

Higher Education and Accrediting Online Courses

Issue Brief No. 197

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July 2016

Traditional higher education is not meeting the needs of employers. For example, a survey by the data provider PayScale and the executive development firm Future Workplace found that 87 percent of graduates feel they are ready for the workforce, but only 50 percent of managers feel recent graduates are prepared for a full-time job.¹



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In addition, the cost of higher education is ballooning. Consider that, on average:

- Tuition at public four-year institutions has increased 40 percent over the past 10 years, according to the College Board.
- As a result, the cost to attend a public four-year college was \$17,474 for the 2013-14 school year, while a private not-for-profit college cost \$35,074.²
- The cost of textbooks has risen 1,041 percent since 1997.
- Student loan debt is now more than \$1.1 trillion.

Fortunately, technology is allowing a growing number of students to attend online [see the figure], and competition has the potential to lower costs and provide increased flexibility — even at traditional institutions. Eventually, accredited online learning will revolutionize the quality of higher education and increase its productivity.

Revolution in the Market

In their search for better equipped employees, companies are welcoming online students. For instance, a recent survey by the Society for Human Resource Management of 378 randomly selected human resources professionals found that 79 percent had hired a candidate with an online degree during the previous 12 months.³

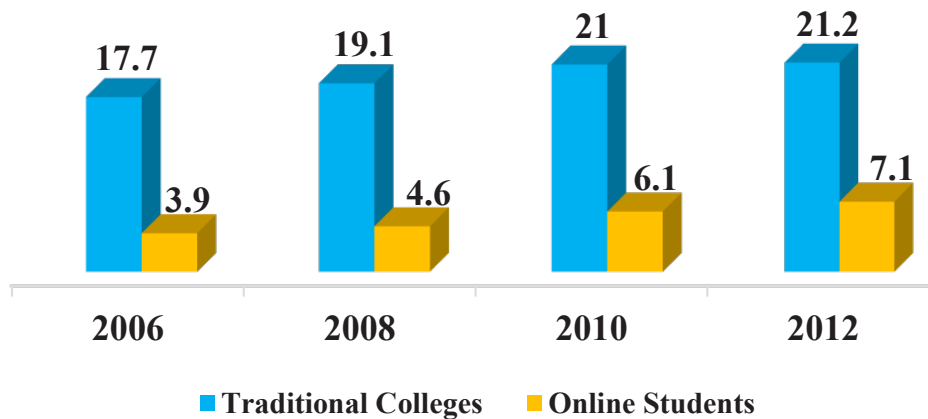
Currently, there are three basic models of online learning.

Purely Online Education. Online colleges are an attractive alternative to expensive bricks-and-mortar institutions. Corporations and universities are partnering to provide credited certificates, “nano-degrees” and regular online diplomas.

The costs are also much lower. For example, a year’s tuition at a private online college like Western Governors University is \$5,780.⁴ Furthermore, students no longer have to pay fees for unnecessary amenities such as sports facilities, dorms or a student center.

Online education is also lowering the costs of course materials. Open Education Resources provide free textbooks, lesson plans and full courses

Higher Education Enrollment (millions of students)



Source: I. Elaine Allen and Jeff Seaman, “Grade Change,” Babson Survey Research Group, January 2014.

that colleges reuse through license agreements at a much lower cost than developing new courses. Competition provides colleges with an incentive to lower costs as they attempt to attract more students, replacing textbooks with e-books.

However, there are concerns about the quality of online courses and completion rates compared to traditional institutions. Participants in online courses complain about a lack of faculty-student interaction and communication and, according to a study by the Stanford Center for Education Policy Analysis, “online course are not yet as effective as in-person courses.”⁵ The self-motivation required to complete online courses is an obstacle for students whose primary focus is jobs and family, or who are prone to procrastination. In highly touted massive open online courses (MOOCs), less than 3 percent to 4 percent of participants actually complete the courses.⁶

Furthermore, online colleges sometimes actually cost more than traditional four-year institutions — as much as \$152,000 to \$244,000 to earn a degree. Online colleges such as American Intercontinental University and Kaplan University have been investigated by the Justice Department for fraud, some online schools have shut down due to lack of enrollment and there is increasing criticism of the lack of completion.

Hybrid Schools. It may be that online schools are not the solution, but rather online courses. Traditional bricks-and-mortar institutions — such as Penn State University, University of Florida and Liberty University — are offering online courses to their students and establishing online degree programs for remote learners. Universities are looking at the cost-efficiency and increasing enrollment in online classes, and are trying to get into the business.

A blended program includes the flexibility of online lectures and assignments with a face-to-face curriculum involving visits to tutor sites or additional hands-on projects. Rather than replacing traditional institutions, online learning enhances the experience

at bricks-and-mortar institutions.

The appeal of online technology is its ability to reduce costs. For instance:

- A study by Teachers College, Columbia University and Brown University found that, “costs per student averaged \$196 across 50 original, traditional versions of courses while the versions that were redesigned with technology components averaged 39 percent less, at \$119 per student.”⁷
- William G. Bowen of Ithaka S+R, a nonprofit technological service to the academic community, estimates cost savings for the hybrid model range from 36 percent to 57 percent compared to the traditional model.⁸

Hybrid schools could outcompete purely traditional and online schools in quality. For example, a study by the Community College Research Center found that online students rated their courses more highly when professors “invited student questions...responded to student queries quickly...and demonstrated a sense of ‘caring.’”⁹ Traditional classes with interactive faculty could use the less-intimidating virtual space to enhance student participation.

Corporate Partnerships. Corporations are partnering with online providers and universities to better equip workers. For example:

- In 2015, Google and Instagram partnered with the online education firm Coursera, founded by professors at Stanford University, to launch what some are calling “microdegrees” — a set of mini-MOOCs plus hands-on “capstone” projects designed by top universities and leading high-tech firms.¹⁰
- Google, AT&T and Facebook have cooperated with Udacity to create programs specifically geared toward such subjects as programming, data analysis and web development.¹¹

Companies, online providers and universities are creating a new business model by adding: 1) fee-based courses that require students to pay for access to graded assignments; 2) specializations, a sequence of courses with a capstone project; and 3) course certificates, which serve as accreditation of their completion.¹²

The Issue of Accreditation

Accreditation, the act of granting credit, or recognition that an educational institution maintains suitable standards, is a major issue in the current system. It protects incumbent universities from domestic and international competition, but it also serves to protect academic rigor and assure students (and potential employers) that a college is legitimate. However, mechanisms such as accreditation must be reformed to allow for increases in the quantity and quality of online learning.

Accreditation and the College Cartel. Today, the Council for Higher Education Accreditation (CHEA), headed by 20 universities such as California University and Heritage University, gives approval and power to agencies that accredit more than 8,300 degree-granting and non-degree-granting institutions. Recognized private associations such as New England Association of Schools and Colleges Accrediting Agencies, which credits Harvard University and Yale College, and regional agencies such as the Higher Learning Commission, which accredits Nebraska and Oklahoma universities, must adhere to standards set by CHEA and the U.S. Department of Education.

Most of the time, regional accrediting agencies are funded by college and university members and therefore “accreditors are more reluctant to deny accreditation

renewal... [which would] result in the loss of dues-paying members.”¹³ In addition, eligibility for federal student aid is based on institutional accreditation, making it a necessity. This creates a cartel where schools are seeking approval from the agencies and the agencies purposely weed out schools to limit competition.

Domestic institutions and foreign colleges are often in competition with each other for students. However, foreign degrees lack the value of domestic degrees because our accreditation system favors U.S. universities. As a result, there is less international trade in higher education and less competition in the U.S. marketplace. Although students and teachers are able to experience higher education abroad through study-abroad programs, those are exceptions to the norm. Simon Lester of the Cato Institute believes the higher education experience is still “primarily national in nature.”¹⁴

Fundamentally, accreditation no longer serves as a true indicator of the success in higher learning that sets colleges apart, but rather as petty requirements based on inputs (such as a school’s disciplinary code and mission statement) rather than (for most of them), evaluating output. As George Leef of the John William Pope Center for Higher Education Policy notes, “the accreditation process does nothing to enhance the market’s requirement that schools be good enough to meet the competition.”¹⁵

Accrediting Courses. The current system could be replaced with a new model where students earn credits for subject mastery. As Lindsey Burke of the Heritage Foundation explains, the value of the credits “would be determined through the system of independent accreditors in competition with one another to demonstrate that their ‘stamp of approval’ is the most accurate in judging competencies valued by employers.”¹⁶ This new accreditation system would be equivalent to an inspector’s seal of approval for a car.

Instead of going through a full four-year university and amassing debt, individuals could find the right classes they need in order to qualify for a job. Simon Lester of the Cato Institute suggests that “students could take classes from various institutions and present their educational experience to potential employers as simply the conglomeration of their coursework.”¹⁷

In the future, companies like Texas Instruments could provide certificates for courses like “Microchip Professional Management.” Even universities could host

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their own, smaller-scale online courses in partnership with corporations. Independent accreditors could certify courses that meet companies' skills and knowledge standards. Students could learn for competency and experience, while saving money. If businesses and universities develop partnerships, there may not even be a need for accrediting agencies anymore.

The educational community has recently taken steps toward accrediting individual courses. In 2012, the American Council on Education, an umbrella group of presidents of U.S. accredited, degree-granting institutions, partnered with Coursera in a pilot project to determine whether free online courses were similar enough to traditional college courses that they deserved to be eligible for credit.¹⁸

Conclusion

In 2014, Senator Mike Lee (R-Utah) and others introduced the Higher Education Reform and Opportunity (HERO) Act, which would allow states to establish their own accreditation systems, opening the doorway to reform.¹⁹ The transformation to accreditation of online courses will allow those at the bottom of the socio-economic ladder to receive credit with minimal costs and become more desirable job candidates.

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Notes

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