

Online courses can reduce the costly sting of college

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Friday, February 26, 2010



Burck Smith of StraighterLine. (Gerald Martineau For The Washington Post)

Inessa Volkonidina had taken precalculus once and dropped it. She needed to take it again, and quickly, to fulfill a graduation requirement at Long Island University.

She went online and found a company with an odd name, StraighterLine, that offered the course on even odder terms: \$99 a month.

She thought it might be a scam. But StraighterLine, based in Alexandria, is a serious education company and a force that could disrupt half a millennium of higher-education tradition. The site offers students as many general-education courses as they care to take for a flat monthly fee, plus \$39 per course. As college tuitions go, it is more on the scale of a cable bill.

The courses, standard freshman fare such as algebra, are cash cows for traditional schools, taught to students by the hundreds in vast lecture halls. They generate handsome profits to support more costly operations on campus.

General-education courses "comprise about one-third of all enrollment" in higher education, said Burck Smith, the company's founder, "and they don't cost colleges very much to deliver."

Smith is an entrepreneur and self-styled educational futurist, educated at Williams College and Harvard, intent on using the personal computer and the Internet to offer college coursework more affordably than it has been offered before.

"College algebra is a commodity," said Smith, 39.

Some scholars think Smith and his business model could seed a movement that reorders the higher-education industry, with students shopping online for individual courses rather than enrolling in one bricks-and-mortar school for four years. Tuition would decrease as technology lowers the cost.

But the company has been forced to battle for academic credibility. It cannot earn accreditation because it is not a school. Instead, it has struck deals with several "partner" colleges that accept

StraighterLine courses for credit, which students can then transfer elsewhere. StraighterLine courses also are approved by the American Council on Education, another pathway to transfer credit.

Industry leaders say Smith's company could pose a welcome challenge but not a threat to prestigious bricks-and-mortar institutions. StraighterLine is part of an exploding industry in online, for-profit education that has yet to diminish traditional college enrollment, mostly because the market keeps growing.

"It's good for students, and these sorts of things do force traditional universities to rethink the things they do," said Terry Hartle, senior vice president of the American Council on Education, which represents college presidents.

Volkonidina, 21, retook precalculus from StraighterLine during a month-long winter break. "I took a deep breath and I went for it," she said. "My school, I believe it's \$830-something for one credit," she said. "Here, for four credits, I paid \$100."

Smith, raised in Baltimore, is a product of the academy he seeks to upend. He attended Friends School of Baltimore, a college preparatory school, and says he treasured his time at Williams and Harvard. He doesn't see StraighterLine competing against U.S. colleges with residential populations and name brands.

"They're selling an experience, and it's a great experience," he said. "But that's only 25 percent of the market."

Smith's potential consumer base is the large majority of students who enroll at community colleges, regional state colleges and for-profits such as the University of Phoenix, schools that often lack prestigious names or strong campus cultures.

"They want to know that they've mastered the material, they want to do it in a timely and convenient manner, and they want to do it cost-effectively," said Frederick Hess, a higher-education scholar at the American Enterprise Institute.

Most colleges charge as much for online courses as they do for classroom instruction. Some charge more, tacking on a "technology fee," said Kevin Carey, policy director for the District nonprofit organization Education Sector. "It's the only industry," he said, "where technology makes things more expensive."

Eventually, low-cost competitors such as StraighterLine will probably drive down prices. "The market is going to speak," said Daniel Hurley, an official with the American Association of State Colleges and Universities.

Smith said the StraighterLine concept came to him one day in 1993, as he fiddled with a dial-up modem. Advancing technology should make it easier and cheaper to connect instructors and students. An online lecture hall can serve an infinite number of students.

His idea led to Smarthinking, a company he co-founded in 1999. It grew into a \$10 million enterprise by offering inexpensive online tutoring to colleges, a service they could not deliver cheaply on their own.

Smith launched StraighterLine in 2008 as a division of Smarthinking, but left the parent company last June because the new venture didn't sit well with some of Smarthinking's clients. Smith says his staff of five has served nearly 1,000 students, without any marketing. He has replaced the traditional classroom with a "call center model": StraighterLine students who struggle are directed to the tutors at Smarthinking.

More than half of StraighterLine students successfully complete their courses, Smith said.

Daniel Levine, 27, of San Jose found StraighterLine on an online discussion board. He took English composition and economics at StraighterLine during a four-month blitz of scholarship that yielded nearly 80 credits, a mix of courses and credit-bearing exams. He's transferring them to Excelsior College, a "virtual" university known for accepting unconventional credits.

Levine estimates that he will complete his education for less than \$20 per credit.

"I think most people don't realize," he said, "that education is no longer a monopoly of larger schools that are going to cost a lot of money."