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This All Matters!
Presentation to the Private Sector Division

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Why the Sector Matters

Why You Matter

Good Reasons to Be Optimistic

My Perspective



Twenty-Nine Years as An Educator

- Classroom Teacher
- College Professor
- Textbook Author
- Academic Leader
- Executive (President, CEO, Chancellor)
- Accreditation Evaluator

HOW WE GOT HERE



POLITICS, IDEOLOGY, AND REGULATION

The Recent Past or How We Got Here



If you haven't felt stress, frustration, and even fear, you are not paying attention.

- The Attack on the Sector Has Been Real, Aggressive, Coordinated, and Sustained
- It has been about ideology, not outcomes
 - Not wholly without merit
- The negative impact on the sector has been profound
 - Billions in market cap, hundreds of thousands of students, tens of thousands of employees, hundreds of campus locations

It is likely to change in some ways with the new administration.

How Do We Know Attacks Are Ideological?



- Regulations Based Solely on Tax Status
- Differential Application of Rules (Including “protection” of not-for-profits)
- Public and Private Statements by Regulators
- Coordinated Enforcement/Attacks by Regulators
- No Concern for Collateral Damage/Choice to Use “Nuclear” Options
- Otherwise Positive Outcomes Ignored
- Punishment for Self-Reporting

Wash Post 9/10/16



“What is apparently of most importance to the Obama administration is its ideological opposition to for-profit colleges and universities. That’s a harsh conclusion, but it is otherwise hard to explain why the Education Department has unabashedly used administrative muscle to destroy another company in the beleaguered industry.”

The Cost of Attacks Based on Tax Status Alone



In Private Sector Institutions

- Downward Pressure on Performance Metrics
- Decrease in Institutional Valuations
- Decreasing Market for Vendors
- Defamation of Institutional Staff and Faculty
- **Devaluation of Student Achievement and Credentials**

- Human carnage (students and employees)

What Folks in the Industry (and many students) *Know* to be True




- Millions employed in their field
- Lives changed, families changed (generationally)
- Students working harder than they ever have to earn credentials
- Dedicated faculty and staff who work very hard to serve students
- Employers pleased with results/hiring grads

What We Also Know...



- Potential for extreme pressure in Admissions
- Some cases of very high tuition (and student debt) for low return credentials
- Some students admitted who cannot be effectively served
- Some students worse off after enrollment
- More spent on Marketing/Admissions than on Academics/Career Services
- Occasional operational decisions based on financial outcomes rather than student outcomes
- “Bad” profits
- Some cases of purposeful non-compliance

How the Current Regulatory Approach Fails All of U.S. Higher Education



The current regulatory approach exempts traditional, regionally accredited institutions from accountability for:

- Retention
- Job Placement
- Return of Title IV
- Student Debt
- Gainful Employment

...which accounts for institutions serving over 85% of all U.S. students.

The Core Problem



“Building a regulatory infrastructure and pursuing enforcement policies for higher education based on tax status rather than outcomes is not only intellectually indefensible, *it utterly fails in its stated purpose to broadly protect students and taxpayers.*”

We don't do this in any other industry based solely on tax status.

The Regulatory Reality Today



Eight Years of Ideology/Policy Through Regulation

- “Fourth Branch” of government is formidable
- Much would have to be “unwound”
 - Gainful employment, defense to repayment, state authorization, etc.
- At this point (post election) any change is philosophical/political rather than statutory or regulatory
- Any short-term benefits are likely to be behavioral
- Longer term benefits via Higher Education Act
- Federal funding could be decreased
- ACICS Decision

The Regulatory Future



- Likely move to greater accountability for outcomes in traditional sector
- Change in role of accreditors from peer-based collaborators to enforcers (Dear Colleague Letter)
- Possible alternative(s) to accreditation
- Potential leadership role for private sector
- Less use of regulation as policy hammer over next four years
- Potentially increased regulatory activity at state level

The Critical Role of Private Sector Higher Education in Society



WHY THE SECTOR MATTERS

Critical Role of Private Sector Education



- Alternative for Students Who Have Already Failed in a Community College or Elsewhere
- Essential Workforce Preparation in Many Fields
- Credit Transfer (resulting in a credential)
- Flexible Capacity and Flexible Student Options
- Proven Option for Minority Students (at all levels)
- **Far Better Retention and Graduation Rates Than Other Diploma and Two Year Options**
- More Efficient Use of Tax Dollars

The Research Project



- A five-year historical review of federal completion data for private sector institutions across all institutions, programs, and states
- A “cross-walk” connecting Department of Education Classification of Individual Program (CIP) program completion data with Bureau of Labor Statistics Standard Occupational Classifications (SOC) projections, across all fifty states and all programs for which there is a cross-walk match;
- A comparison of graduate contribution to the labor force by higher education sector using CIP academic program codes.

Research Executive Summary



- In many cases, such as in certain allied health, transportation, culinary arts, cosmetology, IT, and electronics fields among others, a large *majority* of workers in given job categories have been and currently are trained in career colleges and universities.
- It is fair to say that without the contribution of career colleges and universities to the work force, entire industries would be at risk, and some, would lose access to in excess of 80 or 90% of their trained workforce.

Contributions to Key Professional Fields



Based on 2015 IPEDS data:

- One sixth of all registered nurses
- One half of all truck and commercial drivers
- Nearly three quarters of all medical assistants
- Two thirds of all dental assistants
- Over three quarters of all vocational/practical nurses
- Over four fifths of all massage therapists and aestheticians

produced nationally come from private sector colleges and universities.

Sector Contribution to Health Care



Over one in four practitioners for the entire health care industry are trained in private sector career colleges and universities across the nation.

Without private sector career colleges and universities there would be a national crisis in direct patient care.

BLS Projections



- In five of the top nine projected BLS job openings through 2022 requiring at least entry-level college education, *a majority of all graduates trained for those positions will come from private sector career colleges and universities.*
- In three of the top nine categories, *three quarters or more of all graduates will attend career colleges and universities.*

Projected Career College Graduates



- From 2016 through 2025, career colleges will produce over 8,400,000 graduates in critical career fields identified by the federal Bureau of Labor Statistics (1/5 of the total BLS projected need)
- Using Department of Education Classification of Individual Program (CIP) codes, the research reveals that *there are 95 program categories in which private sector career colleges graduate between half and ALL of the students trained for those fields.*
- Private sector institutions enroll 11% of all post-secondary students, but produce 14% of all graduates

Top Projected Growth Fields



- The top 12 projected growth fields for career colleges, with BLS projected growth rates ranging from 27% to 48% over the next ten years, *all correlate* with fields in which at least one third (and in some cases over 90%) of all higher education graduates nationally are produced by those same career colleges.
- In short, *nearly 3.7 million of the jobs that comprise the projected growth of the top 12 career fields over the next ten years will have to come from career colleges and universities* in order to meet the projected labor needs.

Impact of Private Sector Career Colleges and Universities on Society



Sector role in quality of life and societal infrastructure and security

- Over three quarters of all college trained renal dialysis technicians
- Nearly half of electrocardiograph technicians
- Over half of all pharmacy technicians
- Ninety-five % of all long term care managers
- 100% percent of all college trained vehicle emissions inspection and maintenance technician graduates

come from private sector institutions.

Impact on National Infrastructure



As it relates to societal infrastructure:

- Over 90% of all professional divers
- 80% of network/LAN technicians/administrators
- 79% of electrical/electronics maintenance and repair technicians
- 55% of HVAC maintenance specialists
- 48% of all commercial and truck drivers
- 40% of aircraft mechanics
- nearly 30% of auto mechanics

are trained in career colleges and universities.

In short, key facets of U.S. communications, information technology, physical plant, and transportation infrastructure are dependent on private sector colleges and universities and their graduates to function on a daily basis.

Daily Aviation in the U.S.



87,000 flights per day in U.S. airspace

- 23,900 commercial flights (2.5 million passengers)
- 5,300 military flights
- 58,000 private, air taxi, medivac, and other flights
- 7,000 aircraft in the air at any given time
- ---
- **\$1.5 trillion**
Contributed to the U.S. economy
- **11.8 million**
Aviation-related jobs

Impact on Quality of Life



As it relates to quality of life/consumer options:

- Ninety-five percent of cosmetologists/aestheticians
- 89% of barbers
- 83% of massage therapists
- nearly 60% of bakers and pastry chefs
- 52% of veterinary technicians

are trained in private sector colleges and universities

Direct Patient Care Depends on Private Sector Colleges and Universities



- 1/6 of all registered nurses
- 83% of all medical assistants
- 78% of all vocational/practical nurses and assistants
- 64% of all dental technicians

AND

- ***One out of every four health science graduates in the nation***

Are produced by private sector career colleges and universities.

What It All Means



- Private sector career colleges and universities will supply 1/5 of the 45,600,000 jobs required over the next decade
- Entire industries (and society) depends on career colleges
 - Direct patient care would collapse without career college graduates
- **There is no viable alternative in post-secondary education to private sector colleges and universities**

And...The Fallacy of the Diploma Mill



The data make it clear that entire industries, as well as the consumers of those industries' products and services, depend on a labor force comprised broadly or entirely of credentialed, and often licensed, graduates who attend private sector career colleges and universities. It is therefore mathematically impossible that such broad based charges against the sector are in any way systemically accurate.

The Future



**REASONS FOR OPTIMISM AND WHY THERE
WILL BE A ROBUST PRIVATE SECTOR**

There Will Be a For-Profit Sector



Because...

- No Capacity or Desire in Traditional Sector
- Market Demand (student and employer)
- Role in Top Growth Fields
- Only Option in Some Geographies
- *Better outcomes*

But...

- It Will Be Smaller and Less Profitable (near future)
- Stronger and More Sustainable, Mid and Long Term
- Ownership Model Will Evolve
- *And Priorities Will Change*

Changing the Culture

The Past

- Focus on the “Front End”
- Financial Outcomes
- Growth
- EBITDA/Net Margins
- “At the Edge”
Compliance
- Academics on The
Periphery

The Future

- Focus on the “Back End”
 - Student Outcomes
 - Sustainability
 - Revenue/Cash Flow
 - “White Space”
Compliance
 - Academics as a Core
Competency*
- *Role of publishers?

Additional Productive Changes



- Take the proprietary out of proprietary
- Proxy for “correct” philosophy: Invest at least as much in Career Services as in Admissions
- Limit student debt/increase the value proposition
- Prioritize retention and placement over starts
- *Educational delivery at the center of planning, performance, and status*
- Value as a long term proposition
- **Only for the truly committed**

Education Businesses Are Different



- Education is a business, but it is not just ANY business
- There is a social contract with students, alumni, employers, and taxpayers that *obligates* institutions to balance shareholder outcomes with student and institutional outcomes

The Value Proposition and the Irony



If the sector gets a few things right...

- Proprietary colleges and universities could be the single most valuable sector with the most compelling dollar for dollar ROI in all of American Higher Education
- If not for tax status (and some self-inflicted wounds), the private sector would be held up as the “gold standard” of U.S. higher education
 - Outcome focused accountability
 - No ambiguity about obligation to students
 - ✦ Success with minority and high risk students

The Partnership



MOVING FROM VENDOR TO PARTNER

A Publisher-School Partnership



Outcomes Driven Directly by Curriculum Content

For Students

- Learner Engagement (and Learning)
- Retention
- Graduation
- Job Skills and Job Placement

For Instructors

- Instructional Effectiveness
- Morale
- Longevity

Thoughts on the Partnership



- Publishers as Conduit to Industry
 - Publishers as:
 - Primary Faculty Development Resource
 - Primary Curriculum Development Resource
 - Publishers as “Just in Time” Content Partners with *Fully Integrated Content*
 - Much larger market as curriculum and instruction consultants than content sellers
 - Content, training, technology, development, marketing
 - Publishers as ***Partners*** Rather than ***Vendors****
- * Still seen as vendors within schools

Primary Sales Opportunities



- **Allied Health**
- Business
- Gen Ed

Likely Future Opportunity in Short Term Content

- Certificates, Badges, Boot Camps

Doing Well by Doing Good



Virtually any work can be honorable, but not all work generates equal moral value.

Serving society by supporting education is both honorable and moral. It is also critical.

The ultimate value of what we do is determined by the benefits bestowed on clients and end users (outcomes), not by the tax status or ownership structure or articles of incorporation of our customers.

A Challenge and a Note of Gratitude



In closing...

- Focus on your role in supporting student and institutional outcomes. You don't sell content or even services. **You sell educational success,** which changes student lives and improves society.
- Start every day with your heads held high. You are integral partners in workforce development and the future of a better higher education private sector.

Contact Information



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Consulting services available in a broad range of education, organizational, and management/leadership development areas, including interim senior leadership roles

Presentation at: www.wallacekpond.com/mh-privatesector

Important Links



- [Why Attacking For-Profit Colleges and Universities is Bad for All of Higher Education](#)
- [CECU Report](#)
- [Strategic Leadership](#)

Appendix



DATA FILES

National and Select State Career College Projections



	HISTORICAL COMPLETIONS (IPEDS)					AVG GROWTH RATE	COMPLETIONS PROJECTIONS Based on 10 YEAR JOB OPENINGS due to GROWTH + REPLACEMENTS over 10 YEARS (Projections Central)										
	2011	2012	2013	2014	2015		%	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
NATIONAL TOTALS:	905,268	907,470	835,560	781,937	700,355	37%	724,695	750,859	776,673	803,005	829,779	855,235	881,133	907,381	933,111	961,640	8,423,511
CA	139,688	142,459	135,856	126,381	109,386	37%	113,308	117,364	121,405	125,466	129,545	133,556	137,583	141,658	145,680	149,864	1,315,429
AZ	120,267	133,487	111,101	94,907	85,977	43%	89,605	93,324	97,023	100,750	104,493	108,173	111,881	115,599	119,299	123,108	1,063,255
FL	76,455	75,018	70,860	66,706	48,771	38%	50,546	52,412	54,264	56,136	58,036	59,870	61,718	63,594	65,436	67,417	589,429
TX	60,586	52,507	45,935	42,333	39,863	45%	41,593	43,384	45,164	46,966	48,779	50,549	52,338	54,131	55,909	57,786	496,599
NY	36,452	38,528	35,255	35,340	33,788	37%	34,960	36,199	37,432	38,670	39,937	41,149	42,377	43,620	44,849	46,163	405,356
IL	39,108	36,490	38,794	34,732	30,884	31%	31,795	32,767	33,725	34,707	35,690	36,635	37,603	38,575	39,533	40,573	361,603
PR	27,299	26,590	26,931	28,654	26,469	36%	27,371	28,324	29,268	30,229	31,196	32,129	33,079	34,034	34,976	35,987	316,593
MN	23,649	25,236	26,315	25,205	25,295	29%	25,959	26,681	27,389	28,116	28,873	29,567	30,283	31,002	31,713	32,535	292,118
PA	34,856	30,403	28,678	25,978	22,728	31%	23,361	24,063	24,746	25,450	26,172	26,850	27,538	28,237	28,923	29,700	265,040
CO	22,889	23,320	20,811	19,709	17,803	45%	18,530	19,322	20,105	20,905	21,725	22,490	23,282	24,073	24,857	25,726	221,015

Top Projected Growth Occupations



TOP PROJECTED GROWTH FOR-PROFIT OCCUPATIONAL FIELDS (For Programs with Completions of 9,000+ in 2015)	HISTORICAL COMPLETIONS (IPEDS)					AVG GROWTH RATE ACROSS OCCUPATIONAL AREAS	COMPLETIONS PROJECTIONS Based on 10 YEAR JOB OPENINGS due to GROWTH + REPLACEMENTS over 10 YEARS (Projections Central)										
	Occupational Program	2011	2012	2013	2014		2015	%	2016	2017	2018	2019	2020	2021	2022	2023	2024
Licensed Practical/Vocational Nurse Training.	14,493	15,074	13,550	12,151	11,447	48%	11,984	12,535	13,085	13,637	14,196	14,738	15,290	15,840	16,391	16,958	144,654
Aesthetician/Esthetician and Skin Care Specialist.	12,328	13,138	13,639	14,146	15,530	47%	16,234	16,963	17,686	18,411	19,140	19,862	20,581	21,310	22,033	22,774	194,994
Medical/Clinical Assistant.	122,543	109,497	85,767	74,393	62,522	45%	65,302	68,106	70,904	73,704	76,516	79,312	82,108	84,910	87,710	90,535	779,107
Culinary Arts/Chef Training.	14,230	14,615	16,310	11,597	9,578	44%	9,987	10,416	10,841	11,267	11,701	12,122	12,544	12,973	13,398	13,837	119,086
Dental Assisting/Assistant.	18,255	19,500	18,530	17,263	14,944	42%	15,555	16,181	16,806	17,437	18,073	18,692	19,318	19,948	20,569	21,221	183,800
Massage Therapy/Therapeutic Massage.	28,638	25,018	21,580	20,172	16,577	41%	17,231	17,912	18,589	19,263	19,947	20,622	21,293	21,973	22,651	23,347	202,828
Registered Nursing/Registered Nurse.	16,873	22,049	25,768	30,852	36,164	38%	37,538	38,929	40,318	41,707	43,105	44,491	45,878	47,269	48,658	50,070	437,963
Automobile/Automotive Mechanics Technology/Technician.	18,328	17,063	16,541	14,102	11,480	36%	11,888	12,309	12,726	13,146	13,566	13,984	14,398	14,821	15,236	15,665	137,739
Cosmetology/Cosmetologist, General.	70,606	75,993	73,627	69,636	64,006	36%	66,313	68,650	70,972	73,308	75,646	77,968	80,298	82,626	84,957	87,310	768,048
Business Administration and Management, General.	69,181	70,159	68,254	62,421	55,451	36%	57,417	59,408	61,396	63,391	65,387	67,366	69,358	71,349	73,337	75,350	663,759
Criminal Justice/Law Enforcement Administration.	10,910	12,127	12,845	10,155	8,589	33%	8,862	9,150	9,435	9,723	10,019	10,303	10,584	10,876	11,157	11,465	101,574
Truck and Bus Driver/Commercial Vehicle Operator and Instructor.	6,613	7,759	8,017	8,356	9,729	27%	9,982	10,247	10,509	10,775	11,041	11,300	11,564	11,828	12,091	12,363	111,700

Comparison of Graduates Produced by Each Higher Education Sector in 2015



TOP 10 FOR-PROFIT ACADEMIC PROGRAMS (2015)	PRIVATE FOR-PROFIT 3,525 Institutions	% Share	PRIVATE NON-PROFIT 2,005 Institutions	% Share	PUBLIC 2,013 Institutions	% Share	GRAND TOTAL 7,543 Institutions
SECTOR TOTALS:	700,355	14%	1,131,361	23%	3,120,343	63%	4,952,059
Cosmetology/Cosmetologist, General.	64,006	83%	873	1%	12,194	16%	77,073
Medical/Clinical Assistant.	62,522	74%	8,991	11%	13,417	16%	84,930
Business Administration and Management, General.	55,451	17%	98,651	31%	164,152	52%	318,254
Registered Nursing/Registered Nurse.	36,164	16%	58,380	25%	136,649	59%	231,193
Massage Therapy/Therapeutic Massage.	16,577	83%	1,268	6%	2,065	10%	19,910
Aesthetician/Esthetician and Skin Care Specialist.	15,530	95%	99	1%	802	5%	16,431
Dental Assisting/Assistant.	14,944	64%	1,628	7%	6,697	29%	23,269
Automobile/Automotive Mechanics Technology/Technician.	11,480	29%	1,660	4%	25,804	66%	38,944
Licensed Practical/Vocational Nurse Training.	11,447	23%	1,766	4%	36,712	74%	49,925
Truck and Bus Driver/Commercial Vehicle Operator and Instructor.	9,729	48%	768	4%	9,696	48%	20,193

Programs in which a Majority of Graduates Come from Private Sector Schools



HIGH CONTRIBUTING CAREER EDUCATION FIELDS (60%-100%)	PRIVATE FOR-PROFIT 3,525 Institutions	% Share	PRIVATE NON-PROFIT 2,005 Institutions	% Share	PUBLIC 2,013 Institutions	% Share	GRAND TOTAL 7,543 Institutions
SECTOR TOTALS:	700,355	14%	1,131,361	23%	3,120,343	63%	4,952,059
Cosmetology and Related Personal Grooming Arts, Other.	1,774	100%	-	0%	8	0%	1,782
Make-Up Artist/Specialist.	1,340	97%	31	2%	11	1%	1,382
Long Term Care Administration/ Management.	453	95%	1	0%	24	5%	478
Aesthetics/Esthetician and Skin Care Specialist.	15,530	95%	99	1%	802	5%	16,431
Nail Technician/Specialist and Manicurist.	8,315	92%	52	1%	669	7%	9,036
Barbering/Barber.	7,194	89%	159	2%	720	9%	8,073
Massage Therapy/Therapeutic Massage.	16,577	83%	1,268	6%	2,065	10%	19,910
Cosmetology/Cosmetologist, General.	64,006	83%	873	1%	12,194	16%	77,073
System, Networking, and LAN/WAN Management/Manager.	4,571	80%	41	1%	1,128	20%	5,740
Practical Nursing, Vocational Nursing and Nursing Assistants, Other.	4,747	78%	576	9%	747	12%	6,070
Recording Arts Technology/Technician.	4,084	76%	401	7%	866	16%	5,351
Behavioral Sciences.	5,608	75%	1,035	14%	788	11%	7,431
Medical Office Assistant/Specialist.	6,946	74%	483	5%	1,998	21%	9,427
Medical/Clinical Assistant.	62,522	74%	8,991	11%	13,417	16%	84,930
Accounting and Business/ Management.	1,884	71%	520	20%	249	9%	2,653
Hospital and Health Care Facilities Administration/Management.	3,808	70%	639	12%	961	18%	5,408
Dental Assisting/Assistant.	14,944	64%	1,628	7%	6,697	29%	23,269

Programs in which One Third to Over One Half of Graduates Come from Private Sector Schools



SIGNIFICANT CONTRIBUTING CAREER EDUCATION FIELDS	PRIVATE FOR-PROFIT 3,525 Institutions	% Share	PRIVATE NON-PROFIT 2,005 Institutions	% Share	PUBLIC 2,013 Institutions	% Share	GRAND TOTAL 7,543 Institutions
SECTOR TOTALS:	700,355	14%	1,131,361	23%	3,120,343	63%	4,952,059
Baking and Pastry Arts/Baker/Pastry Chef.	4,635	59%	1,062	13%	2,213	28%	7,910
Heating, Ventilation, Air Conditioning and Refrigeration Engineering Technology/Technician.	3,891	55%	791	11%	2,405	34%	7,087
Pharmacy Technician/Assistant.	7,963	54%	2,206	15%	4,514	31%	14,683
Veterinary/Animal Health Technology/Technician and Veterinary Assistant.	4,682	52%	666	7%	3,649	41%	8,997
Medical Insurance Specialist/Medical Biller.	5,519	50%	4,412	40%	1,121	10%	11,052
Truck and Bus Driver/Commercial Vehicle Operator and Instructor.	9,729	48%	768	4%	9,696	48%	20,193
Culinary Arts/Chef Training.	9,578	48%	2,934	15%	7,601	38%	20,113
Health Information/Medical Records Technology/Technician.	4,345	40%	527	5%	6,040	55%	10,912
Airframe Mechanics and Aircraft Maintenance Technology/Technician.	2,088	40%	209	4%	2,949	56%	5,246
Nursing Administration.	2,493	39%	2,820	45%	1,005	16%	6,318
Electrical, Electronic and Communications Engineering Technology/Technician.	4,227	39%	306	3%	6,235	58%	10,768
Web Page, Digital/Multimedia and Information Resources Design.	2,338	39%	529	9%	3,126	52%	5,993
Surgical Technology/Technologist.	3,279	39%	581	7%	4,579	54%	8,439
Network and System Administration/Administrator.	2,122	37%	292	5%	3,277	58%	5,691
Graphic Design.	4,036	36%	2,903	26%	4,301	38%	11,240
Business Administration, Management and Operations, Other.	6,462	36%	5,518	31%	6,046	34%	18,026
Computer and Information Systems Security/Information Assurance.	3,475	33%	2,042	20%	4,944	47%	10,461
Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician.	5,914	32%	715	4%	11,590	64%	18,219