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STATEMENT OF PETER STOKES BEFORE THE SECRETARY OF EDUCATION'S COMMISSION ON THE FUTURE OF HIGHER EDUCATION

MEMORANDUM

To: The Commission on the Future of Higher Education
From: Peter Stokes, Executive Vice President, Eduventures, Inc.
Re: The State of Higher Education Today: Adult Learners
Date: December 2, 2005

For many Americans, the word “college” conjures up images of young students, leafy quadrangles, ivy covered buildings, dormitory life, football teams, and so on. These images are so indelible that when most of us think “higher education” we think of these things – even when the images don’t conform to our own experiences. And yet, as Arthur Levine has observed, this stereotype of the “traditional” 18-22 year old full-time undergraduate student residing on campus represents little more than 16 percent of the higher education population in the United States – fewer than three million of the more than 17 million students enrolled today. In fact, the “traditional” student is anything but traditional if by that term we mean “common,” “conventional,” or “customary.” In reality, the “traditional” student is far and away the exception rather than the rule.

Adult Learners Are Hidden in Plain Sight

It’s an honor to participate in the dialogue occasioned by the this Commission. In my contribution to this important discussion concerning the future of higher education, I want to focus not on this small minority of so-called “traditional” students of higher education, but on the vast majority of students: adult learners. Consider the following:

- 40 percent of today’s students study part-time
- 40 percent attend two-year institutions

- 40 percent are aged 25 or older
- 58 percent are aged 22 or older
- 77 percent attend public institutions

In all, the National Center for Education Statistics reports that 92 million adults – or 46 percent of the U.S. adult population – participated in some form of adult education in 2001 (the most recent figures available).

These figures are not in any way new, but they are not well known, or, at the very least, they are seldom remarked upon. They are hidden, as it were, in plain sight.

The Commission's Work Should Focus on Students, Not Institutions

I am particularly interested in what the Commission can do to address the concerns of these tens of millions of adult learners. I am also interested in what the Commission can do to raise the profile of these students, not only in the eyes of federal and state government agencies, but also in the eyes of university administrators, and even in the eyes of adult learners themselves. They are, in many respects, the future of higher education.

Furthermore – if I can say this without offending any of the college or university representatives on the Commission, or the hundreds of university administrators I work with on an annual basis – I am substantially less interested in what the Commission can do to address the concerns of colleges and universities. In my view, this discussion really ought to focus on students and their needs rather than on the needs of institutions. College and university leaders already have powerful professional associations and lobbying organizations that are diligently at work ensuring that administrators' and teachers' concerns are heard and addressed.

Yet there is, currently, no organized body looking after the interests of this very diverse group of adult learners. Insofar as our nation is undergoing a period of significant change with respect to its economic security, demographic profile, and competitive position on

the global stage, it is especially important at this point in time that we enable our higher education system to become more responsive to the needs of students of all types.

We Need a More Customer-Centric Approach to Higher Education

When I left my last teaching position, at Tufts University in 1997, I had never heard anyone refer to a student as a customer. Today, the term is ubiquitous. I am not overly squeamish about what this portends. I think it's a good thing for organizations to be customer-centric. It's good for my company's business, it's good for colleges and universities, and it's certainly good for governments. Consequently, I would like to see the Commission support the efforts of colleges and universities to become more customer-centric organizations that are better equipped to meet the changing needs of their customers – individually and collectively.

To do that well, colleges and universities, as well as those of us engaged in this conversation, need to have an understanding of the characteristics of those customers, and need to be able to distinguish between the needs of different segments of students.

Among the most pressing needs within the adult learner community, I would highlight the demands for:

- More flexible course or program formats (accelerated courses, certificates, and degrees; evening and weekend classes; education delivered at the work-site and online, as well as on campus; certificates that articulate with degree programs)
- More flexible financial aid for students attending less than half-time, and Pell grants for year-round study
- Easier transfer of credit from institution to institution

I recognize that it can create pain for colleges and universities to attempt to respond to these needs. Faculty object to accelerated course formats, or prefer not to teach online. Financial aid may be used more as a tool to optimize cash flow and improve institutional rankings than as a means of increasing access for those in greatest need. And concern

over the transfer of credits is more often about controlling tuition than it is about the enforcement of particular curriculum standards. Yet colleges and universities derive their own power from their students and it must be their mission to serve them well.

An Opportunity to Advocate on Behalf of Adult Learners

What can the Commission do to support these efforts to respond more effectively to the needs of adult learners? As Chairman Miller noted at the October meeting of the Commission in Washington, D.C., this esteemed group has an obligation to make recommendations, and he stated that those recommendations would not take the form of “directives,” but rather would endeavor to bring focus to the national debate concerning higher education in America. With that guiding principle in mind, I see the primary opportunity for the Commission to be one of advocacy, and I believe that convening a group such as this provides us with a special opportunity to advocate on behalf of this sizable yet seemingly overlooked population within the higher education community. Here are some suggestions:

- Advocate on behalf of the more than four hundred schools of continuing and professional education in the U.S. that specifically set out to serve adult learners through open enrollment programs that offer accelerated certificates and degrees, as well as distance learning opportunities, among a number of other services; likewise advocate on behalf of the more than 2,000 two-year schools operating in the U.S., as well as adult-education focused universities and for-profit institutions, that offer many of these same services
 - Help college and university administrators see their continuing and professional education units as more than cash cows, and remind them that these academic units play a critical role in educating the American workforce; educate the American public about the benefits of community college study and proprietary education with respect to advancing within higher education
 - Support the amendment of the 50/50 rule to permit the growth of online and hybrid delivery of education so that the millions of students that are

already demanding these kinds of courses and programs and the hundreds of institutions delivering them are able to benefit from the further expansion of access and opportunity

- Provide incentives to support the establishment of education and training partnerships between employers and institutions to bring quality learning and development to the workplace
- Advocate on behalf of the development of a financial aid system that is responsive to the needs of adults who study year-round, but may only take a single course at a time
 - While some working adults may be the beneficiaries of Tuition Assistance Plans established by their employers, and while fewer avail themselves of other funding streams, many bear the burden of funding their education themselves, and the dearth of alternative funding sources inhibits their continued education
 - More than 22 percent of prospective adult learners who choose not to enroll cite cost as an obstacle, according to research conducted by Eduventures
- Advocate on behalf of working adults who not only change careers, and move from one part of the country to another, but also study at multiple institutions
 - The movement of our people is increasingly fluid, but institutional efforts to control the flow of tuition create a non-integrated higher education infrastructure that is poorly suited to the needs of these mobile customers

Having outlined those three, broad recommendations, I want to return for a moment to the matter of developing increasingly flexible formats for the delivery of education. In particular, I want to highlight opportunities in two specific areas: online learning and corporate training.

Barriers to Online Learning Should Be Reduced

Today, more than 1.2 million higher education students are enrolled in fully-online certificate or degree programs, according to Eduventures research. That's approximately 7 percent of the higher education community. We forecast the number of fully-online students to grow to nearly 1.8 million by 2007. The most recent figures from the Sloan Consortium indicate that in 2004 more than 2.3 million students – almost 14 percent of all higher education students – enrolled in an online course (as opposed to a fully-online degree program). Our research shows that while only 3.7 percent of prospective adult students have enrolled in a fully-online program, more than 77 percent of those prospective adult students report that they would consider enrolling in a fully-online program. We are just at the start of a major change in how education is delivered.

Clearly, online learning presents a powerful opportunity for adult learners to more effectively incorporate learning into their busy lives. Yet significant portions of the academy remain bogged down in debates over the rigor of online offerings and the threats these courses and programs pose to institutional brands – or at least to their own perceptions of those brands. I don't mean to diminish the importance of issues of quality or brand management – you can have poor online courses just as you can have poor classroom-based courses, for example, and brand can be an important tool in reaching prospective customers – but for some within the academy these arguments are merely excuses for maintaining the status quo and avoiding change at virtually any cost.

To a certain extent, these debates have the character of a disinformation campaign and may be driving prospective students away from online learning. Our research shows that for those adult students who see barriers to their future study online, among the most important concerns is the worry that employers won't regard credentials earned online as being credible – despite the fact that universities rarely make any distinction between those credentials they confer to online learners and those they confer to classroom learners. This is especially troubling given that the majority of employer organizations (51.8 percent) believe that online learning is equal in value to classroom learning, according to Eduventures research. A further 10.5 percent believe that online learning offers superior value relative to classroom learning. In all, more than 62 percent of

employers have taken the position that the value of online learning is equal to or superior than the value of classroom learning. The Commission can do a great service to adult learners and to corporate and government employers by disseminating facts such as these and thereby quickening the widespread acceptance of online learning.

Training Represents an Important and Sizable Opportunity for Higher Education

Finally, I want to highlight the opportunity for universities to play a far greater role in corporate learning and development. According to Training magazine, American corporations spent more than \$51 billion on training in 2004. Of that vast sum of expenditures, the majority (over 74 percent) went to the salaries of internal training staff. But more than \$13 billion were devoted to purchasing services from third-party providers such as professional associations, consultancies, commercial training companies, colleges and universities, government agencies, and others. Eduventures estimates that colleges and universities had only a 5 percent share of these expenditures for outsourced services in 2004 – amounting to about \$670 million.

By encouraging universities to see the provision of corporate “training” – or, if you prefer, learning and development – as an integral part of their mission rather than as a debasing activity that threatens their brands, we can go some distance to delivering high-quality education to greater numbers of working adults. The problem, of course, is that on the whole universities are not designed to respond rapidly to the changing education and training needs of industry. A notable exception, of course, are university continuing and professional education units. But, as I suggested earlier, many institutions treat these units as dirty little secrets – useful for generating cash, but problematic when it comes to brand management.

In a 2005 survey of more than 500 corporate and government organizations undertaken by Eduventures, among the top capabilities employers reported seeking in third-party providers of education and training were “customization” and “applied learning.” When asked to identify those areas where universities could improve to better meet their education and training needs, the top two areas identified were “applied learning” and

“customization.” Clearly, there is still some distance for many colleges and universities to travel before they can effectively serve employers seeking these capabilities.

Yet our history is littered with examples of industries that, at their peril, failed to respond to or even see changes in purchaser behavior – from the railroad industry to the computer hard disk industry to the music industry. When it comes to the adult learner community – those 92 million Americans – our institutions of higher education face similar risks of having their market share substantially reduced and their services increasingly characterized by obsolescence.

We need a higher education system that is far more attentive to the work of segmenting its customers and tailoring its services to meet the unique needs of discrete constituencies within its broad customer base. The “traditional” student is no longer traditional and very soon the “traditional” university will likewise be a thing of the past.

Why a Commission on the Future of Higher Education Now?

I listened intently during the Commission’s October meeting as historical milestones such as the G.I. Bill, Sputnik, and the publication of *A Nation At Risk* were invoked to support the claim that today we find ourselves at another critical turning point in our economic history. I listened as some of you asserted that the urgency of our response today must be as focused and determined as those earlier efforts. I’m not sure I find those comparisons credible. We may well be at an important turning point, but the forces at work today driving change are more defuse. Consequently, I’m not sure that these allusions have the motivating force they aspire to deliver. Over lunch that day, I asked a small number of you what historical imperative you believed justified the convening of this Commission now. The answer I received was somewhat more mundane than the return of soldiers from war or the launching of the space race. “Jobs,” answered David Ward.

It’s not a spine-tingling rallying cry, but, however flat or absent of glamour, it is the right issue. And, in my mind, it is a consumer issue. We need to educate our increasingly

diverse populations so that they can prosper and enrich their lives in ways that ultimately serve the economic, cultural, and competitive interests of us all.