

## A New Force to Push Universities in the U.S. to Go Online

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**Abstract.** Online education and e-learning continue to be a trend in the future of higher education. However, some colleges and universities in the U.S. are still resisting this change. One factor that may force these institutions of higher education to change is the new rating system initiated by the current Government of the United States of America. This new rating system will affect the allocation of financial aid to universities which in turn affect the revenue and overall enrolment in various universities. The purpose of this paper is to first review the current literature and then provide an analysis on the effects of this new rating system on the future of online education in institutions of higher education. This paper suggests that the new College Scorecard rating system initiated by the Obama Administration will force college and universities to offer more online courses and programs.

**Keywords:** Online Education, eLearning, Higher Education, Colleges and Universities, College Scorecard.

### 1. Introduction

The rapid advancements in technology have revolutionized the life of human beings in the 21<sup>st</sup> century. It has impacted the business processes and models, communication strategies between members in organizations, the expectations of consumers and ultimately the overall operations of businesses. Many products and services that believed to be impossible just a few decades ago are now taken as granted. It has created new challenges, problems, threats and opportunities in the business world.

However, not all industries have embraced advancements in technology as the corporate world has. The higher-education model of lecturing, cramming and examination has not changed much for the past few decades. It is commonly observed that some faculty, administrators and universities resist changing the

models and practices used in higher education for many years. Now, with the introduction of College Scorecard things may change.

In August 2013, President Obama proposed a new college ratings system. This proposal aimed to identify and rank universities that offer the best value in an effort to help students and parents make more informed decisions about their choice of college. This proposal is called the College Scorecard and it is scheduled to launch by the 2015 academic year. It will rate universities based on accessibility, affordability and outcomes to measure overall value. What makes this system so important to universities is the fact that by 2018 the Department of Education will tie it to the way federal financial aid is distributed to universities. High-performing will receive larger amounts of Pell Grants and student loans.

Since this is a new initiative, there is a gap in the literature about how this program will impact the likelihood of universities going online in the U.S. In addition, since the program has not started yet, collection of quantitative or qualitative data was not very meaningful at this stage. Therefore, an analytical review of the literature and position paper seemed to make the most contribution to the body of the literature. The purpose of this position paper is to analyze the possible effects of the introduction of the new College Scoreboard system by the Obama Administration on the decision of U.S. universities offering more online courses and programs.

## **2. Review of the Literature**

### **a. Online Education**

Online education is growing and becoming more popular among students as time progresses. Students, as well as institutions, are becoming more dependent on online learning as the years pass (Allen & Seaman, 2010). According to Mayadas, Bourne and Bacsich (2009) people want the comfort of college education at their convenience. Online education is affecting many who normally would not have been able to go to college. Today's students have more opportunity than their past generations and education online is providing those opportunities. Some students may not have a certain class offered though their current college, but online learning is beneficial to them because they may be able to take that class online through a different institution (Sive & Sarma, 2013). Lewin (2012) explains that some students who may not be able to make it to campus, due to life in general, will also benefit from online learning. Students all over the world are becoming more and more intrigued and attracted to these online opportunities, and institutions are changing to accommodate this demand. But are these new opportunities really beneficial to the online learner? Do online course provide equal, less or better education for students?

Many people are certain that traditional learning is better than online classes. Many, who do not understand how effective technology can be, believe that there is no way that an online virtual class can even compare to the traditional classroom education (Angiello, 2010). Contrary to these beliefs, this may not always be true. Studies have found that online learners have performed

somewhat better than those students in traditional classroom settings (Toyama, Murphy, Bakia, Jones, & Karla, 2010).

There is a whole community and culture in online learning classes, just as you'd see in traditional classrooms. There are several ways to insure that students are learning properly. Juwah (2006) suggested that interaction within an online classroom is one of the most important things to ensure a student has in order to promote success. Social presence, though it may not seem so, is very important in online classrooms. Student's intellectual attendance can be determined by the amount of community based learning a student feels they have in an online class (Shea & Bidjerano, 2009). The teacher also needs to be present to insure an increase in success rate of their online students. A professor's presence in an online classroom increases the social participation in the class and therefore promotes success in an online learning course. (Garrisona, Cleveland-Innesb, & Fungc, 2010). Online education has a role in opening new door for students as well as providing greater opportunities for instructors and institutions alike (Moore, 2013).

Overall, though many may believe that online education is not providing today's students with a solid educational background and great learning experience, this is not what research shows. Today's learners are thriving within the online community and technology is providing great opportunities for students. Technology is very effective, along with student socialization and motivation in the online classroom, at giving a good foundation for new learners. Online education provides a sufficient, if not, superior learning experience and education for modern students.

#### b. College Scorecard

The U.S. Education Department has compiled statistics for around 4000 colleges and universities in the nation. College Scorecard, as this new rating system is called, will rate colleges and universities based on accessibility, affordability and outcomes to measure overall value. The goal of the Department of Education is to base the way federal financial aid is distributed to universities on this rating system.

The Department of Education uses multiple variables to rate colleges and universities. The first variable is the enrollment of universities. Secondly, cost and net price is used and defined as the average yearly price actually charged to first-time full-time undergraduates not including student aid. Graduation and transfer-out rates for first-time full-time undergraduates are some other variables used by the system. Loan default rate is defined as the percentage of an institution's borrowers who entered repayment on certain Federal student loans in federal fiscal year 2009 and who defaulted before September 30, 2011. Finally, employment is considered in the rating system as what kind of jobs do students have when they graduate (White House, 2014).

### 3. Discussion

An analytical review of the literature reveals three disruptive waves are going to force universities to offer online education. The first disruptive wave is the financial crisis in higher education. It is forecasted that more than thirty to forty percent of private universities in the U.S. will file bankruptcy within two decades. Institutional costs are rising while the Federal student aid is decreasing. The government can no longer subsidize higher education as generously as it used to.

Accessibility is going to become a major factor for financial aid allocation based on the new system. According to the College Scorecard, the total enrolment of a university will have an impact on this new rating system. Many universities have serious space limitations and simply cannot offer more classes to ensure undergraduate students have the classes they need every semester to graduate in 4 -years. One major solution to tackle this issue is to offer online courses. For profit universities have done a great job in implementing this strategy. Not only the issue of classroom space limitation was resolved for them but overall enrolment at for-profit colleges and universities increased 225 percent in the past twenty years (NCSL, 2013).

Many universities face high competition over traditional face-to-face students were several institutions of higher education are only a few miles away. If the goal is to increase total enrolment numbers, maybe the only viable solution is to reach out to students virtually and look for students beyond the local or regional areas the universities are physically located. This is a solution that has been tested successfully many times. For example, Drexel University plans to increase its enrolment “by capitalizing on the University's strong market position in online education” (Drexel, 2014).

The cost of higher education has steadily increased in the U.S. In year 2014, the price for a 4-year university degree for a residential student at an American university is up to \$240,000 (Economist, 2014). A report by the National Center for Education Statistics stated that the prices for undergraduate tuition, room, and board at public institutions rose 40 percent in the past ten years (NCES, 2015). It has been proven that in the long-term Online courses can be provided more cheaply than traditional ones (Economist, 2014). Advancements in technology will sooner or later force most colleges and universities to offer online courses and programs in the near future.

The technological revolution will challenge the traditional business models used in higher education. This is the second disruptive wave that will affect the decision of universities to offer more online courses and programs. The current business models will not help universities decrease the net price of higher education for universities. Colleges and universities in the U.S. have passed most of the rising costs on to students. Fees increased by 28% in American private universities and 27% in Public in the five years to 2012. American student debt adds up to \$1.2 trillion and more than 7 million individuals have defaulted on their loans. Students are now thinking about the return on

investment especially when they are not able to find employment in their fields of study after graduation.

Many business processes and operations hinder the 4-year graduation on undergraduate students. Students often experience challenging situations at various offices such as Financial Aid, Admissions or the Registrar's that will decrease their satisfaction level and sometimes influence them to consider other universities or ultimately leave a college or university. In addition, spacing limitations and classroom availability are becoming major challenges for students to graduate on time. Many times some classes are not offered in a semester due to lack of classroom availability or other spacing issues on campuses. Offering online classes is one good solution to help with this problem. The third disruptive wave affecting universities in the U.S. is more theoretical in nature. In the past a higher education was more geared towards a small group of elites. This has slowly changed with various industries requiring a higher education as a requirement for employment and consequently universities offering more professional degrees. Universities and institutions of higher education in the U.S. are now responsible for training and retraining workers throughout their careers.

Massive Open Online Courses (MOOCs) and Open Courseware initiatives such as the one offered by the Massachusetts Institute of Technology (MIT) have made what had been traditionally locked behind firewalls and secure servers freely available to users all around the world (Haggard, 2013). An independent learner no longer needs to enrol in a paid course in a traditional class in a brick and mortar university to learn about many subjects (Hilton, Wiley, Stein, & Johnson, 2010). These courses are now being made available online free of charge to the users. This will definitely impact enrolments in higher education. Many universities are reaching out to new and diverse markets online through online certificate programs (Richter & McPherson, 2012). It is interesting to note that for example currently there are more online certificates in program evaluation than graduate programs offering such a degree. Can universities survive the above challenges without utilizing online education?

#### **4. Conclusions**

Over 6.7 million students were taking online courses in the fall 2011 term. This shows an amazing increase of 570,000 students over the fall 2010 term (Allen & Seaman, 2013). This is a current trend in higher education in the U.S. A review of the current literature and analysis of the possible impacts of the new College Scorecard rating system initiated by the Obama Administration clearly suggests that the current trend of offering more online courses and programs in colleges and universities in the U.S. will continue. In addition to all of the above review and analysis, it is important to note that the true digital natives that are currently still enrolled in the k-12 system in the U.S. will eventually enter the institutions of higher education in the next few years. Offering online courses will become an expectation for this new population of students and universities that initially resist changing will not be able to complete or even survive (Watson & Pecchioni, 2011).

Future qualitative research is recommended to understand the barriers college administrators face to implement online education in their universities. In addition, more in-depth research is needed to identify expectations of digital natives from their college classroom experience. After the College Scorecard initiative is up and running, a quantitative survey research is recommended to see what statistically significant differences this new rating system has made on the online course offering of colleges and universities in the U.S. At this time, there is an excellent foundation for further research, but it is recommended that future research could benefit from a more theoretically informed basis. Future research is recommended to explore new ways of conceptualizing these research issues drawing on theories. In addition, utilizing change theories to serve as theoretical frameworks for such studies is highly recommended. Since this is a new initiative, there is a need for quantitative longitudinal studies to keep track of the changes and effects of the College Score rating system on online offerings of colleges and universities. Finally, a survey of college administrators about the possible impacts of this new initiative on the business processes and models on institutions of higher education in the U.S. is recommended.

Online education is here and will continue to stay in the higher education industry for many more years to come. What learning technologies will be available to college faculty and administrators ten years from now? That is a question that needs to be answered with an open mind. Considering the advancements of learning technologies in the past ten years, one could easily expect that the learning technologies ten years from now will be completely different than what is being used today. This calls for more ongoing change for faculty and administrators in institutions of higher education. One could embrace these new changes and use them as a competitive advantage or decide to resist the change and lose ground to the fierce competition in the industry. The real question is when are we going to change?

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