

Cambridge International Advisory Group

Private Education Sector Analysis



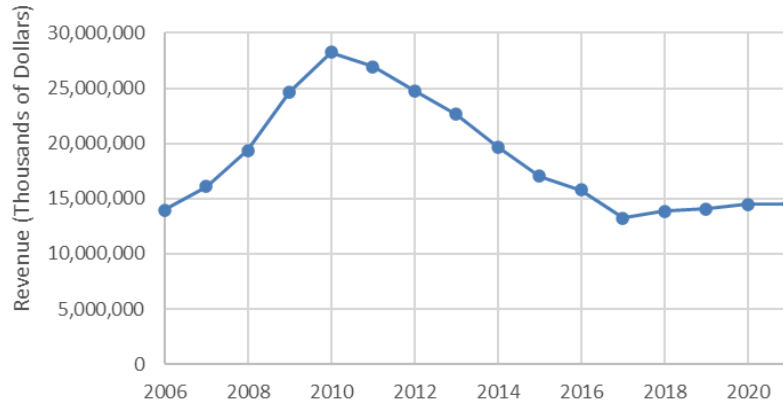
Introduction

Private education sector consists of both for-profit and nonprofit institutions. Schools that are owned by for-profit corporations make up a majority of these institutions. In recent years, this industry has been impacted by changing trends and various government regulations, causing private institutions to find new ways to adapt. To outlast these various forms of change, some institutions have transitioned to new forms of education and increased investment in technology to boost their revenue streams. This white paper will describe the higher education sector's overall market performance, key players in the industry, regulations, and future trends that may impact the sector.

Market Performance

The for-profit post-secondary education market peaked in revenue and enrollment around 2010 but in the decade since the industry has seen a significant decline due to increased regulations and the failure of several large corporations such as Corinthian Colleges and ITT ("[IPEDS](#)"). However, overall online education has seen growth over the same time period with over 10 million college students taking at least one online class in 2022 ([Carlton](#)). With 64.8% of all exclusively online students attending for-profit colleges, programs such as Liberty University, Western Governors University (WGU), and Grand Canyon University (GCU) have been successful due to the growing popularity of online education ([Carlton](#), [Diaz-Infante et al.](#)).

Total Revenue of For Profit Degree-granting Postsecondary institutions



Key Players

The private education sector is fragmented into different educational levels, with different key players in each subsector. Within the K-12 sector, Nord Anglia Education (NAE) is amongst the top key players. NAE has unique educational partnerships with many prestigious institutions such as MIT and UNICEF, which allow for its distinction within the industry ([BS Capital Markets](#)). For postsecondary education, the University of Phoenix and Grand Canyon University are amongst the largest for-profit universities in the United States.

Regulations

Over the past twenty years, various allegations of fraud and predatory business practices have led to a worsening reputation and increased regulatory scrutiny of for-profit education corporations ([Justice.gov](#), [Montague](#)). The enrollment and revenue of for-profit institutions peaked in 2010 but due to new rules put into place by the Obama administration, revenue and enrollment fell from their peak and eventually plateaued (“[Digest of Education Statistics](#).”). Two important rules that were enacted were the gainful employment rule and the 90/10 rule. The gainful employment rule set out to hold for-profit institutions accountable for the job outcomes of their students and can punish institutions by revoking their Title IV status which would prevent the schools’ students from receiving federal financial aid and student loans ([Richmondfed.org](#)). This rule was revoked in 2019 under the Trump administration but reinstated in 2023 under the Biden administration. The 90/10 rule forces for-profit institutions to make at least 10 percent of their revenue from sources other than federal financial aid ([Douglas-Gabriel](#)). Increased regulations caused the closure of many for-profit institutions and limited the industry as since the Obama administration started implementing new rules more than 2000 for-profit and career programs have closed and the student population in for-profit schools has decreased by more than a million ([Green](#)). However, under the Trump administration, there could be a rollback of these regulations, as Trump previously revoked the gainful employment rule in 2019 and generally has a more favorable position towards private education. In fact, on January 29th, 2025 Trump issued an executive order which sought to direct additional K-12 educational funding to educational choice initiatives. (“[Expanding Educational Freedom and Opportunity for Families](#).”). This is helpful for private K-12 schools as it funds families who wish to send their children to non-public schools. Based on this order and Trump’s past actions on private education such as revoking the gainful employment rule, the next four years of Trump’s new administration will likely be favorable to for-profit K-12 schools and colleges.

Industry Challenges

The private education sector faces some notable challenges. Existing players within the market may face increased competition as more companies enter the market, making market shares difficult to maintain ([Custom Market Insights](#)). Additionally, the aforementioned regulations are becoming more and more burdensome for companies to comply with, which may pose a significant challenge when entering the market. Lastly, economic volatility may also pose a risk to the industry as private education is extremely sensitive to times of economic uncertainty ([Custom Market Insights](#)). For example, during the COVID-19 pandemic, the private education sector suffered due to families lacking the disposable income to send children to private schools ([IBISWorld](#)). These impacts should be kept in mind when approaching the private education sector.

Future Trends

Despite a slight decrease in revenue in 2024, the private education sector is still expected to grow in the next five years ([IBISWorld](#)). According to Fairfield Consultancy Services, the global K-12 private education market size is expected to jump from \$7.5Bn USD to \$12.7Bn USD by 2030, evidencing the fast growth this sector can expect to see. One driver for this growth is private education's heavy investment in technology and tools that allow for coursework to be heavily personalized to individual student goals ([Fairfield](#)). Additionally, rising disposable incomes are driving parents to seek out enhanced educational quality delivered by private schools, such as small class sizes, detailed curriculum design, and specialized instruction ([Fairfield](#)). Within the K-12 subsector, parents are also attracted to the reputations and credentials of private schools, which is expected to boost attendance as well ([IBISWorld](#)).

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