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The Life Cycle of the Digital Learning Organization

Gregory W. Dlabach, Ed.D.[1]

In the beginning, a few high-minded, well-meaning individuals combine resources to provide accessible higher education to the underserved. Once the academic heavy lifting, program development, is done – investment groups move in to buy out the principals and operate a forprofit online college or university. Without the connections to generate student interest and enrollment, new management turns to a source in the industry known as lead aggregators. These are the crack dealers of online education. You have seen their ads on television and banner ads online. These groups collect names to sell to online schools as potential student leads. In the beginning of the new dealeraddict relationship, leads are cheap and the product is good (students have good basic skills and are not far from college completion). As time goes on, the cost of the product goes up. Management at the for-profit college needs to continue to demonstrate profitability to shareholders and pay dividends, so has to trim costs somewhere. Lead aggregators have solutions – they have this cheaper product (lower-skilled students from lower SES).

Now set the hook. These new lower SES students have a greater eligibility for Federal Student

Aid (Pell Grants and Stafford Loans). These programs are funded by Title IV of the Higher

Education Amendments and administered by the US Department of Education (DOE).

Management learns it can by many more names than before, and tuition payments are guaranteed by Title IV programs; so more and more names are purchased, more and more leads get converted to enrollments, revenues rise and so do profits – all at taxpayer expense. Many for profit schools would make no profit if they only admitted self-paying students; this is why the military market and the poor are targets. Keep in mind that the majority of these students are drafted by the lead aggregators while they are on their couches in the afternoon watching Jerry Springer. These students have little expectation of success, low basic skills, but want to increase their potential for earning. They are ripe for the picking.

Surely there are checks and balances?!

Sarbanes-Oxley will keep the accountants and leaders ethical in their decision-making and reporting. There are other checks and balances, but some take years to develop. One is Satisfactory Academic Progress (SAP). These figures are reported to the Department of Education (DOE) and keep students eligible for Title IV funding. Another accountability regulation is gainful employment - this is the one that takes years to develop. The DOE requires that a certain percentage of graduates have to be working in their field within a certain period of time following graduation – repeated failure to meet benchmarks jeopardizes an institution's ability to feed at the Title IV trough. So academic policies can be lax, allowing students multiple attempts to pass courses and maintain their SAP. After several years, maybe they graduate having amassed huge debts which their low-paying entry-level wages will never allow them to service, and they may even be unable to become gainfully employed, by definition. This process can take years to unfold, but in the meantime, profits have been made and dividends have been paid - all from Title IV (DOE, taxpayer dollars). Then the worm turns. Reporting to the DOE becomes slower, accrediting bodies start examining practices more closely, states attorneys' investigate and file consumer protection suits and enrollments start to wane in the wake of negative press and economic factors. This snowballs and the death cycle begins. Payrolls are trimmed, enrollments drops, so there is no longer Title

[1] Lead Instructor, Ashford University, USA. E-mail: GDlabach@faculty.aiuonline.edu

IV revenue to make ends meet. As revenues drop, the online college can no longer afford the reams of names it once purchased from the lead aggregators. Without new names to fill seats in high enrollment entry level courses, fewer and fewer students find success and persist.

Enrollments, revenue and payroll continue to decline until certain death.

In brief, this could be the history of online for-profit education in America, or the world as we understand the internet has no borders. I am a whistleblower in these regards; I want to preserve the student loan program so it can be used to assist the underrepresented in their goals to achieve the American Dream; it should not be used to line pockets of the unethical.

Finally, I am convinced that there is a place for these institutions in the higher education landscape, but it has to be done ethically, transparently and with students' best interests first. Furthermore, this is not an attack on for profit education, but it is passionately intended to spark open academic discourse about its future.

Presentation stuff:

An open reflection on an essay, to be presented in advance or at the session, that will result in frank open dialogue about potential cracks in the ivory of the for-profit higher education industry. After presentation of the essay (below); discussion will ensue that will generate ideas for communicating with stakeholders the ethical efficacious strategies the industry is using to overcome these challenges and avoid becoming trapped in this cycle. This will influence the perception of the general public and those on the Hill about the good being done in our sector.

Attendees will leave the session and be able to

-describe the influence of lead aggregators on the business
- explain the different DOE funding structures for students
- understand the different reporting requirements influenced by the above, such as SAP and gainful employment

Executives, faculty, registrars, financial aid officers, recruiting staff; student-facing personnel, college board members, ACICS staff