

Emergent Competing Career Education Models: Opportunities and Challenges for CAPPS Schools

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Introduction

A Decade of Rough Seas For Private Sector Career Colleges Creates an Opening For Competing Training Models to Grab Market Share:

- ▶ 2000-2010: Private Sector Achieves Record Growth
- ▶ Backlash – Regulatory/Accreditation/Reputational
- ▶ Aggressive “Clawback” by Traditional Higher Ed, Especially in Distance Education
- ▶ Key Motivator - Decreased Enrollments/Market Share Among Traditional Private Career Colleges
- ▶ Disparate Impact of Gainful Employment on For-Profits Amidst a Push by Community Colleges into Career Training

Emerging Competing Training Models

- ▶ Traditional College and Universities Adding Distance Education, Competency-Based, Bootcamps, Apprenticeships, Pathways Programs, Corporate Training, and Other Alternative Platforms
- ▶ Role of Online Program Managers (OPMs) in Migration of Online Market Share to Traditionals-
 - ▶ Hybrid Partnerships Between For-Profit OPMs and Private Non-Profit and Public Colleges and Universities
 - ▶ Role of OPMs in Expanding Delivery Modes and Program Scope at Traditionals

Traditional Higher Ed - Alternative Models Deployed to Recapture Market Share

- ▶ SNHU, Liberty, ASU, UMUC, BYU, U-F
- ▶ Purdue/Kaplan Announcement
- ▶ International Students: International Pathways Programs
- ▶ Institutional Collaborations-
 - 2+2 Agreements
 - Consortium and Articulation Agreements
- ▶ Course Outsourcing Arrangements
- ▶ Competency-Based Training Models
 - Western Governors U/SNHU
 - Programs May Qualify For Title IV

Community Colleges, Facing Enrollment Challenges, Gear Up With New Strategies

- ▶ Survey: 6 in 10 CC Presidents Report Decline in Enrollment in Past 3 Years; 21% Say >10% Drop!
- ▶ Career Pathways Programs – ATB Component
- ▶ Dual Enrollment – High Schoolers!
- ▶ Nursing Collaborations – Bridge to Bachelors
- ▶ Workforce Bachelors Degrees - Examples:
 - Aviation Management
 - Maritime Technology
 - Energy Production
 - Agriculture

Brookings Study: Workforce Development Programs in Community Colleges

- ▶ 2000-2012: Number of Short-Program Vocational Credentials Earned by CC Students More Than Doubled
- ▶ Successful Programs: Five Common Components:
 - ▶ Industry or Employer Engagement in Curricular Development
 - ▶ Workforce Experience Included in Program of Study
 - ▶ Intensive Approach to Building Math and Technical Skills Plus Bolstered Academic Support
 - ▶ Strong Leadership and Innovation Deployed in Creation of STEM-Focused Workforce Training Programs
 - ▶ Access to Foundation or Outside Funding Sources

California Community Colleges Launch New Career Education Campaign



CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE

FOR IMMEDIATE RELEASE

July 20, 2017

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California Community Colleges Launches New Campaign Focused on Career Education Program Offerings

New effort promotes "learning by exploring, collaborating, and doing" in more than 200 areas of study

SACRAMENTO, Calif. –The California Community Colleges today launched a new campaign aimed at prospective students, both high school students and adults who want to gain new skills, as well as parents, counselors, employers, and other stakeholders to promote the benefits of California Community Colleges Career Education as an affordable, accessible pathway to a rewarding career.

"Today the California Community Colleges launched an important effort to let all Californians know about the robust Career Education programs we offer," said Oakley. "Our Career Education programs are the smartest, most affordable and accessible way for Californians to acquire the hands-on, high-quality skills they need to enter exciting, new and good-paying career fields – and to pursue the California Dream. Our system is one of inclusion and opportunity, and we'd like everyone to know about all we have to offer."

California Community Colleges Launch New Career Education Campaign

- ▶ Features of expansive new recruitment effort:
 - ▶ Paid advertising - both social and traditional media
 - ▶ In English and Spanish – multicultural outreach
 - ▶ PR campaign plus local outreach events
 - ▶ Employer and stakeholder engagement
- ▶ Stated purpose: “to provide important pathways for adults to boost their skills and for high school students to learn new skills for rewarding careers”
- ▶ New broad based recruitment initiative is at:
 - ▶ <http://careered.cccco.edu/#california-community-college-education>

Emergent Non-Traditional Business Model

- ▶ New Career Training Concept: Mission University
 - ▶ San Francisco – Based Program
 - ▶ \$8.5M Series A Capital Raise Just Announced
 - ▶ Tuition-Free, But Student Commits to Give Up 15% of Income for Three Years From Any Job That Pays \$50,000 or More! – “No Loans, No Debt, \$0 Up-front Tuition”
 - ▶ First Cohort of 30 Students Started in September
 - ▶ Starting w/Data Analytics and Business Intel then Nursing
 - ▶ One-Year Program Aimed at Career Preparation
 - ▶ Website: Cites “Employer Partners” such as Uber, Spotify
 - ▶ <http://www.missionu.com/>

Emerging Competing Training Model: “Boot Camps”

- ▶ Rapid training in coding and software development
- ▶ Part of the micro-credentialing trend
- ▶ Rapid Growth During Past 5 Years
 - ▶ 90+ boot camps in the U.S. and 300+ worldwide
 - ▶ Course Report: about 18K completers in 2016 (up from 10K in 2015)
 - ▶ Course Report: estimated \$200M in revenues in 2016 (up from \$172M in 2015)
- ▶ Upstart Boot Camps in the Wild West:
 - ▶ 2014 – Bureau issues cease and desist order to seven coding schools in San Francisco Bay Area
 - ▶ 2017 – At least 30 Boot Camps operational in Bay Area

Bay Area Coding Boot Camps



Bay Area Coding Boot Camps – cont'd



Emerging Competing Training Model: “Boot Camps” – cont’d

- ▶ BLS: 17% projected increase in employment from 2014 to 2024 in the software developer field
- ▶ Boot camp model expanding into other fields such as digital marketing, digital science, and product management
- ▶ Potential for the model to be replicated in other fields of career education in IT, business, and elsewhere
- ▶ Curriculum Focused on Popular Languages (Web and Mobile)
 - ▶ Full-Stack Java Script
 - ▶ Ruby On Rails, .NET, Python, Java, and PHP

Features: Platforms

- ▶ Free Standing Companies/Campuses
 - ▶ Programs Typically Offered On-Ground or Online
- ▶ University Partners
 - ▶ Boot camp teams up with university
 - ▶ University brand attractive to students and employers
 - ▶ University able to compete in job training market without independently developing new programs
 - ▶ Revenue sharing
 - ▶ Students may get pathway to degree programs at university
 - ▶ Opportunity to recruit university graduates into programs
 - ▶ Graduates with 4-year degrees may turn to boot camp to enhance job placement prospects

Features: Shortened and Intensive Program Structure

- ▶ NPR radio feature: “12 Weeks to a 6-Figure Job”
- ▶ Most programs designed to create employable skills in a few months rather than years
- ▶ Average program length is 12 weeks with program varying from 6 to 28 weeks – quick path to credential
- ▶ Programs available on a part-time basis and online (so students can keep existing jobs)
- ▶ Student profiles: career changers, students who had not finished college, recent graduates seeking specific job skills

Features: Pricing

- ▶ Tuition Generally In The \$10,000-\$20,000
- ▶ Average Tuition Is Approximately \$11-12K
- ▶ High Price for Concentrated Period of Time
- ▶ Lower Than Overall Price of 4-Year Degree Program
- ▶ Other Structures
 - ▶ Payment Only Upon Placement
 - ▶ Stipends for Students
 - ▶ Alternative financing (see next slide)
 - ▶ Future potential competitor for Title IV funding (HEA reauthorization)

Features: Financial Aid

- ▶ Programs typically are not eligible for Title IV financial aid
 - ▶ Short length of programs
 - ▶ Lack of institutional eligibility
- ▶ Alternatives
 - ▶ Employer financing
 - ▶ Private financing
 - ▶ Loan partnerships
 - ▶ Scholarships and Discounts
 - ▶ Payment Plans

Features: Role of Employers in Pricing and Structuring Programs

- ▶ Duration
 - ▶ Employer demand for workers qualified for technical fields, not necessarily with 4-year degrees
 - ▶ Student demand for short-term programs that can be utilized promptly after graduation
- ▶ Adaptable and Frequently Updated Curricula
 - ▶ Employer demand for skills in the latest technologies.
 - ▶ Boot camp capacity to develop and adapt curriculum to meet these needs.

Features: Role of Employers in Pricing and Structuring Programs – cont'd

- ▶ Pricing
 - ▶ Some employers willing to pay for training
 - ▶ Short-term training priced differently than traditional programs
- ▶ Attraction of partnerships with universities
- ▶ Some employees enter into hiring relationships with schools

Features: Role of Placement Results in Marketing

- ▶ Outcomes as proxy for institutional quality
- ▶ Student demand for outcomes given price and narrow scope of programs
- ▶ Some institutions have publicized outcomes as part of marketing efforts
- ▶ Outcomes
 - ▶ Graduation Rate
 - ▶ Job placement rates
 - ▶ Average salaries
 - ▶ Completion rates

Features: Peer Review of Outcomes Data

- ▶ Programs typically not accredited, but some are state licensed
- ▶ Private initiatives to verify student outcomes
- ▶ Council on Integrity in Results Reporting (CIRR) = group of boot camps and other organizations
- ▶ CIRR developed framework for reporting, documenting and auditing outcomes for boot camps

Features: Peer Review of Outcomes Data – cont'd

- ▶ First set of rates issued in March 2017
- ▶ Responsive to outcomes scrutiny in postsecondary education in general
- ▶ Third party verification for CIRR or use of independent auditors

Legal Issues

- ▶ State licensure
- ▶ Agreements with institutions
- ▶ Representations regarding programs and outcomes
- ▶ Institutional and third party lending
- ▶ Qualifying for federal and state financial assistance
- ▶ Federal and state scrutiny may increase with growth in number of schools, programs, and enrollments

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Corporate Training Models

- ▶ Fulfilling Specific Industry/Employer Needs
 - ▶ For-Profit Schools partner with Automotive Industry
 - ▶ BMW STEP
 - Enhanced admissions requirements
 - Manufacturer pays tuition in exchange for period of employment (1-2 years)
 - 3,000 STEP graduates
 - ▶ Hudson Valley CC partnership with Simmons
 - ▶ Advanced Manufacturing Technology Program
 - ▶ Tuition reimbursement based on GPA each semester
 - ▶ Hire upon graduation (minimum 2 years)

Corporate Training Models – cont'd

- ▶ Arizona State University partnership with Starbucks
 - ▶ Upfront scholarship, periodic reimbursement
 - ▶ 60 online degree programs
 - ▶ Participants stay with Starbucks twice as long
- ▶ Fiat Chrysler partnership with Strayer University
 - ▶ Fight rapid turnover at dealerships
 - ▶ Includes associate, bachelor's, and master's degree programs
 - ▶ Shift in bargaining power

Other Corporate Training

- ▶ Industry-Recognized Certifications
 - ▶ Company-Specific: Cisco Networking Certificate
 - ▶ Field-Specific: Accounting, HR, Project Management
- ▶ Continuing Education
 - ▶ Insurance CE courses
 - ▶ Certified Financial Planner CE
 - ▶ State-aligned CE for Teachers

Employer Training

- ▶ California Employment Training Panel
 - ▶ Funds employers to upgrade worker skills
 - ▶ Performance-based
 - ▶ 9/22/17 Press Release: award \$9.2 million over 29 contracts to train 9,400 workers
 - ▶ 2015/16 Annual Report
 - ▶ Prioritize certain industries including Allied Healthcare, IT Services, and Multimedia/Entertainment
 - ▶ \$97 million to train over 100,000 workers
 - ▶ \$45 million to train Career Technical Education workers including CNAs, MAs, and Radiology and Lab Techs
 - ▶ \$9.6 million to train other healthcare workers, including MOAs and MBC Techs

Employer Training – cont'd

- ▶ Example: JFK Memorial Hospital in Indio
 - ▶ Medical Skills Training Program for nurses
 - ▶ Higher reimbursement rate if commit to hiring new employees
- ▶ Private post-secondary schools can apply for ETP training funds
 - ▶ Need BPPE approval
 - ▶ The Technical School dba Technical College (LA)
 - ▶ Certified Restorative Nurse Assistants
 - ~\$65,000 to train 14 CRNAs

Apprenticeships

- ▶ Historical Role
 - ▶ Specific skill set without general education
 - ▶ On-the-job training
 - ▶ Even lawyers were apprentices (and still can be)
- ▶ European Structure
 - ▶ Switzerland
 - ▶ Seamless integration with education system
 - ▶ Publicly funded
 - ▶ As early as 15
 - ▶ Paid \$500-\$1,500 per month

Apprenticeships – cont'd

▶ German Model

- ▶ No stigma: “This has nothing to do with corporate social responsibility...I do this because I need talent.” - HR manager at Deutsche Bank
- ▶ Less correlation between apprenticeship and academic success
- ▶ Cost: \$25,000-\$80,000
- ▶ Dual training works because federal government created standardized occupational profiles and curricula

Apprenticeships – cont'd

- ▶ Benefits to workers
 - ▶ 91% of apprentices find employment after completing program
 - ▶ Average starting wage: \$60,000
 - ▶ Increased state funding for training
- ▶ Benefits to employers
 - ▶ Flexible length and cost
 - ▶ Reduced turnover, skilled labor pipeline
 - ▶ Engaged employees, task flexibility

Apprenticeships – cont'd

- ▶ U.S. has been slower to follow
 - ▶ Registered Apprenticeship
 - ▶ “Earn and Learn”
 - ▶ Nationally recognized credential
 - ▶ Stigma: “There’s still this myth out there that this is shop class.” - Former Gov. Steve Beshear
 - ▶ College graduation is still considered the most desirable achievement
 - ▶ Concerns regarding early tracking and impact on minorities and poor students

Apprenticeships – cont'd

- ▶ Can the U.S. adapt?
 - ▶ U.S. spends \$90 million annually on apprenticeship programs
 - ▶ German system costs \$27 billion
- ▶ Don't underestimate memes...



Apprenticeships – cont'd

- ▶ Apprenticeships on the rise
 - ▶ 2014 White House Report
 - ▶ From 375,000 registered apprenticeships in 2013 to over 600,000 in 2017
- ▶ Current administration
 - ▶ June 15, 2017 Executive Order
 - ▶ Flexibility or Deregulation?
 - ▶ What about WIOA?
- ▶ Legislative efforts
 - ▶ Cantwell/Collins *Apprenticeship and Jobs Training Act of 2017*
 - ▶ Tax credits, early pension draws, prior military training

Apprenticeships – cont'd

- ▶ State programs
 - ▶ CA Department of Industrial Relations – Division of Apprenticeship Standards
 - ▶ Connecticut
 - ▶ Legislation to increase ratio of apprentices
 - ▶ Colorado
 - ▶ Implementing the Swiss system
 - ▶ Washington
 - ▶ Aim at 100,000 apprenticeships for high school graduates over next five years.
- ▶ Business leaders
 - ▶ Salesforce CEO Marc Benioff aims to create 5 million U.S. apprenticeships

Stanley A. Freeman



Stanley A. Freeman joined Powers Pyles Sutter & Verville in 1994. He is the former president of the firm and founder of the firm's education practice.

Stanley counsels postsecondary educational institutions from all sectors of higher education regarding strategic issues pertaining to participation in the federal student financial assistance programs, accreditation, licensure, and related regulatory concerns. He was selected by his peers for inclusion in the 2009 - 2016 editions of The Best Lawyers in America in the specialty of Education Law.

Stanley has been actively involved in representing educational institutions for more than 20 years. In his practice, he counsels individual educational institutions, corporate investors in higher education, associations of schools and colleges, and allied educational companies on administrative, transactional, regulatory and litigation matters. He has represented numerous schools before the U.S. Department of Education and before other federal agencies, state educational oversight agencies, and accreditors on compliance matters, financial responsibility concerns, legislative issues, and investigative matters. He has also litigated cases in the state and federal courts. He spends much of his time advising clients concerning regulatory and compliance matters arising under the Higher Education Act of 1965, including program reviews, audits, substantive changes, changes in ownership and control, and other oversight matters.

Stanley has authored numerous articles on federal student financial aid issues for higher education publications and frequently speaks to gatherings of college officials and student aid administrators.

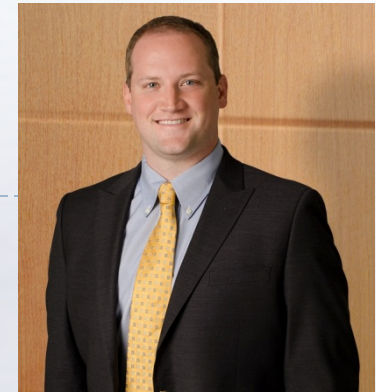
Stanley graduated with distinction from the Honors College of the University of Michigan in 1978 and earned his law degree from the Georgetown University Law Center in 1982. He is admitted to practice law in the District of Columbia, Maryland and Virginia. Stanley is a lifelong resident of the Washington area, and he and his wife Cecilia have five children.

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Sean Beller couples a litigation background with expertise in education regulatory issues to provide clients with a unique viewpoint on a broad range of education-related issues.

For-profit schools and education loan lenders rely upon Sean's expertise to help them with litigation issues ranging from False Claims Act investigations and litigations to student complaint arbitrations. He also assists schools in responding to civil and criminal subpoenas and U.S. Department of Education compliance actions, as well as internal investigations.

In addition, Sean advises on regulatory due diligence matters associated with transactions in the education space, including mergers, acquisitions, and public offerings.

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