

MINUTES
BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
STRATEGIC PLANNING COMMITTEE
WORKSHOP ON THE EXPANSION OF ONLINE EDUCATION
FLORIDA ATLANTIC UNIVERSITY, DAVIE CAMPUS
STUDENT UNION BUILDING, ROOM 105
DAVIE, FLORIDA
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Mr. Rood convened the meeting of the Strategic Planning Committee of the Board of Governors on December 17, 2012 at 12:30 p.m., with the following members present: Manoj Chopra, Dean Colson, Patricia Frost, Tico Perez, and Elizabeth Webster. Other non-Committee Board members in attendance included Norman Tripp and Richard Beard.

1. Call to Order and Opening Remarks

President Saunders welcomed all those in attendance.

Chair Rood recognized the presence of state representative Jeanette M. Nuñez, Chair of the Higher Ed Workforce Subcommittee and Education Committee member. Chair Rood then introduced Mr. Robert Lytle and Ms. Vanessa Webb of The Parthenon Group and their presentation, "Strategy Retreat: Online University Study Summary."

2. Post-Secondary Online Expansion in Florida

Mr. Lytle began the formal presentation by introducing the context of the study as a "middle of the road" perspective, or a mediation of the viewpoints of all 39 participating institutions. He also emphasized the goal of the study, which is not total participation, but best-in-class program design or the best possible online education.

Mr. Lytle presented figures describing a growing trend in student enrollment in online coursework, both on a national and a statewide level. He indicated that 40% of students in the Florida College System and the State University System are enrolled in at least one online course, compared to 31% nationally. Mr. Lytle outlined Florida stakeholders' four primary objectives for post-secondary online learning: expanding access, reducing

system and student costs, strengthening the link between the labor market and post-secondary education, and enhancing the student experience.

Thirty-eight institutions across the state are independently developing best practices in online post-secondary education with a focus on high quality program development, delivery, and support. Mr. Lytle identified four options (strategies) for consideration to drive the development and expansion of high quality new program offerings: 1) institution by institution, 2) institutional collaboration, 3) lead institution, and 4) new online institution. Mr. Lytle also outlined the pros and cons of each of these strategies. The pros and cons were also discussed and evaluated by various Board members and other individuals in attendance.

Mr. Lytle stated that he believes the implementation of these strategies will necessitate levels of initial investment ranging from thirty million dollars for the least expensive option (#2 above) to seventy million dollars to develop a new online university (option #4 above).

Mr. Lytle indicated that recurring expenditures per FTE vary across models with respect to strategy, program, and degree type. He projected costs over 10 years and provided a breakdown of the effectiveness of the educational investment with respect to each of the four strategies listed above. In response to the presentation, a dialogue between Mr. Lytle, Ms. Webb, and Committee members ensued in which they discussed access, admissions policy, accreditation models, marketing strategies and costs, and the role of private providers as partners in implementing each strategy, with special attention to the role of for-profit institutions.

3. Policy Issues for Online Expansion

Chair Rood introduced David Longanecker, the president of the Western Interstate Commission for Higher Education. Dr. Longanecker explained that his presentation would explore how policy supports the practice of online learning. He indicated that most states have policies related to finance, quality assurance and accountability, support of innovation, and institutional vitality. Dr. Longanecker indicated that Florida first needs to determine its policy goals. He assumed the State's goals were to provide high quality, accessible, workforce-relevant and cost-effective opportunities for the citizens of Florida. He said that Florida also needs to determine whether its online activities are to serve Florida or the world and if they are to be a profit center.

Dr. Longanecker presented three different general approaches to policy: benign, directive, and supportive. He defined the essence of public financial policy as balancing resources for the public good and private benefit. He said a state accomplishes that balance through the way it appropriates funds and establishes tuition and financial aid policies. He indicated that appropriations, tuition, and financial aid policy should

always be considered together, because they are so closely related. He also discussed ways in which funds are allocated to ensure desired activities or outcomes, using completion and reduction of equity gaps as examples. He outlined three general strategies that are frequently used: 1) shared benefits/shared costs, 2) students benefit/students pay, and 3) forced cost effectiveness. Dr. Longanecker emphasized that financial policy is a very strong lever if used effectively and should be treated sensitively in the formation of new online education policy.

Dr. Longanecker defined the essence of quality assurance and accountability as ensuring that students and society receive appropriate value and that the institutions and the state are held accountable for doing so. He identified two current accountability metrics in the national spotlight: student learning outcomes and student completion metrics.

Dr. Longanecker explained that student learning outcomes are a big issue for online learning and discussed several ways to provide incentives, detailing four different approaches: 1) disregard quality, 2) require institutions to develop quality assurance assessments, 3) require institutions to adopt externally developed assessments, and 4) establish standards for online learning. He said there were strengths and weaknesses to all four approaches. Dr. Longanecker also identified student completion as another major concern for online education, indicating that the perception is that too many students do not complete online programs. He said the University of Central Florida's data confirms that fully online students are less likely to complete their programs.

He stated that part of the dilemma is that the data concerning online education is not very good. It is important that Florida develop the data capacity to determine whether what the State adopts is working.

Dr. Longanecker reiterated that good policy supports innovations. He stated this could be achieved two different ways: through the directive approach of incentive funding and the supportive approach of outcomes-based funding. He indicated that Florida should ensure that its institutions remain strong. Dr. Longanecker then analyzed the four strategies proposed by the Parthenon group with respect to the three approaches to policy (benign, directive, and supportive), paying special attention to the potential for innovative practices.

Following the presentation, Committee members had a brief question and answer session with Mr. Longanecker, discussing the possibility of a blended model and the need for greater accountability.

4. National Landscape for Online Expansion

Chair Rood introduced Dr. Bruce Chaloux, CEO of Sloan Consortium. Dr. Chaloux discussed current trends in online education, noting a prediction by Ernst and Young that the dominant traditional model of higher education will prove unviable in all but a few cases in the next 10-15 years.

Dr. Chaloux identified five trends driving change in higher education: 1) democratization of knowledge and access, 2) contestability of markets and funding, 3) digital technologies, 4) global mobility, and 5) integration with industry. Dr. Chaloux also outlined three broad business models: streamlined status quo, niche dominators, and transformers.

Dr. Chaloux discussed the media hype surrounding online education and noted that the real issue at the heart of online education is the focus on increasing costs of higher education, graduation rates, and perceived value.

Dr. Chaloux then spent time describing the implications of these changes by forecasting trends impacting the higher education "industry." These trends include: changes in the distinction between online and on campus, the growing ubiquity of technological tools, faculty acceptance and development, new academic and non-academic competitors, the growing favor of competency-based learning, the proliferation of new assessment tools, the recognition of credit, the emergence of alternative programs to reduce cost, a push for accelerated learning strategies as a mechanism for cost reduction, changes to the role of faculty, changes to the higher education policy construct, a continuation of the shift towards more work- and skill-oriented degree programs, a shortening of degree pathways, and graduate programs continued movement toward practice and online delivery.

Dr. Chaloux asked a series of rhetorical questions concerning the challenges that face Florida, underscoring the fact that existing state higher education policy already has many of the pieces in place. He concluded the presentation by advising the Board to maintain flexibility in the construction of new policy, to learn from others, but create a unique Florida model.

5. Panel Discussion

Chair Rood introduced the panel members: Randy Hanna, Chancellor of the Florida College System; Dr. Joe Glover, UF Provost; Dr. Ed Moore, President of the Independent Colleges and Universities of Florida (ICUF); Dr. Eddie Wachter, Dean of Academic Affairs, DeVry University; and Ms. Susan Paregis, President of the Council of 100. Chair Rood also briefly described the format as a series of four questions, with

each panel member allotted fifteen minutes to respond before a thirty minute open dialogue with the entire Committee.

The first question was “Who should be the target audience for state’s expansion of online education and why?”

Chancellor Hanna addressed the target audience as those whose learning styles are suited for online technology.

Dr. Glover commented on the flexibility of online education and that this dimension may cater to particular audiences, but probably not STEM students as it is difficult to offer purely online learning in STEM fields. Dr. Glover also stated that the Southern Association of Colleges and Schools (SACS), the regional accrediting agency, requires the last quarter of degree credits be taken at the institution awarding the degree.

Dr. Moore addressed the need to use online education to enhance existing market activity and encouraged the Board to explore program possibilities outside of degree programs, while also stressing quality. He also encouraged the Board to consider how 2+2 can enhance online education.

Ms. Pareigis stressed the importance of statistical support and policy that is outcome-focused and tied to economic needs.

Dr. Wachter stated that he believes online education should be designed not for a specific audience but for the modality of online education. The requirements for accreditation are strict in order to ensure the requirements of the program are consistent between on-site and online programs.

The panel discussed Massive Open Online Courses (MOOCs). Dr. Wachter clarified that DeVry University develops its courses internally; the university has never bought a program from another entity. He has, however, recommended that students needing remediation take a MOOC. Dr. Glover clarified that Coursera and similar start-ups provide access to MOOCs designed with the intention of bringing educational content to the masses for free, but are still struggling to establish a working business model. Dr. Glover mentioned one such start-up, edX, which is working with the commercial testing company Pearson; Pearson provides testing centers where a student can be tested with integrity, which would allow, in principle, academic credit to be granted by a university for the course. Dr. Glover discussed University of Florida’s efforts to develop five courses for Coursera in exchange for use of Coursera’s online delivery platform and to be on the cutting edge of online education. Four of the UF courses will be in agriculture, where faculty will modify existing course content to fit the platform. Dr. Glover commented on experimental peer-to-peer grading and peer chat rooms, and the potential for star academics to produce MOOCs that would benefit society and

enhance a university's brand. Currently, there is no student support provided, other than experimental peer-to-peer activities. Dr. Glover indicated that it is conceivable that UF would buy these courses. Buying curricula in itself is not new – merely new in the online format.

Dr. Chaloux encouraged the Board to research all three major MOOC providers; they all take different approaches. Dr. Chaloux stated that he believes that the audience for online education is every qualified Floridian in need of higher education. Dr. Longanecker noted the difference between courses and programs and the need to brand and market online education to Florida citizens.

The panel discussed the increasing trend of competency-based assessments. Ms. Pareigis responded that the business community is focused on competency-based education. Chancellor Hanna commented that Florida has been a leader in providing competency-based education. Dr. Glover clarified that, while competency-based credit already exists in Florida, it is primarily given for lower level coursework. Dr. Moore expressed concern that there may be an expectation that online education will result in cost savings or cost reductions. He cautioned that, if the Board targets noncompleters, it may cost more to provide the extra support services those students will need to complete their programs. Dr. Glover commented that some students handle online learning better than others. Dr. Wachter then specified that First Time In College (FTIC) students in particular do not fare as well in fully online programs.

Chair Rood then asked the second question: "What cost models might be successful in Florida?"

Dr. Glover responded that online education is not cheaper initially and requires significant start-up funds. The state has recognized this fact by allowing universities to charge fees for distance learning. Dr. Glover noted that online education should be the same price or cheaper than residential education to avoid driving students away.

Dr. Moore commented that ICFU tuition and fees are market-driven and cannot be fixed in the same way as the public sector.

Ms. Pareigis reiterated that the business community is focused on quality and its costs. She encouraged the Committee to review cost data for online vs. traditional brick and mortar offerings. A new university also involves lost opportunity costs.

Dr. Wachter explained that the cost model for DeVry is the same as for Florida public universities. Over time, DeVry's cost model has evolved to increase expenditures for services in order to keep persistence high.

Chancellor Hanna agrees that there must be a focus on quality, particularly regarding the provision of support services. He noted a need to analyze the cost of an entirely online institution, which should indeed be cheaper, as it does not provide as many services as an institution with a campus. To be competitive and affordable, consider reducing tuition for students who are online-only.

Dr. Longanecker added that performance funding would lead to outcomes and providing incentive funding up front would entice the behavior the Board wants.

Dr. Chaloux explained that cost considerations are tied to the chosen model. The focus should be placed on efficiencies over time. Quality costs are a good investment, particularly when it comes to quality support services, which are necessary for a quality academic experience.

The panel discussed the effect of the blended model upon graduation rates. Dr. Wachter commented that, at DeVry, student persistence between first and second year increased by four or five percent. Dr. Moore cautioned that traditional accountability measures like graduation rates may become problematic as more institutions collaborate on online education and students take courses at a variety of institutions.

The panel discussed faculty-student communication in online courses. Dr. Chaloux said that better online courses incorporate a lot of faculty interaction, sometimes even more engagement than in traditional classroom environments. He mentioned a lack of faculty interaction as a drawback of MOOCs. Dr. Wachter spoke about DeVry's requirement of daily or weekly student interaction, as well as a requirement for faculty to report to Student Services a student's failure to communicate.

Dr. Chaloux noted there is a movement towards shorter terms, additional engagement, and strategies for more self-directed studies.

Chair Rood asked the third and final question, "What structure of online education holds the promise for degree production?" Chair Rood also reintroduced the topic of credit versus competency-based education.

Dr. Moore encouraged the Board to examine assets in place. A lot of time and money have been invested in all the sectors and these assets need to be incorporated in whatever the Board does. A lead institution or a new institution may actually increase costs because of redundancies.

Ms. Pareigis stressed using available technology to customize education, particularly through increased attention to assessments increasing efficiencies, and addressing Florida's economic needs. She dismissed Parthenon's first option as status quo. She also dismissed option four because of lost opportunity costs, instead favoring a blend of the

second and third options as the most efficient and cost-effective model. It is important to have someone in charge, but it does not have to be another institution.

Dr. Wachter stated that the key is leveraging the assets the State already has which would make option two the most desirable. He also encouraged the Committee to look at the market because of its potential to provide customization to meet Florida's unique needs. He then recommended the development of a brand based on existing assets and market.

Chancellor Hanna discussed the history of prioritizing technology in Florida's combined higher education systems, citing specifically the success of the Florida Virtual Campus. Chancellor Hanna favored a solution somewhere between options two and three, with a combination of resources to save money. Chancellor Hanna suggested that the Board design the structure it wants, then talk to SACS, rather than be limited by current SACS rules. He said the Board and Florida Legislature could enact significant change by working with SACS.

Dr. Glover spoke about services like marketing and advising that could be outsourced, with attention to services that should remain in-house and those that could be outsourced for greater efficiency. Dr. Glover underscored the need to understand that the online education audience is not monolithic, but rather consists of students with different needs and goals. Dr. Glover recommended focusing on a combination of options two and three.

Dr. Longanecker recommended that Florida builds on its strengths and that the Board rely heavily on the public universities but also partner with private institutions.

Dr. Chaloux emphasized flexibility within the structure of online education, also recommending involvement with competency-based education options at the undergraduate and graduate levels. Dr. Chaloux also noted efficiencies of outsourcing certain services, like marketing.

The panel discussed the Board's strong focus on Science, Technology, Engineering, and Math (STEM) programs. Ms. Pareigis discouraged the Board from choosing STEM over liberal arts education, but instead to prioritize the needs of the market, because business leaders often desire liberal arts degrees. Chancellor Hanna mentioned the college system's focus on online nursing, Information Technology (IT) and other professional degree programs that match State needs. Dr. Chaloux recommended focusing on both online and STEM, and the potential for MOOCs to be a solution. Dr. Glover spoke about an existing online STEM degree program, microbiology at UF, which is almost exclusively online with the exception of two labs offered at a variety of locations throughout the state. He encouraged the Board to consider its policies regarding geographical distribution of course offerings.

The panel discussed employer attitudes toward MOOCs. Ms. Pareigis noted that business people support MOOCs, but they have not been active long enough to fully understand their effects just yet. Ms. Pareigis again advocated for a focus on quality and needs analysis.

6. Committee Discussion

Chancellor Brogan thanked Parthenon and the various panel participants. He noted the need to capitalize on the good work being done through the adoption of best practices and a pressing need for collaborative efforts. Chancellor Brogan favored a more hybrid approach and, more specifically, the terminology of “lead organizational approach” rather than “lead institution.”

Chair Colson stated that he believed option two should be pursued in conjunction with the Florida College System. He is interested in partnerships to deal with accreditation issues and suggested going after a new product, something that is not being done. Chair Colson also stated his interest in the notion of greater online coordination to create a “go at your own pace” education product as an alternative option.

Chair Rood observed that most participants wish to explore options two and three. He identified several problems raised during the workshop: the persistent need to track and measure online education; to develop best practices; the limited coordination between online offerings and market needs; issues of access and marketing; and possible duplication of effort resulting in a cost issue. Chair Rood presented the option of creating an RFP to address the issues he outlined and any other issues that rise to the top. He spoke about mounting a large marketing campaign for system online course offerings.

Dr. Glover warned that if the Board were to pursue an RFP, it must first determine the funding model. Governor Perez reiterated Ms. Pareigis’ belief that there is a need to better understand existing data and suggested UCF as a model for data collection. Ms. Pareigis then commented that Parthenon may in fact have some of the brick and mortar cost comparison data and encouraged them to share it.

The Committee members discussed the viability of option four, then Chair Rood asked Dr. Glover to discuss the use of an external group to develop online courses. Dr. Glover responded positively on using external groups for the design of courses and the marketing of programs, but never for outsourcing academic content or the delivery of the course.

The Chancellor and Committee members discussed the feasibility of the March 1st deadline. Consensus was reached that a finished product would not be completed

within the next ninety days, but the cause could be advanced by legislative session. Chair Rood suggested the Committee come up with broad-based positions and have staff put that together and circulate it. He summarized the broad-based positions as the need for: better measurement; quality and best practices that lead to additional quality; ensuring the focus is matched to demands of the market; and better access, which he defined as the need for people to better understand what is available, perhaps through a central list that could be seen in an easier manner than it is now and perhaps, also, through supplemental marketing efforts. Chancellor Brogan mentioned that the Legislature will be patient if the Board can present evidence of its progress. The Chancellor then called upon the panelists and others involved to assist in drafting an action plan of deliverables, with deadlines, for further discussion. Committee members agreed. Chair Rood indicated there was agreement that the Committee did not want to stifle innovation, but did want to raise the bar further. Chair Rood questioned whether there was a need for a meeting in early January in Tallahassee or a longer meeting on January 16th, to further develop a hybrid of options two and three with consideration for option four. The Chancellor indicated he would work with Chair Rood on what is done next.

Chancellor Brogan thanked Nancy McKee for her work.

With no further business, the meeting was adjourned at 4:46 pm.