature and data from the National Center for Education Statistics (NCES) establish that females, African Americans, and Hispanics earn less than males and whites, after controlling for education and experience. Next, we analyzed the demographic composition of the student bodies of for-profit institutions and public and private not-for-profit institutions, and established their proportions of males and females and whites, African Americans, and Hispanics. We analyzed those data in the context of the economic literature and found the following:

- Based solely on their different gender, racial, and ethnic demographics, bachelor's degree graduates of for-profit institutions, on average, should earn 3.8% and 4.0% less than, respectively, bachelor's degree graduates of public and private not-for-profit institutions.
- When we apply this adjustment to the analysis of the first-year earnings of bachelor's degree graduates from Kaplan University, compared to those from not-for-profit institutions in the five states, it increased the earnings advantages of Kaplan University graduates relative to the graduates of not-for-profit institutions in Arkansas, Florida, and Virginia and reduced the earnings advantages of the graduates of not-for-profit institutions in Colorado and Texas relative to Kaplan University graduates.

All told, we found that 8 years after entering Kaplan University, graduates with associate's degrees earn more than 60% more than their counterparts without a degree; and 11 years after entering, Kaplan University graduates with bachelor's degrees earn more than 60% more than their counterparts without a degree. We further found that the tuition and fees for a Kaplan degree program have risen substantially more slowly than the tuition and fees for degree programs from 2- and 4-year public institutions and 4-year private not-for-profit institutions.

In summary, we also compared the first-year earnings of Kaplan graduates and graduates in the same fields from public and private not-for-profit institutions in five states: We found that the Kaplan University associate's degree graduates earned more or the same as their counterparts in the same fields in two of the five states and Kaplan University bachelor's degree graduates earned more or the same as their counterparts in the same fields in three of the five states. Master's degree graduates of not-for-profit institutions in all five states earned as much or more than Kaplan University master's degree graduates in the same fields, in all five states.

Finally, we found that compared to the average earnings nationwide by bachelor's degree graduates in nine major fields of study, the Kaplan graduates did as well as the graduates of public and private not-for-profit institutions in three of the five states, and better than the graduates of not-for- profit institutions in the other two states.

Earnings of Kaplan University Graduates: How Their Earnings Compare to Counterparts Who Did Not Pursue Higher Degrees, Graduates of Public and Private Not-for-Profit Institutions in Five States, and Graduates Nationwide¹

Robert J. Shapiro

I. Introduction

The quality and value of the education provided by for-profit colleges and universities has been a subject of heated public debate. An official of the U.S. Department of Education (DoED), for example, recently said of for-profit institutions, "too often, they leave students with high debt and ... either no degree or worthless degrees."² Our analysis shows that with regard to one of the leading for-profit institutions, Kaplan University, this assessment is incorrect. The data show that the graduates of associate's, bachelor's, and master's degree programs offered by Kaplan University earn substantial premiums in the workforce, which also are generally comparable to graduates of not-for-profit public and private institutions.

First, we compared the earnings of Kaplan University graduates to their counterparts who did not earn degrees, using the Kaplan University students' earnings the year they began their degree program as the base for both groups. The earnings of Kaplan University students who completed their associate's degrees in 2006 increased from \$15,071 in 2006, adjusted to \$15,290 for 2008, to an estimated \$27,890 in 2014, after adjusting for differences in income growth by major and graduation cohort, or 82.4% in 8 years. The earnings of their demographic counterparts with only high school diplomas, and who did not pursue and receive an associate's degree, rose from \$15,290 in 2008 to an estimated \$15,964 in 2014, or 4.4%. Thus, the income premium for a Kaplan University associate's degree education was 74.7 % over the 6 years from 2008 to 2014. Similarly, the earnings of Kaplan University students who began their bachelor's degree program in 2003 and received the degree in 2008 increased from \$29,286 in 2003, adjusted to \$30,358 for 2008, to \$41,947 in 2014, or 38.2% in 6 years. The earnings of counterparts who did not pursue a higher degree rose from \$30,358 in 2008 to \$31,698 in 2014 or 4.4%. Therefore, the income premium of a Kaplan University bachelor's degree was 32.3% over 6 years. The income gap is less for master's degree graduates compared to average college graduates: The earnings of Kaplan University master's graduates rose 32.2% in 6 years, compared to 17.6% for their counterparts, for an income premium for a Kaplan University master's degree of 12.4% over 6 years.

Next, we analyzed the first-year earnings of graduates from Kaplan University and not-forprofit institutions in five states and found that the two alternatives have comparable records. In Virginia and Arkansas, the average or mean first-year earnings of associate's and bachelor's degree graduates from Kaplan University were equal to or greater than the first-year earnings of graduates of not-for-profit public and private institutions in those states. In Florida, the median first-year earnings of bachelor's degree graduates from Kaplan University, but not its associate's degree graduates, earned as much or more than the graduates of not-for-profit colleges and universities in that state. In Colorado and Texas, the first-year earnings of associate's and

 $^{^{1}}$ I want to acknowledge the superb research assistance provided by Siddhartha Aneja and the financial support for that research provided by Kaplan University. The views and analyses expressed here are solely those of the author. 2 Camera (2016).

bachelor's degree graduates of not-for-profit institutions, on average, were greater than the firstyear earnings of Kaplan University graduates. Across all five states, first-year earnings by master's degree graduates from not-for-profit institutions, on average, exceeded first-year earnings of Kaplan University master's program graduates.

These comparisons do not take account of several factors that tend to skew the results in favor of the nor-for-profit institutions and against Kaplan University. Most important, the samples used by Arkansas, Colorado, Florida, and Virginia to calculate the average or median earnings of the graduates of their public and private not-for-profit institutions excluded any graduate who earned less than a full-time minimum wage worker, which includes many part-time workers. The first-year earnings data on Kaplan University graduates include all graduates with any earnings.

In addition, for-profit institutions enroll and graduate disproportionate numbers of students from low-income and/or minority backgrounds, and extensive research has shown that graduates from such backgrounds earn less than graduates from white and/or higher-income backgrounds.³ More than 50% of students attending for-profit colleges and universities come from households in the lowest income quartile, compared to 31% of students at traditional 2-year colleges and about 20% of students at traditional 4-year colleges and universities.⁴ The student bodies at for-profit institutions also are 24.7% African American, compared to 11.6% at traditional 4-year colleges and universities and 14.3% at traditional 2-year institutions. Similarly, 21.0% of students at for-profit institutions are Hispanic, compared to 11.8% at 4-year not-for-profit institutions and 13.8% at traditional 2-year institutions. The U.S. Bureau of Labor Statistics (BLS) reports that the median annual earnings of white bachelor degree graduates in 2014 was \$58,864, or 26.9% more than the average earnings of African American bachelor degree graduates at \$46,650, and 20.8% more than the average earnings of Hispanic bachelor degree graduates at \$48,724.⁵

The student bodies at for-profit institutions also are disproportionately female, and many analyses have established that college-educated women and minorities earn less than white males with the same education. Women account for 68.8% of students at for-profit institutions, compared to 54.7% in traditional 4-year institutions and 56.6% in traditional 2-year institutions. A 2012 study found that, 1 year after graduation, the average salary of female graduates in 2009 was \$35,296, 18% less than the \$42,918 average salary of male graduates.⁶

Based simply on these demographics, we should expect to find that the average and median incomes of graduates of for-profit institutions are lower than the average and median incomes of those graduating from traditional 2- or 4-year not-for-profit institutions. Therefore, we also calculated the impact of the demographic differences on the earnings of bachelor's degree graduates from Kaplan University compared to bachelor's degree graduates from not-for-profit institutions the five states. This adjustment, which we estimate to be 3.8% to 4.0%, increased the earnings advantage of Kaplan University graduates compared to graduates of public and private

³ Pew Charitable Trusts (2014).

⁴ National Center for Education Statistics (2011). Accordingly, nearly 75% of students at for-profit institutions receive Pell Grants, compared to a little over 36% of those attending traditional 2- or 4-year institutions 5 U.S. Bureau of Labor Statistics (2015).

⁶ *Ibid.* Another study of the graduating class in accounting, business, and economics at a small liberal arts school in Pennsylvania found that, 5 years after graduating, the women's average salary of \$51,875 was only 61.4% of the average salary of men at \$84,500. See Eisenberg and Laposata (2013).

not-for-profit institutions in Arkansas, Florida and Virginia, and reduced the earnings advantage of the graduates of not-for-profit institutions in Colorado and Texas.

Researchers at Harvard University also compared the earnings of students from for-profit universities and traditional postsecondary institutions, taking account of the students' demographics as well as their family status, nativity status, native language, and family history.⁷ They found that these "observable factors" explained much of the differences in economic outcomes; and, after researchers took account of these factors, they found that 5 years after the students began their postsecondary education the earnings of for-profit graduates were statistically the same as the earnings of not-for-profit community college graduates.⁸ The study also found that differences in the unemployment rates of graduates from for-profit institutions, compared to the graduates of traditional not-for-profit institutions, fell from 11.1 percentage points to 4.8 percentage points once those other features were factored in.⁹

Apart from these comparisons, a number of studies have shown that attending for-profit institutions can produce substantial benefits. One recent analysis used longitudinal data covering more than 19,000 students attending for-profit institutions and found that their time in college increased their likelihood of employment by 6.4 percentage points, compared to those with only high school diplomas.¹⁰ Another study showed that completing an associate's degree at a for-profit institution led to a 10.3% increase in earnings compared to high school graduates; and, after taking account of the foregone income from the 2.6 years it took on average to complete an associate's degree at these institutions, each year of attendance was associated with a 4.0% increase in salary.¹¹ This compares to the 5.0% average return for each year of attending a traditional not-for-profit institution.¹²

The quality and value of for-profit institutions of higher education vary substantially, as do the quality and value of public colleges and universities and not-for-profit private institutions. Nevertheless, these studies provide no evidence supporting claims that students generally are illserved by attending for-profit colleges and universities. This claim has been leveled repeatedly by some officials from the U.S. Department of Education (DoED), which has put in place regulations that penalize for-profit institutions which they find provide "substandard value" under the terms of those regulations. The regulations do not apply to public and private not-for-profit institutions, and for-profit institutions that do not meet the "gainful employment" standards under these regulations may become ineligible to accept funds from federal student loans and grants. If the federal government determines to ensure that students using federal funds receive quality education for those funds, at a minimum public and private not-for-profit institutions should be held to the same standards as for-profit colleges and universities.

 $^{^{7}}$ Ibid.

⁸ Deming, Goldin, and Katz (2012).

⁹ Ibid.

¹⁰ Cellini and Chaudhary (2014).

¹¹ Jacobson, Lalonde, and Sullivan (2005).

 $^{^{12}}$ Kane and Rouse (1995).

II. The Economic Value of a Kaplan University Education

For-profit institutions provide access to higher education for millions of students, and the value of their education is an important issue. To explore this issue, we analyzed two datasets on the incomes of graduates of Kaplan University, a leading for-profit institution of higher education. These data cover Kaplan University graduates who completed their degrees from 2007–2008 to 2011–2012 at brick-and-mortar Kaplan University campuses in Iowa, four Kaplan University Learning Centers, and online.¹³ The first dataset differentiates students by their major field of study (Classification of Instructional Programs [CIP] code), degree program (associate's, bachelor's, or master's degree), and year of graduation. It provides data on the number of people in each field of study and degree program, their cost of attendance, the loans they took out, their earnings upon graduating, and the current levels of their student debts and annual loan payments. The second dataset tracks the earnings of Kaplan University students from their first year of enrollment to 2014, differentiating students by their major field of study, degree program, year of graduation, and first-year earnings.¹⁴

The 2014 labor earnings of these graduates come from the Wage Record Interchange System (WRIS 2), a database constructed from unemployment insurance data from 39 states, the District of Columbia, and Puerto Rico. Overall, we matched the Social Security numbers of 77.8% of Kaplan University graduates from their degree programs to the WRIS 2 system.¹⁵

The differentiation of graduates' earnings by their major fields of study is important because such majors often are important factors determining graduates' salaries. A 2005 study used individual-level data from the 1985–1986 schedule of the National Survey of Recent College Graduates (RCG) and found that college majors providing specialized and/or technical skills such as engineering, computer science, and healthcare produce workers with high productivity, which in turn leads to higher wages and salaries.¹⁶ The author also noted that graduates from technical and specialized programs face higher opportunity costs over the long term, because their specialized education constrains their ability to switch careers. Other studies also found strong correlations between students' college majors and their post college incomes. For example, researchers used data from the 1997 cohort of the National Longitudinal Survey of Youth (NSLY) to compare post college incomes across student groups. They found that a graduate's income correlated more strongly with their choice of major, and with an individual's ability, than with their choice of a college or university. For example, among "top students," those majoring in business, engineering and computer-related fields earned as much as \$23,000 more per year than those majoring in the humanities and arts after controlling for hours worked and type of institution.¹⁷

¹³ The data do not include graduates who attended Kaplan campuses in from Maine, Maryland, and Nebraska.

¹⁴ The data for cells with only one or two graduates in a year are not reported.

¹⁵ There are several reasons why some Kaplan University graduates could not be matched to the WRIS 2 system: if a graduate leaves the labor force or does not work in a state that participates in WRIS, for example, or if a graduate works for the Federal government, the U.S. military service, or a not-for-profit organization that does not participate in a state unemployment insurance program, or if the graduate works as a railroad union employee.

¹⁶ Thorson (2005).

¹⁷ Best and Keppo (2014).

Table 1, below, shows the 2014 average earnings of Kaplan University graduates across majors, weighted for the number of students in each major, 1 year after being awarded an associate's, bachelor's, or master's degree, by graduation year. The unadjusted earnings are the graduates' total earnings in 2014; the adjusted earnings are their fourth-quarter earnings multiplied by four. Adjusted earnings based on fourth-quarter earnings are higher than unadjusted earnings because some graduates received a raise or became employed in the second quarter or later.

Graduation	Unadjusted Earnings, Mean	Adjusted Earnings, Mean	Unadjusted Earnings, Median	Adjusted Earnings, Median				
	Panel A: Associate's Degree							
2007–2008	\$32,809	\$35,525	\$29,640	\$32,251				
2008–2009	\$29,719	\$32,708	\$26,706	\$29,746				
2009–2010	\$28,634	\$31,847	\$27,225	\$29,821				
2010-2011	\$27,991	\$31,036	\$25,577	\$28,189				
2011–2012	\$25,395	\$28,669	\$22,709	\$26,032				
Average	\$28,101	\$31,192	\$25,581	\$28,459				
		Panel B: Bachelor's	Degree					
2007–2008	\$49,607	\$54,369	\$43,962	\$47,735				
2008–2009	\$46,971	\$51,780	\$43,212	\$47,396				
2009–2010	\$44,267	\$48,605	\$39,050	\$44,170				
2010-2011	\$39,356	\$43,429	\$35,441	\$39,557				
2011-2012	\$36,960	\$41,367	\$33,247	\$37,319				
Average	\$41,100	\$45,485	\$36,899	\$41,099				
		Panel C: Master's I	Degree					
2007–2008	\$55,292	\$59,458	\$53,839	\$56,525				
2008-2009	\$56,624	\$63,724	\$50,335	\$54,233				
2009–2010	\$50,764	\$60,231	\$43,866	\$47,954				
2010-2011	\$45,734	\$50,226	\$41,262	\$45,730				
2011-2012	\$47,462	\$52,306	\$43,366	\$47,160				
Total	\$48,653	\$54,146	\$44,049	\$48,022				

Table 1: Ka	plan University	Graduates'	Earnings in 20)14 by Degree a	and Graduation Year
	•/				

As expected, the average earnings of Kaplan University graduates rise as the analysis moves from associate's degrees to bachelor's and then master's degrees. In 2014, 2012 Kaplan University graduates with bachelor's degrees, on average, earned \$36,960 or 45.5% more than the average earnings of \$25,395 by 2012 Kaplan University graduates with associate's degrees. Similarly, 2012 Kaplan University graduates with master's degrees earned, on average, \$47,462 in 2014, 28.4% more than 2012 Kaplan University graduates with bachelor's degrees. These differences are sustained through the 5 years of these data, suggesting that these degrees provided reliable value. Also, as expected, the adjusted mean or median earnings consistently are modestly higher than the unadjusted mean or median earnings. For example, 2012 Kaplan University

bachelor's degree graduates, on average, had adjusted mean earnings of \$41,367, 11.9% higher than their average unadjusted mean earnings of \$36,960.

Also, as expected, the average mean earnings of Kaplan University graduates are higher than their average median earnings on both unadjusted and adjusted bases. For example, the unadjusted average 2014 mean earnings of 2012 Kaplan University graduates with bachelor's degrees of \$36,960 was 11.2% greater than those graduates' average unadjusted 2014 median earnings of \$33,247. Similarly, the adjusted 2014 average median earnings of 2012 Kaplan University bachelor's graduates of \$37,319 was 9.8% less than those graduates' average 2014 adjusted mean earnings of \$41,369.

The differences in the average earnings of Kaplan University graduates reflect not only the degrees they earned but also their major fields of study. Figure 1, below, shows the average earnings in 2014 of 2012 associate's, bachelor's, and master's graduates across a range of majors. If master's degree graduates are more likely to focus on information technology, while associate's degree graduates focus more on accounting, the differences in their earnings will reflect both their degrees and their focus of study. In 2014, the average earnings of 2012 Kaplan University graduates of information technology programs was \$33,482 for those with associate's degrees, \$48,144 for those with bachelor's degrees, and \$63,527 for those with master's degrees — while the average earnings in 2014 of 2012 Kaplan University graduates of accounting programs was \$27,593 for those with associate's degrees, \$36,255 for those with bachelor's degrees, and \$47,483 for those with master's degrees.



Figure 1: 2014 Average Earnings of 2012 Kaplan University Graduates, by Degree and Field

As expected, the average earnings of Kaplan University graduates increase as they spend more time in the workforce. The 2008 graduates with a Kaplan University associate's degree had average earnings of \$32,809 in 2014, 29.2% more than the \$25,395 that 2012 associate's degree graduates earned in 2014. Similarly, the 2014 average earnings of \$49,607 by Kaplan University bachelor's degree graduates from 2008 was 34.2% higher than the \$36,960 average earnings of

2012 Kaplan University bachelor's degree graduates in 2014; and, the 2014 average earnings of Kaplan University 2008 master's degree graduates, \$55,292, was 16.5% higher than the 2014 average earnings of \$47,462 by those who earned Kaplan University master's degrees in 2012. These steadily rising incomes suggest that Kaplan University graduates gained the knowledge and skills needed to make steady progress in their careers. Figures 2-A, 2-B, and 2-C, below, track the earnings over time of Kaplan University 2008 graduates of associate, bachelor's, and master's degrees from various programs.



Figure 2-A: Average Earnings, Kaplan University 2008 Associate's Degree Graduates, By Field of Study

Figure 2-B: Average Earnings, Kaplan University 2008 Bachelor's Degree Graduates, By Field of Study







The economic value of the education of Kaplan University graduates also can be gauged by comparing their earnings to those who did not earn an associate's, bachelor's, or master's degree. The Kaplan University data used in this study includes the earnings of their students in their first year of their Kaplan University educations. The University reports that its graduates with an associate's degree take an average of 3 years to complete the program, graduates of the bachelor's degree programs take an average of 6 years to earn their degrees, and graduates of the master's programs take an average of 3 years to earn their degrees. We assume here that if these students had not attended Kaplan University they would have continued on their pre-University earnings paths; and we extrapolate those earnings by applying the average annual real growth of income by high school graduates from 2010 to 2014 for comparisons with associate's and bachelor's degree graduates and the real income by college graduates for comparisons with master's degree graduates. We calculated those rates of income growth by age cohort in a study published by the Brookings Institution in March 2015.¹⁸ To account for the older age profile of Kaplan University students, we apply the income growth rates of households headed by high school graduates or college ages 25 to 29 in 2009 for half of our projection and the income growth rates of households headed by high school or college graduates ages 35 to 39 in 2009 for the other half of the projection.

The Brookings study relied on U.S. Census Bureau income data and found that the incomes of households headed by high school graduates who were 25 to 29 in 2009 grew at average annual rates of 1.1% from 2009 to 2012 and 3.0% per year in 2013 and 2014. We also found that the incomes of households headed by high school graduates ages 35 to 39 in 2009 fell 1.3% per year from 2009 to 2012 and then grew 4.0% per year in 2013 and 2014. Finally, we found that the incomes of households headed by college graduates ages 25 to 29 grew at an average annual rate of 4.8% from 2009 to 2014 and the incomes of households headed by college graduates ages 35 to 39 in 2009 grew 0.75% per year over this period. Using these data, we can project the likely

¹⁸ Shapiro (2015).

incomes of 2008 Kaplan University graduates if they had not attended and received their degrees and compare those results to the actual incomes of Kaplan University graduates.

Figure 3, below, tracks the 2014 incomes of Kaplan University students who earned an associate's degree and contrasts them with a projection of their earnings if they had not attended and completed the Kaplan University program. To be clear, we do not simply compare 2014 Kaplan University average median salaries with pre-University average median salaries; instead, we performed a regression analysis to adjust the earnings increases from pre-enrollment to 2014 by accounting for yearly differences in majors and differences in earnings among the five different graduation cohorts (2008 through 2012).¹⁹ Over time, Kaplan University has offered a broader choice of majors, and student's major is an important determinant of his or her postgraduate earnings. Similarly, a person's earnings prior to entering Kaplan University also may be correlated with the major he or she chooses. Further, as evident in Figures 2-A, 2-B, and 2-C, above, and as expected, the time spent in the labor force after graduation is an important factor for 2014 earnings. To account for the earnings differences across majors and based on graduates' time in the labor force by 2014, we regressed earnings increases from pre-enrollment to 2014 controlling for both major and graduation cohort and weighted the results by the number of students in each major and in each graduation cohort. For the analyses below, we present the estimated changes in earnings for students who graduated from Kaplan University in 2008, but the model also includes estimates for the other graduation cohorts.²⁰ The adjusted earnings for the 2008 cohort are lower than the unadjusted earnings for the 2008 cohort shown in Table 1, above, making the "income premium" estimates more conservative than if we had simply compared pre- and post-graduation earnings.





¹⁹ Model is specified as follows: $Y_{mc} = \alpha_m + \gamma_c + u_{mc}$, in which the outcome, Y_{mc} , is the difference in earnings prior to Kaplan University enrollment to 2014, a_m and γ_c are major and graduation cohort effects, and u_{mc} is the error term. The model is weighted by the number of students in each major and cohort with sufficient earnings data. ²⁰ As expected, income premiums of Kaplan University graduates increase as they spend more time in the labor force.

This analysis demonstrates the value of attending and completing Kaplan University associate's degree programs. The solid yellow line in the graph shows that the average median earnings of those who entered and graduated from a Kaplan University associate's degree program were \$15,071 in 2006, their first year of enrollment, adjusted to \$15,290 for 2008, when they graduated. This increase is simply their earnings upon entering the program adjusted for the average earnings increase of high school graduates who did not pursue a higher degree. From this adjusted base for 2008, the earnings of the Kaplan University associate's degree graduates rose to an estimated \$27,890 in 2014, or by more than 82.4%. (All income data are in 2014 dollars.) The broken yellow line in the graph shows that, based on the average earnings growth by high school graduates, those with earnings of \$15,290 in 2008 earned an estimated \$15,964 in 2014, an increase of 4.4%. This suggests that the Kaplan University associate's degree increased the income of these graduates by 74.7% after 6 years ((\$27,890 - \$15,964) / \$15,964 = 0.747).

We also tracked the income paths of entering students whose incomes in 2006 were equal to or greater than the salary of an employee working for minimum wage on a full-time basis. For Kaplan University associate's degree graduates, this analysis involves only the third and fourth income quartiles of entering students.²¹ These comparisons take account of any potential bias in the total sample based on students who were working part time while entering the program, although those graduating from the program may also include graduates who went onto work part time. This analysis of the third and fourth income quartiles of entering students, therefore, may understate the average income premium produced by a Kaplan University associate's degree. Nevertheless, the data on these subsets also demonstrate a significant income premium from completing the Kaplan University associate's degree program. Focusing on those students who were in the third income quartile in 2006 (the solid green line in Figure 3, above), we found that the earnings of those who received their associate's degree increased from \$17,834 in 2006, adjusted to \$18,093 for 2008, to \$25,551 in 2014, or an increase of 41.2% over 6 years. Their projected earnings if they had not attended and graduated (the broken green line) rose from \$18,093 in 2008 to \$18,891 in 2014, or 4.4%. The income premium of the Kaplan University associate's degree for this group was 35.3% after 6 years (\$25,551 / \$18,891). The outliers in this sample are those in the fourth or top income quartile on entering the Kaplan University program (the red line in Figure 3, above): The earnings of those who graduated increased from \$34,225 in 2006, adjusted to \$34,721 for 2008, to \$39,336 in 2014, or 13.3%, while the projected earnings of comparable people who did not earn an associate's degree increased from \$34,721 to \$36,253, or 4.4%. For this subset, the 6-year income premium of the Kaplan University associate's degree was 10.2%.

We conducted the same analysis for students who earned a bachelor's degree from Kaplan University in 2008, again starting with their incomes when they entered the University in 2003 (it took an average of 6 years to earn a Kaplan University bachelor's degree) and adjusted those earnings as before to 2008 (Figure 4, below). The results are similar to what we saw in the analysis of the associate's degree program. For all students who entered Kaplan University in 2003 and earned a bachelor's degree in 2008 (the solid yellow line), their incomes increased from \$29,286 in 2003, adjusted to \$30,358 in 2008, to \$41,947 in 2014, gains of 38.2% over 6 years. (Again, all income data are in 2014 dollars.) People of comparable age who did not earn a bachelors' degree (the broken yellow line) saw their incomes increase from \$30,358 in 2004, an

²¹ This also provides additional evidence of the predominance of Kaplan University students from low-income backgrounds.

increase of 4.4% over the 6 years. Therefore, the Kaplan University bachelors' degree increased the income of the graduates — the income premium of the Kaplan University bachelor's degree — by 32.3% over 6 years.





As seen with the associate's degree, the income progress of Kaplan University graduates with bachelor's degrees is greater for those who started with relatively low incomes. Restricting the analysis to those graduates who initially were in the second income quartile of Kaplan University entering students in bachelor's degree programs, we find that their average median earnings increased from \$20,893 in 2003, adjusted to \$21,659 for 2008, to \$36,382 in 2014, or 68.0% over the 6 years (the solid blue line in Figure 4). By contrast, the projected income of high school graduates who earned \$21,659 in 2008 increased to an estimated \$22,614 in 2014, or 4.4% over 6 years. For this income quartile, the income premium of a Kaplan University bachelor's degree was 60.9% after 6 years. Similarly, using the subset of those in the third income quartile of Kaplan University entering students in 2003, we found that their income increased from \$34,799 in 2003, adjusted to \$36,074 in 2008, to \$45,224 in 2014, or 25.4% over the 6 years (the solid green line in Figure 4). The incomes of their counterparts who did not earn a higher degree (the broken green line) rose from \$36,074 in 2008 to \$37,665 in 2014, or 4.4% over 11 years. For this subset, the 6-year income premium of the Kaplan University bachelor's degree was 20.1%. Among those in the fourth or top income quartile of those entering Kaplan University bachelor's degree programs in 2003, the income premium disappears (solid and broken red lines in Figure 4.)

Finally, we repeated this analysis for students who earned a master's degree from Kaplan University in 2008, starting with their incomes on entering the University programs in 2006 because students take an average of 3 years to earn a Kaplan University master's degree.²² For all master's degree students who entered Kaplan University in 2006 and earned a degree in 2008 (the solid yellow line in Figure 5, below), their average earnings of \$34,322 in 2006, adjusted to

²² The salary data are calendar year data, whereas the graduation year refers to midyear or later.

\$36,231 in 2008, increased to \$47,890 in 2014, gains of 32.2% over 6 years. (Again, all income data are in 2014 dollars.) College graduates of comparable age who did not earn a masters' degree (the broken yellow line) saw their incomes rise from \$36,231 in 2008 to \$42,621 in 2014, an increase of 17.6% over 6 years. The Kaplan University master's degree increased the income of these graduates — the income premium of their master's degrees — by 12.4% over 6 years.





As with the associate's and bachelor's degree graduates, students who began with relatively lower incomes achieved the greatest income gains from earning Kaplan University master's degrees. Focusing on those graduates who initially came from the second income quartile of students entering Kaplan University master's degree programs, we found that their median earnings increased from \$27,509 in 2006, adjusted to \$29,039 for 2008, to \$42,861 in 2014, or by 47.6% over the 6 years (the solid blue line in Figure 5). By contrast, the projected income of college graduates who earned \$29,039 in 2008 and did not earn a higher degree increased to \$34,161 in 2014, or 17.6% over 6 years. For this income quartile, the income premium of the Kaplan University master's degree was 25.5% after 6 years. Similarly, focusing on those in the third income quartile on entering Kaplan University in 2006, we found that their median earnings increased from to \$41,898 in 2008 to \$50,858 in 2014, or 21.4% over the 6 years (the solid green line in Figure 5). However, the incomes of their counterparts who did not earn a master's degree (the green dash line) increased by nearly as much, rising from \$41,898 in 2008 to \$49,287 in 2014 or 17.6% over the six years. For this subset, the six-year income premium of the Kaplan University master's degree was 3.2%. An income premium from the Kaplan University master's degree disappears among those who entered the program in 2006 from the top income quartile (the solid and broken red lines in Figure 5).

However, this analysis of the incomes of Kaplan University master's degree graduates overstates the earnings growth of those who did not earn a master's degree. The study reporting those income growth rates relied on a sample that included all those who earned degrees beyond high school diplomas. While college graduates comprise a large majority of the sample, it also includes people who earned master's, doctoral, JD, and MD degrees. It is very likely, then, that this analysis understates the income premiums associated with earnings a Kaplan University master's degree.

In addition to these observable short-term income gains from earning a Kaplan University associate's or bachelor's degree, their educations should produce continuing long-term benefits. This expectation reflects the numerous studies of income gains by college graduates, as compared to high school graduates. A 2014 study by the Federal Reserve Bank of San Francisco, for example, found that after taking account of their college costs, the earnings premium from a college degree from 1968 to 2011 averaged about \$20,300, or 57%; and, over their working lifetimes, the earnings of an average college graduate exceeded those of an average high school graduate by more than \$800,000.²³ Another study found that Americans in 2010 with associate's degrees earned \$9,185 more per year than high school graduates, an earnings premium of 31.2%, and those with bachelor's degrees earned \$20,937 more than high school graduates, an earnings premium of 71.2%.²⁴ Finally, our 2015 study for the Brookings Institution found that, over the quarter century from 1982 to 2007, the real incomes of households headed by college graduates who were ages 25 to 29 in 1982 increased 92.8% over 25 years, or more than 2.7 times as much as the 34.0% gains by households headed by high school graduates over the same period.²⁵

Costs of Earning a Kaplan University Degree

The focus of this study is the earnings associated with completing a degree, rather than the costs of doing so. Nevertheless, earning an associate's, bachelors', or master's degree at a forprofit college or university, or a not-for-profit institution, is usually expensive. However, data show that these costs have risen less for Kaplan University students than for their counterparts at not-for-profit institutions. The average overall tuition and fees for a Kaplan University associate's degree, covering the costs for all years of attendance, increased from \$28,323 for those who graduated in 2008 to \$29,695 for those who graduated in 2012. Kaplan University, using the standard 3-year time frame (150%) got graduating with an associate's degree, reports that its students' average tuition and fees increased from \$9,441 per year for those graduating in 2008 to \$9,898 per year for those graduating in 2012, or an average annual increase of 1.2%. Similarly, the total tuition and fees for Kaplan University students who earned a bachelor's degree in 2008 was \$39,205, compared to \$42,481 for those who graduated in 2012. Kaplan University, using the standard 6-year time frame (150%) for graduating with a bachelor's degree, reports that its average tuition and fees for Kaplan University students who earned a bachelor's degree in 2008 was \$39,205, compared to \$42,481 for those who graduated in 2012. Kaplan University, using the standard 6-year time frame (150%) for graduating with a bachelor's degree, reports that its average tuition and fees for those who graduated in 2008 was \$6,534 per year, compared to \$7,080 per year for those who graduated in 2012, or an average annual increase of 2.1%.

The average annual increases in tuition and fees paid by students at traditional, not-forprofit institutions have been substantially larger than the increases for Kaplan University students. The College Board reports that from 2007–2008 to 2011–2012, the tuition and fees of in-state students at 2-year public institutions increased by 25.5% — an average of 6.4% per year or more than five times the 1.2% annual increase for Kaplan University students in 2-year associate's

²³ Daly and Bengali (2014).

²⁴ Zaback, Carlson, and Crellin (2012).

²⁵ Shapiro (2015).

degree programs.²⁶ Similarly, the tuition and fees for in-state students at 4-year public institutions increased 33.3% from 2008 to 2012 — an average of 8.3% per year or nearly four times the 2.1% annual increase for Kaplan University bachelor's degree students. Finally, the tuition and fees at 4-year, private, not-for-profit institutions increased 20.2% from 2008 to 2012 — an increase of 5.0% per year or 2.4 times the average annual increases for Kaplan University bachelor's degree students.²⁷

The tuition and fees for Kaplan University master's degree students who graduated in 2007–2008 totaled \$17,284, or \$5,761 per year based on students taking an average of 3 years to complete the program. Those total costs increased to \$24,336 for those who earned a Kaplan University master's degree in 2011–2012, or \$8,112 per year. Therefore, the average tuition and fees costs of a Kaplan University master's degree increased 13.6% per year from 2008 to 2012. However, comparable data are not available on the costs of earning a master's degree at not-for-profit public and private institutions.

Graduation	Cost to Attend	Total Debt	Annual Loan Repayment				
Associate's Degree Programs							
2007–2008	\$28,323	\$17,217	\$2,515				
2008–2009	\$26,041	\$17,085	\$2,479				
2009–2010	\$28,075	\$20,533	\$2,988				
2010-2011	\$27,939	\$20,472	\$2,903				
2011–2012	\$29,695	\$21,507	\$3,165				
Average	\$28,380	\$20,020	\$2,902				
	Bachelor's	Degree Programs					
2007-2008	\$39,205	\$28,070	\$3,156				
2008–2009	\$37,334	\$27,629	\$3,048				
2009–2010	\$39,952	\$30,835	\$3,449				
2010-2011	\$40,849	\$31,032	\$3,279				
2011-2012	\$42,481	\$31,684	\$3,333				
Average	\$40,778	\$30,555	\$3,284				
	Master's E	Degree Programs					
2007-2008	\$17,284	\$16,611	\$1,739				
2008–2009	\$20,837	\$24,300	\$2,164				
2009-2010	\$21,700	\$29,509	\$2,601				
2010-2011	\$22,465	\$30,534	\$2,798				
2011-2012	\$24,336	\$32,152	\$2,961				
Average	\$22,732	\$29,737	\$2,725				

Table 2: Average Costs of Attending Kaplan University Programs for Associate's,Bachelor's, and Master's Degrees, 2007–2008 to 2011–2012

²⁶ College Board Advocacy & Policy Center (2011).

²⁷ *Ibid*.

Most students, whether they attend for-profit or not-for-profit public or private institutions, finance much of their higher education through debt, including loans under Title IV, loans from the institutions, and private loans. Table 2, above, also shows the average debt incurred by Kaplan University graduates, as of the year of their graduation, from 2008 to 2012, and by degree program. Again, from 2007–2008 to 2011–2012, the average funds borrowed and the annual repayments due on those borrowed funds increased more slowly for Kaplan University graduates than for graduates of not-for-profit institutions. The average debt of Kaplan University graduates with bachelor's degrees increased from \$28,070 in 2007–2008 to \$30,555 in 2011–2012, or 2.2% per year, while the debt of all 4-year college graduates over the same period increased nearly 7.8% per year.²⁸ Kaplan University bachelor's graduates, on average, also are less indebted than graduates of other for-profit institutions: In 2012, graduates of for-profit bachelor's programs, on average, had student debts of \$35,156, 11.0% more than the average for Kaplan University bachelor's graduates in 2012 of \$31,684.

III. First-Year Earnings of Graduates of Kaplan University Compared to Graduates of Not-for-Profit Institutions in Five States

The previous analysis documented that Kaplan University graduates have derived substantial economic value from their education, compared to comparable people who did not attend and graduate from a college or university. These benefits are particularly significant, because Kaplan University and other for-profit colleges and universities provide access to higher education for students who disproportionately come from minority and low-income backgrounds, groups relatively underrepresented at public and private not-for-profit institutions. Next, we compare the earnings of Kaplan University graduates to the earnings of graduates from public and private not-for-profit institutions in five states, sorted by their degree programs and their major fields of study.²⁹ The five states are Arkansas, Colorado, Florida, Texas, and Virginia, which were selected because data are available on the first-year earnings of graduates from a range of not-forprofit private and public institutions in each of them. These data are provided by CollegeMeasures.org, a joint venture of those five states plus Tennessee, the American Institutes for Research, and Optimity Advisors LLC.³⁰ (The Tennessee data do not disaggregate graduates and their earnings sufficiently for use here. Because graduates' earnings vary by their field of study, we compare the mean or median first-year earnings of Kaplan University graduates in a specific field to the mean or median earnings of graduates from the same field from the not-forprofit institutions in each state. For example, we compare the mean or median first-year earnings of Kaplan University bachelor's degree graduates in business to the mean or median first-year earnings of those graduating from public and private not-for-profit institutions with a bachelor's degree in business. This analysis provides evidence of how employers reward Kaplan University graduates in designated fields compared to graduates of not-for-profit institutions in five states.

The data for the five states contain important variations that merit mention. First, the data on graduates of not-for-profit private and public institutions in Virginia and Arkansas track their graduates' mean or average earnings by major field and degree program while the data on

²⁸ Institute for College Access and Success (2014).

²⁹ The earnings data for the graduates of the public and private not-for-profit institutions in the five states come from matching university records and earnings reported for state unemployment insurance purposes.

³⁰ CollegeMeasures.org (2016).

graduates in Colorado, Florida, and Texas track their graduates' median earnings. Therefore, we use Kaplan University graduates' mean earnings by major field for comparisons with the Virginia and Arkansas data and Kaplan University graduates' median earnings by major field for comparisons with Colorado, Florida, and Texas data. In addition, Kaplan University reports earnings for each of five graduation-year cohorts, while the five states vary in how they treat inflation and how they combine the earnings from 5 years of graduates. For comparability, we convert the earnings reported by all five states and by Kaplan University to 2014 dollars.³¹ Further, because the Kaplan University data provide the 2014 earnings for its 2012 graduates, and the five states provide the first-year earnings of their graduates, we downward adjusted the reported earnings of the Kaplan University graduates by 3.0%, the approximate increase in earnings by college graduates in 2014.³²

Other data differences introduce bias in favor of the not-for-profit institutions. Kaplan University and Texas include all graduates in their earnings data, regardless of how much they earned; but, Arkansas, Colorado, Florida, and Virginia include only those graduates whose earnings were equal to or exceeded full-time work at the minimum wage. As a result, the earnings data for those four states exclude the lowest earners, including graduates who went on to work part time, and therefore bias their results upward in comparison with Kaplan University and Texas. The five states also differ in when they measured the earnings of their graduates: Florida measured graduates' first-year earnings in the quarter following their graduation, while the other four states collect their first-year earnings data about 6 months after graduation. To help offset part of any bias, we use Kaplan University adjusted earnings, which calculate annual earnings using fourth-quarter earnings, for our comparisons with Arkansas, Colorado, Texas, and Virginia.

The graduation cohorts used to calculate graduates' first-year earnings also vary across the five states; and, while all five states focus on graduates working in their own states after graduating, Texas also includes those working for the federal government and U.S. military wherever they are located. Kaplan University operates online to a significant degree and therefore tracks the earnings of its graduates in any of 39 states included in WRIS 2 and excludes those working for the federal government.³³ These variations are summarized in Appendix A.

Arkansas

Our first analysis covers the graduates of associate's, bachelor's, and master's programs by their major fields of study from Kaplan University and 42 not-for-profit public and private institutions in Arkansas. These comparisons cover 248 unique of institutions, degree programs, and major fields identified by their codes in the DoED's CIP system. They include 78 combinations at the associate's degree level, 126 combinations at the bachelor's degree level, and 44 combinations at the master's degree level. The comparisons are based on the mean first-year earnings of 2012 graduates of Kaplan University in each major and comparable first-year earnings of graduates in each major from not-for-profit private and public institutions in Arkansas.³⁴

³¹ For states that do not specify whether graduates' earnings are adjusted for inflation, we adjust them from the median graduation year.

³² Bronstein (2014).

³³ U.S. Department of Labor (2016).

³⁴ The 42 institutions are listed in Appendix B.

These data show that, on balance, the first-year earnings of Kaplan University associate's and bachelor's degree graduates by major field outpaced the first-year earnings of their Arkansas counterparts, while the Arkansas master's degree graduates outpaced their Kaplan University counterparts. Across 2012 Arkansas associate's degree graduates by major, the average earnings of 5% of those majors were less than 75% of the average earnings of Kaplan University associate's degree graduates in the same majors; the average earnings of 33% of those majors were between 75% and 90% of Kaplan University graduates' average earnings in the same fields of study, and the average earnings of 24% of graduates' major fields were between 90% and 100% of the Kaplan University average earnings for the same fields. (See Table 3 and Figure 8, below, for details.) Therefore, 62% of associate majors from Arkansas public and private institutions earned less than or the same as their Kaplan University counterparts in same fields. Of the remaining majors by institution, 5% had mean earnings that were 100% to 110% of the mean earnings of Kaplan associate degree graduates in the same field of study, 14% had earnings 110% to 125% of their Kaplan University counterparts, and 18% had earnings more than 125% of Kaplan mean earnings in the same field of study.

Among bachelor's degree majors, the first-year earnings of Kaplan University graduates outpaced their Arkansas counterparts to a slightly greater extent than among those earning associate's degrees. The data show that 70% of the 126 unique combinations of Arkansas institutions and majors had first-year mean earnings less than or equal to the earnings of Kaplan University bachelor's graduates in the same fields of study, while 30% outpaced their Kaplan University counterparts (Table 3 and Figure 6, below). The proportions shift for graduates of master's programs: 39% of Arkansas master's degree programs had first-year mean earnings by their graduates that were less than or equal to Kaplan University master's degree graduates in the same fields of study, while 61% had higher earnings than their Kaplan University counterparts. Nevertheless, the differences are not large: The mean first-year earnings of 53% of Arkansas master's degree majors were less than or no more than 10% higher than the mean first-year earnings of graduates of Kaplan University master's degree programs in the same fields of study. The first-year earnings performance of Kaplan University graduates of all three degree programs remains impressive, given the larger share of University graduates who came from minority and/or low-income backgrounds, factors that influence earnings, and the fact that the Arkansas data exclude the lowest earning graduates of each major.

	Associate's Degree	Bachelor's Degree	Master's Degree
Below 75%	5%	28%	5%
75% - 90%	33%	29%	18%
90% - 100%	24%	13%	16%
100% - 110%	5%	14%	14%
110% - 125%	14%	5%	36%
Above 125%	18%	11%	11%
Programs	78	126	44

Table 3: First-Year Mean Earnings of Arkansas 2012 Graduates by Major Fields, Compared to First-Year Mean Earnings of Kaplan University Graduates in the Same Major Fields, By Degree

Figure 6: First-Year Mean Earnings by 2012 Graduates of Arkansas Colleges and Universities, By Fields of Study, Compared to Mean Earnings of Kaplan University Graduates, by Degree



Colorado

While Kaplan University associate's and bachelor's degree graduates, by major field of study, generally outperformed their counterparts from Arkansas public and private not-for-profit institutions in first-year earnings, the 2012 graduates of 29 Colorado not-for-profit institutions consistently had higher median first-year earnings than their Kaplan University counterparts.³⁵ Across associate's degree programs, the median first-year earnings of graduates from all majors at Colorado institutions outperformed the median first-year earnings of their Kaplan University counterparts. (See Table 4 and Figure 7, below, for details.) Across the median first-year earnings of 2012 Colorado bachelor's degree graduates by their major fields of study, 30% earned less than or the same as the median first-year earnings of Kaplan University bachelor's degree graduates in the same fields, and 63% of majors had median first-year earnings equal to at least 110% of their Kaplan University counterparts. Similarly, across nearly all major fields of study, the graduates of Colorado institutions had first-year earnings equal to at least 110% of their Kaplan University counterparts.

l'able 4: First-Year I	Median Earnings of Colorad	lo 2012 Graduates by Ma	ijor Fields, Compared to
First-Year Media	n Earnings of Kaplan Unive	ersity Graduates in the Sa	ame Fields, By Degree

	Associate's Degree	Bachelor's Degree	Master's Degree
Below 75%	0%	1%	0%
75% - 90%	0%	13%	0%
90% - 100%	0%	16%	3%
100% - 110%	8%	7%	6%
110% - 125%	34%	19%	24%
Above 125%	58%	44%	67%
Programs	50	75	33

³⁵ The 29 institutions are listed in Appendix B.

Figure 7: First-Year Median Earnings of 2012 Graduates of Colorado Colleges and Universities, By Fields of Study, Compared to Median Earnings of Comparable Kaplan University Graduates, By Degree



Florida

The median first-year earnings of 2012 graduates by their major fields of study at 38 Florida public and private not-for-profit institutions trail those of their Kaplan University counterparts in bachelor's degree programs and exceed those of their Kaplan University counterparts in associate's and master's degree programs.³⁶ Across graduates with associate's degrees from Florida not-for-profit institutions, 76% of majors had first-year median earnings equal to 110% or more of the median first-year earnings by Kaplan University associate's degree graduates in the same fields of study. (See Table 5 and Figure 8, below, for details.) However, among 158 combinations of major fields of study for bachelor's degrees and Florida not-for-profit institutions, 52% had first-year median earnings less than or equal to their Kaplan University counterparts. The distribution of these median earnings by major fields for master's degrees from Florida universities, compared to their Kaplan University counterparts, closely resembles the earnings distribution for associate's degree graduates and their majors: 72% of the major fields for 2012 master's degree graduates from Florida not-for-profit institutions had median first-year earnings of at least 110% of their Kaplan University counterparts.

Fable 5: First-Yea r	r Median Earnings of	Florida 2012	Graduates by I	Major Fields, (Compared to
First-Year Mear	n Earnings of Kaplan	University G	raduates in the	Same Fields,	By Degree

	Associate's Degree	Bachelor's Degree	Master's Degree
Below 75%	0%	8%	0%
75% - 90%	3%	23%	4%
90% - 100%	11%	21%	6%
100% - 110%	10%	16%	18%
110% - 125%	23%	10%	31%
Above 125%	53%	22%	41%
Programs	125	158	83

³⁶ The 38 institutions are listed in Appendix B.

Figure 8: First-Year Median Earnings of 2012 Graduates of Florida Colleges and Universities, By Fields of Study, Compared to Median Earnings of Comparable Kaplan University Graduates, By Degree



Texas

The median first-year earnings of the 2012 graduates by major fields of study, from 107 Texas public and private not-for-profit institutions, exceeded those of their Kaplan University counterparts in the same fields across all three degree programs.³⁷ Among the major fields for associate's degrees, by Texas institution, 71% earned 110% or more of the median income of comparable Kaplan University associate's degree graduates. (See Table 6 and Figure 9, below, for details.) Among the 314 combinations of bachelor's degree majors and Texas institutions, the bachelor's graduates of 56% of major fields had median first-year earnings equal to at least 110% of their Kaplan University counterparts. Across the major fields of Texas master's degree programs, 88% had first-year median earnings equal to at last 110% of the median first-year earnings of their Kaplan University counterparts.

	Associate's Degree	Bachelor's Degree	Master's Degree
Below 75%	4%	7%	3%
75% - 90%	7%	10%	3%
90% - 100%	8%	12%	4%
100% - 110%	11%	15%	4%
110% - 125%	15%	21%	7%
Above 125%	56%	35%	79%
Programs	371	314	219

Table 6: First-Year Median Earnings of Texas 2012 Graduates by Major Fields, Compared to First-Year Mean Earnings of Kaplan University Graduates in the Same Fields, By Degree

³⁷ The 107 institutions are listed in Appendix B.

Figure 9: First-Year Median Earnings of 2012 Graduates of Texas Colleges and Universities, By Fields of Study, Compared to Median Earnings of Comparable Kaplan University Graduates, By Degree



Virginia

Comparing the first-year average or mean earnings of graduates of Kaplan University by their major fields of study and 57 Virginia not-for-profit public and private institutions in the same fields produced mixed results.³⁸ Across the average earnings by major fields for 2012 associate's degrees from Virginia colleges and universities, 46% had first-year earnings that were less than or equal to the average first-year earnings of the same fields of study by Kaplan University associate's degree graduates, 17% had first-year earnings of between 100% and 110% of average for comparable Kaplan University associate's degree major fields and their graduates, and first-year earnings of 37% of major fields and their graduates were 110% or more of their Kaplan University counterparts. (See Table 7 and Figure 10, below).

The relative performance of Kaplan University graduates was stronger across bachelor's degree programs. Across those programs, 57% of the 154 Virginia combinations of major fields and institutions had average first-year earnings that were less than or equal to their Kaplan University counterparts. Further, 30% of the first-year earnings of graduates, by their major fields, from Virginia not-for-profit bachelor degree programs were equal to at least 110% of their Kaplan University counterparts. Again, the comparisons change among graduates of master's degree programs: Only 7% of Virginia master's degrees by major fields had mean first-year earnings less than or equal to the average earnings of Kaplan University master's degree graduates for the same fields, 18% had mean first-year earnings equal to between 100% and 110% of their Kaplan University counterparts, and 76% had average first-year earnings equal to 110% or more of the mean first-year earnings of Kaplan University master's degree graduates in the same field.

³⁸ The 57 institutions are listed in Appendix B.

	Associate's Degree	Bachelor's Degree	Master's Degree
Below 75%	5%	22%	0%
75% - 90%	28%	23%	3%
90% - 100%	13%	12%	4%
100% - 110%	17%	14%	18%
110% - 125%	14%	18%	25%
Above 125%	23%	12%	51%
Programs	64	154	73

 Table 7: First-Year Mean Earnings of 2012 Virginia Graduates by Major Fields, Compared to

 First-Year Mean Earnings of Kaplan University Graduates in the Same Fields, By Degree

Figure 10: First-Year Mean Earnings of 2012 Graduates of Virginia Colleges and Universities, By Fields of Study, Compared to Mean Earnings of Comparable Kaplan Graduates, By Degree



Summary Statistics

Across the five states, Kaplan 2012 associate's degree graduates generally had higher firstyear earnings than their counterparts in Arkansas and Virginia, and Kaplan University 2012 bachelor's degree graduates had higher earnings than their counterparts in Arkansas, Florida, and Virginia. The 2012 graduates of the not-for-profit institutions in all five states earned more than Kaplan University graduates in their first year after graduating with master's degrees. These results challenge claims by critics of for-profit higher education that employers find that the graduates of for-profit colleges and universities have substandard skills and knowledge.

It is noteworthy that these results do not reflect differences among the five states in how much on average all graduates earn. As the data showed, Kaplan University graduates of associate's and bachelors' degree programs generally outperformed their not-for-profit counterparts in Arkansas and Virginia, the states with respectively the lowest and highest mean earnings of those graduates among the five states examined here (Table 8, below).

	Associate's Degree	Bachelor's Degree	Master's Degree
Arkansas	\$32,511	\$41.251	\$48,366
Colorado	\$38,607	\$50,280	\$60,457
Florida	\$35,559	\$43,078	\$51,564
Texas	\$39,188	\$48,767	\$58,927
Virginia	\$40,365	\$55,419	\$70,330

Table 8.	Mean	Earnings	of Graduates	Ages 25 to	44, by	Degree,	2010,	Five States ³⁹	,
							,		

For several reasons, our comparative analysis understates the relative earnings of the Kaplan University graduates compared to their counterparts from the not-for-profit public and private institutions in the five states. As noted earlier, the larger proportion of students from minority and low-income backgrounds attending and graduating from Kaplan University, compared to the not-for-profit institutions in all five states, skew our comparative earnings analysis in favor of the not-for-profit institutions. (In the following section, we will adjust for those demographic differences.) Further, the samples of graduates used by different states may further bias the earnings analysis in favor of the not-for-profit institutions. As noted above, four of the five states (Texas is the exception) exclude graduates who earned less than a full-time minimum-wage worker. The samples provided by Arkansas, Colorado, Florida, and Virginia do not include their lowest-earnings graduates, including many or most of those who worked part time in their first year after graduating. Only the data for Kaplan University (and Texas) graduates include all graduates with earnings, regardless of whether they worked part or full time. This difference artificially raised the reported mean or median first-year earnings of the graduates from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the graduates from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the graduates from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the graduates from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the graduates from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the graduates from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the graduates from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the intervent to the states from Arkansas, Colorado, Florida, and Virginia compared to the earnings of the interv

Comparing the First-Year Earnings of Bachelor's Graduates From Kaplan University, Not-for-Profit Institutions in the Five States, and the National Average

Finally, we also compared the first-year earnings of bachelor's degree graduates of notfor-profit institutions in the five states, Kaplan University, and the average 2013 first-year earnings nationwide for people earnings bachelors' degrees, by major fields of study. This analysis is limited because such data are available for all three categories for only nine fields of study: Natural Resources Conservation and Research, Communication and Media Studies, Liberal Arts and Sciences/General Studies and Humanities, Psychology, Political Science and Government, Registered Nursing/Nursing Administration/Nursing Research/Clinical Nursing, Criminal Justice and Corrections, Business Administration/Management and Operations, and Accounting and Related Services. Across these nine major fields of study, we compared the mean or median firstyear earnings of the bachelor's degree graduates of Kaplan University and not-for-profit institutions in the five states to the national average.

The results show that the mean first-year earnings from Kaplan University bachelor's degree graduates in these fields of study were equal to or less than the national average for six of the nine fields and greater than the national average for three fields of study. (See Figure 11, below.) These results are better than the results for the two states that also reported the first-year

³⁹ National Association of College and Employers (2013).

mean earnings of their 2010 bachelor's degree graduates in those nine major fields, Arkansas and Virginia. The first-year mean earnings of Virginia's 2010 graduates were also less than or equal to the national average for six fields of study; but, while the Kaplan University graduates earned 110% or more of the national average for the three remaining fields, the Virginia graduates earned 100% to 110% of the national average for the three remaining major fields. Similarly, the mean first-year earnings of 2010 Arkansas bachelor's degree graduates were equal to or less than the national average for eight of the nine major fields of study and greater than the national average for only one major field.

The results further show that the *median* first-year earnings of Kaplan University graduates from bachelor's degree programs also were equal to or less than the national average for six of the nine major fields of study and greater than the national average for three fields of study (Figure 11, below). This result is better than the results for Florida, whose bachelor's degree graduates had first-year median earnings equal to or less than the national average for eight of the nine major fields of study, and greater than the national average for only one field of study. The first–year median earnings of bachelor's degree graduates of Colorado and Texas colleges and universities, like the Kaplan University graduates, were equal to or less than the national average for six fields of study and greater than the national average for three fields of study. However, Kaplan University graduates in three fields of study earned less than 75% of the national average for three fields of study, while the lowest-earning graduates from Colorado and Texas earned between 75% and 90% of the national average.





The available data limited this analysis to only nine major fields of study, and therefore the results are tentative. However, the analysis does suggest that the first-year earnings of Kaplan University bachelor's degree graduates and graduates of bachelor's degree programs at public and private not-for-profit institutions in the five states bear roughly the same relationship to average first-year earnings of bachelor's degree graduates nationwide.

IV. How the Demographics of Graduates of For-Profit Institutions Affect Their Incomes

It is well recognized that a significant share of the rising numbers of students pursuing a college education can be traced to the rapid growth of for-profit colleges and universities. The NCES reports that total enrollment at all degree-granting institutions increased by 5.9 million students from 1993 to 2013.⁴⁰ Over the same period, enrollment in degree-granting for-profit colleges and universities increased from 226,818 students to 1,556,265 million students, or by more than 1.3 million. Rising enrollments by for-profit institutions, therefore, account for 22.5% of the total increase in all enrollments. NCES also reports that, from 1993 to 2013, the number of graduates from for-profit institutions increased 13% per year, compared to annual increases of 2.6% for public institutions and 2.4% for not-for-profit private institutions. The data are presented in Table 9, below.

	Public	Private Not-for-Profit	Private For-Profit
	2	2013	
Total Students	14,655,015	3,996,089	1,556,265
4-Year Programs	8,257,250	3,965,724	1,269,910
2-Year Programs	6,397,765	30,365	286,355
Degrees Awarded	2,325,678	930,920	371,055
Associate's	793,180	53,127	157,057
Bachelor's	1,186,397	544,213	139,204
Master's	346,101	333,580	74,794
	2	2003	
Total Students	12,857,059	3,340,718	702,694
4-Year Programs	6,649,441	3,296,882	461,230
2-Year Programs	6,207,618	43,8362	241464
Degrees Awarded	1,704,395	742,839	165,213
Associate's	524,875	45,759	94,667
Bachelor's	905,718	451,518	42,306
Master's	273,802	245,562	28,240
	1	993	
Total Students	11,189,088	2,889,752	226,818
4-Year Program	5,851,960	2,803,395	84,636
2-Year Program	5,337,328	86,357	142,182
Degrees Awarded	1,429,276	573,174	45,059
Associate's	430,321	47,713	36,722
Bachelor's	785,112	373,346	6,710
Master's	213.843	152,115	1.627

Table 9: Attendance, Degree Programs, and Degrees Awarded,By Type of Degree-Granting Institution, 1993, 2003, and 2013

From 1993 to 2003 and 2013, while the numbers of all postsecondary students and degrees increased substantially, the shares of students and degrees from for-profit institutions rose steadily, while the shares of students and degrees from public not-for-profits fell steadily and the share of

⁴⁰ NCES (2015-E); NCES (2015-F).

degrees granted by private not-for-profits fell significantly (Table 10, below). This confirms that for-profit institutions have driven much of the rapid, recent growth of higher education.

	Public	Private Not-for-Profit	Private For-Profit						
2013									
Total Students	72.5%	19.8%	7.7%						
Degrees Awarded	64.1%	25.7%	10.2%						
2003									
Total Students	76.1%	19.8%	4.2%						
Degrees Awarded	65.2%	28.4%	6.3%						
1993									
Total Students	78.2%	20.2%	1.6%						
Degrees Awarded	69.8%	30.0%	2.2%						

Table 10: Shares of Total Attendance and Degrees Awarded, By Type of Degree-Granting Institution, 1993, 2003, and 2013

The increasing role of for-profit colleges and universities has been particularly important in expanding educational access for students from minority and economically disadvantaged backgrounds and female students. NCES data track the race, gender, and family income of students attending degree-granting institutions by the type of institution they attend. These data confirm that college attendance by minority and female students has increased substantially. Table 11, below, shows that from 2000 to 2014 the share of white students declined from 69.8% to 57.2%, while the share of African American students increased from 12.0% to 14.7% and the share of Hispanic students grew from 10.5% to 16.9%. Only the share of Asian students remained stable. Women have dominated college student bodies for some time: In 2000, women comprised 54.7% of all full-time undergraduates at degree-granting institutions; by 2014, they comprised 54.8%. However, their numbers have grown substantially: In 2000, 4,334,680 women and 3,588,246 men attended college or university on a full-time basis; by 2015, those numbers had grown to 5,906,850 women and 4,876,952 men.

	2000	2010	2014					
Race and Ethnicity								
White	8,983,500 (69.8%)	10,895,900 (61.6%)	9,581,495 (55.4%)					
African American	1,548,900 (12.0%)	2,677,100 (15.1%)	2,425,842 (14.0%)					
Hispanic	1,351,000 (10.5%)	2,551,000 (14.4%)	2,961,917 (17.1%)					
Asian	845,500 (6.6%)	1,087,300 (6.1%)	1,074,735 (5.9%)					
Gender								
Male	3,588,246 (45.3%)	5,118,975 (44.7%)	4,876,952 (45.2%)					
Female	4,334,680 (54.7%)	6,338,065 (55.3%)	5,906,850 (54.8%)					

Table 11. Race, Ethnicity, and Gender of Full-Time Students Attending All Degree-Granting Institutions, 2000, 2010, and 2014⁴¹

⁴¹ NCES (2015-A); NCES (2015-B).

Finally, the data also show that for-profit degree-granting colleges and universities have enrolled disproportionate shares of those minority and female students. African American and Hispanic students comprise 45.5% of the undergraduate student bodies of private for-profit institutions, compared to 22.6% of the student bodies at private not-for-profit institutions and 31.5% of students attending public institutions (Table 12, below). Among minority groups, only Asian students are relatively under-enrolled at for-profit colleges and universities. With respect to gender, women comprise 63.2% of all full-time undergraduates enrolled at for-profit colleges and universities compared to 53.4% of full-time undergraduates attending public institutions and 58.1% of those attending private not-for-profit institutions.

	Public Not-for-Profit	Public Not-for-Profit Private Not-for-Profit Private Not-for-Profit		All Institutions				
Race and Ethnicity								
White	7,294,171 (55.1%)	1,738,529 (62.7%)	548,795 (43.0%)	9,581,495 (55.4%				
Black	1,712,782 (12.9%)	348,710 (12.6%)	364,288 (28.5%)	2,425,842 (14.0%)				
Hispanic	2,467,541 (18.6%)	276,738 (10.0%)	217,638 (17.0%)	2,961,917 (17.1%)				
Asian	833,847 (6.3%)	150,445 (5.4%)	39,433 (3.1%)	1,074, 735 (5.9%)				
	Gender							
Male	3,547,635 (46.6%)	1,329,317 (41.9%)	333,571 (36.8%)	4,876,952 (45.2%)				
Female	4,060,333 (53.4%)	1,846,517 (58.1%)	572,666 (63.2%)	5,906,850 (54.8%)				

Table 12. Distribution of Full-Time Undergraduate Students, 2014,By Type of Institution, Race, and Ethnicity42

In addition, a substantially larger share of the students attending for-profit institutions come from lower-income families and a much smaller share come from higher-income families. Some 15.8% of all undergraduates come from families with incomes of less than \$20,000 per year, but 30.5% of students attending private for-profit colleges and universities come from low-income families (Table 13, below). Students from families earning between \$20,000 and \$39,999 per year also disproportionately attend for-profit institutions. At the top of the income ladder, 28.3% of all undergraduates come from families with annual incomes of \$100,000 or more, including 35.7% of those attending private not-for-profit institutions and 27.1% of students enrolled at public colleges and universities. However, only 14.1% of students attending for-profit institutions come from such affluent families.

Table 13. Distribution of Full-Time Undergraduate Students, 2014,By Family Income and Type of Institution43

Family Income	Public Not-for-	Private Not-for-	Private For-Profit	All
	Profit	Profit		
Less than \$20,000	15.9%	15.5%	30.5%	15.8%
\$20,000-\$39,999	18.4%	14.4%	23.7%	17.9%
\$40,000-\$59,999	12.7%	11.0%	13.0%	12.4%
\$60,000-\$79,999	13.8%	13.5%	11.3%	13.7%
\$80,000-\$99,999	12.0%	10.0%	7.5%	11.9%
\$100,000 or more	27.2%	35.7%	14.1%	28.3%

⁴² NCES (2015-C); NCES (2014).

⁴³ NCES (2013).

The Impact of Demographics on People's Incomes

The numbers and percentages of women and minorities attending and graduating from forprofit colleges and universities is significant here not only in demonstrating that for-profit institutions have provided disproportionate access to higher education for those groups, as well as students from lower-income families. These data also matter because extensive research has established that gender, race, and ethnicity have significant effects on people's incomes, after controlling for education; and, recent DoED regulation of student assistance would limit the use of that assistance at for-profit institutions based on the incomes earned by their recent graduates. Those regulations take no account of the impact of the demographics described above on the incomes of those graduates.

For example, a landmark study from 1999 used data from the Current Population Survey and found that after controlling for education, experience, and region, the hourly wages earned by women, on average, were 27.2% lower than those earned by men; after also controlling for occupation, industry, and certain job characteristics, women still earned hourly wages 22.1% lower than men.⁴⁴ The authors further found significant differences in hourly wages based on race and ethnicity. Controlling for education, experience, and region, African Americans earned wages 11.9% lower than those earned by their white counterparts; and, after also controlling for occupation, industry, and job characteristics, the race-based difference remained 8.9%. Similarly, Hispanics earned 13.1% less than whites controlling for education, experience, and region; controlling also for occupation, industry, and jobs, the wage gap was 10.2%.⁴⁵

A more recent study by the American Association of University Women found that, across educational levels, women earned 78% of what men earn;⁴⁶ and, a DoED analysis of the 2012 earnings of college graduates from the class of 2008 found that the \$42,500 median full-time earnings of those women was 83.2% of the \$51,100 median full-time earnings of the men.⁴⁷ Further, a study by Cornell University economists found that, by 2010, differences in education and work experience contributed little to gender-based income differences.⁴⁸ These analyses and others explain gender-based wage and income differences by three major factors: gender-based preferences for different occupations, psychological differences such as greater risk adversity among women, and economic discrimination against women. The DoED analysis also found significant but smaller income differences based on the race and ethnicity of recent college graduates: The 2012 median annualized full-time earnings of African Americans who graduated college in 2008, at \$42,000, and of Hispanics, at \$44,400, were, respectively, 90.3% and 95.5% of the \$46,500 annualized full-time median earnings of whites from the same group.

The BLS also reports significant differences in earnings based on the same demographics. For example, BLS data show that the 2014 median weekly earnings of college-educated workers age 25 and over was \$1,249 among men compared to \$965 among women, a 22.7% difference. Similarly, the 2014 median weekly earnings of college-educated whites was \$1,132, compared to \$895 among college-educated African Americans and \$937 among college-educated Hispanics.⁴⁹

⁴⁴ Altonji and Blank (1999).

⁴⁵ *Ibid.*

⁴⁶ American Association of University Women (2016).

⁴⁷ Cataldi, Siegel, Shepherd, Cooney, and Socha (2014).

⁴⁸ Blau and Kahn (2016).

⁴⁹ U.S. Bureau of Labor Statistics (2015).

This suggests that African American college graduates earn 79.1% of what white college graduates earn, and Hispanic college graduates earn 82.8% what white college graduates earn. We note, however, that these differences cover *all* college graduates and therefore may overstate the earnings differences among *recent* college graduates.

Finally, the NCES also collects data on the median annual earnings of full-time workers, ages 25 to 34, by education, race, ethnicity, and gender.⁵⁰ Those data show that among people ages 25 to 34 in 2014 with bachelor's degrees the median earnings of the men in 2014 was \$54,710, compared to \$44,990 for the women, a gap of 17.8%. Similarly, the gap between whites and African Americans ages 25 to 34 with bachelor's degrees was 10.2% (\$49,920 compared to \$44,840), and the comparable gap between whites and Hispanics was 11.4% (\$49,920 compared to \$44,220). These data suggest the earnings of female and minority graduates continue to reflect systemic discrimination.

Based only on the demographics of for-profit institutions and not-for-profit public and private institutions, an average graduate of a not-for-profit public or private college or university should earn more than the average graduate of a for-profit college or university, assuming everything else is equal. We can apply the NCES-reported differences in median earnings based on gender, race, and ethnicity to estimate the expected differences in median earnings among graduates of the three types of institutions, based on the varying demographic profiles of their student bodies. To do so, we estimate the median earnings of graduates of each type of institution assuming that its graduates were all white males — and therefore not subject to earnings discrimination based on demographics — and then calculate the differences between those estimate the extent to which the high minority and female enrollments at for-profit institutions reduce their median earnings, compared to the median earnings of graduates from public or private not-for-profit institutions.

As noted, we rely on NCES data on the demographics of the student bodies of the three types of institutions (Table 12, above) and the median earnings of full-time workers ages 25 to 34 with bachelor's degrees by race, ethnicity, and gender. Our analysis found the following:

- The student bodies of public colleges and universities, on average, are 53.4% female, 12.9% African American, and 18.6% Hispanic. Among graduates ages 25 to 34 in 2014, the female graduates earned on average 17.8% less than the male graduates, African American graduates earned 10.2% less than white graduates, and Hispanic graduates earned 11.4% less than white graduates. Therefore, the median earnings of these graduates of public not-for-profit institutions were 12.9% less than they would have been, if all of those graduates had been white men: (0.534 * -0.178 + 0.129 * -0.102 + 0.186 * -0.114 = (0.0951 + 0.0132 + 0.0212) = 0.1294.
- The student bodies of private, not-for-profit colleges and universities in 2014 were 58.1% female, 12.6% African American, and 10.0% Hispanics. Again, among graduates ages 25 to 34 in 2014, females earned 17.8% less than males, African Americans earned 10.2% less than whites, and Hispanics earned 11.4% less than whites. Therefore, the median earnings of these graduates of private not-for-profit institutions were 12.8% less than they would have been, if

⁵⁰ NCES (2015-D).

all of those graduates had been white men: (0.581 * -0.178 + 0.126 * -0.102 + 0.10 * -0.114) = (0.1034 + 0.0129 + 0.0114) = 0.1277.

• Finally, the 2014 student bodies at private for-profit colleges and universities, on average, were 63.2% female, 28.5% African American, and 17.0% Hispanic. Again, among graduates ages 25 to 34 in 2014, women earned on average 17.8% less than the male graduates, African American graduates earned 10.2% less than whites, and Hispanic graduates earned 11.4% less than whites. Therefore, the median earnings of these graduates of for-profit institutions were about 16.1% less than they would have been, if all of those graduates had been white men: (0.632 * -0.178 + 0.285 * -0.102 + 0.170 * -0.114) = (0.1125 + 0.0291 + 0.0194) = 0.1609.

This analysis finds that, given their actual demographics, the median earnings of graduates of public not-for-profit institutions are 87.1% of what they would be in the absence of differences based on gender, race, and ethnicity (1 - 0.1294), and the median earnings of graduates of private not-for-profit institutions are 87.2% of what they would be in the absence of such differences (1 - 0.1277). Finally, the median earnings of graduates of for-profit institutions are 83.9% of what they would be in the absence of the differences based on gender, race, and ethnicity (1 - 0.1609). The adjustment factors to take account of the demographics of for-profit institutions, compared to public and private not-for-profit institutions, come from the ratios of these values:

- Earnings of bachelor's graduates of public not-for-profit institutions / earnings of bachelor's graduates of for-profit institutions = ((1 0.1294) / (1 0.1609)) = 0.8706 / 0.8391) = 1.0376.
- Earnings of bachelor's graduates of private not-for-profit institutions / earnings of bachelor's graduates of for-profit institutions = ((1 0.1277) / (1 0.1609)) = (0.8723 / 0.8391) = 1.0397.

Based on the evidence of how much less female and minority college graduates are paid for the same work as white male graduates, and the different gender, racial, and ethnic makeup of the graduates of for-profit institutions compared to public and private not-for-profit institutions, we estimate that the demographics of for-profit institutions reduce the median earnings of their graduates by 3.8% compared to public not-for-profit institutions and by 4.0% compared to private not-for-profit institutions.

Impact of These Demographically Driven Effects on the Earnings of Graduates of For-Profit Institutions Compared to Public and Private Not-for-Profit Institutions

On this basis, we return to our analysis of the median or mean first-year earnings of graduates of Kaplan University bachelor's degree programs and the graduates of bachelor's degree programs in the same major fields at public and private not-for-profit institutions in five states. We found that Kaplan University 2012 graduates had higher mean or median first-year earnings than graduates in the same major fields from public and private not-for-profit institutions in Arkansas, Florida, and Virginia and lower median first-year earnings than their counterparts in the same major fields from public and private not-for-profit institutions in Colorado and Texas. We also now know that, based only on the demographics, bachelor's graduates of public and private not-for-profit institutions earn, respectively, 3.8% and 4.0% more than graduates of for-profit institutions.

Using these findings, we can revisit our earlier analysis comparing the earnings of Kaplan University graduates and the graduates of public and private not-for-profit institutions in five states and take account of the impact of demographics on those earnings. Because the colleges and universities included by the five states for use in this exercise include both public and private not-for-profit institutions (see Appendix B), we will apply the lower adjustment factor, 3.8%, derived for public institutions. The results are presented in Tables 15-A and 15-B, below.

State		Earning Less Than or Equal to Kaplan University Graduates	Earning More Than Kaplan University Graduates
Awkowsos	Unadjusted	69.9%	30.1%
Arkansas	Adjusted	75.4%	24.6%
Colorado	Unadjusted	30.6%	69.4%
	Adjusted	34.7%	65.3%
	Unadjusted	51.3%	48.7%
riorida	Adjusted	55.6%	44.4%
Towar	Unadjusted	29.0%	71.0%
Texas	Adjusted	35.3%	64.7%
Vinginio	Unadjusted	55.5%	44.5%
virginia	Adjusted	61.7%	30.3%

Table 15-A: Comparison of the First-Year Earnings of 2012 Bachelor's Degree Graduates From Public and Private Not-for-Profit Institutions in Five States and From Kaplan University, Adjusted and Not Adjusted for Demographic Differences

The adjustment for demographic differences does not change the basic results: Adjusted or not adjusted, graduates of public and private not-for-profit institutions in three states (Arkansas, Florida, and Virginia) had earnings less than or equal to Kaplan University graduates in the same fields in three states (Arkansas, Florida, and Virginia) and earnings more than Kaplan University graduates in two states (Colorado and Texas). However, the adjustment expands the percentages of graduates from the public or private institutions in all five states who earned less than or the same as Kaplan University graduates and reduces the percentages of graduates from not-for-profit institutions in all five states who earned more than Kaplan University graduates. Table 15-B, below, presents these results in greater detail.

State		Below 75%	75%- 90%	90%- 100%	100.1%- 110%	110%- 125%	Above 125%	Majors
٨D	Unadjusted	27.8%	28.6%	13.5%	14.3%	4.8%	11.1%	126
АК	Adjusted	31.7%	27.0%	16.7%	10.3%	4.8%	9.5%	126
со	Unadjusted	1.3%	13.3%	16.0%	6.7%	18.7%	44.0%	75
	Adjusted	4.0%	14.7%	16.0%	9.3%	18.7%	37.3%	75
БI	Unadjusted	7.6%	22.8%	20.9%	16.5%	10.1%	22.2%	158
FL	Adjusted	10.1%	25.9%	19.6%	15.8%	7.6%	20.9%	158
ТХ	Unadjusted	7.3%	9.9%	11.8%	14.6%	21.0%	35.4%	314
	Adjusted	9.2%	13.1%	14.0%	13.4%	22.0%	28.3%	314
VA	Unadjusted	22.1%	22.7%	11.7%	14.3%	17.5%	11.7%	154
	Adjusted	24.7%	24.0%	13.0%	16.2%	14.3%	7.8%	154

Table 15-B: Comparison of the First-Year Earnings of 2012 Bachelor's Degree GraduatesFrom Public and Private Not-for-Profit Institutions in Five States and From KaplanUniversity, Adjusted and Not Adjusted for Demographic Differences, in Greater Detail

V. Conclusions

This study has examined the question of whether a Kaplan University education has real economic value in itself and compared to the education students receive at not-for-profit public and private colleges and universities. We analyzed data on the actual earnings of Kaplan University graduates from the associate's, bachelor's, and master's degree programs. The earnings of Kaplan University associate's and bachelor's degree graduates from the class of 2008 increased by 82.4% and 38.2%, respectively, by 2014. Over the same period, their counterparts who started with the same earnings and did not pursue higher education had income gains of 5.9% and 8.2%, respectively. Therefore, the income premium of a Kaplan University education over 6 years was 74.7% for those earning an associate's degree and 32.3% for those earning a bachelor's degree. The earnings of Kaplan University master's degree graduates grew 32.2%, compared to 17.6% for their counterparts with a bachelor's degree, for an income premium of 12.4%.

We also analyzed the first-year earnings of Kaplan University graduates compared to the first-year earnings of graduates in the same major fields from public and private not-for-profit institutions in Arkansas, Colorado, Florida, Texas, and Virginia. Kapan University 2012 associate's degree graduates had higher mean first-year earnings than associate's degree graduates in the same fields from not-for-profit institutions in Arkansas and Virginia. Kaplan University 2012 bachelor's degree graduates had higher median first-year earnings than bachelor's degree graduates in the same fields from not-for-profit institutions in Arkansas, Florida, and Virginia. However, Kaplan University 2012 master's degree graduates had lower first-year earnings than master's degree graduates in the same fields in all five states.

These results, however, arise from data samples that overstate the relative earnings of the graduates of the not-for-profit institutions in four of the five states: The samples from Arkansas, Colorado, Florida, and Virginia exclude graduates whose first-year earnings were less than a full-time minimum wage worker, including potentially significant numbers of graduates who were

employed part time or part of the year in their first year after graduating, while Kaplan University and Texas include all graduates regardless of their earnings. In addition, Kaplan University enrolls and graduates disproportionately high numbers of female students and students from minority or low-income backgrounds compared to not-for-profit institutions; and, extensive research has shown that — nationwide — female graduates and graduates from minority and/or low-income backgrounds earn less than male students, white students, and students from higher-income backgrounds.

We also compared the average earnings of Kaplan University bachelor's degree graduates in nine major fields of study and the earnings of bachelor's degree graduates in the same major fields in the five states with the earnings of bachelor's degree graduates in those fields nationwide. The data showed that, compared to the nationwide results, the Kaplan University graduates did as well as the graduates of public and private not-for-profit institutions in three of the five states and better than the graduates of not-for-profit institutions in the other two states.

Finally, we analyzed differences in the gender, racial, and ethnic makeup of the student bodies at for-profit institutions and public and private not-for-profit institutions. We found that the very rapid growth of for-profit institutions from 1993 to 2003 and from 2003 to 2013 was substantially driven by enrollments of women, African Americans, and Hispanics; and, by 2014, minorities and women comprised much larger percentages of all students at for-profit institutions than public or private not-for-profit institutions. Based on the economic literature on the impact of gender, race, and ethnicity on the earnings of college graduates, we also estimated that the different demographic compositions of the student bodies at each type of institution depress the average earnings of graduates of for-profit institutions, compared to graduates of not-for-profit institutions, by 3.8% to 4.0%. Finally, we applied these results to our analysis of the first-year earnings of Kaplan University bachelor's degree graduates, compared to the bachelor's degree graduates of public and private institutions in the five states. The adjustment increased the earnings advantage of the graduates from the not-for-profit institutions in Colorado and Texas.

Based on all these results, we conclude that students gain substantial economic value from a Kaplan University education and degree, and the value they derive is generally comparable to the value gained from a comparable education and degree from not-for-profit public and private institutions across five states that provide the data for such comparisons.

	Kaplan	Arkansas	Colorado	Florida	Texas	Virginia
Earnings	lean and Median Adjusted and Unadjusted	Mean	Median	Median	Median	Mean
Graduate Cohorts	2007–2008 and 2011- 2012, individually	2005–2006 through 2009– 2010, pooled	2006–2007 through 2010– 2011, pooled	2012–2013	2005–2006 through 2009– 2010, pooled	2005–2006 through 2009– 2010, pooled
Time of Earnings Measure	2014	Four quarters, starting three quarters after graduation	Four quarters, starting seven to nine months after graduation	Fourth quarter 2013 earnings annualized	Four quarters starting six months after graduation	Four quarters starting three quarters after graduation
Included Earnings	All	Those earning more than \$13,195/year	Those earning \$3,253.25 per quarter, each quarter	Those earning \$4,123.60 per quarter	All	Those earning more than \$13,195/year

Appendix A: Variations in the Terms Used to Measure Graduates' Earnings

Appendix B. Public and Private Not-for-Profit Colleges and Universities in Five States Used for Earnings Comparisons with Kaplan University

Arkansas

Arkansas Baptist College, Arkansas Northeastern College, Arkansas State University-Beebe, Arkansas State University-Main Campus, Arkansas State University-Mountain Home, Arkansas State University-Newport, Arkansas Tech University, Black River Technical College, Central Baptist College, College of the Ouachitas, Cossatot Community College of the University of Arkansas, East Arkansas Community College, Harding University, Henderson State University, Hendrix College, John Brown University, Lyon College, Arkansas State University Mid-South, National Park College, North Arkansas College, Northwest Arkansas Community College, Ouachita Baptist University, Ozarka College, Philander Smith College, Phillips Community College of the University of Arkansas, Pulaski Technical College, South Arkansas Community College, Southeast Arkansas College, Southern Arkansas University-Main Campus, Southern Arkansas University Tech, University of Arkansas at Little Rock, University of Arkansas at Monticello, University of Arkansas at Pine Bluff, University of Arkansas Community College at Batesville, University of Arkansas Hope-Texarkana, University of Arkansas Community College at Morrilton, University of Arkansas for Medical Sciences, University of Arkansas-Main Campus, University of Arkansas-Fort Smith, University of Central Arkansas, University of the Ozarks, and Williams Baptist College.

Colorado

Adams State University, Aims Community College, Arapahoe Community College, Colorado Christian University, Colorado Mesa University, Colorado Mountain College, Colorado Northwestern Community College, Colorado State University, Colorado State University-Pueblo, Community College of Aurora, Community College of Denver, Fort Lewis College, Front Range Community College, Lamar Community College, Metro State University of Denver, Morgan Community College, Northeastern Junior College, Otero Junior College, Pikes Peak Community College, Pueblo Community College, Red Rocks Community College, Regis University, Trinidad State Junior College, University of Colorado Boulder, University of Colorado Colorado Springs, University of Colorado Denver, University of Denver, University of Northern Colorado, and Western State Colorado University.

Florida

Broward College, Chipola College, College of Central Florida, Daytona State College, Eastern Florida State College, Florida Agricultural and Mechanical University, Florida Atlantic University, Florida Gateway College, Florida Gulf Coast University, Florida International University, Florida Keys Community College, Florida SouthWestern State College, Florida State College at Jacksonville, Florida State University, Gulf Coast State College, Miami Dade College, North Florida Community College, Northwest Florida State College, Palm Beach State College, Pasco-Hernando State College, Pensacola State College, Polk State College, Santa Fe College, St. Petersburg College, State College of Florida, University of Central Florida, University of South Florida, University of South Florida, and Valencia College.

Texas

Alamo Community College - Northwest Vista College, Alamo Community College - Palo Alto College, Alamo Community College - San Antonio College, Alamo Community College - St. Philip's College, Alvin Community College, Amarillo College, Angelina College, Angelo State University, Austin Community College, Blinn College, Brazosport College, Brookhaven College, Cedar Valley College, Central Texas College, Cisco College, Clarendon College, Coastal Bend College, College of the Mainland, Collin County, Del Mar College, Eastfield College, El Centro College, El Paso Community College, Frank Phillips College, Galveston College, Grayson College, Hill College, Houston Community College, Howard College, Kilgore College, Lamar Institute of Technology, Lamar State College-Orange, Lamar State College-Port Arthur, Lamar University, Laredo Community College, Lee College, Lone Star College-CyFair, Lone Star College-Kingwood, Lone Star College-Montgomery, Lone Star College-North Harris, Lone Star College-Tomball, McLennan Community College, Midland College, Midwestern State University, Mountain View College, Navarro College, North Central Texas College, North Lake College, Northeast Texas Community College, Odessa College, Panola College, Paris Junior College, Prairie View A&M University, Richland College, Sam Houston State University, San Jacinto College Central Campus, San Jacinto College North Campus, San Jacinto College South Campus, South Plains College, South Texas College, Southwest Texas Junior College, Stephen F. Austin State University, Sul Ross State University, Sul Ross State University Rio Grande College, Tarleton State University, Tarrant County Junior College Northeast Campus, Tarrant County Junior College Northwest Campus, Tarrant County Junior College South Campus, Tarrant County Junior College Southeast Campus, Temple College, Texarkana College, Texas A&M International University, Texas A&M University, Texas A&M University at Galveston, Texas A&M

University-Central Texas, Texas A&M University-Commerce, Texas A&M University-Corpus Christi, Texas A&M University-Kingsville, Texas A&M University-San Antonio, Texas A&M University-Texarkana, Texas Southern University, Texas Southmost College, Texas State Technical College-Harlingen, Texas State Technical College-West Texas, Texas State University-San Marcos, Texas Tech University, Texas Woman's University, The University of Texas at Arlington, The University of Texas at Austin, The University of Texas at Brownsville, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas at San Antonio, The University of Texas at Tyler, The University of Texas of the Permian Basin, The University of Texas-Pan American, Trinity Valley Community College, Tyler Junior College, University of Houston, University of Houston-Clear Lake, University of Houston-Downtown, University of Houston-Victoria, University of North Texas, Vernon College, Victoria College, Weatherford College, West Texas A&M University, Western Texas College, and Wharton County Junior College.

Virginia

Blue Ridge Community College, Bluefield College, Bridgewater College, Central Virginia Community College, Christopher Newport University, College of William and Mary, Dabney S. Lancaster Community College, Danville Community College, Eastern Mennonite University, Emory and Henry College, Ferrum College, George Mason University, George Washington University, Germanna Community College, Hampden-Sydney College, Hampton University, Hollins University, J. Sargeant Reynolds Community College, James Madison University, Jefferson College of Health Sciences, John Tyler Community College, Liberty University, Longwood University, Lord Fairfax Community College, Lynchburg College, Mary Baldwin College, Marymount University, Mountain Empire Community College, New River Community College, Norfolk State University, Northern Virginia Community College, Old Dominion University, Patrick Henry Community College, Paul D. Camp Community College, Piedmont Virginia Community College, Radford University, Randolph-Macon College, Rappahannock Community College, Regent University, Shenandoah University, Southside Virginia Community College, Southwest Virginia Community College, The University of Virginia's College at Wise, Thomas Nelson Community College, Tidewater Community College, University of Mary Washington, University of Richmond, University of Virginia-Main Campus, Virginia Commonwealth University, Virginia Highlands Community College, Virginia Polytechnic Institute and State University, Virginia State University, Virginia Union University, Virginia Wesleyan College, Virginia Western Community College, and Wytheville Community College.

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