

# Obama stimulus funds pledged to community colleges go to for-profit institutions

Charles Bogle  
12 August 2010

President Obama's initial 2009 pledge of \$12 billion in stimulus funds—in itself an insultingly low number—to help the nation's community colleges through the recessionary crisis was slashed to \$2 billion for job training and education in March of 2010. On July 29, Obama signed the \$59 billion emergency war supplemental spending bill; one can readily see where the Obama administration's interests lie.

This drastic cut in federal stimulus funding comes at a time when state funding for higher education is expected to fall even further. But even this drastic cut in stimulus funds fails to tell the whole story. At a time when community colleges across the nation are bursting at the seams with high school graduates who can't afford skyrocketing tuition rates at many four-year schools, as well as with returning students seeking new skills, the majority of stimulus funds are going to for-profit institutions instead of community colleges.

In Michigan, where the official unemployment rate of 13.2 percent ranks second in the nation, enrollment in community colleges has reached the record level of 254,042 according to the Michigan Community College Network. At Oakland Community College in southeast Michigan the population count stands at a high of 75,000.

This increase has resulted in another first: Michigan community colleges are closing their doors to qualified applicants. During the last academic year, several community colleges were forced to turn away students. Wayne County Community College, which serves the economically depressed area of Detroit where the unemployment rate approaches 50 percent, has already announced that it cannot accept any more applicants for the upcoming fall semester.

Compounding the severity of the problem confronting community colleges is the fact that a greater proportion

of the federal stimulus money is going to proprietary or for-profit institutions. From August 2007 through March 2010, of the \$104.8 million in federal stimulus dollars received for retraining in the Metro Detroit area (these figures exclude Detroit proper, and include Oakland, Macomb, Livingston, and Monroe counties), \$49.6 million went to proprietary schools, \$31.3 million was sent to community colleges, and \$16.3 million went to private colleges and universities (*Detroit News*, July 1, 2010).

The *World Socialist Web Site* interviewed Dr. David N. Nixon, president of Monroe County Community College in Michigan. We asked him why most of the federal stimulus money was going to for-profit institutions and what the consequences were for community colleges and their students.

Speaking of the for-profit institutions, Dr. Nixon said, "Their lobbyists are more powerful due to the money they're paid by the for-profit institutions. The Michigan Community College Association doesn't have any money for lobbying, but they beg \$1,000 from each [community college's] Board of Trustees. Some of the boards don't have the money either.

"For example, Baker College [the largest for-profit college in Michigan] wrote a curriculum for the Global Engine Manufacturing Alliance facility in Dundee, Michigan [located in Monroe County]. Due to federal stimulus monies and higher tuition rates, Global Engine went with Baker instead of us."

Dr. Nixon added that shortly afterwards he asked Democratic Representative David Bonier why for-profit institutions were receiving federal stimulus funds, and Bonier told him, "for-profits are as eligible as public schools."

Less than 5 percent of funding for No Worker Left Behind (NWLB), the conduit for federal stimulus

retraining money, went to fund Monroe County Community College (MCCC) students, with the remainder going to for-profit schools. The WSWS asked Dr. Nixon why so little of the NWLB funds have gone to MCCC.

“State officials defend the practice of authorizing NWLB funding to for-profit schools,” he said, “claiming that MCCC does not have all the programs students need.” While admitting that this was true in some cases, Dr. Nixon also stated that this lack of programs was largely due to the fact that “MCCC and other community colleges have seen state appropriations diminish substantially the past three years.”

We asked Dr. Nixon how other Michigan community colleges presidents and trustees were reacting to the fact that private institutions are receiving considerably more stimulus funds.

“I recently attended the Community College Presidents/Trustees Summer Workshop,” Dr. Nixon told us, “and everyone is deeply concerned. Their biggest concern is funding. For example, Gogebic [a small community college in Michigan’s Upper Peninsula] does not have the property tax base that other Michigan community colleges do. Bay de Noc (another small Upper Peninsula community college) too. All are learning to work for competitive grants from private sources and foundations, e.g. the Kellogg Foundation.”

“Community colleges must work with private sources,” he said, and “find those sources that are willing to fund the development of new programs. If fewer online courses are offered [a staple of for-profit institutions], hopefully we can convince students of the value of classroom instruction.”

Dr. Nixon concluded the interview by stating, “The privates are accepting anybody and charging more. This all goes back to treating schools as a business. This is wrong; every person has to have an education to become a good citizen.”

But the Obama administration’s higher education initiatives guarantee an unequal, substandard higher education experience for the majority of Americans. The competition for students, so highly touted by Obama’s education secretary Arne Duncan as a means of improving education, is being fought out on a decidedly unfair playing field.

The funneling of increasing funding to the for-profit institutions is no accident. Through privatizing the funding of community colleges, they are being robbed of funds and increasingly transformed into little more than training centers for low-wage jobs. This is part of the plan of Wall Street and its political representatives in the two big business parties to place the burden of the deepening economic crisis squarely on the shoulders of the working class in the form of inferior educational opportunities.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**