

ONLINE PROGRAM MANAGERS (OPMs) BACKGROUND



WHAT ARE ONLINE PROGRAM MANAGERS (OPMs)?

Online program management (OPM) entities are service providers that work through contracts with colleges and universities to take academic programs online. While most OPMs are for-profit, some are nonprofit. Typically, colleges and universities that utilize OPMs seek to expand access to college courses that they cannot financially or practically offer via a traditional physical environment, as well as to increase enrollment. OPMs step in to bring a course online, often also marketing the course and recruiting students.

OPMs have taken on a new spotlight during COVID-19 as many colleges and universities quickly shifted courses online to adapt to the public health emergency. For today's students—**37 percent of whom are over the age of 25 and 24 percent are student parents**—high-quality online courses expand their access to earn a postsecondary degree or credential. It is crucial that online courses at a postsecondary institution, whether offered in partnership with an OPM or by the institution itself, empower today's students with the high-quality credential or degree they need to obtain and retain employment.



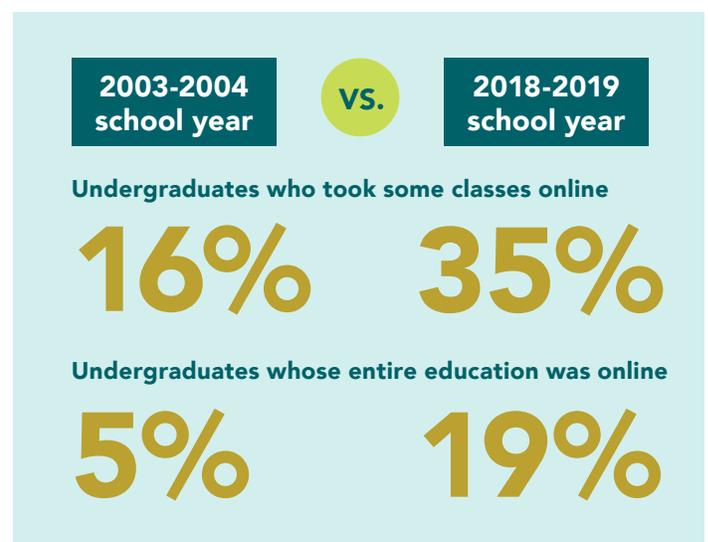
OPMs assist colleges and universities in transitioning brick-and-mortar courses to an online setting and provide student recruitment and retention services.



The text is flanked by two icons: a brick-and-mortar building on the left and a laptop with three people icons on the right, connected by a downward-pointing arrow.

HOW DO OPMs WORK AND WHY DO COLLEGES & UNIVERSITIES USE THEM?

Online education in the postsecondary space has increased dramatically since the early 2000s. For the 2003-2004 school year, the **National Center for Education Statistics estimates** that nearly 16 percent of undergraduates took some classes through distance or online education with 5 percent having their entire degree program offered exclusively through distance education. For the **2018-2019 school year**, this increased to 35 percent and 19 percent, respectively. The COVID-19 pandemic influenced a further spike in offerings, as many institutions received waivers from their accreditors to provide all students with online courses. While postsecondary institutions are increasingly providing in-person instruction during the 2021-2022 academic year, the COVID-19 pandemic only accelerated what was likely steady growth in online course offerings by colleges and universities.



OPMs provide a set of services to colleges and universities, including: advertising and student recruitment, transfer of courses to online environments, management of online courses, and student support. They work with colleges and universities to bring online education to their course offerings. OPMs are generally paid through fee-for-service arrangements or tuition-share agreements, where OPMs receive a certain percentage of tuition paid to attend the course on a per student basis. OPMs allow schools to contract for expertise in managing the logistics of online course delivery and also attract, retain, and assist students in their completion of courses. The ability to start up an online course with little to no upfront financial investment through the use of an OPM makes entry into offering online coursework possible and attractive to colleges and universities.

Colleges and universities are increasingly using OPMs to deliver online courses to students. **The Hechinger Report** reports that colleges and universities collectively pay about \$4 billion to OPMs presently, with a projected increase to \$10 billion by 2024. It's also estimated that roughly **300 new partnerships** between universities and OPMs occurred in 2020.

CONCERNS WITH OPMS

OPMs have several benefits for colleges and students. They allow institutions to quickly meet the changing needs of students, such as providing continuity of education when education needed to be remote during the Covid-19 pandemic. They also allow smaller institutions to provide more programs and educational options to their students. But some have raised questions about what it means for institutions, especially non-profit

institutions, to turn over essential functions to for-profit entities.

Because the payment model for many OPMs is to tuition-share with a university, critics allege that the OPM, a third party, is taking too large a cut from students' tuition dollars. While it is relatively unknown just how varied the tuition-sharing agreements are across all OPM contracts, **a study of 79 OPM contracts** by The Century Foundation found more than half guaranteed a share of the school's tuition revenue to the OPM, and the exact tuition-share agreements ranged from 80 percent to 35 percent. The study found that average OPM agreements with colleges and universities guaranteed the third party roughly 50 percent of the tuition. Many colleges and universities view this arrangement as satisfactory still because the online course offerings bring in a new revenue stream that was not available before the OPM brought it online. The arrangement also allows these institutions to provide classes to students that might not otherwise have been available to them.

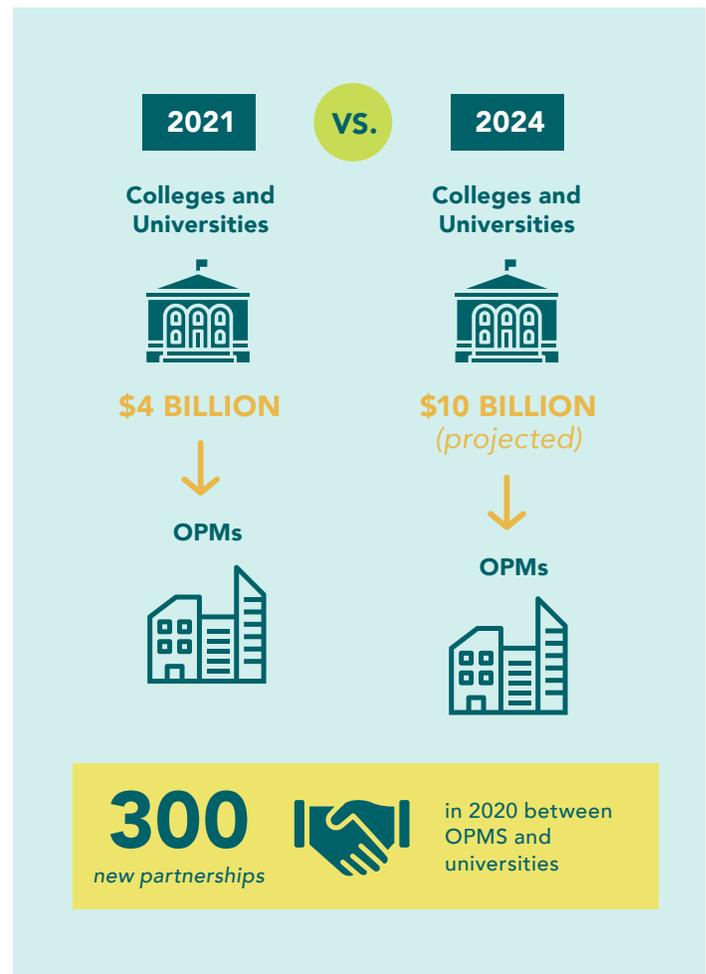
Secondly, concerns arise over how OPMs market and recruit students for the course offerings. Because agreements between institutions and OPMs often stipulate that the OPM will be paid via tuition-share, this may create an incentive for the OPM to **get as many students enrolled in the course as possible. Congress passed a law in 1992** that does not allow colleges that accept federal aid to pay out commissions for enrolling students. However, the Department of Education adopted regulations in 2002 effectively establishing safe harbors to allow institutions to pay third parties via tuition-sharing as long as the third party provided more than one service to the institution. Critics allege that OPMs operate within that loophole.

WHAT'S NEXT

As OPMs continue to grow because of an ever-increasing appetite from both institutions and students for online courses, there is a need for more data collection. In order for students and institutions to better make decisions about online courses operated by OPMs, additional transparency is needed. Unbiased and independent data is necessary to fully understand the impact of OPM partnerships with colleges and universities, both on the students and on the greater higher education environment. Additionally, Department of Education guidance on OPMs and their funding models should be updated or clarified.

A **forthcoming landscape analysis from the Government Accountability Office** should shed light on the helpfulness and shortcomings of OPM agreements between private entities and institutions. This information is needed to help students, as well as colleges and universities, make informed decisions about how to best pursue online courses.

There's no way around it: schools will continue to seek out ways to increase their course offerings, and today's students will continue to pursue flexible options for continuing their education. OPMs can be a useful tool for stakeholders to offer and receive online courses, but must be done in a transparent manner.



For more information about **Higher Learning Advocates** please contact **Julie Peller**, Executive Director, at jpeller@higherlearningadvocates.org