University Corporatization Report: The Stories of Three For-profit Mega-universities as Told in Comments by Their Employees

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Abstract

This study compares three private online universities offering an online doctoral degree: Capella University, University of Phoenix, and Walden University. These have been among the highest in enrollment in the past decade. While online study offers convenience, this study shows that the failure to offer adequate support to students, sometimes with a conflict of interest in offering such support, leads to a situation of exploitation. The assurance of support lures many less-qualified students to enroll, convinced of the higher earning opportunities that a doctoral degree will afford them. Yet many flounder during the dissertation process, sometimes turning to external paid sources of help, with sunk costs keeping them working toward and paying toward a goal that remains out of reach for many. Regardless of disapproval by the Government Accountability office, and several lawsuits, the problem persists. The inner causes of these problems are explored by referring to statements made by employees of these universities, gathered from the job posting site Glassdoor.com.

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Introduction

In recent years, several online and for-profit universities have been investigated by the U.S. Government Accountability Office for unethical practices, including deceptive marketing and turning admissions advisement into high-pressure sales that target students with less academic preparation. These schools profit from government grants and loans, but these schools notoriously underfund student services and faculty, leading to low levels of support and a high loan default rate. Taxpayers ultimately pick up the tab, while exorbitant salary and benefits packages are awarded to CEOs of these organizations. This study aims to show that federal government disciplinary actions so far have not brought about their desired results, because the schools have found ways to violate the intent of the law while purportedly adhering to the law.

Advocates of for-profit schools state their support of the capitalist free-market economy. However, these corporations want it both ways. They have the benefit of drawing from government funds to make their individual profits, yet they shift the financial burden of their unethical practices onto society. In a more stringently free-market economy, these schools would not be subsidized by taxpayers through federal student loans. They would have to demonstrate effectiveness or close down. Many private non-profits game the system similarly. Non-profit and for-profit private schools should both be required to adhere to strict accountability for outcomes, measured by nationwide standards by an external GAO auditor, as a condition of their students having access to government financial aid. Advocates of for-profit schools state they are providing an opportunity for students who otherwise would not have access to the benefit of college. In reality, "students from low- or moderate-income families who attend for-profit schools usually take on the heaviest debt load of all," severely limiting rather than enhancing their opportunities in life (Center for Investigative Reporting, 2016). As a result, 45% of those with student debt say college was not worth the cost (Consumer Report, 2016), and many of these fail to graduate as the promised extra support services are not supplied.

Problem Statement

To meet increased demand, many online universities have adopted the Walmart model: hire low-paid adjuncts with high workloads to provide a low level of service while offering low prices for the product (i.e., the instruction and diploma) without regard for the overall effect on the industry. This adequately meets the needs of some degree seekers, but also exploits many. The assurance of support lures many less-qualified students to enroll, yet they flounder at the end, sometimes turning to external paid sources of help, with sunk costs keeping them working toward and paying toward a goal that remains out of reach for many. This difficulty was commented on by Al Gore—who served 8 years as vice-president, was elected four times to the U.S. House of Representatives and twice to the U.S. Senate, and was a recipient of the Nobel Peace Prize—as he noted the following: "Some online for-profit ventures…appear to have taken advantage of the hunger for college-level instruction on the internet without meeting their responsibility to the students who are paying them" (Gore, 2013, p. 68). Sayjay (2016) sums it up: 14 million students and past students collectively owe one trillion. The class of 2015 owes more debt than any graduating class in history. At the same time, Dickler (2016) notes that the number of recent college graduates that are underemployed, or are accepting low-wage jobs or part-time work, is also increasing….51% of graduates from the classes of 2014 and 2015 said they are working in jobs that do not require their college degree" (para. 7).

Here's a quick intro to the topic if you prefer audio: http://www.ted.com/talks/sajay_samuel_how_college_loans_exploit_students_for_profit

Purpose of the Study

This study compares and discusses policies and practices of three of the highest-enrollment universities that offer an online doctorate at a private university. The intent is that transparency will encourage high standards and fair financial policies throughout online higher ed (for other types of ratings, see the section Similar Studies). The intent is to motivate universities to improve, as students are able to use ratings to select the programs that will best meet their needs. This content should be of interest to policymakers, administrators, and especially prospective students.

This study is meant to encourage administrative bodies to focus on long term success strategies to increase program quality rather than short term strategies to increase immediate profits. Universities that adopt a short term profit goal degrade the overall reputation and value of higher education. These schools should be recognized as inferior in their support to students and predatory in their lending practices, so they will either improve or be out-competed. Accurate ratings and reports help make that possible.

Scope of the Ratings

These ratings are not about the perceived overall status of the school. Many rating sites offer prestige rankings as a supposed indicator of the likelihood of the diploma leading to a job. This study is about the likelihood that the accepted students will make it through the program at all. It's also about the hidden costs and whether students will have a rewarding or grueling experience on their way thru the program. One recent graduate described her dissertation process as "basically hazing…to get into the club they make you suffer the way they did." As the corporatization of higher education continues, with an emphasis on profits rather than program quality, this type of experience likely increases, along with the higher workload and lower pay of the advising faculty members. This study offers an independent review of three for-profit private universities, using online sources, primarily comments from current and past employees of these universities.

In more detail than will interest most readers, the scope of this review is as follows:

• The ratings currently focus on *private universities* and exclude state-funded universities (state-owned non-profits). The state-funded universities have different financial regulations and accountability structure. Some state universities offer online programs, but considering the financial policy of offering discounts to in-state residents, this difference makes state universities less easily comparable to private universities. Some ratings have shown state-funded universities to generally offer higher value for their price, yet these programs might not yet be able to accommodate the large demand for higher education.

• The ratings currently focus on *for-profit universities* and exclude private non-profit universities. Because for-profit universities are under independent rather than state governance, the non-profit universities are potentially as guilty as for-profits in predatory lending and emphasis on revenue over quality, often with over-sized administrative salaries. For example, compared to the universities discussed currently in this study, the non-profit Nova Southeastern has similar top administrative salaries, with President (CEO) Hanbury receiving $810,019 total compensation for 2014 and Chancellor Ferrero receiving $812,873 total compensation for 2012 (see http://dilemma-x.net/2012/12/10/u-s-college-president-compensation-at-over-400-private-colleges-and-universities/ and http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=4249#.VwQo7BMr JIU). The Wall Street Journal explains, "Most nonprofits also don't have to comply with such

regulations as DOE's gainful employment rule—which conditions federal student aid on the income and debt of graduates—or its mandate that for-profits derive at least 10% of revenues from non-federal government sources" (http://www.wsj.com/articles/regulation-for-profit-1417387556), opening the door to similar and potentially greater abuses.

- There is much of interest in the archival dataset that is largely ignored in the present study. There are many comments indicating organizational culture and leadership practices that have only an indirect relation to the current topic, but offer a rich dataset for future research.

Literature Review

Transparency and Accountability are Now Lacking

Before I came over to work in the College of [omitted for confidentiality], I worked in internal audit for [omitted school name] 2 years and [omitted school name] for 3 years. The—quite honestly—fraud that goes on made me sick. So many times I wanted to "leak" to the press information, because while all of our information is public, if someone isn't asking the right questions, then the bad answers stay hidden. (anonymity requested, personal communication, October 23, 2015)

Current students usually do not choose to speak out about unfair practices, because they fear retaliation by the department, such as further slowing their progress—and this does happen to some who speak out. Alumni may not choose to speak out after their graduation because their personal reputation is then linked to the school's reputation. Current faculty members and staff don't speak out openly, because their jobs—or their relationships within their department—are at stake. Past employees might not speak out, either because of loyalty to their colleagues or fear that their statements will make no difference but will be branded as simply grumpy unsubstantiated retaliation. Usually those at the level where it is possible to see clearly the ethical and procedural problems with the system, they have already bought into the system to the extent that it's in their personal best interest to say little about it.

Accrediting Institutions' Role in Accountability

As described elsewhere in this study, higher education systems lack accountability and affiliates have great disincentives for whistle blowing. The institutions that have the most responsibility to monitor (i.e., accreditation bodies) are not doing so adequately, for reasons explained by two current university employees at different universities. The first quote is by a professor of business management who has top ratings by students on an independent website and who moonlights as a business consultant, and the second is by a university employee with an MA in International Education:

There is a lot of outside pressure on accrediting agencies now. Frankly, accrediting bodies are not doing their job at all. It appears getting accredited is a matter of "Who can write a $10 million check? You can? Okay great, you are regionally accredited." (anonymity requested, personal communication, October 29, 2015)

The practices that you are referring to are unethical according to the ethical standards of people like us, but they aren't illegal. That's how these types of decisions are made by higher education administration. Private non-profits are probably the worst when it comes down to this sort of stuff. Trust me I work for one! Academic standards take a back seat to revenue generation. The regional accreditation bodies don't care. They see exactly what the high paid accreditation individual at the institute and their committee prepares for them to see and consume during site visits, along with being wined and dined, and nothing more. Accreditation is a joke at schools like that. Whistle blowers can get absolutely nowhere. If I sound cynical it's because I am! In my time in higher ed I've tried expressing the obvious and glaring inadequacies of policies and practices at my institute's level, which got me in the dog house for several years. (anonymity requested, personal communication, August 14, 2014)

Department Administrators' Role in Accountability

What was happening when I left there in [year omitted] was really bad. The administration was allowing enrollment of students who never passed a college level course…and then blamed me because the student dropped out of their program. [Sub-university's] only purpose is to bring in revenue…and from the accounting reports that I read, [parent university] was receiving over $20 million per year from [sub-university]. I am ashamed of myself that I worked there for as long as I did. (from a past university employee who remains anonymous because of his own pending legal case against the university, February 26, 2015)

The above quoted description exemplifies the diploma mill model: Let them enroll and pay (much of it based on government-subsidized loans, now especially targeting military post-service benefits) even if their academic skills seem marginal. If they need a lot of support to make it academically, they are sent repeatedly to the writing center and disabilities assistance, where low pay for these services guarantees high turnover and thus less personalized and less effective support. With a sink or swim attitude, the aim is to get students enrolled. Money will be collected whether or not the graduation rate is acceptable. If the students just don't make it, that's on them. Many department and university administrators deny their role in accountability, yet they promote these practices by allowing high commission for enrollment "counselors" but low pay to student services and adjunct professors.

The crux of the issue is the corporatization of education, about which much has been written. University administrators aggressively chasing public funding have allowed practices that brought them under investigation by the Federal Trade Commission and the U.S. Department of Defense about whether it used deceptive marketing tactics to recruit students (CNNmoney, 2015). This particular institution should not be singled out. There is a widespread focus on short term profit over program quality, and the result is that the purported value of an advanced degree is degraded. The boom of higher education is being described as a bubble. Regarding a university (*not* the same that was referred to in the CNNmoney article) that also has focused on GI benefits of college grants, the following was noted:

the President of [name omitted] University makes nearly 1 million per year and [omitted] the Chancellor makes 500K per year, the two highest paid education executives in [omitted] County. [omitted] University is a scam and I wish more people would spread the word….[university's] attorney [name] was able to get both employee lawsuits thrown out of court because of the severance agreements. There are shocking claims of discrimination and retaliation in both lawsuits…. Administration paid off [name of plaintiff]. (anonymity requested, personal communication, February 26, 2015)

Some administrators are not extravagantly paid. Some have more modest salaries and struggle to maintain funding, feeling pressure to spend increasing amounts on PR and advertisement because of the fact that there is now so much competition for tuition dollars, and decreasing enrollments in the past few years. In discussion with graduates of top tier universities, it is clear that even some of them seem to have been tempted to coast on their laurels in a climate in which investing in advertising image might be for the short term more profitable than investing in the continued quality of the school and the resulting positive word-of-mouth reputation. Wise administrators would do well to take a long-term strategy of investing in the quality of their programs and fair policies that retain students, rather than spending on attracting new students. Take a lesson from a college forced to shut down or sell 100 campuses nationwide, which

mostly stemming from its aggressive recruiting techniques, allegedly rigged job placement rates and predatory lending practices. In 2007, the company had to pay $6.5 million to settle a lawsuit over false advertising, and then the Obama administration joined the fight, as for-profit colleges can receive up to 90% of their revenue from federal aid. (Glum, 2015, para. 5)

Universities that have made the investment in student-friendly policies, quality staff and faculty, and adherence to high ethical standards should value and champion efforts at transparency for all schools.

Administrators have to put themselves in the difficult position of measuring results, being transparent, and breaking down the silos between departments, colleges, and institutions to identify efficiencies and improvements that ensure quality, access, and reasonable cost….The faculty and administrators responsible for providing the environment where rich student experiences and extraordinary achievements can occur carry a heavy torch. In a world that is changing at the most rapid pace ever experienced by humans, while that duty becomes much more difficult, it becomes even more important. (Hawks, 2015, p. 110)

Students' Role in Accountability

Vote with your money. If you can transfer to a university that will cost you less in the long term, it will likely be worth the temporary hassle. It will also help strengthen good schools and weed out the exploitative schools. There are many rating systems to help you identify more student-friendly schools and evaluate the costs. See the section titled Recommended Sites With Listings, Ratings, or Rankings.

Questions for Prospective Students to Ask to Determine a University's Good Fit

Prospective students often investigate whether a program's emphasis or a particular advisor is a good fit for the student's interests and career goals. They also ask about practical concerns such as location, per-semester cost, and average total cost. Aside from these important questions, a university's policies should also be considered. By asking department administrators these questions, you will not only make a better decision for your own education but will also help signal ways in which they could improve their service to students.

- What flexibility is built into the program to accommodate working and parenting roles of students?

- Is full tuition still applied during semesters during which full time student status is not met, and does this affect scholarships or other financial aid? In addition, what penalties and fees are applied for missed deadlines?

- What paid support services are allowed? Am I allowed to hire a dissertation coach or methodologist if guidance from my committee is lacking or inconsistent? Am I allowed to hire an editor for style and grammar issues? Am I allowed to hire a statistician? To what extent are these services provided by the school as paid for by tuition?

- Where can I find a listing and examples of all of the major projects and evaluations that are required in the program (i.e., those required of *all* students for graduation, not dependent on specific electives or specific professors' course requirements)?

- Does the school offer a grading rubric by which I can assess my own work prior to submitting it for evaluation?

- Are the requirements of the program tailored to younger just-out-of-bachelor's students or is it a better fit for older students who have substantial work experience and want more choices about their direction of study?

- Is group-work required, encouraged, or allowed? What types of projects, if any, are completed in groups? Can I opt out of group work?

- If I were to find myself in the unlikely situation of feeling that my chosen advisor or a professor was negligent or unfair, is there a formal process by which a dispute could be mediated and potentially a new advisor assigned?

- See Consumer Report's article "Having the college money talk: 10 key questions every family should consider before taking on student loans" at http://www.consumerreports.org/student-loan-debt-crisis/having-the-college-money-talk/

Admissions personnel sometimes are paid on commission, so it is important to do your own investigation about any claims these employees make. Policies may be in place to give an appearance of best practices, while actual practices may not be student-friendly. Make note of recent posts on public review sites, while keeping in mind that some current or past students may vent unfairly if their own unreasonable request was not granted or exceptional circumstances not accommodated. Also keep in mind that new students may give a glowing review based on one class, while the overall picture is better assessed by alumni and students near graduation.

Other rating sites are listed in the next section, which may be useful to you. Feel free to contact the study's author with your comments or questions. The authormay be able to refer you to qualified sources of assistance for your specific concerns or needs related to policies and practices discussed in this study.

Impact of Corporatization

The Impact of Corporatization on Higher Education as a Whole

Academics are concerned that corporatization has degrading effects on higher education as a whole, as noted by Clay (2008):

- Grade inflation as student evaluations are more important in hiring decisions due to a please-the-customer emphasis

- More use of adjunct faculty who are over-worked and less available to students

- Research that was once considered impartial now subject to suppression or influence by corporate interests

One university-level student service provider stated the following of schools with low academic standards and predatory lending:

Eventually—my theory is—the economic survival of the fittest will eliminate institutions like that....I don't think the current financial aid is sustainable and will either die off completely or drive the low quality providers out of the higher education marketplace. (T. Khadre, personal communication, July 14, 2014)

It is possible that low quality providers will eventually drop out of the market; however, during the wait, we may lose some very good universities that are out-competed economically by aggressive marketing of lower quality universities. Additionally, as has happened in some other professions, the failure of higher education to regulate itself may eventually lead to increase of government intervention and regulation, which may increase costs and hassles to both the public and to universities. A better overall scenario would be that transparency and public awareness create pressure on existing universities to recognize weak areas and adopt best practices as a correction.

Corporatization of Higher Education and its Impact on Society

When approaching the mid 1900s, H.G. Wells wrote, "Human history becomes more and more a race between education and catastrophe." This is certainly true in our day. We cannot afford to allow the education system to become part of the catastrophe. Yet it is. Competition to enter higher pay brackets, or to get a job at all, has led to an influx of applicants, and the higher demand has allowed the price of education to soar. Of the many who have written similarly, financial writer Jim Rogers makes a compelling case that American higher education is one of the greatest financial bubbles of our time (see http://www.businessinsider.com/jim-rogers-higher-education-is-a-bubble-2015-1). Real News (2013) similarly observes, "Corporations have become predators on government and taxpayer money, and we're all going to pay for it" (14:30). Whether the subprime student loans are blamed on the government https://www.lewrockwell.com/2016/04/jonathan-newman/no-credit-no-collateral-no-problem/ or on Wall Street http://www.salon.com/2015/03/30/wall_streets_new_student_loan_scheme_subprime_loans_are_coming_to_financial_aid/ , the end will be the same when this bubble bursts: taxpayers will unwillingly foot the bill as they did with the comparable housing bubble.

The trend of corporatization of higher ed is both a reason for and a result of the market bubble. Many private non-profit universities have followed this disappointing trend in their effort to maintain competitiveness and even solvency. When you look at most college ratings, they're about general reputation. This focus likely encourages some university administrations to put more emphasis on image and advertisement rather than emphasis on improving the quality of their departments. This focus has a self-reinforcing effect, as described by one professor of marketing: marketing expenditure targeting students "will probably continue to rise because of the circular logic of the market....There is an element of competitive neurosis...'If our competitors are doing it, we should too, just in case' " (Mathews, 2013, sec. "Logic has its limits"). The growth and eventual popping of this bubble will lead to deflation of the value of the diploma that many have invested heavily in. This popping may be inevitable, and it may simply result in a societal shift toward alternative methods of proving individual marketable competencies, which is not necessarily a negative result for the overall economy. Yet the consequences for the stability of universities may be huge. One graduate of the University of Phoenix vehemently defends the value of the earned degree, but contradictorily adds probably the best indictment of the whole for-profit education model: "There is no denying the fact that this school exists to make a profit, and there is a conflict of interest when an institution relies fiscally on passing students" (Honstman, 2008, para. 4).

Competency-based Certification Tests

One of the greatest challenges of higher ed at present is to educate larger numbers of students without diminishing the quality of the education, a challenge that has been met admirably by massive open online courses (MOOCs) such as University of the People (fully accredited), OpenStax textbooks, edX.org by Harvard U, and Coursera by Stanford U. These courses primarily cover undergraduate-level instruction, and as yet there is no doctoral level counterpart, except for work experience. Thus self-directed learning still lacks the ability to give future employers assurance of a relevant simple measure of qualification currently signified by a diploma at the doctoral level. Until services become available to give self-directed learning the validity measures and certifications it needs, online doctoral degree programs are filling the need for lower-cost education that has the convenience of accessibility from students' current locations and fitting into demanding schedules.

With the loss of validity of the online doctoral diploma, narrow functional capacities may become the main measured value. The university's traditional role of dictating what studies are necessary to a comprehensive understanding of a topic may be replaced by an employer's dictate of what studies are necessary for a specific functional role. Laments about the ideal of well-rounded education are justified, but they also may belong to a bygone era that had more disposable income. It appears that what we both want and need at this juncture is a more practical approach in which learning is more objectively tested, not relying on assumptions of upright ethics throughout degree completion, because this assumption can no longer be trusted.

Nicco Mele (2013) points out what is at stake as changes in our world increase at a rapid pace:

We face a monumental task helping our institutions recover from their failings so that they can serve their core purposes once again. Giving in to the anxiety and depression that accompany the decline of everything that makes our lives stable and safe seems a perfectly understandable response. But it's not the only response...having the collective determination and strength of mind to steer it where we want. Instead of lamenting the death of something...we can learn to celebrate the creation of a radical new way of organizing the

world, taking steps to align it with democratic values and with our need for social order. (pp. 252-253)

Already some schools and non-school organizations are taking up the challenge of competency-based certifications. Walden is offering a competency-based education component called direct assessment, through its Tempo Learning program, which is part of an innovative and important trend to meet the needs of qualified students to move them more quickly into the workforce (Inside Higher Ed, 2015).

Methods

Data Source: Archival Data

Websites accessed for these ratings include the following: glassdoor.com, gradreports.com, onlinedegreereviews.com, and other reviews found through keyword searches. I attempted to ensure that comments were no more than 5 years old, because policy can change noticeably within that amount of time.

- Employee comments: Employee comments are considered the most valuable part of this report, because employees have insider knowledge about policies, practices, and even covertly stated intentions of the school. Glassdoor.com is a job search site where visitors are encouraged to rate and comment on their current or past employment places to help other jobseekers understand the culture and policies of that workplace. The postings are anonymous, thus expected to be honest, even if biased due to the commenters being job-seekers and by implication likely dissatisfied with the current or past employer. Mid-level managers, recruiting staff, and student support staff all have useful perspectives about processes and policies that affect student financial outcomes and graduation rates. Comments from these sources were not tied to a specific department or program.

- Student comments: These were abundant online, so for the purpose of this comparison, the student comments were limited to graduate programs in the education department. Student comments could be school-wide (not department-limited) if they pertained to general services that would be accessible to all students or if a student was also an employee. Such dual-category comments were common, because these schools offer education discounts as part of employee benefits.

- Faculty member comments: These were valuable to determine the level of support teachers are given, which affects the support they can offer to students. Comments from these sources were not tied to a specific department or program, as they indicate university-wide policies and practices.

- Informational reports by third-party investigators: Many websites were accessed as specific topic-related searches were made, and the sources are noted in the references section for the page of description for each of the schools.

Data Collection Protocol

To attempt an even-handed database search, the sites found most useful were searched for data related to all three schools. Categories of reporting were kept consistent across the three schools. A few comments include the positive comments, which is done only to show that many if not

most of the employee commenters did not seem to have an agenda to disparage their current or past company, but to point out needed improvements and comply with the glassdoor jobsearch site's requirement to post feedback on both positive and negative aspects of the former or current workplace. Systematic collecting and comparing positive comments was not part of this study. This study's purpose is not to promote any of the universities studied, and positive comments might be less convincing, knowing that some for-profits hire blogging firms that pay people to post positive comments (see https://econsultancy.com/blog/63809-paying-bloggers-for-positive-reviews-is-it-common-and-is-it-right/).

Analysis

Due to the nature of available archival data, record-gathering was not completely systematic, making comparisons across schools difficult to quantify objectively. Thus, the report of results is largely descriptive and qualitative.

Findings Summary

See the adjacent separate files titled with the school names. The following are summaries.

Findings Summary for Capella

The overall picture is one where an online school got many things right. Many students, faculty, and staff have a view of Capella's potential for excellence. There is also an observance from many that by going corporate, many of the typically associated problems resulted. Still, the school has managed to maintain its reputation better than University of Phoenix, so far. While it spends a lot on marketing, it appears to be currently using appropriate targeting of potential students. Absent in the comments are issues of administrative bloat and predatory lending that are seen in many for-profit schools. It has a history of questionable practices, as noted in the following quote:
In 2012, Capella received criticism for its expenditures on marketing, profit, and CEO pay rather than instruction, and its use of aggressive recruiting practices. According to a report issued by Senator Tom Harkin for the Senate Education Committee, approximately 79% of the institution's cash flow comes from U.S. government Title IV payments, including Pell grants. The report concluded that Capella's recruiting and student services were better managed than most other for-profit competitors, especially among graduate degree students. ...the over-reliance on part-time instructors, and the high relative marketing budget were cited as potential causes for concern. (Retrieved from https://en.wikipedia.org/wiki/Capella_University, Controversies section, para. 1)

Findings Summary for UoP

Management admitted to their many perks and generous benefits, especially before financial downturn of the company forced their staff reduction. What the "enrollment counselor" employee comments show is that even after Department of Education (DOE) regulations took effect in 2011, which prohibited a policy of pay depending on higher recruitment numbers, the emphasis on enrollment numbers continued quite noticeably. Several managerial complaints are noted, stating that they can't motivate their staff without direct pay incentives for enrollment numbers, so clearly the DOE mandate was adopted in formal policy. Yet, over 25 comments about sales-orientation shows that managers tried to adopt other ways to encourage high enrollment numbers. This may have been acceptable to upper management because middle managers could be scapegoated in the event of further DOE scrutiny. These comments show that the pressure for high enrollments was not

isolated to a few middle managers deciding to use high pressure tactics to boost their own team. It was system-wide and handed down by upper management. In the timeline, we see a period when middle managers are still giving covert pay-related signals to ensure enrollments, such as "you're lucky to have a job." We see this also in the middle managers giving advice to upper managers not to give "double messages."

Findings Summary for Walden

Although marketing expenditures and revenue dedicated to profits were higher than industry average, and six employee comments did mention a sales-oriented role as enrollment advisors, there are no indications that Walden managers pushed or overly incentivized recruiters for higher numbers. Walden has an exemplary performance on measures of student withdrawal and federal loan default rates. The DOE did reprove Walden for illegally giving over $300,000 in student loans to non-citizens. Similar to UoP and Cappella, Walden also was found to be wrongly retaining student loan funds for students who had withdrawn. The class action lawsuit for prolonged dissertation process is likely due to two factors: (a) a conflict of interest between the faculty advisors payment for chairing (not contingent on student progress and with no real accountability) and the student progress, and (b) a natural result of the under-investment in faculty, both in numbers and quality. The great majority (reportedly around 90%) of faculty are part-time, and workload is considered to be excessive for the pay, according to the comments noted above.

Students were not regarded by these employee commenters as prepared or intelligent, and admission requirements were regarded as somewhat low. Walden student support (outside of enrollment duties) seems to be better compensated than reported for UoP. Professors rated their pay as very low or similar to other adjunct work, with professors having no funding support for supplies or computer expenses. Three comments on IT were positive, with none negative.

Comparison of Three High-enrollment Online Doctorate-granting Universities

This section compares these universities in a table format. The datasets for this table include the following sources:

- colleges.startclass.com, forprofitU.org, help.senate.gov, study.com, Wikipedia
- Revenue at http://money.cnn.com/2015/03/25/investing/university-of-phoenix-apollo-earnings-tank/
- Profit per student at http://www.help.senate.gov/imo/media/for_profit_report/PartII/Capella.pdf
- http://www.huffingtonpost.com/davidhalperin/a-dubious-benefit-big-emp_b_10185936.html
- Redden & Fain, 2013, sec. Stateside Story
- Expenditure on instruction, per student, at http://www.help.senate.gov/imo/media/for_profit_report/PartII/Capella.pdf
- Redden & Fain, 2013, sec. Stateside Story (for Walden)
- Loan default rate at http://www.usnews.com/education/online-education/articles/2010/09/15/loan-default-rates-at-prominent-online-universities
- Student-to-faculty ratio at http://collegeapps.about.com/od/collegeprofiles/p/university-of-phoenix-online.htm
- Top administrative salaries & benefits at http://left.mn/2012/07/capella-university-ceo-gets-paid-while-public-money-burns/
- http://www1.salary.com/Scott-L-Kinney-Salary-Bonus-Stock-Options-for-CAPELLA-EDUCATION-CO.html

- http://www.bloomberg.com/news/articles/2010-11-10/executives-collect-2-billion-running-for-profit-colleges-on-taxpayer-dime

More checkmarks indicate a higher measure of the corporatization indicator, based on the finding of the present study. In other words, more checkmarks mean more corporatization.

Measures of corporatization	Capella U	U of Phoenix	Walden U
Date founded	1991	1989	1970
Business structure	corporation CPLA	publically traded	public benefit corp.
Number of students (approximate)	35,800	155,600	48,982
Revenue per year	$100 to $500 million	$5 billion in 2010; $2.7 projected 2016	$377 million
Profit per student	$2912	$2535	$1915
Expenditure on instruction, per student	$1650	$1655	$1574
$ profit per student minus $ on spent on instruction, per student (expenditure on profit over instruction)	**$1262**	**$880**	**$341**
$ marketing per student minus $ on spent on instruction, per student (expenditure on marketing over instruction)	**$2888**	**$1405**	**$656**
Per-student expenditure on marketing	$4538	$3060	$2230
Total expenditure on marketing	$18.5 million	$81 - $100 million	$101 million
Sales-orientation or questionable recruiting	√√	√√√	√
Predatory lending (disregard readiness)	-	√√√	-
Loan default rate	3.3%	12.9%	1.5%
Government reprobation on finances	√	√√√	√√
Above-average tuition & fees total cost	-	-	-
Long & costly dissertation process	√	√	√
Lawsuits regarding financial issues	√√	√√	√
Low perception of student support	√	√	√
Low graduation rate (student retention)	√	√	√
Low academic rigor & utility of the degree	√	√	√
High faculty & student-support-staff workload	√	√	√
Student-to-faculty ratio	17 to 1	37 to 1	20 to 1
Low faculty & student-support-staff pay	√	√	√
High faculty & student-support-staff turnover	√	√	√
Inadequate IT & other resources	√	√	-
Administrative bloat (lower workload)	-	√	√
Top administrative salaries & benefits	$3.85 to apx $1 million	$1.8 million cash & stock	undisclosed

Note. Comparisons should be made cautiously, because numbers come from various sources and represent various years (the most recent that could be located).

As background for the description of these three universities, it may be helpful to compare the areas of focus of these three mega-universities, which were selected for this study of corporatization based on their size and intense online advertising. The University of Phoenix focused more on undergraduate programs, while Capella and Walden focused more on graduate programs. All three have many satisfied students and loyal employees; however, this study focused on the complaints and comments about needed improvements.

Some highly qualified motivated students reportedly make it through these online programs without much difficulty. All three have invested in high-quality online learning platforms and detailed procedural guidelines that are necessary to accommodate a high volume of students, yet the promised level of support is rarely experienced for those with e lower initial academic qualifications, especially when they experience excessive time demands apart from studies. These universities have been noted to take advantage of prospective students' hopes for a degree, especially those whose qualifications might be insufficient for other schools, focusing on initial enrollment, while failing to provide adequate student support services. All three have been subject to lawsuits and federal investigations for exploitative or illegal practices.

These findings confirm the statement by ForProfitU (2016) that for-profit colleges use a variety of strategies to defy the intent of federal regulations, and thereby to benefit shareholders over students. Strategies include: (a) misleading students about costs and job-opportunity benefits of their programs (mentioned especially in University of Phoenix and Walden results), and (b) counseling students close to defaulting on their loans to seek loan deferment or forbearance, thereby protecting the school's reputation at the continued expense of the student, who is only delaying payment on a debt that continues to grow and collect interest while in deferment (mentioned especially in Capella results).

Discussion

Expenditures

All three universities spend a similar amount on instruction per student (see Comparison Table). Capella's marketing expenditure per student is more than double Walden's marketing expenditure per student, with UoPx's marketing expenditure per student approximately midway between them. Interesting, the three schools might be using a similar formula in one regard, as each school has an expenditure on marketing over instruction (marketing $ minus instruction $) that is approximately double its allocation of profit over instruction (profit $ minus instruction $). UoPx has the greatest culpability for the exploitative practices endemic to corporatization, and the recent trend of its falling stock might attest to its unsustainable model (see http://money.cnn.com/2015/03/25/investing/university-of-phoenix-apollo-earnings-tank/).

Tuition Costs and the Dissertation Process

According to the U.S. Department of Education's National Center for Education Statistics (NCES), the average net price of a doctorate degree at a public school in the 2013-2014 school year reached $10,725 each year. Private school tuition during the same year rose to $22,607 annually. A typical doctoral program takes five full-time years to complete, bringing the total cost to roughly $53,625-$113,035, depending on whether attendance is at a public or private school. (Study.com, 2016, para. 2)

According to this source, UoPx would be close to the lower end of this average, and Capella and Walden would both be below this average. The misleading omission, however, is that with less support available, due to underpaid staff and advisors, the dissertation process is often prolonged. Tuition and fees must be paid each semester whether or not progress is made toward dissertation

completion. In many cases, students give up on the process without obtaining their degree because they run out of loan funding.

When I started this research, my editing work with students led me to believe that dissertation advisors were the main cause of students' prolonged dissertations and the associated expense. I believed that the pay per semester given for such advisement was an incentive for advisors to give only the minimum level of support for student progress. I did notice that students did not seem well prepared for the dissertation process, but hearing the situations mostly from their perspective, the advisors seemed quite unsupportive. Reviewing comments from advisors reveals that they are extremely undercompensated for the level of support they are expected to provide, as well as working with students that would not likely have been accepted to a school with higher entrance qualifications.

On the graduate level, many complaints related to delayed dissertation completion due to lack of timely support and/or obstruction. Complaints seemed to stem from practices such as these:

- Poorly-prepared students were admitted due to administration's profit motive, but faculty members wanted to hold the students to a reasonable level of academic performance

- Conflict of interest for advisor's prompt support, with an advisor paid per semester of advisement (whether or not progress is made) and is allowed to make decisions based on personal impressions of a student and is allowed to enforce adherence to idiosyncratic standards

- Conflict of interest for the university to hold the advisor accountable, because the school demands tuition whether or not any school resources were used (unlike public universities that do not require tuition during ABD status)

- Inadequate allowances for waivers when students need time off for specific work or family needs (as schools marketing themselves as accessible for working professionals, this allowance is implied)

- Waivers are allowed, but waiver application due dates early in the semester prevent most waivers (a better process would be to allow percentages of tuition waived based on the portion of the semester that student work required faculty and staff attention)

From work experience, however, I know that these complaints also apply to brick-and-mortar institutions, even those with solid reputations. It appears that the phenomenon of corporatization has pervaded much of higher education, so while these mega-universities may be at the extreme of culpability, it is likely that their practices have been somewhat tolerated precisely because there are few academic settings that have retained their historical detachment from emphasis on financial gain.

Others' Suggestions for Reform

This research supports the need for reform that others have noted. Many well-thought-out and detailed recommendations have been made for corrections, such as those made by ForProfitU (2016), for which only the main ideas are included below:

1. Stop predatory recruitment techniques, such as high-pressure sales targeting the economically vulnerable. Establish an eligibility system to ensure that students accepted into programs have the necessary skills to succeed in the program.

2. Develop a student support system that is appropriate for the student body. If a college accepts a high number of non-traditional students, it is the college's obligation to offer them the services and support necessary for them to succeed.

3. Support instructors with adequate pay and teaching resources.

4. Invest in students after they leave, offering students career counseling and internships instead of pushing them to deferment or forbearance.

5. Take responsibility by sharing in losses when students default.

6. Improve transparency on student success and operations.

Although these would be commendable reforms, this present research gives evidence that corporations do not show any willingness to adopt these policies, and in fact largely circumvent the mandates they are forced to adopt. As an example, many current and past managers at the University of Phoenix describe that the pressure for high enrollment continues, even though managers are compliant with the policy that numbers can no longer be linked to the employee's pay. Instead, other pressures are implemented to increase enrollments. Similar practices exist at smaller Argosy University, where employees not meeting a quota state that they are not fired, but instead are demeaned, reprimanded, and micromanaged to the point that they quit. In this climate, it is not reasonable to expect that federal requirements of self-report by the schools would do anything toward real transparency. The Recommendations for Reform section below lists more realistic potentials to initiate lasting reform.

Conclusion

Comments from students and employees over the past 5 years for the universities studied reveal that current government policies are not having the desired effect. This conclusion is the same as that reached by the U.S. Senate Health, Education, Labor and Pensions Committee (2012):

> In the absence of significant reforms that require for-profit education companies to focus on their educational mission first and foremost, and ensure that taxpayer dollars are not directed to marketing that is often aggressive and sometimes deceptive and misleading, the growing for-profit education sector will continue on its current path. For-profit colleges, with their potential to provide innovative options for students to obtain a quality higher education that prepares them for available jobs, will continue to fall far short of that promise, with devastating consequences for students, taxpayers, the Federal student aid system, and the American economy. (p. 169)

The U.S. Department of Education and the Government Accountability Office's investigations and warnings have done little to promote more positive outcomes for students. There are sites that recommend good practices, but there is no reasonable way to ensure compliance with these or with existing government policy without putting federal oversight officers full time at each campus. That is not a solution that citizens or corporations are likely to accept. Solutions that increase oversight are needed, but not to that extreme. By externally measuring and implementing consequences for a few specific outcomes, fair policies and practices will have to be truly implemented, not merely arranged for an appearance of compliance.

To some extent, ease of access to internet has fostered reputation as a pressure to reform, yet marketing dollars seem to trump this effect. In addition, as known exploiters are identified and pressure causes them to downsize, smaller for-profit schools already engaged in the same practices

are poised to take their place in a short-term money grab, at the expense of students and the existing student support service departments that wish to provide quality service.

We should not expect it to be otherwise, because their shareholder profits are their obvious priority and focus. More importantly, the higher administration salaries seem to hinge on raising profits in the short term, which will come at a detriment to the long term profits based on school reputation for education quality. In summary, this research strongly supports the position of Senator Harkin who "remains fundamentally skeptical about whether big corporations whose primary mission is to make money can be trusted to do the right things for students" (Hanford, 2016, sec. A call for change).

Recommendations for Reform

The only real and lasting remedy for the exploitative practices is to institute stricter government financial aid requirements and severe consequences for violators.

1. Accountability could be ensured by giving the university only a portion of the grant or loan payout up front, and the remainder upon the student's successful graduation AND career placement. The criterion of successful graduation is not sufficient alone, because this requirement could merely lead to grade inflation and lowering the graduation criteria. Career placement in the studied field, lasting for a year, would demonstrate the value provided by the degree-granting program and/or the career placement services of the university. These institutions spend more on profit payouts than they do on student instruction (ForProfitU, 2016), so this is a financially feasible demand. This is one way to accomplish the recommendation of the U.S. Senate Health, Education, Labor and Pensions Committee, which states: "Federal law and regulations must strive to align the incentives of for-profit colleges so that the colleges succeed financially when, and only when, students also succeed" (p. 169). The state of California instituted this type of regulation by disallowing Calgrants to be accessible to the University of Phoenix.

2. The GAO should conduct regular investigations to ensure that its recommendations are being followed. Repeatedly violating schools should be cut off from federal student aid funding, and their students will transfer their credits elsewhere, as was the case with Corinthian Colleges. The schools may continue to operate under true capitalist free-market forces, under which the schools would shape up or close down. GAO auditors should be rotated and work in pairs, so that no one person could be targeted for bribes.

3. Investigations should be industry-wide, not targeting specific offenders such as those studied here. Other for-profit schools are more than ready to take on a larger share of students that would be lost to officially reprimanded schools. Preliminary searches revealed that smaller schools are already using similar practices. In many ways these three larger schools studied have developed superior online student support structures that helped them to become the leaders in the field, so they should be incentivized to reform rather than pressured out of the market. In addition, to prevent disadvantage, non-profit universities should be subject to similar rules and oversight.

4. Universities should receive government grant and loan funding only if their administrative salary and benefit packages are reduced to a reasonable standard, closer to the former implicit societal expectation that presidential salaries be near 30% more than the average faculty member's salary. Some boards argue that the requisite talent is expensive, but historically, this has not been true. Oversized salaries are a relatively recent corporate trend,

which universities arguably have not benefitted from. If the playing field is leveled, universities will retain the ability to attract talented leaders at reasonable salaries, while the most short-term profit-driven administrators may decide to seek executive positions outside academia, when academic administration is no longer perceived to offer a means of accruing public funds for personal enrichment.

5. As a recommendation that does not involve government action or oversight, individual institutions, even industries not affiliated with higher education, might develop and require alternative criteria for job qualifications, rather than relying on higher education as a measure of expertise. For example, experience and competency-based certification tests could take a more prominent role. In this way, self-educated individuals who have studied through MOOCs and gained experience through hands-on experience could prove their expertise after investing time but not tuition in their preparation (see the literature review section on Competency-based Certification Tests).

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Recommended Sites With Listings, Ratings, or Rankings

The following sites offer listings or ratings of universities that seem worth reviewing. Avoid listings that show evidence of bias by (a) describing only a few major programs, (b) do not state any rating criteria, (c) describing the named universities in only positive terms, or (d) linking to those universities' admissions pages. Such "ratings" are thinly disguised paid advertisements.

- U.S. Department of Education college ratings to help students find the best fit for their needs: https://collegescorecard.ed.gov/data/

  http://www.guidetoonlineschools.com
- Universities disciplined or criticized by the Department of Education or Government Accountability Office: http://www.collegeaffordabilityguide.org/choosing-a-program/online-colleges-sanctioned-by-government-organizations/
- A site that looks at online universities' overall cost-benefit value thru graduation rate: http://www.nonprofitcollegesonline.com/worst-for-profit-colleges-and-universities/
- Listings of online EdD programs (not ratings): http://www.onlinephdprograms.org/education/
- Listing of colleges, sortable by school characteristics: http://www.guidetoonlineschools.com/degrees/education/leadership?lvl=16
- A recent dissertation, which critiques the U.S. News and World Report rating system, describes a new model, with evidence-based ratings, and includes a thorough ranking chart in the appendix: http://scholarship.shu.edu/cgi/viewcontent.cgi?article=3115&context=dissertations
- This site explains not to rely on prestige-based college rankings because learning quality depends primarily on other factors: http://www.cheatsheet.com/personal-finance/heres-another-reason-why-you-should-ignore-college-rankings.html/
- This site has current news reports as well as a faculty survey and student survey: http://forprofitu.org/

Contact the Author

You may send comments about this study to the author by way of LinkedIn, but this project is not intended to collect and publish student comments about universities outside the procedures described in the Methods section. There are many online sites that publish student comments about a university, including ForProfitU.