Testimony of Dr. Merodie Hancock, President, Thomas Edison State University

On behalf of Thomas Edison State University, I commend the Senate Higher Education Committee for holding this hearing to discuss online education at large and Online Program Management or OPM specifically. I look forward to sharing my expertise in online education as you seek to ensure only the highest quality online programs are delivered in New Jersey institutions.

OPM has evolved over the years and now include services that range from marketing and recruitment to student admissions and registration to online course development and platform management. The industry business model is primarily long-term tuition revenue sharing agreements with its university partners, though there are also more select options where the universities pay up front. The revenue sharing OPM model allows institutions the ability to offer online programs without investing in the significant human and technology infrastructure required. The OPM is rewarded for its up-front investment by a long-term agreement to receive a certain portion of student tuition. The OPM may then use its share of the tuition revenue however it sees fit, including marketing, sales, and other nonacademic and corporate purposes. The return on investment for the OPM is generally based on scale of programs it offers, the number of total students it recruits and the tuition rates/income share agreements associated with those students. OPM services can be engaged for a specific degree program or all of an institution’s online programming.

At TESU our entire focus is the adult student. Most of our undergraduate students have attempted higher education before, but for one reason on another life happened and they did not finish. Many are carrying debt from their previous college attempts and lag behind their peers in earning potential. They are juggling multiple life responsibilities such as full-time jobs, caregiving for children and/or aging parents, community volunteerism and more. This population of adult students is, by definition, already categorized as high risk of dropping out. For several
reasons, online learning is often the best option for these busy adult students. As they re-embark on their education journey there will be many reasons for them to give up, stop out and remain a “some college no degree” statistic. That is why Thomas Edison is laser focused on how we support their success and our online learning environment.

Thomas Edison State University has been delivering distance education to adults for almost 50 years. Today we offer nearly 800 online courses to more than 14,000 students a year. We know that our students need flexibility in when and where they study and access to their courses and University support 24 hours a day, 365 days a year. We know that unless we proactively anticipate our students’ needs and keep them connected to the University, they are not likely to achieve their academic goals. Our online learning environment is essentially our virtual campus, and it extends from first engagement to graduation and alumni support. It must provide all the support and learning tools these students need — whenever and wherever they need them.

In addition to the numerous life demands that differentiate adult students from traditional students, adult students are further unique in that they are returning to college while they are in the throes of building their careers. Unlike traditional full-time students who enter their careers after four to six years of college studies, adult students who take advantage of online learning are far less homogenous. The majority of adult students are between the ages of 25 and 45, from all socioeconomic backgrounds, often first generation, and are at varying stages of their careers in professions that range from high-demand industries to those that are quickly becoming obsolete. They come to Thomas Edison to increase their professional marketability, retool skills and, in some cases, change professional fields entirely. They also come with a tremendous amount of professional and world experience that the University leverages to enhance its online learning environment.

For these reasons, Thomas Edison does not utilize OPM. It is a critical part of our mission to create a distinctive education for adults that is flexible and meets their unique needs while retaining high academic quality and career relevance. And, in order to do that, we feel the need to closely address and monitor all aspects of our virtual campus. We do, however, leverage external partners to support discrete functions when it either requires a unique and hard to acquire skill set, or we are adopting a new and innovative technology for a specific program that we may not have the resources to produce in-house (e.g., certain simulation technologies that specifically align with industry). As our students are actively engaged in the workforce, our courses must keep pace with the industries they serve. In
In addition to leveraging innovative new instructional technologies, our courses are constantly under review to ensure they represent the latest industry practices and theories. Last year alone, we revised more than 500 of our online courses. This ongoing and agile approach to course development speaks to TESU's extensive experience and expertise in delivering high-quality career-relevant online education and could not be replicated by an outside vendor.

A further distinct advantage of building and maintaining our own courses is that we own the data and analysis. We use this data to improve our student learning outcomes and to strengthen our curriculum. Thomas Edison's years of experience in online education have taught us how to evaluate and best utilize third-party providers for content and technology solutions. Our work in this area has revealed to us that comprehensive OPM partnerships do not provide the data analysis responsiveness and unique student experiences that TESU requires and are not in the best interests of our adult students. Therefore, we strategically use targeted technologies (such as virtual labs and online proctoring) to our existing suite of core TESU services (course design, curriculum management, technological delivery tools, marketing, recruitment and student advising and support).

In summary, TESU has invested extensively in the online learning space, with a specific focus on how it best serves our adult students. We leverage our knowledge and expertise to ensure every course provides all of the services and support that a student needs to succeed as well as objective career-relevant assessment tools. Many institutions, pressured by time-to-market demands and other external factors, have turned to OPM to fast-track their organization into the online-learning space. The distinction between an organization fully committed to the online learning environment and one that offers online programs on the side is often defined by the organizational mission, infrastructure and instructional model that underpin the organization. At TESU, the success of our students as scholars and as professionals can be gravely impacted by their online experiences. We take this, our virtual campus, as one of the most important aspects of how we fulfill our mission.
Testimony of Ali A. Houshmand, PhD, President, Rowan University

February 25, 2020

Senator Cunningham, and committee members, thank you for providing me the opportunity to speak with you today.

I like to think that I have a unique perspective on the subject of online education since I led the College of Continuing Education at Drexel and was involved with the development of Drexel’s online program and brought that model to Rowan University.

Online education started in the United States in 1989. Today, almost 2,000 degree-granting postsecondary institutions enroll fully online students.

There are approximately 3.4 million students pursuing a postsecondary education exclusively online, of which includes 30 percent of all graduate students and 15 percent of all undergraduate students.

If you count students taking at least one online class per year, the online student population jumps to around 7 million. That’s 35 percent of the total higher education population.

What’s most interesting, however, is that more than 60 percent of online students live within a 50-mile radius from the institution delivering the program.

These facts and figures are certainly telling of the shift we are experiencing in higher education. Not all institutions are prepared for the change, however. The use of third-party vendors and providers is one way institutions are making that leap.

About develop online education
Developing, implementing and sustaining an online operation not only is extremely costly, but also requires staff with the appropriate knowledge and skills.
Third-party vendors in the online space are known as Online Program Managers, also known as OPMs. These are organizations that can provide a suite of services and products that may include:

- online course development,
- operation of the learning system platform,
- enrollment management services,
- and student services, such as advising, retention strategies, and learning materials.

OPMs may vary in size and services, but all of them tend to have some common characteristics:

1. They engage in long-term agreements with the institution they serve;

2. As the name “management” suggests, they tend to control the non-academic portion of the business, everything related to the student flow from prospect to graduation;

3. And, they retain anywhere between 50 to 60 percent of the revenues realized through tuition.

While the tuition revenue sharing seems to be disproportionately in favor of the OPM, it is important to recognize two things:

1. The OPM invests millions of dollars to establish the online operation for the institution that will take the OPM years to recover;

2. And, the institution would never be able to realize on its own the 40 cents on the dollar that the OPM is bringing through its programming.

Online education at Rowan University

In 2006, Rowan University made the strategic decision to create Rowan Global, a self-funded unit devoted to addressing the needs of the non-traditional/adult student population.

Since its inception, Rowan Global has generated $270 million. Almost half of that amount has been profit that has been reinvested into the academic enterprise.

We were able to develop Rowan Online fully in-house because of two key elements:
a) the commitment of our Board to provide a loan of $2 million, and
b) we had enough knowledge and the right staff to develop a system that proved to be highly successful over time.

The first fully online programs at Rowan were launched in fall of 2007. Today, Rowan Online has more than 40 fully online certificates at all levels and more than 500 individual courses.

During a typical academic year, Rowan Online serves more than 5,000 students who are enrolled in fully online programs. Another 6,000-plus traditional (on-campus) undergraduates take at least one online class per year.

Even though we have been able to build one of the most successful online programs in the state, we serve our students and region much more by continuing to have the opportunity to engage OPMs. The benefits are clear:

- Online education allows the University to create less expensive and more flexible pathways for students.
- Rowan can grow in capacity without physically expanding facilities.
- And, the use of OPMs helps us avoid adding full-time staff for administrative roles.

The bottom line, Rowan is less reliant on the state and more responsive to the needs of the region. But we can do even more.
February 25, 2020

New Jersey State Legislature
Senate Higher Education Committee
State House Annex
PO.Box 068
Trenton, NJ 08625-0068

Chair Cunningham, Vice-Chair Gopal, and Members of the Committee:

Thank you for the opportunity to present testimony about online degree offerings by institutions of higher education.

The Century Foundation is a progressive, nonpartisan think tank and one of the oldest public policy research institutes in the country. As a fellow at The Century Foundation, I research and write on the for-profit college industry and advocate for regulations that will bring the sector’s colleges up to par with public and nonprofit colleges in terms of quality and value offered to students.

Last year, my colleague, Taela Dudley, and I conducted research on the contractual arrangements behind the scenes of many online degree programs. I am going to share the results of that research and make recommendations for what the New Jersey Senate could do to protect current and prospective online students.

Online program managers, or OPMs, are third-party providers of services related to the delivery of online education. OPM companies include Academic Partnerships, 2U, and some names you may recognize from the publishing industry like Pearson and Wiley. The services these companies provide include course and curriculum development, instructor training, student instruction, marketing, and recruiting (and sometimes all of the above).

Since 2017, Century has used public records requests to obtain 184 contracts between public colleges and OPMs. In our most recent round of analysis, my coauthor and I reviewed 79 contracts between public colleges that have large numbers of students enrolled online and the companies they hired to help deliver their degree programs.¹ Forty-one of these contracts


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*tcf.org*
involved OPMs. In these school-OPM contracts, we found problematic terms and arrangements that I will expand upon in the remainder of my testimony, including:

- 53% involved the college “sharing” its tuition revenue with the OPM,
- 41% tasked the OPM with student recruitment,
- 56% included term lengths of five or more years,
- 27% included language that would make termination nearly impossible, and
- 32% included vague or zero mention of data ownership.

Contracts between colleges and OPMs are generally structured in one of two ways. One is for a school to pay a flat rate for a single service. The other is for the school to "share" its tuition revenue with the OPM, usually for a bundle of services. In tuition-sharing contracts, the OPM typically receives between 40% and 65% of the school’s tuition revenue, though some contracts we analyzed had terms as high as 80%.

Bundled-service, tuition-sharing contracts also tend to have very long terms and are difficult to terminate. Most of the tuition sharing contracts we reviewed lasted between six and ten years. Likewise, most included clauses that made it difficult to terminate the contract in any circumstance. These kinds of clauses include requirements for years-in-advance notice of termination, automatic renewals, and prohibitions on contracting with other companies for services after termination.

Degree programs managed by OPMs under tuition-sharing terms exhibit behaviors similar to those documented in the for-profit college sector.\(^2\) It appears these kinds of arrangements incentivize schools to keep tuition high and to bring in as many enrollments as possible.\(^3\) Evidence of OPM interest in higher tuition rates rests within the contracts. A contract between the University of California Los Angeles and a company called Trilogy included a clause requiring the school to set the tuition price as high as the market will bear, with the OPM retaining veto rights on pricing. In a contract between the University of North Dakota and Pearson, the university is prohibited from making changes to the curricula or concentrations offered in degree programs without first appealing to Pearson so that the company can evaluate the effect of the proposed change on enrollment levels.

https://tcf.org/content/commentary/three-things-policymakers-can-protect-online-students/.


tcf.org
If a college contracts with an OPM on the basis of revenue sharing, both parties have an incentive to get as many enrollments as possible. This leads to the same predatory and aggressive tactics historically used by for-profit colleges. One example of this is when a student goes online to find information about degree program admissions requirements and cost. Degree programs where recruiting is managed by an OPM do not readily share that information. Instead, the prospective student has to fill out a form with their contact info. Then, they receive many messages and calls from the third party posing as a university recruiter. In the contracts we analyzed, OPMs often had control over the substance of the messages and the number of attempts that will be made for contacting the prospect. Further, lists of prospective students and their personal information also typically become property of the OPM. Once a company owns prospective student contact information, it can market other programs and products to non-admitted students or sell the information to other colleges or marketers.

We found that OPMs have an inappropriate amount of control over curriculum and course offerings. As mentioned above, some OPMs have the power to evaluate curricular changes the college might propose. In some cases this is accomplished through steering committees created within the contract that include the private for-profit contractor. These committees hand a lot of power over to the OPM and bypass usual departmental and faculty governance. I would argue that a third party contractor has no place in university, department, or program governance, even if it is providing educational services.

While public colleges are renting out their name and established legitimacy to private companies that would otherwise lack access to the reliable revenue stream of federal student loans, students more often than not have no idea who is running their program. Students believe they are getting a degree from a college or university, or they think they are receiving advertisements and calls from a prospective college, when in reality the school may be barely involved.

Finally, it is unclear what happens to tuition revenue once it is handed over to the third-party OPM. While colleges report their finances to the federal government annually, these companies receiving on average half of tuition revenue, are left unaccountable. Though contracts spell out what bundle of services an OPM will provide, we don't know the actual break down of how much each service is prioritized by the OPM itself. It is reasonable to assume a disproportionate amount is spent on marketing.4

Policy makers should consider ways to address problems that have emerged in online higher education:

- Problem: aggressive recruiting

Schools should not contract for online program management on the basis of tuition-sharing. This would curb aggressive recruiting, at a minimum. Schools should also be required to display commonly sought information about program requirements and cost in an easy to find manner on their websites.

- Problem: lack of transparency for students

Important information is being withheld from students on two fronts. First, most students have no idea that private companies are involved behind the scenes, often for a substantial cut of their tuition payments. Students and prospective students should know who is running an online degree program, who is contacting them about enrolling, and who is pushing advertisements to them online.

Second, prospective online students should have clear information about what the degree will cost them and how much institutional aid they might expect to receive. The real cost for online students is usually higher than that of a student with the same financial profile but pursuing their degree on-campus. In our research, we compared MBA options through Penn State. On-campus, in-state students would pay $26,938, though 75% of students receive tuition waiver fellowships, while online students would pay over $58,000 with no mention of institution based aid. Similarly, I looked into graduate degrees in Human Resource Management through Rutgers. On-campus students are charged $10,548 plus fees per semester, and online students are charged $12,696 plus an additional online course fee per course, per semester. It is unclear how many students from either program get scholarships or institution based aid. For each online degree program, prospective students should be able to see how much students are paying relative to the published tuition price, and what percent of students get grants or other aid.

- Problem: institutional vulnerability to the for-profit OPM industry

The state can take three steps to protect its financial interest when contracting out. First, colleges should collect and report expenditure information from contractors that are involved with online program management. The state has an interest in understanding the expenditure breakdown for online degree programs managed by a third party, in categories like:

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5 Rutgers 2019-2020 Tuition and Fees By Semester, Graduate Schools - New Brunswick Campus, https://studentabc.rutgers.edu/sites/default/files/2017-2018%20Term%20Bills%20Rates%20%20NB%20Grad.pdf
Second, to protect students and taxpayers, state institutions should have reasonable routes out of contracts. Public institutions should review their procurement processes and require the inclusion or exclusion of particular types of contractual clauses, especially with regard to term lengths and termination.⁶

Third, institutions that participate in a system or association of colleges should share the details of contracts internally. This practice would bring an information balance between schools and OPMs in any future contract negotiations.

I appreciate the committee taking the time to discuss online higher education today. I am happy to share details from our research and discuss the specifications for policy recommendations at any point in the future.

Sincerely,

SM Hall

Stephanie Hall

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⁶ The University of Florida’s various contracts with OPMs include clauses protecting the right of the institution to terminate the agreement if the OPM offers similar services to or becomes financially involved in a for-profit college. See: Stephanie Hall & Taala Dudley, “Dear Colleges: Take Control of Your Online Courses,” September 12, 2019, The Century Foundation, https://tcf.org/content/report/dear-colleges-take-control-online-courses/;
DOES ONLINE EDUCATION LIVE UP TO ITS PROMISE?
A LOOK AT THE EVIDENCE

Statement of
Sandy Baum, PhD
Nonresident Senior Fellow, Urban Institute

before the
Senate Higher Education Committee
New Jersey State Legislature

February 25, 2020

* The views expressed are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

This testimony is based largely on two of my 2019 papers: "Does Online Education Live Up to Its Promise? A Look at the Evidence and Implications for Federal Policy" written with Spiros Protopsaltis and funded by Arnold Ventures; and "The Human Factor: The Promise & Limits of Online Education," written with Michael McPherson and published in the fall issue of Daedalus: Journal of the American Academy of Arts and Sciences.
Biography

Sandy Baum is a senior fellow in the Center on Education Data and Policy at the Urban Institute and professor emerita of economics at Skidmore College. An expert on higher education finance, she speaks and writes extensively about college access, college pricing, student aid policy, student debt, and college affordability. Dr. Baum earned her BA in sociology at Bryn Mawr College, where she is currently a member of the board of trustees, and her PhD in economics at Columbia University. She has coauthored the College Board’s annual publications *Trends in Student Aid* and *Trends in College Pricing* since 2002. Through the College Board and the Brookings Institution, she has chaired major study groups that released proposals for reforming federal and state student aid. She has published numerous articles on higher education finance in professional journals, books, and the trade press. She is the principal researcher on the Urban Institute’s website on college affordability, and her recent work includes Urban Institute briefs on Federal Work Study, Parent PLUS loans, and college endowments. She is the author of *Student Debt: Rhetoric and Realities of Higher Education Financing* (Palgrave Macmillan, 2016) and coauthor with Harry Holzer of *Making College Work: Pathways to Success for Disadvantaged Students* (Brookings Institution Press, 2017). Dr. Baum publishes frequent blog posts on Urban Wire at https://www.urban.org/urban-wire/author/sandy-baum.
Senator Cunningham and members of the Higher Education Committee, thank you for the opportunity to talk with you about the promise and pitfalls of online postsecondary education. I am pleased to know that the state is thinking carefully about the most effective ways to use technology to increase educational opportunities and success, particularly for low-income and underrepresented students. My research strongly suggests that while online learning holds great promise, innovating without a focus on personal interaction between students and instructors, as well as among students, risks putting vulnerable students even farther behind in their quest for social and economic mobility. Fully online coursework frequently increases the gaps in educational outcomes across socioeconomic groups. I urge state policymakers to use caution as they work to provide access to new creative and cost-effective postsecondary approaches.

Predictions that technology will revolutionize postsecondary education have generated extreme optimism about the promise of online coursework for solving the problems of rising college prices, as well as unequal access and student outcomes. For the past couple of decades, the hope has been that students whose geographical constraints, financial limitations, and work and family obligations make it difficult for them to participate in brick-and-mortar classrooms will be able to enroll online and earn high-quality, inexpensive degrees.

Today, almost one-third of college students in the United States take courses online, with no in-person component. Half these students are enrolled in exclusively online programs, while the remaining take at least one, but not all, courses online. This form of delivery is particularly prevalent in the for-profit sector: for-profit colleges enroll just 6 percent of all students but 13 percent of students taking courses online and 24 percent of fully online students.

However, more than a decade after Congress allowed online colleges full access to federal student aid programs, and despite a subsequent explosion in their enrollment, a growing and powerful body of evidence suggests that online learning is far from the hoped-for silver bullet. Online education has failed to reduce costs and improve outcomes for students. Faculty, academic leaders, the public, and employers continue to perceive online degrees less favorably than traditional degrees.

In a range of environments, the gaps in student success across socioeconomic groups are larger in online than in classroom courses. Students without strong academic backgrounds are less likely to persist in fully online courses than in courses that involve personal contact with faculty and other students; and, when they do persist, they have weaker outcomes. Not surprisingly, students with more extensive exposure to technology and with strong time management and self-directed learning skills are more likely than others to adapt to online learning, where students can do the work on their own schedules. There is considerable danger that moving vulnerable students online will widen attainment gaps rather than solving the seemingly intractable problem of unequal educational opportunity.

Technology can add to the learning experience when it supplements, rather than replaces, face-to-face interaction. The outcomes of hybrid models employing this approach do not mirror the problems that emerge in fully online courses. But high-quality courses are expensive to produce and maintain. It is inexpensive to post lectures on a website for large numbers of students to access, but online courses with meaningful interaction among students and between students and faculty are not money savers.
A key theme emerging from the literature is the critical importance of student-faculty interaction in online settings. Researchers, as well as both proponents and skeptics of online education, emphasize the need to design online courses that facilitate robust interactions as an essential component for improving the quality of learning and student outcomes and satisfaction. Lack of sufficient interaction between students and faculty is likely online education's Achilles' heel. Both evidence about the cognitive components of learning and research on differences in outcomes in different types of courses confirm the central role of meaningful personal interaction between the subject-matter expert (that is, the instructor) and the student.

In 2006, following several years of intense lobbying by online providers and the for-profit sector, Congress provided online programs with unrestricted access to federal student aid but required them “to support regular and substantive interaction between the students and the instructor, synchronously or asynchronously.” This distinction was meant to clearly distinguish online programs from self-paced correspondence programs, which rely on self-learning, do not provide such interaction, have limited access to federal student aid, and have a long history of fraud and abuse.

The evidence about outcomes of purely online coursework demonstrates the following:

- Online education is the fastest-growing segment of higher education, and its growth is overrepresented in the for-profit sector.
- A wide range of audiences and stakeholders—including faculty and academic leaders, employers, and the public—are skeptical about the quality and value of online education, which they view as inferior to face-to-face education.
- Students in online education, and in particular underprepared and disadvantaged students, underperform and, on average, experience poor outcomes. Gaps in educational attainment across socioeconomic groups are even larger in online programs than in traditional coursework.
- Online education has failed to improve affordability, frequently costs more, and does not produce a positive return on investment.
- Regular and substantive student-instructor interactivity is a key determinant of quality in online education; it leads to improved student satisfaction, learning, and outcomes.
- Online students desire greater student-instructor interaction; the online education community is also calling for a stronger focus on such interactivity to address a widely recognized shortcoming of current online offerings.

As efforts to further expand online opportunities proceed, it is critical to design more interactive educational experiences that integrate regular, direct, and meaningful contact and communication through real-time class sessions and other synchronous interactions with peers and instructors. It is reasonable to believe that many problems with online learning—particularly for at-risk students—would be mitigated if these courses and programs consistently incorporated the frequent, substantive personal interaction that is central to the learning process.

For some students the choice may be between online coursework or no coursework at all. Even if success rates are relatively low in online courses, the availability of these courses may allow students to enroll in more courses, leading to the accumulation of more credits. Even low pass rates might increase graduation rates. But the
greatest risk is that the rush to transform higher education will widen the gulf between the college education available to those who arrive at the door with ample resources and strong academic preparation and those who depend on postsecondary education to create a path to opportunity.

Creating access to programs is a step forward, but only if those programs provide meaningful educational opportunities to students with minimal levels of academic preparation who need to develop their self-discipline, time management, and learning skills—not just provide access to a specific body of information. As we seek to reverse the poor record of online education and ensure that it not only serves more students, but serves them well, it is critical to promote regular and meaningful student-instructor interaction. Otherwise, we risk blurring the line between education and self-learning and further opening the floodgates for unscrupulous online colleges to prey on vulnerable students and exploit student aid programs.

Predictions of a revolution clearly exaggerated the near-term prospects for change. But that does not mean we should give up on technology’s potential to enhance college learning opportunities. It does mean we should be cautious about proponents of innovation who over-promise, and we should create and maintain a regulatory environment that supports the use of technology to supplement and strengthen the intrinsically interactive nature of teaching and learning.
Written Testimony of Robin Howarth, PhD
Senior Researcher, Center for Responsible Lending

Before the New Jersey
Senate Higher Education Committee

On “Online Degree Offerings by Institutions of Higher Learning”

February 25, 2020

Chair Cunningham and members of the committee, thank you for allowing me to provide testimony for today’s hearing.

My name is Robin Howarth. I am a Senior Researcher at The Center for Responsible Lending or CRL, a nonprofit, nonpartisan research and policy organization which is dedicated to protecting homeownership and family assets by working to eliminate abusive financial practices.

Today I will focus on three areas of concern regarding Online Higher Education. First, the trend of for-profit colleges going exclusively online, or contracting with non-profit colleges to run their online programs, presents risks to students already vulnerable to poor outcomes. Second, New Jersey’s online students are disproportionately enrolled in for-profit, out-of-state schools, many with poor reputations and dismal learning results. Finally, the federal rollback of existing protections for distance ed students, particularly at for-profits, coupled with New Jersey’s participation in NC-SARA, a problematic voluntary distance ed reciprocity compact, calls for better protection for New Jersey distance ed students.

Until 2010, for-profit institutions constituted the fastest growing sector in higher education, especially as early adopters of online college courses and programs.¹ These include familiar names: University of Phoenix, Grand Canyon, and Walden.

More recently, the for-profit sector has been plagued by a series of investigations, closures and consolidations and competition for online students has emerged from private non-profits and publics such as Thomas Edison State here in NJ.  

However, for-profits continue to enroll an outsized share of students that take only online courses: 22% of all online-only undergraduate students and 27% of all online-only graduate students. (For-profit colleges enroll only 5.4% of all undergraduates and 8.9% of all graduates.) Further, for-profit online programs are far more likely to target and recruit students who are low-income, African Americans, veterans, and female heads of households. Why? These students often qualify for substantial need-based Title IV federal financial aid, that composes a large share of for-profit revenues.

Abuses by for-profit schools are well-known and include misrepresentations of graduation rates, job placement rates, and likely earnings, all the while engaging in high-pressure sales tactics in attempts to enroll as many students as possible. Not surprisingly, research has shown that many for-profit students are left with crushing levels of student debt, often without a degree or any measurable increase in earnings.

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2 These investigations include congressional hearings, investigative reporting, and Government Accountability Office (GAO) audits as well as numerous law enforcement actions by state AG’s.
5 Title IV Federal Aid administered by the U.S. Department of Education represents approximately half of student aid awarded annually in the U.S. and includes federal grants (Pell, FSEOG, and others), federal Direct Loans (subsidized, unsubsidized, plus, and consolidation) and work-study. Title IV of the Higher Education Act of 1965 and multiple later amendments specify both the administrative structure of federal student aid programs and requirements for institutions accepting Title IV aid. These requirements include maintaining recognized accreditation and the reporting of institutional quality and operations.
6 For-profit colleges rely heavily on Title IV aid, with 10 of the largest 11 for-profit colleges receiving 70% or more of their revenues from this source. See: Kelchen, Robert. "How much do for-profit colleges rely on federal funds?" Brookings Institution (January 11, 2017) available at https://www.brookings.edu/blog/brown-center-chalkboard/2017/01/11/how-much-do-for-profit-colleges-rely-on-federal-funds/.
The Research. But what about online for-profit students specifically? One study shows that students enrolled in online courses, particularly those with low prior GPA’s, were more likely to do poorly and to drop out than students enrolled in identical in-person courses. Another explored the labor market outcomes of students who attended for-profit institutions vs. those that attended publics. Online for-profit attendance doubled the overall for-profit wage penalty of 11%. Finally, a recent study found that online instructors were 94% more likely to respond to postings by white male students than other race/gender combinations. This finding has implications for the for-profit online sector, as both African American and female students are overrepresented.

CRL conducted focus group research in Florida with individuals who had attended for-profit colleges and borrowed to finance their education. We asked questions about choosing, enrolling, and attending the school; finding a job after leaving the program; and taking out and repaying their loans.

This testimony focuses on the online-only participants. Their demographic profiles were typical: 65% African American or Latino, age 30 to 50, many with children. Schools attended included names familiar to NJ students: University of Phoenix, Ashford, Walden, Kaplan, Full Sail, Capella, U.S. Career Institute, and Strayer.

What led students to choose online for-profit colleges? The dominant factor was the ability to continue working. On-line allowed for flexible scheduling, no wasted time spent driving to an on-site location, and “alone time” after a hectic workday — just student and computer. In addition to work commitments, some participants cited the need to stay home with children.

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I was very hesitant learning that it was a for-profit school.... What really drew me to them was the freedom of doing everything on my own time. Friends that did other online schools had a set date or time that you had to be online... it didn't work with my life, with my work schedule... I can work at 3:00 in the morning if I want to. (Megan)

In-class degrees at local public colleges were viewed as a bigger commitment not just for travel, class attendance and homework, but also in navigating course enrollment and financial aid. The convenience and ease of for-profit enrollment and especially applying for financial aid, was difficult to resist.

At UCF you kind of had to do everything on your own. I wanted to do an online school and I wanted something that was super easy. At the time I had a 1 year old. University of Phoenix completely did your whole 2-year schedule, and they did all of your finances, and you didn’t have to drive to a campus. It was all aligned for you. (Melissa)

What about learning? Many expressed serious doubts about the quality of the education they received, wondering if it was worth the time and energy invested. Some questioned the commitment of the instructors or preparation of fellow students— even the quality of their own work.

Even though we had an instructor there to quote “help” us, .... It was more about teaching yourself. And even the materials they gave us -- you need something more interactive...And just trying to learn everything by myself, I didn’t really have anybody there to teach me. (Rosa)

There were some people I was in a group with that I felt like they shouldn’t be in college. They couldn’t even do a complete sentence. When you had a team assignment and everybody had a section to be combined, you would basically have to re-do their work... it just wasn’t acceptable. (Dallas)

Coursework participation — online posts and responses — was evaluated by the superficial criteria of frequency and length, not content. Students expected guided learning from the instructors but were often left to figure it out on their own.
You had to post certain numbers every week. I posted some junk just to meet the number and plus you also have to respond to another person’s discussion posts. So, I just threw something in there – because I realized that it wasn’t the professor that was checking it, it was a computer. So, I wasn’t learning – anything out of the online. (Hank)

Staff turnover was also a problem.

I know one selling point was that I would always talk to the same person when I called. I would have one advisor. But, every time I would call it would be someone new and they would say “oh this person quit. I am your new advisor.” (Gabe)

How did the students pay? As they were largely independent adults, with little savings or disposable income, they borrowed heavily for tuition and often living expenses. They were told that the debt would be manageable based on the potential for higher earnings. Unfortunately, employment outcomes generally fell far short in this regard.

Strayer is like the University of Phoenix; the people do everything for you...the loans, all that... I didn’t care how I was going to pay it back...you think I am going to get this degree and wonderful job and be able to pay everything... (but) it doesn’t work like. (Rita)

How did participants cope with their debt upon leaving school? They struggled mightily, often asking their servicers for multiple deferments and forbearances to provide relief. In some cases, participants defaulted, resulting in involuntary wage garnishment, tax offsets, and damaged credit.

My bachelors and masters are roughly $90,000 with interest...From the base amount of my loan to where I am now, the interest is probably $20,000. Literally added on... I’ve deferred and deferred. Then forbearance, but after so long, no more forbearance. So, I had to do the income driven (reduction). My first bill was like 600 dollars plus. I was like that’s rent. I can’t pay that and my rent and live. (Silvia)
Looking back on it all, our participants felt that the educational system was stacked against them. Enrollment and borrowing though initially appealing, were too easy. The impact of student debt was downplayed by all concerned and participants blamed the for-profit schools, “the system”, and themselves for the ensuing financial instability. Often, they wished less expensive, higher quality in-class community colleges and public 4-years were more geared to working adults. Although most still believed in the value of higher education, some cynicism crept in particularly when it came their own children.

What about New Jersey?12 23% of NJ online-only students attend for-profit schools, or over 13,300 students. Of these, 95% are attending schools not based in New Jersey. The largest enrollments: University of Phoenix, Grand Canyon, Chamberlain, Capella, Strayer, and Ashworth.13 The remaining NJ online students are enrolled 33% in private non-profit schools and 44% in public mostly-NJ based schools.14

What does this matter? New Jersey residents attending these remotely located for-profits are exposed to often weak authorizing and oversight practices of other states. Over the last few years, all states but California and most distance education schools have joined a voluntary compact called The National Council for State Authorization Reciprocity Agreement (NC-SARA) created in 2013. This compact has the stated purpose of saving distance education providers the time and expense of pursuing operating approval in each of the states in which they do business. It shifts principal oversight responsibilities from the state in which the distance education student resides to the “home state” of the institution offering

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12 The enrollment figures cited in this section are CRL calculations based on 2018-2019 data reported by NC-SARA member institutions available at: https://nc-sara.org/resources/nc-sara-2018-2019-enrollments
13 Note that the Federal Trade Commission just imposed a $191 million judgment against Phoenix for deceptive advertising to prospective students about their relationships with high-profile potential employers. See: https://www.ftc.gov/news-events/blogs/business-blog/2019/12/191-million-ftc-settlement-university-phoenix-addresses
14 Of the approximately 7,000 out-of-state online students that NJ publics enroll, about 5,400 are Thomas Edison students.
the online instruction. Critically, this home state oversight includes not only the operating approval that leads to federal student aid availability, but also such matters as student complaint collection and resolution and control over student refund procedures.\textsuperscript{15} Despite years of documented abuses, states are not allowed to apply higher levels of scrutiny to for-profit institutions prior to approving them for SARA membership. This prohibition was recently affirmed by rulemaking at the US Dept. of Education. Instead NC-SARA provides a set of weak uniform regulations that all institutional and state members must meet.\textsuperscript{16}

The risks within this regulatory framework are clear. States with low standards may authorize predatory institutions to operate under NC-SARA, thereby allowing those institution to enroll students in New Jersey. Further, NC-SARA’s weak standards allow member schools to recruit and enroll New Jersey students in programs that don’t even qualify for New Jersey’s professional licensure requirements as long as that fact is disclosed to students. If a New Jersey resident is harmed by a school authorized to operate under SARA, that resident no longer has recourse within New Jersey, except under general consumer protection statutes, and must instead turn to the home state of the school.

**Conclusion.** While online education has a role to play in the higher education firmament, too often the potential for abusive practices is downplayed by those who tout “innovation” and scale in higher education. Not enough is being done at the federal or state level to ensure that students are protected from the costly, substandard online educations that often characterize for-profit schools. Member states such as New Jersey should take a hard look at their NC-SARA membership, which is, after all, voluntary. At a minimum, NJ should join other states in insisting that NC-SARA raises standards and allows NJ to protect its residents by


enforcing its own postsecondary-specific laws with respect to out-of-state online providers.
New Jersey State Legislature
Senate Higher Education Committee
Hearing on Online Degree Offerings By Institutions Of Higher Education
New Jersey State House Annex
1st Floor, Committee Room 4
Tuesday, February 25, 2020
10:00 AM

Testimony of Matthea Marquart, Director of Administration, Online Campus,
Columbia University School of Social Work

Introduction

Good morning Committee Chair Cunningham, Vice-Chair Gopal, and Members of
the Senate Higher Education Committee. Thank you for the opportunity to
participate in today’s hearing on online degree offerings by institutions of higher
education, and thank you for your leadership and attention to this topic.

I am Matthea Marquart, Director of Administration for the Online Campus at the
Columbia University School of Social Work, or CSSW. CSSW has been a leader in
social work education and research since 1898, and we launched our Online
Campus\(^1\) in 2015. So far we have graduated three cohorts of online students, and
our fourth cohort will graduate this May.

I’m delighted to be sharing our Online Campus with you, and I will be focusing on
three elements of how we run our program in-house:

- First, the quality of the education we provide for our online students,
- Second, the quality of the overall experience we provide for our online
  students, and

\(^1\) Columbia University School of Social Work. Online MSW.
https://socialwork.columbia.edu/academics/online-msw/
Third, the interconnectedness of our online and New York City-based residential campuses.

I’ve shared a handout titled “Fast Facts: CSSW Online Campus Quality,” which provides an overview of key aspects of our online program.

Quality of education

The first element I’ll describe is the quality of the education we provide for our online students.

Columbia University’s School of Social Work is the only top-three school of social work in the United States to offer a fully online Master of Science in Social Work degree, and our online program has a unique model.

Our courses include a weekly live virtual class session using a web conferencing platform, with homework in our learning management system. The courses are led by instructional teams made up of three highly qualified members:

1) The instructor who is a social work professional with years of social work experience coupled with years of teaching experience,
2) The associate who supports the instructor with the course’s overall academic quality, and
3) The live support specialist who supports the instructor with the technical quality of the live class sessions.

Each member of the team has a minimum of a Master’s degree, and each has passed an intensive training program and participates in ongoing professional development with us.

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2 Creswell Báez, J., Marquart, M., Garay, K., Chung, R., and Ryan, D. (2019, April 11). Increasing faculty satisfaction and student access to online education via dedicated technical support specialists. Poster presented at the Social Work Distance Education Conference, San Antonio, TX. Poster deposited in Columbia University’s Academic Commons: https://doi.org/10.7916/d8-ft0c-g896
Our intensive training program for prospective online instructors and associates is called the Institute on Pedagogy and Technology for Online Courses\(^3\), and it has been recognized with awards from the United States Distance Learning Association\(^4\), the International E-Learning Association\(^5\), and the University Professional Continuing Education Association\(^6\). It is a rigorous five-week online training that prepares social work professionals to become excellent online educators. We created this customized training internally at CSSW, and we have offered it six times over the past three years. Anyone who wants to be an instructor or associate for one of our online courses must pass this Institute with a score of 90% or higher. The educators who have passed the institute currently lead about 125 online courses each year\(^7\).

We also created and run a three-week Institute on Technical Skills for Online Event Production, which prepares social work professionals to manage the technology of our live online classes, to ensure that our classes are highly interactive, engaging, and inclusive. Anyone who wants to be a live support specialist for one of our online courses must pass this Institute with a score of 90% or higher.

Another hallmark of our online course quality is the thorough quality assurance that every course site undergoes each semester. Our instructors have the academic freedom to make updates to their course sites and assignments, and prior to every semester, a team of professionals combs through every page of every course site, to check the updates and make sure that the readings are available, the assignments are set up properly, and the overall course site is

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\(^4\) Oleinik, V. (2019, August 21). The best teachers are also amazing learners. United States Distance Learning Association. [https://usdlia.org/blog/2019/08/21/the-best-teachers-are-also-amazing-learners/](https://usdlia.org/blog/2019/08/21/the-best-teachers-are-also-amazing-learners/)


\(^6\) 2019 UPCEA Mid-Atlantic Award Recipients. [http://conferences.upcea.edu/mid-atlantic/awardrecipients.html](http://conferences.upcea.edu/mid-atlantic/awardrecipients.html)

\(^7\) Chung, R., Marquart, M., Ryan, D., and Creswell Báez, J. (2020, February 18). Preparing faculty to teach online via an award-winning, intensive online pedagogy institute. Poster for the Columbia University Center for Teaching and Learning’s Celebration of Teaching and Learning Symposium, New York, NY. Poster deposited in Columbia University’s Academic Commons: [https://doi.org/10.7516/d8-3b3x-6t08](https://doi.org/10.7516/d8-3b3x-6t08)
functioning smoothly. This sets the stage for a smooth student experience with every course site.

An important part of social work education is two years of internship experience in the field. CSSW’s Field Department matches students with local agencies around the country, and provides a different field placement for each year. The Field Department is highly selective in creating field partnerships, and each placement must provide a strong educational experience for our students. In addition, a new component of our field education is a seven-week lab that prepares students for direct practice with clients by building their clinical skills⁸. Our online students do this lab virtually via live online lab sessions⁹.

Each component that goes into creating a high quality education for CSSW’s online students -- from deciding on our model, to selectively hiring and training our instructional team members, to conducting quality assurance of our course sites, to setting up field placements -- is managed in-house. This gives us the flexibility to continuously innovate, and the authority to maintain high standards.

**Quality of overall student experience**

The second element I’ll describe is the quality of the overall experience we provide for our online students.

Before our online students begin their coursework, they participate in a tech orientation training led by live support specialists who are alumni who have taken online courses themselves. The students have many scheduling options for this tech orientation training, and they can attend as many times as they choose, in order to feel comfortable with the online course technology.

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⁸ *New Lab Grounds First-Year MSW Students in Motivational Interviewing*. Columbia University School of Social Work.  

Once their first semester begins, our online students are supported by a comprehensive advising model that encompasses both academic and field advising to support the success of online students who live across the United States\textsuperscript{10}. Each advisor works with no more than 12 online students, so that they can provide individualized support. The Office of Advising provides extensive oversight of local advisors, from careful recruiting and hiring, through training, monitoring, staff meetings, and frequent contact and feedback.

Our online students are also supported by dedicated offices that provide one-on-one virtual consultations, webinars, and live-streamed events. These include our Writing Center\textsuperscript{11}, our Office of Career Services and Leadership Management\textsuperscript{12}, and our Social Work Library\textsuperscript{13}.

Again, each component here -- from the technical orientations, to advising, to dedicated offices for professional skills development -- is managed in-house, which enables us to continuously innovate and to maintain high standards.

**Interconnected online and residential campuses**

The third element I’ll describe is the interconnectedness of our online and New York City-based residential campuses.

For our students, we strive to create an experience of being a part of one overall program.


As one example, we have one overall semester structure for our online and residential campuses. Because there is no difference in semesters, our New York City-based residential students are able to take up to two online courses each semester, and our online students are able to take up to two residential courses each semester if they are near the physical campus; most of our residential students take at least one online course. This enables our online and residential students to take courses together and get to know each other. Students also have the option of transferring between campuses if they choose.

As another example, we have the same Admissions, Financial Aid, and Student Services teams working with students from both campuses. In addition, one Office of Development and Alumni Relations\textsuperscript{14} connects with every alum and one Office of Professional Excellence\textsuperscript{15} offers continuing education opportunities.

As a final example, last year we had an exciting opportunity for students to participate in a new elective course, which included traveling to another country to participate in international social work during spring break\textsuperscript{16}. The instructor opened up the application for the course to both online and residential students, and taught the course in a physical classroom with three online students joining via web conferencing robots. All of the students met in person for the first time during the travel portion of the course. The instructor won an award from the Council on Social Work Education\textsuperscript{17} for this course, and she is offering it again this year. Our online students were able to participate because our two campuses are so integrated.

Our online students are never required to come to Columbia's physical campus, but they are always welcome and they may come to our New York City campus for

\textsuperscript{14} Alumni. Columbia University School of Social Work. \url{https://socialwork.columbia.edu/alumni/}
\textsuperscript{15} Continuing Education. Columbia University School of Social Work. \url{https://socialwork.columbia.edu/academics/continuing-education/}
\textsuperscript{17} Partners in International Education (PIE) Awards. Council on Social Work Education. \url{https://www.cswe.org/About-CSWE/Governance/Commissions-and-Councils/Commission-on-Global-Social-Work-Education/Awards}
lectures, student caucus meetings, or other events. For those who cannot come
to campus, we frequently live-stream our New York City campus events so that
online students can join them. We also offer fully online events. During the
2018-19 academic year, we offered 40 events that students could join online. We
also create events in which both online and in-person attendees can participate,
such as our annual reception for graduating online students, and the awards
ceremony for our Steven P. Schinke Teaching Awards and Student Innovation
Fellowships\textsuperscript{18}, which included remote attendees via webcam and offered a
computer station where online and in-person attendees could chat via webcam
and mic.

Once again, managing our online program in-house provides benefits for our
students in that we do not need to separate resources and opportunities for
online and residential students and can integrate the two campuses.

Conclusion

In closing, by running our online program in-house, Columbia University’s School
of Social Work is able to provide students with a top-notch education, via the
three elements I’ve shared:

\begin{itemize}
  \item First, high quality teaching and learning experiences,
  \item Second, a high quality overall experience, and
  \item Third, the benefits of being part of one interconnected online and
        residential program.
\end{itemize}

Thank you again for the invitation to appear before you and for your leadership in
the field of higher education. I welcome any questions you may have.

\textsuperscript{18} School Honors First Recipients of Steven Schinke Namesake Awards. Columbia University School of Social Work.
Fast Facts: CSSW Online Campus Quality

1. ONLY TOP-3 SCHOOL OF SOCIAL WORK WITH A FULLY ONLINE MSW PROGRAM
   Of the 3 highest ranked schools of social work, only Columbia has a fully online MSW program.

2. SOCIAL WORKERS ON EACH INSTRUCTIONAL TEAM
   The only online MSW program with three MSW-degree holding professionals on each instructional team: instructor, associate (TA), and live support specialist. Each of these professionals completes rigorous training prior to working on online courses.

3. ONLY ONLINE SOCIAL WORK PROGRAM WITH SOCIAL WORKERS AS DEDICATED TECH SUPPORT
   The only online MSW program with live support specialists for each course, who attend each weekly class session to support students and instructors. They are CSSW alumni who took CSSW online courses as students.

4. ONE SCHOOL
   Online students can take residential courses and vice versa because our online and residential programs are integrated, unlike programs that keep online and residential students separate.

5. MAX ONLINE STUDENTS PER ADVISOR
   The Office of Advising supports students’ graduate success. Our advising model incorporates academic and field advising. For the online program, advisors are assigned no more than 12 students. Academic and field advising is individualized -- advisors meet with students every semester individually and in seminars, and they visit each student’s field agency. Advisors support students, field instructors, and academic instructors. They approach students’ educations from a holistic perspective, considering academics, field education, and life issues that may impact students’ graduate school performance.

6. FIELD PLACEMENTS
   CSSW students complete two field placements for a breadth of experience: a foundation year field placement and an advanced year field placement.

7. OFFICES DEDICATED TO DEVELOPING PROFESSIONAL SKILLS
   Online students have full access to CSSW's Writing Center and Office of Career and Leadership Development through individual online appointments and web-based events. These offices are dedicated exclusively to CSSW.

8. CAMPUS EVENTS OFFERED ONLINE
   Online students can access on-campus activities online, with 40 live-streamed campus events & Facebook Live events offered in the academic year 2018-19.

Many

9. OPPORTUNITIES TO PARTICIPATE IN CAMPUS LIFE
   Online students have many opportunities to participate in CSSW student activities, including Community Day, Self-Care Day, student caucuses, and as editors/authors for the Columbia Social Work Review.