



FEDERAL RESERVE BANK *of* NEW YORK

# Regional Economic Press Briefing

November 20, 2013

The views expressed here are those of the presenters and do not necessarily represent those of the Federal Reserve Bank of New York or the Federal Reserve System.

# **Regional Economic Conditions**

**Jaison Abel, Senior Economist**

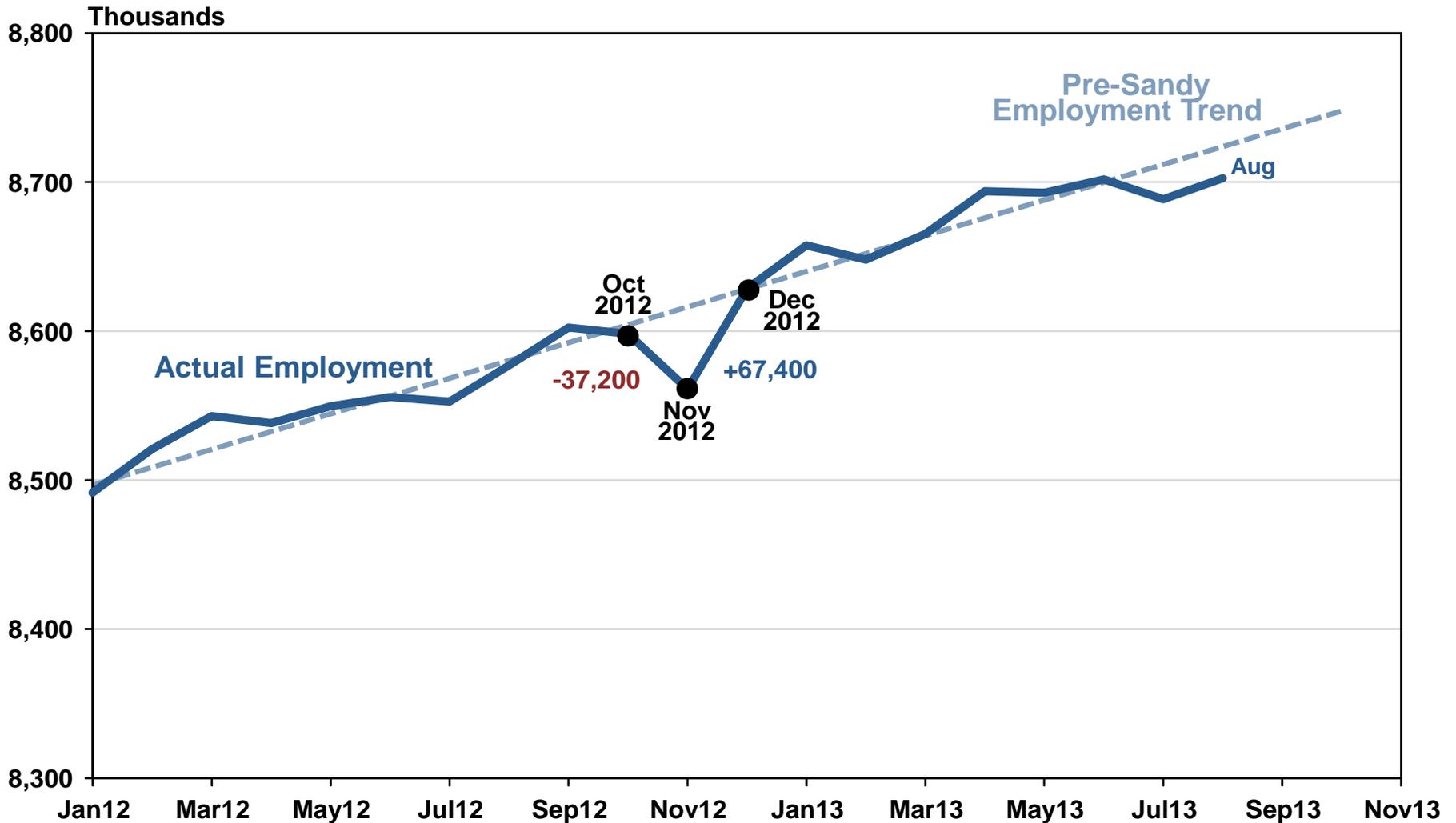
# Overview of Regional Conditions

- Anniversary of Superstorm Sandy
  - Regional economy rebounded quickly from the damage and disruption caused by the storm
- Economic Activity and Employment
  - New York City remains on a solid growth trajectory
  - Moderate growth in Upstate New York and Northern New Jersey
  - Puerto Rico remains weak
- Housing
  - Most of the region's housing markets continue to improve, though home price appreciation has generally been below average during the housing recovery



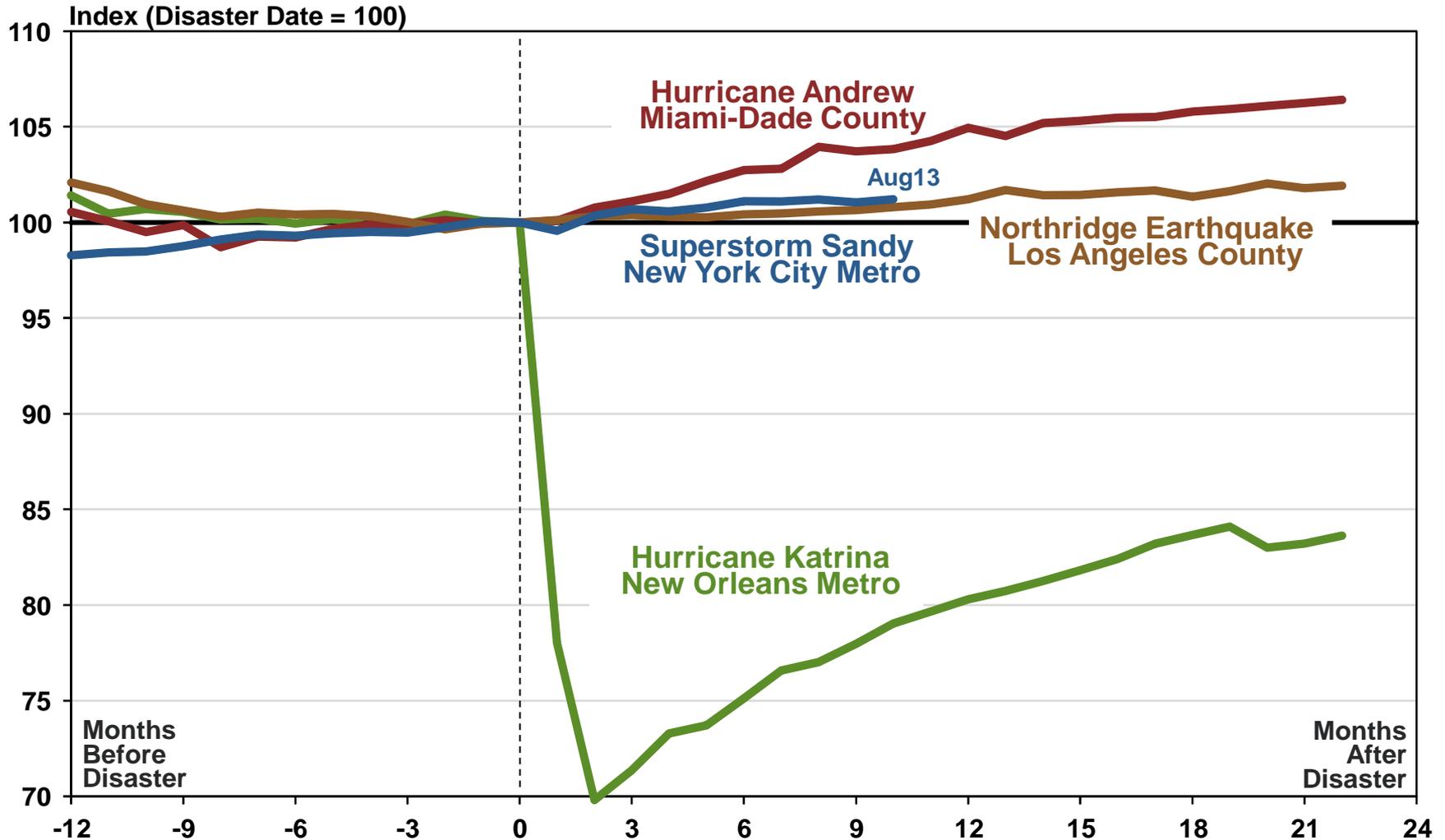
# Rebound from Superstorm Sandy

## New York City Metro, Total Employment



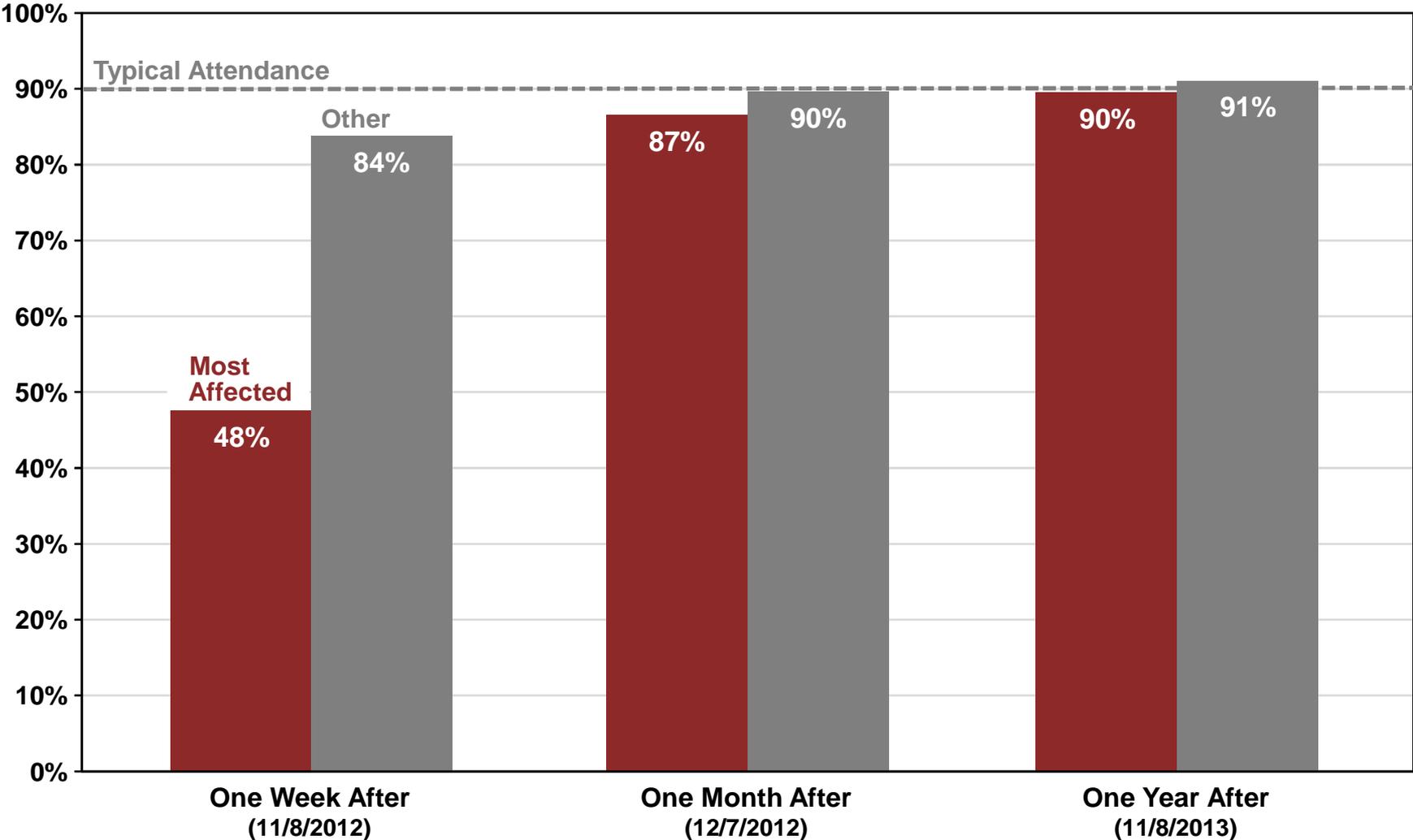
# Comparison to Other Natural Disasters

## Total Employment Trends



# School Attendance After Superstorm Sandy

New York City Schools, K-12

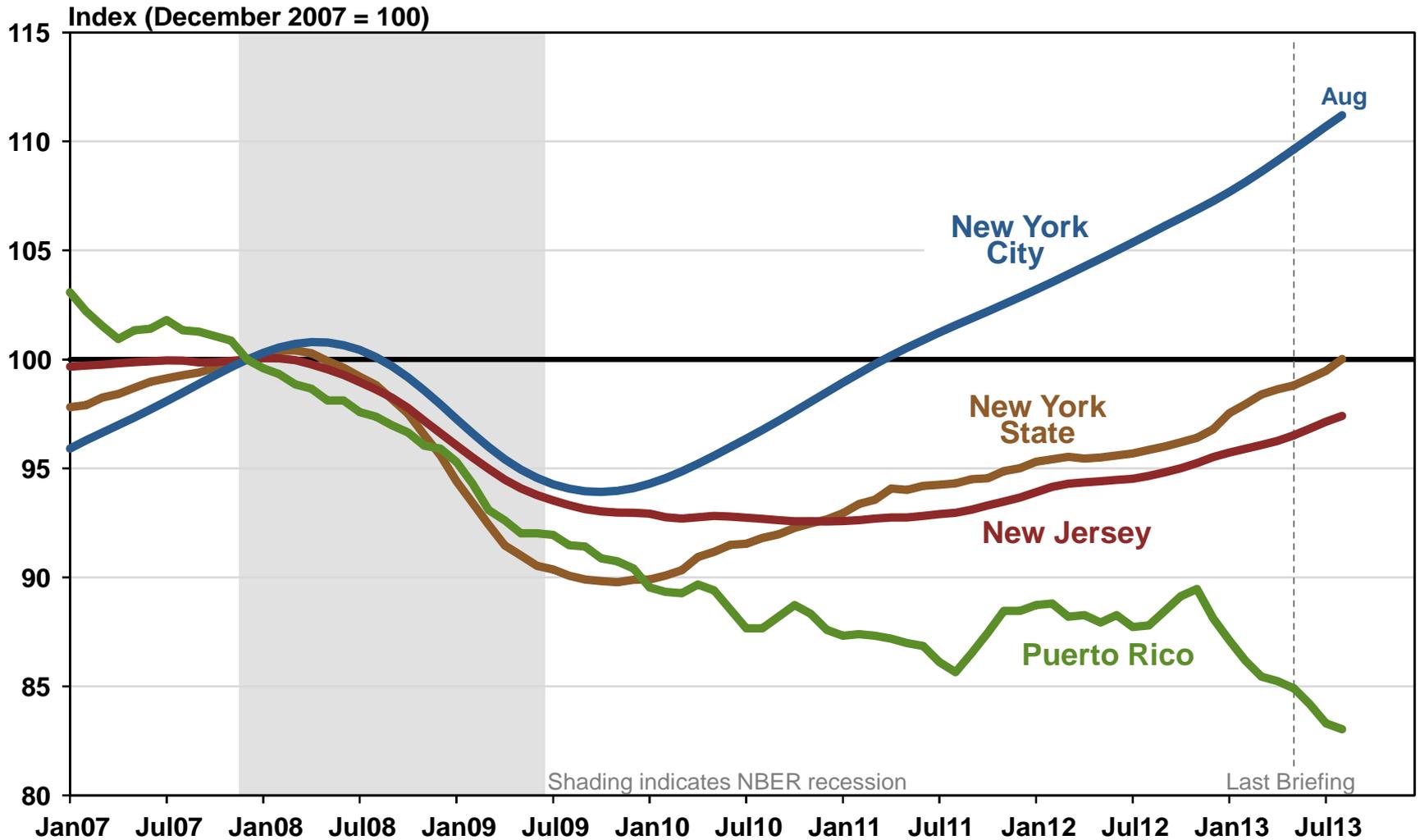


Source: New York City Department of Education.

Note: "Most Affected" schools are those that were closed or relocated as of November 8, 2012; excludes special education and charter schools.

# Regional Economic Activity

## Indexes of Coincident Economic Indicators

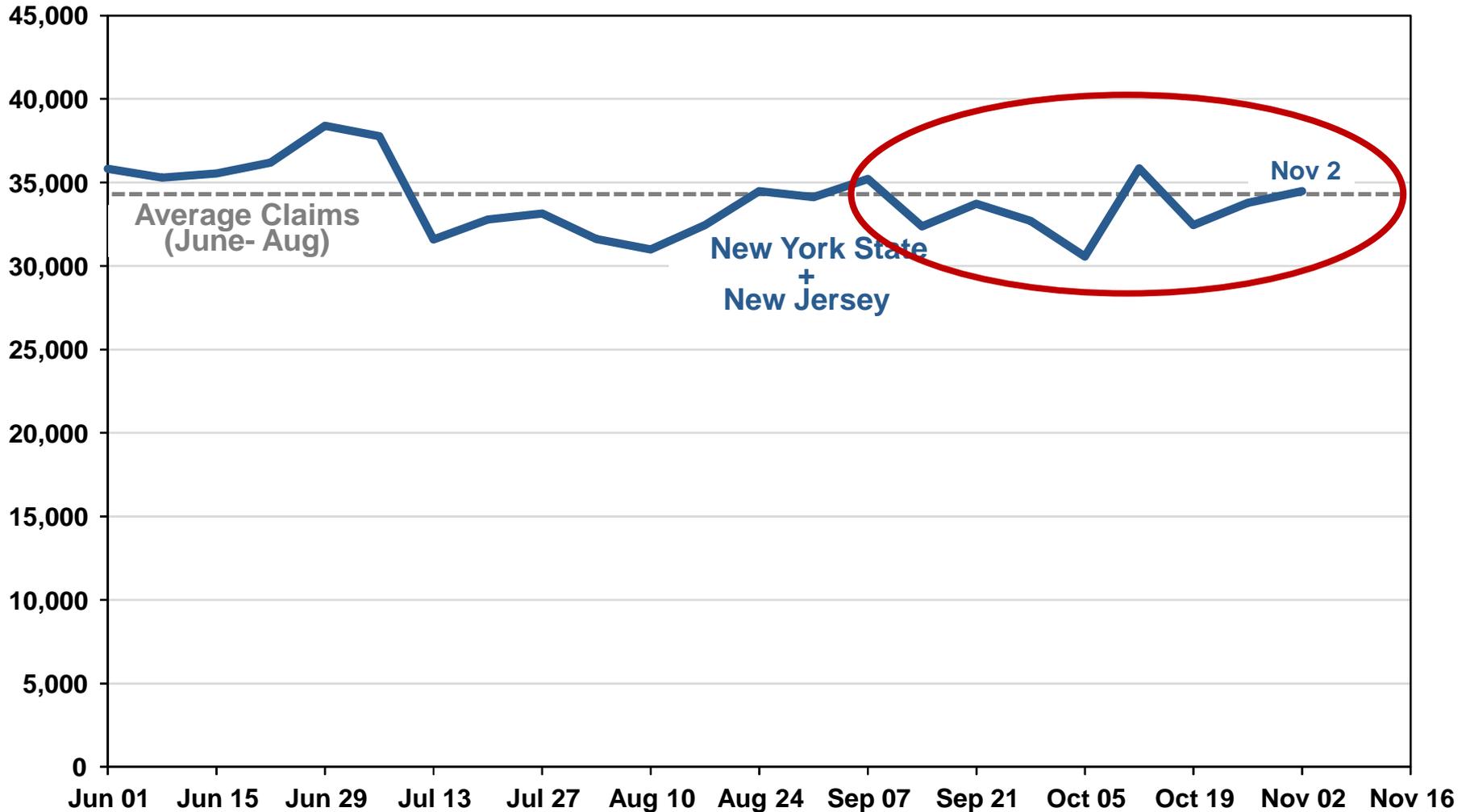


Source: Federal Reserve Bank of New York; Puerto Rico Government Development Bank.

Note: The Puerto Rico composite index is based on a different methodology than the indexes produced by the FRBNY.

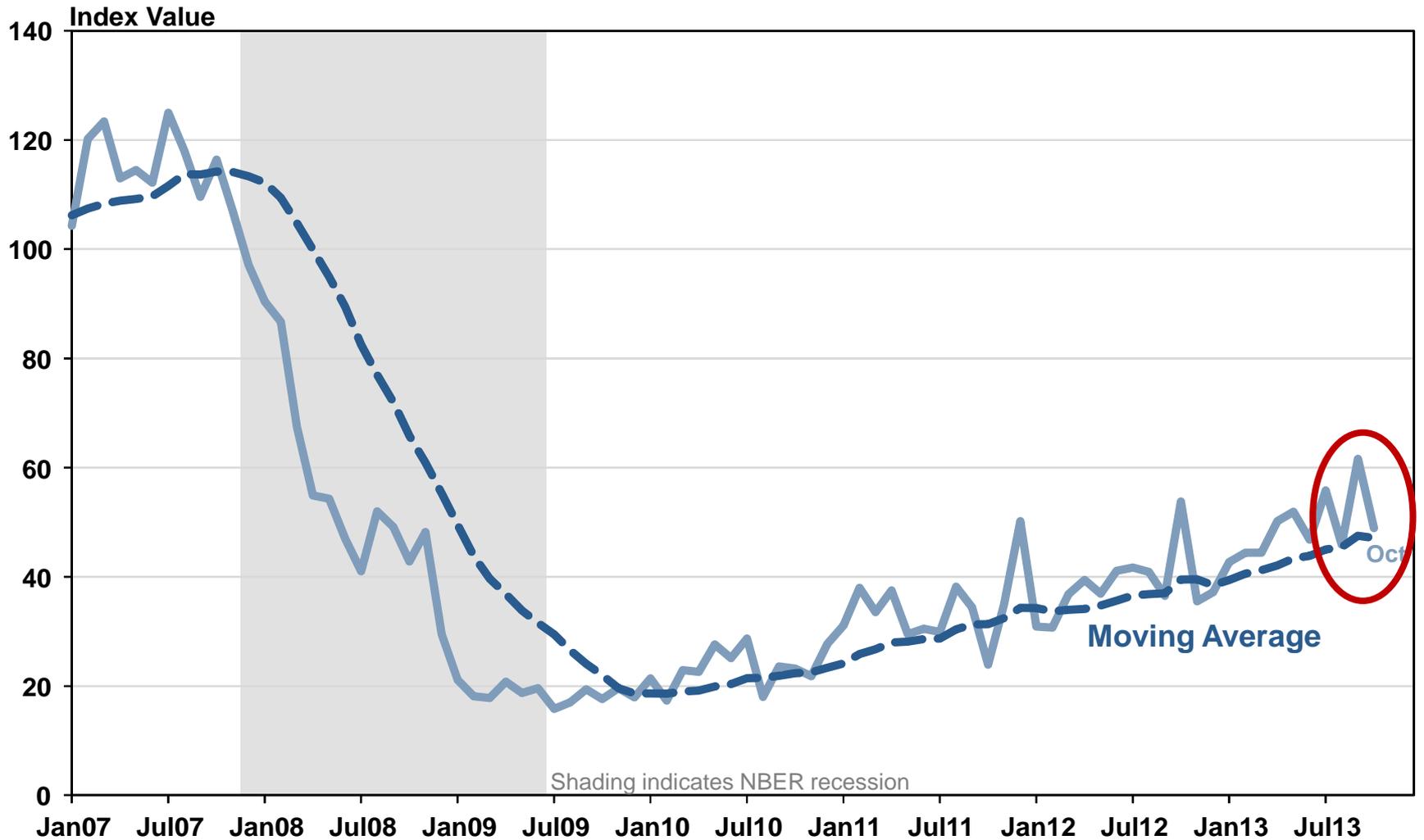
# Weekly Initial Jobless Claims

New York and New Jersey, Seasonally Adjusted



# Regional Consumer Confidence

Mid-Atlantic States, Present Situation Index, Seasonally Adjusted



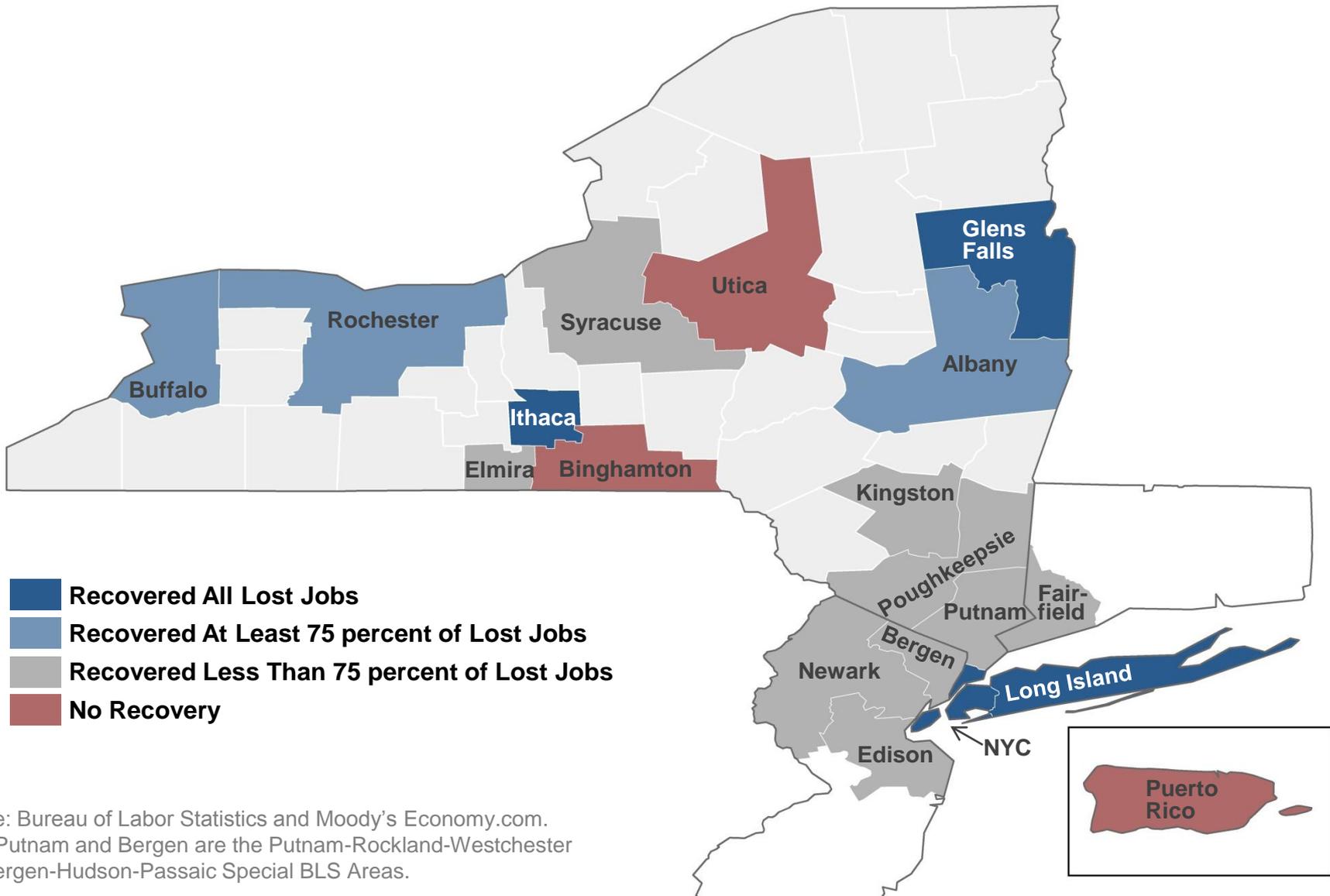
Shading indicates NBER recession

Moving Average

Oct

# Status of Jobs Recovery

## Share of Lost Jobs Gained Back During Local Recovery

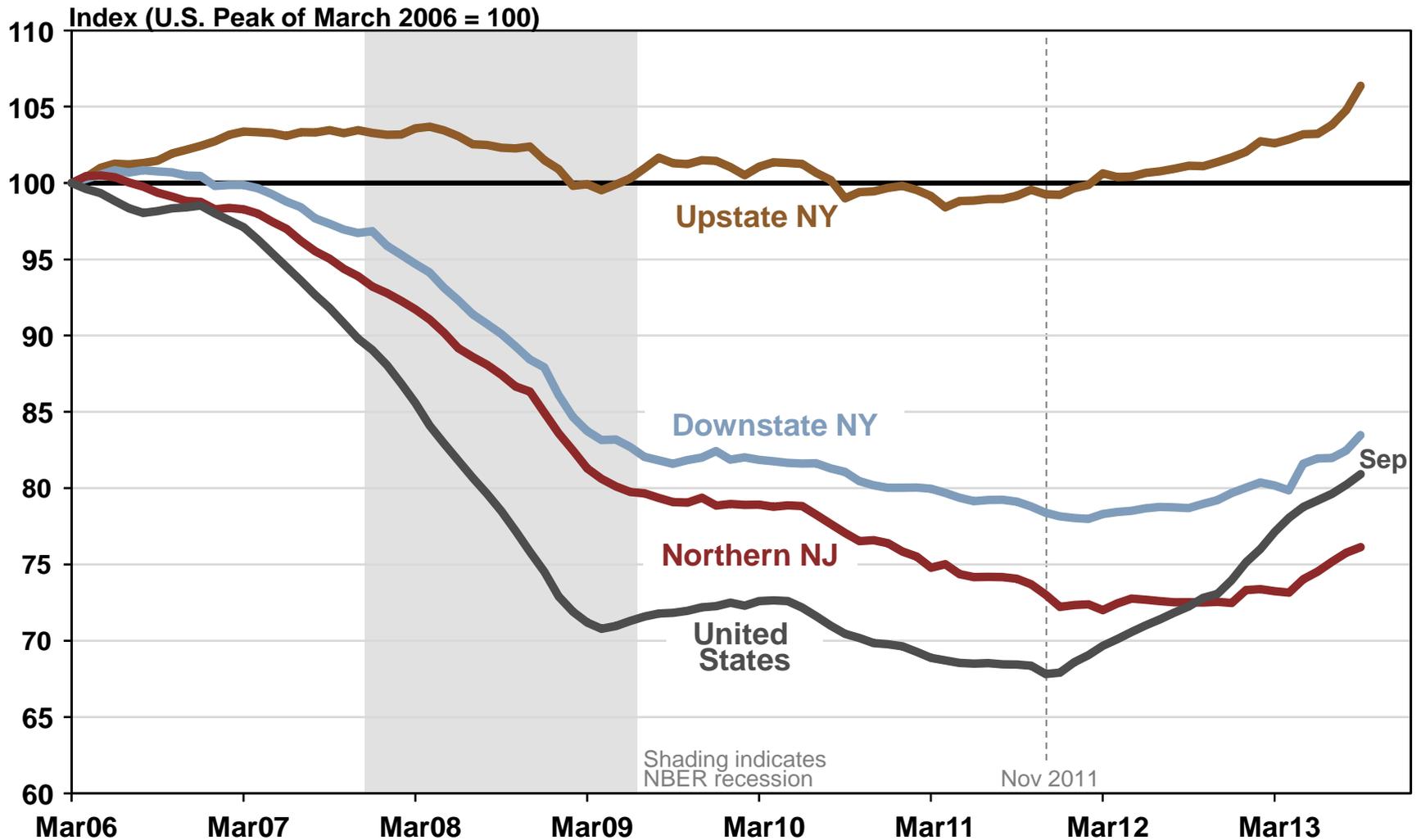


- Recovered All Lost Jobs**
- Recovered At Least 75 percent of Lost Jobs**
- Recovered Less Than 75 percent of Lost Jobs**
- No Recovery**

Source: Bureau of Labor Statistics and Moody's Economy.com.  
Note: Putnam and Bergen are the Putnam-Rockland-Westchester and Bergen-Hudson-Passaic Special BLS Areas.

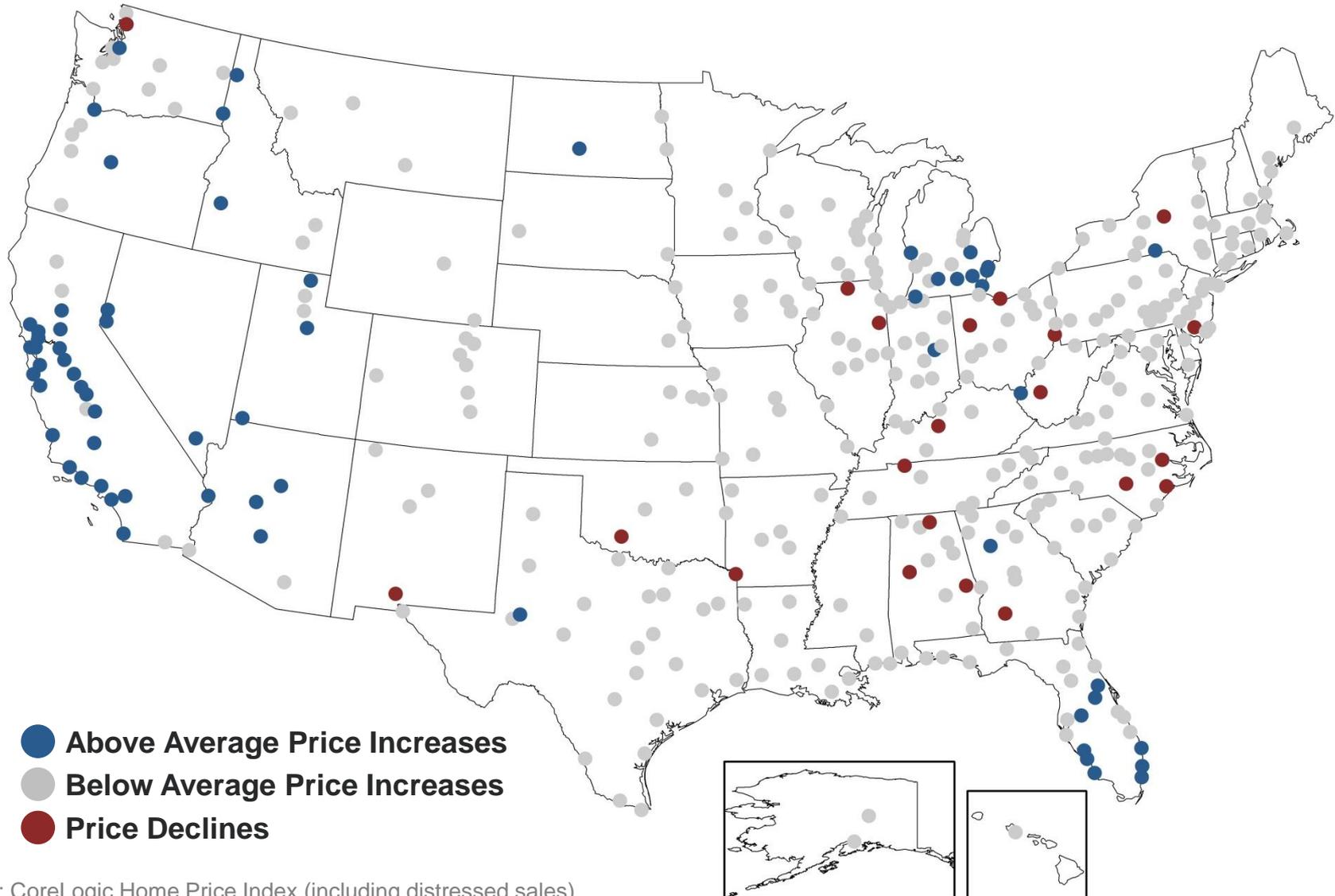
# Regional Home Price Trends

CoreLogic Home Price Index, Seasonally Adjusted



# Geography of the Housing Recovery

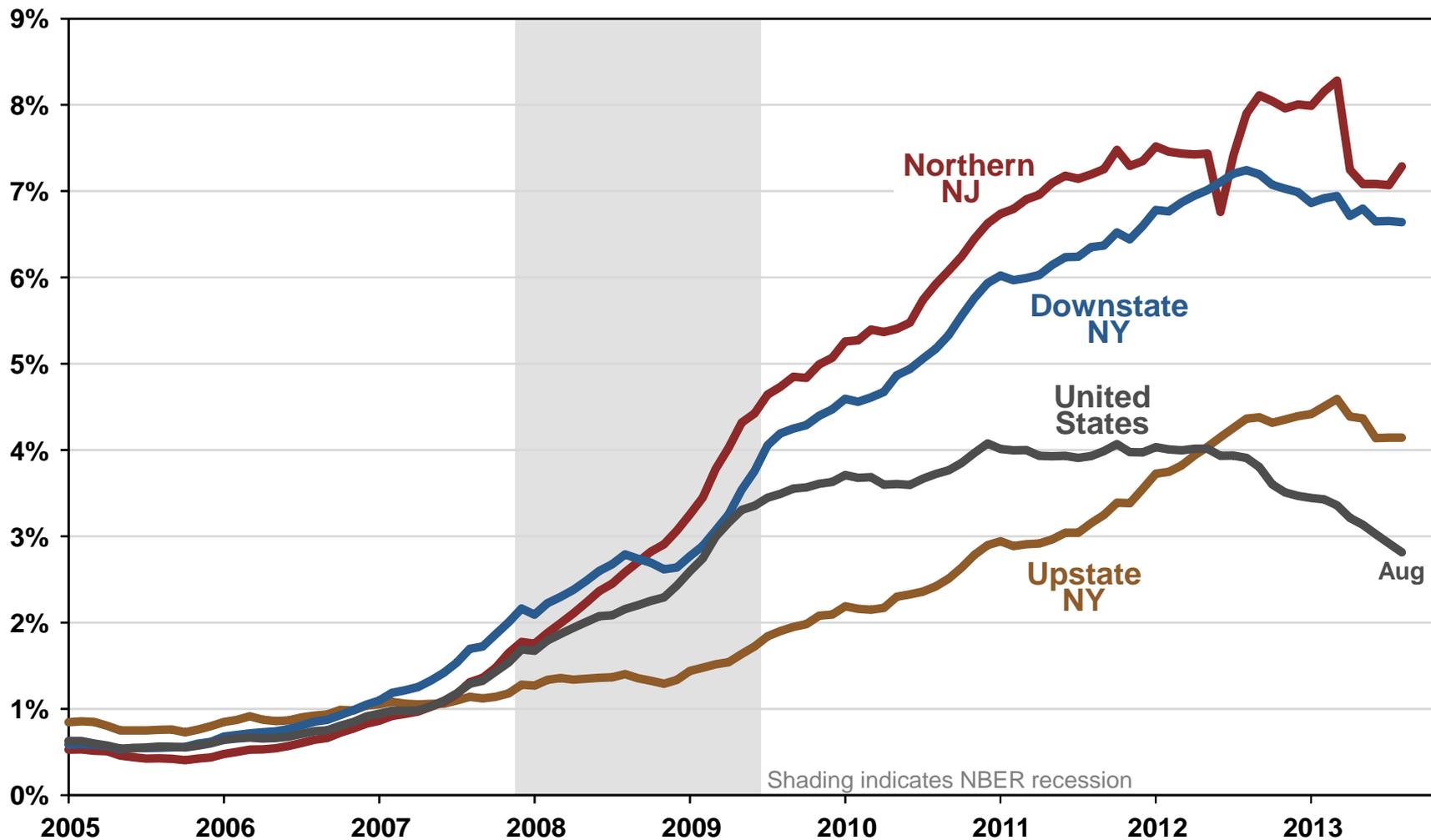
Change in Home Prices, November 2011 to September 2013



Source: CoreLogic Home Price Index (including distressed sales).

# Backlog of Foreclosures in Region

## Share of Mortgages in Foreclosure



# **Private For-Profit Institutions in the Higher Education Landscape**

**Rajashri Chakrabarti, Economist**

# Outline

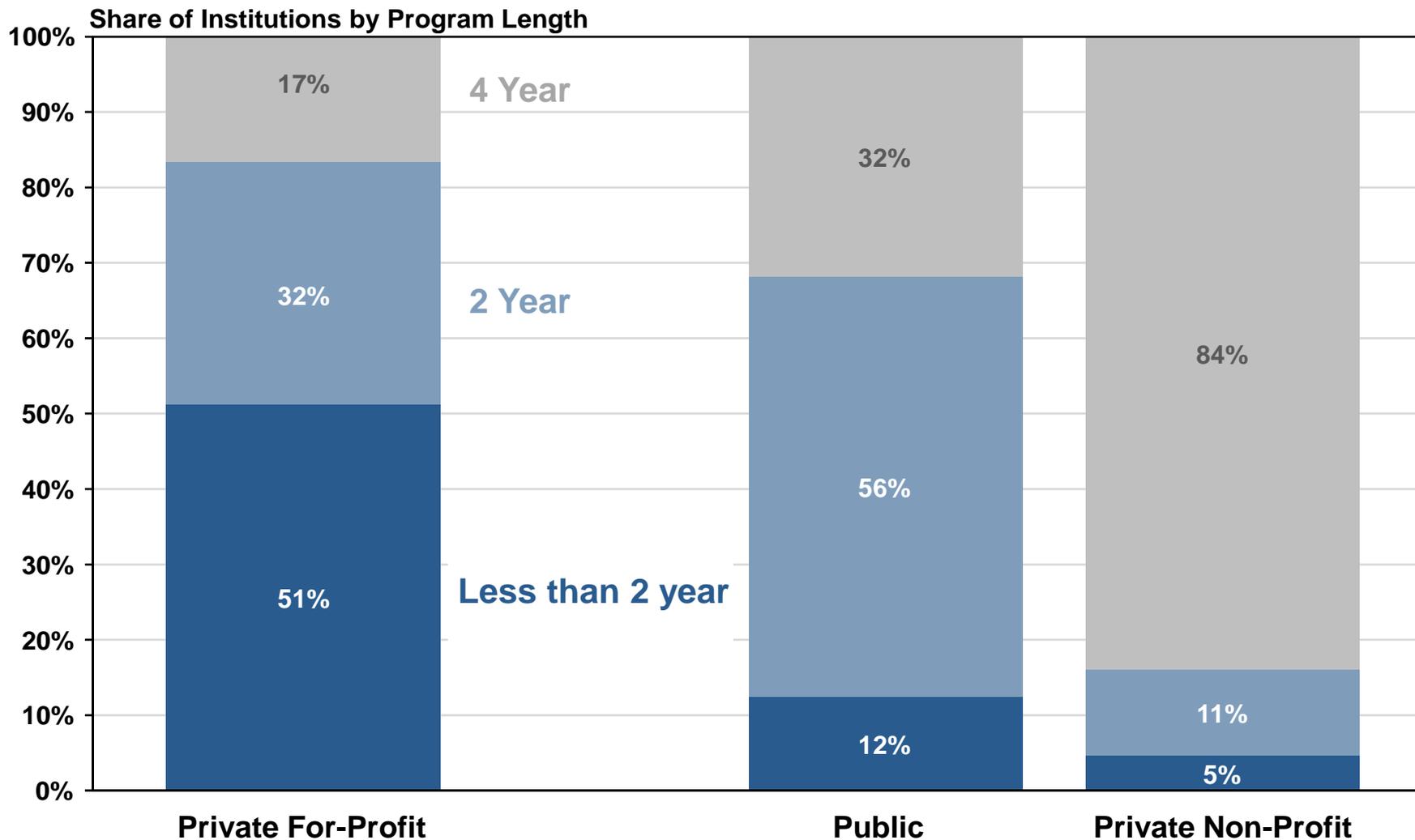
- Private for-profit institutions have shown exceptional growth in recent years
- What are for-profit schools? Where are they located? What degrees do they offer? Whom do they serve?
- Examine the growth of for-profits, and any changes following the Great Recession
- What are their tuition levels and net prices? How much do their students rely on student loans?
- What is the future outlook for students in these for-profit institutions?

# Key Takeaways

- For-profits are primarily trade schools that offer undergraduate certificates and associate's degrees
- For-profits tend to serve lower income, older, minority, and female students
- Enrollment in for-profits skyrocketed during the Great Recession, and declined as recovery set in
- Tuition at for-profits considerably higher than comparable publics, and the gap has widened over time
- Students at for-profits are more likely to take student loans, and in larger amounts

# **Who Are the Private For-Profit Schools?**

# For-Profits Primarily Offer Short-Term Programs

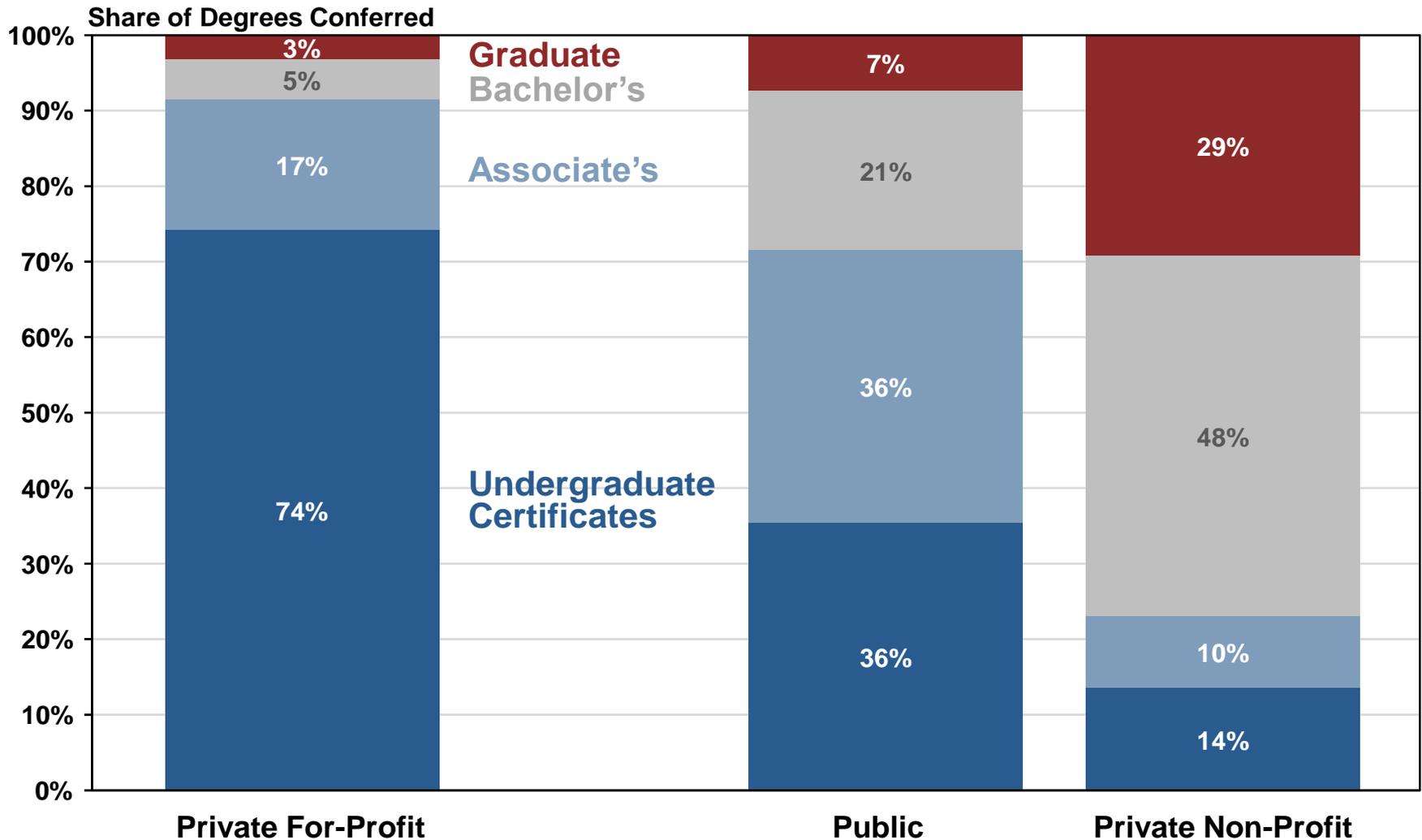


# For-Profits Focus on Trade Skills

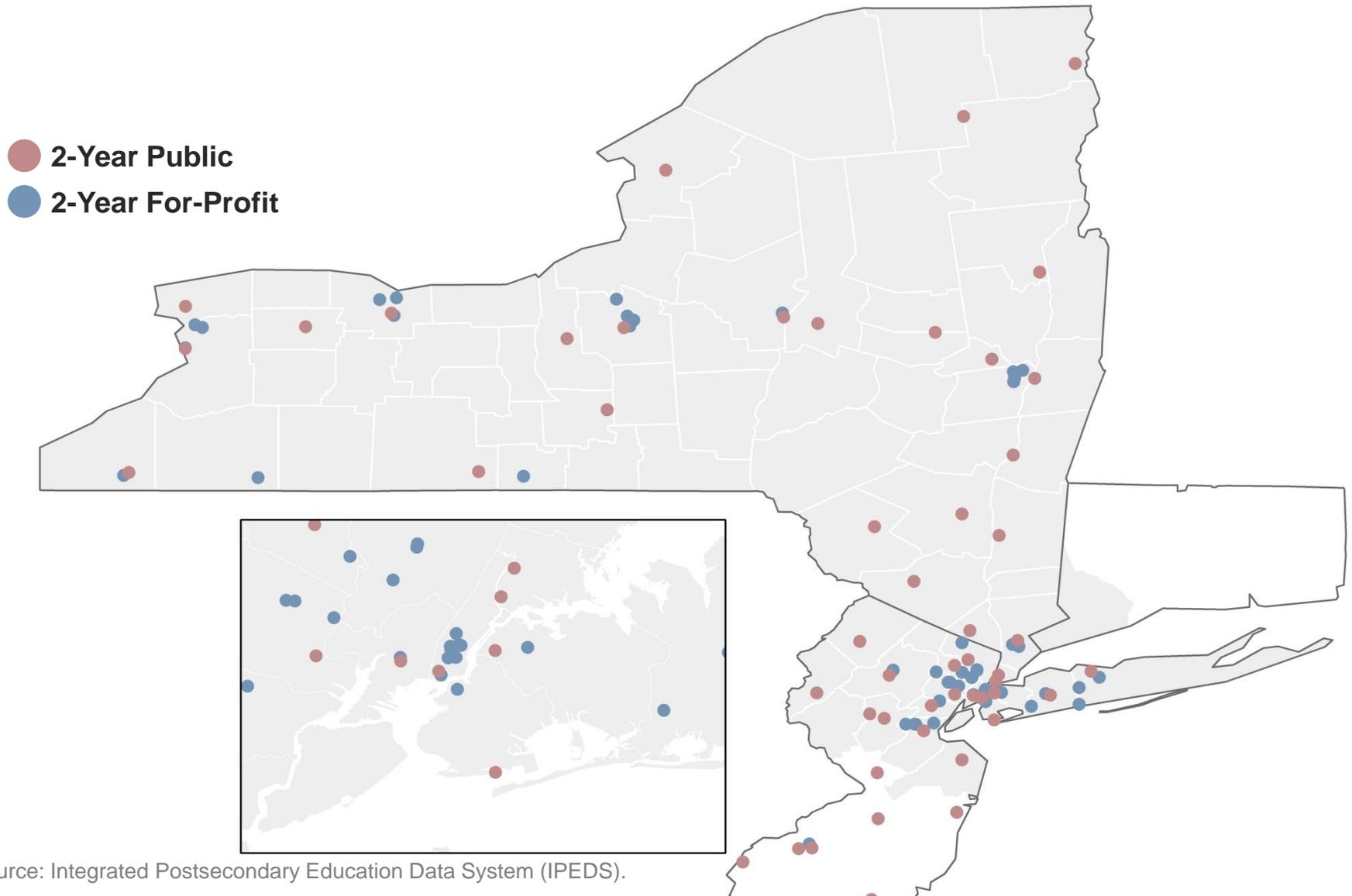
	<2-Years	2 Year
For-Profits	<ul style="list-style-type: none"> <li>Appliance control</li> <li>Automotives</li> <li>Business</li> <li>Construction</li> <li>Computers</li> <li>Healthcare</li> <li>Massage</li> <li>Legal</li> </ul>	<ul style="list-style-type: none"> <li>Arts</li> <li>Automotives</li> <li>Business</li> <li>Construction</li> <li>Electrical</li> <li>Healthcare</li> <li>Legal</li> </ul>
Public	<ul style="list-style-type: none"> <li>Adult Remedial (GED)</li> <li>Citizenship Training</li> <li>Nursing</li> <li>Trade skills (less common than in For-Profits)</li> </ul>	<ul style="list-style-type: none"> <li>Primarily Academic</li> <li>Associate's Degrees</li> <li>Military Institutions</li> </ul>



# For-Profits Primarily Grant Certificates Below the Bachelor's Level



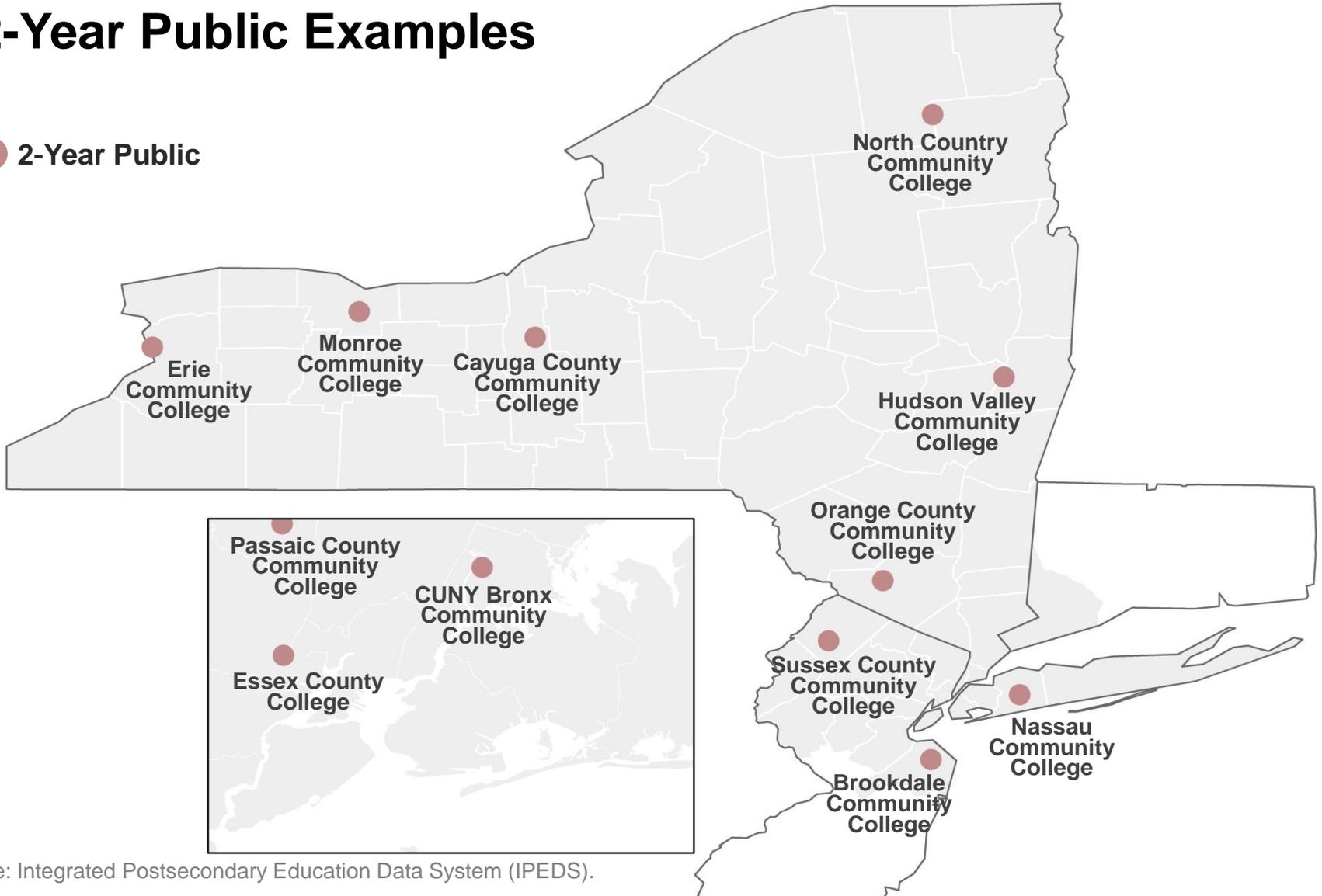
# Where Are the 2-Year Schools?



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## 2-Year Public Examples

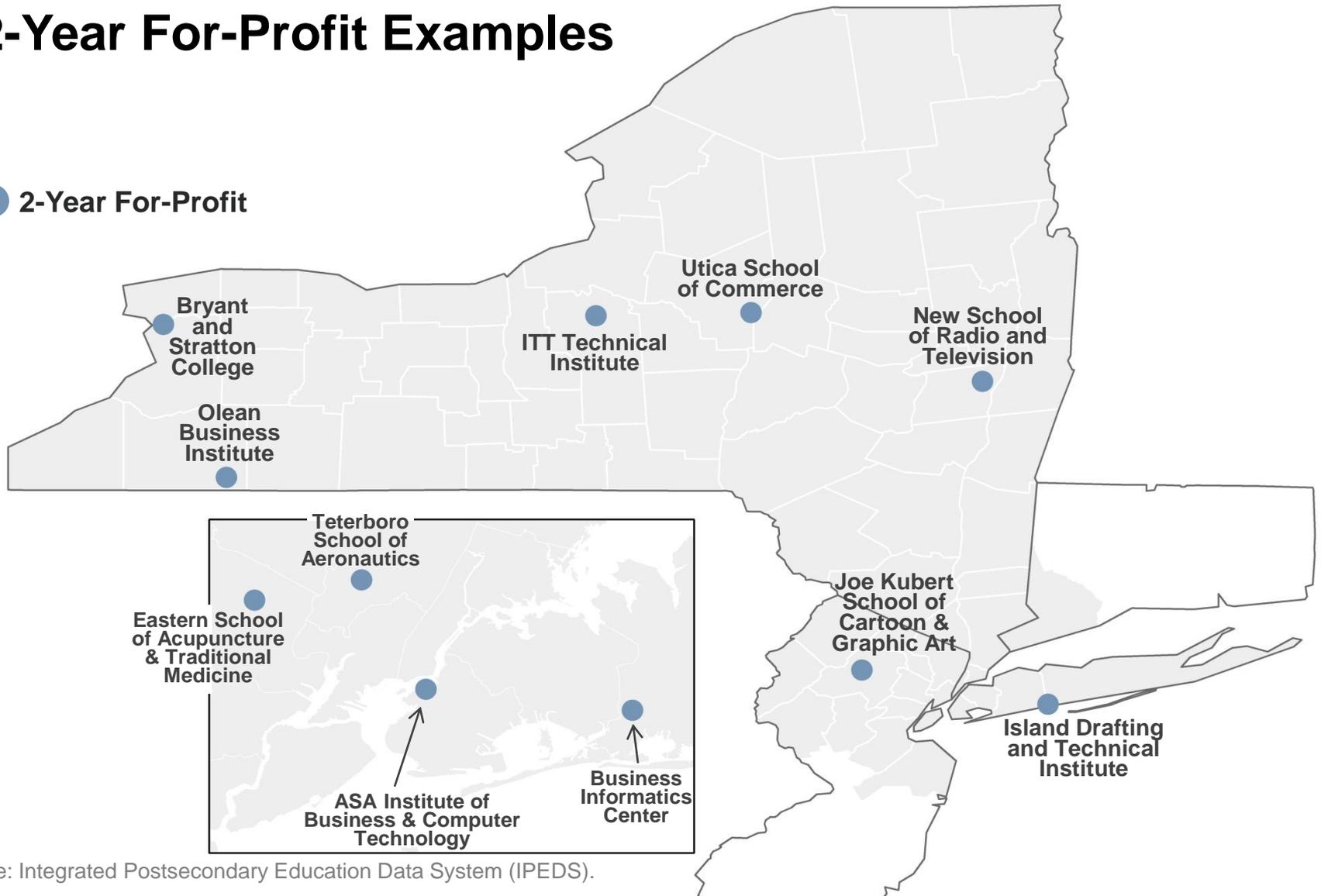
● 2-Year Public



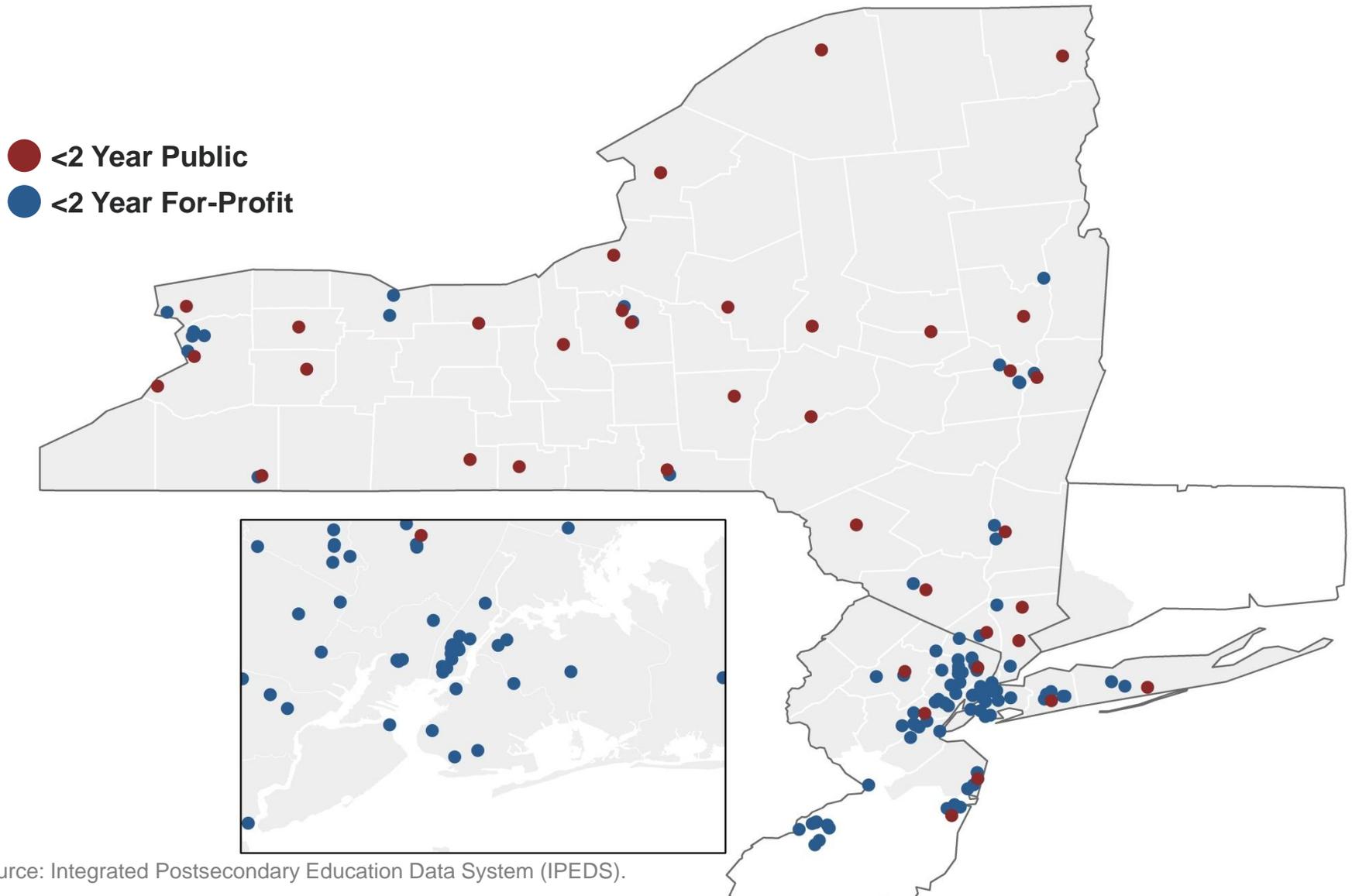
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## 2-Year For-Profit Examples

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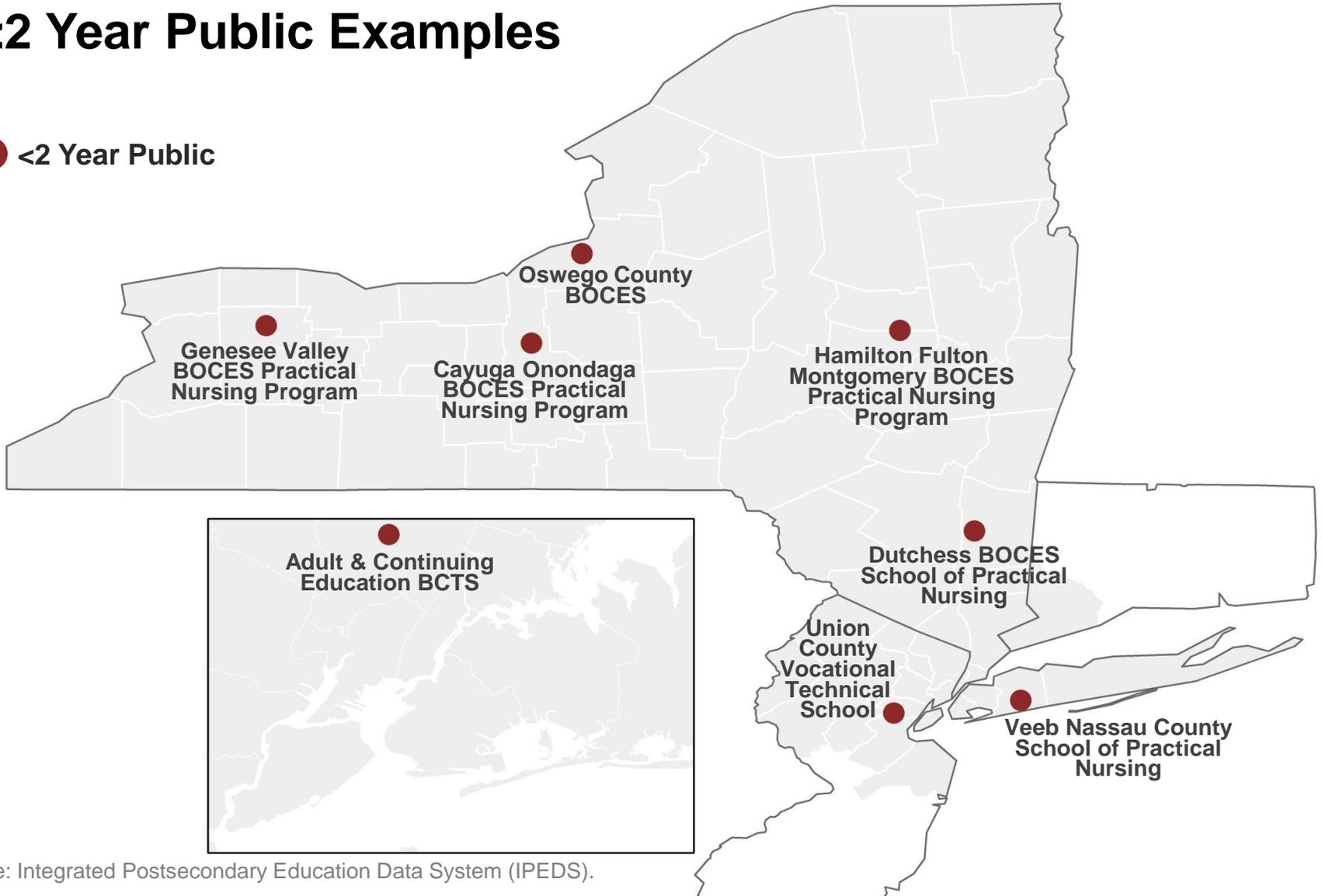
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## <2 Year Public Examples

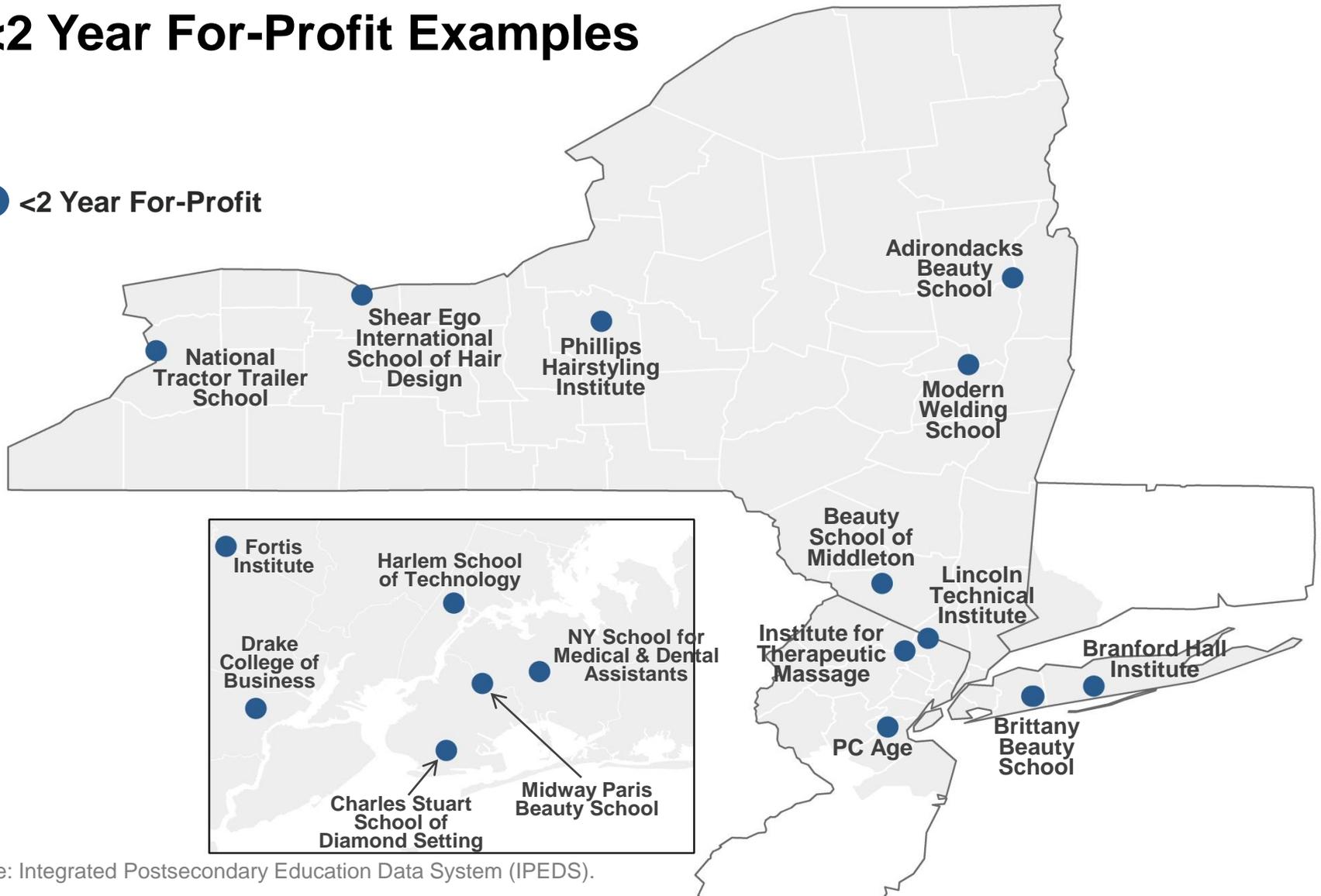
● <2 Year Public



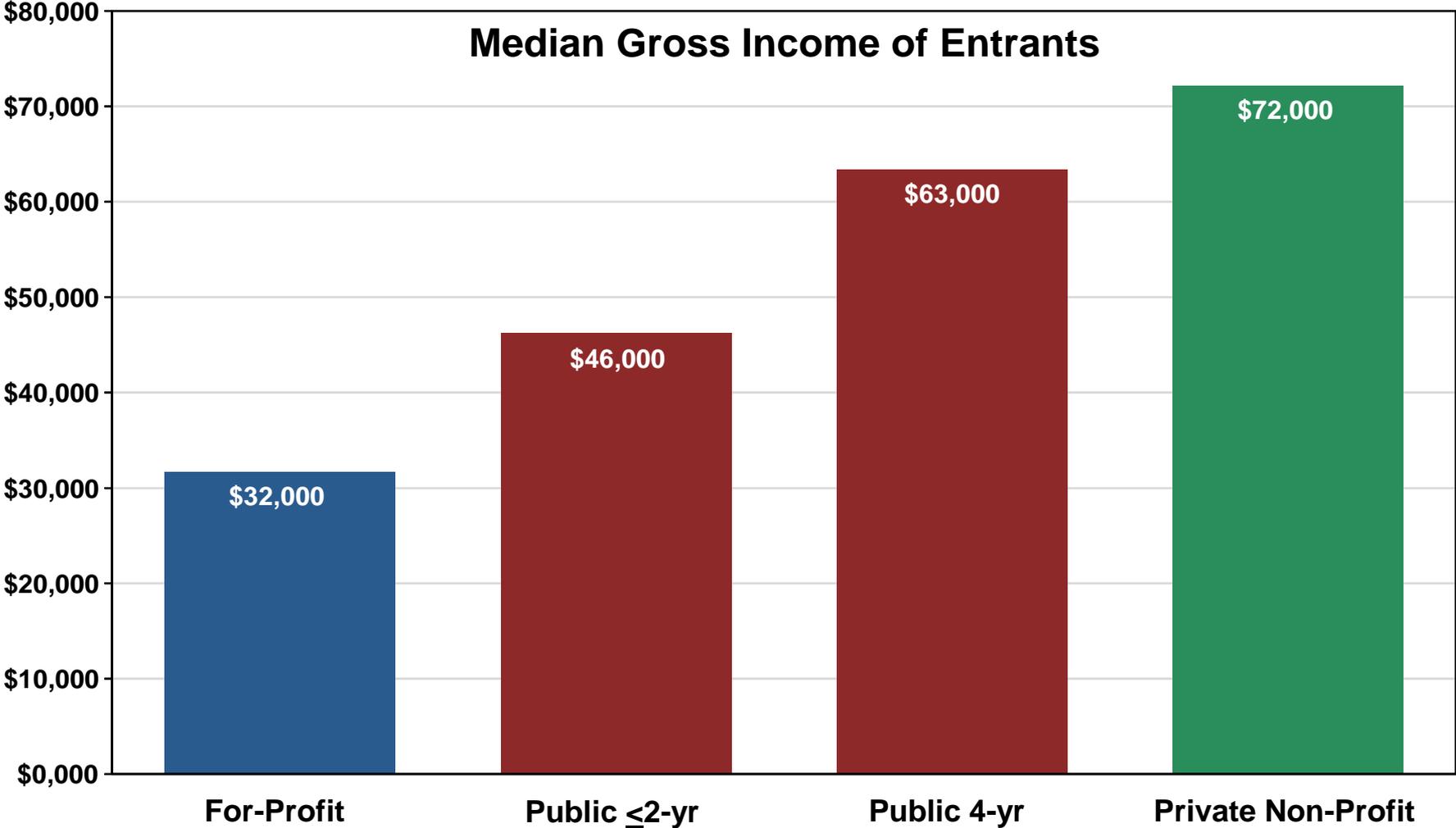
# Where Are the <2-Year Schools?

## <2 Year For-Profit Examples

● <2 Year For-Profit

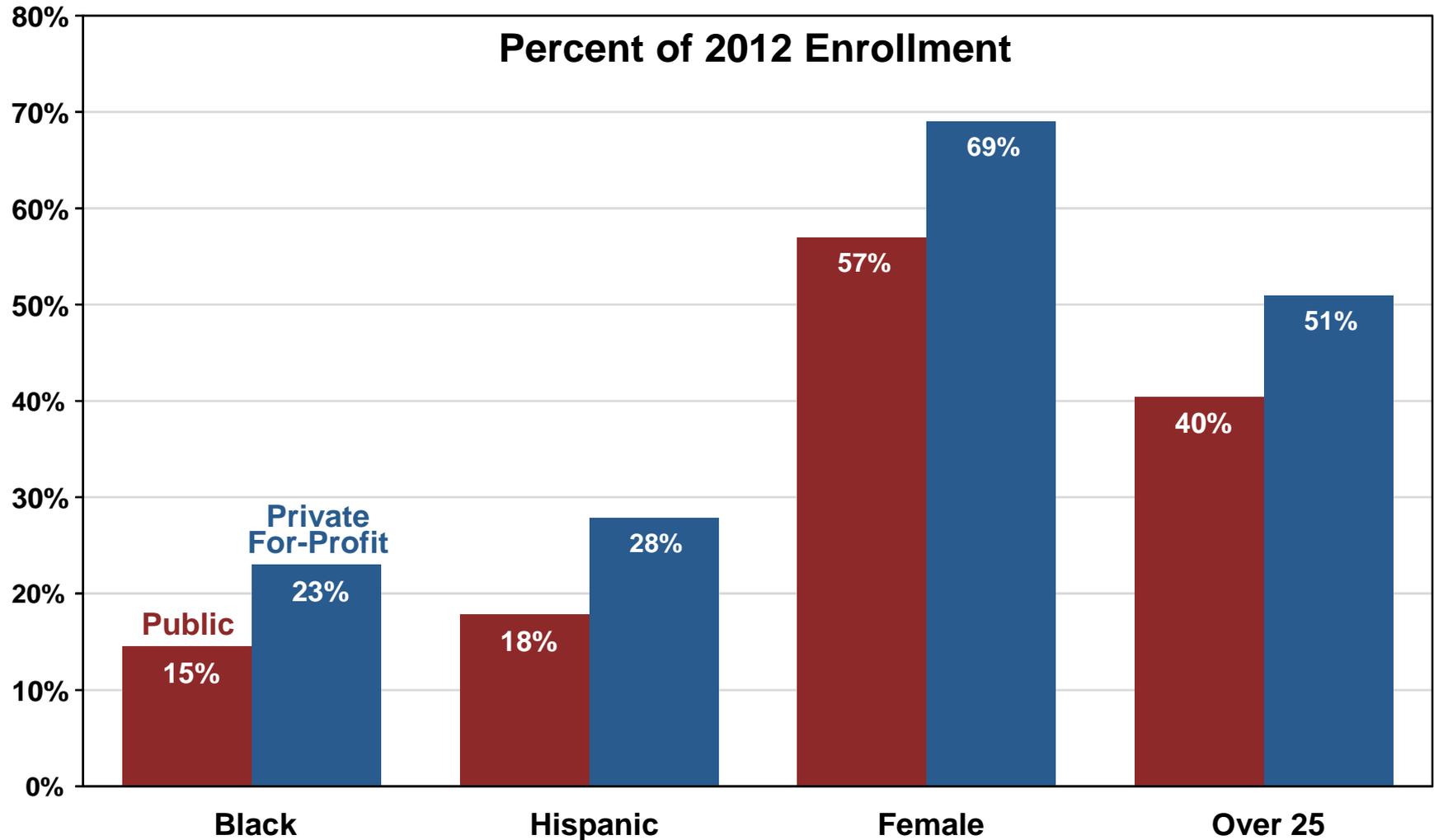


# Entrants to For-Profits Are Low-Income

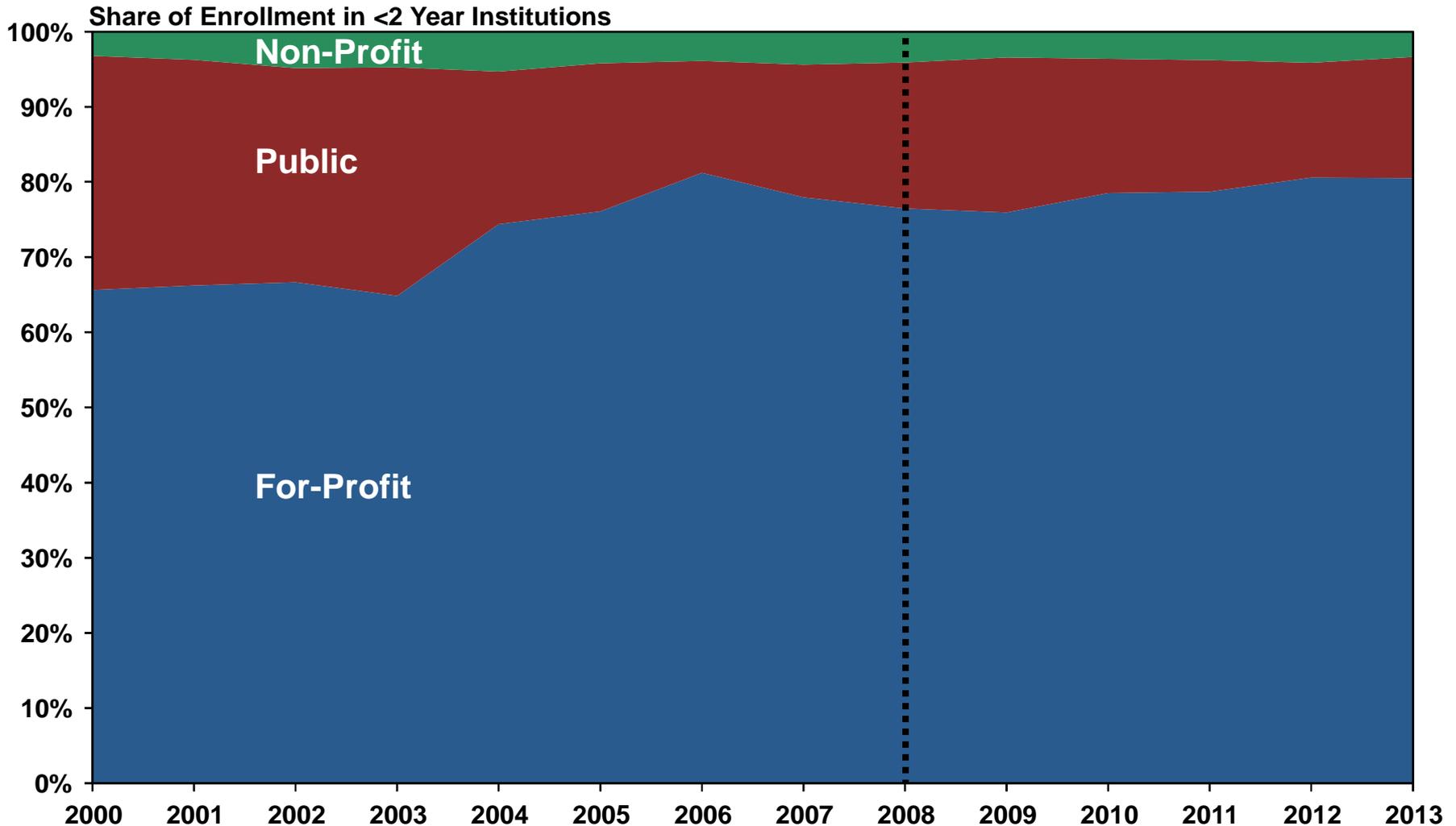


Source: Cellini and Darolia, "College Costs and Financial Constraints: Student Borrowing at For-Profit Institutions" *Upjohn Institute Conference Paper*, October 2013; using NPSAS data.

# For-Profits Cater More to Minorities, Women, and People Over 25 Years Old

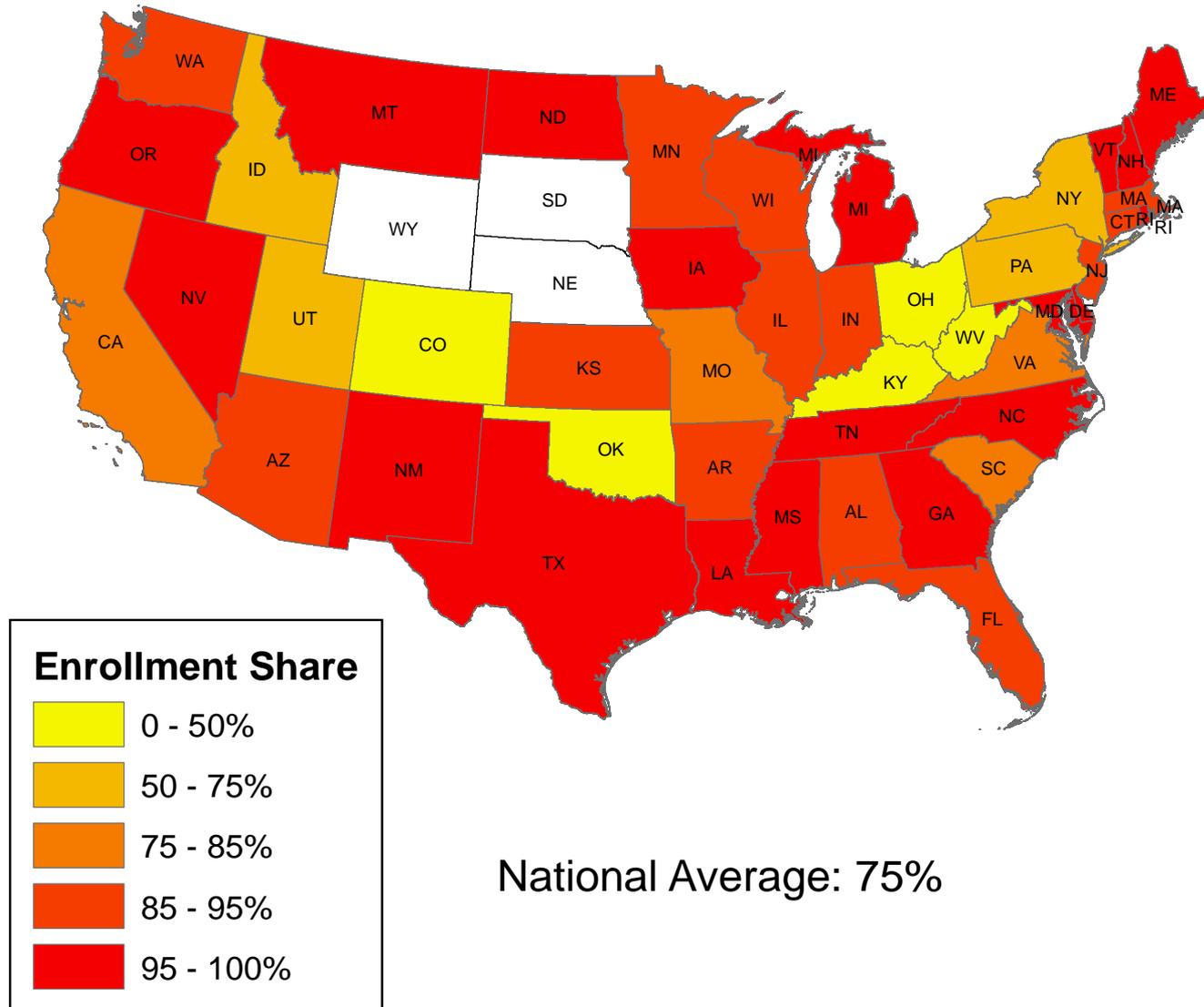


# For-Profits Command by Far the Largest Share of <2-Year Enrollment



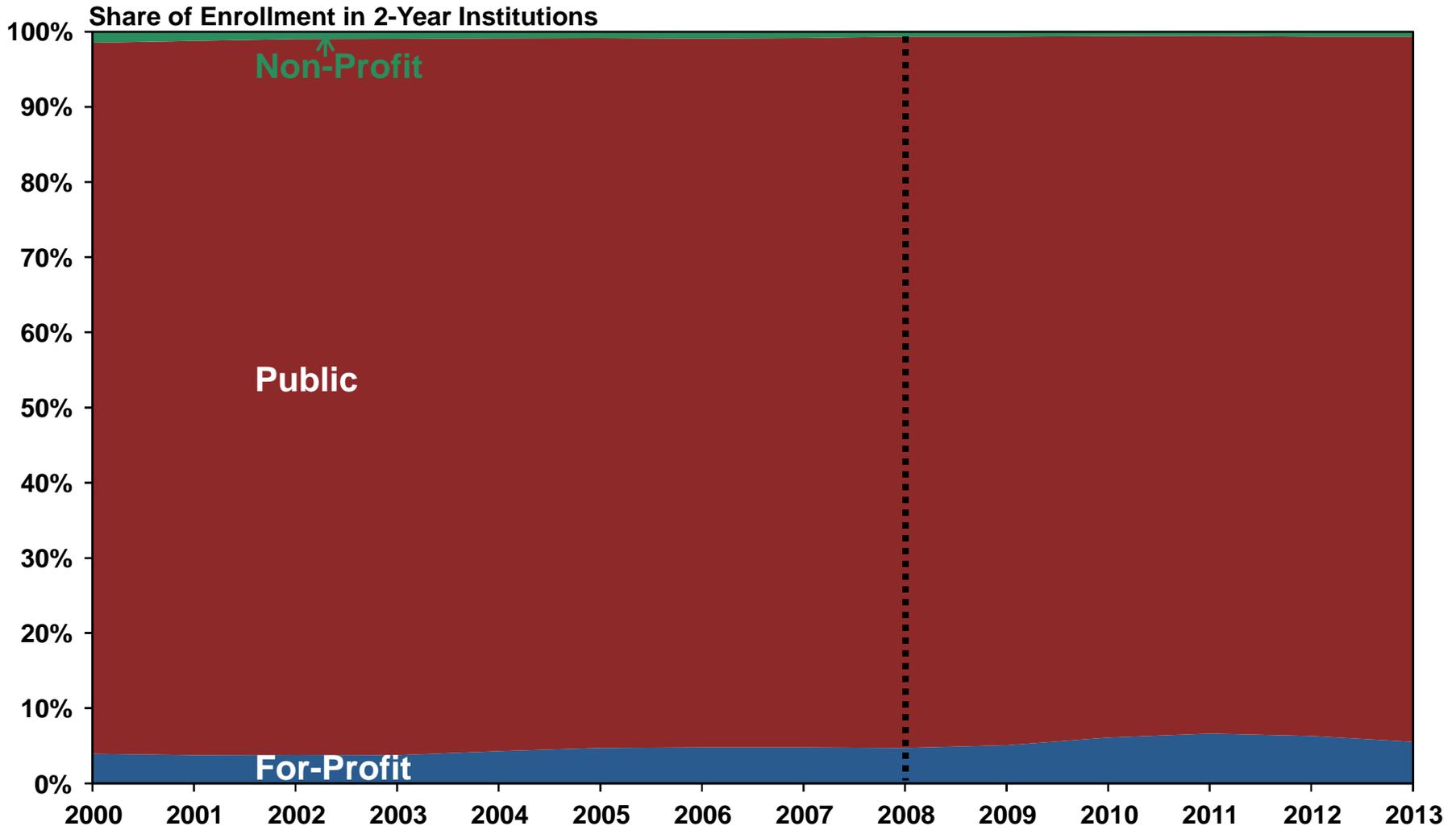
# Where Do <2 Year For-Profits Most Dominate?

## For-Profit Share of Enrollment in <2 Year Colleges



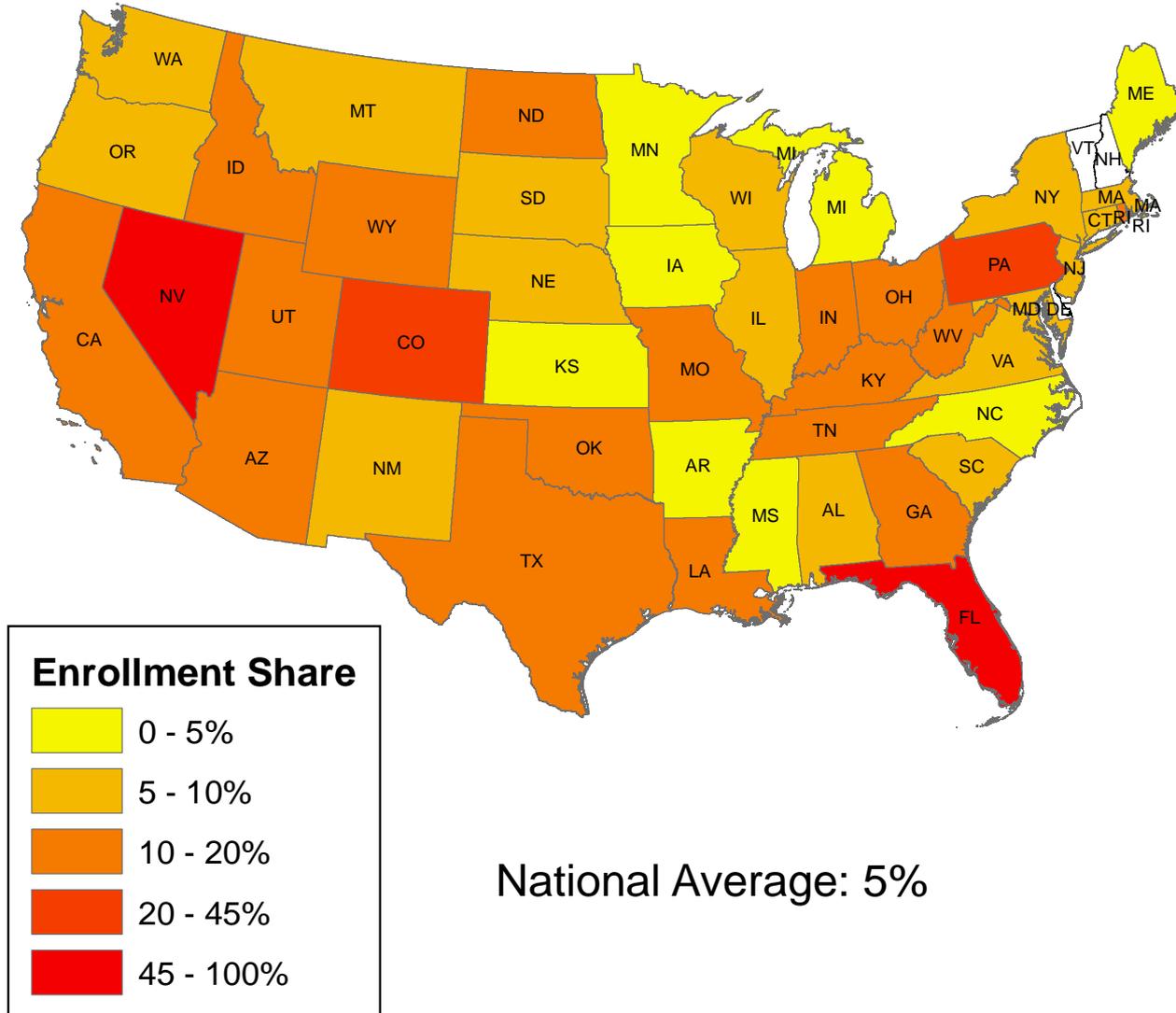
Source: Integrated Postsecondary Education Data System (IPEDS).

# Share of For-Profits in 2-Year College Enrollment Has Been Rising



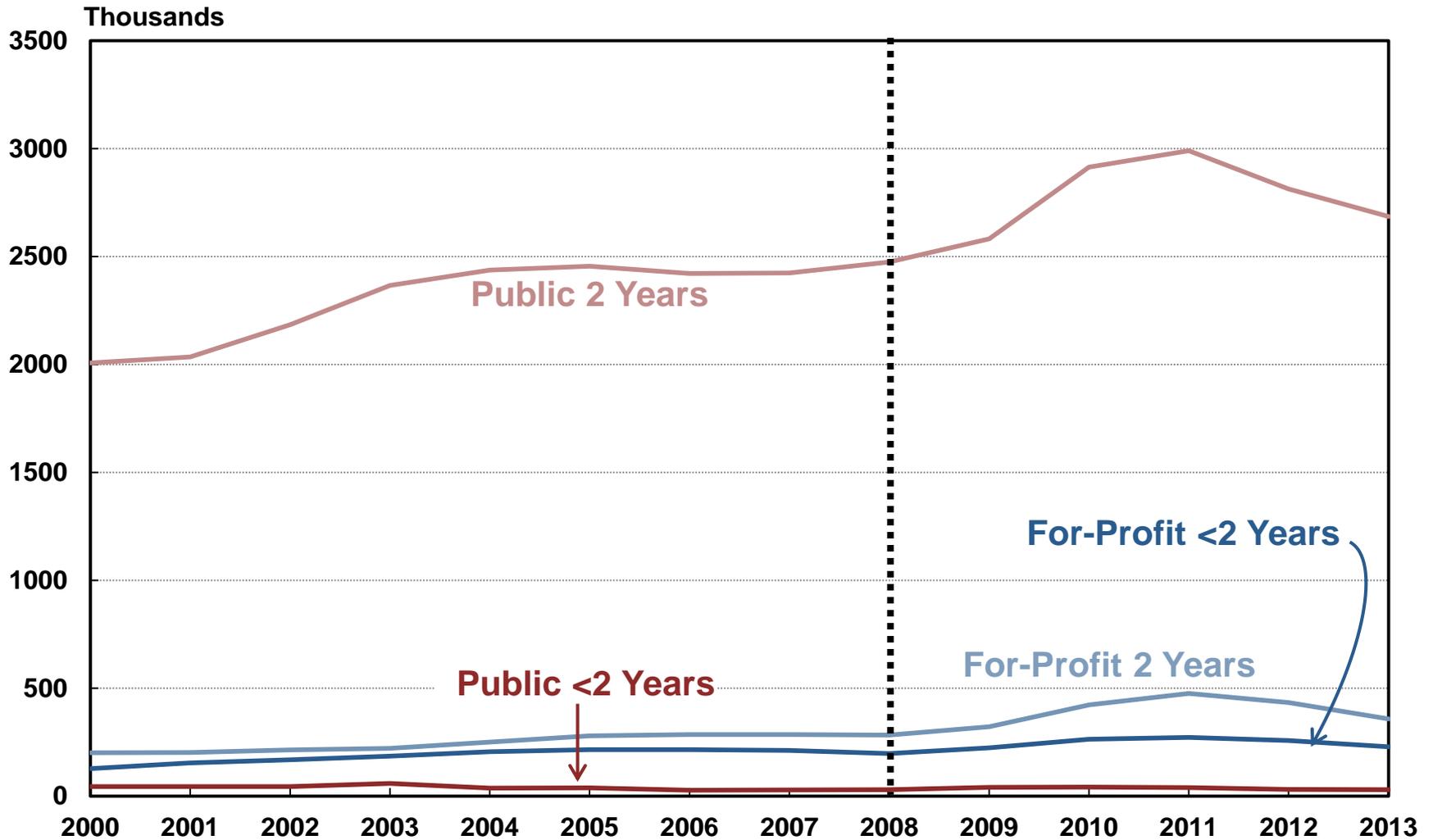
# Where Do 2 Year For-Profits Most Dominate?

## For-Profit Share of Enrollment in 2 Year Colleges

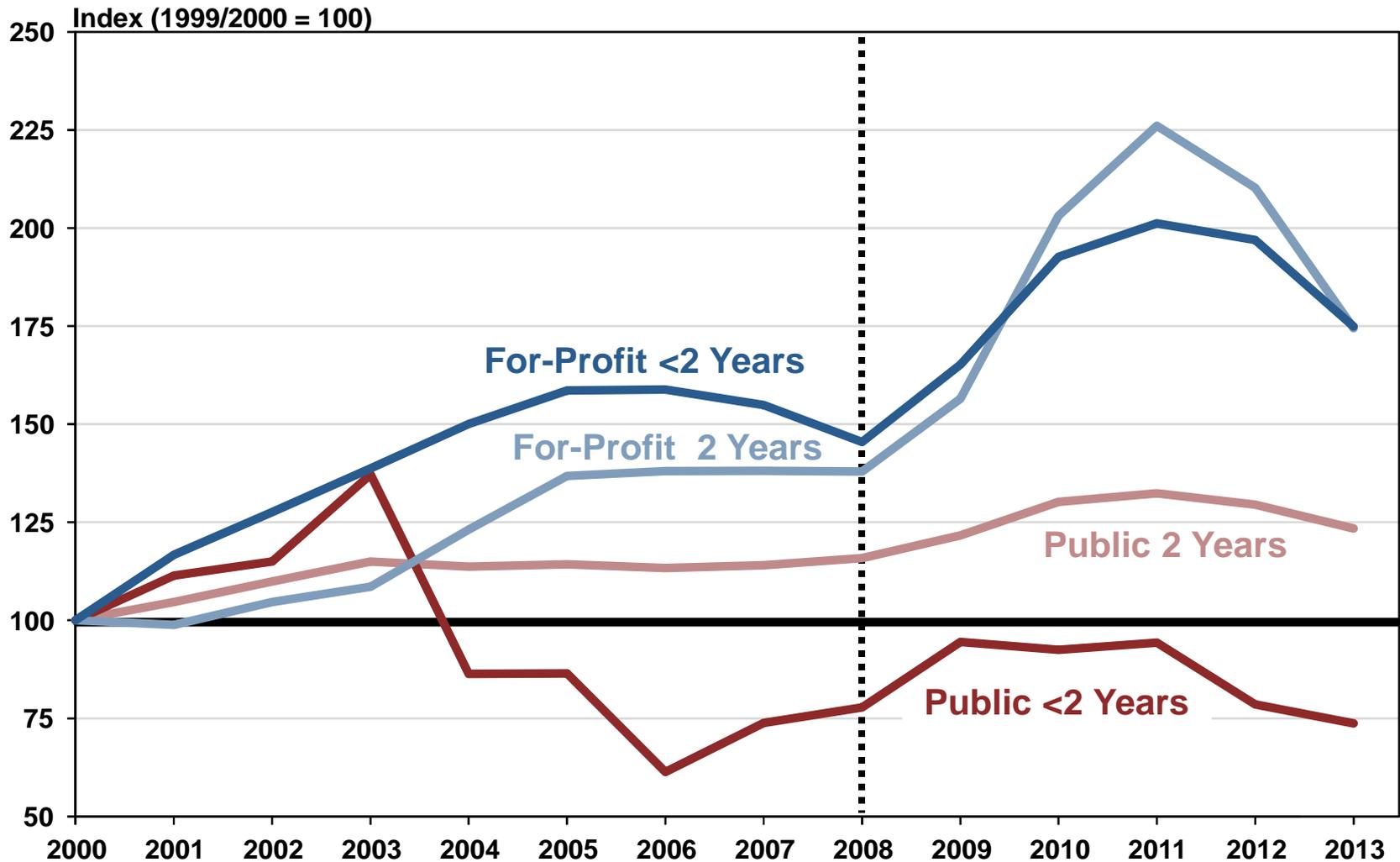


**Growth of  
For-Profit Institutions:  
Did Recession Matter?**

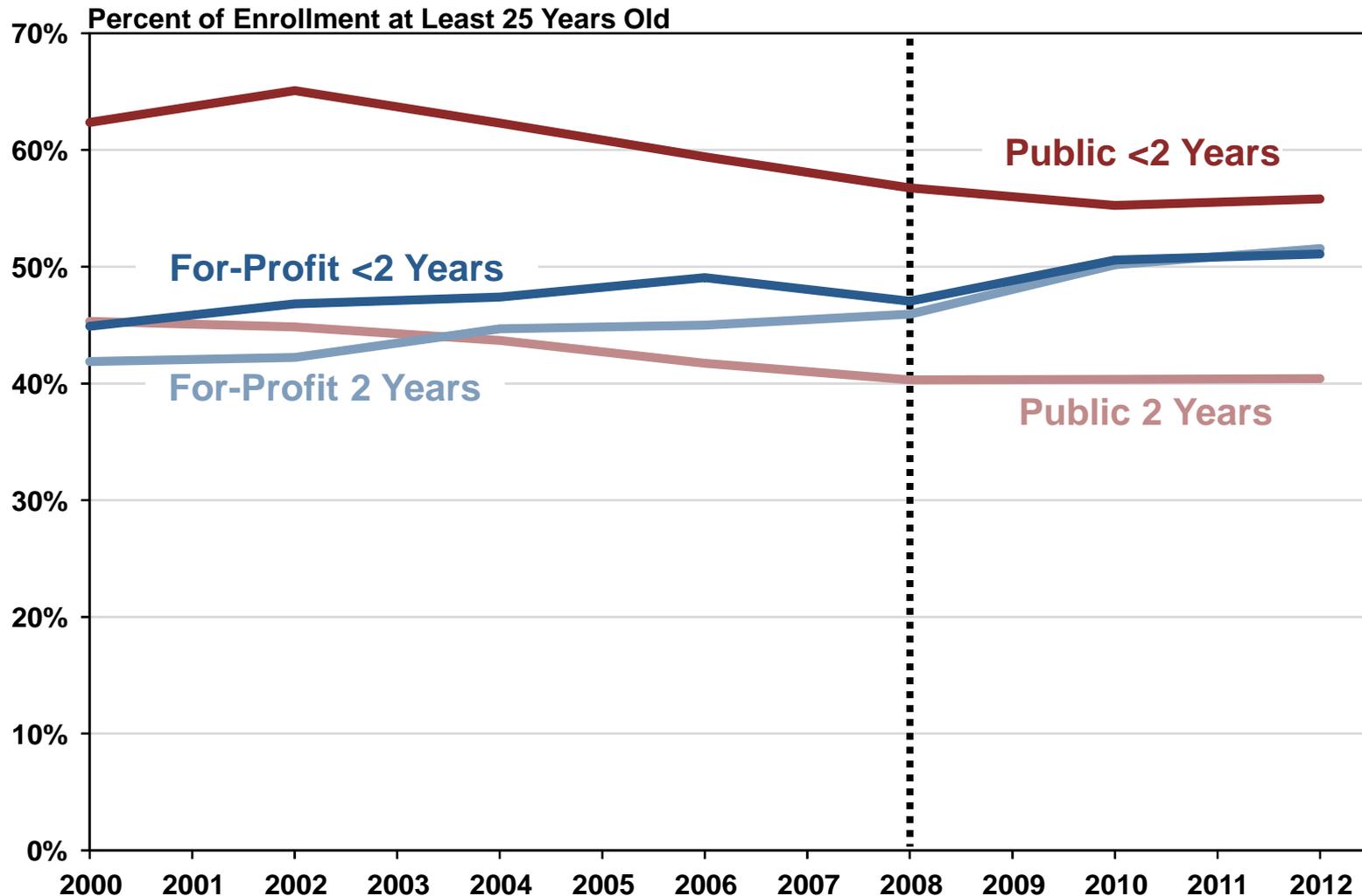
# Total Full-Time Undergraduate Enrollment



# For-Profits Have Grown Much Faster Than Publics, Especially During the Recession

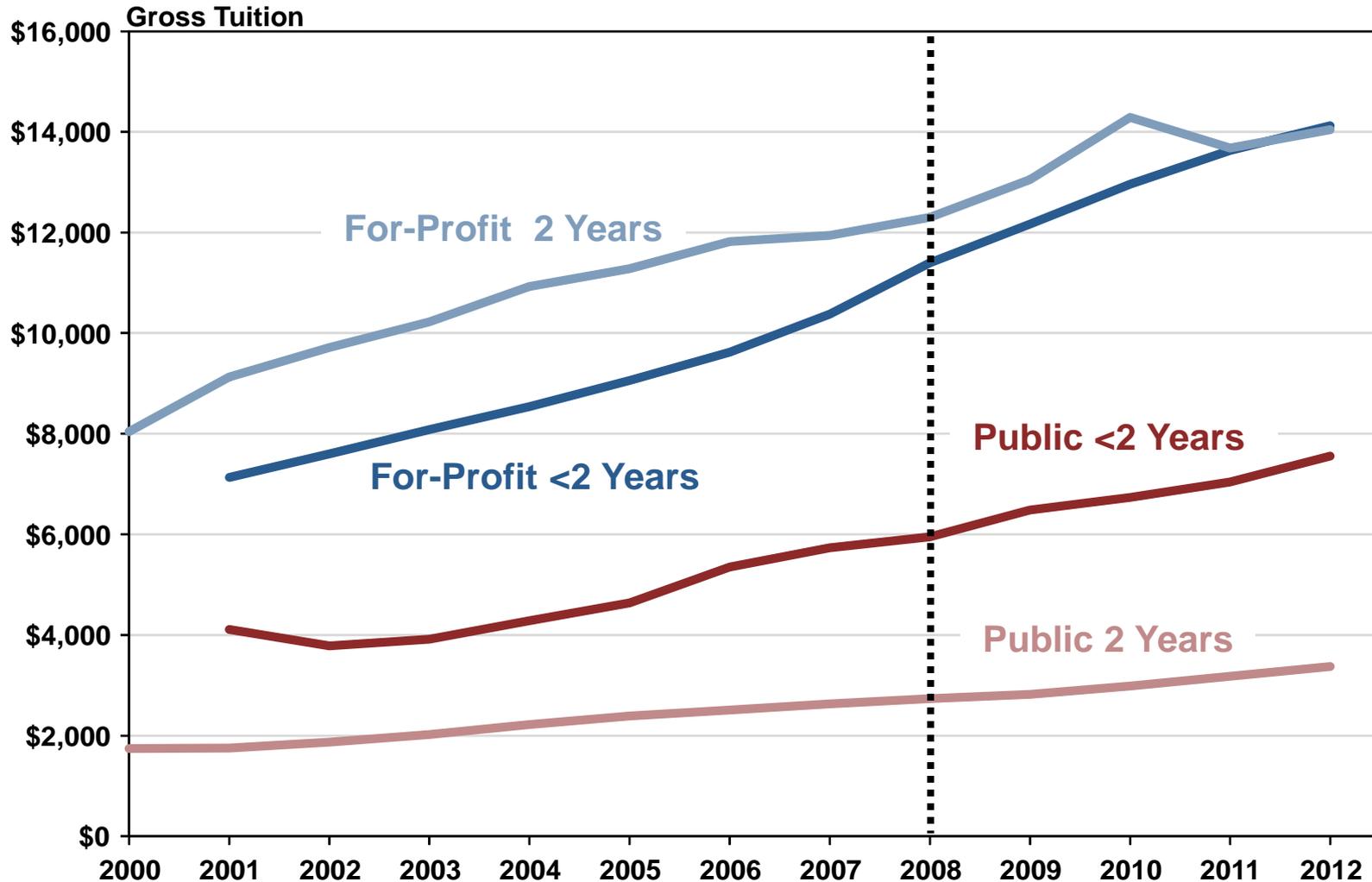


# Much of the Growth in For-Profits Coming From Older Students



# Tuition Patterns

# Average Tuition at For-Profits Is Higher Than at Comparable Publics

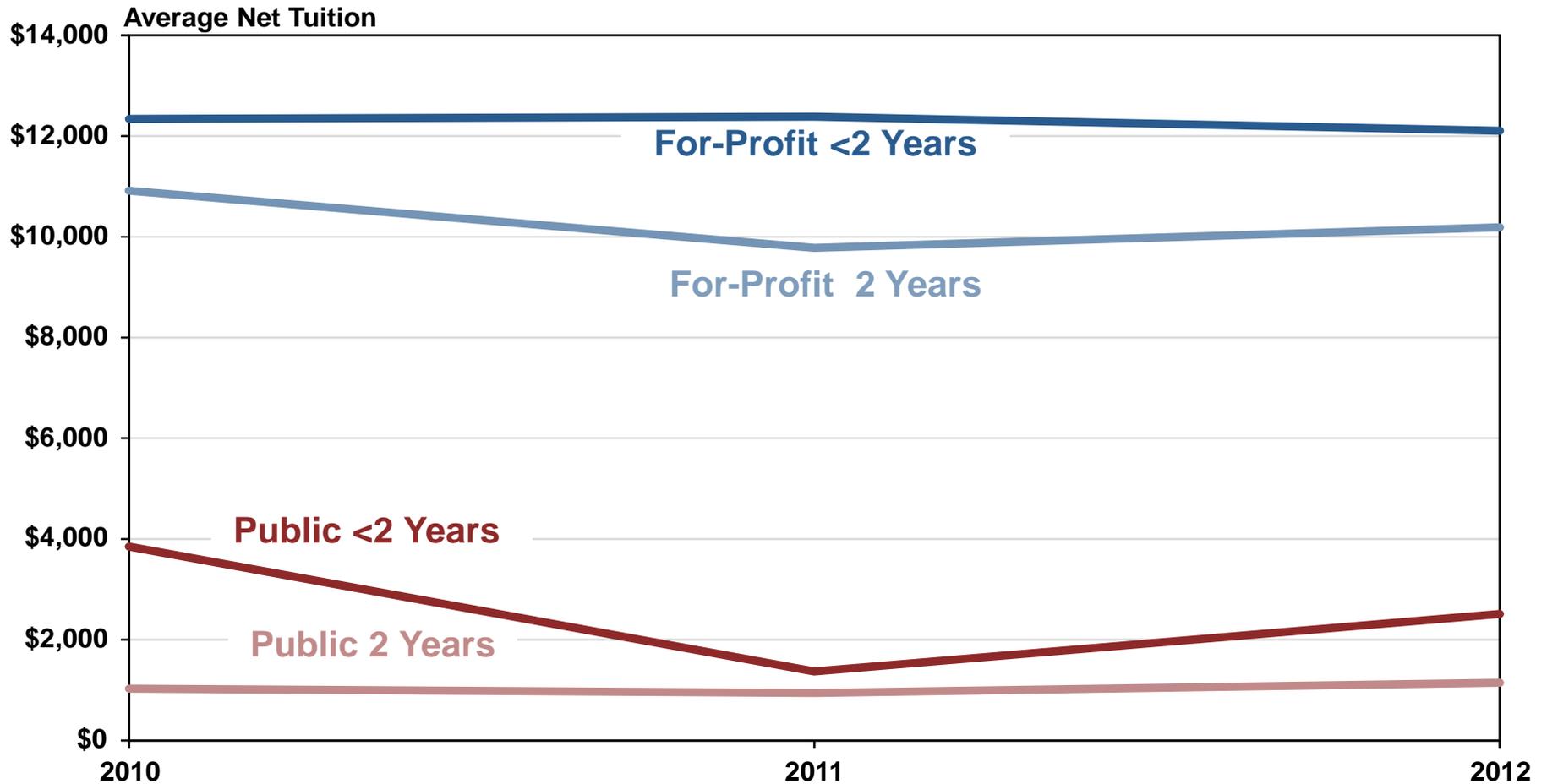


Source: Integrated Postsecondary Education Data System (IPEDS).

Note: Chart depicts average tuition and fees of largest program for <2 year institutions, and average in-state tuition for 2-year institutions.

# Grants and Net Price

# Even Though For-Profit Students Receive Large Support Through Pell Grants, Net Tuition Is Higher Than Publics

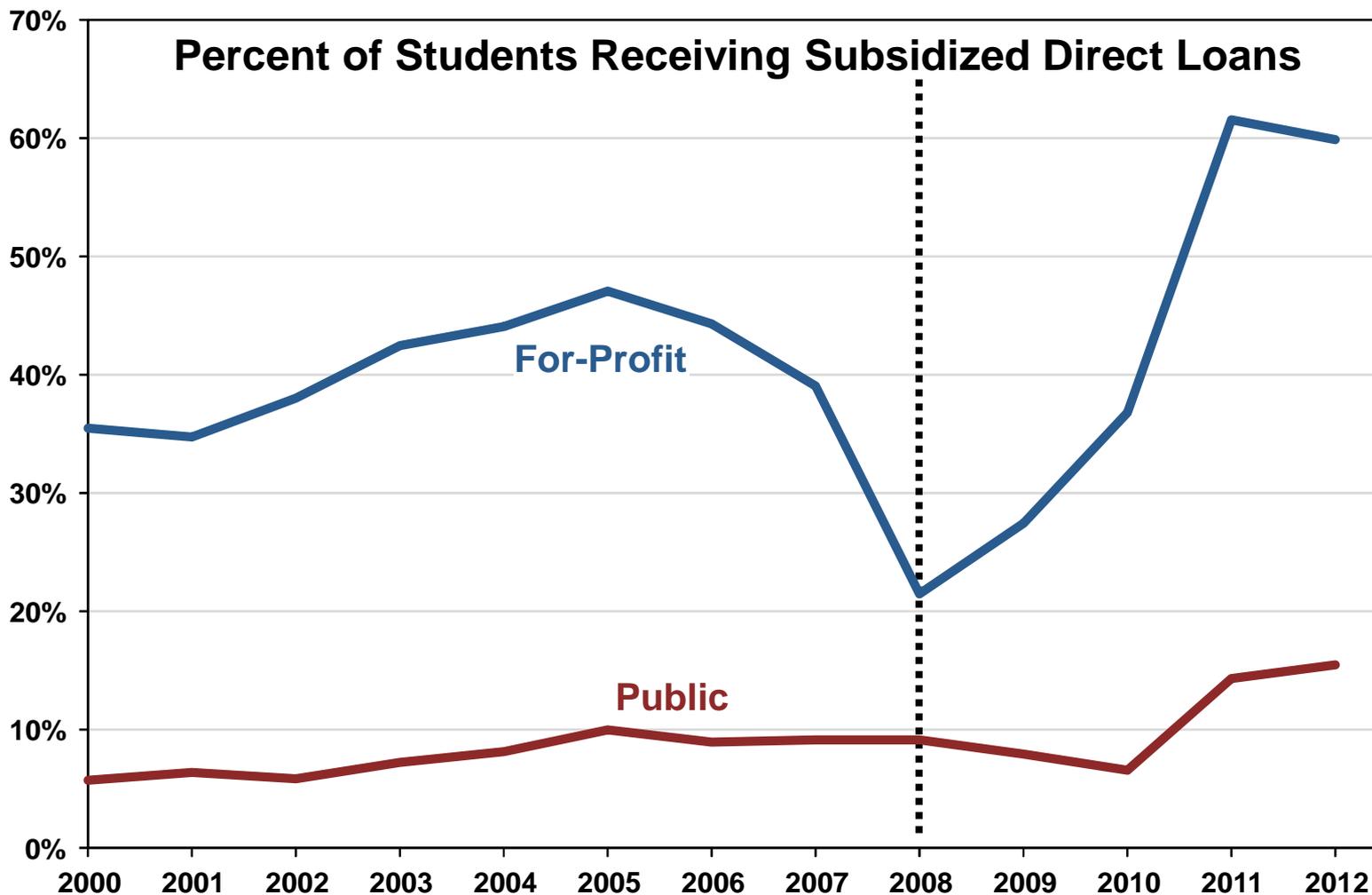


Source: Integrated Postsecondary Education Data System (IPEDS).

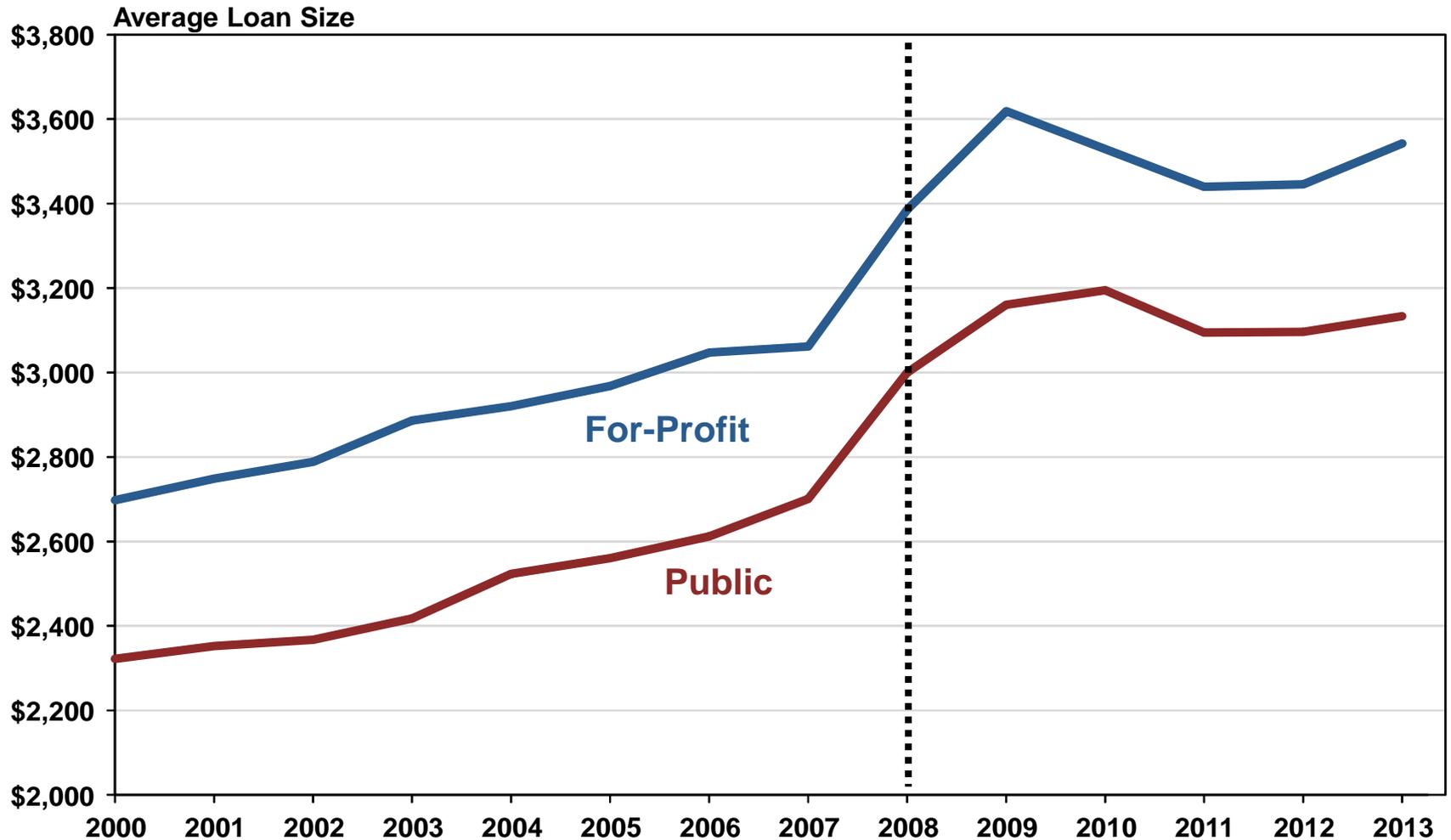
Note: Net Tuition defined by Average Tuition minus Average Grants Received.

# Patterns in Student Loans

# For-Profit Enrollees More Likely to Take Out Student Loans to Finance Education

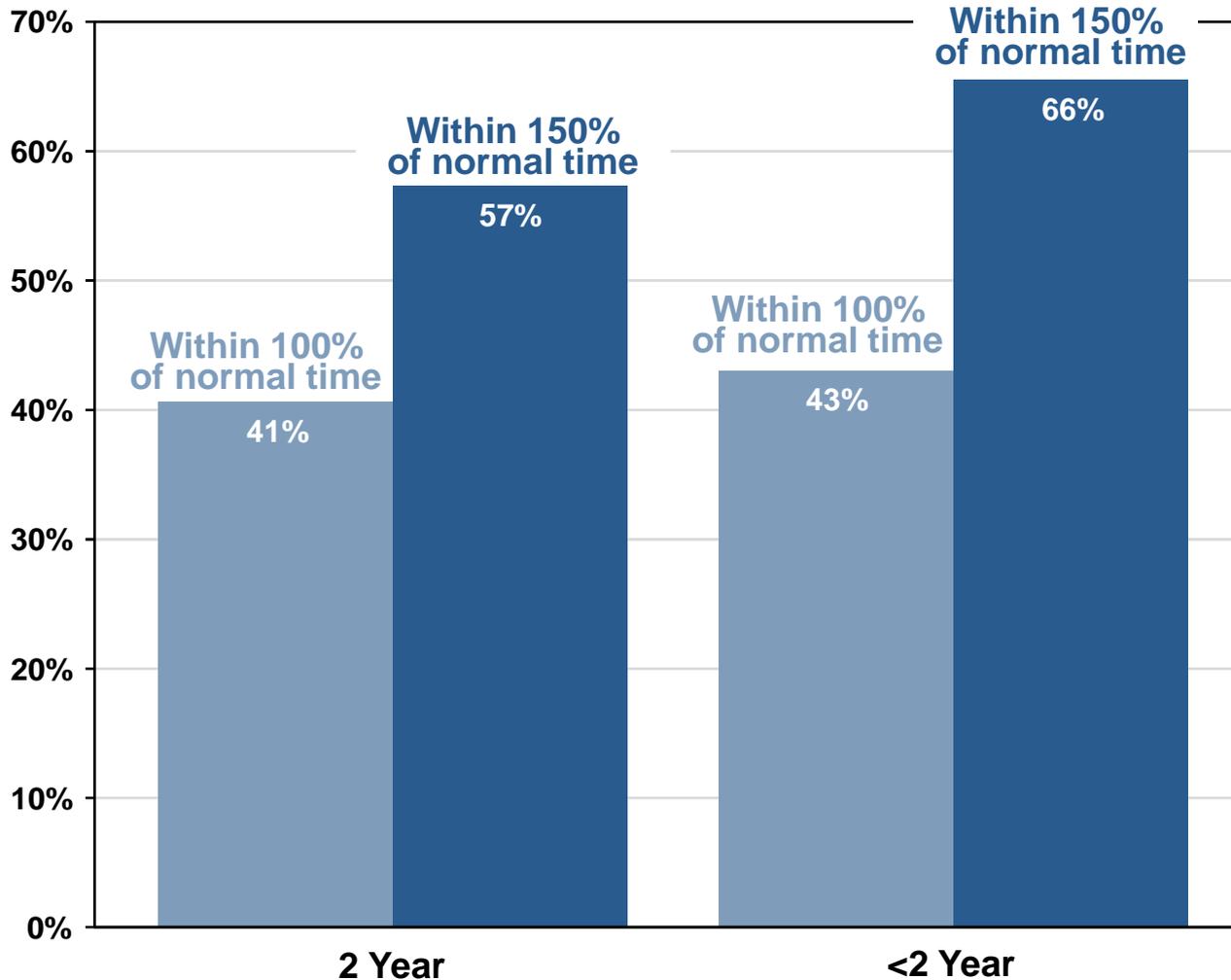


# Average Loan Size at For-Profits Is Higher Than in Publics



# Outcomes

# For-Profit Completion Rates



- Only about 40% of For-Profit students complete their program within 100% of its normal time
- But closer to 60% complete within 150% of normal time

# Where Do We Stand Now?

- For-profit institutions serve many different niches
- Completion rates are reasonably good
- During recession, may have provided retraining opportunities for displaced workers
- Research raises questions about their benefits:
  - Student loan default rates at for-profits are relatively high
  - Employment and earnings picture not too rosy
- How will newly minted for profit graduates be affected in the future?

# Bottom Line

- During the Great Recession enrollment in for-profits surged, but then declined as recovery set in
- Tuition amount and growth markedly higher at for-profits than publics
- Consequently, for-profit students are typically more likely to take loans and in larger amounts
- As the economy gets stronger, it remains to be seen how the recent rise in for-profit enrollment affects these students, and the economy



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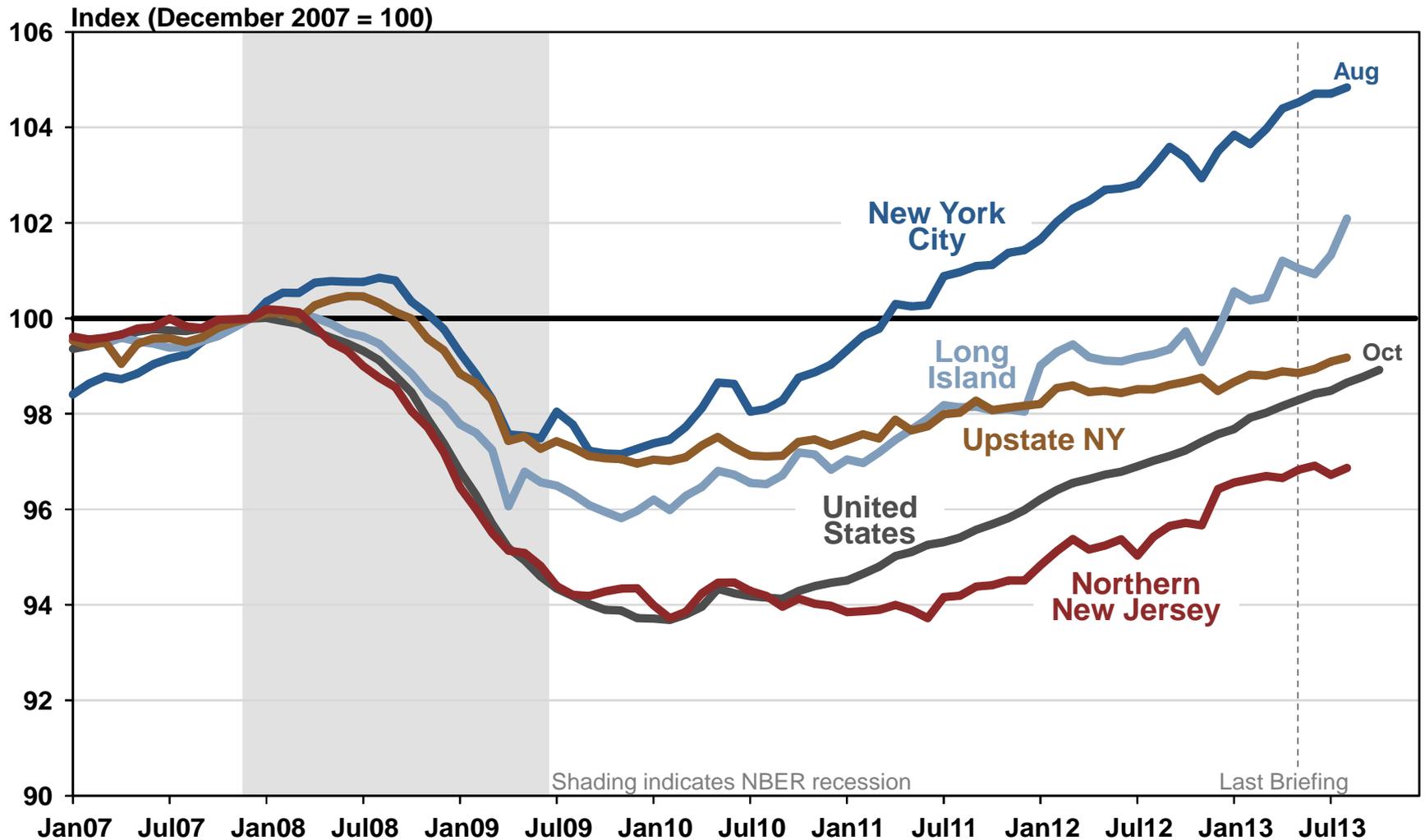
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# Reference Slides

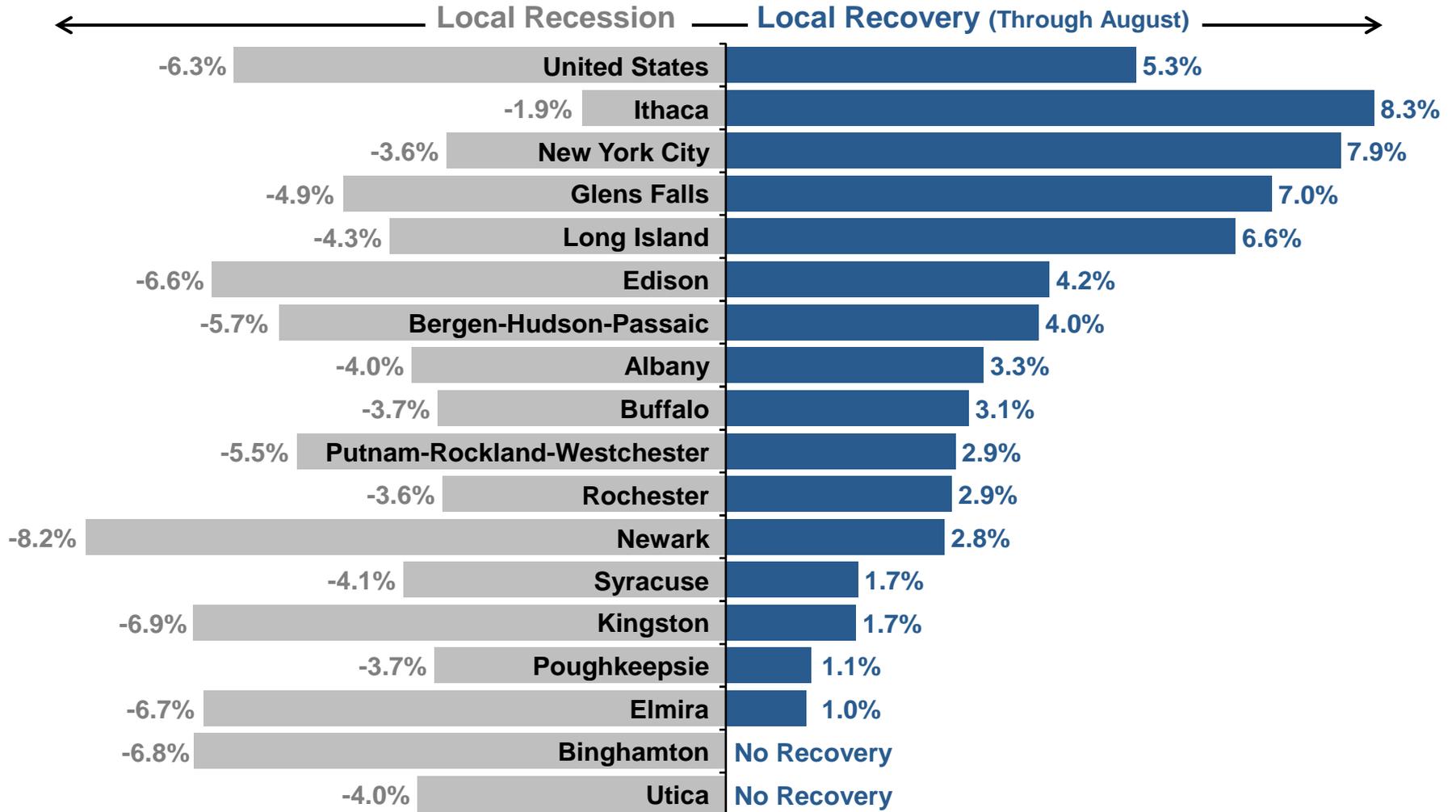
# Regional Employment Trends

## Index of Total Employment, Seasonally Adjusted



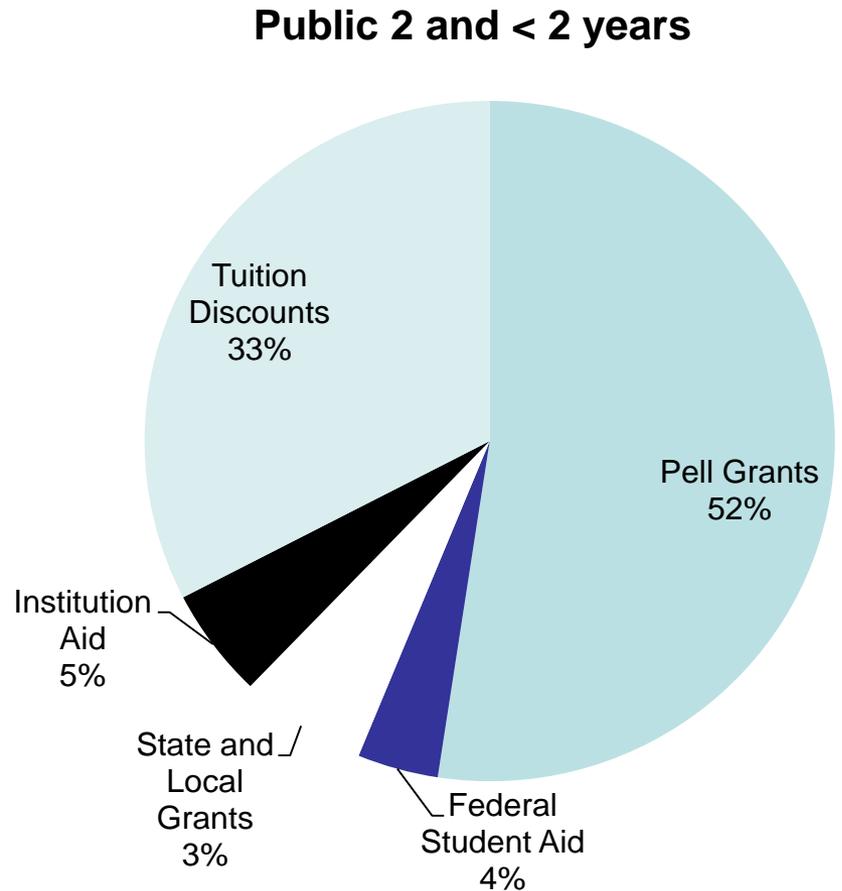
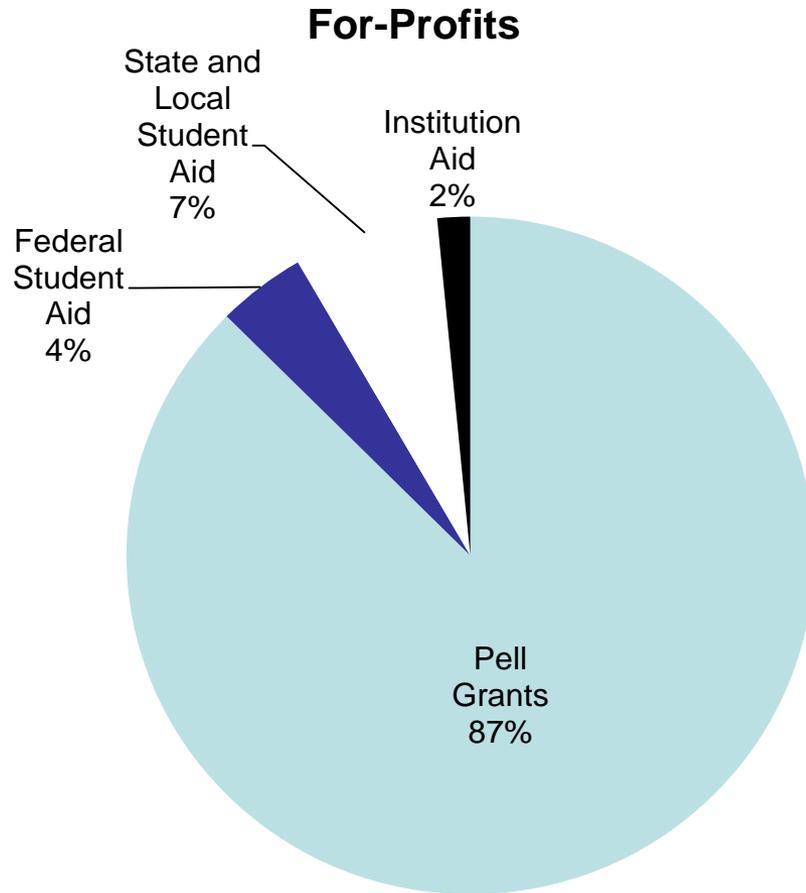
# Job Change During Recession and Recovery

Local Peak to Local Trough and Local Trough to August 2013



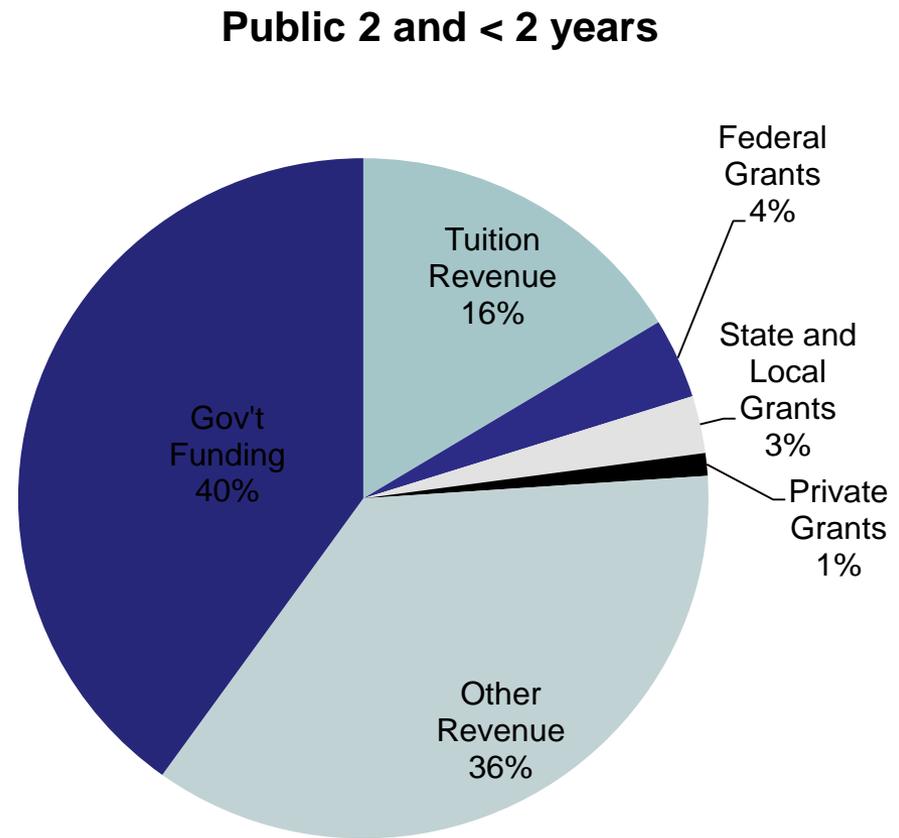
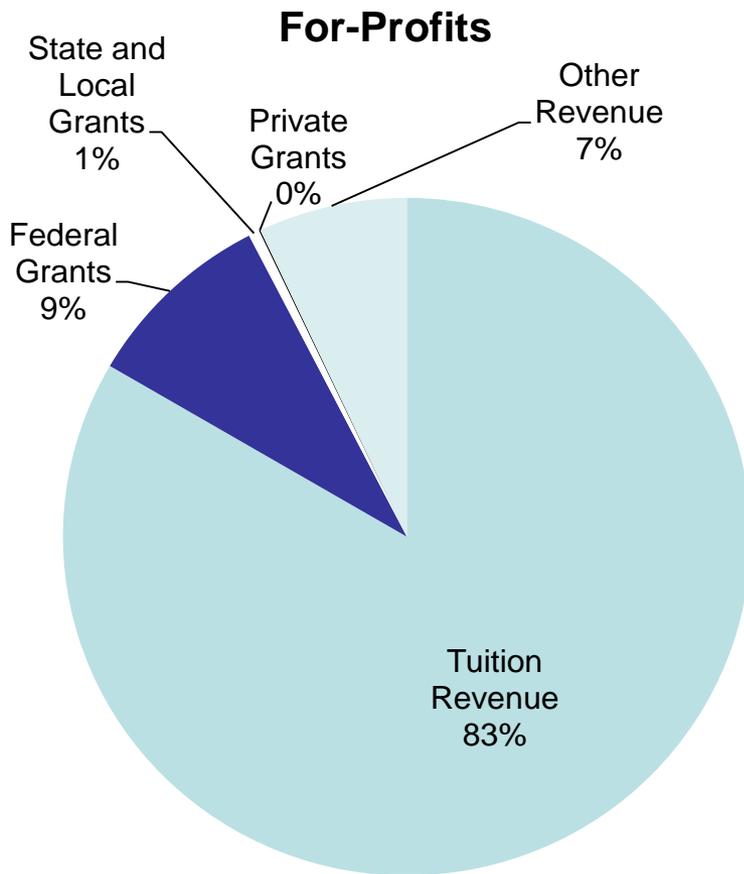
# Most Student Aid Comes from Pell Grants at For-Profits

Percent of Total 2011 Aid



# For-Profits Finance Themselves Mostly Through Tuition

Percent of 2011 Revenue



Source: Integrated Postsecondary Education Data System (IPEDS).

Note: Other Revenue includes revenue from gifts, investment income, hospital services, research and development centers, auxiliary services (e.g. room and board, athletics etc.)

# Additional Resources

- *Liberty Street Economics* Blog
  - Just Released: Lifting the veil – For-Profits in the Higher Education Landscape
- Interactive charts available on our website
  - Private For-Profit Institutions in Higher Education
  - <http://www.newyorkfed.org/regional/nonprofit-forprofit-colleges/>