COMMENTARY HIGHER EDUCATION

Three Things Policymakers Can Do to Protect Online Students

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Students enrolled in online degree programs at nonprofit and public universities often do not realize they have been recruited for a program completely managed by an outside for-profit company. In many cases, the university that students think has designed, and continuously oversees, every aspect of the education they have paid to receive has in fact merely provided its brand name to a third-party online program manager (OPM), giving it broad powers and control over curricula, faculty, communications, pricing, and more. These universities sign onto such partnerships in hopes of increasing institutional enrollment and generating revenue; and these programs do, of course, open up greater access to students looking for a flexible way to study and earn a degree. But in too many cases, these partnerships are misleading to students, and profoundly so: a school with a reputation for—and a legal obligation to—putting its students' interests first has actually been underwriting an entire degree-granting program with not education, but profit, as its purpose.

It's true that many schools don't fully realize what they've agreed to when they step into such arrangements; and it's true that many OPMs do at some level care about the quality of the education they provide. But as has been shown in so many instances, when profit motives and education mix, education loses. Something must be done to improve transparency around the operations and finances of these online programs, lower their comparatively expensive cost to students, and ensure the education they provide is on par with on-campus programs. Luckily, policymakers have many options for doing so.

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And not only is there much that can, and should, be done: those things must be done as soon as possible. The reason is that earlier this year, the Trump administration proposed changes to the way colleges get approval to implement online programs and partner with third-party providers.

College accreditors are not known for being particularly rigorous, but at the moment, accrediting agencies are at least required under the Higher Education Act to ensure the programs offered by their schools are of sufficient quality. In theory, they do this by conducting full reviews in instances of colleges entering into written agreements, such as those between public institutions and private online program managers. Under current practice, which some would argue already lacks rigor, accreditor review of written agreements involves deliberation by the accrediting agency's decision-making board. In practice, this means an accrediting agency's board of appointed decision makers meets regularly to review, as a group and in detail, the written arrangements between schools and third party contractors—and, in some cases, to visit the schools in person—to determine if the new program is of sufficient quality to be considered as falling within the scope of the institution's existing accreditation.

If the Trump administration's proposed rule goes into effect, this deliberation will no longer be required. In fact, a school could conceivably enter into a contract to create online versions of its programs essentially overnight and without providing evidence of quality, because accrediting agency staff will be empowered to rubber stamp and fast track approvals of written agreements. With less scrutiny from accreditors than is required even under current practice, we can expect to see lowered standards that are sure to harm students.

TCF submitted comments on the proposed rule, but the administration has not heeded criticisms of the measure in any apparent way; the rule is expected to take effect as proposed next year. So it's more urgent than ever before that policymakers act to address gaps in transparency and student protections in online higher education. Here are three steps that will make a broad and meaningful impact.

1. Require Colleges to Disclose Who Is Running Their Programs.

The Trump administration's proposal has been announced alongside several other proposed changes to higher education rules, and, luckily, those other proposals in the group are not without some bright spots. One of them is a requirement that schools disclose on their website descriptions of partnerships with third-party online program managers if 25 percent or more of a program has been outsourced.This is a step in the right direction, as colleges and universities should inform the public about who is managing their online programs so that students know exactly where their education investments are going. In programs where students receive federal student loans, schools should disclose with whom they have partnered and the aspects of their online programs managed by those partners. Furthermore, this information should be easy to find, and accessible to all, on the web pages for these programs.

A further step to improving transparency for online students would be for colleges to make it clear to consumers when a private company is generating advertisements on their behalf. When students use search engines to look for online degree options, they subsequently receive a multitude of targeted advertisements for programs. Despite the fact that a third party has likely created and managed the advertising for schools, ads for online degree programs do not disclose their true origin. Instead, they appear to be coming directly from a college or university, as the example below demonstrates:

FIGURE 1

TARGETED ADVERTISEMENT PRODUCED FOR THE UNIVERSITY OF SOUTHERN CALIFORNIA BY 2U. SOURCE: TARGETED FACEBOOK AD FROM THE 2U-MANAGED USC DOCTORATE OF SOCIAL WORK PROGRAM.

Universities that have contracted out their advertising and recruiting should be required to include a disclosure in their outreach communications. Likewise, text messages sent and phone calls made by third-party recruiters should include easy-to-discern information about who is reaching out on the program's behalf.

FIGURE 2

Source: Text message received by the author from Pearson-managed Maryville University data science degree programs.

Maintaining transparency about how schools contract out management for their online degree programs, including for advertising and recruitment, will help make it more apparent to students how the tuition they pay is being used.

2. Require Online Degree Programs to Display a Net Price Calculator.

In the interest of boosting transparency, online degree programs that enroll students who receive federal student loans should also be required to display a net price calculator. Currently, all colleges are required to display a net price calculator that allows individuals to estimate the real cost of attendance, taking into consideration both expenses beyond tuition and expected grant aid. These interactive tools provide prospective students with more detailed information on what they should expect to pay than does a listed tuition price alone. Importantly, these tools also show prospective students what proportion of students receive institution-based aid. Thanks to institution-based aid, the actual cost of attendance for many students is often lower than the published tuition price. But these calculators only provide financial expectations about the college as a whole, and not about the specific program of interest. In the case of online programs, this lack of nuance obscures the fact that, frequently, the

PEARSON-PRODUCED RECRUITMENT MESSAGE ON THE BEHALF OF MARYVILLE UNIVERSITY. SOURCE: TEXT MESSAGE RECEIVED BY THE AUTHOR FROM PEARSON-MANAGED MARYVILLE UNIVERSITY DATA SCIENCE DEGREE PROGRAMS.

real cost for online students is usually considerably higher than that of a student with the same financial profile but pursuing their degree on-campus.

A case in point: tuition for an MBA from Pennsylvania State University's Smeal College of Business is listed as $26,938 for Pennsylvania residents and $43,296 for out-of-state residents. The program's information page also claims that 75 percent of students receive a fellowship that includes tuition waivers and a stipend, meaning most students are not paying the full listed price. The equivalent degree from Pennsylvania State University's World Campus online program (the Smeal College website says it directs it) lists tuition at $58,320, and there is no mention of institutional-based fellowships or scholarships. Instead, prospective students are directed to a page to learn about federal student loans, assistance for unemployed persons, and the GI Bill and other military-linked benefits.

Differences between net prices on-campus and online occur among both graduate and undergraduate programs, though the lack of transparency and publicly available data regarding online education makes it difficult to address.

It may be that students looking for online degree opportunities do not expect financial aid above federal student aid and loans, but it may also be that schools and their contracted partners are exploiting their informational advantage over prospective students by withholding program-based net price information. A net price calculator that includes information on the percentage of students in the program receiving institutional grants would level the information playing field for students who are searching for online degree opportunities. Program-based net price calculators should be set according to the current academic year's tuition price and should clearly differentiate between loans and grants.

3. Require Colleges to Collect and Report Expenditure Data from Their Third-Party Contractors.

In the case of tuition-sharing arrangements, OPMs receiving more than 25 percent of a university program's tuition revenue should report expenditures on a by-program basis. For example, Pearson manages the University of North Dakota's online nursing programs and receives 54 to 62 percent of the programs' revenue. This revenue comes from student tuition payments, a majority of which the school receives via the federal student loan system. Pearson, as a partner with the school, then becomes not equally, but more dependent on federal funding for its interest in the partnership, and therefore should report its expenditures for managing these nursing programs for the university.

Universities, as the gatekeepers to federal student aid dollars, should be responsible for reporting this information to the federal government. Such a survey, administered annually by the U.S. Department of Education, already exists, but it should be updated to reflect the current nature of online education. Items should be added to the survey to capture information on the following:

- Whether the institution offers online degrees
- Whether the institution partners with third parties to provide any of the following functions for any online degree programs:
    - Advertising and other marketing
    - Recruiting, admissions, and financial aid services
    - Instruction
    - Student support post-enrollment
    - Technology resources and support
    - Curricular materials
- The expenditure breakdown for each online program managed by a third party, in the following categories:
    - Advertising and other marketing
    - Recruiting, admissions, and financial aid services
    - Instruction
    - Student support post-enrollment

- Technology resources and support
- Curricular materials

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Policies that require transparency about program management, about net costs faced by students, and about investments private contractors make with their portion of tuition revenue are essential for protecting online learners and providing them with a fair shot at acquiring an education. Policies that will bolster transparency in these matters will be a boon to all involved.

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