THE BROOKINGS INSTITUTION

DISTANCE LEARNING:

HOW IT CAN TRANSFORM AMERICAN EDUCATION

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P R O C E E D I N G S

MR. WEST: Good morning. I'm Darrell West, vice president and director for the Center for Technology Innovation at the Brookings Institution, and I would like to welcome you to this forum on distance learning.

Technology has shown the ability to improve education by improving access and by personalizing the educational experience. In the case of distance learning, technology connects geographically disparate students with instructors allowing for a richer variety of learning opportunities; but as a fairly recent trend in American education, there is much to be understood about distance learning. For example, how does it work? How does it affect students, teachers and the learning process? What are the early evaluation studies showing? And what are the policy aspects that need to be addressed?

To discuss these and other topics, we have put together a distinguished set of speakers. Elaine Allen is an associate professor of statistics and entrepreneurship at Babson University. She is research director for the Global Entrepreneurship Monitor Project and co-director of the Babson Survey Research Group. Through that research group, Dr. Allen coauthors the annual *Sloan Report* on online education in the United States. And she has published widely on survey research, entrepreneurship, and online education.

Louis Soares is a director of the Postsecondary Education Program at the Center for American Progress. He brings more than 15 years of private nonprofit and public sector experience and expertise to education, adult literacy, and workforce development. Prior to joining the American Center for Progress, he served he served as the director of business development at the Rhode Island Development Corporation, and he is co-author of a paper -- with Clay Christiansen of a paper on disrupting college which he'll talk a little bit about today.

Richard Garrett is a managing director at Eduventures. He leads its continuing and professional education learning collaborative and its online higher education learning collaborative. These are membership programs for institutions seeking to grow their adult and online enrollment and determine what the programming trends are, consumer demands, scope positioning, and operational strategies in this area.

Prior to joining Eduventures in 2005, Richard was deputy director of the observatory on borderless higher education in the United Kingdom. His publications include benchmarking online operations, online higher education market update, and competing in an online higher education.

So I have asked each of these to briefly summarize his or her perspective on distance learning and what each of them thinks we need to do in order to move forward. So, Elaine, I know you've been

working on online education for a number of years and have done these annual studies. What do you see happening in this area, and what do you think we need to do?

MS. ALLEN: We have surveyed over the last nine years all these schools of higher education in the U.S. in terms of responses. We've heard from about 69 percent of all schools that represent 89 percent of all enrolled students in higher education. We've seen growth over the past nine years, double-digit growth every year, and we see particular areas of interest.

First, if you look at where is it growing the most, well, it's growing the most in the community college area. When he mentioned this is distance learning, where are the students coming from? Schools have started in online education because they wanted to expand their student base. Most students live within 50 miles of the school they're taking the online course at.

We looked over the last two years especially at the economic downturn, and we found that we saw a bump in the demand for online education in courses and programs. At the same time in mostly public universities, which is where most of the online students are taking courses, there's budget pressure. They don't have the money to expand. The only schools that had budget increases over the last two years and online were the for-profit colleges, and that sort of opens a little can of

worms here because there is a lot of discussion on quality, both quality of

online versus face to face where we see now a slowly growing but now

about 50 percent of the chief academic officers that we poll in our survey

saying that they believe that online is at least as good as. But if we look at

the flipside and we actually have a recently poor -- my co-author and co-

director of Babson Survey and Research Center is sitting right here, and

we just issued a report on private colleges versus everyone else. We

found that everyone else thinks the education you get at a for-profit school

is -- 85 percent of them say it's not as good as a public or nonprofit private

school.

        If you ask the for-profits, fully 85 percent of them say it's as

good as, and we are still wondering about the 15 percent of the people in

for-profit who think that it's not as good as.

        Where do we see things going? We have started to see a

small contraction in some program areas but not in the number of students

taking a t least one online source. For example, this was the first year we

saw a slight contraction in engineering programs that are -- and

engineering courses that are delivered on line. And the areas that

continue t show highest scores are business and education.

        I do have, after we're done, a handout that lists all our

reports because we not only study just on line, we look at -- we just

finished a very large study of faculty and social media as well as this

private-public looking at opinion.

MR. WEST: Thank you very much.

Louis, you have written a paper on the challenges that are facing colleges, so what are you seeing?

MR. SOARES: Sure. The reason that we decided to write the paper was that as we started having in the last four or five years or so, perhaps you might loosely argue since the Spellings Commission Report, you see policymakers in D.C. struggling with the idea of, okay, what's "accountability" mean in higher ed broadly? You know, as we were moving from an access and affordability agenda which basically started with the Higher Ed Act, and helping access college by making it more affordable to different needs, grants, and in months, and we started moving towards accountability.

I notice when I would go up to the Hill in particular and talk to people on the Hill that we were having trouble seeing through to the solution, is what I call it. It's like, so if a bachelors degree could be 30 percent less, what does that mean? How would you do that? And as we looked around for ways to think about that, I reached out to Clay Christiansen, having just read the book that he had written on K-through-12 education disrupting class, and asked him if he had an interest in co-authoring this paper to apply disruptive innovation theory, this theory that he developed that looked at how markets change and how technology and

business models in a market can radically transform and does radically

transform the delivery of the product or service in that market.

And so we did. And essentially what we posited was there

were two core things that you need for disruptive innovation to change a

market. One is a scalable technology, and we posit in the paper that

online education is that scalable technology in higher ed and a way to

articulate a business model that allows that technology to scale. And we

didn't write the paper as kind of like the end of a conversation; we wrote it

as the beginning of a conversation to give us an understanding of how

higher ed could be transformed through technology, and what the policy

implications might be. So that's what we did.

MR. WEST: Okay, thank you very much.

Richard, you are the managing director at Eduventures, so

what's your perspective on distance learning?

MR. GARRETT: Thank you. At Eduventures we work with

most of the major online players in higher education, and by that I mean

colleges and universities that offer wholly online programs. The Sloan-C

Survey tracks anyone taking one or more course online; we focus on the

subsection of that: people taking the vast majority or all of their higher

education online. And so we work with the vast majority of the major for-

profit schools in the online space, University of Phoenix and so on, and a

long diverse group of nonprofit institutions that have turned to online for

various reasons to grow to scale, to innovate.

The theme of this panel is to what extent can distance learning transform U.S. education, and I'll focus my comments on higher education. I think it's been undeniably transformative in terms of access. If you look at the group in the U.S. population that has embraced online a program level as opposed to course level, it's primarily adult students, meaning students over the age of 23 or the age of 25. Over the last 10 years we've seen dramatic increases in participation among those age groups, and that's primarily driven by the availability of provision through online higher education.

If we look at some other metrics of innovation or transformation, I think online is still to prove its case. So in terms of affordability online certainly made higher education more accessible insofar as you can more easily combine work and study, but it's had no clear contribution to lowering the cost of development or delivery; it's typically most schools have priced online the same tuition-wise as they have for on-ground, and often additional fees creep in, technology fees and so on, that may reflect additional cost or may just reflect the desire to increase revenue.

In terms of outcomes of higher education through distance learning, again it's a little vague. There's plenty of studies that show typically on an isolated course level one school, one period of time that the

quality is essentially the same, and I think delivery modes are a pretty

weak variable when it comes to quality, a lots of more mundane variables

like the nature of the student, the nature of the faculty. The nature of the

materials tend to be fear more powerful in the delivery mode alone, but I

think the jury's clearly, I think, decided in terms of online can be perfectly

good in terms of quality and outcomes just as face to face can. Equally,

both can be bad, and it comes down to some pretty standard teaching and

learning practices.

But in terms of has online really transformed the student

experience that somehow leads to demonstrably superior outcomes, I

think the jury is very much still out there. Most online instruction is still

pretty rudimentary. It's still up in 1999 in terms of course management

systems, texts, text-based chat, and so on. There's a growing margin of

multimedia, but it's rather agile and experimental rather than

transformatory right now.

And in terms of, you know, has online changed the standard

credential, the length of the credential, no, it hasn't. Has it in some clear

way demonstrated improved outcomes or time to completion or graduation

rates? And I think the problem there is the policy problem insofar as Louis

implied: There's been a lot of emphasis and monitoring around financial

aid is a lever, tracking participation is a lever, but in terms of really

understanding outcomes, the federal measure is, as you know, full-

time/first-time undergraduates graduating within six years for a bachelors degree, three years for an associate degree.

That excludes most totally online students; it excludes most students at the more innovative schools whether they're for-profit or nonprofit. So there has been a very weak incentive for schools to really monitor the impact of their distance learning innovation. And it may be just too early. We're in an early part of the cycle, and I think the next 10 years will be very significant and telling as to the potential of online to do more than it's currently done. But I think that without that clear policy level on measuring outcomes regardless of student type, regardless of institutional type, regardless of delivery mode, we're going to remain in this rather vague situation of only being attracted as a patient and not anything deeper than that.

MR. WEST: Okay, thank you very much.

I want to come back to this issue of quality, because several of you have mentioned it in different sorts of ways. For example, Elaine was saying 60 percent of cheap academic officers believe online education is as good as face to face, but then Richard is saying the jury is still out on the education impact.

Now we know surveys are more perceptual, so I'd like to get from each of you a kind of your view on this quality question, specifically as it relates to online education. What does the evidence suggest in terms

of online versus face to face, and what do we need to do in that area?

Start with Elaine and then kick it over to Richard.

MS. ALLEN: Okay. So when we ask chief academic officers we get this result of 60 percent. If we start talking and asking what are the barriers to having quality, we have done surveys of faculty, and there certainly is an entrenched group of faculty who never want to teach online; those that do say that the benefits of teaching online are the ability to deliver multimodes of a lecture. If I'm giving you a lecture, I'm here for an hour and a half, I can only do it one way perhaps. If I'm doing it online, I can show it in three or four ways, and that would be one of the benefits.

Now, chief academic officers being in charge of the academics in their university, we thought they would be more likely to be on the positive side, but there is a group, mostly small, private, liberal arts colleges, that have always -- and there's probably 15 percent to 20 percent -- always say it will never be as good as. So -- and I don't see that changing. Over the 9 years it's been pretty much a bar, whereas you some change up to 60 percent, and then a tiny group at the top that say it's actually better than the face to face because of the ability to deliver things in multiple ways.

MR. WEST: Louis, what's your view on the quality of online education?

MR. SOARES: So we have to start just a little bit broader if

you'll allow me, that we don't know very much about the quality of education, higher education broadly, right?

MR. WEST: Mm-hmm.

MR. SOARES: I'm sure man folks in the room are familiar with "Academically Adrift," the most recent test that came out by two, you know, reasonably respected folks that look at the CLA, the College Learning Assessment. And it demonstrated that, you know, 43 percent of undergraduates that they studied showed no demonstrable increase in critical thinking or writing skills after 2 years at a 4-year school.

And so part of what we have to start with is this notion that we've been measuring quality in high ed based on inputs, number one; and, number two, inputs closely aligned with prestige, so, I think, *U.S. News and World Report*. So we begin to have the conversation about quality and online education, we're having it in that context, right, and one of the ways that online education, just to come back to our particular view in the paper, a disruptive innovation always starts out as a lower quality because it's serving -- it's not designed to serve the sophisticated customers that consume the existing product, and so it is going to start at low quality.

We don't really have a way in public policy of shepherding that kind of innovation in higher ed. In almost no sector do we have that, but we certainly don't have it in higher ed. How do you acknowledge that

something's going to be lower quality when it starts out, but regulate it in a

way that assumes that it's going to scale up in quality? So that's --

Number two, we only really begin to -- we're having a

conversation now about outcomes in all of higher ed. In some ways, as

I've told many of the for-profits when they talk to me is that if everything

I've seen about their ability to use learning analytics is true, then they

actually have an advantage once quality of instruction kicks up online,

because they're way ahead as far as I can tell at traditional schools on

learning analytics or the ability to track students at that kind of individual

level.

MR. WEST: Okay. Richard?

MR. GARRETT: As Louis says, I think there's no question

that traditional higher education has some quality problems. If you just

use the only clear outcomes measures that we have, only 57 percent of

bachelors, people intending to get a bachelors degree attain that within six

years, nationally, the national average, and it's been somewhat stuck

there for some time. And we've only tracked it as a nation for the last 20,

20-odd years or so. So I think there's no question that traditional face to

face can't rest on its laurels and just say, well, everything's perfect here,

and this online is unnecessary, there's no problem to be addressed.

On the other hand, I also think that, as I implied earlier, the

notion that is online as good is actually a misplaced question. And online

is a set of tools and resources that you can use well or you can use badly.

You can use your expertise or you can use naively just as face to face is.

Face to face is understandably familiar, it's tradition-bound, schools are

set up entirely around it as a way of delivering content and knowledge,

and understandably there's this sense of, well, of course, that's the way to

do it, and anything else seems, seems different. But history tells us that

every innovation gets that kind of reception, and then gradually things

change.

And I think even for the most, you know, tradition-bound

schools or the most place-bound schools, online resources of various

kinds are steadily creeping into the mainstream and, you know, in 10, 20

years' time, we may look back on today and see a significant difference

even if now the change seems imperceptible.

So, ultimately, I think online is such a broad, covers such a

broad range of things that trying to capture its quality in some sort of

yes/no or better-or-worse is misplaced. But again, it is inevitable in the

early stages of innovation where it just seems like it is this single thing.

So I think the more interesting question is, how can online

technology start to do more than it's currently done? How can some of the

more, you know, immersive, simulation-type experiences become more

turnkey, easier for faculty to use, cheaper to develop and scale up, and

can -- and again it's still a question, I think -- but can that really start to

transform what we mean, go beyond the face-to-face experience? Do things that can't be or would be too expensive in a face-to-face setting.

And I think the promise is definitely there, but it's been perhaps slower than anticipated in terms of, you know, I see more and more of a gap between the nature of the online experience in the entertainment world, say, than in the education world. And I'm never sure whether that's lack of funding, primarily nonprofit higher education, but, you know, the for-profits with their huge market capitalization have, and some rhetoric, have yet to rarely demonstrate that investment has turned into, qualitatively, a superior experience; or as analytics have revealed some nuances in terms of the pedagogy that they can effect that will somehow drive dramatic change. They still seem to me to be very much weighed down by they have very nontraditional academically challenged population, and I think that's the far more fundamental challenge regardless of delivery mode.

I mean delivery mode doesn't seem to be -- it enables access, but is it really enabling, you know, getting to the finish line in either a more effective way, quicker way, more engaging way? I think the jury's still out. But again, we're probably asking too much of online to have solved those kind of master challenges yet. But I think another decade, you know, we can ask tougher questions of online.

MR. WEST: Okay. Elaine?

MS. ALLEN: I think one interesting thing that goes along with what you're saying is that we have asked about training, what kind of training do faculty get? And it's all over the map. Some schools provide their own, there is no real standard out there, there is no accrediting body, there's no way to measure. And as much as you have bad faculty in face-to-face classes, I'm quite sure you have bad faculty in online classes. And I think we need to do something about that in order to bring the quality and maybe some minimum standard to the students.

MR. WEST: So you want to ask the next question?

SPEAKER: No. No, for ahead.

MR. SOARES: So I just want to maybe add to that a little bit. One of the things that we think is helpful in the paper is we bring a theory from disruptive innovation about business models and argued that disruptive innovation has come to, you know, look at the business world and businesses through three distinct lenses. There are essentially only three really real kinds of businesses. One is a solution shop, and that type of organization tends to solve fairly unique problems, gets paid whether or not it actually solves the problem in the end.

Think of consulting companies. It's the expertise they bring to a particularly unique, novel problem, a value-added process shop, which basically takes a bunch of disorganized inputs and turned them into one output like a manufacturing company does or a retail shop does.

And then facilitator user network, think of like a mutual insurance company where it brings people together and, you know, you deposit your money and then they connect that money to do investments to other people. And that's one of the reasons that higher ed doesn't work and doesn't use online education very well is because it's conflation of all three of those. It's like trying to confine the research function of a hospital with whirlpool with McKenzie. And we have some analysis in the paper that suggests that as to a lot of the overhead complexity in higher ed. But, more importantly, it doesn't allow for the strategic use of online education.

And I thought of it just now because of, I would argue that, you know, what drives faculty not being trained to teach is the fact that it's off most of the incentives on the research function of the university, right, not on the teaching function. Even in schools that primarily each.

MS. ALLEN: Or say they do.

MR. SOARES: Or say they do, their teaching, the research function still has all the incentives that support it and not the teaching function. And so in a setting like that, you introduce a set of tools like online education, and you don't have the business model, as we would argue in the paper, the organizational model, the value producing model to actually scale the use of that technology to make the instruction better, or the interest in doing it that way either.

MR. WEST: Now, Elaine earlier mentioned this issue of

accreditation, and I'm just wondering how each of our panelists feels about accreditation of online education.

MR. GARRETT: Well, accreditation has, I think, in the early days accreditation asks the question, well, is online sufficiently different than the mainstream that we need distinct standards, and there were in the early some distinct not standards so much but set of guidance that all the accreditors agreed partly to deal with Western Governors University which was a multi-state, multi-region nonprofit creation to level the power of online in the late 1990s, and conventional accreditation couldn't deal with it.

But since then I'd say that accreditation has gradually come to the view the online, in terms of instructional good practice, bears a strong family resemblance to traditional higher education, and therefore the processes you need to oversee quality and because most schools that offer online also offer on-ground, and the two are blurring. So distinct standards I think quickly are pushed to one side.

So in terms of the day-to-day accreditation oversight of higher education, I'd say there's little -- there more of a consciousness of online and less and less friction between the scale of online at the school level and the background and attitudes of the visiting peers. There's been, I think, an interesting relationship between the department and the accreditors insofar as trying to use the accreditors as a way to tone down

or manage some of the explosive growth that online has facilitated, so I think the ratio is that any school that's growing more than 50 percent in terms of enrollment in any one year gets a special attention. The only way they're doing that is through online delivery.

So there's some interesting sort of backdoor attempts to try and work how accreditors might better oversee online. The for-profit schools that have grown dramatically online have done so precisely through gaining regional accreditation, the benchmark that the most prestigious nonprofit schools have, so there's no friction there in term of somehow online schools having a different accreditation historically with forms of distance learning often was the case. But the great innovation in a sense on the for-profit side was to assume that that talk to your accreditation mantle and not therefore be judged as somehow second best.

There are said to be difference between the accreditors as to how they view for-profit schools or view online, some more conservative such as NEASK or WASK, some of the smaller regional accreditors, some more innovative, creative, whatever word you want to use, such as North Central, and I think North Central's been particularly on the back foot recently following some issues around American Intercontinental University online, and but again not so much to do with online but to do with other aspects of their business model, but also the questions around

the purchase of failing nonprofit schools onto that accreditor and turning

them into for-profit entities and then in most cases growing them

dramatically through online higher education, maintaining a small

traditional campus, but then adding tens of thousands of online students in

a very, very short space of time.

And then questions have been asked about, well, did the

accreditor anticipate that? Did they monitor it? Is that appropriate? And

since over the last couple of years that accreditor has been far more

reticent about permitting those kinds of sales.

But, you know, what the right policy is, what's the balance

between those two I think has yet to emerge.

MS. ALLEN: I think one thing you said that brings up the

fact that there's not one accreditoring agency, that there are many, many,

many approved by the U.S. Department of Education that do

accreditation, and some of them -- and, actually, this week I was, look, I

found another one I'd never heard of. And they are -- and they want you

to come to their site because they'll tell you where you should take your

classes.

And I think that there is lack of standardization, and I also

know that in some of the regional education boards there is a movement

to try and make it very difficult for something like the Western governors to

do any business in their states. I mean, I know, for example, Georgia is,

in particular, has tried to keep them out of there because they do believe --

and they're probably right -- they're taking online students that might

otherwise be gong to their public or private nonprofits.

MR. WEST: Louis?

MR. SOARES: So, I mean accreditation is still in all its

forms and it's not standardized, they're still an inputs-based model. So if

you have a certain set of inputs, you're more likely to get accredited. It's

not for the an outcomes-based approach to learning. We're only at the

beginning of that if we, in fact, are going in that direction.

So that's really what it is with all its flaws. It's true that the

Department -- one of the things that I found the most interesting in the last

negotiated rulemaking, although I know that, you know, the gainful

employment rule got the much flashier topic, was the amount of pressure

that the Department was putting on accreditors in all of those -- you know,

the succession of hearings. The Department continued to ask them

questions about quality. And at first my sense was that the accreditors

were, well, maybe we could do quality. And then once they started --

when it started sinking in what it would mean, they were like, well, we're

not really quality organizations, right.

And so we have to decide and probably will in the next half

decade to decade if in fact we believe that the, you know, the current

system we have for some type of quality assurance, the membership-

based voluntary accreditation process, if that is in fact the right

mechanism for doing something the looks more like, you know, quality as

an ROI measure for public money. We, you know, I don't think we'd know

that yet, if that's what we want to use it for, if that's the best, the best use

of that particular mechanism that exists today.

And there was one more thing that came to mind that I can't

remember right now, so.

MR. WEST: Your memory. It's one of the first things to go.

MR. SOARES: Yeah. Yeah, right.

MR. WEST: The issue of for-profit organizations has come

up several times here, and I'm just curious what each of you think are the

particular challenges in that area. I mean, Louis, you mentioned that you

thought for-profits were actually ahead on learning analytics, but yet on

other measures in terms of student completion and paying back student

loans, they don't do so well.

So how do each of you assess what for-profits, in particular,

are doing in online education?

MR. SOARES: I can go first just to clarify. I said from what

I've seen of their dashboards, the potential for learning is there, so let me

just clarify that.

MR. WEST: Okay. Okay, that's fair enough.

MR. SOARES: Because there's an interesting thing, you

know, they invite we -- I've had some wonderful conversations, they invite

an independent researcher in and then there's only so much they'll show

you because they view part of that. that political set of technology tools, as

proprietary.

MR. WEST: Right.

MR. SOARES: And so you can't see behind -- you know, it's

kind of like the *Wizard of Oz*, you know, "Don't look at the man behind the

curtain," you know. And so that's part of it. So what I've seen, look, for

the large publicly-traded companies, one of the challenges has got to be

that, you know, to, you know, to talk about business models. When

enrollment drives the way -- with the way Wall Street looks at your stock

valuation, you're driven to recruit people, right.

And I'm not saying that with a value statement; I'm not

saying that that's good or bad, I'm just saying you're driven because that's

what drives, you know, senior management at a publicly traded company.

And so that's one challenge.

Another is something related to what Richard said, which is

that, you know, in the paper we say that the for-profits look a lot like a

disruptive innovator if you apply the lens of that theory from other sectors,

from the software sector, from the steel industry, from airline

transportation. But they haven't really -- they've been moving through kind

of like improving the functionality of what was at first perceived as very low

quality or low quality in improving functionality. The one thing that marks

you as an incumbent, as a disrupter in a sector is that you've radically

reduced the cost of that -- of given products in that sector, and that has

not happened --

MS. ALLEN: No.

MR. SOARES: -- in higher ed yet with the for-profits. And

so leave an open question as to whether or not in fact they are the

disruptive in a sector, or if not just an early upstart in the sector. You

know, in a contrast, you're starting to see folks, what we highlight as

Western governors as someone else that has features of a disruptive in

the sector with a fairly unique business model.

You know, you're seeing other players come on board like

StraighterLine, you know, the 99-cent, you know, English course. And the

one question there that I asked to audiences when I do these talks is, you

know, is really, is geology 101 or psych 101 tradecraft, is there a secret

sauce to a professor sitting in front of 400 students that that couldn't be

put in a totally online setting? And we don't really ask that question in

terms of business models in higher ed, right? It's all or nothing. We're still

at the point where you're calling it the question, you know, the sacred

university which is put into motion 300 years ago in Bologna, you know.

We're not having a question about, well, wait a minute, maybe just 25

percent of what we do that could be done at a radically reduced price

because it can't be more routine. And then in upper division courses that's where you get more of the value add of quality faculty.

And I don't see that kind of conversation happening at the for-profits either.

MR. WEST: Okay, Elaine or Richard?

MS. ALLEN: Actually, two things: One is Jeff and I worked on a project for a large for-profit school, and their big question was, can we do something like *U.S. News and World Report* for our online school? You know, they were very conscious of the fact that there is no ranking system because all the -- and actually you can find purported websites of ranking system on them.

However, I called every one of them, and they were pretty much, yeah, you buy an ad, we'll raise you in the rankings. That was really what they -- oh, we have to -- or we have students come and they vote online. So we don't have a clearinghouse that says I ought to do this at Kaplan versus Western governors. There's no way for us to do that, and, in fact, it's said to me that they feel they are different from the 85 percent of online learning students that are at our public and nonprofit schools. They are still not a huge part; they are growing faster, but they are still a minority of the online space.

And the other was just last weekend. We were at the Education Writers Association, and the president of Kaplan was there.

And he started his talk by talking about their on-the-ground schools, "We are not just an online school." So there's clearly a defense there. They do not feel that they have come up to snuff, but on the other hand they are spending money, and they are spending money both on infrastructure as and, and a lot on trying to get students.

MR. WEST: Richard?

MR. GARRETT: I want to build on what Louis said. I think it's certainly true that the for-profits so far have sent mixed signals about their potential to be a true disrupter, and the way they've been encouraged to describe themselves and judge success have been rather narrow and not very helpful in terms of them really, really demonstrating a broader impact, but I do think a very interesting moment for the for-profits,

As many of you know, I think we are at the end of an era in a sense where we've now finally seen sufficient federal pushback on the for-profit model. I think it is the missing catalyst for spurring at least some of the more courageous schools to try and achieve a step change in innovation and potentially move into a more creative area, because I think you could argue that the last 10, 15 years we've seen a steady relaxation of regulation around, you know, admitting for-profits to regional accreditation. We saw the removal of the 50 percent rule, the 12-hour rules.

We saw the Safe Harbors introduced after the 1992 Higher

Education Act that allowed all kinds of connections between recruitment

and payment to recruiters. And as a result, we saw dramatic increases in

participation. Now, through the latest round of negotiated rulemaking,

particularly in terms of the gainful employment rules which only at any

scale really apply to the for-profit schools alone, we've now, I think -- and

we're not quite sure what's going to happen and what the final rules will

be. And it keeps being kicked a little bit further down the road.

But my sense if the Department's resolve is still there, and

we are going -- some kind of outcomes-based measure in terms of ability

to pay back debt as a graduate essentially relative to being able to find a

job, some kind of measure -- it's not about how many students you enroll

or how much money you make will start to become central to how for-

profits are judged and have to judge themselves.

And we're already seeing some interesting shifts. Some of

the major firms are starting to slow enrollment, starting to forecast declines

in enrollment, are starting to raise admission standards, starting to put in

orientation processes. Not all of them are doing it; some still are growing

merrily and saying, no, they don't see any friction there, they stand by their

quality at scale.

But it's interesting that the University of Phoenix, which has

certainly been, was the pioneer of the most recent innovation for-profit

higher education away from, you know, mom and pop schools, vocational

non-degree, you know, stretching back into U.S. history where turning them into degree-granting regionally accredited, and so on, that school, I think, is at the forefront of that. And I wonder whether this is actually a very healthy intervention for the for-profit's long term. They feel the pain now, but I think this have been the missing kick, if you like, for them to really break out a moment that really only incentivized them to grow and add students and didn't really incentive them to retain and really innovate in terms of the student experience and outcomes.

But gainful employment, if it's done right -- and maybe it's too mild, maybe they'll just have to adjust a few programs. The threshold's rather low, I think, arguably, so maybe it won't be sufficient. But I do feel that we're at this watershed moment where federal policy may stimulate this sector that arguably is dedicated to teaching, not focused on research, may actually take it to that next level and really have a, have a sector that is, that is judged, measured in terms of its contribution to the student experience and contribution to outputs. And if it can do that through that stimulus, then it's going to turn the for-profits into a far more formidable sector than with them they're currently been. But it's a big "if" still.

MR. WEST: Okay. One more question, then I'm going to open the floor to comments from the audience. And the question is, I want to turn each of you into a czar, so you can actually make whatever policy

recommendations you want.

So if you were the czar, what would you do in terms of online education on any of the dimensions we've been talking about? And don't all of you speak at once.

MR. GARRETT: Well, I've got one simple thing. I mean I mentioned it earlier. I think if the Department, as it's -- I think is considering but has been considering for some time, if the Department could measure students' success beyond first time full-time students. if it could capture every student part time, not first time, graduate as well as undergraduate, online as well as face to face, if it's tracking of higher education data could catch up, and it inevitably have to catch up, you know. Innovation will always run ahead of statistics.

But the gap is getting bigger, the tension's getting more problematic. and I think that notionally -- no, not simple but notionally relatively simple innovation would bring all of this innovation into the mainstream, into the light of day, enable comparisons and focuses on outputs as opposed to at the moment all we can track is, you know, how many students does the University of Phoenix have? And it's very tricky to get any, any clarity on its output. So I think, to me, that's a simple but very powerful innovation that only the Department could really effect; and it would drive all kinds of interesting change.

MS. ALLEN: I've got good news. We've been talking to the

Department of Education and hope to put ourselves out of business in

three years when -- I mean that's their lead time to be measuring.

MR. GARRETT: But do you really think it's going to

happen? I know they've been saying this for some time.

MS. ALLEN: I don't -- well, you know, it's first time they

contacted us directly --

MR. GARRETT: Okay.

MS. ALLEN: -- to use our definitions of what is online and

what is face to face, because we have a standard definition that we apply

that below 20 percent of technology in the classroom would be face to

face, 20 to 80 percent would be blended, and above 80 percent would

totally online. And -- I mean you're right -- that would be, you know, there

seems to be no reason why we can't track this somehow and, actually,

that might then -- what I would change would be the accreditation morass.

I would want to really want to understand and have them all line up and

tell me exactly what they're doing and have them standardize and do the

same thing.

What would you change?

MR. SOARES: I would do the accreditation as well, make it

more standard. There's some interesting work around the learning

qualifications framework that the Lumina Foundation has recently

introduced in WASK, actually --

MS. ALLEN: Yeah, I remember that, yeah.

MR. SOARES: -- which I think casts some promise. Also, I mean I know this is going to sound a little bit, you know, K through 12 of me, but, you know, a race to the top for, you know, a state that can deliver, you know, 60 percent of its baccalaureates in three years using online education. I mean, you know, we need to, we need to start having conversations not around, you know, the four-year semester-based model for delivering education. We need to have those bigger conversations. Online is one way to get there.

MS. ALLEN: Yes.

MR. SOARES: In fact, the potency of online and not just, you know, the set of tools -- I liked the way you said that, actually, that set of tools, the potency of that's going to be when you stop playing around with the actual what you're delivering and how you believe you can deliver it. Can you get to the end goal by mixing this stuff up in a different way? That's what we propose in the paper, but you need to create incentives to actually try doing that.

MR. WEST: Okay.

MS. ALLEN: That's pretty interesting. We also study K through 12 and have done some -- which is, you know, eons behind online anyplace else. I mean it's really only used for credit recovery and what rural -- people that live in rural areas that can't take a course. But the idea

that online is not for the four years, for the -- I think that would be a nice change.

MR. WEST: Okay, let's open the floor to questions and comments, or just raise your hand with a question. Right here, if you could give us your name and your affiliation.

MR. ALTMAN: I am Fred Altman, no affiliation now. My question is I'd like to hear a little bit more about the blended. It would seem that if you use the blended brand expertise in teaching and expertise in subject matter, it would, could greatly improve the quality of, because of the competition effect, even of the material taught in class.

MS. ALLEN: We track blended, and it's about the same, growing very slowly. I would say maybe because it costs more even. You have to have all the things that are right for face to faces and on-ground building as well as all the technologies.

MR. SOARES: Just to add to one to go in a different direction from that, so in some ways the reason we highlighted Western Governors in the, as having a piece of this disruptive innovation pie was because disruptive innovation is the only place in the U.S. -- the world for all I know, but maybe that's wrong -- although I guess Carnegie Mellon's doing it now with the open learning initiative where technology does the teaching. So that's the big cost. That's what's -- the fact that cost isn't being reduced, so at Western Governors the way they've actually set it up,

you know, you have faculty as advisors and counselors. but you interact

with technology. And technology does the teaching.

And the Carnegie Mellon work, you know, on the open

learning platform is doing something similar. And so here you have this

continuum of blended learning, but you run into the cost reduction

problem, that it's not reducing the cost yet. And that's not just because

you can't reduce cost. That's because, I would argue, that the business

model isn't designed for it. You don't have the kind of flexibility within the

institution to just, for example, like move faculty around or downsize

faculty, and to make the blended work in a way that makes sense.

But on the other side of that, you have -- we haven't fully

really explored the robustness of what can the technology do in terms of

the teaching? And then what do you then -- what new role does that

create for faculty?

MR. GARRETT: Blended variation, we do a lot of research

on that, and we've seen a persistent gap between what prospective

students say they want, more interested in blended versus actually supply

from schools, and I do think it's because blended is complex. It occupies

this amorphous middle ground between more or less on-ground and more

or less online, and P schools have really staked their claim to it.

But I do think it's in most schools' interests to actually go

down the blended path in certain respects because I think if the future is

more and more online and wholly online, a program level, we don't need

thousands of schools scattered by geography and assuming participation,

you know. What we really need is a relatively small number of high-quality

scaled providers who can -- you know, economy is a scale and so on.

So I think it's in most schools' interest to try and hang on,

use online or rather use blended to hang onto local markets, stop the for-

profits turning every local market into some corner of the national market.

And at the moment I think many nonprofits are a little confused as to

whether online is their ticket to national status; international, which is less

and less possible now we have hundreds and hundreds of schools

offering pretty similar-sounding online programs; or rather, really it's about

holding onto, you know, local adult markets. It's more and more of an

alternative to regional centers around the state, that kind of thing. But I do

think unless there's some aspect of your programming that does use the

physical assets that you have that says those are still important, then why

do we need all these schools?

So I would argue that some sort of -- I loosely call it 90/10,

not to be confused with the for-profit 90/10, but 90/10 meaning 90 percent

online and 10 percent on-ground. And again, nonprofits tend to have an

advantage. They tend to have broader campus assets, broader physical

assets than the for-profits do with some kind of very high end experiential

engaging, almost vacation-like on-campus experience where you leverage

all the power of online, achieve some economy to scale, achieve some

automated learning, cost reduction, but then hold onto something that

connects you as a campus to your online innovation. Otherwise, I really

think you got the institution going in two different directions, and either the

online will fall flat on its face and they'll lose that momentum, or the

campus will start to wither because online implies that the campus is

irrelevant.

So I think blended is the future, but I think the blended has to

be, you know, vast majority online, small proportion on-ground. Otherwise

you lose all the cost and other benefits.

MS. ALLEN: We actually, Richard and I and Jeff, have a

report. We wrote a report on blended. We can give you access to

(inaudible).

MR. WEST: I actually have a question. What's interesting

about that is, you know, the early for-profit like Phoenix, Phoenix came,

started adding campuses earlier on when they realized that if they put --

you know, especially out West, if they put a campus or rented some space

on the same off-ramp as an office park, they'd be able to get a lot of -- do

a lot of corporate business that way.

And then you have this later kind of version of it that -- where

like Kaplan is coming to this kind of a -- you had this explosive growth

online, and then they -- they've come a little bit later to adding the

campuses. And what I've wondered, actually, is are they consciously

trying to do what you just suggested?   Or is it a different adaptation,

thinking that they need more of a -- of that on-ground profile because then

it makes them look like the traditional model more?

MR. GARRETT: Yeah, I think they're conflicted. I think

some signs that the for-profit response to the current departmental push

back is to try and sound more

traditional --

MR. WEST: Yeah.

MR. GARRETT: -- which is ironic, but it is in line with all

prior institutional innovations, you know, teachers' colleges turning into

four-year schools, turning into research universities, and there's very much

a patent there.

On the other hand, I think they've -- their investment in

physical resources has typically been either a sort of an appendage to say

we've got this traditional campus, but, you know, that's not going to pay

the rent. We know we want everyone to go online, but it's good to have it

to wave in front of the market. Or it's very basic facilities, they're arguably

-- I mean I think Phoenix, more and more of their student body is not in the

online campus and less and less is in the physical spaces. And the only

problem they've encountered, I think, is when they launched Axia College,

which was their two-year, wholly online, you know, associate degree arm

which explosive growth really sort of rescued the institution in terms of

momentum. But they found that I think they'd gone too low down on the

academic tier for wholly online to really work, and they turned back to their

physical resources to provide additional retention support.

But then that creates extra costs and so I think it's -- my

assumption is online will get sophisticated enough that it can handle more

and more of that retention burden, and the public will get more and more

familiar with operating in that way throughout their lives. But right now

online is not quite there, so we're falling back on physical resources.

But I have yet to see a for-profit invest in high-end physical

resources as a strategic, you know, future direction. I think -- I think

they're very much wedded to the scale through, you know, very lean

resources.

MR. WEST: Okay, we have a question over here.

MR. SANG: Mr. Soares' disruptive innovation usually

succeeds by identification of -- James Sang. Mr. Soares' disruptive

innovation usually succeeds by identification of niches. Are there any top

subjects or student populations that form niches which online advocates

can point to where it has that been successful and also related to this,

what has been the experience of the Defense Department in using online

education?

MR. SOARES: Sure. So, yes, the way to disrupt -- a key

defining characteristic of disruptive innovation in a market is that initially it

competes against non-consumption, right, and so broadly, it's all the

nontraditional students that a place like Phoenix served, right?

One of the questions that occurred to me or observations

that occurred to me when Richard was speaking last was that was that,

you know, a colleague of mine often says that, you know, one of the

interesting things about the for-profits in this particular conversation we're

having the last few years is that in some ways they just -- because of, you

know, the nature of being a for-profit company, they're just pointing out all

of the ugly little darkest places of higher ed that exist anyway, but they just

-- because of their business model is so much faster, it points it all out like

remediation.

Remediation is an issue across all of higher ed and even

land grant universities, maybe not the flagships, but even land grant

universities. And -- but it gets -- because of the pace of enrollment and

the speed of enrollment of that kind of student, like Axia, it just gets,

becomes this massive huge issue that becomes very clear.

Defense Department. So one of the interesting things about

Defense Department and online learning is that because they -- their

learning objectives tend to be very, very explicit, right. You want someone

to know how to fix this particular pump on this kind of tank. It allows them

to design learning objects for a broad set of their perhaps, you know, high-

school-grad-level folks. So they have very specific tools in mind, very specific learning objectives they want. And I think if that's -- they have a lot of success there in online learning for that reason, actually, very specific goals they're trying to achieve, very mission-driven goals in that sense. That's what I think from my exposure to that where they've had a lot of success in terms of using online tools.

MR. WEST: Okay, we have a question over here.

MR. GARAN: My name's Pete Garan. I'm with the private foundation at Bezalot in education research. And some of the most eminent educational institutions in this area are going more and more to online learning. I know Johns Hopkins has a good bit of their master's programs in a number of areas that are delivered online.

Have any of these great research institutions really looked at that produce and tried to decide what works, how to make it better, evaluated it, compared it to in-growing, to use your term, at some of these great -- is all the research going on in the outside world and the for-profit world or are any of these eminent research institutions really looking at this and deciding what works and what doesn't work?

MS. ALLEN: And it's an interesting question. Most of the research that looks at this are, you know, it might be a very small study at Harvard, because Harvard has a -- where they will compare a face-to-face class with a non. And the problem is the selection bias. You don't -- you

can't really randomize the students into the class and then -- and you find

that, as Richard said, the students that are taking the online courses are

fundamentally different than the ones that are taking the face to face.

Although I would note that whether you take a face to face or

in the classroom, you get a Harvard diploma. They don't differentiate and

say, oh, yeah, but this guy took, you know, on your transcript they don't.

They don't differentiate.

We actually at Babson tried to do this because all of our

students come in where at business school they all have to take a lot of

accounting. We try -- we randomize the students, and then we had one

which was a strictly blended class, and what we found at the end of the

day, I guess -- and I don't know if it's because we're mostly a residential

campus -- that the people that were taking it face to face were using the

materials of the online students as well. So there's really the selection

bias, and as well as you really have a, end up with a hybrid group. It's

very -- the only school I know that has really done this is UNLV where they

have, in their writing classes they have strictly online, strictly blended, and

strictly face to face where they had tried to randomize them, said they see

no difference, same professor.

MR. GARRETT: I mean thus far there's been an inverse

relationship between school prestige and willingness to move online, but

there definitely are some exceptions to that. I mean as was mentioned,

Carnegie Mellon's opening learning initiative is perhaps the best example of a research-intensive institution applying all its wherewithal to this instructional problem and has put out some very compelling materials. And that initiative is at the heart of various federal and foundational efforts to try and scale this up.

MIT's open course where, arguably, there's not that standardization element, but it's certainly a research-intensive institution emphasizing the value of online materials, You know, it's not saying how to use them, how to create them, but it's sending an interesting signal.

I do think we're at the beginning of the elite schools taking online seriously and beginning to move online. For example, the 2tor Firm -- number 2-T-O-R -- John Katzman, who made a lot of money at *Princeton Review*, is investing huge amounts in partnering with select high-end institutions, first the University of Southern California, Georgetown, University of North Carolina, Chapel Hill, to offer exclusive high-end, very high-priced majority online some sort of blended component programming. I'm a little skeptical as to the, you know, what's the value add exactly in terms of instruction. But there's a lot of compelling rhetoric, there's some interesting proprietary technology. They're trying to marry up the nature of the online student experience and the nature of the brand of the institution.

So I think as those schools move online, again it may just

default down to brand, and it's hard to disentangle that as to what that

really means. And I think we've got examples of that, but it would be, I

think, the more prestigious schools will feel more and more comfortable

playing online if they can point to deep value-adds that are consistent with

their brand. And at the moment I think it's hard for them to do that, but

that's the opportunity that allows them to embrace online without feeling

conflicted.

MR. WEST: In the back?

MS. SMITH: Lydia Smith of the British Embassy. I this era

when everybody's talking jobs, jobs, jobs, I'm just interested, is there any

study or research, or have you got any feedback how the labor market is

looking at distance education? How are employers looking at it for high-

end purposes, particularly, perhaps, in a case where you have a student

who has done majority of it, gotten a degree from it completely on line?

How would a company look at it? Do they value it more versus

somebody, or value more somebody who has done the traditional school

or diploma? You mentioned how at Harvard I guess if you take a few

courses, it doesn't necessarily appear on the transcript that you have

taken, but some others that are clearly online, have you got any

information about that?

MS. ALLEN: We've asked that question, and I would say in

schools that offer online say they don't see it being a problem. A lot of

schools, if you're a public institution and you offer the same thing online as you do in face to face, it won't matter because you will have a degree from that institution.

But we have not looked at this because our -- before the sample of for-profit schools is so small. I can't give you the percent of them that have said that they do.

MR. GARRETT: I mean I'll just add, and this is just from the last couple of years, I've spoken to both for-profit schools, the large, you know, publicly traded ones, smaller moms-and-pops, and businesses in the regions where they are just as part of my normal kind of work. And it seems to be very variable, you know. You'll have -- for example, there's in Hagerstown, Maryland, there was a school that was acquired by one of the large -- it was a preexisting mom-and-pop that was acquired by one of the large for-profits, and it did a lot of, you know, paramedical, administrative programming. And because it had been in that part of Maryland for almost 30, it actually had -- and there was no community college in that region, it actually had a fairly good reputation among the employees in that region from just talking to them and asking at the Chamber of Commerce about the relationship.

And then even some of the large public trading companies, Chicago Metro. There is one large publicly trading company that has a fairly good reputation with hospitals in there in terms of the nursing

program. But if that seemed to be spotty in that way, like spiky almost,

like in some ways you don't know anything about it, and then you find that

it's, you know, in some ways that its programs that have deeper roots in

that particular area and connections in that way. And it doesn't

necessarily say anything.

But my own instinct, because that's all it is, is that it doesn't

say anything about the quality of the programming except that they

continue to hire those folks. It's not because anyone looked inside and

said, hmm, this is good, good instructors. Oh, good, good student

tracking. Oh, that's great. It more that there's seems to have been

relationships built up over time.

MS. ALLEN: And I think you've probably all seen the

television ad where the person comes and just grasps the dog and says,

"And I'm a Phoenix," that clearly this is something that they're trying to

promote in their ads.

MR. GARRETT: Mm-hmm.

MR. WEST: Okay, there's another question. Right there.

MR. MOONEY: Ilio Mooney with the Fairfax County School

Board. There has been very little comment on a distance learning on K

through 12 education. If you could, you know, someone of you could

comment more on how far K through 12 education can go with the

distance learning.

MS. ALLEN: We just have published our second report on it, and this was one that's just 9 through 12, this was just high schools, and it's very small. It's growing, but it's not -- it's 1 million? I don't even know the numbers; about 1 million students taking online courses throughout. And this was all public schools in the U.S., so not a market yet.

MR. GARRETT: And that's compared to about 5.6 in higher ed?

MS. ALLEN: Yeah, 5.6.

MR. GARRETT: Much smaller market, but much higher proportion.

MS. ALLEN: Yeah, right. Right. I mean, in the higher ed about 30 percent of all students have taken a course online, and K through 12 it's a fraction, fraction, fraction of 1 percent.

MR. WEST: Okay, right up here up front.

MR. SMITH: How are you doing? Reggie Smith, chairman for the United States Distance Learning Association, and I'm actually asking a question. What do you think associations can do to help fuel the balance that needs to take place for these markets to grow?

MS. ALLEN: First I think you could sponsor our survey.

(Laughter)

MR. SMITH: Go.

MS. ALLEN: Go.

MR. SMITH: Go, you lady.

MS. ALLEN: I mean it's interesting because there are several of some have chosen to -- and I would say the Sloan Consortium which we are sponsored, but we have been sponsored by the Sloan Foundation, we are not part of the Sloan Consortium -- tried at one time to have a clearinghouse of courses which really doesn't, doesn't work. I think it would be -- I think it might be a place where you can take the lead in training of faculty. Or, if not, providing that kind of training, just getting out there that there are good ways to teach online, and there are ways that you -- you know, and there are other ways, that if you're a good teacher in the classroom that doesn't necessarily translate. And I think having that kind of strong message would be a good thing.

MR. WEST: Okay, right there.

MR. JISCHALMER: Jack Jischalmer, George Washington University. Two questions: How do you handle many of the subjects: experimental sciences, quantitative sciences, and so on? And two, how do you replace a good teacher?

MS. ALLEN: Yeah. And, look, I can tell you that there -- we have seen people that take, you know, phlebotomy, drawing blood, online. Now, would you want that person taking your blood? Not so much. I mean, I -- there is no control mechanism for what can be offered.

MR. GARRETT: I mean, there are certain fields that are still

essentially not online in any substantial sense. There might be

supplementary theory-based courses that might be offered on line, but

they're still vast sways of the disciplinary landscape that -- in higher ed

that are not online and aren't going online any time soon, you know, in

terms of the whole experience. But I think more and more of the

experience will have -- will be technologically enabled. I think that's

certainly the case.

MS. ALLEN: Business and education I guess.

MR. GARRETT: Yeah, it says, you know, the fields that

have gone wholly online tend to be fields where, you know, there's no lab

element or the participatory element between individuals is less about

being in the same room. So the field, the range that moving online is

gradually increasing, but there's still a lot that I think is going to remain

resistant to wholly online, you know, for the foreseeable future.

MR. SOARES: And simulation technology will change that a

little bit, but I don't you ever want it -- I would still have someone -- actually

I have drawn some blood on somebody other than me first.

MR. GARRETT: And on the teacher point --

MS. ALLEN: Yes.

MR. GARRETT: But --

MR. SOARES: Or brain surgery.

MR. SOARES: No, exactly. But also, I mean, it really does

really -- it's not a conversation we're really having yet, but we had it at the

beginning of the distance learning conversation, like 15 years ago, really,

when it was supported by the Clinton administration. But what does the

form of higher ed actually look like? What if you combined, you know, a

robust online platform in chemical engineering with co-op, and that

became -- over three- or four-year period that became how you get the

baccalaureate in that space, right.

        We don't even have those conversations, and it's interesting

that the gentleman that asked about prestigious universities, no one's

having that kind of conversation. No one's saying, how do we

fundamentally look at, you know, what we want the outcome to be? And

how do we move the different pieces around, including I might add to get

to that goal. And part of the reason is because, well, let's see: The state

subsidizes you based on your enrollment, you know. And so, yes, for the

vast majority of students go to public schools, so you get -- attendance

gets taken sometime in September, and sometime in January. As long as

there's a butt in that chair you get your subsidy. It doesn't matter if it's

even the same butt.

        And so no one's asking these kinds of questions about how,

given what we know about how you add value, the people, the technology,

that processes can yield a baccalaureate education, no one's asking the

kinds of questions, least of all even the -- OLI, at Carnegie Mellon, right,

before it actually ramped up, there were certain agreements among the

project and the faculty that it would not apply to certain aspects of

Carnegie Mellon, right? And even though as they've been slowly kind of

using their applied learning, applied research methodology, kind of starting

to figure out that, wow, a lot of different students can learn this way, and

we can tell how they're learning and adapt the technology to teach them.

Even as that has become obvious, there has been no

expansion of it within Carnegie Mellon. I'm not knocking them, I'm just

suggesting that we are -- I often wonder if we are at -- especially in writing

this paper -- if we are at this point where we're going to have that kind of

fundamental conversation about higher ed and how we deliver it.

MR. WEST: Okay, right there on the aisle.

MS. TAICHKAVITZ: Yolan Taichkavitz, and I work for the

Association of Private Sector Colleges and Universities. Two items: One,

it's sort of ironic in terms of accreditation that the national accreditors,

which are the ones that are accredited for profit schools are the ones that

actually have outcome measures. And when the for-profits seek

out regional, it's ironic that they are actually getting away from the

outcome measures. Just an observation.

The second thing is, when you talk about outcome measures

and how important they are, and just disregarding what I said about

regional accreditation, I think it's important not only to deal with the data

that are collected -- and I strongly agree with you about the first time full-time, but it also has to do with the analysis. And a lot of what has been discussed is that a lot of the institutions, particularly the for-profit, are really educating a different kind of person and also online a different kind of person in terms of their needs. So a person who is, you know, between 18 and 40 can readily go to a campus-based university and get that kind of education. But somebody who's older with family obligations is more likely to take online and also more likely to go to for-profit.

So the issue here is, why aren't we doing more analysis of similarly situated individuals? Why is it that we're comparing, you know, graduation rates even if they were to be improved by the measure of somebody who's gone to a prestigious institution who has always been a high achiever, has gone to a selectively -- you know, to an institution with selective admissions policy, comparing those kinds of people with those who are going to open admissions who don't have the kinds of resources and backgrounds?

So wouldn't you agree that it's not only a question of looking at outcome measures in terms of standardized definitions but also dealing with sort of how those data are going to be analyzed ultimately?

MR. GARRETT: Yeah, I think that's very true, but -- and the reason why those kind of nuance analyses can't really be done very often is precisely the missing data. So I think at the moment that's why you get

all these odd comparisons being made between --

MS. TAICHKAVITZ: Yes.

MR. GARRETT: -- you know, if, you know, University of Phoenix, its full-time first-time population is relatively modest proportion, but it's the only number we have, so let's put that out there. The demographic information on the student body is often quite limited. There's no information on graduate students at all, so, you know, policymakers, the media make the best of what's there because what's there is so patchy we end up with these, you know, very, very strange comparisons.

So, yes, I think the benefit of what I was proposing earlier, a model that would take account of old students, old schools, and richer information on the students themselves would allow us to make meaningful comparisons.

MS. TAICHKAVITZ: Yes.

MR. SOARES: One of the conversations that, you know, we both started with the Department but also, using this paper as a way to continue the conversation, we're doing a couple of convenings later this year, is that it's not just a question of expanding IPEDS. You know, in terms of regulatory policy, we made a choice in various reauthorizations of the Higher Ed Act to move more to a consuming information model of how we're trying to help make better choices about college selection.

Each version of the Higher Ed Act in the last 15 years has added more components of consumer information. And, in fact, with the (inaudible) Department, with it's -- the first time in a while that we've gone in another direction where it's more the regulatory -- the regulators coming out at it.

MS. ALLEN: Yeah, (inaudible), yeah.

MR. SOARES: Right? It's been consumer information. It's been a while since we've done that. And I actually think that we will continue to use the consumer information not the least of which is because it's less expensive, more than -- it costs the Department money to regulate. And I think we actually need a different way of thinking about as we've gradually expanded access the college use of the G.I. Bill, there's a diversity of learners that we would not consider postsecondary learners that we never even anticipated, the traditional-nontraditional categories, and IPEDS don't even come to really understand that mix.

We actually need to come up with a set, a handful of different categories for the way people actually consume college. How does this person consume college? You know, this working 45-year-old, right, this, your know, part-time working 22-year-old? How did they -- how are they likely to consume college and develop data categories round those three?

We're bringing together some folks from the higher ed data

side and some folks from the business marketing side actually later on this

year to have that conversation. I think that that's when -- and it's basically

looking at higher ed as a consumer-driver market and not as a third-party

payer-driven market, which is largely the way we think of it now, right?

The states pay for it, federal government pays for it.

MR. WEST: Okay, right here we have a question.

MS. FAIRCHILD: I am Daniella Fairchild from the Thomas

B. Fordham Institution. Noting that K-12 education hasn't made a lot of

progress in the online learning front, what are some lessons that K-12 can

learn from higher ed can pull?

MS. ALLEN: Great question.

MR. SOARES: Great question, yeah.

MS. ALLEN: I would say that one unique problem in K-12 is

school boards and budgets. I think that there would have to be much

expanded planning in that regard. But back in the dot.com bubble there

were businesses that were ramping up that thought they could deliver this,

and then they realized that they would going to have to go to every single

school board to try to get -- and they find out beautifully. And I think that

there needs to be a lot more forethought in terms of how this can be

achieved.

MR. GARRETT: Yeah, and I do think the freedom of action

that for-profit schools have had in higher ed, there's nothing comparable in

K-12. And if you take for-profit energy out of higher ed over the last 10

years, online wouldn't have grown in the way that it has, wouldn't be as

visible as it has. So I really think that's, that's the missing catalyst, and it's

hard, and it, you know, there are still vendors, you know, doing their best

in

K-12, but it's complicated.

        MR. WEST: All right, there is a question?

        MS. RIANDO: Hi. Celeste Riando with the Institute of

International Education. I'm just curious if there's any indication of an

international student market for American distance education being that it

can actually be distance education and people don't necessarily need to

be within 50 miles of the school they attend. So if you could speak to that

at all, and if there's any initiative to export American education to other

countries through distance learning.

        MR. GARRETT: It's certainly --

        MS. ALLEN: Yeah, tiny. Tiny. Yeah. I mean, I think I would

say we have more success educating our military on the ground in foreign

countries. We see about 15 percent of schools that offer distance

education are offering it to the uniformed services. But, nah.

        MR. GARRETT: I mean, so American Public University was

such a lot of work with the military. The do -- they actually do active duty

online training. But to your point, it folks on the ground there.

The for-profit sector is growing internationally, and in Brazil there are a couple of the large publicly traded companies that are growing quite dramatically, but I don't think it's actually the online offer.

MS. ALLEN: Right.

MR. GARRETT: I think they're building actual facilities to do face to face there

MS. ALLEN: Right.

MR. GARRETT: You know, I think in terms of acceptance of online in higher ed, the U.S. is the most advanced, if you want to put it that way, and the for-profits over the last decade in the U.S. have definitely tried. They've invested, they've created new entities, they've partnered, they bought things and the online side has been very, very lackluster. Where there's been much more success is buying bricks and mortar institutions, transforming them, investing in them, standardizing. That's been very successful, but I do think for all of the reasons that in the U.S. online has taken off and, as Louis said, in some countries the domestic for-profit system is taking off, but I don't know if it's taking off on a scale that's been such an important catalyst in this country.

So there's definitely capacity challenges overseas, there's, you know, the on-ground can't cope, there's lots of cross-border on-ground provision as well as students coming to the U.S. or coming to the U.K. or Australia, and more and more that is blended. So I think we're

beginning to see signs of more stronger online role, but wholly online

never coming to this country, the school never having to lead this country,

you know. Apart from a tiny slice of very high-end elite MBA type stuff, it's

still this horizon, and I just think it's going to be very difficult to make a

strong case of that.

But there are still schools trying. I think the more crowded

the domestic market gets in the U.S. with regard to online, the more

interesting and promising international markets get, but every effort so far

on the wholly online end has been tentative, experimental, small scale,

and many have failed. But I do think we'll gradually see more momentum

going forth.

MR. SOARES: One of the key drivers, I think, of the growth

of online education probably -- I just want to come back to this because no

one asked this question -- is going to be our level of comfort in how good

our assessments are on measuring competencies.

And I just want to add to that, Phil Oswald, who's at George

Mason University, does some writing and has been doing some writing

recently about the global companies that are starting to look beyond

credentials and looking at competencies that people have because they're

recruiting globally, and they're starting to realize that there are a lot

inefficiencies to depending just on credentials. And to recruit they think

project in terms of the work that they do, and they're looking for

competencies and people that have sense of competencies.

And before, they would basically, you know, I want someone who has business skills and has design skills, so they recruit someone who has an MBA and an MFA, and they have realized there's inefficiency there, and they're starting to look for certain competencies. There are very few companies that are very sophisticated at this; some of the large consultancies are. Boeing has actually developed an internal system where they map their performance metrics to for someone on the job back to the school they went to and the course they took. It's fairly sophisticated. They've started talking to companies about this; they've been doing it about seven years.

As that market for competencies evolves and grows, online education that has competencies attached to it is going to become more powerful. It's a very interesting way, because part of what's missing is, if you actually can bid into an online tool like Western governors does, right, you say, okay, I have competencies that I want people to achieve. It means that those competencies means they can do things in the real world, you start unlocking what lot of folks expect, you know, especially at the undergraduate level.

You sit someplace for four years in a residential campus, you take in stuff by osmosis, by being there, right, whatever the quality of the pedagogy. And if we can start getting to people believing that that

competency measurement and the assessments that measure those competencies actually mean you can do things outside, then online learning that can incorporate that like the OLIs in early version of, and what Western Governors claims to be able to do.

Online learning ends up being able to grow as a whole different way than we think of now. Right now the sheepskin effect that comes with a baccalaureate or even an associate, more with the gold standard, the baccalaureate in the U.S. anyway, that's very hard to surmount. We don't have the assessments. The psychometricians will say, we just don't have the assessments that can measure the individual competencies. That s real trigger cue, I think. If we actually get better at competency assessment and people believe that those competencies means folks can do things outside of the academic setting, that gives online learning a whole different place to grow.

MR. WEST: Okay, I think we will end on that note, but I want to thank Elaine and Louis and Richard for sharing your views with us, and thank you all for turning out. (Applause)

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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