

Indiana University
Strategic Plan for Online Education

Bobby Schnabel, Dean, School of Informatics

March 9, 2011

Letter of Transmittal



SCHOOL OF INFORMATICS INDIANA UNIVERSITY

March 9, 2011

Michael A. McRobbie
President
Indiana University
Bryan Hall
107 S. Indiana Avenue
Bloomington, IN 47405

Dear President McRobbie:

I am pleased to transmit the Indiana University Strategic Plan for Online Education that you have asked me to prepare. As requested, the plan is the product of wide consultation with the Indiana University community including all of its campuses. Thank you for the opportunity to make some small clarifications to the initial version of this plan submitted to you on February 27, 2011. Moreover, thanks for the opportunity to work on this plan, which has been a stimulating and enjoyable experience. I hope that this plan proves to be useful to Indiana University.

Sincerely yours,

A handwritten signature in black ink that reads "Robert B. Schnabel".

Robert B. Schnabel
Dean

Charge from President McRobbie

INDIANA UNIVERSITY



October 27, 2010

OFFICE OF THE
PRESIDENT

Robert B. Schnabel
Dean, School of Informatics and Computing
Indiana University
919 E. Tenth Street, Room 210
Bloomington, IN 47405

Dear Bobby,

Further to the announcement in my recent State of the University speech, I am writing to confirm my request that you lead a university-wide study to propose a comprehensive online education strategy for Indiana University.

The key elements that should be included in this strategy are:

- 1) An overarching philosophy and strategy for IU online education in terms of student markets, curricular foci, quality, and academic control. Please consider the recent IUB online education report in this context as you do this.
- 2) A policy for how each campus (and school and department) needs to interact with the other campuses (schools, departments) in creating and maintaining new online courses and programs. Objectives of this policy should include fairness, capitalizing upon synergies, and avoiding unnecessary duplication.
- 3) Key strategic areas for encouraging development of online opportunities and threats if these areas are not developed. Areas that should be considered include large, introductory courses; professional, largely graduate education (courses, certificates, degrees); and degree completion.
- 4) Technological synergies and efficiencies that can be achieved at a university-wide level, and approaches and policies for doing so. Areas to consider include hardware and software support, support for academic and course functions, and faculty training and support.
- 5) The administrative structures and support that IU requires for a comprehensive university-wide online education strategy.
- 6) As time permits or the importance justifies, additional topics including: a) pricing strategies for online education; b) opportunities of international collaboration via online education; c) use of hybrid models of instruction that mix online and traditional modes.

In conducting this study, I expect you to work closely with Vice President John Applegate in his policy and planning and his regional campus roles, and to consult with the campus Chancellors and Provost, the Vice President for Information Technology, the academic deans, and appropriate representatives of the faculty and of faculty governance. You

Bryan Hall 200
107 S. Indiana Avenue
Bloomington, Indiana
47405-7000
812-855-4613
Fax: 812-855-9586

University Place
Conference Center
850 W. Michigan Street
Suite 243
Indianapolis, Indiana
46202-5198
317-274-3571
Fax: 317-274-5098

iupres@indiana.edu
www.indiana.edu/~pres

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should also consult as you see fit with other universities and authorities on online education. Vice President Applegate's office will work with you to provide or help identify staff support for this work, which I will support at a reasonable level of effort. I note that this study may have an impact on the School of Continuing Studies or its programming, but that plans for the future structure and program of SCS is the responsibility of the Bloomington provost.

Please provide me with your recommendations by March 1, 2011, so that they can be broadly discussed before the end of the current academic year. I thank you for once again for taking on this additional task for the benefit of Indiana University.

Yours sincerely,



Michael A. McRobbie
President

MAM/gw

cc: John Applegate, Vice President for University Regional Affairs,
Planning and Policy
Charles Bantz, Chancellor and Executive Vice President, IUPUI
Karen Hanson, Provost and Executive Vice President, IU Bloomington
Michael Harris, Chancellor, IU Kokomo
William Lowe, Chancellor, IU Northwest
Sandra Patterson-Randles, Chancellor, IU Southeast
Nasser Paydar, Chancellor, IU East
Mae Reck, Chancellor, IU South Bend
Michael Wartell, Chancellor, IP Fort Wayne
Bradley Wheeler, Vice President Information Technology and CIO

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1. Summary of Main Recommendations

- **Guiding Principles:**
 - Quality expectations for IU online education should be equivalent to those for on-campus education. Criteria for selection of faculty to teach online courses should be the same as for on-campus courses.
 - Academic control of online courses and programs should be equivalent to that for on-campus education.
 - IU's primary market for online education should be its natural markets including residential students, students in campus regions, and Indiana citizens and professionals.
 - IU online education should combine the best features of IU on-campus education with the best capabilities of IU's renowned technological infrastructure.
- **Undergraduate Education:**
 - The foremost reasons for delivering undergraduate courses and programs online are facilitating timely progress to earning degrees; providing convenient access to education for students, particularly working adults; and facilitating retention. The most important need and opportunity for undergraduate online education is to offer alternative sections of popular undergraduate courses. The provision of entire undergraduate degree programs online is not expected to be a major IU focus in near future.
 - IU should consider opportunities where a multi-university consortium approach to providing common undergraduate courses would offer advantages of quality and cost.
- **Graduate Education:**
 - A primary reason for offering graduate courses and programs online is to meet the needs of Indiana residents, particularly working professionals, who are seeking continuing education in their fields, as well as citizens who cannot get to university campuses and seek graduate education in fields where the market is large enough to support an online degree. A second opportunity is in areas where IU has sufficient national and international distinction, or offers a sufficiently unique and useful curriculum, that it can attract new markets of students, within and outside of Indiana.
 - IU's current online offerings at the graduate level match up well with national patterns; there may be additional opportunities in areas including computing, engineering, and further areas in the health sciences and in education.
 - IU may want to consider an expedited approval process for online graduate professional certificates so that they can be responsive to societal needs, with a corresponding review/sunset process.
- **Course Support:**
 - IU needs to devote resources to instructional design support for online education, technology support that meets the 24/7 needs of online students, and enhancement of Oncourse to provide the capabilities and flexibility to support IU online education well.

- **Intercampus Issues:**
 - IU campuses do not, in general, feel threatened by online offerings from other IU campuses. The regional campuses and IUPUI generally feel that their online courses primarily serve a regional market and data mainly supports this.
 - There is a clear need for a high level IU administrator to serve as a “gatekeeper” to oversee intercampus issues regarding online offerings.
 - IU’s organizational and fiscal infrastructure to support multi-campus courses is insufficient and requires attention.
- **Pricing:**
 - IU needs to educate policy makers and the public that online education generally is more, not less, expensive than on-campus education at both undergraduate and graduate levels, primarily due to the fact that equivalent quality online education requires greater individual student attention than on-campus education.
 - IU should price undergraduate online education at least as high as on-campus undergraduate education, for both in-state and out-of-state students, generally with an additional fee to support the increased cost of online instruction. At the graduate level, there needs to be flexibility for units to set pricing that they feel is competitive for their market. Graduate tuition rates for out-of-state online students should be higher than in-state rates, but often may not be as high as on-campus out-of-state rates.
 - IU needs a clear and consistent policy about additional fees for online students.
- **Structure and Management:**
 - IU needs a small office that provides leadership and management of online education. A portion of the responsibilities of this office go on indefinitely, while other parts should be needed only for a few years. It should be led by a respected academic.
 - The primary duties of an office of online education should include: strategic oversight of IU’s online education activities; serving as the “gatekeeper” for intercampus issues regarding online education, and as the point of final decision making (subject to presidential and Trustee approvals) upon input from the IU Academic Leadership Council; maintaining an IU portal for all IU online education offerings; coordinating with state and other entities that influence online education. Additional responsibilities in its first few years should include: working with campuses, colleges and schools to encourage exploration and implementation of programs that are consistent with IU’s online education strategic plan; determining overall university resource needs to support online education, needs of specific units, and ways to meet these needs including a pricing policy for IU online education; leading an IU conversation of criteria that should be used to assess new online degrees and programs; defining IU’s data collection needs related to online education and assuring that they are met; working with the bursar, registrar and other key units to improve the ease and efficiency of supporting multi-campus courses and programs.

2. Preamble

Online education has exploded in the United States in the past 10-15 years. The number of post-secondary students taking at least one online course grew from 1.6 million (9.6% of the total enrollment of 16.6M) in fall 2002 to 5.6 million (29.3% of the total enrollment of 19.0M) in fall 2009 – a compound growth rate of 19%/year for online enrollment vs. 2%/year for overall enrollment. During this era, a few universities have succeeded as new for-profit online universities (e.g. U. Phoenix) or have developed large new online businesses (UMass Online, Penn State World Campus) while a number of ventures either have failed or been significantly reoriented (e.g. AllLearn (Oxford, Stanford, Yale), Columbia, U. Illinois, U. Maryland, New York University, U. Texas). (The preceding data is taken from a recent Sloan Foundation study; in a bit of a tautology, it defines an online course as one that is delivered at least 80% online, although our sense is that most online courses are delivered entirely online.)

Indiana University has developed significant online offerings in recent years. The percentage of online course enrollments in fall 2010 ranged from 0.9% at IU Kokomo and 2.8% at IU Bloomington, to 3.7%, 4.0% and 4.8% at IU South Bend, Northwest and Southeast, respectively, to 12.6% at IUPUI and 28.4% at IU East. IU has developed distinctive, successful online programs in areas including business (Kelley Direct), nursing and education. The School of Continuing Studies also has developed a wide range of online offerings, including the Bachelor of General Studies degree. (The percentages above include School of Continuing Studies online courses taught through the campuses.) IU East has placed great emphasis on online education in the past few years, while units such as the College of Arts and Sciences at IU Bloomington, SPEA, and IU Kokomo have increased their attention to online education recently.

IU does not, however, have a current comprehensive strategic plan for online education. (An IU-Bloomington “E-Learning Task Force Report”, chaired by Prof. Anne Massey, was produced in June 2010; earlier studies include the report of a university-wide distributed education committee chaired by Associate Vice President Erwin Boschmann in 2000, and the report of the President's Advisory Committee on Distance Education, chaired by Dean Blaise Cronin in 1997.) This plan is needed for two main reasons. First and foremost, IU needs to be sure that it is availing itself of opportunities to better serve its existing students and to develop attractive new programs by using online delivery, and that it is making a well-considered response to new competition from outside online offerings. Secondly, administrative and management issues in areas including interactions between online offerings at multiple campuses, pricing of online courses, and the management of IU's online enterprise require university-wide planning and attention.

It should be emphasized at the outset that this strategic plan does not signal any fundamental change in IU's educational philosophy and approach. Personal interaction remains and will remain a crucial part of learning, and for the foreseeable future, most often will be accomplished best in a face to face setting. The residential university as embodied by the physical infrastructure of IU's campuses provides value in many ways within and outside the classroom, and is expected to endure and thrive. Online education offers advantages of access and convenience, and is well suited to content in some areas. This plan assumes that online education at IU will complement an undiminished commitment to on-campus education.

Finally, it should be acknowledged upfront that collecting data about online education presents challenges and uncertainties, both at IU and at other institutions. The main reasons for this include:

- There is no uniform definition of what is considered an online course, particularly for courses delivered primarily but not fully online, and no guarantee of a fully accurate record of which are online courses, even when a definition is agreed upon.
- There are not necessarily complete listings of what degrees and programs are offered online by a given university and no uniform definition of this category either, particularly for programs where most but not all components are taken online.
- Counting online students is particularly unclear – definitions can include students who are enrolled in any online course although that student also may be taking on-campus courses at the same time, students who take the majority of their coursework online in a given semester (the definition generally used at IU), and students enrolled in an online degree or certificate program.
- At IU, the School of Continuing Studies is a separate organization with a significant online component, but its courses are offered through the IU campuses. Thus the campus' online data includes enrollments in both School of Continuing Studies' online courses offered through that campus, and online courses offered directly by the campus' schools and colleges, and there is no easy way to separate the two categories. Moreover, the School of Continuing Studies is not fully integrated into the university's student enrollment system, which compounds the data problem.

The preceding points are elaborated upon further in the discussion of data challenges in online education at IU at the end of Appendix B. All of these uncertainties lead to the understanding that while the IU and national online education data is sufficient to identify overall trends and to guide high level strategic recommendations, it has limitations in terms of drawing more detailed conclusions.

3. Guiding Principles

IU's online educational offerings should adhere to the following general academic principles. There appears to be broad agreement on these principles across the university.

- Quality expectations for online education should be equivalent to those for on-campus education. As part of this, criteria for selection of faculty to teach online courses should be the same as for on-campus courses.
- Academic control of online courses and programs should be equivalent to that for on-campus education; online education simply should be considered a different delivery mechanism by standard academic units. Similarly, support services such as registrar, bursar and advising should be provided by existing structures unless there is a clear advantage to offering them separately for particular programs.
- The primary market for online education should be IU's natural markets including residential students, students in the region of the campus, and Indiana citizens and professionals. Generally, programs that seek to develop markets outside of these categories should be ones that have a particularly strong national and international reputation, or that offer a particularly unique curriculum.
- Online delivery should be selected primarily in cases when it is equally or better suited to high quality educational outcomes for the particular course or program in comparison to on-campus delivery. IU online education should combine the best features of IU on-campus education with the best capabilities of IU's renowned technological infrastructure.

In addition, the following broad principles should characterize IU's online offerings at the undergraduate and graduate levels. These principles also appear to be broadly agreed upon.

- The primary goal of offering undergraduate courses and programs online should be facilitating timely progress towards graduation. Important aspects of this include providing additional access to popular courses, both in normal semesters and in the summer, and providing online programs in cases where the student audience, although regional, is more likely to be able to access education online than on-campus.
- The primary goals of offering graduate courses and programs online should include enhancing access to Indiana students, particularly working professionals seeking continuing education in their fields and Indiana citizens who are remote from university campuses, and expanding markets and/or student quality for distinguished or unique IU academic programs.

4. Academic Issues

4.1. Curriculum

4.1.1. Undergraduate Programs and Courses

- The primary reasons for delivering undergraduate courses and programs online are facilitating timely progress to earning degrees; providing convenient access to education for students, particularly working adults; facilitating retention (particularly for the regional campuses); mitigating classroom space constraints; and providing an IU online alternative for popular courses that are offered by other online providers. New revenue is not the primary motivation for many online undergraduate offerings, but undergraduate online offerings may allow campuses to expand enrollment beyond the limitations of available classroom space, and to serve student markets that would not come to campus. These opportunities are growing because students are becoming increasingly comfortable with online technology and with enrolling in online courses.
- The most important need and opportunity for undergraduate online education is to offer alternative sections of popular undergraduate courses (often large enrollment and/or bottleneck courses), so that students have more varied access to these courses. IU East's emphasis on online education includes this aspect; IUPUI does this to some extent and is in the process of expanding in liberal arts; IU Bloomington is about to develop and pilot a number of such courses in the College of Arts and Sciences; and IU Kokomo also is engaged in developing such courses. IU should continue to look carefully at student needs and external forces in this area, on all of its campuses.
- IUPUI has had some negative experiences with low-level undergraduate students having poor success rates in online courses, and feels this was due to student maturity not fitting well with the online style of education. While this experience is not uniform at IU, it is an important caution: particularly for relatively inexperienced undergraduate students, online education must provide sufficient contact, information and support to assure that they thrive in this style of education.
- The provision of entire undergraduate degree programs online was not a significant focus of this study and is not expected to be a major IU focus in near future. (This is consistent with the guiding principle that IU should focus on improving its service to its natural markets, rather than developing entirely new markets.) Beyond the Bachelor of General Studies, IU offers a small number of undergraduate degree programs online (see listing of IU online programs and courses in Appendix B; note that in addition to the IU-wide nursing RN to BSN degree, only four IU East degrees are offered entirely online, Business Administration (B.S.), Communication Studies (B.S., B.A.), English, Technical and Professional Writing concentration (B.A.), and Natural Science and Mathematics, Mathematics concentration (B.A.)). The most likely market for entirely online undergraduate degrees is professional programs that appeal largely to working adults.

- IU should consider opportunities where a multi-university consortium approach to providing common undergraduate courses would offer advantages of quality and cost. The natural group to work with to develop and experiment with such an approach is the CIC universities. In the long run, such an approach may be necessary to remain competitive with for-profit providers, while offering academic quality and control. (The CIC CourseShare program already shares access to specialized courses among CIC universities.)

4.1.2 Graduate Programs and Courses

- A primary reason for offering graduate courses and programs online is to meet the needs of Indiana residents, particularly working professionals, who are seeking continuing education in their fields, as well as citizens who cannot get to university campuses and seek graduate education in fields where the market is large enough to support an online degree.
- A second, more restricted opportunity for online graduate programs is in areas where IU has sufficient national and international distinction, or offers a sufficiently unique and useful curriculum, that it can attract new markets of students, within and outside of Indiana. These opportunities offer programs the ability either to increase enrollments and/or to increase the quality of their student body.
- Decisions about offering graduate courses or programs online are best left to the schools or colleges, as they are in the best position to assess the markets and the appropriateness of their curriculum to online delivery.
- A national table of programs that are most commonly offered online (see “National Table by Discipline” in Appendix B) shows that the leading programs are business and management, education and training, computer science and information technology, engineering and electronics, and healthcare and medical. IU’s online offerings at the graduate level match up well with this list, particularly in business, education, nursing, and informatics, and the list does not show any glaring omission. There may be additional opportunities in several of these areas, including computing, engineering, and possibly additional areas in the health sciences and in education.
- Issues of flexibility are particularly important in graduate online education and were mentioned by most of the current online graduate programs. Key instances include: pricing; academic calendar; course management systems. Each of these is addressed later in this document.
- IU may want to consider an expedited approval process for online graduate professional certificates, so that they can be responsive to societal needs, with the understanding that such certificates would be reviewed after several years and allowed to sunset if the need no longer exists or the demand has not been sufficient. (Note that ICHE approval is required to provide students access to federal and state financial aid programs.)

4.1.3 Summer Courses

- There is a perception, particularly at IU-Bloomington, that students are taking undergraduate courses from other providers in the summer, either online or in their home

area, and then transferring these to IU. IU currently does not offer many high-demand undergraduate courses online in the summer, and should consider which courses have sufficiently large potential demand that it should offer them online in the summer.

- Data collected from CIC institutions show that some offer many undergraduate courses online in the summer (Michigan State, Minnesota) while others offer very few (Ohio State, Penn State, Purdue, Wisconsin). By ramping up this activity, IU would be in a reasonable position relative to its CIC peers. Conversely, if IU does not offer such courses, online courses already offered by other universities will provide attractive and good quality alternatives to attract our students.

4.1.4 Hybrid Courses

- The timeframe of this study did not permit an in-depth examination of the possibilities for blended on-campus / online instruction. It did reveal, however, significant interest in and opportunities for this approach. The motivation generally combines three factors: a portion of the course material is well suited to online education; the blended approach makes more efficient use of scarce classroom space; the blended approach saves non-residential students trips to campus. Examples that were cited where this approach is potentially attractive include introductory physics courses at IUPUI where much of the laboratory component can be provided at least as effectively via computer simulations, and the popular Traditions and Cultures of IU course at IUB where a virtual rather than physical tour of the art museum would allow the course to serve more students. IU Southeast expressed particular preference for hybrid courses as opposed to fully online courses. A partial examination of bottleneck courses at IU campuses indicated that laboratory space for undergraduate science courses was a frequent limiting factor, so that a hybrid approach that utilizes virtual laboratories where appropriate could improve the ability to satisfy students' course needs.

4.2. Faculty Issues

- The expectations for the qualifications and status of faculty teaching online courses should be the same as for on-campus courses. There is broad agreement on this point from IU schools, colleges and campuses. Data from IU-Bloomington, IUPUI and IU East indicate that currently, the percentage of regular faculty (including both tenure and non-tenure track) teaching online courses is quite similar to the percentage teaching on-campus courses. (See data on faculty teaching online courses at IU in Appendix B.)
- There should be flexibility as to how an online course counts in the faculty member's teaching load. There is consensus that the per student time demand of online teaching exceeds that of on-campus teaching. Some units mitigate this with smaller enrollments and/or more instructional assistant support, and count the course normally. Others instead count an online course as 1.5 or in at least one instance, 2 on-campus courses in the faculty member's teaching load. This decision seems best left to the resource center unit.

- In keeping with online education being an integral portion of IU's overall education offerings, in general it is preferable for online instruction to be considered a part of the normal faculty teaching load rather than an overload. An exception is cases where the online program serves markets where enrollment may fluctuate markedly from one year to the next; in this case using overloads may be appropriate. The Kelley Direct program is an example of this phenomenon, particularly due to its corporate audiences which can dramatically increase or decrease student enrollment with little advanced notice. Overloads also may be appropriate in cases where they are the only way to meet student demand with high quality faculty in the short term due to the market for faculty in that area.
- It is appropriate to provide start-up support for faculty for the development of a new online course. The most successful model has been small summer grants, with payment tied at least in part to the completion of the course materials.

4.3 Course Delivery and Support

- A very wide range of approaches to online course delivery are used successfully at IU. These range from online courses taught in tandem with on-campus courses where an on-campus class is recorded and provided online, to courses that are only offered online but include some lecture component, to online courses that consist entirely of instructional modules, exercises and group experiences customized to the online environment. The choice of what is most effective is tied heavily to the course content.
- In all cases, two types of support are imperative for online education. The first is instructional design support to understand what approaches are best suited to that course and aid in the development of the course materials. The second is technology support, which must include a 24/7 component in recognition that online students expect access at any time that they are able to devote attention to the course. IU needs to devote resources to both of these needs (this is related to the pricing discussion later in this report). IU should benchmark itself against peer institutions with successful online programs to help determine the correct support levels. IU also should take care to assure that its online course materials and its websites and materials that support online education are fully accessible to students with disabilities.
- While some units that have large online programs (e.g. Kelley School of Business, School of Nursing) have their own support staff for instructional design and technology support, it is crucial that IU provide these resources in general. Currently, very little support from instructional designers with experience in online course development is available as a shared resource on IU campuses, and there is a clear consensus from both the academic and support sides that more is needed. This need is beginning to be addressed at IU Bloomington. As more instructional designers for online education are hired, IU may want to consider a structure where they are part of a central campus group but are located in and serve specific schools and colleges.
- Attention needs to be given to how the Oncourse system can best provide the capabilities and flexibility to support IU online education well, and resources to enable this to be done

need to be provided. Oncourse is used by most units and is expected to play the key role in supporting IU online courses in the future. Enhancements that were broadly suggested include: the ability to treat a multi-campus course as a single Oncourse course; the ability to work well with courses taught outside normal semester boundaries; 24/7 support; increased support for the types of collaborative online activities that are an important part of online educational pedagogy. IU would benefit from ongoing collaboration between technology leaders and representative faculty on these issues, leading to an agreed upon priority for development activities.

5. Policy Issues

5.1. Intercampus Issues

- One issue this study examined was whether the marked increase in online offerings by one regional campus (IU East) was creating issues for other campuses. From talking to the other campuses, this does not appear to be the case –none of campuses appear to feel threatened by online offerings from other IU campuses. The regional campuses and IUPUI generally feel that their online courses primarily serve a regional market. The available data (see data on online enrollments by IU region designation in Appendix B) indicate that this is moderately true – for example for IUPUI and IU East, the percentages of online students from their region, other IU regions, Indiana but no IU region, and out of state are 58%/7%/9%/21% and 54%/13%/11%/21% respectively. (IU East data for spring 2011 show that of students taking at least one online course this spring, 79% are from their service region. The majority of these are taking on-campus courses as well. As mentioned in the preamble, the percentages above refer to students taking the majority of their credit hours online. As also stated in the preamble, conclusions from this data should be drawn at a broad level only.)
- To the extent that IU degrees, online as well as residential, are identified with a particular campus, it may not be necessary to view overlapping online degrees much differently than we view overlapping on-campus degrees. (Currently, degrees are differentiated by giving the location (not campus) of the degree (on-campus degrees only) and by the Chancellor who signs them (all degrees).) For either online or on-campus degrees, university examination of the need for degrees is needed, but with the understanding that often it is reasonable for multiple campuses to offer degrees in the same area. Online degrees should be treated differently only under a clearly defined and understood set of criteria, such as if they are likely to attract a significantly different geographic market than on-campus degrees offered by the same campus, or if there is concern about significant brand confusion to potential students. As mentioned above, often this does not appear to be the case. It should be noted that this philosophy does not seem consistent with one campus' current branding of its online programs as "IU Everywhere", and as an overall IU online education strategy is adopted, this marketing issue should be examined.
- There is a clear need for a high level IU administrator to serve as a "gatekeeper" to oversee intercampus and policy issues regarding online offerings. This suggestion is discussed in the section on Structure and Management.
- IU's organizational and fiscal infrastructure to support multi-campus courses is insufficient and requires attention. This comment was made by many people whose units have experience in this regard. Issues mentioned include Oncourse support for such courses (see Course Delivery and Support, above); the ability to have common registration for a multiple campus course, and to allocate revenues and credit hours for such courses among campuses; and the ability to deal with the issues caused by separate academic calendars. (One way to resolve the latter issue is to move to a common calendar; while this issue is

beyond the scope of this report, it should be noted that increasing use of online courses shared between campuses increases the reasons for considering a shared calendar.)

5.2 Pricing

- IU (and the remainder of higher education) needs to educate policy makers and the public that online education generally is more, not less, expensive than on-campus education at both undergraduate and graduate levels. The biggest reason for this is that a universal experience is that equivalent quality online education requires greater individual student attention than on-campus education at all levels. Units deal with this either by decreasing class sizes, increasing the credit given to faculty teaching online in calculating their teaching load, or providing additional instructional assistants; all of these increase cost per student. Additional factors that increase the cost of online instruction are the technological infrastructure needed to support it, the need to support student access 24/7, and the greater costs to develop and maintain course materials.
- The main factor that generally is cited for a decreased cost of online instruction relative to on-campus is that it doesn't require classroom space. This is valid; a careful computation by Associate Vice President Steve Keucher calculates this savings at \$8.68 per credit hour, or roughly \$26 per three credit course. While significant, this savings is not enough to offset the additional costs of online education, such as class sizes that often are 20-35% smaller.
- As pointed out by IU Vice President and Chief Financial Officer Neil Theobald, an important factor in pricing online education is pricing by peers in this market. As shown by the pricing summary for other universities in Appendix B, this pricing offers some guidance but is highly variable.
- At the undergraduate level, IU needs to price online education at least as high as on-campus education, for both in-state and out-of-state students. If not – for example if IU used a lower out-of-state rate for online courses – it would create a loophole where out-of-state students living on or near campus can take courses for sharply reduced rates. There generally should be an additional fee to account, at least in part, for the increased cost of online instruction. Students are likely to accept such fees in return for the convenience of online education and the opportunity it provides to make faster progress towards graduation.
- One exception to the foregoing may be pricing online undergraduate courses in the summer; IU may choose to discount those relative to academic year pricing if this helps develop a market. Providing more summer instruction will create higher student throughput on IU campuses and is advantageous both to students and to IU.
- At the graduate level, there needs to be flexibility for units to set pricing that they feel is competitive for their market. For example, considerations for programs that serve regional students who gain the convenience of not having to come to campus versus those that serve a national corporate or professional market may differ. Graduate tuition rates for in-state online students likely should consider an online surcharge for the reasons described above. Many units have the experience that to successfully attract out-of-state online students,

graduate tuition rates can be somewhat higher than in-state rates but not nearly as high as out-of-state rates for on-campus graduate instruction. IU has a guideline that online tuition rates for out-of-state students must be at least 140% of in-state on-campus rates, and this is a reasonable lower bound. It should be recognized that often, online graduate students receive less financial aid than on-campus graduate students; if so, a lower stated tuition may not represent as great of an actual decrease in revenue.

- IU needs a clear policy about additional fees for online students. Currently, IU Bloomington, IUPUI, Columbus and IU South Bend assess the student activity fee based on on-campus hours only, whereas IU East, IU Kokomo, IU Northwest and IU Southeast assess this fee based on all hours regardless of mode of delivery. In addition, IU Bloomington and IUPUI assess the technology fee based upon on-campus hours only (although online courses generally make greater use of technology!), whereas all regional campuses and Columbus assess this fee based on all hours. Conversely, IU East has a \$30 additional fee per online course; Education and HPER have a \$37/course fee and SLIS has a \$50/course fee. While IU doesn't necessarily need uniformity, this situation clearly needs careful examination.

5.3 On-Campus Component

- An interesting question is whether some on-campus experience on an IU campus should be expected to obtain any IU degree, including an online degree. Many IU online degrees do include a on-campus component, for example the expectation that a cohort of students comes to an IU campus at one or more points during the program to build community, or (for degrees aimed at regional student audiences) a particular course or experience that is expected to be undertaken on campus. IU should consider instituting a policy that all IU online degrees are expected to include some experience on an IU campus, with the understanding that there is a mechanism to request and grant exceptions to this policy.

6. Structure and Management

Given the importance of online education in higher education and the lack of overarching university-wide leadership for it so far at IU, IU needs a small office that provides leadership and management of online education. A portion of the responsibilities of this office go on indefinitely, while other parts should be needed only for a few years (see below). This office should be led by a respected academic, possibly as a part-time assignment. Whatever structure and responsibilities are established should be reviewed after no more than three years with the expectation that many start-up phase duties can sunset by then and the understanding that the entire operation will be continued only if it is deemed to provide ongoing value to IU.

Ongoing responsibilities of an office of online education should include:

- Strategic oversight of IU's online education activities – leading an ongoing assessment of IU's current and future online education activities and opportunities, and assuring that IU is acting strategically in online education.
- Serving as the “gatekeeper” for intercampus issues regarding online education, and as the point of final decision making (subject to presidential and Trustee approvals) upon input from the IU Academic Leadership Council. The major responsibility will be assessing new online degree proposals to determine whether they can be offered by a single campus (which will be considered the default decision) or whether there is a need for coordination or even disapproval of a proposal. Factors to be considered in making such a decision will be defined in the start-up phase of this office (see below), and are likely to include:
 - Ability of the faculty to provide the expertise to teach the program.
 - Similarity of the proposed program to other IU online degree offerings along with the degree of overlap of student markets.
 - Potential gains in quality or efficiency from a multi-campus approach to the proposed degree program, weighed against the drawbacks of such an approach.
 - Implications of the degree upon the IU brand (particularly in areas where IU has a special brand).
- Maintaining an IU portal for all IU online education offerings.
- Coordinating with state and other entities that influence online education.
- Assuring that IU collects the data that it needs regarding online education (see further discussion below).

Additional responsibilities of an office of online education in its first few years should include the following. Note that while these steps are listed separately, the first three are highly interrelated.

- Working with campuses, colleges and schools to encourage exploration and implementation of programs that are consistent with IU's online education strategic plan, and to determine the resource needs of these units to implement online programs.

- Determining the overall resources needed to implement IU’s online education plans (including instructional designers, classroom technology, and course management software) and a plan for funding these resources and making them available to the units requiring them.
- Determining a pricing policy for IU online education that meets the resource needs for delivering high quality online education and is competitive in the market, and communicating effectively with policy makers about the costs of online education.
- Working with the campus chancellors (IUB provost) and deans to agree upon the criteria that should be used by the Academic Leadership Council and the gatekeeper to assess new and existing online academic offerings, particularly online degrees.
- Defining IU’s data collection needs related to online education and assuring that they are met. As discussed in the last paragraph of the preamble and in the document on “Data Challenges with Online Education at IU” in Appendix B, this study has revealed that this is a difficult area, as there is not a common definition of what constitutes online courses or online students, nor complete and easily accessible information about what courses and programs IU offers online. This function needs to start by determining the data collection needs and then how they can be achieved.
- Developing a portal for IU online education. While the academic responsibility for online education should reside in the schools, colleges and campuses, there is a tendency for potential students to think of online education on a university-wide basis. Many of the people consulted for this study pointed to this need, and it should be addressed quickly.
- Working with key units such as the bursar, registrar, University Libraries and UITS to improve the ease and efficiency of supporting multi-campus courses and programs.

Appendix A – People and Groups Consulted

IU Administration

Vice President for University Regional Affairs, Planning and Policy John Applegate and Associate Vice President for Academic Planning Barb Bichelmeyer (many meetings and emails)

Vice President and Chief Financial Officer Neil Theobald and Aimee Heeter (two meetings and emails)

Vice President for Information Technology Brad Wheeler (meeting)

Alumni Association Executive Director J.T. Forbes and IUPUI Alumni Relations Executive Director Stefan Davis (meeting)

Associate Vice President and Director, University Budget Office Steve Keucher (emails)

Associate Dean for Learning Technologies Stacy Morrone, UITS (meeting)

President's Cabinet (discussion in meeting)

Academic Leadership Council (discussion in meeting)

IU Bloomington

Provost and Executive Vice President Karen Hanson (meeting)

Vice Provost for Faculty and Academic Affairs Tom Gieryn (meeting)

Vice Provost for Undergraduate Education Sonya Stephens (meeting)

Dean Danny Callison, School of Continuing Studies (meeting)

Dean Blaise Cronin, School of Library and Information Science (meeting)

Dean Dan Smith, Kelley School of Business (meeting)

Executive Associate Dean Bob Becker, Associate Dean Steve Watt, Bob Pattera, College of Arts and Sciences (meeting)

Associate Dean Munirpallam Venkataramanan and Associate Professor Rich Magjuka, Kelley School of Business

Associate Dean Elizabeth Boling, School of Education (phone meeting)

Distinguished Professor Jim Perry, School of Public and Environmental Affairs (meeting)

Provost and Deans Meeting (discussions in two meetings)

Bloomington Faculty Council Education Policy Committee (meeting)

Bloomington Faculty Council Distance Education Committee (meeting)

IUPUI

Executive Vice Chancellor Uday Sukhatme (phone meeting)

Assistant Executive Vice President Bob Sandy (meeting)

Dean Marion Broome, School of Nursing with several faculty and staff (meeting)

Dean Bill Blomquist, School of Liberal Arts (phone meeting)

Dean Bart Ng, School of Science (phone meeting)

Executive Associate Dean Tom Lipinski, School of Library and Information Sciences (phone meeting)

Associate Professor Marilyn Irwin, School of Library and Information Sciences (phone meeting)

Associate Professor J.T Finnell with several faculty and staff, School of Informatics (meeting)

Executive Director Pratibha Varma-Nelson, Center for Teaching and Learning (phone meeting and emails)

Executive Vice Chancellor and Deans Meeting (discussion)

IUPUI Faculty Council Executive Committee (videoconference)

Regional Campuses

Regional Chancellors Meeting (discussion in meeting)

IU East Chancellor Nasser Paydar (phone meeting)

IU Kokomo Chancellor Michael Harris (phone meeting)

IU Northwest Chancellor Bill Lowe (phone meeting)

IU East Executive Vice Chancellor for Academic Affairs Larry Richards (many emails)

IU Southeast Vice Chancellor for Academic Affairs Gil Atnip (phone meeting)

IU South Bend Director of Distance Learning Marianne Castano Bishop (many emails)