



COLLEGIS REPORT:

Higher Ed Program Pricing in a Post–COVID-19 World



Exploring the Intersection of Tuition and Value

Today's students aren't afraid to question whether higher education is worth the investment. For most learners, accumulating a large amount of debt to attend a college or university is troubling knowing that a degree doesn't guarantee career success. Institutions have come to expect this type of skepticism and, so far, have been able to face those difficult questions head on.

The arrival of COVID-19 changed that, forcing schools with limited (or no) prior experience offering distance education into a new reality of remote course delivery. Typical talking points related to the valuable experience learners gain on campus are no longer relevant. And current students have already begun expressing concern that they're not receiving the same caliber of education that they were when attending classes in person.

A student survey from SimpsonScarborough reports that 41 percent of polled college students say their opinion of their school has gotten worse since the COVID-19 outbreak.¹ High school seniors are also feeling less sure of their decision over which school to attend — or whether they should start their undergraduate education in the fall at all.

Yes, there are numerous factors at play, but tuition cost is an underlying source of stress for those students and their parents.

Of course, concerns over rising education prices are certainly nothing new. Results from a survey conducted by the National Center for Education Statistics (NCES) shows that cost of attendance has been one of the most important factors affecting high school students' college choices for years.² The real effect of COVID-19 is that it's intensifying the demand for affordable higher education, particularly among students whose families have been dealt a direct financial blow as a result of the pandemic.

This leaves a lot of uncertainty around how institutions may need to adjust their programs, messaging or even tuition pricing itself. And there isn't a good historical example that can serve as a reference. But it's possible to glean a bit of insight by taking a closer look at some of the large providers that have increasingly moved online in recent years, often called "mega-universities."

In addition to offering an array of online degree programs, these schools seem to be able to do so at a much lower price point than the average higher education institution. By learning from these leading providers, you can better understand what it will take to remain competitive in the market going forward.

Learning From The Leading Providers

While most colleges have been aware of mega-universities for at least a few years, some leading online providers had started growing substantially before the broader higher education community realized what was happening. To put it plainly: they made strategic choices that paid off. And there's actually a lot that other institutions can learn from their results.

Finding early success online

The institutions we recognize as mega-universities today began achieving success by focusing on adult students.

For a working parent, making it to campus for a few hours' worth of lectures multiple times per week simply isn't realistic. These institutions were quick to realize that it was necessary to offer adult learners something other than the typical campus-based education.

While Liberty University was really the first to test the waters with distance education during the 1970s, it was a far cry from the sophisticated online systems schools now have in place. The original model involved distributing video lectures and course materials via mail.³

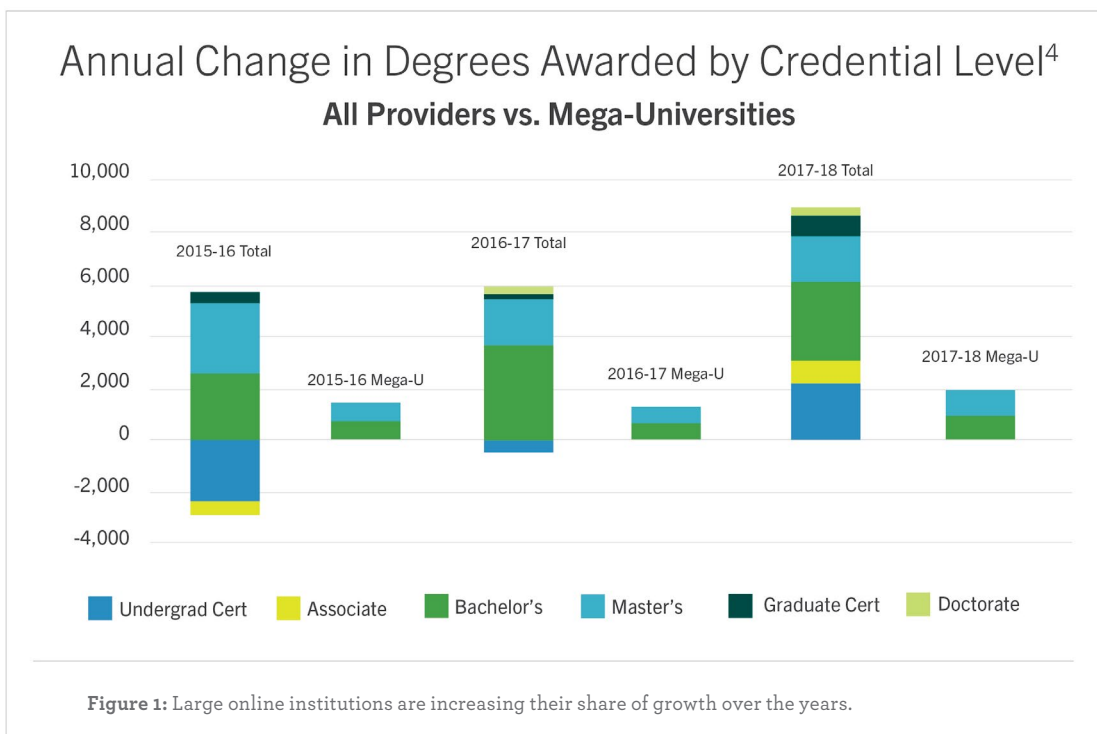


Students would complete assignments, then send them back to be assessed. Online programs arrived in 1989 and eventually became the go-to modality for schools focusing on distance education.

Virtual learning may initially have been designed to appeal to adult learners — or students who are “nontraditional” in another sense — but the shift to distance education has been more widespread over time.

Student preferences have changed. In 2018, 25 percent of all credential completions were via distance programs.

You can see just how much the leading providers have benefitted from this new perspective in Figure 1. For example, the top 10 mega-universities accounted for 33 percent of the growth in bachelor’s degrees awarded from 2017 to 2018.



Seeing the success mega-universities have garnered is sobering for other institutions struggling to enroll and retain their own students, even as they’ve transitioned to remote instruction.

Simply being online is no longer a competitive advantage. Institutions need to offer distance learning just to remain relevant. “For many programs, online was already gaining more traction before COVID-19,” explains Amber Arnseth, associate director of marketing strategy at Collegis Education, “especially with master’s degrees.”

“

For many programs, online was already gaining more traction before COVID-19, especially with master’s degrees.

”



It's also essential to recognize that there are varying definitions of what "online learning" entails. Many colleges and universities that rapidly moved to remote instruction are getting by with video conferencing and a patchwork of temporary tools. They may not have the sophisticated online education ecosystem leading providers do.

For mega-universities, it's standard to have a learning management system (LMS), student information system (SIS), remote test proctoring application, video streaming system and round-the-clock technical support. The leading distance learning institutions also dedicate plenty of time and resources to faculty training, working to equip instructors with everything they need to lead a quality course.

"Colleges and universities with a primarily campus-based population did amazing work transitioning to remote learning with speed," says Susan Hammerstrom, executive vice president of partner experience at Collegis Education.

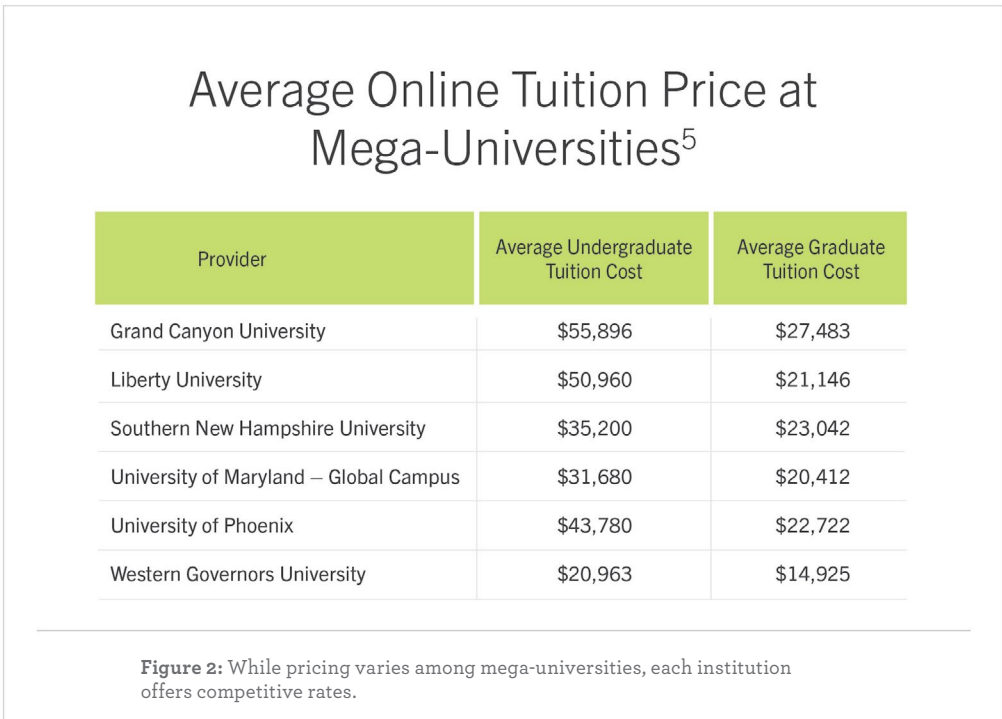
"But as those same institutions look at the possibility of continuing remote instruction in the fall,

they are at risk of losing new applicants and returning students to schools with more mature online learning environments and engaging delivery models." Effective online education, much like any other industry, requires an initial investment in the proper tools.

Weighing cost against value

Once the right technologies and trained faculty are in place, distance education scales extremely well. It can lead to huge savings over time. This is certainly a part of why mega-universities are typically able to keep their tuition low. In most cases, the tuition at these leading providers is just a fraction of what it is for the same program at a residential school.

To illustrate this, Collegis Education analyzed tuition data for six leading providers, which were selected based on factors such as the portion of offerings that are online and the number of degrees awarded annually, across 10 programs that either see a large number of conferrals coming from online or are typically found online. You can see the average costs of both the corresponding undergraduate and graduate degrees for each of these mega-universities in Figure 2.



The cost difference between residential and online education is apparent even among these leading providers. It's worth comparing the traditional, on-campus bachelor's degree in human services at Liberty University to the online options available at the other providers in this analysis. At \$95,160, it costs nearly 70 percent more than the next most expensive option. And while the bachelor's degree in human services at Liberty University is growing, it's nowhere near the size of the online programs that competing mega-universities offer.

But that doesn't necessarily mean cost is the sole factor that matters to students. Of the five providers offering a master's degree in accounting, the program at Southern New Hampshire University is one of the most expensive options, yet it's grown 152 percent since 2014. The equivalent program at Liberty University, conversely, is declining despite a more affordable tuition cost.

Comparing Master's Degrees in Accounting Programs^{6,7}

Provider	1-Year Conferral Trend (2017-18)	5-Year Conferral Trend (2014-18)	Total Credits	Tuition Per Credit	Total Tuition
Liberty University	-6%	-7%	33	\$698	\$16,950
Southern New Hampshire University	27%	152%	30	\$565	\$22,572

Figure 3: Simply boasting a lower tuition doesn't ensure success in a competitive market.

Cost aside, the master's degree in accounting at Southern New Hampshire University also stands out for having more relaxed admissions requirements, which could be appealing for career changers or students who faced challenges that made it difficult to achieve good grades as an undergraduate student. This program also makes it clear that faculty members are industry experts, a real selling point for students who are focused on securing employment soon after graduation.

It's also worth noting that mega-universities don't all adhere to the same pricing strategy. There are options [beyond the typical cost-per-credit model](#).

Western Governors University is a good example. This institution charges a flat rate for every term, meaning the more courses a student completes each term, the more affordable their program will be. But that's not necessarily an advantage for students who know they can only commit to completing their studies on a part-time basis.

Cost is important, but it's clearly not the only thing students care about. The University of Phoenix actually has found itself seeing dwindling enrollment across a number of programs in recent years, which can be attributed both to closing some campuses and facing criticism related to poor student outcomes.⁸ Being successful is more than a matter of having online programs at the lowest price point. This means there's opportunity for other institutions.



Carving out a Space in the Market

When students choose a college or university, they're ultimately trying to find the institution that's the right fit for their needs and professional goals. Mega-universities have clearly found success by capitalizing on two universal value drivers: quality online education and affordability.

It doesn't hurt that they're incredibly transparent about cost, either.

For students, this means they can receive a great remote learning experience at a low cost they're fully aware of from the start.

"Smaller institutions have strong value propositions around culture and connection," Hammerstrom notes. "While these values resonate with students, many schools were surprised at how readily students decided to attend a mega-university due to price, flexibility and speed to completion."

That said, there are still ways an institution can set itself apart. Student success metrics can be particularly powerful, especially considering that the leading providers often struggle with those.

“

Smaller institutions have strong value propositions around culture and connection. While these values resonate with students, many schools were surprised at how readily students decided to attend a mega-university due to price, flexibility and speed to completion.

”

Demonstrate career-related value

While some mega-universities report things like retention, graduation and loan default rates, the numbers presented are often filtered in very specific ways to paint a rosier-than-true picture. Comparing standard NCES metrics across institutions makes it clear that many smaller schools actually have the advantage when it comes to outcomes.

That said, remember that the relatively small number of mega-universities only account for part of the overall competition. Your institution needs to stand out against countless other schools, as well, so strong differentiators related to student success need to go beyond basic metrics that dozens of your competitors can easily match.

Think about how your institution can show career-related value at the program level, perhaps through relevant exam pass rates among alumni.

There are additional ways you can show that students are adequately prepared for the workforce, as well.

"Promoting strong graduate career outcomes can also include the names of employers, placement rates and job titles achieved," Arnseth explains. She adds that robust networking opportunities also make students take notice.

Offer a superior student experience

It's easy to think that transitioning an in-person class to video lectures coupled with a few emails that distribute supplemental materials equates to an online course. But, as we noted earlier, schools need to move beyond temporary fixes to provide valuable student experiences in order to compete as viable online (or potentially hybrid) postsecondary education options.



The online course setup will likely look different for every school, but every institution should try to make sure courses adhere to some type of standardized structure in order to simplify things for their students — and their faculty. Once there's a basic framework in place, schools can focus on making sure the educational experience is as engaging as possible.

“Keep the student and their learning experience at the center of everything,” Arnseth advises. “They will likely enjoy the aspects of flexibility online provides them, but make sure to provide opportunities for human connection and real-world, situational learning experiences. A mix of synchronous and asynchronous learning should be considered.”

Providing opportunities to connect with instructors is particularly important. In the past, it was possible for institutions to differentiate themselves from others by highlighting their qualified faculty members. But having instructors with great credentials doesn't matter much if students don't get to actually interact with them — or if those instructors are hampered by the new technology.

It's also a good idea to include coursework that keeps students engaged with their classmates. “Make sure to include assignments and projects that require collaboration with peers,” Arnseth suggests.

Show your supportive and understanding culture

Most leading providers offer limited student support, and what they do offer is often mostly related to technical assistance. Other institutions have a real opportunity to stand out by indicating from an early stage in the recruitment process all of the resources they make available to students—but they must follow through on them once the students enroll. Study strategies workshops, peer tutoring and online office hours with faculty are all good examples. And don't forget about options that extend beyond academic support.

Career services like mentoring programs and mock job interviews can be invaluable for students focused on life after school. Also consider that this new reality can be unsettling for students. An institution that's able to provide access to virtual counseling and other mental health resources could have a leg up.

There's even reason to believe that being local can help certain institutions appeal to students who may have initially been thinking about enrolling at a school farther from home. A survey from the Art & Science Group indicates that students are considering nearby institutions partially due to financial concerns, but also because they're more comfortable with something familiar.⁹ This is true for students across every type of modality.

“There are signals that local will matter more going forward,” Arnseth elaborates. “Even if the student is taking all online classes, they still feel that having a physical campus nearby is important.”

“

There are signals that local will matter more going forward. Even if the student is taking all online classes, they still feel that having a physical campus nearby is important.

”



Review Pricing Through a New Lens

In the past, learners may have selected your institution based on factors related to the physical campus. Maybe they were craving opportunities to attend athletic events and take part in other traditionally celebrated aspects of campus life. Or perhaps they were seeking access to experiential learning and one-on-one time with exceptional faculty members. Students have already made it clear that they aren't willing to pay the same price for an educational experience that falls short of their expectations.

While there's no clear threshold on what's considered reasonable tuition for online postsecondary education, institutions need to take everything into consideration when evaluating their pricing. That doesn't necessarily mean that slashing tuition to match the rates mega-universities can offer is the answer. But it does mean that colleges need to prove the value of their price points now more than ever, particularly ones that are just getting started with distance education.

"Remember, you don't have to be a low-cost leader. Think about other ways to show students you value their time and their money in addition to your strong values, culture and connection," Hammerstrom suggests. "Look at your application systems and requirements to determine what is truly necessary to make an admission decision and what simply creates barriers to entry. And evaluate your program — is it four to six credits longer than most other programs? If so, figure out how you can get your requirements more in line with competitors."

It's not enough to articulate that your online offerings stand out — you need to show students that's actually the case. Many colleges will have to pivot their value propositions to make sure they're still relevant following the changes resulting from the COVID-19 fallout.

The institutions that are able to do this are the ones who will be most likely to succeed.



SEEKING FURTHER ASSISTANCE NAVIGATING THE UNKNOWN?

Contact us at information@collegiseducation.com

Collegis Education is a strategic partner that helps colleges and universities maximize their enrollment potential, even during uncertain times. We have years of experience in not only helping institutions bring their programs online, but also optimizing technology and creating data-driven marketing strategies.

Our team of experts is prepared to help your institution overcome challenges specific to COVID-19 by providing assistance with: informational messaging for prospective students, engagement communication protocol, staffing and tracking, virtual training and development for admissions staff and more.



ENDNOTES

1. “National Student Survey: Higher Ed & COVID-19,” SimpsonScarborough (April 2020), <https://info.simpsonscarborough.com/national-student-survey-covid19-higher-ed>.
2. “Factors That Influence Student College Choice,” U.S. Department of Education, National Center for Education Statistics (November 2018), <https://nces.ed.gov/pubs2019/20191119.pdf>.
3. MacGillis, Alec, “How Liberty University Built a Billion Dollar Empire Online,” The New York Times Magazine (April 17, 2018), <https://www.nytimes.com/2018/04/17/magazine/how-liberty-university-built-a-billion-dollar-empire-online.html>.
4. U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2018, Completions component. Retrieved from <https://nces.ed.gov/ipeds/> in April 2020.
5. Using the program pages for each provider, the number of credits, cost per credit and modality was cataloged. Tuition was calculated by multiplying the number of credits by the cost per credit. If tuition varied by residency, in-state tuition was used in the averages. If the number of credits varied, the high end of the range was used in the averages.
6. U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2018, Completions component. Retrieved from <https://nces.ed.gov/ipeds/> in April 2020.
7. Using the program pages for each provider, the number of credits, cost per credit, and modality was cataloged. Tuition was calculated by multiplying the number of credits by the cost per credit. If tuition varied by residency, in-state tuition was used in the averages. If the number of credits varied, the high end of the range was used in the averages.
8. “FTC Obtains Record \$191 Million Settlement from University of Phoenix to Resolve FTC Charges It Used Deceptive Advertising to Attract Prospective Students,” Federal Trade Commission (December 10, 2019), <https://www.ftc.gov/news-events/press-releases/2019/12/ftc-obtains-record-191-million-settlement-university-phoenix>.
9. “IMPACT OF THE COVID-19 PANDEMIC ON COLLEGE-GOING HIGH SCHOOL SENIORS,” Art & Science Group (March 2020), <https://www.artsci.com/studentpoll-covid19>.

