

# Walden LLC

## Summary: 2012 U.S. Senate Committee Findings + 2015 Update

### Overview

- Walden, a privately-held company headquartered in Minnesota, operates exclusively online, offering Bachelor's degrees; a variety of Master's programs in education, health and business; post-baccalaureate Certificates; and Doctoral degree programs. Walden is owned by Laureate Education, Inc., which primarily operates schools located overseas.
- Enrollment grew rapidly from about 2,000 in 2001 to over 47,000 in 2010 and 85% of students are enrolled in graduate degree programs
- Measured against default and withdrawal rates, its performance is the best of the 30 schools examined
- U.S. District Court denied summary judgment request by Walden (thus avoiding a trial) in a 2011 lawsuit by a student who was unable to obtain a state license upon graduation because the schools' program was not accredited
- Lawsuit filed by 2 Walden doctoral and master's degree students in January 2015

### Tuition

- Unlike other for-profit schools examined, it is competitively priced compared to public alternatives
- Online Master's in Education is \$14,730 compared to \$31,235 at University of Minnesota and an online Bachelor's of Science in Business Administration is \$56,800, about \$600 more than at the University of Minnesota

### Federal Revenue

- 77.8% (\$348 million) of its revenue was derived from federal student aid and military and veteran educational benefits in 2010

### Expenditure Priorities

- In 2009, it devoted 26.8% (\$101 million) of its revenue to marketing and recruiting, and 26.8% (\$101 million) to profit, higher percentages than the other 30 schools examined
- As a privately held company, Walden is not obligated to release executive compensation figures
- It spent \$1,574 per student on instruction in 2009, compared to \$2,230 per student on marketing and \$1,915 per student on profit

### Recruiting

- The majority of student responses to its 2007 enrollment advisor scorecard survey indicate that students were satisfied with the recruiting process but some complained about being misled to induce their enrollment
- The most common complaint was being misled about the time commitment required; indeed, about half of students surveyed by the school complained that the time commitment was greater than they expected
- Walden's sales staff employed "overcoming objections" scripts that anticipate and rebut prospective students questions about cost, time to completion, time commitment, etc.
- It employed 1 recruiter for every 71 students compared to 1 career counselor responsible for 13,572 students and 1 student services staffer responsible for 87 students; student services staffing is well above the sector's standards

### Academic Quality and Outcomes for Students

- It spent \$1,574 per student on instruction in 2009 compared to \$13,247 at the University of Minnesota and \$11,361 at the University of Saint Thomas; such lower expenditures may be due in part to the efficiencies of an exclusively online curricula
- 34.8% of students who enrolled in 2008-09 had withdrawn by 2010, a much lower withdrawal rate than the other schools examined; however, over half of its Bachelor's degree students withdrew within a median of 3 months, similar to the sector-wide withdrawal rate for such degrees

- Noting that its Bachelor's degree students withdrew at higher rates than graduate students, it instituted a conditional admission policy for the former in 2010, automatically disenrolling students after 3 weeks without any tuition obligation if they failed to complete assignments
- Its loan default rate increased from 1.7% for students entering repayment in 2005 to 3% in 2008, significantly lower than the other 30 for-profits examined and lower than all other colleges
- More than 90% of its faculty are employed part-time, higher than the 80% average for the 30 schools surveyed

## 2015 Update

- A lawsuit was filed by two Walden doctoral and master's degree students in January 2015 alleged that the school's rapid growth and focus on profit and marketing have created a dragged-out and misleading dissertation and thesis process, forcing student to spend more money on tuition. The lawsuit was filed with the intent of creating a large class action lawsuit