Introduction

In March 2011, IU President Michael McRobbie and the Board of Trustees accepted a report and strategic plan for online education from School of Informatics Dean Bobby Schnabel which offered, as its primary recommendation, the establishment of a university-wide office of online education (https://uaa.iu.edu/academic/ooe/docs/schnabel-strategicplan.pdf).

Acting upon Dean Schnabel’s recommendation, in April 2011 President McRobbie established the IU Office of Online Education (OOE), with the charge directly from Dean Schnabel’s report that the OOE provide: 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.

After extensive discussion with university and campus leaders, study of the broader landscape of online education at peer institutions, and needs analysis of online programs and operations at all campuses, in June 2012, the university-wide implementation plan for online education titled “Moving Forward” was approved by President McRobbie for presentation to the IU Board of Trustees (https://uaa.iu.edu/academic/ooe/docs/moving-forward.pdf).
Following on the presentation of “Moving Forward” to the Trustees, in accordance with IU’s “Principles of Excellence,” and supporting a recommendation of the “New Directions in Teaching and Learning” report, in September 2012, President McRobbie announced the “IU Online” initiative, an $8 million investment in online education. As stated in the media release:

The new IU Online initiative will enable us to marshal our renowned academic and technological resources to expand existing online programs and develop new offerings that are geared toward improving student learning, encouraging greater undergraduate degree completion, strengthening the state's workforce and reaching new populations of students in Indiana, nationally and internationally.

IU Online will address four priorities:
- Creating collaborative undergraduate degree programs at regional campuses.
- Creating graduate degree and certificate programs at core campuses.
- Providing online options for high-enrollment undergraduate courses.
- Exploring experimental modes of education.

IU Online is now in its final year as an “initiative,” and over the past three years has become the brand name for IU’s online education programs. In this final year of the IU Online initiative, the IU Office of Online Education is also transitioning, moving from a cash funding model to the base funding model required to sustain the operations of the organization.

The purpose of this document is to provide a brief retrospective of the funding, expenditures, and activities of IU’s Office of Online Education in support of IU Online over the past three years, to outline planned activities for the future and to articulate a sustainable funding model to support future work, as well as to provide rationale and detailed explanation of IU’s plans for moving forward in the current context of online education, given the unique and complex organization that is Indiana University.

**OOE FY13-FY15 Funding Retrospective**

- During the past 3 years (FY13 – FY15), the Office of Online Education has been cash funded from a total of $8.2 million with matching funds contributed by:
  - President’s Office = $4.1 million
  - BL = $1.5 million ($500,000 / year)
  - UITS = $975,000 ($325,000 / year)
  - IN = $975,000 ($325,000 / year)
  - Regionals campuses = 600,000 (5 campuses @ $40,000 / year)
- OOE annual operating expenses have ramped up over the past 3 years to $3.2 million this past year.
- About $675,000 was set aside each year for incentives to all campuses for development of priority programs and courses as outlined for the IU Online initiative.
- UITS has received funding each year, starting with $900,000 in FY13 to $1.2 million in FY15 for eDS staff who work with faculty to plan, design, and develop online courses and programs, and to administer Quality Matters certification as a baseline indicator for quality of online courses. To date, eDS has worked on 267 total courses and CTL staff on all campuses have been certified to train faculty in Quality Matters.
• Remaining funds were used by OOE for regulatory compliance, memberships, and for a Director, 4 professional staff, and 2 administrative staff who work in the areas of compliance, data management, program development, marketing, student services, and website support.

**OOE FY13-FY15 Services and Activities Retrospective**

*Evolution of OOE “Gatekeeper” to “Clearinghouse” function*

As explained on the website of the Executive Vice President for University Academic Affairs: Indiana University is a single university and not a system; it is led by a single Board of Trustees and President, and all degrees are awarded in the name of the university as a whole. Yet, each of IU’s campuses is geographically separate, individually accredited, and has historically operated relatively independently, especially as an academic unit. (The core and system schools on the IU Bloomington and IUPUI campuses operate with greater, though varied, coordination.) …

the rise of information technologies … are changing the ways we teach, learn, and research; and [are creating] a “new normal” higher education environment of intense competition, fiscal constraint, and assessment. These forces together are making the actions of one campus more impactful on the others, and creating opportunities for collaboration that did not exist or were previously largely unrecognized. In this environment, a central mission of University Academic Affairs must be to maintain the academic excellence of individual campuses, support their tailoring of program to mission and location, and promote their strong sense of a community of teachers and learners – while at the same time facilitating positive interrelationships and opportunities to promote IU’s academic mission among and between all campuses.

[https://uaa.iu.edu/academic/academic-program-councils.shtml](https://uaa.iu.edu/academic/academic-program-councils.shtml)

Further, as explained on the University Academic Affairs (UAA) webpages which provide guidance for the academic program approval process, because online degrees are not bound by regional service areas (which are the traditional organizing structure at IU for campuses and academic programs) and because the faculty representing a particular discipline on any given IU campus are necessarily in relationship with faculty in the same discipline on every other IU campus, there are natural opportunities for faculty in the same discipline from the various campuses to engage in collaborative program development, and any program that fits within the historical missions of the various campuses has the potential to be a Collaborative Academic Program (CAP).

Because of the disruptive nature of online education to the historical organizing structure of academic programming among and across the campuses of Indiana University, and with respect for shared governance and the role of faculty in the development and delivery of academic programs, the most foundational and most critical role of the Office of Online Education is to provide strategic oversight of the autonomous development and grassroots growth of online
programs across all IU campuses. In Dean Schnabel’s report and the original charter, this function was named the “gatekeeper” role of the OOE.

The first principles that are the foundation of IU’s online strategy, which were outlined in Moving Forward (June 2012), and which continue to guide the strategic directions for online education at Indiana University are:

• There will be no internal competition between campuses in online programming.
• There will be no duplication of programs without distinctions that are clear to prospective students.
• Graduate programs will be delivered by the core campuses and undergraduate programs will be delivered by regional campuses, given these programs are most aligned with the central missions of these campuses.
• All IU online programs will be of the same high quality, highly interactive and engaging nature of on-campus programs.
• To the fullest extent possible, the mechanisms that support online education will be the guided by, and the responsibility of, the same authorities, systems, structures, policies, and processes that are the normal operations of the University.

The university strategy for online education has matured since the initial announcement of IU Online, as our understandings have evolved to recognize the complex impact of this “common pool resource” on all academic programs across all IU campuses. IU is moving toward a “curricular clearinghouse” model, in which OOE vets academic program proposals and assures agreement from all campuses, and convenes academic representatives from across campuses to develop Memoranda of Agreements for collaborative online programs that fit within the mission and strategies of all participating campuses. A critical service provided by OOE is to ensure that our campuses are not directly competing with each other in online programs.

Based on conversations with CIC peers, the alternatives to the curricular clearinghouse model for multi-campus universities or multi-university systems are outlined below, none of which are viable for IU (and please note that all of these models are in flux and changing rapidly at each of the institutions mentioned below):

• Grassroots model - each campus develops their own programs, allowing for duplicative programs and internal competition based on reputation and cost (UMass Online)
• Centralized model - centralized office determines which campus will deliver which online program (Penn State World Campus)
• Separate organization – academic units have no authority to deliver online programs (U Maryland-University College)
• Flagship campus does not deliver online programs/ comprehensive teaching campuses deliver online programs (Michigan)
• Flagship campus delivers online programs/ comprehensive teaching campuses do not deliver online programs (Ohio State)

For more details about the academic program approval process, see information at:

• https://uaa.iu.edu/academic/program-development/online-program.shtml
• https://uaa.iu.edu/academic/program-development/collaborative-programs.shtml
• https://uaa.iu.edu/academic/academic-program-councils.shtml
Additional services provided by OOE during FY13-FY15

- As stated above, incentives to campuses for online course and program development
- As stated above, funding to UITS for eDS staff who work with faculty to plan, design, and develop online courses and programs
- Risk mitigation and regulatory compliance for all federal, state, and accreditor regulations related to online education, and fees associated with such, including but not limited to: SARA, Fed Ed, VA, Homeland Security, ADA, Higher Learning Commission, ICHE
- “IU Online” brand and brand awareness that highlights IU’s sizable presence in online education (103 total programs)
- IU Online web portal as an aggregated list of online courses and programs
- 24/7/365 Call Center for online students
- Social and digital media marketing
- Infrastructure maintenance for technical systems, policies, processes impacting online courses and programs, including but not limited to: SIS online course and program definitions, Student ID for non-IU students, non-credit work-around, Online Class Connect, Intellectual property policy, MOOC approval, course materials asset repository
- Baseline metrics for quality assurance of online courses
- Metrics and data management
- Memberships to relevant associations (Sloan / Quality Matters / UPCEA)
- Faculty development to support online courses and programs

OOE Funding Model and Activities Plans (FY16 and beyond)

1. Office of Online Education FY13–FY15 Funding Model and Services
   - See spreadsheet titled “OOE Budget Plan 2014-03-23.”
   - Campuses will no longer pay cash amounts annually to fund the Office of Online Education.
   - For FY16 and beyond, base funding for OOE will be derived from a $30 per credit hour distance education fee which will be applied to online courses coded as OA (Online All = 100% online course) and OI (Online Interactive = 75% or more online). Additionally, with approval from the Office of the Senior Vice President and Chief Financial Officers, campuses may have an additional $20 / credit hour fee to be spent on services that support online students and student success and are not duplicative of services provided by OOE.
   - Based on current enrollments, credit hour projection for OA and OI classes for FY16 is 221,600 which will generate $6.6 million, providing an additional $3.2 million annually to be invested primarily in marketing, recruiting, CRM system, and shared student services that are competitive with best-in-class online program providers (for-profit and private non-profits). These new investments are detailed below.
2. New Services to be provided by OOE for FY16 and beyond (Expenditure of $3.2 million in addition to current budget)
   • Marketing, market analysis, advertising, and recruitment (Based on guidance from IU Communications, at least $1.2 million will be spent here)
   • OOE website re-design to an “admissions page” that is more interactive and attractive to students (At least $200,000)
   • Seamless shared student services (At least $1 million)
     (CRM system implementation, improved 24/7/365 call center services, student assessments for online programs, orientation to Canvas, initial advising on program selection, etc…)
   • Development support for collaborative programs and non-credit courses and programs ($550,000)
   • Quality Matters peer review ($350,000)

3. Goals for IU Online
   • Grow enrollments
   • Improve retention and success of existing students
   • Protect enrollments of existing students
   • Reach new audiences
   • Leading high-quality online provider in Midwest
   • Offer innovative, collaborative options
   • Improve efficiency and economies of scale
   • Revenue generation

Guiding Principles of the Curricular Clearinghouse / Seamless Shared Services Model

In addition to the first principles for IU Online that are outlined on page 4 of this document, the principles that guide the Curricular Clearinghouse / Seamless Shared Services” model are outlined below.

For the Curricular Clearinghouse

• Each campus has its own unique mission and responsibility to serve the needs of its region; at the same time, each campus is part of Indiana University and is therefore bound to the systems, structures, policies and procedures of the university.
• No campus can keep another campus from offering any online program that is within the mission of the campus. Each campus must respect the curricular authority of other campuses, in recognition of the same rights for every IU campus.
• Given the various missions of the campuses, and given that faculty have oversight of the curriculum at Indiana University, the faculty in the same disciplinary areas across the seven campuses of IU must be in communication, and in collaboration when appropriate, regarding the design, development, delivery, and administration of online academic programs that support the missions of multiple campuses.
• For academic programs that fit within the missions of multiple campuses, all eligible campuses have an opportunity to participate in an online academic program, though universal participation of all eligible campuses is neither expected nor required.

• If an academic unit has concerns that an online program in development or offered by another campus may have adverse impact to the academic unit, academic administrators from the involved campuses should work together to resolve such concerns, or may ask the Office of the Executive Vice President for University Academic Affairs to convene a meeting of interested parties to develop a collaborative agreement.

• The processes for approval of academic programs, online programs, and collaborative academic programs that are documented on the website of the Executive Vice President for University Academic Affairs will guide the Curricular Clearinghouse.

• Campuses may agree that a single campus will deliver a program in lieu of a collaborative arrangement; in some cases, agreements may be made that the single campus which delivers an online program that could be delivered by multiple campuses will provide a revenue share to the campuses that release their rights to deliver the program.

• Every academic program is unique and has its own business model, and therefore each program will have its own unique marketing plan, curricular framework, student services plan, and collaborative memorandum of agreement.

• The Office of Online Education has authority to bring degree programs to table for consideration, complementing campus authority to do the same. OOE works with UAA to convene collaborative academic groups and to facilitate the development of memoranda of agreement for program design, development, and delivery, and mediates or arbitrates between campuses and programs as necessary.

For Seamless Shared Services

• We best support students and we become competitive in online education by creating a seamless student experience that involves marketing, recruitment, application processing, admissions, enrollment management, registration, bursar payment, orientation, and initial advising (24/7/365), until students are settled into their programs and well on their way to completion.

• IU strives for efficiency of operations that support online education. We improve these services, gain efficiencies, and economies of scale through shared operations that support all online students, campuses and academic programs.

• Campuses must first incorporate common and shared resources to support online education (eLearning Design and Services, technology support, student services), then build beyond those services as necessary.

• Faculty have opportunities for support and training as they innovate in online education.

• IU faculty and staff value and respect online students.

• Because our students are not concerned with our historical infrastructure or regional service areas, we work together to meet students’ needs better than our competition.

• Online students will be appropriately placed and prepared for success.

• We provide an excellent and full service program experience, not a bundling of courses.

• We provide an affordable alternative to our competitors in online education.
• Ultimately, online education will be just another option, along with on-campus education, and hybrid education, to provide the best array of options to meet the needs of students.

The Competitive Context for Online Education

The strategy employed at Indiana University to move forward with online education recognizes the following features in the current competitive environment:

1) Online education is fundamentally different than on-campus education for three reasons:
   a. Student enrollment on the basis of geographic proximity does not apply,
   b. Opportunities for scale far exceed the possibilities of on-campus courses and programs,
   c. Collaboration and sharing of resources across campuses is more viable, indeed necessary, for leveraging resources to achieve scale, than with on-campus courses and programs.

2) Online education is fundamentally a “business” in ways on-campus education is not:
   a. Hyper-competitive at regional, national, and global levels
      i. Academic (higher education institutions)
      ii. Non-academic (for-profit education service providers)
   b. Competitive edge is student-orientation
      i. Market-driven program offerings
      ii. Response times for student services
      iii. CRM and analytics for student tracking
      iv. Increased student support
   c. Growth opportunities are currently far greater with online than with on-campus programs
   d. Central support can leverage economies of scale by providing value-added services that campuses/academic units could not and should not deliver on their own

3) Different approaches are needed to support academic programs than to support student services for online education:
   a. Academic programs must -
      i. be derived from shared governance
      ii. build on existing resources
      iii. be adapted to the attributes of online environment
      iv. adhere to baseline levels of quality and curricular consistency across campuses
   b. Student services must be -
      i. student-centered
      ii. provide timely responses
      iii. seamless
      iv. internally integrated

4) Risks and benefits are associated with online education:
   a. All campuses and all programs benefit from the recognition associated with “IU Online” – a university-level brand for online courses and programs
   b. All campuses and all programs ultimately risk damage from internal competition that occurs when oversight of online programs is left to school- or campus-level
Funding Models for Online Education at other CIC institutions:

OOE has conducted a benchmarking study against CIC peers to discover how different multi-campus institutions and multi-institution systems finance operations to support online courses and programs. The problem with making any direct comparison is that the models from these institutions for delivering online education vary greatly (as indicated in the section above on OOE’s funding retrospective); their funding formulas also change regularly as these institutions figure out their strategic directions with this mode of instruction. That all as caveat, the document titled “CIC Members Funding Model Information” indicates that the $30 credit hour student fee to be charged by IU for funding OOE is much friendlier to academic units than the funding models of most CIC institutions to support central operations for online education.

One institution that is not captured in the document is Penn State World Campus, which takes 50% of tuition and gives 50% back to the academic unit when the academic unit uses instructional designers from World Campus, and takes 30% when the academic unit uses its own instructional designers.

Summary

IU’s curricular clearinghouse / shared student services strategy for online education is the most internally rational, externally competitive, fiscally reasonable model to move the entire institution and all its campuses and academic programs forward in a mutually beneficial manner, given the unique context that is Indiana University. Not only is this the best way, it’s the only way forward that will in the long run help rather than hurt every campus and academic unit.

The $30 /credit hour student fee that will sustain IU Online and OOE in the future is a reasonable funding model to develop the remaining infrastructure that will position us well with our external competitors (rather than competing with each other) and to grow online enrollments to the benefit of all.