

TWO TRADITIONAL CHRISTIAN

UNIVERSITIES EMBRACED

MICHAEL CLIFFORD'S VISION FOR ONLINE ED.

THEY ARE NOW GIANTS IN THE FIELD.

The Unlikely Innov

BY PAUL GLADER

PHOTO BY ANACLETO RAPPING

STEPPING OUT OF THE SWELTERING SUN in March 2004, Jerry Falwell Sr. walked into a sprawling 6,000-person call center at the University of Phoenix, where throngs of recruiters were cold calling prospective students.

“Is there a mirror making the room larger?” Falwell asked. “Or are all these people real?”

“They are real, Dr. Falwell,” said Michael Clifford, a fundraising consultant and entrepreneur in the world of higher education. He had invited Falwell to visit the fast-growing, for-profit university to get ideas for a then-struggling Liberty University, which Falwell had founded in 1971.

Falwell was skeptical about Clifford’s boosterism for online learning. “Son, you can’t learn on a computer,” Falwell had once said during a phone conversation, according to Clifford.

At the time, Liberty’s distance education enrollment was growing more than 20 percent a year to serve nearly 10,000 of the school’s 17,000 students. But few Liberty programs were delivered entirely over the Internet.

When Falwell toured the call center and heard about Clifford’s plans to turn around a near-bankrupt Grand Canyon University, something clicked. “Falwell left that meeting understanding the power of online,” Clifford says. “That’s when the light bulb went on—that you could go online and do it big.”

A five-year strategic plan for Liberty came out a year later, calling for more money for “experimental” ideas to market the school and recruit students that could supercharge enrollment and growth.

Fast-forward 10 years, and Liberty—and the struggling Arizona college that inspired it—are among the largest Christian universities on earth.

A man with grey, wavy hair and glasses is sitting on a red ledge, looking out a window. He is wearing a light-colored shirt with a dark, repeating leaf pattern. The background is a solid red wall. The lighting is soft, coming from the window on the right.

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At the time of Falwell's visit, Grand Canyon University (GCU) was an obscure Phoenix college on the verge of collapse. Founded by Southern Baptists in 1949, by 2003 it had nearly closed and was \$16 million in the red.

The school cut faculty and staff pay for three years running. Clifford remembers walking around the campus. "It was a disaster. The swimming pool was filled in. No Internet access. And there was no air conditioning in the dorms in Arizona!"

Today GCU is the sole Christian, for-profit college traded on the stock market. It hosts NCAA Division I basketball, is rapidly building out its campus, and is adding majors for its roughly 60,000 students (52,000 online). It has a market capitalization of \$2.1 billion.

Liberty, by enrollment measures, is now the sixth-largest online university in the United States, with more than 100,000 (90,000 online) students. (The largest is the University of Phoenix with 241,000 students.) Liberty also hosts Division I football, and is rapidly adding buildings and majors, including a faith-based medical school, on its 7,000-acre Lynchburg, Virginia, campus.

"Grand Canyon and Liberty are using the same strategy, but one is for-profit and one is nonprofit," Clifford says. In 10 short years, both have become the largest Christian colleges in the country—largely by anticipating the enormous demand for online college education.

Love it or hate it, call centers, million-dollar online advertising budgets, and online learning have become the elixir of growth for colleges—including Christian schools—in the past decade. But some critics wonder if schools can "do" Christian higher education in a formulaic manner, or if more hands-on care for students' moral and spiritual well-being is needed.

Despite such misgivings, online higher education continues to grow. A 2013 report by the Online Learning Consortium found that 7.1 million students, or roughly 30 percent of all students, were taking at least one online course in 2013. The percentage of academic leaders rating



Under Brian Mueller's leadership, Grand Canyon University (right) has grown both online and on campus.

learning outcomes in online education as the same or superior to face-to-face instruction grew to 74 percent in 2013, up from 57 percent in 2003.

More Christian schools are following suit. Regent University, Indiana Wesleyan, and The King's College (where I am a professor) offer individual classes and college degree programs either partially or entirely online.

But in less than a decade, Liberty and Grand Canyon became giants in the field. Much of the recent success at these schools can be attributed to a disciplined dual strategy of aggressive online degree programs for some students and the traditional on-campus experience for other students.

SUCCESS AND CONTROVERSY

Some credit (or blame) for the for-profit college boom (and bust) should also go to Clifford, an enigmatic player who has changed the higher-education landscape. An unlikely innovator, Clifford skipped college to play brass in bands, the circus, and Broadway shows. During this time, he began using cocaine and other street drugs heavily. A piano tuner for Clifford's band began reading the Bible to him.

"It changed my life," he says. "I became a born-again Christian." Clifford took on fundraising projects for several evangelical Christian leaders of the 1980s and early '90s. Campus Crusade's Bill Bright urged him to get into online education, predicting that education would be a "pretty hot stock on Wall Street," says Clifford. He realized online education could reach the roughly 50 million working American adults who, like himself, hadn't obtained a college degree.

The strategy also, he realized, could make himself and other investors rich, fulfilling his "dream of becoming a philanthropist," he says.

Investing as CEO of Significant Federation in Rancho Santa Fe, California, Clifford helped found or rescue six largely online universities—Bridgepoint Education Inc., Grand Canyon Education Inc., L.A. College Intl., Patten University, Chancellor University, and Victory University.

Grand Canyon went public in November 2008, proving a successful initial public offering (IPO) at the depths of the financial crisis. Bridgepoint Education completed its own IPO that April, both deals making Clifford a wealthy man, at least on paper. In 2009, his 6.5 percent stake in Grand Canyon was valued at \$47.5 million.

But the for-profit college industry

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BRIAN MUELLER



online education and use a for-profit model, they might achieve a rapid turnaround. The school was the first regionally accredited university to convert to for-profit. As the school prepared to go public, it recruited Brian Mueller, president at the University of Phoenix's parent company, Apollo Group. During Mueller's leadership as chief executive of the University of Phoenix Online, enrollment grew from 3,500 to 340,000.

Why did Mueller take the helm at Grand Canyon? "I'm a strong believer in Christian higher education," he told *Christianity Today*. "We need to make it accessible to all social classes in a very affordable way."

In 2008, Grand Canyon became a publicly traded company, selling 10.5 million shares for \$12 each. The money it raised, Mueller says, has allowed the school to boost its advertising and marketing budgets to \$90 million per year, enroll more students at reasonable tuition rates, and add more academic majors and buildings. Its stock, now selling for about \$45 per share, gives the company a market capitalization value of \$2.1 billion.

This fall, Grand Canyon will have some 11,000 students on campus. The hope is to grow to 30,000 on campus by 2020. (Grand Canyon has 55,000 students online in a program for working adults.) The school has expanded its campus to 175 acres and will open a sister campus in Mesa, Arizona, by 2016.

Mueller says the average student on campus is 18 years old and pays an average discount rate (after institutional scholarships) of \$7,800. By contrast, the average online student is 33 years old, is

faced intense government scrutiny of its quality standards, recruiting techniques, and practices of taking government loan money. Four of the schools Clifford tried to rescue were closed or sold. But Grand Canyon and Bridgepoint remain behemoths in the for-profit college industry.

A U.S. Government Accountability Office report found enrollment in for-profit colleges had soared to 1.8 million in 2008, up from 365,000 a few years earlier. Some schools made about 90 percent of their revenues from federal student aid. Other for-profit schools, meanwhile, had student loan default rates of 40 percent. Several schools are fending off lawsuits alleging unethical recruiting, grade inflation, and fraudulently retaining students.

Clifford closed insolvent for-profit

schools, losing millions of dollars. "I went to the Lord. The clear message I got was to go back to my love, which is Christian education." He is now a consultant for Christian schools, having signed contracts with three and expecting five more by year's end. His goal is to tell more success stories like Grand Canyon's.

ACCESSIBLE, AFFORDABLE, CHRISTIAN

A Christian worldview, affordability, and accessibility are three key reasons why online Christian higher education still appeals to tens of thousands of new students each year.

Early on, Grand Canyon's leaders realized that if the school could emphasize

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Liberty University has 13,000 students on its Virginia campus, about a tenth of its current enrollment.

pursuing a graduate degree, and pays an average discounted rate of \$9,000.

By comparison, the 119-member schools in the Council for Christian Colleges and Universities averaged \$24,355 per year for tuition in 2013–2014, \$5,739 less than the average tuition cost at private four-year colleges, but substantially higher than both Grand Canyon and public four-year colleges. Grand Canyon's loan default rates and dropout rates have improved, but it still lags behind many nonprofit schools in these categories.

Besides their geographic locations and taxpayer status, Mueller finds that the main difference between Grand Canyon and Liberty is the statement of faith. "We don't have students sign a statement of faith," he says. About 70 percent of students report seeking a Christian worldview, but the others come for a different reason. "We welcome them here," he says. "Most of what we do is voluntary from a spiritual enrichment perspective."

Trace Urdan, an investment analyst at Wells Fargo in San Francisco, follows the for-profit college industry. He says Grand Canyon is "for Christians but also for people who are not necessarily evangelicals." Urdan says he was impressed by the school's approach that encourages moral decision-making and discourages binge-drinking, drug abuse, and promiscuity. At the same time, he is glad the school does not require dress codes, signed statements of faith, or mandatory chapel as do many evangelical colleges.

"I would never send my child to Oral Roberts University," says Urdan, an Episcopalian and Yale alum. "I could send my child to Grand Canyon."

BIG AND FAITH-BASED

When Falwell Sr. started Liberty, his dream was to create a world-class university that evangelicals could be proud of—what Brigham Young University is to Mormons, or Notre Dame is to Catholics.

"My father was talking about playing those schools in football," says Jerry Falwell Jr., president of Liberty. He felt that "Christian young people should have the choice of a big college experience."

Falwell Sr., who died in 2007, always thought students should not have to choose between a small Christian college and a large state school that might be hostile to their values. "Why can't there be both?" he used to ask, according to his son.

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MICHAEL CLIFFORD

The growth of high-speed Internet in U.S. homes was a key to realizing Falwell's dream. "We were in a position to serve a much larger group of [working adults]—folks with jobs, mortgages, families. They could not uproot," says Falwell Jr. Liberty avoided the collapse faced by other online schools largely because it keeps residential tuition rates lower than competing schools and avoids aggressive recruitment. The 950 admissions counselors, IT workers, operations and administration staff, and other Liberty Online staff work out of a 100,000-square-foot former Sears outlet.

Liberty aims to grow to 16,000 students on campus by 2020, up from 13,000 at present. It reinvests its budget surplus into its campus, faculty, and degree programs. It plans to grow its online enrollment by no more than 3 percent per year. Growing at a slow, steady rate "brings in the students who really want to be here and really want a Christian education," Falwell Jr. says.

He sees career training and job placement as increasingly important in higher education. "We instill Christian values in our students. [But] if you don't have a job, you can't pay your loan back no matter how good a Christian you are."

The huge growth in Liberty Online has fueled the current building boom on the sprawling campus, which has added \$500 million worth of Jeffersonian-style buildings in just four years.

"In the first few years I worked here, my job was to keep the creditors at bay and just to make payroll. It was survival mode all the time," Falwell Jr. says. "We have reached a point where Liberty is on solid ground."

CLOUD-BASED FUTURE?

Some higher-education analysts believe the go-go days for online and for-profit

higher education are over. One of the biggest players, Corinthian Colleges International Inc., plans to close, selling 85 of its school locations and closing 12 others.

But Clifford and Grand Canyon's Mueller remain bullish about the future, and at least one education expert understands why. Kevin Kinser, who teaches education at the State University of New York at Albany, studies for-profit colleges. He admits that for-profit colleges are struggling for a sustainable business model. "That is what makes Grand Canyon so intriguing. They seem to have found a business model that works."

Yet higher-education traditionalists argue that colleges should not be on the stock market because they cannot serve two masters—investors and students. Furthermore, Christian leaders reason that the ideal Christian college should focus solely on rigorous degree programs with a residential campus life that integrates faith and learning.

Clifford says he has a bigger idea. He thinks Christian colleges should use Internet cloud technology to put an entire university into an online network and offer degrees "anywhere, anytime, anyhow."

"The only thing that is going to save Christian colleges is a robust online operation," Clifford says. Similarly, Harvard Business School professor Clayton Christensen, who coined the term "disruptive innovation," has predicted that many American universities could go bankrupt by 2030 due to their inability to adapt to new online education technology.

Others are less pessimistic about traditional higher education. In 2013, an Institute for Public Policy Research report pointed to "distinctiveness" as a durable competitive advantage. "Salvation comes not so much from their position in the national rankings as from their position in the chosen peer group," the report said.

That is a notion that leaders at both Liberty and Grand Canyon would applaud. Mueller thinks that enrollments at Christian colleges would double if they were more affordable. "There is just no end to the appetite in this country for private, Christian education that is affordable," Mueller said. "People want their children in this kind of environment." **CT**

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