Does Online Higher Education Reduce Inequality?
Exploring the Geography of the Market

RICHARD GARRETT | Chief Research Officer
Why examine online higher education and inequality?

1) Educational attainment drives economic and wage growth and social cohesion; but attainment is uneven by geography and demography and many students drop out of conventional higher education.

2) Adult undergraduate enrollment is falling, but online higher education is popular and growing, particularly among non-traditional students.

3) Online learning is a powerful tool. We need to understand how it is being used, and how best to wield it. Online higher education is playing out very differently around the country.
ONLINE DEGREES THAT GET YOU WHERE YOU WANT TO GO

YOUR CAREER SUCCESS ON YOUR SCHEDULE, 100% ONLINE

YOUR LIFE, PLUS COLLEGE.
RANKED #1 MOST AFFORDABLE ONLINE COLLEGE IN THE NATION
Online is where the growth is

Enrollment Trends: Three Types of Undergraduates (Fall 2012-17)

- Undergraduates Aged <25 (campus)
- Adult Undergraduates (Aged 25+)
- Undergraduates (fully online)

Source: Eduventures analysis of IPEDS and NSCH data. The 2017 enrollment figures are estimates.
8%
13%
2,250,000
Cleveland, OH
MHI= $26,583
Online In-State Undergraduate= 10.8%

Dayton, OH
MHI= $28,745
Online In-State Undergraduate= 8.7%

Jackson, MS
MHI= $32,866
Online In-State Undergraduate= 10.4%

Birmingham, AL
MHI= $32,404
Online In-State Undergraduate= 12%

Online to the rescue?
Detroit, MI
MHI= $26,249
Online In-State Undergraduate= 5.3%

Hartford, CT
MHI= $32,095
Online In-State Undergraduate= 5.2%

Newark, NJ
MHI= $33,025
Online In-State Undergraduate= 1.4%

San Bernardino, CA
MHI= $38,546
Online In-State Undergraduate= 4.9%
Online students are not evenly distributed by state

% of Undergraduates Studying Fully Online (Fall 2016) by School Location
(2- and 4-year schools)

U.S. Average = 13%

New Hampshire = 47%
Rhode Island = 2.3%
Fewer states enroll >10% of in-state undergraduates fully online

% of In-State Undergraduates Studying Fully Online (Fall 2016)
(2- and 4-year schools)

U.S. Average = 8%

DC = 0.4%

Alaska = 19%
Does online impact the states most in need?

The 20 states with the lowest levels of Bachelor’s degree attainment
(population aged 25-44)

Source: U.S. Census Bureau - American Community Survey
11 out of 20 states are **both** most in need and most online
Why?
Adults Aged 25-44 (2018) = 530,000 (up 5% since 2001 but flat to 2028)
Population Density = 45th
Median Household Income = $45,674
Unemployment = 5.4% (participation - 58%)
State Higher Ed Funding = -33% (2008 v. 17 net)
Bachelor’s + (aged 25-44) = 24% (21% in 2005)
Higher Ed Attainment Goal = “Strong” (Lumina)
Legislation & Policy = related legislation; no policy

Adults Aged 25-44 (2018) = 488,000 (down 10% since 2001, then down further to 2028)
Population Density = 29th
Median Household Income = $42,644
Unemployment = 5.4% (participation - 54%)
State Higher Ed Funding = -22% (2008 v. 17 net)
Bachelor’s + (aged 25-44) = 25% (18%) in 2005
Higher Ed Attainment Goal = None (Lumina)
Legislation & Policy = no legislation or policy

% of In-State Undergraduates Fully Online

13.4%
5th highest in the nation (2016)

% of In-State Undergraduates Fully Online

4.8%
45th highest

Source: U.S. Census Bureau - American Community Survey; Bureau of Labor Statistics; Center on Budget & Policy Priorities; IPEDS.
Out-of-State Competition
(2.5% of schools enroll 50% of fully online undergraduates)
Online gives state residents more choice

How many residents are states “losing” to online programs at out-of-state schools? (2016/17)

The 100%+ Club
75%+
50%+
Below 50%

Source: Eduventures analysis of IPEDS and NC-SARA data. Undergraduate and graduate students (2- and 4-year schools)
Online Higher Education Strategy: Which states get it right?

State Residents in Online Programs: In-State vs. Out-of-State

Q1: UNMET LOCAL ONLINE DEMAND (27%)

Q2: ROOM FOR LOCAL GROWTH (19%)

Q3: ONLINE GIANT COULD PLAY BIGGER ROLE? (4%)

Q4: RIGHT BALANCE? (22%)

Q5: HYBRID? TRANSITION? UNCOORDINATED? (27%)

Source: Eduventures analysis of IPEDS and SARA data (2016/17). Chart shows state resident undergraduates in fully online programs as a % of all undergraduates at in-state schools (x-axis) v. ratio of state residents enrolled in online programs at out-of-state schools as a % of the online resident total at in-state schools (y-axis).
Does Online Higher Ed Reduce Inequality? Not consistently in terms of local supply

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Does it matter?
Fully online student scale and intensity correlated with low, falling tuition and fees

Average Full-Time Undergraduate Tuition & Fees (2016 $) by % of Fully Online Undergraduates

- **Very High (50%+)**: $13,497 to $13,748
- **Very Low (<5%)**: $12,986 to $13,879
- **Zero**: $12,678 to $12,405
- **High (25-49.9%)**: $14,512 to $14,779

**Very High Online**: 74% of average price in 2012, down to 64% in 2016

Source: Eduventures analysis of IPEDS data. 4-year schools. In-state tuition for public schools.
Enrollment of Undergraduates Aged 25+ in 4-year Schools by % of Undergraduates Fully Online (2007-2015)

- **Very Low**: 31% in 2016
- **Low**: 22% in 2016
- **Medium**: 22% in 2016
- **High**: 10% in 2016
- **Very High**: 8% in 2016

Market Share:
- **Very High**: 28%
- **High**: 24%
- **Medium**: 20%
- **Low**: 14%
- **Zero**: 8%

% Fully Online Undergraduate Enrollment (2016)
Outcomes: We have a runner up...

Bachelor's Completion Aged 25-39 by % of Undergraduates Fully Online (2011/12-2016/17)

- Zero: 5%
- Very Low (0.1-4.9%): 44%
- Low (5-9.9%): 15%
- Medium (10-24.9%): 14%
- High (25-49.9%): 12%
- Very High (50%+): 10%

% Fully Online Undergraduate Enrollment (2016)
The Conundrum

Fully online widens access but lowers the odds of completion. Blended is less practical, and likely more expensive but correlated with stronger outcomes.

8 Year Outcomes: % of 2008 cohort receiving award from same school

Source: Eduventures analysis of IPEDS data. 2 and 4-year schools.
States with ABOVE AVERAGE nontraditional student completion AND ratio AND % of undergraduates online
Examples of scaled online institutional outperformance

Majority Online School, 8-Year Award Ratio for Non-First Time Students
(either full-time or part-time, 2008 cohort, 500+ cohort size)

Fort Hays State University = 81%

Belleview University = 71%

American Public University System = 71%

Full Sail University = 75%

National University = 76%

Trident International University = 70%

Columbia Southern University = 76%
15 out of 20 states are **both** most in need and most blended.
So does online higher education reduce inequality?

- **Wider Access:** Yes for adults and black students; neutral for Hispanics; makes male under-representation worse. Broadband access and smartphone dependence.
- **Cost & Price:** Evidence that scaled online drives lower costs, economies of scale and falling tuition.
- **Haphazard Market by Geography:** Uneven supply and demand patterns by state. Few states are pursuing a true online higher education strategy; and most are “giving away” far too many students to out-of-state providers.
- **Data is Getting Better:** The range and quality of outcomes data about online higher ed is improving but still leaves a lot to be desired.
- **Outcomes – General:** Based on the available evidence, on average adults and other non-traditional students enrolled in majority online schools are significantly less likely than average to complete at that institution.
- **Outcomes – Specific:** There are examples of institutions that report above-average scaled online outcomes but more research is needed to understand the pedagogical and support drivers (or other factors) that explain outperformance.
- **Blended:** Signs that blended learning may represent a superior combination of access, cost and outcomes (and may be more strategic for the typical institution).
- **Bottom Line:** Fully online learning is popular with many nontraditional students, but its potential is currently undermined by a long feedback loop (inevitable) and the challenges of identifying and scaling up best practices. Online higher education does reduce inequality but could do more. A more strategic approach to blended learning may be the way forward.
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rgarrett@eduvventures.com

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