

Testimony of Paula Singer,
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on Higher Education and Workforce Training
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INTRODUCTION

Chairwoman Foxx, Ranking Member Hinojosa, and subcommittee members, on behalf of Laureate Education (Laureate), I appreciate the invitation to appear before the subcommittee on the important topic of “Keeping College Within Reach: Improving Access and Affordability through Innovative Partnerships.” I am Paula Singer, Chief Executive Officer of Laureate’s Division on Global Products and Services. I have served in a number of senior leadership roles since joining Laureate and its predecessor company, Sylvan, in 1993. The Global Products and Services division, which I lead, includes Laureate’s portfolio of international online institutions and offerings, including our flagship U.S. institution Walden University and those provided through partnerships. I also oversee all campus-based institutions in our international network that educate in the fields of hospitality, art, architecture, and design. Finally, my division also includes all U.S. partnership initiatives and our network products and services group, which offers higher education best practices to institutions throughout our network.

I would like to provide the subcommittee with more information about Laureate and its global presence in higher education. The *Laureate International Universities* network includes 72 institutions located in 30 countries, serving almost 800,000 students, approximately 600,000 of whom live in one of the 8 Latin American countries in which we are located. Each of our institutions is unique in its offerings and missions, and holds the highest accreditation available within their country.

Although we operate under a corporate structure, we are a network of institutions that act in essence as partners with a common commitment to making quality higher education accessible and affordable in the regions, countries, and localities in which each institution is located. Laureate provides institutions in our network, as well as the institutions with which we “partner,” with resources and best practices to provide students the desired level of support services, program offerings, and modern modalities of teaching.

Laureate, previously operating as Sylvan, began its work in higher education in 1997 with acquisition of a company called Canter Associates. With Canter, we focused on the professional development and higher education of teachers in the classroom through agreements with more than 30 institutions of higher education around the U.S. Our additions of Universidad de Europea (UE) in Spain and Walden University extended our commitment in this area. Since then, we have become the largest global network of institutions providing access to a quality higher education to the rising middle class around the world. We continue our commitment to individuals who most need access, whether it is through fully owned institutions, or through strategic alliances with the types of institutions and organizations, like those I describe below.

Given this experience, I am particularly appreciative of the opportunity to speak about the impact of innovation on access and affordability *on institutions and their students*, and the importance of a regulatory structure that understands this connection. It is a topic of immense importance to the future of higher education in the U.S. and around the world. I will focus in particular on the use of constructive, careful and effective partnerships and other collaborative efforts¹ with those institutions that seek or need private capital, and/or services and resources in order to expand their access and academic offerings to students. In our case, this also includes the ability to provide institutions a global footprint – i.e., we provide institutions and their students access to other campuses throughout the globe, without the cost and effort of building their own facilities. Paramount to the success of these endeavors is the fostering of an individual institution’s *existing* mission and quality.

What Do These Strategic Alliances Provide an Institution?

In today’s global education marketplace, without the ability to innovate quickly, we believe an increasing number of traditional institutions could face financial challenges and a decline in relevance. Innovation occurs in many ways. Collaborative projects, like partnerships, are just one example. They can be helpful by providing efficiency and cost savings for both an institution and its students, access to capital, and speed to market. I will briefly speak on each of these.

First, regarding cost. Responding to the changing demographic and needs of students can be expensive, particularly if the institution has no prior experience in offering a certain service, program, or modality for teaching. Building new support services, a new program development platform, or online infrastructure is a major undertaking, and at many institutions, the faculty or administration has little or no prior experience in these areas. Reinventing the wheel or starting from scratch can be inefficient, costly, and risky to the institution’s reputation. One way institutions can solve these problems is by turning to others with the expertise and demonstrated best practices to assist the institution. Ultimately, this also results in cost-savings to the student who otherwise might have these costs passed down to them in higher tuition.

Second, we cannot overstate the importance right now of private capital in education. States and the federal government are increasingly limited in the resources they can provide, and again, we certainly want to protect the students from further increases in tuition. Private capital from sources with deep understanding and experience in higher education can be critically important to all types of institutions—from the small community college to private nonprofit college or large state system.

Finally, speed is increasingly essential: I am talking about speed to market with the latest in educational technology, access to data, and ability to educate in a more efficient manner with demonstrated outcomes for our students, including the growing segment of working professionals. Adapting quickly will be critically important to the success of all institutions and to satisfying the needs of our students

¹ The use of the terms partnership or partner is not meant to focus solely on the legal construct of a relationship. Instead, this testimony is intended to recognize the importance of the full continuum of possible relationships—from articulation agreements and other contractual arrangements to different forms of partnerships and affiliations.

and our country's economic demands. Speed in innovation is also important to maintaining our institutions' ability to compete in a global marketplace where institutions and students in other countries are increasingly able to leap-frog over our own. With the knowledge and best practices that an institution's "partner" provides, the institution can accelerate what would otherwise be a lengthy build-out process.

In this evolving higher education environment, no institution should be standing still and all of us—all types of institutions, government, accrediting agencies, and the providers of private capital—should be working together—in partnership or otherwise—to turn these types of opportunities into reality for students. We need to be able to move as quickly and efficiently as possible, while at the same time being careful that we don't jeopardize the student's academic experience.

Laureate's Experience with Partnerships and Collaborative Relationships

With 72 institutions in 30 countries, Laureate's network of institutions operates on a global scale, and Laureate has also had the additional opportunity to work directly with many institutions outside its network, regulators, governments, organizations, and foundations around the globe. Over 15 years or so, we have learned that partnerships and other endeavors like them are much *more* than just an infusion of new capital. When entering into a partnership or some other contractual relationship, it is essential that each partner fully understands, supports, and respects the mission under which the institution serves its students and the vision and purpose of the arrangement. In our experience, the partners or parties we choose to support are those that want to take the good education they already provide and leverage it—often either through the introduction of online education or new global locations or experiences or the provision of new services or program offerings to their students.

These collaborative projects often include multiple types of entities. This conversation should not be just about vendor-institution relationships nor should the conversation be about one-to-one relationships between two institutions. In many cases, local government, foundations, or other sources of private capital are important participants to a strategic alliance and to the successful innovation of an institution. In *each* of our strategic alliances, our goals and those of the institutions or organizations with whom we engage are perfectly aligned in mission.

Let me provide some examples.

Arrangements Between Laureate and Other Institutions

University of Liverpool

For over a decade, Laureate has had an innovative and impactful partnership with the UK's University of Liverpool. Liverpool is a highly selective member of the UK's elite Russell Group of research-led universities. It is ranked in the top 1% of world universities, according to the QS World University Rankings for 2013.

Laureate is Liverpool's partner in delivering a suite of online master's and doctoral degree programs. There are now approximately 10,000 students from more than 180 countries studying in these

programs. Liverpool retains full control of academic and admission standards and for their student outcomes.

In addition, this partnership led to the creation of a third institution in China, Xi'an Jiaotong Liverpool University (XJTLU), founded in 2006. XJTLU is the result of a joint venture between four entities: University of Liverpool, Laureate, a top-ranked public university, and a regional private sector company in China. It was the first institution of its type to be licensed by the PRC Government. It has in excess of 7,500 students today and continues to grow rapidly. It is widely acknowledged as the most successful Sino-Foreign provider in China today.

Monash University

Laureate's most recent initiative with Monash South Africa (MSA) represents our entry into sub-Saharan Africa and an opportunity to provide greater access to students in that region. MSA is already a leading institution in Johannesburg with 4,000 students. It is operated by Monash University, one of Australia's top universities and is also ranked in the top one percent of the world's universities by the 2012–13 Times Higher Education World University Rankings.

Collaboration between Laureate, Other Institutions, and Other Third Parties

At Laureate, we have found that including other non-educational third parties in our partnerships also provides an opportunity to align social missions and goals.

Laureate and the International Finance Corporation

Laureate and the International Finance Corporation (IFC), which is part of the World Bank, have partnered for a number of years to provide capital to universities in Latin America. This year, the IFC made an additional investment in Laureate in order for us to work together to expand access to quality higher education in Sub-Saharan Africa. This relationship provides the IFC an educational organization with which to work and provides us additional capital so that both organizations, together, can meet the same goals.

Laureate, Johns Hopkins, and Teach for America

In the U.S., Laureate began a three-way partnership this past fall with The John Hopkins University and Teach for America (TFA) to deliver an innovative online master's in education degree program. Under the partnership, Teach for America teachers enroll in a customized Hopkins degree program, where the curriculum is based on Teach for America principles and pedagogy. Previously, Johns Hopkins offered just a traditional ground-based master's program for TFA teachers who were based in Baltimore, but the online delivery format provided by Laureate allows Hopkins to reach TFA instructors around the country. This program is ideally suited for TFA teachers who were excellent undergraduate students and now want a master's degree from a top-ranked institution but may lack access to one in the rural or urban school district in which they teach.

Public-Private Initiatives Between Laureate and Government

Morocco and Saudi Arabia

Our projects in Morocco and Saudi Arabia demonstrate how private sector higher education organizations can work together with government, financing bodies, and industrial groups to create new education models and meet employment demands within country.

The Université Internationale de Casablanca (UIC) is the result of a joint effort between Laureate, the Moroccan government, and the Société Maroc Emirats Arabes Unis de Développement (SOMED). It is the *first* private university in Morocco and in Casablanca and serves a region that has a large demand for highly skilled workers. A new state-of-the-art campus is being built there that will be able to accommodate more than 12,000 students. We expect students enrolled at UIC to benefit from being part of our network, and likewise, expect it will provide opportunities to some of our already-existing students to study abroad in Morocco.

In Saudi Arabia, we currently have a number of institutions created through partnership with the government there, industrial groups, and employers. One example is The Higher Institute for Water and Power Technologies (HIWPT), founded in 2011, as a public-private initiative launched by the government of Saudi Arabia to meet the increasing demand for Saudi nationals in the power and water industry. Laureate operates the institution through a joint venture with Obeikan Research and Development, one of the largest industrial groups in Saudi Arabia.

New Mexico: Santa Fe University of Art & Design

We have entered into arrangements with government in the United States as well. The roots of Santa Fe University of Art & Design (SFUAD) grow directly from New Mexico's oldest chartered college, St. Michael's College, which was founded in 1859 and granted a charter for higher education in 1874. In the 2000s, SFUAD (formerly the College of Santa Fe) was struggling to remain viable. In September 2009, the college's doors remained opened thanks to a private-public partnership between Laureate Education, the state of New Mexico, and the City of Santa Fe. This partnership was initiated by the state and local government officials who saw the need to maintain higher education options in their state and were not afraid to be innovative in their approach.

The Importance of Partnership Between the U.S. Regulatory Triad and with Institutions

How regulators adapt and respond to existing and new forms of innovation in higher education will determine whether institutions are able to meet the rapidly changing needs of students in the U.S. and to remain competitive worldwide. With reauthorization of the Higher Education Act now due, we are hopeful that Congress will examine ways to allow for more innovation whether through collaborative relationships or otherwise, while continuing to maintain the diversity in our higher education system and to ensure a good return on investment for students.

Of course, one of the most important partnerships in the U.S. higher education system is the regulatory triad between accreditors and the federal and state governments. I know that this committee has

discussed the triad in other hearings and that it is the subject of a Senate HEA reauthorization hearing tomorrow. Successful partnerships are built with a good dose of trust and transparency and the regulatory construct is a partnership that needs to be clarified and strengthened to allow for both. The triad should be strengthened to remove unnecessary duplication and instead, each third of the triad should rely more heavily on the review and evaluation done by the other two-thirds.

The role of accreditors is critical to the success of any partnership or other contractual arrangement in which an institution enters. The accreditors' current focus on protecting institutional mission and quality is not only appropriate—it is necessary. With our own institutions and with our partner institutions, we have found our goals and interest in continuous improvement and demonstrated results to be consistent with those of our accreditors. Any changes to the accreditation during HEA reauthorization need to ensure accreditors have the right tools to understand and approve appropriate private investment and to allow accreditors to distinguish proposals by existing and established institutions or models.

In their new book, Frederick Hess and Michael Horn speak of the relationship between regulation and the ability private enterprise has to bring innovative power to education. They write that in the regulatory environment “transparency, appropriate regulation, sensible policy, and good information on results and performance are ... all crucial elements to a healthy marketplace.” They continue by noting that policy-makers review private enterprise mostly in terms of good versus evil.

I believe the existing federal regulatory framework that regulates in part on tax status will become increasingly arbitrary, irrelevant and difficult to apply as the student marketplace demands the types of innovation and partnerships described above. We strongly support the growing interest of federal policy-makers and others to create a regulatory structure that is based on outcomes and demonstrations of academic quality and financial responsibility across all of higher education. We believe this model would be much more conducive to innovation than our current construct.

In addition, during reauthorization, Congress should consider how to adapt the manner by which regulators examine and interpret an institution's financial capacity and responsibility in order not to impede new innovative models, like partnerships. There should be regulatory provisions that allow and encourage regulators to recognize demonstrated and existing experience and quality in the marketplace, such that they may better distinguish institutions during eligibility and other decision-making. As higher education becomes even more complex, “one-size-fits all” regulatory practices and decision-making will not work.

We agree with concerns raised regarding the Department's use of the current financial composite score formula and that this area needs some restructuring, while, of course, continuing to prioritize the protection of federal funds and students. The current construct has unintended consequences in some situations because the regulations largely rely on institutional structure as a gauge, rather than on outcomes. I know that during the new gainful employment proceedings, the Department will continue to consider new program approval processes. While we understand and share the department's interest in preventing the introduction of poor performing or unnecessary programs, we believe that the

Department needs to weigh that concern carefully against the possibility that layering on new, duplicative regulation may result in the stunting of the innovation and growth that we're seeking to promote at this hearing today.

Regulators in other countries face similar changes in higher education, and we are watching them adapt. It would be unfortunate if other countries continue to adapt in education at a more rapid pace than the U.S. It is essential that all of our regulators in the triad have the right tools, level of understanding, and ability to adapt and accept new innovative models as they arise. This is critically important to the competitiveness and success of the students we all serve.

CONCLUSION

I would like to thank the Chairwoman, the Ranking Member, and the subcommittee for giving me the opportunity to testify. I look forward to continuing to work with both Congress and the Administration on higher education reform.