



NATIONAL ASSOCIATION OF STATE ADMINISTRATORS  
AND SUPERVISORS OF PRIVATE SCHOOLS

2022 ANNUAL CONFERENCE

April 24 – 27

New Orleans, LA

# Online Program Management: “OPM” 101

A Brief Overview

# What is an “OPM” Anyway?

- Term OPM coined many years ago to describe “online program management” companies
- Now applied indiscriminately to a variety of business models
- A “traditional” OPM provides a suite of services to support the online programs offered by a non-profit university, often in exchange for a share of tuition revenue.

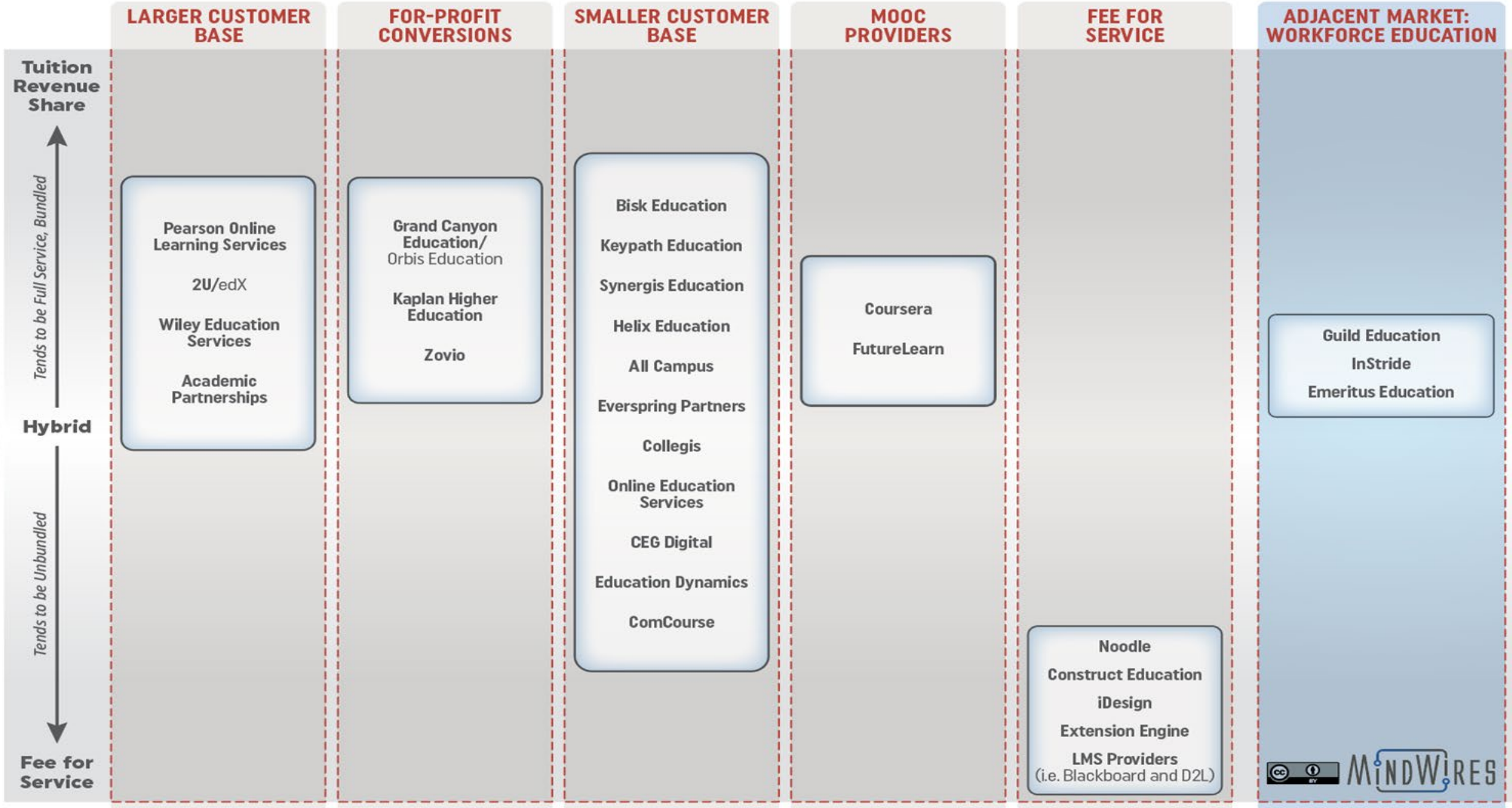
# Typical Digital Partnership

- ❓ Services provided: course design, technology, recruiting, marketing, student support services, placement services
- ❓ Services not provided (typical degree program): faculty, instruction, admissions, curriculum, accreditation and other approvals, financial aid
- ❓ Key principle: institutional independence

# Online Program Management Market Landscape

Fall 2021 EDITION

Business Model



# Three Trends – OPM's



# Rev Share: Federal Regulatory Framework

- Traditional OPM contracts include tuition revenue sharing
- Parties rely on the “bundled services” exception to the incentive compensation rule (per 2011 “Dear Colleague” Letter)
- Federal Policy: revenue sharing permitted only if five conditions are
  - Parties are unaffiliated
  - A “bundle of services” is provided (technology, marketing, course design etc.)
  - The third party provider (OPM) does not make incentive payments to its own employees
  - The institution determines number of enrollments
  - Payment is made for all services collectively

# Other Regulatory Safeguards: Accreditation

- Accreditors standards require institutions to maintain oversight over their activities including all “core” academic functions
  - Some have detailed standards to limit “outsourcing”(Examples: WASC and HLC)
- Required to approve “substantive change”
- Federal “written arrangements” rules limit “outsourcing” of the instruction of programs unless accreditor approved
- Accreditor requirements dovetail with “bundled services” rule, shape OPM business model



# Ways that OPMs and Their Partners May Interact with States

- Institutional Approvals: state by state or through reciprocity (SARA)
- Program Approval and professional licensure requirements: State Boards
- Registration: Secretary of State, Revenue, or Treasury
- Consumer Regulatory: agencies and state AG's



# OPM Critics

- Progressive critique of OPMs: rev share is a "loophole;" it facilitates for-profit school conversions and creates "bad incentives;" and OPMs inflate cost of higher education and drive up student debt
- Examples: Senator Elizabeth Warren letters to OPMs; Kevin Carey's essay on "Creeping Capitalism;" numerous Century Foundation reports (Bob Shireman)
- Goal: get rid of revenue share; more regulation of field ;re-write the legal/regulatory framework

# Useful Resources

Ferenbach article on regulatory issues in OPM contracts

[https://unbound.upcea.edu/  
online-2/technology-and-tools/understanding-common-legal-  
pitfalls-in-online-service-agreements/](https://unbound.upcea.edu/online-2/technology-and-tools/understanding-common-legal-pitfalls-in-online-service-agreements/)

Penn State OPM Study: <https://edarxiv.org/py3sz/>

PhilOnEdTech on OPM Market Landscape:

[https://philonedtech.com/opm-market-landscape-and-dynamics-  
fall-2021-updates/](https://philonedtech.com/opm-market-landscape-and-dynamics-fall-2021-updates/)

# Thank you!

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