

# New Directions in Online Learning

## The Dreaded and Most Important Talk: Financials

-Everyone wants universities to change, but exactly how is not so clear

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New Directions in Online Learning

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Amherst • Boston • Dartmouth • Lowell • Worcester • UMassOnline

# The Dreaded and Most Important Talk: Financials

- Speaker: Jack M Wilson, President Emeritus and Distinguished Professor of Higher Education, Emerging, Technologies and Innovation.
- It is the **mission** that drives most faculty and administrators, and they are often uncomfortable with discussions of how exactly do we fund the mission? But if there is **no margin**, then there will be **no mission**. How can a Higher Ed institution raise the revenues that they need to execute the mission? Why do some fail? Many Administrators of higher education institutions are not excited about financials, and often not comfortable with numbers. In this session we will take a deeper look into this crucial yet neglected and unsettling topic, in order to untie any knots to thrive as a business.
- • Why Online Education programs fail?
- • Understanding your margins and what you should aim for
- • Raising funds

# The Mission

- Much debate on the mission –and even lament.
- I was particularly struck by a comment by Hunter Rawlings, AAU President, at a meeting of the AGB in 2012 who (according to the Chronicle) “*warned college leaders against bowing to public pressure to transform into job-training programs.*”
- The article posits some concern over the push away from “*their presumed mission to produce better citizens.*”

# Mission

- I think most of us in higher education would support producing better citizens as part of our mission, but that does not mean that there is no validity to other parts of our mission –including preparing students to be productive in their chosen careers or being responsive to the economic and social needs of society.
- Choosing words like “job training” or “corporate university” is done specifically to attempt to discredit the calls for Universities to be more responsive to the needs of the regional communities.
- Those, usually outside the university, who are calling for change at Universities, frequently deploy their own disparaging characterizations like “Ivory Tower.”

# Why was the American university created?

- Vermont's Justin Morrill - the Morrill Act of 1862 –creating our countries great land-grant universities.
  - The act was passed “**in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.**” Certainly Morrill envisioned a close coupling between that needs of society and needs for workforce development.
- Thirty eight years earlier, the Dutch Patroon Stephen van Rensselaer created Rensselaer Polytechnic Institute in Troy NY “**for the purpose of instructing persons ... in the application of science to the common purposes of life.**”
- Reading both documents in full suggests that Morrill must have been influenced by the van Rensselaer founding statement.

# What is the mission society sees for us?

- In 1640 Harvard's Founding statement known as New England's First Fruits *"After God had carried us safe to New England, and we had built our houses, provided necessaries for our livelihood, reared convenient places for God's worship, and led the civil government, one of the next things we longed for and looked after was to advance learning and perpetuate it to posterity; dreading to leave an illiterate ministry to the churches, when our present ministers shall lie in the dust."* Perhaps that was the most pressing workforce need of the time—educated ministers.
- In 1980, the United State Congress affirmed the importance of Universities to the social and economic health of the country with the passage of the Bayh-Dole act **"to encourage maximum participation of small business firms in federally supported research and development efforts; to promote collaboration between commercial concerns and nonprofit organizations, including universities."**

# Two truths

- Universities were founded to be of service to society and directly contribute to solving social and economic problems.
- If there is **No Margin** there is **No Mission**.
- Universities are expensive to operate. Finding the resources to do so has been a challenge for over a century –and has become more challenging in recent times.
- Most internal stakeholders are focused on the mission and recoil from (or are hostile to) any focus on the financials.

# The Paradox

- At the same time that universities are facing extraordinary financial pressures due to a collapse of state revenue and endowments
- Everyone is looking to universities to lead us out of the economic decline
- Creating futures for students and communities
- And solving social challenges like
  - improving college readiness
  - Reducing disparities (racial, economic, gender, etc)
  - Increasing graduation rates
  - Attracting students into STEM fields
  - Better matching workforce needs

# Unprecedented Challenge

- Higher Education Institutions are facing unprecedented challenges.
  - ▣ States are disinvesting in public higher education
  - ▣ Costs, particularly at the private institutions, are becoming unaffordable for many students.
  - ▣ Student loans, which have been used to fill the gap, have become unwieldy
    - (\$ 1 trillion in debt –average about \$24K)
  - ▣ Value calculations such as those done by Payscale.com are becoming common in the college selection process.
    - Creating a kind of price resistance –which is a fairly new phenomena

# Many will survive, but not all

- Highly endowed universities have the least to fear.
- Other universities are turning to entrepreneurial behavior to diversify their revenue streams in order to fund the mission.
- Online education is increasingly an important source of alternative revenue.

# Chronicle of Higher Ed. Survey

- Eighty-five percent of those surveyed said they were very or somewhat concerned about **maintaining enrollment** at their institution. That figure is 14 points higher than it was in last year's survey and 19 points higher than in the 2012 results.
- A major factor that could drive down enrollment is an **inability to pay tuition**, according to two-thirds of the survey's respondents; it's competition from other institutions, said half.
- Eighty percent of those surveyed said their college would probably increase or maintain the size of its faculty. Only 13 percent said the institution planned to cut full-time faculty members and increase its number of adjuncts.
- In response to cuts in state and federal money for higher education, 44 percent of the respondents said their college had raised tuition or planned to do so. Forty-three percent said their college would **offer more online courses** as a antidote to declining public support.

# Online as part of an entrepreneurial financial strategy

- Some traditional universities (UMass, Penn State, Maryland, etc) have been quite successful in building online education as a revenue source.
- Proprietary Universities have exploited online education and seen huge growth in revenues –until recently.
  - Concerns about the use of federal financial aid and the lack of success of students at the proprietary universities have caused a retrenchment.
- Prestigious private universities, who largely sat out the dramatic growth of online education have jumped back in with the creation of MOOCs.
  - MITx, edX, Coursera, Udacity, etc

# President Obama's Goal

- To be first the world by 2020 in the proportion of college graduates.
  - ▣ -Address to Congress on Feb. 24, 2009.
- The US was tied for 6<sup>th</sup> place at 30% according to 2006 data.



# How can we do this?

- The **only way we can possibly approach these goals** is through a much more intense focus on professional education, continuing education, online learning and technology enhanced learning – from MOOCs to flipped classrooms..
- Otherwise we do not have the traditional capacity to meet the increased needs for both quality AND quantity.
  - Need to deliver educational experiences to K-12 that are not presently uniformly available.
  - Improve success, retention, persistence, and graduation rates through higher quality learning experiences.
  - Reach students unable to participate in traditional learning settings for a variety of reasons.
- Are we ready?

# The Catalyst for the Future

- What do Boston, Bombay, Beijing, Bangalore have in common with
- San Francisco, Austin, Raleigh, Cambridge, and other world economic leaders?
- They are vibrant economic regions nucleated by world class universities.
- The President is right: we must do better!

# The Secret Sauce?



- Universities pouring out highly educated graduates with skills and intellectual property.
- World class research that is curing illnesses and creating new jobs, companies, and even entirely new industries.
- And doing this at very large scale.

# The Path



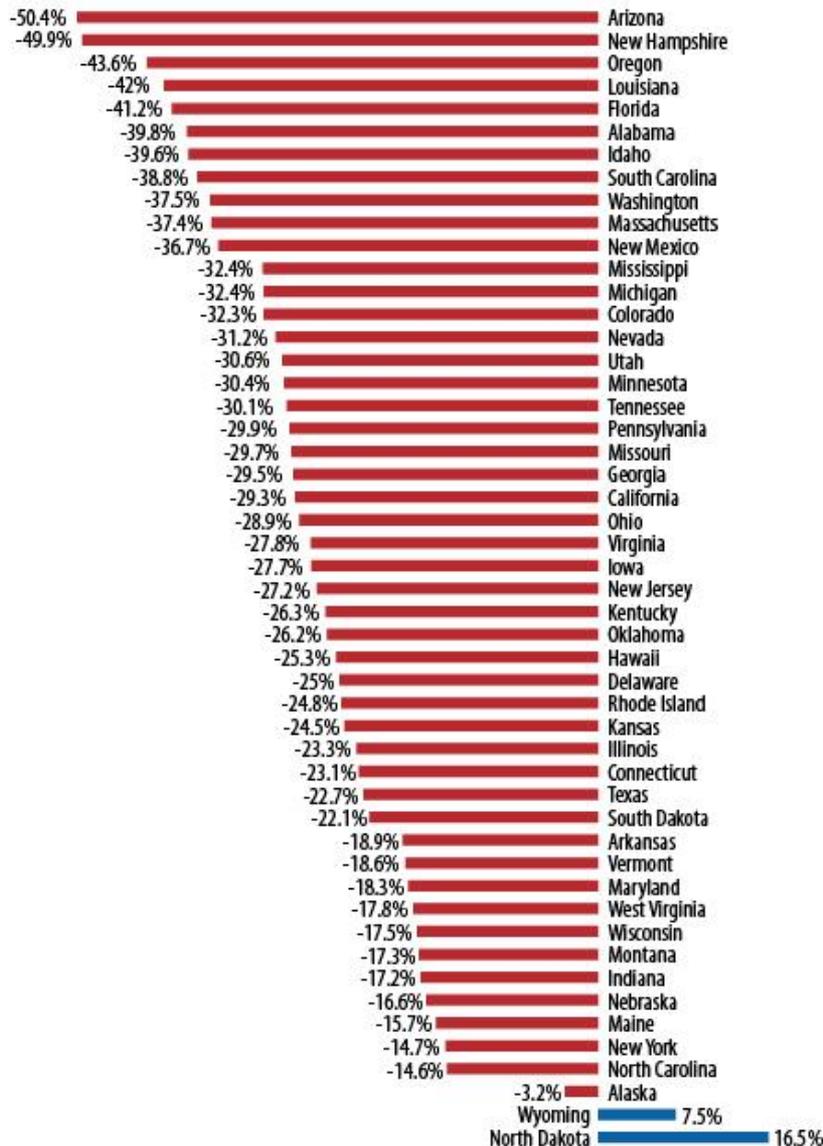
- The path to economic and social development in the world goes through our world class universities.

# The need is clear, but the support is not there

- Most states have been through a period of disinvestment in higher education that began in 2008 and has only begun to flatten recently.
- Even over the longer term, the relative share of the cost of education that is born by the state has declined.
- California has perhaps been the most watched, since it HAD been the exemplar of public support in the past.
  - ▣ My bad joke at a national conference: how UMass become more like California, but not the way we wished.

# States Have Cut Higher Education Funding Deeply in Recent Years

Percent change in state spending per student, inflation adjusted, FY08 - FY13



- Median Cuts were 27.7%
- Press reports like to focus on two numbers for effect:
  - ▣ The high posted price of privates
    - Which are often deeply discounted
  - ▣ The large percentage increases of publics
    - Which are applied to much lower costs and driven by state cuts.
    - Actual cost increases are only 1.2% over many years.

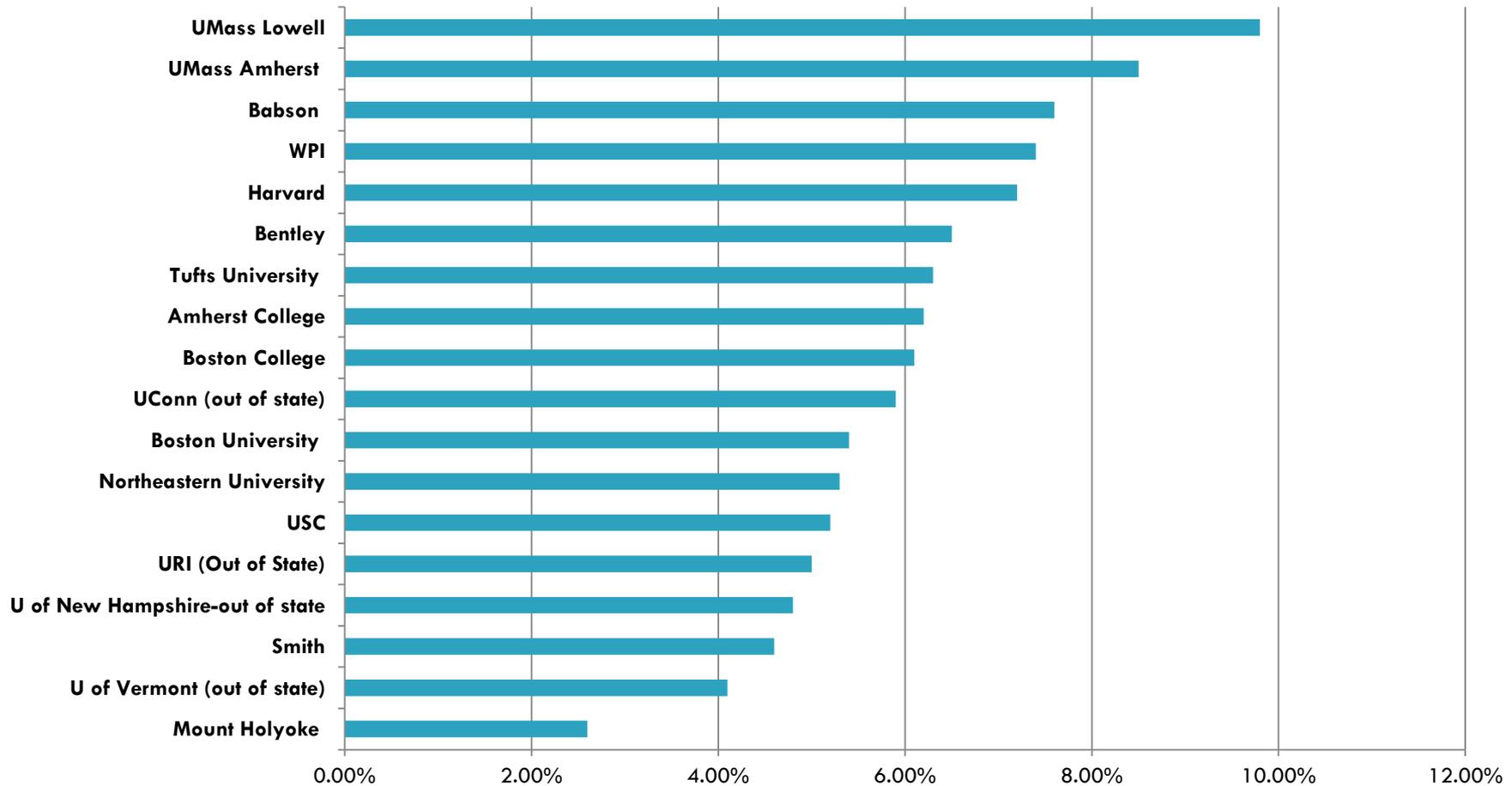
Source: CBPP calculations using data from Illinois State University's annual Grapevine Report. Illinois data is provided by the Fiscal Policy Center at Voices for Illinois Children. Because enrollment data is only available through the 2012 school year, the enrollment data for 2013 used in these calculations is estimated based on enrollment trends from past years.

# ROI: Return on Investment

- Increasingly colleges are being ranked on value or return on investment. Payscale.com is the most quoted example.
  - <http://www.payscale.com/college-roi/full-list>
  - This rewards institutions that graduate students who get higher salaries and penalizes those schools with the highest net tuition.
- This is quite a change from the time when higher education was seen as being price insensitive.
- Selected Examples: MIT – 8.2%, Stanford-7.8%, Harvard-7.2%, Georgia Tech.-11.9%, Columbia University-6.8%, UMass Lowell-9.8%, Tufts University 6.3%, Boston College-6.1%, UMass Amherst 8.5%, USC-5.2%, Northeastern University- 5.3%

# ROI- For a prospective student from MA

## Return On Investment (<http://www.payscale.com/college-roi/full-list>)



# Strategies for the Future

- Challenges:
  - ▣ Public disinvestment
  - ▣ Curtailed growth in research funding
  - ▣ End of growth in potential students
  
- Universities must become more entrepreneurial
  - ▣ Find new sources of revenue
    - Online education, fund raising, international students, enrollment growth, joint programs with industry, etc
  - ▣ Constrain expense growth
    - Online education, blended learning, MOOCs?, etc.

# But far too many are in denial

- While change has actually been rather large scale, the conventional wisdom is that there has been little change.
- It is also probably accurate to say that even the large scale changes have not penetrated the culture of higher education nearly as much as necessary.
- There is no shortage of contrarian voices that decry even those changes that HAVE occurred.
- The disparity is creating a vacuum into which politics is inevitably drawn.

# Higher Education costs too much?

- This widely held political position is most notable for the lack of understanding of why this might be –if indeed it really is!
- Nonetheless- we should buckle our seatbelts for a ride to drive down the cost of higher education -and many of the “well meaning” efforts will be far more damaging than helpful. Some will be downright foolish
  - like government attempts in Florida and Texas to mandate \$10,000 bachelor’s degrees –based upon political rather than academic considerations.
  - "New University of California," an institution with no faculty and no tuition
- As state support for higher education has been withdrawn, it is partially replaced by financial burdens on students.
  - *“Our public higher education institutions have faced the dual challenge in recent years of falling state appropriations and large increases in student enrollment,”* APLU President Peter McPherson
  - *“These factors have caused a substantial increase in tuition, even though public schools have kept their education cost per student to an average of just 1.2 percent above the rate of inflation for many years,”*

# The \$10,000 degree?

- **Gov. Scott challenges community colleges to offer \$10,000 degrees**
  - As more and more students struggle with college affordability, Florida is planning to offer a \$10,000 bachelor's degree (Miami Herald –Nov 26, 2012)
- **23 Florida Colleges Accept Governor's \$10,000 Degree Challenge**
  - All 23 institutions in the Florida College system that offer bachelor's degrees have accepted a challenge from Gov. Rick Scott to create degree programs that will cost no more than \$10,000 in tuition over four years, the governor announced on Monday. (Chronicle Jan. 28 2013)
- **Texas Could Offer a Stripped-Down Degree for Just \$10,000, Commissioner Says (Chronicle Apr 27, 2000)**
- **\$10,000 Bachelor's Degree Is Proposed in California Legislation**
  - Assemblyman Dan Logue, a Republican, has introduced a bill to create a pilot program for students to earn a bachelor's degree at a cost of no more than \$10,000. (Chronicle Jan 3, 2013)

# The Reality of Online Education transcends

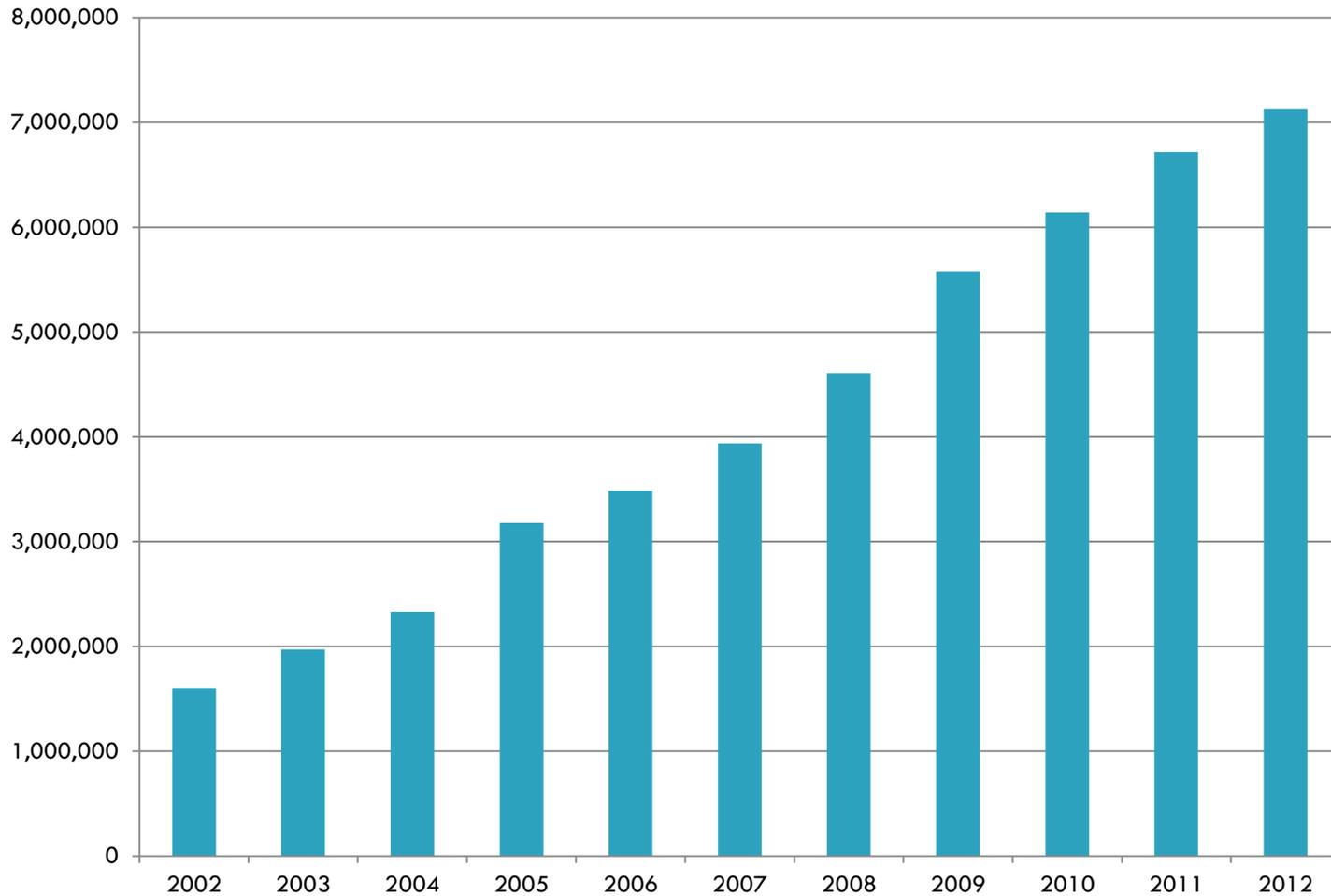
- If one reads the traditional press coverage of online education it is dominated by either
  - Skepticism
    - Can students learn?
    - Cheating
    - etc
  - Hype
    - MOOCs will change the world and make higher education obsolete
    - The hyper prestigious universities drive the change
- **Not!**
- So what is the reality and the future?
  - Let's look at the past.....

# Nov. 2003 Press: Has Online Learning failed?

- In November of 2003, the press was ready to pronounce online learning dead!
- Hardly!
- The rapid demise of Fathom, Cardean, Pensare, Virtual Temple, Harcourt University, Caliber and others
- The Red Sox, the Cubs, and 29 other teams didn't win the world series again this year either.
  - (ed. remember this was **2003!** The Red Sox won in 2004!)
- Just like baseball, distance learning has it's winners and losers!

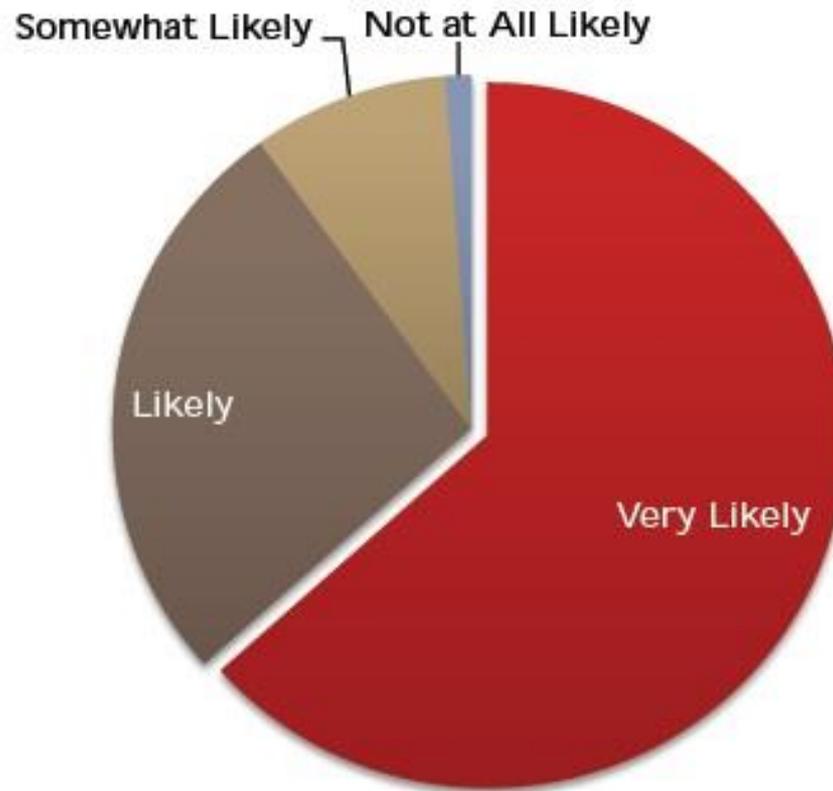
# Relentless growth nationally 2002-2012

**Sloan-C- Growth in Online Fall Enrollments**



# Sloan-C -Is it likely?

A MAJORITY OF ALL HIGHER EDUCATION STUDENTS WILL BE TAKING AT LEAST ONE COURSE ONLINE: 2013



# Sloan-C Annual Survey -2013

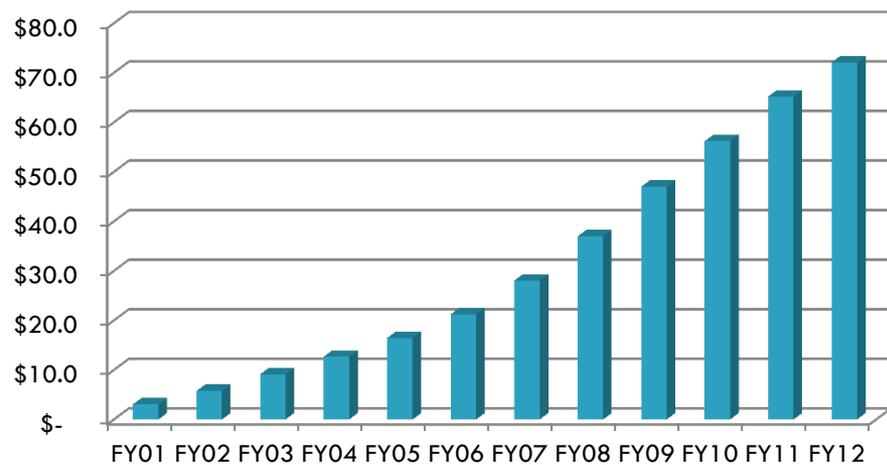
- 7.1 million of higher education students are taking at least one online course. (7,126,549)
- The 6.1 % growth rate represents over 400,000 additional students taking at least one online course.
- The percent of academic leaders rating the learning outcomes in online education as the same or superior to those as in face-to-face instruction, grew from 57% in 2003 to 74% in 2013.
- The number of students taking at least one online course continued to grow at a rate far in excess of overall enrollments, but the rate was the lowest in a decade.

# Why do Universities do Online?

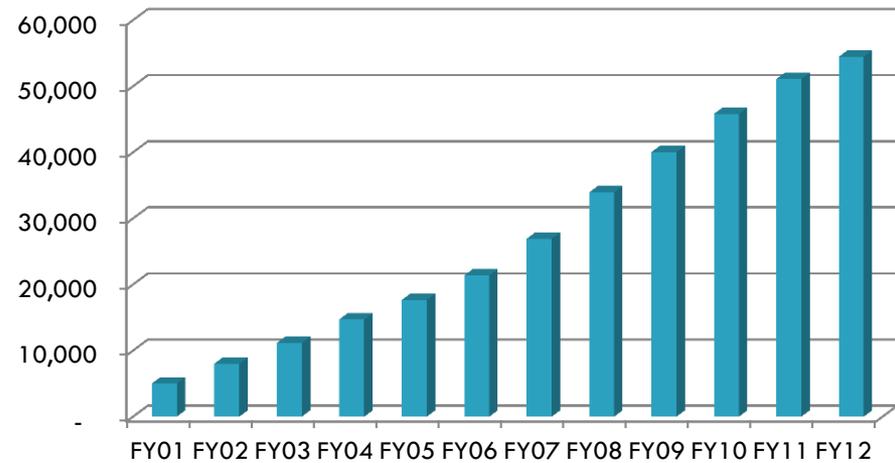
- To serve under-served populations
- To allow growth in enrollment without expensive capital outlays for facilities.
  - University of Central Florida Strategy and others.
- To gain revenue to cross subsidize more expensive programs
  - Not new in higher ed. Average cost is reduced by using revenues from low cost portions of the program to support high cost areas.
    - Management <-> engineering
    - Introductory courses <-> advanced courses
    - Online courses <-> face-to-face

# UMassOnline Growth 2001-2012

## Revenue (\$ Millions)

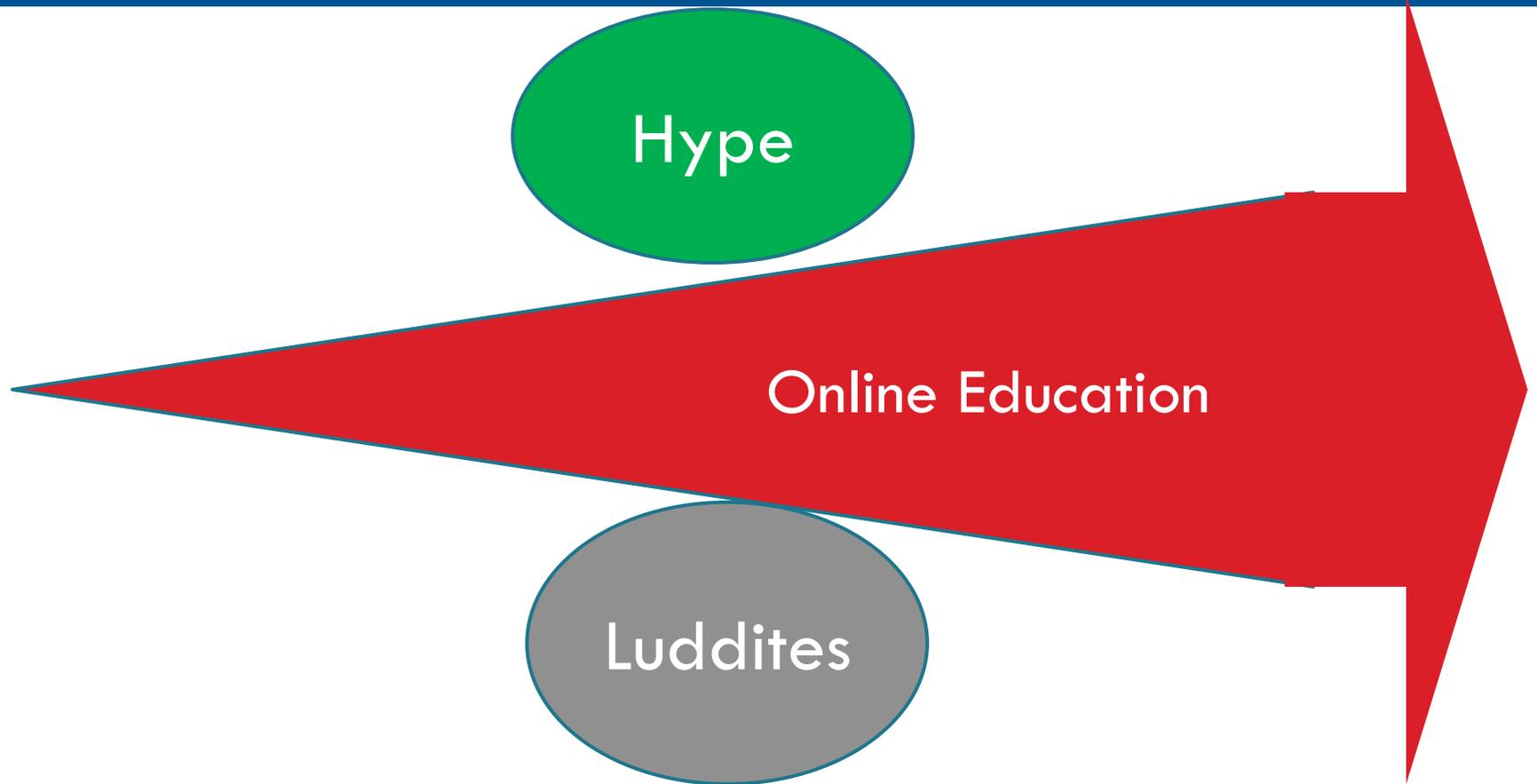


## Enrollment



Revenue is generating  
nearly 60% net margins

# A Relentless Force that Will **Not** Be Denied



# Caveat: Be specific

- Average temperature year round is 70 degrees (Texas).
  - Yep. Half the year its 95 and half the year it is 45!
- There is no such thing as “higher education.”
  - There are segments like public, private, liberal arts, research universities, four year publics, two years, highly endowed, etc.
  - Schools with specific recognized expertise.
- There is no such thing as a single online market or even a single online business model.
  - Markets need to be segmented and targeted.
  - Business models need to fit mission and context.

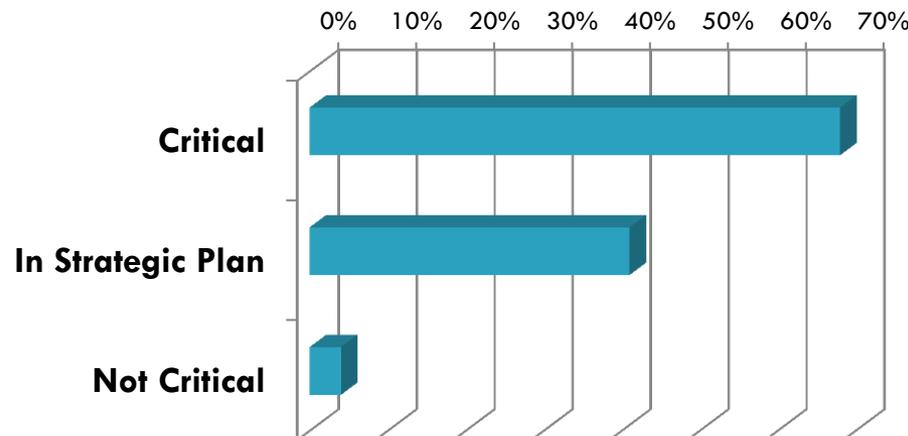
# American Public and Land-grant Universities

## □ APLU-Sloan Survey -2009

### ▣ Strategic Importance of Online Learning

- ▣ interviews conducted with administrators, faculty, and students at 45 public institutions across the country and more than 10,700 responses from faculty across the spectrum of teaching positions – tenure/non-tenure track; full- and part-time; and both those who have and those who have not taught online

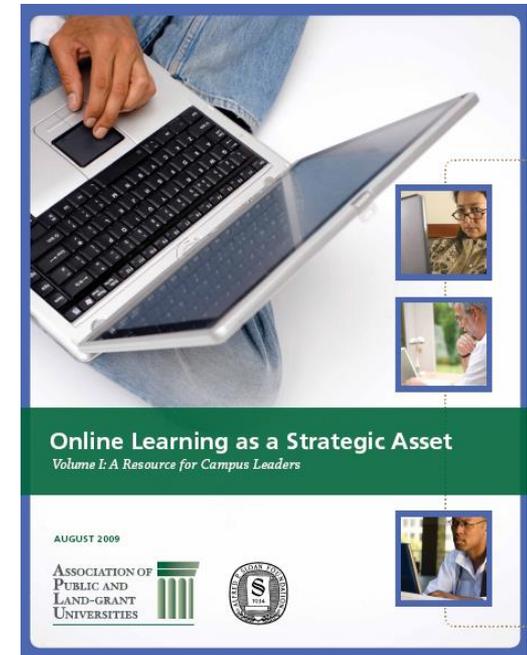
- Critical to long-term strategy of institution - 68%
- Represented in institution's strategic plan - 41%
- Not critical to long term strategy - 4%



# Online Learning as a Strategic Asset

36

- Survey revealed that President's know that continuing education and distance learning needs to part of the strategic plan,
- However, many of them **were not well equipped by past experience** to understand how these programs, once considered peripheral, could become an **integral tool of their institutions strategic plans.**



# *Benchmarking Study Results*

## The Opportunities

- Everyone teaches – stereotypes are not correct
- Faculty are motivated by student needs
- Faculty recommend online
- Faculty with online experience are more positive

# *Institutional Interviews*

## Key Observations

- Integrate online into institutional planning, academic structure
- Review and assess routinely over time
- Develop reliable financing mechanisms
- Develop adequate and consistent resources for both faculty and students
- Engage senior leadership

# Are MOOCs the next dot-com bubble fad?

- Or are they the real thing?
- Remember that in the deployment of any new technology (or idea) most efforts fail and only a few succeed.
- BUT..... the result of the dot-com bubble was a totally transformed US economy with many extraordinarily successful enterprises like Amazon, Google, Yahoo, Facebook, Apple (which was nearly dead!), Microsoft (which just kept getting bigger!), and so on.
- Today's economy is quite different from that of 1990. How consumers interact with retail, or even more traditional utilities, is transformed.
- Some folks figured out the economics and sociology, and others just went with the hype!
- I suspect the same in higher education.
  - Most of these projects will fail, but universities will be transformed.

# Are MOOCs going to change the world

- Too late. The world already changed without MOOCs even if Stanford, Harvard, MIT and others had not noticed!
- “the vast majority of people who sign up for MOOC’s don’t complete their courses, yet MOOC creators are hailed as visionaries rather than being denounced for their 10-percent completion rates” –Kevin Carey –Chronicle Blog
- MOOCs are interesting and valuable experiments, but they are not on the critical path of online education –at least in their current form. BUT.....
- Online education is changing the world, and MOOCs can be a part of that.

## At Conference, Leaders of ‘Traditional’ Online Learning Meet Upstart Free Providers -Chronicle of Higher Education –Oct. 11, 2012

- *Orlando, Fla.* — A longtime online-learning pioneer sounded a note of frustration at a national cyberlearning conference here this week. The complaint was over the perception that MOOC’s, or massive open online courses, run by highly selective universities are the biggest drivers of innovation in online learning.
- “The hyper-prestigious universities” are not driving the change, said Jack M. Wilson, president emeritus of the University of Massachusetts, who founded UMass Online some 10 years ago, in remarks during a kickoff panel at the Sloan Consortium’s International Conference on Online Learning. He said that institutions like his and others represented at the conference, which is in its 18th year, have been slowly improving the quality, credibility, and enrollment of online courses for decades.
- Mr. Wilson suggested that some new providers appeared to think they’d invented something new rather than drawing on the experiences of earlier projects. And he noted that dropout rates in some MOOC’s are as high as 90 percent, with only a tiny fraction of students actually completing the material.
- “If we had 10-percent completion rates at UMass Online, I’d be in the Massachusetts jail instead of the Massachusetts university,” he joked. He praised the new entrants for bringing attention to the value of online education, but said that “is not who has led online learning, or who is going to lead online learning.”
- One of those MOOC pioneers, Sebastian Thrun, had a chance to give his side of the story in a keynote address on Thursday. Mr. Thrun is the Stanford University professor who landed on the front page of *The New York Times* when he co-taught a free course that enrolled 160,000 people, and he has since founded Udacity, a company working with professors to offer similar large-scale free courses.
- Mr. Thrun admitted to the crowd that when he conceived the idea of opening his Stanford course to the world, he was “pretty much ignorant of your work.” But he struck a humble tone and told the audience that he has “admiration for what you do.”

<http://chronicle.com/blogs/wiredcampus/at-conference-leaders-of-traditional-online-learning-meet-upstart-free-providers/40426>

# Massive Open Online Courses MOOCs

- Khan Academy -2006
  - ▣ Salman Khan –non-profit -2006
- Udacity -2012
  - ▣ Sebastian Thrun, Stanford - for-profit
- Coursera -2012
  - ▣ For-Profit – Andrew Ng, Daphne Koller, Stanford
- edX (MITx -2011 and edX in 2012)
  - ▣ Harvard, MIT, Berkeley –non-profit
- Udemy -2010
  - ▣ Eren Bali and Gagan Biyani –for profit

# The Biggest Myth of MOOCs

- Education will be free –or at much lower cost.
- “How can colleges charge \$50,000 a year if my kid can learn it all free from massive open online courses?”  
--Thomas Friedman –NY Times March 5, 2013
- “The question is not just whether MOOCs are going to disrupt traditional education, but how. Is it just about lower costs and access?”  
-Clayton Christensen, Harvard
- The threat is to the random little-known accredited college and the person you’ve never heard of who is employed there teaching garden-variety, highly-replicable three-credit courses. As Thrun credits become widely accepted, people will be less willing to pay for the other kind. -Kevin Carey, Chronicle of Higher Ed. Dec. 14, 2011.
  - Wilson: doubtful

# MOOCs are not cost free.

- They look cost free because they have been done on the margin by outstanding faculty who wish to devote the time to create them, but who may not wish to continue to devote the time to operate them and revise them with the change of both content and technology.
- The unit cost can indeed be made lower by large scale use, but that does not take into account the costs of other portions of a learning environment that do not demonstrate the economies of scale.
- People do not pay for content, they pay for something much larger.

# An example from the past: Content and the Value Chain

- “Given what MIT has done (OCW), how can UMassOnline compete?” – **Boston Globe** reporter in 2002

## What MIT provides

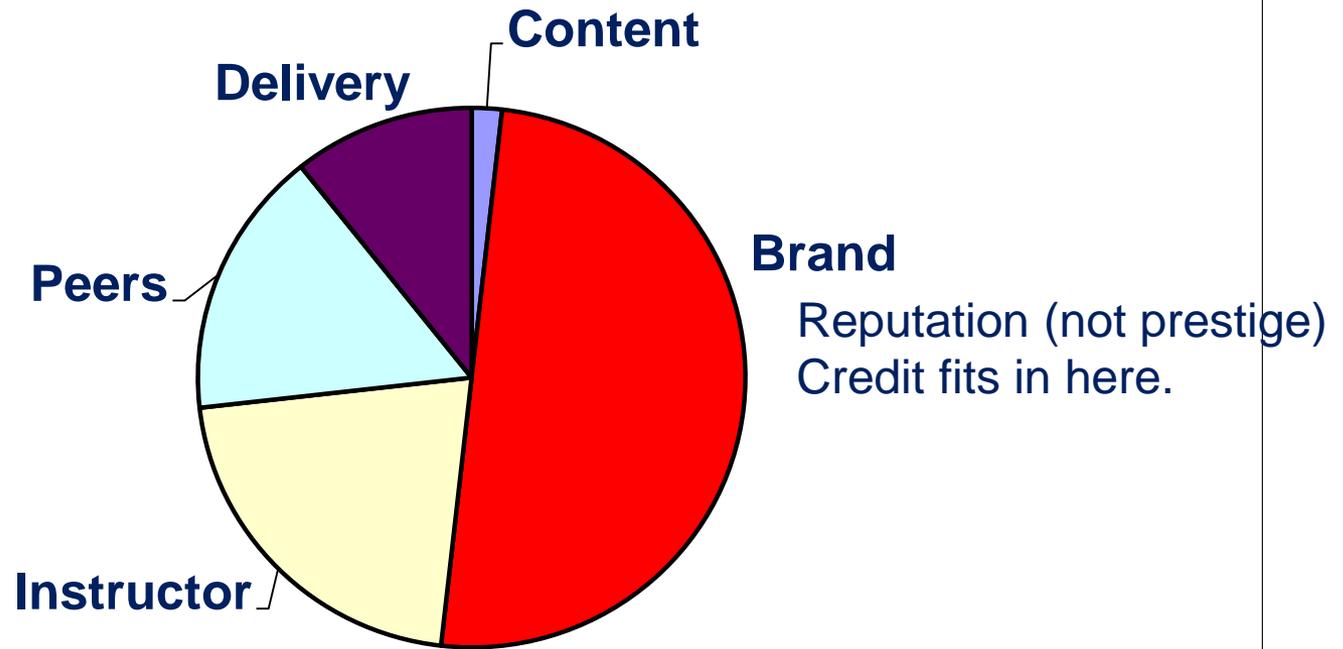
- Course materials

## No access

- Reputation
- Courses
- Faculty
- Credentials
- Curriculum
- Students
- Alums
- Library
- Facilities

# The Value Chain

## What do students want and pay for?



# Sloan-C- More on MOOCs

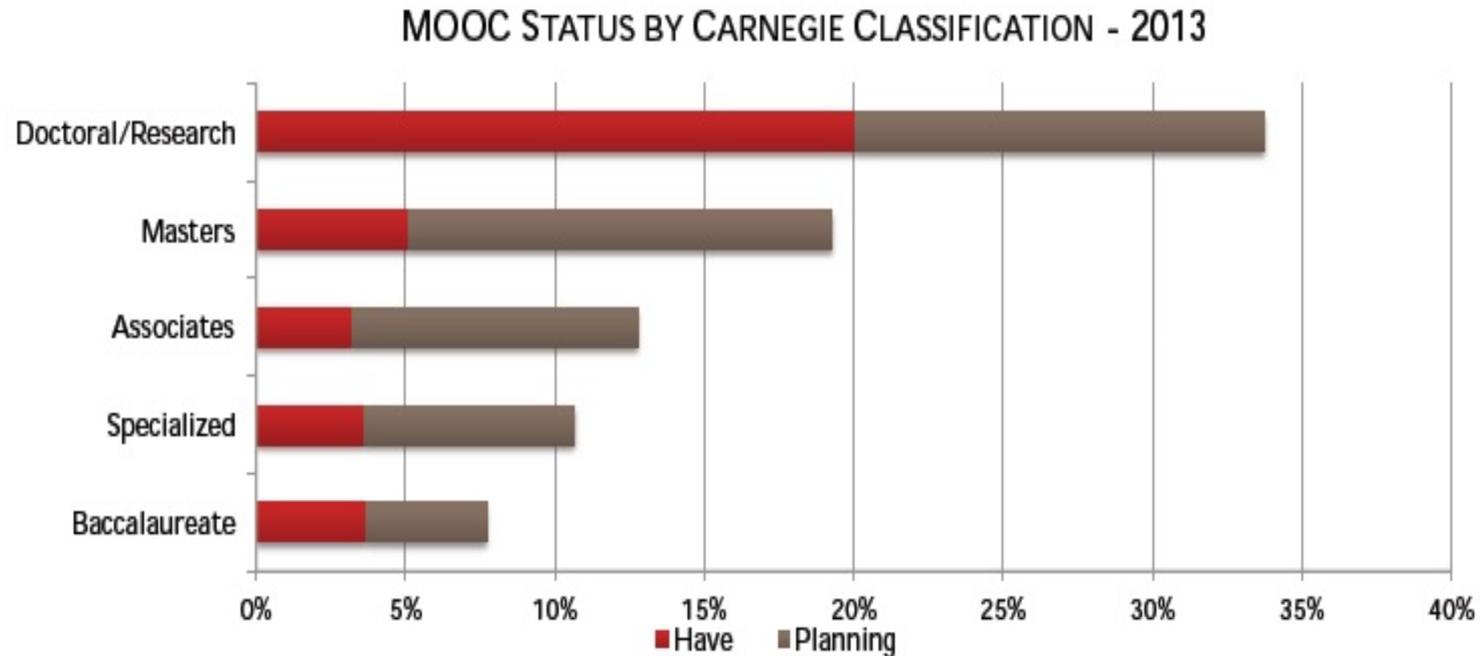
- The percent of higher education institutions that currently have a MOOC, increased from 2.6 percent to 5.0 percent over the past year.
- The majority of institutions (53 percent) report they are still undecided about MOOCs, while under one-third (33 percent) say they have no plans for a MOOC.
- Only 23 percent of academic leaders believe that MOOCs represent a sustainable method for offering online courses, down from 28 percent in 2012.
- A growing proportion of academic leaders have concerns that credentials for MOOC completion will cause confusion about higher education degrees (64 percent in 2013, up from 55 percent in 2012).

# Doubts About MOOCs Continue to Rise, Survey Finds (Chronicle January 15, 2014)

- Description of the most recent Sloan Foundation –Babson Survey Report
- The hope and hype: Disrupting Higher Education
  - Clayton Christenson, Harvard
  - MOOCs made no significant inroads in the past year in the existing credentialing system in higher education, calling into question whether they will be as disruptive to the status quo as some observers first thought.
- The fear of faculty:
  - Still, academic leaders remain worried that "credentials for MOOC completion will cause confusion about higher-education degrees."

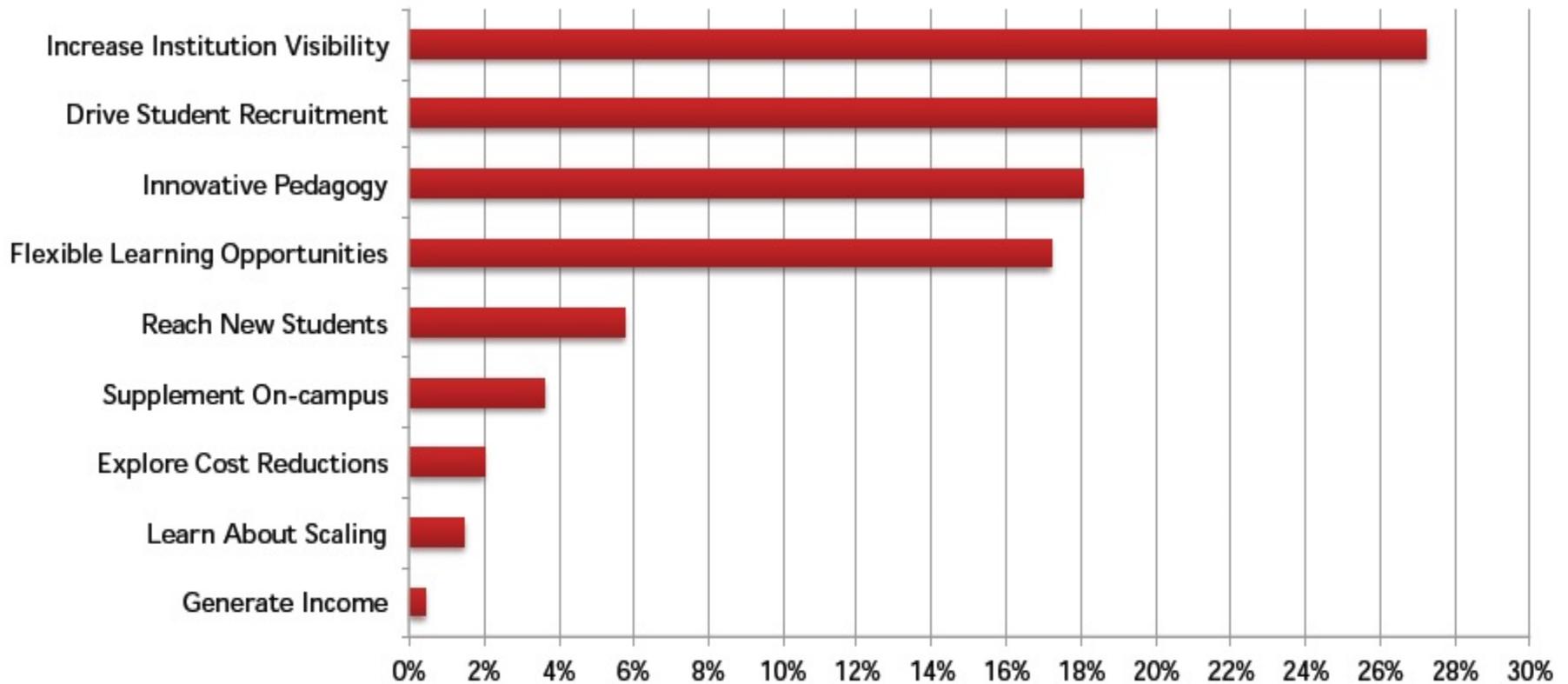
# MOOCs predominate in larger institutions

## □ Sloan-C Survey



# Why they do MOOCs? (Sloan-C)

PRIMARY OBJECTIVE FOR YOUR INSTITUTION'S MOOC: 2013



# MOOCs hit the iceberg

- “Angered by MOOC Deals, San Jose State Faculty Senate Considers Rebuff” –Chronicle, November 18, 2013
- “Credit-for-MOOCs Effort Hits a Snag” -Chronicle, Jan. 17, 2014
  - *“we did not have reports of students asking for credit for MOOCs at the universities”* Tracking the ACE program
- “edX Drops Plans to Connect MOOC Students With Employers,” Chronicle Dec. 16, 2013
  - *In a pilot job-placement program, edX recruited 868 high-performing students from two computer-science MOOCs at the University of California at Berkeley. But it didn’t pan out. Of those 868 students, only three landed job interviews. None was hired.*
- *“We were on the front pages of newspapers and magazines, and at the same time, I was realizing, we don’t educate people as others wished, or as I wished. We have a lousy product,”* -Sebastian Thrun, Fast Company Magazine –Jan 2014.

# More trouble for MOOCs

- **“Harvard, MIT Online Courses Dropped by 95% of Registrants” Bloomberg News Jan 21, 2014**
  - Out of 841,687 registrants in 17 courses offered in 2012 and 2013 by the universities’ joint [EdX](#) program, 43,196 saw the classes to conclusion.
  - -<http://www.bloomberg.com/news/2014-01-21/harvard-online-courses-dropped-by-95-of-registered-study-says.html>

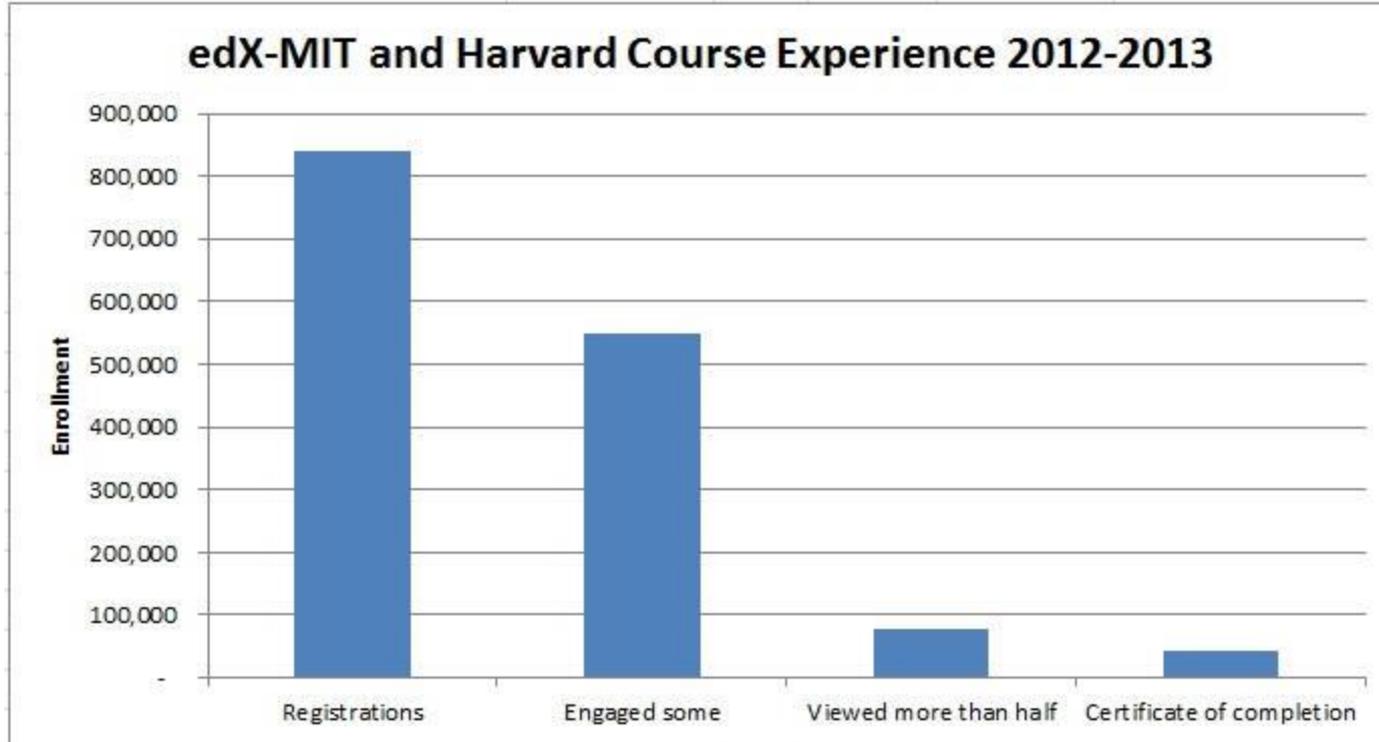
# Even More Trouble for MOOCs

- **“Data Mining Exposes Embarrassing Problems for Massive Open Online Courses:** Not only does student participation decline dramatically throughout the new generation of Web-based courses, but the involvement of teachers in online discussions makes it worse.”
  - MIT Technology Review, December 18, 2013
    - (<http://www.technologyreview.com/view/522816/data-mining-exposes-embarrassing-problems-for-massive-open-online-courses/>)
  - JMW: the teacher involvement issue may be understandable as more of an instructional design issue.

# "MIT and Harvard release working papers on open online courses"

- Research findings challenge common misconceptions, offer surprising insights about how students engage with MOOCs“
  - <http://web.mit.edu/newsoffice/2014/mit-and-harvard-release-working-papers-on-open-online-courses-0121.html>
  - <http://www.jackmwilson.com/ArticlesTalks/MOOC-report-edX-MIT-Harvard.html>
- Report assertions:
  - Takeaway 1: Course completion rates, often seen as a bellwether for MOOCs, can be misleading and may at times be counterproductive indicators of the impact and potential of open online courses.
  - Takeaway 2: Most MOOC attrition happened after students first registered for a course. On average, 50 percent of people left within a week or two of enrolling. After that window, attrition rates decreased.
  - Takeaway 3: Given the “massive” scale of some MOOCs, small percentages are often still large numbers of students — and signify a potentially large impact.

# MIT: Glass half full



- Don't even ask what "completion" means!
- But is certainly does not mean tested competence or that academic credit would be granted.

# What MOOCs Bring to the Party

- Most importantly they bring a recognition by the brand name universities that online education has changed the world and they almost missed the bus!
- They encourage faculty who have not been involved to become involved.
  - Faculty who get involved in online education become more self reflective on teaching and learning.
- They create good content presentations with (in the best of them) built-in assessment tools for student self assessment of progress.
- They generate interest in the press that the larger and more successful online programs never have!
- They attract venture capital to the education space.
- They create a data rich learning environment that can provide extensive data to help us understand how students learn through cognitive research.

# What MOOCs need to work on

- Content and self assessment do not constitute a learning environment  
(More on that on a future slide)
- The large numbers of users is vastly inflated by window shoppers.
  - ▣ exponential drop-off power law that characterizes participation in today's MOOCs (i.e., the final course lectures have 5% the viewing rate of the earliest lectures).
    - Mehran Sahami, Stanford University at SIGCSE
- The percentage of students who successfully finish is tiny.
- Credit is not (usually) given by the institutions creating MOOCs.
- MOOCs thus far are **courses not curricula**
- MOOCs do not (generally) provide the kind of engagement that has been shown to encourage learning. (See George Kuh....)
- Some assume that although their “good” institutions will never use MOOCs, that this will be a charitable donation to the “lesser.”
  - ▣ Data on that is coming in the next slide

# What do the Professors Creating MOOCs Think?

- Some results are what most of us would expect.
  - It takes an extraordinary amount of work to create a MOOC and even more to create a good one!
  - Faculty had to do this on their own time and did not get credit of doing this through their teaching load assignments.
- Some of the results are more revealing:
  - **75%** of the respondents did not think that MOOCs would significantly reduce costs at their institution (35% none and 40% marginal).
    - That certainly goes against the conventional wisdom! “*everyone at the US Dept. of Ed thinks that MOOCs finally will help to make significant cost reductions in higher ed!*” –Dept. Of Ed. Official.
  - **72%** of those teaching MOOCs did **NOT** think that students who successfully completed their MOOC should get academic credit at their own institution, and **66%** believe that they **NEVER** would grant that credit.
    - The article makes that a positive in that 28% actually DO think they deserve credit. Some truth to that.
- The most revealing result: When those same two issues were explored for **SOME OTHER** institution, the respondents thought that they might have **far more impact**.
- At this point, those involved with MOOCs are quite **excited** about the possibilities, **daunted** by the work required, and convinced that they will not significantly change their institution, but that they might change **others**.
  - [http://chronicle.com/article/The-Professors-Behind-the-MOOC/137905/?cid=at&utm\\_source=at&utm\\_medium=en#id=overview](http://chronicle.com/article/The-Professors-Behind-the-MOOC/137905/?cid=at&utm_source=at&utm_medium=en#id=overview)

# Summary

- ❑ Past financial models for universities are no longer viable
- ❑ Public disinvestment has driven this process in the public
- ❑ Market resistance to higher prices and a focus on return on investment is challenging private universities that are not highly endowed.
- ❑ Proprietary universities (Phoenix, Bridgepoint, Kaplan, Corinthian, etc.) had a rapid growth and are now enduring a period of rapid decline.
- ❑ The future will continue to be quite a challenge for leaders of higher education. Some will go out of business.
- ❑ Universities that are in denial will experience the most difficulty.
- ❑ Online educational will be perhaps the most important fungible source of margin to fund our mission.

# Thank you.

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