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DETC NEWS

Spring 2010

DETC NEWS - Spring 2010

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The Distance Education and Training Council (DETC) a nonprofit, voluntary association of accredited distance study institutions, was founded in 1926 to promote sound educational standards and ethical business practices within the distance study field. The independent DETC Accrediting Commission is listed by the United States Department of Education as a “nationally recognized accrediting agency.” The Accrediting Commission is also a charter member of the Council for Higher Education Accreditation (CHEA).

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Executive Director:
Michael P. Lambert

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Director of Accreditation:
Nan M. Ridgeway

Director of Meetings and Publications:
Robert S. Chalifoux

Accrediting Coordinator:
Lissette Hubbard

Information Specialist and Bookkeeper:
Brianna L. Bates

Legal Counsel:
Elise Scanlon

Executive Director's Diary

Unintended Consequences: How Federal Laws Have Enhanced Distance Learning

by

Michael P. Lambert

Executive Director



Higher education has acquired a new bedfellow, the Federal Government, and it is one that can take up a lot of room.

In the past few years, we have noticed that Federal laws and regulations that directly address distance learning are tending to be more focused and specific on the method of learning and how it is delivered. This is surely because of the growing popularity of the method and the fact that many expect online learning enrollments to eclipse fixed facility enrollments in the postsecondary market with the next five years or so.

Many of the new regulations—especially those focused on gainful employment proposals—are actually helping to point up the fact that learning opportunities offered by DETC members are the **best value in American education today**.

What is surprising about the wave of regulations is that the providers of distance

learning—in general—have accepted the new laws and regulations with a rather practical, businesslike attitude. When new laws or regulations emanate from Washington, the providers—the schools, colleges and universities—have taken a pragmatic approach of complying and making the rules work for them.

And at the end of the day, long experience has shown that Federal laws or regulations are rarely as draconian or as damaging as they were initially perceived to be...in fact, Federal regulatory efforts have—in most situations—actually had a positive impact on the distance method, much to everyone's surprise.

A Look at History

Historically, Federal guidance to higher education administrators was aimed at protecting consumers against misleading

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(Executive Director's Diary, continued)

advertising and unfair tuition pricing. These initial rules, similar to those governing the sale of appliances, began to change and migrate into the academics of higher education as Federal funding of education rose dramatically in the past 25 years. To a significant degree, the Government is beginning to put itself in the classroom—and on the Internet—by prescribing—via the Federal process of writing regulations—how education may be delivered, how it must be priced and how learning is to be measured.

Federal laws and regulations, as well as a number of different Federal agencies' policies, have dramatically impacted the art and craft of distance education from the very beginning of the correspondence school movement in the late 19th Century, from establishing new postage rates for mailing texts to the Federal Trade Commission's Trade Regulation Rules of 1936, which were developed in close cooperation with DETC's predecessor, the National Home Study Council.

The hand of the Federal government was not a significantly heavy one for the first century of the home study movement. There had been Postal Service investigations of some fly by night schools before 1950, and on occasion, the Federal Courts

(including a 1912 Supreme Court decision) have made favorable rulings on the interstate commerce aspects of teaching at a distance.

Over the years, it had been **state laws** that have most directly affected distance learning institutions, since under our Constitution; the states have the right to regulate education within their borders.

But with the advent of Federal funding for correspondence study that started with the World War II G.I. Bill and up through the present day, the Federal impact on how distance schools do business—and even how they teach—has seen a steady, inexorable march of Federal influence and direct control.

For years, the Federal Government has been able to influence what happens on the campus by enforcing directives for schools through

the requirements it sets out for the Federal recognition of accrediting agencies. The Government also exercises its influence through the regulations that govern Federal Student Aid which upon which most institutions of higher education are dependent for funding.

Today, Federal regulations would appear to dictate how distance courses must be offered, how schools must design their learning, how learning units must be measured, how admissions representatives may be compensated, how students must

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"Federal laws and regulations...have dramatically impacted the art and craft of distance education from the very beginning..."

(Executive Director's Diary, continued)

have their identities verified and a myriad number of ways that leave little room for individuality or diversity for those seeking to offering learning opportunities at a distance.

This is one way to look at it. But a cursory examination of the history of Federal activity with distance learning paints a different picture.

The adage that when you accept Federal money you are inviting Federal control is as true as any adage we know. Having said this, the controls and rules that have inevitably come due to the accepting Federal funds have not been uniformly negative, intrusive or burdensome; some have had quite a positive effect on the distance learning experience for students and schools alike.

A summary of the history of Federal initiatives to “control” distance education would include these:

- After World War II, the Federal Trade Commission's Rules for “door to door” sales mandated a minimum three day cooling off period when consumers could cancel their purchase decision and get all money back. The impact on home study enrollments was negligible, and the National Home Study Council liked the idea so much—since it helped get off the books students who were not serious about studying—that they increased the required cooling off period for DETC members to five days.
- In the Vietnam Era G.I. Bill, in response to alleged “high pressure salesmen

itches” to veterans, a Federal law was passed that required each G.I. Bill student to “affirm their enrollment” *after* 10 days following the signing of an enrollment contract had passed, and the glow of the salesman's words had faded. The intention was to protect students from aggressive and potentially misleading sales presentations made in the home. But the actual impact was a sharp drop in non start rates and sharp increase in course completion rates.

- The Vietnam Era G.I. Bill also reduced the amount of tuition reimbursement from 90% of published tuition to 55%, paid in arrears on a quarterly basis. The intent was to dissuade veterans from using their G.I. Bill benefits for correspondence training. The lasting impact, however, was to give a big boost to course completion rates, since the veterans had some “skin in the game” (paying 45% of the tuition out of their own pockets).
- The Department of Defense, in the 1980s, had a policy on tuition reimbursement for active duty people taking voluntary education programs where the military member got his or her tuition reimbursed only **after** successfully completing a correspondence course. Many courses of the day were sold as a single, long program, with hundreds of assignments, requiring 2 or 3 years for students to complete. Because of the DANTES' policies, schools started to offer their courses in shorter, “more manageable” segments, which accelerated payments for tuition

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(Executive Director's Diary, continued)

reimbursement, and ultimately led to much higher course graduation rates and happier students.

- One landmark provision of the Higher Education Opportunity Act formally defined “distance education” as education that includes one or more acceptable (to the Government) technologies (including the Internet, transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices; audio conferencing; or video cassettes, audio conferencing, video cassettes, and others). The definition goes on to require “regular and substantive interaction” between the students and the instructor, synchronously or asynchronously. “Regular” here means at least once per week, and “substantive” means it must be of an academic—not trivial—nature. The practical impact of this definition of distance education has been a *de facto* Federal endorsement of a particular style of online learning that is delivered via the Internet using learning management software.
- Under Federal law that dates from the HEA of 1992, the government will not accept traditional correspondence study for the purposes of Federal funding. In a sense, the definition means that student cohort-based, time based, Instructor lead courses are the Federally accepted way to conduct distance learning. For those institutions with

distance programs that are dependent on Federal student aid, the government is determining how distance learning will be delivered. It has not proved to be a deleterious to the distance movement, and has in fact stimulated more DETC institutions to forge ahead with high tech-based online programs. The new technology has lead to better student services, at the minimum.

- Another provision impacting distance learning found in the HEOA of 2008 includes a novel provision that directly impacts the craft of how distance education is offered. The HEOA provision requires that accrediting agencies must assure that distance institutions—this does not apply to fixed facility institutions—track the identity of students who participate in distance education *or* correspondence education offerings, while protecting students’ privacy. This means that *every postsecondary distance* institution—regardless of whether they accept Federal Student aid or not—is now required to verify the identity of each postsecondary student who enrolls with them. The student verification process can be handled with password protected Web sites.

How Does All Impact DETC?

The jury is still out on the final, lasting impact of the current Federal definition of “distance education.” It could mean that time-based, instructor led courses will revolutionize how America learns. Certainly, the recent boom in enrollments in online learning across the nation suggest that the Federal definition is reflective on

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(Executive Director's Diary, continued)

what is happening today, and clearly, the definition sharpens and brings into focus the attention being given to the teacher-learner relationship.

Another controversial proposal issued by the Department of Education is to engage in what some observers call a form of "social engineering" impacting the amount of loan debt a student can be forced to bear under a new "Gainful Employment" rule.

This novel proposal has some higher education lobbyists manning their fleet of Predator Drones to combat what *they perceive* will be an unnecessary and intrusive attempt by Government to control prices and interfere in the free market.

In general terms, and this explanation is *highly* simplified, the Government is proposing a maximum percentage of a student's annual earnings that can go toward his or her student loan repayments annually. This maximum loan "debt to earnings ratio" will be 8%. If an institution's graduates—in the repayment phase of their student loans—should have annual loan payments that exceed 8%, that particular program could lose Title IV eligibility. The percentage is calculated by dividing the amount of the annual loan re-payment by the annual earnings published by the Bureau of Labor Statistics for that career

field. Experts say that under the proposed Federal rules, a new graduate with \$32,653 in student loan debt—the median debt for a for-profit school graduate in 2007-08—would need to make **\$56,366** a year to meet the debt-to-income threshold average.

At first blush, this proposal reads like what one higher education observer called a "back door" approach to Federal price controls. It seems to be targeted at institutions that have very high tuitions

that train people for jobs that have only modest annual salaries and wages. For those students with large student loans who graduate and enter the world of work, they will need to be earning a considerably larger salary than many of they now earn.

But will this proposal have a significant deleterious impact on the members

"But will this proposal have a significant and deleterious impact on the members of the DETC?"

I can think of several reasons why it will not..."

of the DETC?

I can think of several reasons why it **will not**, and why it may even make DETC institutions more attractive to students.

Here is another way to look at the proposal from the narrow perspective of the DETC membership:

1. DETC members are not over-dependent on Title IV student aid now, fewer than 10% of the members participate in it. And those who do participate in it have a very low percentage of their students

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(Executive Director's Diary, continued)

on Title IV aid, and only about 25% of their total tuition revenues, at this point. DETC rules limit the maximum percentage of Title IV aid to 75% annually, ensuring that over-dependence on the program will not jeopardize them or the DETC. No other accrediting agency imposes such a limit on Title IV participation today.

2. The tuitions charged by DETC institutions are generally two thirds lower than their online school competitors from other sectors. DETC members' average cost per credit hour is around \$200, if you weight the average tuition charged on the basis on numbers of total enrolled students in degree programs.
3. Most—more than 80% by my estimate—students of DETC institutions pay their tuition as they go, using the classic monthly installment plans that DETC members pioneered a century ago, or have their tuition paid by their employer, including the U.S. military, and thus graduate with no loan debt hanging over their head.
4. In DETC, more than 90% of all degree-seeking students are already employed at the time of enrollment. Their average age is 37.
5. In most DETC institutions, students are able to recover what they paid in tuition from annual salary increases or new jobs in fewer than 8 to 10 months.

So, when we factor into the calculus

the likelihood that many of the students served by DETC institutions are working adults, the Federal proposal on a maximum debt load becomes a non-issue. When coupled with markedly low tuition rates DETC members now charge, and a student population that is by custom predisposed to paying its bills, I don't believe DETC members have much to worry about.

In fact, members of the DETC would probably benefit from positioning themselves in the highly competitive market place as **"The Best Value in American Education Today!"**

DETC members should appeal to prospective students with a value proposition: you get the best training, best student service, and all the skills you need for success in your career, without a huge debt hanging over your head for the next decade.

Conclusion

If history has taught us anything about Federal involvement with how we in the education business conduct our enterprise, it can best be summed up by the famous Franklin Delano Roosevelt quote from his 1933 Inaugural Address, "The only thing we have to fear is fear itself."

Rather than suppress distance learning, it is more likely that the new Federal laws and regulations will stimulate more technological innovation, create more public confidence in the distance learning method, and in general, enhance what it is we do.

Federal regulatory impacts on distance education over the years have been, overall, salubrious, positive ones, even when the original intent of Congress or the Federal Agencies may have been to suppress fraud and abuse.

DETC Welcomes New Institutions

*Editor's Note: At the January meeting of the DETC Accrediting Commission, six new institutions were accredited (see **Report from the Accrediting Commission**, page 20). Please join us in welcoming them to the DETC Family.*

The **Aerobics and Fitness Association of America (AFAA)** has been a pioneer in fitness education and continuing education worldwide since 1983. Based in Los Angeles, AFAA is a recognized worldwide leader in fitness certification and distance education offering on-location workshops, self-study programs and online courses. More than 250,000 fitness and allied health professionals in 73 countries have earned their certifications through AFAA.



Linda Pfeffer

AFAA is dedicated to maintaining its mission to provide comprehensive cognitive and practical education for fitness professionals, grounded in research, reflecting a commitment to quality distance education that upholds safe and effective fitness practices. AFAA combines theoretic-

cal and practical learning, offering a higher caliber of education that fitness professionals rely on and is consistent with the rigorous standards of the National Board of Fitness Examiners (NBFEE).

AFAA encourages online learning through the use of innovative technology. AFAA's online Distance Education Center best illustrates this by offering live instructor support via its unique proprietary Multitraining Live® web-conferencing system.

Under the leadership of president and CEO, Linda Pfeffer, RN, AFAA continues to thrive by facilitating opportunities for distance learning that enable individual growth of fitness professionals.

"Multitraining Live® is reshaping the way we deliver fitness education to all of our participants," Pfeffer said. "We can no longer deny that online interactive distance education has become an acceptable, if not the leading, method of learning for the future."

In addition to its online Distance Education Center courses, AFAA offers a wide variety of self-study programs, and more than 20 fitness workshops to certified group exercise instructors, personal trainers and other allied health and fitness professionals at nearly 3,000 workshops a year worldwide.

Founded in 2006, the **American Graduate School of Education (AGSE)** is committed to fostering excellence in the education of teaching professionals.

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(DETC Welcomes New Institutions, continued)

Currently, two master's programs in teaching are offered. Teachers in K-12 from 18 countries, many from the Middle East and China, are enrolled in the programs.

AGSE's emphasis on teaching is unique because it began with an idea about supporting teachers. As Arizona education consultants, Dr. Sharon Bolster and Dr. Marilyn Henley found teachers who receive support in their classroom activities are more successful. "Research has shown that teachers who discuss instruction with their colleagues and/or have a coach improve their instructional skills," said Bolster. "The result is increased student achievement."

Teachers often do not have time to discuss instruction or have access to coaches. "In 2005, we expanded our on site consulting to an online program as a solution to those problems," said Henley. "We also modified the role of the professors. AGSE professors, called learning coaches, do not develop courses, design instruction or give lectures. Instead, they coach the teachers."

Technology experts Michael Turico and Tim Moman joined the company in 2006. Turico said, "We chose a delivery system that provides forums so teachers can engage in discussions whenever and wherever it is convenient for them. AGSE's Virtual Learning Communities (VLCs) is how teachers support one another throughout the courses."

AGSE courses combine research and classroom practice. Teachers complete assignments by applying research-based instructional strategies in their classrooms

with the content they currently teach. They discuss their results via the VLC forums. The learning coaches discuss these results with each teacher, asking questions and suggesting adjustments for future teaching.

Moman added, "We have developed the most impactful master's degree program offered today. Our mission is to empower educators with instructional strategies that make a difference in their classrooms. We do this, but never compromise the affordability, convenience and, especially, the mentoring they receive in the programs."

California Southern University was established in 1978 as a traditional correspondence school. As technology advanced, the University incorporated these advancements to facilitate the delivery of educational services. In 2006 the University completed its transition from a correspondence format to a completely online learning system. CalSouthern's proprietary online learning platform has received overwhelming commendations for ease of use, increased interactivity with other students, and convenient access to CalSouthern's impressive online library and resources.

The university currently offers fully online undergraduate and graduate degree programs in Business, Psychology, and Law. The focus of CalSouthern's degree programs is to provide practical, real-world knowledge that can be applied in today's workplace.

The School of Law is registered with Committee of Bar Examiners (CBE) of

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(DETC Welcomes New Institutions, continued)

the State Bar of California which enables graduates of the Juris Doctor program to sit for the California Bar examination.



California Southern University

The School of Behavioral Sciences offers a Master of Arts in Psychology degree, which meets the educational requirements for licensure as a Marriage and Family Therapist in California and a Doctor of Psychology degree which meets the educational requirements for licensure as a Clinical Psychologist in California.

In October of 2009, CalSouthern relocated to a beautiful, custom-built facility in Irvine, California which includes a state of the art video streaming and conferencing network, enabling even greater connectivity with students and alumni. CalSouthern is redefining the online learning experience by continuously improving the quality of its services. The University is committed to providing the best possible online learning experience, while keeping tuition competitive and affordable.

The **ChildCare Education Institute** (CCEI) was created with the goal of providing online education and professional development resources to teachers and management staff in the child care industry.

Since 2004, CCEI has been committed to offering flexible and relevant online coursework that allows child care staff to get the training they need to perform their responsibilities. Online training allows child care professionals flexibility when meeting training requirements and educational goals. Students are able to complete coursework at their own pace and on their own schedules, which allows students to maintain a family-work balance.

CCEI provides child care staff with a pathway for professional development, education and certification goals. Students can begin by meeting state mandated training requirements, move in to a certificate program and then articulate coursework into a degree program at one of our partner colleges. CCEI continually sees new articulation partners with school that offer



online early childhood degrees.

To date, CCEI students have completed more than 251,000 hours of professional development and 2,700 certificate programs. CCEI continues to add courses and certificate programs that are relevant to its students and the child care industry. Currently, more than 100 professional development courses and 22 certificate programs are available to help meet training and education goals.

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**(DETC Welcomes New Institutions,
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MARTINSBURG INSTITUTE

Martinsburg Institute (MI) provides performance-oriented, skills-based distance learning programs to adults seeking to achieve improved levels of proficiency in a broad range of disciplines. Its history of providing quality education to adults dates back to 1980 when the first training center was opened in New York. MI has been based in Martinsburg, West Virginia since 2006.

MI's management team was early innovators in distance learning, technology-assisted training and hybrid delivery. "We opened our first learner-centered school in 1980 and have been working continuously to improve student outcomes and experiences", said Paul Viboch, Martinsburg Institute's President.

Stella Garlick, who has been with the institution since 1989, said, "It was an easy transition to distance learning after supporting a learner-centered educational delivery model in our brick and mortar schools. Once the technology caught up to the pedagogy, distance learning and hybrid delivery was a logical next step for us."

Martinsburg Institute offers sixteen programs in the areas of Information Technology, Business and Professional Development, and Health Information Technology. Its unusual delivery model has

been particularly well suited to working adults who require a great deal of flexibility and portability in order to pursue education. MI provides a unique, systems-based integrated learning experience for students. All textbooks, assignments, multi-media simulations, test-prep software, and links to required portals are conveniently integrated and provided to students digitally. Instructional support is provided on a 24 hour, 7 day a week basis. Nancy Amos, who has been with the school since 1994 and serves as MI's Director of Curriculum Development, believes this is the reason student completion rates are consistently above 90% and student satisfaction levels are typically 95%.

New Learning Resources Online was introduced in 2001 by New Learning Resources, Inc, a Mississippi Department of Education and Southern Association of Colleges and Schools accredited school district. New Learning Resources Online is the distance learning division of North New Summit School, a wholly owned subsidiary of New Learning Resources, Inc.

The mission of New Learning Resources Online is to provide an exemplary distance learning high school education that contributes to the success of young adult learners who prefer a nontraditional school setting. It is NLRO's hope the knowledge and skills acquired through its two diploma programs will equip students with both the knowledge and life skills necessary for students' future success.

Located in Jackson, Mississippi, NLRO is an innovative distance learning high school program that offers both standard

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***(DETC Welcomes New Institutions,
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and career level high school diplomas. NLRO attracts students from across the United States who seek to further their education through nontraditional methods that utilize modern-day technologies. The NLRO student body consists of high school students as well as adults who may want to take advantage of NLRO's online course delivery methods at various locations such as their homes, libraries, federal Job Corps centers across the country, as well as any



Dr. Nancy New-Boyll

other location with Internet access.

NLRO is committed to providing quality educational programs through a delivery system which is both innovative and technologically advanced. This mode of delivery enables students to earn a diploma or high school credits at their own pace, in their time, and at their own location. In keeping with New Learning Resources School District's mission, "To provide a quality education for every student," New Learning Resources Online's goal is to meet students where they are and to provide a quality education and

opportunities regardless of students' pasts or current challenges and obstacles.

Under the leadership of Dr. Nancy New, New Learning Resources Online has matured from a relatively simple paper-driven correspondence education program to a thriving distance education program that offers more than forty courses through various modes of delivery. Currently, students at more than 50 federal job corps centers across the nation take advantage of NLRO's quality distance education program.

NLRO's philosophy encompasses several core beliefs. NLRO believes students learn in different ways and have the right to be provided with a variety of instructional methods to support their diverse learning styles. NLRO believes the foundation of a quality education is an unwavering emphasis on reading, mathematics, and life-long learning. NLRO believes students achieve their greatest levels of success in safe, positive, and intellectually stimulating environments. Finally, NLRO believes each of their employees functions as an integral member of our school's personnel team and makes a significant contribution to NLRO's distance education program.

**The next meeting
of the Accrediting
Commission will be
June 4-5, 2010.**

The Accreditation Question

Using the Social Web to Change the Game

by

Dan Sommer

CEO and Founder

Caridan Marketing Labs

Most DETC institution Presidents know how much of a curse the web can be when it comes to misconceptions about national versus regional accreditation. What they may not know is that it can also be a blessing. In as little as six months, any DETC accredited institution can use the web to turn around its online reputation and radically alter the public's perception about national accreditation. All it takes is the right network.

Often, self-anointed "experts" on online learning have determined to impose their personal bias that regional accreditation is the "Gold Standard." Yet there is no factual basis for this position.

While there are countless facts pointing to why DETC should be held in the same regard as any other accrediting body, a number of Web sites and supposed "reference" articles use statements of opinion to cast dispersions on DETC's relative worth and status. These ambiguous attacks—often employing language like "perceived," "possible" and "risky"—are the online equivalent of a whisper campaign. Often, they advise readers to be sure to enroll

with a regionally accredited college. When combating any whisper campaign, the best defense is a great offense. The best way for nationally accredited schools to take the offensive is by leveraging their greatest asset: their students.

More than 97% of students who attend a DETC school have a positive learning experience, and over 73% of those students rank "personal satisfaction" as their primary motivation for earning a degree. The average DETC adult learner is 37 years old. These students are earning degrees to meet their own educational goals and obtain the credentials they need to advance their careers. Thanks to social media and Web 2.0 technologies, students have a powerful and far-reaching forum within which to relate their educational experiences. When DETC students are encouraged to share their positive experiences online, they become the most credible sources in the blogosphere with regards to the quality of their school and the DETC at large. They become brand ambassadors for DETC.

Adult learners seeking out distance education are rarely aware of the debate over national versus regional accreditation until they read about it online. When testimonials from successful students and alumni of DETC schools are featured prominently on the web, prospective students will receive a genuine demonstration of the quality of a DETC education from the real accreditation experts. The following six-month plan will provide any DETC school with the means to:

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(Using the Social Web to Change the Game, continued)

1. Build a student advocacy infrastructure (months 1-2)
2. Direct the offensive (months 3-4)
3. Incorporate student advocacy into the recruiting process (months 5-6)

Part I: Build a Student Advocacy Infrastructure (Months 1-2)

When it comes to participation in a web-based discussion or activity, the rule of “1/9/90” comes into effect. According to this rule, 1% of the individuals involved will lead the discussion and offer their own opinions and ideas; 9% will respond and react to them; and 90% will watch from the sidelines.

Most schools already have a small group of alumni and students (the 1% in question) who are strong advocates for the institution. The objective of building a student advocacy infrastructure is to recruit and train that seminal 1% to become brand advocates in order to encourage the following 9% to add their voices to the discussion.

Collecting Student Success Profiles

The first and most important step in creating a student advocacy infrastructure is to collect a large sample of student success profiles. These are comprehensive testimonials where students and alumni give very specific answers regarding different areas of their educational experience and its impact on their lives. A sizable collection of success profiles is a DETC Institution’s greatest asset when combating whisper campaigns. A blog posting about

the challenges of transferring credits from national to regional schools is easily refuted by multiple anecdotes about successful credit transfers. Step one of the profile collection process is anticipating the types of questions that these profiles will be used to answer. The sample questions that follow provide an excellent starting point.

Education Objectives and Motivation:

- Why did you decide to get a degree in the first place? What were some of your objectives and expectations for going back to school?
- What about our Institution was most important to you? Why attend our Institution?

Experience at the DETC Institution:

- How was your experience at our Institution overall? What were the most enjoyable elements of your time here?
- What were some unique challenges you experienced while earning your degree? How did our Institution/program help you to resolve them?
- Did we help you to meet your educational goals?

Specific Use Cases:

- Did you ever try to transfer credits to another Institution? Were you able to do so successfully?

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(Using the Social Web to Change the Game, continued)

Winning the Search Engine Reputation Battle

The second step in building your advocacy infrastructure is to elevate the rankings of pro-DETC search results. 70% of all web activity begins with a search engine. That's why the first impressions of DETC accreditation will be heavily influenced by the Web sites that rank in the top 10 of most search results. Currently, three of the articles cited in Google's top 10 search results for "DETC accreditation" are slanted against the DETC. That's why all DETC Members should be aware of the following rules for search engine rankings:

1. Search engines only allow a Web site to rank one or two times on any given search result. While every page of DETC.org contains high quality content about the DETC, the web-site will only rank once or twice for any given search term—even highly branded ones like "DETC" or "DETC accreditation."
2. Search engines are programmed to avoid duplicate content. The reason why searches for "DETC" or "DETC accreditation" rarely yield DETC school Web sites is that most of them contain the same exact accreditation information from DETC.org. Because the search engines register this as duplicate content, only the first of these Web sites get factored into an index.
3. When ranking results, search engines calculate the importance and promi-

nence of web pages in relation to the rest of the site. While most DETC schools have an accreditation page and conduct extensive search engine optimization, they tend to "hide" their DETC accreditation content from a search engine perspective by embedding it in pop-ups, at the bottom of a web page or in their Web site navigation.

When prospective students visit a school's accreditation and student success pages, chances are they want to learn about the credibility of their educational experience. Combining student success profiles with DETC accreditation information enables DETC schools to place their most important sources of credibility in one place. At the same time, search engines will interpret this page as a unique page and give it the necessary authority to help manage the reputation of both the school in question and the DETC at large.

The following steps will optimize your Web site's DETC accreditation page for search engines.

1. Write a unique description of DETC. Instead of copying and pasting DETC's description from the DETC Web site **use your own words** to paraphrase the importance of DETC and its credentials. By recounting factors of uniqueness like the date of your school's acceptance into DETC and the rigor of your application and review process, you will give your own credibility a boost while creating unique, search engine-friendly content—that will get you noticed.

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(Using the Social Web to Change the Game, continued)

2. Add press releases to your DETC page. Press releases are excellent tools for search engine reputation management. They often represent the only unique content a school will produce with regard to its DETC accreditation. Moreover, they are usually structured well for search engine indexing. Finally, they are often reposted on several prominent news sources and Web sites such as *Yahoo! News* and *The New York Times*. The addition of two or three press releases to a DETC page will yield an immediate jump in a Web site's search rankings for keywords related to DETC.
3. Optimize your student success profiles. When it comes to DETC page optimization, student success profiles provide a great way to boost relevance and maximize search impact. Why? Student names alone are unique, low-competition and attractive to search engines.

Recruit Student Champions

Once a strong collection of student profiles has been assembled and optimized on a school Web site, the next step is to recruit students for online advocacy. Students who are chosen to be online ambassadors for a particular school will increase that school's positive awareness online, be model examples of how its programs enable students to meet their objectives and act as a resource for prospective students who want to learn more about the school. Although this may sound like a lot to ask

of a prospective ambassador, in reality it will take less than an hour of their time each week.

The following recommendations will enable you to quickly and easily fit your student ambassadors into your initial program infrastructure:

1. Create an ambassador script. Ask your ambassadors to answer a set of questions about your school and their experiences. Turn this into an online script that you can use on social networks to answer questions and post information about the school directly from them. Be sure to ask your ambassadors if they would be comfortable having you post their responses to questions online.
2. Create student ambassador e-mails. Create a school e-mail account for each of your student ambassadors and post them on your student success profiles Web site. Ask your student ambassadors to be available for 30 minutes a week to check their email accounts and answer any prospect questions. Once your ambassadors have an email address, you can incorporate them into your outreach efforts.

Part Two: Direct the Offensive (Months 3-4)

The inherent challenge in managing any online reputation is the Internet's subjectivity to rapid change. One negative comment about your school can immediately travel across the web and impact the decisions of prospective students. The best way to take the offensive with regards to your

(continued)

(Using the Social Web to Change the Game, continued)

online reputation is to be actively engaged in the social media channels where online conversations happen—and to constantly monitor what others are saying about your school. The following three steps will aid in the accomplishment of these two objectives.

Establish Methods to Monitor Your Identity

Before you can start to manage your reputation, you have to know where and when others are discussing your program and DETC accreditation. The three sectors that you need to constantly monitor are the blogosphere, social networks, and directory/review/reference Web sites.

Although there are literally hundreds of thousands of Web sites you could potentially monitor, there are a variety of monitoring tools available that simplify matters considerably. A fast, easy and free method is Google Alerts. After visiting the Google Alerts page, you can create an alert by simply typing in the search terms that you wish to monitor. Include your school, unique programs, DETC accreditation, and other related keywords. You can receive either instant e-mails or a single, aggregate e-mail once a day of all the Web sites, blogs, videos, and groups that mention the keywords you are monitoring. A comprehensive list of other free web monitoring tools is available online at <http://takemetoyourleader.com/2009/03/24/free-social-media-monitoring-tools/>.

After setting up your monitoring mechanisms, you must respond quickly to reputation management risks. Set a time

each day or week to quickly scan links for opportunities to enter into a conversation. If you read a new blog post on the difficulty of national accreditation transference, immediately post a response from a student ambassador or success profile about their positive transfer experience. You can also include a link to your student success profiles and encourage people to email your student ambassador for more details about transferring credits.

Keep a Running Tab on Your Online Reputation

While the occasional blog article or Twitter feed can raise alarm bells, your online reputation is often most linked to the reviews that other students and alumni post about their experiences. More than 90% of Internet users find customer reviews to be an important factor in their online purchase decisions. Choosing universities is no different from other forms of online shopping. In the absence of campus visits or friends who have matriculated, your prospects will most likely learn more about how others feel about your program through directories, social review and social reference Web sites. Here are some steps to follow when monitoring and improving your social review rankings.

1. Find out who is reviewing you. Typing "<your school> reviews" into a search engine will very quickly give you a list of the current web directories and review Web sites that you belong on. Chances are many of these reviews are community Web sites like studentreviews.com. Community review Web sites are sites where past and
- (continued)*

(Using the Social Web to Change the Game, continued)

current students can give ratings and feedback about their experiences. The advantage of community Web sites is that you can influence the people who ultimately write reviews by asking your student ambassadors to submit their own reviews.

2. **Submit positive reviews.** Once you've identified the most influential review Web sites for your school, begin asking your student ambassadors to submit their own reviews. Set up an internal process so that when any school representative or faculty member receives positive feedback from a student, the results will immediately be posted online to your selected review Web sites. Setting up a consistent process for seeding reviews will quickly place your school at the top of the review Web sites that matter.
3. **Answer negative posts.** When you see a negative post or review, don't ignore it. Instead, take the time to craft a reasonable explanation of any misconceptions promulgated by the post and offer to resolve the issue immediately. To put your best foot forward on the social web, let prospects know that you legitimately care about your reputation and your students—and that you will immediately respond to issues as they arise. Use facts and data to combat personal opinion. Keep a professional tone, and think about how the reader will react.

Own Your Identity on the Social Web

In today's world, it is extremely easy for anyone to "hijack" someone's online identity—whether that someone is a person, a business or an institution. It's important for you to treat your school's social network profiles like URL addresses.

Create and own them early—even if you don't plan on using them right away. This is especially important when it comes to alumni groups and pages on social networks like Facebook™, LinkedIn™ and MySpace™. For example, well-intentioned students will often create an alumni group on a social network and start recruiting other members. While this can be positive in many respects, the fact that a school representative does not have access to administrator tools and settings is problematic from a reputation management perspective.

To avoid the hassle of potential social network "hijacking" and ensure that you own your school's identity on the social web, follow these steps:

1. Do a quick search on the four top social networks (Facebook, MySpace, LinkedIn and Twitter) to find out if your students have already started school-related activity.
2. Create an "official" school group, profile or account that prominently features your school's branding and messaging.
3. Reach out to existing groups and pages related to your school and ask the administrators to politely invite their members to join the "official"

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(Using the Social Web to Change the Game, continued)

school group. Alternatively, you can ask them to become volunteer administrators for the “official” page. This will give self-starters an opportunity to contribute while you still own the channels to communicate with your students on social networks.

Part Three: Incorporate Student Advocacy into the Prospect Recruiting Process (Months 5-6)

Despite all of your efforts to maintain and grow your school’s reputation online, it is a documented fact that much of the misinformation about DETC accreditation and its affiliate universities are spread *offline*. When combating misperceptions that you cannot actually monitor, it is important to make a preemptive strike, in this case, by introducing prospects to your most successful students early on in the decision-making process.

By emphasizing your student’s positive experiences, you can counter whatever negative whispers your prospect might also be hearing.

Advocacy Method 1: Leverage Social References in Your Prospecting

One of the most powerful applications of social networks is as an intelligence and credentialing tool. By typing someone’s name into Facebook, LinkedIn or MySpace, you can very quickly understand the nature of their professional experience, personal interests and online connections.

The average social networker has hundreds of online contacts; with only a few hundred connections from current

students and alumni, you can very easily access hundreds of thousands of people. Use this network as a way to give personal referrals to “warm” prospects.

When your admissions coordinators identify a potential student, type their name into LinkedIn and find out if they are connected to a current student or alumnus. If a connection is there, contact that student or alumnus and ask if they wouldn’t mind sending a quick note to your prospect as a referral for the school.

The prospect is thereby provided with the opportunity to have candid questions about the school experience answered by someone who can vouch for its success.

Advocacy Method 2: Build Student Ambassadors into Your E-mail Program

Most prospects who are researching online universities will receive information from more than one school at a time. As they are bombarded with information, a personal touch from current and former students can be extremely effective.

Early in your e-mail program, introduce your prospects to student ambassadors. Have your admissions coordinator write a quick e-mail of introduction between a potential student and a current student ambassador. Introduce the student—mentioning any elements from their success profile that might be relevant—and encourage the prospect to reach out to the student at any time with specific questions about their experience.

By introducing a student ambassador early on in the prospecting cycle, you ensure that prospects have a direct channel to an impartial source of information

(continued)

(Using the Social Web to Change the Game, continued)

about your school—i.e., someone who is not trying to sell the prospect anything.

A Brighter Future

When rumors are being spread about the DETC and its affiliates, every nationally accredited institution suffers as a result. We all know the truth behind these misperceptions, but facts and figures only go so far when refuting misinformation.

Given the sheer volume and volatility of information shared on the web, the only way for DETC member institutions to manage their reputations is by leveraging their students and alumni. DETC surveys consistently reveal that 97% of graduates say they would recommend their alma mater to a friend.

This means virtually every one of your graduates might be willing to step forward and endorse your school. Why not capitalize on this priceless public relations resource? It is they who have the most direct impact on the value of all DETC schools.

By implementing the simple plan detailed in this guide, we can use the web to harness the power of their positive experiences in order to challenge—and ultimately conquer—existing misconceptions.

Caridan Marketing Labs is an interactive and social media marketing company headquartered in New York City. For more information about Caridan, please visit us online at www.caridan.com or contact us at 212-699-6401.

Important Dates!

Mark your calendars now for the following DETC activities:

2010

84th Annual Conference

April 11-13
L'Auberge Del Mar
Del Mar, CA

Accrediting Commission Meeting

June 4-5

Fall Distance Education Workshop

October 3-5
The Brown Palace Hotel
Denver, CO

2011

Accrediting Commission Meeting

January 14-15

85th Annual Conference

April 3-5
The Williamsburg Lodge
Williamsburg, VA

Accrediting Commission Meeting

June 3-4

DETC Fall Workshop

October 16-18
Loew's Vanderbilt Hotel
Nashville, TN

Report From the Accrediting Commission

The DETC Accrediting Commission met on January 13-16, 2010, and took the following actions:

Commissioner Re-Appointed

The Commission voted to re-appoint Dr. Timothy Mott to his second three-year term as a public member on the Commission. Dr. Mott is a doctoral faculty member at Union Institute & University in Cincinnati, OH and serves as a National Coordinator with the American Council on Education's College Credit Recommendation Service in Washington, DC.



Dr. Tim Mott

Throughout his tenure at Union, he has held positions as Associate Vice President for Academic Affairs, Director of the University's Office for Licensure and Compliance, University Registrar, Dean of the College of Undergraduate Studies and he was the founding Dean of the Center for Distance Learning (CDL). His 27 year educational career has been focused on elementary education, gifted and talented education, adult higher education, distance learning, applications of instructional technology and teaching/learning strategies to promote effective individualized educational opportunities.

Dr. Mott holds a Ph.D. in Curriculum and Supervision from the University of Pittsburgh, a M.Ed. degree in Elementary Science Education and a B.S. degree in Elementary Education from the Indiana University of Pennsylvania. Dr. Mott's term will expire in 2013.

Six Institutions Gain Accreditation

The following institutions were accredited as of January 16, 2010 (their next review will be in 2014):

Aerobics and Fitness Association of America (AFAA), Distance Education Center, 15250 Ventura Boulevard, Suite 200, Sherman Oaks, CA 91403-3297. Phone: (818) 905-0040; Fax: (818) 788-6301. E-mail: lisap@afaa.com; Web site: <http://www.afaa.com>. Ms. Linda Pfeffer, President. Founded 1983.

American Graduate School of Education, 7665 S. Research Drive, Tempe, AZ 85284. Phone: (480) 557-7970; Fax: (480) 557-7829. E-mail: information@agse.us; Web site: <http://www.agse.us>. Mr. Michael S. Turico, President, Mr. Tim Moman, Vice President. Founded 2003.

California Southern University, 930 Roosevelt, Irvine, CA 92620. Phone: (800) 477-2254; Fax: (714) 480-0834. E-mail: enroll@calsouthern.edu; Web site: <http://www.calsouthern.edu>. Dr. Carol

(continued)

(Report from the Accrediting Commission, continued)

Ryan, Ph.D., President and Academic Officer. Founded 1978.

Childcare Education Institute, 3059 Peachtree Industrial Boulevard NW, Suite 100, Duluth, GA 30097. Phone: (770) 564-9667; Fax: (770) 564-1008. E-mail: admissions@cceionline.com; Web Site: <http://www.cceionline.com>. Ms. Maria C. Taylor, President/CEO, Ms. Kimberle Collins, Director of Compliance. Founded 2005.

Martinsburg Institute, 341 Aikens Center, Martinsburg, WV 25404. Phone: (304) 263-6262. E-mail: info@martinsburginstitute.edu; Web Site: <http://www.martinsburginstitute.edu>. Mr. Paul Vi-boch, President, Ms. Stella Garlick, Vice President. Founded 1980.

New Learning Resources Online, 1417 Lelia Drive, Jackson, MS 39216. Phone: (601) 982-8003. E-mail: info@thenlronline.com; Web Site: <http://www.thenlronline.com>. Dr. Nancy N. Boyll, President. Founded 1992.

Eight Institutions Re-Accredited

The following institutions were re-accredited:

- Blackstone Career Institute, Allentown, PA
- California Coast University, Santa Ana, CA
- City Vision College, Kansas City, MO

- Concord Law School of Kaplan University, Los Angeles, CA
- The Hadley School for the Blind, Winnetka, IL
- The Paralegal Institute, Glendale, AZ
- Penn Foster (includes Penn Foster College, Penn Foster Career School, Penn Foster High School, ICS Canada), Scranton, PA
- Weston Distance Learning (includes At-Home Professions, McKinley College, and U.S. Career Institute), Ft. Collins, CO

Change of Location

A change of location for the following institutions was approved:

- American Sentinel University moved to 2260 South Xandau Way, Suite 310, Aurora, CO
- Brighton College moved to 18275 North 59th Avenue, Suite 186, Glendale, AZ
- California InterContinental University moved to 1470 Valley Vista Drive, Suite 150, Diamond Bar, CA
- City Vision College moved to 4501 Troost Avenue (PO Box 413188), Kansas City, MO.

Change of Name

One name change was approved, from American College of Technology to American Career University.

(continued)

(Report from the Accrediting Commission, continued)

Voluntary Resignations of Accreditation

The Truck Marketing Institute, in Carpinteria, CA voluntarily resigns its accreditation as of March 31, 2010.

Change of Ownership

A change of ownership for the following institutions was approved:

- Ashworth College, Norcross, GA is now owned by Sterling Capital.
- Ellis University, Chicago, IL, now is a private non-profit, having emerged as a free-standing institution from the New York Institute of Technology.

New Courses/Programs

The Commission approved new courses/programs at the following institutions:

- Allied American University
- Allied Business Schools, Inc.
- American Career University
- American Pacific University
- Andrew Jackson University
- Aspen University
- California National University for Advanced Studies
- Cleveland Institute of Electronics
- Ellis University
- Lakewood College
- Penn Foster College
- Perelandra College
- Seminary Extension Independent Study Institute
- Teacher Education University
- U.S. Career Institute

Visit the DETC Web site for a complete list of approved courses/programs.

Title IV Deferments

The following eight institutions were approved for Title IV deferments:

- American College for Healthcare Sciences, Portland, OR
- Andrew Jackson University, Birmingham, AL
- Catholic Distance University, Hamilton, VA
- College of Humanities and Sciences Harrison Middleton University, Tempe, AZ
- Independence University, Salt Lake City, UT
- National Paralegal College, Phoenix, AZ
- University of Management and Technology, Arlington, VA
- University of Philosophical Research, Los Angeles, CA

Policies, Procedures and Standards

For a complete list of the Policies, Procedures and Standards approved by the Accrediting Commission, visit the DETC Web site at <http://www.detc.org/theaccrediting.html#act>.

Proposed Changes

The Commission also approved for public comment the following:

- Proposed changes to Policy C.9. *Policy on Degree Programs*.

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(Report from the Accrediting Commission, continued)

To view the document, please visit the Call for Public Comment page of the DETC's Web site at <http://www.detc.org/proposedchanges.html>.

Any comments on the above changes should be sent to Sally Welch at DETC (sally@detc.org) before May 1, 2010. Final adoption of these policies will be considered at the Commission's June 2010 meeting.

Applicants for Accreditation and Re-Accreditation in 2010

The following institutions have applied for DETC initial accreditation or five year re-accreditation:

First Time Applicants:

- American Fitness Professionals and Associates, Manahawkin, NJ
- Antioch School of Church Planning and Leadership Development, Ames, IA
- Nations University, West Monroe, LA
- The Northwest Institute of Literary Arts, Freeland, WA
- Trinity College of the Bible and Theological Seminary, Newburgh, IN
- UNAD Florida, Weston, FL
- University of Fairfax, Vienna, VA

Applicants for Five-Year Re-Accreditation:

- American Career University, Saint Joseph, MO
- Air University Extension Course Program, Maxwell AFB, AL

- Art Instruction Schools, Minneapolis, MN
- Catholic Distance University, Hamilton, VA
- Columbia Southern University, Orange Beach, AL
- Global University & ICI University, Springfield, MO
- HARDI Home Study Institute, Columbus, OH
- Huntington College of Health Sciences, Knoxville, TN
- John Tracy Clinic, Los Angeles, CA
- Lansbridge University, Fredericton, NB, Canada
- National Paralegal College, Phoenix, AZ
- Sessions Online School of Design, Scottsdale, AZ

Revision of 2010 DETC Accreditation Handbook

The 2010 DETC Accreditation Handbook is now available on DETC's web site at <http://www.detc.org> and select "Publications." You can order a 2010 Handbook for \$50 from DETC's web site. Each DETC member institution will receive one complimentary copy.

Next Meeting

The next meeting of the DETC Accrediting Commission will be June 4-5, 2010. All matters to be considered by the Commission should be brought to the attention of the Executive Director by no later than May 1, 2010.

DETC Legal Counsel, Joseph C. Luman, Retiring After 23 Years of Service



Mr. Joeseeph Luman and his wife, Peggy, at a recent DETC meeting. Mr. Luman is retiring as the DETC's Legal Counsel after 23 years of service.

Mr. Joseph C. Luman is retiring as the DETC Legal Counsel, a position he has held for the past 23 years.

"We all will deeply miss working with Joe as he moves on from DETC," said Accrediting Commission Chair Tim Mott.

"From my first Commission meeting with Joe, I quickly learned his valuable, sage advice to Commission members was always supported by a deep, caring concern over students, the ultimate customer who benefits from the work we do. Joe has been such an integral member of the DETC family his mark will remain forever."

Added DETC Executive Director Michael P. Lambert, "We could not have possibly attained the current respect and acceptance DETC enjoys today were it not for the indefatigable, dedicated and behind-the-scenes efforts of Joe Luman."

Mr. Luman enjoyed a distinguished career in military and Federal service prior to being appointed National Home Study Council's (NHSC) Legal Counsel in March, 1987.

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(DETC Legal Counsel Retiring, continued)

A graduate of The United States Military Academy, Mr. Luman served with distinction as an Army Officer with the 3rd Armored Division in Germany. He became a Foreign Service Officer, which included a posting to Saigon, Republic of South Vietnam in the 1960s. In Saigon, he served as the U.S. Embassy Press Attaché and the Aide to the Ambassador.

He returned home to earn his law degree at the Georgetown University Law Center, where he served on the *Law Journal* and won the Leahy legal argument competition.

He was appointed the Staff Director of a subcommittee of the House of Representatives' Committee on Government Operations. He was presented *Roll Call* newspaper's annual "Congressional Staffer of the Year" Award in 1982.

When he joined the NHSC staff, he was instrumental in helping to guide the Council through the challenging years of the late 1980s—and the challenges were monumental at that time.

In the 1990s, Mr. Luman providing continuing counsel to the NHSC Board of Trustees in repositioning the Council's "brand" and in refashioning and refurbishing its public image. One result was that the name of the Council was changed to the Distance Education and Training Council in 1994. Another high point in these years included getting a technical amendment to the G.I. Bill to permit only accredited distance education institutions to be eligible for veterans' educational funding. This change in the law also enabled DETC to retain its coveted national recognition by

the U.S. Secretary of Education, since all recognized accrediting groups must show that they serve a "federal purpose."

During his 23 years of service, the DETC has doubled the number of accredited institutions, continued to upgrade its accrediting standards, increase the level of vigilance and application of standards consistently and firmly, add more professional member services, regain Federal Student Aid "gatekeeper status" for the DETC, adopt stringent rules for participating in Title IV, grow internationally with the accreditation of state-owned and private distance universities in 5 foreign nations, and expand its recognized scope of activities up through the Professional Doctoral degree level.

Mr. Luman has been a strong voice for protecting students as consumers. He is known for his ardent devotion to taking up the students' cause, and giving a clear voice to serving their needs through his advocacy of pro-consumer rules. He received the "*DETC Distance Education Award*" in 1998.

"DETC has been a leader in promoting distance education, and being part of that effort has been challenging and professionally rewarding," said Mr. Luman. It has been a great ride, and Peggy and I will miss interacting with the members of the Council and especially with the DETC staff. We send best wishes to a fine group."

Joe and Peggy Luman have earned a permanent place in the DETC annals as wonderful friends to all in the DETC family.

Assessing an Institution's Financial Strength

by
Jan Larson

Former Chair,
DETC Accrediting Commission

Managing Partner,
PricewaterhouseCoopers (ret.)



Over the years, DETC Business Standards Evaluators have identified a number of critical areas that seem to separate top-flight institutions from those in or headed for financial difficulty. This article provides insight into attributes and financial information that can be used in assessing an institution's ability to continue serving its students and operating as a going concern.

Ideally your efforts would determine whether an institution will remain financially viable until the next accreditation visit five years hence. That's impossible, but you can make an educated assessment of what will occur over the next 12 months and use that informed analysis to conclude on the financial sustainability of the institution.

It would be convenient to insert elements of each institution's financial statements into a prescribed set of financial ratios and let the results provide a definitive response to the question of financial sustainability. Unfortunately the assessment of an institution's ability to sustain itself is not that easy.

While the discussion below includes a number of basic financial ratios that can assist in the analysis, there is no single or simple answer to the question of financial strength. Rather it is a subjective process that requires assessment of the total body of analysis. Your observations, analytical analyses, and even instincts must all be considered in determining if an institution meets DETC Accreditation Standard

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(Assessing an Institution's Financial Strength, continued)

IX (Financial Responsibility, the “Standard”).

This article will be roughly formatted based on subtopics from the Standard—Financial Management, Financial Sustainability, and Financial Reporting.

Financial Management

It may seem odd to begin assessment of an institution's financial strength by examining management performance, but it is the most meaningful topic to be discussed. Management performance is also the most difficult topic to assess because of its subjective nature. Financial analysis typically occurs in the context of numbers, ratios, and trends.

But while financial results are one way to gauge performance, other important considerations include integrity, awareness, an ability to anticipate and resolve small problems before they become big ones, a sound set of controls over institutional transactions and reporting, an appropriate organization for the size of the school, and other equally intangible criteria.

You are searching for a comfort level that management controls what is occurring rather than reacting to events as they occur.

If you have questions about management's command of operations or ability to lead the school in the proper direction, there probably is little need to continue on to the two remaining categories.

Financial Sustainability

Unlike Financial Management, Fi-

nancial Sustainability does lend itself to objective analysis. It produces tangible results driven by numbers, ratios, trends, and comparative analysis. Although there are myriad categories that could be used in making this assessment, the essence of an institution's financial strength can be captured by assessing earnings, liquidity, asset quality, and capital.

Earnings (or profits) on the income statement are created when total revenue is greater than total expenses. For any institution to render a consistently high level of service to its students, it must generate earnings which provide money to investment in future operations. Things to consider when assessing an income statement include whether the institution has a history of profitable operations, if the earnings represent normal, recurring results, and how the earning reinvested in the company are being used.

An institution is said to have liquidity if it can easily meet its cash requirements by (1) using cash on hand, (2) converting other assets to cash without diminution in value, or (3) using other means to raise or borrow cash. Most institutions do not fail because they are insolvent (i.e. total liabilities exceed total assets) but rather because they are illiquid. Consequently the ability to maintain adequate cash balances or easy access to cash is crucial to the future of any institution. Any analysis of an institution's liquidity should include the Current Ratio (current assets/current liabilities). A good Current Ratio should be at least 2-to-1. Anything less than 1-to-1 denotes potential problems.

An institution's ability to convert as-

(continued)

(Assessing an Institution's Financial Strength, continued)

sets to cash or continue using assets to create cash is a good indicator of financial stability. Because DETC institutions are predominantly distance education providers, there should be little need for large investments in bricks and mortar or other long-term assets. So the question of asset quality, for the most part, should be straightforward: If it's classified as cash, is it accessible? If it's a receivable, can it be collected in a timely fashion?

The most simplistic definition of capital is an institution's net worth; the amount by which assets exceed liabilities. Capital represents invested or borrowed funds with which assets are acquired and operations funded. Capital is also the financial cushion that allows institutions to endure difficult times. A strong capital position usually denotes a well-managed institution. A positive equity position (i.e. assets greater than liabilities) is essential in assessing capital strength. In this regard, the ratio of Long-term Debt to Stockholders' Equity is important. The ratio of long-term debt to equity in an institution with a strong capital position is well below 1-to-1.

Financial Reporting

DETC Policy C.10. (the "Policy") requires the institution to present at least two years of comparative financial statements, including primary financial statements, accompanying footnotes, and "A Letter of Financial Statement Validation" signed by the CEO and CFO. In addition, the Policy requires financial statements be accompanied by either an Audit or Review Report prepared by an independent CPA.

If the CPA's report indicates an existing or impending problem with the institution or its financial circumstances, it is incumbent upon the institution to address the matter, preferably in the form of a formal report outlining steps to be taken to resolve the problem. This corrective approach must be documented both for the benefit of the school's future operation and the comfort of the Evaluator.

Conclusion

Judging an institution's ability to flourish does not have to be a difficult exercise. The most important ingredient in assessing an institution's financial strength is the capability of its management. An on-site visit provides the benefit of seeing the people responsible for these matters in person and in action.

In addition to gaining an understanding of management's ability, assessing financial data is another key ingredient in determining financial strength. An objective analysis using financial information provided by the institution helps reviewers understand the institution's financial history and the implications on its financial future. Findings in this category allow for a more objective assessment of the financial past and future.

Finally the preparation and reporting on annual financial statements is an integral part of this process. Carefully read the annual statements, the accompanying footnotes, and the CPA's report.

After making assessments in these three areas, the final step should be easy. Step back, look at the big picture, and conclude whether an institution is capable of protecting the person most important to them—the student.

Distance Education and Training Council
1601 18th St. NW, Suite 2
Washington, DC 20009
202-234-5100
www.detc.org

