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Massachusetts  
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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



# 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



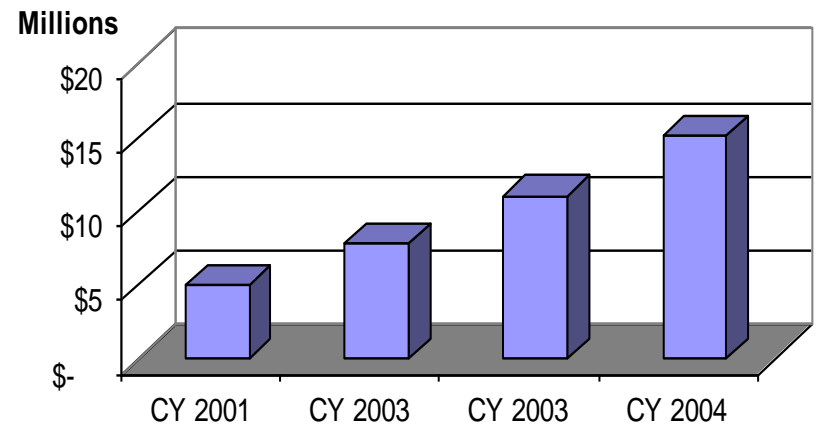
- **Size**
  - 2005 enrollments: 117,554
  - 2005 tuition/fee revenue: \$16 million
- **Programs:**
  - Undergraduate: 26
  - Graduate: 20
  - Non-Credit: 2
  - Courses: 800+ annually
- **Growth**
  - Enrollment growth rate: 250% since 2001
  - Revenue growth rate: 448% since 2001
- **Degrees**
  - In 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.



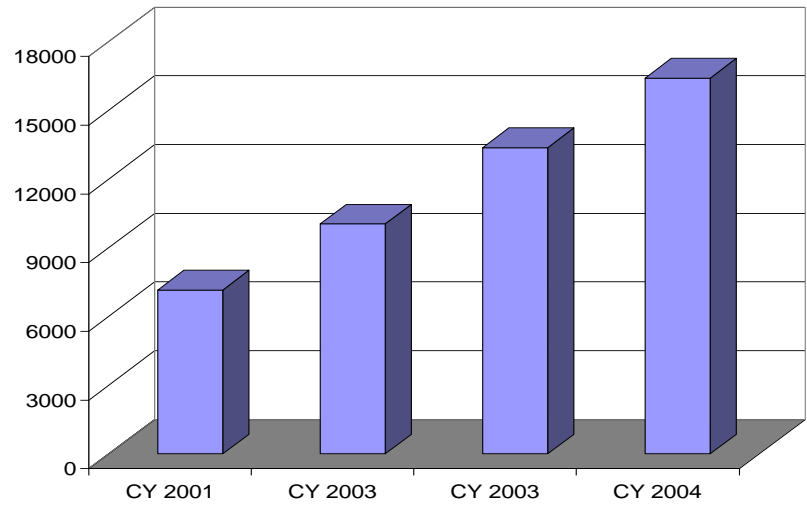
# Enrollments and Revenues

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 Revenue Growth**



**UMassOnline Enrollment 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



## 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*



# 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.



## 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?



## 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.**





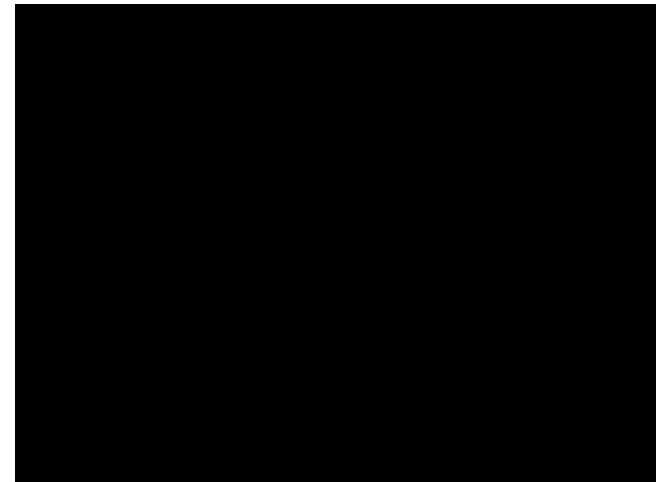
# Setting Realistic Expectations

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



## Remember: Online changes everything

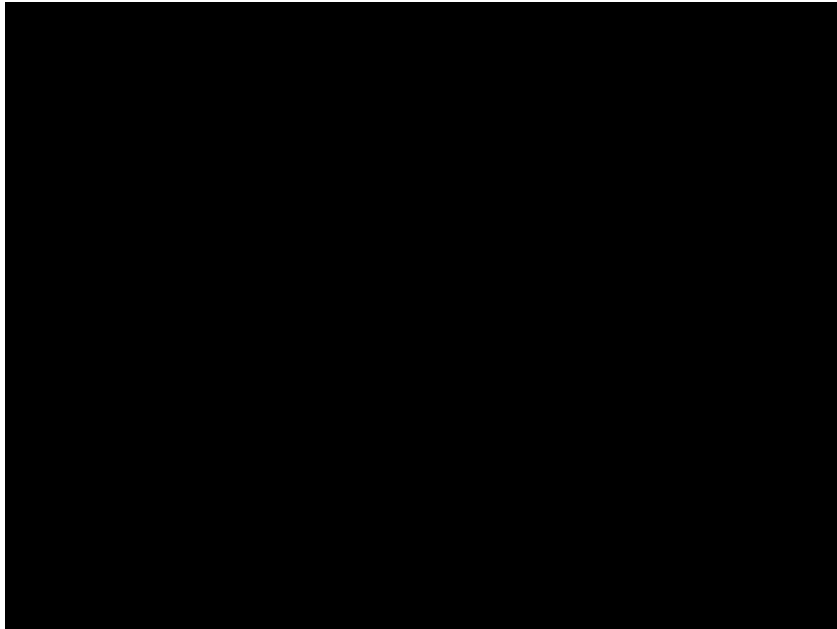
- Our online platform enables new courses for traditional students –thousands of courses!
- Faculty who teach online become more reflective about teaching.
- Our marketing experience changes the way we tell the UMass story.
- One more way universities become global players





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# Thank You!



Imagine

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