



FOR PROFIT HIGHER EDUCATION AND THE CAL STATE UNIVERSITY: A CAUTIONARY TALE

FACT SHEETS

- The Private For-Profit Model of Higher Education
- The “For-Profit” Model in the CSU: Executive Compensation
- The “For-Profit” Model in the CSU: Soaring Tuition
- The “For-Profit” Model in the CSU: Expansion of Extended Education Operations
- **The “For-Profit” Model in the CSU: Cal State Online**
- Conclusion

WHY LAUNCH A CAL STATE ONLINE VENTURE?

- Cal State Online is a new fast-tracked initiative to greatly expand online education in the CSU, leveraging the CSU name, reputation, and resources to expand into a wide array of new markets.
- Documents show a desire by CSU officials to capture part of the “market” now dominated by For-Profit edu-businesses.

WHAT WILL IT COST?

- Experience and research shows quality online education is not cheaper than traditional classroom instruction.
- Chancellor Reed has required each campus to contribute \$50,000 for a total of over \$1 million in state funds so far; CSU documents call for another \$20 million in state dollars to fund the initiative.
- Planning documents suggest Cal State Online courses will be offered through Extended Education where there are no caps on tuition or public votes about student costs.
- Average price for an online degree charged by the “competitors” identified by CSU consultant clusters around \$40,000-\$60,000.

WHAT ARE THE RISKS IN PARTNERING WITH FOR-PROFIT COMPANIES TO PROVIDE EDUCATION?

- CSU consultants contemplate outsourcing a wide range of services to For-Profit companies, from course design to recruitment to marketing.
- Andrew Rosen, CEO of Kaplan: “An investor who wants to make a quick hit can...buy an institution, rev up the recruitment engine, reduce investment in educational outcomes [and deliver] a dramatic return on investment.”
- Partnerships always involve some loss of institutional control and there should be discussion about the risks involved in partnering with edu-businesses.

ACCESS TO WHAT? ACCESS FOR WHOM?

- For-Profits cut costs by reducing – or even eliminating – interaction between students and instructors, often leading to canned courses that resemble self-paced correspondence courses rather than student-centered online courses that are currently offered by the CSU.
- Online education is not for everyone: characteristics like self-motivation, learning style, level of study skills, technological preparedness, and access to reliable high-speed internet are all factors that affect a student’s ability to be successful in online courses.
- Low-income, first-generation, or under-prepared students who are at the core of CSU’s mission are often less likely to be successful in online programs.
- **To avoid the failures and scandals that characterize many For-Profit, online initiatives in the Cal State Online, complex factors related to access, cost, and quality must be carefully considered.**