

Staying the Course

Online Education in the United States, 2008

I. Elaine Allen and Jeff Seaman



Online Education Ocean



BABSON Survey
Research Group



The Sloan Consortium

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EXECUTIVE SUMMARY

Staying the Course: Online Education in the United States, 2008 represents the sixth annual report on the state of online learning in U.S. higher education. This year's study, like those for the previous five years, is aimed at answering some of the fundamental questions about the nature and extent of online education. Supported by the Alfred P. Sloan Foundation and based on responses from more than 2,500 colleges and universities, the study addresses the following key questions:

HOW MANY STUDENTS ARE LEARNING ONLINE?

Background: For the past several years, online enrollments have been growing substantially faster than overall higher education enrollments. The expectation of academic leaders has been that these enrollments would continue their substantial growth for at least another year. Do the measured enrollments match these lofty expectations?

The evidence: Online enrollments have continued to grow at rates far in excess of the total higher education student population, with the most recent data demonstrating no signs of slowing.

- Over 3.9 million students were taking at least one online course during the fall 2007 term; a 12 percent increase over the number reported the previous year.
- The 12.9 percent growth rate for online enrollments far exceeds the 1.2 percent growth of the overall higher education student population.
- Over twenty percent of all U.S. higher education students were taking at least one online course in the fall of 2007.

WHAT IS IMPACT OF THE ECONOMY ON ONLINE ENROLLMENTS?

Background: Bad economic times have often been good for education, either because decreased availability of good jobs encourages more people to seek education instead, or because those currently employed seek to improve their chances for advancement by advancing their education.

The evidence: Institutions believe that the economic changes will have a positive impact on overall enrollments and that specific aspects of an economic downturn resonate closely with increasing demand for online courses with specific types of schools.

- There is widespread agreement that higher fuel costs will lead to more students selecting online courses.
- Institutions that offer programs to serve working adults are the most positive about the potential for overall enrollment growth being driven by rising unemployment.

DO ACADEMIC LEADERS AND FACULTY AGREE?

Background: Chief academic officers have important decision making powers for institutions of higher education, and they often make decisions based on their understanding of faculty opinions. Do these academic leaders have a good understanding of faculty views?

The evidence: A series of questions about motivations for teaching online was asked of a sample of faculty who teach online and of chief academic officers. There was a wide level of agreement, with one important difference.

- Both chief academic officers and online teaching faculty said that flexibility in meeting the needs of students was the most important motivation for teaching online.
- Being required to teach online was the lowest rated motivation by both groups.
- The largest difference in view is in the ranking of additional income as a motivation; chief academic officers ranked this second of seven items, faculty ranked it fifth.
- Faculty rankings stressed student-centered issues more so than the rankings of chief academic officers.

IS ONLINE LEARNING STRATEGIC?

Background: For online education to continue its rapid growth, it must be perceived as important by the chief academic officers who are planning tomorrow's educational offerings. Only if these academic leaders believe that online is critical will they build future programs around it.

The evidence: Results for the previous five years have shown an increase followed by a leveling in the proportion of those institutions stating that online education is critical to their long term strategy.

- The proportion of institutions declaring that online education is critical to their long-term strategy shows a small decline for fall 2007.
- The proportion of institutions that see online education as a critical part of their long-term strategy appears to have reached a plateau over the past several years.
- Public institutions continue to be the most likely to believe that online education is critical to their long-term strategy.
- Approximately one-third of baccalaureate institutions consider online to be critical, a rate about half that of other institutional types.

WHAT DISCIPLINES ARE BEST REPRESENTED ONLINE?

***Background:** Online enrollments have shown substantial growth for each of the past five years. Has this extraordinary growth been uniform across all areas of higher education or concentrated among specific institutions or specific types of programs?*

The evidence: Online enrollments have seen steady growth, as has the number of institutions with online program offerings. This growth is not concentrated in a few discipline areas; it is seen across almost all disciplines.

- There is roughly equal penetration for seven of the eight major discipline areas being examined.
- Engineering is the only discipline area where online representation is much lower than for other areas.
- Public institutions have the highest penetration rates for all disciplines other than engineering.
- Associate's institutions have a wide lead in online penetration for psychology, social sciences, and liberal arts.

WHAT IS ONLINE LEARNING?

The focus of this report is online education. To maintain consistency with previous work, we have applied the same definitions used in our five prior annual reports. These definitions were presented to the respondents at the beginning of the survey, and then repeated in the body of individual questions where appropriate.

Online courses, the primary focus of this report, are those in which at least 80 percent of the course content is delivered online. Face-to-face instruction includes those courses in which zero to 29 percent of the content is delivered online; this category includes both traditional and web facilitated courses. The remaining alternative, blended (sometimes called hybrid) instruction is defined as having between 30 percent and 80 percent of the course content delivered online. While the survey asked respondents for information on all types of courses, the current report is devoted to online learning only.

While there is a great deal of diversity among course delivery methods used by individual instructors, the following is presented to illustrate the prototypical course classifications used in this study.

| Proportion of Content Delivered Online | Type of Course | Typical Description |
|--|-----------------|---|
| 0% | Traditional | Course with no online technology used — content is delivered in writing or orally. |
| 1 to 29% | Web Facilitated | Course that uses web-based technology to facilitate what is essentially a face-to-face course. May use a course management system (CMS) or web pages to post the syllabus and assignments. |
| 30 to 79% | Blended/Hybrid | Course that blends online and face-to-face delivery. Substantial proportion of the content is delivered online, typically uses online discussions, and typically has a reduced number of face-to-face meetings. |
| 80+% | Online | A course where most or all of the content is delivered online. Typically have no face-to-face meetings. |

Schools may offer online learning in a variety of ways. The survey asked respondents to characterize their face-to-face, blended, and online learning by the level of the course (undergraduate, graduate, non-credit, etc.). Similarly, respondents were asked to characterize their face-to-face, blended, and online program offerings by level and discipline.

DETAILED SURVEY FINDINGS

How Many Students are Learning Online?

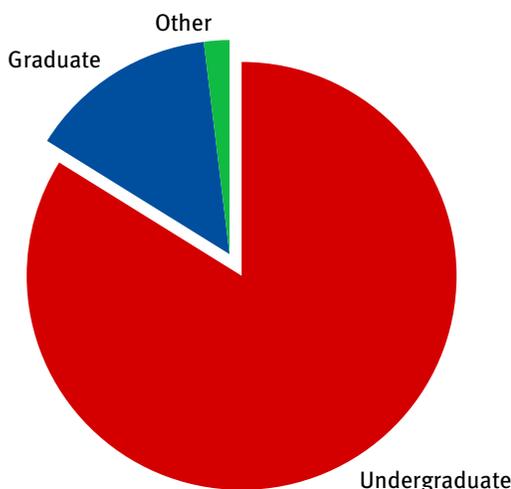
The number of students taking at least one online course continues to expand at a rate far in excess of the growth of overall higher education enrollments. The most recent estimate, for fall 2007, places this number at 3.94 million online students, an increase of 12.9 percent over fall 2006. The number of online students has more than doubled in the five years since the first Sloan survey on online learning. The growth from 1.6 million students taking at least one online course in fall 2002 to the 3.94 million for fall 2007 represents a compound annual growth rate of 19.7 percent. The overall higher education student body has grown at an annual rate of around 1.6 percent during this same period (from 16.6 million in fall 2002 to 18.0 million for fall 2007 - *Projections of Education Statistics to 2017, National Center for Education Statistics*). As the following table illustrates, over one-fifth of all higher education students are now taking at least one online course.

TOTAL AND ONLINE ENROLLMENT IN DEGREE-GRANTING POSTSECONDARY INSTITUTIONS – FALL 2002 THROUGH FALL 2007

| | Total Enrollment | Annual Growth Rate Total Enrollment | Students Taking at Least One Online Course | Annual Growth Rate Online Enrollment | Online Enrollment as a Percent of Total Enrollment |
|-----------|------------------|-------------------------------------|--|--------------------------------------|--|
| Fall 2002 | 16,611,710 | NA | 1,602,970 | NA | 9.6% |
| Fall 2003 | 16,911,481 | 1.8% | 1,971,397 | 23.0% | 11.7% |
| Fall 2004 | 17,272,043 | 2.1% | 2,329,783 | 18.2% | 13.5% |
| Fall 2005 | 17,487,481 | 1.2% | 3,180,050 | 36.5% | 18.2% |
| Fall 2006 | 17,758,872 | 1.6% | 3,488,381 | 9.7% | 19.6% |
| Fall 2007 | 17,975,830 | 1.2% | 3,938,111 | 12.9% | 21.9% |

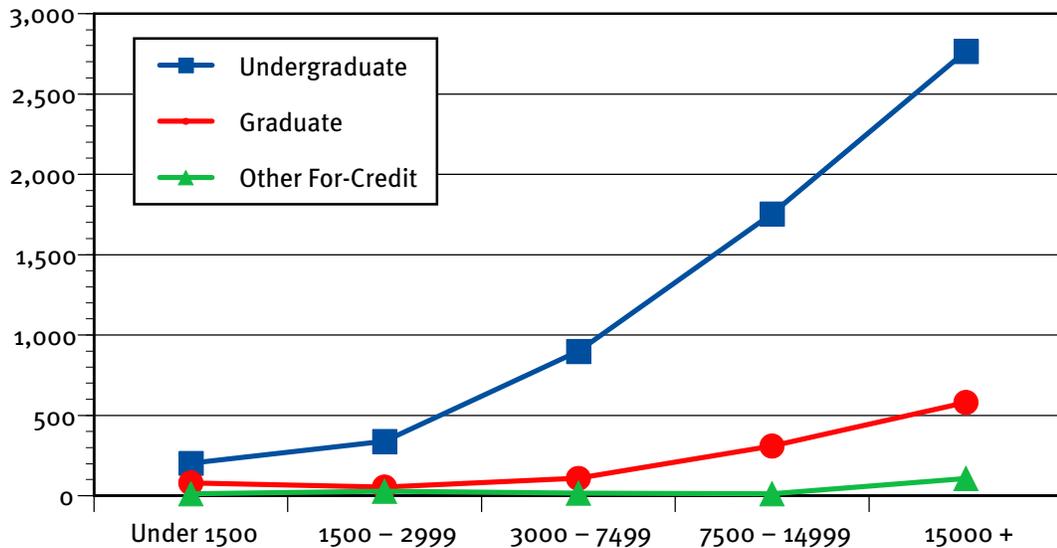
Who are these 3.9 million students? The overwhelmingly majority (over 80 percent) are studying at the undergraduate level with only 14 percent taking graduate level courses and the remainder in some other for-credit course. Using survey results and figures from the most recent federal data (*Digest of Education Statistics: 2007, National Center for Education Statistics*) to compare enrollment patterns shows only slight variations in the proportions of students by education type. The proportion of undergraduates in online education (83.9 percent) is slightly below that of the total population of higher education students (85.6 percent).

LEVEL OF STUDY OF ONLINE STUDENTS - FALL 2007



When online enrollments are examined by student type and institutional size, it is clear that undergraduate students at large institutions are by far the most numerous group. This relationship is virtually identical to the results reported for fall 2006. Like last year, each of the largest institutions teaches, on average, considerably more online students than institutions of any other size. The average number of online students per institution shows the expected very strong positive correlation to the size of the institution. While the pattern is true for both undergraduate and graduate-level online enrollments, the slope of the lines in the accompanying figure demonstrate that the relationship is much stronger among the undergraduate population.

MEAN ONLINE ENROLLMENT BY SIZE OF INSTITUTION - FALL 2007

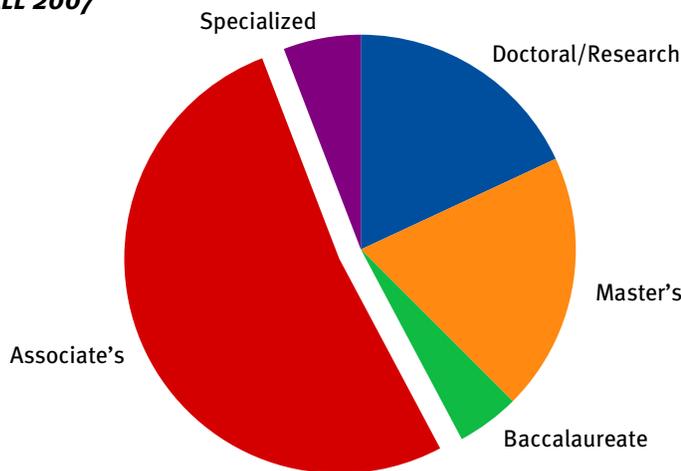


The majority of the recent growth in online enrollments has come from the schools that are the most engaged in online education as they add new courses and programs and grow their existing offerings. These institutions are larger and more established, so they are in a better position to 'scale up' their online offerings and contribute a larger proportion to overall growth. A question posed each year is "when will the growth in online reach its limit?" Clearly there will be a limit on the growth of online enrollments; however the

current data show that this limit has not yet been reached, as double-digit growth rates continue for yet another year.

Associate's institutions teach about 37 percent of the entire higher education student body (*Digest of Education Statistics: 2007, National Center for Education Statistics*). Their impact among the online student population is much larger; over one-half of all online students are currently enrolled by associate's institutions. This pattern has been consistent for the six years that we have measured online enrollments – associate's institutions have consistently been overrepresented among the online student population compared to their share of higher education student enrollments.

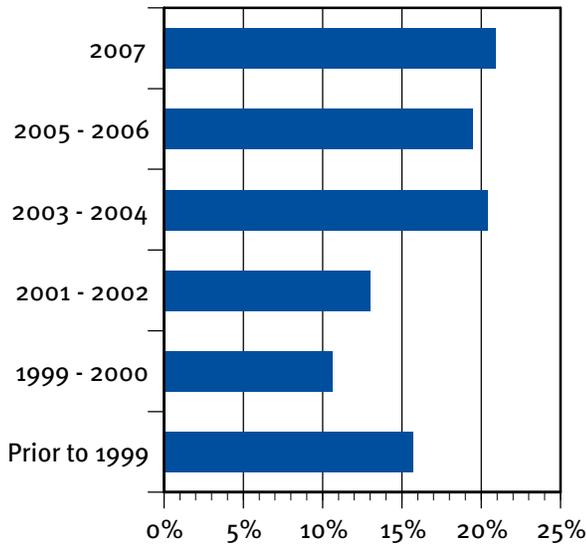
ONLINE ENROLLMENTS BY CARNEGIE CLASSIFICATION - FALL 2007



New Institutions Continue to Join the Ranks of those with Online Offerings

Online education is a relatively new phenomenon in higher education. The earliest

YEAR INSTITUTION FIRST OFFERED ONLINE LEARNING COURSES



pioneers began their efforts just over a decade ago; 15 percent of institutions with current online offerings introduced their first online courses prior to 1999. While many institutions have had online offerings for a number of years, institutions new to online continue to be added; fully one in five institutions with online courses introduced their first offerings this past year.

The prior reports in this series have demonstrated that online learning is not evenly distributed across the higher education universe. Those with the greatest concentration of online include public institutions, associate's level schools, and the very largest institutions as measured by overall enrollments. Are these institutions currently in the lead because they began sooner and were able to maintain an early mover advantage, or because they were able to grow faster than their peers, because, as early adopters, there was little competition for students?

Examining the date of first online offering shows that, for the most part, those institutions with the widest array of current online offerings were also the ones than began their efforts

YEAR FIRST OFFERED ONLINE LEARNING COURSES – BY INSTITUTIONAL CONTROL

| | Public | Private nonprofit | Private for-profit |
|---------------|--------|-------------------|--------------------|
| 2007 | 14.1% | 30.6% | 21.0% |
| 2005 - 2006 | 16.5% | 22.3% | 22.3% |
| 2003 - 2004 | 19.2% | 17.8% | 29.2% |
| 2001 - 2002 | 13.4% | 10.4% | 16.9% |
| 1999 - 2000 | 13.7% | 10.0% | 2.7% |
| Prior to 1999 | 23.1% | 8.9% | 7.9% |

well in advance of other schools. Fully 44 percent of the very largest institutions (those with over 15,000 total enrollments) began their first online offerings prior to 1999. Likewise, when examined by institutional control (public/private), it is the public institutions that are more than twice as likely to have begun online prior to 1999 than either private nonprofits or private for-profit institutions.

Interestingly, even though associate's institutions represent over one-half of all current online enrollments, and doctoral/research institutions less than 20 percent, it is the doctoral/research institution

that began their efforts sooner (with nearly one-third having online offerings prior to 1999). It appears that the associate's institutions, while entering the market later, considered online much more central to their mission, and were able to grow their offerings and enrollments quickly. It may also be the case that the student mix translates into more demand for online education at the associate's institutions. Other data suggest that the offerings at doctoral/research institutions have not always been in the institution's core areas, and that they have not considered online as strategically important.

The rate at which institutions new to online have introduced their first offerings has been relatively steady over the years, with large numbers of institutions beginning online courses or programs up to the current year. As demonstrated in last year's report (*Online Nation, Five Years of Growth in Online Learning*), however, these late joining institutions are typically the smallest of higher education institutions. While the numbers of institutions offering online continues to increase, the vast majority of the growth in online enrollments continues to come from the institutions with established online offerings. These longer-serving institutions are among the largest, and account for the bulk on online enrollments.

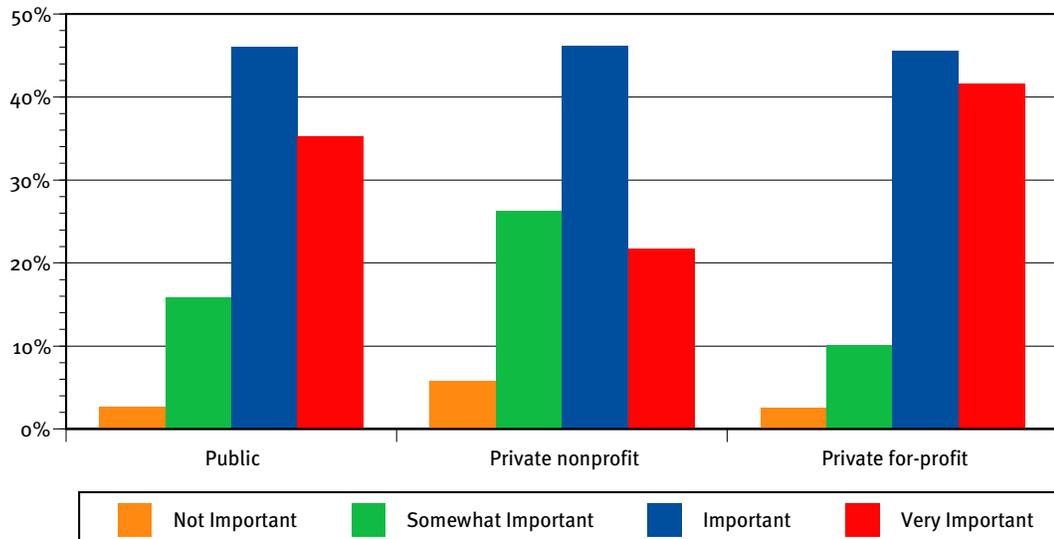
YEAR FIRST OFFERED ONLINE LEARNING COURSES – BY TOTAL ENROLLMENT

| | Under 1500 | 1500–2999 | 3000–7499 | 7500–14999 | 15000+ |
|----------------------|------------|-----------|-----------|------------|--------|
| 2007 | 33.2% | 16.0% | 16.0% | 9.4% | 17.7% |
| 2005 - 2006 | 23.3% | 19.7% | 21.1% | 12.9% | 9.6% |
| 2003 - 2004 | 24.8% | 20.9% | 17.2% | 21.2% | 12.4% |
| 2001 - 2002 | 10.3% | 20.9% | 10.3% | 17.3% | 7.7% |
| 1999 - 2000 | 3.8% | 9.7% | 20.4% | 14.0% | 8.6% |
| Prior to 1999 | 4.6% | 12.8% | 15.0% | 25.2% | 44.0% |

Changes in the Economy have a Favorable Impact on Online Education

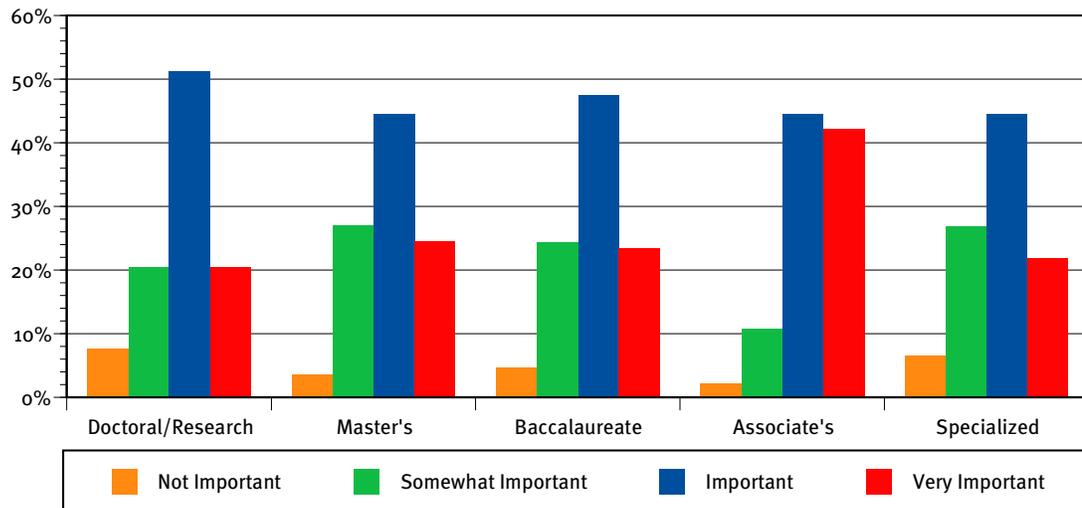
Schools were asked several questions on the impact of an economic downturn on the impact of overall enrollments and the demand for online courses. These ranged from a question about the impact of rising unemployment on overall enrollments (not just for online), as well as the institution's view of what impact rising fuel costs and the economic downturn will have on online enrollments. The results show that institutions believe that the economic changes will have a positive impact on overall enrollments and that specific aspects of an economic downturn resonate closely with increasing demand for online courses with specific types of schools.

RISING UNEMPLOYMENT WILL MAKE EDUCATION MORE DESIRABLE FOR PROSPECTIVE STUDENTS - BY INSTITUTIONAL CONTROL - FALL 2007



Bad economic times have often been good for education, either because decreased availability of good jobs encourages more people to seek education instead, or because those currently employed seek to improve their chances for advancement by pursuing their education. Higher education institutions believe that the rising unemployment rates currently being experienced will, once again, lead to enrollment increases. The institutions that offer programs that have traditionally been tailored to serve working adults (such as those at associate's and private, for-profit schools) are the most positive about the potential for overall enrollment growth being driven by rising unemployment. Other types of institutions are somewhat less positive, but the view that rising unemployment will have a positive impact on enrollments is pervasive across institutions of all types and sizes. Interestingly, the pattern of responses is almost identical across all sizes of institutions.

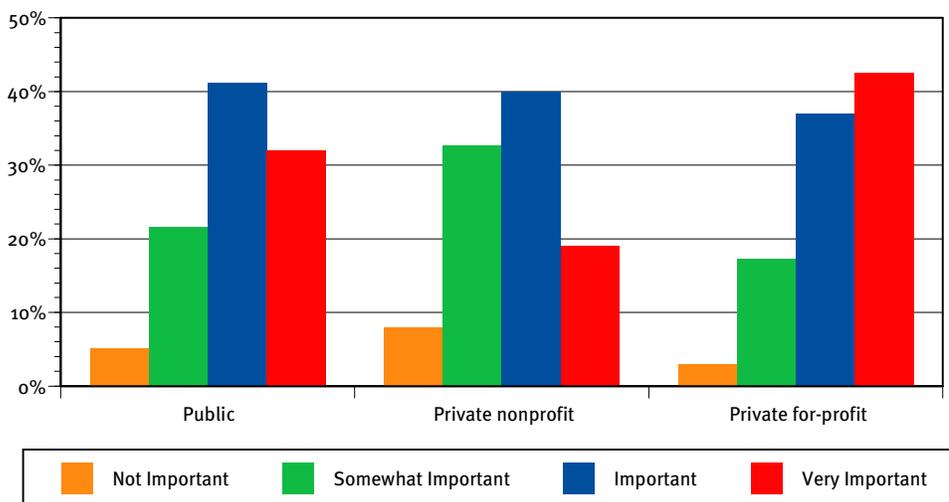
RISING UNEMPLOYMENT WILL MAKE EDUCATION MORE DESIRABLE FOR PROSPECTIVE STUDENTS - BY CARNEGIE CLASSIFICATION - FALL 2007



Economic Downturn Seen Increasing Demand for Online Courses

In addition to the question on the impact of rising unemployment on overall enrollments, a

THE ECONOMIC DOWNTURN WILL INCREASE THE DEMAND FOR ONLINE COURSES - BY INSTITUTIONAL CONTROL - FALL 2007

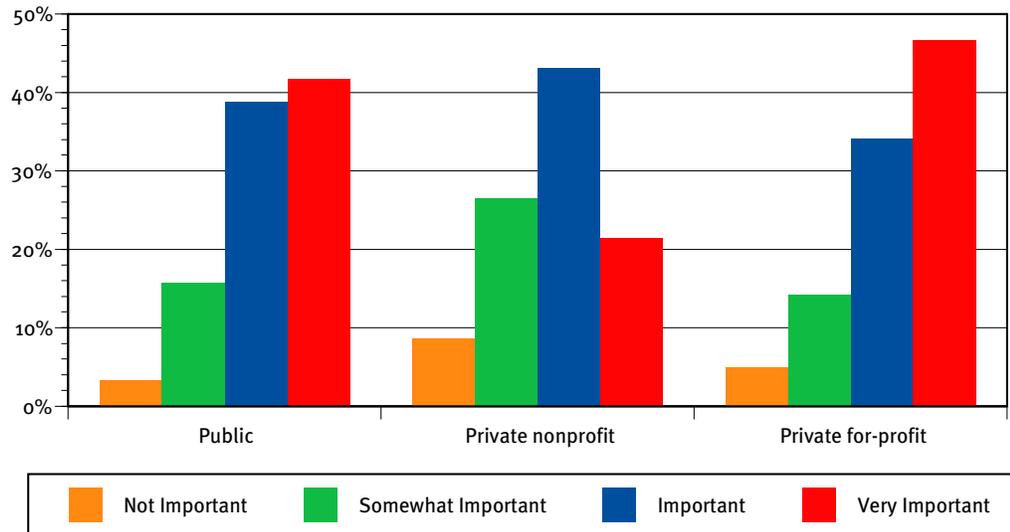


second question addressed the issue of the potential impact of the economic downturn specifically on online enrollments. The responses to this issue were very similar to the question about overall enrollments; higher education institutions believe that negative economic news is good news for both overall and for online enrollments. The pattern of responses to the two questions is also very similar, private for-profit and associate's institutions are more likely to believe that the impact will be important or very important.

Rising Fuel Costs will Mean More Online Students

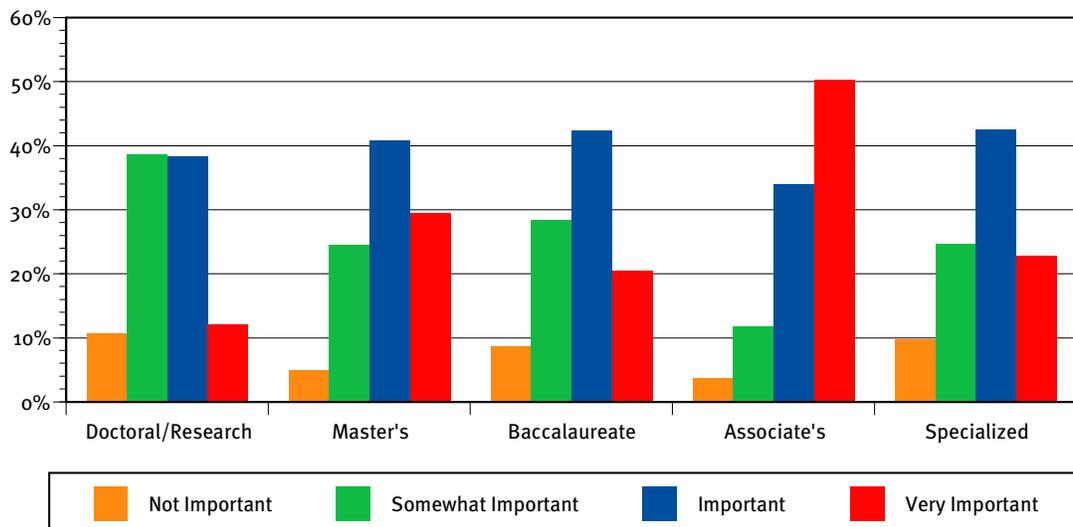
The final economic-related question focused on the specific impact of increasing fuel costs on online enrollments. If a general economic downturn is seen as driving more potential students to enroll, does the increasing cost of commuting mean that more of these students will select an online alternative over face-to-face instruction? The results show widespread agreement that higher fuel costs will lead to more students selecting online courses.

THE INCREASING COST OF FUEL WILL MEAN MORE STUDENTS WILL SELECT ONLINE COURSES - BY INSTITUTIONAL CONTROL - FALL 2007



Institutions that largely serve commuting students see the largest potential impact (over 85 percent of associate's institutions rated this as important or very important). However, even those schools that serve primarily students that are resident on campus see this is as an important factor. Private, for-profit institutions also rate this as critical (80 percent saying important or very important). The private, for-profit schools consistently estimate the largest percent growth in online courses for the future, and see the impact of fuel costs further driving this growth.

THE INCREASING COST OF FUEL WILL MEAN MORE STUDENTS WILL SELECT ONLINE COURSES - BY CARNEGIE CLASSIFICATION - FALL 2007



Is Online Education Strategic?

Another measure of acceptance of online education by an institution is its determination that online education is critical to its long-term strategy. This question is purposely worded using the word “critical” – to determine those institutions where online is not just a part of their strategy, but has a high degree of importance to that strategy. This question has been asked every year of the survey in an identical manner, and this year for the first time we see a small decrease in the number of institutions agreeing that online is critical to their long-term strategy. The decline is small and well within sampling error (as were the most recent year’s increases). The overall pattern for the past four years has been steady, implying that we may have reached a plateau among those institutions that believe that online education is a critical part of their long-term strategy.

ONLINE EDUCATION IS CRITICAL TO THE LONG-TERM STRATEGY OF MY INSTITUTION – FALL 2002 TO FALL 2007

| | Fall 2002 | Fall 2003 | Fall 2004 | Fall 2005 | Fall 2006 | Fall 2007 |
|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Agree | 48.8% | 53.5% | 56.0% | 58.4% | 59.1% | 58.0% |
| Neutral | 38.1% | 33.7% | 30.9% | 27.4% | 27.4% | 27.0% |
| Disagree | 13.1% | 12.9% | 13.1% | 14.2% | 13.5% | 15.0% |

The observed pattern of agreement by Carnegie Classification, institutional control, and institutional size matches the patterns from previous years. Online education is most important to the long-term strategy of public institutions, and least important to the private nonprofits. Likewise, baccalaureate institutions have the lowest rate of believing online is strategic, matching their low opinion of online in general. Except for the very smallest of institutions (those with fewer than 1,500 total enrollments), the majority of institutions of all sizes believe that online education is critical to their long-term strategy.

ONLINE EDUCATION IS CRITICAL TO THE LONG-TERM STRATEGY OF MY SCHOOL – FALL 2007

| | Public | Private nonprofit | Private for-profit | | |
|-------------------------|-------------------|-------------------|--------------------|-------------|-------------|
| Percent Agreeing | 70.7% | 47.1% | 53.2% | | |
| | Doctoral/Research | Master’s | Baccalaureate | Associate’s | Specialized |
| Percent Agreeing | 54.8% | 65.8% | 35.4% | 66.5% | 62.6% |
| | Under 1500 | 1500–2999 | 3000–7499 | 7500–14999 | 15000+ |
| Percent Agreeing | 48.0% | 56.8% | 72.8% | 66.1% | 68.2% |

Schools Identify Competition for Students for the First Time

THERE IS INCREASING COMPETITION FOR ONLINE STUDENTS – PERCENT AGREEING – FALL 2007

| | |
|---------------------|-------|
| Public | 74.0% |
| Private, nonprofit | 62.0% |
| Private, for-profit | 69.2% |
| Doctoral/Research | 64.2% |
| Master's | 76.7% |
| Baccalaureate | 57.7% |
| Associate's | 75.6% |
| Specialized | 56.1% |
| Under 1500 | 62.9% |
| 1500 to 2999 | 66.7% |
| 3000 to 7499 | 78.7% |
| 7500 to 14999 | 76.5% |
| 15000+ | 69.1% |

Close to 70 percent of institutions agree that there is now competition for students in online courses and programs. As the table illustrates, a majority of all schools are in agreement whether categorized by type of control (public/private), Carnegie Classification, or size of the institution. As discussed elsewhere, this competition may be leading schools to increase their geographic reach and to concentrate on non-degree, non-traditional students.

Public institutions have the highest levels of online offerings and the most favorable view towards online in general. It is not surprising that they are more likely to see increasing competition as a factor. However, the differences between the perceptions of all types of institutions are small; the view that competition for the online student is increasing is pervasive among all of higher education. Over 60 percent of all types of institutions now agree that this is the case.

Online Offerings by Discipline

Online enrollments have shown substantial growth for each of the past five years. Has this extraordinary growth been uniform across all areas of higher education or concentrated among specific institutions or specific types of programs? Differences in enrollment and growth for different types of institutions are examined elsewhere in this report – this section focuses on an examination of differences by subject area being taught.

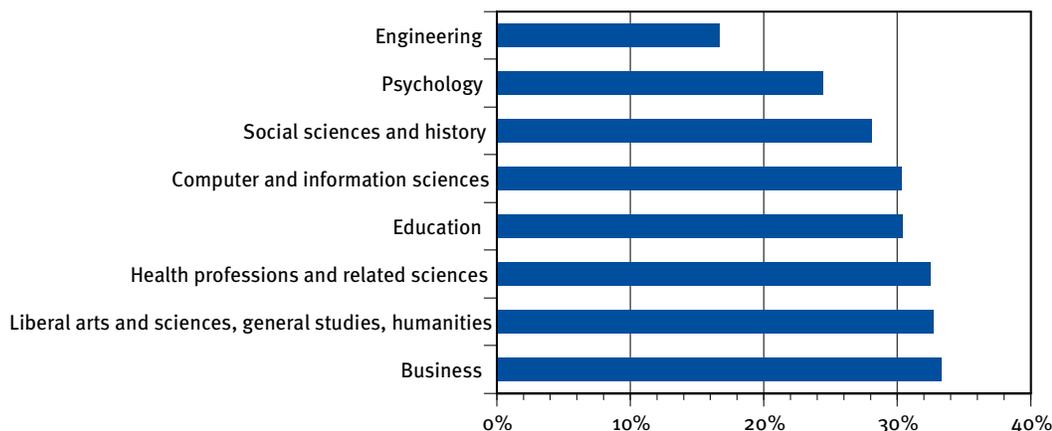
In order to examine the pattern of online offerings, online penetration rates by discipline were calculated for each of the areas in which the greatest number of degrees has been awarded (*Profile of Undergraduates in U.S. Postsecondary Education Institutions - National Center for Education Statistics*). Each responding institution was asked to indicate if it has program offerings in each of the following areas:

- Business
- Liberal arts and sciences, general studies, humanities
- Health professions and related sciences
- Education
- Computer and information sciences
- Social sciences and history
- Psychology
- Engineering

Institutions were asked to categorize their offerings by delivery method. Note that these questions refer to programs; institutions with online courses but no fully online programs are not counted. The penetration rate for a given discipline was then calculated as the ratio of the number of institutions offering a fully online program in that discipline to those offering that program using any delivery mechanism. Thus, as a hypothetical example, if 1,000 higher education institutions offer a program in health sciences and 240 of these institutions provide a fully online health sciences program, the penetration rate would be 24 percent. Note that this is a measure of the proportion of institutions offering fully online programs; it is not a measure of the number of such institutions. Thus, for the above example, the same penetration rate of 24 percent could have been achieved if 120 out of 500 total institutions had fully online health sciences programs.

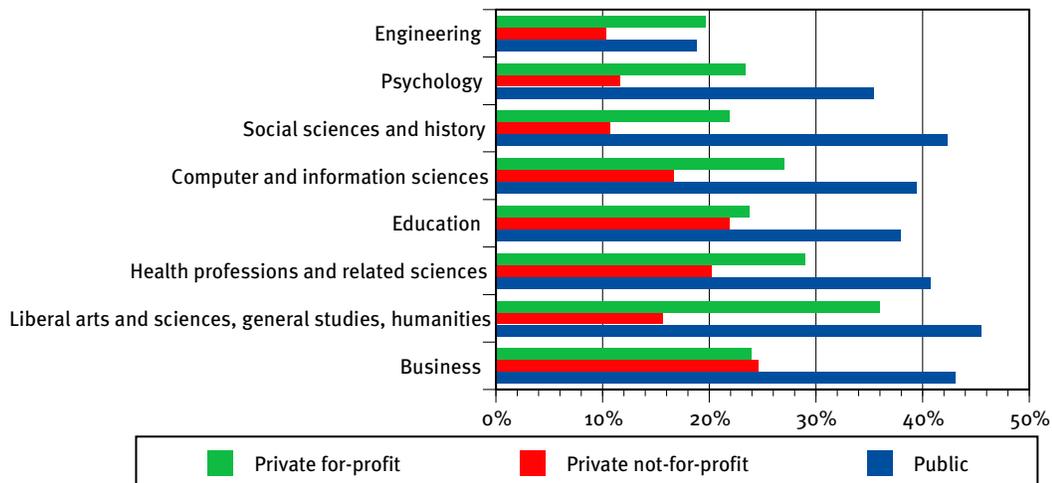
Examining fall 2007 penetration rates for the eight discipline areas shows roughly equally proportional representation online. The single exception is engineering, where only 16 percent of the institutions offering engineering programs have a fully online engineering program. This compares to a range of 24 percent (psychology) to 33 percent (business) for the other discipline areas.

PENETRATION RATES OF ONLINE PROGRAMS BY DISCIPLINE - FALL 2007



The evidence from this and previous reports has demonstrated that it is the public institutions that are in the lead when it comes to online offerings. They began their programs earlier and have the greatest current enrollments, so it is no surprise that online program penetration rates are highest among these public higher education institutions.

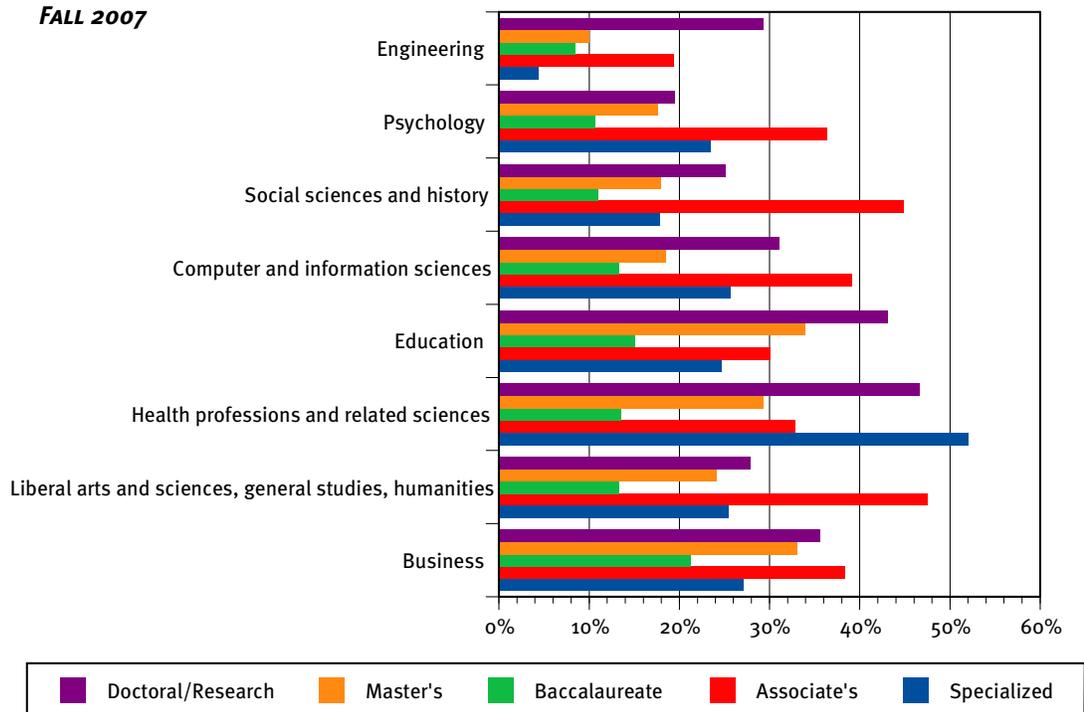
PENETRATION RATES OF ONLINE PROGRAMS BY DISCIPLINE - BY INSTITUTIONAL CONTROL - FALL 2007



Public institutions have online program penetration rates considerably higher than other types of institutions in virtually all of the discipline areas. Private for-profit institutions are close for liberal arts and sciences, and actually exceed the Public (but not by much) for online engineering programs.

Associate's institutions have consistently had the most positive view of online education, and baccalaureate institutions the most negative. This is reflected in the penetration rates by Carnegie Classification, where the associate's institutions are in the lead for the psychology, social sciences, computer sciences, liberal arts and sciences, and business areas. The only disciplines where they do not lead are health sciences (specialized institutions include a number with a health-specific focus), education (where they trail the doctoral/research and master's institutions), and engineering (where they trail only the doctoral/research institutions).

PENETRATION RATES OF ONLINE PROGRAMS BY DISCIPLINE - BY CARNEGIE CLASSIFICATION - FALL 2007



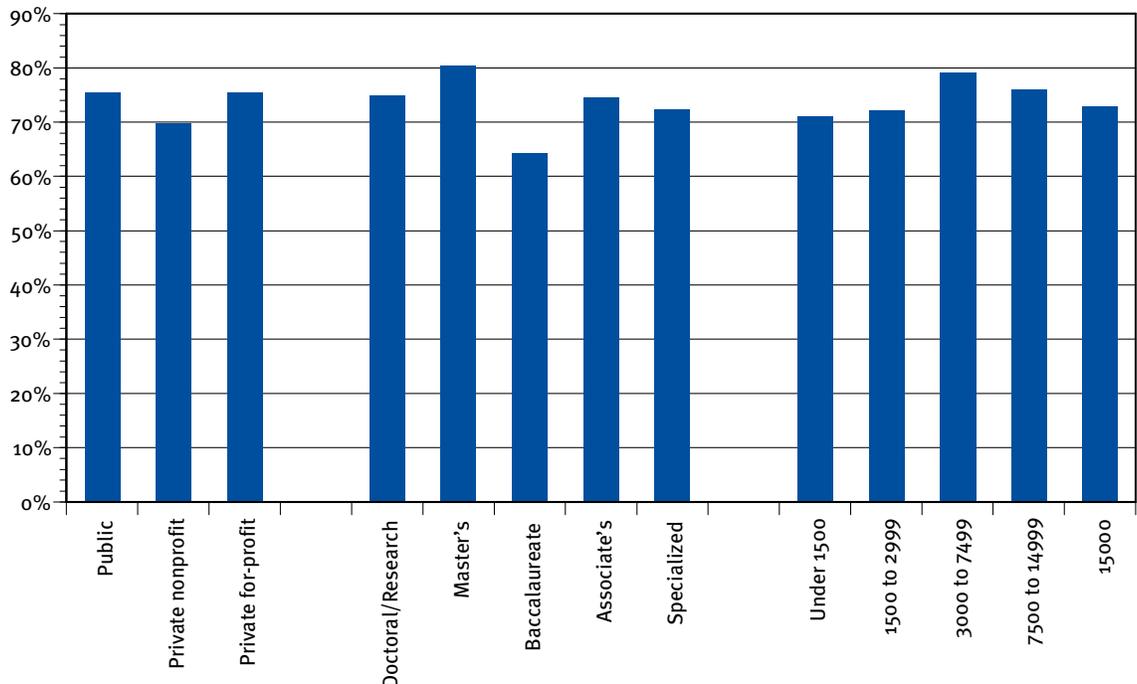
There has been a strong relationship between the size of an institution (as measured by its overall enrollment) and both its opinions towards online and the extent of its online activities. Larger institutions began their programs sooner, have a more positive view towards online and, typically, more extensive online offerings. This relationship is equally evident when we examine discipline-specific penetration rates by institutional size. There is a positive relationship between the penetration rate and the size of the institution for every discipline. With only a few small exceptions, the penetration rate within each discipline area shows a steady increase with the increasing size of the institution.

Strategies for Serving Online Students

Geographic Reach

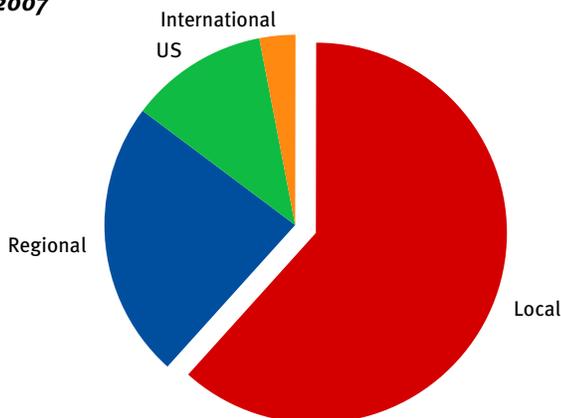
Expanding the geographic reach of institutions is a primary reason for entering online education. Almost three-quarters of all institutions agree or strongly agree on this. Only the baccalaureate institutions have less than 70 percent agreement (at 64.2 percent). The level of agreement with this statement is consistently high for every classification of higher education institution.

ONLINE EDUCATION INCREASES THE GEOGRAPHICAL REACH OF INSTITUTIONS - PERCENT AGREEING - FALL 2007



The belief that online education extends the geographic boundaries of institutions is not borne out when we look at where, geographically, the online students reside. For all types of institutions, Carnegie Classifications, and size of institutions, the current geographic reach of schools is predominately local with over 85 percent of all online students coming from the within 50 miles of campus (local) or from within the state or surrounding states (regional). Institutions believe that online will open up their enrollments to more students from outside of their normal service area; however, the reality is that this has not yet occurred in any large numbers.

GEOGRAPHIC LOCATION OF ONLINE STUDENTS - FALL 2007



A strategy of expanding the geographic reach of the institution combined with the present local focus for enrollments and with increasing competition for students indicates that there may soon be a change in the online education market and landscape. Schools that succeed in attracting a widening radius of online students may grow at the expense of others remaining totally locally focused. Not surprisingly, it is the private institutions that are most likely to serve students outside their region while the public institutions remain more locally focused.

Serving the Military

About ten percent of all institutions with online have offerings that have specifically been designed to serve the U.S. military student. The only exceptions are private, nonprofit institutions and baccalaureate schools, where this level drops by about one-half. Many private, for-profit schools have specially targeted this niche and are twice as likely as other types of schools to be filling this role.

ONLINE OFFERINGS SPECIFICALLY DESIGNED TO SERVE MEMBERS OF THE US MILITARY – FALL 2007

| | Public | Private nonprofit | Private for-profit | | |
|-------------------------|--------------------|-------------------|--------------------|-------------|-------------|
| Percent Agreeing | 9.2% | 6.8% | 23.9% | | |
| | Doctoral/ Research | Master's | Baccalaureate | Associate's | Specialized |
| Percent Agreeing | 12.4% | 13.9% | 5.6% | 10.3% | 11.1% |
| | Under 1500 | 1500–2999 | 3000–7499 | 7500–14999 | 15000+ |
| Percent Agreeing | 10.1% | 9.9% | 9.2% | 14.4% | 13.2% |

The Faculty View

The respondents for this series of annual reports have been academic administrators, typically the chief academic officer; the person with overall responsibility for the academic program for the institution. These executives typically have titles of “provost” or “academic vice president.” The survey is directed to these individuals because of their key decision-making role for the institution. Higher education institutions are composed of many other important constituents, however. This year we have the opportunity to compare the opinions of the chief academic officers with those of faculty members.

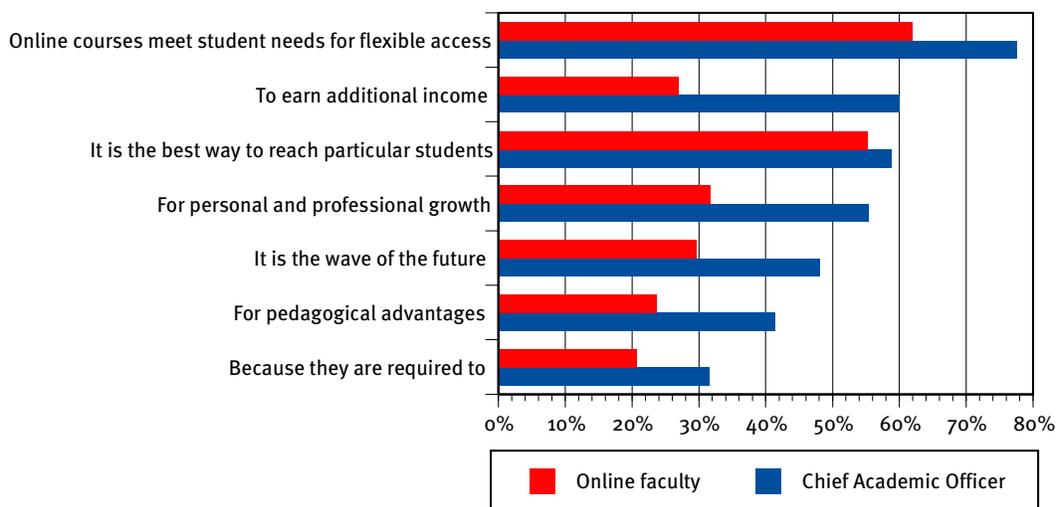
Beginning first with the chief academic officer’s understanding of the faculty view, we find that with the exception of baccalaureate institutions, faculty acceptance of the value and legitimacy of online education is now close to or over 50 percent (the sum of ‘Agree’ to ‘Strongly Agree’ categories). As seen in the table, chief academic officers at associate’s institutions show the highest agreement with this statement (72.8 percent) with those at baccalaureate schools having only 39.5 percent agreement. All sizes of institutions show high agreement levels. These opinions, however, represent the chief academic officer’s view of faculty opinions; the question was not asked directly of the faculty.

FACULTY AT MY SCHOOL ACCEPT THE VALUE AND LEGITIMACY OF ONLINE EDUCATION – FALL 2007

| | Public | Private nonprofit | Private for-profit | | |
|-------------------------|--------------------|-------------------|--------------------|-------------|-------------|
| Percent Agreeing | 68.7% | 46.8% | 69.7% | | |
| | Doctoral/ Research | Master's | Baccalaureate | Associate's | Specialized |
| Percent Agreeing | 47.2% | 55.7% | 39.5% | 72.8% | 53.6% |
| | Under 1500 | 1500–2999 | 3000–7499 | 7500–14999 | 15000+ |
| Percent Agreeing | 58.9% | 54.0% | 67.7% | 59.1% | 64.9% |

To add this missing viewpoint, we turn to a comprehensive survey of faculty members at more than 60 campuses that is being conducted by the authors as part of a National Association of State Universities and Land-Grant Colleges (NASULGC) benchmarking study of online education (*Key Factors Underlying Strategic Online Programs (working title), NASULGC-Sloan National Commission on Online Learning, forthcoming*). The faculty survey contained questions identical to those directed to chief academic officers, allowing direct comparison of opinions between the two groups. The NASULGC study is still ongoing; the results presented here represent over 8,500 faculty responses from 64 different campuses. These campuses range in size from about 60 total faculty members to over 3,500, and from those with no online offerings to over 10,000 online students enrolled. All faculty at the participating institutions were surveyed, not just those teaching online; however, the results presented here are only from those with online teaching experience.

MOTIVATIONS FOR TEACHING ONLINE - CHIEF ACADEMIC OFFICERS AND SELECTED ONLINE FACULTY - FALL 2007



One area that has generated considerable attention, especially in light of the consistent finding that not all faculty accept the legitimacy of online education, is how to best motivate faculty to teach online. This question was posed to both the chief academic officers and to the faculty sample. Comparing the opinions of faculty who teach online with the chief academic officers reveals some interesting differences. The two groups have exactly the same rank order for their responses with one very glaring difference – online teaching faculty rate the motivation of additional income very low, while the chief academic officers place it second on their list.

MOTIVATIONS FOR TEACHING ONLINE - CHIEF ACADEMIC OFFICERS AND SELECTED ONLINE FACULTY – FALL 2007

| | | Not Important | Somewhat Important | Important | Very Important |
|---|-------------------------|---------------|--------------------|-----------|----------------|
| Because I am/they are required to | Chief Academic Officer | 35.8% | 32.7% | 21.4% | 10.1% |
| | Online Teaching Faculty | 61.6% | 17.7% | 13.7% | 7.0% |
| For pedagogical advantages | Chief Academic Officer | 19.1% | 39.6% | 35.5% | 5.9% |
| | Online Teaching Faculty | 45.6% | 30.8% | 19.2% | 4.3% |
| It is the wave of the future | Chief Academic Officer | 14.9% | 37.0% | 35.7% | 12.4% |
| | Online Teaching Faculty | 35.0% | 35.4% | 22.7% | 6.9% |
| For personal and professional growth | Chief Academic Officer | 9.3% | 35.4% | 40.3% | 15.0% |
| | Online Teaching Faculty | 37.1% | 31.2% | 24.1% | 7.6% |
| It is the best way to reach particular students | Chief Academic Officer | 8.4% | 32.8% | 44.8% | 14.0% |
| | Online Teaching Faculty | 11.5% | 33.4% | 38.9% | 16.2% |
| To earn additional income | Chief Academic Officer | 10.1% | 30.0% | 40.7% | 19.2% |
| | Online Teaching Faculty | 43.9% | 29.2% | 19.9% | 6.9% |
| Online courses meet student needs for flexible access | Chief Academic Officer | 3.4% | 19.1% | 42.0% | 35.5% |
| | Online Teaching Faculty | 9.1% | 29.0% | 40.8% | 21.1% |

The difference of opinion on the relative importance of additional income as a motivation is especially evident when the specific rankings are examined. Over 43 percent of the online teaching faculty rated additional income as a motivation as “Not Important” (compared to 10.1 percent for the chief academic officers) while only 6.9 percent rated it as “Very Important” (compared to 19.1 percent for chief academic officers). The specific ratings for the issue of flexible student access and being the best way to reach particular students, on the other hand, do show a very high level of agreement between the responses of the online teaching faculty and the academic leaders.

SURVEY METHODOLOGY

The sample for this analysis is composed of all active, degree-granting institutions of higher education in the United States that are open to the public.

The Babson Survey Research Group has entered into a data collection partnership with the College Board. The College Board now includes questions for this study of online learning as part of its extensive data collection effort for its Annual Survey of Colleges. Babson Survey Research Group and the College Board coordinate survey instruments and sample outreach; each respondent institution receives identically-worded questions, and those that have responded to one survey are not asked to respond to the same questions on the other.

All sample schools were sent an invitation email and reminders, inviting their participation and assuring them that no individual responses would be released. All survey respondents were promised that they would be notified when the report was released and would receive a free copy.

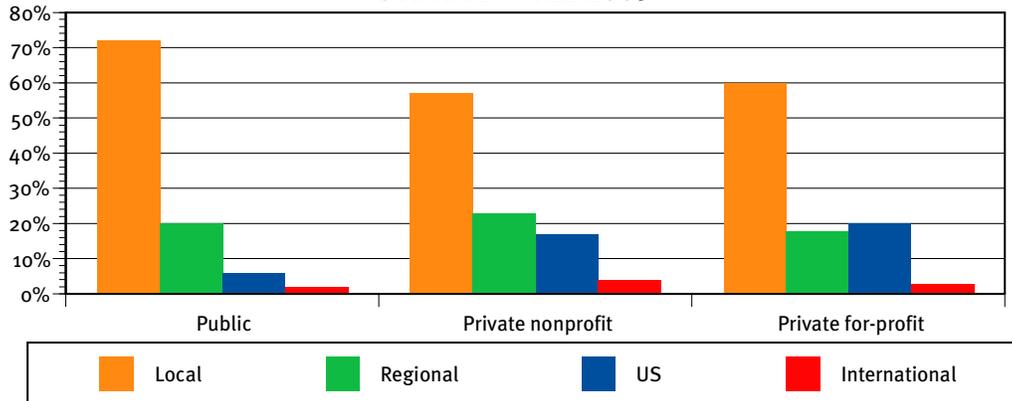
The sample universe contains 4,491 institutions; a total of 2,577 responses were received, representing a 57.4 percent overall response rate. These responses were merged with the data from the previous survey years (994 responses in 2003, 1,170 in 2004, 1,025 in 2005, 2,251 in 2006, and 2,504 in 2007) for examination of changes over time.

Institutional descriptive data come from the College Board Annual Survey of Colleges and from the Nation Center for Educational Statistics' IPEDS database (<http://nces.ed.gov/ipeds/>). After the data were compiled and linked to the College Board Annual College Survey and to the IPEDS database, the responders and nonresponders were compared to create weights, if necessary, to ensure that the survey results reflected the characteristics of the entire population of schools. The responses are compared for 35 unique categories based on the 2005 Carnegie Classification of Institutions of Higher Education (<http://www.carnegiefoundation.org/classifications/>). These weights provided a small adjustment to the results allowing for inferences to be made about the entire population of active, degree-granting institutions of higher education in the United States.

Information on faculty opinions comes from the National Association of State Universities and Land-Grant Colleges (NASULGC) benchmarking study of online education (*Key Factors Underlying Strategic Online Programs* (working title), *NASULGC-Sloan National Commission on Online Learning*, forthcoming). This faculty survey contained questions identical to those directed to chief academic officers, allowing direct comparison of opinions between the two groups. The NASULGC study is still ongoing; the results represent over 8,500 faculty responses from 64 different campuses. These campuses range in size from about 60 total faculty members to over 3,500, and from those with no online offerings to over 10,000 online students enrolled. All faculty at the participating institutions were surveyed, not just those teaching online; however, the results included in this report are those with online teaching experience only.

APPENDIX

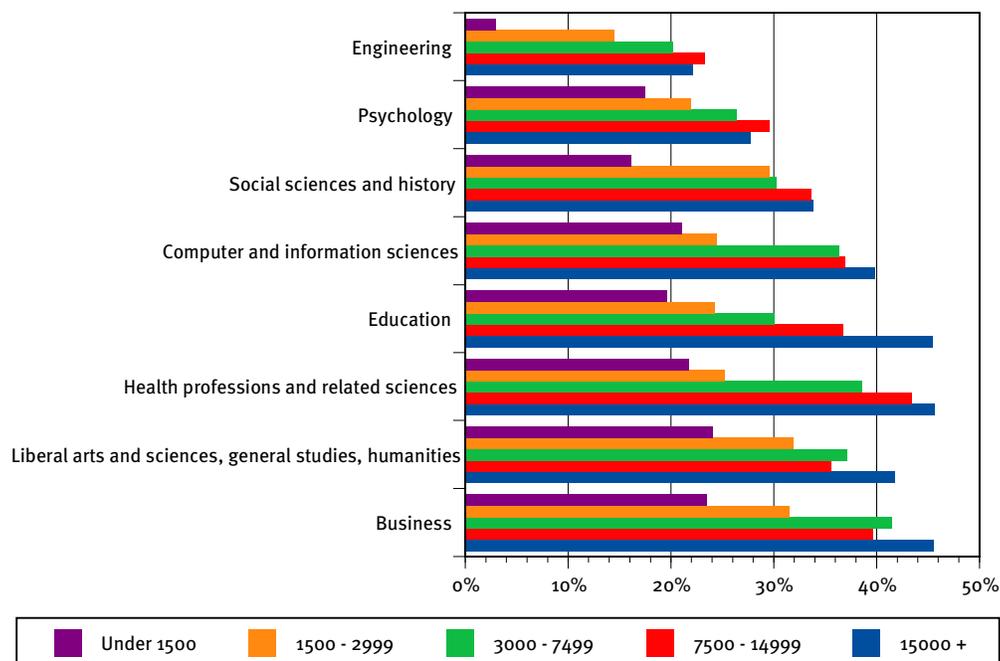
GEOGRAPHICAL LOCATION OF ONLINE STUDENTS - BY INSTITUTIONAL CONTROL - FALL 2007



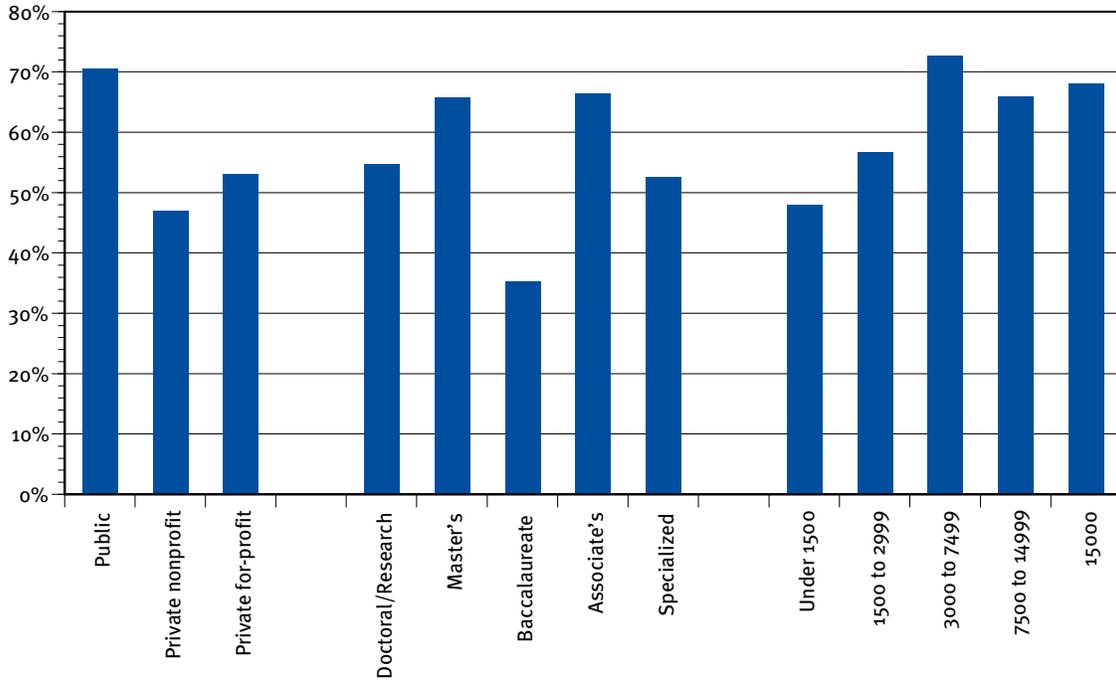
YEAR FIRST OFFERED ONLINE LEARNING COURSES – BY CARNEGIE CLASSIFICATION

| | Doctoral/ Research | Master's | Baccalaureate | Associate's | Specialized |
|----------------------|-----------------------|----------|---------------|-------------|-------------|
| 2007 | 13.7% | 16.6% | 28.3% | 16.6% | 30.8% |
| 2005 - 2006 | 9.4% | 22.2% | 25.6% | 19.6% | 20.2% |
| 2003 - 2004 | 20.1% | 20.1% | 13.7% | 25.6% | 15.3% |
| 2001 - 2002 | 14.4% | 12.6% | 11.9% | 12.3% | 17.0% |
| 1999 - 2000 | 10.1% | 15.2% | 7.8% | 12.1% | 6.6% |
| Prior to 1999 | 32.4% | 13.4% | 12.8% | 13.9% | 10.1% |

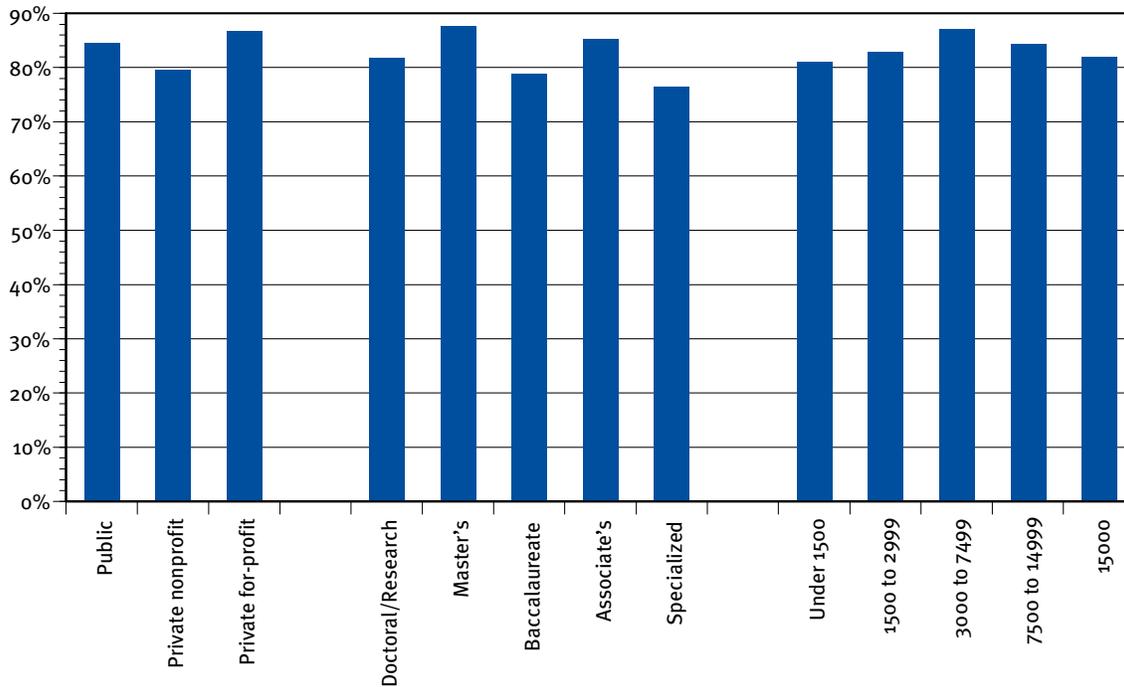
PENETRATION RATES OF ONLINE PROGRAMS BY DISCIPLINE - BY TOTAL ENROLLMENT - FALL 2007



**ONLINE EDUCATION IS CRITICAL TO THE LONG-TERM STRATEGY OF MY SCHOOL -
PERCENT AGREEING - FALL 2007**



**THERE IS INCREASING COMPETITION FOR ONLINE STUDENTS IN HIGHER EDUCATION -
PERCENT AGREEING - FALL 2007**



PARTNER ORGANIZATIONS



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The College Board

The College Board is a not-for-profit membership association whose mission is to connect students to college success and opportunity. Founded in 1900, the association is composed of more than 5,400 schools, colleges, universities, and other educational organizations. www.collegeboard.com



National Association of State Universities and Land-Grant Colleges

The National Association of State Universities and Land-Grant Colleges (NASULGC) is the nation's oldest higher education association. Dedicated to supporting excellence in teaching, research and public service, NASULGC has been in the forefront of educational leadership nationally for more than 120 years. www.nasulgc.org



Southern Regional Education Board

SREB, a nonprofit and nonpartisan organization based in Atlanta, Georgia, advises state education leaders on ways to improve education. SREB was created to help leaders in education and government work cooperatively to advance education and improve the social and economic life of the region. www.sreb.org



Midwestern Higher Education Compact

Established in 1991 as an interstate compact agency, the Midwestern Higher Education Compact (MHEC) is charged with promoting interstate cooperation and resource sharing in higher education accomplishing this through three core functions: cost savings programs, student access and policy research. www.mhec.org



American Distance Education Consortium

ADEC is a nonprofit distance education consortium conceived and developed to promote the creation and provision of high quality, economical distance education programs and services to diverse audiences. www.adec.edu



Babson Survey Research Group

The Babson Survey Research Group in the Arthur M. Blank Center for Entrepreneurial Research at Babson College conducts regional, national, and international research projects, including survey design, sampling methodology, data integrity, statistical analyses and reporting.

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Staying the Course: *Online Education in the United States, 2008* represents the sixth annual report on the state of online learning among higher education institutions in the United States. The study is aimed at answering some of the fundamental questions about the nature and extent of online education. Based on responses from over 2,500 colleges and universities, the report addresses the following key questions:

- How Many Students are Learning Online?
- What will be the Impact of Recent Economic Changes on Online Enrollments?
- What Opinions do Academic Leaders have Towards Online Education?
- What Strategies does Online Education serve for Institutions?
- Are all Disciplines Equally Represented Online?

The survey analysis is based on a comprehensive sample of active, degree-granting institutions of higher education in the United States that are open to the public.



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