

New College, New Model

May 7, 2012

By **Paul Fain**

Not much is truly unique in higher education. The industry is too big, and most experiments have been tried before. But the new Ameritas College sure sounds different.

Ameritas, launched **last week**, blends for-profit and nonprofit elements and has a singular focus on Latinos who are working adults. It is part of Brandman University, a private, nonprofit institution with 26 campuses in California and Washington. Co-located at four campuses in Southern California's Inland Empire, Ameritas will offer relatively low-cost, accelerated associate and bachelor degree tracks. Its curriculum is designed to "crack the code" of helping Latinos get to graduation, administrators said.

When it opens its doors this fall, courses at the college will be structured around the busy work schedules of students. The collegewide standard will be a three-hour, in-person class each week, with roughly 2.5 hours of additional online classwork, said Carmen (Lizy) Lamboy-Naughton, the college's chief academic officer. All courses will feature English immersion with "dual language" support from bilingual faculty and staff.

"Most of the teaching will be in English," Lamboy-Naughton said. "But Spanish will also be a tool."

While a growing **list** of colleges enroll large numbers of Latino students, Ameritas joins National Hispanic University as one of perhaps only two institutions that seek to work exclusively with that underserved student population.

Deborah A. Santiago, co-founder and vice president for policy and research at Excelencia in Education, welcomed the new college and praised its "overt mission" of targeting Latino adults.

"There is a niche market here," Santiago said. "There is greater demand than there is capacity."

Tuition at Ameritas will be \$360 per credit at the associate level and \$470 per

credit for bachelor programs, which works out to about \$22,000 for a 60-credit associate degree and \$56,000 for a 120-credit bachelor degree. That's much less than the sticker price at most private colleges, but more than tuition at the state's public institutions. California's community colleges will charge \$46 per credit this year, for example.

But Ameritas, like Brandman, is shooting for higher completion rates than public colleges have, said Gary Brahm, Brandman's chancellor. Brandman has a 68 percent six-year graduation rate for bachelor degree-seeking students, he said. The university also has a 2.3 percent loan default rate, he said, despite enrolling large numbers of lower-income students -- 47 percent of undergraduates receive Pell Grants.

"We are confident that we can find significant improvements in the success rates" relative to how Latino students do at public institutions, Brahm said.

The new college has no imminent plans to expand to Brandman's other campuses, or to introduce fully online programs. But if the model works, Brahm said those moves would be "very likely."

For-Profit Subsidiary

Ameritas's financial organization is atypical, and head-scratchingly complex.

Brandman is regionally accredited and blends online and in-class teaching in its degree programs, which are aimed at working adults. All of its faculty positions are non-tenured. The university is itself a subsidiary, as part of the Chapman University system, a private nonprofit that is more selective and incorporates liberal arts and professional studies.

Also at the table is the University Ventures Fund, a for-profit investment group with a college completion mandate written into its charter. The fund and Brandman jointly own Ameritas College Educational Services, a corporate entity that provides money, research and administrative services to Ameritas College.

So while Ameritas is nonprofit, it has a business side that will be run like, well, a business. The college will retain full control of the physical plant, curriculum, faculty hiring and other academic matters, however. And Ameritas, like Brandman, will feature a non-tenured faculty model.

University Ventures Fund **launched** recently with \$100 million in capital. Its stated goal is to help traditional colleges ramp up innovative academic programs, and to better measure student outcomes. Besides Ameritas, the fund is also working on online course delivery in Europe. Possible future projects could include engineering ventures, sources said.

Two of the fund's investors are Bertelsmann AG, a German media conglomerate, and the University of Texas Investment Management Company, which **manages** \$20 billion in endowment funds for the University of Texas and Texas A&M University Systems.

The hybrid structure of a nonprofit college with a for-profit subsidiary is a small but **growing approach** in higher education. Its popularity appears to follow a chilling of the practice of for-profits buying struggling traditional colleges and getting their accreditation in the deal, after one such attempt was **nixed** by an accrediting agency.

The Savannah College of Art and Design, for example, is a nonprofit that owns a for-profit arm that handles much of the college's business operations. But like Tiffin University's arrangement with Altius Education, Ameritas goes a step further with an outside investor.

"The best of the for-profit and the best of the nonprofit is something we should test out."

-- Sara Martinez Tucker

The appeal of a for-profit business side is the ability to direct money at new ideas, and to do it quickly, without competing interests that are omnipresent at a traditional college. And by ceding a tax exemption, the subsidiary can avoid some of the red tape nonprofits face.

University Ventures Fund is kicking in resources and making the new college "scalable" on a short time frame, Brahm said. They also "bring a real focus on a problem," he said, which is that only 7 percent of Hispanics in California who are 25 or older hold a bachelor degree.

The matchmaker for the deal, both sides said, was the Western Association of Schools and Colleges, which is Brandman's regional accreditor. The fund was looking for a partner who could hit the ground running with adult-oriented programs for Latinos, and Brandman apparently fit the bill.

Profit in higher education can be polarizing, and critics charge that some for-profits aggressively recruit minority students, saddling them with big debts and subpar degrees. California has also recently emerged as a **potential battleground** over for-profit regulation. And while the college is nonprofit, the venture includes veterans of the for-profit industry.

Leaders at Ameritas acknowledge that the for-profit issue can be tricky.

Sara Martinez Tucker, a former official in the Bush administration's Education Department, is heading the board of Ameritas College Educational Services. She said the most important question is whether the college can deliver results. And that means not just access for Latinos, but respectable graduation rates.

"I worry about bringing a credible product to my community," Tucker said. "My goal is to make sure that the product is good."

Tucker called Ameritas a mold-breaker that will treat Hispanic students as customers.

"The best of the for-profit and the best of the nonprofit is something we should test out," she said.

Unmet Need

National Hispanic University also has a for-profit connection: Laureate Education **purchased** the university in 2010. Laureate, a for-profit company with an international focus, also owns Walden University.

The university is located in San Jose, and has campus-based degree programs as well as online offerings.

David Lopez, the university's president, joined Santiago in applauding the arrival of Ameritas. The need for more options for Latino students is desperate in California, he said, where budget cuts have forced community colleges and public universities to turn away hundreds of thousands of students.

"They're not close to addressing the needs of California today," he said.

Like historically black colleges, Lopez said his university can do things public colleges can't, by gearing its approach specifically to the needs of Latino students rather than just "dabbling around the edges." Ameritas used research to design its curriculum, including focus groups with Latino adults. In addition to the English immersion approach, the college features several completion-oriented practices that college leaders identified as particularly promising with Latinos.

For example, remediation is embedded in credit-bearing courses with extra support for students with remedial needs. All students must take initial courses designed to teach them how to be successful. And degree paths will feature an "upside-down curriculum" where students will take courses early on that are relevant to their areas of concentration and future jobs, which is an attempt to "pique and sustain their interest," college officials said.

The college is also following the Degree Qualifications Profile, a Lumina Foundation [project](#) that attempts to set standards for what degree recipients should know.

Students will be on campus with Brandman students, but they will be grouped together and won't be able to take classes outside of the Ameritas track, said Charles Bullock, Brandman's vice chancellor for academic affairs.

Part of the reason is that the college's academic programs are accelerated. Students will be able to take nine courses per year, including six eight-week courses and three 16-week courses.

"They move through as a cohort," said Bullock.

Santiago said she was intrigued by the concept of structuring classes around working adults, saying it had a "great deal of appeal." And she wasn't too fazed by the college's for-profit connection. Proof that the model works will be in graduation rates, she said.

"The devil in the details is really the issue of completion," said Santiago.