

June 29, 2016

# CHANGING THE CONVERSATION

## Three Ideas for Lower-Cost, Not Higher-Cost, College

In nearly all walks of American life, consumers have come to expect as a matter of course higher quality and lower costs (see graphic on following page).<sup>1</sup> Unfortunately, this trend does not prevail in higher education. In an effort to begin a real dialogue on costs, we offer the following suggestions.

**1. Provide 40 hours of low-tuition general education.** The Oklahoma State Regents for Higher Education should create and run an “Oklahoma Freshman Academy” to provide Oklahoma residents low-cost general education courses that can be transferred and count towards a degree offered by an Oklahoma public college or university. The academy could operate as a web-based portal to approved low-cost online providers and provide tuition reimbursement from existing higher-education funds to students who pass these courses. This will benefit students with increased educational flexibility and lower cost: provider tuition less reimbursement would be lower than in-state tuition at public universities and in many cases may be zero. Indeed, this academy will likely provide Oklahoma residents with the ability to earn more than one year of college free. Moreover, the state saves money because tuition reimbursement is set lower than the subsidy payments the state makes to public colleges and universities.

Why now? The higher education landscape is changing.<sup>2</sup> We’ve seen the emergence of low-tuition MOOCs (massive online open courses). For example, Arizona State University/EdX’s Global Freshman Academy offers anyone (no high school degree required) anywhere (it truly is global) the opportunity to take a full year’s worth of MOOC-style courses for \$6,400, a tuition that is roughly one-third lower than in-state tuition at Oklahoma public universities.<sup>3</sup> The Global Freshman Academy is a joint effort of Arizona State University and EdX (a nonprofit education technology company founded by Harvard and MIT). To cite another example, StraighterLine is a provider focused on general education. At \$1,400, the tuition is far less than in-state tuition at Oklahoma community colleges.<sup>4</sup>

Seamless transfer of general education is a longtime strength of the Oklahoma system. Oklahoma has always allowed the transfer of course credits between community colleges and public four-year colleges and universities. Moreover, the State Regents’ College Equivalency Project allows the seamless transfer of general education courses from public schools (and some private) towards a degree at state colleges and universities.

**2. Make use of the opportunities available with Western Governors University (WGU).** WGU was created 19 years ago by governors in the western United States, including Frank Keating of Oklahoma.<sup>5</sup> Today, WGU students are pursuing online degrees in education, business, information technology, and health fields. WGU does not receive any state government subsidy. It is totally dependent on student tuition. Yet at as little as \$4,000 per year, WGU’s tuition is substantially lower than in-state tuition at Oklahoma’s public regional colleges.<sup>6</sup> Indeed, WGU is so much cheaper that the state could pay a student’s full tuition and still save thousands of dollars annually. Following the lead of Indiana, Texas, Washington, Tennessee, and Missouri, Oklahoma policymakers should partner with WGU.

**3. Create a \$10K bachelor’s degree.** Some Texas universities have created \$10,000 bachelor’s degree programs after Governor Perry challenged them to do so in 2011. These new degree programs are mostly built on cooperative agreements with community colleges and scholarships.<sup>7</sup> Oklahoma could quickly create a \$10,000 degree by combining a Freshman Academy with WGU. In addition, the legislature could encourage state colleges and universities to participate by providing funding for upfront innovation costs.

## IS SPENDING MORE MONEY ALWAYS BETTER?



<sup>1</sup> Calculations by economist Byron Schlomach, director of state policy at the 1889 Institute.

<sup>2</sup> Vance H. Fried, College 2020 (Washington, D.C.: Center for Policy Innovation Discussion Paper #10, Heritage Foundation, March 26, 2013), <http://www.heritage.org/research/reports/2013/03/college-2020>.

<sup>3</sup> Assumes a student completes 32 credit hours and pays the fee to have the hours included on a transcript.

<sup>4</sup> Assumes 32 credit hours completed over a period of 8 months.

<sup>5</sup> John Greiner, "Oklahoma Joins Western Governors University," *The Oklahoman*, June 28, 1997. "Oklahoma higher education looks forward to participating in the Western Governors University," higher education chancellor Hans Brisch said on June 27, 1997, "and we want to thank Governor Frank Keating for turning an opportunity into a reality."

<sup>6</sup> WGU charges \$6,000 flat-rate tuition per year (52 weeks) with students able to take as many courses as they want. A university academic year is 32 weeks, so WGU's tuition is prorated accordingly. As for the quality of education, the evidence is encouraging. In 2014, for example, the National Council on Teacher Quality ranked WGU's secondary teacher preparation program as the best in the nation. By way of comparison, Oklahoma's top performers were the University of Oklahoma (tied for 57th) and Northwestern Oklahoma State University (tied for 87th).

<sup>7</sup> Reeve Hamilton and Rodney Gibbs, "A Guide to Getting One of Texas' \$10,000 Degrees," *Texas Tribune*, Jan. 30, 2013.