

# US education secretary to gut regulations, seek a “major shift” in higher education

## Part 2: Plundering the education “market”

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*This is the conclusion of a two-part series. The first part was posted April 20.*

Among the Trump administration’s most far-reaching rule modifications for higher education are those which affect the lucrative online program industry.

Online higher education has proliferated over the last two decades and extends across the spectrum from Ivy League offerings to short-term certificates of dubious quality. One-third of all higher education students now take at least some online classes.

Currently, federal rules state that 50 percent of online students and 50 percent of a college’s online courses must have “regular and substantive contact with the course instructor” to qualify for Title IV federal aid. They also require that no more than 50 percent of a program be outsourced to nonaccredited organizations. These are hurdles which Wall Street and education businesses would like to abolish.

Despite the prevailing conditions of adjunct professors, typically paid poverty wages without benefits or job security, the industry is seeking to eliminate them wherever possible and cut overhead.

The new Department of Education (ED) proposal would do just that. It would no longer require colleges or career schools to supply a course “instructor” for online classes. Many online courses are now taught by faculty holding advanced degrees in their subject matter, just as face-to-face classroom courses are. The change would allow students to be “taught” by an “instructional team” without stipulating any specific credentials. Further, it would allow entire college programs to be handled by nonaccredited outfits from outside the sponsoring university.

As part of this overhaul, the ED aims to redefine the credit hour and loosen the accreditation system which governs higher education. Secretary of Education Betsy DeVos is prioritizing career training in the federal grants applications process. She is also seeking to open up the sluices of federal financial aid to institutions offering competency-based education or “credit hours” which do not meet the current criteria of one hour of classroom time with direct faculty instruction and a minimum of two hours of out-of-class student work. In other words, education is reduced to buying a series of canned class materials of uncertain quality.

It is no longer news when the Trump administration hires the fox to guard the chicken coop, but billionaire DeVos’ department has more than its fair share of such predators. A significant role in this

rule-making is being undertaken by Diane Auer Jones, principal deputy undersecretary of education and a former high-ranking employee of the for-profit college Career Education Corporation (CEC). Owner of Le Cordon Bleu, California Culinary Academy and others, CEC was investigated and fined tens of millions of dollars for inflating the job placement rates of its graduates, violating a law that prevents recruiters from receiving commissions, committing fraud with potential students about job and salary prospects, and lying to accreditors.

Enrollment in online programs is growing, even while overall college enrollment is flat. Workers, buffeted by the gig economy, find themselves forced to continually reinvent themselves into new careers while working erratic hours at multiple low-wage jobs to meet the ever-rising costs of living. The convenience and the lowered transportation/time costs of taking classes online are, for many, a necessary adaptation to economic struggle, and likely not a choice driven by their educational needs.

Wall Street, corporations and universities have all taken notice. For-profit online education tech companies called online program managers (OPMs) quietly began operating in the for-profit education space about 10 years ago, according to a recent expose by Kevin Carey, director of the Education Policy Program at New America, titled, “The Creeping Capitalist Takeover of Higher Education.”

As for-profit colleges faced growing lawsuits and public scrutiny, OPMs were developed as a new business model to transform both the economics and practice of higher learning. Carey notes that growing numbers of colleges, including such prestigious institutions as Georgetown, Tufts, American University, Pepperdine, UC Berkeley, USC, Harvard, NYU, Vanderbilt, Yale, Northwestern, Rice, and Syracuse offer online degrees utilizing OPMs.

OPMs typically take an eye-popping 60 percent cut of tuition (and more) under what is called “tuition-sharing.” The market for OPMs and related services is expected to hit \$8 billion by 2020.

While the Trump administration is seeking to abolish even the minimal educational regulation of these cash-cows, the framework and legal mechanisms for the current structure of OPMs were established during the notoriously pro-privatization Obama administration.

Up until now, there has been a federal prohibition against

schools which receive federal dollars paying out incentives based “directly or indirectly” on enrollments. But these tuition-sharing agreements are the entire business model of the OPMs, so the COO of one of the first OPMs, Chip Paucek of 2U, held a fateful meeting with Obama Secretary of Education Arne Duncan in 2010 to lobby for a legal exception to the rule. Duncan concurred. The US Department of Education ruled in March 2011 that tuition-sharing agreements with for-profit firms were legal, paving the way for a whole new industry. The appellation “diploma mill,” widely used in describing the for-profits, will appropriately describe more and more programs deceptively concealed behind the logos of brand-name universities.

At present, for-profit OPMs manage program marketing and enrollment and work with college faculty to build online courses—in exchange for the lion’s share of revenues. As colleges incur no increased overhead costs with growing online enrollment, many are eager to expand the use of OPMs.

This set-up mirrors the K-12 charter school industry: for-profit companies surrounded by a “non-profit school” envelope. The similarities do not end there. In the current budget proposal, DeVos wants to increase federal support to charters by another \$60 million, while a new report by the Network for Public Education shows that the federal government has spent nearly \$1 billion on charter schools that abruptly shut down or never opened.

In other words, both charter schools (by law, all “nonprofit”) and nonprofit colleges are becoming conduits for ever-larger for-profit operations. Legally they are “nonprofit,” but de facto increasingly for-profit. Online program managers are themselves a tactical mutation of the wildly profitable, semi-criminal model of many of the now-shuttered for-profit colleges. In fact, many of the former executives of Kaplan, University of Phoenix, Career Education Corporation, and others are sitting in the C-suites of the OPMs, notes Carey in his expose.

The same revenue-sharing playbook pioneered by the OPMs is also marketed through university-employer partnerships. Arizona State launched a “learning services enterprise” named InStride in April. The university owns a minority stake in the for-profit venture together with a private equity fund. The business will work with corporations demanding specific skill sets. Arizona State has already created partnerships with Starbucks, Uber and the National Basketball Association, while Purdue University Global (100 percent online) has partnered with Papa Johns.

It should be emphasized while the transformation of education into a business is certainly about profit-taking, it is also about the growth of American imperialism. As the *World Socialist Web Site* has documented, military and intelligence services are increasingly embedded within academia, developing US war plans and technology and recruiting students as operatives in the national security apparatus. The two aims dovetail like brother and sister—in the persons of Blackwater/CIA mercenary Erik Prince and lifelong advocate for the destruction of public education Betsy DeVos, who are siblings.

The Socialist Equality Party urges all young people, educators and defenders of public education to reject the subordination of education to the crass and destructive profit designs of Wall Street or the needs of the US war machine. Today both access to higher

education and its quality are determined by income. In the name of “workforce development,” centuries of study in the fields of philosophy, history, science and arts are being denied to the working class. This is unacceptable.

We urge workers and students to form independent rank-and-file committees to demand free and unlimited education for all, from pre-K to higher and continuing education and to support the struggles of all education workers. Student loan debt must be forgiven, and the ill-gotten gains of Wall Street confiscated and utilized for social need, including hiring hundreds of thousands more educators at quality wages and benefits.

Such a program is diametrically opposed to the phony Democratic Party ploys, the “College for All” of Bernie Sanders or the “debt-free college” pretenses of Kirsten Gillibrand, Cory Booker and Kamala Harris. These plans, predicated on a massive infusion of state and federal dollars, are nothing but window-dressing, like Sanders’ hypocritical denunciations of the “billionaire class” before his embrace of Hillary Clinton in 2016.

The Democratic Party, which implemented the multi-trillion-dollar bailout of Wall Street while plunging the population into poverty, is controlled and directed by financiers and intelligence operatives who will never enact such reforms, despite their paltry nature. The line-up of all of these Democratic Party politicians behind full-throated support to imperialist war and domestic censorship defines their outlook: all social programs and rights must be subordinated to the social interests of an ever-more predatory and insatiable ruling elite.

The only realistic path to defend and expand high-quality public education is the mobilization of the working class for the abolition of the capitalist profit system. Social and economic life must be reorganized on the basis of social need, making mankind’s cultural, scientific and artistic achievements freely available to all of humanity.

*Concluded*



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