The purpose of these funds is: $40,000 to jumpstart development of new online certificate, degree, or degree-completion program(s) to be offered through MSU Online to reach new and/or underserved audiences.

Implementation details:
1) Development of a new program or conversion of an existing program for online delivery, with the program(s) to be funded chosen through an RFP process. Funding may be used to cover released time for a lead faculty member to plan for implementation, as well as for course development stipends for the first course(s). Program should begin teaching in Fall 2010 and will be offered through MSU Online.
2) RFPs will be scored on market analysis and sustainability through review by members of the MSU Online Advisory Committee and representatives of Academic Affairs. Market analysis: demonstrated need, differentiation from possible competitors; new market for MSU, beyond Gallatin Valley and possibly beyond the state; identifiable ways to reach target market. Sustainability: faculty resources and departmental commitment; realistic budget and time frame; advising support; accessible and effective promotion channels.
3) Lead faculty role: Map out sequence of course offerings; identify admission requirements and application process; work with EU to develop recruitment plan; identify advising resources (and/or serve as initial advisor); designated liaison with EU, DGS, etc.
4) Courses must be developed in accord with Core Principles of Quality for Online Courses in the Montana University System. http://mus.edu/online/CorePrinciples0308.asp

The Return On Investment from these expenditures will be:
New audience(s), new revenue, new SCH Exact numbers depend on number of credits in program(s) funded and number of students admitted. Simplified calculations below are based on initial cohort of 10 students, subsequent cohort of 20 students, tuition revenue based on graduate tuition conservatively estimated at $250/credit, undergraduate tuition at $200/credit; projection does not include additional fee revenue or state support for FTE generated.

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Initial SCH</th>
<th>Tuition Revenue</th>
<th>Future SCH</th>
<th>Tuition Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-credit graduate certificate</td>
<td>120</td>
<td>$30,000</td>
<td>240</td>
<td>$60,000</td>
</tr>
<tr>
<td>30-credit masters degree</td>
<td>300</td>
<td>$75,000</td>
<td>600</td>
<td>$150,000</td>
</tr>
<tr>
<td>60-credit baccalaureate completion</td>
<td>600</td>
<td>$120,000</td>
<td>1200</td>
<td>$240,000</td>
</tr>
</tbody>
</table>

Sustainability: EU may supplement OTO Global Investment funds to assist with additional course development, marketing/promotion, delivery, student support and/or ongoing instruction. Should grant funding be available, EU can assist with proposal development. Program revenue may be available to support ongoing development, updating, and instruction.

Cohort structure assumed for financial projections but not required in actual program.
New Online Programs – Questions & Answers

1. Will the courses and programs that are developed always be offered via EU or will these become regular registrar/in load courses? (That matters because of the way the tuition revenue is distributed – or not.)

(Kim Obbink) We intentionally did not specify either a financial model or a registration path in this proposal so as not to limit the kinds of new programs that might be brought forward. We understand that “UPBAC allocated $700,000 in one time only funding for the purpose of investments that generate positive returns in terms of either operational savings or increased revenues.” We anticipate that these new programs would generate increased revenues through tuition dollars and enrollment-based funding. The financial model will be shaped by the nature of the marketplace (where the students are, who the competition is, etc.) and the needs and resources of the offering department. The tuition revenue will be distributed either through campus channels or through agreements developed by Extended University; the goal is to have new revenue to distribute in any case. One exception would come with out-of-state students in a self-support EU offering. The market for online programs is such that normal out-of-state tuition is frequently non-competitive against other online providers.

2. Along the same line – will we get to count the FTE in our state reports?

(Kim Obbink) The general answer is yes — enrollments generated through both the Registrar’s office and Extended University are counted in FTE reports to the state. If a fully self-supporting Extended University model is determined to be appropriate, FTE could not be reported. If an EU state-support model is chosen, however, then FTE could be included in the reports.

3. Will the students in these programs be new students to MSU or will these courses attract students who are already enrolled at MSU?

(Kim Obbink) The purpose of this proposal is to identify programs for new markets. For any given new program, there may be a few current students who are interested in a course or two, but the objective is to attract new students.

4. We assume the tuition revenue figures at the bottom of the page are gross amounts. Do you have an estimate of what the nets might be? Will we be hiring more faculty to teach these (which would add costs)?

(Kim Obbink) The tuition revenue figures are gross; the answer to this question is similar to the answer to #1 above. Instructional costs are always the largest component in any financial model, and in general they should be able to be covered by program income, even in traditional campus settings. It seems unlikely that a new program would be proposed to be taught fully in-load by existing faculty (in which case, why would new faculty be needed?) or be taught fully by adjuncts or add-comp (in which case how would a department be able to claim the necessary expertise to mount a successful program?). Our assumption is that whatever financial model is chosen, instructional costs should not create a need for additional resources beyond those generated through tuition revenue and whatever corresponding state allocation might accompany new SCH.