



STATE OF CALIFORNIA

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## CALIFORNIA STUDENT AID COMMISSION

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### FOR IMMEDIATE RELEASE

February 14, 2012

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## CSAC To Examine Impact of “Wild West” Online Degrees on Cal Grants

**Sacramento, CA** -- At a time of limited funds for college financial aid, should Cal Grants cover all online degree programs as an economical way to make state dollars stretch further? Would such a policy-change divert resources that would deliver better educational value to students at brick-and-mortar campuses?

The California Student Aid Commission (CSAC) will examine this issue in depth during a two-day hearing on Feb. 23 and 24. The roster of speakers represents experts and interests ranging from the non-partisan Legislative Analyst’s Office and education accreditation agencies to online education providers, student organizations, state higher education institutions and more.

CSAC oversees the distribution of more than a billion dollars annually to California’s college and university students. Participating Cal Grant institutions must have a physical presence in California. Some have argued that degrees offered by distance learning institutions, like the Western Governors University which requires no physical campus, have made such a restriction obsolete and counterproductive.

Others, however, are concerned about the quality of education that students may receive in what many see as an emerging “Wild West” of higher education – a frontier where anything goes and not much is regulated.

“The Commissioners could not duck this issue even if they wanted to,” said Barry Keene, former State Senator and Chair of the California Student Aid Commission. “If student aid dollars entrusted to us are not used cost-effectively, there could be a tremendous backlash from taxpayers and from academically qualified students whose access to higher education depends on Cal Grants.”

Keene noted that distance learning costs far less than traditional campus-based teaching, thus appealing to financially strapped public universities. It is also attractive to for-profit institutions that see the combination of guaranteed funding from student aid and low-cost online education as a huge money-making opportunity. However, concerns about academic quality and rigor regarding the learning reflected by an online degree may cause many to question whether there is sufficient oversight in place to protect students from a poor quality education.

“We cannot let waste happen, either through lack of support for an efficient way to deliver education or through the careless extension of funding to an innovative but unregulated alternative to campus-based coursework,” said Keene. “This is especially critical at a time when businesses are crying for trained workers and people are often desperate to find jobs. The Cal Grant program works, which is why it has been supported by Republicans and Democrats, business and labor. We need to maintain their trust.”

The CSAC hearing is designed to spotlight the issues for the public, provide informed advice to lawmakers, and lay the foundation for any needed regulatory measures for the protection of Cal Grants.

The hearing will be conducted at the State Capitol, Room 2040, beginning at 9:00 a.m. on Thursday, February 23, 2012. The following is an agenda of speakers, with approximate times:

February 13, 2012

## NOTICE OF PUBLIC HEARING

**NOTICE IS HEREBY GIVEN** that the California Student Aid Commission (Commission) will conduct a public hearing to consider **"What Should Cal Grants Pay for in the Coming Era of Distance Learning."** The public hearing will be held on Thursday, February 23, 2012, at 9:00 a.m. and, if necessary, continuing on Friday, February 24, 2012 at 9:00 a.m. at the State Capitol, Senate Room 2040, Sacramento, CA.

**FURTHER NOTICE IS GIVEN** that upon the conclusion of the public hearing, the Commission will meet to discuss and may take action on the "Meeting Agenda" items set forth below.

All times listed below are approximate and are subject to change. Further speakers may be heard in addition to those identified below.

### HEARING AGENDA

#### Thursday, February 23, 2012 – 9:00 a.m.

Call to Order and Roll Call  
Public Comment  
Chair's Opening Statement

#### **1. *What Should Cal Grants Pay for in the Coming Era of Distance Learning?***

##### **a. *Introduction: What should students and taxpayers expect?***

(9:15 – 9:30) Presentation by: Diana Fuentes-Michel, Executive Director, CSAC

##### **b. *Fundamentals***

(9:30 – 9:40) Presentation by: Paul Steenhausen, Legislative Analyst's Office [confirmed]

(9:40 – 10:00) Discussion by Commissioners

##### **c. *A case study for potential savings to students and taxpayers: Western Governors University***

(10:00 – 10:10) Presentation by: Sally Johnstone, Ph.D., Vice President, Academic  
Advancement, Western Governors University [confirmed]

(10:10 – 10:30) Discussion by Commissioners

##### **d. *A case study of for-profit online providers: University of Phoenix***

(10:30 – 10:40) Presentation by: Dawn Iwamoto, Ed.D., Vice Provost, University of Phoenix [confirmed]

(10:40 – 11:00) Discussion by Commissioners

##### **e. *A case study for potential savings to students and taxpayers: online text books***

(11:00 – 11:15) Presentation by: Dean Florez, President & CEO,  
Twenty Million Minds Foundation [confirmed];  
Sean Devine, CEO, CourseSmart, LLC [confirmed]; and  
Bruce Hildebrand, Executive Director, Association of American Publishers (AAP),  
Higher Education Section [invited]

(11:15 – 11:30) Discussion by Commissioners

**Lunch Break 11:30 – 1:00**

**f. Who provides oversight of distance learning and what kind of oversight is it?**

- (1:00 – 1:15) Presentation by: Denise Brown, Director, California Department of Consumer Affairs [invited];  
Ralph Wolff, President, Western Association of Schools and Colleges (WASC) Accrediting Commission for Senior Colleges and Universities [invited]  
(1:15 – 1:30) Discussion by Commissioners

**g. Consumer protection perspective**

- (1:30 – 1:40) Presentation by: Robert Shireman [invited]  
(1:40 – 2:00) Discussion by Commissioners

**h. Distance learning from a student perspective**

- (2:00 – 2:20) Presentation by Student Organizations:  
Keith Ellis, University of California Student Association;  
Kevin Feliciano, President, Student Senate for California Community Colleges [confirmed];  
CSU Student Association [invited]  
(2:20 – 2:45) Discussion by Commissioners

**i. Distance learning from a faculty perspective**

- (2:45 – 3:05) Presentation by Faculty Senates:  
Bob Anderson, Chair, University-wide Academic Senate, University of California Office of the President [invited];  
Phil Smith, At-Large Representative, Academic Senate for California Community Colleges (ASCCC) [confirmed] and  
Michelle Pilati, ASCCC President Academic Senate CSU [invited]  
(3:05 – 3:30) Discussion by Commissioners

**Break 3:30-3:45**

**j. Distance learning in the California segments of higher education**

- (3:30 – 4:05) Presentation by:  
AICCU [invited];  
For-profit institutions [invited];  
California Community Colleges [invited];  
Ruth Black, Executive Director. CSU Online [confirmed];  
Daniel Greenstein, Vice Provost, University of California [confirmed]  
(4:05 – 4:30) Discussion by Commissioners

**k. Observations of interested parties**

- (4:30 – 4:45) Presentation by: Deb Barker-Garcia, President, CASFAA [confirmed];  
CCCSFAAA [invited]  
(4:45 – 5:00) Discussion by Commissioners

**l. Public Comment**

**MEETING AGENDA**

2. Presentation of Resolutions (Information)
  - a. Lawrence Hershman, Former Commissioner
  - b. Enrique Murillo, Former Commissioner
3. Executive Director's Report (Information)
4. Consent calendar (Action)
  - a. Minutes of November 17-18, 2011 and December 22, 2011
  - b. Consideration of designating Commissioner(s) as Director(s) of the EdFund Board
5. Budget Update (Information)
6. New business (Information)

**Adjourn**

NOTE: Items designated for information are appropriate for Commission action if the Commission wishes to take action.

*This information is also available on the Commission's website at [www.csac.ca.gov](http://www.csac.ca.gov). For information concerning this meeting, contact Gloria Lopez by phone at (916) 464-8074 or (916) 464-8271, or by e-mail at [glopez@csac.ca.gov](mailto:glopez@csac.ca.gov).*

Agenda items occur sequentially. When circumstances warrant, the Chair may modify the order of items as they appear on the agenda. The meeting location is accessible to the disabled. If you require special assistance, please contact Gloria Lopez at least 5 days before the meeting to make special arrangements.

Members of the public who are interested in listening to the open session portions of this meeting may do so by streaming the meeting over the internet.

**February 23 & 24, 2012 Meeting**

<http://mfile.akamai.com/120161/live/reflector:53660.asx?bkup=54981&prop=n>

Participants listening over the internet will not be able to offer comments, ask questions, or otherwise participate in the meeting.

Senator Barry Keene (Ret.)  
Chair

Diana Fuentes-Michel  
Executive Director

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*The California Student Aid Commission is the principal state agency responsible for administering financial aid programs for students attending public and private universities, colleges, and vocational schools in California. The Commission distributed over \$1.3 billion to California's college students during the 2010-11 academic year through its Cal Grant, specialized and loan forgiveness programs. The Commission also administers financial aid awareness and outreach programs, such as Cal-SOAP and Cash for College, in collaboration with business, private industry and community-based organizations.*