



straighterline

College Savings Foundation Summit 2010

No Connection Between Cost and Price

Institution/Course	Direct Instructional Cost Per Student	Non-Resident Tuition and Fees
Frostburg State University/Intro. Psych	\$25	\$1,688
University of Alabama/Intermediate Math	\$82	\$2,680
Average NCAT Institutions/Gen Ed Course	\$111	\$1,854
University of Phoenix/BA Course	??	\$1,675

From the applications to the National Center for Academic Transformation Course Redesign program

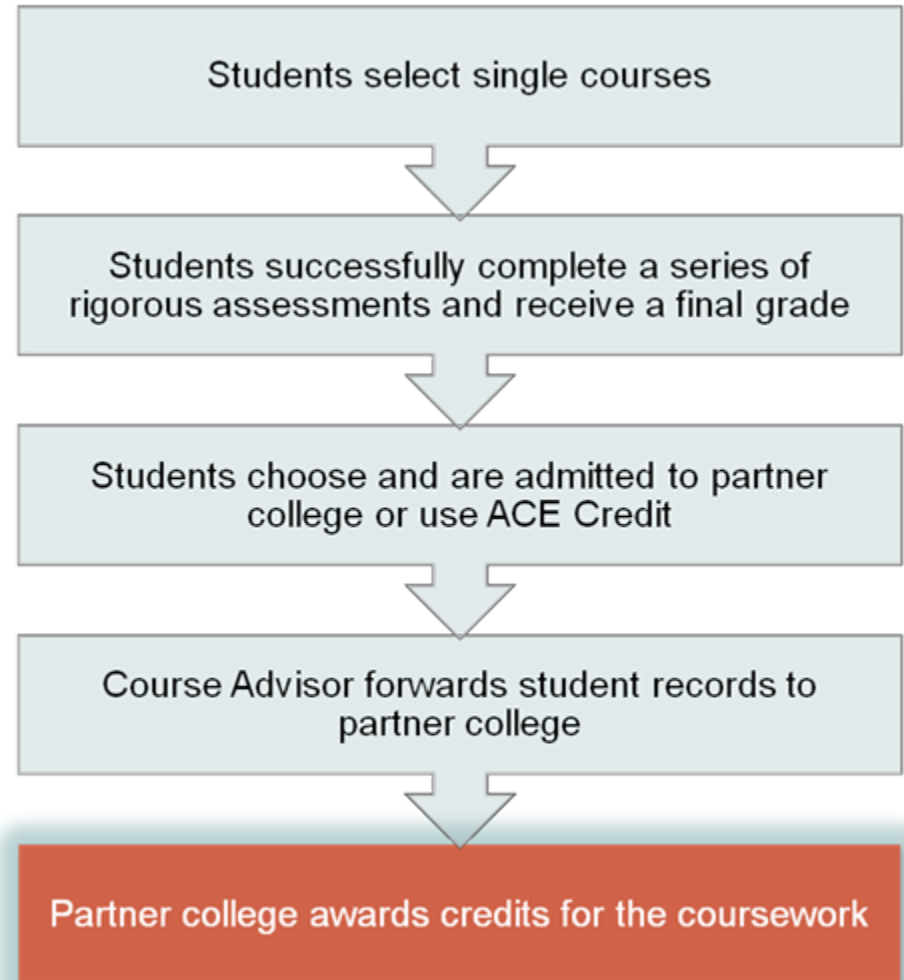
Q: Why is the price of distance education courses equal or greater than the price of face to face courses?

Q: If I find the same course at another college for less, why can't I use my federal financial aid money to take it?

Q: If I successfully complete a course at an accredited school why is it that another school with the same accreditation might not accept the course as equivalent?

Straighterline

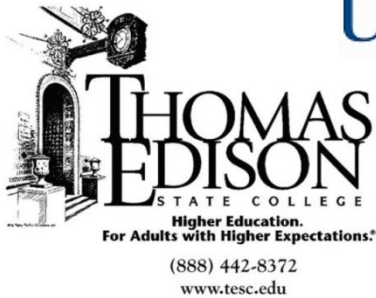
- Provides ultra-affordable, well-supported, flexible online general education college courses and helps colleges recruit new students.
- Courses cost \$99 per month + \$39 per course started, 10 courses for \$999 or \$399 per course.
- About 2000 students have or will enroll in this school year. 59% successful completion rate.



Credit Delivery



PR Newswire Commercial Photo



Potomac College



CAPELLA UNIVERSITY



Value To A Partner College

More Students

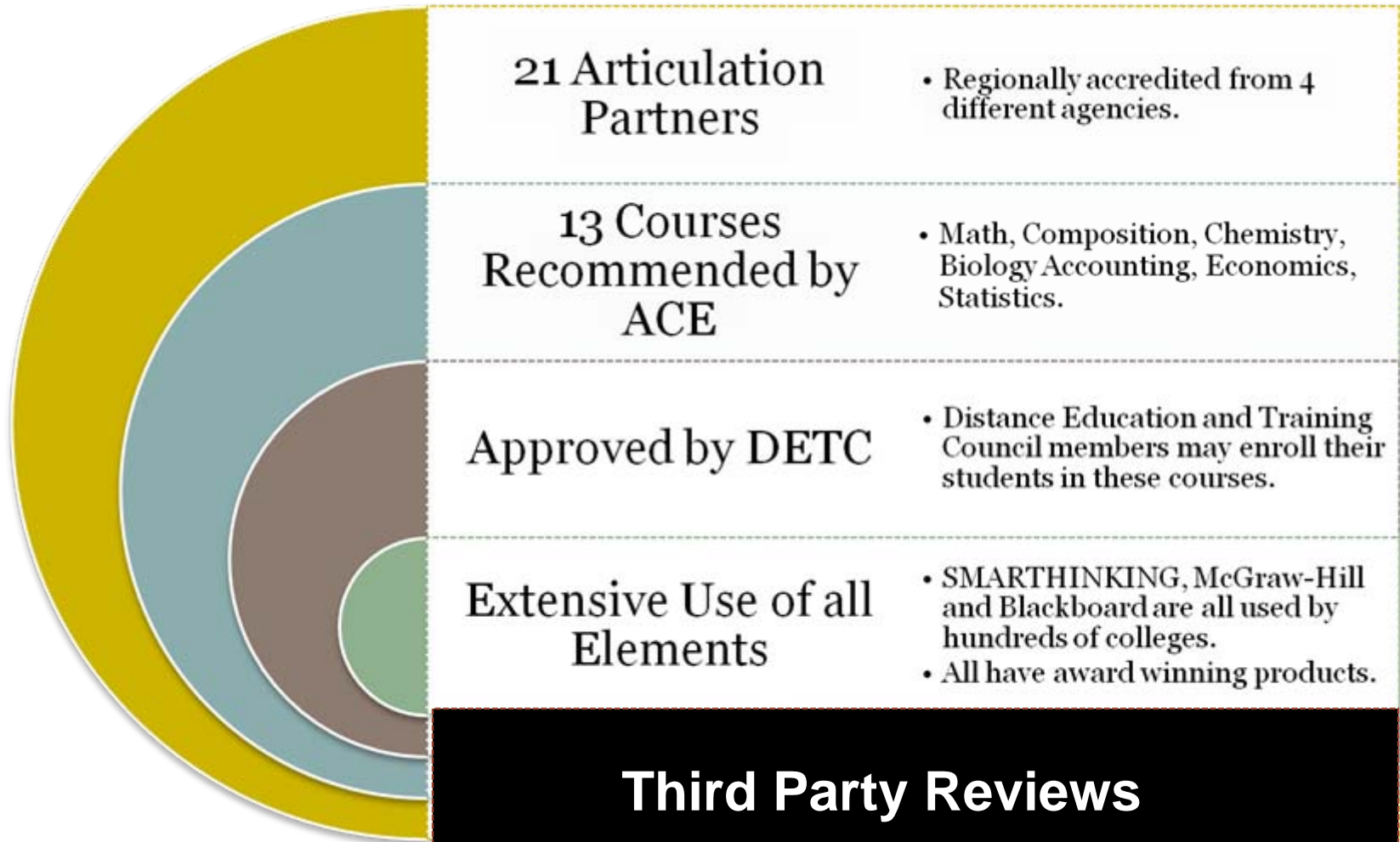
- After Straighterline, a student will need to complete the majority of his or her degree.

More Valuable Students

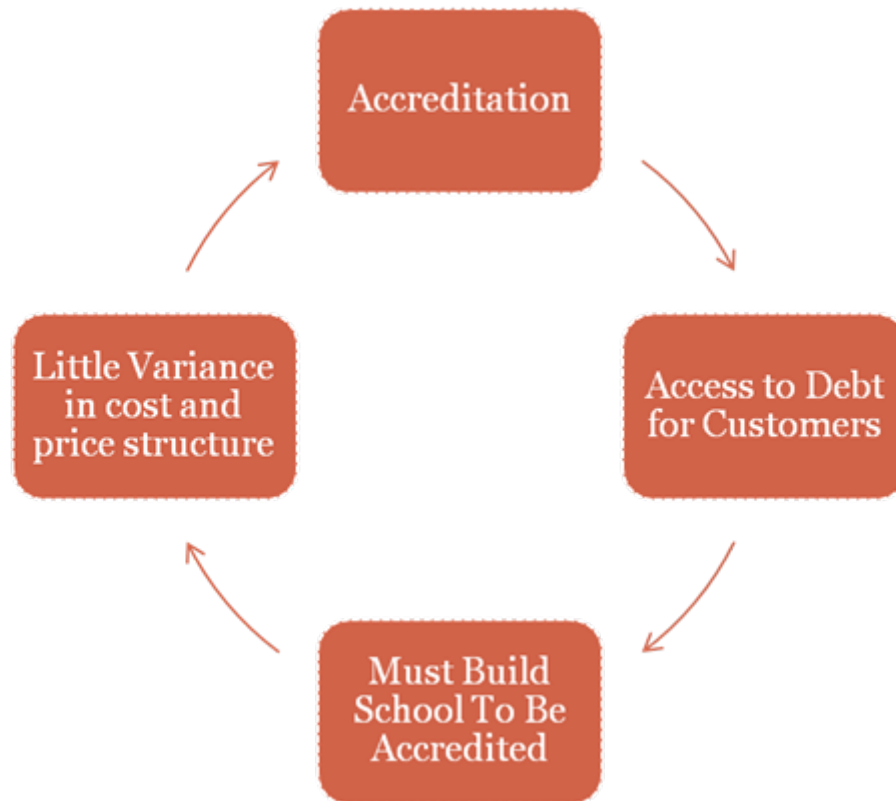
- These students are very likely to persist.
- They will likely be out-of-state and using distance education.

Referral Partner

- Colleges refer students that they cannot serve to StraighterLine. Students can receive a discount or the college can receive a fee.



Q: Why is the price of distance education courses equal or greater than the price of face to face courses?



A: Limited price competition such that cost savings are not returned to students

Q: If I find the same course at another college for less, why can't I use my federal financial aid money to take it?

A: Financial aid flows to institution at which a student is enrolled, not the course in which they enroll.

Q: If I successfully complete a course at an accredited school why is it that another school with the same accreditation might not accept the course as equivalent?

A: Despite being the de facto quality regulator, accreditors allow colleges to set standards about what represents quality from other colleges.

Existing Structure is Unsustainable

- Rapid tuition growth
- Student debt load is becoming unsustainable.
- ROI to a degree is decreasing.
- Dramatically more competition.
- Calls for accountability are increasing.
- Student defaults are increasing.

More Reading...

Public Policy Barriers to Post-Secondary Cost Control --

Prepared for the American Enterprise Institute (AEI) conference, "Increasing Accountability in American Higher Education," November 17, 2009. To be published as part of a book sponsored by the Gates Foundation and AEI.

Price Competition and Course-Level Choice in K-12

Education: Lessons from Higher Ed -- Prepared for the AEI Conference, "More Than Just Schools: Rethinking the Demand for Educational Entrepreneurship," December 7, 2009. To be published as part of a book sponsored by the AEI.

College by Subscription -- AEI, September, 2009.