

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
MINNESOTA ONLINE STUDY SESSION
MARCH 18, 2009**

Board of Trustee Members Present: Vice Chair Ruth Grendahl; Trustees Duane Benson, Cheryl Dickson, Clarence Hightower, Dan McElroy, Thomas Renier, Christine Rice, James Van Houten, Scott Thiss, Jacob Englund and Terri Thomas.

Board Members Absent: Chair David Olson, Trustees Allyson Lueneburg, David Paskach and Louise Sundin.

Leadership Council Committee Co-Chairs Present: Senior Vice Chancellor Linda Baer and President David Danahar.

The Minnesota State Colleges and Universities Board of Trustees held a Study Session on March 18, 2009, at Wells Fargo Place, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Vice Chair Grendahl called the session to order at 9:05 am.

The Board of Trustees met in Study Session to be provided an overview of online learning for Minnesota State Colleges and Universities.

Presenters:

Linda L. Baer, Senior Vice Chancellor for Academic and Student Affairs
Patrick Opatz, Chief Operating Officer, Minnesota Online
Alfred Essa, Deputy Chief Information Officer

Senior Vice Chancellor Baer presented a plan aimed at achieving the next generation of Minnesota Online learning. System colleges and universities have been providing online education for over a decade and student enrollment has grown substantially. The system's online student headcount has increased 220 percent in the past six years and in 2009 was estimated to be 77,075 students.

Earlier this year, the Governor issued a challenge of delivering 25 percent of higher education credits online. Senior Vice Chancellor Baer said the system is picking up the challenge, along with planning for the future of Minnesota Online, called Minnesota Online 2. Access, quality and low cost will be important factors in the planning, she said.

Students want greater access to online opportunities at system institutions, and it isn't uncommon for students to take courses from more than one institution at a time, Senior Vice Chancellor Baer said.

Also important to students is quality of online courses. In the past, students have indicated that the quality of online courses is inconsistent. Senior Vice Chancellor Baer said Minnesota Online is picking up the challenge to provide higher quality courses.

Cost is another student concern. Education, including online education, simply needs to be more affordable, students have said. Senior Vice Chancellor Baer said the challenge for Minnesota Online 2 will be to bring access, quality and cost factors into better balance.

Vice Chair Grendahl asked about online students being required to pay student fees, even though they don't use services such as parking lots or student unions since they aren't on campus.

Senior Vice Chancellor Baer said fee decisions are typically made locally and may differ from institution to institution. Some online students also take site-based classes and those fees then would be applicable. She said she would provide trustees with information related to fees for online students.

Trustee Van Houten asked where the cost advantages of online occur. In the past, the Board faced the challenge of upgrading technology infrastructure based on the premise that maintenance costs were becoming overwhelming and soon the online system would be susceptible to failure. Cost savings related to the upgrade have not been quantified, he said. It would be helpful to have an overview of cost savings, he said.

A cost study was done based on fiscal 2007 data, Dr. Opatz said, and data showed instructional costs for online and on-site classes were comparable. There cost variables that can affect costs were more likely to be institutional, faculty or course characteristics.

There are different cost structures because of course development and infrastructure costs, Dr. Opatz said. However, he added these costs are difficult to define. He said he has been working with the budget unit and information technology staff to develop the next round of the cost study. One of the challenges for MnOnline 2 will be to provide a cost structure for online and provide more information about the base and goals related to productivity and cost of online courses, he said.

Trustee Van Houten said he thinks they need to be timid in representing outcomes that cannot be proven at this point given the reaction to the last technology investment. Online education has many advantages, such as being able to fill a section of an online class by combining students from various campuses. He said he is not aware if there is coordination along those lines right now, but there are clearly some productivity possibilities available.

Senior Vice Chancellor Baer said meeting the Governor's challenge of 25 percent of our credits being online by 2015 may be a stretch. There will be a need for additional sections, new courses, additional trained faculty and an increase in the information

technology capacity. This growth probably can't be sustained by the current Minnesota Online model, she said.

The Board may elect to meet the challenge in a broader context, she said. Considerations include if generating additional online credit is the best way to serve students, how online addresses access, and the development of a plan that addresses long-term strategic directions of the system, including urgent workforce needs.

Immediate actions needed for workforce recovery include meeting the needs of dislocated workers, working with Department of Employment and Economic Development (DEED) in the Training Resource Center and providing customized training and continued education services.

It is expected that Minnesota Online will be the central “hub” for online learning in the system in the near term. The following actions are proposed to be undertaken by Minnesota Online between now and 2011:

- Provide greater access to all college and university courses and programs with ability to apply, register and pay online;
- Offer a full array of integrated support services to ensure the student can successfully navigate the system;
- Assist colleges and universities in developing shared online curriculum for targeted areas;
- Provide tools and support to faculty for developing online courses;
- Provide data to align programs with targeted student learner segments and state needs;
- Open new online markets, including enhanced services to businesses.

Senior Vice Chancellor Baer said the current funding level allows the system to continue to do the near-term strategy in incremental steps. Progressing to the next generation level would take additional investment.

The long-term strategy would involve the development of a new business model that would center on cost-effectiveness, enhanced quality and improved access by scaling the current online innovation and expanding the scope and depth of programs.

Possible long-term actions could include:

- Full integration of student support services;
- Extensive collaboration in curriculum development and delivery;
- Flexible services and delivery options;
- Competency-based learning;
- Programs designed for targeted economic sectors and student groups;
- Expansion of partnerships with K-12;
- Extensive use of action analytics.

Results that would be expected from these actions would include increased access and enrollment; higher retention and success rates; increased competencies; better services to

students and business; use of more effective teaching methods; improved data for decision making and accounting; and better use of limited resources.

Senior Vice Chancellor Baer said the criteria for the new online business model as presented would not have it as a new institution, but not a static portal either. It would select, package and scale best in class curriculum and services. It would be a new approach to a collaborative, she said.

Trustee McElroy said the Board needs to discuss if the system's online courses should continue to be place-based. For-profit competitors see online courses as a central utility. If that model is adopted, one institution could buy a course from the system's central utility but would still handle student services on an individual basis. Instead of having 32 institutions create courses individually, the system would create them and then sell them through the service delivery model.

Trustee Van Houten said this type of model has been in use by a high school cooperative in Ohio for years. Six or seven school districts that have formed a cooperative and that cooperative markets programs for students. They hire faculty who teach the course and students get credit at their local high school. All coordination comes through the cooperative, he said.

The Board needs to consider ease for the student, Trustee Englund said. A student may choose an online competitor because that institution will map out everything for the student. He said that may be more appealing to a student rather than going through the state college and university system, which is more of a build-your-own model.

The proposed plan is based on the belief that students should be able to draw from all resources available, Senior Vice Chancellor Baer said. A student would continue to have a home base campus for their financial aid, testing, advising and other campus services, but then can choose online courses from a variety of institutions.

For the future, a more collaborative model can be provided, she said. Students would begin with e-folio to create their personal educational map and then the powerful center would provide more coordinated, more integrated, more quality-based online opportunities.

Trustee Van Houten said what has been missing all along in discussions about online education is budgeting on the basis of an outcome being achieved. There is almost no tie-in between expectations and the budget, he said.

Senior Vice Chancellor Baer said the new business model has a strong foundation in analytics, such as how we know what is making a difference, how do we know the value added, how do we know the return on investment, and how do we know what works best for the student. This will allow them to improve education from information and data.

The next generation technology for Minnesota Online would likely be the Web 2.0 environment. That will be more a more interaction, customizable type of technology.

High quality instruction also will be a goal. Courses delivered on MnOnline 2 will need to meet quality and service standards, based on the technology and analytics, Senior Vice Chancellor Baer said.

The next generation technology model would have a sustainable funding model, she said. It would adapt some of the applicable elements of the for-profit models, but will align with our system mission and goals of access, affordability and quality.

Both Minnesota Online Council and an e-strategy workgroup worked to develop the near-term evolutionary strategy for online education, Dr. Opatz said. The workgroup consists of a cross-section of faculty, students, campus administrators and system staff who met for six months to develop the plan. To fully develop the plan for Minnesota Online 2 business model will take additional conversations with these groups and stakeholders, he said.

Trustee McElroy said he is concerned that the future planning is based on status quo assumptions. While those assumptions may not be bad, it is the role of Trustees to constantly challenge those assumptions, even if it is uncomfortable to do so.

Trustee Van Houten said the future of online education has been discussed by the Board before and he can't understand why the system isn't evolving it in a more aggressive manner. He said their discussion in the past have centered on three points essential to online learning:

- How to structure it;
- How to manage it;
- How to keep the costs low.

Trustee Hightower agreed that they need determine how to move online along while keeping an eye on driving costs down.

Trustee Dickson asked Trustees what their goals are for online education. Should more courses be available online? Are they convinced that online education is the best kind of education that can be offered to students? Should online grow even if it doesn't offer cost savings? Do for-profit competitors pose a real threat to the system? Do faculty members have a stake in teaching courses they didn't design? What does the system want to accomplish with online education?

The area is so complicated that focusing on the business model seems to take them a long way from education, which is the business the system is in, Trustee Dickson said.

Trustee Benson agreed that formulating a goal is important for online education. The Board needs to have ownership on why it is doing this. Defining a goal would be helpful to the board, as well as to external audiences, he said.

Trustee Rice said it is important to keep focused on customers, and in this case the system's customers are students. Online education opportunities are clearly something students are demanding and the Board needs to make sure they are listening to their customers.

Trustee Terri Thomas, who is a student, said she takes courses online and thinks Minnesota Online is fabulous. It is what students want, she said.

Chancellor McCormick said Minnesota Online is an important component of the system and offered his observations gained by interacting with students, faculty, presidents and legislators:

- Online education has been very successful, reaching 80,000 students;
- Students like it and it offers them access to coursework that they otherwise couldn't receive because of their location, work schedules, family commitments or other circumstances;
- What students don't like is administrative inconvenience – problems with financial aid, for example. Those issues need to attention;
- Many faculty members are excited about online education, and age isn't a limiting factor, he said. Many older faculty members say online provides them a new way to connect with students.
- There is some fear of technology and the changes it promotes. Some people have concerns about loss of jobs or the fact that it may alter educational missions;
- Presidents are proud of the success of online education;
- Online education has helped to keep many colleges in the small rural communities open. These colleges can concentrate on providing technical courses and students can receive the additional coursework online while staying in those communities.

Chancellor McCormick said he was adamant that the system launch Minnesota Online eight years ago and at the time there was discussion pertaining to creating a separate online university. It was decided that an individual, college-based approach for the creation and delivering of courses would be more a more successful approach to take with Minnesota Online.

Minnesota Online has grown far beyond expectations, he said, and now the system faces the challenge of dealing with this success and determining a future path. It is necessary to re-engineer Minnesota Online to be even better, the Chancellor said. If they are not innovative or cutting edge, the system will lose out to for-profit competitors.

The topic needs more discussion, Vice Chair Grendahl said. She said she will talk with Chair Olson and the Executive Committee will decide which committee should consider Minnesota Online planning.

The meeting adjourned at 10:35 am
Respectfully submitted,
Margie Takash, Recorder