

# A Novel Way to Launch an Online Program

**IHE** [insidehighered.com/news/2016/08/23/schreiner-universitys-novel-approach-funding-online-program](http://insidehighered.com/news/2016/08/23/schreiner-universitys-novel-approach-funding-online-program)

Three years ago, Schreiner University recognized a need for nursing education in south central Texas. Many registered nurses at local hospitals lacked a bachelor's of science in nursing -- a degree that would open the door to higher salaries and greater responsibilities.

Schreiner decided to address this issue by building an online nursing program. There was just one problem: the private university didn't have the internal expertise and start-up capital to create such a program.

Many institutions in Schreiner's situation turn to online program management providers. Commonly known as **OPM providers**, these companies help institutions take their programs online by providing start-up capital and services such as marketing and a technology platform. In return, they typically take a share of the revenue from the resulting programs (often in the range of 50 percent or more), and lock in the arrangement for as long as a decade.

As interest in online education grows, the OPM market is booming. According to a 2015 survey by the higher education research firm Eduventures, the market is worth an estimated \$1.1 billion.

But Schreiner was hesitant to partner with an OPM provider for two reasons, said Charlie McCormick, Schreiner's provost and soon to be its president. First, the revenue-sharing model meant that the university could sacrifice a substantial portion of the tuition income, he said. Second and more importantly, the university wanted the online nursing program to reflect its own identity -- not that of an outside company.

"The more I talked to these companies, the more it felt like it wouldn't be a Schreiner program," McCormick said. "Schreiner would really be putting its name on something that somebody else had created and would be managing. That didn't feel authentic."

## 'A Very Compelling Model'

While grappling with its concerns about OPMs, Schreiner was paid a visit by Paxton Riter, CEO of the instructional design firm **iDesign**. Riter told administrators that his company could help Schreiner deliver online offerings. He stressed that rather than a revenue-sharing model, his company used an unbundled fee-for-service model.

"This was a very compelling model for us," McCormick said. The fee-for-service approach meant that Schreiner would be able to keep all of the tuition revenue from the online nursing program. The unbundled approach meant that iDesign would let Schreiner choose its desired services -- such as marketing or retention -- rather than offering all services as a comprehensive package.

But one nagging problem remained: Schreiner didn't have the funds to cover iDesign's services. "We were concerned about how we were going to fund the start-up of this," McCormick said. "We're a small, tuition-driven institution. Identifying, let's say, half a million dollars, would be a challenge for us."

So to come up with the necessary funds, Schreiner turned to a familiar face: an alumnus and trustee named Royce Faulkner. In the past, Faulkner had offered to help finance several university projects, including an assessment of underground utilities. He had also advised the university on a campus construction project.

Faulkner agreed to loan the university \$500,000 in 2014, said Mark Tuschak, vice president for advancement at Schreiner. "He was willing to step forward because of his understanding of how the nursing program would not only benefit the university, but also health care in the region," Tuschak said. (Faulkner declined to be interviewed for this article.)

The loan effectively allowed Schreiner to form a partnership with iDesign, Tuschak said. And \$500,000 was no small

sum for the university, which typically raises \$3 million-\$5 million annually, he said. A donation of this size would be among the top five gifts in any given year, he said.

Faulkner's funds came with a catch: Schreiner would have to make quarterly interest payments at 2.5 percent and fully pay off the loan by July 2017, McCormick said. If Schreiner was able to fully pay off the loan by July 2016, Faulkner would give the university a \$100,000 donation, he said.

Schreiner would likely only be able to pay off the loan if the program produced enough revenue early on. This gave the university an even greater incentive to make smart choices that would lead to a successful program.

"It's tremendously scary to think about investing half a million dollars in something like this," McCormick said. "Institutions like ours just don't have those sorts of resources to take a risk. But what we discovered is that we have a friend who can take this risk."

## **A Fruitful Partnership**

With the necessary funds secured, Schreiner went about partnering with iDesign to develop the online nursing program. The initial planning phase lasted around six months, during which Schreiner and iDesign each contributed their own resources.

Schreiner provided its faculty members to teach the courses and design the curriculum, while iDesign handled responsibilities such as marketing and the technological platform.

As part of its marketing efforts, iDesign conducted outreach to local hospitals, Riter said. Representatives from iDesign encouraged local hospitals to tell their employees about the advantages of the new online nursing program, he said. In return, nurses at these hospitals benefited from a preferred tuition rate, paying \$8,540 instead of \$10,540 for the program, he said.

"It was a great value proposition," Riter said. "Schreiner is one of the lowest-cost nursing programs in all of Texas with that preferred tuition rate in place. As online education becomes more mainstream, you're going to have a more cost-conscious audience -- as they should be."

In terms of the technological platform, Schreiner faculty were already accustomed to using a learning management system offered by [Jenzabar](#), Riter said. So iDesign decided to modify this learning management system rather than replacing it altogether, he said.

"We really wanted to do what was best for the university," Riter said. "If you make the faculty transition into a new technology, that is a huge mountain to climb."

William Woods, professor of English and dean of the School of Liberal Arts at Schreiner, said he enjoyed working with iDesign to adapt his advanced composition course for an online audience. (While an English course in a nursing program may strike some as unusual, Schreiner wanted to ensure that the program reflected its emphasis on the liberal arts. So students in the program must complete the same general education requirements as students in traditional courses at the university.)

"The challenge for us was going from a 16-week-long semester and compressing that content to a seven-week online course," Woods said. "The good thing was that the guys at iDesign were very helpful. They gave us a schedule, let us know deadlines and helped us build our online quizzes. So it was a very natural and friendly collaboration."

An online forum on the learning management system effectively allowed students to share their thoughts on the assigned readings, Wood said. "The forum postings were good because they gave people a chance to comment and interact," he said. "It's so important that students feel like they're not sitting out there on their own -- they actually

belong to a group.”

Still, the online forum had its challenges, Woods said. “It’s easy to teach a class, hand back some essays and leave,” he said. “It’s harder to be available as often as our students now want us to be in the online environment. You’re spending a lot of time monitoring those forum discussions.”

### **Risk and Reward**

Schreiner offered a pilot of the online nursing program -- called the [Online RN to BSN Program](#) -- in the summer of 2014, McCormick said. The university offered the first official iteration of the program that fall, attracting 44 students, he said.

By 2015, the program had generated enough revenue for the university to fully pay back the loan and secure the \$100,000 donation, McCormick said. To date, the program has generated nearly \$1.7 million in revenue, marking a nice return on investment, said Bill Muse, vice president for administration and finance at Schreiner, in an email.

More than 180 students have enrolled in the program so far, with 46 students graduating, McCormick said. It usually takes students a year and a half to complete the program, since many of them must balance their work obligations as nurses, he said.

Looking beyond his own university, McCormick said it’s imperative that other institutions recognize the alternatives to OPM providers. “When I talk to my colleagues around the country about what we’ve done, I always encourage them to do that,” he said. “Being brave and taking that risk is a good idea for all the Schreiners out there.”