

***A Thirty-thousand Foot Level
View of the Higher Education
Landscape: Distance Learning as
a Survival Strategy***

Higher Education Subcommittee

September 20, 2012

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UNIVERSITY OF ARKANSAS SYSTEM

Prevailing model for Higher Education

- Model for modern university was developed for the economic and intellectual classes of the 11th century
- Based upon an agrarian calendar which was appropriate for the 1800's, while colleges and universities are being asked to prepare students for careers in the 21st century
- The current funding model, delivery model and business model are unsustainable under current conditions going forward



Can we afford to continue under current model?

- Student debt is at \$1-Trillion and growing
- U.S. is now ranked 12th in college degrees held by 25-34 year olds (down from #1 just a few years ago) – the next generation may be the first in history with a lower educational attainment than their parents
- on-line for profit colleges experienced a 236% increase in new students over the past several years while traditional universities and colleges grew by only 25%



U.S. Public Colleges and Universities

- The U.S. system of higher education is acknowledged to be the best and most accessible in the world
- Implicit in the U.S. System of public universities is a social contract
- Access to higher education provides the opportunity for social mobility
- Social mobility = social stability



External challenges

- Federal budget deficit; sequestration
- AR State budget; Medicare, prisons, formula funding-predicted need versus percent met
- Personal incomes relative to cost of tuition
- Performance funding
- Governor's goal to double number of degreed Arkansans by 2025
- Global competition

The Chinese word for crisis includes 2 brush strokes. The first represents danger; one must always be aware of the potential danger in any crisis. However, the second brush stroke represents opportunity . There is opportunity in any crisis for those with the courage and boldness to act.

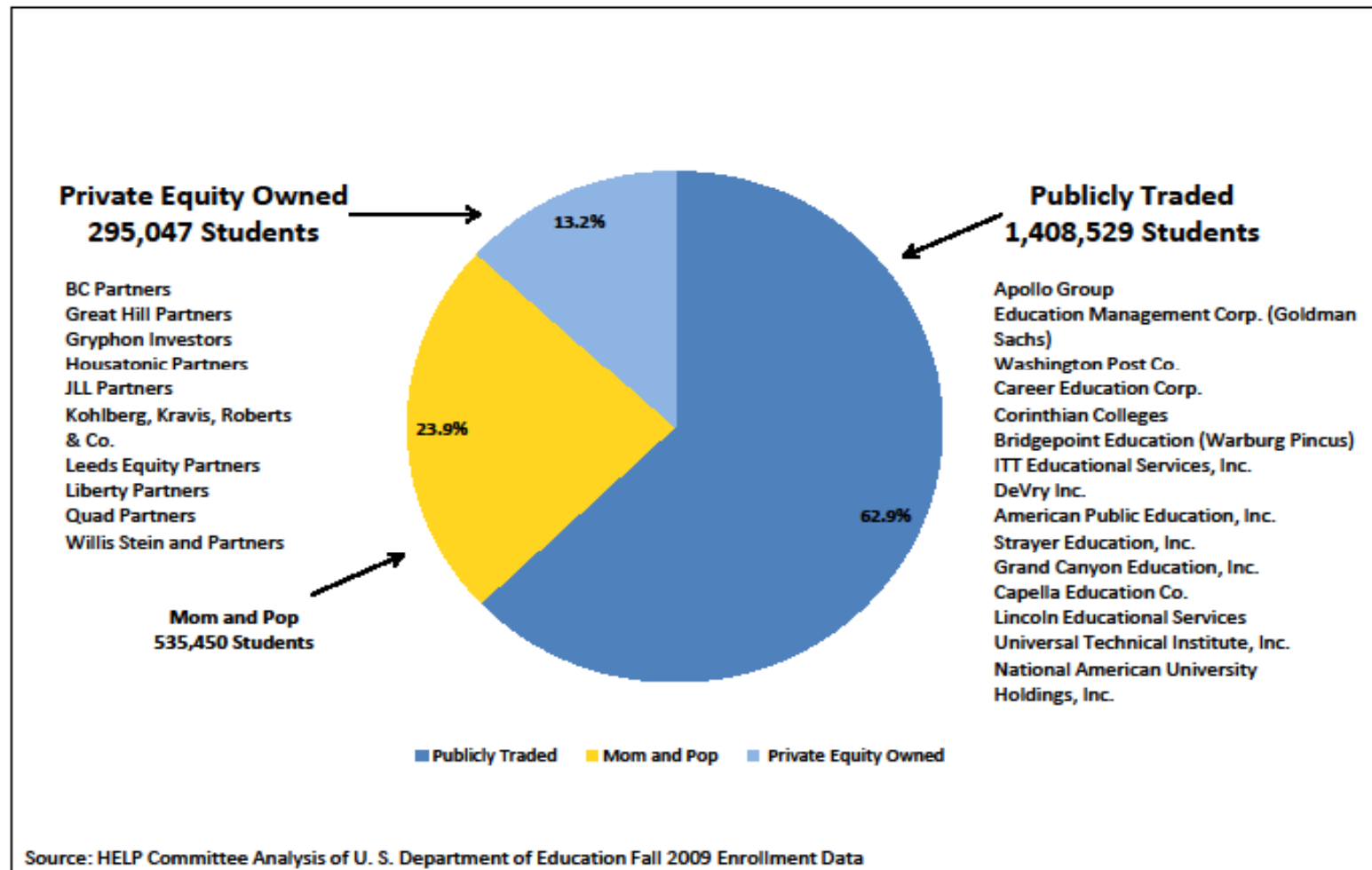


Our competition

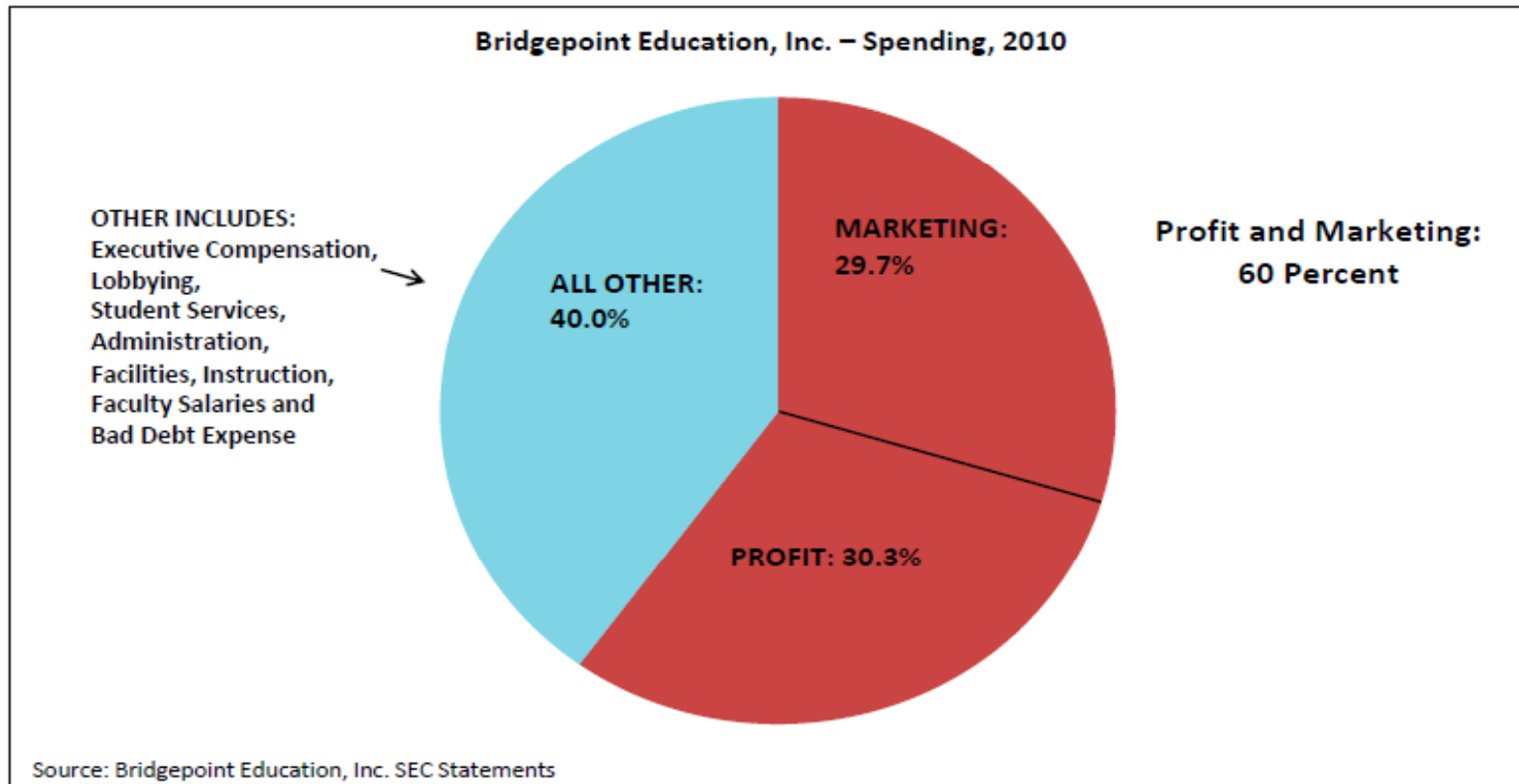
- In FY 2009, for profit institutions accounted for over \$30 billion in Pell grant awards to their enrollees
- The President of Bridgepoint Education Inc.'s salary in FY 2009 was \$20.5 million; \$0.30 out of every dollar collected is profit
- Drop-out rates: 84% at Bridgepoint Inc., 69% at Kaplan (Washington Post), 66% at the University of Phoenix (Apollo)



76 Percent of For-Profit College Students Attend Schools that are Wall Street Owned

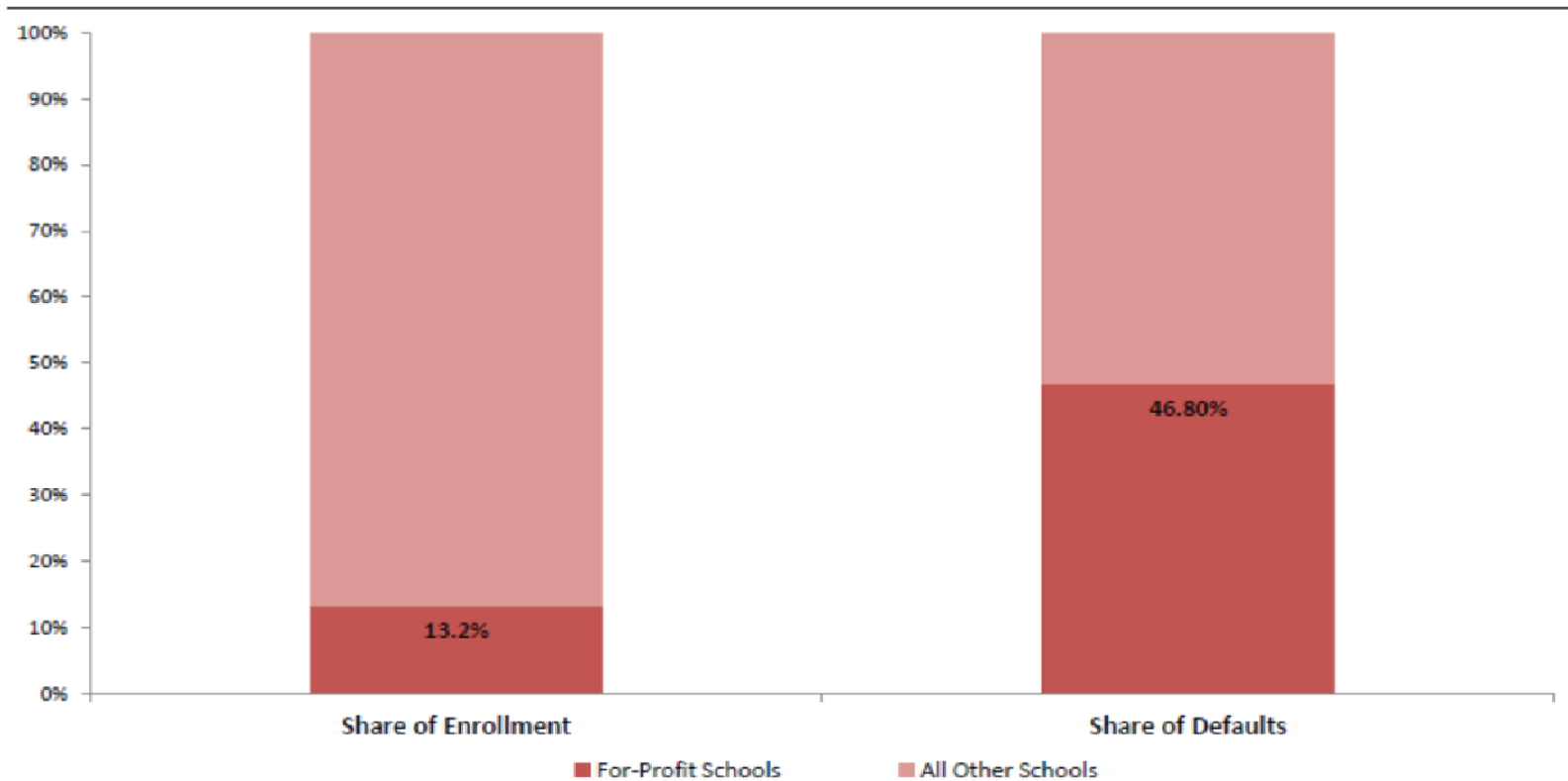


For-Profit Colleges Spend the Majority of Revenues on Marketing and Profit



- **CEO Andrew Clark's 2009 Compensation was \$20.5 Million**

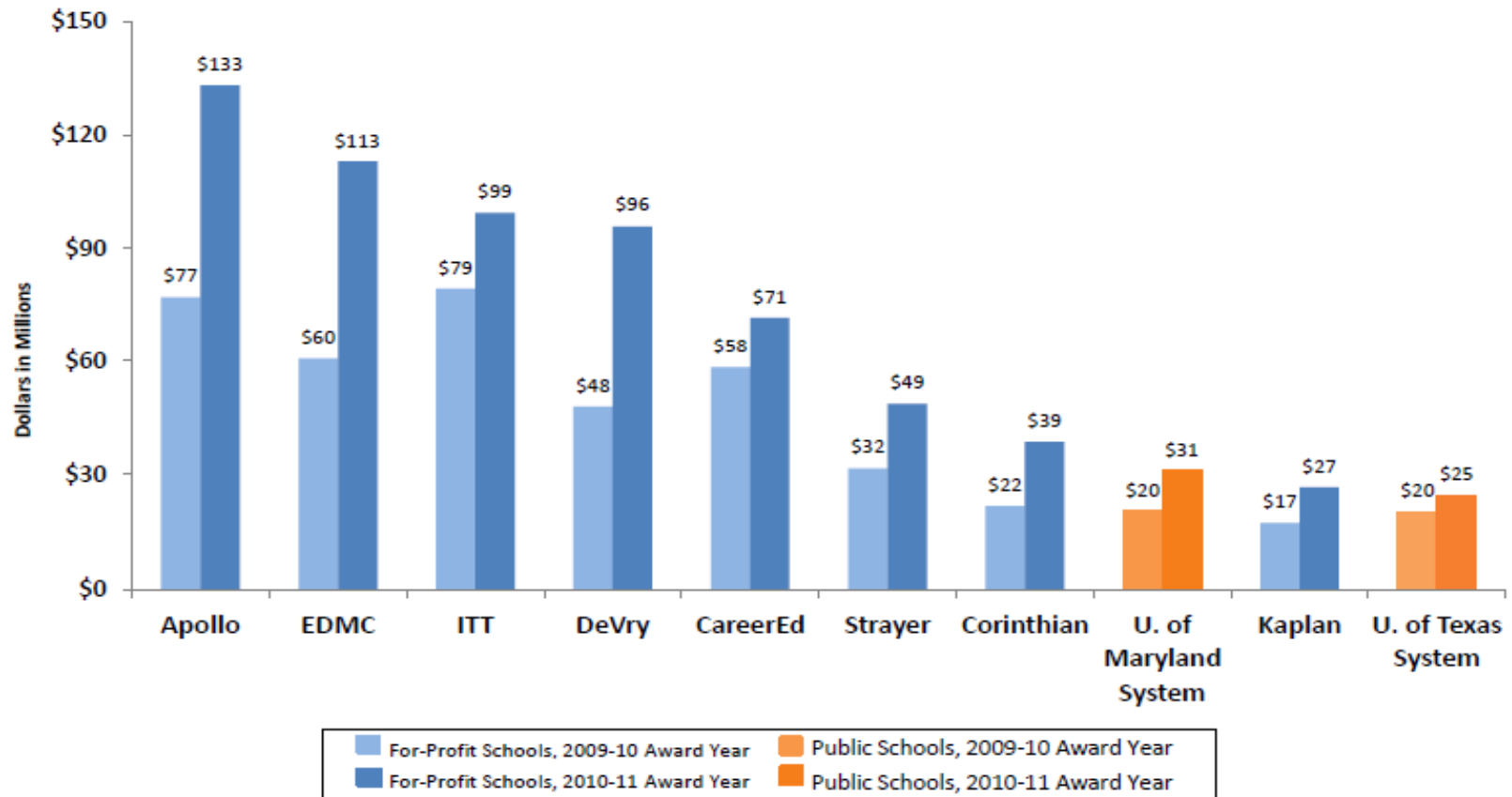
Borrowers at For-Profit Colleges Account for Almost Half of All Loan Defaults



Source: U. S. Department of Education Cohort Default Rate Data

Where are Federal G.I. Bill Dollars Going?

Top Ten Recipients of Post 9/11- GI Bill Benefits



Help Committee analysis of Department of Veterans Affairs data; Does not include Yellow Ribbon program.

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In the traditional model of higher education, learning is a variable while time is a constant. In the new paradigm, learning (competency) will be a constant but time will be the variable

On-line learning will complement, not compete with the traditional university

Quality

Accreditation

Academic integrity

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Higher Ed model using *Distance Education* to complement traditional approaches

- Semesters; 2 long semesters per year versus 8-12, 6-week semesters per year
- Specific degree programs offered in a cohort format ; parallel versus sequential programs
- Variable time versus variable learning
- Efficiencies drive cost reduction which influences tuition