

# Understanding Black Students' Experiences and Outcomes at For-Profit Colleges to Inform State Oversight

MARCH 2026



# Introduction

In recent decades, a troubling pattern in higher education has emerged: the for-profit sector contains too many low-quality and predatory institutions that have failed to deliver on the promises they make to students.<sup>1</sup> There is also a long-documented history of certain for-profit colleges using predatory recruitment tactics to enroll students in programs that deliver substandard outcomes and leave them struggling under mountains of debt.<sup>2</sup> To maximize their access to federal financial aid dollars, some predatory for-profit colleges have employed a range of unscrupulous practices—such as misrepresenting program costs and overinflating future job prospects—to pressure students to enroll.<sup>3</sup> These tactics contribute to the reality that, on average, students who attend for-profit institutions take on higher levels of student loan debt and are more likely to default on that debt than their peers who attend public and private nonprofit colleges.<sup>4</sup>

Recent cuts to federal agencies responsible for enforcing student loan borrower protections, including the Department of Education and the Consumer Financial Protection Bureau (CFPB), may further incentivize bad-acting institutions to take advantage of students.<sup>5</sup> With the passage of sweeping reconciliation legislation by Congress, students will also now face higher barriers to access relief if they have been defrauded by their school or attended an institution that suddenly closes its doors.<sup>6</sup> In the absence of strong federal oversight, state leaders must consider how to best protect their students from predatory colleges that violate consumer protection and civil rights laws.

The negative outcomes associated with many for-profit colleges are of particular concern for Black students, who are disproportionately overenrolled at for-profit colleges at both the undergraduate and graduate levels and have faced targeted recruitment efforts.<sup>7</sup> In the wake of the Supreme Court’s ruling in *SFFA v. Harvard* that banned race-conscious admissions policies, these enrollment trends are even more troubling, as research suggests the percentage of Black and other students of color enrolled at for-profit institutions will likely increase following affirmative action rollbacks at public and nonprofit colleges.<sup>8</sup> For-profit colleges have often argued that they provide needed higher education access to historically underserved populations, including Black students.<sup>9</sup> But industry claims of promoting access and equity belie a history of racially targeted recruitment and poor outcomes among many for-profit schools, a practice that amounts to “reverse redlining,” or targeting of communities of color for exploitative products.<sup>10</sup>

**This report offers a snapshot of Black student enrollment and outcomes at for-profit colleges paired with the perspectives of Black alumni of for-profit undergraduate and graduate programs.**

This report offers a snapshot of Black student enrollment and outcomes at for-profit colleges paired with the perspectives of Black alumni of for-profit undergraduate and graduate programs. By drawing

on both quantitative and qualitative data, this resource examines Black students' reflections on their decisions to attend for-profit schools, personal experiences while enrolled, and levels of satisfaction. Additionally, this resource highlights opportunities for state attorneys general to protect defrauded students and borrowers by investigating the problematic behaviors that occur far too often at for-profit colleges.

## Report Methodology

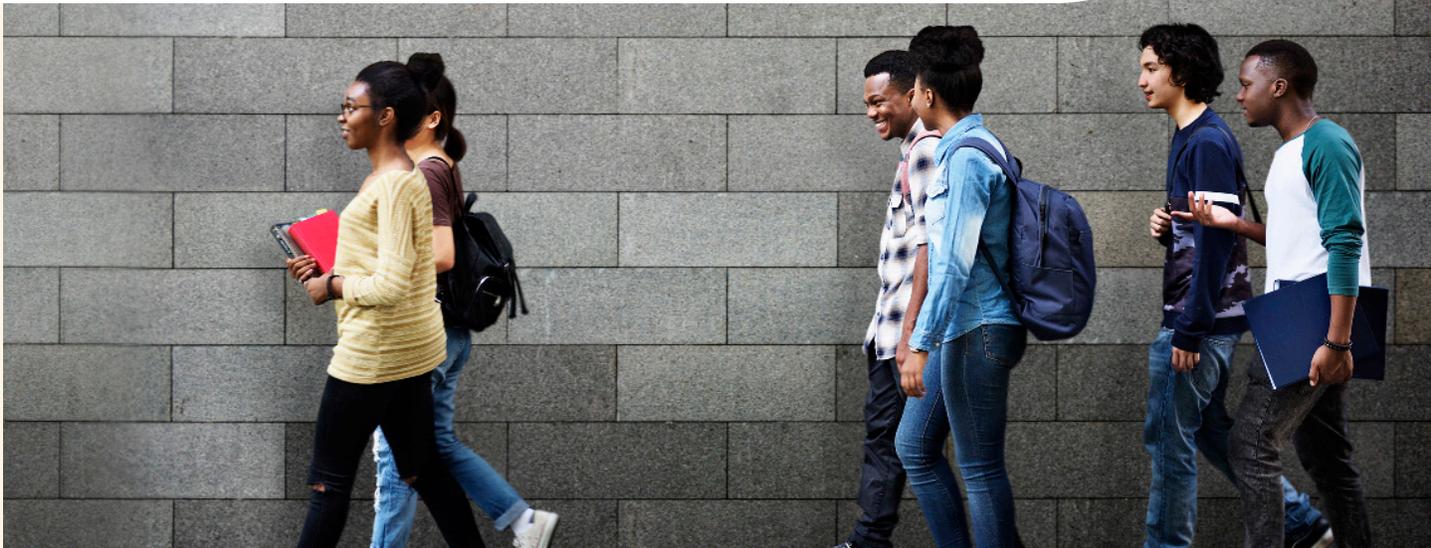
To understand more about why students may choose to attend for-profit colleges, The Institute for College Access & Success (TICAS) and Impact Research held two 90-minute virtual focus groups in August 2024. The sessions included 12 total participants. One group included six individuals who attended for-profit undergraduate programs, and one included six individuals who attended for-profit graduate programs. All focus group participants graduated from the for-profit programs they attended and identify as Black or African American.<sup>11</sup>



## Key Findings

Recent data and the perspective of focus group participants reaffirm the need for state leaders to pay close attention to for-profit colleges and the outcomes they deliver for their residents, particularly Black students and loan borrowers.

- Most focus group participants who attended for-profit colleges would not choose to attend the same school in hindsight.
- Black students remain overrepresented in for-profit undergraduate and graduate programs.
- More Black undergraduate students at for-profit colleges borrow, and at higher amounts, than at public and private nonprofit colleges.
- At institutions with majority Black student populations, average debt relative to earnings was higher at for-profit colleges than public or private nonprofit colleges at both the bachelor's and master's level.
- Nearly every focus group participant cautioned other students considering a for-profit college to “do their due diligence” and research their school thoroughly before enrolling.
- Not all students understand how for-profit colleges differ from public and nonprofit colleges.



## MOST FOCUS GROUP PARTICIPANTS WHO ATTENDED FOR-PROFIT COLLEGES WOULD NOT CHOOSE TO ATTEND THE SAME SCHOOL IN HINDSIGHT.

The focus groups TICAS conducted with Black graduates of for-profit undergraduate and graduate programs surfaced largely negative opinions of their experiences. **While some students cited positive academic experiences, only two of six undergraduate group participants and none of the six graduate group participants would choose to attend the same school in hindsight.** Their perspective mirrors greater dissatisfaction among for-profit college alumni recorded nationally; in a Federal Reserve survey, 39 percent of respondents who received a bachelor's degree from a for-profit institution said they would have attended a different school, compared with 25 percent of those who received their bachelor's degree from a private nonprofit institution and 19 percent who received their bachelor's degree from a public institution.<sup>12</sup>

Nearly every focus group participant cautioned other students considering a for-profit college to “do their due diligence” and research their school thoroughly before enrolling, paying particular attention to program cost, credit transferability, career services, and job placement outcomes. Multiple focus group participants specifically encouraged prospective for-profit college attendees to research whether an institution has been subject to lawsuits or government oversight actions. Participants in both focus groups were hesitant to draw broad conclusions about the for-profit sector and instead focused on their individual experiences, in some cases attributing their negative feelings to their, as one participant said, “own lack of understanding” rather than systemic problems at their institution or for-profit colleges broadly.

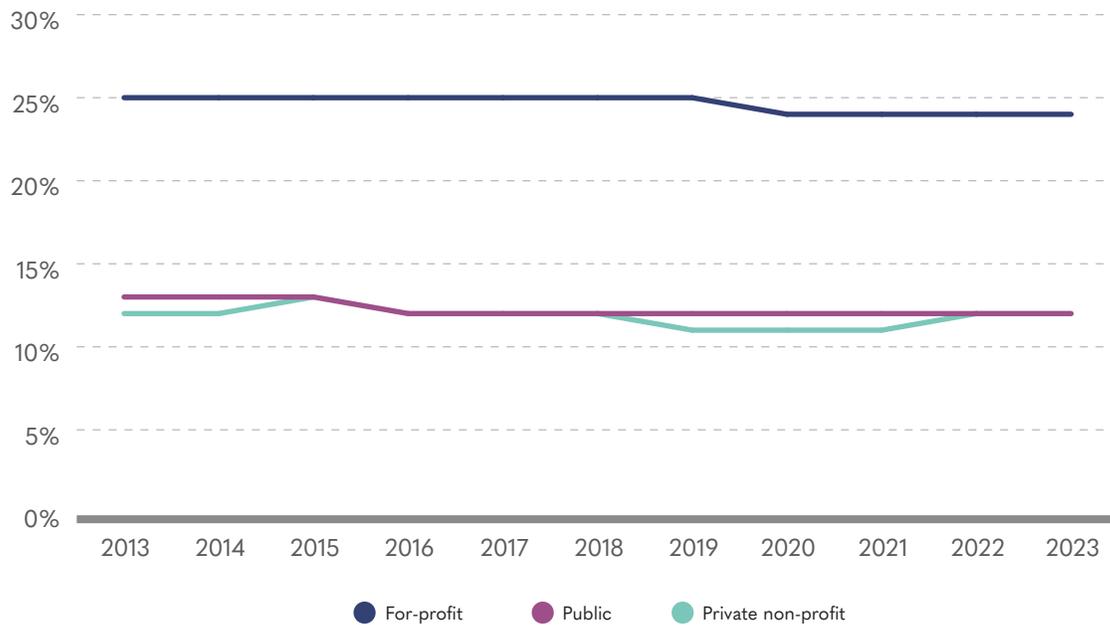
**Nearly every focus group participant cautioned other students considering a for-profit college to “do their due diligence” and research their school thoroughly before enrolling.**

## BLACK STUDENTS REMAIN OVERREPRESENTED IN FOR-PROFIT UNDERGRADUATE AND GRADUATE PROGRAMS.

Total enrollment at for-profit colleges has declined from nearly 3.6 million undergraduate and graduate students in 2013 to just 2.1 million by 2023, but Black students remain overrepresented at for-profit institutions at both the undergraduate and graduate levels.<sup>13</sup> Black students comprised 13 percent of all undergraduate students but, as shown in Figure 1 below, made up 24 percent of undergraduate students at for-profit institutions in 2023. The share of Black students at for-profit undergraduate programs has remained roughly double the share of Black students at public institutions and nonprofit institutions over the past decade.

FIGURE 1

## Percentage of Black Undergraduate Enrollment by Sector, 2013–2023

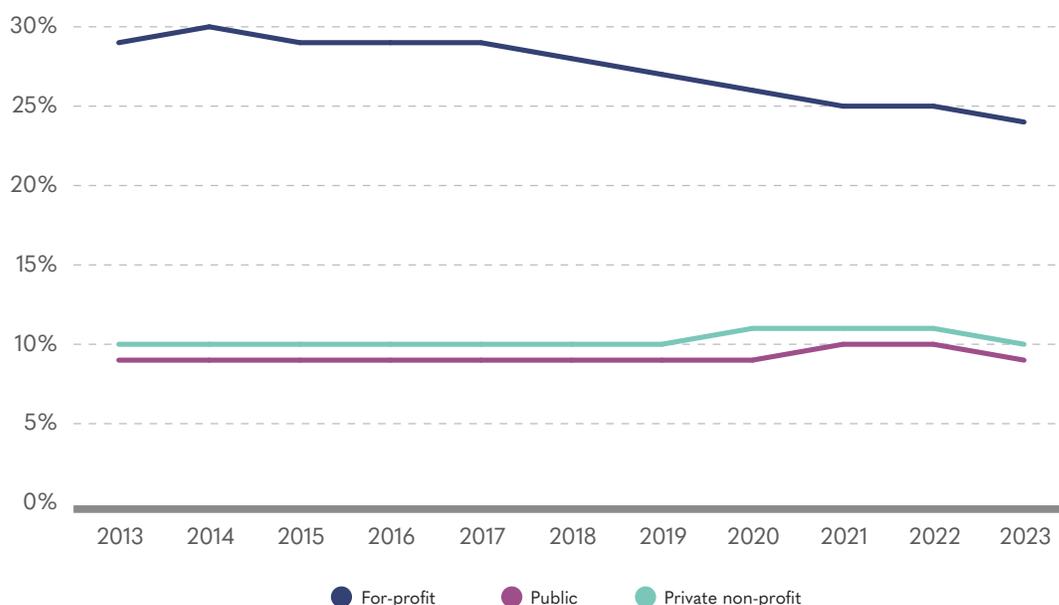


Source: Calculations by TICAS using data from the U.S. Department of Education, Integrated Postsecondary Education Data System.

Black students are even more overrepresented in for-profit graduate programs, enrolling at more than double the rate of their peers at public and nonprofit colleges. In 2022-23, Black students made up 11 percent of total graduate student enrollment but 24 percent of enrollment in for-profit graduate programs. While the share of Black students enrolling in for-profit undergraduate programs has remained flat over the past decade, overall enrollment in for-profit graduate programs has declined as shown in Figure 2 below. There is no proportional enrollment increase in the public or nonprofit sector, suggesting that students who would have attended a for-profit institution might be choosing to simply not attend graduate school at all.

FIGURE 2

## Percentage of Black Graduate Enrollment by Sector, 2013–2023



Source: Calculations by TICAS using data from the U.S. Department of Education, Integrated Postsecondary Education Data System.

That some for-profit colleges heavily market themselves as a flexible option may explain, in part, why some Black students enroll. Among our focus group participants, nearly all individuals cited flexibility as one of their primary reasons for choosing a for-profit school. Almost all participants in both the undergraduate and graduate groups juggled family, caretaking, and work responsibilities while pursuing their degrees. The ability to take classes online and at times that fit into their schedules made for-profit programs particularly attractive options for those students. The emphasis on flexibility among focus group participants is consistent with data from a larger survey showing Black bachelor's students are significantly more likely to say flexibility, both in their schedule and course delivery, is very important for their ability to remain enrolled.<sup>14</sup>

“

*I couldn't afford to not work full time, so I needed something where I can take evening classes and have some flexibility.”*

– GRADUATE FOCUS GROUP PARTICIPANT

Although focus group participants mostly agreed that their schools delivered on flexibility, these individuals all completed their programs. Students who did not complete their programs evaluate their school more negatively than current students and alumni, as shown in other surveys.<sup>15</sup> TICAS focus group participants tended to have mixed feelings about their overall educational experience at their for-profit college. For example, focus group participants voiced concerns that undermine some for-profit colleges' claims that they make quality postsecondary education programs accessible to students who might not otherwise pursue a credential.<sup>16</sup> Some undergraduate and graduate alumni felt they received valuable exposure to their chosen career field, while others found career support services lacking or outdated.

Similarly, some students felt their programs were not worth the high price tag, while other participants received employer subsidies or scholarship benefits that made their school a relatively affordable option. Participants expressed frustration at the difficulty of accessing support services, counseling, and job placement resources that ultimately hampered their post-graduation outcomes. One participant in the undergraduate focus group shared, "I wish I would have known or researched whether their programs were successful at placing people at specific jobs within [their] community... I wish I would have just realized that just because it says it on the paper, it doesn't mean it's real." Repeated findings related to false advertising and deceptive or racially targeted recruitment practices point to less altruistic reasons for high levels of Black student enrollment in the for-profit sector.<sup>17</sup>

“

*I wish I would have known or researched whether their programs were successful at placing people at specific jobs within [their] community... I wish I would have just realized that just because it says it on the paper, it doesn't mean it's real."*

– GRADUATE FOCUS GROUP PARTICIPANT

## CARROLL V. WALDEN UNIVERSITY

In January 2022, former students filed a class action against Walden University alleging that the school deliberately misrepresented the cost and duration of its Doctor of Business Administration (DBA) program and intentionally targeted those misrepresentations at Black and female students. The students also alleged that this conduct constituted reverse redlining, in violation of the Equal Credit Opportunity Act (ECOA) and Title VI of the Civil Rights Act.<sup>18</sup>

Walden is a for-profit online university that describes itself as a “pioneer” of distance learning. From 2016 to 2020, Walden awarded 1,383 doctorate degrees to Black students, more than five times the number granted by the second-ranking institution (Howard University, a Historically Black College or University, granted 266 doctorates to Black students during the same period) and 9.2 percent of all doctorates granted to Black students in the United States.<sup>19</sup>

Walden unsuccessfully sought to have the case dismissed, arguing in part that there was an insufficient tie between the alleged discrimination (i.e., statements about the cost and duration of the education) and the credit transaction. The court disagreed, becoming the first to hold that reverse redlining was actionable under ECOA where an institution of higher education intentionally targeted an alleged “predatory and fraudulent program” to Black and female students, and did so to “ensnare them in a credit transaction,” in order “to enable them to enroll” in the program.<sup>20</sup>

In 2024, the case settled for \$28.5 million, along with an agreement by Walden to make significant programmatic changes and enhanced disclosures to future students.<sup>21</sup> The Walden case, therefore, creates an important new precedent to guide state lawmakers and regulators intent on curbing targeted, predatory advertising in higher education.<sup>22</sup>

## MORE BLACK UNDERGRADUATE STUDENTS AT FOR-PROFIT COLLEGES BORROW, AND AT HIGHER AMOUNTS, THAN AT PUBLIC AND PRIVATE NONPROFIT COLLEGES.

More Black students who attend for-profit colleges take on student loans than those who attend public and nonprofit institutions.<sup>23</sup> Although Black students have higher-than-average rates of borrowing across all sectors, their borrowing rates are highest at for-profit schools at both the bachelor’s and master’s levels. Ninety-one percent of Black students who attend a for-profit bachelor’s program took on debt, compared with 81 percent at public bachelor’s programs. Among master’s programs, 83 percent of Black students attending for-profit institutions borrowed, whereas less than two-thirds borrowed at public institutions.

FIGURE 3

### Student Loan Borrowing by Sector and Level among 2019-20 Graduates

	Total Graduates	Black Graduates	Overall Borrowing Rate	Borrowing Rate Among Black Students	Average Cumulative Debt for All Students	Average Cumulative Debt for Black Students
<b>Bachelor's</b>	2,164,592	194,917	62%	82%	\$22,719	\$24,555
Public	1,426,325	124,214	58%	81%	\$20,688	\$22,450
Private non-profit	639,097	52,272	64%	80%	\$24,232	\$25,187
For-profit	99,170	18,431	83%	91%	\$31,288	\$31,850
<b>Master's</b>	858,405	87,147	55%	76%	\$40,622	\$44,054
Public	396,051	35,065	50%	64%	\$31,330	\$37,410
Private non-profit	391,764	35,584	55%	81%	\$48,549	\$51,103
For-profit	70,590	16,498	73%	83%	\$36,343	\$38,945

Source: Calculations by TICAS using data from the U.S. Department of Education, Integrated Postsecondary Education Data System and the National Postsecondary Student Aid Study.<sup>24</sup>

In addition to facing higher rates of borrowing, Black students at for-profit colleges, on average, take out larger student loans than their peers at public institutions. At the bachelor's level, the average cumulative debt for Black students attending for-profit colleges was higher than those at public and nonprofit colleges. At the master's level, Black students at public institutions and for-profit institutions had comparable levels of debt, although debt levels at for-profit institutions were still more than \$12,000 lower than at nonprofit institutions.

Reflective of the above data showing high borrowing rates and debt levels among Black students attending for-profit colleges, many of our focus group participants expressed concerns about the high cost of their for-profit programs. Both undergraduate and graduate students said they felt the cost of their programs was high, especially for the lack of academic and career support they had received. Graduate students were more likely than undergraduate students to report that their for-profit school was more affordable than other options, though the lack of return on investment led most to wish they had chosen a different school, even if it cost more. One participant in the graduate focus group summed it up: "I thought what they were charging for credit hours was ridiculous, back in that time. And we just want to go to school to get a degree to get a better job."

“

*I would tell a friend [considering a for-profit college] also to do research, make sure that it fits within their budget, make sure that that's what they want to do in the long run because it is a financial investment that you have to pay back for years."*

– UNDERGRADUATE FOCUS GROUP PARTICIPANT

The relative expense of and high levels of borrowing at for-profit colleges, especially when compared with public colleges, are particularly concerning given the worse repayment outcomes among student loan borrowers who attend for-profit colleges. Thirty percent of bachelor's degree recipients who started at for-profit colleges in the 2003-04 school year defaulted on their federal student loans within 12 years of entering college, seven times the rate of those who started at public colleges (4 percent) and six times the rate of those who started at nonprofit colleges (5 percent).<sup>25</sup> When compared with public and nonprofit programs, the high expense of for-profit programs, particularly at the undergraduate level, create a slippery slope toward default for many borrowers. Because Black students are overrepresented in for-profit college enrollment, they suffer the devastating consequences of student loan default associated with attending these institutions.



## BRITT V. FLORIDA CAREER COLLEGE

The for-profit chain Florida Career College (FCC) used a business model built on high-pressure tactics and false statements to induce students to enroll in career-training programs. Students borrowed thousands of dollars in federal student loans to pay FCC's inflated tuition, which in turn allowed FCC to line its own pockets and invest primarily in recruitment and advertising in order to scam more people.

In the class action lawsuit *Britt v. Florida Career College*, plaintiffs argued that FCC targeted Black students, specifically, for its high-priced, low-value product.<sup>26</sup> Because of its advertising and recruitment tactics, as of fall 2018, every FCC campus had a larger percentage of Black students than the population of the city where it was located. For example, FCC in Hialeah had 55 percent Black student enrollment, even though the city's Black population was just 2.5%. FCC in Margate had 70 percent Black student enrollment; Margate itself had a 28.6 percent Black population.<sup>27</sup> In 2023, FCC lost access to federal financial aid following a U.S. Department of Education investigation that found the college repeatedly violated eligibility requirements; FCC closed its doors in 2024.<sup>28</sup>

“

*Florida Career College was a scam and a total waste of time and money. Their ads made me think that the HVAC program would give me a good career, but like everything else they told me, it was a lie. Almost all of my classmates were minorities and many barely even had high school reading levels. Their business is all about taking advantage of people who are just trying to better their lives. It's not right and they shouldn't be able to get away with it.”*

– FORMER FCC STUDENT BORROWER

## ROBERSON V. HCI

A group of nursing students at Florida’s HCI College (formerly known as Health Careers Institute) filed a lawsuit against the for-profit school alleging that HCI deliberately blocked the vast majority of students from graduating and taking the RN licensing exam (NCLEX); misrepresented its accreditation status and NCLEX passage rates; and engaged in racial targeting.<sup>29</sup>

The students argued that HCI intentionally used marketing, advertising, and recruiting techniques to target their nursing program to individuals based on their race, with the belief that such individuals were highly likely to require an extension of credit to pay for HCI’s nursing program. Of the 705 students who enrolled at HCI’s Fort Lauderdale location between January 6, 2020, and May 8, 2023, 445 of them (63%) were Black or African American. Of the 734 students who enrolled at HCI’s West Palm Beach location in the same period, 365 of them (50%) were Black or African American. By contrast, census data shows that as of July 2022, Broward County was only 30.6 percent Black and Palm Beach County was only 20.1 percent Black.<sup>30</sup>

“

*The reason I chose HCI was because they said it was made for working adults. What you don’t know going in is that they are setting you up to fail; it’s all sunshine and butterflies until you sign on the dotted line. HCI does not have student success at heart, they have making money at heart.”*

– FORMER HCI STUDENT

**AT INSTITUTIONS WITH MAJORITY BLACK STUDENT POPULATIONS, AVERAGE DEBT RELATIVE TO EARNINGS WAS HIGHER AT FOR-PROFIT INSTITUTIONS THAN PUBLIC INSTITUTIONS OR PRIVATE NONPROFIT INSTITUTIONS AT BOTH THE BACHELOR’S AND MASTER’S LEVEL.**

Many for-profit colleges have resisted efforts to implement guardrails, such as the gainful employment rule, that would protect students from programs that lead to unaffordable debt and low earnings, arguing that such measures unfairly penalize schools that enroll large shares of students—

including students of color—who may struggle to repay loans because of low earnings.<sup>31</sup> However, recent data reveals that public and nonprofit institutions with majority Black student populations, on average, leave students with less debt relative to their earnings than for-profit institutions with majority Black student enrollment.

**FIGURE 4**

### Monthly Debt-to-Earnings Ratio at Programs Serving More Than 50 Percent Black Students by Sector, Bachelor’s and Master’s Level

	Overall	Majority Black
<b>Bachelor’s</b>		
Public	3.9%	7.1%
Private non-profit	4.4%	7.3%
For-profit	7.0%	13.1%
<b>Master’s</b>		
Public	4.5%	9.1%
Private non-profit	6.9%	9.9%
For-profit	9.8%	11.6%

Source: Calculations by TICAS using data from the U.S. Department of Education, May 2023. <https://www.federalregister.gov/documents/2023/05/19/2023-09647/financial-value-transparency-and-gainful-employment-ge-financial-responsibility-administrative>.

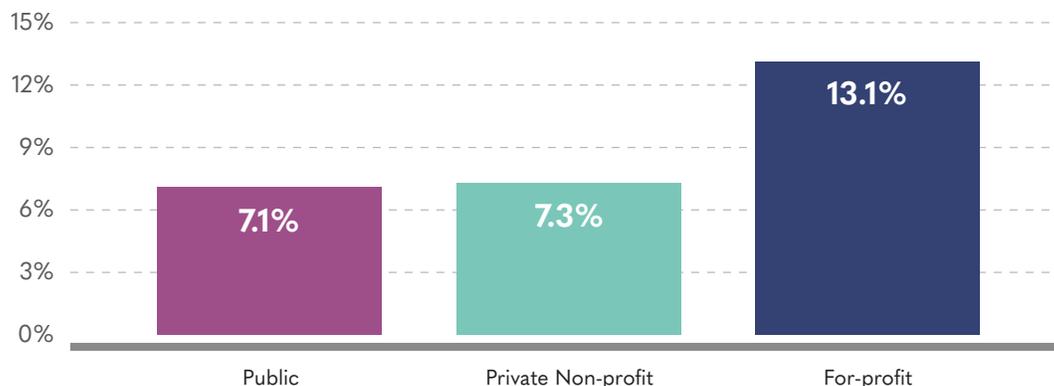
Note: Due to privacy suppression of data from low-enrollment programs, data from for-profit institutions represent fewer than 25 programs.

At both the bachelor’s and master’s level, graduates of for-profit colleges have higher debt compared to their earnings than graduates of public and non-profit institutions.<sup>32</sup> Among programs with majority Black student populations, for-profit colleges leave graduates with even higher levels of debt relative to their earnings. On average, graduates of bachelor’s and master’s degree programs at for-profit institutions with more than 50 percent Black student enrollment must put a greater share of their earnings toward loan repayment each month than their peers at either public or nonprofit institutions with more than 50 percent Black student enrollment. For-profit bachelor’s and master’s degree programs serving majority Black students offer a particularly troubling outlook for borrowers, who face loan payments comprising over 13 percent and over 11 percent of their monthly earnings,

respectively, on average. This debt burden can lead to significant financial hardships; borrowers with student loan payments above 8 percent of their income reported falling behind on their student loan payments and other bills at higher rates than those with payments below 8 percent of their income.<sup>33</sup>

**FIGURE 5**

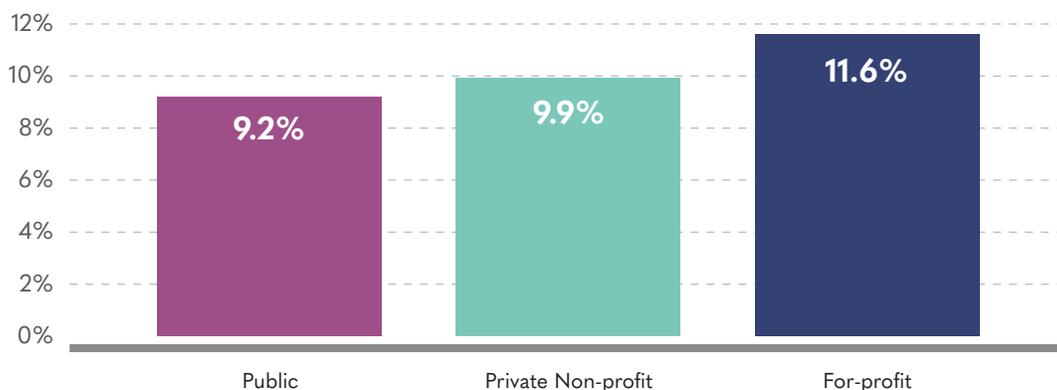
### Monthly Debt-to-Earnings Ratio at Bachelor's-Level Programs Serving More Than 50 Percent Black Students by Sector



Source: Calculations by TICAS using data from the U.S. Department of Education, May 2023. <https://www.federalregister.gov/documents/2023/05/19/2023-09647/financial-value-transparency-and-gainful-employment-ge-financial-responsibility-administrative>.

**FIGURE 6**

### Monthly Debt-to-Earnings Ratio at Master's-Level Programs Serving More Than 50 Percent Black Students by Sector



Source: Calculations by TICAS using data from the U.S. Department of Education, May 2023. <https://www.federalregister.gov/documents/2023/05/19/2023-09647/financial-value-transparency-and-gainful-employment-ge-financial-responsibility-administrative>.

Data from cohorts of student loan borrowers during the Great Recession—the last for-profit college enrollment boom—show a dramatic rise in debt in the years after graduation with significant disparities between Black and White borrowers. Among 2008 graduates, Black borrowers owed an average of \$7,400 more than their White peers. By 2012, the gap had grown to nearly \$25,000, with Black graduates owing \$52,726 on average compared to \$28,006 for White graduates.<sup>34</sup> That debt outpaces average earnings at for-profit colleges serving majority Black students suggests that many borrowers will struggle to pay off their loan balances, contributing to the widening debt disparities observed in previous years. Past data may also help illustrate the risks facing students if another enrollment boom occurs in today’s deregulated environment.

Higher debt-to-earnings ratios at for-profit postsecondary programs with majority Black student enrollment underscore observations made by our focus group participants that not all institutions enrolling Black students serve them equally well. Among focus group participants, nearly all alumni of for-profit graduate programs felt their experiences in undergraduate programs were better than in graduate school. For participants who attended Historically Black Colleges and Universities (HBCUs) for their undergraduate degree and for-profit institutions for graduate school, these differences were stark.

HBCUs, most of which were founded following the Civil War to provide higher education to Black Americans in a segregated system, enroll over 200,000 Black students annually and continue to expand valuable educational access.<sup>35</sup> Some for-profit colleges have attempted to argue that because they also enroll large shares of Black students, they provide needed education access to Black students like HBCUs do.<sup>36</sup> But unlike HBCUs, which data show invest heavily in instruction and student support, many for-profit institutions prioritize advertising and recruitment over student success, resulting in a lower return on investment for students.<sup>37</sup>

The experiences of focus group participants who attended HBCUs reflected these discrepancies. One participant who attended a for-profit graduate program after attending an HBCU as an undergraduate student shared, “Undergrad was a life experience; grad school was just something I did.” Although participants did not expect their graduate programs to mirror their undergraduate experiences exactly, many felt unsatisfied by the lack of academic engagement with faculty, minimal student support services, and, in some cases, “nonexistent” career services at their for-profit graduate programs.

“*I feel like I belonged in undergrad. I got an education. I had a life. I was active, involved in clubs, et cetera, et cetera. But in grad school, it just felt like you were just another number there for money-making purposes.*”

– GRADUATE FOCUS GROUP PARTICIPANT

Focus group participants offered mixed evaluations of program costs, with half of the participants expressing frustration at excessively high costs and lingering student loan debt, and half noting that their program was expensive but manageable with the help of scholarships, financial aid, and employer reimbursements. Current data and the perspectives of focus group participants point to an important distinction many for-profit colleges have attempted to obscure: simply enrolling high shares of Black students does not mean an institution serves those students well academically, professionally, and financially.

## NOT ALL STUDENTS UNDERSTAND HOW FOR-PROFIT COLLEGES DIFFER FROM PUBLIC AND NONPROFIT COLLEGES.

Although participants in both focus groups TICAS conducted had similar priorities that motivated their decisions to choose for-profit schools, they had different levels of understanding of what defines a for-profit college. Two undergraduate participants perceived nonprofit colleges as having fewer resources and being of lower quality than for-profit colleges. One participant shared, “In terms of accessibility and resources, of course, nonprofits would have limited resources, and for-profits would have more resources.”

Conversely, multiple graduate focus group participants mentioned the profit-seeking motive as a problematic element of the proprietary college model. One participant highlighted the racially targeted recruitment tactics of some for-profit institutions, saying, “There is a lot of preying on minority communities who are trying to better themselves and gaining profit from that without offering something in return that is beneficial. But at the same time, it’s not the same thing as if you had gone to a not-for-profit university.” These divergent views about what distinguishes for-profit colleges from public and nonprofit colleges underscore that students need clear, accurate information about school costs, resources, and outcomes when deciding to invest their time and money in postsecondary education.

““

*The biggest negative [of for-profit colleges] is just treating us all as a dollar sign pretty much. I know everybody wants to make money. That’s the main aim. However, it’s very obvious when you go to these schools.”*

– GRADUATE FOCUS GROUP PARTICIPANT

## BLACK BORROWERS ARE MORE LIKELY TO FACE CHALLENGES REPAYING PRIVATE STUDENT LOANS.

In 2019-20, 9 percent of students at for-profit colleges had private student loans.<sup>38</sup> Private loans are riskier for students than federal loans. They tend to carry higher interest rates, which are often variable, whereas all new federal loans have a fixed rate. Private lenders also typically offer fewer repayment and loan relief options than the federal program. While the federal government originates the vast majority of new student loans, private lenders continue to seek opportunities to expand their share of the market. Although Black students are less likely to take out private student loans than their White peers (4.5 percent v. 7.3 percent, respectively)<sup>39</sup> they are four times more likely to face distress in repayment (26.5 percent v. 6.7 percent, respectively).<sup>40</sup> As the Trump administration implements legislation that will restrict access to federal student loans, it also continues to dismantle the CFPB, the agency charged with protecting private student loan borrowers.<sup>41</sup> These changes will make the process of paying for college more expensive and may push more Black students, especially those at for-profit colleges, to take out risky private loans.

## Recommendations for State Leaders

As the federal student loan system undergoes dramatic changes, for-profit institutions will be well positioned to ramp up recruitment of students of color seeking access in an uncertain and changing environment, just as they have repeatedly done in the past.<sup>42</sup> With the federal government stepping away from its oversight role of this sector, now more than ever, Black students need state regulators and enforcement officials to take creative, proactive action to enforce state laws that protect borrowers from institutions employing predatory practices.

- **State enforcement officials and regulators must vigorously enforce fair lending and civil rights laws to end predatory and discriminatory practices.**

For-profit schools fall within the purview of the Equal Credit Opportunity Act (ECOA), state fair lending laws, federal and state anti-discrimination statutes, and state constitutions. For example, ECOA prohibits discrimination in any aspect of a credit transaction and applies to a school that originates its own loans to students or that “regularly” arranges for extensions of credit for students.<sup>43</sup> The same could be true for state fair lending laws as applied to this type of scenario. State civil rights laws also may be used to combat discriminatory recruitment practices, such as reverse redlining, or when schools target communities of color with aggressive and deceptive marketing tactics.<sup>44</sup>

- **States must use their consumer protection laws to protect against unfair or deceptive acts and practices.**

Every state has some form of a consumer protection statute that can be enforced against for-profit institutions that engage in unfair or deceptive acts and practices.<sup>45</sup> Designed to prevent

businesses from using false advertising, misleading statements, and underhanded tactics against consumers, these laws may prohibit some of the recruitment practices for-profit institutions use to reel in Black students, such as embellishing student graduation and employment outcomes to appear more credible to prospective students. For schools that engage in any consumer credit activities, state attorneys general are also able to enforce the federal Consumer Financial Protection Act for any unfair, deceptive, or abusive acts and practices, which can provide even more relief for aggrieved student borrowers.<sup>46</sup>

- **States should closely oversee and supervise the for-profit higher education sector.**

States can identify abusive acts by for-profit schools by enacting robust data collection laws to increase transparency surrounding schools' practices. This could include reporting requirements that track, record, and make public information about the distribution of marketing and advertising materials, including disaggregated data on advertising expenditures. States can also create agencies to specifically monitor these institutions for any abusive acts and practices or violations of the law. For example, state regulators should look to California's Bureau for Private Postsecondary Education, housed within the Department of Consumer Affairs, which approves private postsecondary institutions to operate in the state, regulates and monitors their conduct, and imposes penalties for violations of its regulations, among other functions.<sup>47</sup> These agencies could work with other relevant state agencies to collect data and publish annual reports on for-profit institutions regarding the demographics of students, the number and percentage of students, the rate of student borrowing, institutional spending, and outcomes like licensing rates, job placement, employment, and earnings.<sup>48</sup>

States should also consider disseminating this data in a public letter or online fact sheet that informs students, parents, educators, and school counselors about troubling university practices, outcome statistics, and advertising tactics. In addition to increasing public awareness of predatory practices in higher education, such a resource could list any schools subject to certain actions by the state attorney general to provide transparency as students make enrollment decisions.

- **States should ensure their higher education budgets do not reward for-profit institutions that rely on predatory tactics.**

States should consider including safeguards in tuition assistance programs or other public support institutions of higher education that ensure predatory schools are not rewarded for harmful or discriminatory behavior. For example, if for-profit institutions spend more money on advertising and marketing to Black students than on quality instruction and programs, they should no longer be eligible for state support. This instructional spending standard would likely force the schools to prioritize student outcomes or shut down.<sup>49</sup> Similarly, New Jersey's performance quality standard for career programs uses a ratio of tuition and fees to earnings to determine if programs are priced appropriately for their value.<sup>50</sup> Programs that fail to meet the standard may lose the ability to grant degrees, thereby cutting off access to state dollars for programs that overcharge or do not deliver strong outcomes.

States have access to a range of oversight and legislative tools to protect students from harm caused by predatory colleges, many of which are in the for-profit sector. Black students, in particular, need states to step in to ensure these institutions are not luring students into obtaining a high-cost, low-value education and to increase transparency about schools' practices.

## Conclusion

Recent data on the enrollment, debt, and earnings outcomes of Black students who attend for-profit colleges offers context for the perspectives shared by focus group participants, who, overall, tended to view their experiences at for-profit schools negatively. Many participants, particularly in the graduate group, pursued degrees at for-profit schools to advance their careers but were left disappointed by limited support and burdensome student loan debt. Before enrolling in a postsecondary program in any sector, students should have access to accurate information about a school's cost, average debt burden, graduation rates, and career outcomes. Improved consumer information must also be accompanied by stronger oversight of predatory colleges, particularly those that mislead students and engage in racial targeting.

For example, the Illinois attorney general filed a group Borrower Defense claim in 2016 on behalf of defrauded students who attended Westwood College's criminal justice program in Illinois.<sup>51</sup> Several years later, a group of attorneys from advocacy organizations were able to rely upon the work of the Illinois attorney general's office to file a lawsuit (*Hemphill v. Cardona*) against the Department of Education that resulted in roughly 79,000 former students of Westwood College being granted loan forgiveness totaling approximately \$1.5 billion.<sup>52</sup>

Under the current administration, the Department of Education has laid off or reassigned staff previously responsible for overseeing and investigating institutions receiving federal aid dollars. In May 2025, the Department of Education also dismissed a \$37.7 million fine against Grand Canyon University<sup>53</sup> initiated under the previous administration based on findings that the institution lied to doctoral students about program costs.<sup>54</sup> Steep staffing cuts and investigation freezes within the CFPB similarly herald a loosening of federal oversight that may embolden predatory colleges and put students at greater risk.

State attorneys general and policymakers have an increasingly important role to play in protecting students from predatory schools amid recent rollbacks to federal oversight. Attorneys general investigations of problematic behaviors—especially deceptive and misleading advertising, high-pressure recruitment tactics, and poor completion and job placement outcomes—can shed light on fraudulent institutions. Such work can also yield significant benefits for defrauded student loan borrowers.

States should also consider how enforcement of their consumer protection and credit discrimination laws can safeguard students from reverse redlining committed by some for-profit

schools and whether they need to strengthen these laws to address schools' current practices. Given the recently hamstrung federal capacity and willingness to investigate problematic schools, state leaders must ensure students in their jurisdiction are protected from all unscrupulous and discriminatory colleges.

## Acknowledgments

Lydia Franz at TICAS is the primary author of this report. Mia Elliott and Ellie Bruecker, Ph.D., at TICAS provided data analysis. TICAS thanks our partners at the Lawyers' Committee for Civil Rights Under Law, NAACP Legal Defense Fund, National Student Legal Defense Network, Project on Predatory Student Lending, and Protect Borrowers for their valuable feedback and contributions to this report. We also extend our thanks to all focus group participants, whose candid discussions of their experiences enriched the report's findings and recommendations.



THE INSTITUTE FOR COLLEGE  
**ACCESS & SUCCESS**

TICAS is a trusted source of research, design, and advocacy for student-centered public policies that promote affordability, accountability, and equity in higher education. To learn more about TICAS, visit [ticas.org](https://ticas.org) and follow us on X at [@ticas\\_org](https://twitter.com/ticas_org).



# Endnotes

- 1 Shiro, A.G. and Reeves, R.V. (2021, January 12). The for-profit college system is broken and the Biden administration needs to fix it. Brookings. <https://www.brookings.edu/articles/the-for-profit-college-system-is-broken-and-the-biden-administration-needs-to-fix-it/>.
- 2 Shireman, R. (2017, January 24). The for-profit college story: Scandal, regulate, forget, repeat. The Century Foundation. <https://tcf.org/content/report/profit-college-story-scandal-regulate-forget-repeat/>.
- 3 United States Senate Health, Education, Labor and Pensions Committee. (2012, July 30). For-profit higher education: The failure to safeguard the federal investment and ensure student success. [https://www.help.senate.gov/imo/media/for\\_profit\\_report/PartI-PartIII-SelectedAppendixes.pdf?](https://www.help.senate.gov/imo/media/for_profit_report/PartI-PartIII-SelectedAppendixes.pdf?).
- 4 Armona, L., Chakrabarti, R., & Lovenheim, M. F. (2021, October). Student debt and default: The role of for-profit colleges. Federal Reserve Bank of New York. [https://www.newyorkfed.org/research/staff\\_reports/sr811.html](https://www.newyorkfed.org/research/staff_reports/sr811.html).  
  
See also Bruecker, E. Quick facts about student loan debt. The Institute for College Access & Success. <https://ticas.org/wp-content/uploads/2023/12/Quick-Facts-About-Student-Loan-Debt-2023.pdf>.
- 5 Perez, J. and Carballo, R. (2025, March 12). Education Department documents detail massive scope of agency worker terminations. Politico. <https://www.politico.com/news/2025/03/12/education-department-documents-detail-agency-worker-terminations-00226222>.  
  
Harty, D. (2025, April 17). "People are dropping like flies": CFPB begins laying off vast majority of staff. Politico. <https://www.politico.com/news/2025/04/17/cfpb-staff-layoffs-warren-dogevought-paoletta-00297708>.
- 6 Franz, L. (2025, July 15). How the reconciliation law will change higher education accountability and impact students & borrowers. The Institute for College Access & Success. <https://ticas.org/accountability/reconciliation-2025-accountability/>.
- 7 Protect Borrowers. (2021, July). Mapping exploitation: Examining for-profit colleges as financial predators in communities of color. <https://protectborrowers.org/mapping-exploitation-examining-for-profit-colleges-as-financial-predators-in-communities-of-color/>.
- 8 Pabello, D.M. (2024, January). The Anti-Affirmative Action Avalanche: The Rise of Underrepresented Minority Enrollment at For-Profit Institutions. Sociology of Education. <https://journals.sagepub.com/doi/epub/10.1177/00380407231198225>.

- 9 Merrill, T., Rovenger, J., Bonadies, G., Shum, B., and Connor, E. (2018, July 30). For-profit schools' predatory practices and students of color: A mission to enroll rather than educate. Harvard Law Review. <https://harvardlawreview.org/blog/2018/07/for-profit-schools-predatory-practices-and-students-of-color-a-mission-to-enroll-rather-than-educate/>.
- 10 Hayes, S. and Lowe, A. (2020, December). Combating exploitative education: Holding for-profit schools accountable for civil rights violations. Protect Borrowers. [https://protectborrowers.org/wp-content/uploads/2020/12/Combating-Exploitative-Education\\_2020.pdf](https://protectborrowers.org/wp-content/uploads/2020/12/Combating-Exploitative-Education_2020.pdf).  
  
See also Student Defense. (2024, October 17). Landmark settlement approved in class-action lawsuit against Walden University over alleged targeting of Black and female students. <https://www.defendstudents.org/news/landmark-settlement-approved-in-class-action-lawsuit-against-walden-university-over-alleged-targeting-of-black-and-female-students>.
- 11 In a 2023 [Public Agenda survey](#) of for-profit college attendees, alumni and non-completers were more critical of their colleges than current students when asked about specifics such as academics, work experience, and student services. The perspectives of students, especially Black students, who did not complete a credential are not represented in these focus groups but are critical for understanding how for-profit colleges may be failing to support students adequately and warrant further research.
- 12 Board of Governors of the Federal Reserve System. (2024, May). Economic well-being of households in 2023. <https://doi.org/10.17016/8960>.
- 13 Calculations by TICAS using data from the U.S. Department of Education, Integrated Postsecondary Education Data System.
- 14 Gallup. (2023). Balancing act: The tradeoffs and challenges facing Black students in higher education. <https://www.gallup.com/analytics/644939/state-of-higher-education.aspx#ite-659108>.
- 15 A 2023 Public Agenda study found that far fewer non-completers (23 percent) than alumni (52 percent) and current students (73 percent) would recommend a for-profit college.  
  
Silliman, R. and Schleifer, D. (2023). Who Profits? Students' Experiences at For-Profit Colleges. Public Agenda. <https://publicagenda.org/wp-content/uploads/Public-Agenda-For-Profit-Higher-Ed-2023.pdf>.
- 16 Merrill, T., Rovenger, J., Bonadies, G., Shum, B., and Connor, E. (2018, July 30). For-profit schools' predatory practices and students of color: A mission to enroll rather than educate. Harvard Law Review. <https://harvardlawreview.org/blog/2018/07/for-profit-schools-predatory-practices-and-students-of-color-a-mission-to-enroll-rather-than-educate/>.
- 17 Examples of federal agencies taking action against for-profit colleges include investigations or lawsuits against [ITT Technical Institute](#), [Art Institutes](#), [University of Phoenix](#), [DeVry University](#), [American InterContinental University](#), and [Florida Career College](#) related to misrepresentations in their recruitment of students. States have also investigated consumer protection violations and taken action against [Ashford University](#), [La' James International College](#), [CollegeAmerica](#), [Colorado Technical University](#), [Argosy University](#), and others.

- 18 Elson, A. S., and Brennan, A. (2025, June). How States Can Better Protect Prospective Students from Reverse Redlining by Institutions of Higher Education. National Student Defense Legal Network. [https://docs.defendstudents.org/news/body/NSLDN\\_paper\\_States-Reverse-Redlining\\_E815437.pdf](https://docs.defendstudents.org/news/body/NSLDN_paper_States-Reverse-Redlining_E815437.pdf).
- 19 National Center for Science and Engineering Statistics, Survey of Earned Doctorates. Doctorate recipients, by ethnicity, race, and citizenship status: 2010–20 (Tables 9 and 19) (Nov. 30, 2021), <https://nces.nsf.gov/pubs/nsf22300/data-tables>.
- 20 Carroll v. Walden Univ., LLC, 650 F. Supp. 3d 342 (D. Md. 2022). The court also held that reverse redlining was a cognizable theory of intentional discrimination under Title VI of the Civil Rights Act of 1964, and that plaintiffs adequately alleged facts concerning Walden’s targeted advertising toward Black students and misrepresentation of the cost of the DBA program.
- 21 Montague, Z. and Green, E. L. (2024, October 17). ‘A Rip-Off’: Students Secure a Final Settlement Against Walden University. New York Times. <https://www.nytimes.com/2024/10/17/us/politics/walden-university-class-action-settlement.html>; see also Carroll Dkt. 92-2 (settlement agreement) ¶15 (describing nonmonetary relief in the Settlement Agreement) & Dkt. 104 (Order Approving Proposed Class Action Settlement and Certification of Class).
- 22 Elson, A. S., and Brennan, A. (2025, June). How States Can Better Protect Prospective Students from Reverse Redlining by Institutions of Higher Education. National Student Defense Legal Network. [https://docs.defendstudents.org/news/body/NSLDN\\_paper\\_States-Reverse-Redlining\\_E815437.pdf](https://docs.defendstudents.org/news/body/NSLDN_paper_States-Reverse-Redlining_E815437.pdf).
- 23 Calculations by TICAS using data from the U.S. Department of Education, Integrated Postsecondary Education Data System and the National Postsecondary Student Aid Study.
- 24 Total and Black graduates were calculated using IPEDS 2019–2020 completions data. Data on borrowing rates and cumulative debt were calculated using 2019–2020 data from the National Postsecondary Student Aid Study.
- 25 Calculations by TICAS on data from the U.S. Department of Education’s Beginning Postsecondary Students Longitudinal Study (BPS) 2004/2009.
- 26 Project on Predatory Student Lending. (2023, April 13). Statement on the Department of Education settlement resulting in closure of for-profit college school Florida Career College. <https://www.ppsl.org/news/statement-on-the-department-of-education-settlement-resulting-in-closure-of-for-profit-school-florida-career-college>.
- 27 Britt v. Florida Career College, Case No. 20-60814-cv-ALTMAN/HUNT. 29 (Southern District of Florida 2021). <https://static1.squarespace.com/static/62d6e418e8d8517940207135/t/62fbe7452a24f731f35176b7/1660675909765/0066+-+First+Amended.+Compl..pdf>.
- 28 Burke, L. (2024, January 26). Florida Career College to close all campuses by mid-February. Higher Ed Dive. <https://www.highereddive.com/news/florida-career-college-closes/705806/>.
- 29 Roberson v. Health Career Institute LLC, Case 9:22-cv-81883-RAR Document 58-1. 2023.

- [https://files.consumerfinance.gov/f/documents/cfpb\\_roberson-v-health-career-institute-llc\\_2023-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_roberson-v-health-career-institute-llc_2023-04.pdf).
- 30 Roberson v. Health Career Institute LLC, Case 9:22-cv-81883-RAR Document 203. 19 (Southern District of Florida 2024). [https://cdn.pacermonitor.com/pdfserver/GX7ICVQ/190867748/Roberson\\_et\\_al\\_v\\_Health\\_Career\\_Institute\\_LLC\\_et\\_flsdce-22-81883\\_\\_0203.0.pdf](https://cdn.pacermonitor.com/pdfserver/GX7ICVQ/190867748/Roberson_et_al_v_Health_Career_Institute_LLC_et_flsdce-22-81883__0203.0.pdf).
- 31 Franz, L. (2023, September 7). Reviewing and myth-busting: Public comments on the Education Department’s expected gainful employment rule. The Institute for College Access & Success. <https://ticas.org/accountability/gainful-employment/reviewing-and-myth-busting-public-comments-on-the-education-departments-expected-gainful-employment-rule/>.
- 32 Calculations by TICAS using data from the U.S. Department of Education, May 2023. <https://www.federalregister.gov/documents/2023/05/19/2023-09647/financial-value-transparency-and-gainful-employment-ge-financial-responsibility-administrative>.
- 33 New America Higher Education Program. Comment on FR Doc #2023-09647, ED-2023-OPE-0089-3276. Received June 20, 2023. <https://www.regulations.gov/comment/ED-2023-OPE-0089-3276>. Accessed January 14, 2026.
- 34 Scott-Clayton, J. and Li, J. (October 20, 2016). Black-white disparity in student loan debt more than triples after graduation. Brookings. <https://www.brookings.edu/articles/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>.
- 35 Smith, D. A. (2022, September 19). The Facts on HBCUs: Top 10 Facts about Historically Black Colleges and Universities. The Century Foundation. <https://tcf.org/content/commentary/the-facts-on-hbcus-top-10-facts-about-historically-black-colleges-and-universities/>.
- 36 Southern, K. and Cellini, S. R. (2022, January 20). For-profit colleges are not the allies of HBCUs. The Chronicle of Higher Education. <https://www.chronicle.com/article/for-profit-colleges-are-not-allies-of-hbcus?sra=true>.
- 37 Smith, D. A., Gorham Hervey, J., and Murphy, D. K. (2024, October 10). HBCUs Have the Best Return on Investment. The Century Foundation. <https://tcf.org/content/commentary/hbcus-have-the-best-return-on-investment/>.
- Ortagus, J., and Hughes, R. (2021, March 3). Paying More for Less? A New Classification System to Prioritize Outcomes in Higher Education. Third Way. <https://www.thirdway.org/report/paying-more-for-less-a-new-classification-system-to-prioritize-outcomes-in-higher-education>.
- 38 The Institute for College Access & Success. (2023, December). Private student loans: Facts and trends. <https://ticas.org/wp-content/uploads/2023/12/Private-Student-Loans-Facts-and-Trends.pdf>.
- 39 TICAS calculations using NPSAS:20.
- 40 Protect Borrowers. (2020, April). Private Student Lending, [https://protectborrowers.org/wp-content/uploads/2020/04/PSL-Report\\_042020.pdf](https://protectborrowers.org/wp-content/uploads/2020/04/PSL-Report_042020.pdf).

- 41 Fast, C. and Azoulay, E. (2025, May 20). Private lenders would cash in on Congress’s student loan changes. The Century Foundation. <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congresss-student-loan-changes/>.
- 42 Shireman, R. (2017, January 24). The for-profit college story: Scandal, regulate, forget, and repeat. The Century Foundation. <https://tcf.org/content/report/profit-college-story-scandal-regulate-forget-repeat/>.
- 43 Hayes, S. and Lowe, A. (2020, December). Combating exploitative education: Holding for-profit schools accountable for civil rights violations. Protect Borrowers. [https://protectborrowers.org/wp-content/uploads/2020/12/Combating-Exploitative-Education\\_2020.pdf](https://protectborrowers.org/wp-content/uploads/2020/12/Combating-Exploitative-Education_2020.pdf); see also Morgan v. Richmond Sch. of Health and Tech., No. 1:11-cv-01066 (D.D.C., 2011).
- 44 Stop AAPI Hate. (2022, October). 50-state summary of anti-discrimination laws: Understanding your rights to be treated fairly under state laws. <https://stopaapihate.org/wp-content/uploads/2023/05/Stop-AAPI-Hate-50-state-summary-of-anti-discrimination-laws.pdf>.
- 45 National Consumer Law Center. (2018). Consumer protection in the states: A 50-state evaluation of unfair and deceptive practices laws. <https://www.nclc.org/wp-content/uploads/2022/08/udap-appC-1.pdf>.
- 46 12 U.S.C 5552.
- 47 Bureau for Private Postsecondary Education. (n.d.). About us. [https://www.bppe.ca.gov/about\\_us/](https://www.bppe.ca.gov/about_us/).
- 48 Protect Borrowers. (2021, July). Mapping exploitation: Examining for-profit colleges as financial predators in communities of color. <https://protectborrowers.org/mapping-exploitation-examining-for-profit-colleges-as-financial-predators-in-communities-of-color/>.
- 49 Project on Predatory Student Lending. (n.d.). Blog: When student debt is not only predatory, but racist. <https://www.ppsl.org/news/news/blog/update-student-debt-not-predatory-racist>.
- 50 Klein, M.W. (2024, October 1). “This is a Silver Standard:” A Case Study of New Jersey’s Legislation to Ensure Career Preparation Programs Pay Off. The Institute for College Access & Success. <https://ticas.org/accountability/this-is-a-silver-standard-a-case-study-of-new-jerseys-legislation-to-ensure-career-preparation-programs-pay-off/>.
- 51 Student Defense. (2022, May 19). Cases: Hemphill v. Cardona. <https://www.defendstudents.org/cases/hemphill-v-cardona>.
- 52 Federal Student Aid. (2022, August 30). Westwood College Group Discharge: ED Approves Group Discharge for Westwood College Borrowers. <https://studentaid.gov/announcements-events/borrower-defense-update#westwood-group-discharge>.
- 53 In 2019, the Department of Education determined Grand Canyon University to be operating as a for-profit college and denied its request to be recognized as a nonprofit institution. That decision was vacated by a federal appeals court in 2024 based on a ruling that the Department of Education utilized the incorrect legal standard. The court remanded the case back to the

Department of Education for a redetermination, which is still pending as of the publication of this report.

- 54** Weissman, S. (2025, May 19). ED rescinds \$37.7M fine against Grand Canyon University. Inside Higher Ed. <https://www.insidehighered.com/news/quick-takes/2025/05/19/ed-rescinds-377m-fine-against-grand-canyon-university>.