



## Education Notes

July 2013

### *The Only Certainty is Change*

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### Highlights

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#### Arcady Bay Ventures Investments:

[www.mytonomy.com](http://www.mytonomy.com)  
[www.edelements.com](http://www.edelements.com)  
[www.fideliseducation.com](http://www.fideliseducation.com)  
[www.straighterline.com](http://www.straighterline.com)  
[www.MedTech.edu](http://www.MedTech.edu)  
[www.starfishretention.com](http://www.starfishretention.com)  
[www.provostsystems.com](http://www.provostsystems.com)

#### Current and Past Boards:

- Columbia Southern University  
- Straighterline

#### Industry Information

Please visit our website at [www.arcadybay.com](http://www.arcadybay.com) for copies of this review and other industry information.

- Education in the U.S. continues to experience great scrutiny and turmoil.
- Our international position continues to be in decline. The U.S. is now ranked 14<sup>th</sup> in college attainment for 25 – 34 year olds, a far cry from our ranking for all adults (25 – 64 year olds) of 5<sup>th</sup>.
- College enrollments are trending down.
- High school dropout rates are improving, but there are too many who never get a high school diploma and those who do are often not college ready.
- Growing interest and investment in Ed Tech:
  - New education technologies and models explode
  - Large VC investments
  - Education focused incubators popping up – *this also happened during the internet bubble*
- Industry Challenges – Key Trends:
  - Pressure on state funding
  - High price tag
  - Flat to declining enrollments
  - Changing demographics
  - Traditional non-profits at risk
  - Continued government scrutiny

**Education – So Where Are We?**

As can be seen from the material included here there is much going on in the education sector.

- MOOC’s continue to get much of the press. It seems that as they mature many questions are being raised about what they can be and what they can do.
- Traditional colleges are realizing that the future is changing and they will need to find ways to replace state funding (in the case of public colleges) or find ways to lower costs and keep tuition down.
- It is pretty evident that we will need to get more people some postsecondary education (and not necessarily degrees) to meet future workforce requirements.
- If we cannot improve K-12 it will only make the college challenges that much tougher.
- There seems to be more experimentation and potential acceptance of “Competency Based Credit”.
- Rising college costs and the question of the value of a degree have led to a decline in national college enrollments

NATIONAL STUDENT CLEARINGHOUSE  
RESEARCH CENTER

Term Enrollment <sup>CURRENT</sup>  
ESTIMATES  
FALL 2012

**Table 2** Estimated National Enrollment by Sector and Intensity Level (Title IV, Degree-Granting Institutions)

Sector	Enrollment Intensity	FALL 2012		FALL 2011		FALL 2010	
		Enrollment	% Change from Prior Year	Enrollment	% Change from Prior Year	Enrollment	% Change from Prior Year
All Sectors	Full-Time	12,694,838	-2.1%	12,965,914	-0.1%	12,978,618	2.9%
	Part-Time	7,501,086	-1.2%	7,590,358	0.8%	7,531,909	1.4%
Four-Year Public	Full-Time	5,685,696	-0.2%	5,699,533	1.4%	5,622,316	1.7%
	Part-Time	2,083,912	-1.7%	2,120,273	1.4%	2,090,130	1.2%
Four-Year Private Nonprofit	Full-Time	2,879,052	0.3%	2,869,996	3.3%	2,778,064	3.1%
	Part-Time	835,915	1.0%	827,258	3.2%	801,261	1.0%
Four-Year For-Profit	Full-Time	1,140,157	-7.6%	1,233,795	-2.1%	1,260,058	17.3%
	Part-Time	322,941	-6.0%	343,495	-9.4%	379,138	7.2%
Two-Year Public	Full-Time	2,702,974	-5.7%	2,865,581	-5.3%	3,025,912	1.2%
	Part-Time	4,003,939	-1.2%	4,053,334	1.2%	4,004,605	-0.4%

Source: <http://research.studentclearinghouse.org/files/TermEnrollmentEstimate-Fall2012.pdf>

## Is Disruption the New Norm?

Below is an excerpt from an article written in February this year regarding a talk given by Clayton Christensen, the well-know author of “*Disrupting Class*”

While we are not sure that all levels of education will be disrupted as quickly or as deeply as Christensen predicts there is little uncertainty that our digital society’s progress will dramatically impact education, and hopefully help to democratize it for the better.

### **A new course for academia**

Christensen wrote his first opinions on why Harvard Business School and other higher-ed institutions were in line to be disrupted back in 1999. Much of what he predicted then is coming true, and the disruption is accelerating.

“For 300 years, higher education was not disruptable because there was no technological core. If San Jose State wants to become a globally known research institution, they have to emulate UC Berkeley and Cal Tech. They can’t disrupt,” he said on Wednesday.

“But now online learning brings to higher education this technological core, and people who are very complacent are in deep trouble. The fact that everybody was trying to move upmarket and make their university better and better and better drove prices of education up to where they are today.

“Right now, Harvard Business School is investing millions of dollars in online learning, but it is being developed to be used in our existing business model, and we’ll sell it to other universities to use in their existing business models.

“But there is a different business model that is disrupting this in addition to online learning. **It’s on-the-job education.** This model of learning is you come in for a week and we’ll teach you about strategy and you go off and develop a strategy. Come back later for two weeks on product development. You learn it and you use it. These are very different business models and that’s what’s killing us.”

***“Fifteen years from now more than half of the universities will be in bankruptcy, including the state schools. In the end, I am excited to see that happen.”***

Source: <http://www.bizjournals.com/sanjose/news/2013/02/07/disruption-guru-christensen-why.html?page=all>

**Our Stagnant College Attainment Rates**

**The Goal:** Increase the proportion of 25- to 34-year-olds who hold an associate degree or higher to 55 percent by the year 2025 in order to make America the leader in educational attainment in the world.

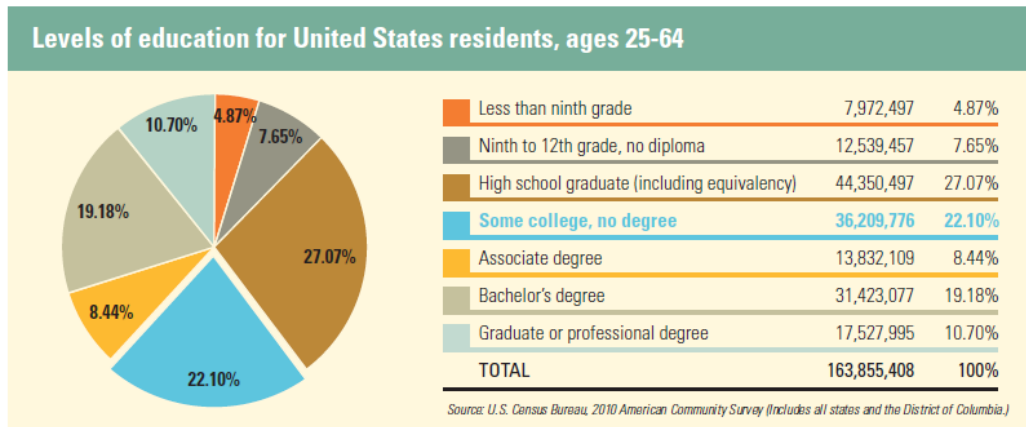
Source:

[http://completionagenda.collegeboard.org/sites/default/files/reports\\_pdf/Progress\\_Report\\_2010.pdf](http://completionagenda.collegeboard.org/sites/default/files/reports_pdf/Progress_Report_2010.pdf)

Between 2000 and 2010, attainment levels in the U.S. increased by an average of 1.3 percentage points annually, while its OECD counterparts boasted a 3.7 percentage-point increase per year overall. It seems we are stuck in our current levels, while other countries have learned from us and surpassed us.

*It is interesting, that the same thing happened in the case of wireless telephone services. We had a large investment in a copper wire-line service with a vast support infrastructure, unions and a world-class system, etc. We had to see Mexico, Asia, Africa, etc. leap-frog us before we realized that wireless was the future. So here we go again in education?*

Today approximately 38.3% of Americans have at least an associate degree

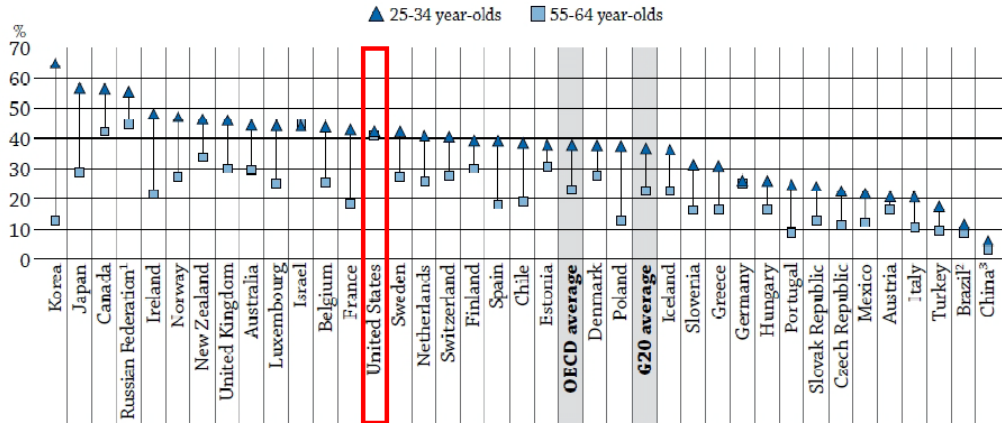


*“At the current pace, less than 47 percent of Americans will have at least an associate degree by 2025. Labor experts say that means we will be more than **23 million degree holders below the total needed** to meet workforce demands.”*

Source: [http://www.luminafoundation.org/publications/A\\_stronger\\_nation.pdf](http://www.luminafoundation.org/publications/A_stronger_nation.pdf)

The following Chart highlights the real issue, that the U.S. is stuck in an educational attainment rut that is now threatening our younger generation. Many think this generation will be the first where children cannot expect to have a better education and job prospects than their parents.

**Chart A1.1. Population that has attained tertiary education (2010)**  
 Percentage, by age group



- 1. Year of reference 2002.
- 2. Year of reference 2009.
- 3. Year of reference 2000.

Countries are ranked in descending order of the percentage of 25-34 year-olds who have attained tertiary education.

Source: OECD, Table A1.3a. See Annex 3 for notes ([www.oecd.org/edu/eug2012](http://www.oecd.org/edu/eug2012)).

StatLink  <http://dx.doi.org/10.1787/888932661478>

Source: <http://www.oecd.org/education/CN%20-%20United%20States.pdf>

Source: <http://www.oecd.org/edu/educationataglance2012oecdindicators-chaptertheoutputofeducationalinstitutionsandtheimpactoflearning-indicators.htm>

**Still Too Many High School Dropouts**

The Good news is that the national high school graduation rate has improved notably, with 78.2 percent of public school students receiving a diploma in 2009-10, up from 75.5 percent the year before, according to the newest figures released from the [National Center for Education Statistics](#) in January 2013.

The bad news is that we still have way too many students who do not complete high school. The stats below point out some of the challenges:

High School Dropout Statistics (US)				
Total number of high school dropouts annually	3,030,000			
Number of high school students who drop out each day	8,300			
Percent of Americans with a high school diploma	85.3 %			
Percent of all drop outs that happen in the ninth-grade	36 %			
Percent of students who repeat the ninth-grade that go on to graduate	15 %			
Percent of students in the largest 50 U.S. cities that graduate High School	59 %			
Percent of US crimes that committed by a high school dropout	75 %			
Amount of money a high school graduate will earn more than a drop out	\$260,000			
Percent of black drop outs that have spent time in prison	60 %			
Percentage of Hispanic dropouts that were due to a pregnancy	41 %			
Percent of US jobs a high school dropout is not eligible for	90 %			
Demographics of High School Dropouts (Percent who drop out)				
National Rate	8.1 %			
Male	9.1 %			
Female	7 %			
African American	9.6 %			
Hispanic	17.6 %			
White	5.2 %			
Asian American	2.1 %			
Foreign Born	20.7 %			
Children of Foreign Born	13 %			
Historic High School Dropout Rates				
Year	Total	White	Black	Hispanic
2009	8.1	5.2	9.6	17.6
2005	9.4	6	10.4	22.4
2000	10.9	6.9	13.1	27.8
1995	12	8.6	12.1	30
1990	12.1	9	13.2	32.4
1985	12.6	10.4	15.2	27.6
1980	14.1	11.4	19.1	35.2
1975	13.9	11.4	22.9	29.2
1970	14.6	12.3	21.3	34.3

Source: Education Week, Children Trends Database, <http://www.statisticbrain.com/high-school-dropout-statistics/>

**Growing Red Flags Regarding the Non-Profit Sector**

**Moody's: 2013 outlook for entire US Higher Education sector changed to negative**

The 2013 outlook for the entire US higher education sector is negative, including the market-leading, research-driven colleges and universities, says Moody's Investors Service in its annual industry outlook.

Source: [http://www.moodys.com/research/Moodys-2013-outlook-for-entire-US-Higher-Education-sector-changed--PR\\_263866](http://www.moodys.com/research/Moodys-2013-outlook-for-entire-US-Higher-Education-sector-changed--PR_263866)

**CFO's express concerns regarding financial position and strategy**

In *Inside Higher Ed's* 2013 Survey of College and University Business Officers, only 27% of campus chief financial officers expressed strong confidence in the viability of their institution's financial model over five years, and that number dropped to 13% when they are asked to look out over a 10-year horizon.

Here are the top 5 strategies they are pursuing:

<b>Revenue-Producing Strategies</b>	<b>Cost-Cutting Strategies</b>
Retaining current students (92%)	Using technology/analytics to evaluate programs, find improvements (45%)
Increasing size of the endowment (62%)	Using technology to reduce instructional costs (41%)
Developing/expanding online programs (58%)	Centralizing/consolidating administrative functions (39%)
Investing more in fund-raising activities (53%)	Moving more campus operations/support to the cloud (24%)
Securing more corporate support (53%)	Increasing teaching loads for full-time faculty (21%)
<b>% answering "very important"</b>	

Source: <http://www.insidehighered.com/news/survey/cfo-survey-reveals-doubts-about-financial-sustainability#ixzz2Z1XMHotE>

<http://www.insidehighered.com/audio/2013/07/30/2013-inside-higher-ed-survey-college-and-university-business-officers>

## Regulatory Scrutiny Continues

Since 2010 when the Department of Education and politicians led by Senator Tom Harkin took aim at the for-profit sector, it has been tough going.

It seems that with the continuing high cost of education, over a billion dollars of outstanding student loan debt, the sad reality that our system is not getting students what they need and the tendency of our elected officials to not address real issues that we will continue to see scrutiny of the “evil” for-profit education providers.

*The good news* is that all the scrutiny over the last few years has shown a bright light on traditional colleges and their shortcomings and we expect them to face a lot more questions and scrutiny as well.

We think the following comments made by Jeff Silber, the well-regarded industry analyst at BMO Capital Markets in a July 17<sup>th</sup> Research Comment captures the current market sentiment:

- We are cautiously optimistic that the y/y starts declines bottomed for most companies in CY2Q13. While there may not be any near-term catalysts, we hope starts will begin to grow for most companies sometime in 2014, with total enrollment trends following two to four quarters thereafter.
- While there may be no near-term positive catalysts for education stocks, we are cautiously optimistic that the worst of the outside factors (regulatory, publicity) are behind the group, although we would never say it is over.
- There could be negative headlines as the Department of Education begins a new Neg Reg process in September and as Congress begins reauthorizing the Higher Education Act. However, it is unlikely any changes will be implemented in the near to intermediate term.
- Cost cutting is helping most companies avoid further earnings deterioration.
- Some companies, such as Outperform-rated APEI and LOPE, are bucking most of these trends owing to company-specific strategies (e.g., low-price provider, aggressive campus enrollment focus).
- Sector interest has picked up, though likely more because of relative underperformance than improving fundamentals.
- Recent positive regulatory developments at APOL and BPI show accreditors may be willing to work with the sector.



### Venture Capital Funding in Education (primarily EdTech) – It feels like the Internet Bubble.....

The Chart below shows the level of venture capital funding in the education sector. As seen from the data, the pace of funding continues to be extremely strong. In 2013 the number of deals has increase dramatically, driven by the entry of several incubators investing small amounts across many companies and overall funding levels were inflated by an outlier funding for Lynda.com of \$106 million.

Year	Deals	Funding	Average Investment
2007	8	47,398,900	5,924,863
2008	21	144,956,000	6,902,667
2009	14	95,850,000	6,846,429
2010	29	133,248,846	4,594,788
2011	48	195,098,982	4,064,562
2012	71	479,893,319	6,759,061
2013 June YTD	72	297,339,762	4,129,719
Total	263	1,393,785,809	5,299,566

Unfortunately, this level of activity and the reality of potential exit values *leads us to believe that this is another bubble ready to burst*. The reality is that yes; the education sector is large and yes; it is poised for change, but it is nowhere near a free competitive market with all the government funding and regulation that it is intertwined with. So we think many investors are in for a surprise.

### Company Valuations – For Profit Education

The postsecondary education sector has been in turmoil over the last several years due intense government scrutiny that has developed. This fact combined with the rising cost of college, increasing student loan levels and the extremely tough job market in the U.S. has increased the scrutiny on all colleges, questioning the ultimate cost and value of a college education.

At year end 2007 the postsecondary education market was fully valued based upon the strong historic growth of the industry and the industry's future prospects.

Today, as seen in the chart below, the industry is trading at 4.54x EBITDA on average or .79x revenues, a very steep decline from the year end 2007 levels of 19.7x and 4.1x .

ARCADY BAY PARTNERS

7/1/2013

Symbol	Company	Stock Price 7/1/2013	52 Week		TTM Sales	Market Cap	Enterprise Value	EBITDA	Enterprise Value to		EBITDA Margin
			Hi	Low					Rev.	EBITDA	
APEI	American Public Education	\$ 38.61	\$ 42.17	\$ 24.88	\$ 322	\$ 680	\$ 534	\$ 84	1.66	6.37	26.08%
APOL	Apollo Group	18.03	37.00	15.98	3,830	2,030	1,200	758	0.31	1.58	19.79%
BPI	Bridgepoint Education	12.24	22.03	8.11	940	662	231	214	0.25	1.08	22.74%
CPLA	Capella Education	43.41	47.42	25.81	418	537	388	67	0.93	5.76	16.14%
CECO	Career Edu Corp	2.99	6.90	2.03	1,400	200	(93)	(23)	n/a	n/a	-1.63%
COCO	Corinthian College	2.35	3.23	1.74	1,630	202	180	116	0.11	1.55	7.14%
DV	Devry Inc.	31.62	34.51	18.15	2,000	1,990	1,670	334	0.84	5.01	16.68%
EDMC	Education Management Corp.	5.72	7.78	2.84	2,540	713	1,840	387	0.72	4.76	15.22%
LOPE	Grand Canyon	33.46	34.07	15.80	536	1,520	1,410	146	2.63	9.64	27.29%
ESI	ITT Education	24.97	63.55	11.69	1,230	583	510	310	0.41	1.64	25.24%
LINC	Lincoln Educational	5.42	7.28	3.42	392	130	145	24	0.37	6.05	6.13%
NAUH	National American Univ. Hlds	3.77	5.15	3.00	129	96	73	16	0.57	4.64	12.20%
STRA	Strayer Education	47.78	113.28	42.98	550	512	577	127	1.05	4.54	23.09%
UTI	Universal Tech. Inst.	\$ 10.49	\$ 14.08	\$ 8.00	\$ 394	\$ 256	\$ 173	\$ 27	0.44	6.40	6.85%
Total					\$ 16,310	\$ 10,112	\$ 8,837	\$ 2,587	0.54	3.42	15.86%
Median									0.57	4.76	16.41%
Simple Average					\$ 1,165	\$ 722	\$ 631	\$ 185	0.79	4.54	15.93%

ARCADY BAY PARTNERS

12/31/2012

Symbol	Company	Stock Price 12/31/2012	52 Week		TTM Sales	Market Cap	Enterprise Value	EBITDA	Enterprise Value to		EBITDA Margin
			Hi	Low					Rev.	EBITDA	
APEI	American Public Education	\$ 36.12	\$ 46.96	\$ 24.88	\$ 303	\$ 638	\$ 524	\$ 78	1.73	6.73	25.68%
APOL	Apollo Group	20.92	58.29	18.36	4,250	2,350	1,740	905	0.41	1.92	21.29%
BPI	Bridgepoint Education	10.30	27.26	8.11	980	556	223	241	0.23	0.93	24.54%
CPLA	Capella Education	28.23	45.70	25.81	425	359	240	79	0.57	3.06	18.48%
CECO	Career Edu Corp	3.51	12.41	2.51	1,580	236	(151)	71	-0.10	-2.11	4.52%
COCO	Corinthian College	2.45	5.21	1.74	1,620	210	277	133	0.17	2.08	8.23%
DV	Devry Inc.	23.73	42.37	18.15	2,050	1,510	1,240	363	0.60	3.41	17.72%
EDMC	Education Management Corp.	4.38	29.90	2.84	2,690	545	1,830	440	0.68	4.16	16.35%
LOPE	Grand Canyon	23.47	25.00	15.80	483	1,050	954	125	1.97	7.65	25.83%
ESI	ITT Education	17.31	77.00	16.37	1,350	404	373	405	0.28	0.92	29.99%
LINC	Lincoln Educational	5.59	9.70	3.42	425	127	147	31	0.35	4.82	7.18%
NAUH	National American Univ. Hlds	3.85	8.80	3.22	123	98	73	12	0.60	6.12	9.74%
STRA	Strayer Education	56.71	120.00	42.98	576	642	691	154	1.20	4.49	26.71%
UTI	Universal Tech. Inst.	\$ 10.04	\$ 14.78	\$ 8.00	\$ 414	\$ 250	\$ 146	\$ 34	0.35	4.27	8.28%
Total					\$ 17,268	\$ 8,976	\$ 8,306	\$ 3,070	0.48	2.71	17.78%
Median									0.49	3.79	18.10%
Simple Average					\$ 1,233	\$ 641	\$ 593	\$ 219	0.65	3.46	17.47%

ARCADY BAY PARTNERS

12/31/2007

Symbol	Company	Stock Price 12/31/2007	52 Week		TTM Sales	Market Cap	Enterprise Value	EBITDA	Enterprise Value to		EBITDA Margin
			Hi	Low					Rev.	EBITDA	
APEI	American Public Education *	\$ 41.78	\$ 46.98	\$ 29.23	\$ 61	\$ 723	\$ 703	\$ 15	11.6 x	46.8 x	24.72%
APOL	Apollo Group	70.15	80.75	38.36	2,720	12,180	11,360	697	4.2 x	16.3 x	25.62%
CPLA	Capella Education	65.46	75.38	24.05	213	1,090	999	34	4.7 x	29.0 x	16.19%
CECO	Career Edu Corp	25.14	36.68	24.36	1,650	2,460	1,860	215	1.1 x	8.7 x	13.02%
COCO	Corinthian College	15.40	18.25	12.36	959	1,410	1,340	72	1.4 x	18.7 x	7.48%
DV	Devry Inc.	51.96	59.97	26.10	965	3,660	3,470	154	3.6 x	22.5 x	15.96%
ESI	ITT Education	85.27	131.82	66.26	845	3,950	3,273	253	3.9 x	13.0 x	29.88%
LINC	Lincoln Educational	14.72	16.18	11.35	332	370	401	39	1.2 x	10.2 x	11.89%
STRA	Strayer Education	170.58	195.91	104.62	303	2,450	2,350	101	7.8 x	23.4 x	33.17%
UTI	Universal Tech. Inst.	\$ 17.00	\$ 18.74	\$ 16.43	\$ 353	\$ 476	\$ 407	\$ 47	1.2 x	8.7 x	13.30%
Total					\$ 8,401	\$ 28,769	\$ 26,162	\$ 1,626	3.1 x	16.1 x	19.36%
Average					\$ 840	\$ 2,877	\$ 2,616	\$ 163	4.1 x	19.7 x	19.12%

\* APEI went public on November 8, 2007 at \$20.00 per share

## News Clippings

**Lynda.com Lands \$103 Million in Biggest Education Financing**

Over the past two years, as [money poured](#) into online education startups, Lynda Weinman sat back and operated her profitable bootstrapped company to little fanfare. With 2 million members signed up for [Lynda.com's](#) tutorials on web design, photography and business skills, the company has generated four straight years of 40 percent growth and sales in 2012 that topped \$100 million.

Still, the 17-year-old company hasn't received the publicity of newer ventures such as online higher education startups Coursera and [Udacity](#), computer programming site [Codecademy](#) and the nonprofit Khan Academy.

That's about to change, in a big way. In the largest U.S. venture financing round on record for an online education company, Lynda.com is announcing today that it raised \$103 million led by Accel Partners and Spectrum Equity. The company, located near Santa Barbara, California, plans to invest internationally, bolster its content library with 400 new courses this year, grant stock options to employees and soon air television and radio commercials to promote the brand.

"Our biggest problem is people don't know who we are," said Weinman, 57. "We've grown organically and watched other people get all the glory."

According to the National Venture Capital Association, no education company dating back to 1980 has raised this much money in a single round. Only five have raised more than \$100 million total, led by Chegg, which has pulled in \$193.2 million over 10 financing rounds, the NVCA said. Since the end of 2010, 36 education startups have raised at least \$10 million in venture capital, led by 2U, which brought in \$58.6 million in two rounds.

Source: <http://go.bloomberg.com/tech-deals/2013-01-16-lynda-com-lands-103-million-in-biggest-education-financing/>

**Beyond MOOC Hype**

July 9, 2013

[Ry Rivard](#)

As scores of colleges rush to offer free online classes, the mania over massive open online courses may be slowing down. Even top proponents of MOOCs are acknowledging critical questions remain unanswered, and are urging further study.

[Dan Greenstein](#), the head of postsecondary success at the Bill & Melinda Gates Foundation, [now wonders aloud](#) if MOOCs are a “viable thing or are just a passing fad.” Gates has agreed to spend \$3 million for wide-reaching MOOC-related grants. But Greenstein said higher ed is suffering from “innovation exhaustion,” and MOOCs are part of the problem.

Source: <http://www.insidehighered.com/news/2013/07/09/higher-ed-leaders-urge-slow-down-mooc-train#ixzz2Z1g2uIHx>

**A University's Offer of Credit for a MOOC Gets No Takers**

By Steve Kolowich

July 8, 2013

It was big news last fall when Colorado State University-Global Campus became the first college in the United States to grant credit to students who passed a MOOC, or massive open online course.

For students, it meant a chance to get college credit on the cheap: \$89, the cost of the required proctored exam, compared with the \$1,050 that Colorado State charges for a comparable three-credit course.

That is a big discount. Yet almost a year after Global Campus made the announcement, officials are still waiting for their first credit bargain-hunters.

Source: <http://chronicle.com/article/A-Universitys-Offer-of-Credit/140131/>

**Accreditor Approves Competency-Based Degree at U. of Wisconsin**

By Scott Carlson

July 11, 2013

One of the nation's six regional accreditors has approved a new competency-based degree program at the University of Wisconsin known as the "Flexible Option."

Source: <http://chronicle.com/article/Accreditor-Approves/140233/>

**Big Disruption, Big Questions**

April 17, 2013

[Paul Fain](#)

These are heady times for competency-based education, which raises fundamental questions about the structure and purpose of higher education.

Several colleges are taking the competency-based approach to its potential end game, by offering “direct assessment” academic programs that are untethered from both course material and the credit hour. At the same time, a small but growing group of accreditors, foundations and higher education associations have begun discussing what academic rigor might look like in this emerging model.

Source: <http://www.insidehighered.com/news/2013/04/17/competency-based-education-heats-new-entrants#ixzz2Z2QFvaXO>

**City College of San Francisco Is Told It Will Lose Accreditation in 2014**

July 3, 2013

By Peter Schmidt

The Accrediting Commission for Community and Junior Colleges announced on Wednesday that it intended to formally strip the huge City College of San Francisco of accreditation next summer, prompting vows from the college and its faculty union to fight the decision as the college remains open and the state's community-college system moves to assert power over its affairs.

Source: <http://chronicle.com/article/City-College-of-San-Francisco/140133/>

**Coursera Hits 4 Million Students -- And Triples Its Funding**

July 10, 2013

Coursera founders Daphne Koller and Andrew Ng don't think small. Their Mountain View, Calif., online-education company is less than two years old, yet it already has attracted more than 4 million student signups. Now Coursera has raised \$43 million in fresh venture capital, tripling its cash available for growth.

Source: <http://www.forbes.com/sites/georgeanders/2013/07/10/coursera-hits-4-million-students-and-triples-its-funding/>

**Not Business as Usual**

July 2, 2013

UCLA plan to make the full-time M.B.A. program at the University of California Los Angeles's Anderson School of Management into a self-sustaining entity, meaning the program will cease receiving state support in exchange for greater budget flexibility. That flexibility includes more freedom in setting tuition and could potentially serve as a model for other programs in the system to become self-supporting.

Source: <http://www.insidehighered.com/news/2013/07/02/uc-business-schools-see-different-levels-resistance-innovation-plans>

**Free and Open Online Courses Gaining Popularity Among Schools**

July 6, 2013 -- Free online college courses have been part of the national discussion on college affordability this year, but while universities such as Harvard agreed to the idea early on, UND has been a more cautious observer.

Though it already has a reputation for relatively low tuition rates, the university is considering offering the massive open online courses, or MOOCs, because they broaden student access to [education](#) and remain free -- at least for now.

UND administration has not officially talked about offering the web-based classes, which are taught by instructors at elite universities and can serve thousands of people, but the possibility of swapping online lectures taught by faculty here with other universities is a realistic one, said Steven Light, associate vice president of academic affairs.

"It's a really intriguing idea," he said. "You can take advantage of the expertise of our own faculty, the fact that they are here on our campus, and get the benefit of some different content from somewhere else."

Source: [http://www.hispanicbusiness.com/2013/7/6/free\\_and\\_open\\_online\\_courses\\_gaining.htm](http://www.hispanicbusiness.com/2013/7/6/free_and_open_online_courses_gaining.htm)

**Excelsior College Launches Groundbreaking \$10,000 Bachelor's Degree Program**

January 23, 2013

Today, [Excelsior College](#) announced the launch of its new, innovative [\\$10,000 pathway to a bachelor's degree](#). A regionally accredited, nonprofit leader in distance and online learning, Excelsior College is the first educational institution to offer this price-guaranteed degree.

Source: <http://www.prweb.com/releases/2012/1/prweb9126617.htm>

**Purdue's Outsider**

April 2, 2013

[Kevin Kiley](#)

A conservative Republican governor walks into a university president's office.

It sounds like the start of a bad joke (or, in certain parts of the country these days, an academic's nightmare), but it's a daily occurrence here, where Mitch Daniels recently assumed leadership of Purdue University after a high-profile eight-year run as Indiana's governor.

Daniels sent a letter to the university community on March 18, explaining that because the university would forgo two years of tuition revenues, it would have to free up an additional \$40 million over the biennium through cuts or new revenues.

Source: <http://www.insidehighered.com/news/2013/04/02/purdues-mitch-daniels-challenging-higher-education-leadership#ixzz2Z2Nzq9c1>

**Setting Limits for Outsourcing Online**

August 5, 2013

By [Paul Fain](#)

The [shuttering](#) of Ivy Bridge College could dump cold water on the online aspirations of some colleges, particularly ones that prefer to play it safe with their regional accreditor.

The university received a letter from commission officials on July 25 calling for a halt to new student enrollments in three days

Source: [www.insidehighered.com/news/2013/08/05/tiffin-u-drops-ivy-bridge-college-partnership-altius-over-accreditors-concerns](http://www.insidehighered.com/news/2013/08/05/tiffin-u-drops-ivy-bridge-college-partnership-altius-over-accreditors-concerns)

**How free online courses may help close employers' skills gaps**

By [Joe McKendrick](#) | July 8, 2013, 8:53 AM PDT

A couple of months back, at IBM's annual IMPACT event, I moderated a panel of IBM executives and customers that delved into the best ways to manage the changes burgeoning cloud and mobile interactions and transactions are bringing to enterprises.

However, a point that was of significant concern to the enterprise customers on the panel was the availability of skills to make this new world a reality. There simply aren't enough people with the right skills. Enterprises are being digitized at an enormous rate, and it's understood that the shift to digital and data-centric approaches means gaining competitive advantage. But many organizations are scrambling to find people with the skills that can make this happen.

Source: <http://www.smartplanet.com/blog/bulletin/how-free-online-courses-may-help-close-employers-skills-gaps/23610>

## Getting Out of the Rut

August 6, 2013

By [Kevin Kiley](#)

### Checklist for Change

#### Making American Higher Education a Sustainable Enterprise

“This is a book that answers three questions that really intrigue me,” Zemsky said in an interview. “The first is, ‘Why haven’t we changed?’ ... Then, ‘What would change actually look like?’ ... And then the end says, ‘What would it take to have macro change?’ ”

In attempting to answer the first question – why colleges haven’t changed – Zemsky comes up four major impediments: A disengaged faculty resistant to change, a national market in higher education that makes it difficult to differentiate institutions, an accreditation and regulatory process that punishes innovation and a curriculum that he writes often lacks cohesion and that drives many to question its value. Each one feeds on the other, and all are in general natural responses and evolutions of roles and the sector over time.

“There is no need to search for villains or miscreants, for there are none,” Zemsky writes. “Much more often than not, those policies and practices that ardent reformers proclaim to be broken began life as good ideas that time and unintended consequences have rendered problematic.”

Zemsky’s answer to unraveling the web of issues is a complex one, requiring multiple stakeholders – from faculty members to the federal government – to change their outlooks and actions. And rather than a menu of options that can be taken up individually, Zemsky, as the title notes, is presenting a checklist. All (or almost all) of the changes he calls for would have to be enacted for any component to be successful.

Source: <http://www.insidehighered.com/news/2013/08/06/robert-zemskys-checklist-change-tries-get-whats-holding-back-higher-ed>

#### Disclaimer:

*We take full responsibility for any calculation, transposition or other potential errors.*