UNTANGLING THE WEB

HOW TO MONITOR THE RISKS OF ONLINE EDUCATION
Acknowledgements

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INTRODUCTION

One lasting legacy of the COVID-19 pandemic may be more students attending online classes at both traditional and fully online colleges. The efficacy of online education remains unproven, especially for students with academic or other challenges. And yet, both students and policymakers lack the data they need to assess whether online classes are serving students well.

Many observers see online classes as a permanent and growing feature of higher education. Over the past several months, colleges and universities nationwide have closed their campuses and began offering their classes online. Colleges that partially reopen their campuses this fall are likely to continue to rely heavily on online classes for the foreseeable future. Predominantly and fully online universities had already grown substantially prior to the emergence of COVID-19 and may now see substantial enrollment increases.

Online classes are the best, and often only, option in the midst of a pandemic. Some online programs have shown promise at expanding access, helping more students learn at a lower cost. However, most online programs remain unproven, particularly on a large scale, and for students with gaps in academic preparation or other needs. The unprecedented shift to online education is a massive experiment with unknown consequences.

Despite the risks, it is challenging to assess the quality of online education. Key sources of data on colleges do not identify whether programs are online, making it impossible for students to make informed choices or for regulators to identify potential problems. Changes in data collection are needed to protect students, including data on the graduation rates, loan defaults, and other outcomes of online students. We recommend that the U.S. Department of Education:

- Track colleges that move online through pandemic-related regulatory waivers to allow future oversight.
- Collect data on online students in key student aid and higher education databases and publish key findings.
- Identify potentially problematic online programs and institutions by monitoring rapid growth, low student retention rates, and predatory recruiting practices in order to subject them to further scrutiny.

THE RISKS OF ONLINE EDUCATION

DESPITE ITS POPULARITY, ONLINE EDUCATION IS UNPROVEN

In recent months, online education has been widely embraced as a solution to educational access during a pandemic. Yet despite its widespread adoption during a time of few options, the capacity of institutions to consistently deliver a high-quality online education to large numbers of students remains in doubt, especially for programs that are entirely online (rather than combining online and in-person instruction) and for students with academic and economic challenges. If online education is of lesser quality than in-person education, the growth of online education could lead to students wasting time and money and ending up with debts they will struggle to repay and an education that does not lead to improved job prospects.

In 1992, Congress cracked down on distance education – then known as correspondence schools – after a wave of abuses. The so-called “50-50 rule” prohibited federal aid for colleges that offered more than half their programs, or enrolled more than half their students, via correspondence. In 2006, however, Congress repealed these limits on the amount of online education that colleges can offer,
enabling online colleges to expand rapidly. In the decade leading up to 2018, the share of students enrolled in fully online programs increased from 4 percent to 16 percent.

For-profit colleges quickly took advantage of the repeal of limits to online education. By 2018, half (50.4%) of for-profit college students were enrolled in fully online programs. These enrollments are highly concentrated at a few colleges: 15 for-profit colleges enroll over 75 percent of all fully online students at for-profit colleges and 43 percent of all students at for-profit colleges. In recent years, the conversion of for-profit institutions to nonprofit or public status and the growth of online programs outsourced to online platform management companies have complicated the picture, evading rules that treat federally funded for-profit colleges differently from nonprofit and public institutions.

The growth of online education reflects – at least in part – a growing demand from students. It can provide flexibility and access that traditional in-person instruction often cannot match, making it particularly valuable for working adults, single parents, and rural students who do not live near institutions of higher education.

Some observers have long heralded online education’s potential to improve college access and affordability because it has the potential to deliver quality courses at lower cost. Online classes also generate data on student engagement and learning that can be used to drive continued improvement. Because they continue to improve as technology advances, proponents of online education argue that existing research understates its potential benefits.

One program often cited as a success is Georgia Tech’s academically selective graduate program in computer science. Offered at much lower costs, it served a group of students who otherwise would likely not have enrolled in further education. Some academic measures for this program indicate comparable learning outcomes for online and in-person programs, although on-time graduation rates lagged for online students.

However, most research that systematically compares in-person to entirely online instruction is mixed. Learning outcomes often lag. For example, in a randomized study, Alpert, Couch and Harmon found that for students in an introduction to microeconomics course, fully online students scored 5 to 10 points worse on a final exam than in-person students did. Figlio, Rush, and Yin, also studying a large introductory microeconomics course, found that in-person students performed better than online students. The gaps were especially notable among Hispanic students, male students, and lower-achieving students.

Krieg and Henson, using student-level data from a mid-size institution, found that students who had taken prerequisite courses online fared worse in subsequent courses, scoring “nearly one twelfth of a grade point lower” than students who took those classes in person.

Disadvantaged students are particularly likely to struggle in online classes. Kaupp found that online classes “significantly exacerbate[d]” racial achievement gaps at California community colleges: Latino students enrolled online had “a nine percentage point lower success rate, grades that average two-tenths of a grade point lower, and withdrawal rates over twice as high as Latino students in face-to-face sections of the same classes.”

Bettinger, Fox, Loeb, and Taylor found multiple negative effects for students taking a course online, instead of in-person, at a large for-profit university, particularly for students with lower GPAs in earlier classes. Students earned lower grades in classes taken online than students taking the same classes in-person, lower grades in subsequent courses for online course takers, and a higher likelihood of dropout. Specifically, for classes offered both online and in-person “students taking the course in-person earned roughly a B- grade (2.8) on average while if they had taken it online, they would have earned a C (2.4). Additionally, taking a course online reduces a student’s GPA the following term by 0.15 points.”
Similarly, Xu and Jaggers, using statewide data across a range of institutions, found that both grades and persistence were worse for students in online courses relative to their in-person counterparts, particularly for students with lower GPAs, Black students, and men.\textsuperscript{19}

Employers also apparently believe online institutions are lower in quality, at least when operated for profit. Deming and his colleagues posted fake resumes to job site boards and found that resumes listing a bachelor’s degree in business from a for-profit online institution were 22 percent less likely to solicit a callback than a resume listing a nonselective public institution.\textsuperscript{20}

Despite the necessity of online classes due to COVID-19, research suggests that there is not yet clear evidence that online instruction can adequately replace in-person instruction. As a bipartisan pair of former chairs of Council of Economic Advisers wrote last year, “While exceptions undoubtedly exist, the mixed performance of online education to date leaves us apprehensive about asking too much of online postsecondary education.”\textsuperscript{21}

**ONLINE EDUCATION CHALLENGES TRADITIONAL OVERSIGHT STRUCTURES**

Because the marginal cost of educating students is lower for online than for in-person instruction, it is possible for institutions to grow online programs more rapidly than in-person programs. Online classes are not limited by physical space, and can be expanded virtually without limit, particularly for institutions less concerned about quality.\textsuperscript{22} The greater capacity for rapid expansion of low-quality online programs puts students at risk.

The U.S. Department of Education, states, and accreditors, commonly referred to as the triad and compared to a “three-legged stool,” are collectively responsible for the oversight of quality in higher education. All three of these key regulators struggle to oversee online programs.

Because it has national scope and sets minimum standards for the approvals needed for federal funding, the Department of Education is in the strongest position to oversee online education. However, it is in the process of rewriting existing distance education rules and some observers are concerned that it will weaken requirements for “regular and substantive interaction” between students and faculty, the definition of a credit hour of learning, and the outsourcing of educational programs.\textsuperscript{23} Weakening regular and substantive interaction requirements could result in courses where students have minimal or no contact with a subject matter expert. The credit hour is the basic unit measuring higher education; watering it down could result in credit hour inflation, which could mean a student completes a program of study woefully underprepared for the career they have studied. Allowing unlimited outsourcing of programs to unaccredited entities means there would be little oversight over program quality. These steps would seriously undermine the accountability of online education.\textsuperscript{24}

States regulate online colleges as they do brick-and-mortar institutions. However, more than 1.2 million students enroll in institutions headquartered across state lines, complicating states’ efforts to protect their own students.\textsuperscript{25} Nearly every state has joined an interstate reciprocity agreement managed by the National Council on State Authorization Reciprocity Agreements (NC-SARA) in which they recognize the oversight of colleges’ home states. However, there are important questions about whether this agreement prevents states from protecting their own residents without doing enough to prevent abuses.\textsuperscript{26}

Recent high-profile problems that have gone undetected by accreditors, notably ACICS, have shown the limitations of accreditor-based accountability.\textsuperscript{27} Unfortunately, the Department has just further weakened the ability of accreditors to oversee institutional quality through new regulations issued in 2019.\textsuperscript{28}
All of these challenges underscore the need for greater transparency and accountability in online education, particularly as online enrollment has steadily grown.

**THREE STEPS TO GREATER TRANSPARENCY**

**PROBLEM 1: AN UNPLANNED MASS MIGRATION ONLINE**

In a time of massive upheaval, the move to universal online learning has allowed students to continue their education. However, there are widespread questions about how rapid shifts online impacted quality. While colleges had to immediately respond to an unprecedented public health crisis, appropriate reviews of programs that remain online should be conducted in the coming months.

In March, the Department of Education authorized colleges to offer online education without seeking the normal approvals. The waiver lasts at least through the end of 2020. It also permits accrediting agencies to waive distance education review requirements through the same period.

Substantive change reporting to accreditors is generally required when programs change their method of delivery, including creating an online version of an in-person program. Substantive change regulations require institutional review for, among other reasons, “[t]he addition of courses or programs that represent a significant departure from the existing offerings of educational programs, or method of delivery, from those that were offered when the agency last evaluated the institution.” These reviews are needed to examine questions such as: Can the program of study reasonably be completed online? Do students have adequate internet access to be able to complete online coursework?

There is no requirement that colleges disclose how they use the temporary COVID-19 waiver authority, even if these programs remain online permanently. As a result, there is no way to know how institutions are handling the transition to online instruction, and we may never know. It was necessary to grant institutions the flexibility to make these changes in the near term, but not to prevent information gathering about what colleges are doing. In fact, the large-scale changes associated with the crisis makes this information more important than ever.

**RECOMMENDATION 1: INSTITUTIONS MOVING PROGRAMS ONLINE SHOULD REPORT CHANGES**

To permit normal oversight over programs that used emergency authority to move online, the Department should:

- Require colleges to report within 60 days: (1) which programs have exercised temporary regulatory flexibility to change their mode of instruction and whether they are affected wholly or partially and (2) what changes, including partnerships with private companies, have been made to accommodate the move online or other changes in program delivery.
- Require, within 30 days following the end of the national emergency, institutions to report to the Department the date when programs or institutions will transition back or plan to transition back to in-person instruction.
- Ensure institutions report the same information to accreditors and detail how they will demonstrate regular and substantive interaction between instructors and students and how the institution will maintain quality. For each institution impacted, accreditors should be required to report this information on their public web sites.
PROBLEM 2: INABILITY TO MONITOR THE QUALITY OF ONLINE EDUCATION

The Department of Education collects data for both administrative and research reasons. These data are used to inform student choices, conduct oversight activities, and allow research and policy changes.

However, existing federal data systems largely lack the ability to differentiate between students enrolled and programs that are offered online, in-person, or in both formats. As a result, it is impossible to identify which online programs are serving students well and which pose risks to students and taxpayers through very low graduation rates, high student loan default rates, or other problematic student outcomes.

RECOMMENDATION 2: THE DEPARTMENT OF EDUCATION SHOULD COLLECT AND DISSEminate KEY DATA ON ONLINE ENROLLMENT

The Department of Education is charged with collecting and disseminating information about higher education, and it should lead the way in improving the landscape of information in online higher education. Specifically, it should:

- Collect data on online attendance for federal aid recipients within the National Student Loan Data System (NSLDS). The NSLDS database is the Department’s central record for student aid. It contains data from schools, guaranty agencies, the direct loan program, and other U.S. Department of Education programs. This database provides a centralized, integrated view of federal student aid loans and grants that are tracked through their entire lifecycle from aid approval through disbursement and repayment.  

  Building on existing data reporting requirements will reduce administrative burdens on colleges.

- Add additional information to the Integrated Postsecondary Education Data System (IPEDS). IPEDS gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs. It provides basic data needed to describe — and analyze trends in — postsecondary education in the United States. The IPEDS Fall Enrollment survey currently captures exclusively online enrollments for students located in states other than the institution’s state, but it should expand to capture exclusively distance education enrollment by the student’s state. Because schools that participate in the NC-SARA reciprocity agreement already track and report these data to NC-SARA, this new data collection should involve no new burden on the institutions enrolling most online students. In addition, the outcome measures survey should be expanded to capture outcomes for students whose initial enrollment was exclusively online.

- Enact the College Transparency Act. The law is needed to allow the Department to collect data on students who do not access federal student aid. For example, more than a quarter of all community college students receive no federal aid, and that number is substantially higher in some states. Collecting data on all students is necessary to provide a more complete picture of online programs.
Higher education oversight is a shared responsibility of the triad, but states and accreditors often lack independent, verified data on online students. There is also the potential that unscrupulous online institutions would seek to locate in states and shop for accreditors with lower levels of oversight. To ensure that its data is shared where needed, the Department should make the following additions to the Federal Student Aid Data Center, where it publishes updates from its administrative data:\textsuperscript{42}

- Provide updates of the names and enrollment of institutions that have altered their operating status for the national emergency, including which institutions are offering exclusively online education in whole or in part and which institutions are temporarily closed, for 18 months following the start of the emergency.

- Once data is available, publish the loan repayment status of students enrolled exclusively online.

- Add reporting on Pell Grant and loan disbursements for exclusively online enrollment.

The Department should also publish data on online-only students on the College Scorecard. The Department’s efforts to publish program-level information on the College Scorecard is an important contribution to informed student choice. Because average debt and earnings figures apply only to graduates, the Department should also collect and publish data on completion rates for online-only students by program. In conjunction with data on average student debt and earnings, as well as other metrics such as cohort default rate, this information should be used to help identify potentially problematic programs and institutions.

**PROBLEM 3: ONLINE PROGRAMS NEED GREATER SCRUTINY**

We do not yet have adequate information about the quality of online education, including which schools or programs are serving students well and which are putting students and taxpayers at risk. Yet online programs and schools have enormous potential to expand rapidly, raising the likelihood that a greater number of students will receive a substandard quality of education, and that they will end up with substantial debt without significantly increased job opportunities.

**RECOMMENDATION 3: OVERSIGHT AND OUTCOME TRACKING**

To gather insight into emerging problems, particularly in light of the potential for subpar online programs to expand rapidly, the Department should:

- Create a secret shopper program to ensure that colleges are providing accurate information to prospective students. In the past, several large online for-profit colleges engaged in high-pressure, emotionally manipulative, and often misleading or even fraudulent recruiting practices.\textsuperscript{43} These practices came to light in part due to undercover investigations by the Government Accountability Office and ABC News.\textsuperscript{44} The Department’s secret shopper efforts should monitor both student recruitment and actual online instruction practices. Additional monitoring would both deter deceptive and aggressive recruiting, low quality, insufficient student/teacher interaction, while also bringing abuses to light as they arise.

- Create a data dashboard of potentially problematic programs, as measured by rapid enrollment growth and low retention rates. Rapidly growing programs may be at risk of diluted quality, and retention rates serve as an early indicator to identify emerging problems. Flagging these programs would highlight programs and colleges that pose greater risk to students and taxpayers.\textsuperscript{45} The Department should use these data to target its oversight and share them with key regulators, such as the Office of the Inspector General, states, and accreditors.
CONCLUSION: BETTER INFORMATION IS ONLY A FIRST STEP

We are in an unprecedented moment in higher education, with a necessary online migration emphasizing the outstanding need for better information collection and transparency in online higher education. This report represents an effort to identify the necessary components for an adequate informational infrastructure.

However, transparency alone is insufficient. There is also a real need for greater accountability, in order to ensure that the growth of online education is able to meet pressing needs to expand opportunity, while adequately protecting students. Institutions and programs that do not meet minimal requirements as established by the triad should be sanctioned. Programs that are found to engage in deceptive, illegal, or substandard practices should likewise be closely scrutinized. Finally, programs or institutions that consistently fail to meet minimal outcome standards should not continue to be able to access federal financial aid. Reinstating the gainful employment rule, or similar accountability measures, is one way in which we can move from improved information to real accountability.

ENDNOTES


3 For example, six universities had more than 50,000 online-only students each in 2018. See e.g. Doug Lederman, December 17, 2019. “The Biggest Movers Online” Inside Higher Ed; https://bit.ly/31pTuKk. Abigail Hess, May 19, 2020. “We are aggressively recruiting right now”: How for-profit colleges are preparing for next semester”, CNBC, https://cnb.cx/2Ylax9


