

Ramona Schindelheim, WorkingNation editor-in-chief:

You're listening to Work In Progress. I'm Ramona Schindelheim, Editor-in-Chief of Working Nation. Work in Progress explores the rapidly changing workplace through conversations with innovators, educators and decision makers, people with solutions to today's workforce challenges.

Here at Working Nation, we've been reporting on the mismatch between degree requirements and job openings in the US, specifically how two-thirds of jobs require at least some education beyond high school, while about two-thirds of working age adults don't have post-secondary degrees or credentials.

Earlier this month at the South by SXSW EDU Conference in Austin, Texas, our president Jane Oates led a panel, Online Backlash: How Bad Policies Holds Students Back. There she spoke with David Barnes from IBM, Scott Pulsipher from Western Governors University, and Michael Hansen from the Cengage Group. They discussed how current policy proposals undermine solutions like online learning, which promise to expand access to education, and they talked about the gap between what some educational institutions promise and what they actually deliver. Here's that conversation.

Jane Oates, WorkingNation president:

Good afternoon. Thank you so much for joining us and ending your Tuesday with us. I hope you've had a great day of day two panels, and I can just tell you that this is the best that you're going to get. We have some of the most amazing leaders with us today. First, I'll start with me, who's not an amazing leader. I'm Jane Oates. I'll be moderating this panel and I am the President of Working Nation, a nonprofit media entity that only devotes itself to stories about education and work.

And I have the great privilege of being here. I've interviewed at least two of these people before, I'll torment David afterwards, but instead of my introducing them and you see who they are, I'd like to have the first question be for you to say briefly who you are, what your institution or company is doing right now that you think is really innovative before we start talking about bad policy.

Scott Pulsipher, WGU president:

That's good. We're running I think down the line, is that right?

Jane Oates, WorkingNation president:

Yes. If you don't mind.

Scott Pulsipher, WGU president:

I'm Scott Pulsipher. I'm the President of Western Governors University. Western Governors University was founded very simply with the mission to expand access to high quality education so people can change their lives for the better. I think one of the most compelling things that we're working on right now is truly how do you advance equity in both access and attainment, and that depends heavily upon how you're leveraging technology to dramatically increase the personalization of the learning journey.

I think there was even a great piece by Michael Horn this past week where he had interviewed a number of individuals on their podcast on Future U podcast and it was pretty good the way he summed it up, which is how do you focus on developing an institution that is student ready, rather than trying to assume that you can create individuals that become college ready? As if somehow college is this immutable law of physics that you can't change, and so it's only those who are prepared for that, that are going to be successful.

And I think one of the things that we're really trying to work on is how do you adapt the whole of WGU so it feels like it was designed exclusively for the one. And so I think that's how we're really trying to figure out all the different ways in which we can advance practices and course development and instructional design and mentoring models and even self-service journeys that leverage technology to dramatically increase the probability that every individual can succeed.

Jane Oates, WorkingNation president:

Great. Michael.

Michael Hansen, Cengage Group CEO:

Thank you. I'm Michael Hansen. I am the CEO of Cengage Group and I think I have the dubious distinction to be the longest serving CEO of a private equity owned business. I don't know what that says about my owners, but in any event, Cengage is a name that I wouldn't blame you if you've been around education that you probably have not heard about, but we've been around for over 130 years right now. We used to be a traditional textbook publisher.

Basically what we do is fundamentally two things, and I'll talk about innovation on both. One is we are actually providing course materials to faculty, institutions and students. And as I said, we've done that for a long period of time for over 100 years. Initially textbook, now almost 90% of it digitally. And in that part of our business we have innovated and we started to really innovate 10 years ago by really focusing on the student and affordability.

And we said, "It is ridiculous to sell a textbook for \$250 a piece," and students would agree with that. And we introduced in Cengage Unlimited, the first Netflix like subscription to textbooks. So, for \$120, you basically get all the textbooks that we have, over 20,000 titles of them, for one semester. The second part of the business is newer to us and it's a business we are very excited about. It's called Cengage Work.

And what we are basically providing is we're providing online skills education to students. So, unlike our other business, we're not just doing the course materials, but we are providing the entire education experience. Now, we're not competing with the colleges in the sense we don't offer degrees, but we offer courses that we will get you a certificate. And the theme behind it is really education for employment.

We're very focused on outcomes, and the biggest outcome that people want, not the only one, but the biggest outcome that most people want in education is employment or advancement of their employment. In other words, I get a promotion, I get a better job. And that is something we are very focused on, we are super excited about. We are growing the business at a very healthy clip. Right now, about 10% of our total, but we expect it to become well over 30% in the next few years.

Jane Oates, WorkingNation president:

Great. And our business representative here, David.

David Barnes, IBM VP Global Workforce Policy:

Thank you, Jane. My name is David Barnes, I'm from IBM and like the slide says, I'm Vice President of Global Workforce Policy. Talk about two things which are innovative and I think valuable for society. First thing is quantum computing. IBM is the leading developer, creator, of quantum computing around the world. We just released what's called a 400 qubit system, which is the largest such thing. If you want

to learn about quantum computing, I'm not going to use the whole session here to describe how it works.

Jane Oates, WorkingNation president:

Everyone's running for the door. No, come back.

David Barnes, IBM VP Global Workforce Policy:

But basically quantum computing is going to revolutionize the nature of computing in terms of power and capability for many specialized tasks. And we are looking to maintain US leadership in what is going to be a very strategic field of technology. The other thing I'll mention is the other string to our bow, which is artificial intelligence. And obviously a lot of conversation out there about artificial intelligence and its capabilities and impact and consequences.

But what we've really focused on is the ethics of artificial intelligence, because we are a developer, we are a user and we are a seller of artificial intelligence technology. And we think it's really important that AI is developed ethically, because if it's not, people can't trust it, if there's no transparency. And if people can't trust it, we're not going to use it and we're going to have very bad societal consequences from the technology that's out there.

So, ethics by design, privacy by design, all these things are just coming onto the radar screen of policy makers and regulators with quite legitimate concerns about how this is being done. And we think it's important that we lead in this space of ethics so AI can be to augment our capacity, rather than replace us and do good works in society.

Jane Oates, WorkingNation president:

Thank you. So, you're all here because you're living in a world where there are two jobs, open jobs right now for every worker who's looking. And our title says bad policy. So, I'm going to start on the first thing that I think is bad policy. We separate education and training. We call them very separate things, and some people don't even like to use the word training.

So Michael, I'm going to start with you. When you just explained that Cengage is starting on a new path toward workforce education, shorter term credentials, and we can talk about policy in that area, but why? Why did you decide, a world renowned century old education company, why did you decide to pivot and add workforce training, shorter term training to your portfolio?

Michael Hansen, Cengage Group CEO:

Well, the simple answer is we listened to our customers and the customers-

Jane Oates, WorkingNation president:

Oh, Congress, are you listening to that?

Michael Hansen, Cengage Group CEO:

I think customers in our case are primarily two constituents that we listen to. One was the learner, and the learner was telling us very clearly, "I want to see an outcome." And for me, outcome has to be tangible and outcome has to be primarily a path to the middle class. The vast majority of the learners that we serve are underrepresented people, first time college attendance. And there was a very clear clearing call from that perspective.

The second one was we talked to a lot of employers and the employers were saying exactly what you're describing. "We have job openings we can fill. And yes, we want to work with the education system, but it is so unbelievably frustrating because they're very rigid, they don't want to customize to our needs. And the result is I'm hiring people and I don't know whether I can keep them. So, can you give me a pipeline of people, very simple, that can actually do the job, but also stay with me for a longer period of time? If you can do that, I'll pay you for that."

And that is ultimately the win-win. So, this were really the two fundamental reasons why we decided this was an opportunity and we could deliver on that opportunity.

Jane Oates, WorkingNation president:

That's great. Scott, I want you to chime in because for people who don't know WGU, and I do not work for them, but I want to be clear that you've always been competency based. You've always been an institution that has recognized people's learning, whether they learned at another institution and transfer of credit, or whether they learned skills in life and could prove that in assessments. So, what lessons have you learned as other people have joined your world, as people are joining your choir to sing in the competency based world? What have you learned about the real payback, the value of being competency based?

Scott Pulsipher, WGU president:

There are probably three things I would highlight. If I can step back to, I think even the proceeding question, it does seem to be a little bit of a false delineation between education and training.

Jane Oates, WorkingNation president:

Absolutely.

Scott Pulsipher, WGU president:

And I think of it this way, because you might wonder, well, if we're trying to draw the line for what purpose, or to what end, or who benefits as a result? I don't know actually who benefits by saying this is education and that is training. Because from an individual standpoint, arguably from an employer standpoint, all we really care about is whether we're acquiring the knowledge, skill and ability that we need to do a job or to acquire an opportunity. And it doesn't actually matter whether you're acquiring that through an academic pathway or whether you're acquiring that through an experiential pathway or through a work pathway, whatever it may be.

Because at the end of the day, it's still what capability do you have and how well does that capability align with what's needed in the workforce in a particular role? And so I don't know why we try to delineate those pathways generally. And the reason I wanted to start there is because that's also fundamentally the basis for a competency based approach. It's just simply is like, well, what do you know and what can you do? I don't really care how you learn what you know and how you learn how to do what you do. And what that actually allows is probably three things.

One is it does allow you to design the learning outcomes of any of those pathways to be directly relevant to the opportunity that you're pursuing. And so of all the employers that are hiring for those roles or what you need to be an entrepreneur and starting up something, there are specific skill sets that are needed. And in a competency based approach it says, "Well, I have to be able to assess and validate or verify the competency of the individual against those skills."

And so the first thing is it dramatically increases the relevancy of the learning outcomes to the work. Second is it does enable personalization in a way that other models don't. If you use seat time as a measure, at the end of the day, all you're really saying is, "Well, how much did different individuals learn in a set time?" Versus, "Well, what if the point is mastery and can't everyone develop mastery?" And if you let the time vary, then you actually let individuals determine what's the pathway for them developing mastery.

I think there's even a great study that I highlighted in one of the pieces that we recently noted is that if time is not a component, 90% of individuals can develop mastery in any particular subject area. But if you constrain the time, only 40% of the people develop mastery in the subject. You're like, "Is that really what we want? We want to create some segmentation between those who can learn at a faster pace versus those who can't? That's not what we want."

The last thing is certainly pace matters. Not everyone has the same amount of available time. And so when you have a competency based approach, individuals can go at the pace that's relevant to the amount of knowledge that they may already possess and the speed at which they can go through something, but it also is a function of how much time I have available to me. And so those three things in terms of the relevancy to the work, the personalization of the learning journey and the pace at which I can go, there's real benefits to that in a competency-based approach that a credit hour term-based model doesn't afford.

Jane Oates, WorkingNation president:

And David, you're an employer. You're hiring talent at IBM. Do you care how they acquired that talent?

David Barnes, IBM VP Global Workforce Policy:

Put it bluntly, no.

Scott Pulsipher, WGU president:

Thank goodness.

David Barnes, IBM VP Global Workforce Policy:

Yeah. The technology industry has had skill shortages for more than a decade. And Jane, you know that there's been a lot of churn in the tech sector, a lot of media coverage of job losses and so on. But frankly, it's a drop in the bucket. There is huge demand out there and still huge shortfalls and many job openings for people with tech skills. Looking back over that decade, nothing has changed about the fact that two-thirds of Americans do not have a college degree. So, there's two thirds of the labor pool essentially out there, which we hadn't been addressing and the education system wasn't delivering for us in sufficient numbers to meet those shortfalls.

So, we decided about a decade ago to indulge in some self-help. And what Scott rightly calls a competency based model, we called skills first hiring. Well, what does that mean? Basically what Scott described, we looked at the candidates for what they could do, what they know, what they know how to do, and really importantly, their ability to learn new things. And we looked at all that alongside whatever credential, if they had a degree, we looked alongside that. So, that was a really dramatic cultural change for IBM, and it meant that our hiring managers had to really rethink some biases and prejudices they had, because back then about 97% of jobs in IBM in the job description mandated a four-year college degree.

Today that same number is less than 50%. So, more than 50% of the jobs we advertise in the US now do not require a college degree, and that's been a really significant sea change.

Jane Oates, WorkingNation president:

Well, and I think it's because people like Cengage have come into the credential market and really done something. I think this is a word that everybody in the audience is thinking, how do you measure quality? Because when we talk about bad policy, quality is often completion. So, how do you as leaders of educational institutions, how do you measure quality?

Michael Hansen, Cengage Group CEO:

I mean I'm happy to jump in on this and let me be a bit provocative around it.

Jane Oates, WorkingNation president:

Yeah, please.

Michael Hansen, Cengage Group CEO:

I think that the issue of quality is often used in a way of a defensive, "Since we can't measure it, let's not do that. Let's not experiment with things." And I want to differentiate there, but I do think we need to make sure that we have measures of outcome that we agree with and that we publish, that we're transparent about. They might not be the ultimate thing. We might evolve them over time. The way that Western Governors has really played a leadership role in developing competency and developing even the norms, what does competency stand for?

I think it's important that we make progress on that without using this as a way of saying we don't want any innovation because we can't measure outcomes. Some outcomes we will just have to experiment with and be happy with that, that it will take some time to do. So, I think I want to be very, very realistic, and the point that I want to make around the education system, there are a lot of people that are running around and saying the education system is broken in the United States. Well, I would say it's not broken. It does exactly what it's designed to do, which is create degree recipients and that's what they do.

I think it's our job to challenge that and say like, "Well, maybe there need to be alternatives. There need to be flexibility. There need to be more competency based approaches in the education system and not grab for the headlines, but grab for real change." And unfortunately in the system, I mean Western Governors is an exception, but they will always be, in many respects, they're always cited as the one exception. We need to reform another 7,000 or so colleges to do the same thing.

Jane Oates, WorkingNation president:

Not until you're completely full.

Michael Hansen, Cengage Group CEO:

Oh, he's completely full.

Scott Pulsipher, WGU president:

I don't know if we have a limit to capacity. So, I know what isn't quality. I know it isn't quality if you think that if two thirds of your students in a course fail that somehow you're going like, "Aren't I so proud of

my course, because this is a separation of those who are talented and those who aren't." Think of all those first year computer science type courses where, "This is a weeding course." You're like, "I want to weed out those who aren't good enough." And you're sitting there going, that's an almost idiotic approach to education, that somehow we're going to establish some kind of substantiated caste system to say these are the ones who can and these are the ones who can't.

Versus your primary objective would be, "Actually, I'm here to help every single one of you develop mastery." And a quality program would say, "Well, every individual, you have inherent worth. The distance you have to travel from where you are to the same outcome of mastery may be different, but it's our job to actually adapt to you, not the other way around." Second is that a quality thing would also say that when you also achieve that knowledge, skill and ability, those learning outcomes of the course, that you know it's going to be relevant to the opportunity that you're pursuing, versus just self-actualization.

If three quarters of you are telling us that you're coming to higher ed because you actually want a great job and a great opportunity, then it better result in that, right? And so I do think that even why institutions are good at minting degrees, if you will, most would say that today it could be perceived as a degree mill for the privileged. If I admit those who are going to be successful, whether or not they come to my institution or another one, then what did I really do in terms of advancing access and opportunity, et cetera? Others you might look at and go, "Well, if I admit all these individuals but only 25% complete, is that really that good?"

No, it's not that good. If it costs them an arm and a leg, meaning if a bachelor's degree is going to cost upwards of a \$100,000 a year now on average in the US, that's not working either because the jobs they're getting, the wage of those jobs is not going up at the same rate as the cost. And so you get a misalignment between the cost and return on that. So, even if you have a certain number of graduates, it's mostly rewarding those who are ready or had plenty of access to opportunity in a lot of cases. And if you're not from that, your odds and probability of actually completing are pretty low and it's likely going to cost you a lot of money to get an opportunity that's not going to make it worth it.

If that's not a recipe for rethinking how we develop these pathways to opportunity, I don't know what is. It certainly would say from a private equity standpoint or from the business side of thinking, you would say, "Oh yeah, this is a great space to go in there and start up some new things at WGU." And some pretty innovative governors who said, "Hey, these public institutions we have are pretty darn good, but they're not that comprehensive yet and they're not serving all of our individuals well enough, and we think we can start bending the arc of the cost curve and increasing relevancy to work and personalizing the learning. Maybe we can do something different."

We need more and more of that. And I'm perfectly happy that you see non-traditional providers emerging in new credentialing pathways, that you see employers like IBM and others going, "If that's not going to provide the talent we need, then we're going to start investing in the development of the talent." We need all of that, because we want all of these individuals contributing to the economy in a way that they're, like our title says, it's actually holding individuals back. If the only thing we're funding is this traditional model that we all know, that's not going to help.

Jane Oates, WorkingNation president:

And this isn't just to set the stage here, this isn't just Western Governors saying, "We do something different better." The reality is 140 million roughly people in our workforce, almost 40 million of them have some college but no degree. And we don't have an accurate number of that almost 40 million who have debt. So, we haven't met their needs, so we haven't met their success standards and we've put

them in a deficit position. Shame on us. Bad policy. So, I'm going to switch for a second because I'm going to switch to another bad policy.

All three of you are tech driven entities, educational entities, business entities, and yet it would seem to me that our policy makers see online education as less in quality. Now, I thought that was going to change after COVID, because everybody had to switch. Every traditional institution saw how hard it was to stand up an online program. But we're still thinking that online education is the stepchild. What are we going to do about that? I mean tell me why that's wrong and why it's bad policy to be almost against online education and online degrees and online certifications?

Michael Hansen, Cengage Group CEO:

Well, let me move from the headline to I think a bit of a historical reality, which is there are competing forces in the United States between innovation in education, which online education stands for, and the government who is arguably and rightly trying to make sure that taxpayer monies is used responsibly. And I think we are seeing this play out, we saw it play out under the Obama administration where they were cracking down on bad actors in the innovative space, the for-profit colleges. And then we saw in the Trump administration it go the other way, lots of deregulation. And now under Biden we see this coming back of regulation.

I think that's not necessarily by definition bad policy. I think that is a bit of a tug of war that should happen in a democratic society. And I am certainly advocating for making sure that we are weeding out bad actors so that taxpayer money is spent responsibly. However, I think where we need to make sure that we're not overshooting is this level of simplification that you are alluding to, Jane, which is all online providers are bad actors and all for-profits are bad actors as well.

I think it's exactly what Scott was saying before, we need all participant, employers, traditional institutions, more innovative institutions and newcomers like us in a way in that field, to participate. And we need to have smart policies around that. And I'm maybe the eternal optimist, I think we'll eventually get there because we typically do, but it's going to be a rocky path to get there.

David Barnes, IBM VP Global Workforce Policy:

Jane, if I could just pick up on that point. As an employer, we invest heavily in online education. Our employee education learning platform is online, it's artificial intelligence driven, it's kind of a Netflix like interface, pushes content or you can select content. But the fundamental thing is that online learning is the only way to get learning to scale. The only way. We can't be Charles Dickens learning models anymore. We have such a re-skilling, retraining and learning challenge in this country, and frankly in most other countries around the world, that online is the only way to get the content to the people that need it.

There is a question of quality and providers, but I tell you as an employer, we could not keep our employees contemporary in any other way without online platforms. I'd also say that all those people that we are advertising for and hiring who do not have college degrees, and it's 20% of our US hires now do not have college degrees, most of them have acquired some of those skills through online learning, touching it or longer form work or so on. Our apprenticeships, I might talk about them a little later, but that's also got an online learning component. Online learning works. We wouldn't spend \$300 million on this every year if it didn't work.

Jane Oates, WorkingNation president:



I just want to go back to, I know IBM has done some research on the shelf life of skills, both general skills and technical skills. Give the audience just a tidbit of that and then tell them where they can get to that research.

David Barnes, IBM VP Global Workforce Policy:

Well, the shelf life of technical skills half-life is three years.

Jane Oates, WorkingNation president:

Unbelievable.

David Barnes, IBM VP Global Workforce Policy:

So, what does that mean? That means you've got to keep learning. And again, that's the requirement or the need for the online platform and why we built that platform. But what we also did, frankly, was we had a CEO who understood this and who said, "Okay, all you people in IBM, you've got to do at least 40 hours a year." Okay, great. They did it. Our employees are now doing 88 hours a year. But there's also an incentive there, because it's tied to your compensation review each year. So, skills acquisition matters financially and it matters career wise, but this half-life of skills, technical skills question, also means that we can hire people and retrain them really quickly with new technical skills if they already have a good foundation of transversal skills. And again, we're using an online platform to do that.

Jane Oates, WorkingNation president:

Scott, you wanted to add something?

Scott Pulsipher, WGU president:

Well, I think it's just a red herring. If you focus on mode, method or model of instruction or learning, because it's tied to your prior question about quality, that good policy would actually advance and incentivize delivery against outcomes, not inputs. Outcomes would go back to the quality question. It's like, well, does it help individuals develop mastery? If they're developing mastery, does it help them attain a credential that they intended to attain?

In having now acquired that credential, do they get a job as a result? Is there a return on the investment you had them to make? And little of it has to do with the model, mode or method of how they're doing that. And yet the policy has codified those models and those methods into law, credit hour, term, regular subs of interaction with faculty. All these things have been said, "Oh no, this is what you need to look like. And if you look like this, then you're going to be high quality."

But that wasn't good enough because then they saw enterprising organizations who developed for-profit models go like, "Oh, well we introduced profit into the mix." Or tax status. Well, the tax status must be the issue even if they employed the same models that we had in law. But that wasn't enough, they also used online as a mode to deliver. And they're like, "That must be the issue." And it became easy for policymakers to use these other markers and say, "That's the delimiter between good actor, bad actor." But they never asked the question, "Well, of all the existing ones that have been codified or are supported by regulation and legislation, how well are they doing in delivering mastery and helping individuals complete credentials and helping them get jobs? How well are those ones doing?"

And they've never held a light to that to ask that question, but as soon as the enterprising for-profit entities emerge, "That's the problem." And so we do that today. But I will say that I would argue that for the three of us, I particularly have a particularly non-traditional background for the job that I have. I've

not yet been exposed to something where the application of technology has actually made the experience worse. And you could set aside the social issues that have emerged with social media and social media applications, but even if used right and used well, technology is an incredible benefit there, but we certainly are learning a lot about how it can be overused.

However, I was just thinking about my experience coming to here. Well, I booked online, I then checked in online, I checked into my hotel online. I download the SXSW app. You want to connect with other individuals while you're here. Every single thing about the experience is made better by using technology well, so why do we think it's different about education? And so it's a weird thing to see this, "Oh no, this is good and this is bad." That's not true. Versus "Hey, why don't we look about how students are doing and are they progressing? Are they completing? Have they completed? Are they getting jobs? Are they doing it at a reasonable cost?"

Why don't we ask those questions and start looking at those programs and institutions differently? And that would be true, back to your earlier question, regardless of whether it's an academic institution providing that, or a apprenticeship provider, or an employer who's providing it like. Does it deliver value for the student? If it doesn't, then maybe you should stop doing it.

Jane Oates, WorkingNation president:

Well, maybe we should stop doing a lot of things, because I love your input comment because if you are in a lead institution and you only take kids who have a 4.5 average, of course they're going to graduate. You didn't have to do very much to get them to graduate. But it's the other people who didn't have that opportunity to have that. Now I want to go to something David said and ask my two educators here. David said the shelf life for technical skills is three years. And I think that research study, general skills was five years, a little bit better but not much better.

So, it's totally possible, if not probable, that someone who graduates today with a baccalaureate degree is going to have to keep learning new skills throughout. How do your models enable that? So, let's assume we're not doing skills-based hiring. Let's talk about the 30% of our population that have bachelor's degrees are in the workforce now. How can they come back and keep current and learn new skills?

Michael Hansen, Cengage Group CEO:

I can give you very concrete example. We are, with our Cengage work program right now, teaching about 250,000 individuals a year.

Jane Oates, WorkingNation president:

250,000.

Michael Hansen, Cengage Group CEO:

250,000 of them. And the typical profile is not what you think. The typical profile is a middle-aged 40 to 45 year old woman that has an income of around \$45,000, and either had an event happening in their lives, or wants to reenter the workforce, or continue to grow in the workforce. And that is exactly where that part of our business is focused on. And those are people that are either in the workforce or reentering the workforce that we can give away to do this with a few thousand dollars investment.

In many cases financed by an employer so they don't have to come out of pocket with any money, and they get a job that they can actually deliver in the job basically from day one. So, I think your question is spot on, but it's happening today and as much as we are saying bad policy and everything is bad, one

thing I would put a plug in for the American system is the American system actually allows for a lot of experimentation in that respect. And I think that's great. And some other systems, if you look at China, if you look at India, it is much, much harder to bring that innovation to students and really have an impact. We have issues here, no question, but I think that we need to continue also to focus on the strength that the system has. And look, I mean five western governors getting together, starting an institution that now serves, I don't know, over 200,000 students a year. That's pretty darn innovative.

Scott Pulsipher, WGU president:

It was 19 governors, but you're as close.

Michael Hansen, Cengage Group CEO:

Okay. Well, the five that mattered, I was referring to.

Jane Oates, WorkingNation president:

The five vocal ones.

Scott Pulsipher, WGU president:

Yeah. We, again, have a real benefit by being competency based. One of our key capabilities that we're developing is the modular stackable curriculum model. It is credential driven, meaning yes, we believe we live increasingly in a skills based world. Having said that, credentials do matter because they can communicate a composition of skills in a way that more directly maps to the workforce needs that exist out there in roles. But credentials are taking on a differentiating form over time. I certainly think the skills-based world will increase the clarity of value from bachelor's degrees and even master's degrees.

But what we'll see is a proliferation of non-bachelor's, non-master's credentials, and such that you can have a lifelong learning that says the first credential I'm acquiring is sub bachelor's degree, even potentially sub associate's degree. It's going to be very relevant to opportunity I can pursue, but it's also going to be credit bearing because now it allows me to make that transferrable learning into an academic and a learning pathway so I can stack learning on top of that and acquire my next credential.

You certainly can then post bachelor's degree, you can get your post back credentialing. We expect that. What we also know is that guess what, you're going to bring a lot of knowledge, skill and ability to the table, and so you're going to go at the pace that's right for you. You're going to develop the skills that you need, et cetera. But I do know this, is that we kind of live by this mantra that only a credential of no market value is just a scam. So, if credentials do not have market value, then why are you really developing them?

If you don't know the answer to that, the answer is very likely because it's generating revenue for your institution. And if that's the purpose that you have versus delivering value for students, then you may want to rethink the mission of your institution. But so I think we have an obsessive focus around credential pathways that have market value, that are going to be directly relevant to the future work. And we certainly believe that the consumption of those credentials is going to change in the future. It has to be more stackable and traversable, rather than cul-de-sacs.

Jane Oates, WorkingNation president:

For those who haven't heard the term stackable, it means just what it says. It means that you take something and you build on it. But key to the credibility of stackable credentials is transfer of credit.

Scott Pulsipher, WGU president:

It is transfer of credit, there's no doubt about that. But simple examples to call out. Oftentimes in health, the pharma tech position is like you can go spend a fair amount of money becoming a pharma tech, but then if you want to go into another field within health is like you're going to start back at zero credits and you'll have to build that up again. If you want to traverse to another one, you'll lose all your learning credit and you'll have to stack again. Certainly plenty has been written about the self-interest of institutions to not allow transfer credit, because it reduces the revenue for their institution. That's not a good thing, again, for the individual. It's certainly not a good thing for the federal student aid model where you just are financing the consumption of credit rather than the delivery of value. If the currency is skill increasingly, you have to make those skills fully transferrable across pathways and even work.

Jane Oates, WorkingNation president:

So, I want to talk for a second about how people are going to pay for this, because Title IV A general, the loan system has a lifetime limit, a five-year limit, of \$27,000. That doesn't pay for one year at most colleges. And you can only get it in bite size chunks and after that you have to get a Parent PLUS loan. So, how are people if they can't use Title IV and Pell eligibility is now down to almost nothing 12 semesters. How are people going to pay for this? I mean I liked what you said when you pointed to David and said employers are paying for it. So, how do people pay for this and what does that mean for partnerships in terms of the colleges and businesses and places like that?

Michael Hansen, Cengage Group CEO:

If I can jump in, I want to connect something that David said about what IBM practices. I'd be curious in your reaction to it. I think employers are very happy to pay if they get the assurances that the individual that they're getting has the right skills and will stay with them for a while, because they don't want to just pay for somebody who stays for three months and then churns out and goes to somebody else. And I do think that if you think about the online skills space, purely the online skills space today, that's about where two thirds of the funding is coming from.

So, I think we would be crazy not to tap into this. But to the point that Scott raised, I think what the employers need to see that I'm getting the capabilities in that individual that I need, and we need to prove that to them as providers of those services. So, I do think employers are a part of it. Last thing I would say with regard to Pell Grant and government funded programs, as I said before, the government has an obligation to make sure that they're spent wisely. But the notion that they get stuck in the past and saying, "Only if you show me certain inputs," as Scott was saying, "You are eligible." I think we need to open it up and measure people by outcomes, not measure people by inputs.

David Barnes, IBM VP Global Workforce Policy:

If you deliver the results, we will pay. And I think also it gets back to sometimes the motivation and the will of the individuals going through these programs, I mentioned a lot of those people we're hiring without college degrees. They've got a real hunger and a real intensity about succeeding in a job which they thought they did not have a pathway to. And Scott talked about opening up new pathways, if we open up new pathways of opportunity to good paying jobs like technology jobs, the people who come down those pathways are incredibly loyal, they're motivated because they've been given an opportunity they never thought they'd have otherwise, quite frankly. And in terms of employer investment, I'll use the example of apprenticeships if I may.

Jane Oates, WorkingNation president:

Please.

David Barnes, IBM VP Global Workforce Policy:

Back in 2017, as part of this effort to address our skill shortage, we created what were first of a kind apprenticeships for job roles in technology. We now have more than 30 jobs covered by apprenticeships, and these are earn while you learn apprenticeships. So, we are paying these apprentices to learn and to work on the job, project-based learning, online learning, mentorships, et cetera. And we've put over a thousand people through these apprenticeships. About 90% of them have become full-time employees with IBM. And look, they're in fields like cybersecurity, cloud, AI, digital design, and again, they are really committed people. They are great on retention. Over 40% of them come from underrepresented minority groups, which is a big number for the tech industry, I'm ashamed to say. So, it's really making a difference. But we're going to spend over \$250 million over three years to 2025 on our apprenticeship programs. So, when a program delivers, when a supplier delivers skills that matter, employees that are capable and are competent, we will pay.

Jane Oates, WorkingNation president:

So, are either of you involved in doing the education piece of apprenticeship for other companies right now?

Scott Pulsipher, WGU president:

We are, but meaning we have not directly articulated experiential outcomes to credit for courses, for example. But that doesn't preclude an individual from leveraging all that to accelerate through completing the courses. Again, there's no time requirement as to how long you have to be in a course before you can take the assessment, complete it and move on. But we don't do direct articulation from apprenticeship pathways into course credit today, whereas we have plenty of articulation agreements across other community colleges and non-traditional programs.

David Barnes, IBM VP Global Workforce Policy:

Just on that point, the American Council of Education has evaluated I think four or five of our apprenticeship programs so far and allowed college credits for those four. The cybersecurity apprenticeship, for example, is I think 42 or 48 college credits. So, those apprentices are getting a bit of a leg up into a education future if they want it.

Scott Pulsipher, WGU president:

And that's likely one indirect model by which enrolling at WGU could get college credit, because we do consume a lot of ACE credits, if you will. So, if it's in the ACE credit portfolio, we might have some of those articulated that way, but not directly doing it.

Michael Hansen, Cengage Group CEO:

So, we are doing apprenticeship programs, total transparency, this is something that we're building up. And so we don't have that yet for everybody that is in our programs, but we're building it up and we're working with very specific industries and our first target has been the healthcare industry where there is a massive shortage of workers in certain areas. The interesting thing what we are observing is the apprenticeship is not only good for the employer to sort of see how somebody actually performs, but it's also good for the student. It's a huge motivation that I can actually now see that what I'm learning in the

classroom, online or in the real classroom, has some real application. And I think that is a real win-win situation. And just to lift our heads up a little bit more and put a plugin for my native country.

So, I wasn't born in this country, I was born in Germany. And of the things that is really interesting, if you look at the three countries where for the last 30 years youth unemployment was systematically lower than average unemployment. They're Austria, Switzerland, and Germany. They all have an apprentice model for over 150 years and they're picking up students in high school and they're giving them apprenticeship. And we've tried that actually in our distribution center in Kentucky and there was a lot of regulations against that. You can't employ a 16-year-old. Why not? I think we've got to learn also from other countries around the world.

Jane Oates, WorkingNation president:

Bad policy. I'm pointing to our stage. Look, I think if we're going to scale a model like registered apprenticeships, a company like IBM can stand it up on their own. You have the talent to do the curriculum, to go through the expense and time of being ACE certified or recognized, but a mid-size company, a smaller company is going to need to look to education to do the educational piece. They can do the hands-on learning, but they can't do the academic part of it. So, I know you two, you're already doing it. I know you'll be into it as soon as somebody comes to you and says, "Can you do this?"

But I really think that this model of earning while you're learning is not just good for young people. And by the way, because I'm a numbers nerd, Michael's not joking when he talks about youth unemployment at a time when we all tout record unemployment, every politician is out there saying it, youth unemployment in the United States, it may change Friday, but as of last month was twelve and a half percent. Those are kids, not in school, not working, actively looking for a job. Unemployed youth equals one thing, depression. Hopelessness.

Michael Hansen, Cengage Group CEO:

Absolutely. Just to second what you're saying, I think that's a number that's not often enough reported and these are really pivotal moments in a person's life. I'm going through it. I talked to Scott about it with my oldest who is graduating from college right now looking for a job. Hey, if you get rejected a hundred times in the job application, it's really a challenging period of your life and you get rejected because you don't have the right competencies and skills. Massively frustrating after you spend a lot of money getting those.

Jane Oates, WorkingNation president:

That's right. Particularly for kids who are in a family without networks, you know who can't get you a job right away, even a paid internship. I'm getting ready for your questions. I'm going to drop one bomb here, but please line up at either one of the microphones. So, you know the bomb I'm going to drop. And by the way, ChatGPT did not write my questions. All of us in the education and workforce field have been hit with the Department of Education's guidance letters and notices about third party vendors. So, just so you all know, third party vendors can do things from recruitment to student management, but many third party vendors plug in and do the technology piece, because everybody cannot do online learning at the level of these three. Tell me what you think is going to be the fallout from this crazy policy of making third party entities afraid to do business with Title IV institutions?

Scott Pulsipher, WGU president:

Yeah. I'm not a great prognosticator, but in this particular case I think it's the first time the Department of Education has done something where they have uniform opposition to it. And so I do think that there's very likely to be the case, it doesn't matter whether you're a public institution, private nonprofit institution, for-profit institution, whether you're in-person, online, whether you're hybrid, whether you're academic, experiential, I think that so many of these institutions have come to rely on providers to help them advance the instructional models, to advance the student engagement, provide wraparound services and support to deliver certain things online, et cetera, that it's so broad right now that there's hardly a third party that wouldn't become subject to those issues.

And it really becomes, again, one of these major challenges to why in the heck are you bothering me with my inputs, and why don't you keep more focus on whether or not we're delivering the outcomes, whether we're delivering value, whether students are mastering this, et cetera. I kind of assume that one of their primary intention again is to try to root out this profit maximizing motivation that may be in education, that I think is a challenge. There's no doubt about that. And there are many, arguably not such good acting institutions that may have had the hall pass on it for a long time. But to make it that broad, it's going to bring the eye of virtually every institution.

We personally at WGU aren't in many ways, simply because none of those providers existed when we started. And so we had to build a lot of our stuff ground up. However, it would still say, "Wait, you're going to constrain my ability to innovate in the future by making all of these opportunities subject to scrutiny and regulatory review, which means I can't find any third party willing to submit themselves to that to be a provider to us?" Talk about stifling innovations, that very likely will do it. And that's not good for the sector as a whole.

Michael Hansen, Cengage Group CEO:

Yeah. I mean I completely agree with Scott and his characterization. I would add two things. One is I have a lot of respect for James Kvaal, he's a very talented individual and I hope that one of his talents is to listen. He will get an earful from a lot of people about the broadness of the approach that he's taking there. And I hope and I'm actually very confident that he will listen. And let me add a very practical observation. And I'm going to use an example of one of Scott's competitors, so SNHU.

Jane Oates, WorkingNation president:  
Southern New Hampshire University.

Michael Hansen, Cengage Group CEO:  
Southern New Hampshire University.

Jane Oates, WorkingNation president:  
SNHU.

Michael Hansen, Cengage Group CEO:  
SNHU. They don't like that anymore, I think.

Jane Oates, WorkingNation president:  
I know.

Michael Hansen, Cengage Group CEO:

It's called SNHU these days. In any event, they had according to them so far, nine third party providers that they had to report to the government. Nine of them. Under the new regulation, and they're still counting, it would be 12,000, okay? For SNHU, just one college. Now imagine the Department of Education, and I have no idea how many people they have to review these contracts, getting 12,000 contracts from one institution and you do this times 7,000, they're going to be overwhelmed and cannot process even a 10th of this. So, reality is going to set in and they're going to say, "Well, that's pretty idiotic. Let's not do that."

And then I think we'll end up through a laborious process, hopefully in September we're going to end up something that is implementable. But I would also completely second what Scott was saying about bad actors. Let's weed out bad actors, but let's measure them by the outputs, not by the inputs. And I think if we can get there, I think that regulation will have a very different form to it.

Jane Oates, WorkingNation president:

Don't forget, lineup for your questions because I'm going to say Michael, I have to say publicly, James is a friend and is a wonderful person, but he and I worked arm in arm in 1998 to put something in the reauthorization of the Higher Ed Act that year called Learning Anytime Anywhere. Guess what that pilot was for?

Scott Pulsipher, WGU president:

WGU?

Jane Oates, WorkingNation president:

No.

Michael Hansen, Cengage Group CEO:

No.

Jane Oates, WorkingNation president:

Maybe. It was for experimentation in online learning. I find it hard to believe that 25 years later we're doing things to restrict it. I have to believe it's because they have no information. Yes.

David Barnes, IBM VP Global Workforce Policy:

My name is Dan Zibel.

Jane Oates, WorkingNation president:

Hi Dan.

Dan Zibel:

I'm the Chief Council at an organization called Student Defense. We work on consumer protection issues in higher education. I'm a former department of education person myself who was involved in some of the weeding out of the bad actors a number of years ago. And I guess my question, really looking at Scott and Michael mostly, and I know we're here about bad policy, but I'm wondering from your perspectives, what does it mean to measure value? How does the government, whether it's something congress needs to be doing or the department needs to be doing, where do you all see what is good?



What is value? How should we be looking at outputs? Because I think that to me is sort of the crux of the question that no one has ever been able to solve, that how can a government regulator with an obligation to protect taxpayer dollars really examine this in a meaningful and thoughtful way?

Michael Hansen, Cengage Group CEO:

I feel very passionate about that question and I really appreciate your question, because it goes really to the heart of the matter, which is let's not let the great be the enemy of the good. And let me put that in the context of outcomes, right? You said correctly, we've debated this for decades now and never ever come to a solution. So, why don't we do just something simple? Why don't we just say, "Let's measure outcomes as the person got a job." That's measurable. The person had an income that's 10% higher than they had before. That's measurable.

So, let's start with something that can be measured and then we can move on to things that Scott has been promoting for a long time, which is competencies. Competency can be measured. So, let's agree on that. Instead, we are having an academic debate about what is the perfect measure of an outcome. I'm sick and tired of it. Let's just measure the outcomes that we can measure and hold people accountable and then we evolve the definition over time. We are going to get smarter. I don't know, what do you think, Scott?

Scott Pulsipher, WGU president:

Yes, and so I think to your particular question, I've certainly seen peers or leaders of peer institutions actually argue against having to report around completion rates, having to report on placement rates, having to report on income gains. And I think usually the reason why they're so worried is because they don't think the nuance of their enrollment composition is factored into why their completion rates may not be the same as someone else, et cetera. No one's put a line in the sand that says you have to meet this threshold of completion and you don't have to. One of the things I proposed in the house hearing was simply that you can actually utilize a creditor to say it's not just how you do it, but it's whether or not how you're doing it is actually resulting in improved delivery of value to the student as the primary customer you're trying to serve.

So, what is your plan to improve completion rates for the student body that you serve? How are you doing that? And you can't do it by choosing to not admit certain students, by the way. So, it's like you just have to improve. Are the students who are completing are they getting opportunity and what was the total cost of completion so that you know what they got was worth the investment they were made. You could start with simple metrics around that, that I would borrow something that I think Michael was hinting at, even an imperfect metric consistently track, the trend is meaningful. So, we use three simple measures as our key results at WGU. It's about completion. What percentage of the students are actually completing the programs, and what percent of them are completing them at their personal pace? Second, how many of our students are getting return?

So, we use a factor graduate return. Was the income gained two years after completing that relative to their actual cost of completion? Third, equity. We want to know that that promise of education as being a path to opportunity, is actually working for all of our students. So, we're very deliberately resolving the disparity in equity and access and in equity attainment. If we just keep our focus on that, then I think we can show that we're delivering value for students as our primary customer. That to me is so paramount from a policy standpoint, because fundamentally I think our national interest is that education is actually working for everyone in this country, not just for a few. And we fund it as if it's a public good, but it's nowhere close to working as a public good. And yet we fund it like it is. This is back to the other question that I think Jane was asking around, how do you pay for this?

We're asking the wrong questions. How do you actually make the economics of it work, and the way it's currently operating is not working and yet we have this agent owner problem going on and a full freakonomics happening because you have someone else paying for something, so it provides no incentive for the institution to keep their costs down. Meanwhile, there's ample evidence that the student themselves sees all these policies and go, "Oh, I may just borrow more than I need to actually borrow, because I can get it forgiven in 10 years now and only have to pay 5%." It's insane the misalignment of incentives exist around the student finance complex, and we're not even asking the simple question, "Well, how many of the students who start, complete? And those who complete, do they get a job? And was it worth the investment you asked them to make?"

How about we just start there? That would be market forces on higher education. At least it would say, you're only going to fund those things at work, and if it doesn't work, then stop funding.

David Barnes, IBM VP Global Workforce Policy:

Couldn't agree more as an employer, with both Michael and Scott, we just have to make a start with some basic measures and get better over time at what's meaningful and what matters, both to the students and to the employers as well. Because this idea that we're worrying about inputs when we are trying to create something, trying to produce something that's valuable for society, is just a nonsense. I mean as an employer, we don't measure ourselves by what we spend. We measure ourselves by what we create, what we produce, what we deliver and its quality. We've got to just start somewhere in higher education.

Scott Pulsipher, WGU president:

That might actually be a real sifting force around this question if in fact employers started footing the bill, they're going to do exactly what David said. It's like, "Well, I'm only going to be paying for the ones that actually deliver value. And if they're not delivering value, then you're not eligible for any funding." There are too many misaligned incentives right now that are creating odd behaviors.

Jane Oates, WorkingNation president:

Dan, your question wasn't a plant, but it was a great way to end the session. Thank you very much for asking it. Everybody else, please thank the panel. They were so honest and so great.

Ramona Schindelheim, WorkingNation editor-in-chief:

That conversation took place at SXSW EDU earlier this month. I'm Ramona Schindelheim, Editor-In-chief of Working Nation. Thanks for listening.