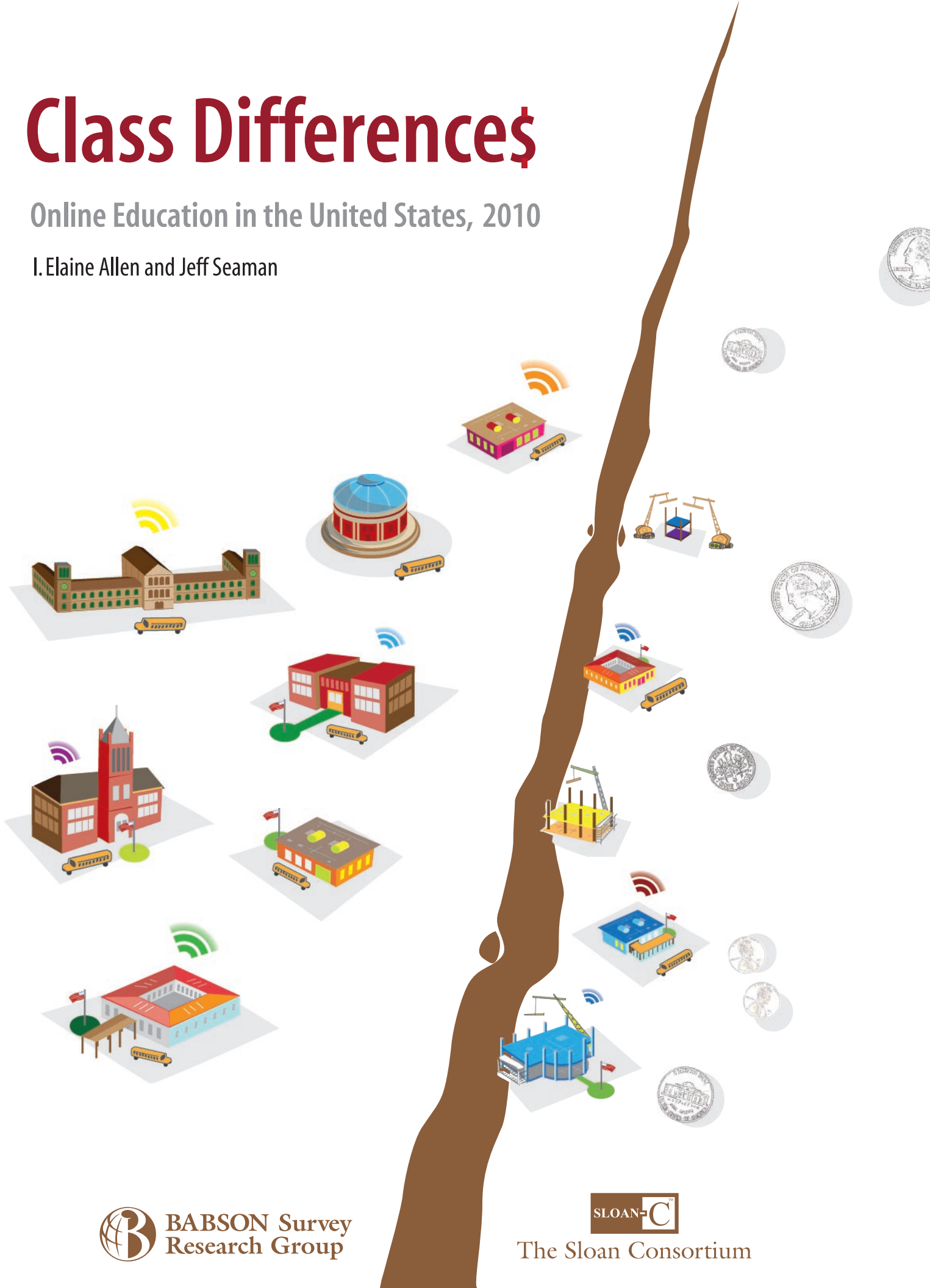


Class Differences

Online Education in the United States, 2010

I. Elaine Allen and Jeff Seaman



Class Differences

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November 2010

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INTRODUCTION

This publication, *Class Differences: Online Education in the United States, 2010*, marks the end of an era.

We would like to take this opportunity to thank our sole sponsor, The Alfred P. Sloan Foundation, for supporting eight years of these reports. Beginning in 2002, Ralph Gomory, President Emeritus of the Sloan Foundation and A. Frank Mayadas, our Program Director and now Special Advisor to the Sloan Foundation, recognized the value of this research. They took a “hands off” approach, and allowed us to design and conduct the studies independently and objectively. Because of their efforts, we have been able to provide our respondents with full privacy for their individual responses and contact information, and to distribute all reports without charge to the higher education community.

While there are plans for this research and these surveys of online education to continue into the future, it was the Sloan Foundation that first saw the importance of measuring the growth and status of online education in the United States. For that we are truly grateful.



Co-Directors
Babson Survey Research group
November, 2010



EXECUTIVE SUMMARY

Class Differences: Online Education in the United States, 2010 represents the eighth annual report on the state of online learning in U.S. higher education. The survey is designed, administered and analyzed by the Babson Survey Research Group with support from Alfred P. Sloan Foundation. Data collection is conducted in partnership with the College Board. This year's study, like those for the previous seven years, is aimed at answering some of the fundamental questions about the nature and extent of online education. Based on responses from more than 2,500 colleges and universities, the study addresses:

IS ONLINE LEARNING STRATEGIC?

Background: Last year's report noted that the proportion of institutions that see online education as a critical component of their long-term strategy had reached a plateau. Does this steady-state continue for 2010?

The evidence: After remaining steady for a number of years, the proportion of chief academic officers saying that online education is critical to their long-term strategy took an upward turn in 2010.

- Sixty-three percent of all reporting institutions said that online learning was a critical part of their institution's long term strategy, a small increase from fifty-nine percent in 2009.
- The year-to-year change was greatest among the for-profit institutions, which increased from fifty-one percent agreeing in 2009 to sixty-one percent in 2010.
- For-profit institutions also were the most likely to have included online learning as a part of their strategic plan.

HOW MANY STUDENTS ARE LEARNING ONLINE?

Background: For the past seven years online enrollments have been growing substantially faster than overall higher education enrollments. The expectation of academic leaders has been that online 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 continued substantial growth.

- Over 5.6 million students were taking at least one online course during the fall 2009 term; an increase of nearly one million students over the number reported the previous year.
- The twenty-one percent growth rate for online enrollments far exceeds the less than two percent growth of the overall higher education student population.
- Nearly thirty percent of higher education students now take at least one course online.

ARE LEARNING OUTCOMES IN ONLINE COMPARABLE TO FACE-TO-FACE?

Background: The first study in this series found that a majority of chief academic officers rated the learning outcomes for online education “as good as or better” than those for face-to-face instruction, but a sizable minority considered online to be inferior. Each subsequent year’s report displayed similar results. Do academic leaders still hold the same opinion, given the rapid growth in the numbers of online students?

The evidence: The 2010 results show some small improvements in the perception of the relative quality of online instruction as compared to face-to-face.

- In the first report of this series in 2003, fifty-seven percent of academic leaders rated the learning outcomes in online education as the same or superior to those in face-to-face. That number is now sixty-six percent, a small but noteworthy increase.
- Over three-quarters of academic leaders at public institutions report that online is as good as or better than face-to-face instruction (compared to only 55.4% of private nonprofits and 67.0% of for-profits).

WHAT IS THE IMPACT OF THE ECONOMY ON ONLINE EDUCATION?

Background: Last year’s report provided evidence that bad economic times can be good for higher education enrollments, either because the decreased availability of good jobs encourages more people to seek education, or because those currently employed seek to improve their chances for advancement by advancing their education.

The evidence: Academic leaders at all types of institutions report that the impact of the economy is even greater this year than last – with increased demand for both face-to-face and online courses. In all cases the increase in demand for online is greater than that for the corresponding face-to-face offerings.

- Nearly one-half of institutions report that the economic downturn has increased demand for face-to-face courses and programs.
- Three-quarters of institutions report that the economic downturn has increased demand for online courses and programs.
- The economic impact on institutional budgets has been mixed; forty-seven percent have seen their budgets decrease, but twenty-seven percent have experienced an increase.

PROPOSED FEDERAL REGULATIONS ON FINANCIAL AID

Background: The year 2010 saw an unusual amount of attention to higher education at the federal level, with congressional hearings on new rules dealing with financial aid and student recruiting.

The evidence: In general, higher education leaders remain undecided on the merits of the proposed regulations.

- The overwhelming majority of academic leaders are neutral on whether these rules would result in a level playing field among higher education institutions.
- Fewer than nine percent of academic leaders believe that using a debt-to-earnings ratio is a good measure of whether a school's training leads to gainful employment.
- Less than one-in-five institutions believe that it will be difficult for their institution to comply with the new regulations, however a larger proportion of the for-profit institutions (31.9%) expect some difficulties.
- For-profit institutions report a potential negative impact on their enrollments at more than twice the rate of other types of institutions (33.9% compared to 12.2% for public institutions and 10.1% for private nonprofit institutions).

WHAT IS THE FUTURE FOR ONLINE ENROLLMENT GROWTH?

Background: The continued unbridled growth in online enrollments cannot continue forever - at some point higher education institutions will reach a saturation point. Early growth came from two factors; new institutions moving into the online arena, and institutions growing their existing offerings. At what point with the growth of existing offerings reach its limit?

The evidence: There is no compelling evidence that the continued robust growth in online enrollments is at its end. There are some signs, albeit slight, that there may be some clouds on the horizon.

- A majority of institutions continue to report that there is increasing competition for online students.
- Public institutions report more pressure from the for-profit sector than do the private nonprofit institutions.
- Reported year-to-year enrollment changes for fully online programs by discipline show most growing, but with a sizable portion seeing steady enrollments.
- Virtually all recent growth in online enrollments has come from the growth of existing offerings, not from institutions new to online starting new programs.

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 seven 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 defined as those in which at least 80 percent of the course content is delivered online. Face-to-face instruction includes 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.

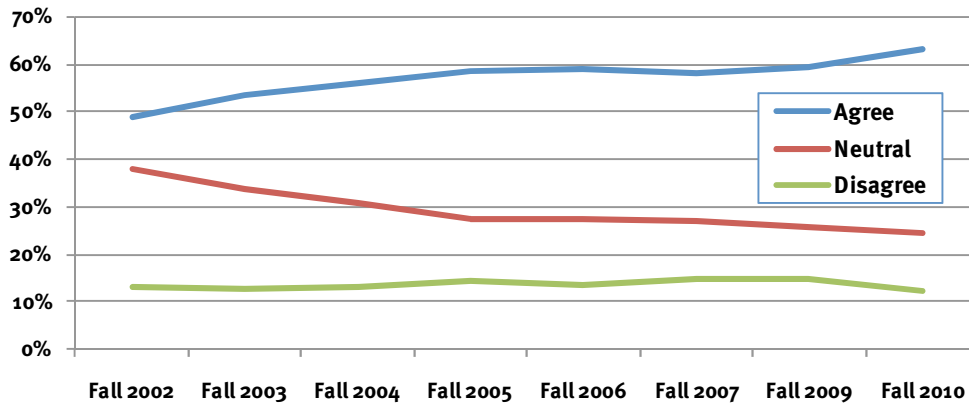
DETAILED SURVEY FINDINGS

Is Online Learning Strategic?

After remaining steady for a number of years, the proportion of chief academic officers saying that online education is critical to their long-term strategy took an upward turn this past year. The percentage of institutions that agree with this statement reached its highest

level in 2010 (63.1%). Likewise the percent disagreeing is at the lowest level (12.3%) for the eight years of the survey.

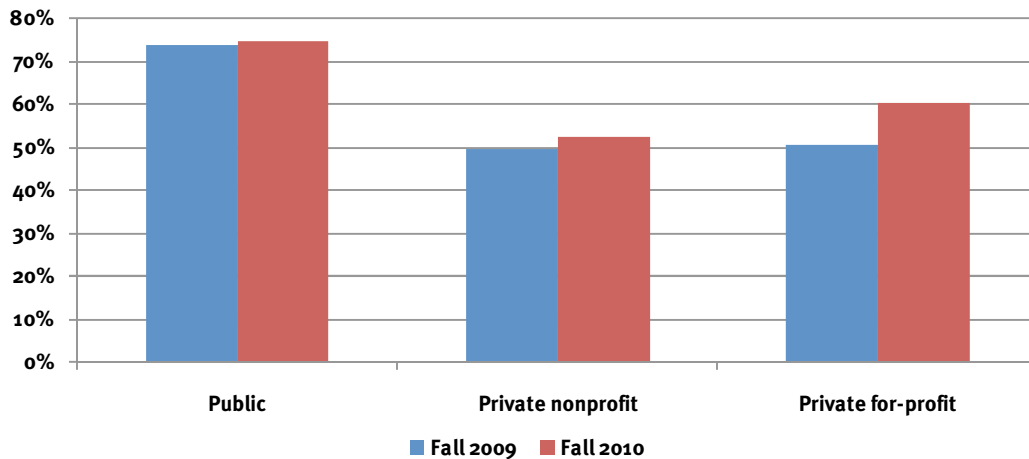
Online Education is Critical to the Long-term Strategy of my Institution - Fall 2002 to Fall 2010



Where has this change occurred? Is there an overall movement across all types of institutions, or is this due to one particular segment of the higher education universe recording a substantial increase in this view? Comparing the results from 2010 to those from

2009 demonstrates that it is the private for-profit institutions that are driving this change. Both the public and the private nonprofit institutions show only a small increase in the percentage reporting that online is critical to their long-term strategy. The percentage change for the private for-profit institutions (from 50.7% in 2009 to 60.5% in 2010, an almost 20% increase) is substantially greater.

Online Education is Critical to the Long-term Strategy of my Institution, Percent Agreeing – Fall 2009 and Fall 2010



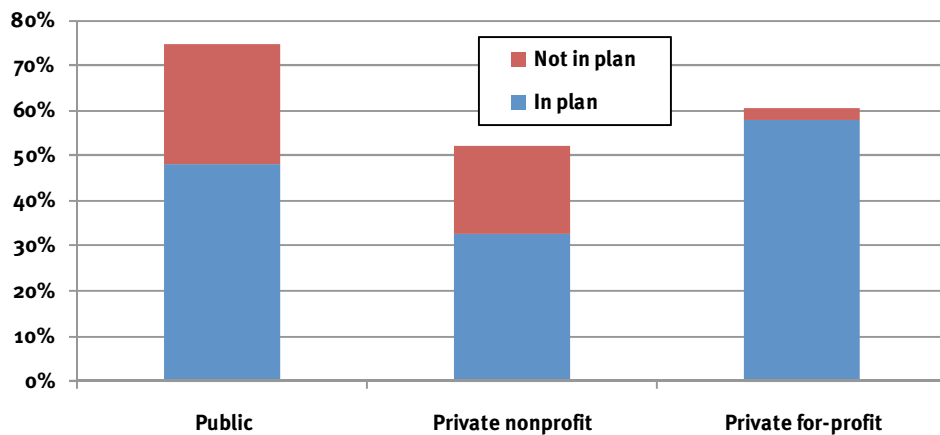
A number of our previous reports have noted the “gap” that exists between those who profess that online is critical to their long-term strategy and those that have specifically included online within their strategic plan. The Babson Survey Research Group conducted

three surveys for the A♦P♦L♦U¹-Sloan National Commission on Online Learning; the first of A♦P♦L♦U presidents and chancellors to gauge the attitudes and perspectives toward online learning. Subsequently, similar surveys of the Tribal College and University (TCU) presidents, and the presidents and chancellors of National Association for Educational Opportunity (NAFEO) member-institutions were also conducted.²

All three surveys of campus leaders revealed a striking gap: Close to, or *more than two-thirds* of the responding CEOs recognized that *online programs are strategically important to the institution*, yet close to, or *less than one-half* of respondents actually *included online programs in the campus strategic plan*. This gap exists even at a time when 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.³ (Emphasis in original)

Examining the gap in this year’s survey shows that not only have the for-profit institutions made the largest gains in the number saying that online is critical, but they are the leader among institutions in including online as part of their strategic plan. While the percent of for-profit institutions who report that online is critical to their long term strategy is lower than the percent of public institutions (60.5% versus 74.9% for public institutions), the percentage that have actually included online in their plan is substantially higher (57.8% of for-profits compared to 48.1% of public institutions).

Online Education is Critical to the Long-term Strategy of my Institution - Fall 2010



¹ The Association of Public and Land-grant Universities

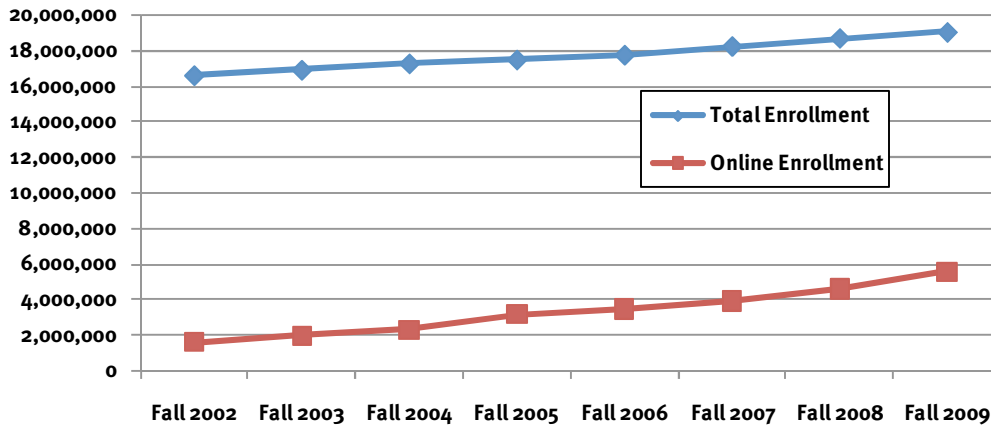
² <http://www.aplu.org/NetCommunity/Page.aspx?pid=282>

³ <http://www.aplu.org/NetCommunity/Document.Doc?id=1877>

How Many Students are Learning Online?

For the seventh consecutive year the number of students taking at least one online course continued to expand at a rate far in excess of the growth of overall higher education enrollments. The most recent estimate, for fall 2009, shows an increase of twenty-one percent over fall 2008 to a total of 5.6 million online students. The growth from 1.6 million

Total and Online Enrollment in Degree-granting Postsecondary Institutions – Fall 2002 through Fall 2009



students taking at least one online course in fall 2002 to the 5.6 million for fall 2009 translates into a compound annual growth rate of nineteen percent for this time period. For comparison, the overall higher education student body has grown at an annual rate of less than two percent during this same period – from 16.6 million in fall 2002 to 19.0 million for fall 2009.⁴

Total and Online Enrollment in Degree-granting Postsecondary Institutions – Fall 2002 through Fall 2009

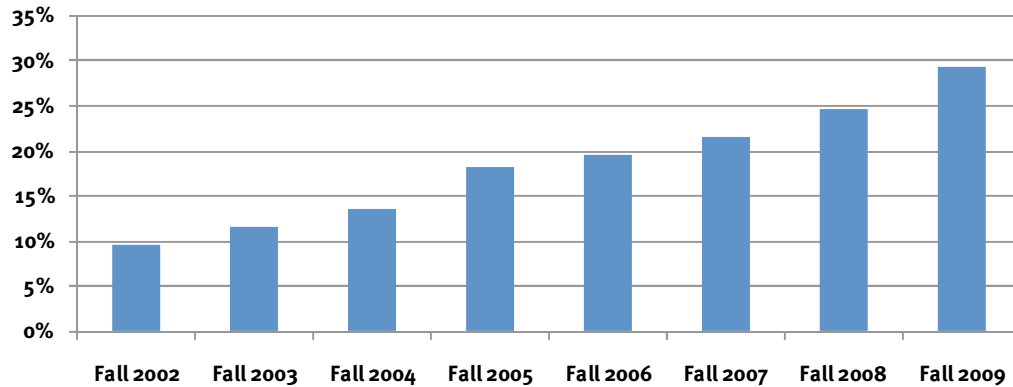
	Total Enrollment	Annual Growth Rate Total Enrollment	Students Taking at Least One Online Course	Annual Growth Rate Online Enrollment	Online Enrollment as a Percent of Total Enrollment
Fall 2002	16,611,710	NA	1,602,970	NA	9.6%
Fall 2003	16,911,481	1.8%	1,971,397	23.0%	11.7%
Fall 2004	17,272,043	2.1%	2,329,783	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	18,248,133	2.8%	3,938,111	12.9%	21.6%
Fall 2008	18,698,630	2.5%	4,606,353	16.9%	24.6%
Fall 2009	19,036,860	1.2%	5,579,022	21.1%	29.3%

The increase of nearly one million students taking at least one online course represents the largest single year-to-year numeric increase recorded in the eight years of these reports. The percentage growth is not a record, however, but does approach the rates observed in the earliest years of our tracking. A growth of over twenty percent on the much larger base of students is remarkable.

⁴ Projections of Education Statistics to 2018, National Center for Education Statistics

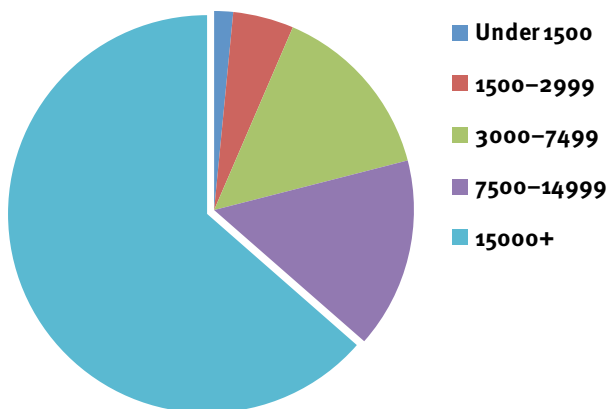
The proportion of higher education students taking at least one online course has also continued its steady increase over this eight year time span. In fall 2003 slightly less than ten percent of all higher education students were taking at least one online course. That fraction has increased every year and now stands at twenty-nine percent.

**Online Enrollment as a Percent of Total Enrollment -
Fall 2002 through Fall 2009**



A consistent pattern over all the years of the survey has been that it is the largest institutions that teach, on average, considerably more online students than institutions of any other size. The result is a concentration of online students at a relatively small number of institutions. For example, ninety-four percent of all online students are studying at institutions with 1,000 or more online enrollments, even though these institutions comprise less than one-half of the institutions with online offerings. The very largest institutions, those with 5,000 or more online students, represent only eleven percent of all institutions with online enrollments. They command, however, the majority of online enrollments – over two-thirds (67%) of all online students are studying at institutions with 5,000 or more online enrollments.

**Online Enrollments by Overall Enrollment
of Institution - Fall 2009**

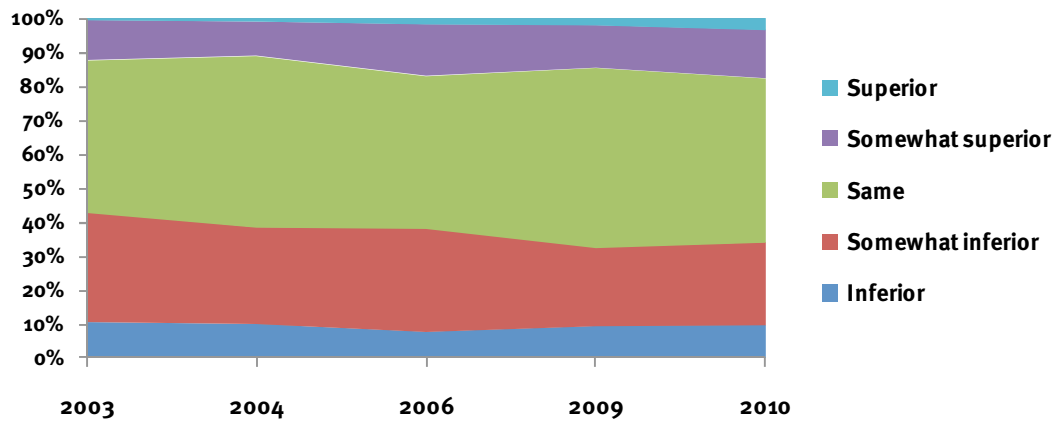


The pattern is the same when examined by the size of the institution, as measured by *overall* enrollments. The smallest institutions, those with fewer than 1,500 total enrollments, comprise eighteen percent of all institutions with online offerings, yet they educate less than two percent of all online students. The very largest institutions, those with greater than 15,000 total enrollments, on the other hand, make up fourteen percent of all institutions with online offerings. However, they educate nearly two-thirds (64%) of all online students.

Are Learning Outcomes in Online Comparable to Face-to-Face?

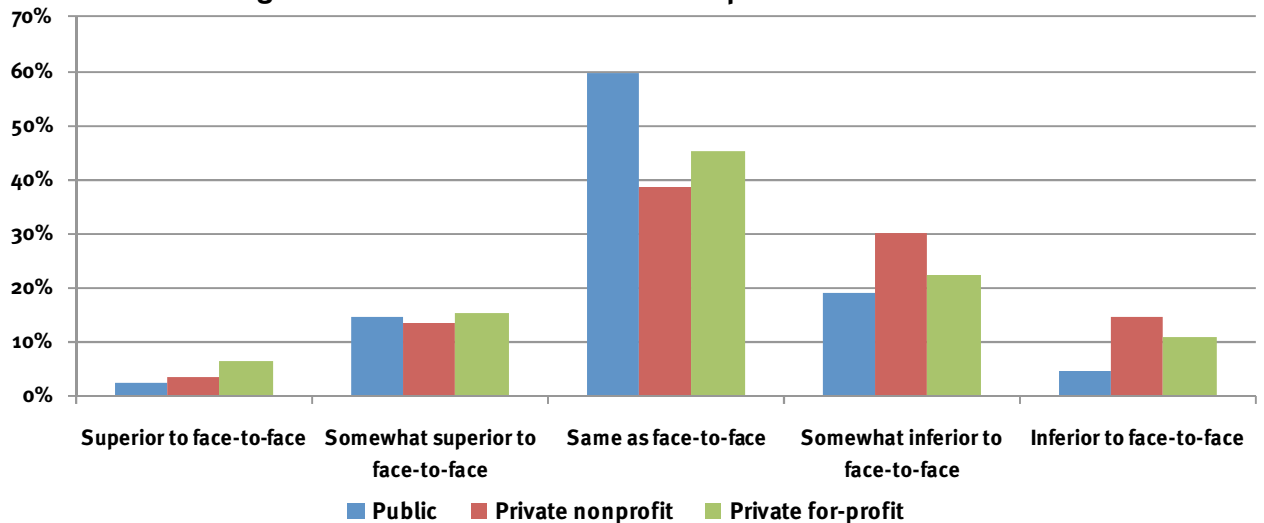
There has been a slow improvement in the proportion of academic leaders that have a positive view of the relative quality of the learning outcomes for online courses as compared to comparable face-to-face courses, and a corresponding decrease in the proportion that see online as inferior. The number that say online is “at least as good” – the total of those who rate online as either the same or superior to face-to-face – continues to increase over time as well, and now represents just under two-thirds of all respondents.

**Learning Outcomes in Online Education Compared to Face-to-face:
2003 - 2010**



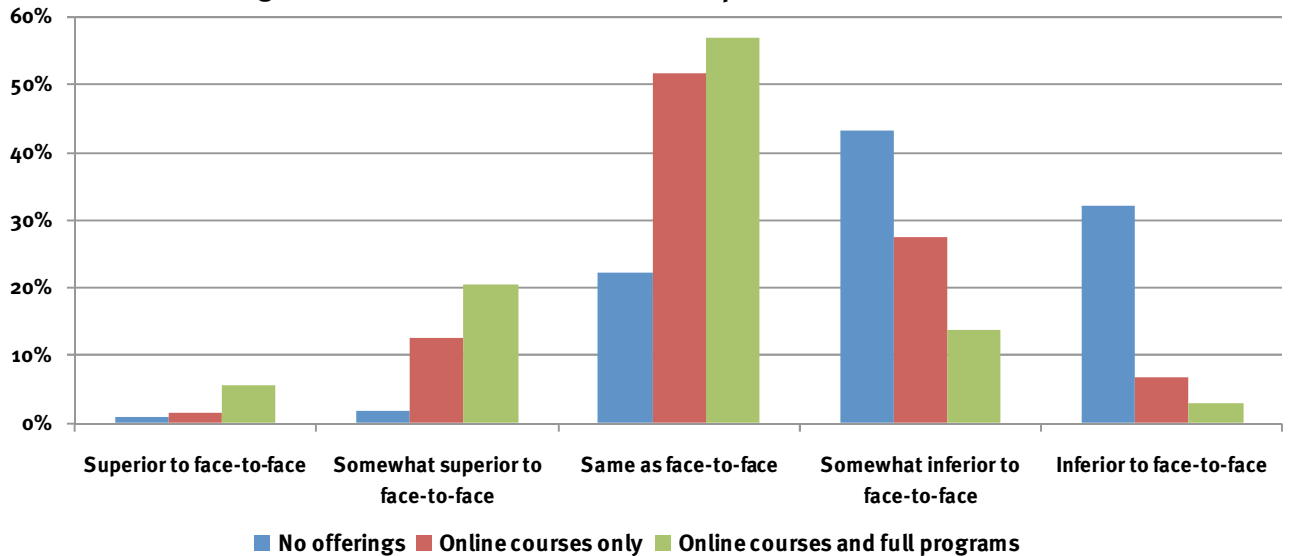
Another way to view this same figure is by noting that one-third of all academic leaders polled continue to believe that the learning outcomes for online courses are inferior to those for face-to-face instruction. There has been some downward trending of this proportion over the eight years that these reports have been tracking this dimension, but no substantial changes.

Learning Outcomes in Online Education Compared to Face-to-face - Fall 2010



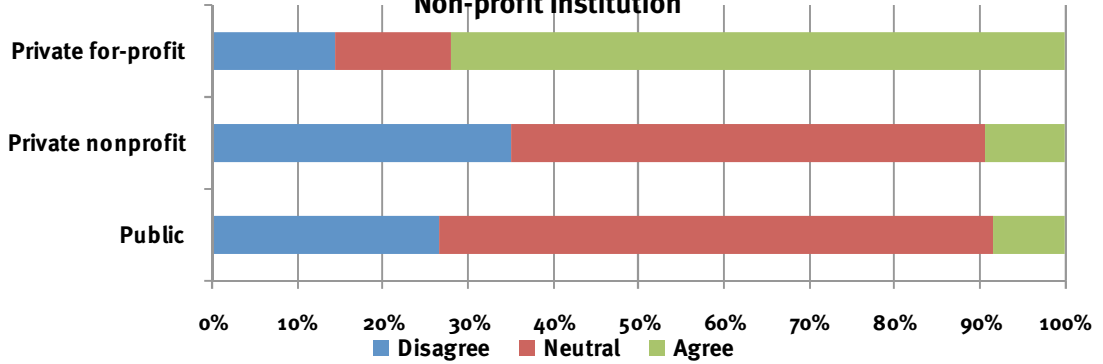
As noted many times in this series of reports, public institutions have been in the lead when it comes to providing online offerings. They were the first to enter the market, the most likely to view online as critical to their long-term strategy, and the most likely to report that their faculty accept the legitimacy and value of online instruction. Therefore it is not surprising that it is academic leaders at public institutions that have the highest opinion of the relative quality of online instruction compared to face-to-face. Over seventy-six percent of the leaders of public institutions report that online is as good as or better than face-to-face instruction. This compares to only fifty-five percent of private nonprofits and sixty-seven percent of for-profits that respond the same way.

Learning Outcomes in Online Education Compared to Face-to-face - Fall 2010



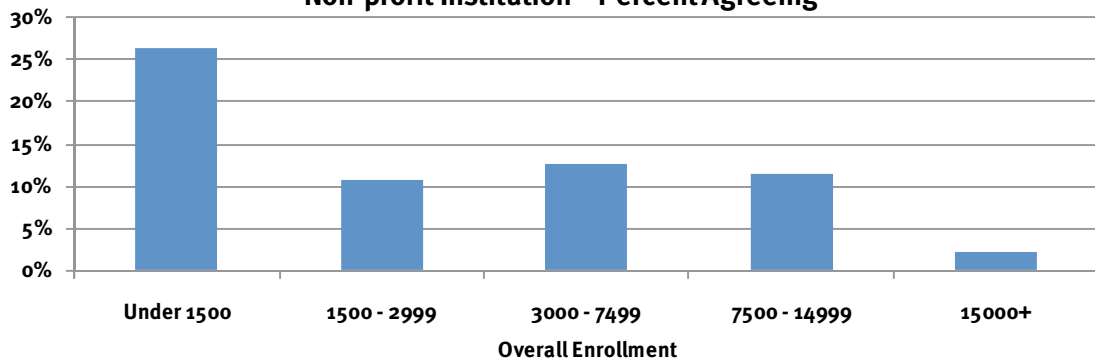
One question that a series of survey snapshots cannot address is which came first – is it that those institutions with a positive opinion towards online are more likely to implement and grow online courses and programs, or is it that institutions with experience with online develop a more positive attitude as their online offerings grow? What is clear, regardless of the causal order, is that academic leaders at institutions with online offerings have a much more favorable opinion of the learning outcomes in online courses and programs than those at institutions without online offerings. The more extensive the online offerings are at an institution, the more positive they rate the relative quality of online learning outcomes.

The Quality of an Education at a For-profit Institution is as Good as at a Non-profit Institution



Recently, there has been considerable attention on the growth of the for-profit sector with new proposed rules for awarding financial aid; resulting in sometimes contentious Congressional hearings. The results presented in this report also show that higher education institutions are seeing an overall increase in the competition for online students combined with growth in the for-profit sector putting increasing pressure on the non-profit sector. What opinion do the non-profits have about the for-profit institutions? In particular, do they believe that they provide an education that is of equal quality to that provided by non-profit institutions? There is a wide gap between the different types of institutions when asked what their perception is of the relative quality of the education provided at for-profit institutions. Only nine percent of the academic leaders polled at public institutions agree that the quality of an education at a for-profit institution is as good as at a non-profit institution, a figure that rises to only ten percent for leaders at private nonprofit institutions. This compares to seventy-two percent of the leaders at for-profit institutions that believe that their type of institution provides an education of equality quality. While it is not a surprise that this gap exists, it is somewhat surprising that almost thirty percent of academic leaders at for-profit institutions do not agree that they provide quality learning outcomes equal to the nonprofit and public institutions.

The Quality of an Education at a For-profit Institution is as Good as at a Non-profit Institution - Percent Agreeing



There is a very strong inverse relationship between the size of an institution and its opinion of the quality of the education delivered by for-profit institutions. Over one-quarter (26.4%) of the smallest institutions, those with less than 1,500 total enrollments, agree that the for-profit institutions have an equal quality education. This number drops to only two percent of the very largest, those with over 15,000 total enrollments that think

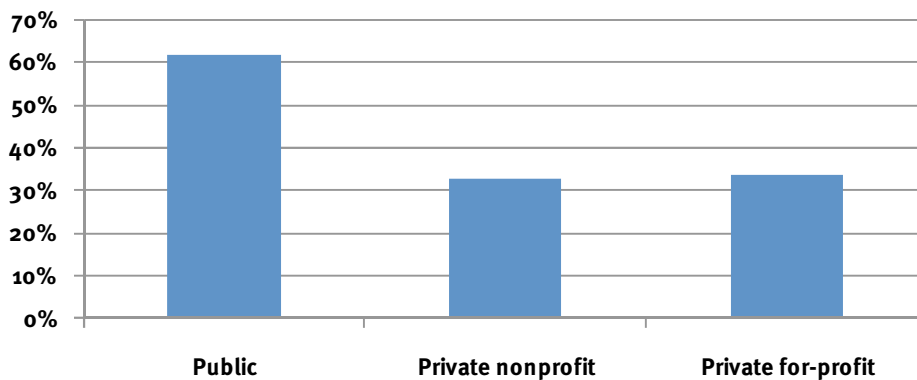
that this is the case. It is these largest institutions that appear to feel the most pressure and competition from for-profit institutions, and, therefore, see their offerings in the worst light.

It is important to note that what we are measuring are perceptions of academic leaders – not specific outcomes-based metrics. However, the results do show the widening gulf that appears to be developing among higher education institutions, with a number of large for-profit institutions moving aggressively into online, an area that the public institutions have traditionally occupied. By enrolling large numbers of students, a number of the larger for-profit institutions have shown substantial growth, and with it attracted a great deal of attention, from both regulators and from other higher education institutions.

What is the Impact of the Economy on Online Education?

Evidence from last year's study gave credence to the belief that poor economic times are good for higher education. Institutions across the board reported increased demand for courses and programs, with the level of increase in demand for online courses and programs exceeding that for face-to-face. Virtually all institutions in 2009 reported an increase in applications for financial aid. The impact on institutional budgets was mixed, with public institutions suffering a decrease and the majority of for-profits experiencing an increase in the size of the overall institutional budget.

Compared to Last Year, the Magnitude of the Impact of Current Economic Conditions is Greater - Percent Agreeing



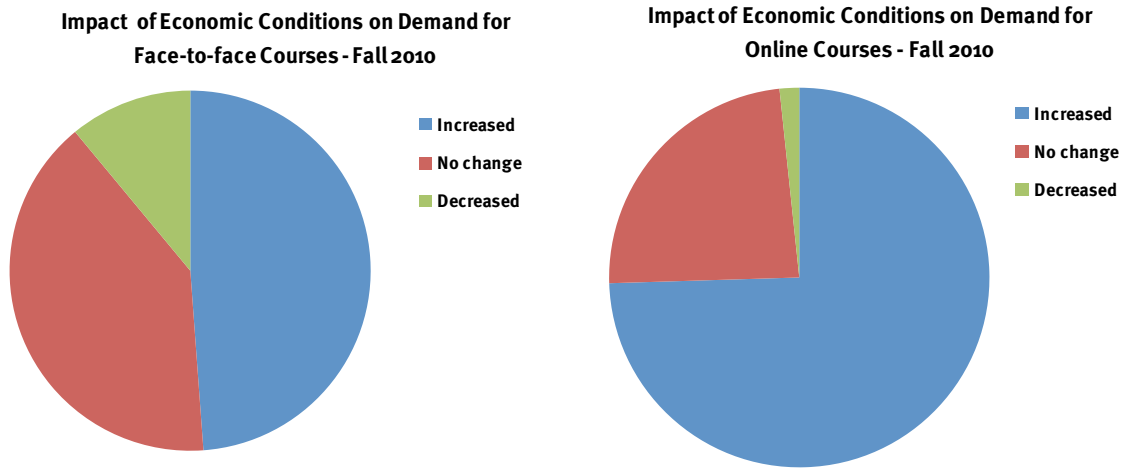
Unemployment remains high in fall 2010, and the overall economy has not returned to the era of sustained growth that preceded the current downturn. Is the extended downturn still having the same impact on demand and budgets at higher education institutions?

Academic leaders report that not only is the economy still having a large impact on their operations, but that, for many, the impact is even

greater in 2010 than it was in 2009. Almost two-thirds (61.8%) of public institutions report that the economic impact is greater this year than last – this is much higher than the roughly one-third of private nonprofit (32.7%) and for-profit (33.7%) that are seeing this.

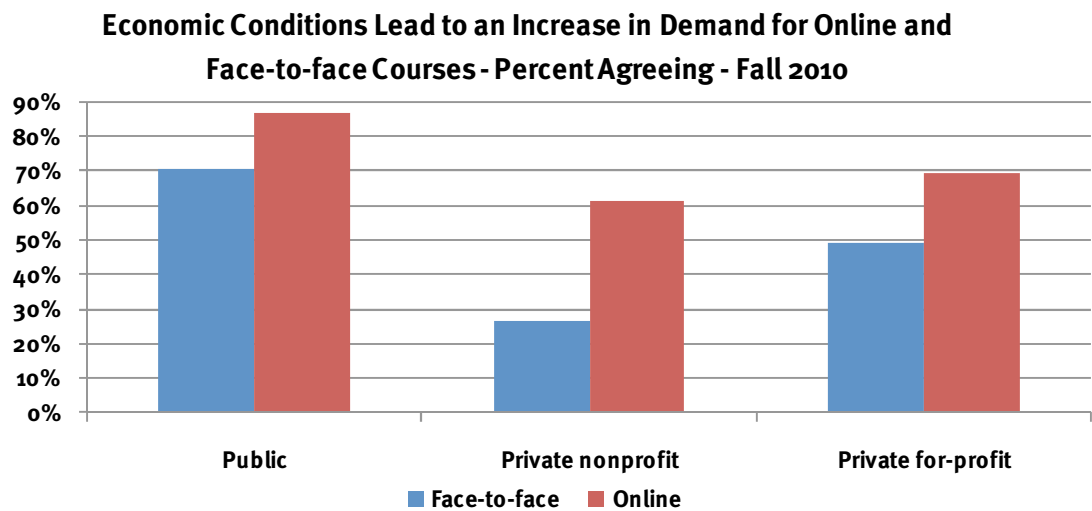
The nature and pattern of the reported economic impact is similar in fall 2010 to what was observed in fall of 2009 – it is leading to an increased demand for courses and programs, there are more applications for financial aid, and there is a different set of effects on public institutional budget than on budget for private nonprofit and on budget of for-profit institutions.

As was the case in 2009, institutions see the effect of the economic downturn being translated to an increased demand for face-to-face courses and programs. Almost one-half (48.8%) of all institutions report an increase in demand, with only eleven percent saying that it has reduced demand for face-to-face courses and programs.

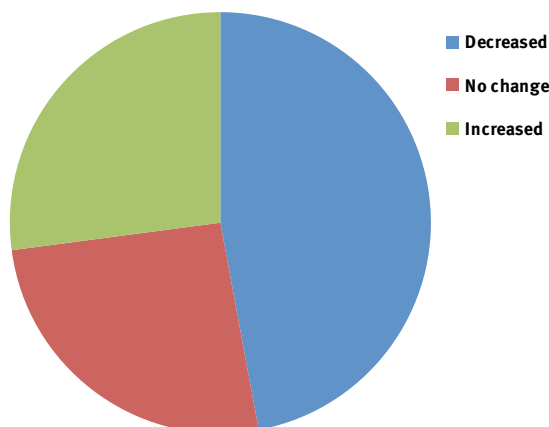


Many more institutions reported seeing an increase in demand for online courses and programs than for face-to-face in 2009. The same pattern is evident this year as well. Three quarters (74.5%) of all institutions say that they are seeing an increase in the demand for online courses and programs as a result of the current economic downturn.

This pattern of demand for online courses and programs varies by type of institution, with a greater portion of public institutions reporting increased demand for both face-to-face and online courses and programs, followed by the for-profit institutions. This increased demand is coupled with continued budget pressure at public institutions – putting them in the situation where they must “do more with less”.

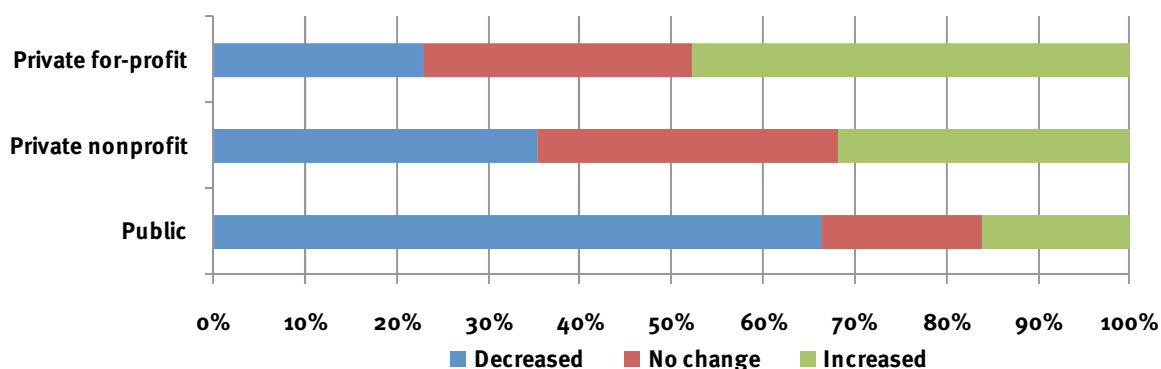


Impact of Economic Conditions of Size of Institutional Budget - Fall 2010



While a small fraction of public institutions seem to have escaped the budget crunch (17.6% report a steady budget and 16.1% have seen an increase), fully sixty-two percent say that the current economic situation has resulted in a smaller overall institutional budget. The budget picture is very different at for-profit institutions, where more academic leaders (47.7%) say that the economy has resulted in a larger budget, more than twice the percent reporting a decrease (22.9%).

Impact of Current Economic Conditions on the Size of Institutional Budget



Proposed Federal Regulations on Financial Aid

The year 2010 saw an unusual amount of attention to higher education at the federal level, with congressional hearings on new rules dealing with financial aid and student recruiting. Quoting from the press release accompanying the release of the new regulations:

The Obama administration today released a broad set of rules to strengthen federal student aid programs at for-profit, nonprofit and public institutions by protecting students from aggressive or misleading recruiting practices, providing consumers with better information about the effectiveness of career college and training programs, and ensuring that only eligible students or programs receive aid⁵.

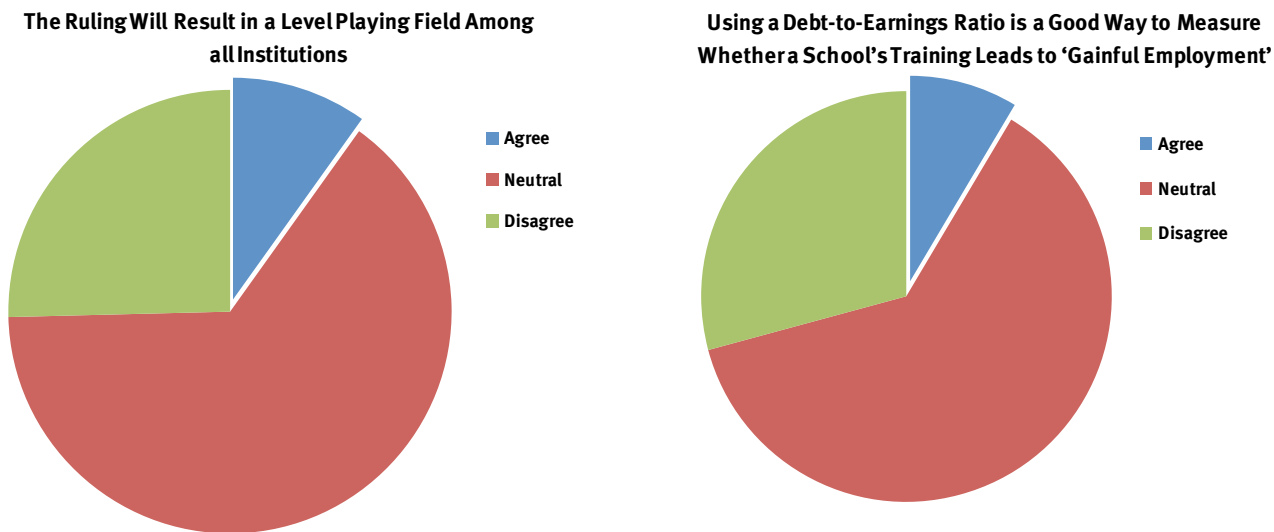
While the regulations apply to all institutions of higher education there has been a clear federal focus on the for-profit sector:

Students at for-profit institutions represent 11 percent of all higher education students, 26 percent of all student loans and 43 percent of all loan defaulters. The median federal student loan debt carried by students earning associate degrees at for-profit institutions was \$14,000, while the majority of students at community

⁵ <http://www.ed.gov/news/press-releases/department-education-establishes-new-student-aid-rules-protect-borrowers-and-tax>

colleges do not borrow. More than a quarter of for-profit institutions receive 80 percent of their revenues from taxpayer financed federal student aid⁶.

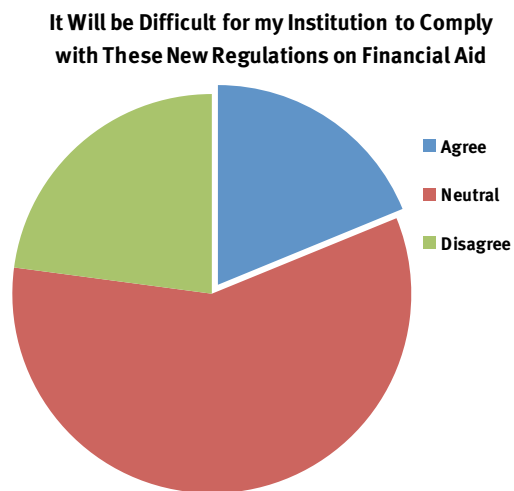
Academic leaders were polled on their views of the potential impact of these changes in federal procedures – with the survey taking place after the hearings and initial proposed rules were made public, but before final regulations were issued.



In general, higher education leaders remain undecided on the merits of the proposed rules. When asked if these regulations would result in a level playing field among higher education institutions, the overwhelming majority are neutral, with a quarter who do not believe that this will be result, as compared to only ten percent who believe that it will result in a level playing field.

When polled about one of the prime tenets of the proposed rules, the use of a debt-to-earnings ratio as a measure as to whether a schools training leads to gainful employment, academic leaders are even more pessimistic – only nine percent believe that using a debt-to-earnings ratio is a good approach, while almost thirty percent disagree. The remaining majority (62.3%) are taking a wait and see approach, and remain neutral on the topic.

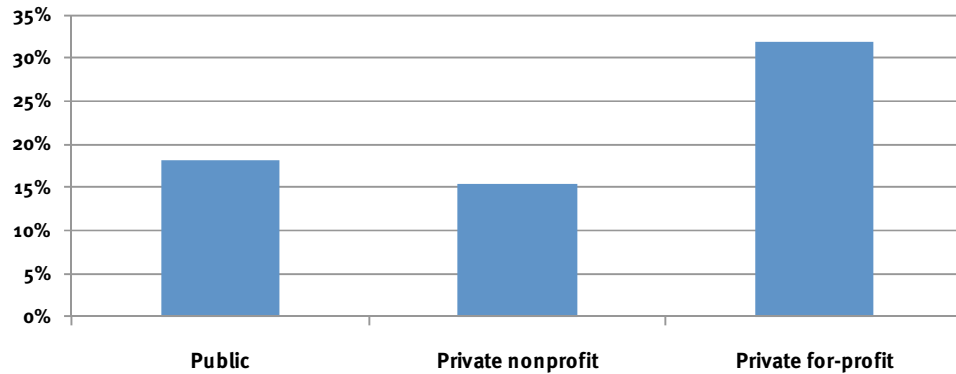
The main focus of attention for the proposed rules has been institutions in the for-profit sector because of their rapid growth, fueled in large part by the students using federal financial aid to pay for their education. The proposed regulations, however, would apply to all higher education institutions that provide any form of federal-based financial aid. These new rules would mean possible changes in policies and procedures at all educational institutions, as well as increased reporting requirements.



⁶ <http://www.ed.gov/news/press-releases/department-education-establishes-new-student-aid-rules-protect-borrowers-and-tax>

Less than one-in-five institutions (18.8%) believe that it will be difficult for their institution to comply with the new rules. A larger fraction (22.9%) are clear that it will not be an issue, with the majority (58.3%) remaining neutral. This distribution of those expecting compliance issues is not evenly spread among all type of institutions. As might be expected given the focus on the for-profit sector during the rule-making process, a larger proportion of the for-profits (31.9%) expect some difficulties. This compares to eighteen percent of the public institutions and only sixteen percent of the private nonprofits that report they expect to have any difficulties with compliance at their institution.

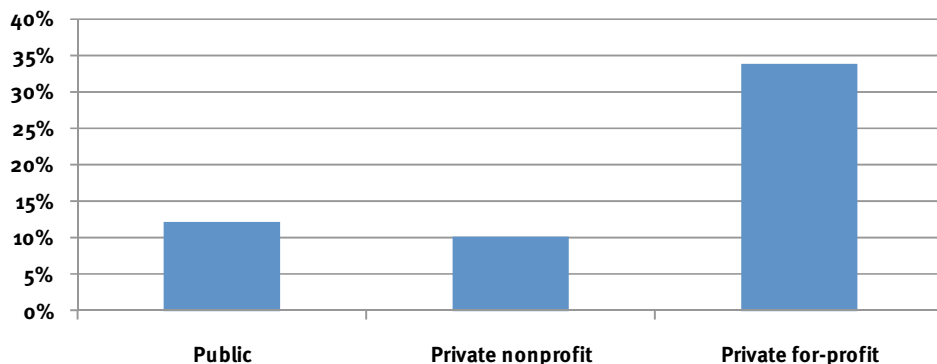
It Will be Difficult for my Institution to Comply with These New Regulations on Financial Aid - Percent Agreeing



What impact with the new financial aid rulings have? Will the additional restrictions on the use of federal financial aid have a negative impact on institutional enrollments? Only fourteen percent of the reporting institutions expect that the new ruling will have a negative impact on their institutions future enrollments. About one-quarter (24.2%) are clear that it will not have an impact, while the remaining majority (61.5%) are neutral – perhaps waiting to see all the details of the final rulings before deciding.

Once again, it is among the for-profit institutions that the estimated impact is the greatest. These institutions report potential impact on their enrollments at more than twice the rate (33.9% compared to 12.2% for public institutions and 10.1% for private nonprofit institutions). The future growth in online enrollments at for-profit institutions is worth investigating, given that nearly one-third of these institutions are expecting some negative impact from the new financial aid rulings.

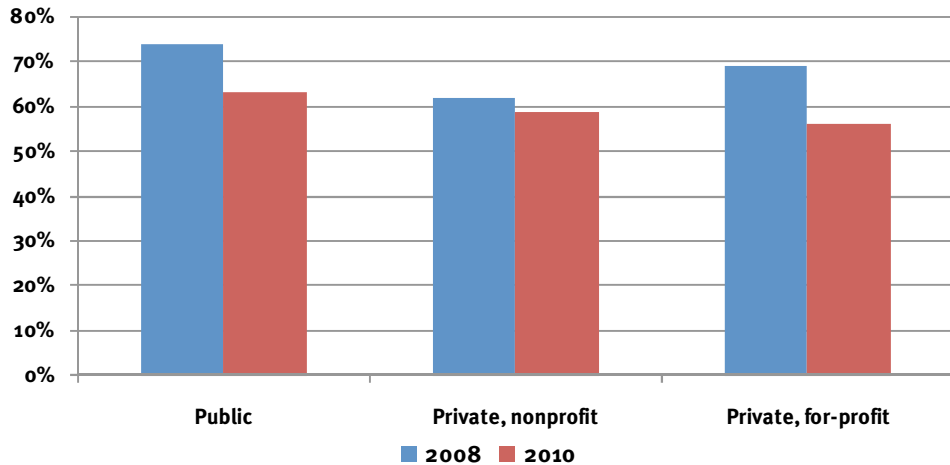
The Ruling Will Have a Negative Impact on my School's Enrollments - Percent Agreeing



What is the Future for Online Enrollment Growth?

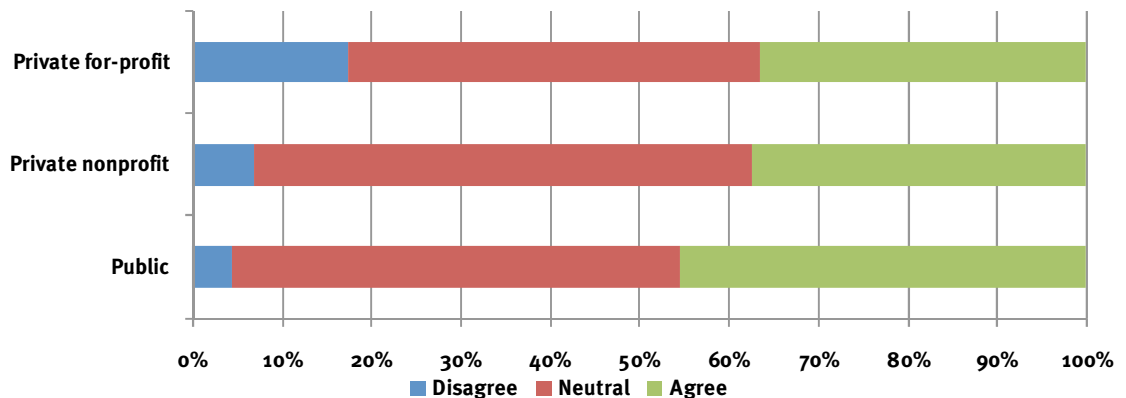
As noted above, the trend in online enrollments among US higher education institutions has been steadily upward; with growth rates for all years easily exceeding the growth in the overall higher education student body size. The evidence for past years has shown little, if any, indication that this growth is slowing. Even with the very rosy enrollment numbers presented above, this year marks the first time that there is any evidence, albeit slight, that the time of unbridled growth may be ending.

There is Increasing Competition for Online Students in Higher Education - Percent Agreeing - Fall 2008 and Fall 2010



Over sixty percent (60.3%) of academic leaders polled believe that there is increasing competition for online students in higher education. This may lead to an assumption that increasing competition is due to fewer new online students, resulting in slower (or no) growth at some of these institutions. This interpretation needs to be tempered, however, with a historical comparison. The proportion of institutions that believe that competition is increasing for online students has actually decreased – it was just under seventy percent in 2008, almost ten percent higher than in 2010. A majority of all types of schools still see increasing competition, but in each case the proportion reporting this for 2010 is less than did so in 2008.

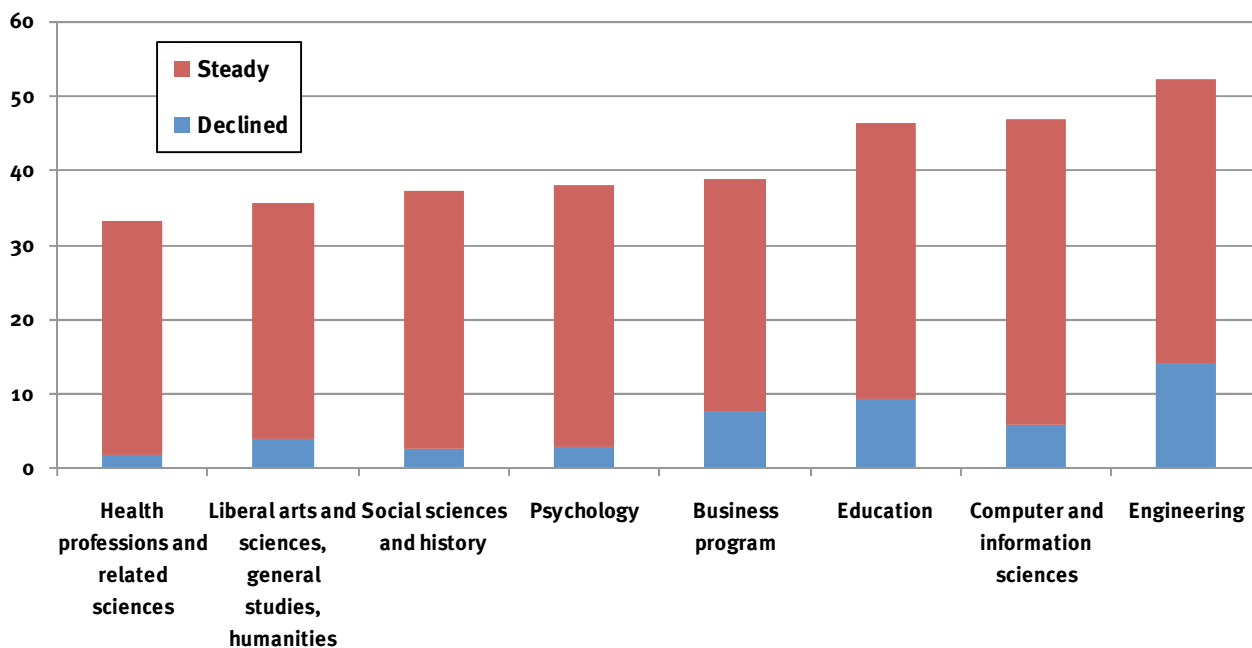
For-profit Institutions are Putting Increasing Pressure on Non-profit Institutions



A more specific aspect of the competition for online students is the large growth in online enrollments among the very largest for-profit schools. Do other institutions see this as having a direct impact on their own growth and future well-being? Academic leaders at public institutions are the most likely to see the for-profits as putting pressure on the non-profit institutions, with forty-six percent saying they agree that “for-profit institutions are putting increasing pressure on non-profit institutions.” Fewer than five percent of public institutions disagreed with the statement. Private nonprofit institutions reported slightly less levels of agreement (37.4% agreeing and 6.8% disagreeing). The for-profits themselves are, not surprisingly, the least likely to think that they are putting pressure on the non-profit institutions; 36.4% agreed and 17.4% disagreed.

Having any institution report a decrease in enrollments has been an extremely rare event through the history of these survey reports – with typically less than one percent of reporting institutions saying that the number of students taking at least one online course had decreased from one year to the next. Further examination of those institutions reporting decreases also shows that it is normally those with the very smallest online enrollments, and the decreases often reflected the year-to-year variability in enrollments of the small number of courses that they are offering. This year, for the first time, the survey collected data on the relative growth (or decrease) for online programs by discipline. The results are somewhat different than what we observe at the institution-wide level, with a sizeable percentage of online programs showing no growth, and some even reporting declines in enrollment.

Enrollment Change for Online Programs by Discipline - Fall 2009 to Fall 2010



These online program enrollment changes focus only on fully online programs, not at the course level. A decrease in the enrollment of one program at a particular institution does not guarantee that the overall institution’s online enrollments will also decrease, as a drop in one area can be offset by increases in other areas, still yielding an overall growth. With the single exception of engineering, all the reported enrollment changes by online program discipline show a majority of the institutions reporting that their program enrollments grew

over the year-to-year period. Of those that did not report growth most saw their enrollments remain steady. This is the first view of any segment of online enrollments, however, where the picture of continued growth in all programs does not hold. This bears following for future years to see if it will be a leading indicator of when a plateau is finally reached. We also do not know if there has been a general drop in enrollments in these programs when delivered in a face-to-face format.

It is only a subset of all higher education institutions that account for the majority of the growth in online enrollments. One way of classifying higher education institutions and their role in online offering is by using the Online Learning Framework introduced in *Online Nation*⁷. This framework classifies all higher education institutions into a five-category framework based on their adoption of, and strategic view towards, online education.

Institutions in each of these categories have very different attitudes towards online learning, utilize different approaches to the possible provision of online offerings, and can be expected to provide different components of the future growth in online enrollments.

Not Interested. These institutions do not have any online offerings and do not believe that online is important to their long-term strategy. They represent about eighteen percent of all U.S. degree-granting postsecondary institutions (800), but are mostly smaller institutions, providing less than five percent of all higher education enrollments.

Non-Strategic Online. Institutions which have some online offerings, but do not believe that online education is an important part of their long-term strategy are classified as Non-Strategic Online. There are about 1,000 institutions in this category, enrolling slightly more than one-quarter of all higher education students. In contrast, their fall 2009 online enrollments represent only thirteen percent of all online students.

Not Yet Engaged. This is a small group of institutions (5 percent, or around 250 total institutions) which do not yet have any online offerings, but cite online as a critical long-term strategy for their institution. Most of these institutions are small, accounting for about one percent of all higher education enrollments.

Engaged. A sizable set of institutions (around 800) currently have online offerings and believe that online is critical to the long-term strategy of their organization. However, these institutions have not yet included online education in their formal strategic plan. They represent about twenty-three percent of all higher education enrollments and twenty-one percent of online enrollments for fall 2009.

Fully Engaged. Slightly more than one-third of all higher education institutions are fully engaged in online education. They believe that their online offerings are strategic for their institution and they have fully incorporated online into their formal long-term plan. These schools enroll forty-three percent of all higher education students but educate nearly two-thirds (66 percent) of all online students in fall 2009.

⁷ Allen, I.E. and Seaman, J. *Online Nation: Five Years of Growth in Online Learning*

Online Enrollment by Online Learning Framework – Fall 2006 and Fall 2009

	Fully Engaged	Engaged	Non-Strategic Online
Fall 2006 Students Taking at Least One Online Course	2,540,315	595,683	350,998
Fall 2009 Students Taking at Least One Online Course	3,704,958	1,145,750	728,314
Enrollment Growth Fall 2006 to Fall 2009	1,164,643	550,067	377,316
Compound Annual Growth Rate	13.4%	24.4%	27.5%

In examining potential future growth in online enrollments, we can safely ignore two of the five stages in the online learning framework. Institutions that are *Not Interested* do not have any online offerings, nor are they planning on introducing any. Those classified as *Not Yet Engaged* say they hope to introduce online offerings in the future. They are, on average, very small institutions that represent less than one percent of overall higher education enrollments. Even if substantial numbers of these schools were to begin online offerings, and to grow them to account for a sizable portion of their total enrollments, it would still account for a very small percentage of all online enrollments.

Future growth will come from the institutions that currently have online offerings, not from schools introducing online courses and programs where there are none. The *Non-Strategic Online* produced the smallest number of additional enrollments during the fall 2006 to fall 2009 time period, and grew at a compound annual rate of twenty-eight percent. The *Engaged* institutions, starting with a larger base, grew slightly slower, twenty-four percent, to account for an additional one-half million online enrollments. The *Fully Engaged* institutions began with the largest enrollment base, but grew the slowest, at only a thirteen percent compound annual rate. Yet even with the lowest rate of growth, these mainly larger institutions accounted for over one million additional online enrollments between fall 2006 and fall 2009.

Does the lower growth rate for the largest institutions indicate that they are beginning to reach a plateau in online enrollments? These schools began their online offerings first, have been the most invested in online, and have, in the past, grown the fastest. The relative slowing of the growth among these leading online institutions may be the first indication of the end of the continued rapid expansion in online enrolments.

What will be the effect on online demand when the current upward pressure due to economic forces subsides? Large public institutions, traditionally in the lead in online offerings and online enrollment growth, have experienced the greatest increases in online demand during the current economic slowdown – and also the greatest budget pressure. It is expected that they will also feel the greatest impact when this accelerated demand tapers off. Will the accumulated increases in enrollments have completely served this economic demand, causing online enrollments to actually drop? Or will there still be sufficient demand among those attending face-to-face courses and programs to switch delivery modalities fueling continued growth in the number of online students?

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 data for this report is collected by both the Babson Survey Research Group and by the College Board. The College Board includes questions for this study 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 4,511 institutions; a total of 2,583 responses were included in the analysis, representing 57.3 percent of the sample universe. Because non-responding institutions are predominately those with the smallest enrollments, the institutions included in the analysis represent 80.4 percent of higher education enrollments. The 2010 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, 2,504 in 2007, 2,577 in 2008, and 2,590 in 2009) for examination of changes over time.

Institutional descriptive data come from the College Board Annual Survey of Colleges and from the National Center for Educational Statistics' IPEDS database.⁸ After the data were compiled and merged with the College Board Annual College Survey and IPEDS database, 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 Education⁹. These weights provide 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.

The 2009 report marked a change in the timing of the annual data collection cycle. In an effort to present more timely results, data collection for the opinion portion of the survey was been delayed from the spring (asking about the previous fall term), until the fall (with the questions now referring to the current fall term). Because of the need for institutions to have complete records of their data, results for enrollment and program offerings continue to refer to the previous fall term.

⁸ <http://nces.ed.gov/ipeds/>

⁹ <http://www.carnegiefoundation.org/classifications/>

PARTNER ORGANIZATIONS



Alfred P. Sloan Foundation

The authors wish to thank the Alfred P. Sloan Foundation for supporting this research for the past eight years.

The Alfred P. Sloan Foundation makes grants in science, technology and the quality of American life. It's Anytime, Anyplace Learning program seeks to make high quality learning, education and training available anytime and anywhere. www.sloan.org



The College Board

This report would not be possible without the continued assistance of the College Board. The data collection partnership that they have embraced not only provides higher quality data for analysis, but also makes it easier for respondents by allowing them to respond to a single survey instead of two.

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



The Sloan Consortium

Distribution for the series of national online learning survey reports has been conducted by the Sloan Consortium (Sloan-C) on their website.

The Sloan Consortium is an institutional and professional leadership organization dedicated to integrating online education into the mainstream of higher education, helping institutions and individual educators improve the quality, scale, and breadth of education. Originally funded by the Alfred P. Sloan Foundation, Sloan-C is now a non-profit, member sustained organization. www.sloanconsortium.org

To ensure objectivity, partner organizations do not have editorial control over the survey design, data capture, data analysis, or presentation of the findings. No individual-level data or contact information is shared with partner or other organizations.

BABSON SURVEY RESEARCH GROUP

The study design, survey administration, analysis and report production for this series of online learning survey reports are the responsibility of the 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. www3.babson.edu/ESHIP/research-publications/survey-research-group.cfm

National and Regional Sloan Surveys of Online Education

Learning on Demand: Online Education in the United States, 2009
Staying the Course: Online Education in the United States, 2008
Online Nation: Five Years of Growth in Online Learning
Making the Grade: Online Education in the United States, 2006
Making the Grade: Online Education in the United States, 2006 - Midwestern Edition
Making the Grade: Online Education in the United States, 2006 - Southern Edition
Growing by Degrees: Online Education in the United States, 2005
Growing by Degrees: Online Education in the United States, 2005 - Southern Edition
Entering the Mainstream: The Quality and Extent of Online Education in the United States, 2003 and 2004
Sizing the Opportunity: The Quality and Extent of Online Education in the United States, 2002 and 2003

Sloan K-12 Online Learning Survey Reports

Class Connections: High School Reform and the Role of Online Learning
K-12 Online Learning: A 2008 follow-up of the Survey of U.S. School District Administrators
K-12 Online Learning: A Survey of U.S. School District Administrators

The A·P·L·U-Sloan National Commission on Online Learning

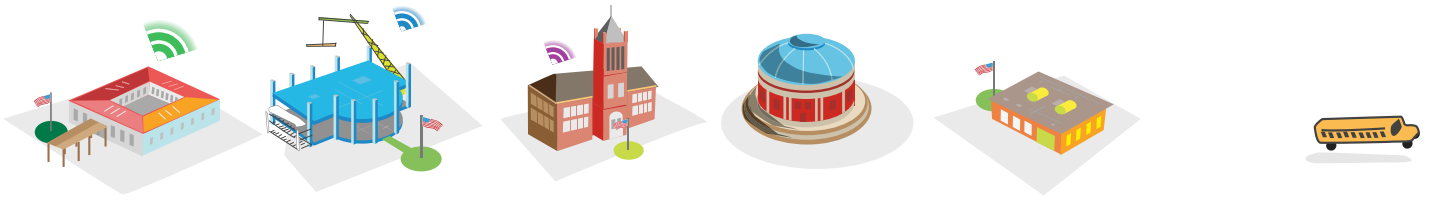
Online Learning as a Strategic Asset, Volume II: The Paradox of Faculty Voices: Views and Experiences with Online Learning
Online Learning as a Strategic Asset: A Survey of APLU Presidents and Chancellors
Online Learning as a Strategic Asset: A Survey of NAFEO Presidents and Chancellors
Online Learning as a Strategic Asset: A Survey of AIHEC Tribal College and University Presidents

Data collection for this report was made possible by a grant from the Alfred P. Sloan Foundation. The Sloan Consortium (Sloan-C) acts as the publisher. In order to ensure objectivity, Sloan-C does not have editorial control over the survey design, data capture, data analysis, or presentation of the findings.

The cover design is by Mark Favazza (www.favazza.com).

For more information about Sloan-C, visit www.sloanconsortium.org. For more information about Babson College visit www.babson.edu.





Class Differences: Online Education in the United States, 2010 is the eighth 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 issues:

- Is Online Learning Strategic?
- How Many Students are Learning Online?
- Are Learning Outcomes in Online Comparable to Face-to-Face?
- What is the Impact of the Economy on Online Education?
- Proposed Federal Regulations on Financial Aid.
- What is the Future for Online Enrollment Growth?

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.

