



March 20, 2024

Committee on Higher Education
Minnesota Senate
Minnesota Senate Building
95 University Avenue West
St. Paul, Minnesota 55155

Dear Chair Fateh, Vice Chair Putnam, Ranking Member Duckworth, and Members of the Committee:

Thank you for the opportunity to provide testimony on SF4003, the Senate Higher Education policy omnibus bill. We support the vast majority of this bill, but write to express our concerns with a provision included in Article 3, regarding the manner in which Minnesota public universities can compensate online program management companies (OPMs).

Academic Partnerships is a trusted, expert partner of many Minnesota higher education institutions – assisting them in their efforts to provide affordable, high-value programs to students online. As the landscape of higher education continues to evolve with the needs of students, employers, and our economy, online programs are a significant and growing part of the landscape. Nearly a third of Minnesota students are enrolled exclusively in online programs, and trend lines clearly indicate that online enrollments are only expected to increase moving forward.

As the legislation stands now, the provision of greatest concern puts unworkable restrictions on the manner in which Minnesota public institutions can calculate and render compensation to entities like Academic Partnerships for their services. Minnesota public institutions have carefully chosen—among other available options—to partner with Academic Partnerships on a fee-for-persistence basis for two key reasons: (1) compensation is calculated and rendered in a manner completely and solely dependent upon student success; and (2) the universities need not make large upfront investments nor shoulder associated risk for launching new programs.

The fee-for-persistence model is structured as follows. At the outset of a new university partnership, the university pays Academic Partnerships nothing. Students pay the university on a per-course basis as they progress through their degree programs. We receive payment from the university—calculated based on a percentage of associated tuition on a per-student, per-course basis—only as students progress through their degree programs. If and when a student stops progressing for any reason, we stop receiving payment from the university associated with that student. All interests and incentives are aligned and centered where they should be: around student persistence and success.

In addition to the alignment around student success, Minnesota public institutions have deliberately chosen to partner with us on a fee-for-persistence basis for another key reason: because it allows them to launch new programs without the need for large upfront investments. Academic Partnerships fronts the vast majority of that investment and shoulders the associated risk. The universities compensate Academic Partnerships on a deferred basis, only once students enter into and progress through their programs. Particularly in light of the other demands upon institutions' scarce resources, this feature of the model is very beneficial to institutions—and, indeed, essential for some.

We would respectfully ask the Committee to consider modifying the definition of the term “tuition sharing” in the legislation to allow for compensation or payment that is based on a percentage of associated tuition on a per-student, per-course basis as students progress through their programs. This model ensures that the focus continues to be on student success and does not require a significant—and perhaps prohibitive—upfront outlay of resources by an institution without results.

We understand that other stakeholders may take issue with other elements of the section pertaining to OPMs, so would also recommend that this provision be removed and worked on over the interim. Academic Partnerships would be happy to participate in a broader discussion to make sure that Minnesota sets the stage for transparency, student success, and positioning Minnesota higher education institutions to meet their goals and advance their missions.

Minnesota's long-term success relies on a skilled workforce and higher education institutions play an important role in recruiting students here and keeping them here. We want to thank Senator Kupec for his forward thinking to make sure that the public's interests are served in protecting students and helping Minnesota institutions be competitive. We hope that Academic Partnerships can continue to be a resource to this Committee and other Minnesota lawmakers as you consider how state law might shape online education. This is an important and complex topic, and we believe it is important to take the time to get it right.

Sincerely,

Adam Arguelles
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Academic Partnerships