

*July 22, 2015*

# *Baseline Report on HB2320*



**State Council of Higher Education for Virginia**

*Advancing Virginia through Higher Education*

## Introduction

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Staff provides this baseline report as a summary of its preliminary considerations and initial research in fulfillment of the requirements of HB2320 from the 2015 session of the General Assembly. Codified as § 23-7.4:7, this legislation compels the Education Secretary and SCHEV Director, in consultation with the public and private two- and four-year institutions, to:

“develop a plan to establish and advertise a cooperative degree program whereby any undergraduate student enrolled at any two-year or four-year public or private, non-profit institution of higher education in the Commonwealth may complete, through the use of online courses at any such institution, the course credit requirements to receive a degree at a tuition cost not to exceed \$4,000, or such cost that is achievable, per academic year.”

The legislation requires a report of plan-development progress by October 1, 2016.

Via this introductory document, SCHEV staff seeks to: (a) inform Council of the legislation and early work to fulfill it; (b) provide reference data of relevance to the work of the new Joint Subcommittee on the Future Competitiveness of Virginia Higher Education, particularly in its evaluation of the use of distance education and online instruction; and (c) complement efforts of George Mason University to satisfy, in consultation with other institutions, state-budget language that requires development of a plan for a comprehensive online, adult-degree-completion program by September 1, 2015.

## Online Degree Programs

Increasingly, colleges and universities deliver instruction in part or in whole via technology, ranging from incorporation of electronic content into traditional classroom-based courses to entirely online institutions of higher education. This analysis focuses on online courses and degree programs that allow undergraduate students to complete all degree-credit requirements without in-person attendance at physical campuses. By virtue of the delivery method, students taking online courses and programs can be located anywhere in the state or elsewhere. Old Dominion University, for instance, offers programs to military personnel overseas or on ships.

Institutions offer online courses and degree programs either within the traditional academic structures and processes of American higher education or within new, still-developing alternative models. In the traditional model, a degree program is comprised of a comprehensive slate of courses that carry specified numbers of academic credits and offered at predetermined times for predetermined lengths. In alternative models, course and program start, finish and duration are determined by the student and may or may not be predicated on the completion of credit hours (which are time- and content-based). In American higher education, online delivery of courses and programs has been shaped by supply and demand. Traditionally, student demand for online offerings has been strongest for applied, technical or vocational subject areas. And in the early years of electronic delivery, demand was most common from mature learners who often possessed previous college experience but lacked the time or opportunity to “go back to school” at bricks-and-mortar campuses.

In terms of the supply of online courses and programs, institutions have found that some subjects are easier to deliver electronically than others, with courses and programs that require lab work, craftsmanship or individual performance being difficult or problematic in the online environment.

As is the case in most states, the majority of online courses and degree programs offered by Virginia's public and private non-profit two- and four-year institutions are in applied, technical, or vocational subject areas above the undergraduate level and/or in work-related certificate programs.

The Commonwealth's public and private colleges and universities are more likely to offer individual courses and non-degree certificate programs online than full degree programs. And of the courses and programs available online, the majority is concentrated in the fields of Business, Education and Engineering, most often at the Master's degree level. While certificate and graduate-degree programs are most common, the majority of Virginia's online enrollments are in undergraduate-degree (Associate and Bachelor) programs.

Comparatively, Virginia's public four-year institutions are not major providers of online instruction. Of the 16 state members of the Southern Regional Education Board (SREB), the Commonwealth ranked 15<sup>th</sup> in 2012 for the percentage of undergraduate instruction provided via the web by public four-year institutions; the percentage was 3.2%. For public two-year institutions, Virginia ranked 3<sup>rd</sup> among SREB states in 2012 for web-based instruction; the percentage was 24.6%.

A majority (17) of Virginia's public two-year colleges offer at least one online program leading to the Associate degree, while only six of the 15 public four-year institutions offer any baccalaureate programs online (an additional five offer one or more certificate or graduate programs online). Virginia's most common online two-year degrees are in Business Administration, Management and Operations and in Liberal Arts and Sciences/Liberal Studies. The most common online four-year degrees are in Health Sciences/Services, Nursing (RN to BNS), Engineering (multiple fields), Information Technology and Individualized or Interdisciplinary Studies.

Within the Virginia Community College System (VCCS), online degree programs are most likely at the larger colleges, from which the largest number and variety of online Associates programs are also available. While the majority of community colleges that offer online degrees do so on a limited basis (one to three programs), Northern Virginia (NVCC), Tidewater (TCC) and Thomas Nelson (TNCC) offer 10, eight and nine online degree programs respectively. NVCC also makes its online offerings available to other colleges for their use.

Among the public four-year institutions, Old Dominion University (ODU) offers the most (29), and the most varied, online Bachelor-degree programs. George Mason University (GMU) offers five; James Madison University (JMU), two; Norfolk State University (NSU), two; University of Virginia (UVa), seven; and Virginia Commonwealth University (VCU), two. The most common baccalaureate-program types at public institutions are Nursing, Health Sciences and multiple fields of Engineering; see the appendix (p. 6) for a full program listing.

For their online undergraduate-degree programs, Virginia's public institutions generally employ the same admission standards and charge the same tuition rates as for traditional programs. Within the VCCS, tuition for in-state students ranges from \$142.50 to \$166.55 per credit hour, depending on the college (NVCC is at the higher rate) and for out-of-state students, \$337.10 to \$363.90 per credit hour. For the major public online provider, ODU, tuition for undergraduate programs is \$316 per credit hour for in-state students and \$345 per credit hour for out-of-state students, which equate to \$9,480 and \$10,350 respectively per academic year. ODU receives over 16,000 course registrations per semester in its online courses.

Among the private non-profit four-year institutions, Liberty University is by far the major provider of online undergraduate offerings, with 22 programs spanning an impressive diversity of both applied and liberal-arts fields. Four of the university's online baccalaureate programs are in Education-related specialties, targeted at students in states that, unlike Virginia, allow prospective teachers to major in Education at the undergraduate level. Liberty's tuition for online undergraduate programs is \$375 per credit hour for full-time students (about \$11,250 per academic year) and \$435 per credit hour for part-time students.

## Considerations from HB2320/§23-7.4:7

Today, the most cost-effective path to a baccalaureate degree is attendance at a community college and transfer to a four-year institution, which can be accomplished for less than \$26,000 total (less than \$6,500 per academic year), particularly if dual-enrollment courses and standardized tests (Advanced Placement/AP; International Baccalaureate/IB) are also used. This same path is possible via online delivery from many community colleges and some four-year institutions.

The legislation seeks a plan for a low-cost, fully-online, institutionally-cooperative undergraduate degree option for students enrolled at the Commonwealth's public and private non-profit institutions. As discussed above, some options are available currently from individual institutions. However: (a) these offerings are somewhat limited in number and variety; (b) none beyond the Associate-degree level are in the \$4,000-per-academic-year cost range contemplated by the legislation; and (c) evidence of undergraduate-student demand for such programs is unclear. Therefore, any plan that is developed must consider: (i) how to increase the number and variety of degree programs available; (ii) how to decrease the costs to both in-state and out-of-state students (as HB2320/§23-7.4:7 refers to "any" enrolled undergraduates); (iii) how to identify a niche that is not currently being met by existing programs; and (iv) how to ensure that student demand will be sufficient to justify the resources invested to create and maintain the new degree option.

To satisfy the legislation, a plan for low-cost, fully-online baccalaureate programs will have to involve some combination of coursework and degree credits from dual enrollment, standardized testing (AP and IB), Associate-degree programs and/or transfer and cooperative arrangements between four-year institutions. Credit for work/life experience and competency-based learning will likely be additional considerations.

Such a plan will also have to involve state and federal student financial aid and assistance. To be eligible for their students to participate in federal financial-aid programs and some Virginia student-assistance programs, the institutions offering the online programs will need to be accredited by bodies recognized by the U.S. Department of Education. While all of Virginia's public and private non-profit institutions are fully accredited, in order to maintain accreditation, these institutions must ensure that their students earn at least 25% of their degree credits from the institution. This requirement limits students' abilities to accumulate credits beyond the college or university in which they are enrolled, and it will impact each institution's ability to award credit for learning that occurs beyond its own curriculum.

The legislation does not require that its mandated plan include an assessment of current and future student demand for a low-cost, online baccalaureate program. Such an assessment would be prudent; it would also be difficult. Interest – and enrollment – in online courses does not equate necessarily with intention to complete a degree. Moreover, planners must consider whether to increase capacity in current subjects/programs or expand the subject areas available. The latter likely would be much more costly to implement, but it might also increase student demand.

HB2320/§23-7.4:7 does not contemplate the creation of a freestanding online college or university. Such would entail significant start-up and maintenance costs for the Commonwealth, as well as potentially high costs for students because, as enrollees at a new unaccredited institution, they would not be eligible for any federal, nor some state, financial aid/assistance programs.

However, Item 162.G. of the new biennial budget contemplates GMU's development, in consultation with other institutions, of a plan for a comprehensive, fully-online, degree-completion program/entity targeted at Virginia adults with academic credits but no degrees. While the intended students (and completion dates) are different for HB2320/§23-7.4:7 and budget Item 162.G., the developers of the two plans will need to share information and work collaboratively on their respective, related efforts.

Current offerings and entities in other states will be potential models for the plan developers above. One such potential model for the HB2320/§23-7.4:7 plan is Western Governors University (WGU), which is an online, competency-based, accredited, non-profit institution founded in 1995 by the governors of 19 western states. Because its offerings are online and competency-based, its students are able to complete their studies and degrees independent of time and place.

Students enrolled at WGU are charged tuition at a flat rate per six-month term. During a term, students may attempt as many "courses" as they desire and are able to complete satisfactorily within the six-month period. In a competency-based model, a "course" can be as simple as a test. In fact, WGU does not offer traditional courses in many areas; rather, it provides tutors who help students prepare for and pass tests, which count as course completions.

Unique in several ways, WGU and its offerings are also similar in some ways to traditional institutions. For example, its undergraduate-degree programs are limited in number and variety; it offers Education (eight programs), Business (six programs), Information Technology (six programs) and Health Professions (three programs). Absent from the WGU undergraduate curriculum are the Humanities, Arts, Social Sciences, Natural/Physical Sciences and Engineering.

Tuition for its Education, Business and Information Technology baccalaureate programs is \$2,890 per six-month term; its undergraduate Health Professions programs are \$3,250 and \$4,250 per term, depending on the program. These rates have not changed in the past eight years.

While WGU's tuition rates appear comparatively lower than those of traditional four-year (four academic years; i.e., eight-semester) institutions, these rates are cheaper only if the student maintains an adequate pace and quantity of course completion (competency demonstration). If a student completes in eight or fewer terms (four or fewer calendar years), her or his total cost is relatively low; if she or he exceeds eight terms (four calendar years), their total cost is similar to or more than many traditional four-academic-year institutions.

Another non-profit institution, Southern New Hampshire University (which charges about \$1,000 per undergraduate course), and for-profit online institutions such as University of Phoenix may represent additional potential models for the HB2320 project.

## Preliminary Conclusions

1. Fully-online undergraduate-degree programs offered by Virginia public and private non-profit colleges and universities are not as common or as low cost within these institutions, nor as numerous or diverse across institutions, as HB2320 may presume.

2. To achieve desired growth in the number of institutions offering fully-online undergraduate-degree programs, and in the number and fields of these programs, additional financial and technological resources and support will be required from the Commonwealth and the institutions. Collaboration will also be necessary between those developing the plan required by HB2320/§23-7.4:7 and those developing the plan required by budget Item 162.G.
3. Policy guidance and assistance from Council, SCHEV staff and the executive and legislative branches will be needed in development and implementation of the HB2320/§23-7.4:7 plan as the state and the institutions work to address issues of accreditation and student aid, credit transfer and equivalency, student status and support services, as well as matters related to institutional missions, programmatic redundancies, inter-institution cooperative agreements, tuition offsets (if out-of-state students are among the “any” enrolled undergraduates who pay the legislation’s lower-cost tuition), and differential tuition (i.e., tuition for an institution’s online courses/programs that is lower than that for the same courses/programs offered traditionally at the same institution).
4. Potential models exist within and beyond Virginia; however, no perfect examples or free-and-easy solutions exist.
5. The plan mandated by HB2320/§23-7.4:7 is both innovative and worthwhile; its developers have considerable and complex work ahead. They will need to think creatively and strategically about a plan that will meet the current and future needs of students, institutions and the cultural and economic prosperity of the Commonwealth.



## APPENDIX

### Online Bachelor-degree Programs Offered by Public Four-year Institutions

|   | GMU | JMU | NSU | ODU | UVa | VCU |
|---|-----|-----|-----|-----|-----|-----|
| Accounting  |     |     |     | X   |     |     |
| Applied Science (Cybersecurity)   | X   |     |     |     |     |     |
| Applied Sci (Health, Wellness & Social Servs)                                     | X   |     |     |     |     |     |
| Applied Sci (Technology & Innovation)   | X   |     |     |     |     |     |
| Business Administration   |     |     |     | X   |     |     |
| Clinical Laboratory Sciences  |     |     |     |     |     | X   |
| Communication   |     |     |     | X   |     |     |
| Communication, Professional   |     |     |     | X   |     |     |
| Computer Science  |     |     |     | X   |     |     |
| Criminal Justice  |     |     |     | X   |     |     |
| Dental Hygiene  |     |     |     | X   |     |     |
| Engineering, Chemical   |     |     |     |     | X   |     |
| Engineering, Civil  |     |     |     | X   | X   |     |
| Engineering, Electrical (Computer Engineering)                                    |     |     |     | X   | X   |     |
| Engineering, Electrical (Electrical Systems)                                      |     |     |     | X   |     |     |
| Engineering, General  |     |     |     |     | X   |     |
| Engineering, General (Electromechanical Sys)                                      |     |     |     | X   |     |     |
| Engineering, Mechanical (Manufacturing Sys/<br>Mechanical System Design)          |     |     |     | X   |     |     |
| Engineering, Systems  |     |     |     |     | X   |     |
| Finance   |     |     |     | X   |     |     |
| Health Services   |     |     |     | X   |     |     |
| Health Services Management/Administration   |     |     | X   | X   | X   |     |
| Individualized Study  |     | X   |     |     |     |     |
| Information Systems and/or Technology   | X   |     |     | X   |     |     |
| Interdisciplinary Studies   |     |     | X   |     |     |     |
| Interdisciplinary Studies (Elementary Ed)   |     |     |     | X   |     |     |
| Interdisciplinary Studies (Leadership)  |     |     |     | X   |     |     |
| Interdisciplinary Studies (Professional Writing)                                  |     |     |     | X   |     |     |
| Interdisciplinary Studies (Special Ed)  |     |     |     | X   |     |     |
| Interdisciplinary Studies (Special Ed, Early<br>Childhood and Adapted Curriculum) |     |     |     | X   |     |     |
| Management  |     |     |     | X   |     |     |
| Marketing   |     |     |     | X   |     |     |
| Medical Technology  |     |     |     | X   |     |     |
| Nursing (RN to BNS)   | X   | X   |     | X   |     | X   |
| Occupational Studies (Industrial Technology)                                      |     |     |     | X   |     |     |
| Occupational Studies (Training Specialist)  |     |     |     | X   |     |     |
| Physics   |     |     |     |     | X   |     |
| Psychology  |     |     |     | X   |     |     |