AN *INSIDE HIGHER ED* SPECIAL REPORT

Taking Colleges Online

How Smart Institutions and Their Leaders Can Approach Online Education Now and in a Postcoronavirus World

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AN *INSIDE HIGHER ED* SPECIAL REPORT

BY LINDSAY McKENZIE AND DOUG LEDERMAN
WITH CONTRIBUTIONS BY LILAH BURKE

Introduction:
An Unprecedented Transition to Remote Learning

By Lindsay McKenzie

In March 2020, the World Health Organization declared the coronavirus outbreak was a pandemic. As national and local leaders grappled with how to limit the spread of the disease, college leaders were forced to make difficult decisions with limited guidance. Fearing college campuses could become contamination hot spots, many institutions sent students home, pledging to finish the academic year online.

This rapid transition from face-to-face instruction to remote learning was unprecedented, but some institutions were more prepared than others. Some colleges had offered online classes for decades. They had teams of instructional designers and catalogs of fully online courses already up and running. They had the necessary technology to successfully deploy online courses quickly and the resources to ensure faculty members were trained and supported.

Others were not so lucky.

For institutions with little online experience, the coronavirus served as a stunning wake-up call. Colleges that had long resisted moving online, perhaps harboring concerns about quality and efficacy, or lacking the required capital and drive to do so, suddenly found themselves abandoning traditional classroom instruction out of necessity.

With little oversight or time to prepare, many instructors turned to videoconferencing platforms to continue delivering their classes remotely. Some of these tools are free or low cost, making them attractive short-term solutions for teaching large groups online. But they were not designed for this purpose, and many media reports questioned their safety and security. Zoom, one of the most popular videoconferencing platforms, came under particularly intense scrutiny.

There was no easy answer to the question of how to move hands-on classes such as science labs online at short notice. For those instructors that did figure it out, access to remote learning was still limited to those students with working laptops and stable internet connections. Advocacy groups for students with disabilities and low-income students warned that many may not receive adequate accommodations in the rush to deliver remote classes. In early April, some student groups started to push for partial tuition refunds, stating the instruction they received was subpar and not what they paid for.

Given these extraordinary events, it would be difficult now for any college leader to argue that building capacity for online education would be a poor investment. Institutions with in-house online education experts are better positioned to navigate both foreseen and unforeseen challenges ahead—particularly the need for flexible education options to meet the demands of a changing student population that includes many working adults.

It is important to note that the virtual classes thrown together hurriedly in the wake of a global pandemic are not representative of what online learning can and should be under better circumstances. It takes a significant investment of time and resources to create quality online courses and programs. Online education has its own pedagogy and can be supported by a plethora of tools and platforms. It is often data driven, and it is arguably more effective at tracking student progress than is traditional instruction.

Professors broadcasting lectures from their living rooms and emailing assessments was a good temporary fix in place of traditional instruction, but it is not likely to be a permanent solution. Many academics and industry experts have stressed that this foray into cyberinstruction should be labeled remote learning rather than online learning. They worry the coronavirus experience may poison public perception of this modality.

This special report is intended for faculty members and deans tasked with improving online instruction—either in the wake of the coronavirus or as part of a long-term strategic plan that existed before the pandemic ever disrupted education. It is also intended for college administrators and boards of trustees who must allocate resources and manage difficult trade-offs as online modalities unsettle the long-standing core of the academic enterprise: the classroom.

Many of the interviews included in this report were conducted before the COVID-19 pandemic drastically impacted U.S. higher education institutions. But they provide a useful snapshot of how institutions were preparing to grow online before the pandemic hit and, hopefully, how they will continue to expand online in the long term.

The report won't tell you how to set up a videoconference call. It won't tell you how to throw together an online course in a matter of days, as some instructors were asked to do.

Instead, it will discuss what it takes to build a sustainable and scalable presence online, whether that means select courses delivered virtually, entire programs that are permanently online or some hybrid format blending in-person and digital elements.

This report lays out the pros and cons of different approaches. It is intended to help leaders at all levels of higher education identify the solutions that may work best for their particular institution's budget, mission and enrollment goals. ■

Creating New and Enduring Education Pathways

COVID-19 changed the higher education landscape abruptly and profoundly.

When universities and schools worldwide shut their doors in March 2020, education suddenly became a virtual experience. Colleges mobilized to bridge the gaps caused by campus closures and quickly provided the support that students needed to continue advancing their academic goals. The response from universities and education partners has been humbling and inspiring. And Wiley Education Services has been right there with them, navigating this unprecedented time together. Along the way, we helped accelerate the transition to virtual instruction by offering tools, courseware, webinars, and one-to-one faculty support at no cost.

The unexpected shift to virtual learning was critical to helping students continue their education in the short term. But a more sustainable and meaningful solution is necessary. After all, successful online courses are not developed overnight. They are carefully crafted over several months by faculty and course designers who follow best practices for organizing courses, presenting content, empowering faculty, and leveraging technology to foster active engagement. Although this process is rigorous, it lays the foundation for quality student experiences and successful outcomes.

In addition to expediting the development of quality online programs, universities must become more adaptable due to impacts from COVID-19. As we look to the semester ahead, some institutions may not reopen their campuses. Others may introduce hybrid programs in anticipation of disruptions to in-person classes. This means providing programs that blend the best of online and campus-based learning. It's a tremendous undertaking, and Wiley is here to help bring these forward-facing programs to life.

As the Taking Colleges Online report shows, universities have opportunities to navigate impacts caused by COVID-19 and potential disruptions in the future. Through continuous innovation, we can deliver quality educational experiences across all formats. We can also chart a new course for the future-state of education. In this way, Wiley helps universities do more than offer academic programs—we work together to create enduring pathways to new possibilities for learners.

Onward,

Todd Zipper

Todd Zipper
President
Wiley Education Services

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PART I

The State of Online Higher Education Today

New Motivation to Move Online

By Lindsay McKenzie

When reports first surfaced in mid-February of efforts to rapidly move classes online at universities in China in response to the coronavirus, few college leaders in the U.S. expected that they would soon have to do the same. Just weeks later, hundreds of U.S. institutions had shut down their campuses or suspended in-person instruction.

No institution had planned for this monumental shift. The process of moving courses online typically takes months of work. Some instructors had just days to make the switch, resulting in many late nights for faculty and staff members and administrators, as well as concerns about quality from experts in the space. But the U.S. Department of Education temporarily suspended regulatory oversight, so the focus of most institutions was simply to get students across the finish line. Few worried too much about how they got there.

The coronavirus is not the first incident to force colleges online in short order. Natural disasters such as fires, floods and hurricanes have interrupted traditional instruction in the past. But no single event has ever altered the higher education landscape quite like COVID-19. While the long-term impact is not yet clear, it seems likely institutions will suffer greatly financially and, potentially, reputationally, based on their responses to the pandemic.

Disregarding the recent rapid-response measures and looking further into the past, it is clear many institutions that introduced online courses and degree programs did so in the hope of growing enrollment. With online courses and degree programs, institutions aren't confined by the physical capacity of their campus and can potentially increase institutional enrollment by thousands of students.

A desire to combat falling or stagnant enrollment is one of the top reasons colleges have historically introduced online education, says Jennifer Mathes, chief executive officer of the Online Learning Consortium, a nonprofit organization that aims to advance quality online learning through professional development. “Some institutions have a cap on the number of students they can enroll, and sometimes they can’t physically expand on campus, so they think they have to offer online programs to reach more students,” she says.

But doing so is becoming increasingly difficult given stiff market competition.

Enrollment in U.S. higher education institutions has declined for the past eight years. With fewer students choosing to study on campus, online options are becoming increasingly important in order to maintain, or grow, student numbers.

More than a third of all college and university students took at least one online course in 2018, according to data published by the U.S. Department of Education. Though overall enrollment declined between 2017 and 2018, the number of students enrolled exclusively in distance education courses grew from 3.1 million in 2017 to 3.26 million in 2018.

During a strong economy, people are more likely to forgo attending college in order to work. Following the 2008 recession, enrollment in higher education shot up for several years before declining again. It isn’t yet clear whether the economic contraction triggered by the coronavirus will demonstrate similar countercyclical enrollment growth.

Enrollment diversification is a priority for many college presidents, says Jill Buban, vice president of digital strategy and online education at Fairfield University, a private institution in Connecticut.

The average student is getting older, and many higher education leaders are trying to appeal to the 36 million adults who started college but didn’t finish. Online education provides these learners with much-needed flexibility and, sometimes, relative affordability compared to face-to-face instruction, Buban says. With nondegree online certificates and credentials, which take much less time to earn than a traditional two- or four-year degree, colleges can quickly align themselves to local workforce needs and appeal to alumni who don’t have time to go back to school full-time.

Following a desire to move online just to grow institutional revenue streams is, however, “pretty risky,” Buban says. Online courses aren’t necessarily cheaper to run than in-person courses, and colleges often underestimate start-up costs, she says.

The online education market is much more competitive now than it was just a few years ago, making it difficult to find an unoccupied niche. “In the early days, if you built an online program, the students were going to come,” Mathes says. “Now there are so many places offering similar programs.”

Institutions moving online now aren’t innovators or early adopters, and that comes with advantages and disadvantages. Five or 10 years ago, it was much easier to break into the market, and to offer something unique. Now hordes of institutions are jumping on the bandwagon of hot programs such as cybersecurity and data science, which are already offered widely online.

Institutions just now entering the market might struggle to find traction against bigger, better-resourced or more established players.

"Unless you're ready to spend a lot of marketing dollars, it's hard to have the same recognition," Buban says.

But the playbook for launching online programs is much more established than it used to be.

"There's so much more expertise," Buban says. "There are many more options to ramp up online programs quickly while you build up capacity and expertise internally."

To successfully introduce online programs, institutions must have a clear strategy and strong leadership.

"You need to be clear about why your institution is doing this, what the vision is and how different constituents on campus are going to be involved," Buban says. "You need to think not just about getting something started but making it sustainable."

Since faculty members will be the ones teaching online, it is vital to get them on board early. Many faculty members are still skeptical about the quality of online learning versus face-to-face instruction.

"For years, online programs were really pushed to the limit in terms of proving quality," Buban says. "It was so new, and it was questioned so broadly. Now we're seeing that technology can increase the quality of instruction. It has proven itself."

Moving online is not just about growing enrollment or making money. It's about meeting the expectations of modern learners and opening educational opportunities to a wider pool of potential students.

By failing to embrace online learning in at least some small way, institutions risk falling behind their competition. They also risk missing out on innovation that could help their faculty members and students. And they risk another mad scramble or existential crisis in the event of another pandemic or other disruption of on-campus operations.

"If I were a college leader, I would make it a priority to move online," Buban says. "You need to meet students where they're going to be, and kids today are very engaged in online learning. For a university not to be putting something in that environment is dangerous."

Colleges don't have to jump into launching entire degree programs delivered over the internet in order to be considered to be operating online, Buban says. They can start small.

Find the faculty that are interested in teaching online. Encourage them. Consider creating hybrid courses or launching free massive open online courses.

"If you're looking to become a top competitor in the next three years, that might not be achievable. But you can get a couple of toes in the water now," Buban says.

Once the decision to go online is made, complexities abound. Creating quality online content isn't straightforward. Putting together a stellar curriculum is just part of the battle. Leaders must also consider hiring instructional designers, supporting faculty members as they learn how to teach online, finding the right vendors to support programs and making sure the technology works.

Colleges also need to support students studying online in new ways. Students who choose to study online may face more adversity than typical on-campus students—they may have families, tight budgets and stressful jobs. They may be returning to formal education for the first time in years.

College leaders should not forget that online students need robust support services. Robert Ubell, vice dean emeritus of online learning at New York University's Tandon School of Engineering, offered a warning on that point when writing for *Inside Higher Ed* last year.

"For those, like me, who have defended digital education for a couple of decades, enrolling thousands of online students feels like a triumph—at first. But with a closer look, it raises concerns," wrote Ubell. "Enrolling students without ensuring they can succeed is terribly unwise. To do it right, senior academic leaders must know who their virtual students are."

Some college presidents are under pressure from their boards to move online in a big way to scale their enrollment. Mary Marcy, president of Dominican University of California, said her institution is something of an exception. The way Dominican approaches going online offers an important counterpoint to the model of building whole programs online and trying to succeed by achieving massive scale.

"We don't need to be or want to be a big online institution," Marcy says. "We may be a little bit of an outlier in that regard. We have had some small and not particularly successful forays into online education. There isn't a big appetite for it, but there is curiosity and willingness."

Dominican doesn't have any fully online programs, but it does have a handful of hybrid courses, Marcy says. The university is exploring the possibility of launching an on-site and online hybrid degree in nursing or health sciences with an online program management company that can provide the needed up-front investment.

"It could be a great niche for us in the Bay Area," Marcy says. "It's something we feel good about."

Twenty years ago, Dominican had a strong adult degree-completion program.

"That market has now moved largely online, and we haven't moved with it," Marcy says. "We don't have a lot of infrastructure to support it and we have lost ground in that space."

Now, Marcy doesn't want to try and recapture that adult degree-completion market by diving deeply into online education. Too many institutions have moved into that space.

"We think about getting the right mix of students more than scale," Marcy says. "We're in a neighborhood. We can't grow the campus physically. But we want anything we do online to be very targeted to areas that already exist as strengths."

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The Online Learning Landscape in Numbers

By Doug Lederman

Online study has become a fundamental element of the higher education ecosystem, with more than a third of America's roughly 20 million college students taking at least one online course and roughly one in seven studying exclusively online. Graduate students are significantly likelier to be enrolled online than are undergraduates. Students at private nonprofit colleges are less likely to study online than are their peers at public colleges and, especially, for-profit institutions.

A steadily rising proportion of all instructors, slightly fewer than half, say they have taught an online course for credit, and about three in five of those are required by their college or university to be trained in online teaching.

A small minority of academic programs in the U.S., between 10 and 15 percent, are delivered exclusively online, and more than a quarter of those, roughly 7,000, are produced and managed with the help of an outside company. Those are some of the elements we can piece together as part of a statistical portrait about the state of online education. There is no one source for this information, as various government agencies, corporations, nonprofit groups and news providers collect data or generate surveys.

Here are some of the best data, the sources of that information and some of the key findings they contribute to our understanding of the state of digital learning in the U.S. All of the studies below were conducted before the onset of COVID-19.

Enrollment

Sources:

The U.S. Department of Education's Integrated Postsecondary Education Data System is the primary source of data about enrollment in what the government calls distance education. The data are the most complete available, but they lag by about a year behind some other sources because the federal collection process is slow. The federal data show online enrollment collectively and by institution.

The National Council for State Authorization Reciprocity Agreements, NC-SARA, has more up-to-date information by about a year on online enrollment by state, but it excludes California, whose leaders have not joined the accord. These data show where students from one state are enrolling out of state and from where a state's online students have come.

Key findings:

- Enrollment in online education programs has risen steadily as overall enrollment in U.S. postsecondary institutions has flattened.
- Enrollment at colleges that receive federal financial aid dropped by 1.1 percent in 2018, to 20 million, from `20.2 million in 2016.
- The proportion of students studying partially or fully online rose to 34.7 percent, up from 33.1 percent during that period.
- Graduate students are the most likely to take at least some of their courses online (nearly 40 percent do), followed by four-year undergraduates (34.5 percent) and two-year undergraduates (33.8 percent).
- The increase in online enrollment comes slightly more from those who are studying exclusively online than from those who are taking some but not all of their classes online.

Growth of Online Programs

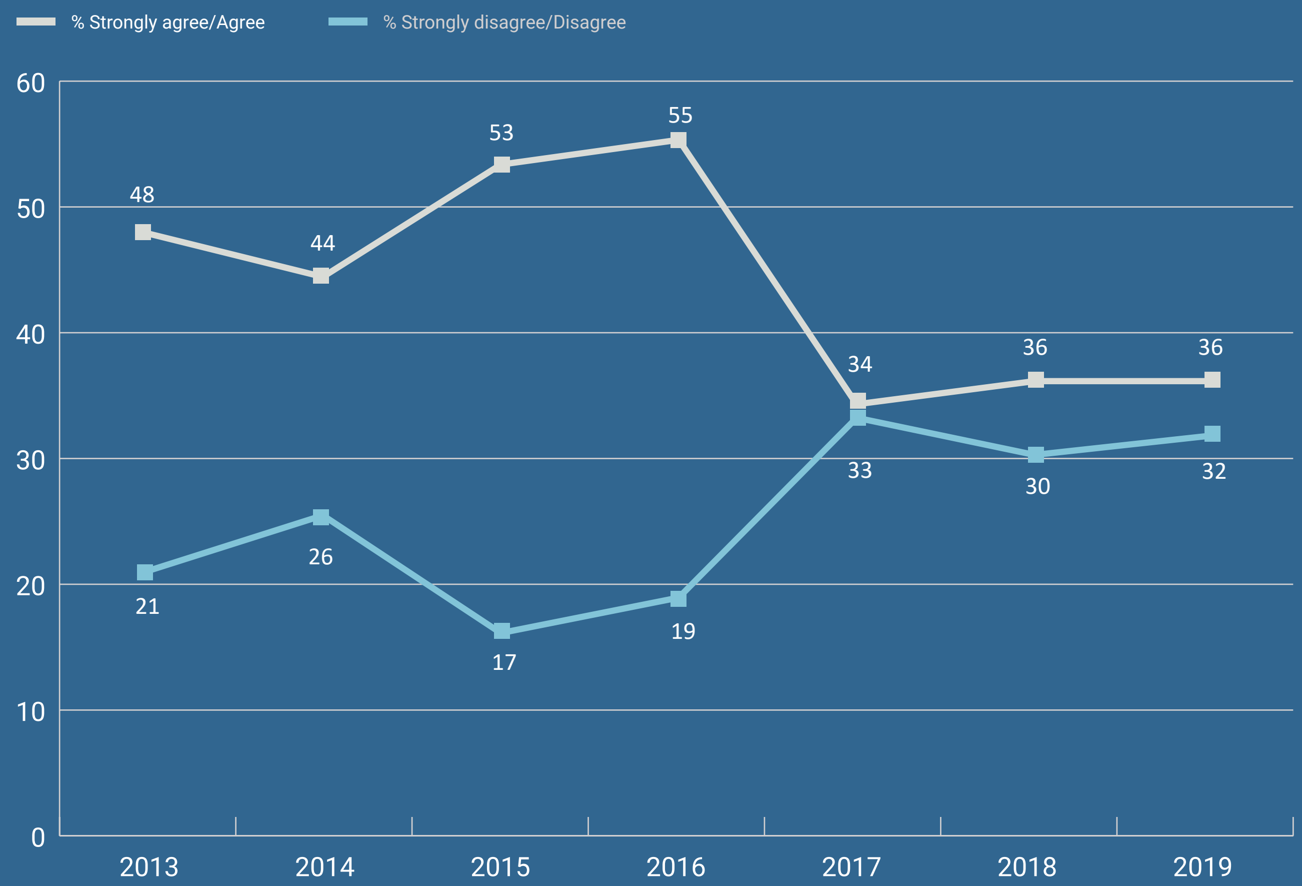
Source:

The federal IPEDS database also provides data on key institutional indicators, including the number of academic programs colleges and universities offer and the nature of them. The most recent data are from 2013-14.

Key findings:

- Colleges eligible to award federal financial aid offered 230,773 academic programs in the 2013-14 academic year. A tenth of them, 23,593, were offered entirely via distance education. Doctoral programs were least likely to be offered virtually, at 3 percent, while nearly one-quarter, 23 percent, of postbaccalaureate programs were offered at a distance.
- The proportion of all programs offered at a distance was slightly lower, 9.7 percent in 2012-13.
- Those percentages have almost certainly grown in the years since then.

Faculty Members' Opinions of Whether Online Courses Can Achieve Student Learning Outcomes at Least Equivalent to In-Person Courses at Any Institution



Source: *Inside Higher Ed* 2019 Survey of Faculty Attitudes on Technology

Faculty Behavior and Perceptions

Source:

Inside Higher Ed's 2019 Survey of Faculty Attitudes on Technology is a source of data on professors' experiences with and perceptions of online and other forms of technology-enabled learning. The survey reflects the views of 1,967 faculty members and 178 administrators responsible for online learning at their colleges. Gallup conducted the survey with *Inside Higher Ed*.

Key findings:

- The proportion of college instructors who reported having taught an online course grew to 46 percent in 2019, up from 44 percent the year before and 30 percent in 2013.
- Public college instructors are far likelier than their private college peers to have taught an online course. Midcareer

professors are more likely to teach online than are their younger or older peers. Social science and professional school faculty members are likelier to teach online than their science and humanities counterparts.

- More than three-quarters, 77 percent, of those who have taught online courses say the experience helped them develop pedagogical skills and practices that improved their teaching. Three-quarters of those instructors said they think more critically about ways to engage students with content, and at least three in five said they make better use of multimedia content (65 percent), are more likely to experiment and make changes to try to improve the learning experience (63 percent), and make better use of their institution's learning management system (61 percent).
- Slightly more faculty respondents disagree (36 percent) than agree (32 percent) that "online courses can achieve student learning outcomes at least equivalent to in-person courses at any institution." Those who have taught an online course are much likelier than their peers who have not to believe this, by a margin of 61 percent to 14 percent.

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> Nearly half of all faculty members have taught an online course for credit. But instructors are likelier to disagree than agree that "online courses can achieve student learning outcomes at least equivalent to in-person courses at any institution."

Student Behavior and Perceptions

Source:

"Online College Students" is conducted annually by Wiley Education Services and the consulting firm Aslanian Research. It surveys 1,500 current or soon-to-be students in fully online academic programs on their attitudes and behaviors on a range of topics.

Key findings from the 2020 survey:

- A majority of students, 59 percent, said they had decided what discipline to study before they decided to study online.
- About a third of students, 36 percent, chose the least expensive program they found during their selection process. But nearly two-thirds said they'd spend more for a college with a better reputation or a program aligning with their needs.
- Three-quarters of respondents, 75 percent, chose an institution within 50 miles of their home, up from 67 percent in 2019 and 44 percent in 2012. More than 70 percent said they'd visited their college within the last 12 months, to see instructors, attend face-to-face classes, and even attend sporting events.

Institutional Behavior and Perceptions of Online Learning Leaders

Source:

The "Changing Landscape of Online Education" survey, or CHLOE, is conducted by Quality Matters and Eduventures—respectively, a nonprofit group focused on ensuring quality in online education and a research and advisory group. The survey queries chief learning officers—their institutions' top official overseeing online or virtual learning—and offers data on a wide range of institutional practices.

Key findings from 2019 survey:

- More than two-thirds of chief online officers said their institutions did not require students to take training or orientation in studying online before they took a virtual course. Regional private institutions were most likely to require such training and public institutions of various kinds—flagships, regional publics and community colleges—were among the least likely to require it.
- About 60 percent of chief online officers said their college or university required faculty members to engage in some formal training before teaching online. Such training is most common at community colleges and four-year colleges with low online enrollments. It is less common at flagship universities and at enterprise institutions.
- A majority of instructors at most colleges produce their online courses either by themselves or with optional support from professional instructional designers at their institutions.
- Nearly one in four chief online officers, 24 percent, said their institution had at least one contract with a company that provides assistance on creating and managing online programs, called online program managers, or OPMs. That's up from 12 percent in 2017. Officials cited student marketing and recruitment as the most common areas for which they sought outside help, but about half of those using online program management companies said the companies were involved in online course and program development, too.

Use of Online Program Management Companies

Source:

HolonIQ is an international education intelligence company that collects, analyzes and distributes data and other information designed to help companies, educational institutions and others understand the world in which they're operating. The data, on a wide range of topics, are collected through a mix of machine learning and human and technical reviews.

Key findings:

- There were about 7,000 academic programs in the United States delivered with the help of online program management companies as of April 2020.
- Roughly half of those programs are at the master's-degree level, but about 1,500 of them are at the undergraduate level, which is the fastest-growing realm.
- About a third of those programs, roughly 2,700, are in business-related fields, with 1,000 or more in human services, education and health care.

Overcoming Declining Enrollments:

How a Unified Partnership Facilitated University Growth

Background

Located in the heart of Livingston, the University of West Alabama is a leading regional university. Wanting to expand the geographic reach of their recruiting efforts and diversify their portfolio of programs, UWA viewed online programs as critical to their future success and growth as a university. The institution felt online offerings would better serve a variety of students.

Challenge: Declining Enrollments in Online Programs

While UWA understood the tremendous growth potential of online learning, it struggled to overcome declining student enrollments in that modality. The university aimed to reverse this downward trend by diversifying its online degrees and expanding its enrollment team. However, university leaders lacked the knowledge and capital to launch these initiatives on their own. They needed an external partner with expertise in the best practices to support online programs and enrollment growth.

The Strategy: An Enterprise Approach to Enrollment and New Areas of Study

UWA sought a partner that had financial resources and personnel to expand its teams. Wiley Education Services proposed an enterprise approach to enroll more students in existing online programs and spark additional growth by launching new areas of study.

To make an immediate impact on UWA's outcomes, Wiley dedicated a team of enrollment counselors to work with prospective students on the university's behalf. The team's high-touch approach allows Wiley counselors to collaborate directly with prospective students. Wiley's online advisors assist UWA Online students throughout their degree programs and provide resources to promote their success.

Results: Sustained Growth and an Enhanced Student Experience

Together, UWA Online and Wiley have launched 19 new online programs since the partnership began. In the fall of 2019, online programs at UWA had 3,944 students actively enrolled, almost double the enrollments from when the partnership began three years earlier.

Enrollments **doubled** to

3,944

active students

Dr. Jan Miller, dean of the UWA College of Education, explained that Wiley's flexibility and wealth of experience have exceeded her expectations. "Collaboration is the driving force of our relationship," Miller said. "With Wiley as our partner, we have the capacity and insights to not only grow, but to provide a better experience to our students. We can't wait to see where the partnership leads us next."

Accreditation and Regulation

By Lindsay McKenzie

Online programs may be taught differently from in-person programs, but expectations in terms of quality and learning outcomes are the same.

Just as for programs taught face-to-face, online programs are often accredited by an outside authority. Accreditation is an important signifier of quality to prospective students, one that is often emphasized in marketing ads for online degrees. More than a symbol of quality, accreditation is a requirement for students to be eligible for Title IV federal student aid and it is often needed to secure private scholarships.

In the U.S., accreditation is managed not by the U.S. Department of Education but by quasi-independent accrediting agencies that are recognized by the federal government. These have historically been organized into two categories—regional and national accreditors. Regional accreditors typically work with traditional two-year and four-year institutions based on their physical location. National accreditors primarily work with career-oriented institutions and trade schools located anywhere in the U.S.

The U.S. Department of Education periodically reviews accreditors for their effectiveness based on federal law and regulations. The department moved to change these regulations through a negotiated rule-making process in 2019. New rules go into effect in July 2020 that will impact accreditors and higher education institutions.

One of these new rules allows regional accreditors to accredit institutions anywhere in the United States, blurring the distinction between regional and national accreditors. Previously each of the seven regional accrediting commissions was confined to a specific geographic area, but now that is not the case.

The department's goal in making this change is to open up competition, but the potential shift from regional to national accrediting agencies is likely to be "evolutionary in nature," wrote Judith Eaton, president of the Council for Higher Education Accreditation, for *Inside Higher Ed* in March 2020.

"For regionally accredited institutions, a decision to change accreditors involves a great commitment of time and resources," wrote Eaton. "Colleges and universities are likely to reflect carefully before making such a move."

For universities looking to launch new online programs, this change is likely to make little procedural difference but could point to a future where institutions are free to shop around for accreditors—possibly benefiting agencies that are quick to adapt to new models of education delivery. Over time, old impressions that regional accreditation is preferable to national accreditation may fade. Indeed, the department has already stated that it will stop distinguishing between accreditors in this way.

Further changes may be on the horizon, wrote Eaton. "Given the central role that accreditation continues to play in higher education and the country, further efforts to restructure regional and all other accreditation may be in our future."

Accrediting New Online Programs

For now, the method of securing accreditation for new online programs remains the same. Regionally and nationally accredited institutions looking to move online for the first time must inform their central accrediting agency of any major changes in how they deliver their education, says Leah Matthews, executive director of the Distance Education Accreditation Commission.

"Major changes are going to require prior approval," says Matthews. "If you're adding online learning for the first time, that's going to require approval. If you're adding a new content area, you have to get approval. You have to file a 'substantive change' in delivery application to make major modifications to how you're offering teaching and learning at your institution."

It's a good idea to think about accreditation and regulatory concerns early, says Matthews. But if institutions want to launch an online program, the first thing they should consider is whether they have the capacity to do it. "The resources needed to launch online learning are considerable. It's the learning platform, it's developing the curriculum," Matthews said. "It's ensuring faculty have the right technology expertise to be effective online. It's making sure you will be able to provide evidence of regular and substantive interaction," between instructors and students, which has traditionally separated online learning from correspondence courses.

Once institutions get the green light to start teaching online, there are few limits from accreditors on how quickly you can grow and expand, "as long as you are keeping the content consistent with what you're offering on-ground," says Matthews. "If you're at a liberal arts institution and want to launch liberal arts degrees online, that's fine. If you notice your neighboring institution has a killer nursing program and you want to add one at your institution, it's going to be outside of your accreditation scope. You have to get approval."

Institutions are reviewed by accreditors on a recurring basis. For those traditionally known as regional accreditors, the cycle of accreditation is typically 10 years. DEAC, which reviews fully online institutions, conducts reviews every five years to account for how rapidly this space changes.

"It's a different process," says Matthews. "It's much more manageable to conduct a review when you don't have huge facilities to look at."

Organizations such as the National Center for Higher Education Management Systems, NCHEMS, and the National Council of State Authorization of Reciprocity Agreements, NC-SARA, are looking at whether the guidelines for distance education quality assessment are still relevant and appropriate.

"We need to look at this issue," says Matthews. "How often do we need to do cycles of review? Should it be a one-off and then you're good to go forth and do great things for students, or do we want to have more monitoring on the quality of the curriculum and the effectiveness of these programs and OPM partnerships?"

There are also federal rules surrounding what institutions can and cannot do online. Current federal regulation allows institutions in receipt of federal financial aid to outsource up to 50 percent of instruction to third parties. Department officials have floated the idea of extending this to 100 percent but did not receive widespread support.

Exactly how the so-called 50 percent rule should be applied is "getting pretty fuzzy," as it doesn't take into account the many functions that support teaching and learning, says Matthews.

"If you're at an institution that is providing 50 percent of the instruction and designed 50 percent of the curriculum, but the OPM is providing the entirety of the platform and the equipment and the admissions and other functions, is that still less than 50 percent?" asks Matthews.

Operating Nationally Online

Online degrees enable institutions to educate students anywhere, but there are restrictions on operating across state lines. It is a federal requirement for institutions to secure authorization from every state where they enroll students who receive federal financial aid.

State authorization is a complex and hotly debated issue. The U.S. Department of Education has held no less than three negotiated rule-making sessions to reshape state authorization rules in the past decade.

The 2019 negotiated rule-making process introduced new rules on accreditation, state authorization and professional licensure disclosures, in addition to other changes. The Department of Education said the changes are intended to "provide greater autonomy and flexibility to facilitate agility and responsiveness and promote innovation."

The new state authorization rules look much like the Obama-era regulations that existed before, but with some tweaks. States can still participate in reciprocity agreements but can no longer layer additional higher education authorization requirements on top of agreed-upon standards—a move that has been criticized by consumer advocates as weakening state-level student protections.

Participating in a reciprocity agreement reduces the work of obtaining authorizations on a state-by-state basis. Currently 49 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands participate in the State Authorization Reciprocity Agreement, SARA. California is the only state that does not participate in this agreement. ■

Growing Political Scrutiny of Online Program Management Deals

By Lindsay McKenzie

In February 2020, Democratic U.S. senators Elizabeth Warren and Sherrod Brown wrote to the leaders of five major online program management companies—2U, Academic Partnerships, Bisk Education, Pearson Learning and Wiley Education Services. The senators asked for copies of the OPMs' contracts, promotional materials and details of their expenditures and revenue. The senators framed their concerns amid larger worries about increasing corporate involvement in higher education.

"As the influence of this small handful of companies on the American higher education system has exploded, there is an increasing need for transparency to ensure that students and policy-makers are able to make informed decisions," the senators wrote in their letter.

"It is also critical that policy-makers determine if OPM business practices—specifically OPM contracts that require tuition-sharing arrangements—are legal, an appropriate use of federal student aid dollars, and in the best interest of students," they wrote.

The suggestion that revenue-sharing contracts may be illegal is not new. Robert Shireman, senior fellow at the Century Foundation and a former Education Department official in the Obama administration, wrote about the "sketchy" legal basis for the OPM business model in 2019.

In an op-ed for *Inside Higher Ed*, Shireman wrote that federal guidance permitting colleges to share tuition dollars with contractors that help colleges recruit students is at odds with a ban on paying incentive compensation based on enrollment to recruiters—a ban enshrined in the Higher Education Act. Because tuition-sharing deals often involve OPMs taking over responsibility for recruitment, Shireman argues this may create an incentive structure that violates the law. Warren and Brown echoed this argument in their letter.

OPM companies, however, say they are doing nothing wrong. In 2011, guidance from the Department of Education exempted from the incentive compensation ban arrangements in which recruitment of students is bundled with other services such as program development and student support, they say. The senators said it is "not clear whether this non-regulatory guidance is consistent with the text of the Higher Education Act." So far, no action has been taken to revoke or amend the department guidance, but the disagreement does not appear to be over.

PART I

KEY TAKEAWAYS

- The COVID-19 pandemic prompted a large-scale and hurried transition to remote instruction, but this short-term solution is not a sustainable long-term online strategy.
- Online education advocates argue the remote instruction delivered during COVID-19 is not representative of quality online learning.
- It is unclear how student and faculty views on online learning will be shaped by their experience during the pandemic.
- Oversight mechanisms for remote education were relaxed during the crisis. In the long term, online courses and degree programs will require significant institutional investment in specialized staff and technology in order to meet online learning standards set by state and federal agencies, as well as institutional accreditors.
- Cultivating in-house online education expertise is seen by many college leaders as an important measure to future-proof institutions against both expected and unforeseen challenges ahead.
- Boosting institutional enrollment is one of the top reasons college leaders want to launch fully online programs. Online enrollment growth continues to grow, even as on-campus enrollments have flattened or fallen for most colleges and universities.
- Providing online education options can help expand access to education for working adults, students with disabilities and students based in remote areas. Many college leaders view growing online instruction as consistent with their institutional mission and goals.
- While some institutions have made it big online, there is no guarantee others will find similar success.
  Online education is expensive to launch, and stiff competition in the marketplace can make it difficult to reach large numbers of students without extensive marketing.

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Luis Amaro Head of University Partnerships & Military Veteran Initiatives

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PART II

Models for Institutions Going Online

Basic Questions

By Doug Lederman

As is true for just about every other major decision a college or university might make, the question of how to go online starts with a more basic one: Should it go online?

Colleges and universities have differing reasons for moving academic programs into a virtual format or starting new ones online. Some do so primarily with the hope of deriving additional revenue in the near- and mid-term. Others view it as a logical extension of their core mission.

An institution's underlying goals for going online should influence how it does so, argues Ben Kennedy, founder and CEO of Kennedy and Co., a higher education strategic consulting firm. If a college or university is contemplating an online education strategy primarily to produce near-term revenue, outsourcing the creation and initial management of the program to an outside provider may be wise, he says.

The more an institution's focus is on extending delivery of education to students who cannot or do not wish to enroll full-time and in person, the wiser it may be to build the capacity internally on top of existing structures, Kennedy says. The same is true for institutions seeking to embed the capacity for virtual delivery into long-term instructional and revenue strategies. The decision of in-house versus outsourced is not an all-or-nothing one. It's a continuum.

Strategic goals must be commonly understood by all relevant constituent groups at the institution, “from the top to the bottom of the organization, including board members, faculty, deans, students and alumni,” argues Kenneth Hartman, former dean of Drexel University Online and now a consultant.

“All must understand the risks and benefits involved in advancing an e-learning strategy,” Hartman says, as well as the “risks of not advancing one.”

Once constituents have a shared understanding of the desired strategy, the next step is a clear-eyed assessment of an institution’s existing strengths and weaknesses in the key areas necessary to create and run a high-quality online program.

“Campus officials must be honest about the institutional culture and what they don’t know, what resources they lack, and should not be too proud to talk to anyone for advice,” says Susan M. Kryczka, co-founder of Elevate Higher Ed, a consulting firm.

“Benchmark your strengths against other schools you feel are successful and against best practices,” Kryczka adds. “The small investment you make in time or money to weigh your strengths and potential gaps can help you make the right decision.” ■

Going It Alone

By Doug Lederman

By the best available estimates, roughly 20 to 30 percent of colleges offer programs with the help of a corporate partner — what are variably called online program management companies, or, as the data firm HolonIQ has dubbed a larger universe of providers, OPX providers.

That means hundreds of other colleges with online offerings are designing and managing their programs without the help of outside providers. Many more that may be considering going online are deciding whether to get outside help or to go it alone.

This section explores how and why some institutional leaders have decided to go it alone. It also details the pros and cons of doing so.

Build, Buy or the Vast Middle Ground?

Crafting a shared strategic vision and conducting an honest assessment of strengths and weaknesses prepares institutions for the next step: deciding whether to build, buy or do some combination. For most institutions, build or buy is reductive — the choices are much more complicated.

The reasons colleges and universities might choose to launch and manage online programs on their own or largely on their own fall into two major categories. One can be characterized as negative and includes motivations like avoiding working with OPMs. The other is positive, focusing on ideas such as institutions being better off developing important capacities internally.

The “not OPM” arguments tend to focus on pricing and control. Online program management companies often finance the up-front costs of building out programs for colleges — costs that can run into the hundreds of thousands of dollars — in exchange for a share of the programs’ revenue for the term of the contracts. Contracts can last a decade or more.

Those arrangements have come under intense criticism, with scrutiny ramping up from policy makers and politicians.

Cost is a recurring concern. Larenda Mielke, who built online academic programs at Washington University in St. Louis before Southern Methodist University hired her in 2017 to expand its footprint in continuing and professional education, concluded that SMU should build and manage all new online academic programs. Two of SMU's schools had earlier used online program management companies to build online academic programs. Mielke saw how much tuition revenue was flowing to the outside firms.

"I look at that and I think, 'That money comes from tuition,'" says Mielke, who is now vice president in the higher education division at the consulting firm Kaufman Hall.

But the equation is not simple by any means. It's easy to see the cut of revenue OPMs will take. It's harder to project how much revenue will be collected by any program, whether built in house or with an outside provider.

Mielke left SMU in late 2019 after two-plus years. When asked in the spring of 2020 if the university still planned to forgo outside providers, its interim provost and vice president for academic affairs, Peter Moore, said the university had reconsidered.

"We have learned that bringing the entire operation in-house, as previously was discussed, would not provide the level of net revenue we anticipated," Moore said via email. So while SMU will move ahead to create an internal unit to develop virtual offerings, he said, it "will continue to partner with an OPM for some aspects of delivering online education as we move forward."

Others blanch at the idea of giving outside entities significant control over such a core activity as delivering education. While corporate players have long performed a key role in helping colleges and universities deliver important functions such as food services and bookstore operations, "the functions of OPMs are closely linked to the core educational mission," the Century Foundation wrote in a report that criticized the outsourcing of online academic programs.

Schreiner University, a private nonprofit institution in Texas, drew a similar conclusion when it opted to use an outside provider to design a new nursing program for a fee but to otherwise forgo use of a corporate manager.

"The more I talked to these companies, the more it felt like it wouldn't be a Schreiner program," says Charlie McCormick, the university's president and former provost. "Schreiner would really be putting its name on something that somebody else had created and would be managing. That didn't feel authentic."

Others frame more positively the desire not to cede control over an institution's academic programs to an outside provider.

Edward J. Maloney, executive director of the Center for New Designs in Learning and Scholarship and a professor of the practice of narrative literature and theory at Georgetown University, has engaged in a running dialogue with Joshua Kim, director of online programs and strategy at Dartmouth College, in the "Learning Innovation" blog they write for *Inside Higher Ed*. Kim is more supportive of colleges' use of online program management firms than is Maloney, who generally believes that institutions should themselves handle as much online program creation and management as possible.

Maloney's stance is "primarily rooted in his belief that universities should develop internal capacities to support their core educational missions," the pair wrote in April 2019. "These capacities include instructional design, project management, media production, data and analytics, platform management, and learner support."

That view is much more common among officials at institutions that approach online learning as a natural and fundamental extension of their core educational mission, rather than as a way to bolster their finances with the addition of a few programs here and there. Evangeline Tsibris Cummings, assistant provost and director of UF Online at the University of Florida, has led UF Online's shift from having one of the biggest and broadest relationships with an outside partner, through Pearson Education, into a fully internal, integrated unit serving 4,000 fully online undergraduate students.

"If our mission as a public land-grant institution is to serve the needs of the state of Florida and the broader mission of higher education, we simply must rethink how we do that. We must have a diverse set of pathways," Cummings says. "Our students of the future are different from our traditional campus students. They are a much more diverse, mobile, dynamic student population that we have to pivot to serve."

While the partnership with Pearson may have helped Florida get started when the state Legislature in April 2013 compelled the university to get an online strategy up and running in a matter of months, long-term strategy demands an internal arm to drive online expansion, Cummings says.

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"Universities should develop internal capacities to support their core educational missions. These capacities include instructional design, project management, media production, data and analytics, platform management, and learner support."

Edward J. Maloney
Executive director, Center for New Designs in Learning and Scholarship
Georgetown University

UF Online Detailed Financial Breakdown

Fiscal Year Ending June 30		2016	2017	2018	2019
TUITION					
	In-state tuition		$5,064,895	$6,671,910	$7,125,334
	Out-of-state tuition		$1,277,584	$1,393,828	$2,778,359
Total Tuition Revenue			$6,342,479	$8,065,738	$9,903,693
State Appropriations			$5,000,000	$5,043,708	$5,141,568
Total Revenue		$10,409,570	$11,342,479	$13,109,446	$15,045,261
EXPENSES					
	Production		$1,329,852	$840,095	$988,747
	Delivery		$4,302,309	$5,228,080	$6,211,939
	Enrollment management		$772,736	$882,439	$893,416
	Direct administration		$484,782	$207,376	$312,362
	Third-party vendors		$1,223,079	$182,747	$29,758
	University overhead		$374,806	$1,236,770	$1,550,914
	Operations			$109,829	$304,769
	Student services		$356,311	$282,075	$137,625
	Marketing		$2,840,977	$2,314,227	$2,360,957
	Proctoring		$194,010	$146,265	$239,341
	Advising		$555,766	$744,712	$1,034,856
	Operating expenses		$32,563	$43,252	$18,503
Total expenses		$11,188,592	$12,467,190	$12,217,866	$14,083,188
Carry forward balance		$4,312,639	$3,533,617	$2,512,418	$4,081,258
Remaining balance		$3,533,617	$2,408,906	$3,403,998	$5,043,330
FEE REVENUES COLLECTED BY THE UNIVERSITY					
Required fees for all UF Online students	Capital improvement fee		$361,870	$402,493	$518,986
	Financial aid fee		$386,451	$459,548	$577,927
	Technology fee		$280,766	$337,451	$372,343
Optional fee package	Activities and services fee		$158,182	$252,907	$345,224
	Transportation fee		$78,017	$136,757	$174,304
	Athletic fee		$15,811	$25,258	$34,533
	Health fee		$131,361	$209,884	$287,064
Total fee revenues		$777,258	$1,412,458	$1,824,299	$2,310,378

Source: UF Online 2018-19 Annual Report

"Ideally you should make sure it's fully integrated into your departments and across your institution, and creating a stand-alone school is putting off the inevitable," she adds.

The change seems to have paid off with reduced spending on vendors, as well. UF Online's latest annual report shows that it has reduced its outside payments to third-party venders from nearly $3 million in 2015-16 to under $30,000 in 2018-19.

The University of Arizona is another institution that went all in on in-house after using external providers to launch an initial handful of programs. When university officials set out to expand the number of undergraduate online programs in 2014, they chose to build internal capacity for tasks for which colleges often depend on outside providers, such as faculty development, online admissions and marketing and recruitment.

The new UA Online unit took on another role for which online program management companies are often responsible: funder of start-up costs.

“We made all the investments up front knowing programs wouldn’t break even within three years,” says Vincent Del Casino Jr., then-vice president for academic initiatives and student success at Arizona. “We guaranteed to make everyone whole through that period of time.”

The colleges never paid back to the unit any portion of those first three years of revenue. Now, though, individual schools pay 35 percent of annual revenue from online undergraduate programs back into the online unit’s funds.

“That’s what OPMs do — they come in and say, ‘Don’t worry, you don’t have to take on the initial risk or investment,’” says Del Casino, who is now provost at San José State University, where he hopes to build the same in-house capacity. “We took on the same philosophy centrally.”

Cummings and Del Casino cite a series of benefits their institutions derive from managing their online programs mostly if not entirely in-house.

“Building internal capacity … means developing a student experience that reflects our institutional values and represents what it means to be an Arizona or Florida student,” they wrote in a recent *Inside Higher Ed* op-ed. “When someone asks for more information from our enrollment counselors, they are talking to an Arizona or Florida employee, someone who has not only been trained in our systems but also has been steeped in our campus philosophy and student-centered approach.

“The handoff from enrollment counselor to academic adviser is also seamless because everyone is part of one team, an employee of our institutions,” they continued. “No part of our experiences is translated through another organization or private company. This, we believe, creates an authentic connection to our campuses. And the numbers bear this out, as both campuses have been highly successful in retaining and graduating their online learners.”

Not everything went smoothly, they acknowledge. Arizona sought at first to rely on existing campus infrastructures for marketing and recruitment — and enrollment lagged badly in the first year, at 150 instead of the planned 400 students.

“We tried to do everything in all the traditional places,” Del Casino says. “We needed to pull that out and really invest in it.”

If he had to do it over again he would have hired directors for those services from the start.

Del Casino was poised to have a chance to do it all over again at his current institution, San José State. In the midst of the coronavirus pandemic — as he and his peers elsewhere contemplated how to prepare their institutions for the possibility of a longer, more professional shift to virtual learning than they undertook for spring 2020 — he understood the possible appeal of using an outside firm to carry that load.

"If the right company came to me and said, 'For this price, we'll train this faculty in online instruction,' and I didn't have the experience of having done it at Arizona, I could see that," he says.

"But thinking about the long term as well as the short term, I'd be inclined to make an overinvestment now, in this era of crisis," Del Casino continues. "For half a million dollars, I could give people a $1,000 stipend and train the heck out of the faculty. In 40 hours, I could have a well-trained faculty, and if I hire the right background people, make a set of course designs, we could get all our courses up and running for the fall."

Considerations and Impediments to D.I.Y.

COVID-19 doesn't change how colleges might decide how to take their academic programs online — but it almost certainly requires a speeding-up of the decision-making process, says Kennedy of Kennedy and Co.

"All the same questions still hold — with the caveat that you have to act faster," he says.

Analysts generally agree on the various elements required to deliver high-quality online education, a list that looks something like this:

- Strategy (program market research, business model, governance)
- Course design and development
- Marketing
- Enrollment services (admissions, financial aid, call center)
- Retention and student services (coaching, career services)
- Technology (learning management and customer relations management systems)

In deciding what to do themselves and what to potentially outsource to an external provider, institutional leaders should assess which parts of the online value chain they can already handle in-house and which parts they can build internally, Kennedy says.

The elements that colleges and universities most often conclude they can't or don't want to manage themselves are financing the up-front costs of building programs and managing digital recruiting and marketing for students.

Colleges are right to be concerned about the working capital needed up front.

"They're not wrong that it's expensive," says Kennedy, citing the several hundred thousand dollars that it can sometimes take to build and launch a high-quality online version of a degree program. "For many, that's reason enough to go to a revenue share and bundled agreement with an OPM."

And the risks of underinvesting at the start are real, says A. Sasha Thackaberry, vice president for digital and continuing education at Louisiana State University, which hired her from the online giant Southern New Hampshire University two years ago to build out LSU's internal online unit. "If you do it badly, it doesn't scale."

Even institutions that are trying to build internal units to deliver online education "will need to outsource some part of this process, though what outsourcing looks like will vary widely," Thackaberry says.

Digital marketing tops most institutions' lists of skills and services they believe they can't do themselves. But institutions shouldn't be so daunted by the prospect of doing digital marketing on their own, Kennedy says.

"There's less mystique to it than most of them think," he says. "This is a place where doing it yourself over a two-year window has enormous advantages."

Outsourcing digital marketing to OPMs or some other firms means "you aren't gaining data about how well your particular advertising buys play — which ones work and which ones don't," he says. "It's not as hard as you think, and you can find outsourced options that still allow some of the benefits of doing it yourself."

One other factor tends to deter colleges and universities from making the leap into do-it-yourself management of online programs: lack of confidence.

"Worries about working capital and marketing are multiplied by the anxiety of doing this well," Kennedy says. "There is significant execution risk."

If colleges approach this from a risk-averse standpoint and are in a hurry to get up and running, the online program management route may make sense.

But ultimately, colleges and universities are better off managing online programs themselves — if they can do it well, Kennedy says.

"The greatest returns come when you do it yourself," he says. Using an online program management company is the faster route to getting online in a meaningful way, but it doesn't add enough speed to be worth it over the long haul.

Internal Structures: Integrated Online Operations or Freestanding Units?

The decision to manage online programs largely or entirely in-house leads to many other decisions. Foremost among them is about the structure of operations.

Some of the colleges, universities and university systems trying to go online in a significant way in recent years have sought to create freestanding units or schools to manage online learning for their entire organizations.

The University of Massachusetts system, for instance, announced in February 2019 that it would create a new, freestanding institution to serve adult students online. This freestanding institution came in addition to the existing internal UMass Online unit that helps the system's campuses go online. Another example, perhaps the most extreme in recent years, was Purdue University's decision to purchase the formerly for-profit Kaplan University and use it as a platform to accelerate its online footprint in one fell swoop.

Many of the institutions thriving online have created freestanding self-contained units, argue those advocating for such an approach. The structure provides more ability to operate and innovate. It frees online leaders from normal governance and administrative restrictions.

"Take a look at who has been able to successfully scale online," says Paul LeBlanc, president of Southern New Hampshire University, where the online operation was purposefully fenced off from the rest of a then-struggling university.

In addition to Southern New Hampshire, LeBlanc cites University of Maryland Global Campus and Western Governors University, both of which were created from scratch.

“There is no example where the integrated model has worked for getting any kind of scale,” LeBlanc says. “If you have to integrate, you will consume and kill the new thing.”

Scale isn’t everything, though, and for institutions with more down-to-earth ambitions for their online programs, integration with core administrative units like the registrar and financial aid office are key.

“Serving new groups of students in new ways requires you to transform your service models, change things to give your students and your faculty what they need to be successful,” says Cummings of UF Online, who acknowledges that such work is hard. “Ideally you should make sure it’s fully integrated into your departments and across your institution, and creating a stand-alone school is putting off the inevitable.”

UF Online is one of a handful of examples of institutions that started out using outside providers and then brought online program management in-house, breaking up with its OPM.

Another example is Saint Leo University, in Florida, which was an early entrant into online education among private nonprofit universities in the 1990s, when it contracted with Bisk Education. A decade ago, it took online operations back into its own hands, and its officials haven’t looked back.

“Reasserting control at the local level has allowed us to ensure our values-driven brand remains inherent in our curriculum and in our teaching,” says Melanie Storms, senior vice president for worldwide operations at Saint Leo. “It has also allowed us to be more nimble in responding to both internal and external changes. We no longer have to rely on a third party to communicate and implement our desired approach to recruiting. We can rest more easily knowing that we control the messaging to our prospective students. Our faculty are secure in knowing that the courses that are taught reflect their intended learning outcomes, the institution’s values and the approved curriculum. Ultimately, we remain in full control of ensuring the level of quality we expect.”

More recently, Saint Leo has become one of a number of universities that have in turn become the rough equivalent of online program managers themselves, offering services such as marketing expertise to help other colleges get online and build their own internal capacity to do so. Franklin University, in Ohio, is another.

Institutional Considerations for Going Online

Strategy

- Market research
- Revenue sharing
- Governance
- Business model and financial sustainability
- Planning and scheduling
- New program development
- Reporting and data on marketing, enrollment and tuition revenues

Course design and development

Marketing

- Websites
- Traditional
- Digital
- Local
- National
- International, as applicable

Enrollment services

- Admissions
- Registrar
- Bursar
- Financial aid
- Call center

Student services

- Career
- Veterans

Retention

- Coaching
- Re-enrollment activities

Help desk

Data and technology (across multiple categories)

- Learning management system
- Customer relationship management system and student information system integration

Source: Kennedy and Co.

Outsourcing

By Lindsay McKenzie

For institutions that do not have the capacity, capital or confidence to launch online programs in-house, a host of third-party vendors are willing to lend a hand — for a fee.

These vendors, OPMs, can range from white-glove services that handle almost every component of educating students online to à la carte OPMs that bolster institutions with specific services such as marketing or instructional design.

Typically OPMs fall into one of two categories: revenue-share or "traditional" OPMs that offer bundled services and up-front investment in exchange for a significant share of tuition revenue and multi-year contracts; or fee-for-service OPMs that offer unbundled services for cash and commitments of fewer years.

Advocates for the revenue-share model say it de-risks entry into online learning for institutions by minimizing their up-front investment and providing significant expertise and labor. The fee-for-service model offers institutions flexibility to pursue shorter-term arrangements and retain course autonomy in exchange for investing more of their own money up front.

Fee-for-service and revenue-share models are

often positioned as competing approaches, but over time the line between the two has blurred. As market demands change and companies in the sector consolidate, many revenue-share OPMs have begun offering more fee-for-service options, and some fee-for-service OPMs have begun offering revenue shares as part of hybrid deals.

This trend toward increased flexibility of payment options and service selection looks likely to continue as OPM companies try to appeal to the needs of as many customers as possible. Wiley Education Services, for example, now offers revenue-share, fee-for-service and hybrid deals when previously it only offered revenue-share options.

Increased flexibility is a good thing for customers but could lead to greater homogeneity in a market that some higher education business analysts believe would benefit from greater differentiation.

Too many companies focused on the same area, said Ryan Craig, co-founder and managing director of higher education investment firm University Ventures, in a 2018 *Inside Higher Ed* article discussing potential consolidation of the OPM market. That area, graduate degrees at four-year institutions, is a focus that continues for many OPM companies today.

The Fee-for-Service Option

As online learning has become mainstream, more and more institutions have built in-house capacity to launch online programs. Many institutions, however, still need assistance in areas such as online marketing, enrollment management and instructional design.

Unlike a revenue-share OPM, fee-for-service providers offer specific services for a fee. Institutions retain more control of their programs but won't receive the same level of up-front outside investment as in a revenue-share agreement.

> “The notion that a decade from now, universities are going to be paying half or two-thirds of their revenue for some marketing and tech services is ridiculous.”
>
> John Katzman
> CEO and founder
> Noodle Partners

Several prominent fee-for-service OPM companies were founded by people who cut their teeth at traditional OPMs. John Katzman, CEO and founder of Noodle Partners, for example, co-founded 2U. Katzman is a vocal critic of the revenue-share model despite co-founding arguably the most successful company in that space.

"The notion that a decade from now, universities are going to be paying half or two-thirds of their revenue for some marketing and tech services is ridiculous," he said in a 2018 interview with *Inside Higher Ed*.

Despite growing scrutiny of revenue-share deals, demand for up-front investment to launch online programs, has "staying power," wrote Howard Lurie, principal analyst at Eduventures, in a 2018 blog post. Lurie wrote that the introduction of fee-for-service options was an "evolution, not a rejection" of the traditional OPM model.

Revenue-share OPMs themselves are changing. iDesign is an OPM that started with a focus on fee-for-service instructional design services but has since introduced a wider range of services and finance options, including the potential for revenue sharing.

"The bulk of our business continues to be in fee-for-service. But we realized we were missing out on big opportunities because most institutions aren't sitting on a lot of capital," says Paxton Riter, CEO and co-founder of iDesign.

In recent years, iDesign has also built expertise in supporting health-care-related programs — a niche in online program management. Managing these programs can be complex due to the difficulty of organizing clinical placements and meeting professional licensure standards.

College administrators are shopping around for their ideal OPM more than ever before, and that's a good thing, says Riter. It's common for potential clients to meet with five or six contenders before whittling the list down to the company that best suits their needs and goals.

In Riter's experience, smaller institutions tend to select just one OPM, rather than working with multiple providers simultaneously. "It can be a heavy lift to get deals over the finish line," he says. "Assuming you're happy with your provider, most institutions stick with who they know."

While many institutions prefer to manage one OPM relationship at a time, it is rare for OPMs to land contracts that cover entire institutions on an exclusive basis. Institutionwide deals are "few and far between" as college leaders are wary of "putting all their eggs in one basket," Riter says.

When it comes to navigating the OPM market, most college administrators are well informed but don't always appreciate that the best partner is not necessarily the one that agrees to everything they want.

"You want a partner that is going to be candid," says Riter. "You might hear things you don't want to hear — that the program you want to launch won't have enough demand. Or the pricing you have in mind is too high. We are really clear about telling universities that they should be offering online programs at a significant discount off their on-campus programs. We've lost some business that way. But we've also had universities come back and tell us we were right."

Riter suggests institutions price master's programs under $25,000 for an entire degree. For a bachelor's completion program, he suggests under $10,000. These prices may not line up with what other segments of the higher ed market are telling colleges, Riter says. But that's the price point at which most online programs find success.

"It's not this field-of-dreams scenario when you build online," Riter says. "You can't create a program and expect students to come. You've got to be strategic and understand that a lot of these relationships will take at least three years to mature."

Some universities may feel insecure about having few established online options and expect an OPM to produce immediate results. That's not healthy, Riter says.

"It's a gradual process," he says. "If you go too fast, you can get yourself in a sticky situation."

The Revenue-Share Option

College leaders who are considering partnering with an OPM often share the same concerns: a desire to preserve their core academic values and protect their institutional brand, according to Chip Paucek, co-founder and CEO of 2U, a publicly traded OPM that focuses on revenue-share deals with selective institutions.

Under a revenue-share deal, the incentives for the OPM and the university are aligned, says Paucek. To recoup their large up-front investment from the agreed-upon share of tuition revenue over multiyear agreements, OPM companies have to ensure online programs are of high enough quality to attract and retain students in the long term.

How much 2U invests up front in new online programs on average is unclear. Some reports have suggested as much as $10 million per program. Paucek says 2U invests more than most of its competitors but noted the company has "always had much longer contracts" than other companies. The company has aligned itself with mostly well-financed, nationally ranked universities.

In investor calls before the coronavirus outbreak, Paucek said 2U was slowing down the pace at which it launched new programs. The company was increasingly helping institutions refresh and expand enrollment in existing programs, he explained.

Paucek's company also owns a minority stake in Keypath Education, an OPM that has historically worked on programs with smaller enrollments at more diverse institutions than 2U. Additionally, 2U has invested heavily in the broader online education market, offering coding boot camps and other nondegree credentials through recently acquired businesses such as Trilogy Education Services and GetSmarter.

Some college leaders, perhaps optimistically, contract with an OPM thinking that the partnership will give them time to build up in-house capacity and expertise. Paucek says there is no doubt that colleges will be investing more and building their own "internal OPMs" in coming years, perhaps partially in response to the COVID-19 pandemic, which caused many institutions to scramble online. But Paucek doesn't believe these internal efforts are replacing the role that 2U plays.

"There's no question we're going to see more universities invest in-house, but I don't believe at all that that means that we're not part of the future," says Paucek.

Picking the Right Partner

Dozens of OPMs serve the U.S. market, all offering different service packages and payment options. Some specialize in launching and running particular programs, such as nursing or other programs requiring clinical placements. Some OPMs focus on serving particular types of institutions, such as small private nonprofits.

From the outside, it can be difficult to distinguish between these companies and understand the niches they occupy. Consultants such as James Sparkman at Alpha Education help institutions determine which company would be a good fit for their goals, culture and, importantly, budget.

"Despite the introduction of new models, the OPM market hasn't changed much since its inception," says Sparkman. "There are still lots of universities that are resource-constrained and do not have expertise in growing and developing online programs. The various narratives around which models are best don't change that."

By orchestrating a competitive RFP process, Sparkman and colleagues help institutions negotiate the best possible terms for whichever partner and approach they decide to take.

Without a competitive process, institutions lack essential information and leverage to negotiate the best possible terms, says Sparkman. "We help institutions figure out what they want, connect them with partners that are most likely to be a match, and reach agreements that protect their interests."

Sparkman is often surprised to hear how quickly some institutions enter into contracts without seeking quotes from multiple competitors. He's also surprised at how many sign on the dotted line without doing due diligence, creating detailed financial projections or thoroughly vetting all of the key terms of the agreement."

The kind of business relationship a college should consider is often dictated by the resources it is willing to bring to the equation, says Sparkman.

"If you're capital constrained or risk-averse, that lends itself to a revenue-share partnership," he says. "If you have capital and some internal expertise, then fee-for-service may be an option to consider."

Revenue share deals have sometimes received a bad rap, says Sparkman.

"It is true that there are contracts signed in the past where the revenue share is too high, the term is too long and the partner had too much control," he says. "But at least there's an alignment of interests. The partner puts up the risk capital and only sees a return if the school succeeds."

Many institutions have invested millions of their own dollars in online programs and ended up with little to show for it, says Sparkman. "Using your own capital to grow online programs brings another level of risk. You must hire the right staff, select the right programs and bet that there is a market for your offerings. In thinking about partnership options or going it alone, you have to figure out what level of risk you're comfortable with."

It is important that the college owns all intellectual property associated with an online program, Sparkman says. Remember that when negotiating contracts.

"There's also some sense to owning all the licenses to the software used, so that if you need to terminate the contract for whatever reason, you can still be in control of the LMS and other data systems and technology," Sparkman says, using the abbreviation for learning management system.

Though revenue-share contracts had been trending toward slightly shorter durations as of early 2020, the contracts will always have to run for more than a few years, Sparkman says. This gives time for programs to launch and OPMs to recoup their investment.

It is possible, however, for institutions to have the option to buy out the OPM or set minimum performance expectations. This can allow colleges to walk away without penalty if the program quality or student interest is lacking.

"Online marketing and enrollment is a very metrics-driven business, and that isn't something most universities have experience with," says Sparkman. "You have to do the math, and understand the data or hire someone who does. There are people with this expertise out there, but they might not have traditional academic backgrounds. They might come from the private sector or have worked with for-profit providers. Don't let that put you off."

Faculty Opposition to Outsourcing

The American Association of University Professors started a campaign in 2018 to educate faculty members about what it sees as the potential risk of online program management being outsourced to third parties.

That campaign, the Faculty Anti-Privatization Network, does not explicitly encourage faculty members to block business relationships with OPMs. It does, however, encourage faculty to ask probing questions and ensure that quality teaching — not corporate profit — is prioritized in any potential contract.

Without careful oversight, institutional deals with for-profit companies in the online education space can diminish program quality, threaten student privacy, restrict academic freedom and damage an institution's reputation, the AAUP argues.

"As corporate-run online programs are developed at more and more colleges and universities across the country, administrators often emphasize increased access to higher education as a core value of online initiatives," the AAUP campaign website said.

“When this happens, emphasis on the quality of education sometimes gets lost,” it went on. “Now, faculty are stepping up to ask: If online education programs focus simply on increasing the number of students, without consideration for quality, are students really being well served?”

The AAUP campaign was inspired by the success of faculty members who fought back against unusually restrictive employment conditions at Purdue University Global in 2018.

After the public nonprofit Purdue University purchased private for-profit Kaplan University, Kaplan was rebranded as a public benefit corporation called Purdue University Global. The deal raised eyebrows among observers and Purdue faculty members, many of whom voiced opposition to the deal.

When it emerged that Purdue Global faculty members were being asked to sign nondisclosure agreements as a condition of employment, the backlash was swift. The contracts required faculty not to bad-mouth the institution and to waive ownership of any course materials they created, the AAUP said.

Officials at Purdue Global explained that the contract was a carry-over from Kaplan University practices, noting that such agreements are relatively common at for-profit companies. Administrators conceded, however, that the contract did not align with Purdue’s policies and culture.

In response to faculty criticism, administrators dropped the requirement to sign.

Faculty movements to oppose OPMs are not a new phenomenon. In 2013, graduate school faculty members at Rutgers University at New Brunswick blocked an OPM deal with Pearson.

“There is nothing about this online business model that saves students money,” said David M. Hughes, professor of anthropology, at the time. “This is not about Rutgers trying to increase the access and affordability of its offerings. In fact, it’s supposed to bring a great deal of revenue for both Pearson and Rutgers.” ■

Case Study: Maryville University

By Lindsay McKenzie

Maryville University, a small private nonprofit institution located near St. Louis, Mo., began rapidly expanding online in 2018.

The institution didn't have any fully online programs before then, says its president, Mark Lombardi. Maryville did, however, have a small number of what Lombardi calls pied pipers — faculty members who were already innovating online and encouraging others to do the same.

"I tell other college presidents all the time that you've got these faculty on campus, you just don't know about it yet," says Lombardi. "What we did was identify these faculty, bring them together, and empower them. That was the genesis for us exploring online education in a more coordinated, universitywide way."

Maryville contracted with an OPM, Pearson. The business relationship started with the launch of an online nursing program.

Why? Demand for nurses in the region is high, and a fully online program from Maryville aimed to expand access to working adults, particularly those in rural areas who couldn't commit to driving to campus several nights a week.

Putting a nursing degree online is complicated. Accreditors and licensing boards have strict requirements for nursing programs, and organizing clinical placements can be challenging.

"We felt if we could successfully do nursing online, we could do anything," says Lombardi.

The institution selected Pearson because it had a strong student recruitment strategy and a long history of supporting academic excellence, Lombardi says. The university didn't work with consultants when picking its OPM, but instead created a small team of administrators to review potential business partners.

Maryville has now launched over 35 online degrees at the undergraduate and graduate level with Pearson. More are planned, says Lombardi.

The institution has an exclusive arrangement with the company which means it cannot partner with another third-party vendor to launch new programs. The institution can, however, launch programs using internal resources.

A national marketing campaign has helped Maryville enroll over 6,000 online students — effectively doubling the institution's total enrollment in just a few years.

Lombardi is pleased with the growth but says Maryville has been careful to launch programs that are consistent with its identity.

"You can't take shortcuts online," he says.

Since first partnering with Pearson, Maryville has created positions for around 17 full-time faculty and staff to support the newly created School of Adult and Online Learning.

Moving into online instruction was an essential investment for Maryville's long-term health, says Lombardi.

"I have friends — college presidents — who call me up saying they're having a big debate on campus about whether to go online or not," Lombardi says.

He responds that if they're at this stage, they're already too late. They should be debating the best way to grow online.

"As the recent coronavirus crisis has shown, online education is here and here to stay," Lombardi says. "Debating whether or not to go online is like debating whether the sun's going to come up."

Case Study: Concordia University Portland

By Lindsay McKenzie

Concordia University Portland, a private nonprofit Christian institution in Oregon, announced in February 2020 that it would cease operations at the end of the spring semester due to dwindling student numbers.

"After much prayer and consideration of all options to continue Concordia University Portland's 115-year legacy, the board of regents concluded that the university's current and projected enrollment and finances make it impossible to continue its educational mission," said interim president Thomas Ries in a statement at the time. "We have come to the decision this is in the best interest of our students, faculty, staff and partners."

University leaders were tight-lipped about exactly what happened at Concordia Portland. There were tensions with the institution's affiliated church, among other operational issues. But several reports suggest the university's ultimate downfall was its pursuit of massive online expansion in conjunction with OPM company HotChalk.

"Concordia leaders bet the college's future on a partnership with HotChalk," *The Oregonian* reported. "Over time, the school's finances became dependent on HotChalk, and their operations became closely intertwined. The college routinely paid at least one-third of its revenue — as much as $62 million a year — to HotChalk."

In the mid-2010s, the U.S. Department of Education investigated the close relationship between the two parties. The department cited concerns that the deal violated laws prohibiting recruitment incentives and preventing institutions from outsourcing more than 50 percent of their educational programs

to an unaccredited entity. The investigation was settled out of court with no admission of wrongdoing.

Concordia's relationship with HotChalk began over a decade ago. By some accounts, the university was the OPM's only major customer. The relationship appeared to work well for Concordia for many years, but when student numbers dipped, the university's payments to the company were contracted to increase. Concordia reportedly signed a 20-year deal with HotChalk in 2018 that stipulated the university would pay an increasing share of tuition revenue whether student numbers increased or not.

"To me, it appears to be a story of hubris based on online education growth," said Phil Hill, partner at MindWires Consulting and publisher of the blog *Phil on Ed Tech*, just after the pending closure of Concordia was announced and was being widely interpreted as a cautionary tale of an OPM deal gone badly wrong.

"There is no preparation or thought of, 'What if the situation doesn't last?'" Hill said. "The whole online market is changing. It's no longer an 'If you build it, they will come' type of market for graduate programs."

In April 2020, HotChalk filed a lawsuit against Concordia's parent organization, the Lutheran Church-Missouri Synod, claiming the OPM had been defrauded. The company sought $302 million in damages.

Case Study: University of Illinois Springfield

By Lindsay McKenzie

Despite a long history of developing online courses in-house, the University of Illinois Springfield is considering whether to work with an OPM to expand its catalog of fully online degree programs.

“We have a very mature internal model,” says Vickie Cook, executive director of the Center for Online Learning, Research and Service at the University of Illinois Springfield. “But state budget constraints have hurt our ability to invest in new programs. We’re considering carefully whether we might be able to launch some additional programs with a partner.”

Illinois Springfield established an Office of Technology Enhanced Learning in 1997, which began offering dozens of “internet-enhanced courses” in the late ’90s. Today the institution offers 14 undergraduate and 12 graduate degrees online in addition to dozens of other professional certificates and non-credit-bearing programs.

“We tend to shy away from things that are hot today but might be gone in three years. Partially that is because it can take a while for decisions to move through our governance process,” says Cook. “Our model works well, but it is slow. We are not as nimble as some other institutions.”

Illinois Springfield has a very traditional approach to online education, says Cook. Each course is eight or 16 weeks long and follows the campus semester schedule. Leaders at the institution have considered introducing a self-paced model such as those offered by Coursera or edX but have not yet decided if this is the best way forward.

Cook and her colleagues have met with a number of vendors in recent months to discuss their options. Cook likes to go into these meetings prepared. She looks at the company's mission and funding to get a sense of how it operates. She asks current customers how they have found working with the company. She has an idea of the programs the institution wants to launch, how it wants to operate them, and what metrics it will use to measure success.

"We have an image of the strength of our faculty and our institution, but we are open to suggestions informed by data. That said, we have received recommendations from companies we're talking with and it was apparent they didn't understand the climate where our students are coming from. They hadn't done their homework," says Cook.

It's not always obvious from the outside what an OPM does or how it operates, says Cook. "The landscape I've found most confusing is fee-for-service," she says. "It's unclear, really until you talk with vendors, who does what. You need a spreadsheet just to make sure you are comparing apples to apples."

Cook says that working with an OPM will likely help the institution be more successful and sustainable in the long run, but a revenue-share deal would not be her personal preference. "I'd find it difficult to sign a five, seven or 10-year contract with an OPM," she says. "You just don't know where the program and the institution is going to be in that time."

Breaking a revenue-share contract can be tricky, even with escape clauses, says Cook. You need to think carefully about who owns course content and the technology it is delivered on. It is also possible that the company you are working with may change ownership, or go out of business.

"If you really think that down the road you want to manage your programs by yourself, then it is far better, in my opinion, to start with a fee-for-service model," says Cook. "But if you need the up-front investment and aren't interested in building out your own team, then a traditional OPM makes sense."

While working with a revenue-share OPM may limit the necessity of building in-house expertise, Cook thinks it is still a good idea for institutions to invest in instructional designers. "There's a lot of crossover between online programs and on-campus instruction. Good instructional pedagogy is always a good investment," she says.

Investment in additional student support services is also an important factor to consider when planning online expansion, says Cook. "Your staff isn't going to be able to somehow magically take care of all these extra online students. You need an office that will act as a concierge for online services — connecting them to financial aid, technology support, counseling, health services, tutoring, the office of disability services, etc."

Drawing up an institutional strategy for online learning can be a helpful tool, but it shouldn't be a stand-alone document, Cook says. It should be part of a broader plan for the future of the whole institution.

"A strategy is an excellent idea unless it's going to be printed out and set on a shelf," says Cook. "A strategy is only as good as the operational plan to implement it." ■

Consortia and Course Sharing

By Lindsay McKenzie

Online education is a highly competitive landscape. Many institutions offer similar degree programs at similar price points to a limited pool of potential applicants. But not every institution chooses to compete with other institutions online. There is an alternative approach — one where colleges work together to offer online education through course sharing.

Many consortia offering online learning support are regional, such as the Five College Consortium in northwest Massachusetts, the Consortium of Universities of the Washington Metropolitan Area, and Edukan, a collaboration between four community colleges in Kansas. Some consortia are alliances of similar institutions such as the Council of Independent Colleges' Online Course Sharing Consortium, which covers many small private colleges. Others focus on specific areas of study, such as the Great Plains IDEA consortium, which offers degrees in human science and agriculture from 20 public universities. Many state university systems also have consortia that cover online education, such as Open SUNY from the State University of New York system.

The CIC launched the Online Course Sharing Consortium in 2018 to help hundreds of member institutions expand online. Efforts within private college and university associations in Texas and North Carolina inspired the consortium, Richard Ekman, CIC president, told *Inside Higher Ed* in 2018.

A key goal of the CIC Online Course Sharing Consortium is to prevent a college's students from transferring to other institutions to complete their degrees. Many small private colleges are unable to offer every course each semester, so students who needed certain courses to graduate on time were transferring to local community colleges or taking online classes at another four-year institution, said Ekman.

"We thought, 'This is crazy,'" said Ekman. "We should keep this in the family of institutions that have the same educational philosophy that all of us at CIC do."

The CIC Online Course Sharing Consortium works with Acadeum, a company formerly known as College Consortium that offers institutions an online course-sharing platform and services such as assistance with academic credit transfer and disbursement of revenue.

Through Acadeum, students can enroll in courses from other participating institutions. The company organizes course-sharing agreements between institutions and reduces the administrative burden usually associated with such arrangements. There are currently more than 200 public and private institutions sharing courses through Acadeum across more than 130 consortial agreements, most of which are between two institutions rather than a large multi-institutional network.

Course-sharing consortia have differing arrangements for handling the process of students studying online at other institutions. With Acadeum, a student enrolls in a course from a “teaching institution” without having to deal with transcripts or figuring out which institution to pay. Grades for courses are automatically passed from the teaching institution to the home institution and placed directly on a student’s transcript. Acadeum also transfers the relevant portion of the student’s tuition from the home institution to the teaching institution.

Colleges and universities working with Acadeum choose which courses they want to offer on the platform each semester, institutions from which they want to accept students, and institutions to which they want to send students. Often institutions will share courses that have empty seats. Most are online, but a small number are offered face-to-face.

“The consortial models have been around for a long time — we didn’t create it,” said Joshua Pierce, co-founder of Acadeum, in 2018. “What’s required is somebody has to sit in the middle and make sure that enrollment request gets across.”

Course sharing has many advantages. It enables institutions to offer students greater timetable flexibility — an important factor for students trying to complete their degrees quickly or students juggling multiple commitments, such as intercollegiate athletics. Course sharing also allows institutions to offer niche subjects that aren’t in high demand or would require a large investment to launch.

While hundreds of institutions actively share courses, the practice is not considered mainstream. That is because course sharing comes with significant challenges.

A 2014-2016 Teagle Foundation initiative offered grants to liberal arts colleges to encourage them to work together to offer online or hybrid courses and educational resources. It ended with mixed results, according to an Ithaka S+R report on the project published in 2018.

One of the projects funded by the Teagle grant — a group of six liberal arts colleges called the Midwest Hybrid Learning Consortium — aimed to collaboratively develop teaching and learning resources with the end goal of creating online courses that could be run by one institution and delivered to students at all colleges in the consortium. That didn’t come to pass.

“It was a bridge too far,” Barry Bandstra, professor of religion at Hope College in Michigan and principal investigator on the Midwest project, said in 2018. Some institutions in the consortium were “just fundamentally opposed to online instruction,” he said.

Students that Bandstra talked to welcomed the idea of studying online at another institution.

“It’s primarily the faculty, and probably also the academic administrators, that are holding back the innovation,” he said.

Not all the Teagle participants ran into this issue, however. The Texas Learning Consortium, which consists of five private universities in Texas, was extremely successful in developing courses that could be shared with students from other institutions.

These included courses in Portuguese, Chinese, German, French and Spanish. One institution would teach face-to-face, with students from other institutions invited to participate remotely. Appointing a single person to act as a liaison between the colleges helped the project enormously, said Rui Cao, an instructor of Chinese at Schreiner University and a principal investigator on the TLC project. The consortium also created teams to cover assessment, collaborative technology, pedagogy and curriculum development. There were, however, challenges in aligning different calendars and institutional policies, Cao said.

Though institutions often compete for students, colleges "can accomplish more by seeing each other as partners than we can accomplish by seeing each other as competitors," according to Charlie McCormick, president of Schreiner University and co-principal investigator on the TLC project.

"Using technology does not mean we abandon our commitment to relational learning and individual attention," McCormick told *Inside Higher Ed* in 2018." On the contrary, it allows us to find new ways — and sometimes deeper ways — to achieve those commitments."

The Midwest Hybrid Learning Consortium was not the first course-sharing initiative to fall apart. OPM company 2U abandoned an attempt to encourage course sharing at highly selective institutions in 2014. The company's Semester Online initiative collapsed after faculty members expressed concern about the initiative and several institutions pulled out.

At Duke University, faculty members were not happy with the idea of granting credit to students who weren't admitted to Duke. Nor were they happy with allowing Duke students to receive credit from institutions they viewed as potentially inferior.

The University of Rochester also backed out of Semester Online, but for different reasons. The institution decided to instead focus on

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>
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> Schreiner University

offering non-credit-bearing MOOCs through Coursera, which leaders said would reach a wider audience.

According to 2018 survey data from the Western Interstate Commission for Higher Education Cooperative for Educational Technologies, at least seven new multi-institutional partnerships have launched in the past decade. In the same time period, five consortia closed and nine changed missions, names or missions and names.

"Working through multi-institutional partnerships, colleges can realize economies of scale, provide services they cannot on their own, and amplify their marketing reach," the WCET report said.

The survey included perspectives from 32 representatives of consortia and university systems. Among them, 65.7 percent offered joint online courses or course catalogs and 53.2 percent offered instructional design assistance. Brokering inter-institutional partnerships to meet institutional needs was the most commonly offered service, offered by 89.7 percent of respondents. It was followed by faculty development at 84.4 percent.

WCET's survey concluded that while the landscape of consortia is in flux, overall trends are positive.

"These organizations are complex to run as they must constantly monitor and balance changes in leadership, economics, technologies, personalities, enrollments and other external pressures," the organization's report said. "Unlike institutions, they often do not have a natural constituency and are sometimes victims of political, leadership or budget considerations not of their own making.

"With noted closures of some consortia or systems in recent years, there are those who have sought to declare them dead or dying," the report concluded. "This survey shows that more have opened than have closed and several have repurposed themselves to meet changing needs."

The MOOC Route

By Lindsay McKenzie

When many academics think about online learning, they think of massive open online courses.

MOOCs, as the name suggests, are online courses designed for the masses. The first MOOCs, launched over a decade ago, were intended make higher education accessible to learners all over the world.

While critical observers felt MOOCs were doomed to fail, others believed they might completely replace traditional instruction.

MOOCs never shook up higher education as much as some people feared, but they did make an impact. They challenged many long-held notions about education — particularly that large class sizes would necessarily impact learning outcomes negatively and harm the brand reputation of selective institutions. The relationship between class size and student success is still the subject of some debate, but no institution appears to have suffered reputationally because it gave away content for free.

Nonetheless, since their inception, MOOC providers such as edX, Coursera, Udacity and others have struggled to develop a sustainable business model.

When they started, many of these providers gave away content for free. Slowly they started to introduce more and more charges for learners.

As these MOOC providers continue to evolve, they have started to partner with universities in new ways. Many moved into the online degree space, developing their own creative pathways for students to gain credit.

In a blog post in 2018, ed-tech analyst Phil Hill noted a pattern of for-profit universities and MOOC providers positioning themselves in the online program management space.

"For-profit universities are in a race to become nonprofit by separating academic programs from behind-the-scenes services, and MOOCs are focused primarily on monetization and moving beyond free and open courses," wrote Hill.

"The common thread tying these messy transitions together is the move to become new forms of online program management providers."

MOOCs as OPMs

While many MOOC providers have moved certification for their online courses behind a paywall, a lot of course content is still offered free. This free content fulfills the MOOC provider's original mission of expanding access to higher education, but it now plays another important role: lead generation.

MOOC providers such as Coursera and edX count millions of registered users. These users have already demonstrated their interest in learning a particular subject, and thus make an excellent target for universities looking to attract students to online degrees in that subject — or at least that is what the MOOC providers say.

This large pool of potential applicants is a key selling point for MOOC providers in their transition to supporting online degrees. And it is something that distinguishes them from traditional OPMs.

Marketing is a huge expense for institutions looking to launch online programs. Per student enrolled, acquisition costs can easily reach thousands of dollars. While many institutions have strong local brand recognition, they struggle to attract national and international students. MOOC providers assert they can significantly reduce student acquisition costs and pass those savings on to students, putting downward pressure on online degree pricing, particularly for historically expensive qualifications such as M.B.A.s.

"Our recruitment method is vastly different from what institutions are doing themselves or paying OPMs to do," says Jeff Maggioncalda, CEO of Coursera. "We're not doing paid marketing on Google and Facebook to try and find students. We already have access to 50 million learners around the world."

Not all these students will be interested in getting a degree, acknowledges Maggioncalda. But some of them will be.

"We have all this open content from some of the best institutions in the world, and that is what attracted millions of learners to our platform," he says.

Another thing that distinguishes MOOC providers from traditional OPMs is stackable degrees, says Maggioncalda. By breaking up online degrees into smaller sections and allowing students to combine them toward a full degree, MOOCs provide students with much more flexible options. And students face much lower risk if they decide a program is not for them after all.

"We're helping students figure out if they really want to be a part of a degree before they make that commitment," says Maggioncalda.

Developing a free online course with a MOOC provider is also an easy way for institutions to dip their toes into online learning.

"There are ways you can take steps into online learning," says Maggioncalda. "You can start with an open MOOC, and that is fine. Just find a few professors who want to put content online. Open courses are quick and easy, then from there you can develop what we call a specialization, which is a series of five or six open courses."

Some institutions want to go from doing nothing to a fully online degree, which can be done, but not without major effort, says Maggioncalda.

"Smart universities are building capacity on campus, not only at the department and school level, but through centralized online teaching and learning groups who know how to help faculty take programs online," he says.

Alternative Models Through MOOCs: Flexible and Stackable Degrees

MOOC providers pioneered new pathways to online degrees through stackable credentials. One of the most established is edX's MicroMasters program, which launched in 2016. MicroMasters programs are self-paced graduate-level courses that can be taken as a stand-alone credential or counted toward a full master's degree.

Not only can pursuing a master's degree in this way save learners money, it can also accelerate the process of obtaining a degree if the student works quickly or is already somewhat familiar with the material. If the admitting institution permits it, this pathway can also sidestep traditional admissions barriers to master's degree programs, such as the requirement for students to hold an undergraduate degree in the subject they want to pursue at the graduate level.

Earlier this year edX expanded the MicroMasters concept to undergraduate degrees, introducing the MicroBachelors program. Western Governors University was one of the first institutions to offer a MicroBachelors program. WGU's MicroBachelors program, titled the Information Technology Career Framework, is priced at $1,347.30 for three courses over six months, compared with WGU's standard six-month tuition and fees of $3,520. Students who complete the program and go on to pursue a full IT degree at WGU are awarded 10 out of a total 120 credits needed to graduate.

The MicroBachelors program echoes a larger trend of universities using online learning to break bachelor's degrees into shorter and cheaper qualifications. The University of Pittsburgh, for example, is offering college credit for the $400 general education courses offered through start-up Outlier.org. Colleges in the University System of Georgia also recently created the "Nexus Degree," which combines a flexible curriculum with internship experience.

Adam Medros, president and co-CEO of the nonprofit edX, told *Inside Higher Ed* in January 2020 of plans to offer a fully online undergraduate degree made up of MicroBachelors programs taught by multiple universities. Thomas Edison State University, a public online institution in New Jersey that specializes in credential completion, plans to offer a bachelor's degree in computer science through edX with MicroBachelors programs from multiple institutions. To obtain a Thomas Edison degree, students will be required to complete capstone courses from Thomas Edison, which will be offered through the edX platform.

Case Study: A Low-Cost Online Degree From Georgia Tech

A handful of institutions have now launched online degree programs with price tags of less than $10,000 in cooperation with MOOC providers.

One of the first was the Georgia Institute of Technology.

Working with Udacity and armed with a $2 million corporate investment from AT&T, Georgia Tech launched its online master's degree in computer science in spring 2014.

The total tuition for the degree program has remained flat at $6,600 — around a sixth of the cost of an on-campus degree.

The institution did not meet an ambitious target of enrolling 10,000 students in three years. But more than 9,000 students from 115 countries have so far enrolled in the online program.

Launching the degree was a huge gamble for Georgia Tech. There were questions around whether the quality of the online degree could match that of the on-campus degree, and concerns swirled that the online degree might cannibalize in-person degree applicants.

A 2018 analysis found that the students who applied to study online had a very different profile from those who applied to study on campus, with just 0.2 percent of 18,000 applicants applying to both programs. The typical applicant to the online program was a 34-year-old midcareer American, while the typical applicant to the in-person degree was a 24-year-old recent graduate from India.

Students admitted to the online program typically had slightly lower academic credentials than those admitted to the in-person program, but they performed a bit better in their final assessments, the study found.

"Georgia Tech not only has shown that it's possible to offer elite graduate education online, but that doing so opens up entirely new markets of previously underserved students," said Zvi Galil, dean of computing at Georgia Tech, in an interview with *Inside Higher Ed* in 2018.

Despite this program's success, many observers have suggested the ultra-low price tag of under $7,000 will be difficult for other institutions to replicate.

AT&T initially invested $2 million in the program so that its employees could take the degree as part of their corporate training — a step few companies have taken since. Udacity has since shifted its focus to more advanced career training and no longer partners with postsecondary institutions as it did with Georgia Tech for the computer science degree.

That hasn't stopped Georgia Tech from trying to follow a similar model with other programs, though.

In January 2017, Georgia Tech launched a second low-cost online master's program in analytics, this time offered through edX. The institution launched a third low-cost online master's in cybersecurity with edX in spring 2019. Both are priced at just under $10,000. ■

Key Questions to Ask

Many considerations should guide college leaders and administrators when considering collaborating with an OPM.

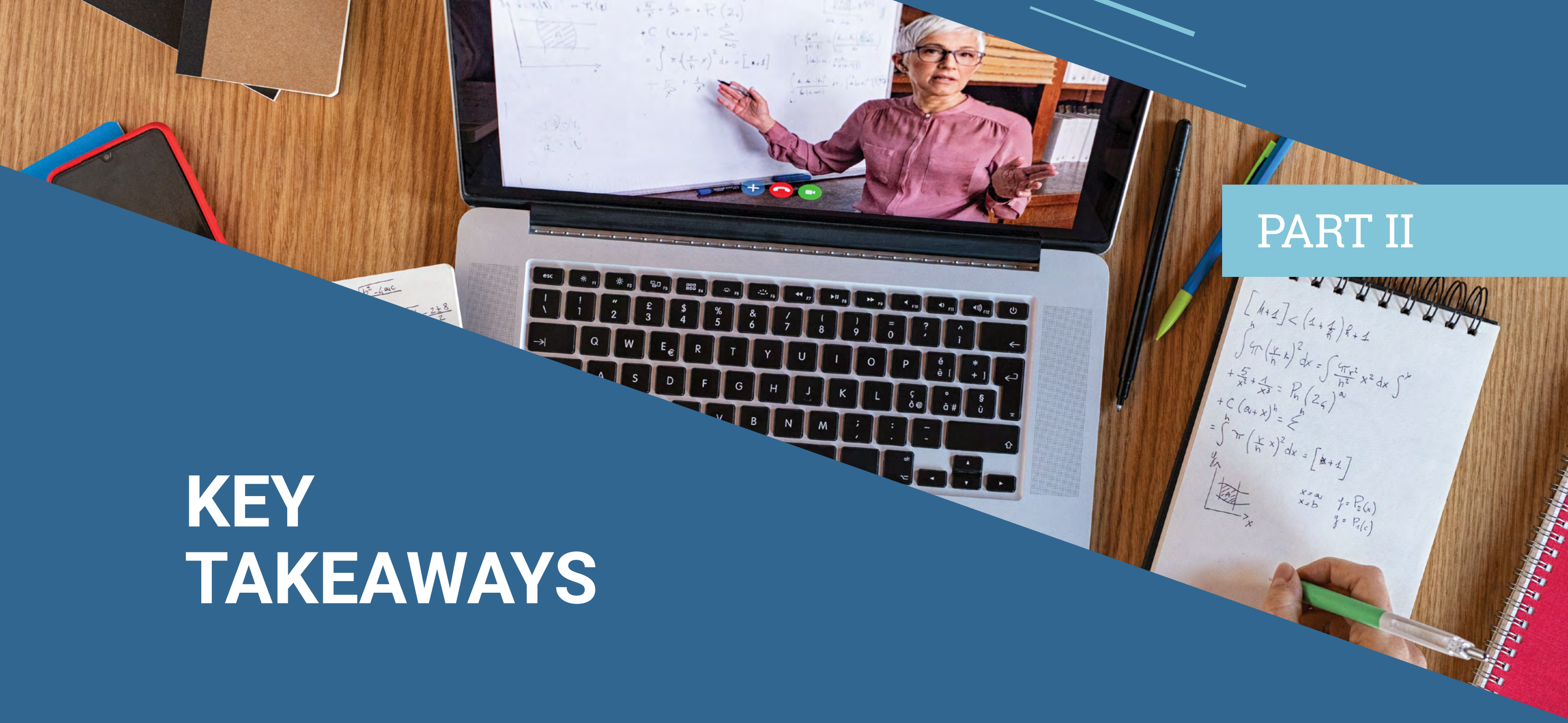
It is important for college leaders and administrators to be clear on their short-term and long-term education goals internally before looking to outsource any functions. It is also important to understand how an OPM operates before committing to a collaboration, including determining whether you are aligned in your mission, goals and budget.

Key questions for colleges when considering working with an OPM:

- What is your motivation to move online?
- How will you measure success?
- What capital do you have available?
- What is your in-house capability?
- What functions or services do you want to outsource?
- Do you have faculty and administrative support to outsource these functions?
- Do your institutional mission, goals and budget align with those of the OPM you are considering?

Key considerations before you sign a contract:

- Are the roles of the institution and the OPM clearly defined?
- What are the services the students will receive before, during and after they have completed their program? Will these be consistent?
- Do you understand what data will be shared with the OPM and who owns those data?
- Does your financial modeling take into account that your expectations for student enrollment may not be met?
- Do the culture and values of the company reflect well on your institution? ■



PART II

KEY TAKEAWAYS

- An institution's underlying goals for going online should influence whether it builds its own programs or turns to an outside contractor.
- Building online capacity in-house versus outsourcing does not have to be a stark choice. It is a continuum, with different options available for different situations and programs.
- Relevant constituencies at a university must understand all strategic goals associated with an online program when building it.
- Campus leaders need to have an honest assessment of their resources, knowledge and institutional culture.
- Colleges don't have to go online alone. A plethora of online program management companies are available to help institutions launch and maintain fully online programs for a fee.
- Fee-for-service OPMs typically allow institutions to pay up front for a selection of services such as instructional design or digital marketing without being locked into contracts.
- Revenue-share OPMs provide up-front capital and bundled-service options to institutions launching online programs in exchange for a cut of the tuition revenue over multiyear contracts.
- The 50 percent rule allows institutions in receipt of federal financial aid to outsource half of the instruction of an online program to an outside company.
- College leaders should be wary of potential business partners that tell them everything they want to hear. A good vendor will tell you if your predictions for market demand are off or if your desired pricing is too high.
- Failure to model the financial impact of working with different types of OPM companies can result in poor decision making. Do the math.

Conclusion: Shared Goals Online

By Doug Lederman

Academic continuity — being prepared to carry on with educating students during a major crisis — and having a coherent institutional strategy for online learning are two different things. This report aims to help institutions develop the latter.

At the very least, though, the COVID-19 pandemic reinforced for campus leaders the institutional imperative to be able to use technology to deliver instruction through the next pandemic — or earthquake or other crisis that might interrupt the in-person education of significant numbers of students.

Colleges could conceivably still choose to remain in the minority that don't regularly offer any fully or partially online programs. The overwhelming majority, however, are likely to recognize even more than before that online education, defined broadly, already is a core element of higher education and will become more central in the years ahead.

The appropriate role of online, virtual or technology-enabled learning will look a little different at each institution, based on its mission, student body and business model.

A liberal arts college that has historically emphasized the importance of its physical campus environment is unlikely to suddenly pivot and put all or most of its programs and courses online. Pre-COVID, it might have been contemplating supplementing its face-to-face programs with a certificate program students might take virtually to improve their job prospects. Now it might very well be building out blended versions of some or many courses so students can continue their education if campuses stay shut or must close again.

Regional public universities striving to differentiate themselves — and spread their reach to adult learners or students in nearby states as traditional-age enrollments decline in their backyards — may try to create online versions of some of their strongest master's or bachelor's degree programs.

And flagship universities or university systems may decide that they cannot afford to remain on the online learning sidelines as high-profile peers elsewhere encroach on their turf.

Whatever institutions' rationales might be for delving more deeply into virtual learning, the analyses they should undertake to decide whether and how to do so look much more similar, as outlined in these pages.

The decisions they have made or will make in the coming months to get their institutions through the first wave of the COVID-19 pandemic are unlikely to alter the larger fundamental questions they should be asking about the appropriate role of technology in delivering instruction.

But college and university leadership teams should try, to the extent possible, to ensure that the emergency steps they take now to respond to the pandemic do not paint them into corners or overly restrict their ability to ultimately pursue the wise course for the long term.

So they should aim to develop now a shared sense of the desired eventual goal, to try to avoid taking two or three steps in a direction that leads them farther away from where they hope to end up. ■

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