On the 8th day of March, 2023, the following meeting was held virtually, from 1:00 p.m. to 4:00 p.m.
PROCEDINGS

MR. MARTIN: Good afternoon, and welcome to the US Department of Education’s Virtual Learning Listening Session on Bundled Services. My name is Greg Martin, Director of the Policy Development Group in the Office of Postsecondary Education. I’m joined today by Antoinette Flores from the Office of the Undersecretary. We are pleased you have joined us and look forward to what I am certain will be a productive and informative three hours. In a moment, we will proceed with the listening session. But first I would like to introduce Undersecretary of Education, James Kvaal, who has some opening remarks he wishes to share.

Mr. Kvaal

MR. KVAAL: Thanks so much, Greg, and hello, everybody, thanks for being here, welcome to the first day of the Department’s listening sessions on the Impact of our Guidance of how institutions of higher education can compensate their recruiters. I want to say thank you in advance to everyone who’s providing comment today and tomorrow as well as those who have provided written comment or plan to provide written comment. We really appreciate your input and your help in getting these rules right. Our goal, as always, is to put the interests of students first. For many students and
institutions online learning can be an important path to expanding opportunity. It was essential during the pandemic, it remains an attractive option for many students, it can help reach working adults whose family or job needs make being on campus a challenge. It can help expand opportunity at institutions experiencing employment- enrollment declines that threaten their financial health, and it has the potential to deliver high quality instruction at a lower cost than some traditional methods. These are all good things and partnerships with private companies that serve as online program managers can help colleges and universities pursue these goals. Our challenge and priority as an administration has been to ensure that higher education programs, including online programs, deliver value and return on investment to students. Many of these online program managers are compensated under what the Department calls bundled services arrangements. In other words, under certain circumstances, tuition paid to public and non-profit institutions can be shared with for-profit companies who market and recruit their students for online programs. Some colleges have told us that they rely on these relationships to tap into private sector expertise and finance new online programs. Other stakeholders, including students,
faculty, and administrators, have questioned whether bundled service arrangements involved excessive spending on recruiting and marketing resulting in higher tuition and student debts. We’ve also heard concerns about whether students understand who is doing the recruiting and teaching in an online program. When students sign up for an online class, they should get what they pay for and know what they’re going to get. These are complicated issues. Our goal is to ensure that online programs live up to their promise of expanding access while protecting students from abuse, especially low income students who rely heavily on loans. So that’s why public input is so important. The Department’s work is stronger when it’s informed by feedback from the public, and your participation will help us do our job. Our hope is that these two days of hearings, as well as the written comments which we are accepting through March 16th, will help us better understand the benefits and disadvantages of how bundled services operate in practice. We’re hoping to learn from students, institutions of higher education and other stakeholders, and we’ll carefully consider all the input received today and tomorrow as well as the written comments. So I want to say thank you to the Department of Education staff who organized these sessions and will be compiling
all of the public input. You probably noticed that Department staff will rotate through these sessions and we’re sharing information internally to make sure that every comment and every perspective is carefully considered. So thanks again for being a part of this day, and with that I’ll turn it back over to Greg.

MR. MARTIN: Thank you, Mr. Kvaal. On February 16 we published a notice in the Federal Register announcing two virtual listening sessions to receive public comments, recommendations, and suggestions to improve guidance on the Incentive Compensation Prohibition under Title IV of the Higher Education Act of 1965 as amended, particularly with respect to bundled services. Those wishing to submit comments electronically may do so by going to www.regulations.gov. Today’s listening session will conclude at 4 p.m. Eastern Standard Time. The second and final listening session will begin tomorrow at 1 p.m. Eastern Standard Time and conclude at 4 p.m. Eastern Standard Time as well. Listeners who desire more background on the topic of today’s session should refer to the February 16, 2023, Federal Register announcement, which also provides detailed instructions on how to submit comments electronically. That document may be found on Federal Student Aid’s partner connect website
at https://FSApardners.ed.gov. That is the former IFAP website. Before we begin, I would like to remind participants of the three minute time limit, measured from when you commence speaking. I will provide a 30 second warning and inform you when the three minute period has elapsed. Speakers whose remarks continue beyond the allotted time will have their microphones muted. I would also ask that when you come on to speak, please mute your live feed so it doesn’t interfere with your remarks. With that, I will now introduce our first speaker. And it’s— just a moment here. I believe our first speaker today is— Oh, I’m sorry, I just got—Our first speaker today is— will be Haley DeMaria. So Ms. Demaria, if you’re ready to begin, we can start whenever you are.

MS. DEMARIA: Okay. Great, thank you so much. I hope you can hear me. Good afternoon and—

MR. MARTIN: We can hear you, yes.

MS. DEMARIA: Okay, great. Sorry, I was just trying to get into a safe, quiet spot. Good afternoon, and thank you for the opportunity to speak on behalf of a graduate program that changed my life, my professional life, my personal beliefs, and in many ways, my parenting philosophy. My Name is Haley Scott DeMaria and I currently serve as Director of Admissions
of an elementary school in Annapolis, Maryland. After I graduated from the University of Notre Dame in 1995, I began my career in education as a high school teacher, coach, and administrator. At the time, I only had my undergraduate degree, but was seeking to continue my education at a higher level. However, also at the time, the only graduate programs that existed were traditional programs, which was nearly impossible for me as I was working full-time and also recovering from a spinal cord injury. While in college, travelling with the women’s varsity team, swim team, I was in a bus accident that resulted in paralysis. After six back surgeries and many months in the hospital, I regained the use of my legs, but I continue to suffer from nerve damage even to this day. Managing health issues and working full-time did not allow for me to return to a traditional school setting, so I put my dream of a graduate degree on hold. In 2008 I heard about a company that was planning to deliver high quality online degree programs from top universities and I was thrilled. Ten years after graduating from college, I could finally achieve my goal of a graduate degree. But with age also comes wisdom, and I knew I didn’t just want a degree, I really wanted to learn, and I did. Through the MAT at USC I had access to a top ten private education program, the University
of Southern California’s Rossier School of Education while working and living on the east coast and abroad. I learned from some of the top professors in the country while doing my practicum in my local community. I had classmates from different parts of the country with whom I could share and discuss educational issues that were similar and different to what I experienced at my local community school. With an emphasis on diversity and how to reach our English language learners, the MAT at USC broadened my appreciation for, and knowledge of, the importance of educating all children in a diverse environment. I am a changed educator because of the learning I experienced from my online degree program. I am a better educator because of the professors who taught me and became my mentors. I have a greater perspective and appreciation for the importance of diversity and education—

MR. MARTIN: Thirty seconds, Ms. DeMaria.

MS. DEMARIA: Excuse me?

MR. MARTIN: I just said 30 seconds.

MS. DEMARIA: Okay, great. I have a greater perspective and appreciation for the importance of diversity in education because of the diverse perspectives gained from a program where all students
lived and worked in different parts of the country, and I was able to achieve my personal academic goals of a graduate degree only because of an online program. Online education, when done well, is transformative. It has been in my life and in the lives of my classmates and most importantly it has helped me transform my students’ lives in a positive way. Thank you.

MR. MARTIN: Thank you, Ms. DeMaria. Our next speaker will be Bob Shireman. Mr. Shireman

MR. SHIREMAN: Thank you. When I first learned about OPMs during my stint in the Obama administration, enrollment had dramatically expanded at for-profit online colleges where students were recruited into poor quality or poor fit programs at prices that were far above the cost of instruction. Meanwhile, most non-profit, and public institutions lacked online options. OPM companies were a solution. They helped develop programs at the front end, trained faculty in the use of their online platform, and then provided ongoing technical support. Under-resourced colleges could get started without having to find startup money by agreeing to pay the OPM from later tuition payments in the programs. The tuition sharing I just described does not violate the incentive compensation ban with or without the 2011 guidance. But the companies at the time
said colleges knew to be online space needed help with recruiting to start up their programs. That would violate the ban, so they asked for some room to include recruiting in their bundle of services. I was not involved in writing the 2011 guidance, but I do know that it was based on the idea that recruiting would be a small part of the bundle. Today, the 2011 guidance has essentially become a license to completely ignore the statutory ban on tuition bounty payments as far as contractors are concerned. These outside companies are incentivized to recruit and retain students with payments of 40 to 65 percent of tuition, with some as much as 80 percent. Time and again, since the original GI bill, bounty payments for enrollment had incentivized predatory abuses, turning admissions advising into a sales process. That is why Senator Bob Dole proposed the ban that became part of the 1992 ATA reauthorization. Other commentors will describe abuses that have resulted from the way OPMs morphed from online tech providers to recruiting and sales engines, hurting students’ and college reputations. Recruiting is not a necessary part of online program management services. Colleges are fully capable of doing their own recruitment or contracting for recruitment on a fee-for-service basis, just as they already do for their other programs. The
2011 guidance should be rescinded. Without it, OPMs can continue to offer to cover startup costs in exchange for later tuition payments.

MR. MARTIN: Thirty seconds, Mr. Shireman.

MR. SHIREMAN: Just as necessary is that the colleges’ recruiting operation is not a part of the OPM’s portfolio. Rescinding the 2011 guidance will help stem the steep rise in tuition and spending on advertising fueled by OPMs operating in violation of the statutory incentive compensation ban. Thank you very much.

MR. MARTIN: Thank you, Mr. Shireman. Our next speaker will be Barmak Nassirian. Barmak? I’m sorry—

MR. NASSIRIAN: It’s the perennial problem of being muted when you should be speaking.

MR. MARTIN: And the opposite, sorry, actually Barmak Nassirian, I’m sorry about that. Go ahead, Barmak, whenever you’re ready.

MR. NASSIRIAN: Yes, sir. My name is Barmak Nassirian, I serve as Vice President for Higher Education Policy with Veterans Education Success, which is a non-profit research policy and student veteran advocacy organization. We work on a non-partisan basis to advance higher education success for veterans,
service members, and military families, and protect the integrity and promise of the GI bill and other federal postsecondary education programs. I do appreciate the opportunity to offer comments on the 2011 bundled services guidance and its deleterious consequences for not only students and taxpayers, but as well, for its corrupting effect on the quality of higher education institution offerings. As we all know, the ‘92 authorization of the HEA imposed what is as close to an absolute ban as Congress can articulate on payment of commissions, bonuses, or other forms of incentive payment based directly or indirectly on success in securing enrollments or financial aid. The only exception at the time which remains in the books is with regard to foreign students residing in foreign countries. In 2011, the Department decided to unilaterally modify that legislation through a guidance, the bundled services guidance, to allow the payment of a share of tuition revenues for a bundle of services that, as has been pointed out now, includes recruitment functions. That modification really has no basis whatever in the statutory- in the underlying statute, and I just want to remind colleagues that the Department’s inspector general at the time recorded her non concurrence with the decision by pointing out that
we do not believe that the existing statutory ban on incentive compensation allows any incentive payments to entities involved in recruiting based on their success in enrolling students. She was right then, she continues to be right now, so as a matter of law, it seems to me that the guidance is truly misguided and should be rescinded. Of course, the basis for the policy basis for the Department’s tortured interpretation of the underlying statute was the hope that it would enable legitimate institutions to offer quality online programs and better compete with what was then the dominance of shoddy for-profit mega universities [30 seconds]. Sadly, but not unpredictably, the exact opposite has occurred. Instead of creating an ecosystem of accessible, high quality programs, the guidance has imported the worst features of predatory for-profit institutions into traditional higher end. It is high time for the Department to rescind the guidance and correct the mistake it made back in 2011, and I want to point out that in addition, the regulation of any third party partnerships is quite appropriate. Thank you very much. MR. MARTIN: Thank you, Barmak. Our next speaker will be Ben Kaufman. Mr. Kaufman.

MR. KAUFMAN: Ladies and gentlemen of the Department, thank you for the opportunity to speak
today. My name is Ben Kaufman and I’m the Director of Research and Investigations at the Student Borrower Protection Center. Twelve years ago the Department did something many of us have done before—it made a mistake. It created a loophole that obligate colleges a limited head start in expanding their online course offerings. But over the subsequent decade that tiny loophole grew into a multi-billion-dollar boondoggle with students enduring stunning harm while dubious companies and their executives have enjoyed windfall payouts. Today, with this hearing, the Department has the opportunity to learn from this mistake and to begin the vital work of fixing it. The folks making a buck off the bundled services loophole will insist here that the carveout is necessary for schools to be able to provide flexible, innovative course offerings. That’s false, and in any case, the Department should knock off the industry’s talking points. First, we know that the vital services exemption has given rise to the same predatory practices and necessitated the incentive compensation net in the first place. Regardless of OPM’s Rosier marketing, a startling line of student experiences have illustrated how these companies use many of the same high pressure recruitment tactics as the last generation have scandalized for-profit colleges, all to maximize
enrollment in their own bottom line. OPM’s also used additional tactics to keep tuition sky high, even as enrollment surges have often led to devastating drops in program quality. Second, we know that the bundled services exemption has accelerated the hollowing out of public and non-profit colleges. Researchers have documented how incentive-based compensation leads to us being more dependent on an OPM’s efforts over time, not less, allowing these private companies to assert a growing role in educational and other key decisions. This leverage is cemented in years’ long opaque contracts that have proven remarkably hard for a school to get out of, or for members of the public in the advocacy community to even access. Finally, we know that the Department has failed to step in or establish a meaningful oversight apparatus in the OPM’s base, even as it’s become more clear that the bundled services exemption has produced widespread harm. As you know, the GA last year that the Department doesn’t even know for sure how many arrangements there are between schools and OPMs, and that audits of colleges’ relationships with these firms are falling short of the mark. It is not clear that the Department has taken any steps to change this, but that the agency could build out truly robust oversight, even if it wanted to, given its perennial
underfunding. Against this backdrop it’s clear that incremental changes will not cut it. Unless the Department rescinds the bundled services loophole, there will only be more scandals, more lawsuits, and most importantly, more student harm. This failure will be extremely lucrative for many of the well-paid industry representatives here today, but it will continue to be a disaster for higher education. This outcome cannot and it need not arise. Here, now, the Department has the opportunity and the obligation to acknowledge the mistake it made in 2011, reverse it, and protect students. Thank you.

MR. MARTIN: Thank you, Mr. Kaufman. Our next speaker will be Ashley Bell. Ms. Bell, whenever you’re ready.

MS. BELL: Hello, I’m Dr. Ashley Bell. Thank you for allowing me to speak today. I’ve been an educator for graduate programs and physician assisting education for six years. In 2021 I worked for Arcadia University in Pennsylvania. Arcadia had a contract with an OPM to provide services related to developing an online PA program. They were supposed to assist in curriculum development, creation of video lectures, accreditation, clinical sites, and admissions. While they did fail to actually deliver on most of that, my
comments today pertain specifically to the [inaudible] service and instant conversation rules. From the very beginning the OPM pressed the university to accept a class that isn’t much larger than the typical PA class. Most PA cohorts are between 30 to 50 students for a beginning program. PA programs are highly complex and rigorous. The larger the class is, the less likely that a student will receive the individualized attention that they need to be successful. Unfortunately, without any input from faculty, the OPM and Arcadia administration settled on 65 students for the first year, and then they plan to scale up to 125 students per cohort within the first few years of the program. This would make this program larger than almost every PA program in the country. This created concerns about quality right from the beginning. How are we supposed to deliver a quality program and create quality PAs when the students would be remote. The OPM process resources that would ensure this could be done, but as we would later discover, their real focus was admissions and recruitment. The resources they promised were not delivered on and were likely only included due to the bundled services rules. They could not recruit lots of students without also saying that they provided other things as well. Our accrediting body requires that a program present
evidence of sufficient numbers of clinical training sites for the maximum size of the cohort being applied for. So, for example, one student typically needs about 10 clinical training sites, so 125 students would mean that there need be 1,250 clinical training sites in order for the program to even get accredited. The OPM was contracted to find and sign up for these sites, do all the necessary paperwork. After a year of this, the OPM only provided seven of these 1,250 sites that we would have needed to become accredited. And at that point we requested that the OPM and Arcadia lower the maximum class size, which would decrease the number of clinical sites that we needed in order to become accredited. At that point admission- administration at Arcadia reported to us that the OPM refused to lower the number of students and claimed that it was the OPM’s contract that was forcing Arcadia to accept their refusal to decrease the class size. It became obvious at that point that the real reason they would not lower [30 seconds] [interposing] profit. The quality of the program was simply not a concern to the OPM. It figured out how to manipulate faculty, student, most of their work for them. We were so sick of getting pushbacks for every simple request that we ended up doing most of the work ourselves. Yet, the OPM took about 60 percent of
the eventual profit. In the case of a PA program, which is about $100,000, that might mean $16,000 per student that goes to the OPM. Companies— [30 seconds] Thank you.

MR. MARTIN: You’re welcome. Thank you for sharing those thoughts with us. Our next speaker will be Kyle Southern. Dr. Southern, whenever you are ready.

MR. SOUTHERN: Good afternoon. I am Dr. Kyle Southern, and I serve as Associate Vice President for Higher Education Quality at The Institute for College Access & Success, or TICAS, a non-partisan, non-profit organization working for greater affordability, accountability, and equity in higher education. For years TICAS has joined other student advocacy and consumer protection organizations in calling on the Education Department to rescind and replace its 2011 sub-regulatory guidance that opened a loophole for third party servicers, such as online program managers, that enables them to receive and send a base compensation for driving up enrollment with no guarantee for ensuring program rigor or quality. We welcome new guidance from the Department to provide a stronger oversight of these servicers and bring greater accountability for institutional partnerships with third parties that can put students and taxpayer dollars funding their
financial aid all at risk. The proliferation of online education to the Covid-19 pandemic only makes the need to close this loophole more urgent. Online education holds the promise of expanded access to higher education opportunities. The low-quality options make that promise an empty one without proper protections. Problematic business relationships between third party service providers and institutions across sectors to lead to the kinds of practices that harm students in the non-profit, private, and public sectors that we have seen too often in institutions like ITT Tech and the University of Phoenix in the core profit sector. We support several steps to better protect students and taxpayers, including, first, repealing the bundled services guidance which is fundamentally at odds with the statutory ban on incentive compensation. Second, ensuring that third party services are subject to robust oversight and accountability measures, including regular reporting requirements and audits, and third, increasing transparency and accountability for OPMs and other third party servicers, including by requirement to disclose their financial relationships with institutions. Thank you for your consideration of these recommendations as well as for any further actions to better protect the interests of students and taxpayers.
MR. MARTIN: Thank you for sharing your thoughts with us today. Our next speaker will be Tia Caldwell. Ms. Caldwell, whenever you are ready.

MS. CALDWELL: Hi, my name is Tia Caldwell, and I am a policy analyst with the higher education program at New America, a non-partisan think tank. Thank you for the opportunity to comment today. In 2001 the Department created a loophole through issuing guidance in its longstanding ban on paying recruiters incentive-based compensation based on the number of students they bring in the door. Paying for recruitment became a task bundled alongside other services. This loophole is inconsistent with statute and regulation. By combining enrollment targets with other services, and paying OPMs based on the revenue generated, an inherent conflict has been created and incentivizes OPMs to use predatory tactics to recruit students and encourages institutions to charge higher tuition. This is particularly prevalent in the graduate education space where the lack of caps on federal student loans allows students to borrow huge amounts of money for degrees with high cost and relatively low earnings. There are many problematic programs run by OPM, some of which will be highlighted by students, borrowers, and advocates during these hearings. But I want to take this time to
spotlight a couple of examples. In 2018, Concordia University in Oregon shut down, leaving thousands of students in a lurch, and approximately 1,500 staff and faculty without jobs. The shutdown was a direct result of the school’s contract with Hotshot, an OPM it had contracted with to help launch online programs. Concordia ended up paying Hotshot up to one-third of its total annual revenue, leading to financial catastrophe enrollment growth trail-off. Another egregious example is the University of Southern California’s online Master in Social Work program, run by 2U. The degree cost $115,000, but most graduates earn $52,000 or less two years after completing the program. Students in programs run 2U at USC’s School of Education have also complained about deceptive recruiting tactics. Institutions do have better options. Fee for service models which some institutions already use mean colleges only pay for the services they need. They understand the prices they are charged, and they retain control over their programs. Institutions could also separate their recruiting needs from other aspects of program management by using one contractor for marketing and recruitment activities and another contractor for academic services. Institutions can identify the most appropriate company to assist with each aspect, use different payment models for each, and
follow standards for governance and academic integrity. Resending the bundled services guidance will help ensure that institutions comply with federal law, that students [30 seconds] are protected from predatory actors, and that taxpayer dollars are responsibly invested. Thank you.

MR. MARTIN: Thank you for sharing your thoughts with us today. Our next speaker will be Kevin Carey. Mr. Carey, whenever you are ready. Mr. Carey? You’re on mute.

MR. CAREY: There we go. [interposing] Good afternoon. My name is Kevin Carey, I’m the Vice President for Education Policy at New America, a nonpartisan think tank. Thank you for the opportunity to come in today. As you’ve heard, it’s been 12 years since the Department of Education created an exception to the longstanding legal prohibition on paying recruiters financial incentives to enroll students by allowing such payments in the form of revenue sharing if recruitment is bundled with other services. We’ve learned a great deal about how the higher education market responded to those incentives over the last decade. Now is the time for the Department to take stock of that experience and adjust the regulations accordingly. The biggest weakness of the bundled services exception is that it does not
meaningfully account for how big or small the different parts of the bundle can be. Take 2U, the largest of these so-called online program managers that provide bundled services to colleges in exchange for a percentage of tuition that can exceed 60 percent. In its most recent quarterly report to investors 2U stated that it spent $380 million on marketing in the fiscal year 2022. That is more money than is spent on curriculum, teaching, service, support, technology, and content development combined. These amounts don’t include the considerable profits that mature programs can give to 2U and its university partners which together can exceed 40 percent of student tuition. Now, marketing is not legally the same as recruitment, but the two go hand in hand. Expensive online advertising campaigns drive students toward OPM recruiters, some of whom have used abusive boiler room tactics. Marketing and recruitment costs also put upward pressure on college crises, particularly in graduate school programs where tuition is unconstrained by hard caps on federal borrowing. Many students struggle to pay these loans back, or don’t pay them back, leaving the cost to taxpayers. The bundled services exception directly created incentives for OPM contracts in which the vast majority of student tuition goes to a combination of OPM profits, university
profits, and the corporate profits of online advertising giants like Google and Facebook, which is where many of those marketing dollars are spent. Now is the time for the Department of Education to change the incentives and end this harmful debt financed spiral of marketing and recruitment expenses. Thank you.

MR. MARTIN: Thank you very much for sharing your comments with us today. Our next speaker will be- let me check- will be Nicole Hochsprung. Nicole, whenever you’re ready.

MS. HOCHSPRUNG: Alright, thank you. My name is Nicole Hochsprung and I’m the Assistant Director in the Higher Education Department of the American Federation of Teachers, and I offer these comments on behalf of President Randi Weingarten and the AFT, the country’s largest higher education faculty. We welcome this opportunity to comment on the- on incentive compensations, specifically why it should be prohibited and protected. The 2011 guidance on quote-unquote “bundled services” establishes a loophole that must now be unequivocally closed. This guidance has led to the rise of the online program manager, or OPM industry, that engages in predatory tactics for HEA, and intentionally evades other established accountability measures. The 2011 guidance on bundled services allowed
the otherwise forbidden practice of incentive compensation if that activity was combined with other services. This is a plain case of two wrongs making a right, and must be undone because other services bundled with student recruitment are often core academic functions and contracting them out diminishes the quality of education. The AFT is particularly concerned when these other bundled services take the shape of creating course material, developing syllabi or program shells, mandating particular courses or course sequences, faculty recruitment, and course facilitation. This is the actual education students are paying for, often with federal student loans, and students expect to attend the college or university that is listed on their diploma, not a bandage for a for-profit program masquerading as an accredited college. Currently, unions, state authorizers and other stakeholders cannot keep up with what is in these OPM contracts. We welcome the additional guidance the Department released recently to increase transparency, but we don’t only need disclosure. We need safeguards before contracts like this are even signed. Our objections are not only driven by OPM's encroachment on our members’ work, but because of the governance that control structures they evade. OPMs take away from faculty, key academic decisions,
such as which courses to offer and when. Critical teaching and learning decisions should be overseen by faculty, not by someone with a profit motive. If it is necessary to contract out specific technology services to facility learning, faculty should be consulted early and often with access to information such as how much each service costs. Contrary to stereotypes, our higher education faculty members are not Luddites, they’re familiar with and champions of teaching online and in various hybrid modalities. But the collaboration and training it takes to do this work well is often abbreviated or eliminated by third parties with the bottom line in mind. AFT members in education and healthcare are targeted by these bundles. [30 seconds] [interposing] Online programs seem flexible and attractive to our members who already have full-time jobs, but want or need additional credentials. We naturally support our members gaining additional skills, but the decision to enroll shouldn’t be rushed using high pressure sales tactics. Predatory practices are all but inevitable when individuals or firms are allowed to be compensated based on how many people they are recruiting. This is why we urge you to act now, restore the full meaning of the incentive compensation ban in the HEA, and protect the quality of higher education.
Thank you for your time.

MR. MARTIN: Thank you for sharing your remarks with us today. Our next speaker will be Alissa Karl. Dr. Karl, whenever you are ready.

MS. KARL: Good afternoon. Can you hear me?

MR. MARTIN: We can.

MS. KARL: You can. Okay, great. Hello, everyone. My name’s Alissa Karl and I’m the Vice President for Academics of United University Professions. We are the union that represents faculty and professional staff at the State University of New York’s 29 campuses and three teaching hospitals. With about 37,000 members, we are the largest higher ed local in the United States. And I’m actually speaking to you today from the state capitol of New York in Albany, where we’re advocating for public funding for public higher education, and I want to speak a little bit about our concerns with the opacity of some OPM contracts that we have encountered. We have had a lot of difficulties identifying and understanding online programming managers at the State University of New York, and currently individual campuses at SUNY and the campus administrators there make decisions about whether or not to contract with an OPM, it’s not SUNY central
administration, and rank and file faculty and professional staff are not involved in those decisions. This approach makes it very difficult to know what kinds of vendors are actually operating on our campuses. This was the case with an OPM operating at Binghamton University’s School of Nursing, and they were running online courses in 14 different programs and they still are. Binghamton has contracted with the OPM academic partnerships to do this and to manage these programs. They’ve made that contract in 2017, but UUP, our union, only found out about it last year, in 2022. And this was because our research staff literally stumbled upon an anonymous Google drive link containing the vendor contract. Binghamton union leadership was not away from the OPM presence and could not- we could not find any other members who had relevant information about how the OPM was operating. The difficulty in finding members and on the ground faculty and staff with direct knowledge about the OPM is a key choking point in our ability to understand the risks posed to our members, to students, and to formulate a coherent response. What we have been able to gather about Binghamton’s contract with academic partnerships is, quite frankly, troubling. Binghamton contracted with- with academic partnerships in 2017, and again, they manage at least 14 programs in their nursing
school. Although the initial contract has expired, it had provisions for automatic renewal and extension, and we do not have this renewed contract, we have not been able to access it, we just have the original contract. [30 seconds] And there are a lot of red flags in that contract. AP charges 50 percent share of tuition revenue. AP is owned by private equity. It is an overly long contract length with termination limitations. AP has retained the right of first offer for renewing the contract, and there’s an early termination fee of between $250,000 and $1.5 million for the campus to absorb. As my colleague from the AFT noted, AP has given a wider range of duties and sizeable influence. We have data privacy concerns. Thank you for your time today.

MR. MARTIN: Thank you very much for sharing your thoughts with us today. Our next speaker will be Eileen Connor. Ms. Connor, whenever you are ready.

MS. CONNOR: Am I unmuted?

MR. MARTIN: Yes, they can hear you just fine, thank you.

MS. CONNOR: At the Project on Predatory Student Lending, we’ve been hearing from students who have gone to OPM operated programs like [inaudible] and online Masters programs. Students
believe they’re enrolled in a prestigious established institution, and instead they get something different and inferior at an unjustifiably high cost. Only when it’s too late do they realize that what they paid for is not what they were sold. Supposedly reputable schools betray their own students when they rent out their brands and intentionally conceal the role of the OPM. As one OPM president said, the more invisible we are, the better. That’s deception. The structure of the relationship between school and OPM is a recipe for deception and abuse. OPMs often receive a percentage of tuition revenue. They’re guaranteed a certain volume of enrollment. They’re incentivized to enroll as many students as possible and both school and OPM are incentivized to spend as little as possible, supporting students once they do enroll. This sets students up to fail. We’ve spoken with former students of OPM-run programs who plainly did not meet the school’s dated admissions criteria, but were admitted, nonetheless. We’ve spoken with students who have struggled to find externship placements or support for licensing exams. Congress has been clear that incentive consultation poses an unacceptable risk to students and the federal student aid program. Unfortunately, the Department has given a safe harbor to OPMs who use aggressive marketing
and sales tactics that most reputable schools would be embarrassed to acknowledge. That means scripts, emotional manipulation, creating a false sense of urgency to enroll, racial targeting, sales quotas— all of this to sell and deliver a low quality product. We’ve heard from students in OPM run programs taught exclusively by contingent faculty using outdated or irrelevant course material with academic advisors who don’t return their calls. And OPMs are contributing to the rising cost of certain credentials. For example, the University of Southern California partnered with an OPM to offer it online Masters in Social Work degree. In just under 10 years of this partnership, USC nearly quadrupled the size of the program. Today it claims to be the largest social work school in the country, educating one in every 20 social workers. It also happens to be the most expensive program, and USC promised its OPM it would charge the same tuition, over $100,000, for the online program, even though the inputs are clearly different, and so is the product. OPM students are not Zooming into the most prestigious classrooms across the nation. However, they are certainly paying for it. In sum, this is just another page in the for-profit college playbook. We can’t look away and let OPMs become the next [30 seconds] ITT or
Corinthian. So I want to thank the Department for listening to advocates and students today who are sounding the alarm, and I hope that you will heed our warnings. Thank you.

MR. MARTIN: Thank you for sharing your comments with us today. Our next- our next commentor will be Matt Feehan. Mr. Feehan.

MR. FEEHAN: Hi, good afternoon, US Department of Education staff and those listening. My name is Matthew Feehan, Principal of Nearside Solutions, a boutique consulting firm operating out of Jacksonville, North Carolina, and specializing in regulatory analysis. I operate a blog, veteranregulations.com, focusing on important legislative, regulatory, and legal updates affecting US military veterans and service members, often in higher education. According to the US Department of Education, it is [inaudible] incentive compensation guidance to determine what, if any, changes to the incentive compensation guidance might be appropriate. However, some would argue that the Department’s guidance and whether the APA is more aptly making it an issue that affects millions of Americans across our nation and abroad and should be resolved through traditional regulatory means. As such, we must assist the Department
better understand the impact of bundled services exception in the context of growing online enrollment associated with federal student loan debt. We cannot address the topic of the bundled services exception without fully understanding there were lobbyists that played, and continue to play, in shaping higher education policy and subsequently, the higher education marketplace. For those listening who may not be aware of what a lobbyist is, a lobbyist is defined by federal guidance as any individual who is subject to the registration recording departments of the Lobby contract of 1985, the time of completement or reappointment to a committee. Many federal agencies are lobbyists who serve on committees, yet the Department of Education openly regulated military and veterans’ higher education last year using two federally registered lobbyists—Iraq and Afghanistan Veterans of America and Veterans Education Success, one of which is a partner of 2U, Incorporated, recently sued by a student defense and another which recently created a federal conflict of interest ethics investigation conducted by the Veteran Affairs Office Inspector General, and is funded by Arnold Ventures, the same local think tank that funded the flawed public agenda study published today that erroneously compared and controlled and currently enrolled for-profit
institutional students with alumni of non-profit institutions. This is highly relevant to the discussion of incentive compensation because the revenue sharing agreements include GI bill tuition payments, which means that if the Department is not careful, it’ll be in complicit in allowing the handful of veterans service organizations to control the market by literally picking and choosing to which OPM contracted institution millions of our taxpayer dollars to be funneled through targeted regulation and predatory marketing. As an example, partisan lobbyists Iraq and Afghanistan Veterans of America partnered 2U, Incorporated, marketed veterans’ high quality degree programs and online learning designed for real life. The following educational institutions hurt 2U, Incorporated, includes Syracuse University. Kenneth Corvo, an Associate Professor in the School of Social Work at Syracuse University just shared today with the Department that he had grave concerns about the wisdom of Syracuse contracting with 2U corporation.

MR. MARTIN: Thirty seconds.

MR. FEEHAN: My recommendation, for what it’s worth, is that the Department to follow other agencies’ examples- discontinue appointed lobbyists to its communities for the good of our free market and for
the good of our nation’s current and prospective students. Thank you.

MR. MARTIN: Thank you for sharing your comments with us today. Our next speaker will be David Hawkins. Mr. Hawkins, whenever you are ready.

MR. HAWKINS: Good afternoon. I'm David Hawkins, Chief Education and Policy Officer for the National Association for College Admission Counseling or NACAC. The points I’ll emphasize today are first, to underscore the primacy of the statutory and regulatory restrictions against incentive compensation, and second, to highlight areas meriting close examination as the Department moves to implement its new guidance on third party servicers. The history of fraud and abuse involving commission, sales, and student aid programs dates back to the passage of the original GI bill. Allowing incentive compensation in the context of Title IV programs will lead to well-established, well-documented patterns of fraud and abuse. While not all actors are unscrupulous, weakening the statutory ban on incentive compensation has resulted, and will result, in the proliferation of unscrupulous recruitment behavior, as documented repeatedly since the 1950s. NACAC has maintained an ethical best practice against incentive compensation since 1951. Congress enacted its statutory
ban in response HEA 1992 that created loopholes in the statutory ban. As a member of the 2009-2010 negotiating rule making panel on program integrity that eliminated these safe harbors, I can attest that the intent of strengthened regulations resulting from the process was to create an ironclad incident compensation regulation to uphold the integrity of the underlying statute. The Department’s subsequent sub-regulatory guidance allowing compensation based directly or indirectly on the number of students recruited through bundled services therefore undermined both the governing regulation and statute. Given the primacy of statute, creating such exceptions requires congressional action. We support the Department’s effort to ensure the integrity of the incentive compensation law, which is an important front-end protection against fraud and abuse. We do, however, encourage the Department to explore the third party service or guidance carefully to ensure that programs that facilitate college transitions for small cohorts of underrepresented students are not subject to undue hardship as a result. In addition, we encourage the department to work with large public colleges to determine how application screening services similar to financial aid services that solely check applications for completeness and compliance with standards that do
not make enrollment decisions can be accounted for without compromising the integrity of the underlying rule. Thank you for the opportunity to provide input on behalf of NACAC’s 27,000 members.

MR. MARTIN: Thank you for sharing your comments with us today. Our next speaker will be Jeff Maggioncalda. Mr. Maggioncalda, whenever you are ready.

MR. MAGGIONCALDA: Great. If someone could please start my video? Thank you. Hi, my name is Jeff Maggioncalda, and I am the Chief Executive Officer of Coursera. We’re grateful for Secretary Cardona and the Department for the opportunity to provide comments on the 2011 bundle services guidance. Coursera was founded in 2012 by two professors from Stanford University. We have grown into a global online learning platform that offers anyone anywhere access to a full range of online courses and degrees. Coursera partners with more than 300 leading universities and companies to bring flexible, affordable, job relevant online learning to more than 100 million learners worldwide and more than 20 million learners in the US. We offer a learning ecosystem that goes beyond providing degree management services. In today’s increasingly digital economy, the future of education will likely be characterized by blended classrooms, job relevant education, and lifelong
learning. Online learning provides learners with the flexibility that they need in a fast-changing world and is a primary and scalable means of meeting the urgent demand for merging skills. Coursera has helped drive down the cost of online education and increased access to affordable, high-quality education. Most of the degrees offered by our US university partners cost from $11,500 to $27,200 in total price. Every US degree we offer is priced at or below the equivalent on campus degree. Collectively, over 11,300 students are currently enrolled in US degrees posted on the Coursera platform, many of whom would have never been able to enroll in the program of their choice if it wasn’t available online. Our efforts have increased gender equity in higher education by allowing more women in the workforce to pursue accessible and high quality degrees. This is particularly significant as women often take on a disproportionate burden of child and elder care responsibilities. Coursera and our university partners could not have done this without employing a revenue sharing model. We have invested over $570 million to develop the Coursera platform, and we incur additional expenses in connection with the launch of each new degree. Without the ability to use revenue sharing as a pay as you go system, universities would have had to
take on the entirety of the financial risk and upfront funding themselves. Many are not in the position to assume these risks and costs. But Coursera does not take on any academic functions. Our university partners autonomously design the curriculum. They set the admissions criteria and the tuition amount. [30 seconds] Our [interposing] admissions and financial aid decisions and independently award the degree. In conclusion, we ask that the bundle service guidance be retained students the benefits of increased choice, increased access, and lower tuition. It will also allow universities to focus on academic excellence while taking advantage of technological innovations. In our written comments we will propose to the Department’s consideration a set of core student first principles to enhance transparency around these arrangements. Thank you so much for your time and your consideration.

MR. MARTIN: Thank you for sharing your thoughts with us today.

MR. MAGGIONCALDA: Thank you.

MR. MARTIN: Our next speaker will be

Evan Ganick. Mr. Ganick, whenever you are ready.

MR. GANICK: Hello. Can you all see me?

MR. MARTIN: Not yet. We can hear you.

MR. GANICK: I’m going to start my
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video. I’m just going to go ahead and start because of
time limitations.

MR. MARTIN: Go ahead. We’ll try and
get your video up meanwhile.

MR. GANICK: Okay. My name is Evan
Ganick, I graduated with a Masters in Social Work from
the University of Southern California’s online program.
Despite the prestigious perception of this school, a USC
education was not what I received. Instead, my education
was deceptively run by USC’s online program management
company, 2U, and I was lied to every step of the way.
When I decided to apply to USC I was set up with an
admissions counselor to help me get through my
application process. When I confided that I was nervous
about paying for the program, she was quick to reassure
me that I would get scholarships to cover the expenses.
She went so far as to pushing me to accept the USC offer
immediately and to reject my other school offers,
warning that I would miss out on available scholarships.
I put a lot of faith into what she was telling me. I
believed her. I thought I was talking to a USC employee
who had my best interest in mind. What I didn’t know was
that all of this was a lie. I never got the
scholarships, I never got the financial aid I was
promised. I definitely didn’t get the quality education
and job placements that she hyped. She wasn’t a USC counselor at all, but a 2U employee hiding behind a USC email, trying to fill her quota. Under the guise of USC, 2U has been able to recruit and manipulate thousands of underprivileged people with big hearts and big dreams. I’m a southern gay man who wrote on my application about my dream to open a free LGBT telehealth non-profit in the south. The 2U admissions person absolutely used this, used my vulnerability, my passion, and my dream against me to manipulate and pressure me into signing on to the program before my financial aid package was even in place. I wasn’t alone. My classmates— a majority of whom were women, people of color, or single parents, were also manipulated into taking out thousands of dollars of loans, never receiving what they were promised. The program that we were told was highly selective was actually accepting anyone who came to the door and then putting us in classes with unqualified professors that consisted of watching TED talks and YouTube videos. Our career advisors were a joke, and there was zero preparation or support for taking our licensing exam. We were scammed. There’s no other way to say it. Nothing about my online USC MSW was worth the $142,000 of debt I’m in because of it. OPMs shouldn’t be allowed to dictate the price of a university online
program while hiding behind a non-profit brand. My education should not be secondary to their profit. That’s why I’m here today, to advocate for myself, and my peers, and for the countless others who had sought to make the world a better place through social work, and instead are being manipulated. [30 seconds] And instead are being manipulated into these high cost OPM schemes. These OPM programs cannot continue to go unregulated. They need to be held accountable for the harm and deception they’re inflicting. Thank you all.

MR. MARTIN: Thank you for sharing your thoughts with us today. Our next speaker will be John Katzman. Mr. Katzman, whenever you are ready.

MR. KATZMAN: Thank you for this opportunity. I’m John Katzman, CEO of Noodle Partners. Before suggesting new regs I’d like to [inaudible] the core principles behind them. But first, the rationale of the 2011 ETL remains. Traditional schools should be able to compete with for-profit and large non-profits on a level playing field and with certificate programs not subject to Title IV regs. Two is with the advent of targeted digital marketing, the line between marketing and recruiting has all but disappeared, and AI will remove the last vestiges. Based on the study on commission, only six percent of visitors to [inaudible]
gen sites, knowing that the schools were paying to be listed on those sites. When you search on Google for an online program, every listing above the pole is an ad. This isn’t a simple problem. Even as we’re trying to lower the cost of higher ed, marketing and recruiting costs are eating all of our work. Online programs spend 20 to 40 percent of tuition on marketing. Google, Meta, and LinkedIn alone take in several billion dollars a year, a number growing at 15 percent annually. Companies have recruited broader [inaudible] through employers are comfortable taking 30 percent of tuition for their efforts, and taxpayers are subsidizing all of it. Regs should align to- align providers to public policy and to disclose all goals. OPMs have an incentive to spend their marketing dollars on programs generating the largest profit for them, e.g., expensive, non-selective ones, to the detriment of other clients. And by converting themselves into faux PMs, for-profit universities sought to use the DCL to buff their reputations and avoid regulation. Initiatives like the expansion of the third-party servicers should make regulations consistent for all players. Five is every other sector has found ways to merge online and on-ground operations. Home Depot, for example, doesn’t care where you buy the hammer or how it’s delivered to you.
Marketing, merchandising, and management are shared and indifferent to modality. Regulations should encourage higher ed to follow suit. And finally, we want to do all these things with the least possible impact on compliance cost and workload. While complex, these criteria lead to simple regulations. One- bundled service providers should not be a separate class. Two- any significant provider of marketing or recruiting services, including Google, Guild [inaudible], international marketers whose students are eligible for Title IV loans should be considered a third-party service vendor. The definition of significance should ensure we don’t end up putting a regulatory burden on small non-profits. And finally, some costs outside of marketing and recruiting legitimately scale with the size of the engagement, for instance, counseling or technology fees. [30 seconds] We need to allow those and not open the door. For example, do we mark- we do marketing for free and we charge 30 percent of tuition for learning designer transaction fees. We propose that a TPS selling both marketing and a service who sees scalable enrollment submit an annual statement outlining those fees and perhaps we cap such services at five percent of tuition. Thank you again. I’d be happy to answer questions now or in the future.
MR. MARTIN: Thank you for sharing your remarks with us today. Our next speaker will be Jack MacKenzie. Mr. MacKenzie, whenever you are ready.

MR. MACKENZIE: Hi, good afternoon. My name is Jack MacKenzie, co-founder, and CEO of CollegeAPP, a data analytic service for higher education and workforce development areas. I am speaking today on behalf of the millions of adults who did not receive education or training the first time they had a chance. Many of them now realize they have been left behind by the dynamic shift and necessary skills required for 21st century jobs. To do our work, which predicts the future intent of adults related to education, we conduct surveys, a great many of them. Our focus is the future intent. The results from those surveys are what I’d like to share with you today. We have now surveyed more than 200,000 adults all over the age of 18. At first glance the results are not surprising. Seventy-five percent of adults say no, they actually don’t want to get more education. But 25 percent say yes, and that means there are approximately 60 million US adults who have intent to enroll in some sort of education or training. So where are they? Why aren’t colleges overwhelmed with new adult students looking to gain skills and capabilities? The answer is simple. The higher education ecosystem is
not finding or recruiting adults who actually want more education, and there’s a reason. The adults who intend to enroll in the future don’t look like current or recent students at most colleges. When we ask about future intent, 41 percent of Hispanic, Black, and Asian respondents say yes, they intend to get more education. Meanwhile, 17 percent of whites say yes. It’s even lower for white men- 15 percent. You see, a significant portion of the higher education and marketing industry is trained to recruit people based on how closely they look like current students. Do they live in hot zip codes? Do they have household income that previous students enjoyed? Do they come from the same backgrounds as our current students? If the answer to those questions is yes, then they qualify as the best fit prospects, and that is who the tuition revenue share companies chase. They think the odds are in their favor. Low hanging fruit, higher profit margins. The flaw is that the people who actually intend to enroll in education are left off that tree. The adults who today are saying yes aren’t the ones who are getting the ads, the mailers, the text messages and phone calls [30 seconds] because they show up in the best fit models. They do show up in future intent models, but creating those models, future intent models, is expensive,
complicated, and requires re-engineering of the best fit ecosystem. This institutionalized bias actually drives costs up. After all, they’re looking for the wrong same people, and advertising to the wrong people is expensive. These costs get passed along to institutions and eventually to the tuition paying student whose tuition money is often shared back with the marketers, the ones who made the miscalculation to begin with. [interposing] This is not in higher education’s favor. Thank you.

MR. MARTIN: Thank you for sharing your thoughts with us this afternoon. Our next speaker will be Nancy Doorey. Ms. Doorey, whenever you are ready. You’re on mute, Ms. Doorey. Ms. Doorey, you’re still on mute. You’re still on mute. You need to take yourself off mute for us to hear you.

MS. DOOREY: Now do you hear me?

MR. MARTIN: I do, I do, [interposing], and I’ll start your time now.

MS. DOOREY: Thank you so much. Good afternoon, I’m Nancy Doorey, a former two term commissioner at one of the accreditation agencies, WASCUC, where I chaired for a time the structural change committee. The incentive compensation ban is a critical protection for students. However, the loophole established through guidance is
not consistent with the statute and regulations and has created an incentive for predatory OPMs. While chairing the structural change committee I read, as very few individuals have, the confidential contracts and service agreements between several institutions and OPMs. I’ve seen contracts that explicitly place the financial interests of the OPM before the educational or financial interests of the institution or the students it serves. I’ve seen cases in which More than 50 percent of an institution’s operating budget, the lion’s share of which came from federal student aid, was spent by the OPM on marketing and recruitment, even as student completion rates were in the bottom decile of pure institutions. That’s just inherently wrong. Bundled services contracts such as these turn the institution into a captive client, unable to make the changes in resource allocation required to significantly improve student success. Paul Pastorek, president of the University of Arizona global campus, initially argued for a broad OPM contract with Zovio, but just two years later announced that he had voided it because, quote, “of a fundamental difference between our institutional missions,” close quote. One focused on students’ success, the other on financial profits regardless of students’ outcomes. Simply put, revenue sharing models
create exactly this conflict in missions, and therefore should be prohibited. I’m not arguing against for-profit service providers in education. Fees for service models, however, are a much better option, particularly when paired with a requirement that institutions regularly demonstrate that the contracted services are being provided at market rates. Such contracts better ensure that institutions get what they pay for, provide transparency in pricing, and allow schools to mix and match the services they need while retaining control over their programs. The Department should immediately rescind the bundled services guidance. In addition, the Department should also create new, clear guidance for the accreditation agencies to use when evaluating outsourcing arrangements to ensure that the institution remains fully in control of, and accountable for, the services it provides and their impacts on student outcomes. Thank you.

MR. MARTIN: Thank you for sharing your thoughts with us this afternoon. Our next speaker will be Adam Arguelles. Mr. Arguelles, whenever you are ready. Whenever you are ready, Mr. Arguelles.

MR. ARGUELLES: Good afternoon. My name is Adam Arguelles and I serve as Senior Vice President at Academic Partnerships, a company dedicated to
collaborating with regional public universities in
advancing a goal that the leadership of the Department
has championed, an American higher education system that
is built around inclusivity, not selectivity, and around
affordability, not wealth. Of the dozens of universities
that Academic Partnerships supports across 30 states,
over 80 percent are regional public universities, and 25
percent are minority serving institutions. These
institutions pride themselves on providing economic
mobility to their students and to be in the most urgent
workforce feeds their communities and of our country.
The majority of students enrolled in the programs that
Academic Partnerships supports are enrolled in programs
designed to address the acute need for skilled nurses
and teachers. Each of these universities has chosen to
partner with Academic Partnerships on a fee for
persistence basis which is centered on student
persistence and success, and which is reliant upon the
2011 bundled services guidance, especially for under-
resourced institutions who face severe enrollment and
financial challenges. The fee for persistence model
allows them to successfully launch and sustain online
programs despite their lack of upfront capital. Across
all of the degree programs that Academic Partnerships
supports around the country, the weighted average total
tuition of those programs is $15,618. Let me- let me say that again. The weighted average total tuition of the programs that Academic- Academic Partnerships supports is $15,618. To be clear, that is the full sticker price tuition for the entire degree program, from program start through program completion. The weighted average total tuition from Masters of Education programs that Academic Partnerships supports is $11,652. And for Registered Nurse to Bachelor of Science in Nursing programs, it is $8,449. We urge the Department to proceed with caution in its review of the bundled services guidance so as to avoid any unintended consequences such as harming access to the many hundreds of low tuition, high value programs at inclusive, under- resourced institutions the country that depend upon the guidance today. We look forward to sharing much more, including data and specific recommendations, be it written comments, and to continue to be a constructive partner in this process. Thank you to the Department for this opportunity to comment today.

MR. MARTIN: Thank you for sharing your comments with us. Our next speaker today will be Brooke Elliott. Ms. Elliott, whenever you are ready.

MS. ELLIOTT: Thank you. My name is Brooke Elliott, and I am the Executive Associate Dean of
Academic Programs in the Gies College of Business at the University of Illinois at Urbana-Champaign. The University of Illinois entered into a strategic partnership with a third-party entity Coursera in 2015 because we shared a common mission of expanding access to affordable education. We were Coursera’s first degree partner, and we currently offer hundreds of MOOCs, four fully online graduate degrees in Business and Computer Science, and a growing portfolio of graduate certificates. For the Giese College of Business, our partnership with Coursera has enabled us to deliver a level of access and equity in graduate business education that is unmatched and would not be possible without the relationship. Coursera has helped us vastly expand awareness of our programs and supported our mission to slash our tuition to well below the national average for graduate business degrees. Our online Masters in Business Administration, the iMBA, is just $23,000, a third to a quarter of the cost of many competitor residential and online MBA programs. Since 2016 in Gies offerings we have served 3.3 million MOOC learners, 12.300 thousand degree learners, 1.6 thousand under-represented minorities, and 4.1 thousand women across all 50 states and 155 countries. Without Coursera and all they offer, from marketing to technical support,
we would never have achieved this scale or this level of impact. Coursera is more than a marketing service provider. They also provide us with data-driven insights into high demand content, including analytics about educational offerings that allow us to create relevant, engaging, rigorous learning experiences. The value of our partnership is evidenced by our learner outreach and satisfaction, and our largest online degree program our iMBA, which we currently serve over 4.5 thousand learners. We have a 94 percent retention rate and a 96 percent student satisfaction rate. Sixty-one percent of our learners received a promotion or accept a new job during the program, and the average rates during our program are 22 percent. Coursera is an outstanding educational partner, not simply a fee for service provider. We are aligned in our mission to expand access to high quality, affordable education. The revenue sharing model we have with Coursera helps us to align our incentives and our work towards this mission. Our partnership is fluid and we often seek insights from one another and provide advice and services that we cannot have envisioned and would be limited by a fee for service model. If we were unable to strategically partner in the way we do, our ability to reach and server learners would be significantly curtailed, as
would our ability to offer a high quality education at an affordable price. This would be a disservice to learners who would not otherwise have the awareness or opportunity to pursue education at a top university [30 seconds] and also the service to the universities who see the need and have the desire to expand access to affordable education. Thank you.

MR. MARTIN: Thank you for sharing your thoughts with us this afternoon. Our next speaker will be Matthew Perez. Mr. Perez, whenever you are ready.

MR. PEREZ: Hi, hello. Can you guys hear me?

MR. MARTIN: We can.

MR. PEREZ: Yes, this is Matthew speaking.

MR. MARTIN: We can hear you. Whenever you’re ready to begin.

MR. PEREZ: Alright. I feel like the- what was it- the education system is not really- well, I guess it needs a reality check because it’s been a while. What was it? For instance, like, I think they should partner more with businesses because- because, you know, I can’t get, you know, an entry level position without getting mixed answers of what I should do, like, for instance, you know, I applied for a casino- for a
tech position, and they want a Bachelor’s degree or they want the certificate from [inaudible] website, like a network class or [inaudible] class or- and not getting- what was it- a direct response on, you know, on what, you know, what I- deals I should take as I was hoping that, you know, this program with SDSU, the security boot camp or kind of, you know, put me on that path but I’m getting, you know, mixed answers across, you know, everywhere, pretty much. So, I’m like, you know, kind of frustrated that I- even there’s a high demand for companies hiring for tech, it seems like there’s no single direction or- or pathway on how to enter that field other than networking with people, which seems to be the only way that some people have managed to get into tech.

MR. MARTIN: Does that conclude your remarks, Mr. Perez?

MR. PEREZ: I have one thing, but this might lead to an educational point. I also went to another trade school beforehand, also. It was- it was NTMA which is a National Tooling & Machining Association for machinists, and of course- what was it- it was kind of worth- well it was 15K for the program, for learning how to, you know, machine which is, you know, using tools to make a paddock for the manufacturing industry
using precision or, you know, replicate products for the field and I noticed an instructor seems a little, well, out of touch with, you know, with the system.

MR. MARTIN: Thirty seconds.

MR. PEREZ: Like- what was it- like, the instructor didn’t know that fifth access routers were already, you know, in the industry and, you know, you know, it kind of caught me off guard that, you know, though these guys were in the field longer, it kind of seemed like, you know, even though they’re in the field, it seems like nobody has a set, you know, direction in the education system.

MR. MARTIN: Time. Thanks for sharing your comments with us today, [interposing], we appreciate it.

MR. PEREZ: Alright.

MR. MARTIN: Our next speaker will be Harrison Wadsworth. Mr. Wadsworth, whenever you are ready.

MR. WADSWORTH: Thank you very much for setting up this listening session. My name is Harrison Wadsworth, I am the Executive Director of the International Education Council, a 20-year-old association of foreign colleges and universities that participate in the direct loan program under Title IV of
the Higher Education Act so that American students who need help financing their educations can attend and earn a degree. The members of our association include many of the most prestigious and oldest universities in the world. Our members such as University in Canada, Oxford University in England, the University College, Dublin in Ireland, the University of Auckland in New Zealand, and the University of Sydney in Australia are all public and non-profit institutions created to educate their own country’s citizens. Like similar universities in the United States, they accept some international students. We estimate that most no fewer than 100 American students, maybe only a handful. Because it is impossible for these universities to maintain their own staff to cover many thousands of college fairs and otherwise get in touch with potential students in the United States, some of members work with outreach organizations. Since 2011 tuition sharing for bundled services has served to allow those organizations to help American students learn about many of our member institutions, so the students can see they have options for earning degrees abroad. Many American students have no idea that they can use the federal loan entitlement to enroll at a university in another country. This is especially true for students from disadvantaged backgrounds. Today the
default rate for foreign schools is about two percent, completion rates are high and is almost non-existent. Students receiving US direct loans are normally prohibited from enrolling in programs with online elements, and the only proposal to change that, which is currently being considered by Congress would allow only an occasional online course, making any concern about online program managers moot with regard to foreign schools. In other words, the law prohibits foreign schools from enrolling students receiving Title IV loans and online programs and although we strongly believe the law- the law should allow students to enroll in a program that includes some online classes, there is no possibility that foreign schools would create fully online programs aimed at American students receiving Title IV aid. Nothing will be gained by eliminating a way for American students to learn they have some great options abroad, which we fear could be the impact if the bundled services option is completely eliminated. Instead, a better option may be reforms, such as to limit how much tuition can be shared in order to prevent the problems with OPMs that seem to be of such concern. Thank you very much for allowing me to- this opportunity to speak.

MR. MARTIN: Thank you for sharing your
remarks with us today. Our next speaker will be Eloy Oakley. Mr. Oakley, whenever you are ready.

MR. OAKLEY: Hello, everyone. My name is Eloy Ortiz Oakley, and I am the President and CEO of College Futures Foundation and formerly the Chancellor of the California Community Colleges. Let me begin by applauding the Department of Education, in particular the Office of the Undersecretary, for their willingness to take on the necessary updates to the third-party service for definition and Dear Colleague letter. As a leader in higher education in California, I have seen firsthand the devastation done to students by the predatory practices of actors in the for-profit industry. The memories of the Corinthian and ITT closures still linger in California. While the scale of predatory practices appears to have been mitigated in recent years, there remains a cadre of for-profit companies, mainly OPMs, that openly flaunt profit making models that they use with Title IV institutions. These practices should be reined in, and greater transparency is an important step in this direction, along with greater accountability for the institutions that contract with them. Specifically, misaligned incentive compensation structures for the marketing too and recruitment of students should be a focus of the
regulatory efforts. However, I would like to caution the Department that the breadth and the length which proposed appears to unintentionally capture programs, partnerships, and practices that are intended to increase access to post-secondary experience and improves student engagement. For example, many community colleges have revenue share-like agreements with local agencies like fire departments. They also have agreements with employers and non-profit student support providers. These agreements target a specific universe of potential students and are designed for the purpose of providing a skilled workforce like in the case of training first responders or the upscaling of employers’ workforce. I believe that these types of programs and their corresponding agreements should be excluded from some of the most constraining portions of the regulatory framework composed. I appreciate the opportunity to make these comments today and I thank the Department for the work that they’re doing. Thank you.

MR. MARTIN: Thank you for sharing your thoughts with us today. Our next speaker will be Steve Ast. Mr. Ast, whenever you are ready.

MR. AST: Thank you for providing this space to give- to give feedback from the marketplace today, I appreciate it. My name is Steve Ast, I’m a
Senior Vice President at Partner Success at InsideTrack. We are a nationwide non-profit that uses an evidence-based and market proven coaching methodology to improve post-secondary access and completion. Our mission is to fuel social mobility and close equity gaps by empowering and advancing all learners. We use the power of coaching to support individuals in achieving their educational and career goals in forming lives and organizations while creating social change. Over the last 20 years we’ve partnered with nearly three million students and over 300 institutions across the country. Coaching is used in a variety of stages of the student life cycle, from initial enrollment, re-enrolling students who have previously stopped out, persistence retention, and career preparation. Our business model is a fee for service approach. Our services can be delivered in one of two ways. Either our coaches interacting directly with an institution’s students or through a training organizational transformation approach where we work with college leaders and staff to develop an in-house coaching program that they can maintain and run long-term. The same rules apply, we are engaging directly with students or we are only engaging with faculty, administrators, and staff. As a non-profit, every dollar we spend on overhead is a dollar
less than we can spend on mission aligned services. Depending on the cost of all the guidelines in the DCL, this may mean hundreds or thousands of fewer students that we can coach, or it could be dozens or hundreds if you are administrators and staff members that can help build their coaching skills in their in-house program. The potential impact on me is unknown, as the guidelines that are over at the Department are unclear. For example, do you need to see a list of all the Title IV institutions that we work with? Do you need a summary of the services provided? Do you need to see the actual contracts? Do you need to see a list of the students we’ve interacted with? Do you need to see a record of specific conversations that occurred? On a similar note, many institutions have tight budgets and thin staffs, and that’s especially true for institutions that serve a higher percentage of students from under-served, under-represented populations. Every dollar and every hour that these institutions invest and are recording is taking away from their students’ success efforts. Since the DCL, we’ve heard from numerous institutions asking for our interpretation of the guidelines and if they need to cancel our agreement or not partner with us. Clarifying the reporting requirements is critical. In conclusion, we’ve used coaching to improve students’
success [30 seconds] and outcomes for over two decades. As a non-profit organization with an evidence based approach that’s listed in the IES What Works clearinghouse, the Department should be making it easier for institutions to partner with evidence based organizations, not putting up barriers to do so. Please don’t use a broad brush approach to lump all service providers into one bucket. Thank you for your time.

MR. MARTIN: Thank you for sharing your remarks with us this afternoon. Our next speaker will be Parfait Kanam. Mr. Kanam, whenever you’re ready.

MR. KANAM: Hello. My name is Parfait Kanam and I’m a graduate of Northwestern University’s Allied Program in Counseling, developed with 2U. I moved to the US from Togo at age of 12, and I’m the second in my family to attend college here in the United States. As a son of immigrants and a non-speaking English speaker, cultural assimilation was not easy. While we navigated through challenging moments, my parents always said this to me— that peace of mind is the greatest treasure, and I’ve carried that with me in my career as a counselor. After college I was not sure of my path. One day I heard an ad for Northwestern Graduate Program and things clicked. This was an opportunity for me to pursue a path of purpose and
meaning. So why online? I could maybe commute to campus, I could maybe live closer. But for me, studying online gave me the flexibility to be supportive to my family, keep a job, and also learn on my own time. At first, I had my doubts, because when you think about counseling you’re thinking about face-to-face interactions in a physical space. And how am I supposed to learn all of these skills in an online platform? But honestly, I was surprised. I had opportunities to connect with students from different states and backgrounds. In some courses, we had opportunities to also roleplay as clinicians or clients and practice those skills. We learned to read emotions and infer emotions from, you know, students’ vocal tones and facial expression all online. And even the staff from 2U helped me along the way. They found me a placement for me to complete my clinical hours, at a family counseling center, where I'm actually currently working today. So, while I started as a skeptic of online learning, it was actually a transformative experience. It's an enriched experience that prepared me to be an adaptive counselor during the Covid pandemic where most of my sessions were online. For me, I wouldn't have become a counselor without this program. And I believe that most students believe-deserve this opportunity, particularly those who don't live near a
campus with quality programs like this, or those who just don't want to leave and uproot their lives and leave their community to attend a school. There's still not enough awareness, not enough acceptance, not enough treatment for, you know, for mental illness. And that starts in part with training more counselors, making training programs more accessible. I believe that the world needs more counselors, more people with the skill, the empathy to become active catalysts for change. Online programs, like the one that I attended at Northwestern play a critical role in making sure that we can better train counselors in community that need it the most, so that we're being equitable in the kind of care that we give to our most vulnerable populations.

MR. MARTIN: Thirty seconds.

MR. KANAM: Thank you for hearing my story.

MR. MARTIN: And thank you for sharing your thoughts with us today.

MR. KANAM: Thank you.

MR. MARTIN: Okay. We will now take a break until 2:40 PM and we will start back up again with our next speaker. In the interim, you'll see a slide indicating this break. So again, we'll be back at 2:40 and thank you for joining us today. Good afternoon and
welcome back. Before we begin, I would like to note that Ben Miller has joined us from the Office of the Under Secretary and will be with us for the balance of today. With that, I will introduce David Schleifer, who is our next presenter, Mr. Schleifer, whenever you are ready.

MR. SCHLEIFER: Okay, thank you. My name's David Schleifer and I'm the Director of Research at Public Agenda, a nonpartisan, nonprofit organization that-

MR. MARTIN: Welcome back. Before we begin, I would like to note that-

MR. SCHLEIFER: Sorry, I'm another-

[unknown]: Could you turn off, turn off your microphone.

MR. MARTIN: There you go. I think it's good. Let's start again.

MR. SCHLEIFER: Thank you. My name's David Schleifer and I'm the director of-

MR. MARTIN: You have to turn off your, your feed so you can't hear it.

MR. SCHLEIFER: Got it. Sorry about that. Okay, so- okay. So, I'm David Schleifer. I'm the Director of Research at Public Agenda, a nonpartisan, nonprofit organization dedicated to creating and sustaining a stronger democracy. Our work amplifies the
voices of the public in institutional and governmental decision making through research, engagement and communications. In 2022, a public agenda survey supported by the Lumina and Gates Foundations found that 70 percent of young people without degrees believe that a college education is a questionable investment because of costly loans and uncertain job opportunities. In other words, most of the people who need a degree are unsure whether an investment in higher education will pay off. Given the strong national interest in increasing postsecondary attainment, increasing confidence among prospective learners about the value of higher education is critically important. Transparency and oversight are among the tools that can help to build that confidence. Public Agenda's recent survey of alumni of online degree programs supported by Arnold Ventures does not focus specifically on students' experiences in programs supported by OPMs, but it does show that there is room for improvement in how for-profit colleges serve students in online programs and more generally points to the need for oversight of for-profit actors' roles in higher education. In this research, we found that far fewer alumni of for-profit online degree programs are very satisfied with their college experiences compared to alumni of public and private nonprofit online
programs. Meanwhile, more for-profit than nonprofit online alumni say that their college fell short on things like the quality of instructors, the availability of tutors, and providing effective guidance. The only attribute of their colleges that more nonprofit than for-profit online alumni say their college fell short on was providing help applying for financial aid. We also found that half of for-profit online alumni believe that their college prioritized making money, although half believe it prioritized students. By comparison, however, two-thirds of nonprofit online alumni say that their college prioritized students and only one-third say prioritized making money. And finally, we found that more alumni of nonprofit than for-profit online programs believe that getting their degree was worth it. Fewer alumni of nonprofit online programs also report difficulty paying off their loans. These findings suggest reasons to be cautious about the roles of for-profit entities, such as OPMs, in the higher education ecosystem. To increase postsecondary attainment, oversight and regulation should be approached as ways to build confidence among prospective students that their postsecondary investments will prove worthwhile regardless [30 seconds] whether they attend a for-profit or nonprofit
institution, and to build confidence among Americans overall in the value of their public investment in higher education. Thank you.

MR. MARTIN: Thank you for sharing your comments with us this afternoon. Our next speaker will be Kerry O'Grady. Kerry, whenever you are ready.

MS. O'GRADY: Thank you. Good afternoon, and thanks for the opportunity to share my story. I'm currently a fulltime clinical professor with $190,000 in student debt. Approximately $100,000 of that debt is owed to a program that never truly existed. A few years into my higher-ed career, I was hitting walls in both pay and opportunity. Essentially, doors were locked to me until I earned a doctorate, so despite the stress of trying to figure out how to pay for it, in 2017, I started shopping around for online doctoral programs. The rationale for a fully-online program was because I couldn't quit my job, so I needed a part-time schedule and night and weekend coursework, nor could I pick up and move to another city to attend all in-person classes. It was about this time that I came across Vanderbilt University's online EDD Program in Leadership and Learning and Organization, which hadn't had a graduating class yet. I sent an inquiry for information and was immediately contacted by someone named Andrew
with a Vanderbilt email address saying that they were an admissions counselor. After weeks of back and forth and assurance that this program was perfect for me because other students going through it wanted my exact career path, I was highly considering the program, but something didn't seem quite right, especially because the curriculum of the program's website didn't match what the counselor was telling me. Over a few additional phone and email conversations with Andrew, he convinced me that once I got into classes, I would get the training I needed for the next step in my career. I ended up applying and got in. I cut a check and suddenly Andrew's communication dropped off before eventually disappearing. I would try and reach out only to be told that I was being moved to another advisor. I would reference Andrew to others at Vanderbilt admissions, who had no idea who he was. I spent the next 3.5 years in low-quality academic programming with mostly ill-prepared instructors, taking classes that had nothing to do with my chosen profession, being the only one in my classes who had my career goals. I stayed in the program and didn't withdraw because I couldn't go through an admissions process again. I couldn't waste any more money and I couldn't put my life on hold to start over, but I paid the price for it, and not only with my
wallet. Bringing up my concerns to Vanderbilt leadership about the quality of the education yielded retaliation, gaslighting, and emotional distress. At this point, the ending of my story may seem obvious. Andrew, the admissions counselor with the Vanderbilt signature, email address and phone intro as a university employee never worked at Vanderbilt. He worked at 2U. He didn't know anything about the program, and sold me a dream that may never be realized and was essentially paid to get people like me to buy into his sales pitch. Today, I'm not only in severe debt, but I'm also furious. I didn't get the education promised to me and at the present time [30 seconds] completing the program hasn't yielded any direct career benefits, monetarily or otherwise. I'm angry at Vanderbilt for allowing this to happen. I'm angry at 2U's deceptive practices that impacted my future, and I'm angry at myself for placing unconditional trust into a system that ultimately failed me. Thank you for your time.

MR. MARTIN: And thank you for sharing your thoughts with us this afternoon. Our next speaker will be Erica Gallagher. Ms. Gallagher, whenever you are ready.

MS. GALLAGHER: Hello?

MR. MARTIN: It would help if you
turned up your mic a little bit. Sure.

MS. GALLAGHER: How's that?

MR. MARTIN: That is better. Thank you.

MS. GALLAGHER: Thank you. Hello. My name is Erica Gallagher. I am a graduate of the University of Southern California's online Master of Social Work program. Or to put it more accurately, I am a graduate of 2U’s online Master of Social Work Diploma. Mill. 2U is the online program management, or OPM company that runs USD’s online MSW program. When I decided to attend USD, I had no idea that the online MSW program was actually run by 2U. I didn't know that my classes were going to be taught by instructors, who were hired specifically for the OPM classes, rather than USC professors, or that they would be using [inaudible] to teach me. I didn't know that OPM employees were the ones assigning us field placements, many of which had nothing to do with our experiences or our goals. I didn't know that the admissions representatives and the counselors I was emailing on a day-to-day basis were actually OPM employees and not actual USD staff. That's because they went to great efforts to make students believe this was fully a USD program, even arming 2U employees with USD email addresses. If I had known, I
would never have enrolled. From the moment I looked into the program and to the moment I graduated, I was lied to. I was promised a USD education that would open doors for me and that's not what I got. Instead, I got a shady, yet equally expensive version of USD's on-campus MSW program. It's so important for people to realize how much this OPM model hurts students and society as a whole. It rewards greed and profit at the expense of a quality education. It incentivizes schools to sign up as many people as they can, charging top dollar for subpar programs while hiding their deception and profiteering behind the nonprofit brands of well-regarded schools. The fact that they did this with a social work program with a macro track to people who were trying to build a career motivated to help others adds even more insult to injury. Having this degree was supposed to change my life, but all it has done is complicate it. Sorry, all I've gotten with this diploma is the mountain of debt and anxiety. Thank you for listening.

MR. MARTIN: Thank you for sharing your thoughts with us this afternoon. Our next speaker will be Gail Solod. Ms. Solod, whenever you are ready.

MS. SOLOD: Thank you so much. Hello. I'm Gail Solod. I'm joining today as a graduate of George Washington University's online Master's program
in Public Health, developed with 2U. Prior to attending GW Online, I worked in high-tech finance as well as in the pharmaceutical and medical device fields. I began seeing how political forces and cuts to Medicaid and Medicare were impacting people's access to healthcare, especially those from disadvantaged populations. I decided to go back to graduate school to learn how to advocate for them and create a more inclusive US healthcare system. In making this choice for a mid-career, it was important for me to find a flexible, high quality and logistically accessible program. I decided on GW due to the quality of its MPH program, the faculty, and the strength of its involvement in health policy. But I was living in Colorado and moving to Washington DC wasn't a possibility for me at the time. GW enabled me to achieve my education goal without a significant disruption to my life. The program was incredibly comprehensive, and they did a phenomenal job of making us feel part of the university, regardless of our geographic location. The diversity of nationalities and professional backgrounds really helped expand the homogenized viewpoint you often get with on-campus programs. In so many ways, I feel like I received a better learning experience online. The program was also instrumental in helping me achieve my goal of working
for an organization that directly addresses inequities in our healthcare system. I was able to take the knowledge I acquired from GW Online and use it to help reduce costs as a barrier to health for women in our country. I'm very passionate about the work I do now, increasing access to high quality, affordable drugs and devices, and increasing transparency in our healthcare system overall. The fact that I'm continuously applying what I learned from GW Online also brings more meaning to my own life. We now live in an environment that better understands the value of a virtual world. Because of the pandemic, many institutions have pivoted towards remote learning and work, which has helped [inaudible] to people previously constrained by location, just like me back in Colorado. Many people pursue an MPH program later in their careers after they've established themselves geographically. An online learning environment like GW’s [30 seconds] helps reduce barriers to access and create more opportunity and options for everyone. This concludes my comments. Thank you for your time and consideration.

MR. MARTIN: Thank you for spending some time with us this afternoon and sharing your comments. Our next speaker will be Tekoya Boykins. Ms. Boykins, whenever you are ready.
MS. BOYKINS: Hello. My name is Dr. Tekoya Boykins, Assistant Director of Academic Strategic Planning and Support and Academic Partnerships, and I've been in higher education for 20 years. I'm also a minority, who has made intentional strides to rise above life circumstances. I'm a first-generation college student from North Tulsa, Oklahoma, who is proud of where I'm from because it has allowed me to see the world in a different way. It's important for me to begin with where I am from because that has often meant that we have had limited resources readily available to us, and even today, we have had to take additional measures just to get basic needs. Our access to what is necessary and important is limited because there are no options available to us. Limitations may come in the form of transportation where many can't commute long distances or rely solely on public transportation for basic needs, work or even school. And this means that we don't have access to quality grocery stores to survive, nor do we have access to quality education to thrive, until today. And OPMs, like Academic Partnerships, has increased access to those of us who desire to thrive, to those of us who desire to make a difference in the world in which we live, to those of us who refuse to succumb to the status quo and to those of us who refuse to allow
what appears to be limitations to limit us. Academic Partnerships creates a sense of hope for those of us who were once hopeless by providing access to affordable, high-quality online education. Because of their focus on online education, we are able to enroll in colleges and universities that we once thought would never be optional and do so without being concerned with how we will get to a physical building or high tuition. We are now able to birth our dreams right from our homes, and this is all made possible to those in communities like mine, through university partnerships. And those partnerships provide us with access to affordable and quality education that has not always been available. And the same access to education that Academic Partnerships provides has allowed us to shift the narrative in our communities and our worlds. They provide hope. And many of us are where we are today because organizations like Academic Partnerships have created bridges to worlds of possibilities that we once thought did not exist. And thank you for the opportunity to provide comments today.

MR. MARTIN: Thank you for sharing your comments with us. Our next speaker will be David Lees. Mr. Lees, whenever you are ready.

MR. LEES: Hi. Good afternoon. Thank
you for the opportunity to speak today. My name is David Lees, and I am the Director of Distributed Learning and Educational Technology at La Salle University. Today, I would like to talk to you about our partnership with Academic Partnerships and how it has expanded our ability to offer successful online programs. The university is a small—La Salle University is a small Catholic institution in the highly competitive market of Philadelphia, Pennsylvania. We have an approximate headcount of 4,000 students, of which 400 are online. We began our partnership with AP in March of 2017 and launched two fully online programs in the fall of 2017. Those programs were an RN to BSM program and an MBA program. In the fall of 2019, we expanded our partnership and launched two nurse practitioner programs, a family nurse practitioner and adult general nurse practitioner. The growth of these three programs is nearly double the growth of about 20 fully-online programs and certificates offered by the university. Our partnership with the OPM provides us with the resources which we do not have to launch online programs. Additionally, the OPM assumes most of the upfront risk for the launch of new programs. Our OPM provides us with market research, marketing dollars, human resources supplement our missions team, retention services and
structure design services, and broad training opportunities for our entire university faculty. These services have led to strong but manageable and sustainable growth in our online programs. Our growth is yet to overwhelm any of our departments. The OPM provides the university with a flow of qualified applicants, then the university makes all admissions decisions based on the same criteria used for all programs, regardless of modality. The quality of courses has not diminished through our partnering with an OPM. All of our courses are designed and delivered by the university's full-time faculty. The program curriculum is fully directed by the university, and the course caps were never increased. There's been no significant difference in student success between partnership programs and other programs. With regard to tuition, initially, OPM have advocated for lower tuition rates to make our university more competitive. Over the years, the university has increased the tuition rate of the programs in the partnership to match the tuition rate of similar programs. However, a benefit to the students in the partnership programs is that there are no fees charged for those programs. In summary, our partnership with Academic Partnerships has expanded our reach to offer online programs and has provided [30 seconds]
[interposing 02:00:53] management growth. We have been able to maintain the quality of our courses and I've seen no significant difference in the success of students. We are grateful for the resources we received through the OPM and we'll be expanding the programs offered through the partnership this summer and hope to offer more programs in the near future. Thank you for your attention.

MR. MARTIN: And thank you for sharing your thoughts with us this afternoon. Our next speaker will be United States Representatives, Rosa DeLauro. Representative DeLauro, whenever you are ready.

MS. DELAUNO: Okay. Thank you so much, and I appreciate the opportunity to be with you today. You know, in 1992, during my first term in Congress, I voted to establish the Incentive Compensation Ban to protect students from predatory recruitment practices in higher education. Unfortunately, through faulty sub-regulatory guidance issued in 2011, the Department in my view, established a dangerous loophole to this protection, paving the way for tuition sharing agreements between universities and aggressive for-profit online program management recruiters. These arrangements undermine the law. And sadly, students now have fewer protections from predatory recruiters than
when the ban first passed. I find this unacceptable, and I believe that it must change. Too many for-profit OPMs are misleading students, driving up the cost of education, leaving students with a low-value education, excessive debt, and low-paying jobs after graduations. And they do this under the guise of innovation, at the expense of students, and aided by loose regulation and nearly non-existent oversight. This is plain wrong, which is why I've been fighting to maintain the integrity of our great system of higher education and to protect students against these predatory practices. Last year, I questioned Secretary Cardona on this issue at a Committee hearing. I outlined my concerns in the fiscal year 2023 House, Labor HHS education report, and I wrote a letter with colleagues requesting information on the Department's oversight of OPMs. Most recently, I authored a piece, which seemingly struck a chord with one of these predatory OPMs, where I outlined actions I hope that the Department will take. Above all education should rescind its flawed 2011 sub-regulatory guidance. In addition, the Department should immediately enforce common sense aspects of the otherwise flawed guidance, including requirements that contractors are truly independent entities not involved in decision. Finally, the Department should invoke serious consequences and
penalties for schools and OPMs that will deter predatory behavior. To that end, I want to applaud the Department for its updated third-party service or guidance, which makes clear that schools and their OPMs will both pay the price when they receive a financial penalty for deceiving students. I urge the Department to maintain this new safeguard and refrain from adding harmful exceptions and loopholes. I will never fight, never stop fighting until we prioritize our students. I appreciate your holding this listening session and I hope to continue working together on behalf of students and taxpayers. Thank you very much for this opportunity.

MR. MARTIN: And thank you for sharing your remarks with us this afternoon.

MS. DELAURO: Thank you.

MR. MARTIN: Our next speaker will be Amanda Smith. Ms. Smith, whenever you are ready.

MS. SMITH: Thank you. Can you hear me okay?

MR. MARTIN: We can.

MS. SMITH: Excellent. Good afternoon. My name is Dr. Amanda Smith, and I serve as the Chief Academic Officer at Academic Partnerships, a company dedicated to helping regionally accredited community-serving primarily public state institutions survive and
thrive in an ever-increasingly competitive marketplace. Did you know that most regionally-accredited community-serving institutions may only have one instructional designer on campus to help faculty design online? And did you know that the for-profits and megabrands may have as many as 30 or more? Academic Partnerships provides robust upfront investment in key areas of online learning, ensuring that faculty and program leadership have personalized and tailored support as needed to help stand-up competitive course offer schedules, and optimize student experience, while also ensuring that every faculty member has access to a quality Matter certified ID, who can help that faculty retain full oversight of the faculty's very own outcomes-based, workforce-relevant curriculum delivered in a 21st Century online offering. Most regionally-accredited community-serving institutions have faculty who have either never taught online, or who think that teaching online means delivering emergency synchronous Zoom sessions, like those offered during the pandemic. Meanwhile, the for-profits and megabrands are launching multimillion dollar portfolios of elegant online learning every year. Academic Partnerships provides robust professional development for faculty at each university that we serve, not only at the onset of
program launch, but for the lifetime of the partnership to help our faculty partners gain a deep understanding of the workforce professional they're aiming to serve in order to design a highly flexible, facilitated, interactive, and highly affordable online learning experience that meets the needs of a growing number of students today, head-on. Most regionally-accredited community-serving institutions do not have the marketing budget to sustain a couple of existing programs, let alone an online portfolio. Meanwhile, the for-profits and megabrands have hundreds, if not thousands of employees on staff supporting every aspect of online operations with multimillion dollar budgets across each functional area. Academic Partnerships is able to match these types of investments in marketing and student services, raising brand awareness of our country's most beloved community-serving institutions, while ensuring the highest quality student experience for the individuals they serve. Without the [30 seconds] supportive organizations like Academic Partnerships, our country's community-serving institutions may fail to survive and thrive. They simply do not have the resources required to keep pace with the for-profits and megabrands that are sweeping market share in a rapidly-expanding online learning space. This would not only
hurt the institutions who cannot compete, it would hurt the local communities, the local employers, and most of all, the millions of students across the country that are regionally-accredited community-serving institutions aimed to serve. This concludes my comments. Thank you so much for the opportunity and for your time and consideration.

MR. MARTIN: And thank you for sharing your remarks with us today. Our next speaker will be Anne Skleder. Ms. Skleder, whenever you're ready.

MS. SKLEDER: Good afternoon. My name is Anne Skleder and I'm President of Brenau University in Gainesville, Georgia. Founded in 1878, Brenau is a private, nonprofit comprehensive university with a rich tradition of educating women and providing access to first generation students. Brenau initiated co-ed studies in the 70s, although 89 percent of our student body is female. We are accredited to award associates through doctoral degrees. Brenau’s 2,700 students include 1,400 undergrads and more than 1,000 students enrolled in online programs. As president, I understand the needs of our students, and we need discretion at our institutions to make decisions that best serve our students. Smaller private institutions like Brenau are well equipped to determine what contractual and economic
structure- structures work best for us. My colleagues and I should be able to continue to choose a revenue sharing arrangement when it meets our students' needs. We particularly support the policy requiring a robust bundle of services Beyond recruitment. Brenau’s faculty and staff maintain control of all decisions relating to admissions, curriculum, financial aid. I want to stress that we would never cede those decisions to an outside entity. Additionally, flexible contract arrangements are designed to help each institution achieve its unique mission and goals with sufficient autonomy when working with external providers. This is really important to us. Some institutions seek revenue sharing arrangements, so their initial capital expenses are made by a third party, not the institution. In addition, revenue sharing models allow institutions to take on less upfront risk than fee-for-service models, which is particularly important when we're building new programs to expand educational access to more students. Many institutions, especially smaller universities like us, that currently utilize a tuition sharing model to initiate and launch new academic programs that serve our community needs might otherwise be limited, if capital investments for startups were born solely by the universities. In conclusion, it's important to acknowledge and support
the Department of Education's interest in understanding the value of services to the institution and to students. These services don't stop at enrollment. They help institutions ensure successful student retention, persistence and completion of degrees. That's our ultimate goal. Successful graduates, who go on to make a difference in their professions and in their communities. I thank you for this opportunity and for your time and attention.

MR. MARTIN: Thank you for spending time with us and sharing your remarks this afternoon.

MS. SKLEDER: Thank you.

MR. MARTIN: Although we do have more speakers scheduled, at present, we don't have anybody in the queue. So, while we get that straightened out, you'll see a slide that indicates we are waiting for the next speaker to, to join us. So, we're not going on a break, but it'll just- you'll just see the slide until the next person comes up. So, oh, okay. I've just been informed that we have our next speaker and that is Gerard. I hope we can get his name correctly. Gerard Scimeca is now ready to speak. So, Gerard, whenever you are ready. Gerard?

MR. SCIMECA: Okay, now I'm- They, there. Everyone can hear me okay?
MR. MARTIN: Yes, we can hear you.

MR. SCIMECA: Great. Thank you. I'm Gerard Scimeca. I'm the Chairman and Cofounder of CASE, Consumer Action for a Strong Economy. At CASE, we advocate for policies that lead to economic growth and greater market competition that deliver consumers more choices at greater value. Students in higher-ed are, of course, consumers, who make market choices based on cost, available options, and personal needs. In standing with these consumer interests, CASE is strongly opposed to any revised Department of Education guidance surrounding online program managers or OPMs that would eliminate or weaken the bundled services exception. The DoE's, multi-pronged targeting of OPMs is the troubling and misguided case of regulatory overreach and its seeming unwillingness to acknowledge the potentially harmful consequences to students' educational opportunities. It is the proverbial ready, fire, aim rulemaking, and it represents a significant step backwards in higher education governance.

MR. MARTIN: Mr. Scimeca, are you still with us? We seem to have lost Mr. Scimeca. Waiting for the next person to be queued, and when that happens, I'll- I will announce that person. Thank you, everyone, and I appreciate your patience. We are back again, and
our next speaker is Dr. Kashif Asdi. Dr. Asdi, whenever you are ready.

MR. ASDI: Good afternoon. I appreciate the opportunity to share my comments on this important subject. My is Dr. Kashif Asdi. I'm a first-generation college graduate and first in my extended family to earn a Ph.D. I can relate to this current population who face unique challenges in having access to higher education and succeed academically and professionally. I've dedicated my 25-plus years of service as a faculty and an academic service provider to support a wide variety of higher education [inaudible]

MR. MARTIN: Dr. Asdi, are you still with us?

MALE SPEAKER: Can, can you hear us?
MR. MARTIN: Can you hear us, Dr. Asdi?

MR. ASDI: Yes, I can. I was hearing a feedback loop.

MR. MARTIN: Oh, you need to- what you should do is turn off your live feedback- your- so that you're not listening to the presentation while you're talking. If you do that, you're going to hear- you're going to hear the live stream. So, yeah. Turn that off. That would- that would help.
MR. ASDI: Do you want me to start over, or do you think—

MR. MARTIN: You can continue from where you were. I, I- I've reset the call. I'll, I'll take the time off your clock. Go ahead.

MR. ASDI: Oh, okay. Thank you. I'm— I've dedicated my 25-plus years of service to faculty and academic services provider to support wide variety of higher education institution, including regional, public and nonprofit universities in making lower cost and high-quality online program accessible to students. I'm currently a Vice President of Academic Services at Academic Partnerships with a mission to expand access to top quality, affordable, and workforce-relevant education. Online program management companies are diverse and have different approaches to manage online programs for their partner universities and colleges. It is important not to generalize them all as being the same. For example, Academic Partnerships provide conservative support to faculty while empowering them to design, develop, and deliver student-centric online programs. There are no curriculum decisions made for them. The research-based best practices are shared with faculty, and they make the final decision about their curriculum. All these things at Academic Partnerships
are based on mission. And that mission is to empower partner universities and their faculty for student-centric online programs and provide access to high-quality, low-cost workforce-relevant online programs. I'm all about transparency and accountability for online program management companies and their partner universities. The success of bundled services could be measured in terms of how many students got access to education, which they wouldn't have otherwise. How many students persisted and graduated on time, what was the financial burden on those students and what were the career outcomes for the students? I'll conclude with sharing my belief that education is a key driver of social and economic mobility and that everyone should have access to benefits that come along with a college degree. And I have lived through that experience myself. I appreciate the leadership of the Department and the stakeholder to participate in this discussion and allowing us public to hear our thoughts and experiences. I wholeheartedly support transparency, quality assurance, compliance, and performance metrics for online program management companies and their partner universities. The bundled services exemption has allowed partnerships to be created that otherwise may not have been formed. These partnerships are essential to create
a more equitable and just society by ensuring [30 seconds] that all students have the opportunity to achieve their full potential through education and have a positive impact on their personal lives and people around them. Thank you again for this opportunity. Take care. Have a wonderful day.

MR. MARTIN: Thank you for sharing your comments with us this afternoon. Our next speaker will be Mario Lopez. Mr. Lopez, whenever you are ready. Mr. Lopez, are you with us?

MR. LOPEZ: Can you hear me, okay now?
MR. MARTIN: We can, yes.
MR. LOPEZ: Okay. Thank you. Sorry about that.

MR. MARTIN: No problem.
MR. LOPEZ: Good afternoon, everyone. My name is Mario Lopez. I'm President of the Hispanic Leadership Fund. We are a nonpartisan advocacy organization dedicated to strengthening working, working families by advancing common sense public policy solutions that promote liberty, opportunity, and prosperity. I'm here today to comment on efforts to repeal the bundled service exception. We believe that repealing this exception will stifle efforts to make education more accessible to non-traditional learners.
Opponents of the bundled services exception insist that revenue sharing contracts between third party servicers and institutes of higher education IHEs yield negative educational outcomes, but there is far from sufficient evidence to make this claim. In addition, the argument suggests that alternative modes of education are inherently inferior. Historically, higher education has mostly been a privilege of upper and middle class students, whose families can afford to fund their education and housing, or who can access and assume loans, for example, while working limited hours, if at all. Still today, less than 40 percent of American adults over 25 years old have a bachelor's degree, despite broad awareness that higher education is a key driver of upward economic mobility. We believe that figure would be greater if potential students were not deterred by the cost of childcare, lengthy commutes, uneconomical student housing, and other socioeconomic barriers. Third party servicers help IHEs to scale their course offerings and provide online programs that neutralize many of these barriers. It creates a more even playing field for students of all backgrounds. The bundled services exception is essential to this because it allows IHEs to mitigate upfront risk. One result of taking that capability away would be many students
losing their opportunity to pursue a quality education that conforms to their needs. The Department posits that students belonging to disadvantaged communities are being lured by substandard online programs facilitated by OPMs. But again, we don't see concrete evidence for this. Applications at selective universities have never been higher, and economic diversity at top colleges is constantly improving. The only institutions which are credibly threatened by the online programs in question are those which are themselves deficient and depend on the absence of alternatives to drive their own enrollment. Online courses will never fully replace in-person education, nor should they, but they are essential to improving access to education.

MR. MARTIN: Thirty seconds.

MR. LOPEZ: Online program managers and third party servicers play an important role in this regard. We should be incentivizing arrangements and technologies that make higher education access more equitable and improve the lives of all American children, not holding them back. Thank you for the opportunity to present these comments.

MR. MARTIN: Thank you for sharing your remarks with us this afternoon. Our next presenter will be Helen Drinan. Ms. Drinan, whenever you are
ready. Ms. Drinan? Ms. Drinan, if you are speaking, we can’t – we can’t hear you.

MS. DRINAN: I'm, I'm not muted.

MR. MARTIN: Oh, okay. We can hear you now. We can see the top- if you move your camera down just a little bit so we can see the, the balance of your face.

MS. DRINAN: Okay.

MR. MARTIN: That's fantastic. Yes, that works really well. Thank you.

MS. DRINAN: My institution is a new partner with 2U in the delivery of quality online learning experiences. Our partnership includes a doctorate in Educational Leadership and a Master of Education and Curriculum, Instruction and Assessment. The content of these programs reflects a partial redesign of equivalent on-the-ground programs in order to meet national student expectations, while the tuition is the same. Currently, we recruit students only in our local area because we have very limited marketing capacity. We believe our high-quality mission-driven education deserves to compete nationally because our graduates have been very successful and we want to offer that opportunity across the country. This calls for far more expertise in technology-based recruiting them, who
can’t possibly afford a loan. 2U has guided our programs well and quickly. We have had no upfront financial obligations for overall launch expertise, marketing support, infrastructure consultation, or any of our student needs. For a tuition-dependent, modestly endowed institution, this backing is the difference between getting into expanded markets and not. We do have our own experience with the fee-for-service model, and it demonstrated the trade-offs between revenue share and fee-for-service through very disappointing outcomes. We were required to fund everything 2U is now funding as best we could before a single student paid us a dollar of tuition at a level which was both challenging and yet insufficient to the task. The re- results never met projections, leading to very low total enrollments, significant financial losses, and ultimately program suspension. At that point, online education seemed doomed for us, while the need for this potentially new revenue source grew only more urgent. My testimony about my previous experience at another institution where we partnered with 2U to deliver Master's and Doctoral programs in Nursing and Social Work, and Behavioral Analysis and Public Health gave my current community the courage to try offering online education with a revenue share partner. So far, they’re enthusiastically engaged
with 2U because they can see that our interests in student success are totally aligned. We only pay for 2U’s services once we enroll and then re-enroll students and we and 2U are together, engaged in supporting persistence to graduation because it pays off for our students, for the university, and for 2U. We also value the clear delineation of our responsibilities. While 2U handles the marketing, recruiting technology, and various other support services described, we as an institution maintain full control over pricing, accreditation, curriculum, admission standards, graduation requirements, faculty appointments, program size, and financial aid awards. Experience [30 seconds]. Experience has taught us the perils of fee-for-service for a tuition-dependent modestly endowed university. However, it is clear that there are many institutions with different considerations for whom fee-for-service or other arrangements, might be perfectly suitable. It is our fervent hope that the array of options for potential partnerships will remain broad as American higher education adjust to the increasingly competitive demands of places. Thank you for hearing my comments.

MR. MARTIN: And thank you for sharing your remarks with us today. Our next presenter will be Kelly McManus. Ms. McManus, whenever you are ready.
KELLY MCMANUS: My name is Kelly McManus. I am the Vice President of Higher Education at Arnold Ventures. Arnold Ventures is a philanthropy dedicated to tackling some of the most pressing problems in the United States, including ending predatory behavior in higher education. For more than three decades, Congress has prohibited institutions from engaging in incentive compensation, paying per head for the recruitment of students. That prohibition came about because of the aggressive recruiting practices widely seen in the decades prior, particularly among for-profit colleges. Those schools and the recruiters they used invested more time in money bringing in students and their federal dollars in the door than in ensuring they learned and graduated. But thanks to a loophole that in that incentive compensation prohibition, those tactics seem to be making a return now. In 2011, the Department of Education issued guidance that allowed institutions to pay recruiters a share of revenue if they provided other services in addition to their recruitment practices. The move was widely seen as inconsistent with both the statute and regulations. Even the Department's Inspector General said that he did not believe provision was permissible under the law. It’s a long time for this wrong to be righted. Since the bundled services guidance
was issued online program management companies, OPMs, have become a multi-billion dollar industry. Institutions are most reliant on OPMs for marketing. A survey of online learning officers revealed that all of the respondents had at least a moderate need for marketing work from their OPMs, while few needed the academic supports and student learning assessments that OPMs also often promise as a part of their bundle of services. Even the few conditions required of institutions to exploit the bundled services loophole have gone generally ignored and unenforced. The effects of the guidance have unsurprisingly, looked very much like the abuses that led to Congress to institute the Incentive Compensation Ban in the first place, a glut of low value, overpriced credentials, fueling growth in graduate school debt, lowered admission standards and misleading practices designed to get bodies in the door. To keep this guidance in place would perpetuate these practices against prospective students and to continue to run afoul of the law that Congress put in place. To rescind it would provide institutions with an opportunity to re-evaluate their choices, to restructure and renegotiate their contracts, to better protect their students and their brands. We urge the Department to act now to rescind the loophole and restore the integrity of
these rules. Thank you.

MR. MARTIN: Thank you for sharing your remarks with us today. We'll now go back to Gerard Scimeca, whose call unfortunately was interrupted, so we'll go back and have him begin again. Mr. Scimeca, whenever you are ready.

MR. SCIMECA: Thank you. Hi there. It-I, I greatly apologize. I have been interrupted by dogs in my home office before, but never in a hotel business center. So that was a little bit startling. So, take it from the top, I will.

MR. MARTIN: Alright.

MR. SCIMECA: Okay. I’m Gerard Scimeca at CASE, who advocates for policies that support economic growth and greater market competition that deliver consumers more choices to the greater value. And students are, of course, consumers and they make market choices based on cost, available options and personal need. And standing with these consumer interests, CASE is strongly opposed to any revised Department of Education guidance surrounding online program managers or OPMs that would eliminate or weaken the bundled services exception. The DoE's multi-pronged targeting of OPMs is a troubling and misguided case of regulatory overreach and a seeming unwillingness to acknowledge the
potentially harmful consequences to students' educational opportunities. It is the proverbial ready, fire, aim, rulemaking and it represents a significant step backward in higher education governance. Online learning has grown from a niche offering to a pillar of our modern and innovative education system. Most importantly, it has sparked increased educational opportunities for learning during challenging times while extending the reach of higher education far beyond boundaries in place only a few years ago. This progress in large part was driven by the powerful innovation of OPMs and their work with universities. The results speak for themselves. Student outcomes have improved, the underserved are achieving more access, enrollment is growing amid improved education, technology, and student satisfaction is rising, especially among students served by online education. All of this is possible because the bundled services exception allows OPMs to enter mutually beneficial revenue sharing arrangements with universities. Without these arrangements, universities would assume greater risk in setting up new programs, leaving students with fewer course offerings and opportunities to succeed, succeed. We don't believe this is the time to undermine the many positive trends in online education by exposing these partnerships to
increased legal liability, higher compliance costs, restrictions on participants, and likely do shuffling of the deck on how colleges use and work with key vendors. Reports are already surfacing of existing contracts being paused or reviewed due to confusion and concern over the DoE's actions. Overregulation limits innovation, and under this expanded guidance, the harm to innovation will ultimately be felt by students, especially those whose only chance for a college degree begins and ends online. To conclude, we believe the role of government is not the place roadblocks on the path to a college degree. Rather than indulging in far-flung arguments against OPMs, the Department should recognize the vital role these entities play in longstanding private and public partnerships that are so key to the strength of our nation's education system, our economy, and our ability to compete abroad. Thank you.

MR. MARTIN: Thirty seconds.

MR. SCIMECA: I just concluded my statement.

MR. MARTIN: Okay. Thank you very much for taking the time to share your remarks with us this afternoon.

MR. SCIMECA: Thank you. I appreciate your courtesy.
MR. MARTIN: My pleasure. This concludes today's listening session. I would like to thank all of our speakers for taking the time to prepare and share their remarks with us today. I would also like to thank Under Secretary James Kvaal and all of my colleagues in the Office of the Under Secretary. As a reminder, comments may be submitted electronically at www.regulations.gov.

Our second and final listening session on this topic will begin tomorrow at 1:00 PM Eastern Time. Thank you.