

Principles of Sustainability
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QUESTION

What principles contribute to the financial sustainability of an online educational program?

DEFINITIONS

Principle is “a comprehensive and fundamental law, doctrine, or assumption” or “rule or code of conduct” (Merriam-Webster, n.d.). For this project, principles will be any rules of policy or practice that have a high likelihood of contributing to the financial sustainability of an online educational program.

Sustainability is “a method of . . . using a resource so that the resource is not depleted or permanently damaged” (Merriam-Webster, n.d.). FIPSE uses this term and defines sustainability as “the likelihood that a project will be continued and institutionalized beyond federal funding” (FIPSE, 2006, p. 18). For this project, sustainability will be those policies and practices that improve the likelihood that an online educational program is financially viable.

Program will refer to any course or set of courses, or module or set of modules that comprise an educational program of study.

TO OUR AUDIENCE

This comprehensive list contains questions to ask before taking your program online. A program or institution might not have answers to all of these questions, but you are wise to know as much as possible about these issues, since this will help you make more informed decisions and increase the likelihood of your program achieving financial sustainability. These principles can help any faculty person, continuing or distance education director, or provost make better decisions that can help online programs be financially sustainable for your institution.

The purpose of these principles is to focus on fiscal matters and issues that directly impact financial sustainability. Quality is certainly critical, so these principles assume that the program is already pedagogically sound and contributes to student learning.

THE DRAFT PRINCIPLES

1. Know your market.

- A. Why? It is essential to know your market in order for a program to be sustained financially.
- B. How to do this:
 - 1. Know the job market:
 - a. Know what jobs your graduates can fill.
 - b. Know if these jobs are growing.
 - c. Know what these jobs require in terms of skills.
 - d. Know what standards are used by certifying or accrediting associations in the field.
 - 2. Know the student market:
 - a. Know your target population.
 - b. Know how many potential students there may be.
 - c. Know the economic influences that affect students' interest in the program.
 - d. Know that a survey of student interest does not translate into enrollments. Only a smaller percentage of students interested in the program may be ready to enroll.
 - e. Know about your potential students:
 - i. Demographic characteristics:
 - 1. Are they in a single geographic location or in many locations across the nation or world?
 - 2. Are they in a particular occupation?
 - 3. Are they traditional-aged or adults?
 - 4. Do they need entry-level preparation or professional certification?
 - 5. Can they afford the price of the program?
 - ii. Student skills:
 - 1. Are they educationally prepared with the appropriate degree for this program?
 - 2. Do they have the skills or preparation necessary?
 - 3. Are they computer savvy or novices?
 - 4. Do they believe that online education is easier, or are they experienced with the demands of online education?
 - 5. Do they have the necessary equipment and ISP access with sufficient speed?
 - 6. Is DSL necessary or will dial-up work for the program?
 - 7. Do they have CD-Rom or DVD technologies?
 - 8. How will you address any deficiencies in their skills or understanding (e.g., through orientation or training sessions)?

3. Know your competitors.
 - a. How many competitive programs or institutions exist?
 - i. Make sure you include programs at institutions in the region, nation, and world.
 - b. What delivery methods do they use?
 - c. Do they require on-campus experiences?
 - d. What do they charge (tuition and fees)?
 - e. How long is the program (e.g., time or credits)?
 - f. Does the program have the same focus as yours?
 - g. Who do they market to?
 - h. What is the title of the program?
 - i. What level (baccalaureate, graduate) is it?
 - j. What prerequisite courses does it require?
 - k. Are they fiscally successful?
 - i. How are they funded?
 - ii. Are they licensing courses?
 - l. How many students do they enroll?
 - m. Are they accredited? By whom?
4. Know your secondary and tertiary markets.
 - a. How does your program fit into other programs at your institution or partner institutions?
 - b. Can your curriculum be adopted by other programs? Will you allow your curriculum to be adapted by other programs?
 - c. Are you directly competitive with other programs at your institution? This may require internal coordination with your institution's administration.
 - d. Can you forge a transfer or articulation agreement?
 - e. Can you license courses to other schools or companies? What process must be followed to license to other institutions or companies?
5. Know your competitive advantage.
 - a. How loyal are the potential students to your institution?
 - b. Does your program have the preferred accreditation?
 - c. Have programs entering or exiting the market changed the dynamics of the marketplace?
 - d. What is the preference for your program? Who decides?
 - i. Is it based on price?
 - ii. The program's focus?
 - iii. Employer preference?
 - iv. Students want part-time or full-time?
 - v. Can your program be flexible (e.g., use multiple delivery methods, have open-ended courses, etc.)?
 - e. Be sure to update this analysis annually. Technology and competitors change rapidly.
6. Take a hard look at your data on students, competitors, and jobs.
 - a. Is there room for your program?

- b. Can you adjust your program to make it more marketable or fit better with student or job needs?
- c. What level of enrollments can you expect?
 - i. You may need a low and high estimate.
- 7. One mechanism to help with the process above is to form advisory boards with members drawn from groups appropriate for the program.
 - a. Include representatives from business, education, professional organizations, the community, or government.
 - b. The board can help identify the market, design curricula, advertise, recruit students, and form helpful partnerships.

2. **Know your costs.**

- A. Why? It is essential to set a price and generate a surplus to reinvest in the program.
- B. How to do this:
 - 1. Create a process to identify and estimate costs with all parties.
 - 2. Investigate your institution's method of identifying and classifying costs.
 - 3. Or, use cost categories from Jones (2004), *Technology Costing Methodology* for more details:
 - a. Instruction:
 - ii. Curriculum planning/course design
 - iii. Instructional materials, including development, production, and acquisition
 - iv. Course content delivery
 - v. Tutoring, mentoring, interaction with students
 - vi. Assessment of learning including assignment of course grades
 - b. Academic Support:
 - i. Computing support
 - ii. Telecommunications support
 - iii. Library and information support services
 - iv. Assessment support services
 - v. Academic logistical support
 - vi. Academic administration
 - vii. Academic personnel development
 - c. Student Services:
 - i. Academic advising
 - ii. Counseling and career guidance
 - iii. Student access services/student records
 - iv. Advertising and marketing
 - v. Recruitment
 - vi. Admissions
 - vii. Financial aid
 - A. Financial aid counseling and evaluation
 - B. Records maintenance and reporting

C. Student employment services

viii. Student records

4. Or, use alternative method for classifying costs into
 - a. Development costs (which generally is higher for online learning to take advantage of redesigning instruction and is key to improving the quality of learning),
 - b. Delivery costs, and
 - c. Administration costs (Rumble, 2001).
5. Consider improving cost-efficiencies through the following substitutions (Meyer, 2006) by using instructional design to also improve quality:
 - a. Higher scalability (using large enrollment classes or repetitions of courses over time);
 - b. Lower-cost for higher-cost labor;
 - c. Technology for higher-cost labor;
 - d. Technology for capital space.
 - e. This process requires careful planning and assessment to ensure quality learning.
6. Identify and calculate direct costs.
7. Know the policies that govern your program.
 - a. Do you fall under the rules of Academic Affairs, a particular college, extended programs, or continuing education?
 - b. If this is not known, negotiate where the program will be governed and document that decision in writing.
8. Know what your institution expects you to pay.
 - a. Paybacks (also known as “charge backs”) to the department, college, university, system, graduate college, continuing education, etc.
 - b. Overhead calculations (these may be taken from indirect paid by a grantee or be a direct charge to you)
 - c. Get agreements in writing.
8. Know costs borne by your institution.
 - a. These may be the same as above or the paybacks the institution expects the program to pay, but they may not.
 - b. Know which services are “free” to you and which will cost you.
 - c. Monitor these costs since they may change as a result of budget cuts or other reasons.
 - d. Be sure to get approval for copyrighted material in your program.
 - e. Investigate your institution’s intellectual property policy and licensing policies.
9. Know costs borne by partners.
 - a. What costs will partners contribute for free?
 - b. What costs must be reimbursed to the partners?
 - o Ensure these costs are built into the price.
10. Calculate number of students needed to cover costs and generate a surplus.
11. Be alert to hidden costs.
 - a. Identify knowledgeable individuals at the institution and ask about costs that are not obvious or talked about.

3. **Determine a price.**

- A. Why? You need to cover costs and generate a surplus to reinvest in the program.
- B. How to do this:
 - 1. Define the price charged to students as the sum of tuition and all fees.
 - 2. Questions for the institution:
 - a. Identify the institution and/or system policies on tuition and fees.
 - i. Are waivers from these policies or fees necessary or possible?
 - ii. Is there a separate “distance learning” fee that students must pay?
 - b. Is there state subsidy available to support the program and students?
 - c. If the price is already set by existing policy and the cost exceeds the revenue generated by this price,
 - i. Will the institution subsidize the program?
 - ii. Can enrollments be increased? What are the impacts on learning and faculty workload?
 - iii. Will increasing enrollments diminish the market?
 - iv. What student fees do distance or online students pay (e.g., parking, athletics, on-campus services)? Can they be excused from these?
 - v. Will the price cannibalize enrollments of similar courses taught by the institution?
 - vi. Negotiate the number of years the program has to get to the financial breakeven point, but be realistic. Review your market information and competitive advantage.
 - 3. Questions about students:
 - a. Identify the target population’s ability to pay.
 - b. Can a student rationalize a higher tuition level if it results in a more lucrative position?
 - c. Determine financial aid options for your students.
 - d. Pursue grant funding to help pay costs of students.
 - 4. Questions about other institutions or programs:
 - a. What do other competing institutions or programs charge?
 - b. If there are no competing institutions, what is the moral or practical limit to what can be charged?
 - 5. The price needs to be low enough to attract students and high enough to cover your costs PLUS generate a surplus for contingencies.
 - a. Know where excess funds go. Will they be taken by the institution? Can you negotiate that these funds be retained by the program?
 - b. Need funds for unexpected expenses in future.
 - c. Need funds for retooling the program in future.
 - d. Need funds for new programs.

4. Negotiate with the institution(s).

- A. Why? All educational programs are offered by the department, college, institution, or system. You need to follow the appropriate rules or negotiate exceptions.
- B. How to do this:
 1. Work on agreements before offering the program with the department, college, university, graduate school, continuing education, etc. and/or partnering institutions.
 - a. If your program generates revenue for the institution, ask what dollar amount or percent of revenue can be returned to the program or department. In the absence of policy, negotiate.
 - b. If courses will be licensed, what percent of royalty will go back to the faculty, author, program, school? In the absence of policy, negotiate.
 - c. If your project is grant funded, find out how indirect costs are shared with the program, department, school, etc. In the absence of policy, negotiate.
 - d. Negotiating takes time; allow sufficient lead time to do this.
 - e. Document decisions resulting from negotiations.
 2. Agreements should cover:
 - a. **Fees** to be paid to any and all institutional parties.
 - b. **Services** provided by other institutional parties.
 3. For partnerships among institutions, include:
 - a. How financial aid will be provided.
 - b. How other institutions can access student records.
 - c. How courses will be transferred or accepted at institution(s).
 - d. How charges will be shared.
 - e. If partnerships are within or between systems, check on system or state-level rules on collaborations.
 4. Get all agreements in writing and have them signed and dated.
 - a. An example Memorandum of Understanding from the Great Plains IDEA Project can be found at:
<http://www.gpidea.org/alliance/ResourceCenter/modelDocuments.html>
 5. Remember that many practices and policies are negotiable.
 - a. May need to negotiate with department, college, university, system.
 - b. Make consistent arrangements with all parties.
 - c. Determine who is best placed to do negotiations: program coordinator, department chair, etc.
 6. Identify approval processes, timelines, and content needed for approval of courses or program.
 - a. There may be separate approval processes for department, college, university, system, or state.
 - b. Each approval process has a different audience and reviews different issues.

7. If not already possible, make sure students can:
 - a. Order and pay for transcripts online.
 - b. Register for courses online.
8. Identify an institutional succession plan if the program's main advocate(s) leaves or retires.

5. **Observe good financial management rules.**

- A. Why? You need to know and follow financial rules. You are now a money manager.
- B. How to do this:
 1. Identify the financial rules at your institution.
 2. Know how to set up a budget with the institution.
 3. Know how to keep your own books (you may need a "shadow budget" to stay up-to-date on what has been spent).
 - a. If you can't do this, make sure you have a highly qualified and trustworthy person do this.
 - b. Regularly review charges against budget.
 - c. Ensure payments are made, especially important when paying people in timely manner.
 4. Know:
 - a. How to work with accounting.
 - b. When dollars are available or "released."
 - c. What account types are available:
 - i. Some accounts allow for rollover and others do not.
 - ii. Other account types have restrictions.
 - d. How to get reimbursed.
 - e. How to pay people.
 - f. How students are billed.
 - g. When student financial aid is available or paid.
 5. If at all possible, you need to have a separate program budget.
 - a. Have a designated account within the university's accounting system
 - b. Try to avoid having funds go into an account that others can use.
 - c. If this is impossible, be sure you understand what charges and amounts you can obligate.
 6. Have contracts for all work subcontracted to others outside the institution.
 7. Pay attention to building and sustaining relationships with various offices and individuals at your institution and partner institutions.

6. **Develop and implement marketing.**

- A. Why? You need a reliable way to locate and communicate with potential students.

- B. How to do this?
1. You need to find the right clients (students who succeed and stay enrolled)
 2. Review what you know about your market and identify routes to distribute information about the program.
 - a. Geographic location of students.
 - b. Their occupations.
 - c. Organizations that train for targeted occupation.
 - d. Employers (may be willing to identify students and pay for their education).
 - e. Certifying agencies.
 - f. Professional associations.
 - g. Agencies knowledgeable about occupation.
 - h. Advisory boards, if you have them.
 3. Develop marketing plan.
 - a. Check out newsletters, alumni publications, newspapers, web sites, listservs, professional association newsletters, state agency bulletin boards, media channels, etc. (some of these may be free and others cost money.)
 - b. The institution may have personnel or departments with expertise.
 - c. Develop materials appropriate to target population (this may include a web site (see next) or published materials).
 4. Find the “right” students.
 - a. Help students understand if online learning is for them.
 - b. Help students understand if the course or program will fit their needs.

7. **Have a web identity.**

- A. Why? Your program needs a “face” and ways to help the right students find you and choose your program.
- B. How to do this:
1. A good web page googles well and allows potential students to find you.
 2. Use institutional guidelines for web design.
 3. Provide information about your program:
 - a. What it does (e.g., the jobs it prepares students for).
 - b. What it requires (e.g., number of courses, timeframe).
 - c. When it is offered (e.g., what semesters courses are offered).
 - d. Who is it for (e.g., students with a certain educational preparation, certification).
 - e. How it can be used (e.g., if it transfers).
 - f. Learning preferences (e.g., are you able to work comfortably in an independent, computer environment?).
 - g. Whether it is available in different formats (e.g., pdas, podcasts, CD-Roms, cell phones, other new technologies).

- h. Approvals (e.g. is the program approved for certification in your state?).
 - i. Success of earlier students or graduates, if available (e.g., number promoted, employed, etc.)
4. Provide links to:
 - a. Application forms or process.
 - b. Registration or enrollment.
 - c. Information about costs and financial aid.
 - d. Information about deadlines.
 - e. Library or other necessary resources.
 - f. Policies about enrollment and continued enrollment in the program.
 - g. Other policies (e.g., grading).
 - h. Tracking systems (e.g., DARS or other degree audit systems) for program advisement.
5. Provide a way for students to contact someone for more information.
 - a. Email link or phone number.
 - b. Can be a single point-of-contact or many, if all individuals can provide same information and can coordinate information.
6. Have an automatic process for managing and following up on contacts.
 - a. Respond quickly.
 - b. Collect contact information.
 - c. Contact student if you have not heard from them to ask if they need more information.
 - d. Identify status of that contact (not interested, not appropriate, very interested, applying, accepted, will enroll later, will enroll).
7. Have a process for students to receive updated information from the web site.
 - a. Use an RSS function so that students receive changes to the web site.
8. Identify the responsibilities of students:
 - b. Make sure program satisfies certification or employer needs.
 - c. Have appropriate equipment, ISP access.
 - d. Have educational preparation necessary for success.
 - e. Be ready for demanding online coursework.
9. Can automatically survey potential students to find out how they learned about program.
 - a. Find out if they are qualified.
 - b. Helps you identify if you are reaching market.
 - c. Helps you adjust your understanding of the market.
10. Find out who maintains the web site.
 - a. Get the skills to make changes as necessary or hire someone who can do this.
 - b. Changes happen all of the time, so you need to make sure your program's "face" is up-to-date.

8. **Identify and develop good faculty, including adjunct faculty.**

- A. Why? It is critical to find and develop good faculty, but also good adjuncts to handle enrollment growth.
- B. How to do this:
 - 1. Identify faculty:
 - a. Who are interested in teaching online and learning how to do so well.
 - b. Who are flexible and able to troubleshoot some problems.
 - c. Have faculty new to online learning participate in an existing course to see if they are a good fit.
 - d. Identify institutional policies on workload and course enrollments that govern core faculty. Such policies can affect whether your program can grow and how many adjuncts you may need to address growth.
 - 2. Identify key administrator advocates.
 - a. Administrators at the program, department, and college level are essential to ensure that faculty are recruited, paid, and developed equitably and without detriment to their careers.
 - 3. Identify adjuncts.
 - a. May be found through professional associations, employers, program graduates.
 - b. Do they have proper credentials or educational preparation?
 - c. Will they be successful and like teaching online?
 - i. If you don't know this, then involve them as a teaching assistant or co-teacher in an existing course so they can experience online coursework.
 - 4. Provide faculty and adjuncts with training.
 - a. Need to explore new and different pedagogies, technology applications (e.g., learning objects), and instructional design principles.
 - b. Need to know the course management system (including automatic assessment tools and tracking functions); how to use campus resources (but know the cost of training if it must be subsidized for adjuncts).
 - c. Need to understand university, college, departmental policies.
 - d. Need to know expectations of students, how course fits into program, and program philosophy.
 - e. Need to know the professor's role in the course, how to manage interaction, amount of discussion/interaction expected, how to conduct student assessment.
 - f. Training and experience is essential to helping faculty improve what they do online.
 - 5. Have key faculty serve as co-designers for courses.
 - a. Faculty involved with designing programs should know how to improve quality and use substitutions to increase efficiencies.
 - 6. Focus on student learning and quality improvement.

- a. This makes it easier to recruit new students, increasing the program's financial viability.
 - b. This also improves retention of existing students (see next), which will impact the program's sustainability.
7. Have an assessment plan in place to document levels of student learning, and how the curriculum was changed based on this information.

9. **Improve retention.**

- A. Why? Because recruiting new students costs more than retaining students.
- B. How to do this:
 - 1. Improve your screening methods so that students who are ready to learn online are enrolled.
 - 2. Provide students with an orientation to learning online, program expectations, and using the CMS.
 - 3. Build community among class members.
 - 4. Encourage interaction among students and with faculty.
 - 5. Design high-quality courses.
 - 6. Encourage faculty to reveal their personalities online.
 - 7. Contact students:
 - a. Decide who will be responsible for this function (faculty or staff).
 - b. Identify students who don't enroll in a course or don't log into the course earlier rather than later.
 - c. Contact them and express concern for them.
 - d. Encourage them to enroll again when it is appropriate to do so.
 - 8. Provide regular feedback to students about progress in the course or program.

10. **Improve courses or program.**

- A. Why? The quality of a program can help recruit and retain students, which has an impact on the program's financial viability.
- B. How to do this:
 - 1. Continuously assess student learning and the curriculum and make improvements each year. Document this work.
 - 2. Identify and use rubrics or assessment tools appropriate to your discipline or program (e.g., the "Quality Matters" rubric is available at <http://qualitymatters.org/Rubric.htm>).
 - 3. Keep curriculum up-to-date.
 - 4. Listen to and visibly use student feedback (during and after the course, at the end of the program, and five years after leaving the program).

5. Continuously evaluate faculty instruction and role in the course so improvements can be made.
6. Ask an instructional design professional to recommend improvements to the course.
7. Perform regular scans of the market – other programs, other innovations, students, etc. – to reassess your competitive advantage.
8. Monitor changes to accreditation standards.
9. Seek external evaluations (e.g., advisory board members can do this, professional associations, etc.).

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