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# Adventures in Education

## *The Maintenance Contract for Lifetime Education*

Jack M. Wilson, President  
University of Massachusetts



## The Context

- The path to economic and social development in Massachusetts goes through UMass.
  - 58,000 students, 14,000 faculty staff
  - 300,000 alums with 200,000 in Mass.
  - \$1.7 B budget -\$390 M from State
  - 5 research campuses
  - \$320 million in annual research # 3 in Mass. #4 N.E.
    - 90% outside of Rt. 128
  - 14th in USA in IP licensing revenue (~\$26 M).
  - Two NSF ERC (partnerships: Univ./Corp./Gov.)
  - UMassOnline: 16,000 enrollments and \$15 M rev.



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## UMassOnline - UMass' Online Education Consortium

- Formed in 2001 by President and Trustees with support of Chancellors
- System-wide collaboration in cooperation with Continuing Education
- Follows local governance
- Funded by loans and grants
  - No direct funding possible under state law
- Staff of 7 central. Campus based.



# Business Model

- Start-up costs funded by a loan from the UMass Treasurer
  - **UMOL pays interest and will pay back principal over the next few years.**
- Distance learning tuition is set and collected by campuses
  - **92.5% to campus**
  - **7.5% to UMassOnline**
- Repayment from centrally funded programs may differ to allow recovery of investment



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# Collaborative Model

- UMassOnline
  - Broad-based marketing
  - Program development investment and support
  - Technology platform and support
- Campuses
  - Program specific marketing
  - Course and program development and instruction (Faculty)
  - Admin. support – advising, admissions, registration, libraries, primary faculty support
- Some areas of shared responsibility



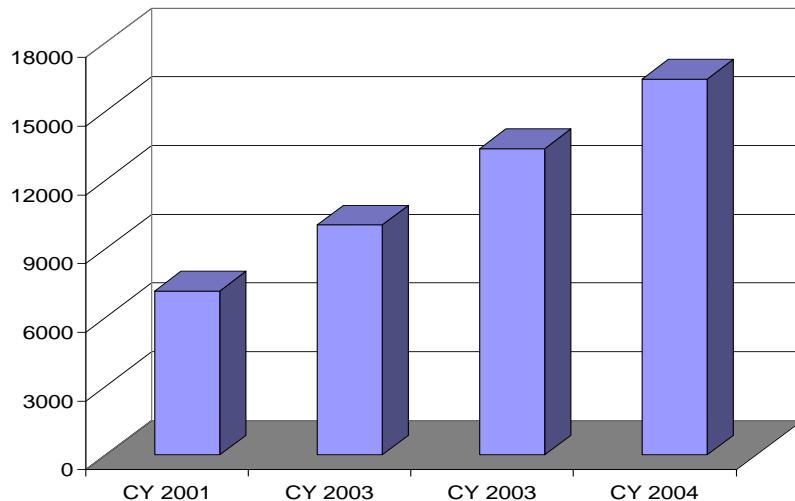
- **Size**
  - 2005 enrollments: 117,554
  - 2005 tuition/fee revenue: \$16 million
- **Programs:** 48
  - Undergraduate: 26
  - Graduate: 20
  - Non-Credit: 2
  - Courses: 800+ annually
- **Growth**
  - Enrollment growth rate: 250% since 2001
  - Revenue growth rate: 448% since 2001
- **Degrees**
  - In AY '04, online 151 degrees, a 200% increase over AY '03.
- **Access**
  - Students participate internationally and from nearly all 50 states with at least 40% outside Massachusetts.



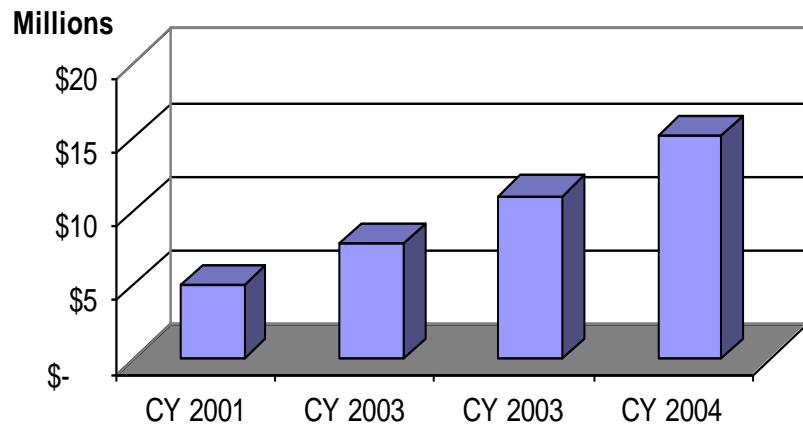
# Enrollments and Revenues

Year on Year Growth Rate		
	Enrollment	Gross Revenue
CY01-02	40.1%	55.7%
CY02-03	33.2%	40.6%
CY03-04	22.7%	36.1%

**UMassOnline Enrollment Growth**



**UMassOnline Revenue Growth**





# Roles of Online Learning

- Online learning provides new access
  - Online learning should be deployed with the expectation of making an institution better at what it already does. Not to make it something that it is not.
  - Depending on an institution's mission, this new access can be used to\*:
    - 1. Serve educationally underserved communities**
    - 2. Accommodate increased numbers of traditional-age students**



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## Roles of Online Learning

3. Offer opportunities for degree completion to those who have attended college but failed to graduate
4. Facilitate transfer of credit between institutions
5. Afford nontraditional career professionals and workforce development candidates access to higher education
6. Create a mechanism to offer degrees not offered by existing institutions
7. Take advantage of online learning to meet enrollment growth at less cost
8. Overcome the possibility that an institution will be left behind in the new, highly competitive online environment

\*From *Expanding Access to Learning: The Role of Virtual Universities*, by Carol A. Twigg, Executive Director of the Center for Academic Transformation at RPI, July 2002



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# Roles of Online Learning

- UMassOnline measures success by the extent to which we
  - Broaden access to a UMass education and
  - Help to grow the total market share of the University



# Benefits of Online Ventures

- Enhancing a university's:
  - Bottom line
    - Additional revenue streams for traditional universities
    - Efficiencies and economies of scale
  - Educational mission
    - Facilitating advancements in teaching and learning
    - Enabling multi-campus collaboration
  - Mission/Brand
    - Expanding institutional reach and visibility
    - Establishes university's commitment to technology



## Benefits of Online Ventures

- Indirect benefits of online ventures
  - UMassOnline's e-learning infrastructure benefits "traditional" students, too.
  - The infrastructure is available to faculty whether they are teaching at a distance or enhancing an on-campus course.
  - UMassOnline's e-Learning infrastructure supports 1,000 on campus Web-enhanced courses
  - The lines are blurring between online and face to face education.



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## Lessons and Keys to Success

- “Now the groves of academe are littered with the detritus of failed e-learning start-ups as those same universities struggle with the question of how to embrace online education but not hemorrhage money in the process.” –  
*The New York Times*



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# Lessons and Keys to Success

- Lesson 1: Money does matter
  - It's important *where* the money goes
  - Virtual universities do better when faculty can see that the benefits of the effort accrue directly to the institution and provide extra resource to support research, teaching, and service.



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## Lessons and Keys to Success

- Lesson 2: Online education is about serving learners and not about using technology.
  - Designing educational experiences around technology is a foolish chase. You cannot possibly keep up with the technology.
  - The paradox of technology-enhanced education is that technology changes very rapidly and human beings change very slowly.



# Lessons and Keys to Success

- Lesson 3: Market alignment is critical
  - Larger markets won't save failing products
    - **Moving “esoteric sub-specialty” courses online to counter declining face-to-face enrollments.**
  - High-quality, brand name content alone does not attract customers
  - Faculty involvement is a key selling point. It should not be sacrificed for a cost effective, scalable model



## Lessons and Keys to Success

- Lesson 4: Programs must match core competencies, mission and brand:
  - Online education is more than content expertise: You need in-house or outsourced production, delivery, marketing, and support expertise
  - Does it support or hijack your brand?
  - Does it require the faculty to change how they do things... "it is easier to move a graveyard"
  - Do you control production?
  - Will governance boards or faculty reduce your ability to deliver product? What approvals are required?



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# Lessons and Keys to Success

- To reap benefits from online programs, universities need:
  - Online programs that are an extension of the university's academic programs, mission, culture and core competencies
  - A solid business plan
  - An established brand
  - A well-defined product that meets market needs



## Advice to legislators and policy makers

- There is a need for continuous learning
  - The old idea of getting a four-year degree and going off to work no longer applies.
  - Universities must offer a “maintenance contract” with degrees.
  - If traditional universities do not answer this need, someone else will



## Advice to legislators and policy makers

- Soon the term “distance education” will morph into “distributed education” or simply “education”
- Online learning positions institutions to
  - Meet the needs of their students
  - Become better at what they already do



## Advice to legislators and policy makers

- Governments can remove obstacles, provide funding and reward collaboration
  - Government funding of start up capital builds infrastructure and fledgling programs and accelerates growth
  - MA invested \$2.8 million through its IT bond program
  - It is difficult to make investments in a time of financial hardship, but that is when these investments are most important and have the greatest payoffs



# Setting Realistic Expectations

- Online learning approaches and expectations must reflect institutions' unique missions and core objectives
  - Community colleges, four year state colleges and research universities have distinctly different missions
  - UMassOnline is different from Mass Colleges Online
- Growth goals must be attainable
  - Not all success is financial



# Setting Realistic Expectations

- Traditional culture: harder to deliver eye-popping “for-profit” returns
  - Universities strive for access, quality, research excellence, service, and teaching for teaching’s sake ---not necessarily financial success
  - Governance boards or faculty may reduce flexibility and ability to deliver product and respond to market needs
  - There is an ongoing negotiation between administration and faculty about production



# Setting Realistic Expectations

- However, our challenges are also our strengths
  - A balanced equation: Traditional universities sacrifice growth rates to preserve quality
  - While for-profits focus on the bottom line and use adjunct faculty as a “just-in-time” work force enabling flexibility and scalability...
  - Traditional university governance boards, faculty involvement, collaborative culture *ensure* quality
    - **Students want credentials from an organization with an outstanding reputation that will be in business throughout their careers.**



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# Setting Realistic Expectations

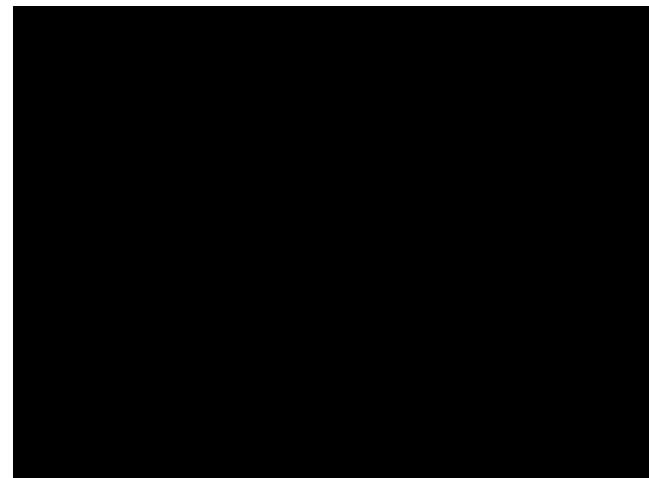
- Next wave of growth
  - Traditional universities will become more creative about providing incentives that are meaningful to faculty



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## Remember: Online changes everything

- Our online platform enables new courses for traditional students –thousands of courses!
- Faculty who teach online become more reflective about teaching.
- Our marketing experience changes the way we tell the UMass story.
- One more way universities become global players





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# Thank You!

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