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Does Purdue's move into online learning signal a greater shift in education?

By Mark Toner

With all the talk about the increasing costs of higher education, the most significant shift in the postsecondary landscape this year may have come about for a single dollar.

That's how much Purdue University said in April it would pay to acquire the for-profit Kaplan University, with the goal of spinning it off as an online-only entity still provisionally known only as "New U." Purdue followed that announcement with plans to provide online job training to as many as 10,000 U.S. employees that Indian technology outsourcing giant Infosys intends to hire in the United States over the next few years.

The Indiana university's moves — specifically the acquisition of a for-profit provider by a public institution — have not been without controversy; at press time the acquisition was still awaiting approval by Purdue's accreditor. Purdue President Mitch Daniels, who is the former governor of Indiana, has repeatedly called these efforts natural extensions of the public research university's mission, akin to past shifts such as creating satellite campuses to reach non-residential students.

"It's correct to look at all these activities together in terms of the modernization of the land-grant mission," says Daniels. "We see that as not only consistent with our historic mission, but also a necessary component of it in this era."

It's also clear they represent a dramatic effort to leverage online learning to reach an audience untapped by most traditional four-year institutions: the 36 million working adults with some college and the 56 million with no college credit who are primarily seeking career credentials, advancement or ongoing learning opportunities.

Purdue's actions, and the less dramatic but equally significant shifts toward online and career-focused programs at institutions across the country, come at a time when the public and policymakers are pressuring higher education to look beyond four-year degrees. Meanwhile, the for-profit sector is undergoing its own seismic shifts. Daniels calls these trends "an opportunity and a duty."

These developments represent "the next stage and maturation of online education," says Trace Urdan, a managing director at Tyton Partners, who has followed the sector for two decades. In turn, online education will



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Mitch Daniels, President,
Purdue University

become an increasingly important part of serving a changing population of postsecondary students.

“Being adept at digital education as it quickly evolves is going to be important — if not necessary — at institutions like ours,” Daniels says.

In some circles, Purdue’s actions are being touted as a game-changing strategic shift that higher education institutions simply must make to remain relevant and sustainable. And indeed, many colleges and universities are moving in similar directions. A recent survey by online education management company 2U Inc. found 9 out of 10 deans anticipate growth in their online offerings.

In other circles, the reactions have been less enthusiastic. On Twitter, the Century Foundation’s Bob Shireman famously likened the acquisition to the horror movie *Get Out*, “with Kaplan’s predatory brain transplanted into a Purdue

body.” Purdue’s announcements have raised a range of questions both inside and outside the academy, including ones involving faculty, quality, corporate influence, and the financing and ultimate sustainability of higher education institutions.

But stepping back to look at the Purdue-Kaplan acquisition reveals familiar pressures, and a larger-scale approach to strategies that other institutions have attempted. For example, both Arizona State University and the University of Southern California — nonprofit institutions — have worked with for-profit providers to develop and deliver online programs. In similar fashion, the Purdue-Kaplan acquisition creates a new nonprofit online institution, with the remaining for-profit part of Kaplan serving as a traditional online program management (OPM) provider. Aside from its ownership structure, the acquisition in many ways reflects the typical “buy vs. build” decision that other institutions face when they deliberate the expansion of their online offerings, according to Urdan.

“There’s a lot of blurring of the lines between for-profits and nonprofits,” says Paul LeBlanc, president of Southern New Hampshire University (SNHU), a nonprofit institution that has been a leader in developing online programs. “One narrative is that not-for-profits are taking the online space back. A more nuanced read is that nonprofit higher education is taking more ownership of the online space with the help of online players.”

That’s in large part due to shifts in the for-profit sector, which has been driven in part to seek partnerships with nonprofit institutions after the beating it has taken in recent years.

“Speaking broadly, the for-profit brand has been severely damaged over the last eight to nine years,” says Urdan.

Encouraged by the perception that the Trump Administration will be more flexible than its predecessor, for-profits also are attempting to strengthen their positions wherever possible. The University of Phoenix’s parent company went private to insulate itself from quarterly earnings pressure, and Strayer and Capella announced plans to merge in October.

“We’re going to see lots of similar dramatic transactions,” Urdan predicts. “Probably every single one of them is going to look a bit different.”

For traditional institutions, that represents a challenge and an opportunity, according to Brian C. Mitchell, the former president of Bucknell University and Washington and Jefferson College. “We shouldn’t be afraid of investigating the kinds of approaches that Daniels is doing — but we should be very clear-headed, focused, programmatic and business-minded,” he says. “We don’t have the luxury of spending 20 to 30 years on the peaks and valleys of failures.”

For traditional institutions, reaching new kinds of students has been a driver for expanding online offerings — and for good reason, says Mitchell, now a higher education advisor and director of the Edvance Foundation. “We cannot continue doing programmatically and financially what we’re doing,” he says. “How does technology fit into the overall financing of higher education?”

Typically, traditional institutions have started with online graduate programs to test the waters and avoid pushback from alumni — who still often see online degrees as diluting the value of their own diplomas. But now, Urdan says, “a broader range of institutions are comfortable with and interested in providing online education, and not just in a rarified way to a small set of graduate students, but [focusing on] undergraduate degree completion and working adult education.”

That latter trend is pushing traditional four-year institutions into the workforce development arena that community colleges and for-profit providers have traditionally dominated. (Infosys, for example, has tapped both Purdue and North Carolina’s community college system to provide workforce training as it prepares to hire greater numbers of U.S. workers.)

With growth in demand for postsecondary credentials, “a lot

of the training needs are moving upstream,” says Martin Van Der Werf, associate director of editorial and postsecondary policy at Georgetown University’s Center on Education and the Workforce. Indeed, nearly half of respondents to the 2U survey said non-traditional online offerings — including both graduate and certificate programs — offer the greatest opportunities for growth.

To that end, Purdue’s New U will initially focus “on the enhancement of career skills” and closely monitor job placement metrics, according to Daniels. And SNHU now is building a master’s program catering to the specific needs of teachers employed by for-profit K12 Inc.

“Any time any entity says, ‘we want your help improving,’ that’s what we look for,” LeBlanc says.

Rising costs, non-traditional students and the ongoing policy push for postsecondary credentials are all contributing to the growing focus on adult education. In speeches this fall, U.S. Education Secretary Betsy DeVos called for a “major shift” in higher education, pointing to the need for more workforce training programs.

“We need to stop forcing kids into believing a traditional four-year

degree is the only pathway to success,” DeVos said at a meeting focused on apprenticeship at the White House in November. (Thus far, the Trump Administration appears to mirror its predecessor in its support for two-year degrees and postsecondary workplace certificates and credentials as much as it diverges from the Obama-era focus on regulating for-profit institutions. Republicans were introducing legislation to reauthorize the Higher Education Act at press time.)

While these pressures place greater emphasis on career-focused offerings, it’s important for traditional institutions to recognize their strengths and weaknesses, experts say.

“The growth and existence of the [workforce development] market happened to some extent because colleges and universities were somewhat ossified,” Urdan says.

It’s important to avoid diluting the mission, adds Susan Metros, a senior fellow with the Center for Digital Education (CDE). “Community colleges have been doing that type of education for a long time — they have faculty who are professionals, programs, partnerships and internships,” she says. “For a more traditional institution, I understand where you might see it as a way to increase your bottom line, but I don’t think you’re necessarily going to be that good at it”

At the same time, traditional colleges and universities long have had career placement and internship



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“We need to stop forcing kids into believing a traditional four-year degree is the only pathway to success.”

Betsy DeVos, U.S. Education Secretary

programs that can provide a starting point. So can unique online degree programs that build career prospects by merging disciplines — such as dentistry and business, law and medicine, and health and public policy, according to Metros.

“We don’t really need another online MBA,” she says. “People are doing that really well and at price points that are affordable. But there are really compelling programs at the intersections of degrees.”

Another opportunity is forging partnerships with non-traditional providers such as Trilogy Education Services, which offers non-credit coding boot camps in conjunction with more than 20 universities. But as with all things, the question of mission remains paramount.

“We’re in a process right now where higher education is increasingly becoming more vocational,” says Georgetown’s Van Der Werf. “What goes along with that is the internal argument taking place inside colleges and universities since Day 1: Are we here for education for the sake of creating better citizens or in the job of preparing people for careers?”

According to Mitchell, though, the answer to that question rests in integrating workforce needs with the broader skills higher education has always excelled in providing.

“Educate broadly so students can go to not just Infosys, but the three to four jobs beyond that,” he says.

These shifts are a tall order for institutions, and the harsh reality is that while the traditional higher education model is increasingly unsustainable, not every institution will be able to adapt to the changing landscape, experts say.

“Like in a lot of transitions, the early adapters are going to be the winners,” Van Der Werf says.

“The ability to reinvent yourself is really hard,” adds Urdan. “In

the process, we will see a lot of schools close.”

Urdan predicts the pace of consolidation in the for-profit sector will accelerate, driven by the perceived hands-off approach of the Trump Administration — as well as fears of what might happen if the pendulum swings back and a new president opts to regulate the sector more strongly.

As for traditional institutions, while faculty concerns about Purdue’s recent moves have drawn media attention, university leaders say that’s not the biggest issue.

“It’s not just a question of how you sell the faculty on this and get the board to support it,” SNHU’s LeBlanc says. “It’s do I have the capacity and wherewithal of changing who I serve and how I do it?”

Becoming an online-serving institution means having non-traditional customer service hours (or as cynics would put it, providing customer service in the first place), as well as developing new expertise around acquiring and supporting online students, LeBlanc says.

Whether through acquisition or partnerships, working with OPMS may help reduce risk for institutions, according to CDE’s Metros. Doing so, however, also introduces new risks,

including being tied to the provider’s vision and models over the length of a contract, as well as the perception of cookie-cutter programs that cut away from the institution’s unique value proposition — which already can be diluted in a crowded online marketplace.

“People see the short-term benefits, but they don’t realize the long-term issues,” Metros says.

If they choose to negotiate with OPMS, institutions should remember they hold considerable leverage, according to Georgetown’s Van Der Werf. “They’re in a position of strength and should negotiate pretty hard in these kinds of agreements,” he says.

And Purdue’s Daniels, whose history of championing online education goes back to his tenure as governor of Indiana, when he brought Western Governor’s University to the state, is the first to stress the importance of institutions finding their own way.

“I’d never suggest any of these things are right for other schools,” he says. “[But] I hope every institution is thinking about new approaches and ideas. ... Since we want and need to preserve the best system of higher education in the world, we need our institutions to find the way forward in new ways that continue that standing.” 

Southern New Hampshire University is a nonprofit institution that’s been a leader in providing online education.



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