Purdue's acquisition of Kaplan billed as way to serve working adults
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The Purdue board of trustees unanimously approved a plan Thursday that allows Purdue University to acquire for-profit Kaplan University — a move billed as a way to more aggressively cater to working adults through online learning.

Purdue President Mitch Daniels said the acquisition fits with the land-grant university’s mission to expand higher education beyond “the wealthy and the elites of society.” It evolved out of conversations he had last fall with Don Graham, the former owner of the Washington Post whose Graham Holdings owns Kaplan, he said.

"We cannot honor our land-grant mission in the 21st century without reaching out to the 36 million working adults — 750,000 of them in our state, who started but did not complete a college degree — and to the 56 million Americans with no college credit at all," said Daniels, the former governor of Indiana who has pushed college affordability as a priority.

For now, the newly formed enterprise will be dubbed “New U.” It will start with the same academic offerings and tuition costs as Kaplan, although a new board will likely make changes. Indiana students are expected to get a discount to attend.

In recent years, the for-profit college industry has been besieged by criticism related to high student loan debt loads and low graduation rates, but Daniels told reporters after the trustees approved the deal that it was a “moot” point whether Purdue wants to be affiliated with the sector since the new university will be a public one.

The right question shouldn’t be about how higher education is delivered, but whether it has positive outcomes, and Kaplan has been producing them “with integrity,” Daniels said.

It becomes "an academic matter because New U will be a public entity in this state and will operate as such going forward," Daniels said.
Graham, sitting at a table with Daniels during a press briefing, acknowledged the industry has taken hits. But he said government data shows its students make higher earnings two and five years after leaving — figures shown in a slide to trustees before the vote.

“We’ve tried to respond by proving what we’ve always believed, which is that we were doing a good job for our particular students,” Graham said.

Graham said that when he learned Purdue might be interested in the deal, “no other possibility was nearly as appealing for Kaplan” and he’s “absolutely confident in” the new enterprise’s future.

Under the terms, Purdue ponies up only a symbolic $1, so no state appropriation is needed. It also enters into a “long-term transition and support agreement, with a buy-out option after year six,” according to Purdue. Kaplan will be paid a fee that’s a percentage of revenue.

The deal is expected to take six to seven months to close. Daniels said he was confident it will be approved by state and federal authorities.

The transfer is not expected to disrupt things for Kaplan’s existing 32,000 students and 3,000 employees. The deal includes Kaplan’s 15 campuses and online programs.

“This is proudly going to be part of Purdue University,” Daniels said.