



EDUCATIONAL  
MARKETING  
GROUP, INC.

*Integrated Brand Marketing & Research for Higher Education*

UNIVERSITY OF  
NEBRASKA DISTANCE  
EDUCATION

Situational Analysis

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## INTRODUCTION & METHODOLOGY

Educational Marketing Group, Inc. (EMG) conducted a Situational Analysis assessing the preparedness of the University of Nebraska (NU) to compete more aggressively in the regional, national, and international distance education marketplace. As described by President Milliken, any significant efforts around distance education should achieve the following goals:

1. Provide access to University of Nebraska higher education services in the state that would not be available otherwise
2. Provide opportunity to extend University of Nebraska to quality national and global audiences
3. Revenue enhancement

The analysis was conducted from February 2007 through June 2007. Materials and data compilation and review was conducted in February, March, and April. EMG President Bob Brock, Vice President of Client Services Prescott Coleman, and Marketing Research Assistant Rosalie Branstetter conducted on-site interviews in two visits. Interviews were held on the Kearney (UNK) and Lincoln (UNL) campuses the week of March 19, 2007. EMG's team conducted interviews with leaders on the Omaha (UNO) and Medical Center (UNMC) campuses the week of April 9th, 2007. Following meetings with the President and Chancellors, the team met individually and in small groups with more than 125 administrators, faculty, staff members, students, and alumni in key areas such as Distance Education, Communications, Development, Alumni Affairs, and a number of academic areas (Appendix 1). Throughout the project we have been in regular communication with the Distance Education Coordinating Council (DECC), which is made up of leaders from each campus.

EMG sent two sets of in-depth questionnaires to the four key distance education administrators and individuals in central administration and reviewed the resulting data from respondents. Additional data was obtained throughout the project from Institutional Research, Budget Office, Enrollment Management, Development, Finance, Communications, and academic areas.

EMG initially intended to include the results within this report of a survey among 800 respondents from several target audience segments within Nebraska and the Region. However, this survey was delayed and will be provided separately. The survey will primarily provide information that will help the University with implementation of the primary strategic options outlined in this report. Therefore, it is now timed to be conducted and published to inform the execution of the recommendations contained herein.

EMG reviewed numerous sources of secondary data, including information from The Sloan Consortium (Sloan-C), Eduventures, The Lumina Foundation, *US News & World Report*, *Petersons*, *The Princeton Review*, competitor websites, NCES, U.S. Department of Education, *The*

*Chronicle of Higher Education*, The College Board, The Pew Research Center for the People and the Press, AAU, the U.S. Census, and dozens of other sources. EMG also reviewed data and materials from peers and competitors and used proprietary data for national benchmarks. The team contacted several key executives from NU's distance education aspirational set directly.

Through this process EMG discovered exceptional strengths, including dedication to excellence in academics, a caring and supportive culture, and highly committed faculty and staff who are serious about providing a high-quality education.

*While the report could include lengthy descriptions of the many strengths we identified, its purpose is to convey ways in which the University can maximize its competitive advantages. Therefore, by design, the report focuses on areas of potential improvement. This concentration on areas of improvement should in no way be construed as a diminution of the quality of the institution.*

## EXECUTIVE SUMMARY AND CONCLUSIONS

The University of Nebraska (NU) has a long history in delivering educational courses at a distance. Over many years, the University has delivered distance education using a variety of methodologies including correspondence, field courses (courses offered in remote locations), satellite and cable television, and more recently, online. Throughout this evolution, a constant has been the University's commitment to maintaining the premier quality of its learning experiences.

Today, the University offers courses and degrees at each of its four campuses, employing synchronous (students participate in real time), asynchronous (students access the class whenever they choose), and blended approaches (a mix of distance and on-campus learning experiences).

Collectively, the University has made demonstrable progress in recent years in terms of enrollment growth, expansion of programs, collation of courses into degrees, and conversion to competitive delivery systems. Growth of distance-delivered programs has been dramatic at a time when the institution's overall growth has been level or slightly declining.

The recent expansion, however, has not been strategically planned or guided. Rather, it has been largely an organic, evolutionary process, with programs identified, developed, and implemented on a campus-by-campus, course-by-course basis by individual faculty members looking for ways to address unilateral challenges or opportunities.

Meanwhile, the distance education marketplace has changed dramatically, driven by explosive marketplace growth, rapid advances in technology and pedagogy, and increasing competition. While an organic developmental process served the University's needs adequately in the past, NU has reached a tipping point with regard to the evolution of its distance education programs. In the emerging distance education marketplace, establishing a leadership position – perhaps even sustaining moderate growth – will require a more strategic and collaborative approach than the University has employed to date.

All of the campuses have seen significant growth in distance education, averaging over the last three years rates of growth in student credit hours of between 15% and 36%. The University has also made significant progress in improving internal attitudes regarding the quality of distance education as a means of achieving worthy educational outcomes.

Nevertheless, distance education as a component of the University of Nebraska System enrollment is still quite small, generating approximately 2.4% of total student credit hours at UNL, 2.5% from UNO, and 6.5% at UNK. Moreover, the majority of credit hours are distributed among relatively few colleges. The Colleges of Education at UNL and UNK, for

example, represent more than half of the total enrollment in distance education degree programs on their respective campuses.

Since the University has some challenges tracking headcount, it is difficult to estimate exactly how many students it serves at a distance. However, using UNO's figures to calculate, the University is serving an estimated 2,900 to 3,800 students per semester across the UNL, UNO, and UNK campuses. These estimated numbers represent approximately 6.8% to 8.9% of the University's fall 2006 headcount enrollment of 42,480.

According to the data provided, the four degree-granting campuses of NU offered approximately 879 distance education courses in 2005-06, encompassing approximately 62 different online degrees and certifications:

- 7 Bachelor's degrees (three at UNMC, two at UNO, and one as a UNO/UNK joint venture)
- 29 Master's degrees (14 of these are in Education)
- 2 Doctoral degrees (both in Education)
- 5 Certification Programs
- 7 Degree Specialization Programs
- 13 Degree Endorsement Programs

Distance education is conducted entirely on a campus-by-campus basis and courses are developed and managed by administrators on each campus within each Chancellor's organization structure. The various NU programs are presented in the marketplace as four distinct brands with four separate approaches and four unique websites. The programs share the "University of Nebraska" name as an umbrella identifier, but little else.

From a consumers' perspective, NU's presentation of programs – primarily on the Web, which is the principal communications platform for distance programs – is fragmented, difficult to find and access, and confusing. Sorting through and comparing the various offerings, how they are delivered, and how much they cost is overly challenging. This is due to the existence of four entities that present their unique offerings with little or no coordination or centralized functions. Messaging is diffuse and scattered, sometimes contradictory. Pricing is inconsistent among campuses, courses, and programs. The application process is unique for each campus, as are acceptance and registration requirements. It is a challenge just to find out exactly what the University of Nebraska offers in terms of distance programming.

Programs are most often initiated unilaterally by individual faculty members and departments, institutional support has been quite limited, and marketing for distance programs has been spotty or nonexistent. The few efforts under way are scattered and uncoordinated, focusing

almost entirely on product-level marketing for those few programs that have both additional capacity as well as enough resources to invest in marketing.

Clearly, each campus has achieved a level of success under this operational model, and there is every reason to believe that operations, if left unaddressed, could continue this level of success within the current limited scope. But significant expansion and establishing a leadership position in distance education will not be feasible under the current structure.

During the last several years, the four distance education administrators have been working more closely to coordinate inter-campus efforts through the Distance Education Coordinating Committee (DECC). This self-initiated joint working group evidences a great deal of positive collaboration, and has been a critical initial step toward advancing the distance education goals of each campus. However, it operates without specific authority to manage distance education, thus its operations and influence have been limited. As well, the reporting relationships of each administrator differ from campus-to-campus.

Each of the campus administrators is highly qualified, professional, and knowledgeable, and is well-regarded by their campuses. Among them they manage approximately 30.8 full-time-equivalent (FTE) positions (exclusive of teaching faculty and academic support staff) that are primarily or exclusively devoted to managing distance education programming.

At UNL, distance education is coordinated by the Extended Education and Outreach (EE&O) unit, which has 66.0 FTE and also manages a number of related programs including Independent Study High School (ISHS), College Independent Study (CIS), Summer Reading, and Advanced Scholars (AS). Approximately, 44.3 FTE are devoted to operating these related programs. Though these programs have distance education components, they are not focused on providing postsecondary degrees or courses and, therefore, are not discussed in-depth in this report. At UNO, distance programs are developed and coordinated by 3.6 FTE, while UNK supports distance education with a team of 5.5 FTE. UNMC does not devote specific FTE to distance education, though the Associate Chancellor for Academic Affairs acts as a contact point and plays a coordination role.

NU's piecemeal approach has left it poorly positioned to respond to recent market growth. Demand for distance education has been increasing during the last five years, and will continue to increase in the foreseeable future. Nearly 3.2 million students nationally were taking at least one online course during the fall 2005 term, according to Sloan-C, a research firm specializing in distance education. This is a substantial increase over the 2.3 million reported the previous year. Perhaps more important is the growth rate of online enrollments which, between 2002 and 2005, grew at a rate 22 times that of traditional higher education. In 2004, approximately 937,000 students in the U.S. were taking fully-online courses. And in 2005, the number increased to about 1.2 million students, or 7% of all students enrolled at degree-granting institutions of

higher education. Estimates indicate that the enrollment for fully-online education by the end of 2008 will be at least 2.13 million students and the annual rate of increase is expected to stay between 18% and 35% during the next few years. The demographic and economic trends that have been driving distance education growth appear to be continuing for the foreseeable future.

In terms of specific programs, as measured both by enrollment and program offerings, demand has been strongest for business, education, information technology, and healthcare. In addition, the demand has been strongest for baccalaureate degrees and degree-completion programs (upper division undergraduate) and is expected to be particularly strong in the coming years. NU has been taking advantage of the popularity of online education and business programs, but has been less aggressive in information technology, nursing, and in offering complete baccalaureate programs.

The distance market has been dominated for many years by for-profit competitors. Current estimates suggest that for-profit organizations, which account for 5.1% of the total number of online providers, enroll 37% of all online students. The University of Phoenix, the market leader, has about 4.7% market share, with approximately 150,000 online students.

Recent events, however, suggest that the dominance of for-profit organizations in the market may be vulnerable. One change has to do with the perceived higher quality of traditional university brands. Today's students are increasingly looking for trusted institutions that offer distance degrees and courses as adjuncts to respected bricks-and-mortar campus programs. For example, Intel Corporation recently concluded that organizations such as the University of Phoenix (not AACSB accredited) do not provide a rigorous enough curriculum to be worth subsidizing through their tuition reimbursement program.

In addition, the repeal of the "50% rule," which prohibited federal financial aid for institutions where half or more of total enrollment or classes were conducted online, has paved the way for traditional colleges and universities to add online courses aggressively, although few public institutions are close to this level of online programming. Bellevue University in Omaha, however, is quite close to this threshold.

The current increase in distance program activity by public institutions is actually a re-emergence of interest. In the late 1990s and early 2000s, many traditional four-year institutions, responding to the rapid rise in online education, rushed to launch aggressive online spin-offs, consortiums, and for-profit ventures, expecting to establish lucrative revenue streams. A number of these, however, were unable to attract enough students to justify their investments and shut down shortly after launch.

But today, large, public universities are again becoming players in distance education – albeit in a more cautiously deliberate way. The current leaders among publics include the University of

Massachusetts (UMassOnline), University of Maryland University College (UMUC), and Penn State World Campus (World Campus). Maryland's University College, currently the largest distance education program among traditional institutions, reported 37,737 unduplicated online headcount from within the U.S. and another 14,404 internationally for fall 2006. UMassOnline reported fall 2006 enrollment of 26,627, up from 21,202 in the previous fiscal year. And Penn State's World Campus reported 5,691 students enrolled as of October 2006.

Increasing market opportunities have also drawn interest from other large and well-regarded traditional universities. In April 2007, the University of Illinois (UI) announced with fan-fare the launch of a distinctly separate "Global Campus" that will begin competing directly with the for-profits in 2008 using the strength of the Illinois brand. UI Global Campus is targeting enrollment of 9,000 students in four years when the organization is fully-implemented. Growth is expected to accelerate quickly, and the University projects 70,000 students within ten years.

As well, the University of North Carolina (UNC) system is actively approaching the market, though reportedly with a more methodical approach. Both UI and UNC are seeking to build enrollments over the next ten years that will rival their traditional campus enrollments.

If the University of Nebraska were to set similar targets, it would need to increase distance education headcount to approximately 7,500 to 8,250 within three years. This represents growth of about two-and-one-half times the current estimated fall 2006 headcount of approximately 3,300. Under this scenario, credit hour production on an annual basis across all campuses would rise from approximately 39,000 to 98,000. Growth would need to be approximately 36% on each campus for three years, a rate which UNK has averaged over the last three years but UNL and UNO have not. To accomplish this, the University would need to grow faster than the market's projected top-end growth rate of 35%.

In summary, analysis of the marketplace suggests that there is significant opportunity for the University of Nebraska to aggressively expand its distance education programs, should it make this a strategic priority. Opportunities currently exist statewide, nationally, internationally, as well as among targeted audience segments such as military personnel.

To be sure, competition in the distance arena is increasing rapidly, and is likely to become more aggressive in the coming years. However, organizations that are able to leverage existing brand awareness and equity in the expanding distance education marketplace will be the most effective in garnering market share. All other attributes being equal, brand strength within a competitive marketplace will be the deciding factor.

On the other hand, the University itself is not structured or positioned to undertake sustainable growth. Interviews and data analysis have identified four major challenges that have the potential to limit NU's ability to take advantage of emerging opportunities in distance education:

1. Organizational structure and inter-campus collaboration
2. Capacity and financial model
3. Pricing and cost
4. Program development model

#### Organizational Structure and Inter-campus Collaboration

A critical limitation to market expansion is the current organizational structure in which four entities independently develop, deliver, and support their own distance education programming. This structure is exceptionally costly and unable to respond effectively to changing market conditions. It has resulted in operational inefficiencies; duplication of programs, staff, and services; dilution of marketplace impact; and multiple brand presentations that are fragmented and extraordinarily confusing to audiences.

Though there is no quantifiable data to confirm this, NU's considerable brand strength is likely to be an important factor when prospective distance education students make their choice of institution. Nonetheless, it is unlikely that distance students – especially those outside the state – will be motivated by how the programs offered by the several campuses might differ, since much of the traditional brand differentiation is rooted in the campus experience and becomes irrelevant when learning is at a distance. Thus the multiple brand approach provides little or no benefit for audiences, and inhibits the University from building significant equity regionally, nationally, and internationally.

Support for this perspective is provided by trends in the marketplace. A review of the competitive set indicates that the distance education market is seeing consolidation rather than decentralization among the most aggressive distance education institutions. All major players, both for-profit and non-profit, have taken steps to either package multiple campuses so that they speak as one or create very separate organizations that appear from the outside to be distinct campuses. This provides a competitive advantage whereby large, singular brands have the critical mass to overshadow multiple, smaller brands.

Indeed, for institutions prepared to operate in this market only in a limited fashion, aggregating entities such as the University Alliance have been formed. The University Alliance promotes a shared entry point for multiple institutions that offer only a few distance education programs. In essence, this is a way for smaller distance education competitors to appear as larger, more singular, brands.

The key issue here is that the UNL, UNO, and UNK campuses perceive themselves to be in competition with one another for students (on-campus and distance), resources, and visibility. This perception has encouraged a lack of inter-campus collaboration significant enough to limit the University's ability to effectively market its distance education offerings. Interviews with

faculty and administrators suggest that this stems from lack of clarity regarding the compelling attributes and outlooks that are shared by the campuses in Lincoln, Kearney, and Omaha. Perceptions of internal competition have intensified as the financial environment and demographics of the state have tightened both the applicant pool and resources.

Each of the NU campuses desires to express a unique identity. This is appropriate and healthy within a statewide system of higher education. UNL is the nationally recognized, selective, land-grant research university with AAU status and a premier, large-campus experience. In contrast, UNK is a small, supportive campus that is less selective and features a high level of personal attention for each student. UNO is a metropolitan-engaged campus that provides benefits of its urban environment, partnerships, and opportunities to a diverse population of students of different ages, cultures, and experiences. UNMC is a high-powered, preeminent medical research and teaching institution.

While these differences are generally known and widely accepted among internal constituencies, the campuses have not articulated – and more importantly have not demonstrated through a clear set of strategies and tactics – synergistic messaging platforms or a consistent brand architecture that defines exactly what constitutes the core brand, and how each of the affiliated campuses should relate to it and to one another.

The System itself cannot fill the critical role of a core brand. Brands require establishing emotional ties with the target audiences, but the System is an administrative structure that does not teach classes, confer degrees, or conduct research or outreach. It does not develop relationships with NU's primary audiences. Audiences are unable to internalize the abstract notion of the System as a brand that motivates and inspires them.

In addition, the current nomenclature for identifying campuses implies that each campus should be perceived with parity to one other, with the System acting as an umbrella identity. This conflicts with the reality of how the University is perceived by the vast majority of audiences. For example, 52% of NU students attend the Lincoln campus, which possesses the prestigious AAU designation, an international athletic identity, and has developed significant brand equity.

While the System has worked valiantly to present a unified brand, each campus has worked just as hard to present a differentiated identity. These two efforts, which should be complementary, are currently at odds with one another. As a result, the individual campuses feel that they do not have the freedom to establish leadership positions within their own differentiated market niches.

While it may appear counterintuitive, experience demonstrates that until and unless the campuses are able to express leadership positions within their unique marketplace niches, the campuses will not be prepared to work collaboratively through a singular, unified distance education identity.

### Capacity and Financial Model

Our analysis indicates that the University has neither the available capacity nor a financial incentive structure capable of motivating campus officials to grow their distance education offerings. Capacity can be defined in three ways:

1. Availability of seats in existing courses – filling existing demand
2. Ability to create and teach new sections of existing courses – filling existing demand
3. Faculty and time resources available to create new programs – identifying new demand

Interviews with deans and administrators showed that on a course-by-course basis there is limited capacity to accept a significant number of additional students. Some programs are working to increase capacity, such as adding concentrations to the UNO/UNK Bachelor of General Studies (BGS) degree. Deans and faculty across almost all disciplines described that they have a desire to grow distance education offerings, but find that faculty resources are not available and funding is insufficient or too unstable to hire additional faculty.

Most deans agreed that the recently introduced distance education fees and the out-of-state tuition differential plan have spurred some programs to be formed and grow marginally. However, since these funds are considered “soft,” units are unwilling or unable to use these funds to support full-time, tenure-track faculty positions.

The last several years of double-digit growth on each campus would tend to contradict these assertions, but most administrators indicated that they have been using available capacity, off-load time, and creative adjustments of workload to support this growth. Though each program represents a unique situation, most have reached the limits of their ability to shuffle schedules, workload, and general faculty resource to provide added capacity.

None of the campuses has conducted a detailed evaluation of distance education capacity, so it is not feasible to gauge capacity accurately. Nevertheless, a review of the recent patterns of course development indicates that UNL and UNK have begun to experience slowing rates of growth in new courses. Only UNO, representing the smallest portion of NU’s distance education portfolio, has accelerated rates of distance education program growth.

Based on an assumption that distance education will need to grow by 36% each year and assuming class sizes remain relatively the same, NU would need to offer an estimated 2,459 courses and 1,482 new sections at UNL, UNO, and UNK combined by its third year. During 2005-06, the University offered approximately 879 distance education courses and we estimate that NU will offer approximately 978 in 2006-07. This is an increase of approximately 11%, considerably less than the needed rate of growth.

Although the three-year average rate of increase in courses at UNK was 29.6%, distance courses at UNL and UNO grew by 11.7% and 17.6%, respectively, over the same timeframe. UNL and UNK's average rates of growth have been in decline from three-year highs of 27.1% and 51.2%, respectively, in 2004-05, while UNO's has risen from a low of -8.6% in 2004-05 to an estimated 26.9% in 2006-07. Taken together, it appears clear that the University will not experience sufficient growth unless it makes changes that motivate colleges, deans, and faculty members to create additional capacity through new faculty positions.

The conclusion of most academic leaders with whom we spoke was that before substantial growth is possible, the distance education funding model will need to increase revenues at the college, department, and faculty levels. Simply put, if faculty and departments are to be motivated to increase capacity, the rewards of this work need to be directed toward them.

An estimate developed by our team of current annual incoming revenue to the college/department level from the tuition differential and distance education fee suggests that the current direct investment in distance education is quite modest. Together, UNL, UNK, and UNO generate about \$9 million from distance education-related tuition and fees.

Of the total distance education revenue, distributions to the three campuses are estimated at \$2.14 million or 23.5%. This is approximately 1.2% of the University's total budgeted net tuition and fee revenues, allowing for differences in how fees and tuition are captured in the accounting data. UNO, UNL, and UNK each produce student credit hours from within distance education that are greater than this revenue proportion, 2.5%, 2.4% and 6.5% respectively. The key reason the proportions are small is that tuition differential funds are funneled to colleges only for out-of-state students and the campuses currently serve high proportions of in-state distance students: UNL – 65%, UNK – 66%, and UNO – 90%.

Of the nineteen colleges that share the tuition differential and fee revenue, only four are estimated to receive more than \$250,000, UNL-College of Education, UNL-College of Agriculture and Natural Resources, UNL-College of Business Administration, and UNK-College of Education. We estimate that UNL's College of Education receives nearly \$1 million or 37% of the total estimated distribution. Eleven of the nineteen colleges are estimated to receive less than \$80,000, suggesting that for these colleges, revenues would be insufficient to fund faculty positions.

Some programs, notably the UNL College of Business Administration (CBA), have specialized contracts to provide distance education services that allow almost all of the tuition funds to flow to their colleges. CBA has a contract to provide programs to Offutt Air Force Base, but over time other types of students may be included in this program. This special contract is not included in the revenue estimates above, so the CBA proportion could be much larger. Units with such contracts expressed greater interest in growth.

In addition to issues related to ongoing revenue, academic officials on all three campuses strongly indicated the need for “seed” money to develop compelling and effective distance programs. This kind of supportive funding currently occurs in different ways and in significantly different amounts on each campus. In Lincoln, the Chancellor has from time-to-time provided program development grant funds. Grants have ranged in amounts from \$10,000 for the development of a new course to \$25,000 for expansion of a degree program or development of a new certificate program and \$50,000 for development of a new graduate degree program. However, these funds are not part of an on-going policy or program. At UNK, some seed funding of approximately \$1,500 per course has been provided in the past. And UNO has used accumulated tuition differential funds (from distance programs that could not demonstrate they were part of a priority degree program) to fund grants of approximately \$2,500 to selected programs. While faculty indicates that they find these funds to be essential to building distance courses, they generally were not seen as attractive enough to initiate action on their own.

Finally, the tuition differential incentives provide revenues only from out-of-state students, which increases the importance of this target segment. Though no programs turn away in-state students, some clearly focus on recruiting out-of-state prospects. Strategies that use out-of-state revenues to help support in-state students are not uncommon, but the current model reduces incentives to recruit more in-state students. Several faculty members indicated that if they were to increase the proportion of in-state students significantly, it would shut down their programs. Consequently, this funding structure does not serve the people of Nebraska and the University’s land grant mission as well as it could.

#### Pricing and Cost

A chief consideration regarding the issues of capacity and the incentives to generate new capacity is the amount of gross revenue provided by distance courses. Currently, there is no standard policy for distance education tuition and fees. Each program sets pricing for its distance courses independently, with little in the way of competitive research.

One result is that the University charges significantly less for its distance education programs than its national competitors including Penn State World Campus, University of Maryland University College, UMassOnline, and University of Phoenix. With some variation by program, NU charges approximately 33% less than these competitors. The Kearney and Omaha campuses frequently charge closer to one-half.

In addition, several of the strongest competitors have eliminated the distinction between in-state and out-of-state students in the distance education environment. UMassOnline, University of Phoenix, and Penn State World Campus each charge the same tuition for in-state and out-of-state students.

On the other side of the equation, academic officials on all campuses shared that they have found distance education to be more expensive on a course-by-course level to deliver. This is true chiefly because of technology and course development costs, additional packaging of distance coursework, and added faculty coordination and communication time.

Their views are supported by research from the Sloan-C project published in *Making the Grade: Online Education in the United States, 2006*, which indicates that for many institutions this is true. When surveyed, 31.9% of Chief Academic Officers indicated that the second greatest barrier to widespread adoption of online learning was “Greater faculty time and effort required to teach online.” Furthermore, the fourth greatest barrier noted (at 23.5%) is the perception that “Online education costs more to develop and deliver.”

When viewed together, academic units are finding that distance education provides a fractional share of a below-competition revenue stream with greater cost-of-delivery. It is not therefore surprising that faculty have not been motivated thus far to focus on the opportunity.

As a final consideration, pricing has regularly been shown to be an indicator of quality in the minds of consumers. Higher priced educational services are commonly seen to be of greater quality and NU’s position as the low cost provider of distance education (among the set reviewed) may be perceived as an indicator of lower academic quality. Such a position is inconsistent with the University’s prestige level.

#### Program Development Process

If the institution addresses issues of inter-campus collaboration and adjusts its financial model and pricing, it can then address the creation of additional capacity to meet previously identified demand. Identification of, and capitalization on, emergent marketplace demand will require a more well-defined and aggressive ability to develop new distance programs.

The process for determining potential demand essentially involves a ground-up approach, again conducted on a campus-by-campus basis. Though there are exceptions, faculty members generally identify a subject in which they are interested and seek out their academic leadership to obtain support to develop the course or program in a distance environment. Commonly, the distance education administrators on each campus provide advice and instructional design assistance. In some cases, the distance education offices identify a potential area of demand and influence the appropriate college or department to engage a faculty member to develop the program, but this is less common.

The current practice has critical limitations. It has resulted in a haphazard overall selection of distance education offerings that reflect neither institutional priorities nor marketplace demand. Each of the campus distance education offices has severely limited staff and budget, so some potentially high-demand programs are not funded, while others are cobbled together in

entrepreneurial bootstrap style. The ability to provide quality and consistency in program support, pedagogical development and course adaptation, and learning assessments is highly variable. And access to marketplace and management data is spotty, at best. UNL, for example, has access to highly useful demand data through its subscription with Eduventures, and has obtained specific demand research for a bachelor's degree completion program. The other campuses, however, do not have ready access to similar resources.

Institutions such as the University of Phoenix, and, in the future, the UI Global Campus, address demand and program development quite differently. For these organizations, the choice of courses and programs is driven by a corporate-style demand analysis that determines which subjects and degrees are both most desired and most profitable. Development of the course and program is an academic committee function and the resulting courses and programs are largely provided pre-built to adjunct faculty for delivery within narrow parameters. This top-down approach provides a significant advantage in terms of market nimbleness and largely avoids traditional intellectual property issues.

It would be tempting to mimic the University of Phoenix model in this regard. However, based on interviews and significant experience with institutions of higher education, we believe that a process that balances both top-down and bottom-up program development approaches is more effective in the non-profit higher education environment.

Penn State World Campus employs a balanced model. The organization identifies new programs by matching anticipated demand, identified at the central level, with key centers of excellence or departmental specialists within the University. At the same time, faculty members also identify potential programs based on their expertise. These are evaluated at a central level for potential marketplace demand and whether or not they advance strategic priorities.

This negotiated process marries timely demand information with available faculty resources, interests, and capabilities. It has several important advantages:

- The strength of the academic culture at NU is such that taking faculty out of the central role in academic program development and oversight would be unacceptable.
- Demand for distance education programs exists on two levels, niche and mass demand. Mass demand programs are well understood, and programs in such areas can be strategically cultivated through the top-down administrative function.
- Niche markets such as the Masters of Entomology, on the other hand, cannot be reliably identified in a top-down model. Surveys and studies are unlikely to detect them unless they sample vast numbers of respondents. Instead, they are the product of knowledgeable, close-to-the-subject faculty and academic leaders who are able to recognize opportunities within their areas of expertise.

- The central clearinghouse function allows for structuring an array of programs that reflect strategic priorities.

### Conclusions

In summary, based on our data analysis, interviews, and internal and external research, we have arrived at six primary conclusions:

1. The marketplace for distance education is large and growing rapidly. Despite increasing competition, there are now and will continue to be significant opportunities for University expansion among in-state, regional, national, and international audience segments.
2. Any expansion or growth in distance education must not only unfailingly reflect the institution's premier quality academics, but should also help to advance NU's leadership position in U.S. higher education.
3. Controlled expansion of NU's distance programming would be capable of helping achieve a number of strategic objectives, including:
  - a. Creating a modest, but sustainable new revenue stream
  - b. Providing additional access to premier education for place-bound citizens of Nebraska
  - c. Enhancing the national and international awareness and equity of the University
  - d. Positioning the University for the future by further integrating innovative online pedagogies into the existing curriculum and developing a menu of blended programs
4. The University has a strong foundation for expanding its distance education programs including widespread and growing support for quality online pedagogy, academic areas of strength and faculty experts on which to draw, and a cadre of skilled and respected distance education administrators on each campus.
5. The current approach in which distance programs are presented through four distinct brands will not be able to support significant growth or expansion. The reasons for this include fragmentation of brand, scalability of program, inter-campus competition, organizational support structure, and expense in maintaining multiple potent brands.
6. Expansion of the University's distance education program will require addressing the System brand architecture and the lack of coordination in campus messaging platforms, as well as capacity, financial, pricing, and existing program development models.

In the following section, we provide our specific recommendations based on our comprehensive research and analysis, which is summarized in more detail in the body of this report.

**RECOMMENDATIONS**

**Recommendation One: Strategic Model for NU Distance Education**

Based on our assessment of NU’s current distance education structure and process, the competitive marketplace, positioning of key peers and competitors, interviews with institutional leadership, and data analysis, we have identified four potential options the University could pursue regarding the future of its distance education programs (Figure 1):

- Campus-based Programs
- Gateway
- Fifth Campus
- Integrated Academic Enterprise

**Figure 1: Strategic Options**

|                                       |                                  |                                   |                                  |
|---------------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| →                                     | <b>Campus-based Programs</b>     | Four Brands                       | Many institutions                |
|                                       |                                  | Lowest invest., lowest revenue    |                                  |
|                                       | <b>Gateway</b>                   | One Umbrella, Four Brands         | UMassOnline<br>U. North Carolina |
|                                       |                                  | Lowest invest., modest revenue    |                                  |
| <b>Fifth Campus</b>                   | One Brand                        | UI – Global Campus                |                                  |
|                                       | Highest invest., highest revenue |                                   |                                  |
| <b>Integrated Academic Enterprise</b> | One Brand                        | Penn State – WC<br>U. Maryland UC |                                  |
|                                       | Mid. invest, mid. revenue        |                                   |                                  |

Of these, we strongly recommend the Integrated Academic Enterprise as the most effective option for the University of Nebraska. Each of the models are explained further in subsequent sections, together with our opinions on the pros and cons of each. It is critical to note that while each option is available to the University, their respective merits are heavily dependent on how the institution chooses to address its most significant related challenges.

**Campus-based Programs**

Under this option, the University continues to identify, develop, deliver, and market distance education programs on a campus-by-campus and college-by-college basis, much as it does currently, taking minimal action.

While from an entrepreneurial standpoint, choosing to take minimal action in the face of significant and increasing demand represents a lost opportunity, it could still be an appropriate choice for several reasons.

Distance education at the University of Nebraska is effectively using available technologies to deliver programs to the citizens of the state, the nation, and some isolated cases, the world. With few exceptions, distance classes are typically filled. Available capacity for distance education is being utilized and the several distance education innovators have been effective in shepherding new programs into development by influencing college- and department-level academic leadership. Distance education programs are being developed by faculty members who have interest in doing so, following essentially the same program development model used to develop on-campus programs.

This distributed approach is used by many institutions and is the most common according to survey work published by Sloan-C [Table 1]

| <b>Table 1: Identification of a Business Model</b>                                  |                  |             |
|---|------------------|-------------|
| <b>Which business model best describes your current online learning operations?</b> | <b>Responses</b> | <b>%</b>    |
| Independent unit that is self-funded  | 25               | 19%         |
| Independent unit that is overhead-funded  | 9                | 7%          |
| Independent unit that is for-profit   | 1                | 1%          |
| A college, department or school within the university which is self-funded          | 29               | 22%         |
| A college, department or school within the university which is overhead-funded      | 43               | 32%         |
| Other   | 21               | 16%         |
| Did Not Answer  | 5                | 4%          |
| <b>Total</b>  | <b>133</b>       | <b>100%</b> |

SOURCE: The Sloan Consortium, *Journal of Asynchronous Learning Networks*, *Business Models for Online Learning: An Exploratory Survey*, Karen Vignare, Christine Geith, Stephen Schiffman, May 2006

Distance education credit hour production is small but growing as a proportion of the University’s total. Further, certain programs are quite strong. According to interviews, graduate teacher education programs at UNK are delivered almost entirely online. The leadership of UNO’s College of Public Affairs and Community Service (CPACS), reports that the Master of Public Administration will generate more than \$100,000 this year in revenue from fees and tuition differential. This revenue is useful to the department in defraying other costs. UNL’s

CBA programs have essentially tripled their student credit hours in the last five years and, though still quite small by comparison, UNO's College of Communication, Fine Arts, and Media has grown 2,011% in that same period. Additionally, though not considered a higher education distance education program, UNL's Independent Study High School (ISHS) appears to have a strong statewide presence.

In short, the approach that views distance education as one of multiple academic delivery techniques appears to be credibly accomplishing modest goals. Further incremental growth can be facilitated by an increase in capacity made possible by adjustments to the financial model as discussed below.

Though NU's academic and distance education leaders generally agree that maintaining current levels of growth will become increasingly difficult due to capacity and program-development issues inherent in the Campus-based Programs model, NU's distance education programs are likely to continue to progress modestly even if minimal direct action is taken.

To improve the program development process and increase capacity, the current financial distribution models should divert a greater share of sustainable revenues to the colleges and departments that sponsor distance programs. In addition, discrete distributions should be earmarked for support services, course development and design, and systematic assessments. In addition, and to support these additional needs, the campuses should consider increasing and standardizing tuition levels to become more competitive with major online competitors.

Marketing, positioning, responsiveness to marketplace demand, duplication of programs and services, and internal competition will continue to be difficult challenges under the Campus-based Programs model, as they are today. Supporting multiple brand platforms is costly, and it is doubtful that the current approach will allow UNK or UNO to build the critical mass to effectively market their unique distance programs beyond the limited efforts now underway.

At a minimum, the Distance Education Coordinating Committee should be accorded greater official responsibility and authority to coordinate the campus-based efforts at a higher level, including standardizing as many recruitment and registration functions as possible.

Under the Campus-based Programs option, growth will likely moderate within the next several years and will become modest and accretive over time. This option would not allow the University to create significant new revenue streams, noticeably extend NU's academic services nationally or internationally, establish a leadership position in distance education, or appreciably advance the awareness and equity objectives of the organization beyond the state.

### Gateway

Under the Gateway strategy, each campus brand would retain its individual identity in the distance marketplace. However, the University presents its several campus brands so that upon first introduction, the campuses appear as one collection under a single name.

This option would welcome prospective students to the University's distance education offerings with a single voice, and would place campus-specific information later in the communications process. Because distance education is substantially and increasingly an online experience, this approach would rely heavily on a strategic Web presence as the principal gateway to each campus. Nevertheless, we recommend that this shared entry-point approach also contain organizational and marketing elements.

This strategy intentionally veils the University's campus-specific structure until it is necessary for the student to understand from where a course or degree will be delivered. At that point, the individual campus identities become evident. This strategy maintains all responsibility for program development, growth, and support services at the campus level.

Under this scenario, each campus would provide a pro-rata portion of the funding necessary to develop a coordinating unit that works to route inquiries and applicants to the proper information. This unit, which would be most effective if implemented and supervised through the current distance education coordinating committee, would also be responsible for managing the shared distance education gateway, coordinating how programs are packaged for promotion, and working with the directors on each campus. We recommend that marketing and advertising funds devoted to distance education be pooled and managed by this unit with the intent of strongly promoting the gateway to the benefit of all campuses.

This approach is used by UMassOnline to coordinate programs delivered by UMass Amherst, UMass Boston, UMass Dartmouth, UMass Lowell, and UMass Worcester. It is also the model used by the University of North Carolina (UNC), which uses the headline "16 Universities. One Link. Unlimited Possibilities."

The more the University is able to make campus-specific processes consistent, the more successful it will be presenting the gateway as singular entry point for students. Consequently, we recommend that work be undertaken to align admissions, course selection, and registration procedures so that they are essentially the same across each campus. Likewise, student support services should be made as consistent as possible and campus-specific differences should be minimized. There appear to be dozens of differences between support services that will need to be addressed. One area that should be considered for reengineering is the inter-campus library process, in favor of a library that is not compartmentalized by location.

A Gateway model is not actually a brand, because a brand represents a singular concept that the organization owns in the public perception and delivers through all of its activities. Gateways, on the other hand, are simply a façade through which to present other brands. Gateways do not therefore engender any emotional relationship between themselves and the target audience. Because brand strength is directly connected to this emotional relationship, a Gateway approach is inherently less compelling than a strong singular brand that is built on an enduring brand platform. In addition, the current disconnection of the messaging platforms expressed by the various campuses will put significant strain on the organization's ability to sustain a collaborative and effective gateway approach.

However, it can facilitate the marketing function, lowering the cost of maintaining four distinct brands outside of the state. A gateway can be effectively presented through a campaign that attracts students to the combined programs of each campus.

This option may be appropriate if the institution's most important objectives include a quick and seamless transition and improving access to the citizens of Nebraska and the region, rather than the creation of a substantive revenue stream or establishing a national leadership position. This option may also be useful if the University can devote only limited funds to the enterprise.

#### **Fifth Campus**

Under the Fifth Campus approach, the University would build a separate organization focused on delivering distance education nationally and internationally. This organization would have its own faculty (though joint appointments are likely), program mix, and marketing approach, but would operate with close oversight from NU academic leadership.

To be successful, this model would require a chancellor-level position to lead the effort, and strong partnerships between the new organization and academic leadership of the existing academic structure. Nevertheless, faculty would be largely adjunct or non-tenure track and would be staffed to meet demand. Courses would still be developed and supervised by full-time, tenure-track NU faculty members, but would likely be assisted on a day-to-day basis by adjunct faculty. The structure of intellectual property rights would be a critical aspect to consider under this option. The greatest flexibility would be obtained when rights accrue to the institution rather than the individual faculty member, but this would need to be negotiated.

A review of the published experience of most major distance education competitors indicates that significant revenues are most likely when the cost-of-delivery is kept low and the class sizes are larger. Cost-of-delivery is heavily comprised of faculty salaries and human resource overhead. A report from Educause in 2006, *E-Learning – A Financial and Strategic Perspective*, indicates that the salary disparity between full-time and adjunct faculty on a per-course basis is 500-600%. According to Educause, if the true overhead cost including office space, health care, retirement, IT, network infrastructure, secretarial help, sabbaticals, and so forth were included in

the calculation, the disparity would be even greater. Likewise, research shows that constructing courses to be highly efficient in terms of faculty time-per-student and materials are also key considerations that drive revenue and profitability.

Though faculty and course content would be governed by the academic leadership of the NU campuses, day-to-day management under this option will be local, focusing closely on providing both quality and profitability. The Fifth Campus option provides the University the greatest control over these critical profitability elements and, hence, the greatest revenue potential.

We are not recommending that NU establish an institution outside of traditional academic governance procedures. Such an approach, including the development of a for-profit LLC, was attempted by the UI in 2006, but so irritated the institution's faculty that it was hastily revised. In its place, UI is building a separate distance education organization whose faculty and program content will be controlled by the academic leaders of the university through the kind of strong partnership agreements recommended here.

Though the University would be positioned to capitalize on its strong reputation under this strategy, there are important risks associated with establishing a separate academic organization staffed with non-tenure track faculty. If not managed carefully, NU could be projecting a version of its academic brand that is regarded as inconsistent with the prestige of the core brand. This would be particularly true if NU allowed class sizes to grow too large and if adjunct faculty were of noticeably lower quality. If the distance education organization were to gain such a reputation, it could negatively impact the main institution.

Because of the size and complexity of the University of Nebraska System, this strategy has the potential of being the quickest to implement, since it would not require changing existing embedded processes. Nevertheless, the magnitude of the effort and investment required for this strategy should not be underestimated. According to *The Chronicle of Higher Education* the University of Illinois estimates it will invest \$20 million to establish its Global Campus. According to UI staff, development began in 2005 and the first courses will be offered in 2008.

One area that appears to have been intentionally downplayed at UI is how its Fifth Campus programs will relate to and compete with the institution's existing distance programs. According to a 2007 proposal, programs offered by UI's Fifth Campus will operate in direct competition with existing UI distance programs, though academic units will be encouraged to partner with Global Campus on the initiative. This is another potential source of internal conflict and care should be taken in this regard if NU chooses this option.

Indeed, under this option, the University should exhibit firm support for transitioning its strongest programs from within their existing colleges and departments to the new unit. This would require considerable negotiation and influence. It would also require the University to

address intellectual property issues. However, the alternative is that colleges and departments would be placed in direct competition with the new Fifth Campus.

According to Sloan-C, distance education business models currently employ two approaches – independent unit or a unit within the university. Either of these models can be self-funded or overhead funded. According to the research, units that operate from within the University are more common. Further, this research suggests that independent self-funded models tend to be more nimble in terms of business decision making than those that operate from within the current academic structure. However, attracting faculty may be more difficult under this model, possibly due to lower levels of faculty stability that often accompany this model.

We recommend that a Fifth Campus option be an independent, self-funded business model. Implementing this strategy would be akin to founding a college and would take considerable investment, attention, and resources. It would also carry significant business risk, which the University may or may not be willing to accept. On the other hand, the potential benefits in terms of revenue, market share, awareness, enrollment, and leadership within the international distance education arena would all be highest under this scenario.

#### **Integrated Academic Enterprise**

We recommend this model as the most effective option for the University of Nebraska distance education programs. However, it is available only if the individual campuses become motivated to develop synergistic messaging platforms that express a shared NU brand promise and a set of common key messages.

The basic structure of the Integrated Academic Enterprise would allow the institution to promote one collaborative distance education brand and support it from within the existing academic structure. This strategy is different from the Gateway model in that it seeks to seamlessly coordinate academic programs contributed by the individual campuses in favor of a strong, single NU distance education brand.

The Integrated Academic Enterprise approach is currently employed by Penn State World Campus and University of Maryland University College. It has the considerable advantage of ensuring consistency and equivalency in terms of high academic quality between on-campus and distance education program delivery.

Under this option, courses are taught by essentially the same faculty as teach on-campus, though some expansion of capacity through the use of closely managed adjunct faculty is possible. The President of Penn State describes this approach as the only one able to ensure that, “a Penn State course is a Penn State course,” regardless of how it is delivered.

Because this approach relies on the existing academic structures and employs tenure-track faculty, it is more expensive to operate and is not as likely to result in large net revenues. However, it also carries a more modest initial investment and significantly lower business risk.

We believe that the Integrated Academic Enterprise option is the most forward-looking approach in that it does not draw an overt distinction between distance learning and traditional learning. As well, it preserves and advances the reputational equity in the University of Nebraska brand.

If it is true, as many experts currently suggest, that the future of higher education rests in a blending between innovative distance learning techniques and traditional learning experiences, then this option would also strategically position and prepare NU to take advantage of future trends in higher education.

To implement this option, we believe the University would need to undertake a positioning process to more clearly delineate coordinated brand platforms for each campus and construct an approved brand architecture that defines the leadership market space within which each of the related brands would operate. Without development of an approved brand architecture and synergistic messaging platforms, inter-campus conflicts are likely to continue and will render the University unable to create and sustain a singular identity for its distance education programs.

The elements of the process described above are:

- Defining the University of Nebraska core brand position and messaging platform that establishes an international leadership position in higher education
- Determining the market positions of the several campuses, research entities, and other high-profile units *relative to the core brand position*
- Developing consensus-based and synergistic messaging platforms for the major affiliated brands, each of which would articulate a niche leadership position within the family of NU brands
- Creating joint governance processes to ensure that the core brand is strengthened and each unit or campus is positioned effectively, including the distance education programs

The result of these steps would be a strongly differentiated University of Nebraska core brand and equally strongly differentiated – yet directly related – campus brands. Each would establish their own unique leadership position within the family of brands. Each would share the most compelling attributes of the core brand as well as express how their individual campuses deliver those attributes in their own distinctive ways. Most importantly to the distance education effort, this process would lay the collaborative groundwork for developing a singular and compelling distance education brand. The brand would be easily understood by audiences anywhere in the

world and would be compelling in its own right without requiring prospective students to study the differences between each campus to determine their preference.

Positioning the University and its campuses is a significant step, which extends beyond distance education. Nonetheless, it would be necessary for the Integrated Academic Enterprise option to be viable. It is the crucial first step to sufficiently diminish inter-campus conflict and allow the creation of a singular distance education brand.

When complete, the brand platforms and brand architecture would provide a number of ancillary benefits, including focusing and guiding the University's internal and external communications and marketing approaches. Indeed, many institutions have found that it fundamentally changes how they approach their mission.

Effective implementation of this option would maintain the current campus administrators as the central leadership team for distance education programs. DECC and the existing distance education offices would be well-equipped to provide transition guidance and initial oversight. The campus administrators would continue to act as the distance education coordinators and liaisons under this approach.

We recommend this option if the University is able to address its inter-campus collaboration issues and is seeking a balance between its distance education objectives. Overall, we believe that improving inter-campus collaboration and positioning each of the campuses in the market will generate significant returns that extend outside of distance education. For these reasons, this is our preferred option.

### **Recommendation Two: Reengineer Financial Distribution Model**

We recommend that the University reengineer its financial incentive structure to provide incentives that are adequate to motivate faculty and departmental interest in growth. How this is accomplished depends, to some degree, on the strategic option chosen. Under each of the options, the financial model would need to route meaningful revenue to programs that the University sees as strategic.

The operational option chosen by the University will drive the details of how the financial distribution model should be structured:

- The amount of total funding received by the college or department
- The amount of funding that must be routed to a coordinating unit for operations, marketing, and governance
- How “seed” money will be accumulated and provided

- Whether the funding received by the colleges or departments is both reliable and sufficient to fund faculty positions

As well, under each option, the University would need to consider how much growth it is seeking and how much it is capable of generating. The chief limiting factor heavily depends on potency of brand. We believe that the more fragmented the distance education brand, the more difficult and expensive it will be to generate substantial growth. NU's distance education brand will be most fragmented under the Campus-based Programs option and the least fragmented under either the Fifth Campus or the Integrated Academic Enterprise options.

To place the funding model question in context, Graham Spanier, President of Penn State, estimates that as much as 85% of distance education revenue is provided back to the University's colleges and departments. In his opinion, this level of participation in "profit sharing" is necessary to generate active program development among his faculty. Penn State's incentive structure, which is based on levels, is provided later in this report.

As another example, according to an article in the February 1, 2007 edition of *Campus Technology*, the University of Florida Distance, Continuing, and Executive Education (DCE) division, an integrated academic enterprise, distributes its revenue in the following way: 76% marketing, operations, faculty, program support, and updating and program development; 14% supports infrastructure services; and 10% is distributed to the college and department.

Currently, we estimate that between 20% and 27% of NU's total tuition and fees are redistributed to the campuses, colleges, and departments, with most coming from the distance education fees.

#### Campus-based Programs

Under this option, we recommend that additional financial incentives be provided to colleges or departments to generate additional capacity. The University may wish to earmark portions of this increased revenue to fund additional marketing, promotion, seed funding, and other support services such as instructional design, however these are not required under this model. Since each campus continues to manage its admissions, marketing, support services, and governance processes, it is not required that the financial incentive model be adjusted to fund these services.

#### Gateway

Under this option, the financial model would need to provide meaningful revenue to the individual campuses to generate additional capacity. As well, some revenue would need to be allocated to fund a coordinating unit that provides marketing support, Web maintenance, and overall management. We have assumed that little or no reorganization of existing distance education staff resources would take place under this model. Seed funding would also be

necessary under this model and could be reallocated from the campuses or through the revised financial model.

#### **Fifth Campus**

Under the Fifth Campus model, which should be self-funding, we recommend that the bulk of the revenues flow back to the distance education organization to support operations and marketing, with portions provided to the colleges or departments that oversee program offerings academically. Seed funding should be accrued by the Fifth Campus itself and distributed to encourage strategic program development. Other overhead payments between the self-funding Fifth Campus and the University would also be appropriate, though the University may wish to structure a schedule of remittance that allows the new campus to launch and repay start-up funds in later years.

#### **Integrated Academic Enterprise**

We recommend that under the Integrated Academic Enterprise strategy, academic leaders be consulted regarding the development of a financial model that will allocate distance education revenues to simultaneously provide adequate faculty/department incentives, seed money for new program development, funds for adequate marketing, funding for support services and assessment, and coverage of operating costs relative to managing the singular brand.

### **Recommendation Three: Revise and Codify Pricing**

We recommend that NU's distance education pricing structure be reevaluated to bring it closer to that of its national peers, including Penn State World Campus and the University of Maryland University College. Though the price elasticity of each program will need to be monitored carefully, increasing the price is intended to provide additional revenue that can be used to fund financial incentives, support services, and seed money. We recommend that this be accomplished in steps over several years to gauge pricing the market will bear.

As the organization increases its pricing, it will be necessary to use some of this increased revenue to improve distance education service levels. While the distance education target population may be willing to pay more in tuition, specifically working professionals, their expectations of service are correspondingly high, according to an article in *Campus Technology* magazine. Ensuring support services are available in off-hours, for example, is an important consideration that additional funding will need to address.

We also recommend that the institution consider equalizing in-state and out-of-state tuition levels to both adequately reflect the increased cost of distance education and to provide incentives to faculty to focus on recruiting Nebraska students. UMassOnline, University of Phoenix, and Penn State World Campus have each adopted pricing that matches in-state and

out-of-state tuition levels. UMUC has not, but its pricing, both undergraduate and graduate is twice that of NU.

We further recommend developing greater consistency in pricing within and among each campus. It is not necessary that all programs be priced identically, however price is an important element of brand identity and a pricing structure that appears uncoordinated will tend to confuse audiences. Consistency of pricing depends heavily on the choice of strategic option. If the University chooses to construct a Fifth Campus or an Integrated Academic Enterprise, pricing should be significantly more consistent than it is today. If it chooses to continue to present four or more brands in the marketplace, either within a Gateway or without, pricing can be somewhat less consistent.

#### **Recommendation Four: Marketing Approach**

Marketing for NU's distance education programs can be characterized as minimal, campus-specific, and fragmented. Regardless of options, if the University seeks substantive growth, it would need to increase its marketing expenditures significantly. To place this recommendation in context, expenditures necessary to begin the process of developing a national distance education brand are likely to be at least several million dollars. Current overall expenditures are quite modest, totaling less than \$85,000 when expenditures for UNL's ISHS, CIS, AS, and Summer Reading are removed.

Our specific recommended marketing approach would be different for each of the four strategic distance education options. The chief differences between options include:

- Level of overall enrollment growth that is both desirable and feasible
- Whether the University is seeking a regional or national profile in the near term
- Whether marketing operations are conducted by each separate campus or by a centralized brand management unit
- Whether the University retains its multiple campus-specific brands or shifts to a strong core brand architecture that focuses attention on the University of Nebraska brand
- Level of coordination between the marketing unit(s) and distance education

Ideally, to achieve significant growth, we recommend that distance education marketing operations be centralized and adequately funded. The function should coordinate strongly with campus and System marketing and communications and rely on the market strength provided by the University of Nebraska brand. It is difficult to be more precise because of the uncertainties surrounding the four strategic options.

### Campus-based Programs

Under this option, marketing and communications would remain at the campus and distance education level. Increases in funding would likely result in only modest gains, since the distance education brand would remain fragmented. Strategies and tactics would be most likely based on promoting specific programs.

### Gateway

The University would begin aggressively marketing the Gateway as the front door to the University of Nebraska distance programs. Strategies and tactics would be developed to drive prospective students to the Web portal. Significant resources would need to be committed to creating an exciting and immersive Web experience.

### Fifth Campus

Marketing for the Fifth Campus option would have much in common with the launch of a new business, and would need to have significant funding. The marketing function in this scenario should be a separate unit reporting directly to the distance education leadership. NU would begin to generate awareness early in the process through an integrated marketing approach that includes coordinated media relations, advertising, and integrated outreach activities. Following launch, marketing should shift to a mix of generating awareness, shaping attitudes, and motivating specific action. A strong strategic Web presence would also be critical.

### Integrated Academic Enterprise

Marketing for this option would be similar to developing the strong Fifth Campus brand, except that it would not necessarily need to be as robust or as independent. It would, instead, be tied more closely to the current campus marketing functions. Initially, NU would need to build awareness, and then shift to a more balanced approach. Though beneficial to each of the other options, a proper positioning effort that creates a strong core University of Nebraska brand would be absolutely essential to the marketing of the Integrated Academic Enterprise. An additional benefit of this approach is that distance education marketing would strongly reinforce and pivot around NU's current academic attributes.

## **Recommendation Five: Management Information and Oversight Processes**

Currently one of the more significant barriers to substantial growth in NU's distance education is the poor quality of management information (MI) for decision-making purposes. The issues break down into three primary areas:

- There is no shared information system spanning all campuses
- The MI systems employed do not provide descriptive enough information to effectively target distance education marketing or direct educational resources (Most data is blended with on-campus institutional research data)

- Available MI is often time consuming to obtain. The reasons for this include the lack of system-wide definitions for distance education data elements and the lack of automated methods of data collection on each campus.

Though Eduventures acknowledges in its *Online Higher Education Market Update 2006* that the entire industry suffers from poor data, one hallmark of the most successful distance education programs is highly efficient MI. We are concerned that the processes in place currently will not be scalable to manage an organization as much as 250% larger. Issues will become manifest in poor student record keeping, inability to detect and adjust for enrollment trends, slow response time to student inquiries or applications, and increased or uncontrollable cost-of-delivery of the distance education offering.

It is difficult to be precise regarding this issue because the MI challenges on each campus are as different as their MI systems. One of the most descriptive examples is the difficulty in obtaining unduplicated headcount data.

Further, according to interviews, a great deal of effort is expended on each campus to calculate and maintain information that drives the distribution of the distance education fee and tuition differential funds to the campuses and colleges. These processes were described as being spreadsheet-driven. If the financial model is revised and substantial growth achieved, these largely manual approaches may be at risk of being overloaded.

Ideally, we recommend that the University examine its campus MI systems and take steps to combine them in such a way that they are able to provide comparable data across all campuses. However, such system reengineering or implementation efforts are major investments and well beyond the scope of this analysis. Alternatively, we recommend that the DECC set specific MI standards and begin a step-by-step reengineering effort to collect basic demographic and psychographic data on its distance education students, which can be quickly obtained and compared across each campus.

Obtaining better MI is a first step. Currently, the DECC is an advisory and informal coordinating body. If the University implements the Gateway, Fifth Campus, or Integrated Academic Enterprise options, greater coordination between the campuses will be necessary. Given the challenges the University has faced with inter-campus collaboration, we recommend that a series of joint governance processes be installed that allow the campuses to operate more effectively together. The specific nature of these processes will depend on the strategic option chosen and how closely the campuses will be drawn together in distance education. Nevertheless, the processes should accomplish the following:

- Ensure that the interest of each campus are coordinated, while providing an efficient framework for joint decision-making that allows the University be competitive in the rapidly shifting distance education market
- Coordinate which campus will be authorized to offer which distance education programs, based on how the programs will support the University's overall program portfolio.
- Manage the distance education brand (or brands depending on strategic option), so that external audiences understand clearly the entity with whom they are dealing.
- Identify, nurture, and support the development of niche market programs, flowing resources to those that are able to demonstrate the greatest chance of success, while weeding out those that are less likely to grow substantially. Some of these processes are in place at UNO and UNL, but they will need to be made appropriately consistent on each campus. These include:
  - Requiring a business plan for each new program, which describes demand, anticipated enrollment, marketing needs, necessary capacity, profitability, resource requirements, and amount of seed funding necessary to launch.
  - Commitment to a three to five year growth threshold, under which prospective distance education programs are considered too small and won't be funded.
  - Requiring business plan approval by both the academic units and the managing distance education unit. It may be appropriate to create a series of reviews that ensure that adequate consideration has gone into the plan.
  - Commitment to the distance program for at least five years, so that the program offerings have stability and entire cohorts may complete them.
- Coordinate pricing decisions, the needed consistency of which is dependent on the strategic option chosen.

### **Recommendation Six: Dedicated Student Support Services**

The depth and breadth of the University's distance education support services are significant obstacles to substantial growth and, in particular, the price increases necessary to fund this growth. Competitive research indicates that support services that are designed specifically with the needs of distance education students in mind are critical to an institution's ability to demand more for its programs.

Such services can be as fundamental as after-hours help-desk support and advising or as extensive as providing a shared virtual student experience through discussion groups and other forms of online community technology.

To a large extent, NU's distance education support services have been developed in the same fashion as its bricks-and-mortar programs and are reliant on existing on-campus services. If the University wishes to be aggressively competitive in the distance education marketplace and successful in increasing its tuition rates, we recommend that each of these student support services be reengineered to be maximally efficient and effective from the distance education student's point of view.

### **Next Steps**

The University of Nebraska has a number of choices to make regarding its distance education approach. The most significant of which regards whether the University wishes to continue its Campus-based Program model, develop a Gateway, construct a Fifth Campus, or implement an Integrated Academic Enterprise.

At the outset of this project we assumed that the next step would be to position NU's distance education brand in the marketplace. However, until the institution determines which strategic option it wants to pursue, positioning will not be possible, since it is unclear exactly what entity would be positioned. For this reason, we recommend the following process:

1. President and Chancellors review and digest the data, conclusions, and recommendations contained within this report
2. The EMG team facilitates a leadership session early in fall 2007 in which the report is presented, the key decision points outlined, and initial reactions discussed. The President and Chancellors would be asked to consider the strategic choices, review with their teams, and to return for a later decision-making session.
3. The EMG team would facilitate a joint distance education retreat (including the President, Chancellors, chief academic officers, and DECC leaders) in which the strategic direction for distance education would be identified.
4. Depending on the strategic choices made, the EMG team would then build an action plan to implement, as directed by the University.

## EXTERNAL ENVIRONMENT

### Marketplace Trends

EMG reviewed data from the U.S. Department of Education, Eduventures, Educause, The Sloan Consortium (Sloan-C), Ambient Insight, and from several other sources to assess trends and potential challenges that may impact the achievement of NU’s objectives. We reviewed trends in online education, population growth, the competitive environment, as well as emerging trends.

The various sources of data sometimes focus on distance learning and sometimes online learning. They are not interchangeable terms, though from a strategic decision-making standpoint the distinction is often unimportant.

### Market Demand and Growth

Specific market forecasts for distance education programs are not easily obtainable. Nevertheless, data from several sources is available to assess potential demand and there is clear indication that demand for all kinds of distance education programs is strong and expected to stay strong in the foreseeable future.

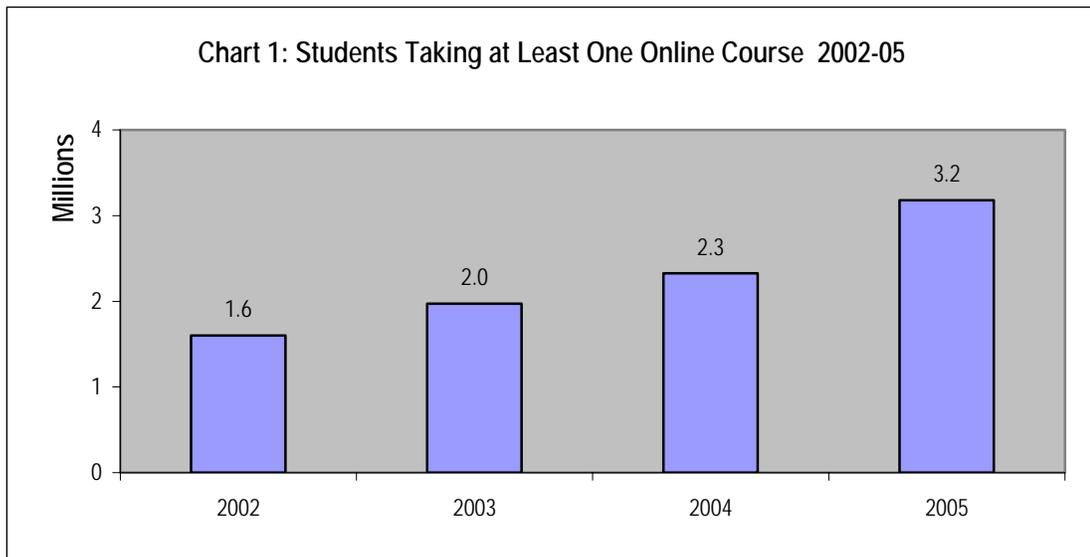
A review of recent trends, forecasts, and the experience of several peer institutions suggests that annual market growth across all forms of distance education may be between 18% and 35% for the next several years. And, a recent ten-year forecast of potential online learners published in the July 2006, *Journal of Asynchronous Learning Networks*, which relies on figures from Sloan-C, estimates average annual growth at 22.9% for higher education (Table 2).

| Table 2: 10-year Growth Potential for Online Learning<br>(in millions of online learners) |                       |      |                             |
|---|-----------------------|------|-----------------------------|
| Sector  | Total Online Learners |      | Average Annual Growth Rates |
|   | 2006                  | 2016 |                             |
| Higher Education  | 2.4                   | 18.9 | 22.9%                       |
| Corporate E-Learning  | 1.1                   | 17.0 | 32.0%                       |
| Military/Government   | 0.4                   | 2.7  | 21.0%                       |
| Healthcare  | 1.0                   | 3.5  | 13.5%                       |
| K-12  | 0.5                   | 5.0  | 26.0%                       |
| Senior Population   | 0.1                   | 10.0 | 58.5%                       |
| Remaining Population  | 0.1                   | 5.0  | 48.0%                       |
| Total   | 5.6                   | 62.1 | 27.3%                       |

SOURCE: Journal of Asynchronous Learning Networks, Increasing Access in Online Higher Education, Volume 10, Issue 3, July 2006

Sectors other than higher education represent significant potential growth as well. The military sector may be a strong opportunity, since the University already has an ongoing relationship with Offutt Air Force Base. Indeed, according to a July 2006 article, *The Military Market*, published by *The Chronicle*, the U.S. military is now spending nearly half a billion dollars a year in tuition assistance for the members of its active-duty force. Moreover, it is becoming increasingly important for those in all branches of the armed forces to hold a college degree in order to qualify for promotion.

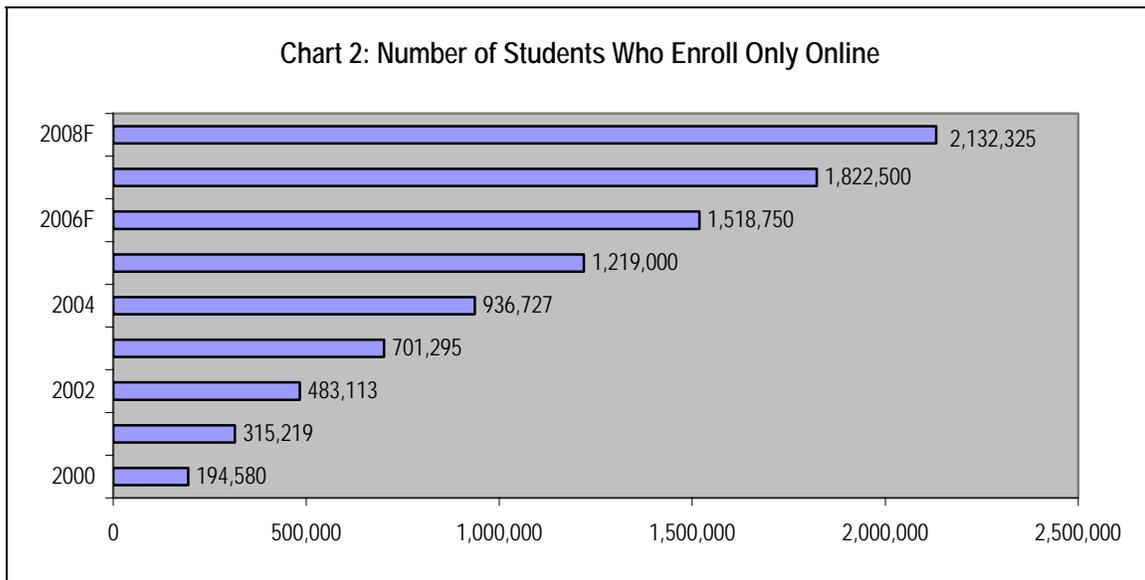
Due to the relative infancy of the online higher education industry, specific data points such as student headcount are lacking. Eduventures noted this limitation in its *Online Higher Education Market Update 2006*. Even so, Sloan-C reported that nearly 3.2 million students nationally were taking at least one online course during the fall 2005 term, in its report *Making the Grade in Online Education, 2006*. This is a substantial increase over the 2.3 million reported the previous year. Perhaps more important is the growth rate of online enrollments which, between 2002 and 2005, grew at a rate 22 times that of traditional higher education (Chart 1).



SOURCE: The Sloan Consortium, *Making the Grade: Online Education in the United States, 2006*

Moreover, according to data from Sloan-C, the number of students taking at least one online course is now more than 460,000 in the eleven Midwestern states, up from 340,000 the previous year. This one-year growth rate of 35 percent is consistent with growth reported in several areas of online learning observed nationally in 2005.

Fully-online students are a subset of distance education, distinct from blended education and those who take some courses on-campus. This subset has seen strong growth over the past five years, according to Eduventures, with more than 1.5 million students enrolled in fully-online programs at the end of 2006, a 24% increase over the previous year. Recent projections by Eduventures place the number of students enrolled in fully-online programs at 2.13 million by the end of 2008 within the U.S. alone (Chart 2).



NOTES: Forecasted figures cover students enrolled at American degree-granting institutions that provided financial aid under Title IV  
SOURCE: Eduventures, Online Higher Education Market Update 2006, Part 1 and The Chronicle of Higher Education "Distance Education Goes Public," April 27, 2007

In terms of the dollar size of the tuition revenue market, valuations for 2005 range from \$6.2 billion, as estimated by Eduventures for fully-online programs, to \$17.6 billion in revenues for the for-profit sector alone, estimated by *Time Magazine* in November 2005. The revenue generated by for-profit institutions such as the University of Phoenix and Strayer University demonstrate the potential of the online education market. For instance, 2006 annual revenues of the University of Phoenix were approximately \$2.4 billion and Strayer University reported third-quarter 2005 profits exceeding \$6 million on three-month revenues in excess of \$47 million.

According to a report by the research firm Ambient Insight, the market for self-paced eLearning products and services in the U.S. across all buying segments topped \$10 billion in 2006.

Though more current estimates were unavailable, Eduventures forecasts a 30% jump over 2005 tuition revenue to around \$8.1 billion for 2006. Further, with more than 2 billion internet subscribers expected by 2011 and estimates for “addressable learners” worldwide projected at more than a billion, the opportunity for growth in online education is substantial.

**Program-Level Demand**

At a program level, the most popular online programs as reported by a number of sources are business administration, healthcare, and education. Education and business administration are two of the areas in which NU is currently competing most strongly.

There are several sources of information available to assess program level demand. According to Eduventures, the best performing programs, the ones with the largest enrollments at the end of 2005, include business, healthcare, arts and humanities, and education (Table 3).

| Table 3: 2005 Best Performing Online Programs <sup>1</sup> |                                      |              |
|--|--------------------------------------|--------------|
| Field of Study   | % of Best-Performing Online Programs |              |
|  | Close of 2005                        | Forecast     |
| Business   | 29%                                  | 31%          |
| Healthcare   | 13%                                  | 13%          |
| Arts & Humanities <sup>2</sup>                             | 12%                                  | 11%          |
| Education  | 12%                                  | 12%          |
| Information Technology/Systems                             | 8%                                   | 6%           |
| Administration   | 7%                                   | 6%           |
| Criminal Justice   | 6%                                   | 7%           |
| Psychology   | 5%                                   | 6%           |
| Communications   | 3%                                   | 2%           |
| Sciences   | 2%                                   | 2%           |
| Engineering  | 2%                                   | 2%           |
| Social Sciences  | 1%                                   | 2%           |
| All  | 312 programs                         | 301 programs |

NOTES:

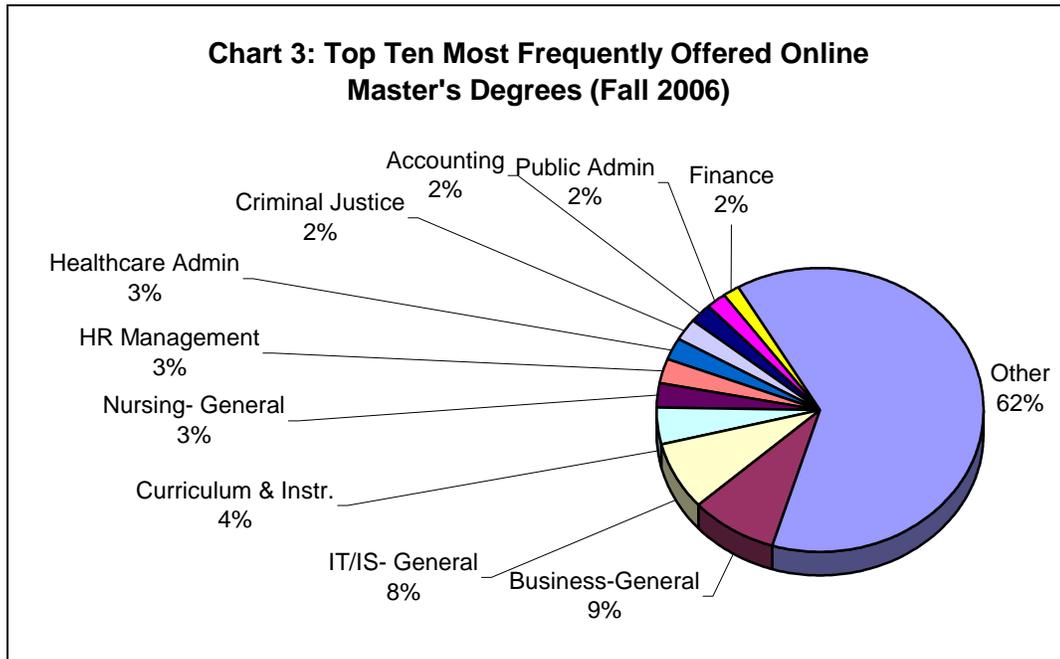
1. Based on a survey of institutions that were asked to identify up to three of their "best-performing" online programs. Best Performing Online programs were defined as those with the greatest number of online students at the close of 2005.
2. Contains a variety of programs and is dominated by Associate's degrees in liberal arts.

SOURCE: Eduventures *Online Higher Education Market Update 2006, Part 2*

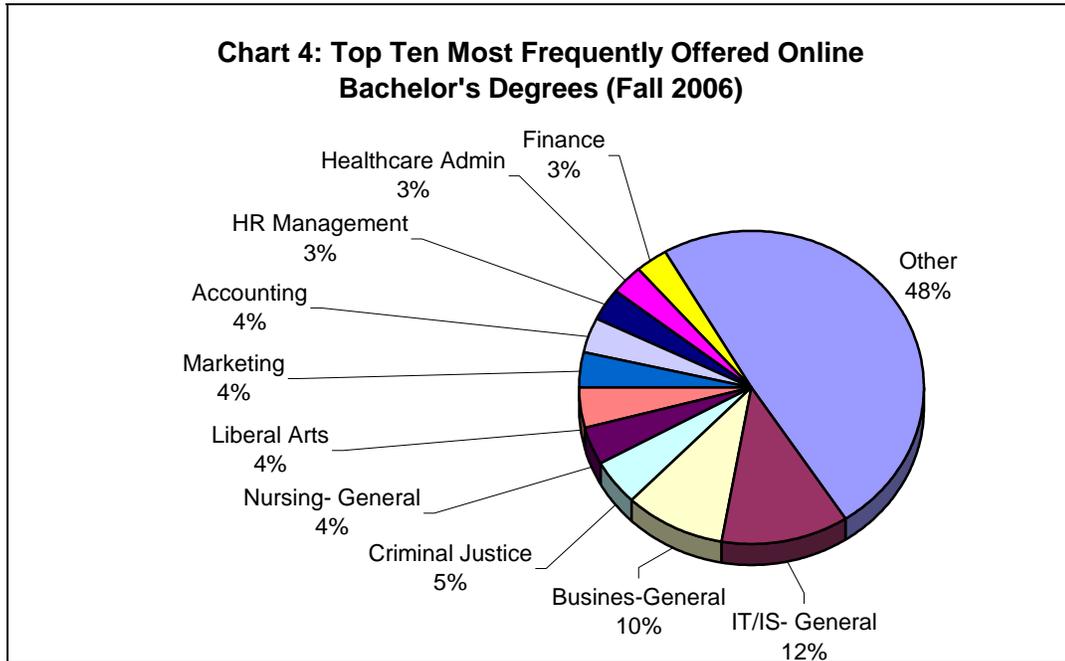
Eduventures also assessed program demand by reviewing the set of programs being offered. This study reviewed 52 online providers, including the largest online players, and included a wide range of two- and four-year and public/private institutions (Chart 3 and 4).

Though the data is directional and not definitive, the most frequently offered online bachelor's degrees were in IT/IS - General, Business - General, and Criminal Justice. The most frequently offered Master's degrees were in Business – General, IT/IS – General, and Curriculum and Instruction. Programs that both are offered most frequently and have the highest enrollments can be considered mass demand markets. Though representing an opportunity to NU, they are well known and attract a great many competitors.

As well, the proportion of programs, both bachelor's and master's, falling into the “Other” category suggests that there may be significant untapped market opportunity in areas outside the traditional set. We believe this is consistent with the success of several of NU's niche programs, such as Master of Entomology degree being offered to high school science teachers and the Master of Fine Arts – Writing.



SOURCE: Eduventures, *Online Higher Education Market Update 2006, Part 2*



SOURCE: Eduventures, *Online Higher Education Market Update 2006, Part 2*

Though the relative positions of specific degrees differ, the set of most sought-after online degrees correlates well with the top ten most popular majors outside of distance education as reported by *The Princeton Review* (Table 4). This may suggest that online demand is essentially similar to on-campus demand and that using the University's traditional demand identification processes may be effective.

**Table 4: Top 10 Most Popular Majors**

| Degree Program                       | Rank |
|--------------------------------------|------|
| Business Administration & Management | 1st  |
| Psychology                           | 2nd  |
| Elementary Education                 | 3rd  |
| Biology                              | 4th  |
| Nursing                              | 5th  |
| Education                            | 6th  |
| English                              | 7th  |
| Communications                       | 8th  |
| Computer Science                     | 9th  |
| Political Science                    | 10th |

NOTES: List includes 10 majors that were reported as one of the three "most popular" majors by the greatest number of colleges that responded to The Princeton Review's most recent survey. Majors are not specific to distance education.

SOURCE: *The Princeton Review*, May 2007

Though several years older than the Eduventures and *The Princeton Review* information, some confirmation of the basic data is provided by eLearners.com, whose eLearners Index™ suggests a similar set of the most sought-after online programs (Table 5).

| Online Degree Subject              | Rank |
|------------------------------------|------|
| Business Administration and MBA    | 1st  |
| Psychology                         | 2nd  |
| Nursing                            | 3rd  |
| Engineering                        | 4th  |
| Liberal Arts / Humanities          | 5th  |
| K12 Education                      | 6th  |
| Information Systems and Technology | 7th  |
| Criminal Justice                   | 8th  |
| Early Childhood Education          | 9th  |
| Health Administration              | 10th |

NOTES: Most recent publicly available edition of the eLearners Index™  
 SOURCE: Provided by the Online Education Directory (OED) eLearners.com

It is interesting to note that nursing is one of the most in-demand online and on-campus programs, yet nursing is not a program that UNMC lists on NU’s Central Administration website, eNebraskaU, as being available through distance education. Interviews with the College of Nursing indicate that they would be interested in growth in their RN to BSN program, but do not have faculty available and frequently find hiring faculty difficult due to competitive recruiting pressures. Recruiting nursing faculty is a well known current challenge across most of higher education. No information was provided regarding the number of these nursing students who are enrolled primarily in distance education. Nonetheless, there may be opportunity to take advantage of demand in nursing, but compared to other programs, the growth potential is likely to be modest and limited by faculty availability.

As well, it may be useful to point out that though the distinctions can sometimes be lost or hidden, healthcare and health administration fields are distinctly different. The reader is cautioned that NU may have very different abilities to react to potential opportunities in one over the other.

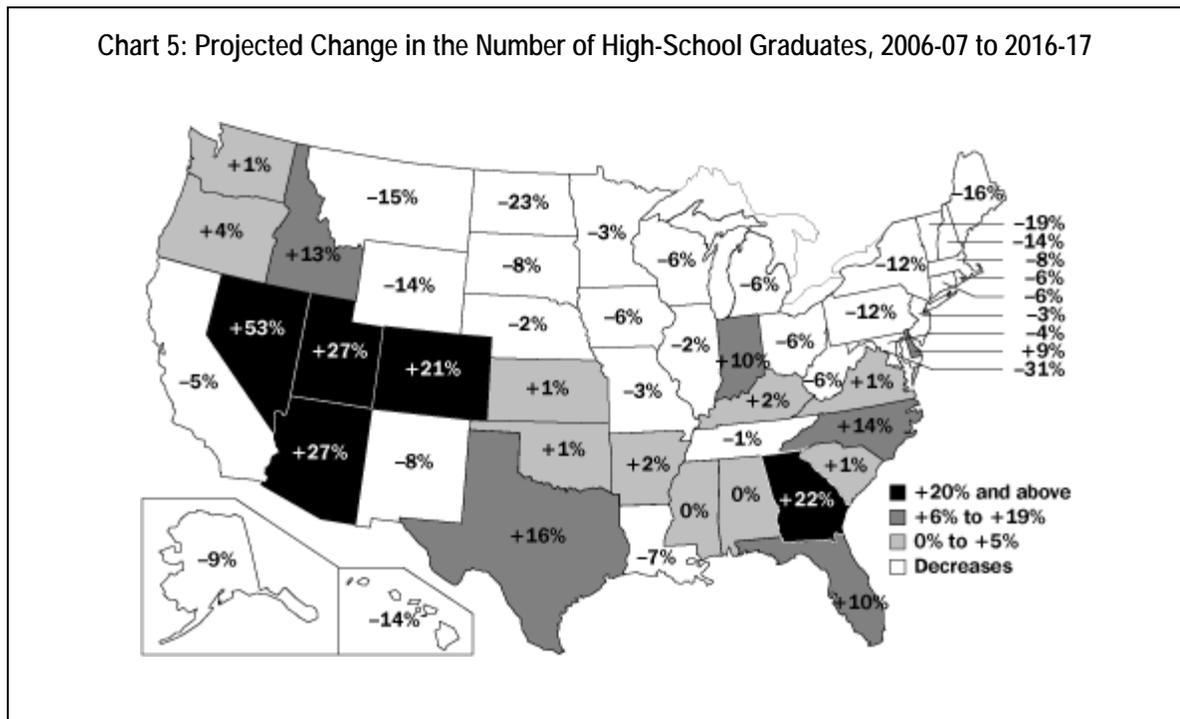
People Trends

Our review of trends related to people and population indicates that challenges lie ahead for the University of Nebraska System overall. According to data from the U.S. Department of Education, the number of public high school graduates in Nebraska will peak in 2008 and will be declining steadily for the next eight years (Table 6).

| Table 6: Actual and Projected Numbers for Public High School Graduates of Public Schools in Nebraska, 2000-2015 |         |                                |                |
|---|---------|--------------------------------|----------------|
|   | Year    | Projected High School Students | Percent Change |
| Actual  | 2000-01 | 19,658                         |                |
|   | 2001-02 | 19,910                         | 1.3%           |
|   | 2002-03 | 20,161                         | 1.3%           |
|   | 2003-04 | 20,230                         | 0.3%           |
|   | 2004-05 | 19,710                         | -2.6%          |
|   | 2005-06 | 19,560                         | -0.8%          |
|   | 2006-07 | 19,980                         | 2.1%           |
| Projected   | 2007-08 | 20,530                         | 2.8%           |
|   | 2008-09 | 20,130                         | -1.9%          |
|   | 2009-10 | 19,850                         | -1.4%          |
|   | 2010-11 | 19,620                         | -1.2%          |
|   | 2011-12 | 19,190                         | -2.2%          |
|   | 2012-13 | 19,120                         | -0.4%          |
|   | 2013-14 | 19,090                         | -0.2%          |
|   | 2014-15 | 19,090                         | 0.0%           |
|   | 2015-16 | 18,510                         | -3.0%          |

NOTES: Some data have been revised from previously published figures. Detail may not sum to totals because of rounding.  
 SOURCE: U.S. Department of Education, National Center for Education Statistics, The NCES Common Core of Data (CCD), "State Nonfiscal Survey of Public Elementary/Secondary Education," 1998-99 through 2003-04; and State Public High School Graduates Model, 1980-81 through 2002-03. (This table was prepared November 2005.)

Just as importantly, with the exception of Colorado, Nebraska is surrounded by states whose projected growth rates in high school graduates are either negative or just slightly positive, such as Kansas (Chart 5). This trend is likely to increase competitive strain within the state and will put increasing pressure on the University to go outside of the state to recruit undergraduate and graduate students to its on-campus programs. Consequently, the need for distance education to pay its own way or to generate revenue may become greater.



SOURCE: Western Interstate Commission for Higher Education, *The Chronicle Almanac*

Since the two campuses with the largest proportions of distance education students (UNL and UNK) also have low percentages of undergraduate distance education students (Table 7), it may be more helpful to review pure population figures within the state. These figures are often descriptive of the demographic behavior of master’s and professional students.

| Table 7: Proportions of Graduate and Undergraduate Distance Education Students by Campus |                 |            |
|--|-----------------|------------|
| Institution  | % Undergraduate | % Graduate |
| University of Nebraska - Lincoln   | 45%             | 55%        |
| University of Nebraska - Kearney   | 20%             | 80%        |
| University of Nebraska - Omaha   | 70%             | 30%        |

SOURCE: Estimates provided by the UNL, UNK, and UNO distance education offices

Nebraska state-wide is expecting to show positive but low growth over the next thirteen years. Indeed, from 2010 to 2020 the state’s population is only expected to grow approximately 1.9%, which is a significantly lower rate than its region and sub-region (Table 8).

| Table 8: Interim Projections: Change in Total Population for Midwest Region 2000 to 2030 |                          |                          |                          |                        |                        |                        |
|--|--------------------------|--------------------------|--------------------------|------------------------|------------------------|------------------------|
| Region, division, and state  | Numerical change 2000-10 | Numerical change 2010-20 | Numerical change 2020-30 | Percent change 2000-10 | Percent change 2010-20 | Percent change 2020-30 |
| <b>MIDWEST</b>   | 2,998,657                | 2,063,742                | 1,042,123                | 4.7%                   | 3.1%                   | 1.5%                   |
| East North Central   | 1,886,286                | 1,167,410                | 429,731                  | 4.2%                   | 2.5%                   | 0.9%                   |
| Ohio   | 223,041                  | 67,877                   | -93,530                  | 2.0%                   | 0.6%                   | -0.8%                  |
| Indiana  | 311,654                  | 234,869                  | 183,100                  | 5.1%                   | 3.7%                   | 2.8%                   |
| Illinois   | 497,601                  | 319,826                  | 196,172                  | 4.0%                   | 2.5%                   | 1.5%                   |
| Michigan   | 490,239                  | 267,310                  | -1,821                   | 4.9%                   | 2.6%                   | 0.0%                   |
| Wisconsin  | 363,751                  | 277,528                  | 145,810                  | 6.8%                   | 4.8%                   | 2.4%                   |
| <b>West North Central</b>  | 1,112,371                | 896,332                  | 612,392                  | 5.8%                   | 4.4%                   | 2.9%                   |
| Minnesota  | 501,157                  | 480,133                  | 405,361                  | 10.2%                  | 8.9%                   | 6.9%                   |
| Iowa   | 83,583                   | 10,589                   | -65,324                  | 2.9%                   | 0.4%                   | -2.2%                  |
| Missouri   | 326,867                  | 277,804                  | 230,291                  | 5.8%                   | 4.7%                   | 3.7%                   |
| North Dakota   | -5,577                   | -6,511                   | -23,546                  | -0.9%                  | -1.0%                  | -3.7%                  |
| South Dakota   | 31,555                   | 15,540                   | -1,477                   | 4.2%                   | 2.0%                   | -0.2%                  |
| Nebraska   | 57,734                   | 33,681                   | 17,569                   | 3.4%                   | 1.9%                   | 1.0%                   |
| Kansas   | 117,052                  | 85,096                   | 49,518                   | 4.4%                   | 3.0%                   | 1.7%                   |

SOURCE: U.S. Census Bureau, Population Division, Interim State Population Projections, 2005., Internet Release Date: April 21, 2005

Projected data from the U.S. Census suggests that growth in counties near to each NU campus will remain stronger overall than the state. However, this appears to only reflect the shift of population from rural sites to urban locations and may not be useful to NU’s distance education approach (Table 9).

| County   | 1980          | 1990          | 2000          | 2005          | 2010          | 2015          |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Lancaster - Lincoln campus                       | 192,884       | 213,641       | 250,291       | 272,118       | 295,423       | 322,057       |
| Percent Change                                   |               | 10.8%         | 17.2%         | 8.7%          | 8.6%          | 9.0%          |
| Douglas - Omaha & UNMC campuses                  | 397,038       | 416,444       | 463,585       | 492,255       | 522,772       | 555,255       |
| Percent Change                                   |               | 4.9%          | 11.3%         | 6.2%          | 6.2%          | 6.2%          |
| Kearney  | 7,053         | 6,629         | 6,882         | 7,010         | 7,149         | 7,323         |
| Phelps   | 9,769         | 9,715         | 9,747         | 9,715         | 9,691         | 9,699         |
| Buffalo  | 34,797        | 37,447        | 42,259        | 45,006        | 47,896        | 50,951        |
| <b>Total counties adjacent to Kearney Campus</b> | <b>51,619</b> | <b>53,791</b> | <b>58,888</b> | <b>61,731</b> | <b>64,736</b> | <b>67,973</b> |
| Percent Change                                   |               | 4.2%          | 9.5%          | 4.8%          | 4.9%          | 5.0%          |

SOURCE: U.S. Census Bureau, Population Division 1980, 1990, and 2000 census as provided by a report published by the U.S. EPA.

Growth in international populations, particularly those with access to the internet, should represent a strong positive trend for distance education if institutions are able to take advantage of it. According to a recent article in the *Journal of Asynchronous Learning Networks*, the increasing availability of technology throughout the world will surely impact the market for online education. Indications of such trends include a 23.4% increase in China’s online population to 137 million internet users in 2006 reported by the China Internet Network Information Center. At this pace, China will surpass the U.S. within two years as the nation with the most internet users. Similarly, India is projected to experience extreme growth in the number of internet users, growing to 100 million by 2008. A strongly positioned and well-known University brand is likely to be more effective in attracting the interest of international audiences than a fragmented one.

**Emerging Trends in Online Education**

Distance education is an industry and a marketplace in significant flux. Several key emerging trends have been noted. These include greater institutional recognition of distance learning as part of the core mission, potential vulnerability of commercial education providers, increased acceptance of online delivery methods, increased interest in blended learning, and increased competition by both commercial and brick-and-mortar institutions.

### **Institutional Recognition**

Institutions across the nation are becoming increasingly intent on making distance education a key priority. There are several reasons for this shift. According to information published in Sloan-C's 2005 collection of reports, *Elements of Quality Online Education: Engaging Communities*, edited by John Bourne & Janet C. Moore, institutional mission has become a strong driver, and indeed the impetus, for many universities to develop online programs. Other drivers include cost reduction or avoidance, decreasing or increasing traditional enrollments, institutional or foundation grants, and revenue growth. According to survey data from Sloan-C, a majority (58.4%) of Chief Academic Officers regard online education as critical to their long-term strategy. And, increasing numbers (62%) believe the learning outcomes of online education are already equal or superior to face-to-face education. Interestingly, the proportion that think online is superior has been growing from 12.1 percent in 2003 to 16.9 percent in the 2006, which is a 40 percent increase. Coincidentally, there has been a small drop in the proportion that rank online learning outcomes in the lowest category ("inferior to face-to-face"), which is now 7.8 percent, down from 10.7 percent in the first year.

The NU Board of Regents showed early support for this when it declared in 1998 that distance education is part of the core activities of the institution.

Several institutions, in particular the University of Illinois Global Campus, have begun making distance education a high priority. According to individuals close to the University of Illinois, since his inauguration in 2005, President B. Joseph White has made the development of the Global Campus a key presidential priority. He has evidently done so on a platform of land grant mission and obligation, development of mastery and capability in distance education as a coming form of teaching, and the development of a major new revenue source.

### **Commercial Vulnerability**

Eduventures notes that for-profit companies dominate the online education market receiving \$2 out of every \$5 in tuition revenue. This research also found that while for-profit institutions serve only 5.1% of students enrolled at degree-granting institutions, more than one-third of online enrollments occur at for-profit institutions.

However, there is some evidence that the dominance of distance education by commercial institutions may be vulnerable. Recent studies indicate that non-profit institutions may be able to erode the market dominance of for-profit competitors by leveraging their traditional assets: brand name recognition and reputation.

For-profits may also become more vulnerable under increased scrutiny from federal, SEC, and accretor investigations. Specifically, the University of Phoenix (UofP) is facing a billion-dollar-plus whistle-blower lawsuit filed against the institution by two of its former admissions recruiters. On April 23, 2007, the U.S. Supreme Court declined a request from the UofP to

intervene in the matter allowing the suit to proceed to federal court. Additionally, the Intel Corporation recently concluded that institutions such as the UofP (not AACSB accredited) do not provide a rigorous enough curriculum to be worth subsidizing through their tuition reimbursement program. Though no publicly available studies have been done to quantify the quality perceptions of commercial versus traditional universities, these occurrences provide an opening for aggressive traditional institutions.

Our experience makes it clear that consumers tend to trust those institutions with longstanding reputations of academic excellence. Supporting this view, Eduventures predicts that as non-profit institutions enter the online education market, for-profit competitors' share will slip to 32% by 2008.

#### **Employer Acceptance**

Data indicates that employer acceptance of online degrees has sharply increased in recent years. A 2005 report by Eduventures, referenced in the July 30, 2006 issue of the *New York Times*, invited employers to rate the “value” of online education. Of the 500 or so participants, including Bank of America, DaimlerChrysler and the United States Air Force, half regarded online and face-to-face instruction as “equally valuable,” 10 percent regarded online education as “more valuable” and 38 percent as less valuable. A 2006 survey by the Distance Education and Training Council (DETC) determined that 83% percent of supervisors stated that they are “favorably inclined toward hiring or supervising employees who have earned their degrees by distance education.”

Other studies suggest that while employers' acceptance of the quality of online delivery is growing, distrust of online degrees is still prevalent. A 2006 survey conducted by Vault Inc. found that 55% of managers favor applicants with traditional degrees over those with online degrees, while only 41% would give equal consideration to both types of degrees.

Further, many employers may prefer online degrees granted from traditional universities because characteristics such as institutional prestige, faculty research, and national rankings are readily available. Also, Fortune 500 companies, such as Johnson & Johnson and Boeing, are among the growing number of companies that support employee development through online education. This trend represents an opportunity to an institution with as strong an academic reputation as NU.

#### **Blended Learning**

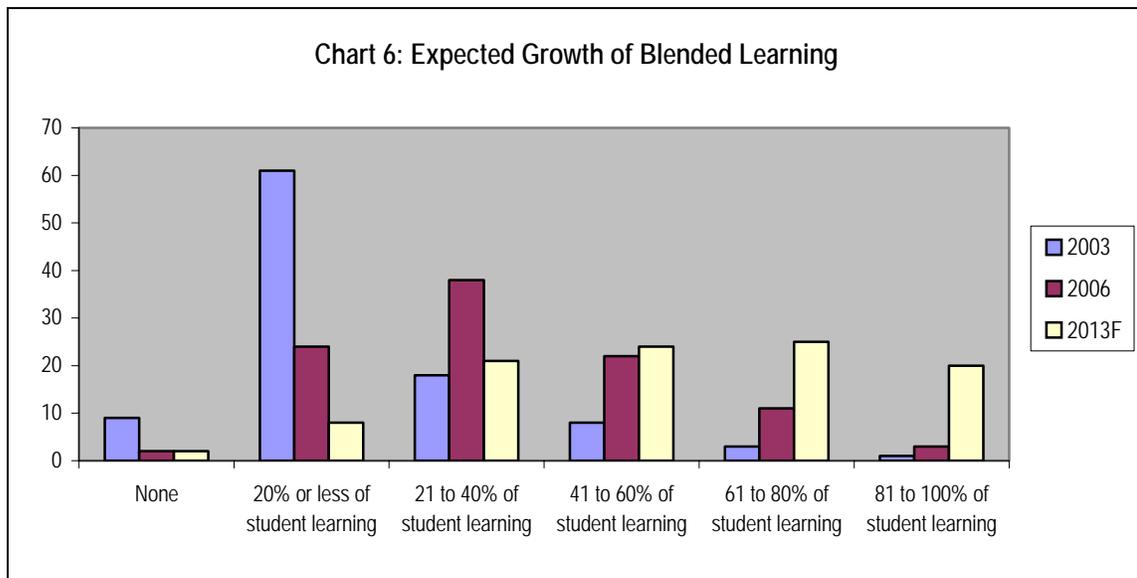
Blended learning can occur in many formats where face-to-face instruction is combined with online delivery methods. It can involve existing on-campus students who spend some time in class and some time online. Some blended courses conduct most of their instruction at a distance and require classroom time at one or more points during the course. Sometimes on-campus time is only at the beginning or end. Others employ a multi-day retreat format, where

class time is compressed into a short intense period for which students have been preparing most of the semester.

Regardless of the method, blended learning is increasing in importance. Survey data from Educause shows strong growth projections by institutions of higher education in the incorporation of blended learning programs. In fact, respondents indicated that this shift will encompass the vast majority of course offerings by 2013 (Chart 6).

The President of Penn State stated that he regards blended learning, “as the greatest coming trend of higher education that nobody’s talking about.” In his opinion, the distinctions between distance education and traditional education are already dissolving. If true, blended learning represents both a market opportunity and a challenge to NU’s distance education strategy. It appears that institutions with strong distance education capability, closely managed by the primary academic enterprise, will be at the forefront and in the best position to take advantage of the blended learning trend.

At this time, however, it is difficult to judge how increased interest in blended learning will impact the market for NU’s distance education programs.



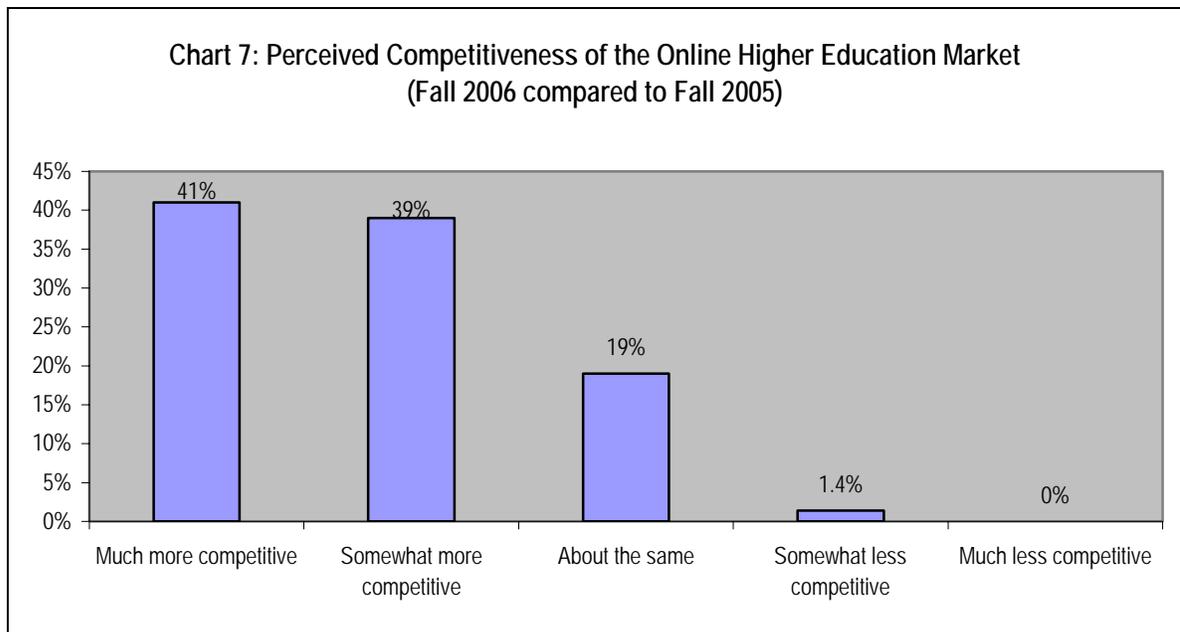
SOURCE: Educause, *The Future of Online Teaching and Learning in Higher Education*, *Educause Quarterly*, Number 4, 2006

### Greater Competition

Finally, greater competition can be expected in the coming years given the profitability of online education and the recent decision in February 2006 to do away with the so-called “50-percent rule.” This rule is a 1992 regulation preventing any college that enrolls more than 50%

of its students at a distance or provides more than half of its courses via distance education from participating in federal student-aid programs. According to a February 3, 2006 article published by The Chronicle, Bellevue University, a traditional institution based in Nebraska, will seek to have more than half of its students taking courses online by 2008 and Regis University’s School for Professional Studies, expects to pass the 50-percent mark by 2011.

Chart 7 provides insight into to the “feeling” that almost all online providers have regarding the increasingly competitive environment of the online education market.



SOURCE: Eduventures, Online Higher Education Market Update 2006, Part 1

## **Brand Awareness**

We reviewed existing data and performed a Web search term analysis to understand awareness levels of NU's distance education programs in the marketplace.

### **Overall Awareness**

Awareness of NU's distance education offerings is likely to be intermingled closely with general awareness of the University. The University has not been marketing its distance education programs actively and when it does so, it presents them by campus. Based on review of tactics and expenditures awareness of NU's distance education in general is likely to be exceptionally low. A perceptions and motivations survey will be conducted in 2007, which will provide data to buttress this assessment.

At the institutional level, we would estimate that the University of Nebraska has extraordinarily strong name recognition within the state. This recognition appears to be based both on NU's quality of academics and UNL's successful NCAA Big 12 Football program. According to a 2003 survey of state-wide quality and perceptions conducted for NU, 73.7% of respondents rated the quality of the NU system a four or five on a five point scale, where five is considered "Excellent." Even so, in response to the question, "what thing do they think of when they think of UNL," 47.1% of respondents indicated that they think of sports/football. Interestingly, "other" was the second most frequent answer at 43.9%.

Based on our experience in higher education, we estimate that the University has strong name recognition regionally and nationally, but we believe that as the distance increases this recognition is much more reliant on the Cornhusker's name than on an understanding of its institutional quality. To quantitatively assess top-of-mind and overall awareness, an Image and Awareness Survey will be necessary.

Importantly, the 2003 state-wide survey included a question regarding the specific campus the respondent thought of when responding to the survey. Of those who provided an answer, 89.5% indicated they thought of all campuses or the Lincoln campus. Specifically, the Lincoln campus and University overall were answered 37.9% and 51.6% of the time respectively. The other campuses were mentioned by significantly smaller proportions, UNO 6.5%, UNK 2.8%, and UMNC 1.2%. Though this survey did not specifically measure top-of-mind or overall awareness, the data suggests that the Lincoln campus and the name of the University in general are far better known than the remaining campuses within the state.

In our estimation, out-of-state audiences will be even more likely to think of the University as a whole than Nebraska residents. Already, more than half of in-state respondents indicated they did not distinguish between the campuses when considering NU's quality and this would generally be sufficient to argue for marketing the University as a singular brand. The chief reason regards the efficient and effective use of financial resources. If the University were to

attempt to elevate the brand awareness of each of its campuses to match that of the combined University, the effort would likely require prohibitively high marketing expenditures.

### Internet Visibility

Because distance education is increasingly an online experience, it is important to understand the level of NU's visibility on the internet.

Based on an analysis using common search terms (Appendix 2) that prospective students might use to identify potential distance education providers, the University of Nebraska's distance education programs have minimal visibility online. Only when the search term specifically mentioned "Nebraska" did any campus of NU result. Conversely, Penn State World Campus was one of the highest ranked hits to two of the most highly generic search terms, "distance education" and "online degree."

NU's lack of visibility appears to be driven by two factors. First, the University does minimal online advertising. Second, searching for online degrees is increasingly dominated by online education directory (OED) firms who are working tirelessly to appear in the top choices. OEDs represented as much as 85% of the hits on some search terms in our analysis.

OEDs employ two primary strategies to ensure they rank highly on the results for most searches related to distance education. First, they control dozens of URLs with content that ensures search engines will find one or more of their sites an appropriate match and, second, they spend significant resources on Web optimization techniques to be sure they are attractive to passing Web spiders. Web spiders are the search agents that scour the internet and catalog websites.

Though it appears that no NU campus employs search word advertising, search engine sponsorships, or Web banner ads, UNK's eCampus periodically advertises using one of the two strongest OEDs; [www.elearners.com](http://www.elearners.com). Our research shows that [www.elearners.com](http://www.elearners.com) and [www.worldwidelearn.com](http://www.worldwidelearn.com), which is managed by QuinStreet, Inc., are the most commonly visible OEDs. UNK's work with elearners.com is likely to be one reason why they appear earlier in searches that contain the search term "Nebraska" than their larger sibling campus, UNL.

The proportion of actual universities appearing in our search results tended to be around 30% of the total and often these hits were on non-strategic or "backdoor" URLs. Such URLs might have been college-sites rather than home pages, but were just as often hits on published articles, news releases, and internal directories. Though these kinds of hits result in the searcher seeing the name of the institution, they lead to dead ends or misdirections and are not very useful. Many hits that mentioned NU campuses were of this type.

There is an important distinction between general visibility in search engine results, which is most influenced by usage, rate of update, appropriateness and tightness of content, and other

difficult to control elements, and appearance as a sponsored link on the page. NU was not present strongly in either, but the methods of becoming visible in each are very different.

For Google, institutions can appear on the page as sponsored links at the top of the search results or in the right-hand gutter. Savvy Web media buyers are increasingly seeing the right-hand gutter as ineffective since users seldom allow their eye to wander there. As might be expected, there are differences in cost to appear in each location on the page. The University can exert considerable control over where they appear using sponsored links, but the costs are becoming increasingly high. The University of Phoenix and DeVry University are using this technique heavily and are ensuring they appear at the top of each search list.

Influencing where the institution appears in the list of returned results is significantly more difficult, particularly when an institution has a fragmented brand and Web strategy. Search engine optimization techniques can be effective and are likely to be necessary; however they will not be maximally effective as long as the University prefers to have multiple entry points to its distance education offerings (e.g. each campus, college, central administration, distance education offices, continuing education units). Organizational structures such as UMassOnline expend significant effort to drive all traffic through their primary site and to ensure that the content is continually updated and attractive to search engines.

## Market Share

EMG reviewed data from the University of Nebraska system, Nebraska's Coordinating Commission for Postsecondary Education, reports published by Eduventures, Educause, Sloan-C, and other sources to identify the University's relative market share within the distance education arena.

The overall size of the higher education student population is estimated to be about 17.6 million with students taking online courses now representing 18%. Due to lack of consistent reporting of headcount, it is difficult to compare the number of students served at each of the institutions within NU's competitive set. However, estimates of the distance education market suggest that for-profit providers enroll 37% of online students, but account for only 5.1% of the online providers. While this estimate is based on 2006 data for fully-online students, the below analysis applies this estimate across the broader market to include those students taking at least one online course.

Throughout this analysis it is important to keep in mind the difference between enrollments and headcount. Essentially, one headcount might account for several enrollments. Often, institutions can only track and report enrollments. As well, there is some uncertainty regarding exact proportions of fully-online, blended, and non-online distance education. The terms "unduplicated headcount" and "number of students" are essentially the same, though the term employed by the source of the data is customarily used in this report.

Of the for-profit institutions, University of Phoenix (UofP) is the dominate player enrolling more than 150,000 students online in 2006. UofP does not report its online revenue separately, but its parent company, The Apollo Group, Inc., generated \$2.48 billion in tuition and other revenues in 2006 and approximately 50% of UofP's students are online. And while many non-profit universities have just begun to seriously enter the online education market, a few such as UMassOnline, Penn State World Campus, and University of Maryland University College (UMUC), have gained considerable footing.

For example, UMassOnline recently announced record revenue and enrollment results for fiscal year 2007, with revenues of \$28 million representing annual growth of 32.1% and a 25.6% increase in enrollments which now number 26,627. Penn State World Campus saw 17% growth in online course enrollments to more than 22,700 during 2005-06. As one of the largest public providers of online higher education in the U.S., UMUC served more than 84,188 (online, blended, and other) students (unduplicated headcount) worldwide in fiscal year 2006 with tuition revenue of \$183 million, according to UMUC operating budget data. Of this, approximately 81% of tuition revenue was generated from fully-online, stateside enrollments.

As the online higher education market is extremely diffuse, the market leaders control a very small percentage. For example, Table 10 shows that as the leader, UofP holds just 4.7% of the

market. Of the top public universities, UMUC controls the greatest percentage at 1.2% (37,737 fully-online, stateside students). UMassOnline is considerably smaller serving 11,421 students or 0.4% of the market and Penn State World Campus holds 0.2% serving 5,691 of the 3.2 million online students. Though specific data on students served is difficult to obtain, estimates suggest that NU serves approximately 3,000 students per semester representing a market share of less than 1%.

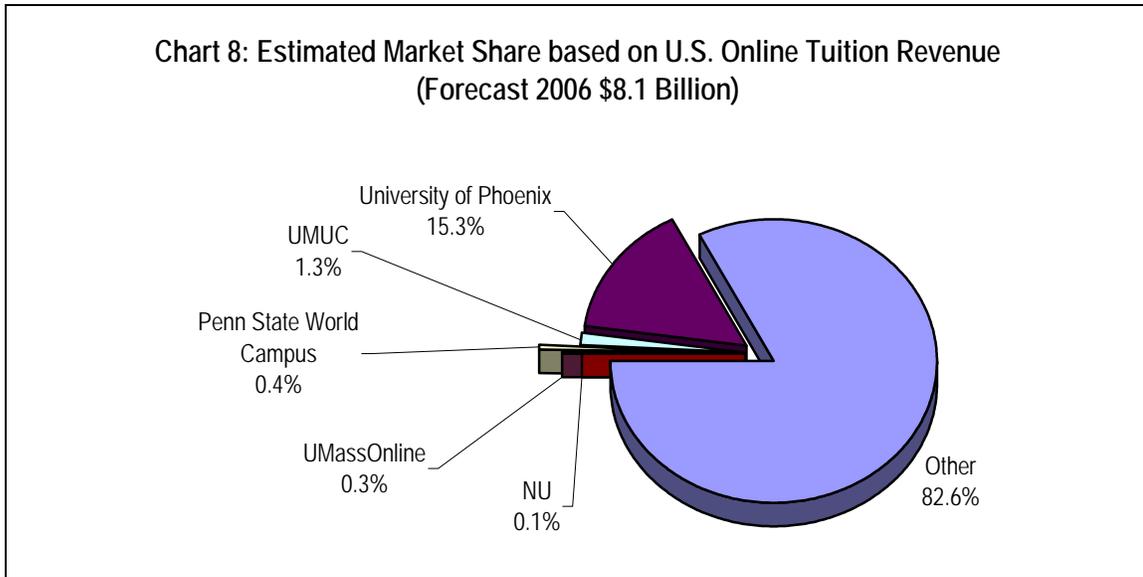
| <b>Table 10: Market Share – Estimated Online Headcount<sup>1</sup></b> |                  |               |
|--|------------------|---------------|
| <b>Headcount</b>   | <b>2006</b>      | <b>%</b>      |
| University of Phoenix  | 150,000          | 4.7%          |
| UMUC   | 37,737           | 1.2%          |
| UMassOnline  | 11,421           | 0.4%          |
| Penn State World Campus <sup>2</sup>                                   | 5,691            | 0.2%          |
| NU <sup>2</sup>  | 3,000            | 0.1%          |
| All other for-profits  | 924,568          | 28.9%         |
| All other public institutions  | 2,064,011        | 64.5%         |
| <b>Total Market<sup>3</sup>:</b>                                       | <b>3,200,000</b> | <b>100.0%</b> |

NOTES:

1. Estimates of primarily online headcount were necessary because of the difficulty in obtaining comparable figures.
2. Estimated figures may include students taking blended courses since breakouts were not available
3. Represents number of students taking at least one online course as estimated by Sloan-C, *Making the Grade: Online Education in the United States, 2006*

SOURCE: Self-reported enrollment data from University of Phoenix, UMUC, UMassOnline, Penn State World Campus, NU data from the distance education units on each campus, and market data from Eduventures, *Online Higher Education Market Update 2006, Part 1*

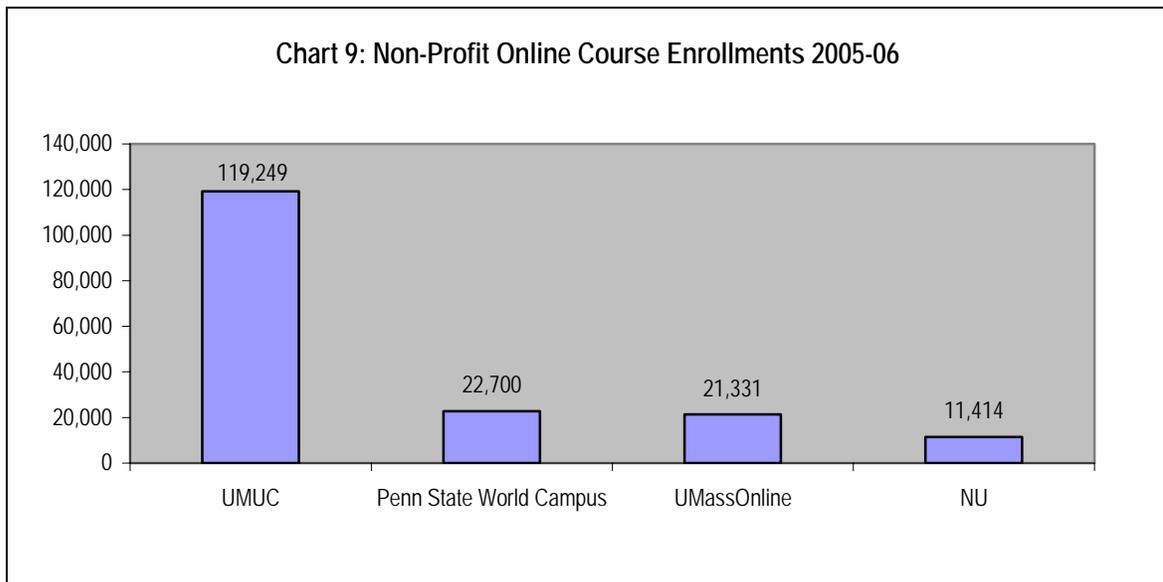
Another measurement of market share is revenue. Based on Eduventures forecasted \$8.1 billion in distance education tuition revenue for 2006, Chart 8 shows NU’s market share within its competitive set.



NOTES: Estimated revenue calculated using U.S. enrollments and tuition unless otherwise provided

SOURCE: Self-reported data from University of Maryland University College Analysis of the FY 2008 Maryland Executive Budget, 2007, Penn State Outreach Annual Report 2005-06, Apollo Group Investor Fact Sheet April 2007, and NU data from the distance education units on each campus adjusted by EMG forecast

Enrollments are perhaps a more precise measure of activity, yet they are difficult to use to make marketing decisions because they cannot be linked to individual students. Nevertheless, Chart 9 provides a snapshot of NU’s standing within its public institution competitive set based on online course enrollments. Clearly, UMUC dominates the set with more than 119,249 stateside enrollments in 2006.



SOURCE: UMUC Fiscal Year 2006 Fact Sheet, Penn State Outreach Annual Report 2005-06, UMassOnline, and NU data from the distance education units on each campus

This data provides context within which the University of Nebraska can evaluate its preparedness to grow its distance education offerings. In order to be as active as Penn State World Campus and UMassOnline, NU’s enrollments will need to essentially double.

## Peer & Competitor Marketing

We reviewed four of the University's aspirational peers to compare strategic planning efforts, positioning, organizational structure, and marketing efforts. Each institution was selected by the University. The data below is self-reported information and has not been corroborated by independent sources.

### University of Maryland University College (UMUC)

*Administrators at UMUC declined to comment on the strategy and organizational structure of the institution. The following information was collected from secondary research.*

UMUC is a public, four-year university within the University System of Maryland and a leader in the online education market, establishing its first online courses in 1994 with a mission to meet “the educational needs of the nontraditional student.”

As the 12th largest degree-granting university in the United States, UMUC served 84,188 students in 2006, 62% of which were enrolled online. Unduplicated fully-online headcount was 52,141 in 2006 including 37,737 state-side students and 14,404 students in Asia and Europe.

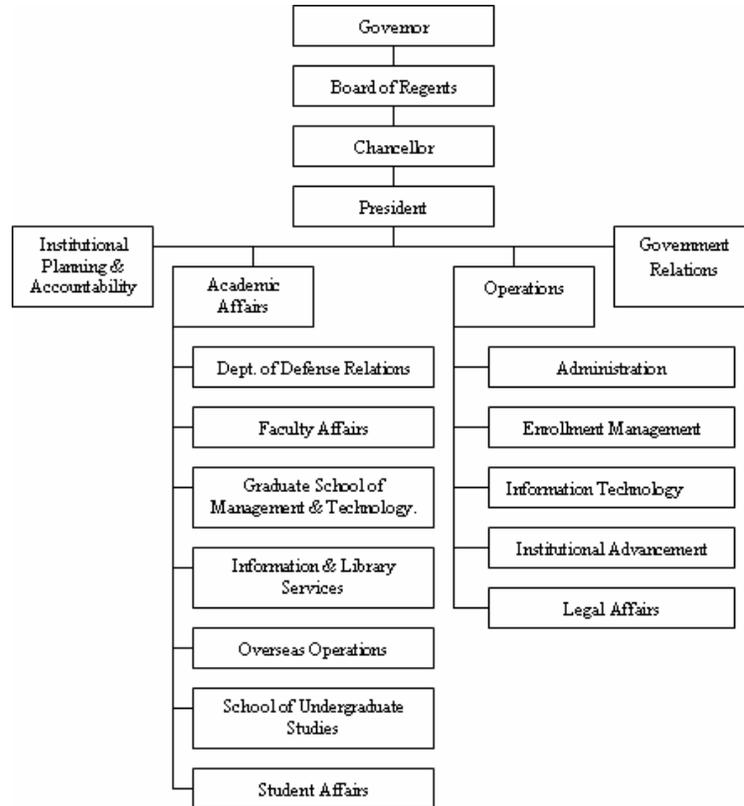
Since its inception, UMUC has grown to offer more than 100 Bachelor's and Master's degree programs and certificates fully-online. The institution has been recognized for achievement in numerous areas including an award from Sloan-C in 2006 for “Excellence in Faculty Development for Online Teaching.”

As the market leader among public institutions engaged in online education, UMUC reported \$183 million in tuition revenue in 2006 representing more than 261,019 enrollments, of which 153,000 were online enrollments. The Board of Regents projects that overall enrollments will grow by 101% by 2015.

Reflecting both online and onsite figures, minority students residing in the U.S comprised 43%. The median age of stateside undergraduates was 32 years-old. Additionally, UMUC enrolled more than 8,400 active duty military students through stateside online and onsite programs and 42,879 international students worldwide.

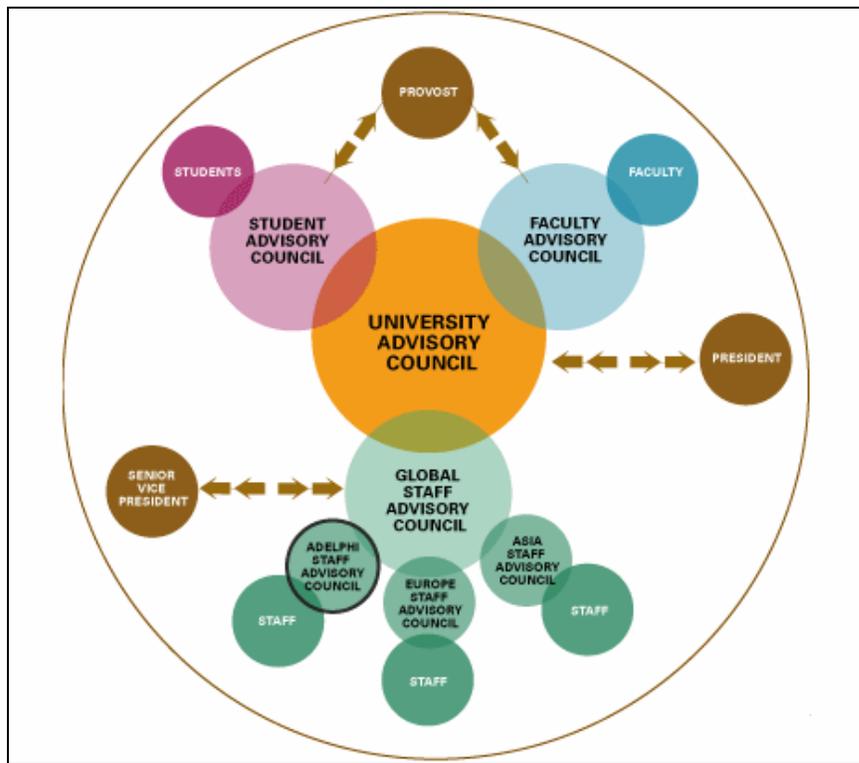
The organizational structure of UMUC includes a two line structure that separates academic affairs from operations (Figure 2). However, these structures appear to be unique to UMUC and are not directly shared with the University of Maryland.

Figure 2: UMUC Organizational Chart



Operating under a shared governance model, three advisory councils represent the interests of students, faculty, and staff within the organization. Figure 3 shows the relationship between the various stakeholders of the institution and the advisory councils.

Figure 3: Shared Governance Structure at UMUC



SOURCE: UMUC Website, <http://www.umuc.edu/gov/structure.html>

In 2006, UMUC employed 824.71 regular FTE and 857.07 contractual FTE with a proposed increase of 168 new contractual positions in fiscal year 2008. According to a report by Sloan-C, UMUC’s business model is unique in that full-time faculty are not tenured. Also, the university employs a large number of adjunct faculty, which allows UMUC to control costs.

The report also notes that UMUC has implemented a variety of metrics to evaluate the success in the areas of “the student perspective, the financial perspective, the internal perspective, and the learning and growth perspective.”

### Penn State World Campus

Penn State World Campus opened in 1998 with support from The Sloan Foundation as the 25<sup>th</sup> campus of Pennsylvania State University (PSU) with four online programs and 41 students. As a self-funding Outreach unit within Continuing and Distance Education, World Campus partners with academic units to develop and deliver online programs. The stated mission of the institution is to “connect learner needs with Penn State resources through a variety of program delivery technologies and methods to help individuals transform their lives through education.”

With 17% growth over the previous year, World Campus online course enrollments reached more than 22,700 in 2006. This increase contributed to the total revenue for its Outreach unit of more than \$70 million for the same period, of which \$34.7 million is estimated to come from online enrollments.

Currently, World Campus offers more than 50 online degrees and certificates. Based on market research conducted in 2003, World Campus has been working to develop nine new online programs in four primary areas: business, education, health, and technology. Among the new programs identified for 2006-07 are Bachelor’s of Crime, Law and Justice, Master’s in Organizational Leadership, Master’s in Crime, Law and Justice, and an option in Health and Physical Education to the M.Ed. in Curriculum and Instruction. President Spanier indicated that new programs are brought to market as existing faculty expertise is identified and matched with unmet demand in the marketplace. This process is highly individualized and relies on influencing and encouraging interested faculty to develop programs in areas where demand has been noted. In his words, “I don’t need to motivate all 5,000 of my faculty, just a couple of hundred to make this work.”

World Campus operates with a strong dean model and in 2005-06 full-time PSU faculty taught 51% of undergraduate courses (10% as an on-load assignment) and 83% of graduate courses (62% as an on-load assignment).

President Spanier’s former position as Chancellor of UNL provided him the ability to compare and contrast Penn State with NU. Most specifically he described PSU’s greatest organizational challenges as being college-based rather than campus-based. Though Penn State operates multiple campuses, faculty and staff self-identity is based on college affiliation rather than on campus location, as it is with NU. This has allowed him the ability to set the standard that, “a Penn State course is a Penn State course, regardless of where or how it is being delivered.” He believes this standard is critical to maintaining his University’s reputation.

According to President Spanier, he would like to double enrollments to around 50,000 in the next few years. However, his institution has begun to recognize that the integrated academic model has some scalability limitations. He believes that it would be easier to reach this enrollment level if the University changed its basic model and relied more heavily on adjunct

faculty. However, he strongly opposes this idea and is in very current discussions with his senior leadership team to determine how to continue to grow without lowering the quality of the academic product. As he put it, “I’d rather grow to 40,000 enrollments, than shift to a model that means quality is different between on-campus and distance.”

The organizational structure of World Campus includes:

- VP of Outreach – responsible for all Outreach units, including World Campus
- Executive Director – oversees program management, student services, marketing, finance, and technology, as well as builds partnerships and develops new initiatives to “enhance Penn State’s leadership position in the growing field of online education”
- Director of Academic Affairs – responsible for all aspects of campus operations
- Student Services Team – provides a full range of services including financial aid information, academic advising, disability services, and HelpDesk
- Instructional Design and Development Team – formats course content for online delivery and works to ensure standard course elements are included
- Evaluation, Program Planning, and Management Division – seeks to design and deliver online programming to meet the needs of adult learners
- Marketing Communications – marketing and publications

In 2004-05, the geographic distribution of World Campus students showed 47% were in-state enrollments, while 49% were located within the U.S. in states other than Pennsylvania and only 2.9% were international enrollments.

In the early planning stages of World Campus, leadership made the decision to charge a single tuition rate for in-state and out-of-state students. And in 2005, the institution moved to a gross revenue sharing policy providing tuition income to academic units on a semester or quarterly basis. President Spanier indicated that roughly 85% of revenue is returned to the academic units and that this is a key component to the ongoing success of the organization. However, when looked at in detail, there are actually several levels of gross revenue sharing:

- *Level One:* World Campus assumes all financial risk and guarantees recovery of College costs. College receives 10% of gross revenue.
- *Level Two:* College funds instructional costs including dedicated instructional support staff and directs. College receives 50% of gross revenue.

- *Level Three:* College funds instructional costs and delivers to World Campus completed courses that meet the published technical standards of the e-Learning Steering Committee, reducing World Campus setup costs. College receives 66% of gross revenue.
- *Level Four:* College assumes all financial risk and guarantees recovery of World Campus costs. College receives 90% of gross revenue.

World Campus is entering a new phase in that leadership would like to see significant annual growth in the coming years. However, President Spanier indicated that the trend in distance education is moving toward the blended learning model. In response to this trend, President Spanier recently allocated \$1 million to Outreach “to develop course modules that will work in distance education and residential classrooms as a way to bridge the gap.” Indeed, a recent Senate Committee on Outreach Activities report states that the major challenges facing World Campus concern “greater integration into the University” including blended learning offerings, revenue sharing policies, and extending faculty resources.

#### UMassOnline

In 2001, the University of Massachusetts launched its online learning division, UMassOnline. The division serves as an umbrella organization for all distance education efforts across the five campuses. This model was implemented, in part, due to difficulties in establishing a separate degree-granting entity, such as intellectual property policies, legislative approval, and faculty support.

The success of this division is evidenced by record revenue and enrollment for fiscal year 2007, with revenues of \$28 million representing annual growth of 32.1% and a 25% increase in online course enrollments to 26,627.

UMassOnline's mission is to:

- Provide access to a University of Massachusetts education to students who are unable to attend one of the campuses
- Serve community needs for education in critical areas of economic development, health and welfare, and education
- Raise revenues for support of students, faculty, teaching, outreach, and research

While the degrees are owned and operated by the campuses, UMassOnline manages overall national marketing, as well as the learning management systems. The unit works closely with the Continuing Education (CE) Advisory Council that includes representatives of continuing education from each campus (deans and CE directors), as well as community leaders and the Vice Provost for Outreach.

According to the Chief Academic Officer, Barbara Macaulay, the Council advises the UMassOnline team on strategic direction, system-level issues, and joint endeavors, such as international and military outreach.

The Council also advises the central unit on program development, market competitiveness, and pricing. And while the Council has significant influence, governing authority for all academic and student policy matters rests with the campuses and/or the President's office.

The organizational structure of UMassOnline includes nine full-time people (of which, two are responsible for marketing/customer service). Web design is subcontracted to a service group housed in the University system's IT division. Student services and local marketing are supported at the campus level.

The Chief Academic Officer believes there is a benefit to building programs and marketing them at the campus level because, "they can appeal to the needs of the region and capitalize on strong campus awareness locally." However, this model does allow multiple campuses to bring duplicate programs to market. When this occurs, UMassOnline has the responsibility of negotiating with the Deans on each campus to find ways to differentiate each program.

UMassOnline operates a Gateway model. It employs a strategic website to collect and route inquiries to the individual campuses. Each campus of the University of Massachusetts family is fully visible and no attempt is made to create a relationship between UMassOnline and the prospective student.

Messaging for UMassOnline is centered on strongly making the point that UMass and UMassOnline are the same and that the website is only a portal. Primary messages include:

- UMassOnline IS UMASS
- UMassOnline students are UMass students and receive the same benefits as their on-campus peers
- UMassOnline is your entry into the University of Massachusetts' online courses

Additional messages include:

- An internationally recognized faculty
- A fully accredited university with highly ranked schools and colleges
- A 320,000 alumni network
- A committed staff and faculty
- Rigorous academic requirements

Six new programs were added in March 2006 including certificate programs in Hospitality and Tourism Management, Casino Management, Food Service Management, Continuing Medical Education, and graduate degrees in Domestic Violence Prevention and Forensic Criminology.

All student services including academic advising, financial aid, and admissions are managed at the campus level.

#### University of Illinois – Global Campus

In his 2005 inaugural address, President B. Joseph White of the University of Illinois proposed his vision for a 4th virtual campus. The Global Campus Partnership will exist as university-wide unit, but will lack accreditation. Consequently and for the immediate future, it will lack degree-granting and operating authority. Courses will be taught primarily by adjunct professors, but regular tenure-system faculty will be involved in developing curriculum, prerequisites, and instructor credentials.

Our team interviewed the new Chief Marketing Officer of Global Campus to understand how the business model is intended to function, future plans, and key challenges. According to this discussion, there were several reasons UI chose to construct a virtual campus to expand its distance education programs:

- The existing academic structure appeared to lack scalability and would be unable to grow dramatically in a short period of time
- Net revenue is heavily determined by the cost of delivery and regular use of adjunct faculty is key to maximizing net revenue
- The University had been unsuccessful generating meaningful growth in distance education after several years of concerted effort and came to believe institutional will was not sufficient, within the existing model

Global Campus will begin enrolling students in 2008 in two degree programs (RN to BSN and Master of Education) and is projected to enroll more than 9,000 students in 31 degree and certificate programs by 2012. The campus will reportedly require \$15 to \$20 million in start-up funding and is projected to be self-supporting within four years and generate surplus revenues within six years.

Under its business model, Global Campus programs may directly compete with existing UI distance education programs. However, according to the proposal, Global Campus will offer the “right of first refusal to UI units to create and offer new programs” and will work with the originating academic units to “participate fully, partially, or not at all” when an opportunity to develop existing content into large-scale online programs arises. Thus, it appears UI is accepting that when this occurs the existing program may suffer. However, according to the Chief

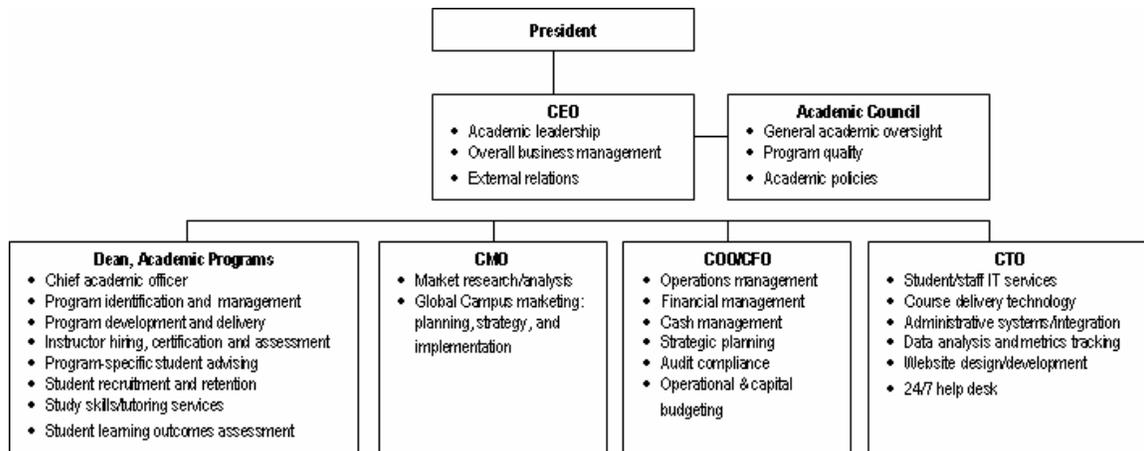
Marketing Officer, Global Campus is intending to offer a “highly attractive” financial incentive package to draw those programs that are scalable to Global Campus. Details of the package were not provided, but overall it was characterized as providing “significant revenue” to departments who participate.

Eventually, Global Campus is expecting to seek its own accreditation and offer degrees directly. This will take several years to accomplish and until then each campus and college will grant degrees and certificates. Evidently, this intention is not well known among faculty at this time.

According to the February 2007 proposal to the Board of Regents, “a key to long-term success for the Global Campus will be its ability to differentiate itself within the marketplace.” The proposal suggests that this differentiation will come from the reputation of the University of Illinois as a major public research university. This will be an important factor when competing with commercial institutions, but may be inadequate when competing with other, more firmly entrenched non-profit institutions.

Figure 4 shows the proposed organizational structure for the Global Campus.

Figure 4: Global Campus Organizational Structure



SOURCE: The University of Illinois Global Campus Partnership: A Proposal, February 2007

The Global Campus started out with a somewhat different vision in 2005. Initially, it was planned as a for-profit LLC, which would operate separately from the rest of the University of Illinois. However, these plans became extremely unpopular among the faculty and academic leadership of the University and were scrapped in late 2006. The chief issue among faculty dealt with academic oversight of course content and curriculum. The initial business model did not

place this oversight with the existing academic leadership. In early 2007, a new compromise proposal was made and published, which places UI's faculty in a governance position over the new campus. This proposal has allowed the University to move forward with the development of Global Campus.

The new organization has begun hiring executive leadership and staff and is moving aggressively to build a marketing approach. Global Campus expects to begin marketing its two initial programs in September 2007, though specific tactics have yet to be worked out. Advertising will be product-based and focus on building awareness of the two specific programs and generating leads. The newly hired marketing executive has a background in Monster.com's online directory product and views his role as primarily generating leads that an outsourced call center can contact. He expects to be able to rely on UI's overall marketing efforts and existing brand equity to provide Global Campus with adequate name recognition.

By September 2007, the marketing team will consist of five to six FTE with heavy reliance on outsourcing of non-core functions. A lead follow-up call center was mentioned as one of the more significant elements being outsourced.

#### Pricing Comparison

Our team reviewed published tuition figures for NU and its chief peers and competitors for tuition and required fees. The standard tuition costs of each of the three NU campuses are at the lowest end, compared to both the undergraduate and graduate tuitions of other key competitors in distance education.

While it is not appropriate to compute an average undergraduate tuition for the competitive set, a review of the range suggests that most institutions charge close to twice what NU charges for in-state tuition and 50% to 100% more than it charges out-of-state students (Table 11).

Based on interviews, these pricing levels are heavily influenced by the distance education marketplace within Nebraska, rather than having a national context. Academic officials shared that they primarily set prices to be competitive with the pricing of neighboring institutions such as Bellevue University. UNK indicated that it purposefully maintains pricing levels below UNL because it believes this position gives it the ability to compete with its sibling campus and state and community colleges. NU's in-state distance education tuition levels are fixed to match on-campus levels, but out-of-state tuition can be set by the campuses as they like. Though each distance education office advises and influences pricing levels, in practice there is no specific strategy or process by which to set prices.

**Table 11: Tuition and Fee Comparison - Undergraduate**

| Institution                                   | Program                                       | 2006-07<br>In-State Tuition &<br>Fee per CH | 2006-07<br>Out-of-State<br>Tuition & Fee per<br>CH |
|---|---|---|--|
| University of Nebraska - Omaha                | Standard                                      | \$176.00                                    | \$226.00   |
| University of Nebraska - Kearney              | Standard                                      | 159.50                                      | 230.00   |
| UMassOnline                                   | Bachelor of Arts Degree Completion            | 258.00                                      | 258.00   |
| University of Nebraska - Lincoln              | Standard - 'S' Courses                        | 189.00                                      | 265.50   |
| UMassOnline                                   | Bachelor of Arts in Psychology                | 280.00                                      | 280.00   |
| UMassOnline                                   | Bachelor of Science in Information Technology | 280.00                                      | 280.00   |
| UMassOnline                                   | Bachelor's Degree: Early Care and Education   | 350.00                                      | 350.00   |
| UMassOnline                                   | Bachelor of Business Administration           | 400.00                                      | 400.00   |
| Penn State World Campus                       | Standard - lower division                     | 404.00                                      | 404.00   |
| Washington State University - CDPE            | Standard                                      | 294.00                                      | 430.00   |
| University of Maryland, University<br>College | Standard                                      | 235.00                                      | 449.00   |
| University of Phoenix                         | Standard                                      | 494.00                                      | 494.00   |
| University of Florida                         | Standard                                      | 106.88                                      | 593.03   |
| <b>Median</b>                                 |   | <b>\$280.00</b>                             | <b>\$350.00</b>                                    |
| <b>Range - High</b>                           |   | <b>\$494.00</b>                             | <b>\$593.03</b>                                    |
| <b>Range - Low</b>                            |   | <b>\$106.88</b>                             | <b>\$226.00</b>                                    |

NOTES: Tuition and fees include evident mandatory fees charged on a per credit hour basis, including NU's \$20 distance education fee, \$8 technology fee, and \$2 library fee. In the case of UMassOnline, there appears to be no standard or base set pricing. Therefore, the most commonly listed tuition amounts are shown.

SOURCE: Pricing as published on each institution's website for distance education courses

Graduate-level pricing is higher than undergraduate, but exhibits the same low price-point characteristics (Table 12). All three campuses are priced significantly under their national peers. UNK and UNO charge around half the median tuition for those in the base pricing set. UNL charges approximately two-thirds of the median for both in-state and out-of-state. Additionally, NU's campuses each charge much lower rates to in-state students in a market where several of its strongest competitors (UMassOnline, University of Phoenix, and Penn State World Campus) charge without regard to residency.

| <b>Table 12: Tuition and Fee Comparison - Base Set Pricing - Graduate</b> |  |  |
|---|--|--|
| <b>Institution</b>  | <b>2006-07<br/>In-State Tuition &amp;<br/>Fee per CH</b> | <b>2006-07<br/>Out-of-State<br/>Tuition &amp; Fee per<br/>CH</b> |
| University of Nebraska - Kearney  | \$160.50   | \$250.50   |
| University of Nebraska - Omaha  | 212.00   | 292.00   |
| University of Nebraska - Lincoln  | 240.50   | 340.50   |
| UMassOnline   | 440.00   | 440.00   |
| Washington State University - CDPE  | 353.00   | 519.00   |
| Penn State World Campus   | 551.00   | 551.00   |
| University of Maryland, University College                                | 371.00   | 604.00   |
| University of Phoenix   | 612.00   | 612.00   |
| <b>Median</b>   | <b>\$362.00</b>  | <b>\$479.50</b>  |
| <b>Range - High</b>   | <b>\$612.00</b>  | <b>\$612.00</b>  |
| <b>Range - Low</b>  | <b>\$160.50</b>  | <b>\$250.50</b>  |

NOTES: Tuition and fees include evident mandatory fees charged on a per credit hour basis, including NU's \$20 distance education fee, \$8 technology fee, and \$2 library fee. In the case of UMassOnline, there appears to be no standard or base set pricing. Therefore, the most commonly listed tuition amounts are shown.  
 SOURCE: Pricing as published on each institution's website for distance education courses.

On the whole, occupying a low-cost position in the competitive higher education marketplace does not appear to be strategically consistent with being the state's named institution, regardless of campus. Extensive economic research as well as general consumer behavior demonstrates that it is not feasible to maximize quality at the same time as minimizing cost. Most consumers intrinsically agree that products and services of any kind that are priced lower than average tend to be perceived as having lower quality. This is especially true of services such as higher education.

While a review of the base set or standard pricing of each institution is descriptive, many programs both offered by NU and its competitors are priced individually (Table 13). Some of NU's separately priced programs have parity with its peers.

**Table 13: Tuition and Fee Comparison - Specific Program Pricing - Graduate**

| Institution                                | Program  | 2006-07<br>In-State<br>Tuition per CH | 2006-07<br>Out-of-State<br>Tuition per CH |
|--|--|---------------------------------------|---|
| University of Nebraska - Omaha             | Arts & Sciences  | \$212.00                              | \$302.00                                  |
| University of Nebraska - Omaha             | Info Sys & Tech  | 212.00                                | 312.00                                    |
| University of Nebraska - Omaha             | CCFAM - MFAW   | 212.00                                | 508.00                                    |
| University of Nebraska - Omaha             | CCFAM - All Other  | 212.00                                | 262.00                                    |
| University of Nebraska - Omaha             | Aviation   | 212.00                                | 312.00                                    |
| University of Nebraska - Omaha             | Pub Affairs & Comm Serv.   | 212.00                                | 402.00                                    |
| University of Nebraska - Lincoln           | Field Courses  | 211.50                                | 211.50                                    |
| University of Nebraska - Lincoln           | Education, Educational Administration,<br>Educational Psychology | 240.50                                | 426.50                                    |
| University of Nebraska - Lincoln           | Entomology Courses   | 240.50                                | 434.00                                    |
| University of Nebraska - Lincoln           | Master of Agriculture  | 240.50                                | 434.00                                    |
| University of Nebraska - Lincoln           | Master of Textiles, Clothing & Design                            | 240.50                                | 370.50                                    |
| University of Nebraska - Lincoln           | Master of Engineering  | 280.50                                | 780.25                                    |
| University of Nebraska - Lincoln           | Master in Architecture with<br>Specialization in Interior Design | 264.50                                | 475.50                                    |
| Penn State World Campus                    | Master of Project Management                                     | 864.00                                | 864.00                                    |
| Penn State World Campus                    | Master of Homeland Security                                      | 665.00                                | 665.00                                    |
| Penn State World Campus                    | Graduate Certificate in Bioterror<br>Preparedness                | 665.00                                | 665.00                                    |
| Penn State World Campus                    | Graduate Certificate in Disaster<br>Preparedness                 | 665.00                                | 665.00                                    |
| Penn State World Campus                    | Graduate Certificate in Supply Chain<br>and IS                   | 640.00                                | 640.00                                    |
| University of Maryland, University College | Global Master of Business<br>Administration                      | 371.00                                | 604.00                                    |
| University of Maryland, University College | Master of Business Administration                                | 635.00                                | 635.00                                    |
| UMassOnline                                | Master of Educational Administration                             | 440.00                                | 440.00                                    |
| UMassOnline                                | Master of Curriculum and Instruction                             | 440.00                                | 440.00                                    |
| UMassOnline                                | Master of Business Administration                                | 470.00                                | 470.00                                    |
| UMassOnline                                | Master of Education in Instructional<br>Design                   | 333.33                                | 333.33                                    |
| UMassOnline                                | Master of Public Health in Public Health<br>Practice             | 493.00                                | 493.00                                    |
| <b>Range - High</b>                        |  | <b>\$864.00</b>                       | <b>\$864.00</b>                           |
| <b>Range - Low</b>                         |  | <b>\$211.50</b>                       | <b>\$211.50</b>                           |

SOURCE: Pricing as published on each institution's website for distance education courses

## Target Audiences

The University has a wide variety of important audiences for its distance education offerings and identifying and understanding these audiences is crucial to developing an effective marketing approach. We reviewed data available from each campus as well as available secondary information and research to help describe these target audiences.

Unfortunately, NU has access to minimal demographic data regarding its distance education students. Data specific to distance education students such as GPA, average SAT/ACT/MCAT, and other demographic information is generally not available. Consequently, it is difficult to be specific about the profile of the typical distance education student, either at NU in specifically or on each campus.

However, a review of secondary research provides a great deal of information about distance education's key target audiences.

### General Characteristics

Distance education students have a number of common traits. According to the Sloan-C report *Making the Grade, Online Education in the United States 2006 Midwestern Edition*, the following are characteristics of distance education students:

- Online students tend to be older and often hold additional employment and family responsibilities, as compared to traditional students.
- Online students, both nationally and in the Midwest, are overwhelmingly undergraduates, matching their proportions among the overall higher education student body. Among the seven Midwestern States, undergraduates outnumber graduate students almost seven to one, when taking at least one online course in 2005.
- Online students are more likely to be studying at institutions that provide Associate's degrees than face-to-face students. Of students taking one online course, those pursuing an Associate's degree outnumber those seeking a baccalaureate degree by almost twelve to one. This ratio is much higher than for on-campus students.

In its *Online Higher Education Market Update, 2006, Part 2*, Eduventures suggests that the prominence of Associate's and Master's degrees may be driven by their one- and two-year formats. They postulate that to students, the prospect of taking a four-year online bachelor's program may be overly intimidating. Eduventures also points out that according to their research, much of the bachelor's online activity is focused on degree completion, which tends to be one- and two-year, instead of entire four year programs.

Additional profile data on distance learners is provided in a 2004 survey conducted by the Distance Education and Training Council (DETC) of its members:

- The average age of students enrolled in degree granting institutions is 37-years-old
- On average 55% are male and 45% female
- 94% are employed at time of enrollment
- 95% of students have access to a computer, while 94% have access to the Internet
- 38% have their tuition paid by their employers
- The average graduation rate is 69%

Given the average age of distance learners, it is valuable to understand adult learners in general. According to a March 2007 study by the Lumina Foundation (and a similar report from 2004), adult learners have the following characteristics:

- At great risk of failing to complete courses and degrees
- Struggle to balance work and family commitments
- Adult learners need a guide, which requires an elevated focus on advising and degree mapping
- Though older than the traditional-aged students, adult learners are nonetheless in the early stages of their working lives
- May be less eligible for financial aid, due to part-time status or their involvement in non-credit continuing education programs
- They select their programs based primarily on affordability, convenience, and reputation/credibility

#### Preliminary Segmentation

When developing a marketing and communications approach, regardless of the strategic option, it is useful to define and segment the target audience set. In the past, NU has tended to segment primarily on college and program. While this is useful, it is not the only relevant segmentation and tends to provide less direction regarding motivations.

Though a great deal more management information should be collected to properly section NU's current distance education student, our review and experience suggests that distance learners break down into the following preliminary segments:

- Working adults seeking to advance their careers – including educators whose compensation is tied to education and time-in-position
- Working adults seeking or needing to change careers
- Adults whose initial educational experience was interrupted, leading to partially completed degrees
- Traditional age, place-bound students

- “Time-shifting” students
- Members of the armed services, either serving locally or overseas

Identifying and clarifying target audiences is most helpful when constructing an integrated marketing plan, though it can also inform program development and delivery choices.

#### Delivery Mode

The delivery mode that distance education students are seeking varies considerably and is a component of developing a useful target audience profile. According to Eduventures in its September 2002 article, *Distance Learning at the Tipping Point*, distance delivery breaks down into three primary categories:

- Supplemental Programs – students attending class on campus complete some amount of coursework online
- Hybrid or Mixed Mode – programs combine on-campus courses with a fully-online course component to reduce seat time (NU refers to this as “blended” programming)
- Fully-online Programs – students complete their courses entirely at a distance with no on-campus component

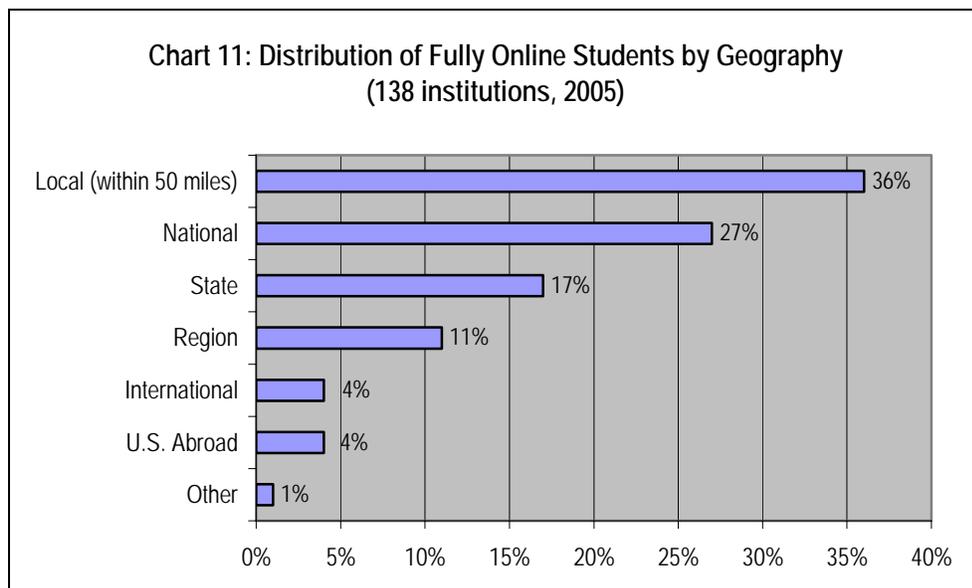
NU does not have sufficient data to know the proportion of its distance education students that fall into each category. However, to achieve significant growth, the University is likely to need to create a balance of delivery modes, with heavy emphasis on fully-online programs. Nebraska’s demographics indicate that the University must increase its presence in other states and internationally. Requiring time on campus shrinks the pool of potential students to those willing to travel or those located within the state or region.

As well, generating distance education growth through supplemental programs is unlikely to meaningfully change the net number of student credit hours the University generates. Though the flexibility gained by providing supplemental distance education programs may be a positive feature, it is inherently a shift of delivery method from in-class to distance formats.

We acknowledge that the success of the hybrid Master of Fine Arts – Writing (MFAW) program suggests that a blended delivery approach does not necessarily confine the program to in-state students. According to the MFAW leadership, a proportion of these students are prepared to travel to a conference center near Omaha for the required writing retreats. However, we do not believe NU will be able to accomplish substantial growth by focusing on either blended/hybrid or supplemental programs.

### Geographic Distribution

While distance education offers the promise of reaching students anywhere in the country and the world, the available data suggests that distance education students do consider geography in their choice of institution. As part of its report, *Online Higher Education Market Update, 2006, Part 1*, Eduventures surveyed 138 schools representing 96.5% of total online students regarding the geographic distribution of its fully-online students (Chart 11). Of these, 36% were enrolled in institutions within 50 miles of their location, whereas 27% of students were distributed nationally. Together local and national online students account for nearly two-thirds of all online students. This suggests that the marketplace for online distance education is heavily bifurcated. In broad terms, target audiences don't appear to be particularly loyal to their state and regional institutions, though they are highly loyal to their local ones. While possibly counter-intuitive, these characteristics represent significant opportunity for NU given Nebraska's population and demographic challenges. A strong distance education brand may be able to take advantage of the 64% of the marketplace without strong local connections.



SOURCE: Online Higher Education Market Update, 2006, Part 1

UNK was the only campus able to provide information on the geographic distribution of students taking online courses for fall 2006. While not a complete picture, this information is useful in understanding the reach of distance education, even delivered by NU's smallest primary campus. According to UNK, of the 903 students for which data was available, 650 were located in Nebraska. Though its significant reliance on its College of Education programs undoubtedly distorts the data, UNK's distribution is somewhat different from the national distribution.

According to this data, approximately 29% of UNK’s fully-online students were from out-of-state and their distribution is widely dispersed. Additionally, five were in Canada and four were in the Canadian armed services. Members of the U.S. armed forces are shown in the figures as being located in the U.S., making separating this segment difficult.

In descending order, the top ten states were:

- Florida – 18
- Colorado – 17
- Iowa – 17
- Virginia – 12
- Georgia – 12
- California – 12
- North Carolina – 12
- Pennsylvania – 12
- New York – 10
- Missouri – 9

SOURCE: UNK eCampus Annual Report, 2006

Interestingly, several of the top ten states do not tend to be significant exporters of traditional students (Florida, Iowa, and Colorado), according to a 2002 study by the National Center for Education Statistics (NCES) referenced in Appendix 3. Though not specific to distance education, this data is commonly used to describe states with unmet demand. Consequently, there may be opportunities for NU to accomplish growth by increasing its distance education marketing presence in certain states.

### Motivations

When constructing a marketing approach, it is crucial to understand the motivations of the primary target audience. While additional data regarding motivations that is specific to NU will be provided by the Perceptions and Motivations Survey scheduled for completion in July 2007, secondary data can provide important insights.

According to a 2006 survey from the Distance Education Training Council (DETC) of distance education graduates, “convenience” was the most commonly given specific reason for electing to study by distance education (Table 14). This study was conducted previously in 1994 and again in 2001 and “convenience” was the most frequently provided specific response in each instance. “Other” became a strong response for the first time in 2006, though this may have been influenced to some degree by the removal of “availability” as an option, it may also suggest that motivations are changing and further research is required.

“Work schedule,” which is related in many ways to convenience, has also been a common response.

| Table 14: Reasons for Taking/Earning Distance Education Degree |             |             |             |
|--|-------------|-------------|-------------|
| Reason   | 1994        | 2001        | 2006        |
| Other  | 0%          | 3%          | 34%         |
| Convenience  | 36%         | 33%         | 25%         |
| Work schedule  | 33%         | 27%         | 18%         |
| Study at your own pace   | 10%         | 8%          | 11%         |
| Family constraints   | 12%         | 12%         | 9%          |
| Costs less   | 6%          | 6%          | 3%          |
| Availability   | 3%          | 11%         | 0%          |
| <b>Total</b>   | <b>100%</b> | <b>100%</b> | <b>100%</b> |

SOURCE: *DETC Degree Programs: Graduates and Employers Evaluate Their Worth 2006*

The DETC study also used a Likert Scale to understand graduate’s reasons for enrolling in a distance education course. Respondents were asked to rank each reason on a 1-5 scale, where 5 equaled high. Graduates felt most strongly that “personal satisfaction” was an important reason they enrolled, followed by the desire to “learn more about a subject.” These results are consistent with information from other sources; particularly a study published in the April 2006 *Journal of Distance Education* entitled *Online and Traditional Student Differences*, which suggest that distance education students are more intrinsically motivated than traditional students. Our experience with prospective students suggests that several factors that are evaluated in the decision to enroll and that the top four reasons should be carefully considered by NU when communicating to its target audiences (Table 15).

| Table 15: Reasons for Enrolling (High) |      |      |      |
|--|------|------|------|
| Reason                                 | 1994 | 2001 | 2006 |
| Personal satisfaction                  | 77%  | 74%  | 73%  |
| Learn more about subject               | 76%  | 58%  | 56%  |
| Obtain credentials                     | 57%  | 37%  | 44%  |
| Improve job skills                     | 65%  | 46%  | 41%  |
| Qualify for professional license       | 32%  | 18%  | 34%  |
| Earn more money                        | 22%  | 22%  | 25%  |
| Get a promotion                        | 22%  | 27%  | 22%  |
| Prepare for a new job                  | 32%  | 28%  | 22%  |

NOTES: Indicates the proportion of respondents rating the reason a 5 on a 1-5 scale, where 1 is Low and 5 is High.  
 SOURCE: *DETC Degree Programs: Graduates and Employers Evaluate Their Worth 2006*

Distance education students are often regarded as being entirely pragmatic and focused on outcomes. Indeed, a critical observation by Eduventures in its *Online Higher Education Market Update 2006* is that online students are typically career-focused. However, this data suggests that effective distance education marketing will need to capitalize on several softer motivations as well.

The DETC study also captured data regarding the most highly regarded benefits of obtaining a distance education degree (Table 16). One should be cautioned that this data captures the views of students after they have completed their degrees, so it may not be reflective of their perceptions either before or shortly after enrolling.

Again, several softer motivations are rated highly (“personal satisfaction” and “enjoyment of learning”) followed by pragmatic ones (“proper credentials” and “access to a higher degree”).

| Table 16: Benefits from Obtaining Degree (High) |      |      |      |
|---|------|------|------|
| Reason  | 1994 | 2001 | 2006 |
| Personal satisfaction                           | 79%  | 78%  | 76%  |
| Enjoyment of learning                           | 65%  | 44%  | 49%  |
| Proper credentials                              | 47%  | 40%  | 45%  |
| Access to higher degree                         | 45%  | 41%  | 44%  |
| Improve job skills                              | 62%  | 32%  | 38%  |
| Increase in income                              | 23%  | 22%  | 26%  |
| Job promotion                                   | 37%  | 22%  | 22%  |
| Qualify for professional license                | 31%  | 14%  | 20%  |

NOTES: Indicates the proportion of respondents rating the reason a 5 on a 1-5 scale, where 1 is Low and 5 is High.  
 SOURCE: DETC Degree Programs: Graduates and Employers Evaluate Their Worth 2006

## **INTERNAL ENVIRONMENT**

### **Enrollment Trends**

Our team reviewed data provided by the University's distance education offices and available Fact Book data from the Institutional Research unit on each campus. In general, data was sparse and difficult to collate. Data on distance education is not generally maintained and reported by the campus Institutional Research units and basic information such as in-state and out-of-state proportions had to be estimated for this analysis. Distance education student demographic data is not typically available for decision-making purposes. Such information would include male/female proportions, average age, average SAT/ACT/GMAT, class rank, previous degrees held, and other information crucial to profiling the typical distance education student. The UNL Institutional Research unit provides some data directly to the EE&O office who prepares it for reporting.

UNMC indicated that essentially no enrollment data specific to distance education was reportable because it is deeply embedded in the figures for each college and department.

### **Inquiry, Application, and Yield**

The University does not currently have any mechanism to track and assess distance education inquiries, applications, and yield.

### **Headcount**

Only UNO and UNL provided data on unduplicated headcount of distance education students. The other campuses can provide some unduplicated headcount data. To arrive at a complete estimated headcount for NU's three primary campuses, we used the ratios of enrollment-to-headcount that were true for UNO as a basis for projection.

These ratios have been relatively constant for the last several years at approximately 1.3 courses and 4.00 student credit hours (SCH) per person. Courses-per-person was used in this estimate.

Based on this calculation, it appears the University of Nebraska has averaged approximately 2,800 distance education students each fall over the past three years. Reviewing the past several years, growth in estimated headcount is evident. In the fall of 2006-07, this number had grown to approximately 3,300. Spring distance education headcount has historically tended to be larger than fall and in 2007, is estimated to be just fewer than 3,900 (Table 17).

**Table 17: Estimation of NU Total Headcount based on UNO's Historical Enrollment to Headcount Ratio**

| Year      | Term                | UNO Unduplicated Enrollments (Headcount) | UNO Duplicated Enrollments | # of Enrollments per person | UNL Estimated Unduplicated Enrollments (Headcount) | UNK Estimated Unduplicated Enrollments (Headcount) | NU Estimated Unduplicated Enrollments (Headcount) |
|-----------|---------------------|--|----------------------------|-----------------------------|--|--|---|
| 2002-2003 | Fall                | 542                                      | 683                        | 1.26                        | 939  | 386  | 1,867   |
|           | Spring              | 549                                      | 662                        | 1.21                        | 1,097  | 532  | 2,179   |
|           | Summer              | 398                                      | 479                        | 1.20                        | 539  | 479  | 1,417   |
| 2003-2004 | Fall                | 493                                      | 602                        | 1.22                        | 1,068  | 620  | 2,181   |
|           | Spring              | 615                                      | 750                        | 1.22                        | 1,196  | 571  | 2,381   |
|           | Summer              | 318                                      | 376                        | 1.18                        | 796  | 609  | 1,723   |
| 2004-2005 | Fall                | 480                                      | 615                        | 1.28                        | 1,167  | 652  | 2,299   |
|           | Spring              | 510                                      | 637                        | 1.25                        | 1,516  | 709  | 2,734   |
|           | Summer              | 385                                      | 448                        | 1.16                        | 700  | 892  | 1,977   |
| 2005-2006 | Fall                | 602                                      | 771                        | 1.28                        | 1,502  | 751  | 2,855   |
|           | Spring              | 795                                      | 1,061                      | 1.33                        | 1,846  | 902  | 3,543   |
|           | Summer              | 417                                      | 540                        | 1.29                        | 705  | 1,217  | 2,339   |
| 2006-2007 | Fall                | 863                                      | 1,154                      | 1.34                        | 1,532  | 913  | 3,308   |
|           | Spring              | 1,019                                    | 1,412                      | 1.39                        | 1,824  | 1,028  | 3,871   |
| Average   | Fall                |  |                            |                             |  |  | 2,502   |
|           | Spring              |  |                            |                             |  |  | 2,942   |
|           | Summer <sup>1</sup> |  |                            |                             |  |  | 1,864   |

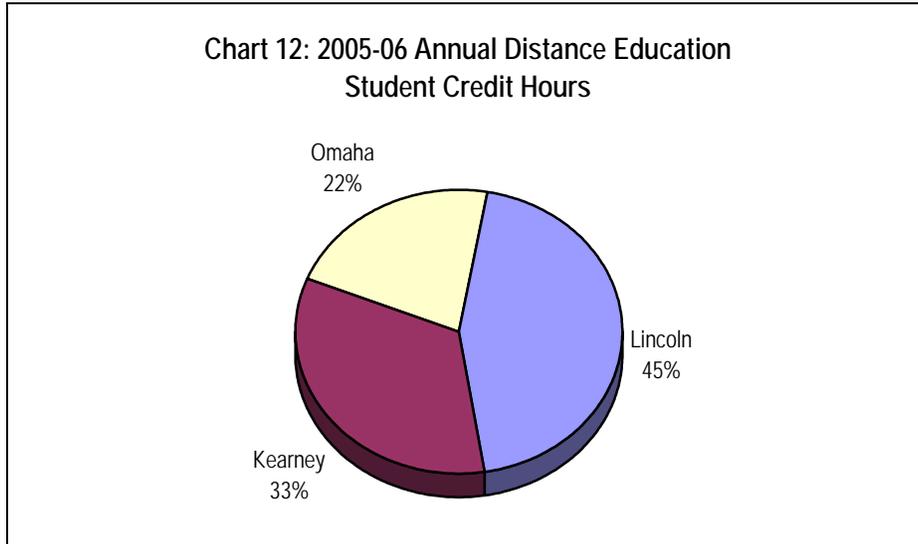
NOTES: Summer average for NU is based on 2002 through 2006 data

SOURCE: Estimate is based on unduplicated enrollment (headcount) provided by UNO distance education office and duplicated enrollment data provided by UNL, UNK, and UNO's distance education offices.

**Student Credit Hour Enrollment**

Since the institution has challenges tracking headcount, our review focused on distance education SCH, which is the primary unit for calculating and billing tuition. While UNL is responsible for enrolling approximately 52% of on-campus students, it is less dominant when it comes to distance education SCH (45%).

At 33%, UNK represents a significant portion of the University’s overall distance education SCH production (Chart 12), even when field courses are adjusted out.



NOTES: Does not include ISHS, CIS, AS, or Summer Reading  
SOURCE: UNL EE&O Office, UNK eCampus Office, and UNO ITS Office

These ratios have been essentially the same for the last four years. The most significant portion of UNK’s credit hours (61.4%) is generated by its College of Education. Indeed, the College accounts for 21.7% of the University’s total distance education credit hours, which makes it the largest single contributor to NU’s distance education SCH production. UNL’s Education and Human Services College and UNO’s College of Arts & Sciences (primarily the Bachelor of General Studies) are second and third with 20.8% and 16.0%, respectively (Table 18).

Overall, distance education SCH growth has been particularly strong at UNK with a three year average growth rate of approximately 36.1%. Both UNL and UNO have also shown strong growth over the previous three years with average growth rates of 15.6% and 18.0%, respectively.

**Table 18: Distance Education Student Credit Hours by Campus and College**

| Campus  | 2002-03       | 2003-04       | 2004-05       | 2005-06       | 2006-07       | 2006-07<br>% of Campus<br>Total <sup>1</sup> | 2006-07<br>% of NU<br>Total <sup>2</sup> |
|---|---------------|---------------|---------------|---------------|---------------|--|--|
| <b>University of Nebraska - Lincoln</b>         |               |               |               |               |               |  |  |
| Agriculture and Natural Resources               | 1,254         | 1,164         | 1,329         | 2,026         | 2,331         | 14.0%  | 5.7%                                     |
| Architecture                                    | -             | -             | 15            | 54            | 66            | 0.4%   | 0.2%                                     |
| Arts & Sciences                                 | 30            | 120           | 354           | 794           | 1,070         | 6.4%   | 2.6%                                     |
| Business Administration                         | 1,239         | 2,102         | 2,521         | 3,535         | 4,025         | 24.1%  | 9.8%                                     |
| Education & Human Services                      | 7,724         | 7,700         | 7,708         | 8,483         | 8,521         | 51.0%  | 20.8%                                    |
| Engineering & Technology                        | 84            | 40            | 69            | 123           | 162           | 1.0%   | 0.4%                                     |
| Fine & Performing Arts                          | 98            | 46            | 41            | 76            | 89            | 0.5%   | 0.2%                                     |
| Journalism & Mass Communications                | 271           | 174           | 462           | 444           | 441           | 2.6%   | 1.1%                                     |
| <b>Sub-Total</b>                                | <b>10,700</b> | <b>11,346</b> | <b>12,499</b> | <b>15,535</b> | <b>16,706</b> | <b>100.0%</b>                                |  |
| Less Field Courses                              | 934           | 1,280         | 494           | 1,010         | 1,209         |  |  |
| <b>Total</b>                                    | <b>9,766</b>  | <b>10,066</b> | <b>12,005</b> | <b>14,525</b> | <b>15,497</b> |  |  |
| Percent Change Year-to-year                     |               | 3.1%          | 19.3%         | 21.0%         | 6.7%          |  |  |
| <b>University of Nebraska - Kearney</b>         |               |               |               |               |               |  |  |
| College of Fine Arts & Humanities               | 425           | 363           | 449           | 484           | 643           | 4.4%   | 1.6%                                     |
| College of Business & Technology                | 981           | 1,119         | 1,023         | 1,311         | 1,226         | 8.5%   | 3.0%                                     |
| College of Natural & Social Sciences            | 824           | 1,394         | 1,664         | 2,811         | 3,708         | 25.6%  | 9.1%                                     |
| College of Education                            | 5,455         | 5,931         | 6,219         | 6,988         | 8,888         | 61.4%  | 21.7%                                    |
| <b>Sub-Total</b>                                | <b>7,685</b>  | <b>8,807</b>  | <b>9,355</b>  | <b>11,594</b> | <b>14,465</b> | <b>100.0%</b>                                |  |
| Less Field Courses                              | 2,648         | 3,302         | 1,284         | 748           | 669           |  |  |
| <b>Total</b>                                    | <b>5,037</b>  | <b>5,505</b>  | <b>8,071</b>  | <b>10,846</b> | <b>13,796</b> |  |  |
| Percent Change Year-to-year                     |               | 9.3%          | 46.6%         | 34.4%         | 27.2%         |  |  |
| <b>University of Nebraska - Omaha</b>           |               |               |               |               |               |  |  |
| College of Arts & Sciences.                     | 1,970         | 2,631         | 3,417         | 5,086         | 6,541         | 67.1%  | 16.0%                                    |
| College of Business Administration              | 105           | 300           | -             | -             | -             | 0.0%   | 0.0%                                     |
| College of Communication, Fine Arts and Media   | 57            | 168           | 213           | 525           | 1,146         | 11.8%  | 2.8%                                     |
| College of Education                            | 544           | 460           | 525           | 513           | 888           | 9.1%   | 2.2%                                     |
| College of Information Science and Technology   | 1,065         | 417           | 3             | 36            | 282           | 2.9%   | 0.7%                                     |
| College of Public Affairs and Community Service | 1,710         | 983           | 670           | 866           | 894           | 9.2%   | 2.2%                                     |
| Graduate Studies and Research.                  | -             | -             | -             | -             | -             | 0.0%   | 0.0%                                     |
| <b>Total</b>                                    | <b>5,451</b>  | <b>4,959</b>  | <b>4,828</b>  | <b>7,026</b>  | <b>9,750</b>  | <b>100.0%</b>                                |  |
| Percent Change Year-to-year                     |               | -9.0%         | -2.6%         | 45.5%         | 38.8%         |  |  |
| <b>Total UNL, UNK, UNO<sup>2</sup></b>          | <b>23,836</b> | <b>25,112</b> | <b>26,682</b> | <b>34,155</b> | <b>40,922</b> |  | <b>100.0%</b>                            |
| Percent Change Year-to-year                     |               | 5.4%          | 6.3%          | 28.0%         | 19.8%         |  |  |

NOTES:

1. Percent of Campus Total is computed prior to adjustment for field courses, since field course data by college was not provided.
2. Total UNL, UNK, and UNO figures are prior to adjustments for field courses, since field course data by college was not provided.

SOURCE: UNL EE&O Office, UNK eCampus Office, and UNO ITS Office with estimates for Summer 2007

Only UNL and UNK provided student credit hour production by college for their entire campus in their Fact Books. UNO provided totals for the entire campus. When compared, it appears that distance education is about 2.4% of UNL’s overall SCH production in 2006-07. It has increased in the last five years from approximately 1.4% in 2001 (Table 19). Distance education at UNO accounts for approximately 2.5% of overall SCH production for the fall and spring of 2006-07.

The College of Education and Human Services at UNL is one of the two largest producers of NU’s distance education credit hours. However, as a proportion of its total credit hour production, distance education only accounted for approximately 10.6% in 2006-07 (summer 2007 SCH is not included).

| <b>Table 19: UNL Comparison of Student Credit Hour Production - Fall &amp; Spring<sup>1</sup></b> |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|
| <b>UNL Student Credit Hours by College</b>  | <b>2002-03</b> | <b>2003-04</b> | <b>2004-05</b> | <b>2005-06</b> | <b>2006-07</b> |
| Agriculture and Natural Resources   | 32,180         | 33,349         | 36,401         | 37,378         | 39,101         |
| Architecture  | 10,346         | 10,537         | 10,709         | 10,740         | 10,861         |
| Arts & Sciences   | 259,180        | 252,191        | 239,637        | 242,991        | 250,920        |
| Business Administration   | 57,925         | 57,745         | 55,004         | 55,801         | 55,393         |
| Education & Human Services  | 72,924         | 70,324         | 63,959         | 62,215         | 63,304         |
| Engineering & Technology  | 37,144         | 36,389         | 35,521         | 35,571         | 35,764         |
| Fine & Performing Arts  | 32,560         | 33,884         | 34,796         | 35,263         | 34,879         |
| Journalism & Mass Communications  | 11,497         | 11,043         | 13,209         | 13,084         | 14,608         |
| Law   | 12,684         | 12,734         | 12,289         | 11,468         | 11,750         |
| ROTC  | 909            | 858            | 652            | 668            | 715            |
| Other   | 7,590          | 7,944          | 7,773          | 7,542          | 7,266          |
| <b>Total UNL Student Credit Hours</b>   | <b>534,939</b> | <b>526,998</b> | <b>509,950</b> | <b>512,721</b> | <b>524,561</b> |
| <b>UNL Distance Education Total</b>   | <b>7,518</b>   | <b>8,015</b>   | <b>9,657</b>   | <b>11,891</b>  | <b>12,542</b>  |
| <b>Percent of Total UNL Credit Hour Production</b>  | <b>1.4%</b>    | <b>1.5%</b>    | <b>1.9%</b>    | <b>2.3%</b>    | <b>2.4%</b>    |
| <b>UNL Education &amp; Human Services Distance Education Total<sup>2</sup></b>                    | <b>5,656</b>   | <b>6,056</b>   | <b>6,062</b>   | <b>6,847</b>   | <b>6,686</b>   |
| <b>Percent of Total Ed. &amp; Human Serv. Credit Hour Production</b>                              | <b>7.8%</b>    | <b>8.6%</b>    | <b>9.5%</b>    | <b>11.0%</b>   | <b>10.6%</b>   |

NOTES:

1. Summer session data is not included in this analysis since it is not published in the UNL Fact Book by College. The College of Education and Human Services is shown specifically because it comprises the greatest portion of UNL’s distance education credit hour production. Education total does not adjust for field courses.
2. Distance education student credit hours at the UNL College of Education are broken out to illustrate the significant proportion it has become of total UNL College of Education student credit hours. Figures are not adjusted for field courses.

SOURCE: UNL Fact Book 2006-07 and Distance Education data provided by UNL’s EE&O office

The UNK Fact Book provides student credit hours for the campus as a whole through 2005-06. Distance education provided by UNK generated 10,846 student credit hours in 2005-06, which represents approximately 6.5% of the campus’s total SCH. This represents more than a 100%

increase since 2002-03 (Table 20). This rate of growth has likely increased even more in the most recent year, though data for SCH comparison is not available for 2006-07.

UNK’s College of Education is the largest producer of SCH in the NU system. In 2005-06, distance education represented nearly 20% of the College’s SCH. According to interviews, the graduate and certificate portions of the College’s offerings are almost entirely provided through distance education techniques. One academic official described, “the parking lot at the College of Education is almost always empty now.” While this represents strong growth in distance education, it is an example of the shifting of on-campus students to a distance format. Not enough data was available to determine the net increase or decrease in students.

**Table 20: UNK Comparison of Distance Education Student Credit Hour (SCH) Production to Overall SCH - Fall, Spring, & Summer<sup>1</sup>**

| UNK Student Credit Hours by College                                  | 2002-03        | 2003-04        | 2004-05        | 2005-06        |
|--|----------------|----------------|----------------|----------------|
| College of Fine Arts & Humanities                                    | 37,373         | 37,284         | 36,969         | 37,567         |
| College of Business & Technology                                     | 38,032         | 36,546         | 34,739         | 34,904         |
| College of Natural & Social Sciences                                 | 56,954         | 57,888         | 60,062         | 59,807         |
| College of Education   | 35,774         | 35,915         | 35,863         | 35,338         |
| <b>Total UNK Student Credit Hours</b>                                | <b>168,133</b> | <b>167,633</b> | <b>167,633</b> | <b>167,616</b> |
| <b>UNK Distance Education Total</b>                                  | <b>5,037</b>   | <b>5,505</b>   | <b>8,071</b>   | <b>10,846</b>  |
| Percent of Total UNK Credit Hour Production                          | 3.0%           | 3.3%           | 4.8%           | 6.5%           |
| <b>UNK College of Education Distance Education Total<sup>2</sup></b> | <b>5,455</b>   | <b>5,931</b>   | <b>6,219</b>   | <b>6,988</b>   |
| Percent of Total COE Credit Hour Production                          | 15.2%          | 16.5%          | 17.3%          | 19.8%          |

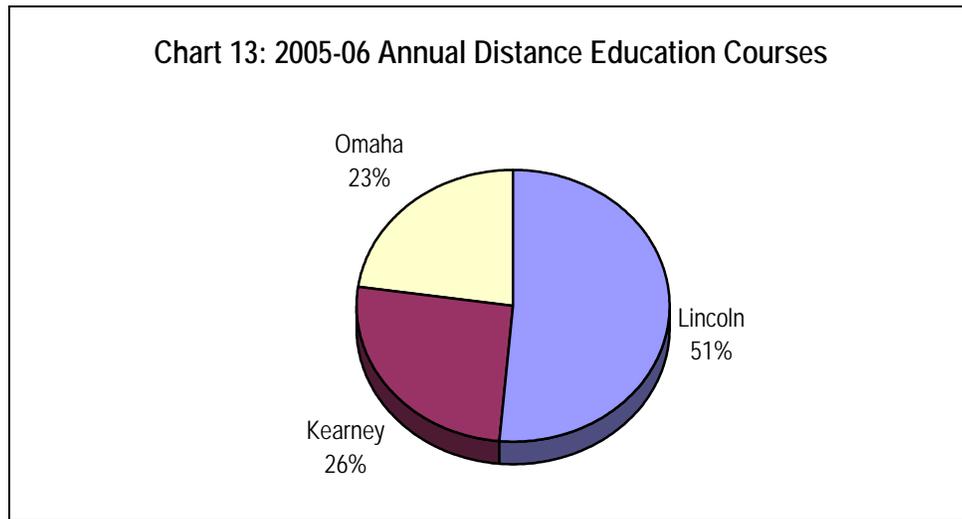
NOTES:

1. Summer session data is included in this analysis since it is published in the UNO Fact Book by College.
2. Figures include field courses since they were not provided by college. As a result, totals in some years may exceed the total for distance education as a whole.

SOURCE: UNK Fact Book 2005-06 and Distance Education data provided by UNK’s eCampus office

Courses

The number of courses offered tends to mirror the student credit hour production. UNL accounts for approximately 51% of overall distance education courses offered, while UNK accounts for approximately 26%. Since the ratios of student credit hours and courses are slightly different, this may suggest that either UNK enrolls more students per course or generates slightly more credit hours per course (Chart 13).



NOTES: Does not include ISHS, CIS, AS, or Summer Reading  
SOURCE: UNL EE&O Office, UNK eCampus Office, and UNO ITS Office

In 2005-06, UNL’s College of Education and Human Services accounted for the largest proportion of distance education courses (23.3%) offered by NU, followed by UNK’s College of Education (18.2%). UNL’s Colleges of Agriculture & Natural Resources and Business are also strong providers of distance education courses at 8.1% and 8.4%, respectively (Table 21).

**Table 21: Distance Education Courses by Campus and College, Fall, Spring, and Estimated Summer<sup>3</sup>**

| Campus  | 2002<br>-03 | 2003<br>-04 | 2004<br>-05 | 2005<br>-06 | 2006<br>-07  | 2006-07<br>% of Campus<br>Total <sup>1</sup> | 2006-07<br>% of NU<br>Total <sup>2</sup> |
|---|-------------|-------------|-------------|-------------|--------------|--|--|
| <b>University of Nebraska - Lincoln</b>         |             |             |             |             |              |  |  |
| Agriculture and Natural Resources               | 64          | 63          | 85          | 106         | 88           | 18.0%  | 8.1%                                     |
| Architecture                                    | -           | -           | 1           | 8           | 8            | 1.6%   | 0.7%                                     |
| Arts & Sciences                                 | 1           | 6           | 10          | 19          | 20           | 4.0%   | 1.8%                                     |
| Business Administration                         | 30          | 72          | 72          | 80          | 91           | 18.6%  | 8.4%                                     |
| Education & Human Services                      | 195         | 230         | 248         | 244         | 253          | 51.5%  | 23.3%                                    |
| Engineering & Technology                        | 7           | 7           | 5           | 5           | 5            | 1.0%   | 0.5%                                     |
| Fine & Performing Arts                          | 4           | 2           | 2           | 2           | 3            | 0.6%   | 0.3%                                     |
| Journalism & Mass Communications                | 18          | 14          | 19          | 18          | 23           | 4.7%   | 2.1%                                     |
| <b>Sub-Total</b>                                | <b>319</b>  | <b>394</b>  | <b>442</b>  | <b>482</b>  | <b>490</b>   | <b>100.0%</b>                                |  |
| Less Field Courses                              | 45          | 58          | 15          | 30          | 29           |  |  |
| <b>Total</b>                                    | <b>274</b>  | <b>336</b>  | <b>427</b>  | <b>452</b>  | <b>461</b>   |  |  |
| Percent Change Year-to-year                     |             | 22.6%       | 27.1%       | 5.9%        | 2.0%         |  |  |
| <b>University of Nebraska - Kearney</b>         |             |             |             |             |              |  |  |
| College of Fine Arts & Humanities               | 25          | 22          | 26          | 28          | 31           | 9.0%   | 2.8%                                     |
| College of Business & Technology                | 25          | 25          | 31          | 35          | 37           | 10.9%  | 3.4%                                     |
| College of Natural & Social Sciences            | 17          | 30          | 36          | 56          | 76           | 22.3%  | 7.0%                                     |
| College of Education                            | 122         | 131         | 140         | 150         | 198          | 57.9%  | 18.2%                                    |
| <b>Sub-Total</b>                                | <b>189</b>  | <b>208</b>  | <b>233</b>  | <b>269</b>  | <b>342</b>   | <b>100.0%</b>                                |  |
| Less Field Courses                              | 82          | 83          | 44          | 41          | 78           |  |  |
| <b>Total</b>                                    | <b>107</b>  | <b>125</b>  | <b>189</b>  | <b>228</b>  | <b>264</b>   |  |  |
| Percent Change Year-to-year                     |             | 16.8%       | 51.2%       | 20.6%       | 15.7%        |  |  |
| <b>University of Nebraska - Omaha</b>           |             |             |             |             |              |  |  |
| College of Arts & Sciences                      | 29          | 31          | 47          | 58          | 76           | 30.2%  | 7.0%                                     |
| College of Business Administration              | 1           | 1           | -           | -           | -            | 0.0%   | 0.0%                                     |
| College of Communication, Fine Arts and Media   | 1           | 3           | 3           | 34          | 38           | 15.0%  | 3.5%                                     |
| College of Education                            | 18          | 27          | 30          | 36          | 58           | 23.1%  | 5.4%                                     |
| College of Information Science and Technology   | 26          | 26          | 9           | 6           | 10           | 4.0%   | 0.9%                                     |
| College of Public Affairs and Community Service | 48          | 74          | 59          | 65          | 70           | 27.7%  | 6.5%                                     |
| Graduate Studies and Research                   | -           | -           | -           | -           | -            | 0.0%   | 0.0%                                     |
| <b>Total</b>                                    | <b>123</b>  | <b>162</b>  | <b>148</b>  | <b>199</b>  | <b>253</b>   | <b>100.0%</b>                                |  |
| Percent Change Year-to-year                     |             | 31.7%       | -8.6%       | 34.5%       | 26.9%        |  |  |
| <b>Total UNL, UNK, UNO<sup>2</sup></b>          | <b>631</b>  | <b>764</b>  | <b>823</b>  | <b>950</b>  | <b>1,085</b> |  | <b>100.0%</b>                            |
| Percent Change Year-to-year                     |             | 21.1%       | 7.7%        | 15.4%       | 14.2%        |  |  |

NOTES:

1. Percent of Campus Total is computed prior to adjustment for field courses, since field course data by college was not provided.
2. Total UNL, UNK, and UNO figures are prior to adjustments for field courses, since field course data by college was not provided.
3. Summer 2007 figures are estimated based on historical growth rates

SOURCE: UNL EE&O Office, UNK eCampus Office, and UNO ITS Office

### Breadth and Experience

A review of headcount, student credit hours, and courses makes it clear that though the University has been growing substantially in the last four to five years, its current offerings are not large and its strength is concentrated in five areas; the first two being the greatest concentrations.

- UNL College of Education and Human Services
- UNK College of Education
- UNL College of Agriculture and Natural Resources
- UNL College of Business
- UNL College of Arts & Sciences

This level of concentration has implications to the University's breadth and depth of experience. Any organization attempting to compete in a new or expanded market should assess its level of core skill and how deep its roster of experienced personnel reaches. It is also noteworthy that the two largest and presumably most experienced units are not on the same campus and do not currently work closely together on distance education. This can be both a strength and a weakness if the University seeks to accelerate growth strongly in the near term.

## Brand Architecture

To determine whether or not a consistent brand architecture process is in place for NU's distance education programs, we reviewed how the various distance education entities affiliated with the University currently portray themselves relative to the core brand and to one another. We also interviewed senior leaders to understand how they viewed the relative market positions of their units.

A brand architecture process provides the framework for decisions regarding how each campus, college, school, center, program, and affiliated entity should position itself in the marketplace relative to the NU core brand and to one another. Some units are by nature synonymous with, or integral elements of, the core brand and position themselves comfortably within that singular identity and messaging platform.

At the other end of the brand architecture continuum are independent brands, which are entities owned in whole or in part by the University that provide distinctive services to audiences that are different from, or in some way separable segments of, the institution's audiences. It may or may not be obvious to external audiences that an independent brand is part of the University's brand portfolio.

A number of successful statewide higher education systems employ a "corporate umbrella" brand, which provides an encapsulating framework for the system's family of brands. A well-known example of this kind of corporate umbrella brand is The Coca-Cola Company, which possesses a central core brand (Coca-Cola), several sub-brands (Diet Coke, Coke Zero), and multiple independent brands (Nestea, Mr. Pibb, Hi-C). There are other kinds of corporate brands, which represent more distance between the corporate brand and the individual brands collected underneath it. These include General Motors, Proctor & Gamble, and General Electric. Caution should always be taken when applying consumer brand examples to higher education, but the comparisons are nevertheless illustrative.

Between these ends of the spectrum sit brand extensions and sub-brands. These are entities that have some level of differentiation from the core, but draw strength from audiences' ability to see a direct relationship with the core brand. Brand extensions are typically positioned as critical components of the core brand, while sub-brands have their own identities that are directly linked to the core brand. Categorizing the various NU distance education units will be critical in helping the organization manage how each unit should position itself in relation to the University of Nebraska brand identity. Just as importantly, a brand architecture process will help the University position future entities as well as manage the higher education tendency toward the proliferation of new logos and marks.

The organization's messaging platform (Brand Promise, Brand Drivers, and Positioning Statement) must stand at the center of its brand architecture. To be effective, all related entities

within a brand family (excluding independent brands) must have elements of the messaging platform in common. Typically, they share a unifying brand promise and several brand drivers (the building blocks for key messages). These unifying elements should be clearly articulated by each of the related brands. They become the glue that binds the family of brands together.

Our assessment indicates that though the several campuses share the same name, they do not communicate a singular brand promise, nor do their key messages articulate a set of common brand attributes. This is true for the campuses in general as well as for distance education. In fact, messaging, visual identity, and other tactical communications approaches by the individual campuses such as Web information architectures and brand personalities, show significant disconnections. In some cases, campus messages are antithetical to one another.

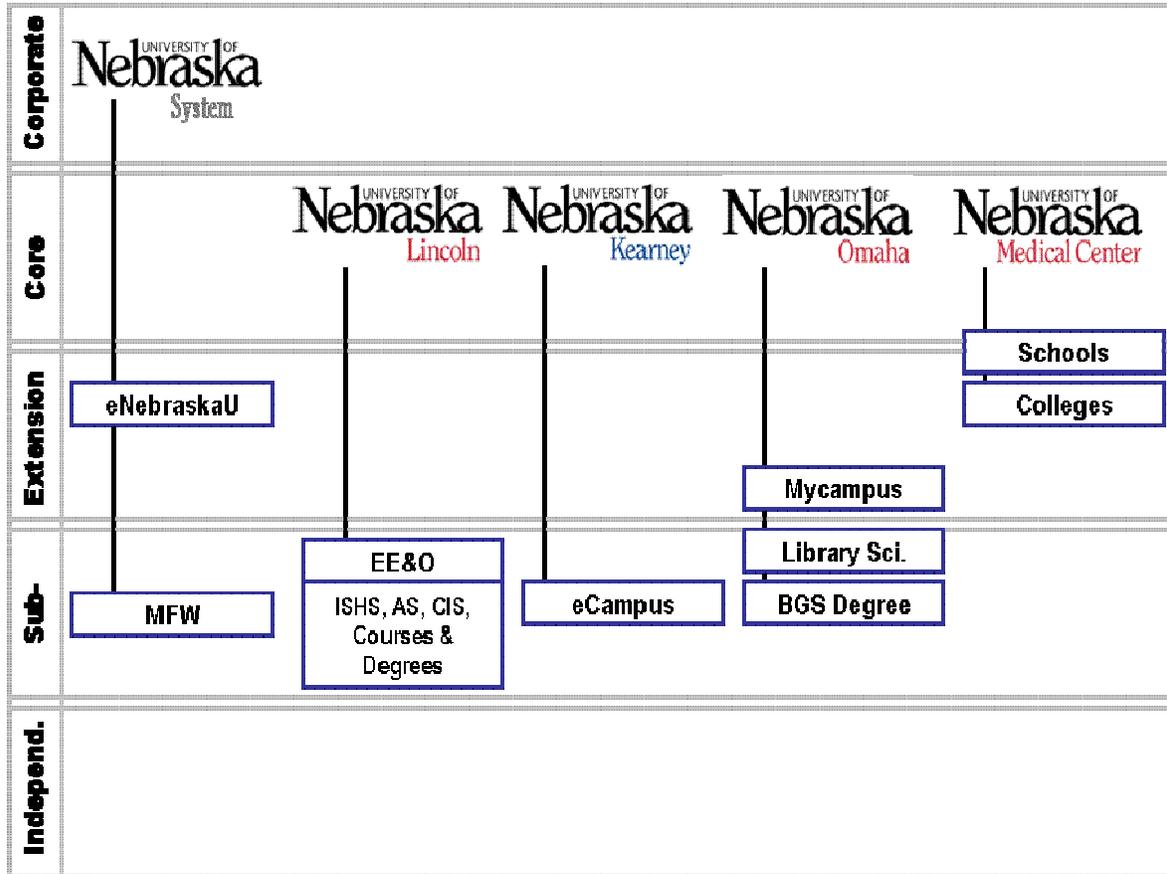
The campuses have, indeed, defined points of differentiation. UNL is the nationally recognized, selective, land-grant research university with AAU status and a premier, large-campus experience. In contrast, UNK is a small, supportive campus that is less selective and features a high level of personal attention for each student. UNO is a metropolitan-engaged campus that provides benefits of its urban environment, partnerships, and opportunities to a diverse population of students of different ages, cultures, and experiences. UNMC is a high-powered, preeminent medical research and teaching institution.

However, the campuses have not jointly articulated a set of guiding concepts – the highest common denominator – which brings them together under the University of Nebraska brand. While the System has consistently articulated strong unifying concepts, the campus messaging systems fail to reinforce these linkages. Consequently, the University presents multiple uncoordinated brands to the marketplace. The emphasis on the differences among the campuses, without the balance of the commonalities, has exacerbated inter-campus collaboration issues.

Figure 5 depicts our evaluation of NU's implied brand architecture as it regards distance education. Each of the four campuses and the system are operating as their own core brands with their own unconnected messaging platforms.

The diagrams that follow represent how external audiences will tend to perceive the institution, not how they are organizationally structured.

Figure 5: Current Implied Brand Architecture



Underneath each campus and the system are several related distance education brands. Each receives a differing amount of promotion and emphasis, so some of these brands are stronger than others. Nevertheless, they each represent distinct “faces” to the distance education marketplace.

eNebraskaU is the name given to the portion of the central administration website that discusses distance education on all four campuses. This name was intended to create a shared entry point for audiences to access distance education on the four campuses. However, the campuses have declined to employ or promote it.

UNL’s EE&O office is noteworthy in that it makes its internal office visible to external audiences by employing its own wordmark in some instance, as well as placing both the University of Nebraska – Lincoln mark and the “Academic N” on its materials. This is an example of multiple branding, which can be confusing to audiences.

UNK has developed its eCampus unit into both an organizational unit and an external brand. It carries its own distinctive wordmark, which includes no direct mention of the Kearney location, though it typically places both its own mark and the campus mark on its materials.

UNO's distance education brand is severely fragmented and each college employs separate messaging, visual identity, and logos/marks. Examples include the bright red Library Science programs, which are contrasted with the blue and white Bachelor of General Studies (BGS) degree under Continuing Education. The distance education unit sits under the ITS department for purely organizational reasons and describes itself occasionally as mycampus.omaha.edu, though this is not its departmental name. Though unnecessary from a student point of view, this organizational arrangement is frequently communicated externally.

The UNMC campus brand also operates as a separate core brand, even though its mark might suggest that it is a sub-brand. Unlike the other campuses, UNMC makes little effort to promote its distance education offerings under any kind of collection or brand.

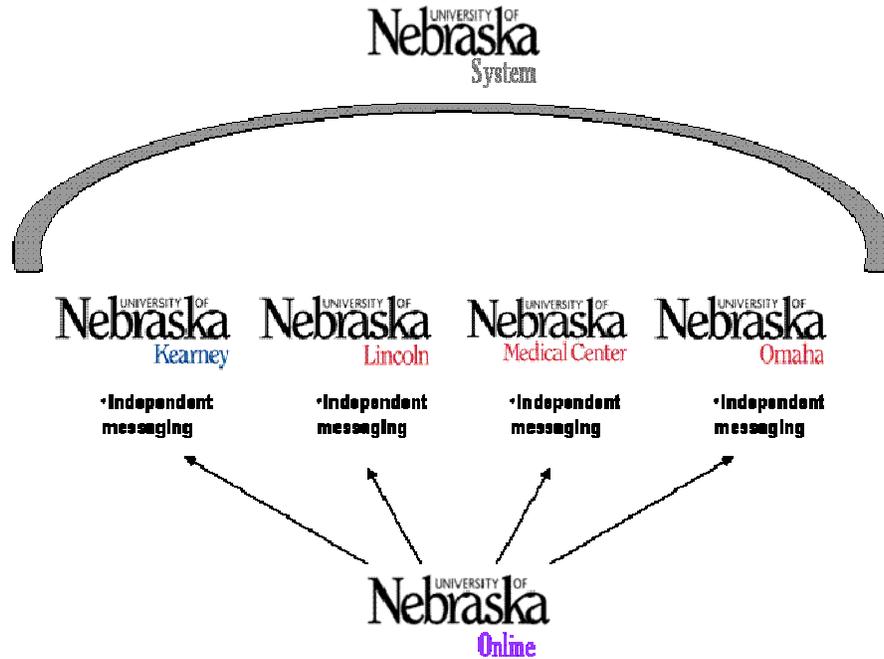
The result of this uncoordinated approach is a brand architecture that is unnecessarily confusing. It represents the institution's organizational structure more so than how NU's distance education is or should be perceived of in the minds of target audiences.

#### Gateway

If the institution were to choose to adopt a Gateway model and make no other changes, the resulting brand architecture might appear as in Figure 6. Under such a model, the University might choose to create the University of Nebraska – Online, in much the same way as UMassOnline. Though we would still recommend taking steps to develop consensus-based and coordinated messaging platforms and clarify the market positions of the several campuses, this is not required of the Gateway model.

For the purposes of this diagram, we have depicted the gateway as having the name University of Nebraska – Online. Though this is simply for illustrative purposes, we believe it establishes the proper tone.

Figure 6: Gateway Brand Architecture



#### Fifth Campus & Integrated Academic Enterprise

If NU were to choose to implement either the Fifth Campus or Integrated Academic Enterprise option, Figure 7 depicts the brand architecture that is likely to be most effective.

In order to implement this architecture it will be necessary to develop a shared brand promise for the University of Nebraska brand and synergistic messaging platforms for the campus sub-brands. Under either strategic option, the new distance education brand would need to express the University's brand promise and, at least, some of its brand drivers.

The question of how to develop the NU messaging platforms is a critical one. While clearly the NU System represents the higher education equivalent of the corporate umbrella brand, it will be difficult to create the messaging platform at this level because many of the University's primary target audiences – students, alumni, donors, faculty – do not attach themselves emotionally to the System.

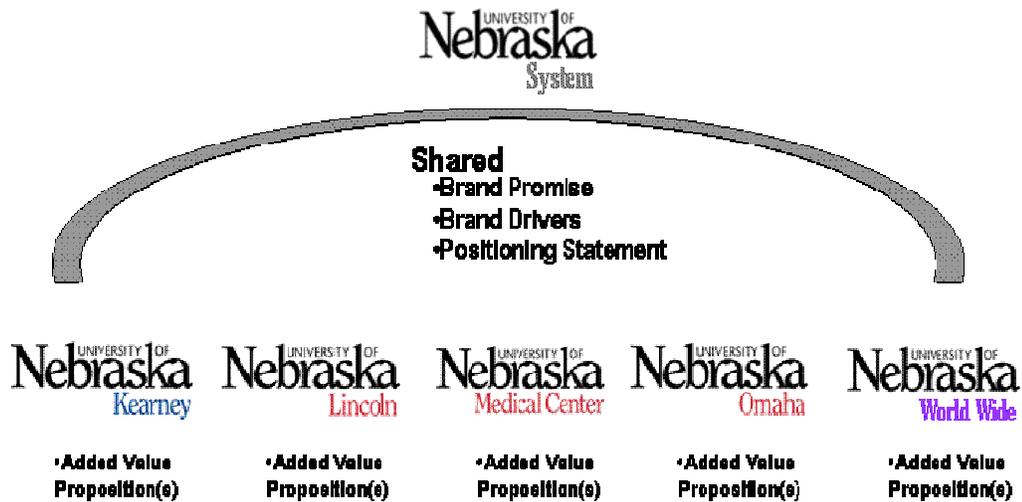
Under either strategic option noted above, all of the campuses would express the same brand promise, but would express some unique components in their positioning statements and some differences in their key messaging. This would allow these units to express their individuality

and niche leadership within an overall framework. It becomes possible then to add a strong singular distance education brand that also expresses the same potent brand promise and has appropriate points of synergy in the remainder of its platform.

The System brand would continue to occupy a corporate umbrella brand position, taking much of its external identity from the core, but enjoying the depth and breadth provided by its sub-brands. This model, perhaps referred to as a “driver brand with sub-brands”, is highly analogous to The Coca-Cola Corporation. Beyond communicating to legislators and influencers, the System brand has an important reinforcing role, as well as an extension role. It will be crucial in helping to expand the reach of the core brand and to affecting the profile and prestige of the entire family of brands.

For descriptive purposes, we have depicted NU’s distance education campus with the name University of Nebraska – World Wide. Though we believe such a name is expressive of the reach and scope possible of either option, it is shown here purely to advance the discussion.

Figure 7: Fifth Campus & Integrated Academic Enterprise Brand Architecture



## Brand Presentation

Our review included more than 140 samples supplied by the University including institutional communications, periodicals, alumni and development materials, print advertising, CD/DVD media, program brochures, and the several NU websites. Materials were assessed for messaging, design and production value, segment coverage, and overall effectiveness. A large number of the brand materials were produced by the individual campus marketing units to promote the campus or University as a whole. The analysis that follows, however, regards only those materials specifically used to market distance education.

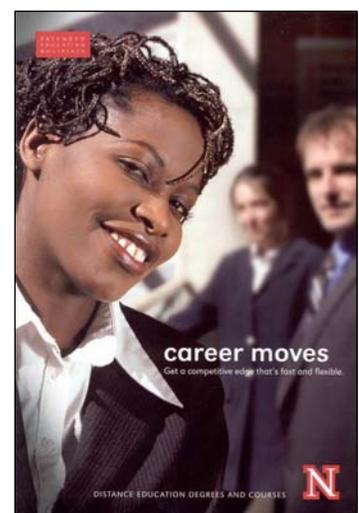
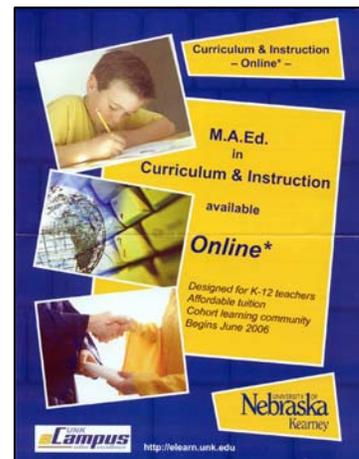
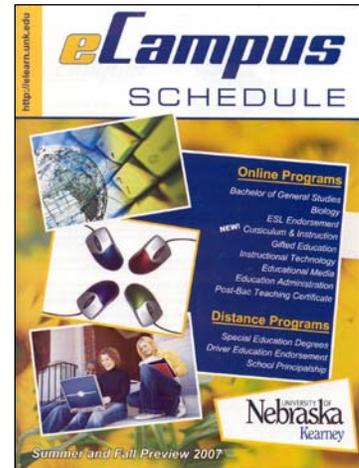
## Tactics and Media Mix

Each campus employs its own tactics and media mix both for distance education and for the campus overall. For the most part, marketing for distance education programs is conducted currently at the college or department level.

UNK's eCampus appears to be the most aggressive in promoting its degrees and courses. It employs a full-color eCampus schedule, several program fliers, newspaper and magazine print ads, and advertises on eLearners.com (one of the most prominent Online Education Directories) at several points during the year.

In terms of audience, the catalogs and program fliers tend to be focused on providing information to those who are already aware of UNK's distance education programs. The newspaper ads, Nebraska teacher magazine ads, and web advertising are intended to increase awareness of UNK's online programs and drive audiences to the UNK eCampus website, though the URL is not a common or memorable one; <http://elearn.unk.edu>.

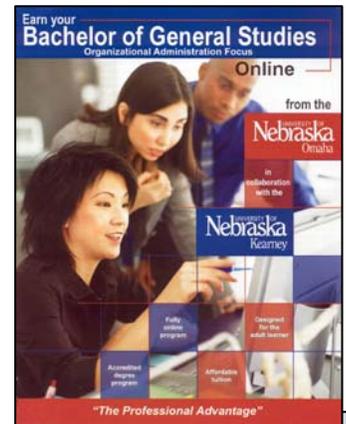
UNL's EE&O office produces several very high production value catalogs, brochures, and posters using the "Career Moves" headline. Because EE&O also manages ISHS, CIS, and Advanced Scholars it also produces similarly high quality pieces that promote these programs. According to financial reports, several programs (Master of Engineering, Master of Interior Design) ran print advertisements in 2005-06, but these were not provided for review. UNL does not employ Web advertising, though it appears to rely heavily on its website.



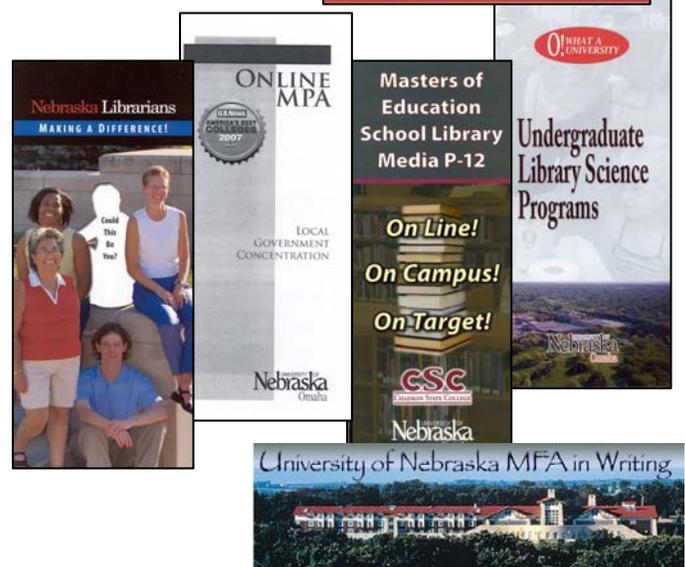
Several of UNL's pieces and the website attempt to communicate with multiple audiences at once. Evidently because EE&O is charged with promoting distance education internally as well as externally, it sometimes mixes information for students, faculty, and advisors/counselors on the same piece. When it does so, it is communicating from an organizational standpoint rather than from the audience. As well, at least one reviewed piece places information for high school students, undergraduates, and graduate students together. Our experience indicates that when target audiences are mixed together, none of them tends to regard the message as being directed towards them.



UNO does not appear to manage any marketing from within its distance education unit and instead relies in individual colleges and departments. UNO did not provide any distance education-specific marketing materials for review outside of a full page brochure advertising the joint BGS program with UNK. This brochure was double-branded with the UNK and UNO logos/marks and used the UNK color palette. This piece in particular was confusing in that it advertised a program delivered primarily from UNO, but carried a return address for UNK's Division of Continuing Education.



Several program-level tri-fold brochures were provided by UNO, as well as a packet of information for the MFAW program. These pieces reflect a wide variety of visual approaches and logo usage. Production value is average for program-level materials, though one brochure was a folded photocopy. The MFAW program materials do not prominently mention the Omaha campus.



UNMC provided a great many high quality marketing materials, but all of them were promotions for the campus overall, without mention of distance education, and are not included in this review.

### Web Presentation

In today's higher education environment, an institution's Web presence is quickly becoming its most significant marketing tool. A well-structured, engaging website is particularly important for recruitment of online students as it is the primary source for information and potentially, the only touch point the student will have with the institution.

A search on Google for the "University of Nebraska" returns many entry points into the institution including individual campus homepages, as well as program-specific, athletics, and system-level pages. Users who click through each entry point are presented with distinct visual and language expressions based on campus affiliation. This variation in the online experience continues as the user explores online and distance education offerings at each campus.

Using the search term "University of Nebraska," UNL's homepage is displayed at the top of the Google results, followed by UNO's homepage, the athletics homepage Huskers.com, UNK's homepage, NU administration, and UMUC's homepage. From any of the campus homepages it would take a user between seven to ten clicks to reach an online application form for a distance education degree.

If the user searches with the terms "University of Nebraska" and "Online Degrees," UNK's "eCampus" landing page is the first result displayed followed by UNL's "Graduate Studies" page (result ranking 2), UNK's eCampus online programs page (result ranking 6), and UNL's Extended Education and Outreach (EE&O) landing page (result ranking 10).

We reviewed the distance education websites for UNL, UNK, UNO, and eNebraskaU and found NU is presenting multiple uncoordinated Web experiences.

#### **UNL**

It is difficult to find online programs from the UNL homepage as they are listed under the division of Extended Education and Outreach. This internal designation is not immediately recognizable as the source for information about online programs. UNL does provide a link to all doctoral and master's degrees and certificates near the top of the Degrees and Graduate Majors page. Placement of such a link is highly effective in driving online degree seeking students to the correct webpage.

UNL's EE&O landing page is located at <http://extended.unl.edu> and is well-organized and easy to navigate. The website employs vibrant, engaging photography and consistent copy as well as value added features, such as a self-assessment quiz, FAQs, and RSS feeds. The site contains resources for prospective and current students as well as faculty, advisors, and counselors. This all-inclusive approach speaks to multiple audiences within a single space and diminishes the opportunity to deliver a tailored message to each audience segment.

Links on the EE&O website are effective and allow the user to drill down to program offerings displayed under the “Students” page in a personable, user-centric format. Current UNL students are driven to the “Indie Student” page located within the Independent Study section. The Independent Study page also provides comprehensive information regarding online course offerings, registration, and policies as well as links to UNL’s options for nursing and military students.

A general link to all distance education student services, such as technical help and bookstore, is absent from many of the prospective student pages.

#### **UNK**

UNK’s online programs are located within the Continuing Education division’s eCampus website. The descriptor “eCampus” is instantly recognizable as relating to online education and is easily found throughout the UNK website. Although the website includes abundant references to “eCampus,” the current URL ([www.unk.edu/acad/continuing\\_ed/](http://www.unk.edu/acad/continuing_ed/)) does not demonstrate any relation to this term. A Google search for the term “eCampus” returns numerous websites including a textbook store, the Dallas County Community College District, the University of Phoenix, the PA Department of Education, Oregon State University, and others. While the major commercial extensions for www.eCampus have been registered, www.eCampus.edu appears to be an available domain name and an opportunity to build the connection between eCampus and UNK’s online programs.

The website includes a comprehensive list of student resources and easy navigation to all programs offered via online delivery.

Most pages on the eCampus site are text- and link-heavy and there is an unstructured flow to website. For example, several links on the eCampus navigation bar take the user out of the eCampus site and into residential pages (e.g. admissions) which are irrelevant to the online student. Additionally, the eCampus site speaks to multiple audiences at the same time with links to seemingly unrelated programs, such as Elderhostel and the Summer Institute for Online Teaching.

#### **UNO**

UNO is the only campus employing a branded URL, <http://mycampus.unomaha.edu/>, for online degree programs. However, the only way to access the distance education website from the UNO homepage is via a single, buried route in the “Quick Links” dropdown menu.

The mycampus website is well-written with concise, relevant copy and user-friendly navigation. As the site speaks only to two primary audiences, prospective and current students, the content is skillfully tailored to add value to the user experience. Further, interactive features, such as a self-assessment test, cost calculator, and tutorials, provide users

with an opportunity to engage with the site. The site includes many helpful tools for the distance learner including a Distance Education Survival Guide.

Separate links for military and adult students located on the Prospective Students page push users to the Division of Continuing Studies. This page has a completely different color palette, layout, and typography than the UNO website. Additionally, this page only features the Bachelor of General Studies (BGS) degree without a route to view additional distance programs. This structure limits the available information and tends to be confusing.

The BGS webpage also contains many confusing and/or restricting elements including a static PDF with inaccessible links embedded in the copy and duplicative information from UNO and UNK.

Our review also identified the following concerns:

- The online aviation degree is shown on the BGS webpage, but is no longer offered
- The MFA webpage displays a completely different visual and copy presentation than the mycampus website and does not employ the University or campus logo
- The Library Media/Science Education webpage displays a completely different visual and copy presentation than the mycampus website
- The Sign Language Interpreter Training and the College of Information, Science and Technology links are non-working webpages

#### **eNebraskaU**

eNebraskaU is intended to serve as the entry portal for each of the NU system distance education websites. The site is well-written, comprehensive, and provides easy navigation to available programs, courses, and student services. eNebraskaU is presented to the user as a separate entity “comprised of four major, accredited universities.” While the name of the site is unique (a Google search for “eNebraskaU” returned only the desired website within the top results), the URL for this page, <http://www.nebraska.edu/students/disted.aspx>, does not show any relation to the portal name. Should the University decide to continue using this name as an entry portal, an opportunity exists to purchase the domain name [www.eNebraskaU](http://www.eNebraskaU) with any of the following extensions: .com, .net, (possibly) .org.

Overall, NU would benefit by integrating the following elements into its distance education websites:

- Inclusion of key messages throughout website to build brand awareness
- Adapt information architecture to be audience-based and appropriate for online user behavior

- Employ intuitive URLs
- Improve readability by reducing copy and links
- Encourage user participation through interactive features

### Messaging

We reviewed each element of NU’s distance education marketing to identify the core messaging set which was being employed. Though strategic messaging was not strongly used in any of the marketing pieces or the website, there were several recurring themes.

UNK’s distance education messaging stresses

- Affordability
- Accreditation
- Quality education
- Quality student support services

Only affordability appears to match the key messages being delivered by the campus overall. In our experience, stressing affordability in the academic setting can be limiting to an institution’s brand. Because consumers of all kinds are well trained that “you get what you pay for,” affordability tends to indicate lower quality. Consequently, affordability is not likely to be a core message that will attract distance learners nationally. In our experience, the remaining three messaging points tend to have little impact on audiences. Accreditation is seen as a minimally required feature and quality, as a term, is seen an undifferentiating feature.

UNL’s messaging in the “*Career Moves*” pieces and the website focuses on the following:

- Same professional faculty as on-campus students
- Graduates are well-equipped
- Freedom and flexibility
- Accreditation
- Student-centered support services

In our opinion, the first two points can be highly effective in differentiating UNL from commercial distance education providers. However, the remaining three tend to be considered minimum requirements.

UNO’s distance education website employs minimal strategic messaging beyond explaining that it provides, “access and opportunity” to individuals who cannot attend traditional classes on campus. Otherwise, the most prominent points regard its Master of Public Administration’s

(MPA) national ranking. It is ranked the 26th best out of 259 similar master's programs in the 2005 edition of *U.S. News and World Report*, America's Best Graduate Schools.

Overall, NU's distance education messaging serves to place it in a set of many distance education providers. In order to compete nationally, it will be necessary for the University to communicate compelling, resonant, and believable differentiators in its materials and website.

### **Internal Infrastructure**

EMG interviewed staff members and reviewed organizational charts and questionnaire feedback to assess the effectiveness of current communications and marketing organizational structures and staffing relative to achieving stated institutional goals and objectives.

### **Financial Model**

Using data on student credit hours (SCH) and published per hour tuition, our team calculated the potential revenue generated by distance education during the 2006-07 academic year, including summer. These figures are estimates and are, at best, approximate since they do not take into account special contracts, potential discounting, or in some cases variable tuition rates within a single college. Nevertheless, they provide a sense of size and scope of the distance education enterprise at NU.

It was necessary to make this calculation for 2006-07 using forecasted summer 2007 SCH since tuition rates used were current.

Our analysis estimates that across the three primary degree-granting campuses distance education generates just over \$9 million in tuition and fee revenue (Table 22). Based on calculation, 91% of this is tuition and 9% fee revenue. Approximately, 47.5% of this revenue is generated by programs on the Lincoln campus, which is slightly more than its proportion of SCH (45%) because of higher pricing. The greatest estimated tuition revenue (\$2.27 million) is generated by UNL's College of Education & Human Services, while the least is by UNL's College of Architecture (\$18,067).

**Table 22: 2006-07 Estimated Distance Education Tuition and Fee Revenue**

|   | Tuition            | Distance Ed Fee  | Total Distance Education Revenue | Percent of Total |
|---|--------------------|------------------|----------------------------------|------------------|
| <b>University of Nebraska - Lincoln</b>         |                    |                  |                                  |                  |
| Agriculture and Natural Resources               | \$579,838          | \$46,629         | \$626,468                        | 6.9%             |
| Architecture                                    | 16,747             | 1,320            | 18,067                           | 0.2%             |
| Arts & Sciences                                 | 237,348            | 21,405           | 258,753                          | 2.8%             |
| Business Administration                         | 892,597            | 80,498           | 973,095                          | 10.7%            |
| Education & Human Services                      | 2,100,848          | 170,425          | 2,271,274                        | 24.9%            |
| Engineering & Technology                        | 54,581             | 3,240            | 57,821                           | 0.6%             |
| Fine & Performing Arts                          | 19,795             | 1,785            | 21,580                           | 0.2%             |
| Journalism & Mass Communications                | 97,771             | 8,817            | 106,588                          | 1.2%             |
| Sub-Total                                       | \$3,999,524        | \$334,120        | \$4,333,644                      | 47.5%            |
| <b>University of Nebraska - Kearney</b>         |                    |                  |                                  |                  |
| College of Fine Arts & Humanities               | \$120,201          | \$12,861         | \$133,062                        | 1.5%             |
| College of Business & Technology                | 229,119            | 24,514           | 253,634                          | 2.8%             |
| College of Natural & Social Sciences            | 693,216            | 74,170           | 767,386                          | 8.4%             |
| College of Education                            | 1,661,448          | 177,765          | 1,839,213                        | 20.2%            |
| Sub-Total                                       | \$2,703,985        | \$289,310        | \$2,993,295                      | 32.8%            |
| <b>University of Nebraska - Omaha</b>           |                    |                  |                                  |                  |
| College of Arts & Sciences                      | \$1,066,136        | \$130,814        | \$1,196,951                      | 13.1%            |
| College of Business Administration              | -                  | -                | -                                | 0.0%             |
| College of Communication, Fine Arts and Media   | 193,880            | 22,920           | 216,800                          | 2.4%             |
| College of Education                            | 143,748            | 17,769           | 161,516                          | 1.8%             |
| College of Information Science and Technology   | 45,981             | 5,631            | 51,612                           | 0.6%             |
| College of Public Affairs and Community Service | 148,357            | 17,874           | 166,231                          | 1.8%             |
| Graduate Studies and Research                   | -                  | -                | -                                | 0.0%             |
| Sub-Total                                       | \$1,598,102        | \$195,009        | \$1,793,110                      | 19.7%            |
| <b>Total</b>                                    | <b>\$8,301,611</b> | <b>\$818,438</b> | <b>\$9,120,049</b>               | <b>100.0%</b>    |

NOTES: Estimates were created based on student credit hours for 2006-2007 provided by campus distance education offices (Summer 2007 credit hours estimated based on previous year's growth rate) and published tuition by College. Where programs have different tuition rates within a College, the highest tuition rate was used, so estimates could be slightly overstated. Estimates do not adjust for the Offutt Air Force base special contract with the UNL College of Business or any other special contracts.

SOURCE: SCH data provided by the distance education unit of UNL, UNK, and UNO. Tuition and fees as published on the web.

Using the overall revenue estimate, it becomes possible to estimate the amount of tuition differential and fee revenue that might flow to each college under the existing financial model. It is hard to be certain whether these estimates are over or understated from the college point-of-view since certain special contracts provide for all tuition monies to flow to the college, while other campuses collect a portion of this revenue for overhead before redistributing to the college.

Even so, the estimates provide a broad view of the amount of financial incentive realized by each college (Table 23). The largest amount of redistributed revenue, without adjusting for special contract, is an estimated \$994,600 to UNL's College of Education and Human Services. The smallest estimated revenue (approximately \$6,400) goes to the UNL College of Fine and Performing Arts. UNL's College of Business may receive significantly more, given their special Air Force contract.

**Table 23: 2006-07 Estimated Tuition Differential and Distance Education Fee Revenue Distribution to each College**

|   | Estimated Tuition Differential | Estimated Distance Education Fee | Total Estimated Revenue to College | Percent of Total |
|---|--------------------------------|----------------------------------|------------------------------------|------------------|
| <b>University of Nebraska - Lincoln</b>         |                                |                                  |                                    |                  |
| Agriculture and Natural Resources               | \$140,293                      | \$46,629                         | \$186,922                          | 8.7%             |
| Architecture                                    | 4,304                          | 1,320                            | 5,624                              | 0.3%             |
| Arts & Sciences                                 | 35,576                         | 21,405                           | 56,981                             | 2.7%             |
| Business Administration                         | 133,792                        | 80,498                           | 214,290                            | 10.0%            |
| Education & Human Services                      | 494,349                        | 170,425                          | 664,774                            | 31.0%            |
| Engineering & Technology                        | 24,039                         | 3,240                            | 27,279                             | 1.3%             |
| Fine & Performing Arts                          | 2,967                          | 1,785                            | 4,752                              | 0.2%             |
| Journalism & Mass Communications                | 14,655                         | 8,817                            | 23,472                             | 1.1%             |
| Sub-Total                                       | \$849,975                      | \$334,120                        | \$1,184,095                        | 55.3%            |
| <b>University of Nebraska - Kearney</b>         |                                |                                  |                                    |                  |
| College of Fine Arts & Humanities               | \$17,997                       | \$12,861                         | \$30,858                           | 1.4%             |
| College of Business & Technology                | 34,305                         | 24,514                           | 58,819                             | 2.7%             |
| College of Natural & Social Sciences            | 103,791                        | 74,170                           | 177,961                            | 8.3%             |
| College of Education                            | 248,759                        | 177,765                          | 426,524                            | 19.9%            |
| Sub-Total                                       | \$404,852                      | \$289,310                        | \$694,161                          | 32.4%            |
| <b>University of Nebraska - Omaha</b>           |                                |                                  |                                    |                  |
| College of Arts & Sciences                      | \$40,552                       | \$130,814                        | \$171,367                          | 8.0%             |
| College of Business Administration              | -                              | -                                | -                                  | 0.0%             |
| College of Communication, Fine Arts and Media   | 14,187                         | 22,920                           | 37,107                             | 1.7%             |
| College of Education                            | 4,442                          | 17,769                           | 22,211                             | 1.0%             |
| College of Information Science and Technology   | 1,830                          | 5,631                            | 7,462                              | 0.3%             |
| College of Public Affairs and Community Service | 8,222                          | 17,874                           | 26,096                             | 1.2%             |
| Graduate Studies and Research                   | -                              | -                                | -                                  | 0.0%             |
| Sub-Total                                       | \$69,234                       | \$195,009                        | \$264,243                          | 12.3%            |
| <b>Total</b>                                    | <b>\$1,324,061</b>             | <b>\$818,438</b>                 | <b>\$2,142,499</b>                 | <b>100.0%</b>    |

SOURCE: Estimates created based on student credit hours for 2006-07 provided by campus distance education offices (Summer 2007 credit hours estimated based on previous year's growth rate) and published tuition by College. Where programs have different tuition for programs within a College, the highest tuition rate was used, so estimates could be slightly overstated. Estimates do not adjust for the Offutt Air Force Base special contract with the UNL College of Business or any other special contracts.

The most significant part of the calculation to the amount of redistributable revenue is the proportion of in-state vs. out-of-state students. All three campuses currently serve large portions of in-state students (Table 24). While this is in keeping with NU’s land grant mission and the first objective outlined by NU’s President for distance education, the result is fairly modest revenue flowing to individual campuses and colleges.

**Table 24: Proportions of In-State and Out-of-State Distance Education Students by Campus**

| Institution                      | % In-State | % Out-of-State |
|----------------------------------|------------|----------------|
| University of Nebraska - Lincoln | 65%        | 35%            |
| University of Nebraska - Kearney | 66%        | 34%            |
| University of Nebraska - Omaha   | 90%        | 10%            |

SOURCE: Provided by the UNL, UNK, and UNO distance education offices. UNK figures from eCampus Annual Report, UNO provided estimates.

**Student Support Services**

Our team conducted a review of NU’s distance education-related student support services, both as they are published on the several campus websites and through interview, to understand if they are robust enough to support greater aggressiveness. These support services were then compared to those of several of the University’s key aspirational distance education competitors.

The student support services reviewed included:

- Advising
- Application and Registration
- Help Desk
- Library Services

Advising services on all NU campuses are provided by the colleges independently and are not structured specifically for distance education students.

A review of website information suggests some challenges. UNL does not reference advising on its EE&O webpage. UNK has a link to the campus academic advising home page, which has no information specific to distance education. UNO includes an obvious advising link that only provides a list of departmental phone numbers. None of the campuses post advising hours, other than to warn all students that advisors get busy during registration time.

By contrast, Penn State World Campus has academic advisors available from 8am to 9pm (Monday through Thursday) and 8am to 5pm (Friday) and advertises on its website:

*“The World Campus is one of the only distance education providers to have a team of professional academic advisers on staff—advisers who work specifically with adult learners and who know, inside and out, your unique needs as an adult distance learner.”*

While only advertising normal business hours for advisors, UMUC ensures that distance learners only need call one number or send a single e-mail to open an advising dialog.

All of NU’s distance education campuses offer online application and registration, but they do so with separate campus-specific systems. These systems are the same ones used for on-campus students and each appears adequate. However, for the off-campus distance education student they reside within a fairly confusing jumble of webpages that sometimes drops the prospect off at individual college sites. By contrast, all the application and registration procedures for Penn State’s World Campus are linear and occur from one path regardless of campus or program.

UNO provides technical help desk support only from 8am to 5pm Monday through Friday and no support on weekends. UNK’s help desk is open 8am to 8pm Monday through Thursday, but 8am to 5pm on Friday with no weekend support. UNL provides much more robust help desk services running from 7:30am to 11:30pm and longer on Sundays. However, the University of Phoenix and University of Maryland University College both offer 24/7 technical support and Penn State’s World Campus offers technical support from 8am to Midnight, Monday through Friday, and 10am to 7pm on weekends.

Library services that support NU’s distance education programs appear competitive, but are not as friendly as they could be. While each campus provides support for off-campus students, including delivery and ask-a-librarian services, these are not as robust as some distance education competitors. For example, each library in the NU system is an independent unit and, from the distance learner’s point of view, only resources owned by their enrolled campus are directly available. Evidently, resources owned by another campus can be requested through inter-library loan, but this is inconvenient and NU’s competitors do not require students to distinguish between libraries on separate campuses. Another example, NU’s library system allows phone and e-mail questions (described as normally getting a response within 24 hours, weekends excepted), while Penn State’s World Campus provides real-time instant messaging (IM) with librarians. NU’s libraries operate during normal business hours, while the University of Phoenix’s University Library is advertised as “never closing.”

Because convenience has been shown to be the most important reason that students choose to study in a distance environment, simplicity of process and level of support when the distance learner needs it are critical aspects to success in this market.

#### Organizational Structure, Staffing, and Resources

The University of Nebraska employs several different structures to support its distance education offerings. UNL has constructed the Extension and Educational Outreach (EE&O) unit which is in charge of the campus' distance degree and certification programs, the Independent Study High School, the Advanced Scholars program, and the College Independent Study program. This unit is lead by an Associate Vice Chancellor and reports to the Sr. Vice Chancellor of Academic Affairs. The UNK eCampus office, on the other hand, reports to the Associate Dean of Graduate Studies & Research, who in turn reports to the Dean. The Director of distance education under this structure is several steps away from the senior executive. Perhaps more uncommon, the UNO distance education unit is a component of the Information Technology Services department and reports to the Chief Information Officer. Given the significantly dissimilar organizational structures it may be difficult to generate identical focus and priority for distance education on each campus. Though such structures can be made to work under any of the strategic options, it is likely that they will create unnecessary organizational friction if left unchanged, particularly under the Integrated Academic Enterprise option.

UNL's EE&O office has the largest staff at 66.0 FTE. However, this staffing level supports three program lines not directly related to college degree or certificate education. At minimum, approximately 44.3 FTE support the Independent Study High School (ISHS), Advanced Scholars (AS), and College Independent Study (CIS) and Summer Reading programs (Table 25).

Though the EE&O marketing budget is approximately \$279,000, only about \$29,000 is devoted to degrees and courses. The remainder is devoted to ISHS (\$150,000) and CIS (\$100,000). The budget is structured in this manner because most colleges and departments fund their own marketing and promotional materials and EE&O provides marketing consultation and staff support for development of the promotional material. There appears to be no way to reliably estimate these distributed expenditures, since distance education is not separated in the data.

| Table 25: Staffing Levels - UNL EE&O       |             |   |
|--|-------------|---|
| Position                                   | FTE         | Notes   |
| Associate Vice Chancellor                  | 1.0         | Executive leadership, Chair of DECC   |
| Marketing                                  | 8.4         | Director, 3 recruiters, 1 designer, 2 marketing specialists copywriting/strategy, 1 admin, 1 project manager  |
| Customer Services                          | 5.0         | Registrar, Supervisor, 3 Clerical   |
| Information Systems                        | 5.0         | Desktops, servers, systems for office - accounts receivable, learning management system, registration systems |
| Business Affairs - Accounting, HR, Payroll | 4.3         | Director, accounting functions, human resources, payroll, and financial reporting                             |
| Business Affairs - Shipping & Receiving    | 3.5         | Manager, shipping/receiving reporting for ISHS and CIS  |
| Business Affairs - Clerical Support        | 5.8         | Clerical support unit for ISHS and CIS student records and revenue distribution                               |
| Independent Study High School              | 4.0         | Director, Principal, 2 half-time teachers on-site, advisor  |
| Instructional Design & Development         | 20.5        | Director, Project Assistant, 5.0 FTE ISHS, 11.5 FTE Distance Education, Special Projects 2.0 FTE              |
| Graduate Distance Education Programs       | 3.9         | Academic college-delivered programs   |
| Undergraduate Distance Education Programs  | 4.6         | College Independent Study and Summer Reading Programs, Advanced Scholars, Fire Protection                     |
| <b>Total</b>                               | <b>66.0</b> |   |

SOURCE: UNL Extension & Educational Outreach (EE&O) office

UNK’s eCampus at 5.5 FTE, including the Associate Vice Chancellor’s time, is significantly smaller than UNL, yet UNK generates approximately 33.5% of NU’s distance education student credit hours (Table 26).

The marketing budget for UNK’s distance education is approximately \$40,000. This is actually slightly higher than UNL’s comparable budget, but neither is large enough to support a regional or national distance education brand.

| <b>Table 26: Staffing Levels - UNK eCampus</b> |            |
|--|------------|
| <b>Position</b>                                | <b>FTE</b> |
| Associate Dean Graduate Studies                | 0.5        |
| Director of eCampus                            | 1.0        |
| Instructional Designers                        | 2.0        |
| Office Associates                              | 2.0        |
| <b>Total</b>                                   | <b>5.5</b> |
| SOURCE: UNK eCampus office                     |            |

UNO’s staffing at 3.6 FTE, is quite small and reflects their influencing and coordinating roles. Marketing is done by the UNO University Relations Office, which has only 5 FTE (Table 27).

UNO’s marketing budget is difficult to estimate. Essentially all expenditures are made at the college or department level. Information provided by the UNO distance education office indicates that approximately \$12,500 is expended centrally to support the Master of Fine Arts – Writing program.

| <b>Table 27: Staffing Levels - UNO Distance Education</b> |            |
|---|------------|
| <b>Position</b>   | <b>FTE</b> |
| CIO   | 0.1        |
| Outreach and Distance Education                           | 2.0        |
| Distance Education Recruiting                             | 1.0        |
| Instructional Design/API                                  | 0.5        |
| <b>Total</b>  | <b>3.6</b> |
| SOURCE: UNO Distance Education Office                     |            |

UNMC does not devote any specific resources to the support and promotion of distance education. The Associate Chancellor for Academic Affairs acts as a “point of contact” and represents the campus regarding distance education efforts, but does not function in a formal role like those on the other three campuses.

Though the staff in support of distance education is not distributed to each campus in proportions similar to their enrollments or SCH, the amount of staff and leadership resource committed across the entire system is considerable at 60.2 FTE, not including UNL staff obviously connected with ISHS, CIS, or AS. Taken together, gross staffing to support an increase in aggressiveness in distance education appears adequate. Clearly reengineering of positions, roles, and skills sets would likely be necessary if the University chooses to implement the Fifth Campus or Integrated Academic Enterprise options.

These units communicate together through the Distance Education Coordinating Council (DECC). The DECC is chaired by the Associate Vice Chancellor in charge of UNL’s EE&O office and meets monthly to share information and communicate. Interviews suggest that this council works well together, has shared interest in promoting distance education, and is appreciative of the leadership of the Chairman. However, this group is not a decision making body and has no oversight or governance responsibilities. The group has no authority to manage the image of NU’s distance education and has no joint budget authority. The members recognize that they owe first allegiance to their specific campuses and work collaboratively so long as they are not at odds with campus priorities.

It was not possible to quantify the total marketing expenditure of the University toward its distance education programs since these are largely borne by the colleges and not distinguishable from other forms of marketing. Nevertheless, information reported by the distance education offices on each campus suggests that office marketing budgets are quite small. Across all three campuses, distance education unit marketing budgets in support of degrees and courses totaled only about \$82,250 (Table 28). Based on our estimate of \$9 million of NU’s total distance education revenue in 2006-07, this marketing investment is approximately 0.9% of revenues. A 2004 national benchmark study by Eduventures indicates that 63% of postsecondary institutions invest less than 5% of program revenues in online program marketing, and 80% invest less than 10% of revenue in marketing.

| Table 28: Marketing Resources <sup>1</sup>  |                        |                       |
|---|------------------------|-----------------------|
| Campus                                      |                        | Unit Marketing Budget |
| University of Nebraska - Lincoln            | EE&O Degrees & Courses | \$29,000              |
|   | ISHS                   | \$150,000             |
|   | CIS                    | \$100,000             |
| Subtotal – University of Nebraska – Lincoln |                        | \$279,000             |
| University of Nebraska - Kearney            |                        | 40,000                |
| University of Nebraska - Omaha <sup>2</sup> |                        | 12,250                |
| <b>Total</b>                                |                        | <b>\$331,250</b>      |

NOTES:

1. Represents only budgets managed by individual distance education departments, most marketing expenditures are made at the college-level
2. Budget goes toward Master of Fine Arts - Writing only

SOURCE: Questionnaires prepared by and information from each distance education office

All major competitors in the distance education marketplace report that aggressive marketing investments are necessary to maintain enrollments. To illustrate, the University of Phoenix currently spends 22% of tuition revenue (\$484,770,000) for selling and promotion.

Recent market trends suggest that the minimally required marketing investment is getting larger. Universities have relied on Web advertising, search term sponsorships, and OEDs to communicate their distance education programs. As competition has increased in these areas, so has the cost of advertising, and it is expected to continue.

**Governance and Brand Management**

We reviewed the processes in place that might help the University govern and manage an aggressively growing distance education function and brand. Currently, each campus manages its own campus-wide brand and this is extended to distance education marketing when necessary. There are no formal working agreements between distance education and the local campus communications and marketing units. Marketing budgets are separate from distance education and the communications marketing units on each campus are not tasked with promoting distance education. Interviews suggest that working relationships are convivial.

This lack of brand governance structure will be a significant obstacle to any efforts by NU to promote a single brand externally. Even under the Gateway option, which allows each campus to maintain its identity in distance education, the lack of organizational mechanisms for joint decision-making, budget management, and marketing will be a hindrance.

## APPENDIX 1: MEETING ATTENDEES AND INTERVIEWS

The following individuals were invited to attend either individual interviews or group sessions. In some cases, invitees sent representatives.

1. James B. Milliken, J.D., President
2. Gloria Vavricka, Director of eCampus
3. Steven McGahan, Lead Instructional Designer
4. Karen Premer, Instructional Designer
5. Julie Saalfeld, Office Associate
7. Heather Rhinehart, Office Associate
8. Doug Kristensen, Chancellor
9. Finnie Murray, Vice Chancellor of Academic Affairs and Student Life
10. Curt Carlson, Vice Chancellor of University Relations
11. Bruce Forster, Dean of College of Business and Technology
12. Tim Burkink, Associate Dean of College of Business and Technology
13. Frank Harrold, Dean of Natural and Social Sciences
14. Robert Rycek, Associate Dean of Natural and Social Sciences
15. Bill Jurma, Dean of Fine Arts and Humanities
16. Ron Crocker, Associate Dean of Fine Arts and Humanities
17. Ed Scantling, Dean of College of Education
18. Glen Powell, Associate Dean of College of Education
19. Janet Wilke, Dean of the Library
20. Lois Flagstad, Dean of Student Life
21. Kenya Taylor, Dean of Graduate Studies and Research
22. Carol Lomicky, Associate Dean of Graduate Studies/Research and Distance Education
23. Brian Peterson, Distance Education Coordinator of M.S. Biology Program
24. Sheryl Heidenreich, Reference Librarian
25. Mary Daake, Director of Academic Advising
26. Jeanne Butler, Director Center for Teaching Excellence
27. Gail Zeller, Directory of Academic Success
28. Dusty Newton, Director of Undergraduate Admissions
29. Deb Schroeder, Associate Vice Chancellor of Information Technology Services
30. Andrea Childress, Directory of Information Technology Services
31. Linda Johnson, Directory of Graduate Admissions
32. Glennis Nagel, Communication Specialist
33. Torsten Homberger, Coordinator of Writing Center

34. Kim Schipporeit, Registrar
35. John Horvath, Director of Video and Audio Services
36. Brian Spradlin, Webmaster
37. Chris Frazer, Print/Finishing Supervisor
38. Kerri Skinner, Associate Professor, Biology
39. Wyatt Hoback, Professor, Biology
40. Tamara Smith, Assistant Professor, Biology
41. Roger Davis, Professor, History
42. Mark Ellis, Associate Professor, History
43. Verne Volpe, Professor, History
44. Jean Mandernach, Lecturer, Psychology
45. Krista Forrest, Associate Professor, Psychology
46. Suzanne Hayes, Assistant Professor, Business Accounting/Finance
47. Kathryn Zuckweiler, Assistant Professor, Business Management
48. Kyle Luthans, Professor, Business Management
49. Janet Lear, Lecturer, Economics
50. Barbara Amundson, Lecturer, Health, Physical Education and Recreation
51. Patricia Cruzeiro, Associate Professor, Educational Administration
52. Patricia Hoehner, Associate Professor, Educational Administration
53. Dennis Potthoff, Professor, Teacher Education
54. Elaine Batenhorst, Associate Professor, Teacher Education
55. Scott Fredrickson, Professor, Teacher Education
56. Joan Lewis, Associate Professor, Teacher Education
57. Ken Messersmith, Assistant Professor, Teacher Education
58. Donna Alden, Assistant Professor, Art and Art History
59. Valerie Cisler, Professor, Music and Performing Arts
60. George Lawson, Associate Professor, Communications
61. Daren Snider, Associate Professor, Modern Languages
62. Trecia Markes, Associate Professor, Physics and Physical Science
63. Sharon Stephan, Assistant Vice President of Communications and Marketing
64. Meg Lauerman, Director of University Communications
65. Harvey Perlman, Chancellor
66. Arnold Bateman, Associate Vice Chancellor, Extended Education and Outreach
67. Larry Dlugosh, Chair, Department of Educational Administration
68. Susan Fritz, Associate Vice Chancellor, IANR
69. Kent Hendrickson, Associate Vice Chancellor, Information Services
70. Ellen Weissinger, Executive Associate Dean, Graduate Studies

71. Ron Roeber, Associate Vice Chancellor, Academic Affairs
72. David Wilson, Associate Vice Chancellor, Academic Affairs
73. Rita Kean, Dean, Undergraduate Studies
74. Earl Hawkey, Director of Registration and Records
75. Bob Clark, Director of Student Accounts
76. Kate Adams, Professor, University Libraries
78. Dea Mandery, Director, Distance Education Programs
79. Nancy Aden, Director, Distance Education Services
80. Tim Ernst, Director, Independent Study High School
81. Randy Leach, Director, Business Affairs
82. Keith Bartels, Director, Information Systems
83. Jeff Deans, Interim Director, Marketing/Customer Service
84. Marjorie Kostelnik, Dean, College of Education and Human Sciences
85. Steve Waller, Dean, College of Agricultural and Natural Res.
86. Will Norton, Dean, College of Journalism and Mass Communications
87. Linda Shipley, Associate Dean, College of Journalism and Mass Communications
88. Wayne Drummond, Dean, College of Architecture
89. John Anderson, Associate Dean, College of Business Administration
90. John Ballard, Associate Dean, College of Engineering and Technology
91. Linda Pratt, Interim Provost
92. David Crouse, Associate Vice Chancellor for Academic Affairs, UNMC
93. Dan Moser, Associate Dir., ITS Learning Environment, and Internet Services
94. Lee Trant, Associate Dir., ITS Application Services
95. Max Thacker, Associate Dir. ITS Video Services
96. Tom Birk, Senior Instructional Designer
97. Patricia Hoffman, Video Services Facilitator
98. Jeanne Ferbrache, Director, Institutional Research
99. Janet McLaughlin, Office Manager, Academic Records
100. Kyle Meyer, Associate Dean
101. Jan Tompkins, Assistant Professor SAHP, CLS
102. Lois Colburn, Director, Center for Continuing Education
103. Lisa Bally, Administrator, Center for Continuing Education
104. Harold Maurer, Chancellor
105. Rubens Pamies, Vice Chancellor for Academic Affairs
106. Robert Bartee, Vice Chancellor for External Affairs
107. Sandy Goetzinger-Comer, Director, Department of Public Affairs
108. Chery Thompson, Assistant Dean and Directory, UNMC Informatics

109. Louise LaFramboise, Director, Undergraduate Programs
110. Ann Berger, Director, Undergraduate Programs
111. Patricia Carstens, Director, CON Learning Resource Center
112. Jay Noren, MPH Dean
113. Alice Schumaker, Public Admin. U. of Neb. at Omaha and UNMC COPH
114. Jessica Tschirren, COPH Education Program Associate
115. Tim Kaldahl, Interim Director, University Affairs
116. Lanyce Keel, Director, Outreach and Distance Education
117. Shelly Schafer, Manager of Distance Education
118. B.J. Reed, Dean of Colleges of Public Affairs and Community Service (CPACS)
119. John E. Christensen, Chancellor
120. Kathy Menke, Director of Department of Continuing Studies
121. Wade Robinson, Registrar
122. Sheri Rogers, Vice Chancellor Student and Academic Affairs
123. John Fiene, CIO
124. John Bartle, Chair of Public Administration
125. Brent Bowen, Director of the Aviation Institute
126. David Cicotello, Director of New Student Enrollment Services
127. Richard Duggin, Director, Low Residency MFA in Creative Writing Program
128. Robert Graham, Chair of Physics
129. Lynn Harland, Associate Dean of College of Business
130. Rebecca Pasco, Director of Library Sciences Programs
131. Amy Rodie, Faculty in Marketing
132. Ilze Zigurs, Chair of Information Science and Quantitative Analysis

## APPENDIX 2: GOOGLE SEARCH TERM ANALYSIS

| Google Search Term Analysis   |   |  |                                   |                                |                         |
|-------------------------------|---|--|-----------------------------------|--------------------------------|-------------------------|
| Search Term                   | University hits in top three pages (in order)   |  | Total Number of Hits <sup>1</sup> | % University Hits <sup>2</sup> | % OED Hits <sup>3</sup> |
| distance education            | - Penn State World Campus<br>- Harvard Extension School<br>- Nova Southeastern University<br>- University of North Carolina – Charlotte   | - Houston Community College<br>- Johns Hopkins School of Public Health<br>- North Carolina State   | 33                                | 21%                            | 18%                     |
| online degree                 | - University of Phoenix (sponsored)<br>- Devry Online University<br>- Penn State World Campus<br>- University of Illinois Online<br>- American Intercontinental University  | - UMass Online<br>- Capella University<br>- Canyon College   | 38                                | 26%                            | 63%                     |
| online degree nebraska        | - Devry Online University (sponsored)<br>- University of Nebraska Kearney eCampus (3 hits)<br>- Western Governors University  | - Peru State College<br>- UNMC - Degree Completion (1 hit)<br>- University of Nebraska Omaha (news release)  | 33                                | 24%                            | 64%                     |
| online courses                | - South University (sponsored)<br>- Devry Online University (sponsored)<br>- University of Illinois Online Degrees<br>- MIT<br>- University of Phoenix (sponsored)  | - University of Colorado at Denver<br>- SUNY Learning Network<br>- Penn State World Campus<br>- UC Berkeley Extension<br>- IUPUI School of Library and Information Science<br>- Brigham Young University                 | 40                                | 38%                            | 38%                     |
| university of nebraska online | - University of Phoenix<br>- University of Nebraska Kearney eCampus (1 hit, but 1st non-sponsored)<br>- University of Nebraska Lincoln (23 hits, 10 non-related)  | - Bellevue University<br>- Huskers.com   | 32                                | 84%                            | 6%                      |
| degree completion             | - Spring Arbor University<br>- Portland State University<br>- Extended Campus<br>- Kansas State University<br>- Evangel University<br>- American University<br>- Malone College<br>- Eastern Mennonite University<br>- Concordia University | - University of Texas Health Science Center<br>- Biola University<br>- Boston University<br>- University of Sioux Falls<br>- Goshen College<br>- Albright College<br>- Northwestern College<br>- Lancaster Bible College | 31                                | 71%                            | 6%                      |
| online MBA                    | - Babson College (sponsored)<br>- University of Phoenix (sponsored)<br>- Drexel University Online (2 hits)<br>- Regis University (2 hits)   | - Norwich University<br>- Arizona State University - Carey MBA<br>- Athabasca University   | 39                                | 38%                            | 85%                     |

| Google Search Term Analysis       |  |   |                                   |                                |                         |
|-----------------------------------|--|---|-----------------------------------|--------------------------------|-------------------------|
| Search Term                       | University hits in top three pages (in order)  |   | Total Number of Hits <sup>1</sup> | % University Hits <sup>2</sup> | % OED Hits <sup>3</sup> |
| online MBA nebraska               | - University of Nebraska - Lincoln CoB (2 hits)<br>- ITT Technical Institute<br>- Marylhurst University  | - St. Leo University<br>- Wayne State College<br>- Drexel University Online<br>- Daniel Webster College                                     | 30                                | 23%                            | 50%                     |
| online teacher education          | - Western Governors University (sponsored & 3 hits)<br>- Capella University (sponsored)<br>- University of Phoenix (2 hits)  | - Nova Southeastern - Fischler School<br>- Drexel University Online<br>- Rio Salado College Online  | 39                                | 33%                            | 28%                     |
| online teacher education nebraska | - University of Nebraska - Kearney eCampus (3 hits)<br>- University of Nebraska - Lincoln<br>- University of Nebraska - Lincoln NESEN<br>- University of Nebraska Administration | - University of Nebraska - Omaha (News Story)<br>- University of Nebraska - Lincoln Grad Studies<br>- University of Nebraska - Lincoln EE&O | 30                                | 27%                            | 37%                     |
| online continuing education       | - University of Phoenix (sponsored)<br>- The Heritage Institute<br>- Cleveland Clinic<br>- Colorado State University Cont. Ed.   | - Baptist Theological Seminary at Richmond<br>- University of Utah - Cont. Med. Education<br>- Sinclair Community College                   | 32                                | 22%                            | 28%                     |

NOTES:

1. Total hits is defined by the number of returned response in the main results section, which often includes as many as two "sponsored" hits per page, banner ads, right hand Adword hits, and other links that may have occurred on the page have been ignored
2. % University is defined by those links that led directly to an actual university page
3. % OED is defined by those links that lead to an online education directory, portal, or other listing that are not provided by a government agency or specialized professional organization. Dozens of different OEDs appeared in the results, eLearners.com and WorldWideLearn.com were the most prevalent.

SOURCE: Analysis performed by EMG using Google on April 7, 2007.

### APPENDIX 3: IN AND OUT MIGRATION

| In and Out Migration of Full-time College Students, by State, 2002 |   |                  |              |               |                            |                                      |                                      |
|--|---|------------------|--------------|---------------|----------------------------|--------------------------------------|--------------------------------------|
|  | Import/Export Ratio (<1=Exporter, >1=Importer) <sup>1</sup> | Net In Migration | In Migration | Out Migration | Freshmen Students Enrolled | In-State Students Attending Anywhere | In-State Students Attending In State |
| Alaska   | 0.11  | (1,756)          | 216          | 1,972         | 2,656                      | 4,412                                | 2,440                                |
| New Jersey   | 0.15  | (24,246)         | 4,175        | 28,421        | 55,135                     | 79,381                               | 50,960                               |
| Illinois   | 0.49  | (11,762)         | 11,174       | 22,936        | 109,603                    | 121,365                              | 98,429                               |
| Hawaii   | 0.50  | (1,365)          | 1,361        | 2,726         | 7,610                      | 8,975                                | 6,249                                |
| Maryland   | 0.62  | (5,575)          | 9,201        | 14,776        | 40,701                     | 46,276                               | 31,500                               |
| Washington   | 0.63  | (2,909)          | 4,977        | 7,886         | 36,410                     | 39,319                               | 31,433                               |
| Maine  | 0.64  | (1,429)          | 2,596        | 4,025         | 10,199                     | 11,628                               | 7,603                                |
| Connecticut  | 0.67  | (4,310)          | 8,705        | 13,015        | 26,600                     | 30,910                               | 17,895                               |
| California   | 0.68  | (6,302)          | 13,264       | 19,566        | 264,090                    | 270,392                              | 250,826                              |
| Nevada   | 0.70  | (599)            | 1,389        | 1,988         | 10,046                     | 10,645                               | 8,657                                |
| Montana  | 0.76  | (532)            | 1,691        | 2,223         | 7,837                      | 8,369                                | 6,146                                |
| New Mexico   | 0.77  | (688)            | 2,358        | 3,046         | 15,341                     | 16,029                               | 12,983                               |
| Texas  | 0.77  | (3,869)          | 12,615       | 16,484        | 183,756                    | 187,625                              | 171,141                              |
| Michigan   | 0.87  | (1,082)          | 7,152        | 8,234         | 86,373                     | 87,455                               | 79,221                               |
| Ohio   | 0.87  | (1,824)          | 12,316       | 14,140        | 98,557                     | 100,381                              | 86,241                               |
| Minnesota  | 0.88  | (1,345)          | 10,047       | 11,392        | 63,309                     | 64,654                               | 53,262                               |
| South Dakota   | 0.91  | (212)            | 2,105        | 2,317         | 8,516                      | 8,728                                | 6,411                                |
| Wisconsin  | 0.97  | (288)            | 8,406        | 8,694         | 57,299                     | 57,587                               | 48,893                               |
| Nebraska   | 0.98  | (72)             | 3,021        | 3,093         | 19,761                     | 19,833                               | 16,740                               |
| Georgia  | 1.00  | (13)             | 10,141       | 10,154        | 74,164                     | 74,177                               | 64,023                               |
| New York   | 1.11  | 3,070            | 30,770       | 27,700        | 169,283                    | 166,213                              | 138,513                              |
| Oregon   | 1.11  | 506              | 5,215        | 4,709         | 26,375                     | 25,869                               | 21,160                               |
| N. Hampshire   | 1.21  | 1,079            | 6,165        | 5,086         | 12,210                     | 11,131                               | 6,045                                |
| Kansas   | 1.23  | 853              | 4,559        | 3,706         | 28,774                     | 27,921                               | 24,215                               |
| Colorado   | 1.24  | 1,575            | 8,223        | 6,648         | 43,951                     | 42,376                               | 35,728                               |
| Arkansas   | 1.25  | 678              | 3,403        | 2,725         | 22,968                     | 22,290                               | 19,565                               |
| Idaho  | 1.25  | 630              | 3,168        | 2,538         | 12,745                     | 12,115                               | 9,577                                |
| Missouri   | 1.25  | 1,814            | 9,101        | 7,287         | 49,201                     | 47,387                               | 40,100                               |
| Virginia   | 1.30  | 3,251            | 14,047       | 10,796        | 55,309                     | 52,058                               | 41,262                               |
| North Dakota   | 1.36  | 838              | 3,175        | 2,337         | 9,005                      | 8,167                                | 5,830                                |
| Florida  | 1.38  | 4,167            | 15,116       | 10,949        | 116,069                    | 111,902                              | 100,953                              |
| Louisiana  | 1.42  | 1,545            | 5,262        | 3,717         | 42,986                     | 41,441                               | 37,724                               |
| Tennessee  | 1.45  | 3,111            | 10,031       | 6,920         | 44,693                     | 41,582                               | 34,662                               |
| Massachusetts  | 1.48  | 7,960            | 24,602       | 16,642        | 66,253                     | 58,293                               | 41,651                               |
| Vermont  | 1.48  | 1,343            | 4,115        | 2,772         | 6,557                      | 5,214                                | 2,442                                |

| In and Out Migration of Full-time College Students, by State, 2002 |  |                  |              |               |                            |                                      |                                      |
|--|--|------------------|--------------|---------------|----------------------------|--------------------------------------|--------------------------------------|
|  | Import/Export Ratio<br>(<1=Exporter, >1=Importer) <sup>1</sup> | Net In Migration | In Migration | Out Migration | Freshmen Students Enrolled | In-State Students Attending Anywhere | In-State Students Attending In State |
| Kentucky   | 1.49   | 1,959            | 5,977        | 4,018         | 37,591                     | 35,632                               | 31,614                               |
| Oklahoma   | 1.53   | 1,732            | 4,973        | 3,241         | 34,364                     | 32,632                               | 29,391                               |
| Pennsylvania   | 1.66   | 11,740           | 29,396       | 17,656        | 130,702                    | 118,962                              | 101,306                              |
| Delaware   | 1.77   | 1,482            | 3,402        | 1,920         | 8,528                      | 7,046                                | 5,126                                |
| South Carolina   | 1.85   | 2,989            | 6,519        | 3,530         | 37,477                     | 34,488                               | 30,958                               |
| Mississippi  | 1.96   | 1,877            | 3,823        | 1,946         | 34,525                     | 32,648                               | 30,702                               |
| West Virginia  | 2.00   | 2,257            | 4,516        | 2,259         | 16,722                     | 14,465                               | 12,206                               |
| Wyoming  | 2.03   | 1,440            | 2,839        | 1,399         | 6,111                      | 4,671                                | 3,272                                |
| Alabama  | 2.06   | 3,933            | 7,629        | 3,696         | 42,474                     | 38,541                               | 34,845                               |
| Indiana  | 2.06   | 6,654            | 12,921       | 6,267         | 61,950                     | 55,296                               | 49,029                               |
| North Carolina   | 2.28   | 7,579            | 13,520       | 5,941         | 76,755                     | 69,176                               | 63,235                               |
| Iowa   | 2.40   | 5,548            | 9,504        | 3,956         | 41,916                     | 36,368                               | 32,412                               |
| Rhode Island   | 2.97   | 5,818            | 8,765        | 2,947         | 14,787                     | 8,969                                | 6,022                                |
| Arizona  | 3.56   | 8,624            | 11,992       | 3,368         | 45,999                     | 37,375                               | 34,007                               |
| Utah   | 3.75   | 4,569            | 6,231        | 1,662         | 28,047                     | 23,478                               | 21,816                               |
| Nation   | 1.10   | 36,955           | 414,736      | 377,781       | 2,512,283                  | 2,475,328                            | 2,097,547                            |

NOTE:

1. Ratios are defined as 1= imports and exports are the same, >1= import more than export, <1=export more than import

SOURCE: NCES, IPEDS Residency and Migration Survey, by The National Information Center For Higher Education Policy Making & Analysis. [www.higheredinfo.org](http://www.higheredinfo.org)