

**Distance Learning Forum**  
**Sponsored by the State Council of Higher Education for Virginia**  
**June 1<sup>st</sup> and 2<sup>nd</sup>, 1998**

**Panel 1: Competition and Collaboration**

**Executive Summary**

This panel session's charge was to discuss to what extent the Commonwealth should consider regulating distance learning programs in the state and control competition between and among state and private institutions and in-state and out-of-state providers. Further it was to discuss what efforts the state could undertake to facilitate collaboration and cooperation in the development and provision of distance learning programs among the institutions within the state, both public and private.

Dr. James Davis, President of Shenandoah University, represented the private institutions within the state. He made several observations about the nature of distance learning before providing his views on policy. Chief among his observations was that distance learning will not replace traditional campus-based higher education, but will rather supplement it. Primarily this is because distance learning programs in and of themselves will never be able to provide all the elements necessary for a thorough learning experience and for knowledge development.

Dr. Davis offered nine policy stances he said are critical to handling the new environment of distance learning. Most of his recommendations involve the state avoiding subsidizing distance learning efforts, either directly or through the state's general higher education subsidy.

Dr. Anne-Marie McCartan, Vice Chancellor for Academic Services and Research, represented the Virginia Community College System (VCCS) on the panel. Dr. McCartan described a thorough and well-thought out approach to utilizing distance learning technology that is already part of the VCCS' current world. Dr. McCartan stated that the prime organizing principle of any distance learning effort had to be that those implementing the program have a definitive purpose for doing so. In the case of the VCCS, it needed to improve system-wide access to programs that happened to be concentrated in a specific college or group of colleges within the system.

In the process of developing a distance learning capacity, the individual members of the system also developed the ability to present programs outside of their territory and the state. In so doing they created the possibility of a competitive environment which needed system-wide oversight. Thus was created the VCCS' Distance Learning Management Model and associated "Guiding Principles" that foster a collaborative environment for distance learning program development, offering, and reception within the VCCS. Dr. McCartan provided a thorough discussion of the Model and Principles.

Dr. James Koch, President of Old Dominion University and representative of the senior public institutions on the panel, took the free-market economist view of distance learning, stressing that regulatory efforts by the state to preserve in-state institutions from competitive pressures would fail and would be to the detriment of the state's citizens.

Dr. Koch said he sees four roles for the State Council of Higher Education (SCHEV) to fill in managing distance learning from the state level. They include:

- It should become a "Consumers' Report" type agency, communicating the availability and quality indicators of distance learning programs;
- It should shape the Commonwealth's investment in distance learning programs, selecting those investments that represent the best possibility of success or of fulfilling critically needed educational programs;
- It should continue to control the missions of the public institutions, ensuring that they don't get involved in distance learning activities that don't fit their mission;
- It should negotiate with other states to open their borders to distance learning programs offered by Commonwealth institutions.

Dr. Koch also felt that the market place is where program duplication should be resolved, and that the most the Commonwealth should do in creating a separate virtual university is to use the existing institutional base to fulfill the functions in which a separate virtual institution would have to engage.

The panel session was followed by a question and answer session. Dr. Bruce Chaloux, the moderator for the panel, and Peter Blake of the Council's staff quizzed the panel members and audience on a variety of policy issues related to distance learning.

**Dr. James A. Davis**  
**President, Shenandoah University**

Dr. Davis itemized several specific observations on distance learning:

- 1) Distance learning will supplement rather than replace the traditional sources of higher education. The big question is at what level the supplement will occur. The universities as we know them will survive because they are the originators of knowledge and enrich citizens' lives in terms of culture, civic education, and public service. Distance learning alone provides none of these features.
- 2) Distance learning is an evolutionary, not revolutionary issue. It's been evolving for the last quarter century.
- 3) Traditional higher education institutions must advance in this new climate; they cannot retreat and survive. Distance learning must be absorbed to the core of the universities, and they must work hard to control the process.

- 4) Traditional higher education is already a player in the distance learning game. Over 33% of institutions are already offering courses. One million are currently enrolled in distance learning programs through traditional higher education institutions and Dr. Davis said the number will be close to five million in five years.
- 5) Other countries are implementing distance learning systems which don't have the base of traditional institutions ("why string phone lines when you've got cell phones?"). However, they are quickly learning that distance learning needs the substantive base of the core university to succeed.
- 6) Distance learning focuses on teaching and learning processes to the detriment of research, creativity, public service, and human interaction. It focuses on students' interests without providing for the broader interests of the state and society. It focuses on part-time, packaged courses and specialized goals and thereby loses the opportunity for the positive elements of student/faculty interaction. By this focus it also does not encourage the consultative and consensus building processes that take time in productive learning environments.

Dr. Davis then staked out a series of policy positions:

- 1) Institutional leaders and policy makers should make all accreditation bodies adopt uniform standards for quality for distance learning programs that go outside of an institution's region.
- 2) State and federal authorities should not be allowed to create new educational institutions to award degrees, but work with the currently accredited institutions to increase access.
- 3) State authorities must limit the development of more off-campus sites because they are not needed. Distance learning technology can respond to needs of increased access to public higher education. However, the use of distance learning should not be an excuse to develop new sites across the Commonwealth. As an example of how the state, according to Dr. Davis, is mishandling distance learning, he cited the use of the community college facilities to provide 4-year degrees which, in his opinion, has been to the detriment of the original mission of the VCCS.
- 4) State policy should encourage independent colleges and universities to offer distance learning programs, but should not provide any financial assistance for such programs.
- 5) Federal and state policy should continue to prohibit the provision of financial aid to students who engage in unaccredited distance learning programs. The expansion of the government into provision of aid for unaccredited programs would amount to abuse and misuse of funds and would take money from an already underfunded system.

- 6) State policy should set the priority on funding specific distance learning programs, not the institutions. In this regard, the cost to students for any given program should not be set with competitive pricing in mind. Heavy state subsidies should not be forthcoming to programs unless the Commonwealth determines that it is a priority to train students in a certain area or discipline.
- 7) State policy needs to move more in the direction of student aid and away from general subsidies for public institutions. This will allow students and the state to take advantage of the current benefits offered by the independent institutions in Virginia.
- 8) However, state policy needs to ensure that the infrastructure needs of the public institutions are being met. Just because distance learning offers many benefits, policy makers should not be blinded to the continued requirement for buildings and support infrastructure in order to preserve the viability of the system into the future.
- 9) State policy should continue to support endowments as a long term security for the centers of learning, both public and private.

Dr. Davis concluded by stating that he believes that distance learning can work its way throughout the higher education system without one element of the system monopolizing the whole concept.

**Dr. Anne-Marie McCartan**  
**Vice Chancellor for Academic Services and Research**  
**Virginia Community College System**

Dr. McCartan opened her portion of the panel discussion by stating that the Virginia Community College System (VCCS) is beyond theoretical discussions and is actively doing distance learning, citing the following supporting statistics:

- The 23 colleges of the system enroll over 10,000 students who are taking distance learning courses and programs using a variety of technologies.
- 12 programs at the Associate or Certificate level are offered through distance learning.

While the VCCS has had an involvement with distance learning for several years, though, there are two factors that make the current period different from the past.

- All the VCCS' institutions are now willing and able to develop and receive courses.

- All the VCCS' institutions are now able to offer programs outside of their normal "sacred ground" service regions. In other words, the VCCS is set up for competition.

Distance learning, according to Dr. McCartan, has heretofore meant only that an institution served its students with a different delivery system. It is only recently that it has been characterized as an institution casting its net wider and pulling in students who might never receive higher education or who might otherwise go to another school.

In the case of the VCCS, when it was recognized that the individual colleges could offer courses and programs outside of their service regions, it became apparent that some rules were required to emphasize collaboration over competition. From this recognition the Distance Learning Management Model was developed.

The model first required dividing the distance learning programs into three categories:

- Synchronous (mostly done through the technology of compressed video between campuses);
- Asynchronous (using compressed video, paper, and web-based technologies); and
- Whole programs (Almost all in the health technology area, presented using compressed video technology).

The model defines the following for each college and for each of the three categories:

- When students will register;
- The standardized codes used for registration;
- Which college receives the tuition;
- Which college receives the credit for the FTES;
- How instructional costs are covered;
- How financial aid is processed; and more.

Dr. McCartan offered the lesson the VCCS has learned since it initiated the use of the model to govern its distance learning efforts. She stated it has been a case study in moving from competition to collaboration, and that hopefully the Commonwealth's full public system can use their experience to start at the collaboration level regarding implementing distance learning programs. The lessons learned by the VCCS are:

- 1) Those collaborating on distance learning must be very clear on the purpose of the approach. This purpose must have a positive nature. It is not an adequate reason to get into distance learning because of the fear that if you don't start a program someone else will. For the VCCS, the purpose was very clear: the VCCS evidenced uneven access to programs and courses throughout its system.
- 2) There must be a set of underlying principles to govern actions. To that end the VCCS created the "Guiding Principles of the VCCS Distance Learning Management Model." These principles are:
  - That the model should reflect what is in the best interest of the student;
  - That it should keep administrative bureaucracy and paperwork to a minimum;

- That it should provide participating incentives for both the receiving and delivering institutions;
  - That it should recognize student choice and student access as fundamental;
  - That it should take into account the diversity of distance learning options (e.g., credit versus non-credit) and present solutions applicable across the board;
  - That it should acknowledge distance learning as an instructional delivery option of the future that 1) crosses geographical boundaries inside and outside the state, 2) broadens the market competition to beyond the state, and 3) ultimately redefines the traditional bounds for instructional delivery;
  - That it should be evaluated after one year of implementation.
- 3) It is critical that all levels of an organization support distance learning programs. The best plans of administrators will be undercut if faculty don't agree, and vice versa. If an institution is going to present distance learning programs outside of its service region it is going to challenge people to act outside the way to which they are used. This will shake the foundations of the institution's organization.
  - 4) An institution can establish rules that hit the target but miss the mark. As an example, the VCCS developed a formula for funding distance learning that was essentially fiscally neutral for the component colleges. No one gained or lost money in developing or presenting programs. However, the decisions on what programs to offer in distance learning were made at the departmental level where such budget concepts didn't apply. All they cared about was whether the course would be utilized by students, a productivity issue. The model therefore broke down at this level by setting rules that didn't apply to the people making decisions about distance learning programs.
  - 5) Because the sands of technology continue to shift, the model becomes obsolete very quickly. The original rules were written with "synchronous" delivery in mind, while at the time they were being written faculty were already developing "asynchronous" approaches.
  - 6) Those involved with distance learning must live collaboration, not just talk about it. In the VCCS this is occurring, an example being the efforts of several of the colleges to honor their commitments in distance learning even if a program does not generate revenue for the particular VCCS college.
  - 7) True collaboration will work only if one is forced to collaborate, or freely steps outside of the normal ways of doing business to create a whole new approach. Once the VCCS finished its distance learning model, it understood that it needed to create a 24<sup>th</sup> member of the system (there are currently 23 community colleges in the Commonwealth). This member would be outside of all the rules and regulations of the traditional campus. The VCCS is exploring this as a component of a successful system-wide distance learning program.

Dr. McCartan concluded by affirming that the VCCS has seen that collaboration is possible and works. However, she said the VCCS still has a way to go before the system can proclaim its collaborative efforts are perfect.

**Dr. James V. Koch**  
**President, Old Dominion University**

Dr. Koch began his presentation by discussing one of the major questions of the Forum: how much state regulation is needed? He said that in the new environment of distance learning state attempts to regulate it will be futile. Even if in-state constraints are effective, the state's institutions will face competition from organizations from without the state who have no constraints or regulations governing their actions.

Thus, he feels most distance learning regulatory efforts by the Commonwealth would only leave the state's citizens worse off, denying them the programmatic access and potentially lower prices that a free-trade environment would provide.

Dr. Koch does see four roles for state higher education authorities (such as SCHEV). They are:

- 1) SCHEV should gather and disseminate information about distance learning providers, including:
  - Which programs are accredited and by whom;
  - The qualifications of the providers and their faculty;
  - What access to support materials, particularly library-based, is provided;
  - What complaints have been filed against the provider and how were they handled.

In other words, SCHEV should become a "Consumers Reports" for distance learning, gathering information on programs and providing it to prospective students. However, other than disqualifying regionally unaccredited institutions from opening a physical presence in the Commonwealth, it should not recommend specific courses and programs.

In sum, SCHEV should help perfect the market place by providing due diligence on distance learning programs, while avoiding fruitless efforts to control the electronic atmosphere or erect barriers to entry other than that of regional accreditation.

- 2) SCHEV should shape the nature of Virginia's investment in distance learning. Distance learning is subject to economies of scale where the larger programs will show lower unit costs. Expanded distance learning programs evidence many of the characteristics of a natural monopoly, such as telephones and electricity. It makes no sense, then, for the Commonwealth to invest significant resources into many

different distance learning possibilities when focused investments in institutional specializations will provide the best cost efficiency.

In making focused investments, the state should keep in mind proposed technologies. Just because one institution has great competence in one technology does not justify its worthiness for investment in another. All in all Dr. Koch said that the state must not fritter away its resources, but simultaneously must ensure it does not insulate Virginia from competition through its policies. Competition should be free and open, he maintained, and the state's investment focused.

- 3) SCHEV should continue to monitor the activities of the institutions to ensure that they are consistent with their missions. The authority of an institution to offer a program in the first place is a far more important driver of cost than how or when it chooses to offer that program, according to Dr. Koch. Thus SCHEV should help avoid expensive proliferation of doctoral programs, engineering programs, etc. and worry less about how and where the programs are offered once they are approved.
- 4) Finally, SCHEV should negotiate with other states to open their markets to offerings from Virginia institutions.

Dr. Koch next discussed the issue—or problem—of program duplication. A guiding principle, according to Dr. Koch, is that programmatic duplication is inevitable between virtual and traditional institutions. However, this is not necessarily a bad thing. Also, if programmatic overlap is somehow eliminated within the Virginia institutions, it will still surely exist between the Virginia institutions and those from out-of-state. Moreover, this latter form of duplication will be far more numerous and important in its effects on the system.

Dr. Koch gave the example of a Disney, Microsoft, and UC-Berkeley consortium providing distance learning programs, asserting that in such an environment duplication of programs within Virginia's own system would become a very small matter. The lesson for SCHEV is that if it has ever played a role in protecting Virginia institutions from competition, that role is coming to an end. The only role that now makes sense is for SCHEV to provide consumer information and oversee the institutions' missions. The institutions, once their programs are approved, should be left to succeed or fail in the market place.

The next issue Dr. Koch addressed is that of the Commonwealth creating a separate degree-granting university. Building upon the comments of Dr. William Durden, the Forum's keynote speaker, Dr. Koch said there was little evidence that such an institution would be attractive to students, and little evidence that it would be able to handle the complex and substantial administrative affairs any full-scale educational institution involves.

Dr. Koch cited his own experience at ODU, which has 15,000 students enrolled in over 25 degree programs that use distance learning technology, saying that there are

endless administrative and academic issues that the university must constantly address. He feels that any shell virtual university that doesn't feature the substantial academic, administrative, and service support that a full university demands is in for a "legion" of academic and practical problems.

The solution to providing a virtual university is, according to Dr. Koch, for SCHEV to pick one or more institutions that will do all of the following:

- Fulfill the auditing and accounting functions that any university must provide;
- Assess, train, and maintain quality and obtain required accreditations;
- Deal with the technological and administrative problems that any university experiences (financial aid, veterans affairs, etc.);
- Grant a degree which may well reflect course work taken at many institutions.

Dr. Koch pointed out that, as it happens, ODU is already doing all of these things. He concluded his remarks by quoting James Carlin, who chairs the Massachusetts Board of Higher Education. "Now there is going to be a revolution in higher education. Whether you like it or not it will be broken apart and put back together differently. It won't be the same. But why should it be? Why should everything change but higher education?"

Dr. Koch thoroughly agrees with this quote and feels public policy has to reflect its truth.

### **Question & Answer Session**

Dr. Bruce Chaloux, moderator of the panel session, asked that before taking questions the panelists react to the positions of each other first. Dr. Koch, responding to an observation concerning state subsidized distance learning, described how Teletechnet does not have any state subsidy when it presents courses outside of Virginia, and how ODU thus must thoroughly research whether a given program will be cost effective. Dr. Koch said that ODU spends about as much on a Teletechnet student as the state provides in grant assistance to the independent colleges (currently \$2,600 per student through the TAG program). He felt therefore that his program at ODU is no more subsidized by the state than are the state's independent colleges and universities.

Dr. Davis responded by stating that ODU, in his opinion, does not factor in its infrastructure expenses in costing its Teletechnet program. He feels the real cost per distance learning student at ODU is \$10,000-\$12,000. Dr. Davis pointed out that the American higher education system breaks itself down into many inter-related subsystems (the public universities, the community colleges, the privates, the entrepreneurial, etc.). He said that when government begins to subsidize one component's efforts that affect another component, the whole system will start to disintegrate. Dr. Davis agrees with subsidizing public education, but when distance learning is subsidized it is a subsidy on top of subsidy, and it creates an uneven playing field.

A participant asked how Dr. Koch could on one hand stand for no constraints and on the other for the state to allow no "replication." Dr. Koch responded that distant learning is characterized by economies of scale. Thus individual entities that get on the

bandwagon early and grow large can evidence lower unit costs and develop all the characteristics of a public utility. It thus appears that it would not be efficient for a state to make many investments in universities' distance learning programs without consideration of which ones are best positioned to function cost effectively in the new climate.

Dr. Davis said he worries that the tendency towards monopolistic entities in the provision of distance learning is bad for the future of higher education. Education is the source of power, and the higher education community must keep that power from becoming centered in one small group.

Dr. Koch said that the situation in distance learning is like that of the banking community where the tendency is towards a few large national banks, but that there will continue to be many small banks that service particular customer and community needs.

Dr. Chaloux then brought up Dr. Durden's comments that efforts to cooperate among the universities are foolish given their culture. Dr. McCartan said the important issue was not collaboration, but how fast the colleges and universities are going to have to rethink what their missions are and what faculties do. The VCCS colleges cannot continue to provide the technical support needed for an extensive distance learning program if theirs continues to grow at its current rate, and this will force them to move from a "collaboration model" to a "merger model."

Dr. Chaloux next asked whether the trend for public sector and proprietary institutions to pursue joint ventures was healthy or problematic. Dr. McCartan said it was healthy, but that many faculty have problems with it since it challenges their intellectual property rights. Dr. Davis felt that the music industry is a good analog of how the distance learning industry will and should develop. If someone plays an artist's music, a royalty is paid to the artist. Dr. Davis says that when this procedure is correctly applied to the property rights issue of distance learning, it can be clearly seen that distance learning will not be an inexpensive enterprise.

Robert Lambeth, Jr., President of the Council of Independent Colleges in Virginia, raised the question of cost. He said that while everyone was against heavy regulation that cost was the real issue. Citing Dr. Koch's example of the University of Virginia's Engineering School presenting programs in Norfolk, Dr. Lambeth stated that while it was all right in theory for any school to go anywhere, he seriously doubted anyone would approve the offering of three state subsidized engineering programs in the Tidewater area.

To Mr. Lambeth the real challenge for the Commonwealth is deciding where to put its money and what to subsidize. His view is that the Commonwealth is headed towards a two-track system in regards to distance learning. In one track public institutions could offer some courses anywhere, anytime with no subsidy involved, which would allow private institutions a cost-competitive environment. In the other track, the institutions

could provide programs the Commonwealth deems necessary on a subsidized basis. The issue of what is subsidized and what is not is the big issue to his group.

Dr. Davis stated that the concept of funding the student through financial aid rather than subsidies to the institutions has the prospect of turning everything upside down. There will have to be some way developed to maintain the strength of commitment to public education while at the same time dealing with the flood of non-traditional electronic education that will be available to the broader public.

Dr. Chaloux next asked about the concept of a virtual university for Virginia. Specifically he asked if the Caliber Learning model of selecting the top 25 programs and putting them on line could be done at the state level. Dr. Davis felt that the important state-wide effort ought to be in serving as a virtual clearing house and virtual library. Dr. McCartan stated that it appeared the audience was perhaps in favor of a virtual mechanism that would draw appropriate and exceptional courses together, but not one that would grant separate degrees. No one in attendance argued for the existence of a separate degree-granting virtual university for the Commonwealth.

Spurred by questions from Peter Blake of the Council, the group completed the question and answer session with a quick discussion of the appropriate level of detail required to account for distance learning investments by the Commonwealth and to assess the impact of state subsidies. On the one hand, most participants did not want to create an elaborate cost accounting structure to measure the extent of state subsidy in distance learning. On the other hand, the state—and other constituencies such as the independent colleges—have an interest in maintaining a fair and equitable system of allocating state funds. In this view, a more detailed form of accounting for distance learning expenses may be necessary than exists at present.