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Students — Choose Your School Wisely

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Students — choose your school wisely

For working professionals who want to continue their education an online degree may seem like a perfect fit. There are numerous schools to choose from, a flexible schedule and no need to uproot families or leave jobs.

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In June, Melissa Holland, Georgia Southern’s MBA program director, wrote a column in this space that discussed online education and raised the concern of institutional accreditation. A series of recent articles in USA Today led me to research for-profit schools that provide online education and how their degrees are perceived by human resources professionals, traditional college institutions, and investors.

Resume perception

If additional education at a particular institution is looked upon favorably by your current employer, the perception of others may not be important to you. However, statistics show the typical employee will stay with an employer for an average of 3-5 years. That suggests you should always consider the impact of educational decisions on your resume and future employment. A survey conducted by the Society for Human Resource Management indicates that HR professionals are split 50/50 on the value of an online degree relative to a traditional degree.

When the position sought is at the executive level, support of the online degree drops to 15 percent. It is important to verify that the degree program you are pursuing is recognized by your employer, or future employer, and valuable for promotion purposes. While this seems an obvious planning step, it is one that is overlooked and the result can be years of course work and debt with little benefit.

Traditional institution perception

Many students use an online degree program to take care of general studies courses and plan to transfer those courses to a traditional institution for completion of their degree. This plan may fail because institutions may not recognize course work from organizations without accreditation or with accreditation perceived as less credible. Lawsuits are pending across the U.S. where students have found that the guarantee of course transferability was not realized. A student in Utah was assured by a for-profit, online institution that her credits would transfer to the University of Utah. Several years later the units were not accepted and she was left with lost time and significant student loan debt.

Always check with the institution from which you wish to graduate on whether the units will transfer.

Investor perception

Growth in the for-profit education sector in the last decade has been tremendous. Enrollment is up 300 percent. There are hundreds of for-profit institutions with approximately two million students enrolled.

Investor perception could provide some insight to perceived profitability and growth. As an example, Strayer University was trading below $30 in 2000. By 2010 its stock price was approaching $82.00. Things changed in the summer of 2010. The Department of Education completed an analysis of the for-profit sector and released a report expressing concern and suggesting policy implications. Starting in 2012 institutions with low student loan repayment rates may be ineligible for federal student loan/grant programs. If you consider that 77 percent of the revenue of the top five for-profit institutions came from federal student loans and grants, this could have a drastic revenue effect.

At least the market saw it that way. Strayer was identified as one of the schools in jeopardy of being affected by these policies, and its stock plummeted upon release of this report. The stock price at the beginning of summer was consistently above $240 a share. By the end of summer it was trading at just over $140 a share.

Many institutions are at risk with these policy changes. Students wanting to complete a degree program should verify that their institution’s funding and availability will not be affected.

Conclusion

My goal here is not to globally discount for-profit institutions. Students must consider a myriad of issues when selecting an educational institution to further their career aspirations. Check with your employer or potential employer concerning the value of a degree program. Verify the transferability of courses to other institutions. Research the accreditation of institutions and the possible implications of policy changes on your ability to acquire Federal funding for your education.

Be a smart consumer.

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