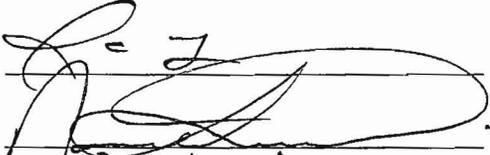


A PHOENIX STILL IN ASHES: FOR-PROFIT OPEN ADMISSIONS AND THE  
PUBLIC GOOD

by

Michael Perini  
A Thesis  
Submitted to the  
Graduate Faculty  
of  
George Mason University  
in Partial Fulfillment of  
The Requirements for the Degree  
of  
Master of Arts  
Interdisciplinary Studies

Committee:

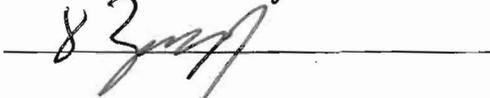


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Date: March 31, 2011

Spring Semester 2011  
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A Phoenix Still in Ashes: For-profit Open Admissions and the Public Good

A thesis submitted in partial fulfillment of the requirements for the degree of Master of Arts in Interdisciplinary Studies at George Mason University

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## DEDICATION

For Lauren...on to the next mountain...

## ACKNOWLEDGEMENTS

I would like to thank Dr. Jamie Lester for challenging me throughout the MAIS program and in particular with this final project. I would also like to thank the committee members, Dean Nance Lucas and Ms. Beth Roszkowski, for offering their expertise and criticism. Mr. LeRoy LaFleur served as a professional mentor and it was through his recommendation that I pursue this scholastic avenue. Dr. Mark Kidd acted as my initial program advisor and encouraged me to follow this more difficult route. My mom, Dr. Marie Perini, provided conceptual feedback and analytical review and has given me academic goals and accomplishments for which to aspire. It is the work ethic instilled by my dad, Mr. Richard Perini, which inspires me to achieve them. Finally, I would like to thank my wife, Lauren, for putting up with me rambling about for-profit education for the past 5 years. Now we can talk about something else.

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## ABSTRACT

### A PHOENIX STILL IN ASHES: FOR-PROFIT OPEN ADMISSIONS AND THE PUBLIC GOOD

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This thesis describes the implications of open admissions policies widely employed in higher education in the for-profit sector, and in particular by the University of Phoenix, and examines the potential effects of such procedures on the public good. This study seeks to examine these issues by comparing the University of Phoenix's practices to those employed historically in America through the use of the framework within Cohen and Kisker's historical analysis *The Shaping of American Higher Education*. After measuring for-profit practices through the historical spectrums of societal context, institutions, students, staff, faculty, curriculum, governance and finance, this work concludes that the open admissions policies utilized by the for-profits have the high potential to damage notions and actualities of the public good. The for-profit entities may exist and thrive in different niches of higher education than public or private non-profit institutions, though their practices require revision.

## Introduction

Particularly within the last few decades, large-scale private for-profit universities have found increasing success. For-profits as a whole have enjoyed rapid increases in the conferral of baccalaureate degrees, jumping from 6,720 in 1993 to 75,949 in 2008; the production of MAs has improved from 1,627 in 1993 to 54,854 in 2008 (Breneman, Pusser & Turner, 2006; National Center for Education Statistics, 1995; National Center for Education Statistics, 2009). In those fifteen years (1993-2008), enrollment in for-profit institutions grew from 226,818 to 1,186,198 (National Center for Education Statistics, 1995; National Center for Education Statistics, 2009).

One immediate distinction that must be made is that just as in traditional non-profit educational entities, size stratifications exist. The Education Commission of the States has three classifications of the for-profit schools, specifically enterprise colleges, Internet institutions and supersystems (Kinser, 2006). Enterprise colleges are small for-profit schools with a limited number of students and who serve a local community. Internet institutions are distance education institutions with no physical campus. Kinser (2006) outlined further classification through additional stratifications based upon such criteria as scope of influence, ownership and degrees granted, though for this argument, such diversified categorization is unneeded as the focus of this discussion however will

be that of the ECS' supersystems- multi-state, multi-campus collegiate mammoths whose stock is dealt on Wall Street. "[Supersystems are growth engines of the for-profit sector, adding campuses in new regions and showing increased enrollment to meet the quarterly profit expectations of their shareholders]" (Kinser, 2006, p. 29).

Within the supersystems, the focal point here will be the University of Phoenix, whose online enrollment size in 2007 was larger than the four largest traditional schools combined (National Center for Educational Statistics, 2010). The University of Phoenix's scope, marketing and ability to enroll is enormous and its growth may be attributed in large part due to the usage of its business model, which features streamlined campuses that cater primarily to the non-traditional student (Breneman, 2006). Some of its business practices have garnered the institution unwanted attention and ethics violations (Department of Education, 2003; Lauerman, 2010).

Further, the University of Phoenix features "open and rolling enrollment", allowing for year-round student enrollment given the completion of minimum admissions requirements. Originally open enrollment programs were financed by community monies and the public sought to assure that the schooling gave to a civic and public good. Thus, access was seen as a public good, as it provided for the added employment, superior tax bases and individuals who might help all levels of society. However, while allowing for the quicker enrollment of students- and therefore the more rapid completion of their studies- the model of open enrollment featured by the University of Phoenix and other

for-profit institutions has a series of negative implications for the students, faculty and staff involved at these institutions. Specifically, the University of Phoenix has the ability to enroll students at such a pace that the regard for historical concepts involving civic or public good may be ignored.

Since the founding of Harvard in 1636 colleges and universities have had ties to civic entities and possessed the intent to produce a “civic good.”

“In the seventeenth century, American settlers founded many small, religiously homogeneous communities located in a variety of different areas of the "New World," and many of these communities established their own congregational colleges. These institutions provided future community leaders with the knowledge and mentality considered necessary for public figures. Thus, in the congregational colleges, higher education was directly connected to public life” (Snyder, 2001).

This simply meant that collegiate production provided communities with educated *citizens* that contribute to the management and well-being of society. Since the inception of twentieth century innovations such as the GI Bill and the Higher Education Act of 1965 that offered public funding for the growth of education, the public has expected that educational institutions would provide for a “public good.” The distinction between civic and public good is that the latter was meant to benefit society without inequity or competition-based interference, whereas the former sought to empower those worthy of education (and citizenship) and allow them to determine the public good. Historical analyses beginning with the colonial era and extending to the present demonstrate the

ability of the abilities of institutions to shift and adapt over time to benefit both the civic and public good as well as the school itself.

Using Cohen and Kisker's 2010 2<sup>nd</sup> edition of Cohen's 1998 *The Shaping of American Higher Education* as the frame, this critique will examine the altruistic value of more selective admissions processes- admissions standards that require academic or professional credentials for program admission and matriculation- from available historical examples for the sake of comparison to the University of Phoenix, given that the institution is the largest and most recognizable for-profit entity (Breneman, Pusser & Turner, 2006). Cohen and Kisker's model is applicable in that it features a full historical scope of institutions in American history, including private, public and proprietary. It furthers endeavors to document such history as opposed to justify or defend any one particular form of institution and illuminate concerns for the educational realms of the future.

The University of Phoenix's mission statement suggests intent on civic and public good: "University of Phoenix provides access to higher education opportunities that enable students to develop knowledge and skills necessary to achieve their professional goals, improve the productivity of their organizations and provide leadership and service to their communities" (University of Phoenix, Mission and Purpose, 2010). Through the application of Cohen and Kisker's historical model I argue that selective admissions processes historically and currently produce students better able to contribute to the civic

and public good, whose position is already tenuous in the current society (Kezar, Chambers & Burkhardt, 2005). The forthcoming will illustrate that even though some practices in enrollment and student structure mimic those utilized by the University of Phoenix have historical precedence, the schools acting in previous epochs acted out of institutional survival. As such I demonstrate that the University of Phoenix's present admissions practices mimic corporate sales methodologies and in fact diminish both the civic and public good by placing a premium of the benefit of the school's shareholder instead of that of the community at large.

The University of Phoenix's educational options do not necessarily match the school's mission as they limit well-rounded education while in direct competition with traditional education (Kinser, 2006). The expressed output of the school- the students- regularly accrue more debt and feature lower graduation rates while the school's primary focus on shareholders limits a more direct benefit for the communities in direct or indirect contact with the institution. "The growth of public corporate ownership has reduced the connection to the local community formerly maintained by the independent proprietary school" (Kinser, 2006, p.62). The following words are not meant to merely compare traditional academic models with the University of Phoenix's approach, with the condemnation of the latter being a focal point. The University of Phoenix has its benefits and also its flaws, and the hope here is to elucidate some of the faults while providing potential solutions. With the continued increase in for-profit growth and the continuing

need to provide viable educational outlets for an ever-expanding student populous, the identification of these factors and their accompanying suggestive solutions are key to the educational and societal success of the coming generation of prospective students.

In using Cohen and Kisker's general model, the first chapter will discuss the societal context from which institutions arose through the course of American history and their consequent roles and relevancy to the public good. The next chapter analyzes the actual lifeblood of universities- the students- and their changing interests and needs. The following section examines the staff of the university systems and features an additional section not mentioned by Cohen and Kisker, specifically the role of staff. The fourth chapter deals with governance and finance and how the organizational structure and funding of for-profits compares to historical models of the public good. The final chapter compares the University of Phoenix's educational practices to existing corporate business methodologies and offers realistic solutions that would both amend current practices and while simultaneously benefit public good. Each chapter endeavors to link the ramifications of open admissions on the public and civic good, and again not vilify the University of Phoenix's practices but illuminate the shortcomings for the sake of positive resolution.

## 2. Societal Context and Institutions

### Introduction

The first frame in which Cohen and Kisker (2010) examine each epoch deals with “Societal Context.” In addition, this chapter will give an overview of the “Institutions” themselves, another frame used by Cohen and Kisker, in the same discussion as it will benefit the comparison to the University of Phoenix. From this spectrum the notion of public and civic good may be most easily distilled, as it determines why the construction and establishment of institutions originated and further how surrounding society influenced the change within the higher education establishment. In their discussion of early American education systems (1636-1869) Cohen and Kisker show that the schools oriented their missions for the benefit of the civic good. Thus at this point it seems relevant to define further the notions of civic and public good.

### Civic and Public Good

It may be posited that higher education traditionally has existed in a grey realm of both “civic” and “public” good, yet they are autonomous bodies of thought. Public good in abstract terms refers to the “the struggle to find common social and political understandings in a pluralistic nation” (Pusser, 2006, p. 26). For this discussion, civic good will pertain to the education of current or future citizens who will contribute as

individuals within a society in leadership roles. Public good will pertain to the communal whole that either directly or indirectly benefit from the products of an institution. In short, civic good is for direct, private, individual benefit, whereas public good is for the benefit of all. They are not a duality, but independent ideological entities that stand risk of erosion as a consequence of the current higher education climate. Higher education specifically is viewed as a public good in that it produces new forms of technology and economic growth and one of its prime tenets is the non-exclusivity of the product, meaning all members of the society could benefit (Pusser, 2006). With early education, that was not the case- civic good only directly benefited those who could gain admission for the education. The University of Phoenix claims the desire to educate all students for the betterment of society, thereby linking them ideologically with institutions throughout American history, though forthcoming arguments will suggest their undertaking to produce both civic and public good is failing.

Civic intentions have been tied to collegiate institutions in the United States since Harvard was founded in 1636. Hoeveler (2002) detailed the establishment of the first colleges in what is now the United States through the scope of religion, specifically the varying sects of Protestantism. “Religion and the churches are worthy of a special note because they were so close to the daily life and thought of the colonists” (Cohen and Kisker, 2010, p. 16). Cohen and Kisker (2010) assert the establishment of the schools and the thought processes associated with them was almost entirely independent and for their

own civic and religious needs. “‘Creating’ the American Mind was a highly decentered process. It had nothing of a self-conscious dimension to it until the 1760’s” (Hoeveler, 2002, p. xiii). This is not entirely surprising given the colonial era’s communication methods and the diverse reasons for the foundations of the individual communities. The colleges were established in order to implement the control of their communities through intellectual leadership, embodied in the form of the local minister (Snyder, 2001). The colleges’ production of town leaders- the ministers- thereby promoted uniform thought and “the broad sense of...purpose, namely, educating civic leaders” (Lucas, 1994, p. 105).

For example Harvard was created to promote Puritan beliefs and to educate the youth of society. “Harvard was the first college of the Puritans. It existed to educate leaders of church and state and to equip all others who entered its doors with the intellectual foundations of Puritanism.” (Hoeveler, 2002, p.32). Hoeveler speaks to the notion of civic good, in that those obtaining education would lead through their Puritanical edification. The 1650 Harvard Charter reiterates this notion, though interestingly it mentions the education of the Indians as well as the English:

WHEREAS, through the good hand of God, many well devoted persons have been, and daily are moved, and stirred up, to give and bestow, sundry gifts...for the advancement of all good literature, arts, and sciences in Harvard College... to the maintenance of the President and Fellows, and for all accommodations of buildings, and all other necessary provisions,

that may conduce to the education of the English and Indian youth of this country, in knowledge and godliness (Harvard Charter, 1650).

The production of Harvard in its earliest incarnations was ministers. In the time of the Puritans, one might see this as the equivalent of technological production by college graduates in the twentieth century, thus correlating it somewhat with the notion of public good. The education was intended to make the lives of the community- both English and Indian- better through the spread of a specific belief. The education was just not state sponsored.

While the Puritans made certain to separate the identities of church and state, their collegiate production nonetheless interwove the two and the philosophy of the college became synonymous with the religion (Kramnick & Moore, 1997). The nature of Puritanism allowed for the varied interpretation of the faith, which ultimately produced alternative views on the faith (Hoeveler, 2002). Yale promoted a form of Calvinism that advocated the creation of a Calvinist Christian America; Rhode Island was influenced by Quaker thought; and so on with the other colleges.

In addition, institutions arose out of the perceived need for social reform through religious principle (Herbst, 1982). James Blair and Francis Nicholson founded William & Mary attempting to reform the ill morals in the Virginian colony (Hoeveler, 2002; Lucas, 1994). “The charter for the college described the several purposes and uses by which the institution would benefit the colony: it would provide it with a seminary to supply ministers for its churches, educate youth in good letters and manners, educate Indians of

North America and train them in the Christian gospel.” (Hoeveler, 2002, p. 85). Though difficulties with the creation of ministers arose due to the requirements of the Anglican Church, the school’s mission as a *civilizing* organization through Christian principles in Virginia itself for both native and non-native dwellers remained clear.

Ultimately, during the revolutionary period, the schools became less sectarian due to rising threats in the political theatre. An educational shift began and then influenced the leaders of the revolution. The shift from religious to political training is evident when one notes that 23 of the 55 attendees of the 1787 Constitutional Convention were collegians (Kett, 1994). Some of the prime tenets of Jeffersonian thought- freedom of religion, public school education- were influenced by Jefferson’s mentor at William and Mary during the early 1760’s, Bishop James Madison (Hoeveler, 2002; Addis, 2003). Arguments between sects were replaced by opinions against the crown, as colleges became the breeding grounds of revolutionaries of varying extremes. While the manner of revolutionary opinion differed by school, by fostering communities of new thought the influence of the educational setting on civic matters was again apparent.

The final evolution of the progression from colonial institutional structure through the revolutionary period and towards the beginning of the 1800’s may be witnessed at the University of Virginia. While Jefferson envisioned an educational structure without the direct influence of religion, he nevertheless envisioned the university as a civic force that accommodated the interests of society through the educated individual. First, he felt that

education and the resulting meritocracy would replace the “pseudo-aristocracy” as the ruling force in America (Addis, 2003). Second, he hoped to reinforce republicanism (in Virginia) by educating citizens on their rights. As well, Jefferson felt that a strong Virginian institution would prevent the southern youth from obtaining schooling (and federalist thoughts) in the North. However, the original design of the university’s curriculum became devoid of a mono-congregational religious framework or traditional religious studies (Addis, 2003). This represented the complete opposite spectrum of the origins of collegiate education in America. Thus, while the colonial and revolutionary colleges evolved from servicing a single Protestant sect into multi-congregational schools and finally into a school without direct religious influence, the institution of higher education remained purposely driven for the production of citizens.

One may argue that main failings of the colonial, revolutionary and post-revolutionary educational system were their prominence in society, their lack of a standardized accrediting board and their lack of an inclusive student base. First, the schools that were originally founded for the sake of the production of religious (and subsequently) civic leaders found that their societies also benefited from educated men in other fields such as law or medicine. Unfortunately for the colleges, unlike today it was easy in early American society for a man to enter these fields simply through apprenticeship. America’s 7<sup>th</sup> president, Andrew Jackson, is a good example of this

potential mobility. After erratic education, Jackson read laws for two years and ultimately became a prominent lawyer without ever attending college (Whitehouse, 2010).

Following the American Revolution and the acquisition of the Louisiana Purchase in 1803, there was a desire to develop colleges in the west. As in colonial times, the colleges were viewed as beacons of civility. However, these “colleges were formed without any superordinate agencies attempting to impose order...[and] in the absence of regulations it was easy to form colleges” (Cohen and Kisker, 2010, pg. 64-65). The federal government exacerbated this issue by ensuring the limitations of individual states to interfere with private institutions. “The growth and spread of institutions was typically American: no restrictions, try anything, graft new ideas on old” (Cohen and Kisker, 2010, pg. 69). Institutions were often hemorrhaging funds and as a result admissions were somewhat less restricted than later generations would experience. This was an admissions policy that resembled open admissions, at least for white males, in that if the students could afford the modest tuition, schools were desperate for the money.

Also, Women and minorities were not permitted to study at these early colleges. Women for example had limited opportunities for education, though many emerged in the Southern states (Farnham, 1994). Cohen and Kisker (2010) feel the women’s colleges were essentially finishing schools and their influence was minor due to weak curricula. However, Farnham (1994) asserted that several contributions of women’s education during this period include the creation of elective courses, standardization of instruction,

growth of the public school system and furthering employment opportunities. Women were also taught a variety of classical and foreign languages, such as Greek, Latin, French, and Spanish. The Southern Carolina Female Collegiate Institute at Barhamville had a (native German) instructor that taught both German and instrumental and vocal music (Farnham, 1994).

While the educational material was comparable, the aspirations of these institutions differed from a Harvard in that the intentional output, educated students contributing to the civic good, was indirect. Women educated in these schools were expected to return to their families and produce and educate the next generation of (male) civic leaders. This is not to say that segregated (on any plane) colleges are the best option. It has been demonstrated that students benefit from a diverse classroom and through informal campus experiences with peers from varied backgrounds (Gurin, et al., 2002). However, this brief discussion of the social context in which American higher education institutions emerged before 1869 is meant to demonstrate that early American education systems oriented their missions to the benefit of the civic good. Thus, despite restrictions on access, many of these early colleges were successful in their aim for the production of civic contributors.

While early colleges tied civic responsibility to their missions, access was nevertheless restricted by the language proficiency requirements. Thus if an individual came into possession of a significant amount of money that would provide for the

expenditures of collegiate attendance, yet did not possess the intellectual requirements to gain admittance, the institution had reason to reject the individual. This predicated privileged classes with access to preparatory schooling would merit a student's acceptance into a specific institution- conditions that persisted well into the 20<sup>th</sup> century (Karabel, 2005).

Karabel (2005) asserted that access, which for this immediate discussion means entrance into elite institutions, in the late 1800's and early 1900's was based upon standardized testing. Those students capable of passing entrance exams were admitted into prominent schools. Given the fact that Greek and Latin proficiency was typically obtained at private Christian boarding schools, the children of the elite classes were the ones with access. For example, in 1918, just 4% of the freshmen class at Harvard, Yale and Princeton was Jewish, 0% African-American and the majority of the rest consisted primarily of WASPs (Karabel, 2005, p. 74). Nevertheless, around the time of the First World War, colleges became wary of the increase in the enrollment of non-WASP students, particularly the Jews, and set out to reform their admissions processes.

These reforms emphasized "character" as opposed to mere academic prowess, allowing for schools to reject the "undesirable" applicants and maintain their social order. This produced increasingly insular campus communities and weakened the academic quality of the education. As noted by Pusser (2006), global events, particularly the Soviet launch of Sputnik, caused the elite schools to reexamine access once more and admit

students of high scholastic potential in order to produce the highest level of scholars for the sake of public good. Slow reforms came about, such as Yale's 1962 removal of religious, economic and social barriers, but prejudices remained. In fact, Karabel (2006) contends that discrimination was fluid, shifting from the Jews to African-Americans to women to Asians. Changes occurred (and in theory will still occur) whenever a threat to the status quo emerged.

The result of these selective admissions was the development of the other forms of collegiate institutions. "Because the universities could not or would not matriculate everyone who sought upward mobility through higher education, several other institutional forms developed" (Cohen and Kisker, 2010, p. 119). These included state schools, junior colleges, historically black colleges and women's colleges, some of which previously existed, but now had the opportunity to thrive, as student numbers from 1870 to 1945 increased from 63,000 to 1.5 million (Cohen and Kisker, 2010).

The democratization of education increased following World War II and the introduction of major changes such as the Serviceman's Readjustment Act of 1944 (the GI Bill) and the equal opportunity movement. "The *public good* importance of higher education became vivid and hence, more federal funding was directed towards universities and new policies were carried out that expanded access through heightened affordability thanks to federal funds" (Orkodashvili, 2008). These progressions encouraged the development of large public institutions and community colleges. This

was the era of the public good; more public support and funding for the development of society. All sectors of the educational gamut profited. “As higher education grew in enrollment, it grew in power. It steadily increased its ability to control access to opportunity and, though its in-service and adult education programs, to career advancement” (Cohen and Kisker, 2010, p. 208). Proprietary schools also benefitted from the boom in students, as “over half the veterans attending postsecondary education under the GI Bill went to the business, trade, and personal services schools that sprang up to serve them” (Cohen and Kisker, 2010, p. 456). It is from this arena that the major boon to growth, open admissions- the conversation of the following chapter- appeared.

#### Analysis

The University of Phoenix was founded in 1976 by John Sperling, a Cambridge-educated economist endeavoring to provide service to the adult learners out of the 18-22 year old traditional college student demographic. He designed an institution that was “sensitive to the learning characteristics and life situations of the working adult population” (University of Phoenix, History, 2007). In 1978, University of Phoenix was accredited by the Higher Learning Commission of the North Central Association and began its first online programs in 1989 (University of Phoenix, Fact Book, 2007). As of 2007, University of Phoenix had 231 learning centers globally, featured more than 20,000 faculty (1,500 of which were full-time), employed more than 12,000 staff and had a

student population of greater than 250,000 (University of Phoenix, Fact Book, 2007). By 2010, the number of faculty had swelled to 32,000 and the student population to 470,800 (University of Phoenix, Academic Annual Report, 2010). Given the development in size the current model of the university clearly has expanded to include all folks seeking education, not just the adult learners, as evidenced by their mission statement:

University of Phoenix provides access to higher education opportunities that enable students to develop knowledge and skills necessary to achieve their professional goals, improve the productivity of their organizations and provide leadership and service to their communities (University of Phoenix, Mission Statement, 2010).

Also interpreted in this statement is the notion that education at the University of Phoenix will lead to the embitterment of the educated individual and the society in which they exist. These concepts, public and civic good, as shown, may be traced back to the origins of American higher education, as detailed by Cohen and Kisker (2010).

If one compares these early aims to the University of Phoenix's mission statement, one can see a similarity in aims, at least philosophically. The development of "knowledge and skills necessary to achieve...professional goals" caters to the civic good in that the individual gains benefit from the education and the improved "productivity of their organizations and provide leadership and service to their communities" gratifies the aim to produce public good since society as a whole profits from the education of the individual. Early American colleges likely would have understood the intentions of such

a mission with the main difference being the absence of a religious purpose driving the need for education.

The correlating theme throughout Cohen and Kisker's analysis of the societal contexts from which higher educational structures emerged was the expansion of the thematically and dimensionally varied institutions mirrored the growth of the United States as a nation. In theory, the University of Phoenix's mission matches closely with early institutions like Harvard in that it seemingly endeavors to strengthen the individual and their community through the acquisition of education. In practice, the University of Phoenix was similar to many of the schools in the 19<sup>th</sup> century in that an opportunity for an educational entity to arise and service a growing population.

The University of Phoenix contrasted much of the history of American higher education however in their acceptance of all applicants, differing from the restrictions placed on many applicants by respective colleges and universities who were either not able to or not willing to accept certain students. As mentioned the founding of the University of Phoenix came with the original intent of providing education to the underrepresented adult learners. This ideal has expanded, in part due to the growing availability of education through distance learning. Thus the University of Phoenix is capitalizing on an expanding market and benefitting from the reality that unlike in previous generations, education (in general) is needed for financial success in the current social climate. One might argue that this service does in fact benefit the public good

because the university is providing education (and civic lessons) to more individuals. However, the main focus of the early institutions was to produce educated citizens and survive. University of Phoenix on the other hand has a main goal of remaining profitable in order to satisfy its shareholders, despite its stated mission. This differentiation will be determined through the forthcoming analysis of the school's students, staff, faculty, governance and finances.

## Conclusion

The University of Phoenix shares similarities with many of the discussed eras and colleges and certainly is not the first for-profit body operating in the United States. Kinser (2006) is keen to point out that for-profit educational entities existed long before the United States (in the form of individualized instruction) and organized schools have been developed since the early 19<sup>th</sup> century. The difference between these early for-profit ventures and the University of Phoenix's current incarnation is the early institutions were minor ventures in terms of capital production and did not have the infrastructure to support the massive enrollments- and profits- that the University of Phoenix is privy to. The extent to which the school will seek profits from enrollment, much to the detriment of civic and public good, will be the focus of the following chapter when the focus shifts to the students.

### 3. The Students

#### Introduction

Given the plethora of modern collegiate educational opportunities, it is almost hard to imagine the early colleges and their scarce student enrollment numbers. For example, in 1771, Harvard had a mere 64 graduates (Cohen and Kisker, 2010); by comparison, since 1976 the University of Phoenix has produced more than 500,000 total graduates (University of Phoenix, Students, 2010). This chapter will delve into the history of the historical student bases and in doing so compare and contrast the students and their experiences from history and their contemporary counterparts. Differences emerge on several levels, such as diversity, gender and socio-economic class. However, one of the main areas of concern for the University of Phoenix comes when its open admissions policies are compared to those of community colleges. These policies damage the notion of the public good as students who are admitted to the University of Phoenix pay a higher premium for the education and accrue a far higher amount of debt as a result.

#### The Students- Who were they?

The scarce enrollment and graduate numbers existed due to the aforementioned lack of a need of formalized education. Even though colleges existed as more of a male finishing school that prepped young gentlemen for civil positions such as ministers, doctors and

public servants (Lucas, 1994), dorm life was systematized and structured, full of hazing and mischief. “Drunkenness was rampant, as were violent assaults, uncontrolled gambling, and debauchery of one sort or another” (Lucas, 1994, p. 111). One might find similarities with this description of early colleges to those that exist today, just as the purpose of higher education was thought to produce respected citizens throughout its history. “College life was designed as a system for controlling the often exuberant youth and for inculcating within them discipline, morals and character” (Cohen and Kisker, 2010, p. 27). Indeed, a great majority of colonial college students were far younger than 18 years of age, considered now the standard age at which traditional students begin their collegiate studies.

As the colonial era ended and colleges began springing up, the student base expanded from males under the age of 17. Due to a weak public school system structure, many students still came from private academies that provided Greek and Latin instruction. Those admitted found a structured life arranged by accepted class in a system that was full of “fagging”- a term for chores assigned to underclassmen by their seniors- and the still relatively common function of “hazing” (Lucas, 1994). Dorm life was rather austere and academic and social clubs were founded during the nineteenth century for the mutual sake of extracurricular learning opportunities and social support and interaction (Lucas, 1994). Oberlin College was the first institution that provided co-educational opportunities to women, though many women found their education in women’s colleges.

“The colleges were there but the young people were not clamoring to get in. Student numbers failed to maintain stride with the expanding population” (Cohen and Kisker, 2010, p.77). Society had not yet encouraged the need for higher education.

The era around the turn of the nineteenth century the belief that education might provide for social mobility began to emerge. Enrollment numbers expanded with due to the benefit of structure secondary education system and expanded educational curricular programs such as engineering and the physical sciences grew. Schools still maintained their requirements of Greek and Latin but added more academic demonstrations that applicants needed to hurdle. The notion of merit based upon preferred applicant classes (Karabel, 2005) grew stronger as students from “undesirable” classes were able to obtain the private schooling that prepared them for the academic rigors of the admissions processes. As a result, schools merely shifted their preferred qualifications so as to exclude specific peoples and the elite colleges remained out of reach for the majority of students.

College experience also gained strength in the American psyche during this time. “The idea of the four-year residential experience so influenced the belief in what a true college was about that it led to generations of research on the effect of the collegiate experience in which the paradigm was a residential setting complete with extracurricular activities” (Cohen and Kisker, 2010, p. 131). The campus activities, both social and athletic, grew in importance and function. “To a growing number of American

undergraduates in the first third of the twentieth century, attending college marked a pleasant interlude between the end of adolescence and the assumption of adult responsibilities” (Lucas, 1994, p.200). Thus if one was accepted into college, the experience represented a prolonged childhood.

Orkodashvili (2008) links the growth in twentieth century enrollment numbers to major social events such as wars and economic declines. “In the aftermath of war and destruction, countries always try to recover their socioeconomic conditions through innovations in different public structures, education being one of the significant spheres among many others” (Orkodashvili, 2008). Consequently following World War II, access and enrollments advanced exponentially. The Servicemen’s Readjustment Act of 1944 (popularly known as the G.I. Bill) and Public Law of 550 of 1952, released literally billions of dollars to help underwrite the cost of a college education for millions of returning war veterans.

Colleges and universities were inundated with students. Makeshift dormitories and classrooms sprang up on campuses everywhere to accommodate their swelling enrollments” (Orkodashvili, 2008). Schools maintained selective admissions began incorporating standardized testing, such as the Student Aptitude Test (SAT) and American College Testing program (ACT) in order to add further measure of collegiate competency, with more than one million SAT tests administered in 1964 (Cohen and Kisker, 2010). These tests, though frequently criticized for their benefit to those students

emerging from specific economic and social backgrounds (Bowen & Bok, 2000; Cole, 1991), they are still frequently used as determining assessors to the future success of applicants.

Selective admissions still prevailed in the most prestigious universities as one might expect, but that produced trickle-down opportunities for larger demographics. “Only fear of tuition loss and of competitive advantage with nearby institutions prevented other colleges from limiting female enrollments or otherwise imposing quotes” (Lucas, 1994, p. 206). Black students experienced a slower acceptance, though the 1960’s represented a rapid expansion of access (Lucas, 1994). Hispanic students found admittance in many schools in Texas and California. Thus, female, black, Hispanic students gained increasing access and success due to these opportunities as well as colleges offering remedial programming so as to facilitate an education for all strata of society. Finally, the age demographics of college students shifted away from the traditionally aged 18-22 year olds; students aged 25 and older increased 23% between 1983 and 1991 (Lucas, 1994).

There exist arguments from both perspectives concerning the maintenance of selective admissions and the enactment of open admissions (Cohen and Brawer, 2010). Those who favor selective admissions cite financial constraints and the ability to screen students for competency at the collegiate level. Those favoring open admissions reason that students without collegiate experience lose experience the arts and sciences and

suggest that students denied access perceptually may seem punished for failing scholastically at lower levels (Cohen and Brawer, 2010). For the sake of comparison and of particular note for this discussion concerning admissions was the growth of the community college, as late twentieth century community colleges began to employ admissions policies that admitted all applicants with little formal requirements. The lack of access to elite and even state institutions resulted in the implementation of “open enrollment” within colleges in the 1960’s and 1970’s, specifically in community colleges (*Time*, 1970; Roman, 2007). Again, open enrollment simply means that students who possess a high school diploma or a GED may obtain entrance into a college.

The introduction of seminal college funding programs such as the GI Bill (Mettler, 2007; Pusser, 2006), the National Merit program (Turner, 2006) and the Higher Education Act (HEA) of 1965 and its succeeding editions (Pusser, 2006), as well as innovations to travel (Turner, 2006) during the middle decades of the twentieth century created an influx of students with the ability to attend collegiate institutions. The City University of New York (CUNY) is the institution that has created the most conversation (Rempson, 1973; Astin & Rossmann, 1973; Rosen, Brunner & Fowler, 1973; McGuire, 1992). Their system worked thusly:

“CUNY’s Open Admissions admits all high school graduates with an average of 80 or above, or those in the top half of their class in their respective high school are guaranteed a place in a senior college...Those with a high school average below 80 who also rank in the bottom half of

their class in their respective school are guaranteed a place in community college” (Rempson, 1973, p.35).

Originally these programs were funded by public monies and the public sought to guarantee that the education contributed not just to a civic good but the public good as well. Thus, access was viewed as a public good, as it allowed for the additional employment, larger tax bases and individuals who might benefit all levels of society (Roman, 2007; Pusser & Wolcott, 2006). The initial result was an increase of minority enrollment, which “in 1975 reached 36.6 percent, compared to the pre-1970 average of 18.8 percent “(American Decades, 2001). Founded in 1847, CUNY had offered free tuition until 1976 when, as a condition for increased support from New York State, the school began charging tuition (McGuire, 1992). The system eventually faltered due to professors inflating grades, poor graduation rates, struggles with remedial education (American Decades, 2001), as well as budget cuts and inequity of resource distribution (McGuire, 1992).

Community colleges still feature a variation of open admissions, though placement is not guaranteed. For example Northern Virginia Community Colleges’ admissions criteria specify restrictions based upon residency and programs:

“Students are accepted on a first-come/first-served basis, except in restricted programs or when enrollment must be limited. In such cases, priority will be given in the following order: (1) legal residents domiciled in the cities and counties supporting the College, (2) other Virginia legal

residents, (3) out-of-state applicants, and (4) international students requiring Form I-20.” (NOVA College Catalog, 2010-2011).

Even so, if the interested student is qualified- NOVA requires a high school diploma or GED and the student to be 18 years of age (NOVA College Catalog, 2010-2011)- and applies for admission, they have a decent chance of admission and are not subject to the admissions scrutiny created by standardized testing. The main difference between this form of open admissions and those used by the University of Phoenix, which will enter the discussion later, is the cost differential between community college attendance and big-time for-profit education.

Initially for-profit institutions did not have access to federal funds in the form of Pell Grants, though the Amendment to the HEA in 1972 modified this restriction. “The inclusion of proprietary schools among postsecondary institutions eligible for Title IV federal financial aid was an innovation in the 1972 reauthorization language and part of the general movement to widen the reach of the federal support to include career and vocational education” (Turner, 2006, p. 55). This key alteration opened collegiate opportunities from which the for-profit institutions rose to prominence in the United States.

#### Analysis of Student Recruitment at the University of Phoenix

Curiously enough the early college’s admissions processes were not that dissimilar from those utilized by the University of Phoenix today. Basically, they took who would

qualify. The schools experienced a shift in demographics throughout history, beginning with male students under the age of 17 through an era of 18-22 year old students all the way to the present where age, gender, race and even locale are not considered factors in admission. Whereas the early schools only admitted (predominantly) young white males, the University of Phoenix does not place any such restriction on their student pools.

Further, students were examined orally- no written admissions exams- for their proficiency in Greek and Latin (Cohen and Kisker, 2010). While this immediately limited the student pool, exceptions in the requirements of the students were often made due to the need of student numbers and tuition. Similarly, the University of Phoenix has limited requirements that may be satisfied by either an in-person consultation with an enrollment staff member, a phone inquiry or an electronic application. The earlier schools were more lenient due to the necessity of paying bills and making money; the difference between the early schools and the University of Phoenix was the motivation for money. Early schools operated under the need for survival, whereas for-profit institutions advocate monetary gain for the benefit of their shareholders. Thus, in practice the university primarily operates for the benefit of private gain as opposed to public good.

The University of Phoenix is again non-selective in its admissions policies, contrasting much of the history discussed here. As mentioned, the University of Phoenix features open and rolling admission. Student constituencies admitted via open enrollment has been a relatively new historical development. It essentially allows everyone the

opportunity for an education regardless of gender or race and in doing so it contradicts the intent of the founders of the higher education system in America. For example, the colonial colleges were established in order to implement the control of their communities through intellectual leadership, embodied in the form of the local minister. The colleges' production of town leaders- the ministers- thereby promoted uniform thought and practice (Hoeveler, 2002). Those who were able to attend college thus became the leaders of the towns. Jefferson "advocated a pyramid-shaped [school] system of public education, with many elementary schools feeding into a more select level of grammar schools, and a single university at the top" (Addis, 2003, p. 12). He further thought that "an aristocracy was necessary for the 'instruction, the trusts, and the government of society,' but that status should be earned rather than inherited, in order to separate the 'wheat from the shaft' (Addis, 2003, p. 12). Jefferson wanted a merit based societal hierarchy where the most talented academics had the opportunities.

Open enrollment does not adhere to a merit-based ideal, as it merely rewards those capable of affording the tuition. In the future, the proliferation of degree accessibility may create a divergence in academic and professional outcomes between those who attended selective admissions colleges and open enrollment colleges. As well, since more people will have degrees, those who could succeed previously with bachelor's degrees will now seek master's degrees in order to remain professionally competitive, thus accruing further debt. Thus again the emphasis of the University of Phoenix is on the

short-term shareholder's values and not the long term sustainability and benefit of society.

Open admission also indirectly references the availability of starting classes. The University of Phoenix features on-campus classes that begin monthly and online classes that start on a weekly basis. Therefore if an applicant misses a deadline for enrollment, they are no more than a month away from the start of the next class cycle, unlike at traditional institutions that feature September and January semester start times. The University of Phoenix also has a policy that defers tuition payment for students using financial aid, provided that they meet the financial aid eligibility criteria (no default student loans, males registered for the draft, no felony drug convictions, etc.) (FASFA, 2010). As a result, the open admissions policy allows for students to enroll and start classes literally on the same day, without requiring further consideration of the academic or financial consequences of their decisions. The University of Phoenix has recently implemented a program by which a prospective student may experience a three week "trial" of the school, which is a step towards the benefit of the student (York, 2010). Three weeks' time, however, may not be sufficient enough to determine the course of the next two to four years of one's academic life nor the consequences of the career path predicated by the available degree programs.

With such admissions requirements, if a student meets minimal criteria they were provisionally accepted. Since 2003, students hoping to attend require only a high school

diploma or a GED with no entrance exams required. Essentially, as long as a candidate has a diploma, can study legally in the United States, and can pay for the classes, they are admitted. The amalgamation of University of Phoenix becoming a publically traded commodity in the 1990's and the reduction in the admissions requirements (Breneman, 2006) has created a litany of issues that the education community must note.

In terms of profit, this system of open and rolling enrollment makes perfect sense. If the demand requires another "campus" to be leased, the construction of it is far easier than in a brick and mortar, traditional institution where campus ecology is a concern. It is even easier in the virtual sense, since a classroom requires only a computer program to be launched. Another class can always be created, but that may not necessarily be a valid or responsible reason for doing so. Further, for-profit institutions such as the University of Phoenix enroll more lower-income students under the precept of the provision of educational opportunities that might not be available for specific sets of students (Gordon, 2010). However, 53% of students graduating from for-profits leave school with more than \$30,500 in loan debt; the comparable percentage at public institutions is 12% (Gordon, 2010).

The University of Phoenix student debt is exacerbated further by the cost of tuition, especially for programs that are traditionally not within high yield careers. For example, currently per class tuition and course fees for an online undergraduate Bachelor of Arts degree at the University of Phoenix is \$1845 (University of Phoenix, Tuition and

Financial Options, 2010). The 120-credit degree would cost approximately \$73,800 if starting from zero credits. In 2007, English majors had a starting salary of \$32,553 (Kelley, 2007). Clearly, the return on investment is financially lacking. One might argue that students face the same circumstances on non-profit private schools charging high tuition. However, preference to traditional degrees still persist (Wynkoop, 2003; Kugler, 2010), meaning opportunities for recipients of traditional degrees- and the ability to gain return on investment- will be greater.

Historically, the University of Phoenix's tuition can be viewed as extreme. In 1807, tuition at Harvard cost \$20 (Story, 1975), which compares to about \$300 in 2010 dollars (Consumer Price Index, 2010). In 1900, future president Franklin D. Roosevelt paid \$176.08 in tuition and student fees (FDR Restoration Suite, 2010). That amounts to a little more than \$3500 in 2010 dollars (Consumer Price Index, 2010).

Even with contemporaries, the University of Phoenix's tuition is high. For example, other institutions that operate with open enrollment, specifically community colleges, are increasingly offering four-year degrees (Moltz, 2010). St. Petersburg College offers 24 bachelors degrees, the most in Florida (Moltz, 2010). Say a student lives in Lakeland, FL, which is about equidistant between St Petersburg College and the University of Phoenix's Central Florida Campus in Maitland, FL and is interested in pursuing a bachelors in business administration. At the University of Phoenix campus, the student could pay \$405/credit for 60 lower division credits and \$430/credit for the 60

upper division credits and an additional \$90 resource fee for each of the 40 classes (University of Phoenix, Tuition and Fees, 2010). That amounts to \$53,700 for the degree. At St Petersburg College, the student would pay the in-state rate of \$94.08 for the lower division (2-year) courses and \$101.73 for the upper division (4-year) courses (St. Petersburg College, 2010). Tuition would cost \$11,748.60 and if you estimate that the student would pay an additional \$100/course for their books, the cost is \$15,748.60- still substantially lower.

Between 1993 (the year before the University of Phoenix began being traded publically) and 2008 the percentage of students attending for-profit institutions acquiring loans increased from 53% to 92% and correspondingly the average amount of debt increased 57% (Cary & Dillon, 2009). When compared to the community colleges that are featuring the same admissions policies, this becomes a key concern. However one views the situation, debt compounds much quicker on \$53,700 than on \$15,748.

The accrual of debt liability ultimately affects the public good in the context that it provides a financial hurdle over which graduates must surmount for them to be able to contribute to the financial well-being of a society- and the public good- by having the ability to afford houses, cars and other consumer goods that support the economy. Compound this by the sector of students that the university keenly recruits, specifically the military and minorities. With the military, active duty personnel are privy to tuition reimbursement, resulting in \$200 million Department of Defense dollars being spent on

for-profit education in 2009 (Lipton, 2010). “‘For-profit schools see out active-duty military and veterans as a cash cow, an untapped profit resource,’ said Senator Tom Harkin, Democrat of Iowa, the chairman of the Senate committee that oversees federal education policy. ‘It is both a rip off of the taxpayer and a slap in the face to the people who have risked their lives for our country’” (Lipton, 2010). NCES (2010) statistics show that in 2008 for-profit enrolled only 6.3% of all whites in public, private not-for-profit and private for-profit school, but 15.2% of blacks and 8.4% of the Hispanics. It has also been reported that up to 30% of all of the University of Phoenix’s students are African Americans and about 6% of all African Americans nationwide (Anonymous, *The Journal of Blacks in Higher Education*, 2009/2010). With minority students, the trouble results from the dependency on loans by low income students from these demographics (The Presidency, 2008). It is interesting to note that the University of Phoenix’s Academic Annual Report (2010) is keen to note how diverse the university is, yet it does not publish graduation or job placement rates. Yes, the University of Phoenix offers much greater access to higher education than any institutional structure in history, but the resulting access increasingly appears at the detriment of the students.

## Conclusion

Historically the access to education was slow to change, moving gradually from an all-white teenage male population into a system that placed no limits on educational access

based upon race, ethnicity or gender. Schools also admitted as many qualified persons that they could find. At base value the University of Phoenix employs these methodologies in that they admit all possible candidates. However, the historical schools, while bias, were able to use selective admissions so as to ensure that qualified candidates were enrolled. Their criteria concerned financial survival and the production of solid citizens. The University of Phoenix's aims involve admission of essentially anyone and their intention amounts to the increase in wealth, not sustainability. In doing so, the University of Phoenix's students are hit with higher debts and the public good as a result suffers.

Arguments can be made that open enrollment is a positive because it produces more educated citizens. However, this assumes that the education gained through open enrollment is at least equivalent to that in institutions with selective admissions. The lack of student qualifications required in open enrollment schools necessitate time spent on remediation that would be addressed in the traditional schools prior to admission. This practice is contradictory to the Council for the Advancement of Standards in Higher Education's principles in that it is priming the student for failure and doing them a disservice (CAS, 2006). "Not every student is suited for a particular postsecondary institution. Proper student-institutional matches are a major factor in the persistence of students toward graduation" (CAS, 2006, p. 40). However, the weeding of candidates in the University of Phoenix's open enrollment system fell to admissions staff, specifically

enrollment counselors. The following chapter will discuss the stresses of such a system on the faculty and staff of the University of Phoenix and how open admissions policies drive learning and curriculum.

## 4. Staff, Faculty and Curriculum

### Introduction

Non-faculty campus staff, particularly admissions or enrollment personnel, is a theme that Cohen and Kisker do not explicitly discuss. As a result, this chapter will not begin with the standard historical analysis. Rather this commentary will commence with a discussion on the University of Phoenix's enrollment staff, as such a conversation will beneficially bridge between open enrollment's implications on the students and the faculty. Unfortunately as a private business organization, the University of Phoenix has not always been forthcoming with information on its enrollment practices (Breneman, 2006). Providentially however a combination of recent government reports and journalistic findings concerning enrollment procedures<sup>1</sup> will help illuminate some of the seedier strategies employed by the university. These enrollment practices by the staff polluted the constituency of the classrooms, thereby complicating instruction for the faculty whose ability to control curriculum was already hampered by their predominantly

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<sup>1</sup> From March 2006 until April 2007, I was an Enrollment Counselor (a position that is part admissions representative, part salesperson) at the University of Phoenix's Northern Virginia Campus. This position involved searching through a database of student inquiries and providing enrollment information to potential students through phone, email and in-person contact. Our main responsibilities revolved around ensuring that the student enrolled and finished their first two courses for retention purposes. Within those thirteen months, thirteen different managers- officially or unofficially- supervised me, so I had a variety of managerial perspectives. Further, I graduated from the University's Advanced Placement [Management Training] Program in January 2007 and was further exposed to both the management psychology and methodology of the admissions system within the university. However, all of the company-specific information provided within this discussion is readily available in public forums.

part-time status and centralized curriculum design and development. The result is that classrooms produce ineffective products whose low graduation rates further compound implications on the civic and public good that have already been increased by tuition and debt.

#### Staff at the University of Phoenix

This section begins again without the historical discussion due to the absence of a relevant chapter in Cohen and Kisker. There have been many reports in the past decade of admissions representatives using fraudulent claims to enroll students from the student, faculty or ex-employee framework (Gilbertson, 2004; Blumenstyk, 2004; Krieger, 2007), with the Department of Education's findings in 2003 being the most prevalent. The Department of Education detailed improper benefits awarded to top enrollment personnel for their success in adding student numbers. Rewarding staff for enrollment numbers was in direct violation of the Higher Education Act (Mangu-Ward, 2008) and in December 2009, to avoid trial, the University of Phoenix ended up paying a \$67.5 million settlement in relation to a lawsuit associated with enrollment compensation (Lederman, 2009).

In fairness by definition during the better part of the past decade at the University of Phoenix the employees were not rewarded solely for enrollment and retention numbers, though lead conversion played a significant role (Left, 2009). Each employee was provided matrices of performance that indicated the performance expectations of the

individual based upon tenure at the school (Burd, 2009). Prior to the rollout of a revised compensation arrangement in September 2010, enrollment personnel were judged and evaluated based upon their enrollment and retention goals (Blumenstyk, 2011). There were also “requirements that enrollment advisers make 65 to 85 calls a day and put in four hours of ‘talk time’ per shift” (Blumenstyk, 2011). Consequently, the emphasis was placed on enrollment numbers and retention (Left, 2009).

Counselors were expected to enroll four students per month during the first six months of employment and increased thereafter (Left, 2009). The enrollment staff’s enrollment and retention numbers had a direct impact on the quality of their performance appraisal and the ability of their salary to rise and fall (Left, 2009; United States of America, ex rel. Mary Hendow and Julie Albertson v. University of Phoenix, 2009). As a result, counselors were encouraged to enroll whatever students they could, regardless of the academic preparedness or quality of the student. This potentially precipitates desperate staff delivering incorrect or blatantly false information in order to enroll students. Enrollment numbers were so important that rivalries for enrollments even emerged between staff centrally based in Phoenix and individual campus locations, as well as at the campuses themselves (Left, 2009)!

Left (2009) provides a review and links to several legal documents detailing enrollment practices and statistical expectations within the company from around the same time period. As a result, the above information has been provided elsewhere in

previous discussions. For the sake of this argument, a fortuitously-timed August 2010 U.S. Government Accountability Office (GAO, 2010) release further elaborated upon the deceptive strategies mentioned above.

The GAO report was an undercover report that produced disturbing findings amongst programs that offered certificates and associates degrees at 15 for-profit colleges around the country, including University of Phoenix campuses in Hohokam, AZ and Philadelphia, PA (Lauerman, 2010). “Tests at 15 for-profit colleges found that 4 colleges encouraged fraudulent practices and that all 15 made deceptive or otherwise questionable statements to GAO’s undercover applicants” (GAO, 2010, p.I). The report details misinformation given to the applicants such as the ability to work for the FBI after the acquisition of an associate’s degree; that agency generally requires at least a bachelor’s degree (GAO, 2010, p. 10). While this information is misleading, it does not predicate suspect intent on the part of the enrollment personnel. At the very least though, it is an indictment of the training systems that the staff are put through.

Another major problem that the GAO found related to the leads themselves, as many are generated electronically and often by accident.

Some web sites that claim to match students with colleges are in reality lead generators...our undercover test involving four fictitious prospective students led to a flood of calls- about five a day. Within a month of using the Web sites, one [of four fictitious] student interested in business management received 182 phone

calls and another student also interested in business management received 179 phone calls (GAO, 2010, p. 14-15).

This corresponds to the enrollment personnel mining their lead bases for prospective students and staff attempting to make phone “blitzes” (Left, 2009). Another tactic employed by the admissions personnel was skewing the amount of time to degree completion and the relative cost (GAO, 2010). One school representative indicated a two-year completion time for a program but only offered the average tuition cost for a student that did not attend year round. As a result, the true program cost would have been \$6000 more than what the representative implied. Similar tactics may be applied at the University of Phoenix. For example, at University of Phoenix, undergraduate classes are 5 weeks in length. A bachelor’s degree requires 120 credits for completion, so students would need year-round classes for 4 consecutive years to finish. Given that class start dates are delayed by holidays and students are at the mercy of the availability of classes on campus- there are gaps the further into a program a student gets- so the student will need to attend online classes that cost more in order to graduate in the allotted time. Finally the report found that the degrees obtained at the for-profit schools often cost significantly more than those at nearby public schools and private schools (in 14 of the 15 cases, tuition at the for-profit institution cost more than a nearby public school and in 11 of 15 instances the for-profit cost more than the private school (GAO, 2010)), information that is similar to the statistics provided in the preceding chapter.

When looking at the generic historical information, these practices do not sound terribly dissimilar to those employed in the past.

The college was usually represented by a combination of admissions agent and fundraiser called ‘the college agent’ who typically scoured the countryside in seek of paying students who could pass entrance examinations. This process often resulted in colleges that promised a little more than they could actually deliver. The custom became more pronounced, rather than diminished, in the 20<sup>th</sup> century with the advent of attractive printing and graphics on admissions brochures and view books (Thelin and Hirschy, 2009).

Perhaps this indicates that the tactics of the University of Phoenix and preceding institutions, both for-profit and otherwise, operated on a similar plane of nobility in terms of enrollment. However, as with the earlier colleges’ need for tuition monies for survival, the University of Phoenix’s practices correspond to the need to enroll for the sake of their shareholders. This creates a sales culture within the admissions departments at the university and again, this almost certainly had a negative effect on the capabilities of enrollees and, ultimately, on the classroom environment, which has a direct effect on the outgoing product- the students.

#### Graduation and Retention Implications

Historically, graduation rates generally increased per capita. Colonial schools did not have a high rate of completion, though those who did enjoyed much civic and political success; 5 of the first 6 American presidents went to college (Cohen and Kisker, 2010). Cohen and Kisker measured graduation rates based upon degrees awarded versus the total population as a means to figure the increase in generic graduation rates, though some rough estimates exist. For example, in 1870 63,000 students were enrolled and there were around 9,000 degrees awarded, resulting in a 14% graduation rate (Cohen and Kisker, 2010). These statistics do not represent true graduation rates in the contemporary manner. For example, current standards accurately measure the number of graduates that a school produces within 6 years. Therefore the historical examples serve more as a representation of professional success rates when one considers the leaders of society and whether or not they were college graduates.

As a result of the enrollment policies of the University of Phoenix discussed above, journalistic inquiries and professional data accumulation research on for-profit graduation rates, and thereby the value of open enrollment, have also raised some questions. The average college graduation rate across the United States is 55% (Dillon, 2007). These numbers are found by determining the number of graduates after 4, 5, and 6 years for students seeking bachelors' degrees (National Center for Educational Statistics, 2010). Of the top three schools in the for-profit market (ITT, University of Phoenix and Strayer, ITT produced a 41% graduation rate in 2006, whereas the University of

Phoenix's graduation rate was a dismal 4% (OEDb, 2010). Strayer did not submit its rates. Further research in the IES records has demonstrated that at least the University of Phoenix's numbers do vary by location. The San Diego campus, for example, claims 11% graduation, while the Southern Arizona campus reported 18% (National Center for Educational Statistics, University of Phoenix, 2010). Other findings have indicated that the graduation rate for the University of Phoenix is 9% (Stephens, 2010); however the university itself claims a 59% graduation rate, but these numbers were accumulated with non-traditional methods (Dillon, 2007). Some for-profit institutions also try to counter their dismal graduation rates by producing their own public reports that indicate higher graduation rates than those at public institutions (Lederman, 2010). When one looks at the data however, it becomes apparent that the numbers showing higher success rates for the for-profit schools are skewed due to the inclusion of completed certificates in the data (Lederman, 2010).

Statistics gathered from national databases further suggest a lower graduation rate for for-profit schools. Take the example of St Petersburg College and the Central Florida University of Phoenix campus. University of Phoenix's graduation rate was 17% (National Center for Educational Statistics, University of Phoenix, 2010). The University of Phoenix did not report its transfer-out rate. St. Petersburg College's graduation rate was 29% with a 13% transfer-out rate (National Center for Educational Statistics, St. Petersburg College, 2010). While one cannot guarantee that the 13% who transferred in

fact graduated at another institution, St. Petersburg College graduated a higher percentage of its students at a lower cost of tuition. While the goal should be for the student to graduate, realistically that is not always the case. “Simple attendance...is not really the point. Whether students actually complete a degree or credential at a for-profit institution certainly affects their ability to gain the benefit of time spent” (Kinser, 2006, p. 75). Further, even in their admissions genre for-profits lag. When comparing all institutions with open admissions policies, the 6-year graduation rates are: 36% at private non-profits, 31% at public schools and only 11% at all for-profits (Stephens, 2010). As such, evidence appears to suggest that a student would have a better chance at graduation with a lower risk of debt accrual by avoiding a for-profit school and at a much lower premium. One must consider the distance education format as one of the contributing factors to the poor graduation rates at the University of Phoenix. Several factors, including difficulty adapting to technology, lack of accessibility of support staff and others, may certainly contribute to the staggering lack of success of students at the school, but an open admissions policy certainly carries some of the blame. In such as environment, faculty faced difficulties from a variety of fronts.

### Faculty and Curriculum

Historically, the faculty of early American colleges would probably be better classified as “instructors” or “tutors” as opposed to a professional professoriate who lectured on all

topics of instruction instead of specializing in one discipline or another. The early faculty came from an established social class, though their wages did not reflect upon their upbringing. “The faculty were similar to clerics in that they were expected to teach for the privilege of affiliating with the college” (Cohen & Kisker, 2010, p. 32). Stratification of the role, such as junior and senior positions, did not occur until later in the middle nineteenth century. Also not until the nineteenth century, with the growth of faculty size and specializations, did the notion of a career as a professor become a viable and respected opportunity.

Curriculum was essentially recitation-style learning imported from Europe and limited and designed to prepare students for public life, again with the emphasis on material that would benefit a future citizen (Thelin & Hirschy, 2009; Harada, 1994). Science and mathematics slowly integrated into the standard coursework and morphed into a learning system that valued reasoning instead of purely spiritual guidance emerged (Cohen & Kisker, 2010). Interestingly, the purpose of the curriculum was pragmatic; it was intended to produce citizens who could lead and thereby contribute to society.

The concept of the position began to change in the late 1800’s as bidding wars orchestrated by institutions, particularly the University of Chicago and its president William Rainey Harper, began to push faculty salaries upward (Cohen and Kiser, 2010). This also afforded the ability of faculty to reduce their in-class teaching time as well as schools to attract scholars from fields to this point not traditionally academic, such as

scientists who did research in addition to teaching duties. The key attribute of the faculty around the turn of the twentieth century and through the World Wars was that they were full-time. Colleges also codified their organizational structures, introducing administrative positions that supported the educational goals of the system, albeit in a business-like mode (Lucas, 2010). This allowed for the structured development of the tenure-track job structure and the development of the concepts of academic freedom.

Throughout the nineteenth century, the curriculum became more specialized, though the success for which a college could effectively expand the studies varied largely based upon the colleges' size. Laboratory research and experimentation began to replace lecture and recitation as the main mode of learning (Harada, 1994). A general broadening of curriculum, to include advanced specializations (doctoral degrees), elective courses and vocation-oriented studies grew, though the faculty had a great deal of control and influence on the renovation of the coursework (Cohen & Kisker, 2010). Liberal arts schools emphasized the culture associated with the educational experience whereas professional schools sought to establish workable relations between students and their prospective professions. ““Less concerned with building school ties, they were forging connections with groups of like-minded colleagues across the landscape of professional practice” (Cohen & Kisker, 2010, p.156). The development of programs catering to older, employed students also grew during the first part of the twentieth century. These consistencies in the evolution of the curriculum persisted beyond World War II.

Professional opportunities for other women and minorities following World War II were more obtainable on a larger scale than in any previous era and a move towards more diversified and inclusive curriculum ensued (Lucas, 2010). Women in the profession increased by 13% from 1945 to 1975 and minorities held 8% of the available positions (Cohen and Kisker, 2010). By the 1960's however the faculty was one-third part-time "not by a shortage of qualified candidates but by the desire of administrators to save money at a time of rapidly increasing expenditures" (Cohen and Kisker, 2010, p.223). Salaries for the liberal arts professors also declined or did not increase at the same rate as those in the business or technology fields. During this time students increasingly found "preference for fields that were strongly professional or practical: agriculture, business, health, trades, and technologies" (Cohen and Kisker, 2010, p. 224). As a result, professors ended up teaching courses not in the defined specialty or the unpopular remedial courses.

Workloads were heavy as well. By the 1990's, full-time instructors were working around 53 hours per week. This included the expected responsibilities of teaching but also research and service, but public and to the institution. "Outside academe, the tendency in the 1990's was to reduce the number of full-time staff who had rights to their jobs and to employ temporary staff...the universities...were among the last bastions of career security and norms of professionalism" (Cohen & Kisker, 2010, p. 361). By 1995, 41% of faculty was part-time, almost double of that in 1970 (Cohen & Kisker, 2010).

“They helped institutions balance the budget, but at the same time they diminished faculty professionalization because they did not adhere to the traditional core values that included not only teaching but also research, public service, service to the institution, and commitment to a career in which they were judged by their peers” (Cohen & Kisker, 2010, p. 364). In many sectors, the professor’s role has returned to its previous incarnation.

By 1993, the vocationalism of the curriculum was evident (Harada, 1994). Schools also modified the foci of their instruction, moving away from a Western-oriented approach and expanding the possibilities of studies to reflect all major cultures (Lucas, 2010). Technology also greatly increased the ability of institutions to diffuse the learning, either on campus or in recent decades, via distance. The curriculum development in American history resembled somewhat the “Big Bang.” It expanded in all directions based upon the interests of the learners and, at times, the faculty. “Curriculum has always evolved; if it hadn’t, students today would be absorbed with the trivium, quadrivium, and Greek and Latin texts read in the original” (Cohen & Kisker, 2010, p. 371).

### Analysis

With all things considered, the University of Phoenix’s administration and faculty structure do not differentiate themselves from historical or contemporary examples.

Colleges in the early twentieth century were regarded as increasingly business-oriented as

opposed to education-minded. “The men who stand for education and scholarship have the ideals of business men...the men who control [universities] to-day are very little else than business men, running a large department store which dispenses education to the millions” (Lucas, 2010, p. 200). This description reads familiar to descriptions of the business processes of the University of Phoenix. Similarly, their faculty that is comprised primarily of part-time instructors mirrors the cost saving tactics employed by universities in late twentieth century public institutions. Even the historical concept that the faculty position financially cannot provide a realistic career corresponds to the ideals of the University of Phoenix’s faculty merely teaching as a side venture. Therefore the indictment in this case is the perpetuation of faulty practices by the university and, once again, their intent to make money over the production of students, research and contribution to the public good.

The presence of sub-standard students is affected further by the nature of the faculty. In terms of instruction, for-profit institutions often market themselves as being operated by “practitioner-faculty,” meaning their academic courses are taught or facilitated by persons currently practicing in the field (Breneman, 2006). For example, in 2004 the University of Phoenix employed roughly 18,000 part-time faculty compared to only 1,400 full-time faculty (Breneman, 2006). In the theory provided by University of Phoenix literature, this is beneficial to the students in that it may be assumed that those

individuals teaching the courses will have a solid handle on relevant and useful workplace knowledge (University of Phoenix, *Faculty Demographics*, 2010).

However, the nature of the non-tenured position of the faculty limits the amount of academic freedom that the professors possess. The faculty cannot freely teach by the discipline's influence as they are under the stress of the company's political pressure, thereby damaging the faculty's academic integrity (Finken & Post, 2009). Deviation from the pre-structured curriculum may cause the instructor to lose their position. In the context of open enrollment, faculty numbers are needed to meet the enrollment demand, regardless of their pedagogical expertise. The bottom line is that these instructors are not trained educators with the skill-set needed to aid struggling students and may need to structure curriculum to effectively present course material. Lesson preparation and pacing, grading, and instructional techniques possessed by those trained in education are not skills required for success in the corporate world. Untrained educators, regardless of their professional field expertise, may contribute negatively to the public good by unwittingly or improperly diffusing their personal knowledge base on a student constituency that may or may not be prepared for the educational experience to begin with.

As well, academic productivity is marginalized for these instructors given their full-time positions in business. One of the foreseeable challenges for the for-profit educational systems is their dependence upon this practitioner-faculty. As practitioner-

faculty may or may not be producing scholarship within the academic community, for-profit institutions such as the University of Phoenix currently cannot be expected to contribute to the dialogical or pedagogical compendium of academia. Therefore, any contribution of such faculty on the public good must be measured in their output of students.

In theory, part-time instruction or research staff may be beneficial to the students in that it may be assumed that those individuals teaching the courses or doing research will have a solid handle on relevant and useful workplace knowledge, provided that the personnel holds a position in the professional field in which they teach or research. Students may be afforded the opportunity to learn hands-on skills from active practitioners as opposed to text-based theory. One sees such co-operative output in the government sponsored research taking place at Stanford and MIT; the arrangements allowed for increased communication between colleagues both at the same institution and elsewhere and the essentially practitioner faculty produced much new academic knowledge through research (Leslie, 1994). The difference was that at those schools, though, the faculty was full-time, and therefore quite likely had some appointments either as a Teacher or Graduate Assistant that required instruction. However, part-time faculty and research are not necessarily trained educators with the skill-sets required to aid struggling students. Many can find an appointment merely by having a graduate degree in their field. As well, academic productivity is marginalized for these instructors given

their full-time positions in business. This is not to suggest that non-tenured instruction is negligible, though conserving costs through such a method has potentially negative consequences.

Lastly, the educational value produced by the system has often been called into question. Curriculum design, as shown, changed and expanded over the course of American history, but the breadth, depth and worth of the education afforded did not always change for the benefit of the educational outcomes. The admissions requirements listed in the previous chapter represent nominal academic standards when considering the enrollment of undergraduate students, but similar diminished standards have been found at the post- undergraduate and graduate levels. Raphael and Tobias (1997) established that at competing public universities, such as the University of Arizona, students required additional non-state required coursework- up to a year in some departments, such as mathematics- in order to gain acceptance into that schools College of Education program. The University of Phoenix on the other hand required the state minimum (Raphael & Tobias, 1997).

Further, the University of Phoenix's business masters famously has been called "M.B.A. Lite" due to the relatively low level of instruction and scope of the curriculum (Dillon, 2007). The current MBA program offered at the Northern Virginia Campus of the University of Phoenix consists of 36 credits; specializations could add up to 18 additional credits, but are not required (University of Phoenix, Master of Business

Administration, 2010). Compare this to the programs offered at several nearby schools in the Northern Virginia/Washington, D.C. metro area such as George Mason University, George Washington University and American University. George Mason University requires 48 credits; George Washington University- 57 credits for the Global MBA (the closest comparison) and 49.5 for their Professional MBA; American University- 54 credits. If the quality of the in class experience is compromised by the students and faculty participating in the learning format, it is further affected by the short length of the program itself. The consequence is a graduated product less capable of directly and immediately to the public good.

### Conclusion

The University of Phoenix's policy of open admissions places a great deal of strain on the enrollment staff of the institution that is graded by their sales acumen. This, compounded with issues pertaining to lead distribution produces classrooms that are populated with students who likely would not gain admittance into other programs. Low graduation rates, a comparatively weak and overpriced curriculum facilitated by a part-time staff with little control or say in curriculum design or contributions to academic productivity are the results. The direct consequence of this academic and organizational structure is the production of students ill-prepared to contribute to the public good. Are aspects of this system vastly different from epochs of American higher education? No. However, the difference lies again in the intent of the existence of the institution. Financial benefit

of individual stakeholders and not the public good is the main role of this university, and consequently the public is paying a great deal in terms of finance, as the next chapter will illuminate.

## 5. Governance and Finance

### Introduction

Governance is the standard management and organizational mode by which processes and procedures are created and disseminated for the purpose of maintaining the productivity of an institution (Eells, 1962; Zimmerli, Richter and Holzinger, 2007). In layman's terms and in the context of a discussion on higher education, it simply refers to the governing bodies (Board of Governors, Presidents, Vice-Presidents, Faculty Senates, etc.) that have a say in the activities resulting in the production of scholarship and educated students. The level of control varies by department and ranking. For example, mid-level managers in one university department may have the ability to determine procedures that influence their own department; however, the ability to manipulate policy is reserved for higher authorities.

In the context of a discussion on open admissions standards, the relevant struggle for power exists between the administration, which includes the President, and the faculty. Which party should decide the number of students to enroll and how to educate them, and further what is the prime motivation of the prevailing party- benefit of the public good or of the private shareholders? This chapter will discuss historically how

governance and finance operated and compare the University of Phoenix's current model directly to each consideration.

### Governance

For the most part, the governance has not fluctuated greatly since the colonial periods, though the initial intent involved the production of quality civic and public good.

“Throughout the first 350 years of American higher education, governance tended toward broader systems and a diminution of church-related control, but in the past two decades it has become increasingly decentralized and bureaucratized” (Cohen and Kisker, 2010, p. 5). Early colleges were governed by boards of governors that were comprised of clergy and elders in the particular denomination of the school. “Even though the faculty subsequently gained a measure of self-governance, taking charge of curriculum and admissions requirements, they never gained more than token representation on the boards of trustees” (Cohen and Kisker, 2010, p. 49). The Boards appointed institution presidents- a position whose role emerged as the main managerial authority but was nevertheless accountable to the Board itself- and thus the Boards retained autonomy. While the structure of the university created issues of power control that itself might be considered self-interest motivated, the form of the institution itself remained the production of civic and public good.

Due to the evolution of the faculty, specifically the essentially non-professional nature of the mentioned in the previous chapter, the faculty as a whole unfortunately limited their authority by default. “By the time the higher education professoriate developed its own internal hierarchy, tendency toward research and scholarship, and most importantly, autonomy, it was too late to chance the mode of institutional organization and to acquire the prestige accorded to scholars in Europe” (Cohen and Kisker, 2010, p. 92-93). As the office of the university President become more established and required more support, administrative positions vacated by clergy were increasingly filled by business professionals and were added as subordinates of the President. While faculty were able to codify their own roles, they had little ability to influence the course of the university.

As the position of the president began to become more established in the academic community, especially at the older well-established schools, the boards who appointed the positions were increasingly filled with scions of the business world. The businessmen brought with them codified bureaucratic positions for the administration, which in turn brought forth the origins of the student affairs divisions that would eventually produce the modern examples of student advising, university life and other important administrative departments within the university community. Somewhat as a consequence, the faculty also departmentalized but their internal organizations were too diminutive to make a difference in university initiatives. Further, the departments were

cognizant of their role in the scope of the university. “The faculty tended to stay within their own departments, and the departments were so competitive with each other for a share of institutional resources that general institutional direction continued to be set by the president and the trustees” (Cohen and Kisker, 2010, 166). As such, faculty could consider themselves consultative at best.

A major development around the turn of the twentieth century was the development of the accreditation system. Particularly for a discussion on the University of Phoenix, it is pertinent to mention that the North Central Association, which in the form of the North Central Association of Colleges and Schools eventually became the accrediting body of the University of Phoenix, organized in 1895 (NCA, 2010).

Accreditation bodies regulate and establish “standards for library holdings, classroom and laboratory size, programs, degrees, and numerous facets of institutional functioning” (Cohen and Kisker, 2010, p.167). These standards helped determine the worth and assessment of specific degrees, an important development given that so many degree-producing institutions of assorted merit arose in the nineteenth century. Also at this time, individual states tended to carry more influential weight on the standards due to their financial support, which ultimately built the schools and campuses (Cohen and Kisker, 2010).

With the support of the states, the schools began to move away from discriminatory practices and offered educational opportunities to more individuals. “The

expansion of public institutions and greater state-level coordination reveal how higher education was viewed as a public good. No state wanted to be left behind in the race to provide it for as many of its citizens as possible” (Cohen and Kisker, 2010, p 249). The federal government also increased support. Specific forms of funding provided by the federal government, specifically the GI Bill, also increased the influence of the accrediting bodies as regulations on the disbursement of the funding depended upon the approval of the accreditation of the institution (Cohen and Kisker, 2010). With the confluence and importance of all the regulatory provisions and “extramural influences on higher education,” by the late twentieth century “the self-governing campus was a fading memory” (Cohen and Kisker, 2010, p. 379).

## Finance

As one might suspect, the early schools were funded by donations and contributions from their local denominational churches. However, state funding also existed to some degree. Harvard, for example, obtained support from the Massachusetts General Court (Cohen and Kisker, 2010). Further, William and Mary received funding through the state redistribution of taxes gained from tobacco and exports (Cohen and Kisker, 2010). Despite the multiple venues of support, schools struggled with the need for constant fundraising and redistribution of all profits out of the necessity of survival.

Funding for schools grew mainly as the alumni bases grew and not due to the influx of additional tuition revenues as the schools added student numbers. “The students paid little tuition; instead the colleges were subsidized by the low-paid faculty and by whatever funds the presidents and boards of trustees could garner” (Cohen and Kisker, 2010, p.94). As the country grew, opportunities for institutions to raise funding through the acquisition and sale of lands. The Morrill Land Grant Act of 1862 gave each state federal lands for the purpose of furthering higher education in that particular state (Baum, 1987). However, this was not enough to offset the inability to collect staples of modern academe, such as large library collections or the meager salaries offered to the faculty. “Exploitation of the faculty was rationalized on the grounds that the colleges were providing a public service, bringing the young to maturity, and acting as a point of pride and honor to the community- all justifications similar to those the churches had been using for centuries” (Cohen and Kisker, 2010, p.98). The public good set precedence over profit.

A broadened curriculum benefitted the concept that the education provided would be contributing to a public good, as colleges’ products- the students- would be manufacturing outcomes more valuable to the general population than fluency in 4<sup>th</sup> century BC Attican Greek. Endowments gained through private donation hastened, particularly during the late industrial age. Government contributions continued, even during the Great Depression when state funding diminished out of inevitability. Schools

and students mutually benefitted from these programs. For example, the Reserve Officers' Training Corps (ROTC) was instituted in 1925 and work-study, a federal program that subsidized student labor on campus, was provided for students during the Great Depression (Baum, 1987).

Following World War II, sources of funding for higher education entities increased dramatically. Between 1945 and 1975 funds higher education grew from \$1 billion to \$35 billion (Cohen and Kisker, 2010). The sources varied by institutions as one might expect. For instance, more established institutions in the private sector acquired more of their funding through tuition, endowments and gifts whereas public institutions depended greatly upon the subsidized support of federal and state governments. One significant consideration during the post-WWII period was the measurement of the efficiency of the education- basically, is the money being used for the greatest benefit of those supporting it. In the short term, it is quite simply difficult to measure the quality of the product of higher education when comparing it to a technological field that can promote immediate benefits in their field. As a result, support for generic higher education eventually lagged and support for specified fields increased, such as with the National Defense Education Act (NDEA) of 1958 that supported graduate study in explicit fields (Baum, 1987).

These restrictions placed emphasis on students in academic fields with useful outcomes to the government needs and ignored the concept of equal opportunity. The

Higher Education Act of 1965, discussed in chapter two, provided funding that gave prominence to the issue of equal access. This was an important improvement in the concept of the direct product of the education- the students- contributing to the public good, as studies have shown that the educated make more money and have access to the opportunity to acquire more (Taubman, 1976). Therefore the better compensated educational class has a greater chance to redistribute their earnings in their communities on goods, services, housing and many other products. Subsequent amendments to that Act, particularly in 1972, increased access by allowing for-profit institutions the ability to access federal funding. The differences in the original intent of the HEA and the practices in use by for-profits and the University of Phoenix are the amount of for-profit revenue that is received from taxpayers when compared to other institutions, the benefits to the shareholders, board members and executives of the for-profits and the quality of the student product.

### Analysis

In the larger extent of the history of higher education in America, the University of Phoenix's practices concerning government do not differ greatly from those employed by a vast majority of the notable institutions in American history. The University's faculty structure almost predicates a weakness in the role of the faculty. While the vast majority of for-profit institutions has a more balanced faculty the Apollo Group, which owns the

University of Phoenix, employed in 2006 just 362 full-time faculty to more than 17,000 part-time faculty (Kinser, 2006). This plethora of non-tenured, contract instructors ensures that no collective within the faculty realistically can organize against the administration for any of the important decisions facing the campuses. “In the for-profit sector...the administration tells the faculty what they are to teach, and the faculty responsibility is to bring real-world experience in to the classroom” (Kinser, 2006, p. 93). The central administration, and not the faculty, governs the University of Phoenix.

Cohen and Kisker assert that universities in the modern era are “hierarchical and decentralized because funds are allocated by a central administration [and are] decentralized because each unit makes its own decisions” (Cohen and Kisker, 2010, p.519). With an institution the size of the University of Phoenix, this cannot be entirely the case, especially since the weight of the decision-making process matters little unless the centralized administration makes the recommendations. All decisions (enrollment goals, curriculum design, etc.) are centralized in Phoenix. “The governance structures of for-profit institutions are intended to promote swift decision making. Decisions regarding the institution can be made quickly because fewer individuals are involved in the process” (Lechuga, 2010, p. 60). This structure in essence destroys the concept of public good. The satellite campuses have little control in the determination of the course of the educational outcomes of their students other than instruction of the individual courses

that are instructed by primarily part-time faculty to students enrolled for the sake of elevating sales numbers of the enrollment staff.

As a result, these individual campuses have no design on the outcome of the public good either. For example, if a university community in Florida notes the need for a specific program that would benefit the surrounding society then they perhaps have the ability to petition the central administration for the introduction of the program. However, what if the program is known not to be a profitable one? A university driven by profit will not introduce such a program to a campus that cannot maintain a reasonable profit. Profit driven institutions place precedence over public good. Therefore by nature of the structure of for-profit governance does not support the public good.

In terms of finance, during the 2006-2007 academic year public institutions received 49.5% of their revenue from federal, state and local support, of which 12.5% was strictly federal; during the same year, private institutions received just 12.3% of their revenue from the same sources, with 11.1% representing federal funding (National Center for Educational Statistics, 2009). In contrast, during 2008-2009 \$26.5 billion- a sum that represented 23% of all federal monies allocated in grants and loans- went to for-profit institutions. However, for-profit schools only educated 12% of the student population (Lauerman, 2010). Most importantly, up to 90% of for-profit revenue may be accumulated through such public funding (Lauerman, 2010) and 88% of students attending for-profit schools for their bachelor's degree obtained loans (Hawkins, 2007).

The public is footing the bill for students to go into debt and not have the reasonable ability to contribute to the public good.

Traditional colleges are forced to acquire support from multiple avenues and often tuition raises are an approach, albeit a publically unpopular one. “From the public’s perspective, colleges- acting like business corporations- increase tuition frequently because of ‘increased costs or increased profit taking of some sort.’ They don’t realize that except for the proprietary sector, higher education has always depended on donations and public subsidies to balance its budgets, and tuition increases in public institutions now are usually associated with constant dollar reductions in public support” (Cohen and Kisker, 2010, p 517). It therefore may be surmised that some of the practices of the for-profit industries hamper the perceptions of the traditional institutions as well.

The disparity between the operational functions of the historical schools and the for-profit model further emerges when one notes that the for-profits are maintaining a level of providence “Since 2003, nine for-profit college insiders sold more than \$45 million of stock apiece. Peter Sperling, vice chairman of Apollo’s University of Phoenix...collected \$573.3 million” (Hechinger and Lauerman, 2010). The comparison of the annual salaries of the heads of the educational institutions also shows the dissimilarities in benefits. Apollo Group’s co-CEO Charles Edelstein collected \$6.75m in the last fiscal year for the company (September 1, 2009 through August 31, 2010) (Hechinger and Lauerman, 2010). The size of the University of Phoenix is comparable to

the State University of New York's entire system. SUNY's chancellor, Nancy Zimpher, was paid \$545,000 for her duties (Hechinger and Lauerma, 2010). The for-profit industry's defense for this sort of compensation is that it represents a fair reward for a business market that has produced gains for their companies (Hechinger and Lauerma, 2010). In essence, the schools are corporations with CEOs and their leaders should be correctly compensated.

## Conclusion

The University of Phoenix's governance system allots for only centralizing power. This greatly limits the ability of the satellite campuses to react to the needs and demands of a specific community, especially when considering the notion of profit margins. Open admissions feeds the system of finance as taxpayers contribute a great deal of revenue to the subsistence of an institution that does not consistently create products adept at providing for and improving the public good.

The measurement of success of the for-profit schools therefore must be the quality of their product. Again, as mentioned previously, admissions policy that admits students without the proper abilities creates a graduation rate well below their competitors and the default rate on the students' loans are equally bad. The final chapter will examine the University of Phoenix through the spectrum of a business show that its production fails to meet appropriate standards for any industry. The chapter will also provide potential

solutions for some of the major failings of the current structure and practice of the university.

## 5. Corporation, not Education

### Introduction

The preceding pages are not an attempt to wholly vilify the University of Phoenix. They do service a unique, though growing niche of students whose academic options and aspirations may be limited. As was shown, the University of Phoenix shared many instances of similarities with historical examples of higher education institutions. For example, the University of Phoenix's mission outwardly equals those at institutions like Harvard in that it purported to fortify the individual and their community through the attainment of learning. Further, the University of Phoenix was similar to many of the schools in the 19<sup>th</sup> century in that an opportunity for an educational entity to arise and benefit an expanding populous.

The University of Phoenix contrasted much of the history of American higher education however in their open acceptance of applicants, contrary to the limits placed on many admissions aspirants by particular colleges and universities who were either not able to or not willing to accept specific students. Weak admissions requirements beget low graduation rates and a relatively weak and high-priced curriculum facilitated by a part-time staff with minimal management of curriculum design or contributions to academic productivity result. Are portions of this design greatly dissimilar from past ages of American higher education? Not especially. Finance, the rewards for the individuals in

charge and the catering to the interests of the stakeholders differentiates the University of Phoenix from its historical predecessors. The conglomeration of the totality of the university's policies, such as open admissions and the prevalence of part-time faculty severely damage any notion that the institution cares for the production of educated citizens or the preservation of the public good. Such policies and procedures rendered the institution as less of a university and more of a business corporation. The following will compare these practices to those in other corporate realms and finally offer solutions that may be feasible for the university to amend its ways and truly contribute to the notion of the public good.

#### Corporation, not Education

The nature of the college and particularly the institutions' need for funding rendered selective or subjective admissions policies ineffective, as the colleges needed enrollments in part to support financial stability. Colleges even sent admissions representatives, who were functionally not all that different than the University of Phoenix's enrollment staff, around the country to attract individuals for attendance. The admissions personnel were, and are, sales persons. Again, though, the main difference lies in the intent. The original admissions practices were undertaken for the survival of the institutions. Once institutions became established the need for random recruitment diminished and formal

admissions processes, however successful they may have been, were incorporated. The University of Phoenix enrolls utilizing sales methods for the sake of profit, not survival.

Many of the prospective students may have accidentally inquired electronically. This shows another variance from traditional schools, as most traditional schools, even those featuring open admissions, have fixed limits on their enrollment abilities caused by institutional proximity, campus size or simple administrative logistics. Massive schools like the University of Phoenix have no such boundaries.

“Admissions officers, who spoke anonymously, explained that their job was little more than sales. Said one: ‘We’re selling you that you’re gonna have a 95 percent chance that you are gonna have a job paying \$35000 to \$40,000 a year by the time they are done in 18 months. We later found out it’s not true at all” (Fager, 2005, as cited in Tierney and Lechuga, 2010). Many of the released court documents detailing the enrollment methodologies employed by the University of Phoenix demonstrate the factuality of such an interpretation. Further, the tactics covered by the GAO report discussed in previous chapters attest to this as well. Even now potential students often receive information intended for the added incentive of enrollment, such as the United States Census Bureau report that indicated recipients of bachelor’s degrees earned around \$1 million more in a lifetime than those individuals who possessed merely a high school diploma. Unfortunately, these seem almost apocryphal. However, the actual training techniques

employed by the University of Phoenix allows for a better comparative view of actual sales methodologies incorporated by the enrollment staff at the school.

One may make the comparison of the university's enrollment style and *Knock Your Socks Off Selling* by Jeffrey Gitomer and Ron Zemke. The tactics of sales are the same for general business as they are for for-profit education. According to Apollo Group executives the sales approach utilized by the University of Phoenix "is meant to encourage behaviors that allow the advisers to make personal connections with prospects, relying on techniques like asking open-ended questions and maintaining a dialogue" (Blumenstyk, 2011). In the sales guide, Gitomer and Zemke (2000) similarly note that the "open-ended questions promote dialogue and conversation, encourage exploration, elicit feelings, generate options, and engage and involve the prospect. Good open-ended questions help the prospect think through his or her situation and evaluate his or her options" (p.73). Likewise for the course of questioning that the University of Phoenix uses allows the admissions individuals to gain understanding of the student's motivation. "Let the students relate their needs to you. Let them tell you how they're going to use the degree" (Blumenstyk, 2011). Gitomer and Zemke (2000) suggest "telling stories that help the prospect visualize results and ownership" (p. 17). There are further correlations between techniques for increasing urgency and commitment with the prospective student, developing continued rapport and so on. The University of Phoenix, though sharing traits

with historical educational institutions, operates more as a corporation and consequently should be equated as such.

Consider how much money for profit institutions receive from the federal government. In 2009, for-profit schools received \$26.5 billion, which by law may account for up to 90% of an institution's revenue (Lauerman, 2010). The University of Phoenix itself accumulated more than \$1 billion in federal Pell Grants in 2009 (Stephens, 2010). Then think about the recent economic instances that produced such federally supported bailouts like that of American International Group, Inc (AIG). The U.S. government was blistered with criticism over that deal due to "moral confusion in high places and the failure of governing institutions to fulfill their obligations to the public" (Greider, 2010). It has been established that the product that the university is producing is below the quality of its traditional competition and the open admissions policy allows for the company to act as a corporation in the guise of a university benefitting the public and civic good. Why do the same regulations not apply? "If some banks are too big to fail, then government should compel them to become smaller banks. The harsh reality is that our bloated financial sector is too large for the economy it serves, its power too concentrated at the top. Neither the president nor either political party is yet ready to face the imperative of breaking up the mega-banks. Until they do, the system will remain unstable and prone to excesses, maybe worse" (Greider, 2010). Apologists for the for-

profits would argue that the university is providing college access for underrepresented students, however this does not speak to the quality of the education provided.

Tierney (2010) makes the argument “that access to quality education, as defined by degree completion and job placement, is part of the public good of higher education, and that multiple providers should be able to lay claim to providing those services” (p. 186). While the job placement numbers of the school are unpublished, the degree completion rates at the University of Phoenix remain exceptionally low. Imagine if General Motors, who received a \$50 billion government investment during chapter 11 proceedings (Whoriskey, 2009), produced cars that had similar success rates to students attending the University of Phoenix. Would the public consider a 9% success rates of the company’s vehicles as a wise investment? I suspect not. Why then should an institution who receives so much federal funding be treated any differently merely because its labeled a university? This issue becomes more problematic due to the increased need of access to higher education due to the ever-increasing pool of students seeking opportunity. Until their practices and outcomes become more transparent, there is no reason to treat the institution any different than the failed banks.

The University of Phoenix additionally does not reinvest their profits in order to maximize the student experience. Despite all their financial gains in the past decade, their campuses remain as Spartan as they were before going public. Student experience remains the same. There is a minimal presence within the community. For example, as of

December 2010, the University of Phoenix's Northern Virginia Campus's Facebook page advertised 89 events; 1 was a community event- a March of Dimes Fundraiser in April 2010- and the rest were events benefitting current students, primarily math and writing workshops, new student orientations and a picnic (University of Phoenix, Facebook, 2010). If the events are meant to better their current crop of students, though the graduation rate is only 5% for the campus (National Center for Educational Statistics, University of Phoenix- Northern Virginia Campus, 2010), how can such an enterprise truly benefit the public good? It is insular at best. The measurement of the success of the University of Phoenix therefore must be in its main products- the students. Currently they are failing. The following lists three potential options, which fall short of governmental overhaul of regulations. Their enactment internally by the university might provide for the future success of the university and its students by altering some of its present practices.

### Possible Solutions

So how might these issues be addressed? Increasing the selectivity of admissions, employment of more full-time faculty and research staff and the extension of more student scholarship or teaching opportunities are viable options available for debate. While not meant to represent quick-fix solutions, they characterize change with the

thought of altruism and the public and civic good in mind instead of the bottom line of the shareholders. Even small changes in policy can greatly affect the public good.

Karabel (2005) demonstrated how selective admissions in combination with lax academic standards produced little academic output in the early 1900's. As well, when subjective admissions were introduced in the 1920's, academic showing again bordered mediocre as some of the top student academics were rejected due to their character "faults" and the campus community because insular (Karabel, 2005). When a reemphasis on selective (rather than subjective) admissions involving a larger pool of candidates (women, African-Americans, Asians) came about in the latter part of the twentieth century, academic achievement rebounded. Here one sees two major forms of admissions meritocracy; the first considers admission based upon standardized testing and the second is based upon character (Newfield, 2008). However, standardized testing has been shown to be inequitable to low-income and minority populations (Yaffe, Coley & Pliskin, 2009; Syverson, 2009). Further, many non-traditional students have been removed from standardized testing methodology for years or decades and therefore the tests may not be a reliable source of admission. Admission based upon character also creates issues because the nature of subjectivity lends to bias exclusions.

This is not to advocate an overly selective admissions policy, especially for students who choose to attend such an institution due to their specific needs, such as time restrictions or campus availability. However, there must be some sort of admissions

criteria established. As Lechuga (2010) notes, “for-profit institutions concern themselves more with student outputs rather than inputs” (p. 66). For-profit institutions consult companies in relevant fields to determine the educational needs for those individual corporations. This even gives the for-profit institutions ammunition in the sense that they are catering to the interests of the public good.

Several problems arise from this notion though. The likelihood that a for-profit entity will develop an unprofitable academic program, regardless of its usefulness to local communities, is slim. This is especially so for an institution as large as the University of Phoenix. What if a community company in a coal-mining region requests the development of a hypothetical environmental science and coal extraction management hybrid degree? The program would be exceptionally specialized and not marketable to the majority of students in, say, Florida. Plus if it is a program that requires labs, research and other expensive learning methodologies, the program will not gain development, thereby ignoring public good. Finally, the idea that concern about output rather than input may be valid, but the output from the University of Phoenix, specifically regarding the dismal graduation rates and high student debt, indicates the company cares little about either.

What is more, when specifics about the quality of the education and graduation rates were released, companies ceased providing tuition reimbursement or compensation to attend the school. Intel is a famous example of this reduction in corporate support

(Gilbertson, 2006). Intel found that those not attending “top-notch” programs, unlike those at the University of Phoenix, lost out on promotional opportunities. The University of Phoenix would go a long way to benefitting the public good if it published its own graduation rates and job placement percentages and salaries. Since the reported numbers are unlikely, revising the corporate philosophy and admissions policies seems necessary.

Restricted or selective admissions (that amount to limitation on sales) do not necessarily damage a company’s profit-making potential, as many for-profit organizations have correlated policies. For example, the restaurant Chick-fil-A closes on Sundays. “As company sales figures have consistently proven, Chick-fil-A restaurants often generate more business per square foot in six days than many other quick-service restaurants produce in seven” (Truett Cathy, 2009). A shift from the “sales” mentality would also greatly benefit the admissions representative and their working environment. The decrease in such pressure to produce enrollment numbers would allow admissions representatives to focus on quality enrollments as opposed to treating prospective students as simply “leads” or “numbers.”

If standardized testing is to be forgotten, the reinstatement of some of the previous admissions requirements formally required by the University of Phoenix, such as established job experience or age limitations (Breneman, 2006), may be advisable. This would benefit the classroom experience by creating the better possibility of students having more common life and professional experiences and enhance the reputation of the

degree. For the academic reputation and output of the University of Phoenix and other institutions that employ the usage of open admissions to improve, there must be a realization that the quality of the learning in the classroom is reflective of the students entering it.

The employment of full-time research and instructional staff may prove to mitigate potential financial losses caused by admissions modifications. This will also contribute to the public research record of the colleges. Additionally, “the most immediate answer [to financial conundrums] is that research is subsidized by graduate students. They are paid relatively low wages and are easily hired and fired” (Newfield, 2008, p. 214). Newfield is referring to specifically adjunct staff. While this approach works well for a business or corporation, tending to provide cheaper labor, there are several concerns that it creates in the university realm, particularly around issues of academic integrity. Tenured, or at the very least full-time instruction status, is not about the ability of the faculty to say or do what they please; rather it protects the professoriate’s ideas featured in their research and publications. The faculty cannot freely teach by the discipline’s influence as they are under the stress of the university’s structural design pressure (Finken & Post, 2009).

In theory, part-time instruction or research staff may be beneficial to the students in that it may be assumed that those individuals teaching the courses or doing research will have a solid handle on relevant and useful workplace knowledge, provided that the

personnel holds a position in the professional field in which they teach or research. Students may be afforded the opportunity to learn hands-on skills from active practitioners as opposed to text-based theory. One sees such co-operative output in the government sponsored research taking place at Stanford and MIT (Leslie, 1994). The difference was that at those schools, though, the faculty was full-time, and therefore quite likely had some appointments either as a Teacher or Graduate Assistant that required instruction. However, part-time faculty and research are not necessarily trained educators with the skill-sets required to aid struggling students. Many can find an appointment merely by having a graduate degree in their field. As well, academic productivity is marginalized for these instructors given their full-time positions in business. This is not to suggest that non-tenured instruction is negligible, though conserving costs through such a method has potentially negative consequences.

The solution therefore is to hire more full-time contract instructors who also may contribute to the academic record in the form of research, requiring research pertinent to their profession, as practitioner faculty might formulize their success in written records. One concept of the public good is the contribution that a university makes to society in the form of research and innovation. Without research and publication as a core of the faculty responsibilities, the university produces a limited amount for the public good. A university the size of the University of Phoenix surely could produce a series of journal publications from their own press. If the university is concerned about maintaining a

faculty that provides ample practitioner knowledge, they might implement mandated rotations from full-time instructional faculty to full-time research faculty. For example, each appointment would last a total of three years. During the first three years, the faculty would focus on their instruction. The second three years would be spent researching their field and producing literature. The key is that the three-year appointments would be contracts, meaning that if the university chose to go in a different direction, they would have the ability after the contract has expired. Full-time faculty would produce a greater presence and availability for the students as well. This cycling will keep the pedagogical and practitioner skills at a high level, the faculty fresh, prevent negligent performance and provide extended yet not permanent job security for the faculty.

The final suggestion offered here is the inclusion of more scholarship opportunities. The university does feature demographic specific scholarships (such as the Severely Injured Veterans Scholarship Program) but the number of University of Phoenix sponsored scholarships open to all students regardless of demographic or geographic location is 309<sup>2</sup> (University of Phoenix, University of Phoenix Scholarships, 2010). For 470,800 students, that represents .0007% of the student base (University of Phoenix, Academic Annual Report, 2010). Apollo Group, which owns the University of Phoenix, made \$476.5 million in profits in 2008, a 16.6% increase from 2007 (Fortune, 2009).

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<sup>2</sup> These are UoP scholarships that may be acquired by all students, with the number of and type of scholarships provided: AARP Foundation Scholarship Program (25 full-tuition); The First Chance Scholarship Program (200 full-tuition); Goodwill Scholarship Program (4 full-tuition); Kid's Chance

Why not reinvest some of that profit in the students? The University of Phoenix offers many payment options, but focuses more on the acquisition of student loans, suggesting a shift from education for the public good. The loans create an onus on the student to succeed individually, creating less of an emphasis on the public and civic output.

## 6. Conclusion

Many of the practices of the University of Phoenix are shared by other institutions, private and public, for-profit and not-for-profit, that existed throughout the course of American history. The definition of the intent of the for-profit enterprise distinguishes the university however from the preceding archetypes that emerged in previous ages. The tactics employed, open admissions in particular, but also part-time faculty and inflated tuition, converge to provide a substandard product.

The University of Phoenix claims the desire to provide educational access for the betterment of society. Unfortunately the current actuality of the educational standard and output is less than ideal as the university's open enrollment does not benefit either the civic or public good. The opportunities created are blighted by the staff's need to enroll for the sake of numerical output, resulting in the admission of rudimentarily qualified students. This greatly affects the climate of the classroom for the student and faculty, the latter of which's practitioner nature does not adequately prepare them for the instruction or allow for their direct contribution to the academic record. An institution's civic production is diminished when the educational experience of the citizen student is below the production standards of other institutions. The classroom environment also devalues the degree, thus limiting the professional potential of the student post-graduation. The high tuition cost consequently produces greater student debt for the students. Heavy debt

and a devalued degree determine the projection of the student (and their community) after exiting the institution, degree or not. Thus, the public good falters as well.

Suggestions such as modified admissions standards, more full-time instructors and better scholastic opportunities likely would not gain credence with a for-profit institution, as it would affect the bottom line. The goal here is not the desire to bankrupt the institution or the shareholders, but to encourage a greater reinvestment into both the product and the students. If the University of Phoenix truly desires to benefit the civic and public good, then the university needs to reorient itself towards the goals of their students and their communities and away from the financial outcomes of the shareholders.

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## CURRICULUM VITA

Michael Perini was born on May 23, 1980, in Holland, NY, and is an American citizen. He graduated from Holland Central High School in 1998. Michael received a Bachelor of Arts in Classics and History, *summa cum laude*, from the State University of New York at Buffalo in 2003, graduating Phi Beta Kappa and Phi Alpha Theta, as well as a Master of Arts in History from the State University of New York at Buffalo in 2006. He has completed the requirements for the Master of Arts in Interdisciplinary Studies for Higher Education at George Mason University and has begun coursework for the Doctor of Arts in Community College Education, also at George Mason University.

Michael worked as an Enrollment Counselor at the University of Phoenix's Northern Virginia Campus from March 2006 until April 2007, completing the company's "APP" management training program in February 2007. In April 2007, he joined George Mason University's Arlington Campus Library, serving as the library's Circulation Supervisor until October 2010. Michael is currently the Reference and Research Specialist at George Mason University's Fenwick library in Fairfax, VA.

At the University at Buffalo, Michael acted as the Head Instructor of the school's intercollegiate Taekwondo team and acquired numerous titles and championships through active competition. Since May 2006, he has worked as the Senior Instructor at World Champion Taekwondo in Falls Church, VA, and holds the rank of 4<sup>th</sup> degree black belt. He is a member of several charitable organizations associated with the University at Buffalo, George Mason University and the Catholic Church. Michael resides with his wife, Lauren, in Centreville, VA.