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Who Should Read

President's Cabinet

Online Education Taskforces

Academic Deans

Directors and staff of Centers of Teaching and Learning

Executive Guide to Online and Hybrid Education Strategy

Three Ways to Use This Resource

- Understand the true benefits (and limitations) of online learning for students and institutions
- Communicate and clarify online learning strategy to faculty and external stakeholders
- Develop targeted online and hybrid programs based on the latest market intelligence

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EAB

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1
Goal: Make education smarter

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Executive Summary

Understanding the Potential (and Limitations) of Online and Hybrid Learning

Debunking the "Scalability Myth" – Online education is not inherently more scalable or inexpensive than face-to-face instruction. Even without the physical limitations of a classroom, high-quality online instruction typically demands frequent student-instructor interaction and sophisticated pedagogical tools.

Debunking the "Poor Quality Myth" – Online education is not inherently less effective. Instructional quality and learning outcomes depend more on course design, faculty-student interaction, class size, and student preparedness than modality alone.

Debunking the "Global Reach Myth" – The majority of fully-online students enroll at local institutions within driving distance. Online student markets are limited by geography due to the importance of regional brand recognition and student desire for proximal campus services.

Despite decades of prognostication about the potential for online learning to fundamentally disrupt higher education, growth in online course and program enrollment is slowing. While online enrollment is still growing more quickly than ground-based enrollment, that growth has been plateauing in recent years to a rate far less than the rate at which colleges and universities are adding new online programs.

To compete in a crowded market, college and university leaders will need to differentiate their offerings based on unmet student needs, rather than faculty preferences. Too often, online courses and programs have proliferated in an *ad hoc* manner or without sufficient consideration of true market demand.

Three core student populations, each with their own goals, preferences, and needs, benefit most from online and hybrid offerings. Institutional leaders must create distinct strategies for engaging faculty and serving students in each category:

1. Multimodal Undergraduates

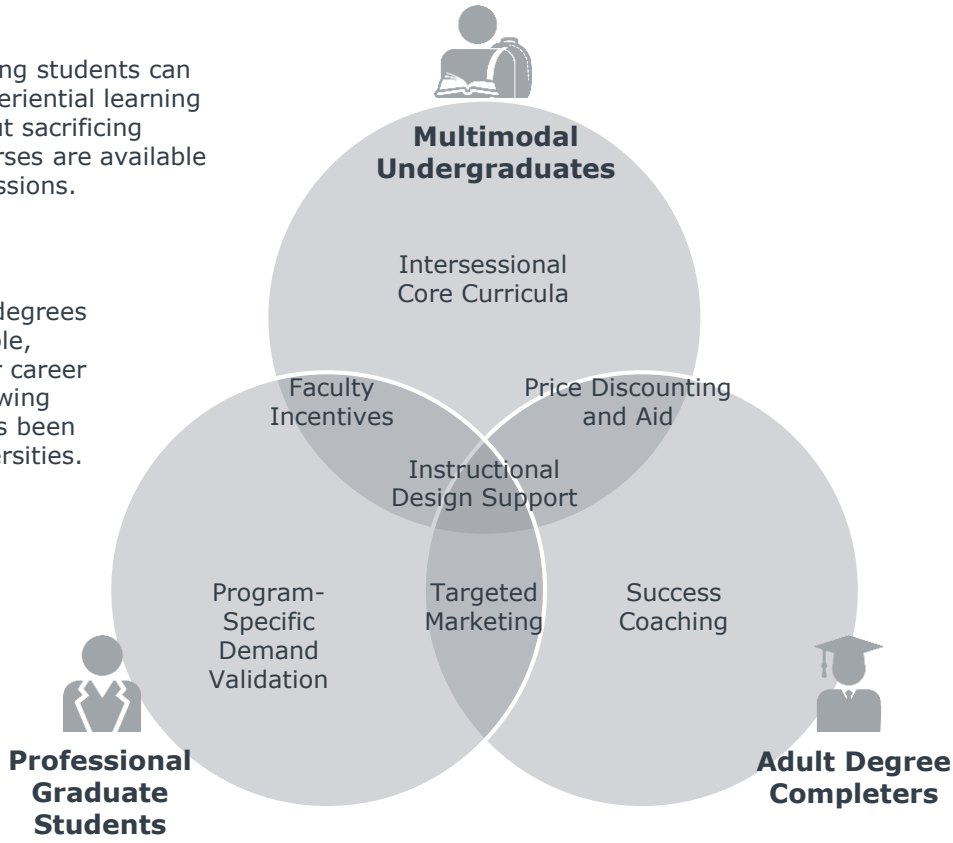
Traditional-aged bachelor's degree-seeking students can better balance campus involvement, experiential learning opportunities, and part-time work without sacrificing degree progress when high-demand courses are available in multiple modalities and during intersessions.

2. Professional Graduate Students

Students seeking professional master's degrees or certificates are often looking for flexible, online programs with a clear link to their career goals. Given higher price points and growing demand in many fields, this segment has been the most lucrative for colleges and universities.

3. Adult Degree Completers

Adult students with some college credit but no degree comprise a large but difficult-to-serve population in many regions. Large-scale, nimble providers such as for-profit universities have been most successful at attracting and advising these students.



Defining Our Terms

Colleges and universities use a variety of terms and criteria for classifying courses that employ modes of instruction other than traditional, face-to-face classroom meetings. Most institutions define online courses based on the percentage of traditional meetings replaced with online instruction. The Online Learning Consortium (OLC), a professional and institutional leadership organization working on online education, defines "online courses" as courses where all course activity is done online and there are no required face-to-face sessions. They also differentiate between "web-enhanced", "hybrid classroom", and "hybrid online" courses. The key differentiating factor for each of these sub-categories is whether face-to-face instruction or online learning is the dominant form of instruction (especially in the case of hybrid classroom and hybrid online) and whether online course activity reduces the number of face-to-face sessions required.

In contrast to OLC, the Integrated Postsecondary Education Data System (IPEDS) uses the term "distance education". The U.S. Department of Education defines distance education as education that uses one or more technologies to deliver instruction to students who are separated from the instructor and to support regular and substantive interaction between the students and the instructor synchronously or asynchronously. Within this category, IPEDS differentiates between "exclusively" distance education where all student enrollments for the term were through distance courses and "some but not all" distance education were a student is enrolled in a mix of course modalities.

Given that there is still no standard definition of online education and that distance education is increasingly comprised of online courses, through the course of this publication we will use the following definitions:

1. **Online Education or Learning** will refer to the broad category that will include hybrid, blended, and fully online courses and programs. When referring to IPEDS data, we will use online education to include all distance education courses and programs.
2. **Exclusively Online** will refer to courses or programs where instruction is fully online. When referring to IPEDS data, it will include "exclusively" distance education courses and programs.
3. **Some Online** will refer to students who are taking some but not all courses online. When referring to IPEDS data, it will include "some but not all" distance education courses and programs.
4. **Hybrid Learning** will refer to courses that are web-enhanced or where both face-to-face and online instruction takes place. This category primarily refers to the pedagogy of instruction.
5. **Exclusively Face-to-Face** will refer to courses without any online learning components. When referring to IPEDS data, it will include students who have taken no distance education courses.

Source: Frank Mayadas, Gary Miller, and John Sener, "Updated E-Learning Definitions," Online Learning Consortium, last modified July 7, 2015.; "2017-18 Survey Materials: Glossary," National Center for Education Statistics.

Online Enrollment Trends

CHAPTER 1

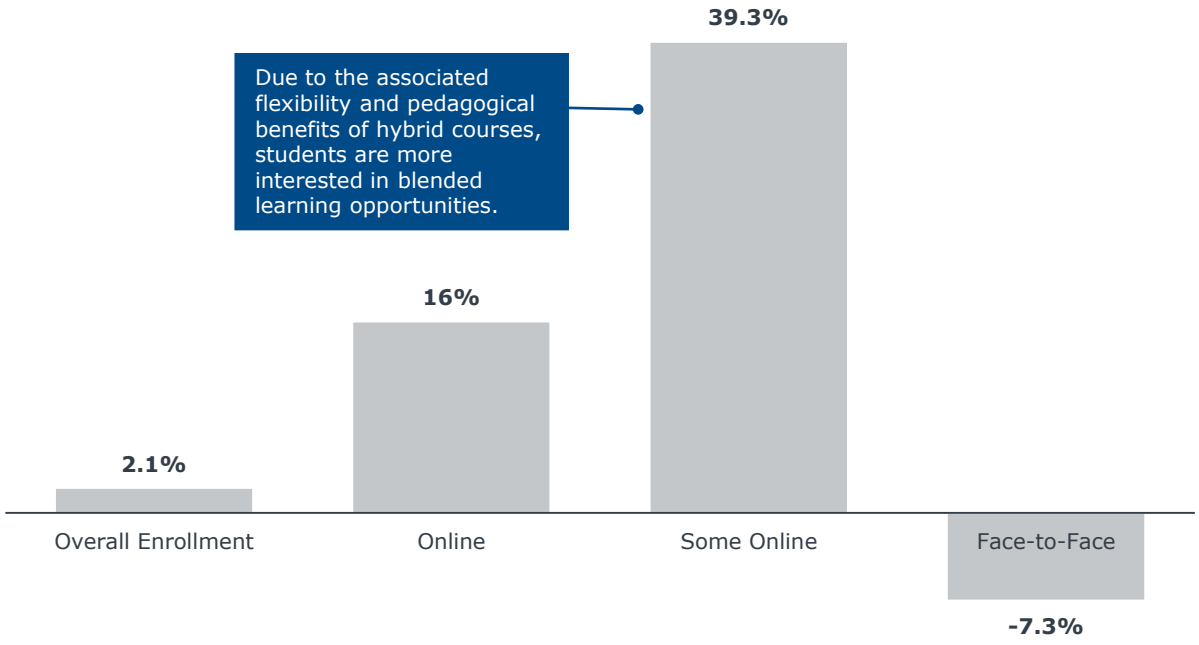
Online Courses Increasingly Popular

Online Enrollment Growth Outpaces Face-to-Face Enrollment Growth

Over the last few years, higher education institutions across the United States have continued to feel financial pressure from declining enrollments. Since 2012, overall enrollment at four-year institutions has increased by 2%. However, within the same segment and timeframe, exclusively online enrollment has grown by approximately 16%. Similarly, since 2012 enrollment in some online courses and programs has grown by 39%. At the same time, the number of students without any exposure to online education (who are learning via traditional face-to-face instruction) has declined by 7.3%.

Enrollment in Online and Hybrid Courses and Programs Continues to Grow

Percentage change in student enrollment at four-year, degree-granting institutions, 2012-2016



These data suggest that not only are more students learning exclusively online, but even students in traditional face-to-face programs are becoming more exposed to online and hybrid learning. This points to a shift in student preferences for increasingly flexible learning opportunities and also demonstrates the spread of technology-facilitated courses.

Source: EAB analysis of IPEDS data.

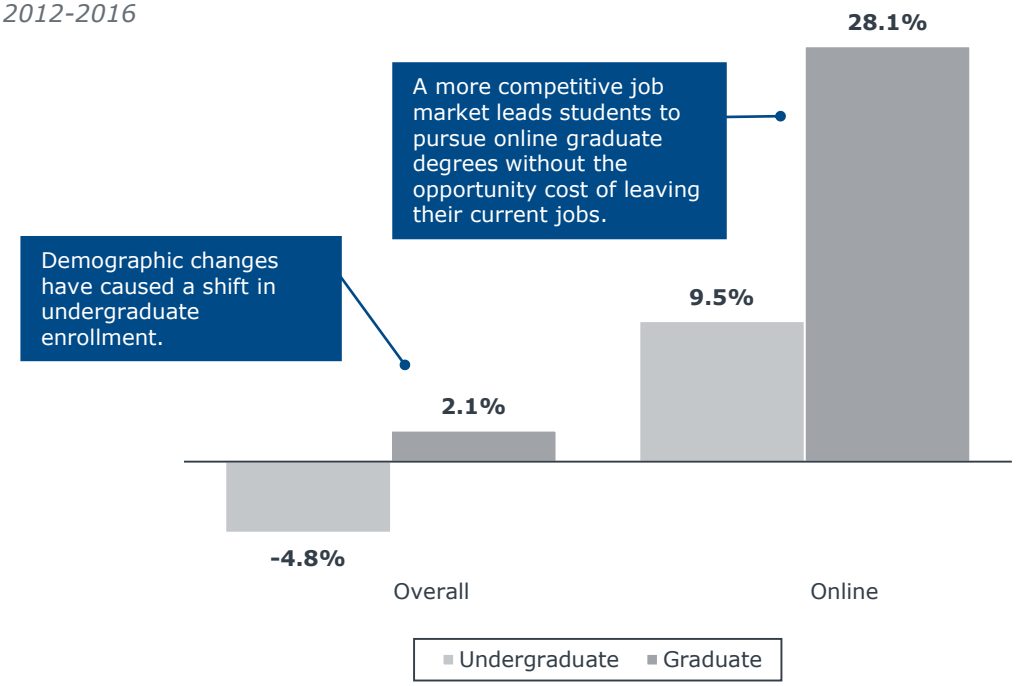
Online Enrollment Bucking Overall Market Trends

Online Graduate and Undergraduate Enrollment Outpaces General Changes

While undergraduate enrollment dominates the online and hybrid market, graduate enrollment has grown considerably over the last 5 years. Between 2012 and 2016, graduate enrollment in exclusively online programs has increased by approximately 28% while undergraduate online enrollment has increased by only 9.5%. This doesn't reflect overall enrollment trends. Overall graduate enrollment has increased by only 2% while undergraduate enrollment has decreased by 5%.

Online Enrollment Growth at Both Graduate and Undergraduate Level Outpaces Overall Enrollment Changes

Percentage change in student enrollment at four-year, degree-granting institutions by degree-level, 2012-2016



In the case of undergraduate enrollment, this difference comes from a decline in the number of traditional college-going students accompanied by growth in non-traditional undergraduates with competing priorities who prefer degree programs that allow for more flexible schedules[1]. Similarly, in the case of graduate degree programs, it is possible that as students increasingly pursue graduate degrees in a post-recession economy[2] they become unwilling to leave their jobs to gain a post-baccalaureate credential and preferred working and studying simultaneously.

1) Bob Hildreth, "U.S. Colleges Are Facing a Demographic and Existential Crisis," *HuffPost*, July 5, 2017.
2) Danielle Douglas-Gabriel, "New enrollment climbs at graduate schools," *The Washington Post*, September 17, 2015.

Source: EAB analysis of IPEDS data.

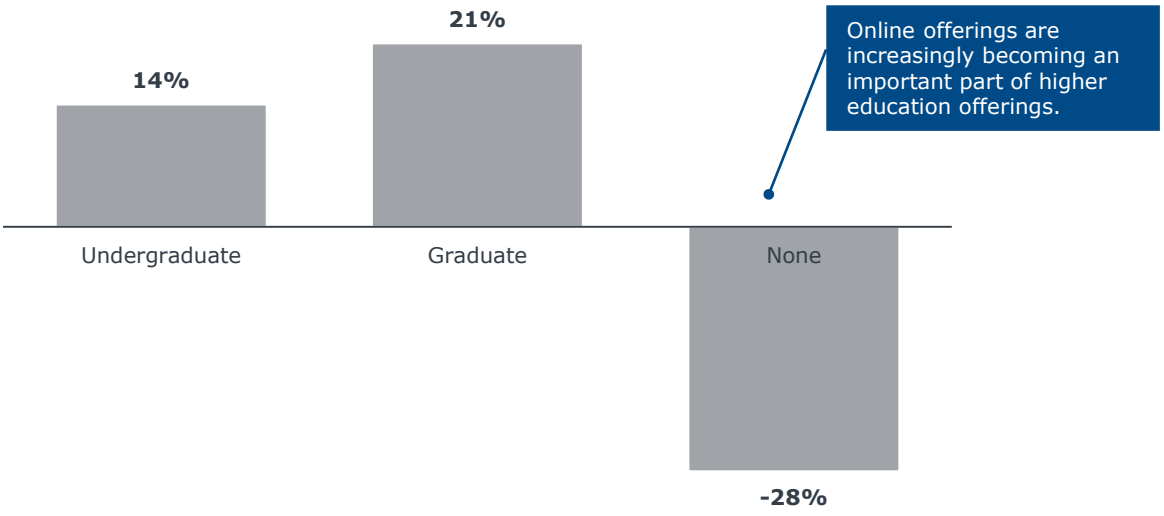
Institutional Offerings Follow Enrollment Trends

More Higher Education Institutions are Offering Online Courses

Across all four-year, degree-granting institutions, the number of colleges and universities that offer online educational opportunities at both the graduate and undergraduate level continues to grow[1]. This is coupled with a sharp decline in the number of institutions without any online offerings. This is due to pressures on institutions to launch revenue-generating online programs and a growing need to accommodate changing student preferences for technology-facilitated courses and greater flexibility.

More Institutions Offer Online Education Opportunities

Percentage change in online program offerings at four-year, degree-granting institutions by level, 2012-2016



Across all degree-granting institutions, certificate programs at both the post-baccalaureate and post-masters level have increased considerably over the past five years. This growth indicates the ease with which institutions can launch shorter online credentials and may even point to evolving student interest in less time-intensive programs. However, despite such considerable growth, in 2016 these certificate programs made up only 11% of all distance programs. This points to new opportunities for portfolio growth across four-year, degree-granting institutions.

1) Based on analysis of the number of programs in which there are completions in a given year.

Source: EAB analysis of IPEDS data.

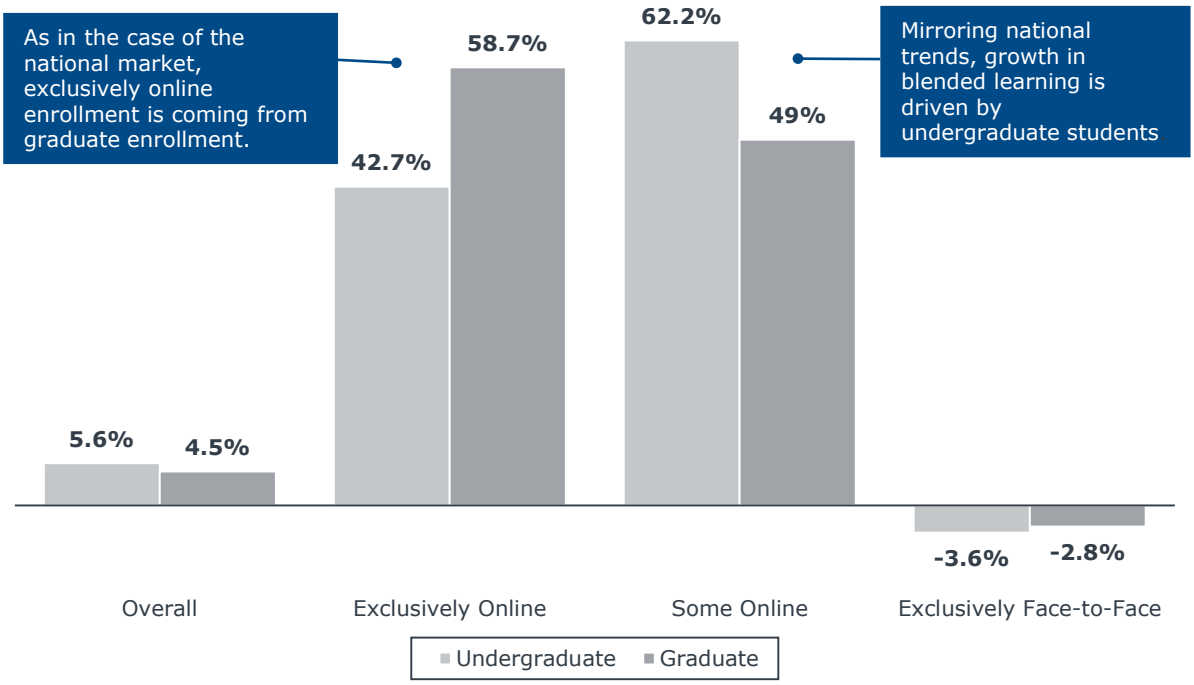
Segment Overview: Research Universities

Graduate Enrollment Contributing to Major Online Growth

Between 2012 and 2016, overall enrollment at elite research universities at both the undergraduate and graduate level grew by approximately 5.6% and 4.5%, respectively. However, online enrollments differ by program level. Enrollment in exclusively online programs at elite research institutions mirrors national trends, as online graduate student enrollment growth is greater than the growth at the undergraduate level. This indicates that the student population at elite research universities is changing to include students who are more attracted to the flexibility of online education.

Exclusively Online Enrollment Growth Driven by Graduate Students

Percentage change in student enrollment at four-year research institutions, 2012-2016



Similarly, growth in blended learning at elite research institutions also mirrors national market trends. In this case, enrollment growth is driven primarily by undergraduate students. This suggests that although undergraduate students at elite research institutions may not be ready to commit to fully online programs, they are interested in the flexibility and pedagogical benefits that online and blended learning can bring to their traditionally residential programs.

Source: EAB analysis of IPEDS data.

Institutional Snapshot: Research Universities

Top Ten Institutions by Exclusively Online Enrollment

Institution Name	State	Control	Total Exclusively Online Enrollments 2016	Total Some Online Enrollments 2016	Number of Programs Offered Online 2016[1]
University of Texas at Arlington	TX	Public	15,510	5,820	21
University of Central Florida	FL	Public	10,035	26,072	43
Florida International University	FL	Public	8,495	21,631	33
Johns Hopkins University	MD	Private	6,658	2,224	69
University of Florida	FL	Public	6,309	24,411	61
Oregon State University	OR	Public	5,682	5,569	48
University of Southern California	CA	Private	5,435	1,587	11
University of Cincinnati-Main Campus	OH	Public	5,295	9,196	57
University of South Florida	FL	Public	4,995	16,666	24
Georgia Institute of Technology	GA	Public	4,877	0	9

CASE IN POINT
University of Southern California

USC University of Southern California

As is indicative of the broader segment, the University of Southern California focuses exclusively on online graduate education. The USC Rossier School of Education was one of online program management provider 2U's first university partners. The institution offers more than 60 online graduate programs which allows the university to make $114.5 million in annual revenue.

Undergraduate

- 18,794 students
- 0% exclusively online
- 3% some online

Graduate

- 25,077 students
- 21% exclusively online
- 4% some online

1) Based on analysis of the number of programs in which there are completions in 2016.

Source: EAB analysis of IPEDS data; "2U Announces 12-Year Contract Extension with USC Rossier School of Education," *Cision PR Newswire*, April 13, 2016.; Merrill Balassone, "USC embraces online graduate education," *USC News*, September 17, 2012.

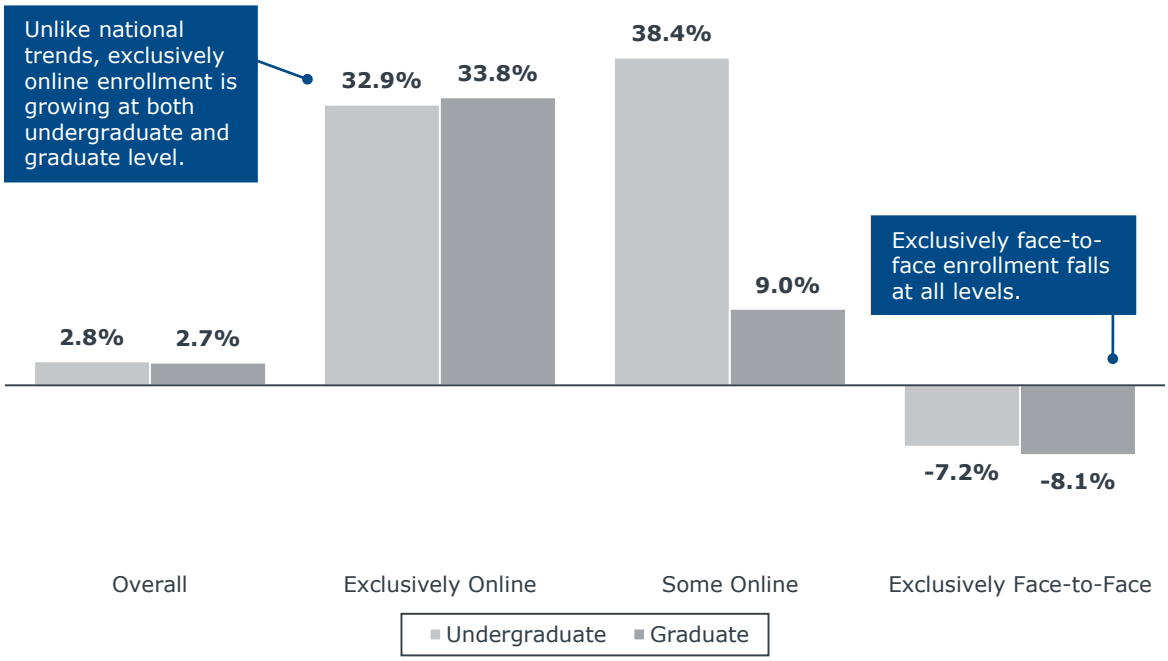
Segment Overview: Regional Public Universities

Surprisingly, Online Grad and Undergrad Enrollment Growing at Same Rate

As in the case of their elite research counterparts, enrollment in exclusively online programs at regional publics outpaced increases in overall enrollment. Interestingly, growth in exclusively online programs is the same at both the undergraduate and graduate level. This implies that the student market for regional public universities, unlike their counterparts at elite research universities and in contrast to national trends, are drawn to the benefits of potentially lower cost, more flexible, and convenient online programs.

Graduate and Undergraduate Students Increasingly Interested in Online Education

Percentage change in student enrollment at four-year regional public institutions, 2012-2016



In keeping with national trends, undergraduate students are increasingly interested in blended and multimodal opportunities. Moreover, reflecting national demographic changes, this segment has also seen a sharp decline in enrollment in exclusively face-to-face programs accompanied by consistent growth in exclusively online enrollment. This demonstrates that the student market at regional public universities is shifting away from traditional residential programs in favor of more flexible online opportunities. This data also implies that for many regional public institutions, offering online courses and programs is an important way to remain competitive.

Source: EAB analysis of IPEDS data.

Institutional Snapshot: Regional Public Universities

Top Ten Institutions by Exclusively Online Enrollment

Institution Name	State	Total Exclusively Online Enrollments 2016	Total Some Online Enrollments 2016	Number of Programs Offered Online 2016[2]
University of Maryland-University College[1]	MD	44,308	6,624	119
Arizona State University-Skysong[1]	AZ	24,630	287	62
Pennsylvania State University-World Campus[1]	PA	13,411	-	120
Thomas A. Edison State University[1]	NJ	12,441	48	60
Colorado State University, Global Campus[1]	CO	11,605	-	26
Fort Hays State University	KS	9,946	1,800	37
St. Petersburg College	FL	9,215	7,134	44
Ohio University	OH	8,082	4,095	23
Troy University	AL	6,602	2,104	34
East Carolina University	NC	6,526	5,607	59

A CASE IN POINT
East Carolina University

East Carolina University

East Carolina University was one of the first universities in the nation to offer a degree entirely online. As is the case with most regional public universities, the university focuses primarily on adult degree completion and graduate student enrollment. The university currently offers more than 75 degrees and certificates online.

Undergraduate

- 22,969 students
- 14% exclusively online
- 21% some online

Graduate

- 5,993 students
- 54% exclusively online
- 12% some online

1) Outlier institutions because they are either entirely online or cater specifically to adult students and so have an expansive online education portfolio.
2) Based on analysis of the number of programs in which there are completions in 2016.

Source: EAB analysis of IPEDS data; "Online Distance Education," Eastern Carolina University.

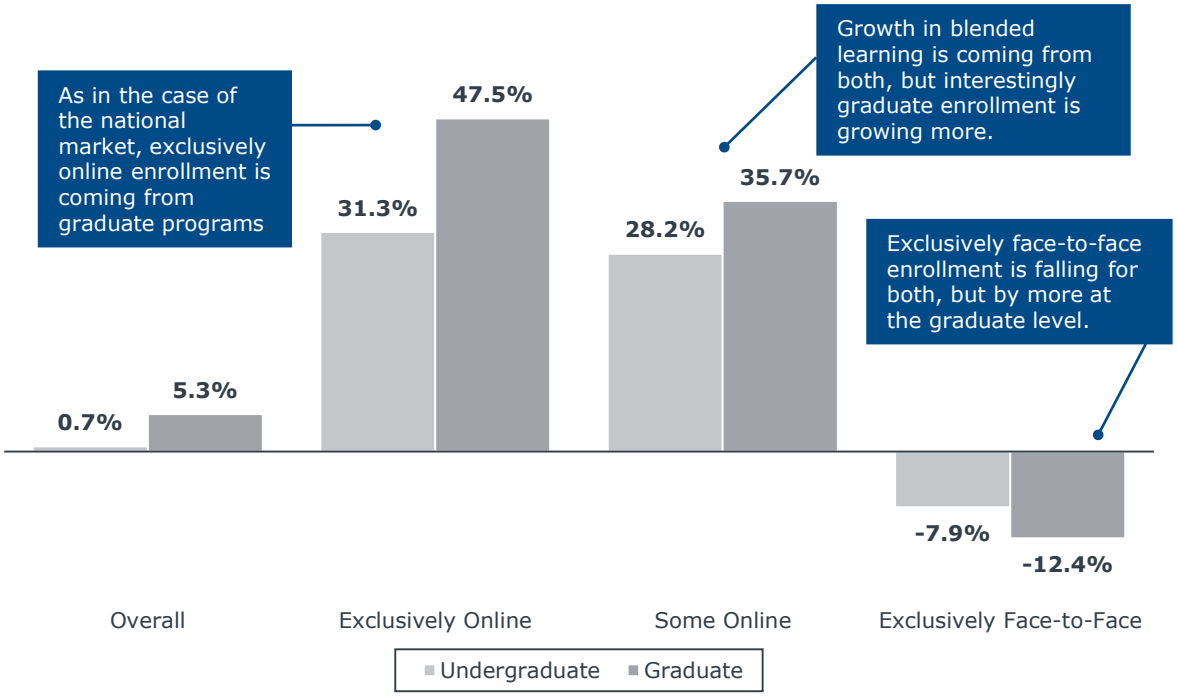
Segment Overview: Regional Private Universities

The Emergence of the Multimodal Graduate Student

Between 2012 and 2016, overall enrollment at regional private universities and colleges increased by only 0.7% at the undergraduate level and 5.3% at the graduate level. However, these institutions saw significant enrollment growth in exclusively online programs. Consistent with national trends, regional private universities experienced greater enrollment growth in online graduate programs than in their online undergraduate offerings. However, enrollment growth in blending learning is coming from both undergraduate and graduate students.

Exclusively Online Enrollment Growth Driven by Graduate Students

Percentage change in student enrollment at four-year regional private institutions, 2012-2016



This demonstrates that graduate students are increasingly interested in attending small, residential, and mission-driven regional private institutions but still demand the flexibility of hybrid and online education offerings. Since 2012, regional private institutions have experienced a decline in enrollment in exclusively face-to-face programs. This points to a change in student preferences as they are looking to online education as a mechanism to continue to build skills without forfeiting income. The dominance of masters degree programs demonstrates that increasingly tuition-dependent private institutions are using revenue-generating graduate programs to remain sustainable.

Source: EAB analysis of IPEDS data.

Institutional Snapshot: Regional Private Universities

Top Ten Institutions by Exclusively Online Enrollment

Institution Name	State	Total Exclusively Online Enrollments 2016	Total Some Online Enrollments 2016	Number of Programs Offered Online 2016[1]
Western Governors University	UT	84,289	-	61
Southern New Hampshire University	NH	61,495	2,478	105
Liberty University	VA	60,850	6,916	92
Excelsior College	DC	41,658	-	61
Brigham Young University-Idaho	ID	25,820	10,006	13
National University	CA	11,599	1,569	77
Columbia College	MO	9,308	2,754	37
Keiser University-Ft Lauderdale	FL	8,375	193	57
Nova Southeastern University	FL	7,933	2,960	86
Saint Leo University	FL	7,922	1,977	62

A CASE IN POINT
Southern New Hampshire University

Southern New Hampshire University launched its first internet-based distance learning program in 1995. This later evolved into their current online program which offers 242 certificates and degrees online. SNHU has both a traditional campus and an online arm and their online programs generate approximately $200 million in annual revenue which subsidizes their on-campus offerings (in the form of royalty payments).

Undergraduate

- 54,150 students
- 82% exclusively online
- 3% some online

Graduate

- 19,027 students
- 90% exclusively online
- 5% some online

1) Based on analysis of the number of programs in which there are completions in 2016.

Source: EAB analysis of IPEDS data.; "The History of SNHU," Southern New Hampshire University.; "Find Your Program," Southern New Hampshire University.; John Pulley, "The Secret of Southern New Hampshire University's Success," *Campus Technology*, January 29, 2014.

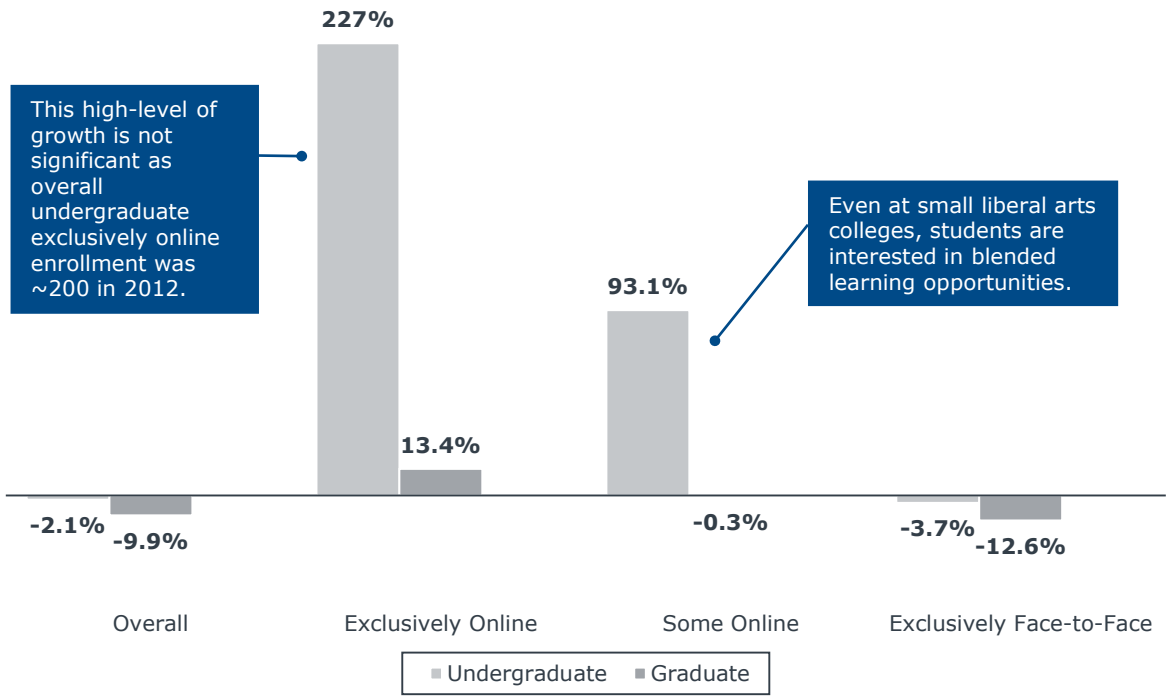
Segment Overview: Liberal Arts Colleges

Despite Growth in Online Enrollment, Face-To-Face Learning Still Dominates

Between 2012 and 2016, undergraduate enrollment at small private liberal arts colleges has decreased by 2.1%. During this same period, there was substantial growth in exclusively online undergraduate enrollment. However, given that in 2012 very few students at small liberal arts colleges were enrolled in exclusively online programs, the growth rate can be misleading. Overall, in 2016 a majority of students at these institutions had not taken any online courses.

Exclusively Online Enrollment Growth Driven by Undergraduate Students[1]

Percentage change in student enrollment at four-year liberal arts institutions, 2012-2016



In the case of enrollment in blended learning opportunities, there has been significant growth in undergraduate enrollment. Given their tuition-dependence, small liberal arts colleges are increasingly facing pressure to offer innovative hybrid and blended learning opportunities to accommodate student preferences for technology-facilitated learning.

Overall, these trends imply that while online learning is becoming more popular, the traditional appeal of a residential experience at small private liberal arts colleges still supersedes any need for or interest in flexible learning opportunities.

1) Outlier institution, Bethune-Cookman University, where majority of the growth in enrollment was concentrated was excluded to more accurately reflect the segment

Source: EAB analysis of IPEDS data.

Institutional Snapshot: Liberal Arts Colleges

Top Ten Institutions by Exclusively Online Enrollment

Institution Name	State	Total Exclusively Online Enrollments 2016	Total Some Online Enrollments 2016[1]	Number of Programs Offered Online 2016[1]
Bethune-Cookman University	FL	1,808	0	3
Georgetown College	KY	540	41	2
McDaniel College	MD	335	205	7
Schreiner University	TX	165	11	3
Erskine College	SC	153	134	0
William Peace University	NC	150	76	3
Goucher College	MD	80	131	1
Bennington College	VT	79	0	0
Drew University	NJ	63	50	0
Salem College	NC	62	39	1

A CASE IN POINT
Schreiner University

Schreiner University

As is emblematic of the broader segment, Schreiner University has a limited online education portfolio. The university only offers four completely online programs, with a majority concentrated at the graduate level (e.g. MBA, M.Ed). As is the case with most new entrants to the online market, at the undergraduate level they offer an RN to BSN program which was established in 2014. By 2015 the program had made enough revenue to pay back the institution's start-up loan. To date, the program has generated $1.7 million in revenue for the institution.

Undergraduate

- 1,237 students
- 8% exclusively online
- 1% some online

Graduate

- 71 graduate students
- 86% exclusively online
- 0% some online

1) Based on analysis of the number of programs in which there are completions in 2016.

Source: EAB analysis of IPEDS data; "Take the Next Step with Schreiner Online," Schreiner University.; Maxine Joselow, "A Novel Way to Launch an Online Program," *Inside Higher Ed*, August 23, 2016.

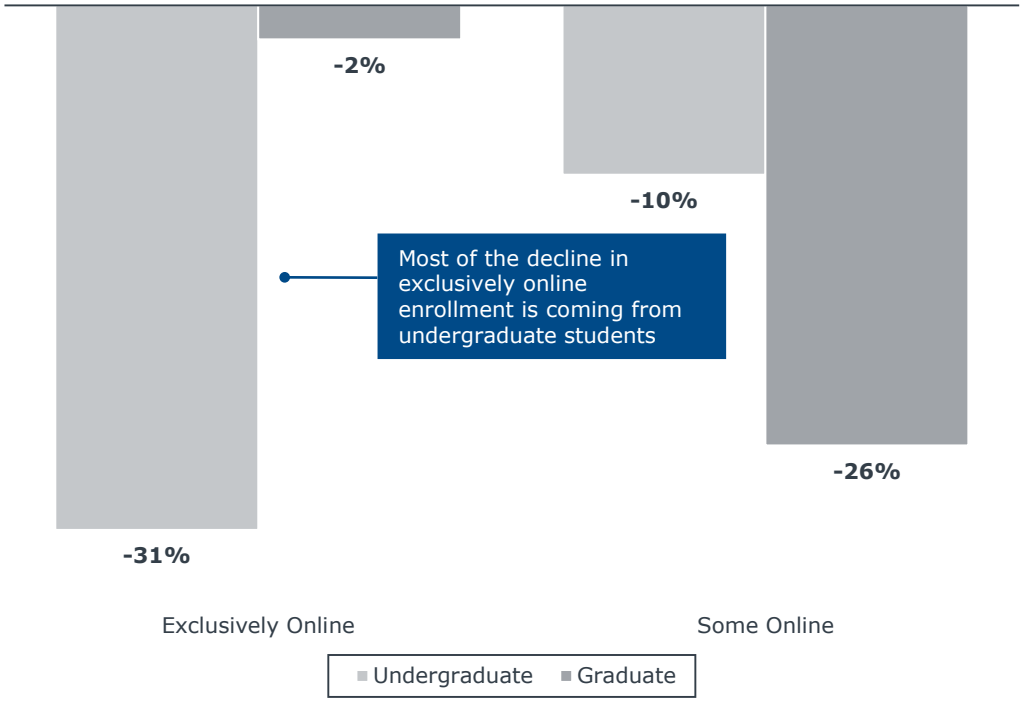
Segment Overview: Private For-Profit Universities

Enrollment Declines Across Modalities and Program Levels

In 2016, enrollments at private for-profit institutions continued to decline for the fourth year in a row. Overall enrollment declined by approximately 34%. Similarly, for-profits institutions also experienced significant decline in students enrolled in exclusively online education programs. Most of the decline in online enrollment is at the undergraduate level. However, given that the adult degree completion market is dominated by for-profit players, it is unsurprising that a majority of all students enrolled in these institutions are at the undergraduate level.

For-Profits Continue to Face Declining Enrollment

Percentage change in student enrollment at four-year private for-profit institutions, 2012-2016



In contrast to national trends, in the case of students enrolled in some online education at private for-profit universities, most of the decline in enrollment is coming from graduate students. The sharp decline in undergraduate enrollment is unsurprising as private, for-profit enrollment is counter-cyclical to the state of the national economy; as the economy improves, fewer prospects choose to enroll. Overall, the decrease in online enrollment is due to the increasing public scrutiny of for-profit education providers, the increase in competition from online programs in other sectors, and recent closures of for-profit institutions. In fact, recent data released by the U.S. Department of Education has shown that since the 2014-15 academic year, there has been an 18.8% drop in the number of for-profit colleges.

Source: EAB analysis of IPEDS data; Doug Lederman, "For-Profit Free Fall Continues, U.S. Data Shows", *Inside Higher Ed,* June 6, 2018.

Institutional Snapshot: Private For-Profit Universities

Top Ten Institutions by Exclusively Online Enrollment

Institution Name[1]	State	Total Exclusively Online Enrollments 2016	Total Some Online Enrollments 2016	Number of Programs Offered Online 2016[2]
University of Phoenix-Arizona	AZ	128,410	922	125
Walden University	MN	52,565	-	116
American Public University System	WV	48,623	-	154
Ashford University	CA	41,343	0	68
Capella University	MN	37,569	-	202
Colorado Technical University-Colorado Springs	CO	24,132	560	41
Columbia Southern University	AL	21,442	-	50
DeVry University-Illinois	IL	16,461	1,554	37
Full Sail University	FL	12,983	6,290	30
Northcentral University	AZ	10,916	-	21

A CASE IN POINT
Capella University

In 1993 Capella University first started by providing graduate degrees and expanded to the undergraduate market in 2000. Capella University offers more than 50 degree programs and as is the case with many for-profit institutions, it is a completely online institution.

- 9,393 undergraduate students
- 97% of undergraduate students are over the age of 25
- 95% of undergraduate students are out-of-state students
- 28,176 graduate students

1) Given Purdue University's acquisition of Kaplan University and Grand Canyon University's conversion to not-for-profit status they have been excluded from this data set
2) Based on analysis of the number of programs in which there are completions in 2016.

Source: "The History of Capella University," Capella University.

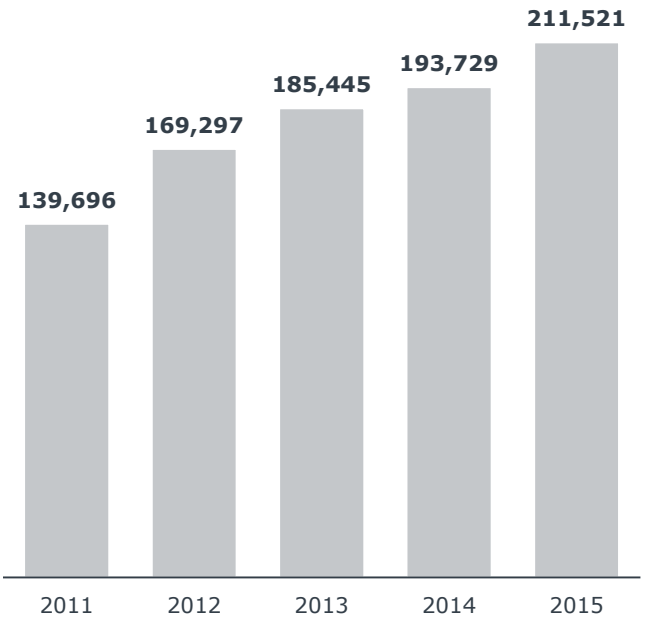
Segment Overview: Canadian Institutions

A Mature Online Market with Opportunity for Growth in Hybrid Learning

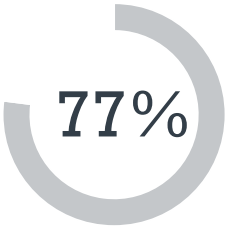
As national-level online education data is not as readily available in Canada as it is in the United States, a recent survey of 203 post-secondary institutions is the primary means through which to understand the market. Based on this report, 77% of all post-secondary institutions offer distance education courses and online enrollment has consistently grown since 2011.

Total Online Enrollment at Canadian Universities and Colleges Continues To Rise

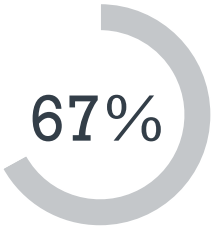
Total Online Enrollment 2011-2015



Share of institutions offering online education



Share of institutions where hybrid courses are fewer than 10% of all courses



This study also found that while almost 75% of all respondents offer hybrid or blended courses, two-thirds of the respondents stated that blended or hybrid courses make up less than 10% of all courses. This data suggests that while the overall Canadian online education market is mature, there is still opportunity for growth in hybrid and blended learning.

Source: Tony Bates, Brian Desbiens, Tricia Donovan ,Eric Martel, Denis Mayer, Ross Paul, Russell Poulin, and Jeff Seaman, *Tracking Online and Distance Education in Canadian Universities and Colleges:* 2017 (Vancouver: The National Survey of Online and Distance Education in Canadian Post-Secondary Education, 2017).

Institutional Snapshot: Canadian Institutions

Top Five Institutions by Exclusively Online Enrollment

Institution Name[1]	Province	Total Enrollment 2017	Total Some Online Enrollments 2017	Number of Programs Offered Online 2016
Athabasca University	Alberta	Over 40,000	-	50
Royal Roads University	British Columbia	4240	-	11
Thompson Rivers University	British Columbia	13,471	1,160	60
Memorial University of Newfoundland	Newfoundland & Labrador	18080	-	25
TÉLUQ University	Quebec	20,000	-	

A CASE IN POINT
Athabasca University

Athabasca University

Founded in 1970, Athabasca University is a public open and distance education university. It offers over 800 courses and more than 55 undergraduate and graduate programs online.

- Over 40,000 students (over 7,800 full-load equivalent)
- 83% of all students work while they study
- Average age of undergraduate students is 29
- Average age of graduate students is 39
- 70% of graduates are first-generation students

Source: "2017 full-time and part-time fall enrolment at Canadian universities," Universities Canada.; "Facts and Figures," Thompson Rivers University.; "AU at a Glance," Athabasca University.; "Facts and Statistics," Athabasca University.; "Online Programs," Memorial University.

Three Myths About Online and Hybrid Learning

CHAPTER 2

Understanding the Potential of Online Learning

Despite Growth in Online and Hybrid Enrollment, Misconceptions Persist

In an age of declining enrollment, heightened financial pressure, and increasing government scrutiny, institutions begin to explore new markets and strategies. Often online and hybrid learning is seen as a silver bullet for some of the problems plaguing higher education today. However, despite a growth in both the number of online and hybrid programs and student enrollments, misconceptions about the potential and limitations of online learning persist.

Myth: Online Learning is Less Expensive to Scale

"Scaling online education should be pretty easy. One course can enroll hundreds of students, so it'll be cheaper!"

Chief Financial Officer

Myth: Online Education is Less Effective Than Face-To-Face Instruction

"Online learning can never replicate traditional classrooms. How can faculty effectively support students they don't even know?"

Faculty Skeptic

Myth: Online Learning Makes Geographic Boundaries Irrelevant

"With just a click of a button we can enroll students across the globe. The world is our oyster!"

Board Member

Without the physical limitations of space, institutions often incorrectly believe that online learning is infinitely scalable, allowing them to enroll more students without increasing costs. Similarly, some institutions are still apprehensive about entering the online and hybrid learning market because of misconceptions about a perceived inferiority of the modality. Lastly, online learning is also mistakenly believed to be an avenue through which institutions can reach a wider global audience. In the case of each myth, the reality is often more nuanced and a better understanding of the true potential of online learning can help set institutions up for success.

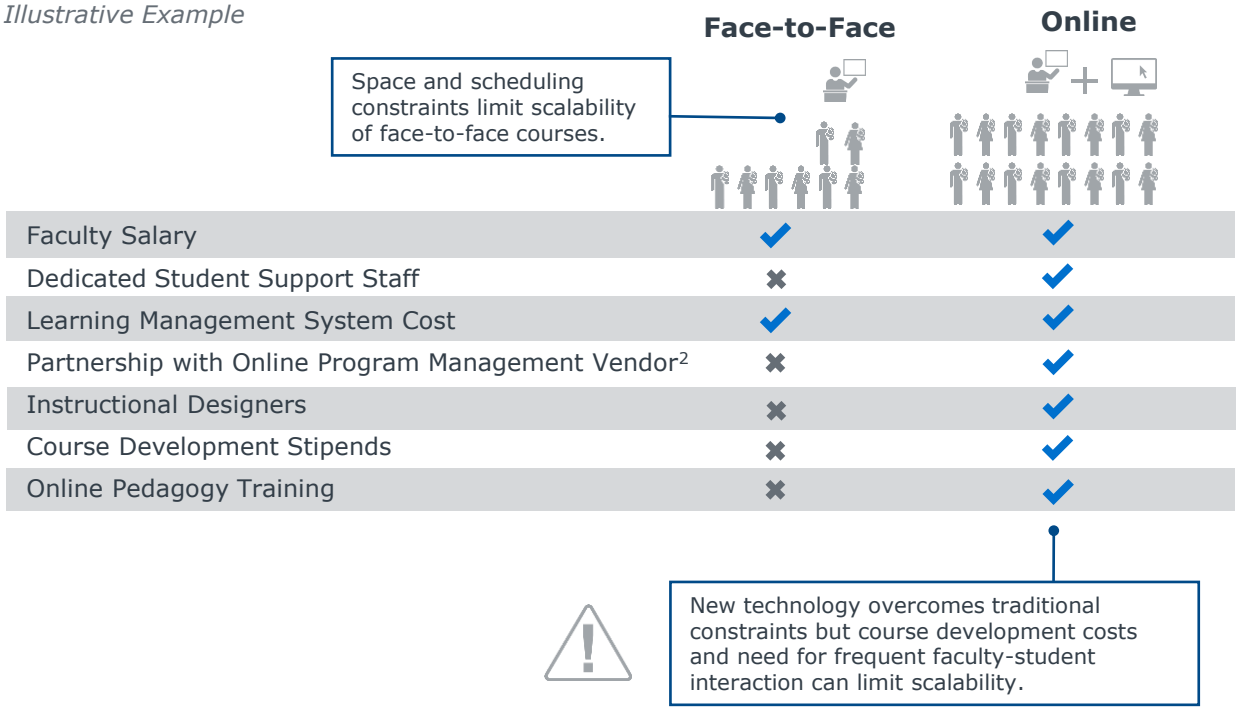
Myth: Online Learning is Less Expensive to Scale

Expectation that Online Courses are Unaffected by Space and Time Constraints

The advent of new technologies have been seen as a cure for "Baumol's cost disease"[1] (an economic theory that argues that technology-facilitated productivity gains are limited in labor-intensive industries) in higher education. In traditional learning environments scale is limited by the physical size of the classroom, the operating hours of the institution's buildings, and the availability of students and instructors. However, technological innovations allow institutions to transcend these constraints through asynchronous online courses which can be easily and inexpensively scaled.

Not Exactly "Scale"

Illustrative Example



Such analyses often ignore some of the additional costs associated with developing new online programs, such as the cost of instructional design support or course development stipends, which can limit their scalability. Additionally, the need to maintain quality with frequent faculty-student interactions can have an outsized impact on faculty workload, leading to the need for additional support staff. Such factors limit the low-cost scalability of online education offerings.

1) William J. Baumol and William G. Bowen, "On the Performing Arts: The Anatomy of their Economic Problems." *The American Economic Review,* Vol. 55, No. 2, 1965, pp. 495-502
2) Or cost of developing in-house capabilities

Source: William J. Baumol and William G. Bowen, "On the Performing Arts: The Anatomy of their Economic Problems." *The American Economic Review,* Vol. 55, No. 2, 1965, pp. 495-502; EAB interviews and analysis.

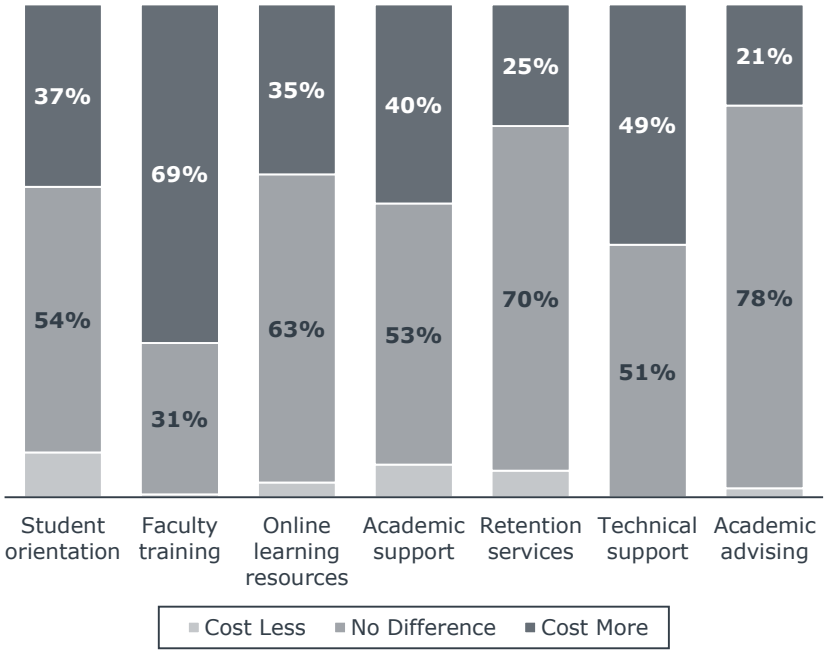
Reality: Key Determinants of Cost Remain Unchanged

Need for High-Touch and High-Tech Learning Limit Scalability

While online learning can be effectively and intentionally scaled, it is not inherently more scalable than face-to-face instruction. This is primarily because the key determinants of the cost of providing a course, such as faculty preparation, course development, and student support services, remain the same. A recent WICHE study of the cost of online learning shows that there is no consistency about the comparative cost of online education vis-a-vis face-to-face learning. This is because key institutional decisions about staffing and section size determine course costs.

No Consistent Trend About Cost of Online Education Compared to Face-to-Face

Proportion of Respondents Comparing the Cost of Supporting Students and Faculty in Distance Education Courses to Similar Face-To-Face Ones[1]



> "The simple answer to this question about price and cost is that a distance education course can cost anything you want it to cost, from $1,000 to $1 million."
>
> Carol Twigg
> THE NATIONAL CENTER FOR ACADEMIC TRANSFORMATION

Moreover, a recent Learning House survey of online students found that 57% of students believe regularly engaging with classmates and instructors is important and 25% of them desire more facilitated engagement with their peers and more contact with their instructors. As online and hybrid students expect more from their courses, institutions need to invest in instructor pedagogical training, more interactive and sophisticated course design, and extensive student support services, all of which cost both time and money.

1) WICHE Cooperative for Educational Technology broke down the cost of distance education courses into four categories covering a total of 24 subcomponents. This is a visualization of one cost category.

Source: David L. Clinefelter and Carol B. Aslanian, *Online College Students 2017: Comprehensive Data on Demands and Preferences* (Louisville: The Learning House, Inc., 2017); Russell Poulin and Terri Taylor Straut, WCET *Distance Education Price and Cost Report* (Boulder: WICHE Cooperative for Educational Technologies, 2017).

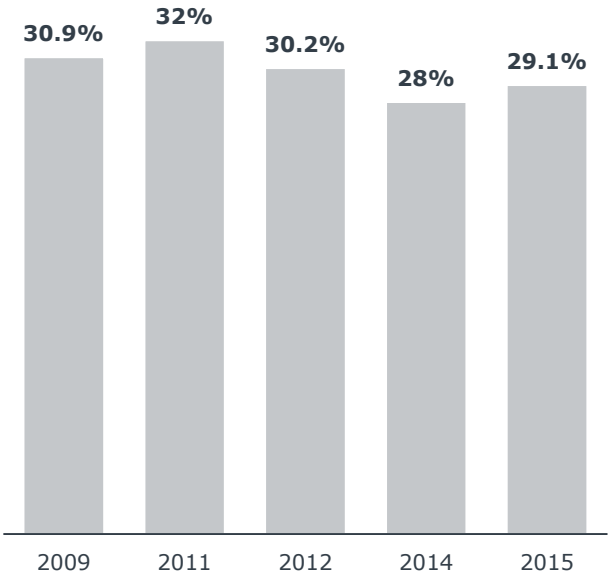
Myth: Online Learning is Inherently Less Effective

Faculty and Administrators Continue to Question the Quality of Online Education

One of the most enduring stigmas associated with online education is that it is inherently inferior to traditional face-to-face education because it is assumed that the modality does not allow for high-quality interaction with students. For example, since 2002 perceptions of faculty acceptance of online learning has remained flat as only 30% of chief academic officers believe their faculty accept the legitimacy of online learning.

Faculty Acceptance of Online Education has Remained Fairly Consistent

Share of Chief Academic Officers Who Think Faculty Accept the Legitimacy of Online Education, 2002-2015



Faculty Resistance to Online Ed Continues to Make Headlines

The Trouble With Online Education. (*The New York Times*, July 19, 2012)

Professors Hate Online Education. To Save Colleges, They Have to Learn to Love It. (*The Washington Post*, April 27, 2016)

Why Faculty Still Don't Want to Teach Online. (*Inside Higher Ed*, December 13, 2016)

Teach Online…Before It's Too Late (*Inside Higher Ed*, February 13, 2017)

Why I Won't Teach Online. (*Inside Higher Ed*. March 7, 2018)

Overcoming Faculty Resistance – or Not. (*Inside Higher Ed*, March 14, 2018)

Moreover, an analysis conducted using student data from DeVry University, a large for-profit college, found that the least well-prepared students consistently perform worse in an online courses as compared to their performance in face-to-face classes. While this is not representative of online learning as a whole, it demonstrates that concerns about the quality of online learning may not be completely unfounded.

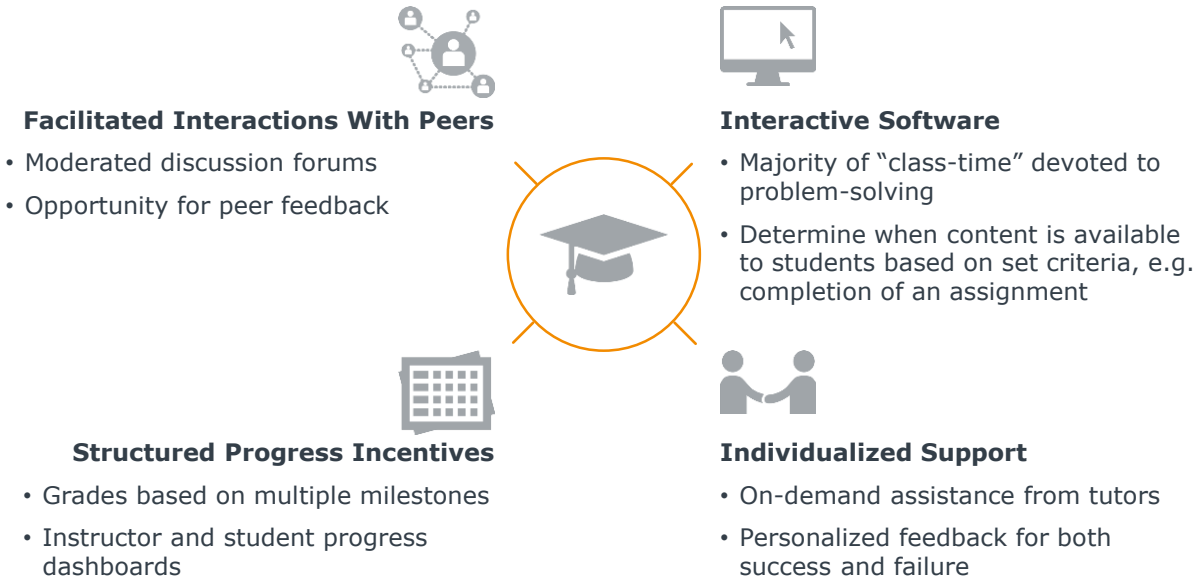
Source: Eric Bettinger and Susanna Loeb, "Promises and pitfalls of online education," *Brookings Institution: Evidence Speaks Reports,* Vol 2, no. 15 (June 2017); I. Elaine Allen, Jeff Seaman, Russell Poulin and Terri Taylor Straut, *Online Report Card: Tracking Online Education in the United States* (Babson Park: Babson Research Group and Quahog Research Group, LLC. 2016).

Reality: Modality Does Not Dictate Quality

Student Learning Linked to Instructor Pedagogy and Access to Support Services

A U.S. Department of Education meta-analysis of research that compared and evaluated the quality of blended, online, and face-to-face instruction found that, on average, students in online learning conditions performed better than their peers in face-to-face courses. However, these differences cannot solely be attributed to the modality of instruction because online and blended courses often include additional learning time and instructional elements.

Sample Strategies to Improve Student Outcomes



Moreover, just as in the case of face-to-face traditional education, all online courses and programs are not created equal. In fact, research has found that the key determining factors that separate effective and ineffective face-to-face courses apply to online courses as well (i.e. quality is not necessarily dependent on the modality of instruction). More specifically, in the case of both online and face-to-face teaching and learning, successful courses facilitate active learning among students, allow for frequent student-instructor interactions, and include individualized student support services.

Source: U.S. Department of Education, Office of Planning, Evaluation, and Policy Development, *Evaluation of Evidence-Based Practices in Online Learning: A Meta-Analysis and Review of Online Learning Studies* (Washington, D.C.: U.S. Department of Education, 2010); EAB interviews and analysis.

Myth: Online Learning Makes Geography Irrelevant

Web Access Creates the Expectation of International Enrollment Growth

With the rapid spread of internet access and the ubiquity of smart phones and laptops, it is assumed that online learning will allow students all over the world to access high quality education. An analysis of Coursera founder Andrew Ng's 2012 class on machine learning found that a majority of the students in that class resided outside of the United States, with India, Brazil, Russia, and the United Kingdom the most prevalent countries, fueling the myth that online education is easily scalable across the globe.[1]

"Global" and "World" Campuses Actually Enroll Very Few International Students

PennState World Campus	3%	Of all exclusively online students reside abroad, 2016
TOURO University Worldwide	4%	Of all exclusively online students reside abroad, 2016
Washington State University Global Campus	6%	Of all exclusively online students reside abroad, 2016
University of Arkansas Global Campus	2%	Of all exclusively online students reside abroad, 2016
Northern Michigan University Global Campus	1%	Of all exclusively online students reside abroad, 2016
Kansas State University Global Campus	2%	Of all exclusively online students reside abroad, 2016

> "…Penn State's World Campus will continue to attract place-bound learners from around the globe, ensuring the University has a global footprint."
>
> *Pennsylvania State University Strategic Plan for 2016-2020*

With the advent of online education, many academic leaders believed that institutions would be able to attract students from across the world, thereby expanding access to North American education while also bolstering online enrollments. However, in reality, few international students opt to pursue an online degree program. In fact, in many cases, a vast majority of exclusively online students are located in the same state as their institution.

1) Audrey Watters, "Top Ed-Tech Trends of 2012: MOOCS", *Inside Higher Ed*, December 18, 2012.

Source: EAB analysis of IPEDS data; Audrey Watters, "Top Ed-Tech Trends of 2012: MOOCS", *Inside Higher Ed*, December 18, 2012.; "Our Commitment to Impact: The Pennsylvania State University's Strategic Plan for 2016 to 2020," Pennsylvania State University, 2016.

Reality: Majority of Online Students Reside In-State

Online Students Value Access to In-Person Services

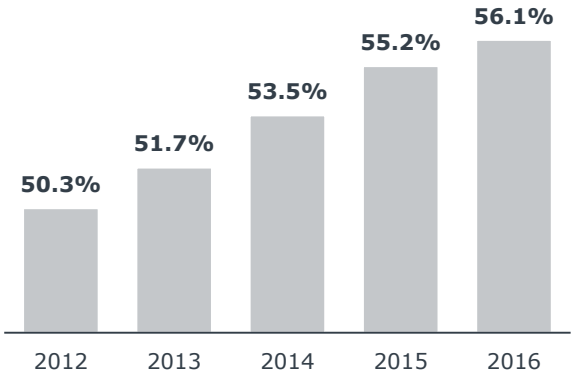
Recent Learning House data shows that 66% of online students live within 50 miles of their institution, and another 12% are within 100 miles. Moreover, the proportion of students taking exclusively online courses who are located in the same state as the institution at which they are enrolled has increased over time, from 50.3% in 2012 to 56.1% in 2016.

Online Students are Local to their Institution

Online Student Distance from Institution, 2018[1]

Proportion of Local Online Students Increasing

Percentage of Exclusively Online Students Located in the Same State as their Institution, 2012 - 2016



Access to In-Person Services Valued

76% Proportion of students who visited campus or a campus center at least once during program[2]

Data also suggests that online students often default to institutional location as well as perceived price when considering an institution to attend. This suggests that institutional brand recognition for many colleges and universities is region-specific leading to a higher proportion of in-state online students. Similarly, in many cases students want to feel connected to their institutions and prefer knowing that the option to access on-campus resources exist. Recent student data suggests that 75% of online students travel to campus at least once a year and 56% travel to campus between one and five times a year. More often than not these students were coming to campus to meet with their instructor, make a payment, or meet a study group.

1) Ten percent of respondents indicated that they were not sure how far they lived from the closest campus/service center of the college/university in which they enrolled
2) Andrew J. Magda and Carol B. Aslanian, *Online College Students 2018: Comprehensive Data on Demands and Preferences* (Louisville: The Learning House, Inc., 2018)

Source: Andrew J. Magda and Carol B. Aslanian, *Online College Students 2018: Comprehensive Data on Demands and Preferences* (Louisville: The Learning House, Inc., 2018); EAB analysis of IPEDS data.

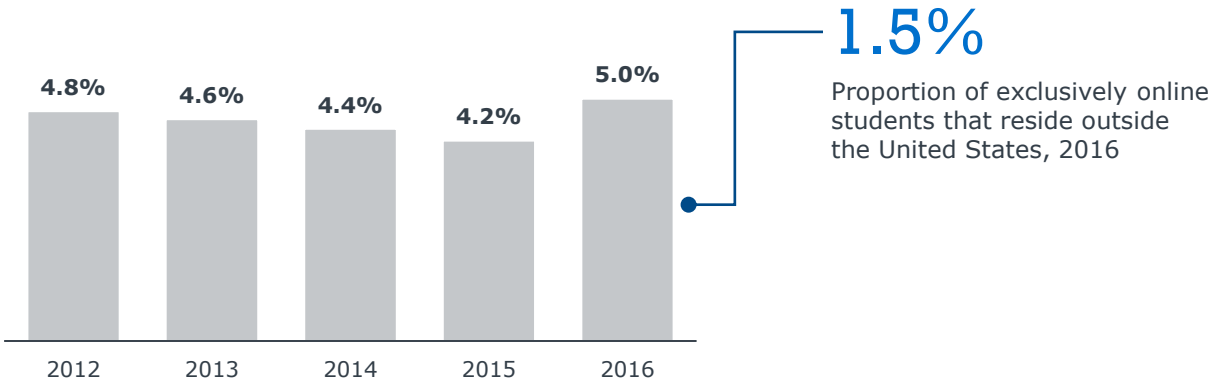
Reality: Foreign Students Demand Campus Experience

Concerns About Cost, Quality, and Recognition Limit Foreign Student Choices

Similarly, the number of foreign online students has remained fairly flat since 2012. Between 2012 and 2016, online international students have comprised less than 5% of total international students studying in the United States. While there was a jump in enrollment between 2015 and 2016 when the number of foreign online students increased by over 21%, these students accounted for only 1.5% of all students enrolled in exclusively online courses or programs.

Proportion of Foreign Online Students Has Remained Flat

Number of Students Taking Exclusively Online Courses Located Outside the United States as a Proportion of all Enrolled International Students, 2012-2016[1]



Possible Concerns

- Tuition cost as compared to a local face-to-face program
- Local recognition of online degree

One possible concern could be cost. While many online degree programs in the U.S. might be cheaper than comparable face-to-face programs, in many cases they are still significantly more expensive than programs at regional and local institutions. Moreover, in many countries, governments do not even recognize online degrees because of quality concerns and perceptions of rampant fraud. Acknowledging the local nature of online education can have serious implications for how and where an institution markets itself. By identifying its true potential market, institutions can better understand the viability of online education.

1) Does not include international students who are enrolled in Optional Practical Training

Source: EAB analysis of IPEDs data.; Institute of International Education (2017). "International Student Enrollment Trends, 1948/49-2016/17." *Open Doors Report on International Educational Exchange*.; Christopher Ziguras, "Will global online higher education ever take off?", *University World News*, January 19, 2018.

Lessons from MOOCs

MOOC Hype Led to Myths About Quality, Cost, and Reach of Online Ed

As online learning became more popular in 2011-2012, the higher education industry saw the advent of Massive, Open, Online Courses (MOOCs). Through MOOCs, faculty at primarily elite universities, working with a number of new organizations, began to offer complete courses available online, for free, to anyone willing to enroll. At the height of MOOC-mania, some courses attracted hundreds of thousands of students from across the globe.

> "…**nothing has more potential to enable us to reimagine higher education than the massive open online course**…I can see a day soon where you'll create your own college degree by taking the best online courses from the best professors from around the world…paying only the nominal fee for the certificates of completion. **It will change teaching, learning and the pathway to employment**"
>
> *Thomas Friedman, New York Times columnist*

> "In 50 years there will only be ten institutions in the world delivering higher education"
>
> *Sebastian Thrun, former CEO of Udacity*

The immense popularity of MOOCs led to numerous hypotheses about the potential impact they would have on higher-education. MOOCs were thought to be an equalizing force that would change the face of the higher education industry as we knew it. Many pundits believed MOOCs to be a low-cost alternative to higher education's expensive infrastructure, thereby increasing access and providing direct competition to colleges and universities.

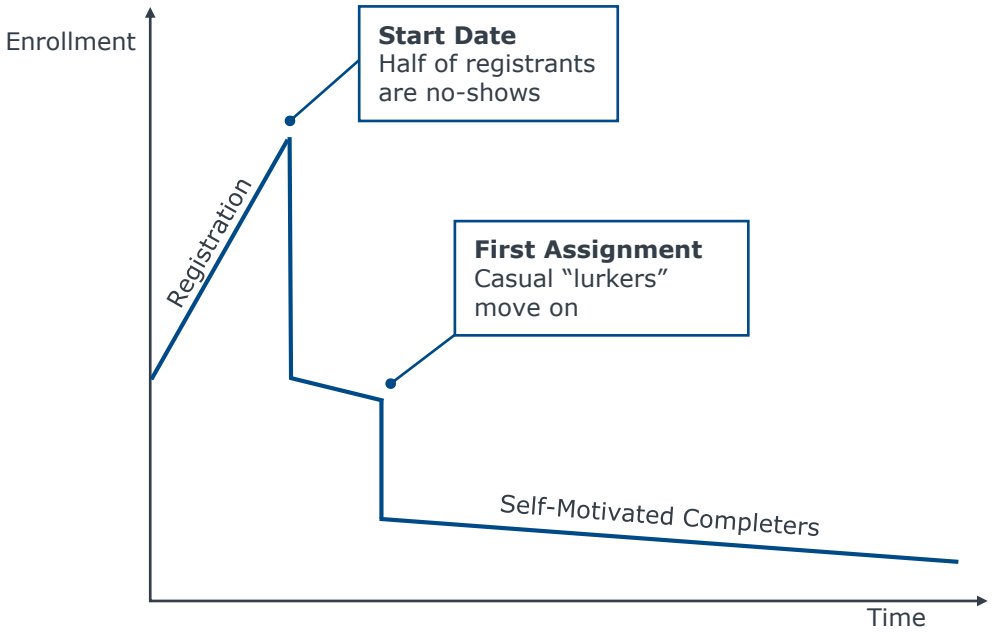
Source: Thomas L. Friedman, "Revolution Hits the Universities," *The New York Times,* January 26, 2013.; Steven Leckart, "The Stanford Education Experiment Could Change Higher Learning Forever," *Wired,* March 20, 2012.

The Illusion of Scale

Vast Majority of MOOC Registrants Drop Out by First Assignment

One of the primary myths perpetuated by MOOCs is related to scalability of online education. Numerous articles highlighting the thousands of registrants of a single course led many industry leaders to believe that MOOCs, and by extension online education, were infinitely scalable. However, MOOC completion rates have proven to be far less impressive than their well-publicized registration numbers. A closer look at the MOOC student lifecycle shows that many registrants fail to log in after a course starts, and many more tend to drop off during the first major assignment or assessment.

Typical MOOC Enrollment Pattern



This phenomena is largely attributed to the very nature of MOOCs. Given that students can enroll in them for free, there is no cost associated with failing to complete the course. Similarly, as the completion of a MOOC often does not result in a credential, many students are unclear of what the return on investment of the course is and are less likely to compete. MOOCs are also not designed to facilitate engagement and active learning. In many cases they feature passive content and require students to possess the self-discipline and motivation to finish the course.

Source: EAB interviews and analysis.

Separating Fact from Fiction

Understanding the Actual and Predicted Impact of MOOCs

Contrary to expectation, students didn't flock to MOOCs as a substitute for a postsecondary degree. This can be attributed to the fact that employers didn't view MOOCs as an alternative to a traditional higher education credential and few students found employment through them. Similarly, colleges and universities didn't view MOOCs as a complement to the education they provided. Many do not allow students to transfer in MOOC credit to apply towards a degree program and few students have even requested such a credit articulation.

MOOCs Not Disrupting…

Institutions not granting credit for MOOCs to students not enrolled and not paying tuition

Outside of computer programming, MOOC performance not leading directly to job offers

Vast majority of MOOC students already have baccalaureate degree

Faculty not leaving the institution to pursue MOOCs full-time

…But Leading to a Revitalization of Teaching Practice

Experimentation with accelerated content and condensed course timelines

Willingness to develop online content for future hybrid courses and flipped classrooms

Prioritization of learning outcomes over knowledge transfer in course development

Development of new, short online credentials and digital badges

Additionally, many pundits believed MOOCs would allow marginalized students across the world to access the same education as their more privileged peers. However, analysis of MOOC students reveals that a majority of participants come from wealthy countries, and most of them already have a postsecondary credential. Thus, MOOCs did not increase access to higher education but augmented the education students already had. Similarly, pundits predicted that MOOCs would be a vehicle through which elite institutions would push lower-tier colleges out of business. However, over time MOOCs were no longer limited to elite institutions and providers widened their partnership pool to include institutions from all sectors and degree levels.

Source: EAB interviews and analysis.

Evolution of MOOC Providers

From Potential Disruptors to Strategic Partners

While the hype around them may have died down, MOOCs and their providers have continued to evolve. Large-scale MOOC providers are partnering with education institutions to develop new online degree programs. For example, edX and its partner universities have launched 45 low-cost "MicroMaster" degrees, which cover 25 to 50 percent of the material from a typical Master's program. Students can use a MicroMaster to gain admission to the complete program at the participating institution. In 2017, edX also announced the development of a similar undergraduate level program.

Three of the largest MOOC providers, Coursera, edX, and Udacity, were launched in 2012 by faculty at elite institutions or by elite institutions themselves with the initial ambition of offering free, open enrollment courses.

Three Common Changes Since 2012

Market is Evolving

1

"Pay-to-Play"

The number and range of features and services that were once free has shrunk

2

OPM-Like Business Model

Change of focus to online program enablement as opposed to a platform to host individual courses

3

Creation of MOOC-based Degrees

For example, Udacity partnered with Georgia Tech to develop a low-cost master's in computer science

Recent News

Coursera

- Expanding workforce development course offerings
- Soon-to-launch introduction to AI course designed for business leaders and non-programmers

edX

- Partnered with nine selective institutions to offer fully online master's degrees
- Low-cost, large-scale, and in high-demand fields

Udacity

- Layoff of 125 employees as a part of a restructuring effort
- Company will move toward online program management and workforce development

Similarly, inspired by the advent of MOOCs, Georgia Tech, in collaboration with Udacity and with capital investment from AT&T, launched a low-cost online master's in computer science in 2014. With a total cost of less than $7,000, this program is significantly cheaper than its face-to-face counterpart. In fact, following the success of this program, Georgia Tech has also launched a second low-cost master's in analytics in Spring 2018. Thus, in order to stay relevant in a changing marketplace, MOOC providers have transformed to become more like institutional continuing and online education (COE) units by facilitating online program development and offering MOOC-based degrees.

Source: Greene, Tristan, "There's a Coursera Class to Help Your Clueless Boss Figure Out AI," *The Next Web*, November 21, 2018; Johnson, Khari, "Udacity Cuts 125 Employees as Part of Global Restructuring Plan," *VentureB Beat,* November 28, 2018; McKenzie, Lindsay, "EdX: From MicroMasters to Online Master's Degrees," InsideHigherEd, October 12, 2018; Dhawal Shah, "MOOCs Find Their Audience: Professional Learners and Universities", *EdSurge*, July 7, 2017; Phil Hill, "MOOCs Noe Focused on Paid Certificates and OPM Market", *e-Literate*, July 6, 2017.

Modality Debate Misses Market Distinctions

Three Unique Student Segments Comprise Online Opportunity

When launching online education offerings, institutions often look to the modality as a differentiating factor. However, it is important to remember that online and hybrid education is not a strategy in and of itself. As in the case of traditional education, online students are not a homogenous group and in order to remain competitive, institutions need to tailor their offerings to the specific student population they hope to serve.

	Multimodal Undergraduates *Opting for Convenience and Enrichment*	**Graduate and Professional Students** *Investing in Career Advancement*	**Adult Degree Completers** *Looking for Fast, Flexible Degrees*
Goals and Motivations	• On-Time Graduation • Curricular Exploration	• Promotion • Career Change	• On-Time Graduation • Curricular Exploration
Selection Process	• Location • Reputation • Cost	• "Search and Shop" • Reputation in Industry	• "Search and Shop" • Cost • Convenience

For more details about how to serve multimodal undergraduates, professional and graduate students, and adult degree completers please see the "Online Education Strategy Resource Center" on eab.com

We have identified three distinct student populations that take online and hybrid coursework, each with different needs and considerations. In subsequent publications we outline key curricular, pedagogical, enrollment, technological and student support services, and strategies institutions should consider when serving multimodal undergraduates, professional graduate students, and adult degree completers.

Regulatory and Operational Considerations

CHAPTER 3

Key Policies Governing Online Education

Face-To-Face Procedures Often Unsuitable for Online Reality

The spread of online education has created an impetus for reform at higher education institutions as existing policies and procedures created for face-to-face learning do not effectively support the needs of online students. In many cases the industry's understanding of certain key issues pertaining to accessibility and intellectual property need to be reframed for online learning. In other cases, such as state authorization regulations, institutions have to grapple with new rules that they may not have encountered before.

Accessibility

Traditional Approach:

Ramps, interpreters, note takers, and exemption policies

Online Implications:

Websites and content require multiple formats and customization

Intellectual Property

Traditional Approach:

Faculty retain rights to independent scholarship and research

Online Implications:

Digital content can be easily reused and sold elsewhere

State Authorization

Traditional Approach:

Most institutions operating in only one state; physical presence

Online Implications

Online enrollments transcend boundaries, creating regulatory nightmare

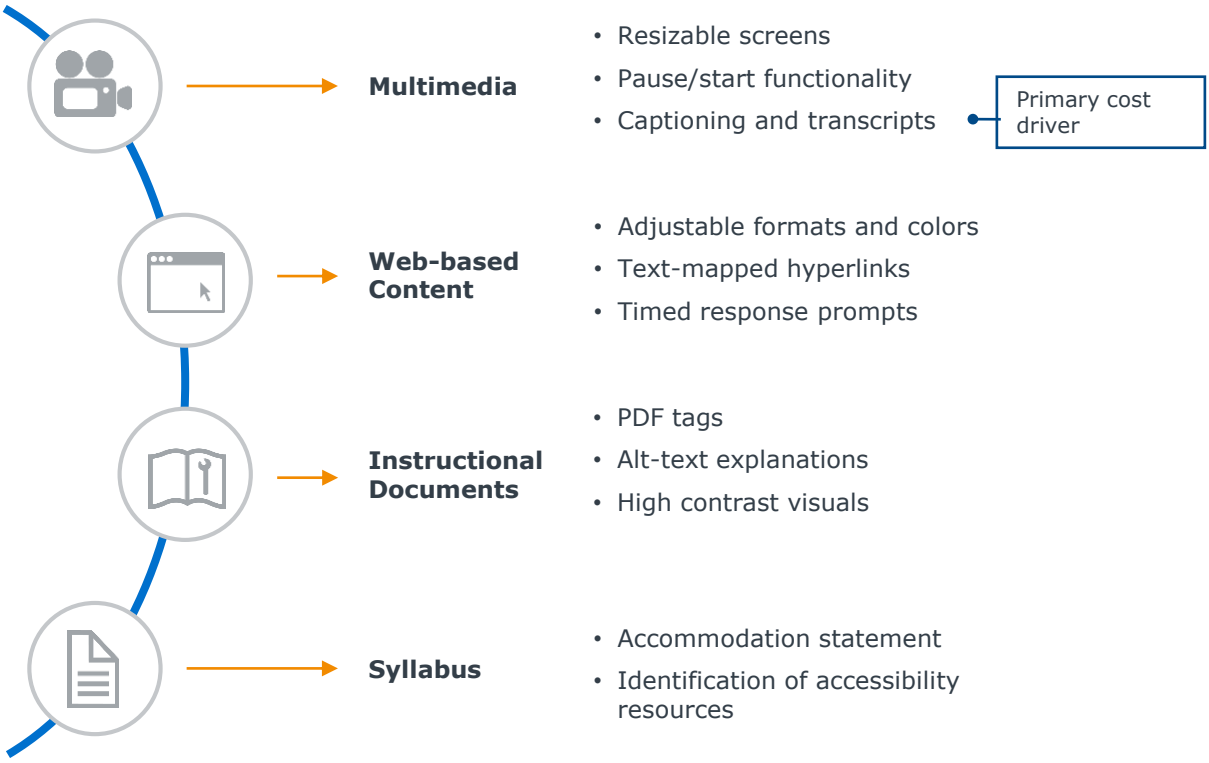
In all of these cases, institutions need to revamp websites and content to ensure access to their educational offerings, and they must develop intellectual properties that protect both faculty and the broader administration, while navigating the complex web of state rules to reach students across the country.

Source: EAB interviews and analysis.

Defining Complete Accessibility

Universal Design Helps Everyone, But Wholesale Revisions Can Be Costly

In the case of accessibility, the biggest problem is often the prohibitive cost of complete compliance. Going back to revise hundreds of online courses and websites to include resizable screens, captions, transcripts, and adjustable colors can easily cost hundreds of thousands of dollars, or might actually be impossible if they weren't built in a system with the proper capabilities to begin with.



One way to proactively work around some of these issues is to integrate universal design as part of the new online course development process. By making the upfront effort to prioritize accessibility concerns at every stage of online course development, institutions will be able to minimize any accessibility concerns that may come up at a later date. Additionally, faculty can use regular content updates to old courses as an opportunity to make the necessary accessibility changes. With the advent of new technology, it has become even easier for faculty to make changes to their course format themselves.

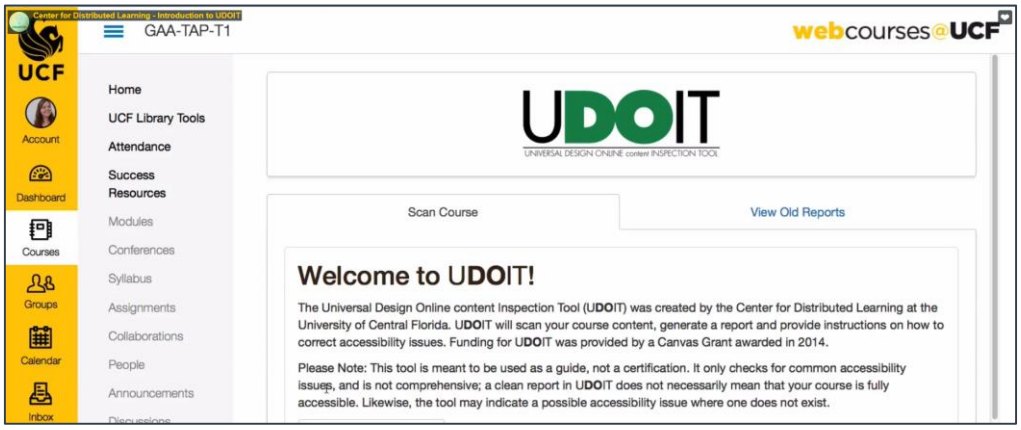
Source: EAB interviews and analysis.

Leverage Technology for Quick Wins

UCF's Content Accessibility Inspection Tool Allows Faculty to Help Themselves

Institutions can use new technological innovations to scan courses for potential roadblocks and concerns. The University of Central Florida does this through an open access Universal Design Online Content Inspection Tool (UDOIT). This enables faculty to identify accessibility issues in existing online courses by scanning the necessary pages (e.g. announcements, assignments, discussion) on the learning management system, generating a report, and providing resources on how to address common accessibility issues.

Open-Source Universal Design Content Inspection Tool



Key Characteristics

- Open-Source and Available to the Public
- Identifies Accessibility Issues
- Provides Resources to Address Problems

At UCF, UDOIT helps the institution achieve two primary goals: helping instructors learn about the importance of accessibility in online courses and providing the ability to fix potential problems themselves. While this kind of technology is useful in identifying common errors, it is important to couple this with broader conversations about incorporating universal design principles into course development because automated tools do not always identify all problems.

Source: "Universal Design Online Content Inspection TOOL (UDOIT)," University of Central Florida.

Resolving Key Points of Tension

Clear Intellectual Property Policies More Important than Ever

As online education continues to proliferate, institutions have to grapple with questions related to the ownership of course content and permissions to repurpose and reuse created content. Often this does not just include conversations between the broader institution administrators and faculty but can also include vendor partners. By developing clear intellectual property policies, institutions can account for some of these concerns.

Potential Approaches to Avoiding Uncertainty in Policies

Establish Permissions

Include provision for seeking permission from creator or attributing work to creator

Protect Against Conflict

Rely on conflict of interest policies to address concerns related to "moonlighting" with third-parties and MOOC providers

Account for all Stakeholders

Structure policy as a "matrix" by mapping interested parties, such as individual faculty, departments, and OPM providers and their respective needs to particular intellectual property

Ultimately course "ownership" is primarily a political issue, rather than a practical one. There are hundreds of institutions that assert ownership of online courses and license them to faculty, and hundreds that license online courses from faculty, who have ownership rights. The primary concern in the case of intellectual property policies is establishing clarity about usage rights. In many cases, institutions use online course development stipends as a form of payment for ownership of the course but give the necessary permission to faculty to continue to use the content if they ever leave the university.

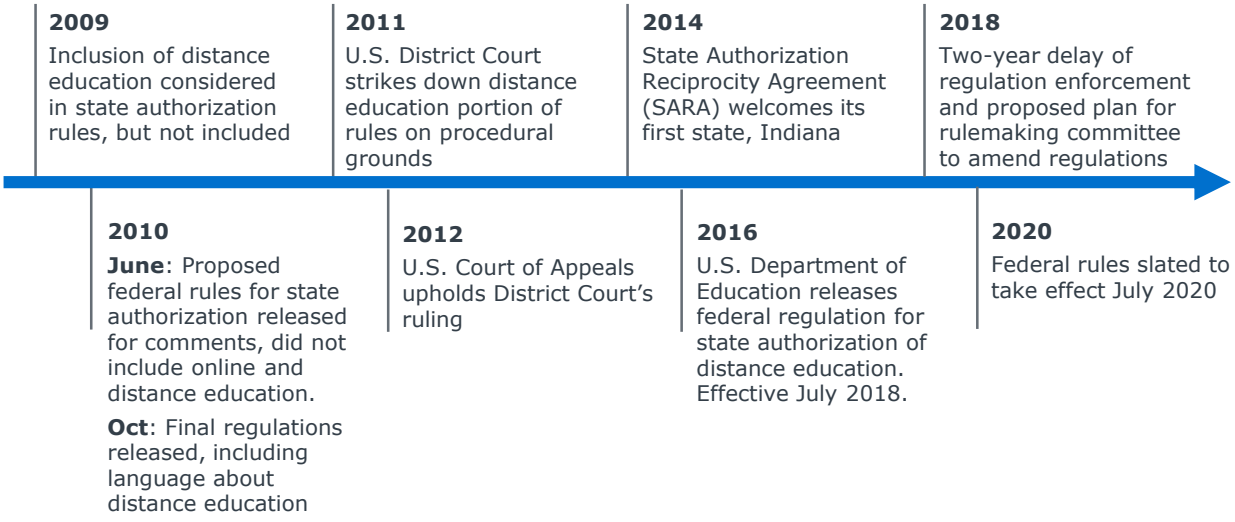
Source: EAB interviews and analysis.

Federal Regulations Still Pending

Ten Years of Uncertainty Regarding State Authorization

In order for institutions to enroll out-of-state online students, colleges and universities must comply with state-specific regulations. This creates significant cost and regulatory barriers for institutions wishing to expand their student body. Currently, there are no federal rules that govern the state authorization of online education. In the amendments to the Higher Education Act in 2010, the federal government published rules stating that any institution offering online education in a state other than its own is required to meet that state's authorization rules, and be able to document its efforts to do.

Timeline of Federal Distance Education State Authorization Regulations



However, due to procedural issues, the U.S. District Court struck down the distance education portion of the state authorization rules. The Department of Education revisited the rules and released a new version in 2016 which states that all higher education institutions that offer classes online must be authorized to operate in every state where they enroll students who receive federal financial aid. These rules were slated to go into effect in July 2018 however, implementation has been delayed for another two years. As it stands today, institutions must comply with the laws and regulations of the states in which they conduct activities.

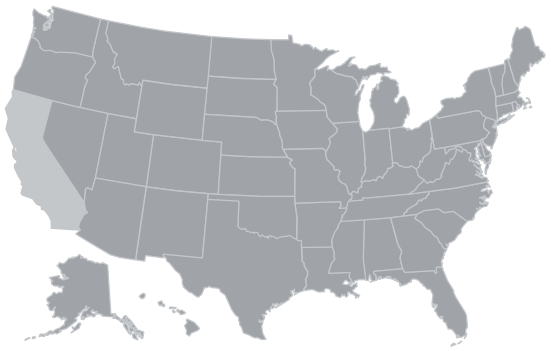
Source: Doug Lederman and Lindsay McKenzie, "2-Year Delay for State Authorization Rule," *Inside Higher Ed,* May 25, 2018.; Lindsay McKenzie, "Confusion Over Distance Education Rules," *Inside Higher Ed,* March 9, 2018.; Cheryl Dowd, "Federal Regulations Groundhog Day," WCET, May 17, 2018.

Regional Expansion Comes with a Price

State Authorization Reciprocity Agreement Aims to Ease Regulatory Burden

One mechanism to work around state authorization issues is the State Authorization Reciprocity Agreement (SARA). SARA was started in 2014 and has expanded to include almost all U.S. States and territories. Individual states and institutions can voluntarily subscribe to the agreement which then provides uniform compliance for many activities in SARA-participating states. However, SARA does not cover the individual state-by-state requirements for professional licensure.

State Authorization Reciprocity Agreement (SARA) Includes Almost All States:



- States and institutions can voluntarily subscribe
- Administered by the four regional education compacts (e.g. Midwestern Higher Education Compact)
- Membership is open to degree-granting and accredited postsecondary institutions from all sectors
- Regulatory burden shifts to "home state" of institution, rather than state in which students reside

Cost[1]

- $2,000/year for institutions with fewer than 2,500 FTE students
- $4,000/year for institutions between 2,500-9,999 FTE students
- $6,000/year for institutions with 10,000 or more FTE students

In order to determine whether joining SARA or any such agreement is worthwhile, institutions should compare the fees, complexity of the process, and necessary staff resources to the potential tuition revenue that would result from full operation in a particular state. Regardless of whether an institution chooses to expand its operations across the country, it is important that they proactively prevent enrollment from states where they are not authorized and provide prospects with the necessary information about licensure requirements and authorizations.

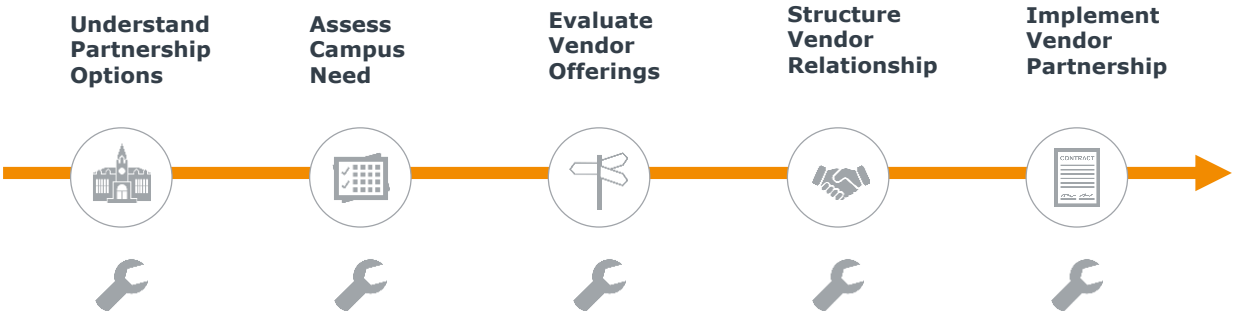
1) Required SARA fee paid to the National Council for SARA. Some state may choose to charge additional fees to their in-state institutions that want to participate in SARA.

Source: Lindsay McKenzie, "Confusion Over Distance Education Rules," *Inside Higher Ed,* March 9, 2018.; "What does my institution need to do?", National Council for State Authorization Reciprocity Agreements.; "SARA States & Institutions", National Council for State Authorization Reciprocity Agreements.

Build, Buy, or Partner?

Structuring Profitable Partnerships that Align with Institutional Goals

When institutions develop online education offerings they have to decide whether to build the necessary capabilities in-house or to work with an online enablement vendor. EAB has developed a toolkit that allows institutions to understand potential partnership options, assess campus needs, evaluate vendor offerings, and structure and implement vendor partnerships.



- Online Enablement Industry Brief and Vendor Landscape
- Partnership Benefit vs. Risk Matrix
- Service Value Spectrum

- Online Infrastructure Self-Diagnostic
- Common Support and Service Gaps

- Side-by-Side Comparison of Major Vendors
- Client Reviews
- Tips to Maximize Value of RFP Process
- Vendor Selection Scorecard

- Top Mistakes in Structuring Partnerships
- Negotiation Tips
- Contract "Must-Haves"

- Internal Preparation Checklist
- Faculty-Focused FAQs

For details about online education vendor partnerships, please see the Online Education Strategy Resource Center, on eab.com

This toolkit outlines the "online enablement" industry and the reasons why some colleges and universities are opting to partner with external vendors to promote online program growth, outlining the potential advantages of working with a vendor, and the potential pitfalls of poorly structured partnerships. It also includes a decision guide to determine whether an institution should partner with a vendor and specific advice on structuring, maintaining, and even exiting such partnerships.

Advisors to Our Work

This resource drew on a ten-year history of research on online education. EAB is grateful to the individuals and organizations that have shared their insights, analysis, and time with us over the years. We would especially like to recognize the following individuals for being particularly generous with their time and expertise during our recent updates.

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