Benchmarking Online Enterprises: Insights into Structures, Strategies, and Financial Models in Higher Education

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Education Association

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Executive Summary

With online enterprises under growing pressure to offset funding shortfalls and generate new revenue streams, this year's Benchmarking Online Enterprises Survey (BOnES) findings offer a clearer picture of what's working—and where institutions are still finding their footing. As the online and professional education association, UPCEA continues to serve as a trusted source for actionable benchmarking data to inform strategic decisions about structure, staffing, finance, and innovation.

In 2025, the BOnES study gathered insights from 121 participants, primarily from public research universities and large institutions, with additional representation from smaller, private, and specialized providers. Respondents described online units that increasingly play a central role in sustaining institutional budgets, adopting emerging technologies like AI, and scaling capacity to meet evolving learner expectations.

Most institutions continue to operate with an academically decentralized model, a trend that has remained consistent year over year. At the same time, there is an almost even split between administratively decentralized and more centralized operations, reflecting a dynamic tension between preserving autonomy and driving efficiency. While decentralization can enable responsiveness, it also creates overlapping responsibilities and competing priorities that leaders must navigate carefully. This balance will be critical as competitive and financial pressures intensify in the coming years. Program portfolios remain anchored by graduate degrees and certificates, while many institutions are also expanding undergraduate offerings and sustaining broad adoption of microcredentials.

The survey also introduced new key performance indicators designed to help institutions benchmark efficiency and revenue generation. However, results reveal significant variability between average and median figures across nearly every measure, underscoring that no single model guarantees scale or sustainability across diverse and unique institutional contexts. The differences observed in budget and staffing metrics highlight that even among institutions of similar size, budget, and structure, performance varies widely depending on strategy, resources, and market positioning. While larger budgets can enable more diversified operations and technological investments, smaller and mid-sized enterprises can demonstrate stronger per-student revenue efficiency. Additional insights include:

- **Investments in online enterprises are expanding capacity and driving revenue growth:** Between 2024 and 2025, median budgets and revenues increased markedly. Much of this investment supported staffing growth, reflecting the strategic importance of online education in institutional portfolios. Furthermore, some institutions are improving efficiency, with every budget dollar generating nearly five dollars in gross revenue on average. However, this metric is widely variable, illustrating the different levels of fiscal scalability that enterprises are achieving.

- **AI integration reflects both experimentation and uneven maturity:** Nearly half of online enterprises reported a collaborative approach to AI decision-making, while others are either highly autonomous or lack formal processes altogether. AI use is most concentrated in teaching and administrative functions, though adoption patterns differ significantly by institution type and size.

- **New KPIs support more precise comparisons:** This year's study includes per capita measures of budget and revenue relative to student credit hours, unduplicated headcount, and FTEs. While these metrics provide valuable benchmarks, they also highlight how a small number of large-scale

programs can skew averages, which emphasizes the need for careful interpretation. Because these measures are based on a smaller dataset, the research team approached analyses conservatively and will continue to track emerging trends in 2026 and 2027 as more longitudinal data become available.

Throughout this report, data is disaggregated by institution size, budget size, Carnegie classification, and organizational placement. Where relevant, results are also presented year over year to illustrate trends. As institutions consider these findings, the data points to a central theme: success in online education is not about replicating a single blueprint, but about aligning strategy, resources, and governance to institutional goals to ensure long-term sustainability and competitiveness.

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Research Objective

The objective of UPCEA's research was to collect benchmarking data on the structures, functions, finances, services, and general operations of online education units.

Survey Methodology

The survey took place from April 16 to May 24, 2025. It was distributed to UPCEA Chief Online Learning Officers (COLOs), non-member COLOs, and individuals who had downloaded a copy of the 2024 report. Overall, the survey was shared with 1,195 individuals, of which 121 participated, 109 qualified, and 57 completed the entire survey. To boost sample size, UPCEA also developed a streamlined version of the instrument, which was sent to individuals who were invited but did not participate in the original survey.

The streamlined survey reduced the number of questions from 32 to 15 by removing detailed sections on faculty compensation, student engagement, policy, and several in-depth items about AI practices and evaluation. In total, 31 individuals participated in the streamlined version, of which 27 qualified, and 14 completed the survey.

Because of how the survey was structured—with multiple-response options in many areas—the research team focused on descriptive data to provide practical, accessible benchmarks rather than inferential analysis. This approach ensures the results are easy to interpret and apply in a variety of institutional contexts.

As such, the researchers chose to conduct further analysis based on questions a consumer of this information might have:
- In general, how are online enterprises organized and resourced at postsecondary institutions?
- How are online enterprises organized and resourced, based on the size of the institution? (Small, Medium, Large)
- How are online enterprises organized and resourced based on the Carnegie classification of the institution? (R1 Institutions, R2 Institutions, Special Focus Institutions, M1 Institutions)
- How are online enterprises organized and resourced based on where the online enterprise is located at the institution? (Provost's Office, Stand Alone Unit, Nested Within Multiple Academic Units)

The research team believes that the analyses and reporting of data in aggregate and disaggregated along these three lines of inquiry will allow those interested in benchmarking their institutional online efforts with peers the most comprehensive basis for peer comparison.

Report Organization: Results & Analysis Categories

Responses are reported first in the aggregate followed by presentation and analysis based on three parameters: institution size, Carnegie classification, and online enterprise location. This allows those interested in benchmarking their institution and online enterprise the ability to do so by different attributes and perspectives. Additionally, select figures throughout the report have results presented as both median and average values, which facilitates more precise benchmarking, particularly when there is a large difference between average and median values, which often occur due to the presence of outlier institutions with unusually large enrollments or budgets. Definitions for each analysis parameter are as follows:

Institution Size
- Small: fewer than 5,000 undergraduate and graduate students
- Medium: 5,000 to 15,000 undergraduate and graduate students
- Large: more than 15,000 undergraduate and graduate students

Budget Size
- Less than $1M
- $1M to $3.49M
- $3.5M to $7.5M
- Over $7.5M

Carnegie Classification
The Carnegie Classification is a framework developed to categorize U.S. colleges and universities based on their institutional characteristics, particularly degree offerings, research activity, and size.[1] Carnegie classifications that didn't have at least a sample size of 5 were not included in spliced results. The following includes Carnegie classifications that were represented in splices.
- **R1 Institutions:** R1 institutions are among the top research-intensive universities in the U.S.
- **R2 Institutions:** R2 institutions also exhibit high research activity, with institutions conferring at least 20 doctoral degrees annually.
- **Special Focus institutions:** These institutions award a high proportion of degrees in a single field or set of related fields.
- **M1 Institutions:** M1 institutions are considered large institutions that award master's degrees across multiple disciplines.

Online Enterprise Location
- Provost's Office
- Standalone Unit
- Nested Within Multiple Academic Units

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[1] https://carnegieclassifications.acenet.edu/carnegie-classification/classification-methodology/2025-institutional-classification/

Aggregate Results

Demographics

Under Carnegie Classifications, 43% of institutions are R1 institutions, 16% are R2, 11% are baccalaureate colleges, 7% special focus institutions, and 5% are associate's colleges.

Figure 1: Which of the following Carnegie Classifications is your institution? (n=152)

Classification	Percentage
R1	43%
R2	16%
Baccalaureate college (all categories)	11%
Special focus institution (all categories)	7%
Associate's college (all categories)	5%
M1	5%
M3	3%
D/PU	2%
M2	1%
Other	7%
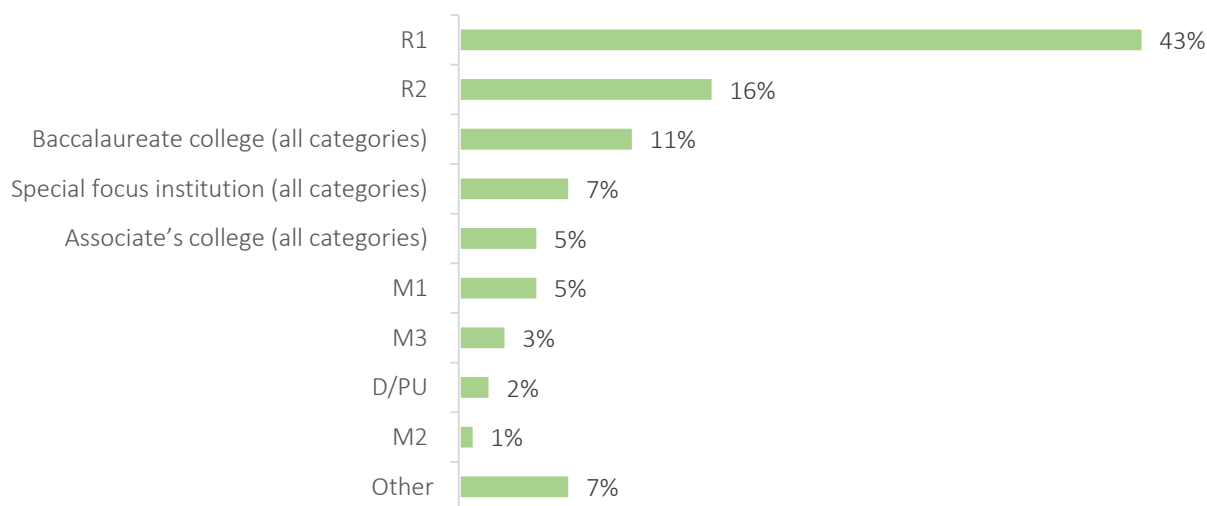
Forty-three percent of respondents are Directors/Executive Directors, 18% are Associate/Assistant Vice Presidents/Provosts/Chancellors, 13% are Deans/Executive Deans, and 13% are Vice Provosts/Vice Presidents.

Figure 2: What is your title? (n=152)

Title	Percentage
Director/ Executive Director	43%
Associate/ Assistant Vice President/ Provost/ Chancellor	18%
Dean/ Executive Dean	13%
Vice Provost/ Vice President	13%
COLO/ COO/ C-Level	5%
Associate/ Assistant Dean	3%
Coordinator/ Manager	3%
Associate/ Assistant Director	2%
Professor	2%
Other	1%

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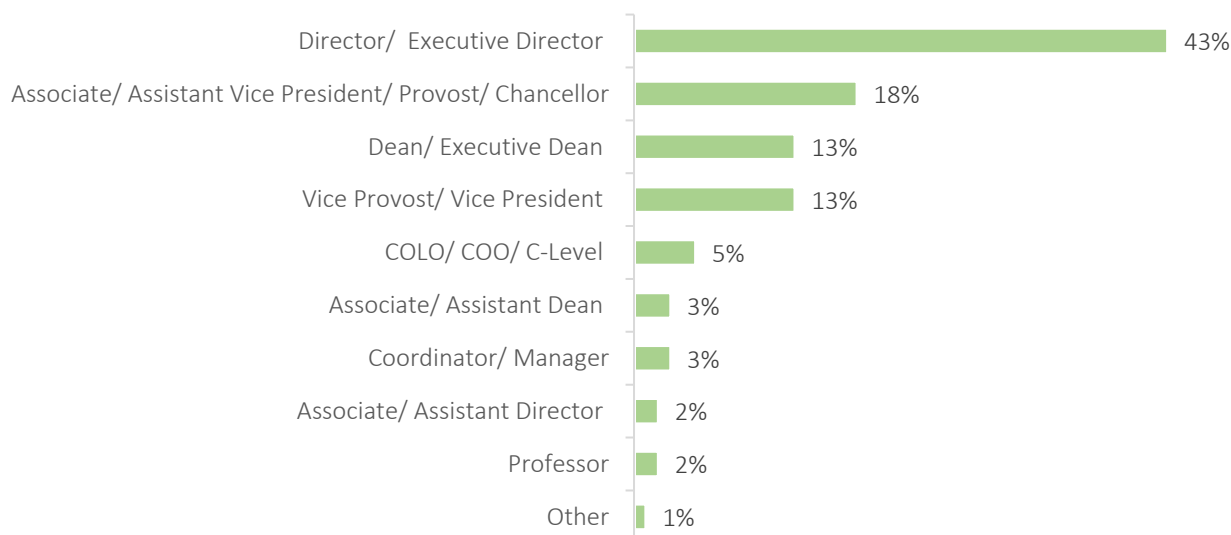
Ninety percent of respondents are decision-makers for their online enterprise unit. The 9% who are not and the 2% who are not sure were terminated from the survey.

Figure 3: Are you a decision-maker for an online enterprise (whether at the unit, college, or institutional level) that is accountable for strategy, leadership, and/or operations? (n=152)

9% 2%

90%

■ Yes ■ No ■ Not sure
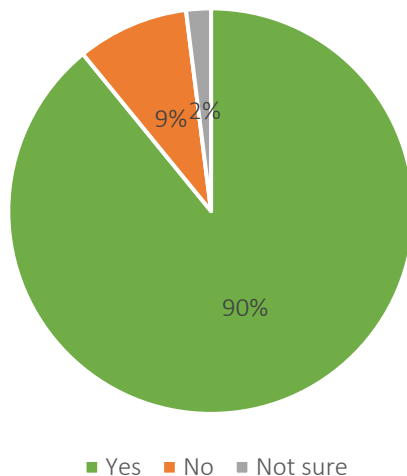
Seventy-two percent are responsible for online strategy, leadership, and operations at the institutional level, 15% at the unit level, and 14% at the college level.

Figure 4: At which of the following levels are you responsible for online strategy, leadership, and/or operations? (n=95)

72%

15%

14%

Institutional level   Unit level   College level

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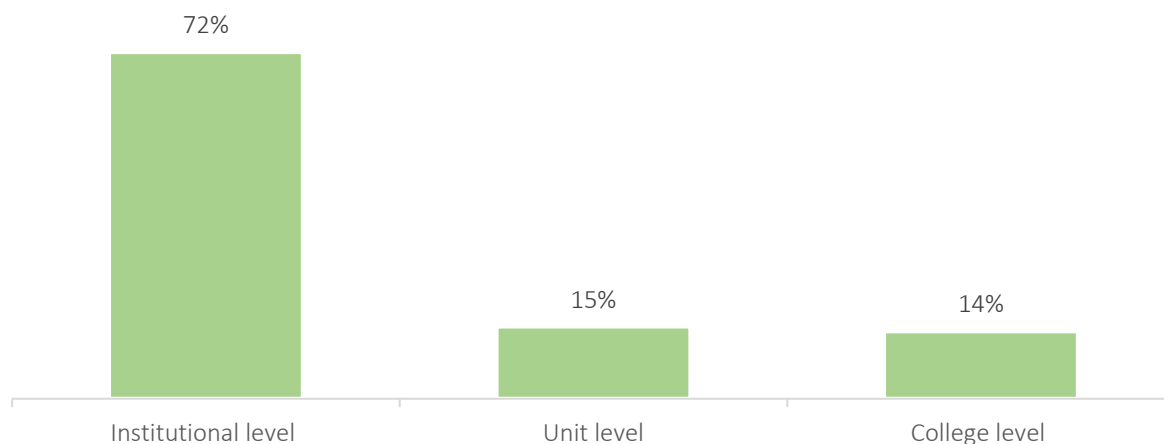
Size and Structure

Over half (52%) of respondents are from large institutions, 36% from medium institutions, and 13% of respondents represent small institutions. Definitions for institutional size can be seen in the figure.

Figure 5: Which of the following best describes your overall institution size for the 2023-2024 academic year? (n=95)
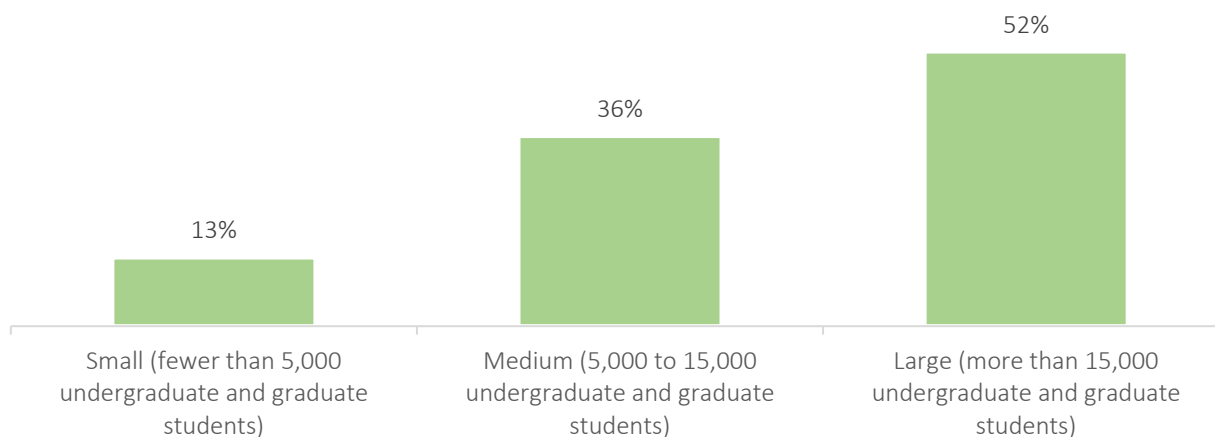
Fifty-one percent of respondents' institution's online enterprises reside in the provost's office, 21% are nested within multiple academic units, and 19% are standalone units. More units are located in the provost's office or operate as standalone units this year compared to 2024 data.

Figure 6: Which of the following best describes where your institution's online enterprise resides?

■ 2025 (n=95)   ■ 2024 (n=182)
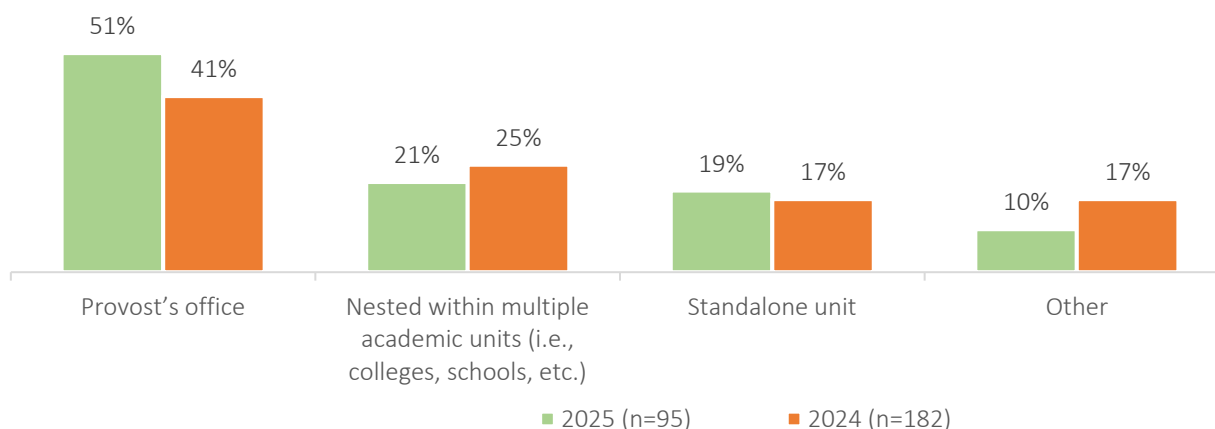
Nearly a quarter (24%) of institutions have an unduplicated headcount between 1,001 and 5,000 for learners enrolled in only fully online courses in the 2023-2024 academic year, followed by 16% that have between 5,001 and 10,000. On average, institutions have a headcount of 8,183 with a median of 4,500.

Figure 7: Please provide the unduplicated headcount for learners enrolled in fully online courses for the 2023-2024 academic year.

| Overall (n=81) |
| Average: 8,183 |
| Median: 4,500 |

| Overall (n=90) | 12% | 14% | 24% | 16% | 14% | 10% | 10% |

- Under 500
- 500 to 1,000
- 1,001 to 5,000
- 5,001 to 10,000
- 10,001 to 20,000
- Over 20,000
- N/A/Don't Know
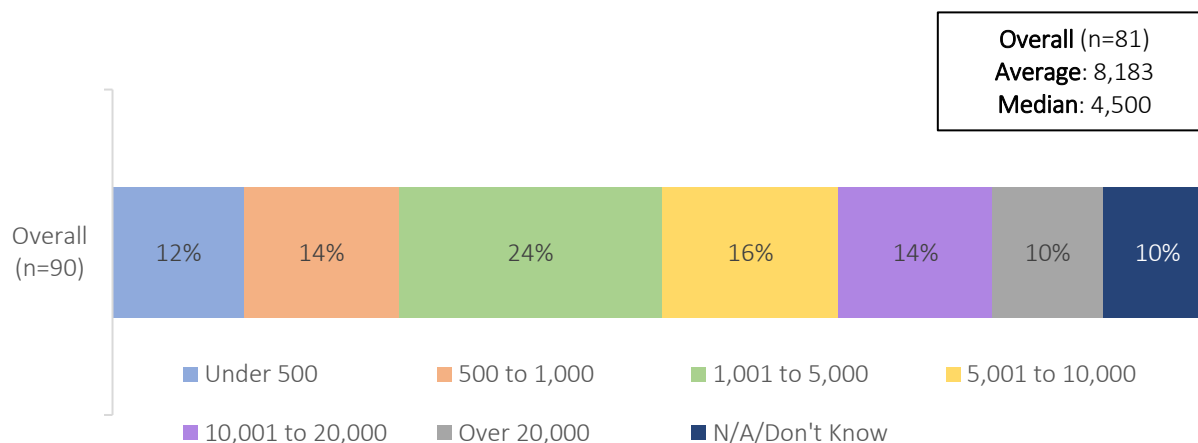
Seventeen percent of institutions have between 10,000 to 50,000 credit hours for learners enrolled in fully online courses for the 2023-2024 academic year, with an additional 17% having between 100,001 to 200,000 credit hours. On average, institutions have 89,320 credit hours for fully online courses with a median of 46,093.

Figure 8: Please provide the total student credit hours for learners enrolled in fully online courses for the 2023-2024 academic year.

| Overall (n=74) |
| Average: 89,320 |
| Median: 46,093 |

| Overall (n=90) | 13% | 11% | 17% | 16% | 17% | 8% | 18% |

- Under 5,000
- 5,000 to 10,000
- 10,001 to 50,000
- 50,001 to 100,000
- 100,001 to 200,000
- Over 200,000
- N/A/Don't Know
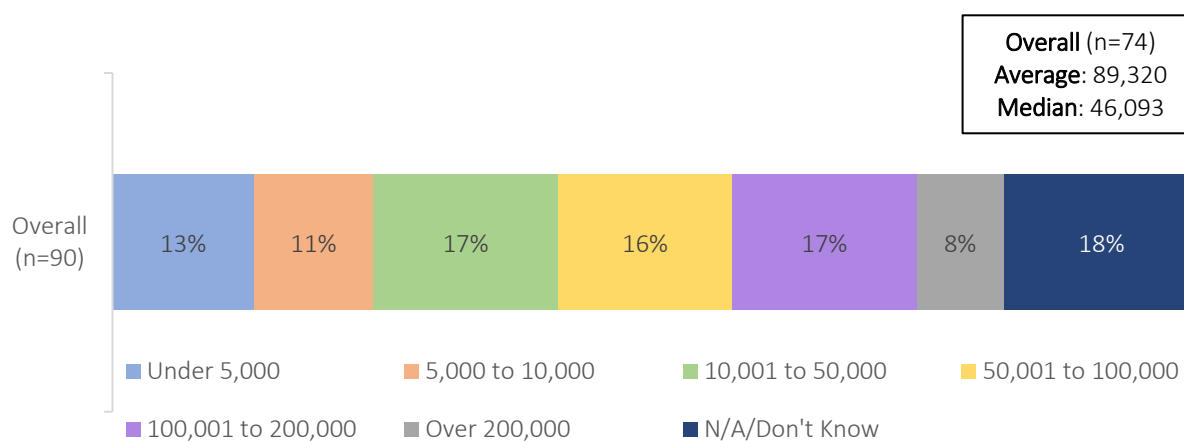
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To ensure survey respondents were working off of a shared understanding of terms, UPCEA used the definitions below for administratively decentralized and academically decentralized.

Administratively Decentralized
For the purpose of this research, administratively decentralized is defined as most administrative functions (e.g., enrollment management, student support, instructional design, etc.) occurring in individual academic units or in other university units, even those that are centralized, outside the online enterprise (e.g. University marketing)

Academically Decentralized
For the purpose of this research, academically decentralized is defined as faculty, programs, and courses emanating from multiple academic departments or units for online programs.

Academically decentralized remains the dominant model, as the majority of 2025 respondents (84% strongly agree or agree) agreed that this was their structure, nearly identical to last year (85%). There also remains a nearly even split between the percentage of institutions that are administratively decentralized (44%), and those that are more centralized (46%).

Figure 9: Please rate how strongly you agree or disagree with the following statements.
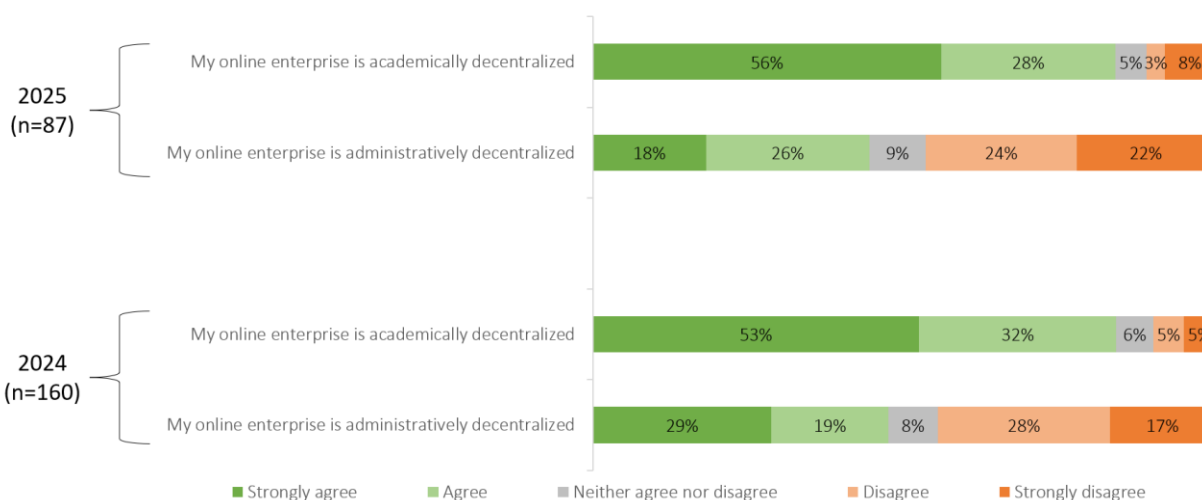
Fifty-eight percent of respondents said their online enterprise is responsible for supporting software and apps used in online learning, followed by helpdesk/technical support for the LMS (54%), and the teaching and learning center (53%). Forty-two percent listed responsibilities in the "Other" category.

Figure 10: Which of the following are responsibilities for your online enterprise?
Please select all that apply (n=72)

Category	Percentage
Supporting software and apps used in online learning	58%
Helpdesk/technical support for the LMS	54%
Teaching and learning center	53%
Supporting software and apps for other areas of the institution	21%
Helpdesk/technical support for other areas of the institution	18%
Other	42%
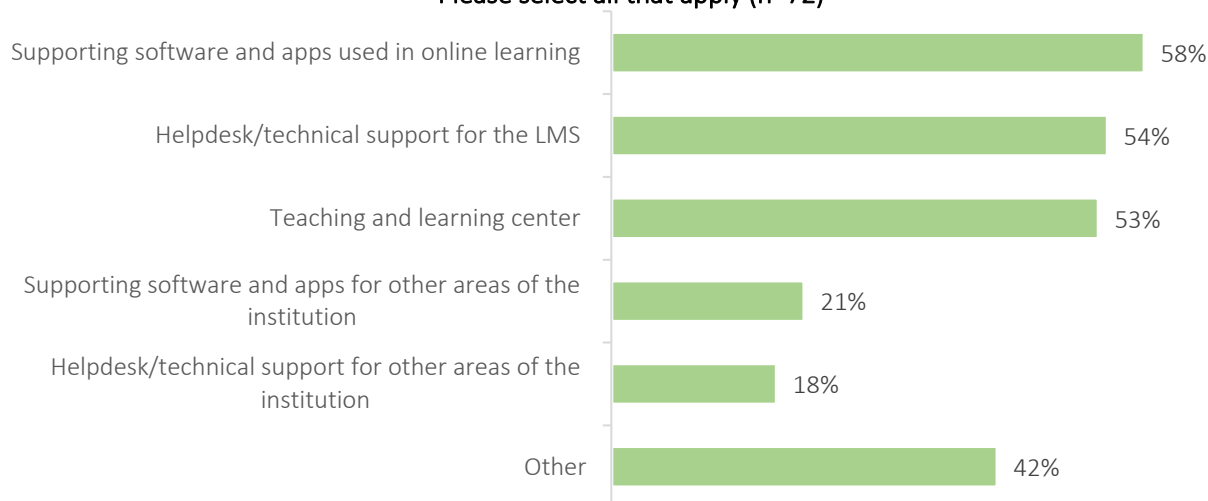
Among respondents who selected "Other" when asked about the responsibilities of their online enterprise, 47% said their unit is responsible for instructional design/media, a third (33%) project/program management, 30% student services/success, and 27% said their online enterprise is responsible for marketing. In 2025, respondents were significantly more likely to cite instructional design/media, project/program management, and student services/success compared to 2024 data.

Figure 11: Which of the following are responsibilities for your online enterprise?
Please select all that apply (Other Responses)

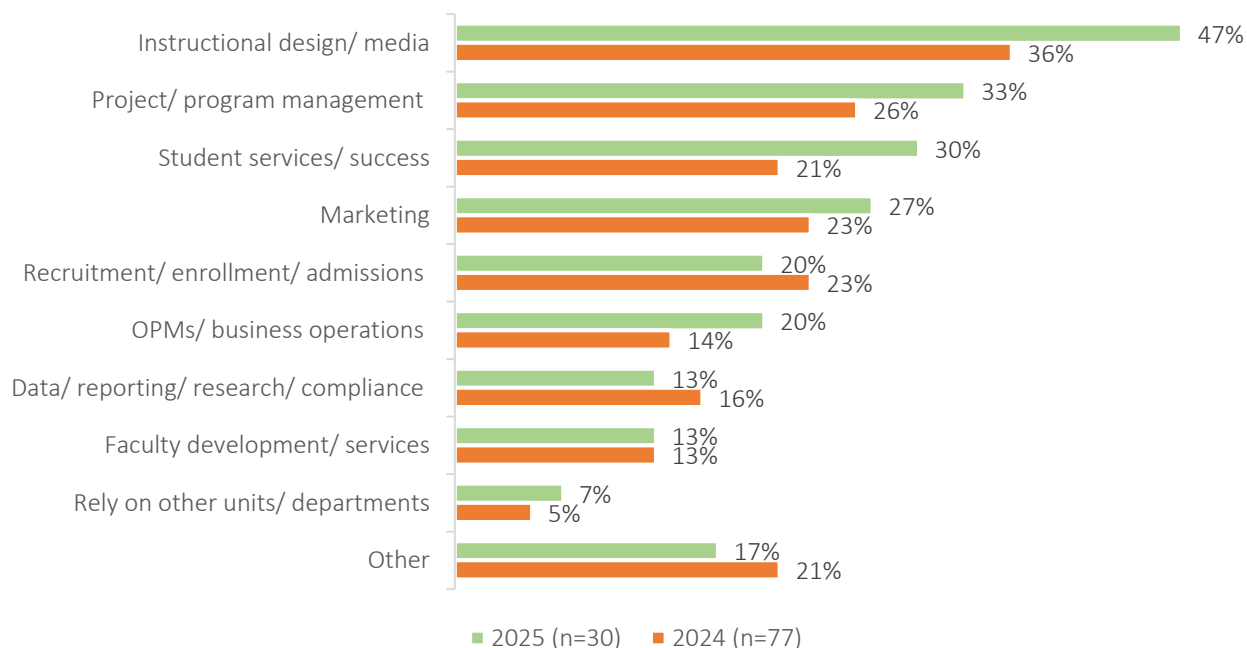| Category	2025 (n=30)	2024 (n=77)
Instructional design/ media	47%	36%
Project/ program management	33%	26%
Student services/ success	30%	21%
Marketing	27%	23%
Recruitment/ enrollment/ admissions	20%	23%
OPMs/ business operations	20%	14%
Data/ reporting/ research/ compliance	13%	16%
Faculty development/ services	13%	13%
Rely on other units/ departments	7%	5%
Other	17%	21%

2025 online enterprise responsibilities had slight increases in helpdesk/technical support for the LMS, teaching and learning center, supporting software and apps for other areas of the institution, and helpdesk/technical support for other areas of the institution.

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Figure 12: Which of the following are responsibilities for your online enterprise? Please select all that apply. (YOY)

2025 (n=72) 2024 (=146)

- ■ Supporting software and apps used in online learning
- ■ Helpdesk/technical support for the LMS
- ■ Teaching and learning center
- ■ Supporting software and apps for other areas of the institution
- ■ Helpdesk/technical support for other areas of the institution
- ■ Other
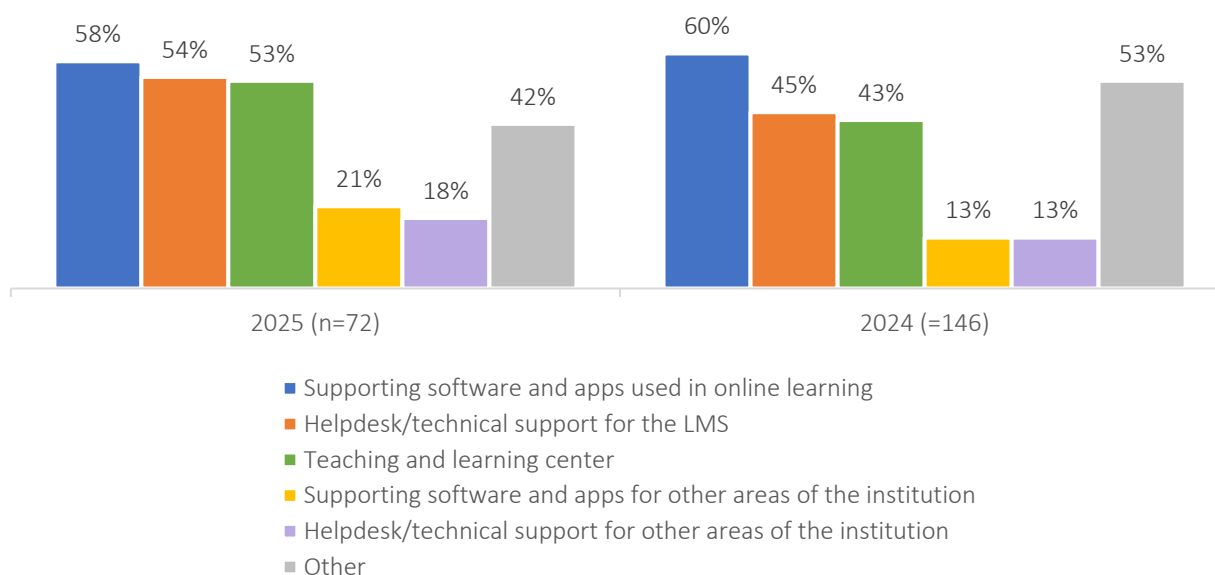
When asked which program types are included in their online enterprise's portfolio of programs that it supports, 89% said graduate degrees, followed by graduate credit-bearing certificates (81%), undergraduate degrees (78%), micro credentials, non-degree or alternative credentials (68%), and undergraduate credit-bearing certificates (54%).

Figure 13: Which of the following program types are included in your online enterprise's portfolio of programs that it supports? Please select all that apply (n=72)
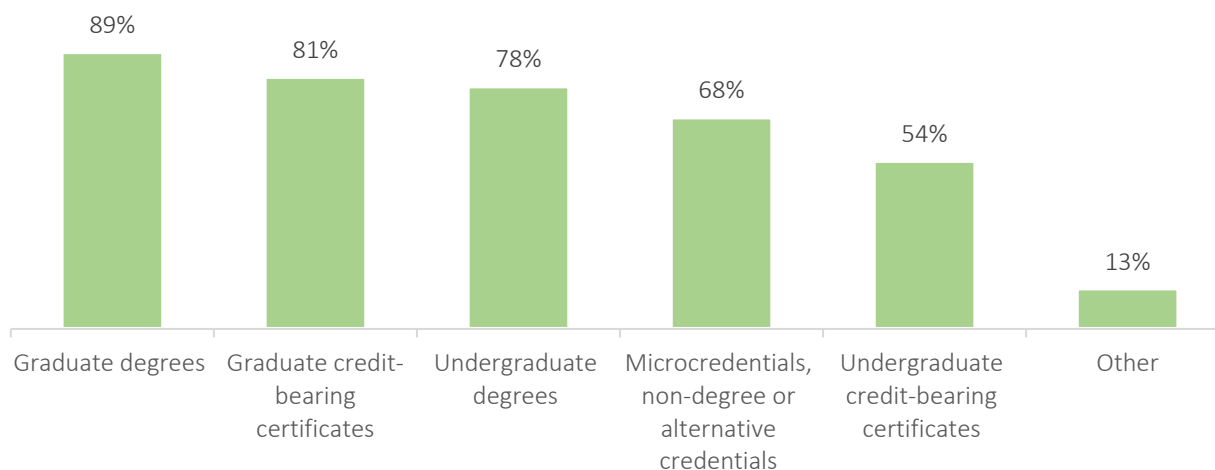
The biggest shift in programming was a 10% increase in the percentage of institutions offering undergraduate degrees, up from 68% to 78%. Graduate degrees also saw a slight increase of 5%.

Figure 14: Which of the following program types are included in your online enterprise's portfolio of programs that it supports? Please select all that apply. (YOY)

Legend:
- Graduate degrees
- Graduate credit-bearing certificates
- Undergraduate degrees
- Microcredentials, non-degree or alternative credentials
- Undergraduate credit-bearing certificates
- Other

2025 (n=72): 89%, 81%, 78%, 68%, 54%, 13%
2024 (n=146): 84%, 80%, 68%, 71%, 53%, 12%
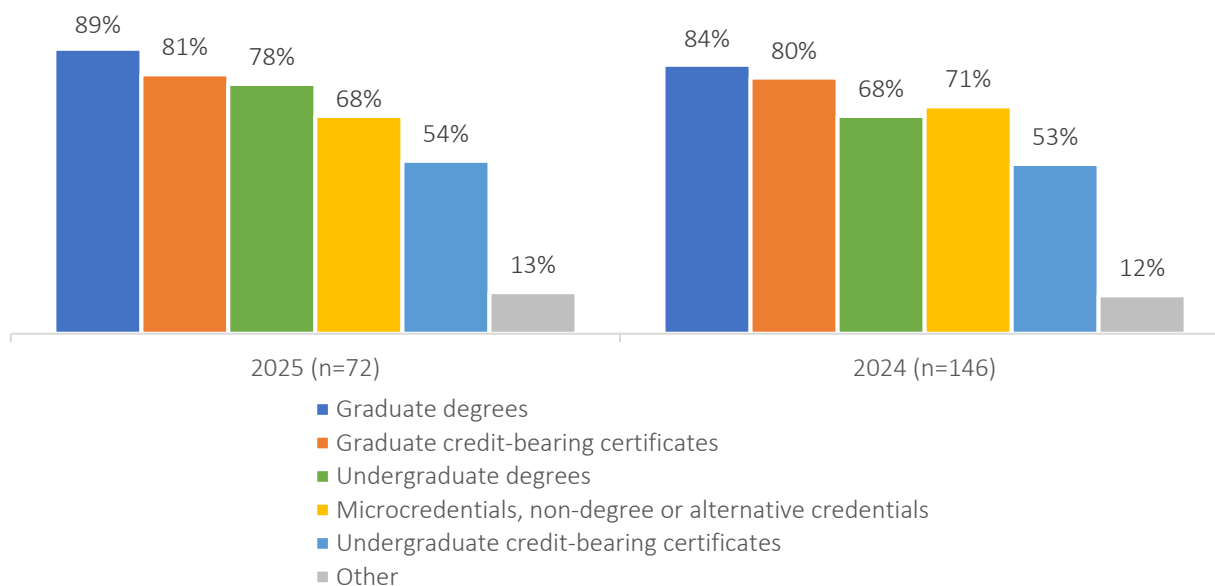
2025 Special Topic: AI & Emerging Technology

Nearly half of respondents (47%) said their online enterprise operates with shared authority for AI-related decisions, reflecting a collaborativ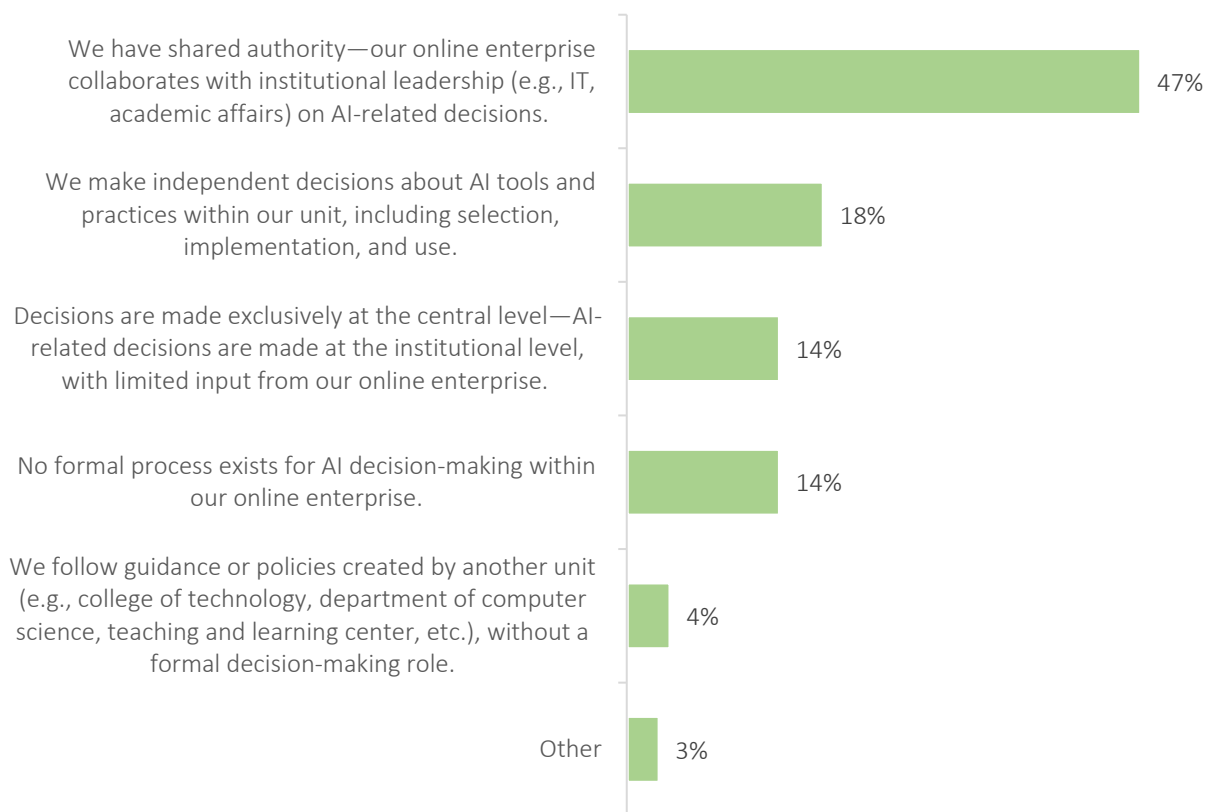e approach with institutional leadership. The advantage of this model is it ensures uniformity across the institution, which fosters alignment and integrates the needs of various stakeholders. While the benefits are clear, it may also slow decision-making as institutions work to coordinate across multiple units.
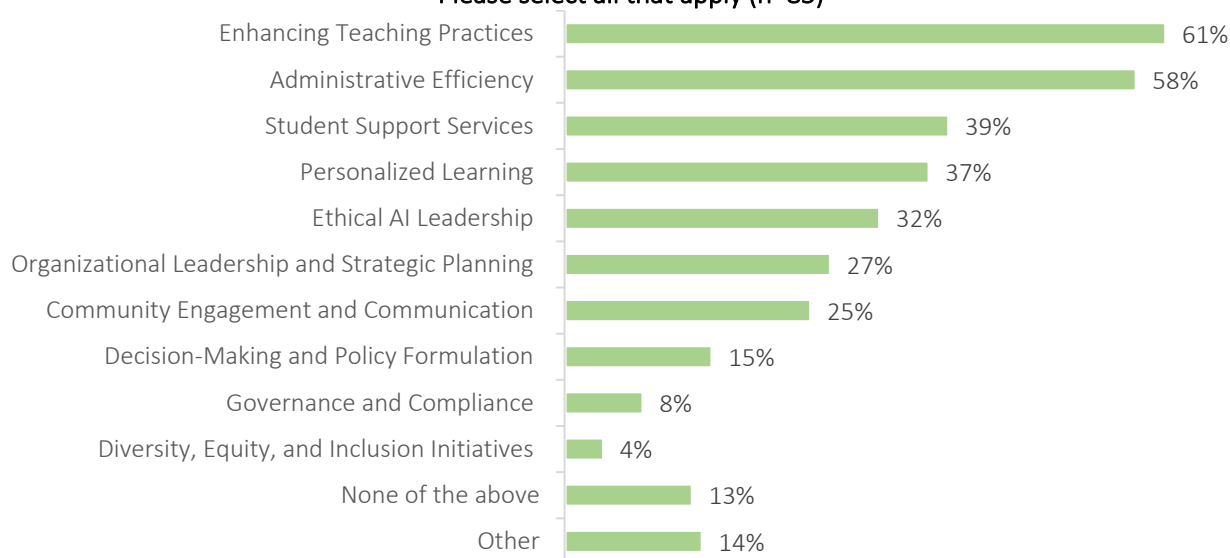
About one in five reported making independent decisions about AI tools and practices within their units, underscoring the entrepreneurial mindset that often characterizes online enterprises. Conversely, 14% indicated that AI decisions are made exclusively at the central level, and another 14% reported having no formal process in place—a notable gap given the rapid evolution and potential risks of generative AI. These findings suggest that many institutions are moving toward coordinated strategies. There is still substantial variability in how AI governance is structured and how quickly online units can respond to emerging opportunities.

Figure 15: Which of the following best describes your online enterprise's autonomy in making decisions about AI tools and practices? (n=71)

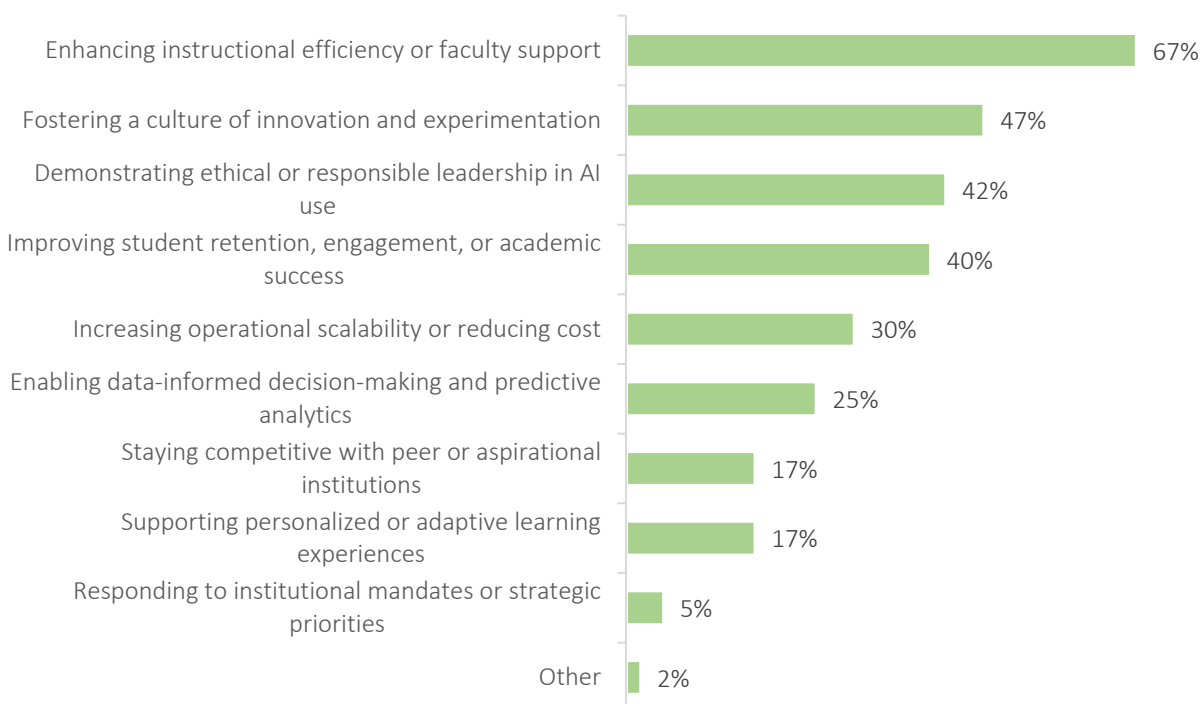| Response	Percentage
We have shared authority—our online enterprise collaborates with institutional leadership (e.g., IT, academic affairs) on AI-related decisions.	47%
We make independent decisions about AI tools and practices within our unit, including selection, implementation, and use.	18%
Decisions are made exclusively at the central level—AI-related decisions are made at the institutional level, with limited input from our online enterprise.	14%
No formal process exists for AI decision-making within our online enterprise.	14%
We follow guidance or policies created by another unit (e.g., college of technology, department of computer science, teaching and learning center, etc.), without a formal decision-making role.	4%
Other	3%

The top areas that online enterprises are currently using AI include enhancing teaching practices (61%), administrative efficiency (58%), student support services (39%), personalized learning (37%), and ethical AI leadership (32%).

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Figure 16: Is your online enterprise currently using AI in any of the following areas? Please select all that apply (n=85)

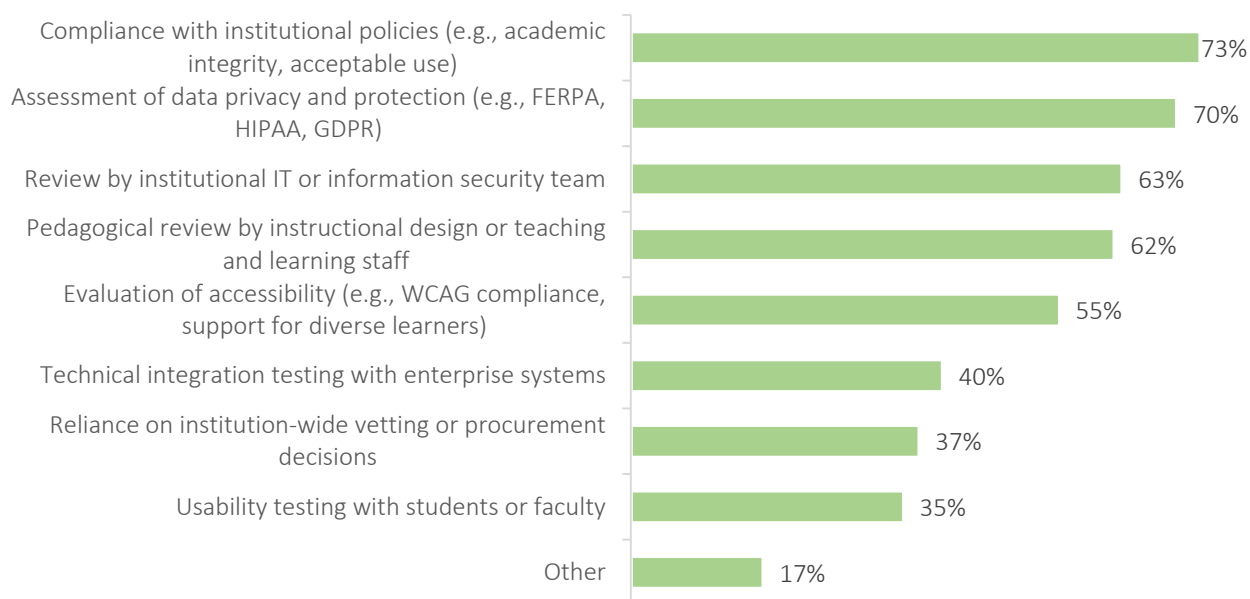| Area	Percentage
Enhancing Teaching Practices	61%
Administrative Efficiency	58%
Student Support Services	39%
Personalized Learning	37%
Ethical AI Leadership	32%
Organizational Leadership and Strategic Planning	27%
Community Engagement and Communication	25%
Decision-Making and Policy Formulation	15%
Governance and Compliance	8%
Diversity, Equity, and Inclusion Initiatives	4%
None of the above	13%
Other	14%

When asked about the primary strategic drivers for AI adoption within their online enterprise, two-thirds (67%) cited enhancing instructional efficiency or faculty support, 47% cited fostering a culture of innovation and experimentation, 42% demonstrating ethical or responsible leadership in AI use, and 40% said improving student retention, engagement, or academic success.

Figure 17: What are the primary strategic drivers for AI adoption and implementation within your online enterprise? Please select no more than three answer choices (n=60)

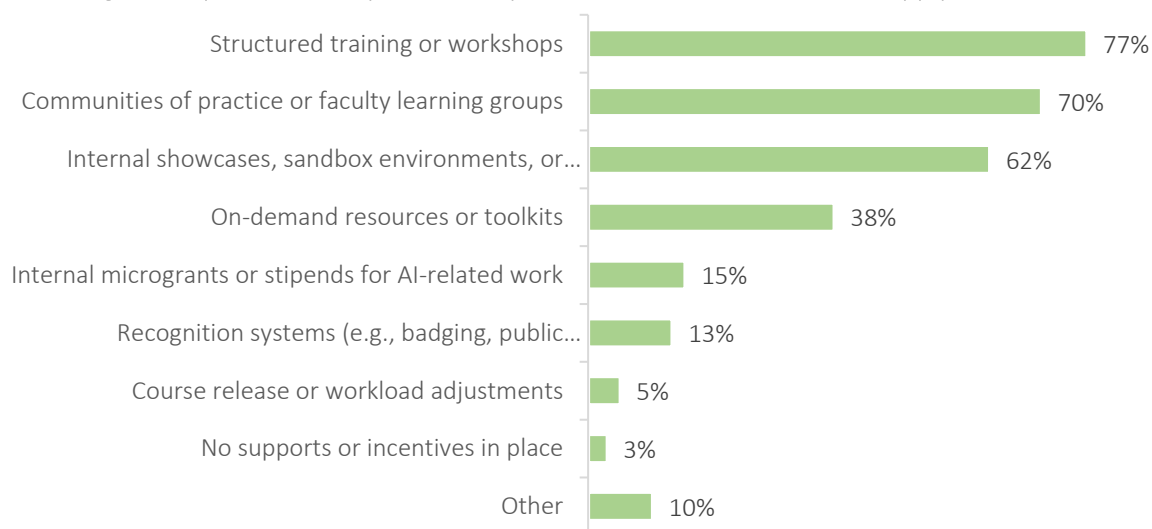| Driver	Percentage
Enhancing instructional efficiency or faculty support	67%
Fostering a culture of innovation and experimentation	47%
Demonstrating ethical or responsible leadership in AI use	42%
Improving student retention, engagement, or academic success	40%
Increasing operational scalability or reducing cost	30%
Enabling data-informed decision-making and predictive analytics	25%
Staying competitive with peer or aspirational institutions	17%
Supporting personalized or adaptive learning experiences	17%
Responding to institutional mandates or strategic priorities	5%
Other	2%

When asked how their online enterprise evaluates generative AI tools before adoption, nearly three-quarters (73%) said compliance with institutional policies, 70% said assessment of data privacy and protection, 63% cited review by institutional IT or information security team, and 62% said a pedagogical review by instructional design or teaching and learning staff.

Figure 18: How does your online enterprise evaluate generative AI tools before adoption (e.g., ChatGPT, Claude, Gemini)? Please select all that apply (n=60)

Category	Percent
Compliance with institutional policies (e.g., academic integrity, acceptable use)	73%
Assessment of data privacy and protection (e.g., FERPA, HIPAA, GDPR)	70%
Review by institutional IT or information security team	63%
Pedagogical review by instructional design or teaching and learning staff	62%
Evaluation of accessibility (e.g., WCAG compliance, support for diverse learners)	55%
Technical integration testing with enterprise systems	40%
Reliance on institution-wide vetting or procurement decisions	37%
Usability testing with students or faculty	35%
Other	17%

When asked about what incentives their online enterprise has implemented to encourage faculty to explore or adopt AI tools, 77% cited structured training or workshops, 70% said communities of practice or faculty learning groups, and 62% cited internal showcased, sandbox environments, and experimentation spaces.

Figure 19: Which of the following supports or incentives has your online enterprise implemented to encourage faculty or staff to explore or adopt AI tools? Please select all that apply (n=60)

Category	Percent
Structured training or workshops	77%
Communities of practice or faculty learning groups	70%
Internal showcases, sandbox environments, or…	62%
On-demand resources or toolkits	38%
Internal microgrants or stipends for AI-related work	15%
Recognition systems (e.g., badging, public…	13%
Course release or workload adjustments	5%
No supports or incentives in place	3%
Other	10%

Budget and Finance
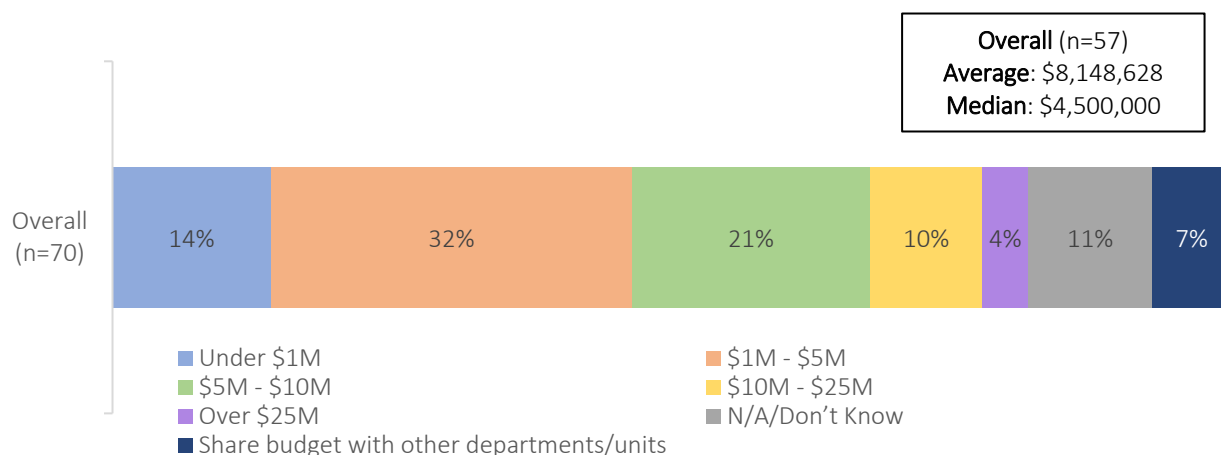
The average 2025 online enterprise budget was $8.1 million dollars, while the median was $4.5 million. The average gross revenue was $23.8 million, while the median was $11 million. Between 2024 and 2025, the average budget decreased by roughly $450,000, yet the median increased by $1 million. On the surface, these data points are seemingly at odds with each appear contradictory. However, the 2024 average was inflated by one supremely large online enterprise. For gross revenue, the average revenue for online enterprises increased by roughly $5.8 million dollars to $23.8 million, while the median increased by roughly $4.3 million to $11 million. Collectively, these figures illustrate that online enterprises are receiving increased attention and resources from leadership and finding improved efficiencies, which is yielding increased gross revenues.

Figure 20: Online Enterprise Budget & Gross Revenue by Year
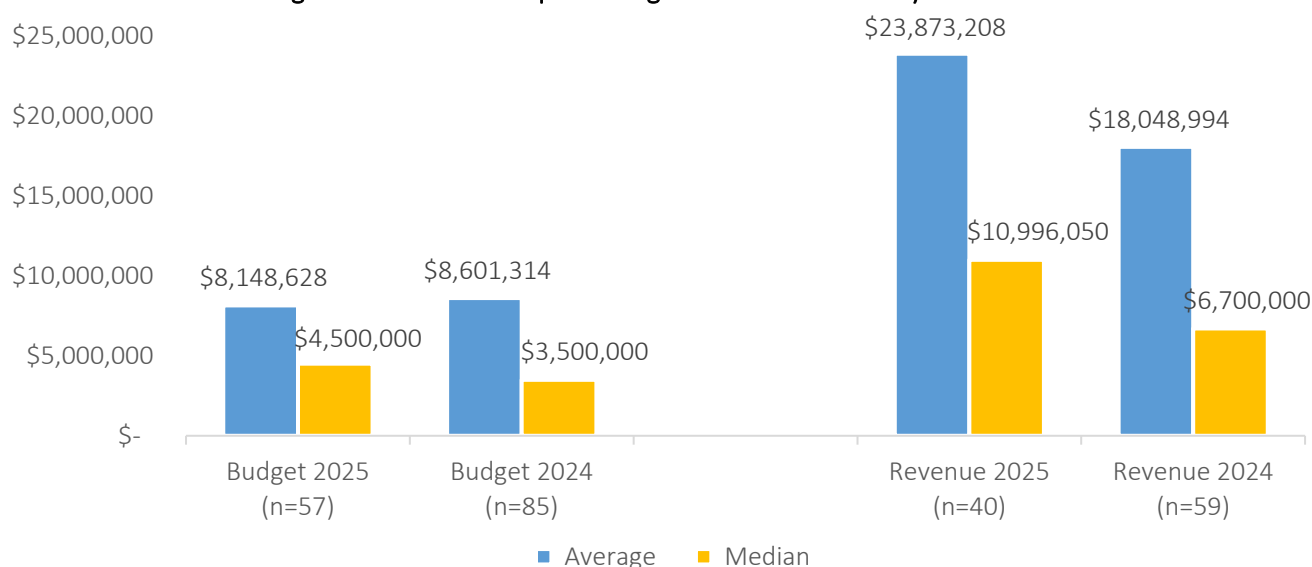
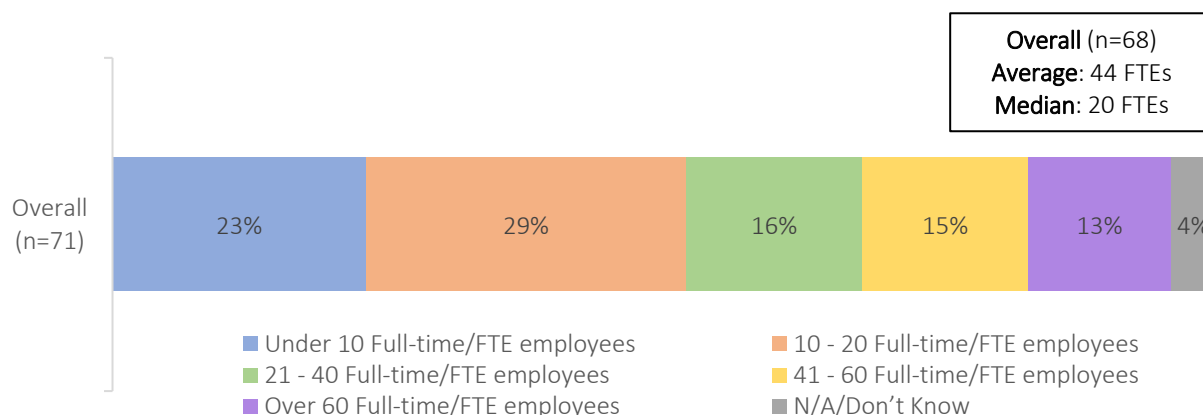Nearly a third (32%) of online enterprises had a total budget between $1M and $5M for the 2023-2024 academic year, while 21% had a total budget between $5M and $10M. On average, online enterprises have a total budget of $8.1M and a median of $4.5M.

Figure 21: For the 2023-2024 academic year, what was your online enterprise's total budget? Please list the budget in USD.

Overall (n=57)
Average: $8,148,628
Median: $4,500,000

Overall (n=70)	14%	32%	21%	10%	4%	11%	7%

■ Under $1M ■ $1M - $5M
■ $5M - $10M ■ $10M - $25M
■ Over $25M ■ N/A/Don't Know
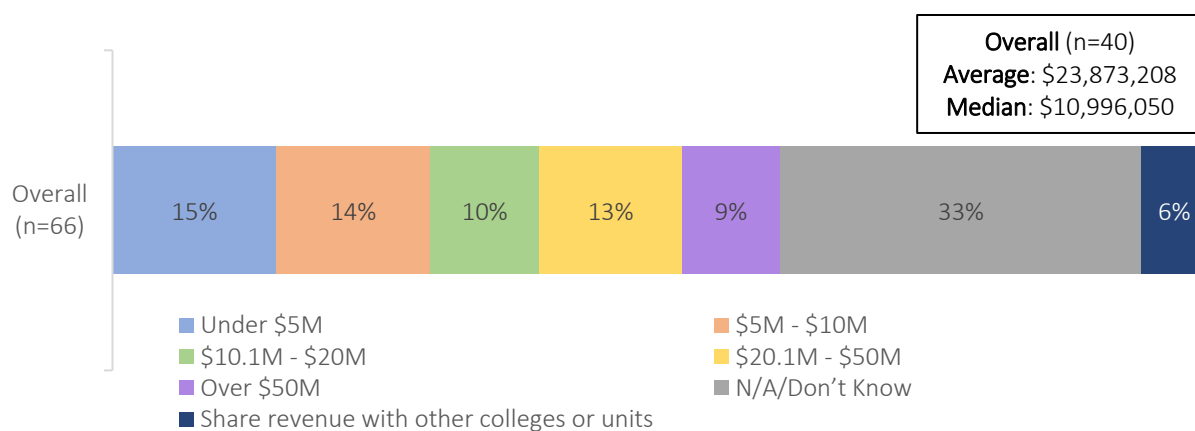■ Share budget with other departments/units

Twenty-nine percent of online enterprises have between 10 to 20 full-time or full-time equivalent (FTE) employees that are funded by their online enterprise, while 23% have under 10 FTEs funded by their online enterprise. On average, online enterprises have 44 FTEs that are funded by their online unit with a median of 20.

Figure 22: Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise?

Overall (n=68)
Average: 44 FTEs
Median: 20 FTEs

Overall (n=71)	23%	29%	16%	15%	13%	4%

■ Under 10 Full-time/FTE employees ■ 10 - 20 Full-time/FTE employees
■ 21 - 40 Full-time/FTE employees ■ 41 - 60 Full-time/FTE employees
■ Over 60 Full-time/FTE employees ■ N/A/Don't Know

Fifteen percent of respondents' online enterprises had a total gross revenue of under $5M, while 14% had a total gross revenue between $5M and $10M. A third (33%) don't know or put "N/A" for their total gross revenue. On average, the total gross revenue for online enterprises is $23.9M with a median of $11.0M.

Figure 23: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD.

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| Overall (n=66) | 15% | 14% | 10% | 13% | 9% | 33% | 6% |

Overall (n=40)
Average: $23,873,208
Median: $10,996,050

- Under $5M
- $5M - $10M
- $10.1M - $20M
- $20.1M - $50M
- Over $50M
- N/A/Don't Know
- Share revenue with other colleges or units

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The increase in online enterprise budgets appear to be a direct investment in staffing capacity and capabilities. Between 2024 and 2025, both the average and median number of FTEs funded by online enterprises increased, with a current average of 44 and median of 20 FTEs.

Figure 24: Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise? (YOY)
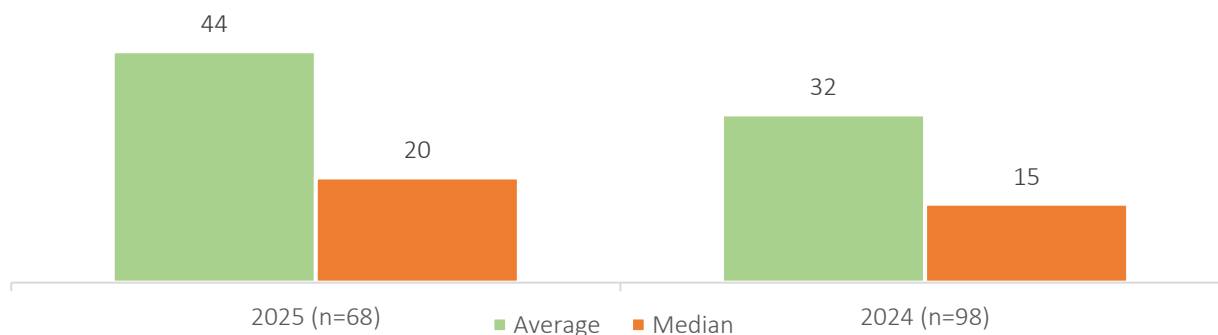
Financial models for online enterprises remain highly varied and often difficult to categorize neatly. While 28% of respondents reported using a revenue share model and 22% cited a revenue/resource-dependent entrepreneurial approach, nearly half (45%) selected "Other," highlighting the complexity of funding structures in this space.

Many described models rooted in centralized budget allocations, where tuition and fees flow to central administration and online units receive operating funds as budget lines rather than direct revenue. Others noted hybrid arrangements combining fee-based services, revenue sharing, and auxiliary income from areas such as testing centers or microcredential partnerships. Several institutions emphasized that their online enterprises function primarily as service units without separate tuition streams, reflecting governance structures where financial models are shaped by decentralized academic ownership and centralized oversight.
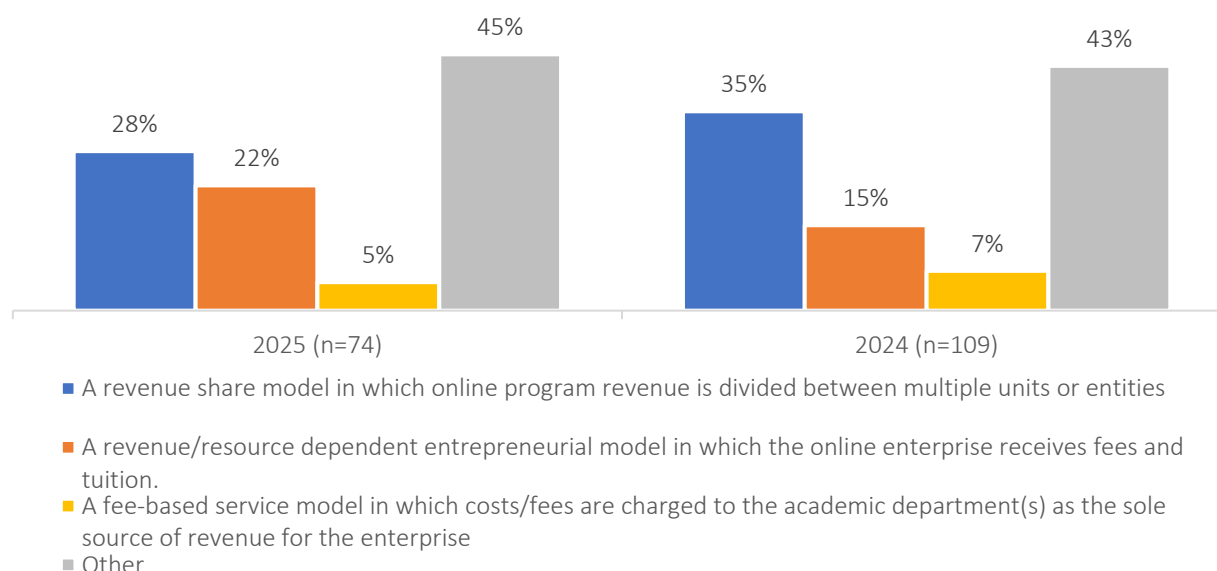
Taken together, these responses suggest that the financial architecture of online enterprises is often a blend of historical practices, institutional budgeting philosophies, and emerging revenue strategies rather than a single clearly defined model.

Figure 25: Which of the following best describes your online enterprise's financial model? (n=74)
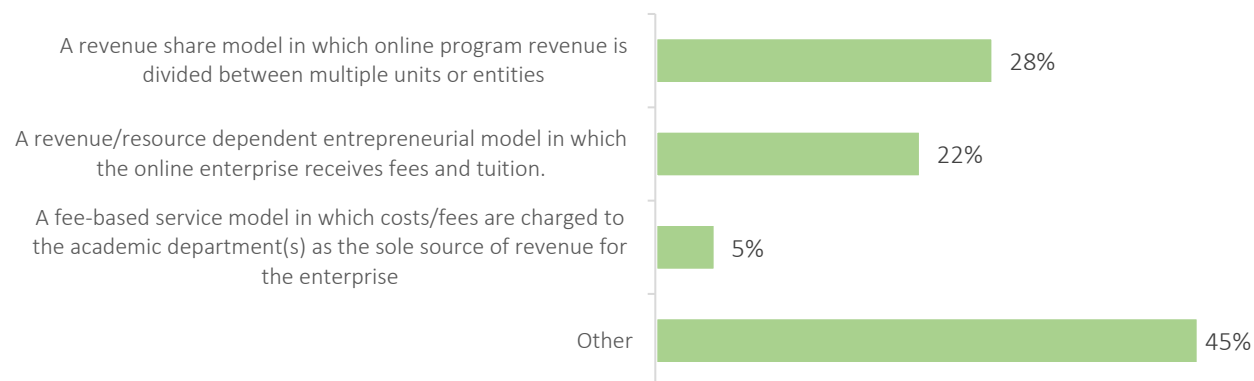
A slightly smaller percentage of online enterprise's use a revenue share model in 2025 compared to 2024, while a slightly greater percentage use a revenue/resource dependent entrepreneurial model.

Figure 26: Which of the following best describes your online enterprise's financial model? (YOY)

- A revenue share model in which online program revenue is divided between multiple units or entities
- A revenue/resource dependent entrepreneurial model in which the online enterprise receives fees and tuition.
- A fee-based service model in which costs/fees are charged to the academic department(s) as the sole source of revenue for the enterprise
- Other

Among respondents who selected "Other" when asked about their online enterprises financial model, nearly half (49%) said their online enterprise is centrally funded/provost funded, 18% said they receive a percent/fee, 15% cited a revenue share & fee-based model based on program type, and 12% receive a base budget.

Figure 27: Which of the following best describes your online enterprise's financial model? (Other Responses, 2025) (n=33)
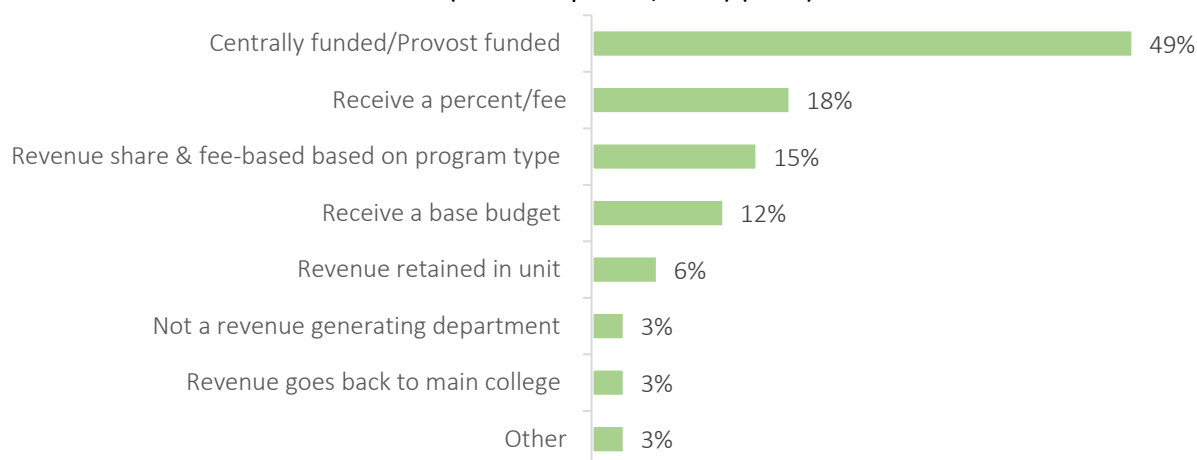
Nine percent of respondents said their online enterprise's overall budget for the next fiscal year will greatly increase compared to the previous, a quarter (25%) said it will increase, over half (53%) said it will neither increase or decrease, 12% expected it to decrease, and 2% said it will greatly decrease.
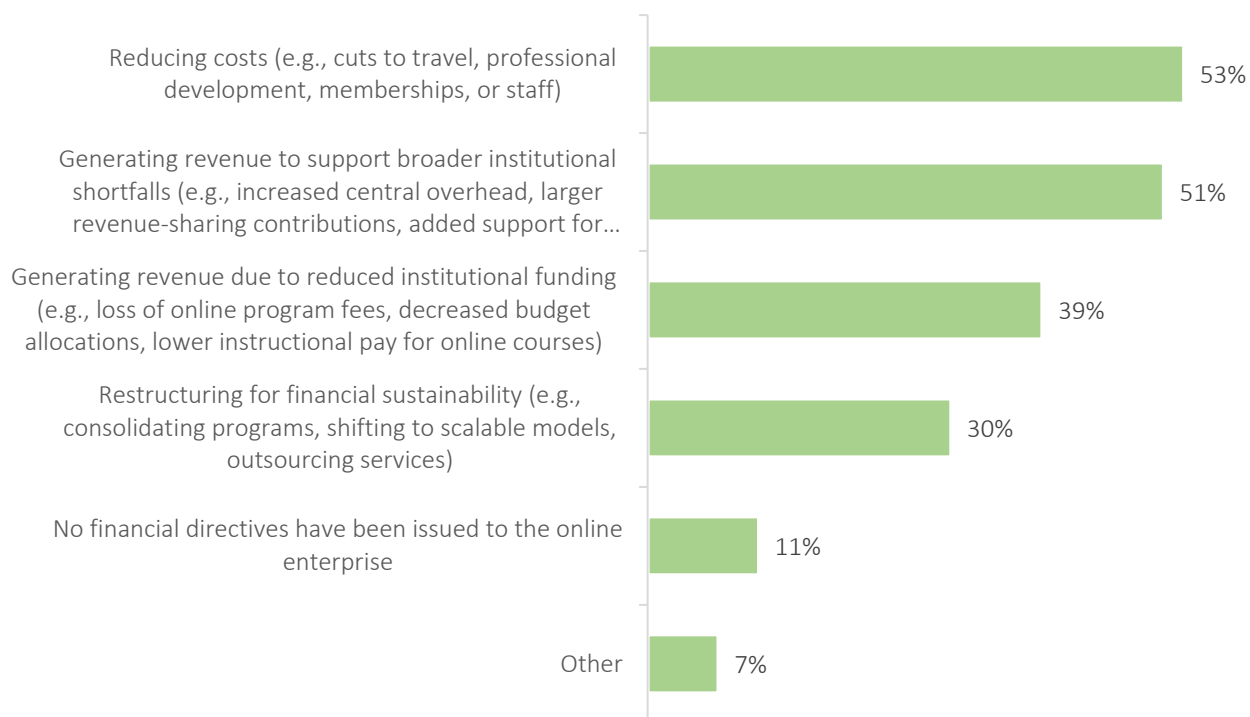
Among respondents who cited a budget increase for the next fiscal year, over half (55%) expect their budget to increase by 5 to 10%. On average, respondents expect a budget increase of 30.1%, with a median of 10.0%. Respondents who cited a budget decrease expect an average decrease of 5.8%, with a median of 4.8%.

Figure 28: Which of the following best describes your online enterprise's overall budget for the next fiscal year compared to the previous fiscal year? (n=59)

9%	25%	53%	12%	2%

■ Greatly increase ■ Increase ■ Neither increase or decrease ■ Decrease ■ Greatly decrease
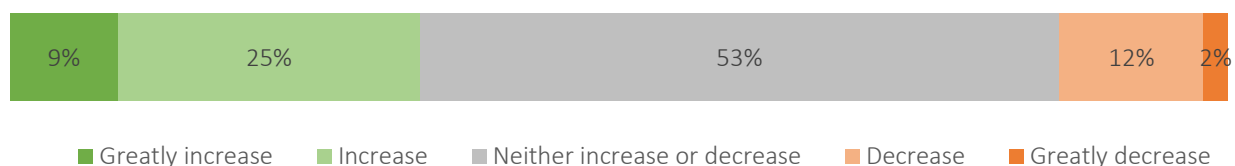
When asked how their online enterprise has been tasked with responding to financial challenges, 53% cited reducing costs, 51% said generating revenue to support broader institutional shortfalls, 39% said generating revenue due to reduced institutional funding, and 30% cited restructuring for financial sustainability.

Figure 29: Has your online enterprise—or you as a decision maker—been tasked with any of the following in response to your institution's financial challenges in 2025 and anticipated for FY 2025-2026? Please select all that apply (n=57)

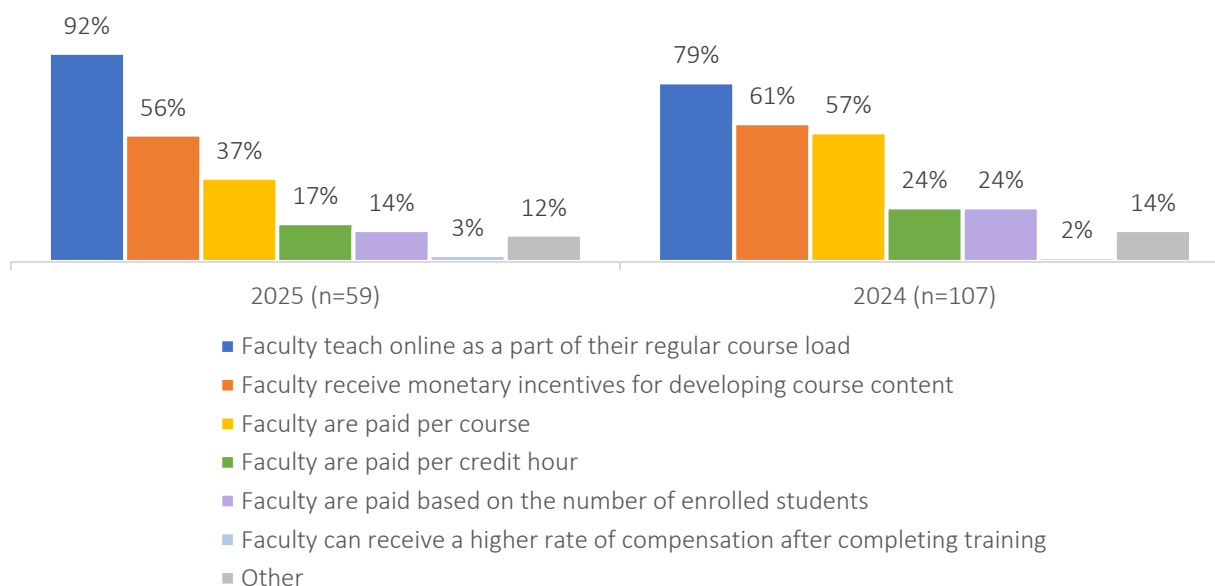| Category	Percent
Reducing costs (e.g., cuts to travel, professional development, memberships, or staff)	53%
Generating revenue to support broader institutional shortfalls (e.g., increased central overhead, larger revenue-sharing contributions, added support for…	51%
Generating revenue due to reduced institutional funding (e.g., loss of online program fees, decreased budget allocations, lower instructional pay for online courses)	39%
Restructuring for financial sustainability (e.g., consolidating programs, shifting to scalable models, outsourcing services)	30%
No financial directives have been issued to the online enterprise	11%
Other	7%

Instruction and Faculty

When asked about online program faculty compensation, 92% of respondents said that faculty teach online as a part of their regular course load, 56% said faculty receive monetary incentives for developing course content, and 37% said faculty are paid per course.

Figure 30: How are the faculty teaching in your online programs compensated? Please select all that apply (n=59)

Category	Value
Faculty teach online as a part of their regular course load	92%
Faculty receive monetary incentives for developing course content	56%
Faculty are paid per course	37%
Faculty are paid per credit hour	17%
Faculty are paid based on the number of enrolled students	14%
Faculty can receive a higher rate of compensation after completing training	3%
Other	12%
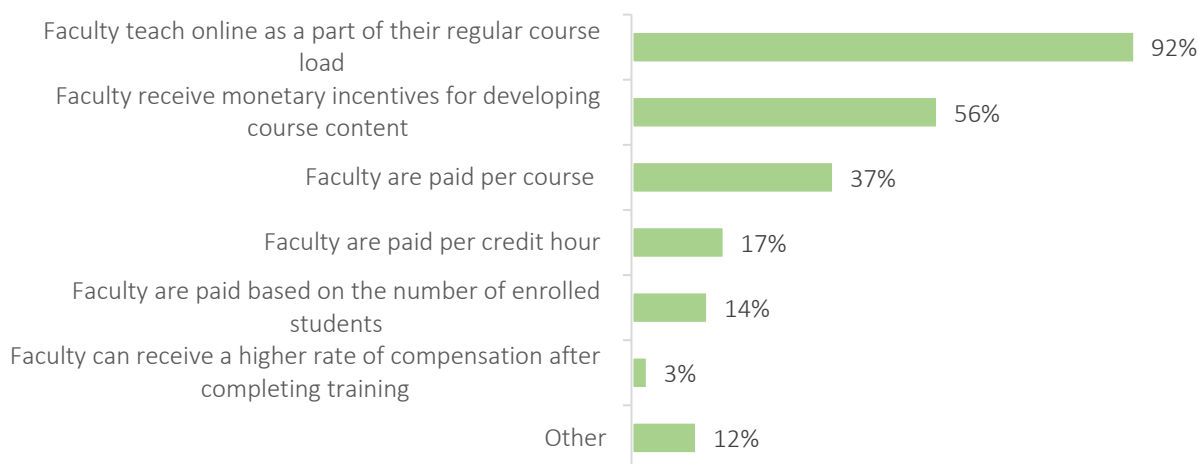
In 2025, a considerably higher percentage of respondents said that faculty teach online as a part of their regular course load (92%) compared to 2024 (79%). This shift may signal that online instruction is becoming more integrated into the academic mainstream. However, given the large academic decentralization there are potential questions around support and workload that must be addressed. A considerably smaller percentage said that faculty are paid per course in 2025 (37%) compared to 2025 (57%).

Figure 31: How are the faculty teaching in your online programs compensated? Please select all that apply. (YOY)

Category	2025 (n=59)	2024 (n=107)
Faculty teach online as a part of their regular course load	92%	79%
Faculty receive monetary incentives for developing course content	56%	61%
Faculty are paid per course	37%	57%
Faculty are paid per credit hour	17%	24%
Faculty are paid based on the number of enrolled students	14%	24%
Faculty can receive a higher rate of compensation after completing training	3%	2%
Other	12%	14%

25

Three-quarters (75%) said salaries for instruction are paid by the academic department, 29% said they are paid by the online enterprise, and 14% said they are paid by the Provost's office.

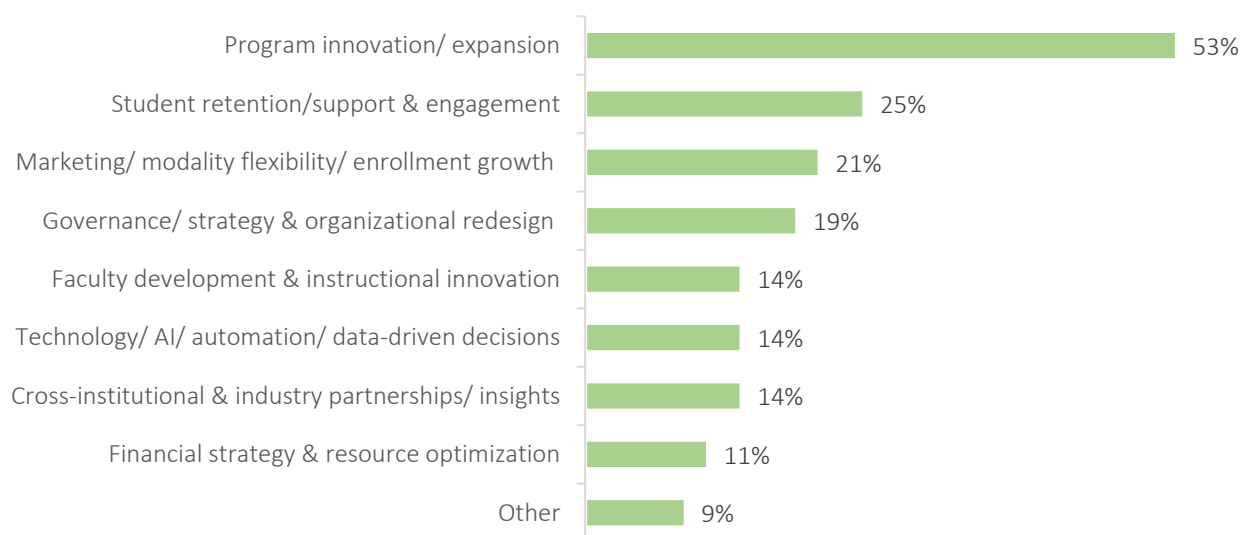**Figure 32: How are the salaries for instruction funded? Please select all that apply (n=59)**
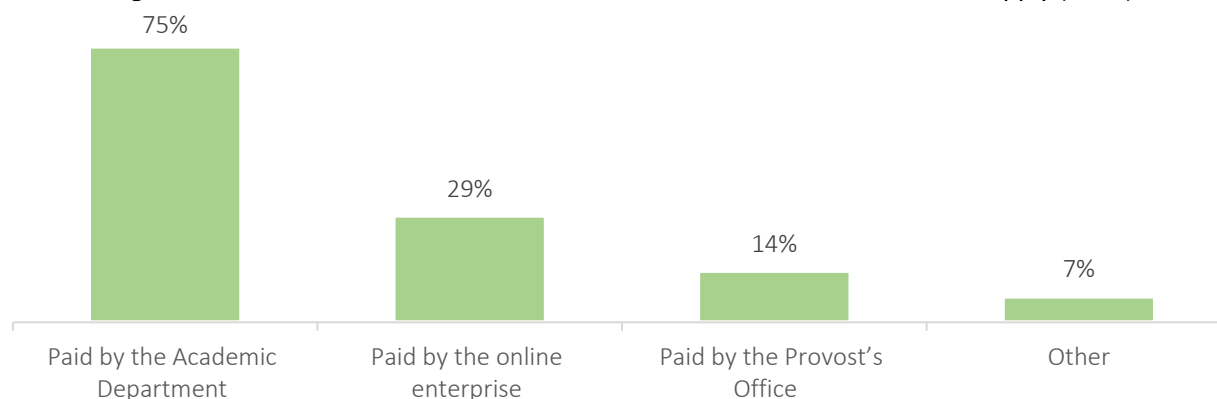
A slightly smaller percentage of respondents said instruction salaries are paid by the online enterprise in 2025 (29%) compared to 2024 (32%), while a slightly greater percentage said instruction salaries are paid by the provost's office.

Figure 33: How are the salaries for instruction funded? Please select all that apply. (YOY)
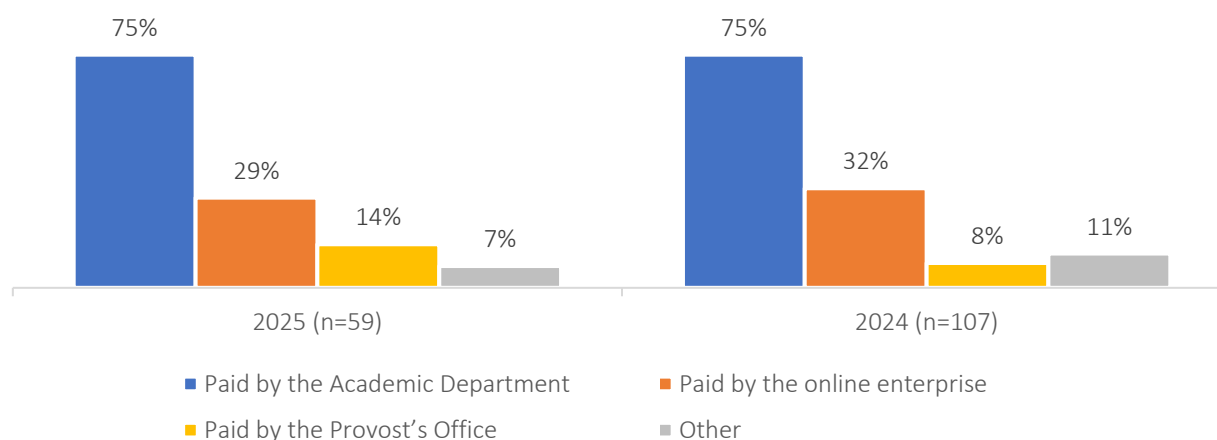
When asked how their online learning enterprise had introduced new approaches to address institutional challenges, meeting learner needs, and strengthen the value of higher education, over half (53%) cited program innovation/expansion, a quarter (25%) said student retention/support & engagement, and 21% cited marketing/modality/flexibility/enrollment growth.

Figure 34: How has the online learning enterprise—through your leadership or team—introduced new or creative approaches to address institutional challenges, meet evolving learner needs, or strengthen the value proposition of higher education? (n=57)

Program innovation/ expansion	53%
Student retention/support & engagement	25%
Marketing/ modality flexibility/ enrollment growth	21%
Governance/ strategy & organizational redesign	19%
Faculty development & instructional innovation	14%
Technology/ AI/ automation/ data-driven decisions	14%
Cross-institutional & industry partnerships/ insights	14%
Financial strategy & resource optimization	11%
Other	9%

Contracted Services

In 2025, 39% of respondents said their online enterprise contracts for services – a 10% increase from 2024. The 61% who do not were directed to the "Competitive Environment" section of the survey.

Figure 35: Does your online enterprise contract for services, often provided by an online program manager (OPM) or online program enablement (OPE) organization? (YOY)
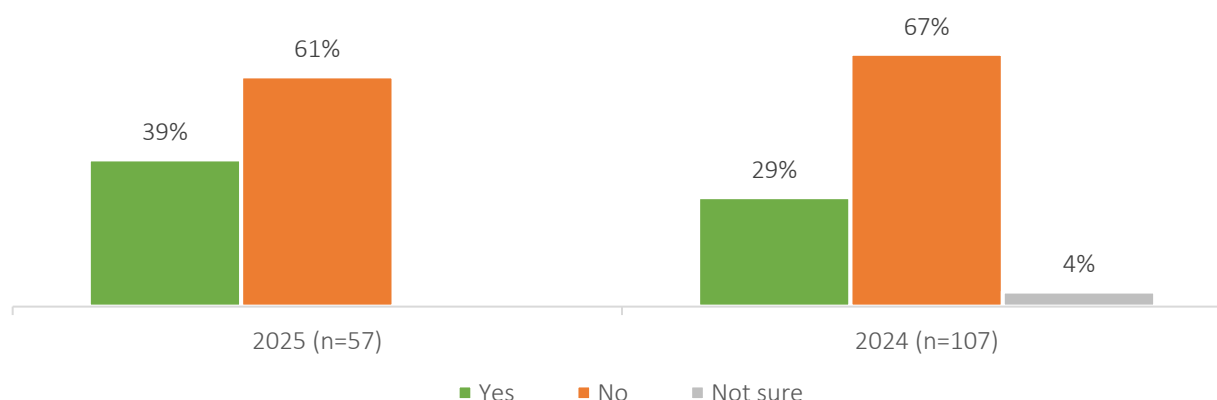
Among online enterprises that use contracted services, 86% use it for marketing, followed by recruiting (73%), student coaching & retention (36%), and instructional design (27%). A higher percentage of respondents in 2025 said their online enterprise uses outside vendors for marketing, recruiting, and student coaching & retention compared to 2024, increases of 15%, 12%, and 4% respectively.

Figure 36: Which of the following is your online enterprise using outside vendors for? Please select all that apply (YOY)
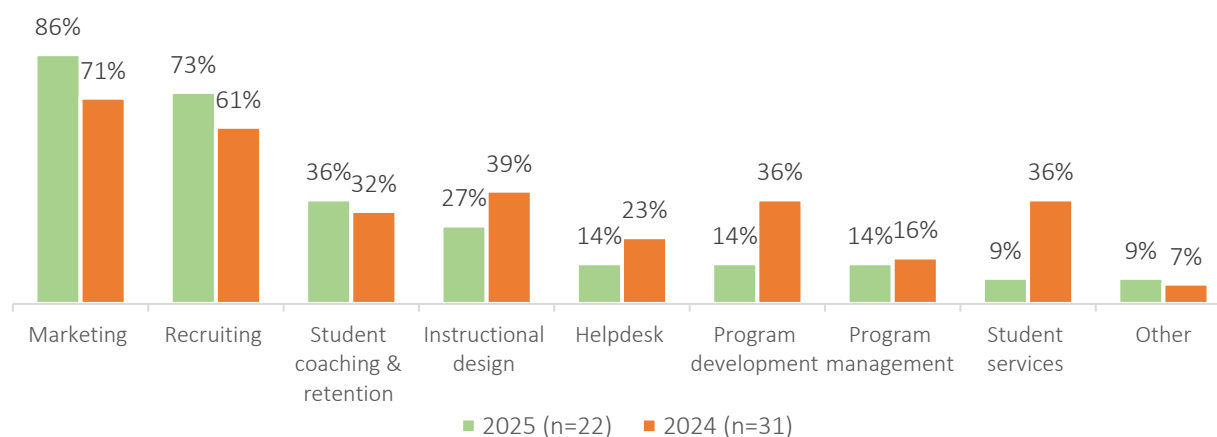
Among respondents whose online enterprises use outside vendors, over two-thirds (68%) said outside vendors have a fee for services, half (50%) said they use tuition share, and 18% said there is a flat one-time payment. In 2025, a significantly larger percentage of respondents (68%) said their online enterprise compensates outside vendors through a fee for service compared to 2024 (48%).

Figure 37: Which of the following best describes how your online enterprise compensates outside vendors? Please select all that apply (YOY)

Legend: ■ 2025 (n=22)   ■ 2024 (n=31)

Category	2025	2024
Fee for service	68%	48%
Tuition share	50%	55%
Flat one-time payment	18%	10%
Other	5%	3%

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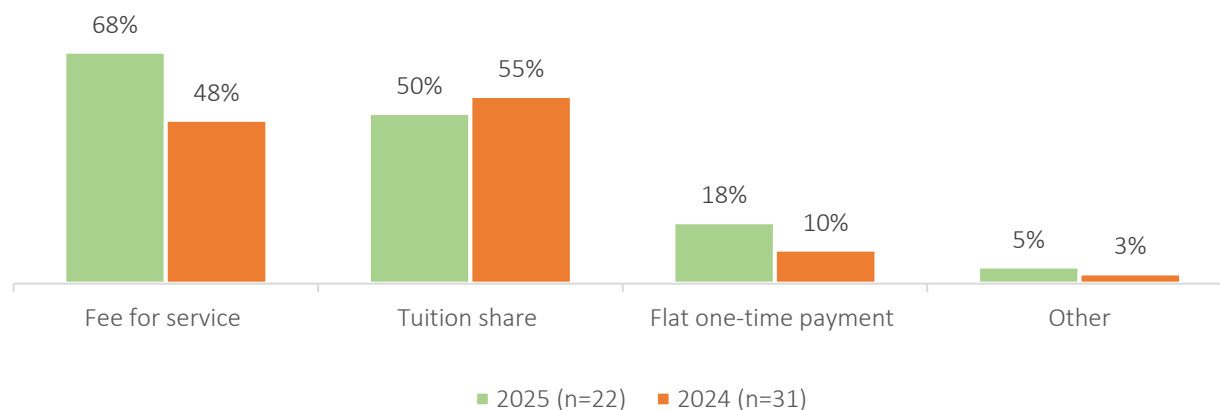
Competitive Environment

To better position their online programs in a competitive environment, 77% of respondent's online enterprises rely on program quality, followed by brand strength (67%), faculty expertise (67%), and marketing and enrollment strategies (67%).

Figure 38: Which of the following does your online enterprise use to better position its online programs in a competitive environment? Please select all that apply (n=57)
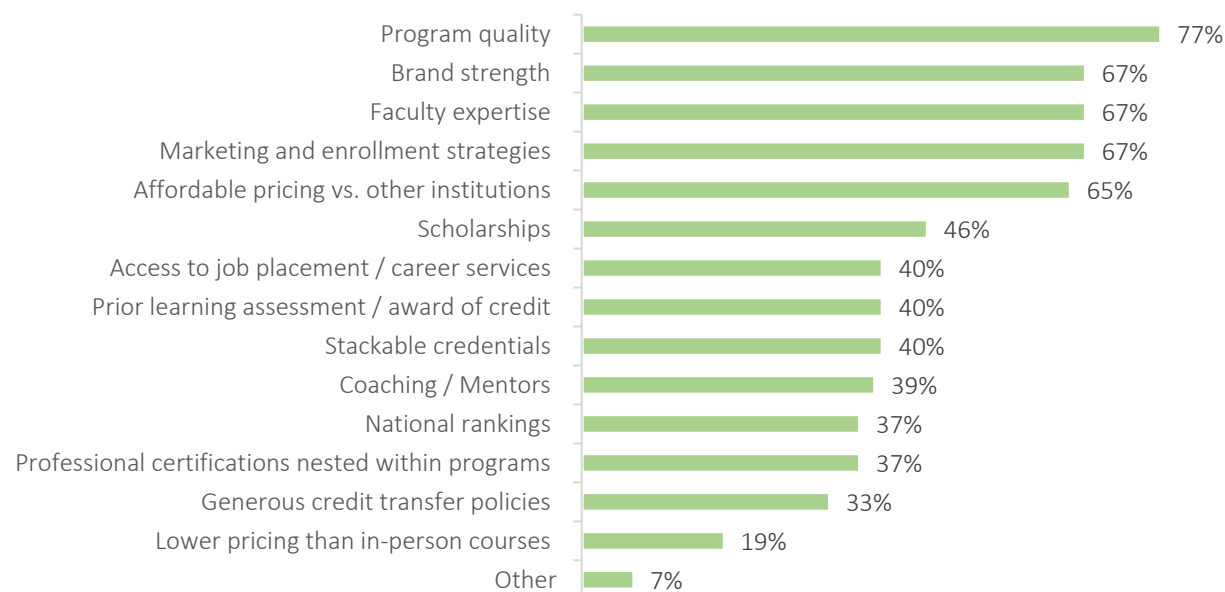
Respondents in 2025 and 2024 cited the same top four competitive strategies: program quality, brand strength, faculty expertise, and marketing and enrollment strategies.

Figure 39: Which of the following does your online enterprise use to better position its online programs in a competitive environment? Please select all that apply (YOY)
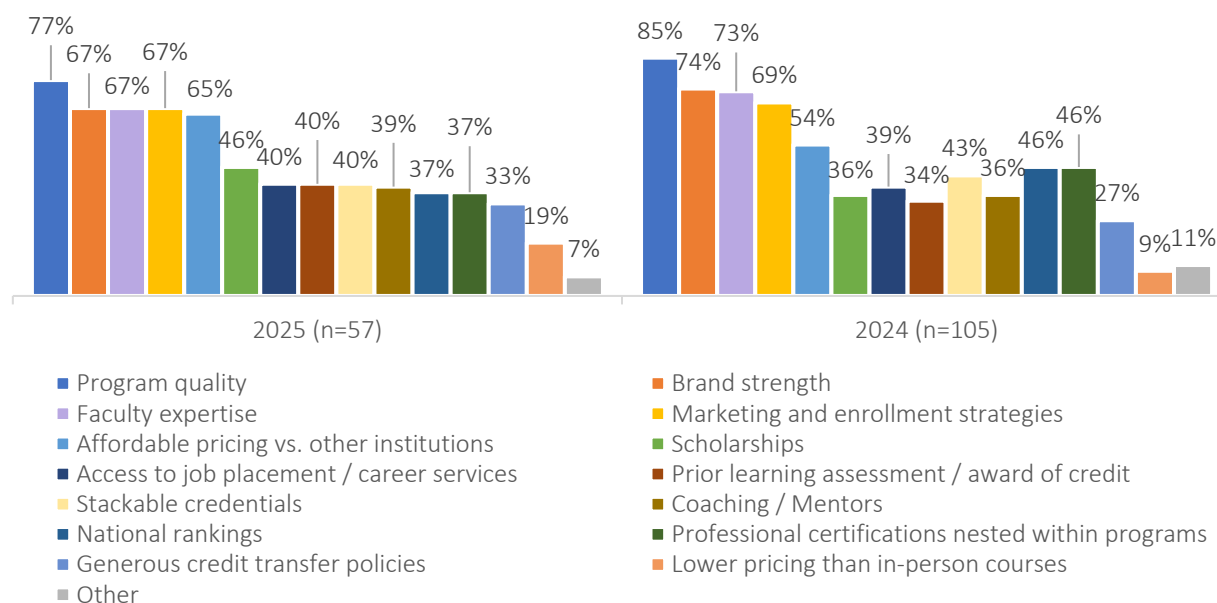
Eighty-eight percent strongly agree or agree that an increasing percentage of traditional undergraduate students desire online courses for at least some of their degree, three-quarters (75%) strongly agree or agree that their institution expects to obtain greater market share of the online marketplace in the next three years, and 62% strongly agree or agree that student demand for graduate online programs in increasing at their institution. Forty percent disagree or strongly disagree that their institution's approach to marketing online programs is better than their competitor's approach, which suggests a potential strategic blind spot that will need to be addressed.

Figure 40: Please rate how strongly you agree or disagree with the following statements (n=57)
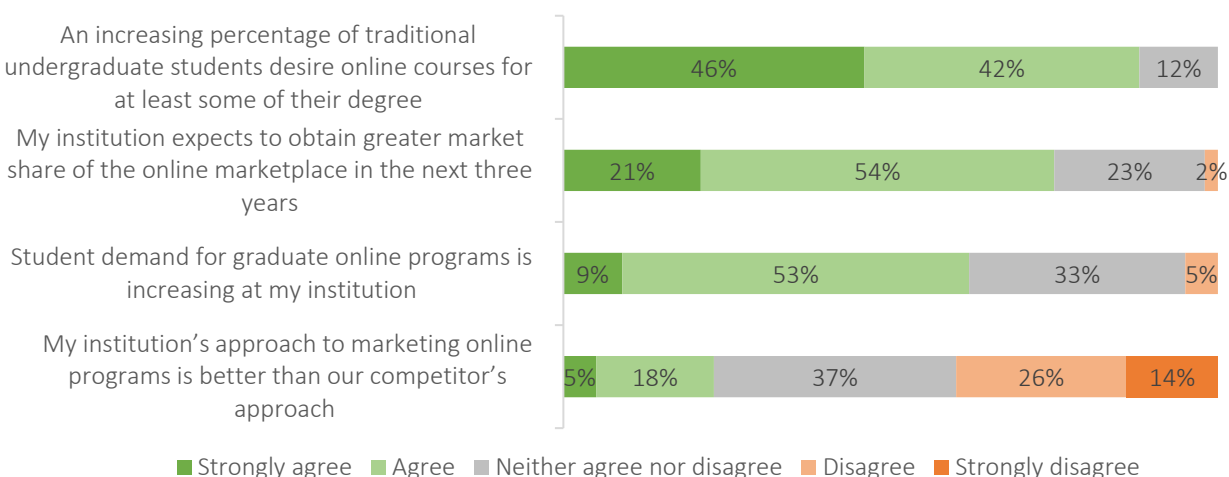
In 2025, respondents expressed generally similar levels of agreement for all statements regarding online students compared to 2024.

**Figure 41: Please rate how strongly you agree or disagree with the following statements
(YOY, Combined % Strongly Agree or Agree)**
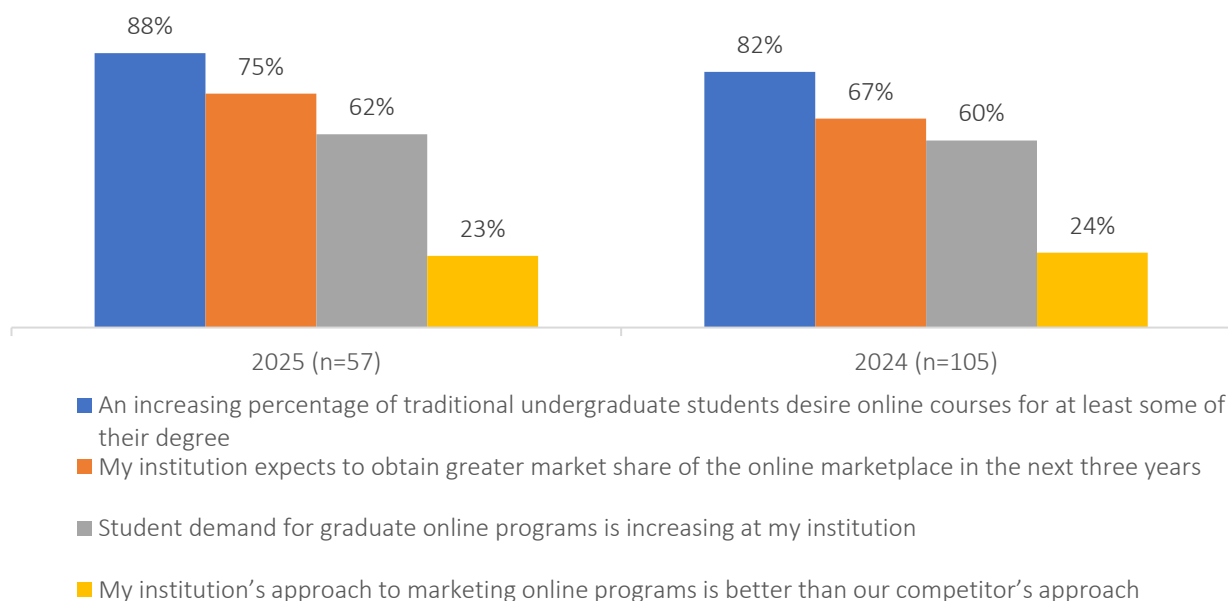
Key Performance Indicators

For all KPI metrics, values identified as statistical outliers – those exceeding three standard deviations above the mean – were excluded from the average and median calculations. The median line is held constant across all institutional categories to show a consistent per capita value.

Per Capita Analysis

The average total budget to gross revenue ratio is $4.76, while the median is $1.60. This suggests that for every $1 in budget, institutions typically net $4.76 in revenue on average, and $1.60 in revenue for the median. The graph below uses the median value to estimate the total revenue expected for varying budgets. Median figures are used here and throughout this section to minimize the influence of outliers.

Figure 42: Total Budget to Gross Revenue Ratio

Budget to Gross Revenue
Ratio (n=36)
Average: $4.76
Median: $1.60
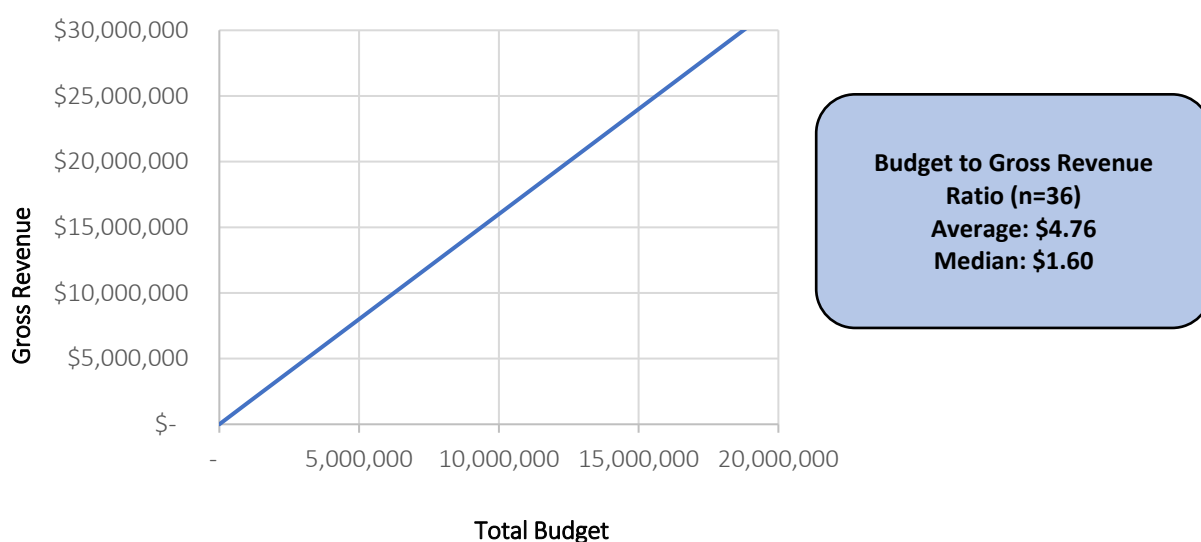
Figure 43: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD. By Total Budget Category
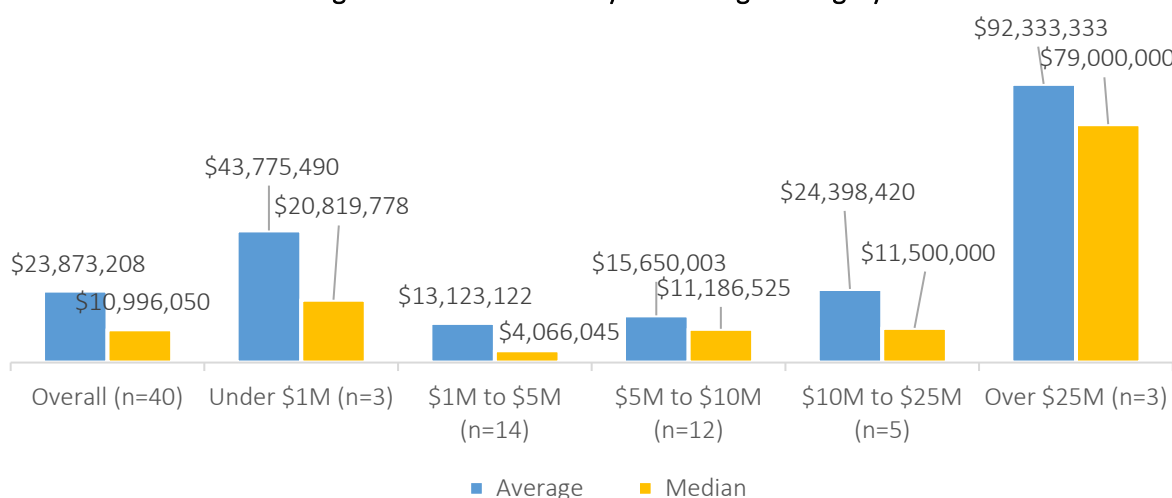
The average total budget per unduplicated headcount is $2,603, while the median is $930. The graph below uses the median value to estimate the total budget needed for varying student headcounts.

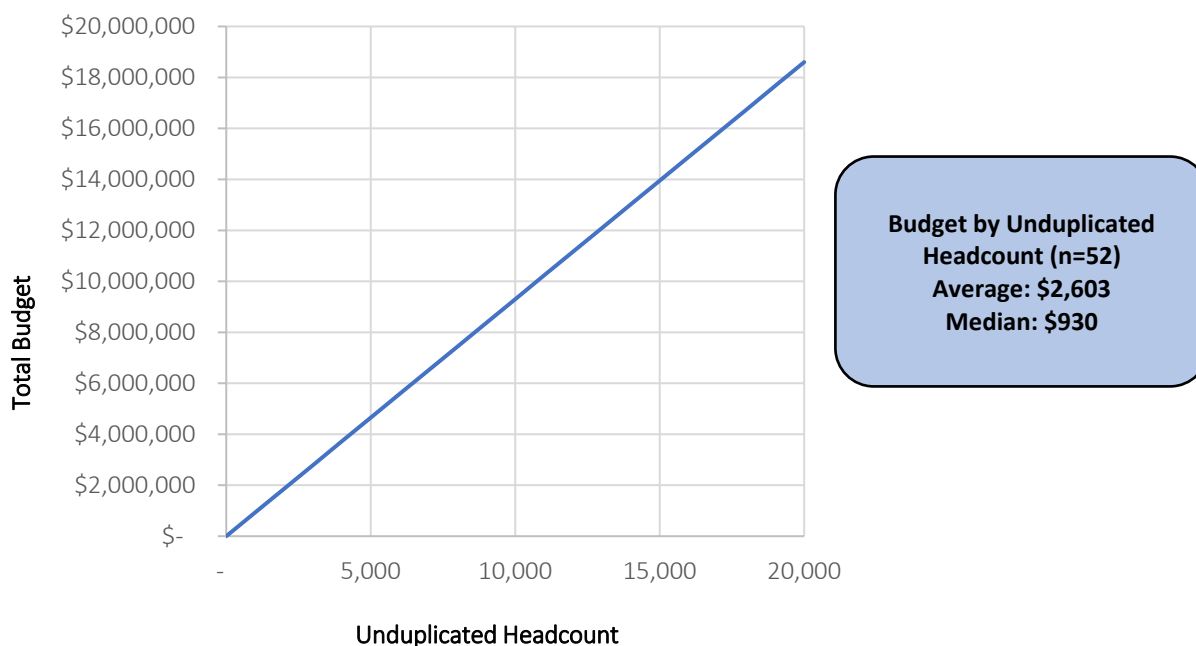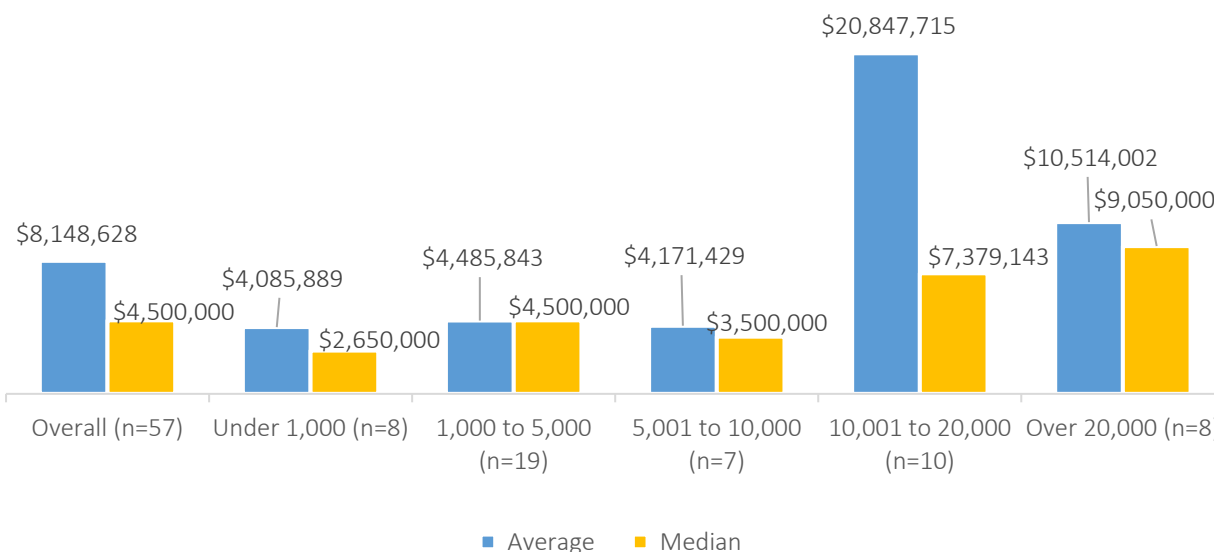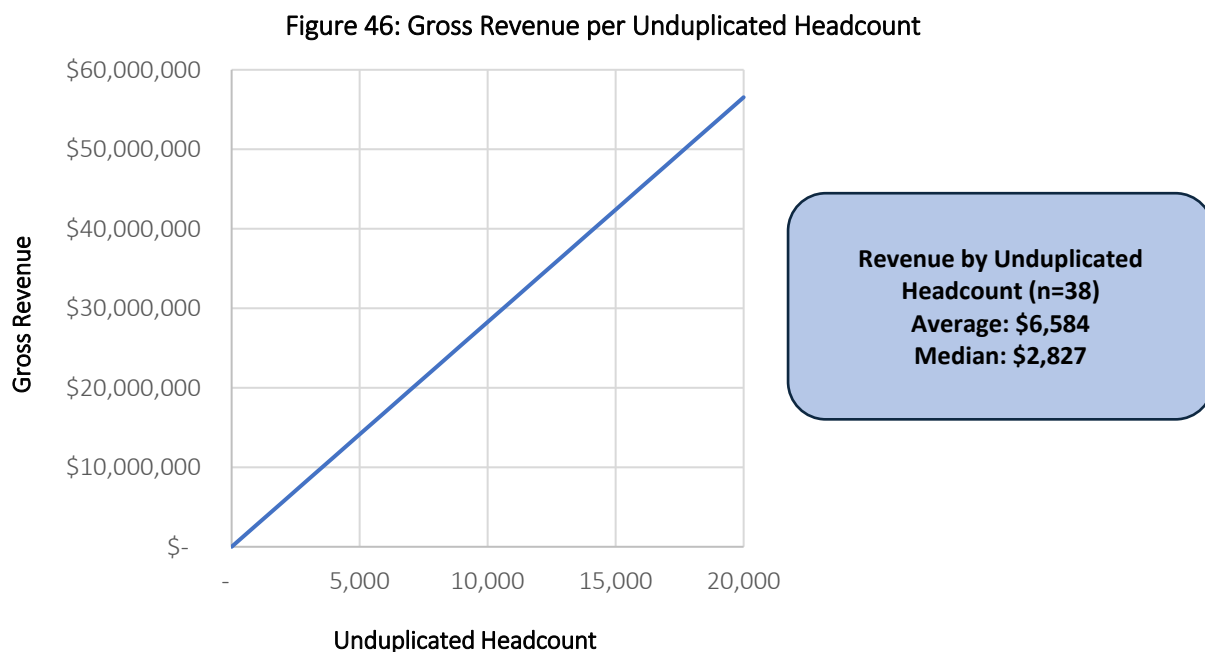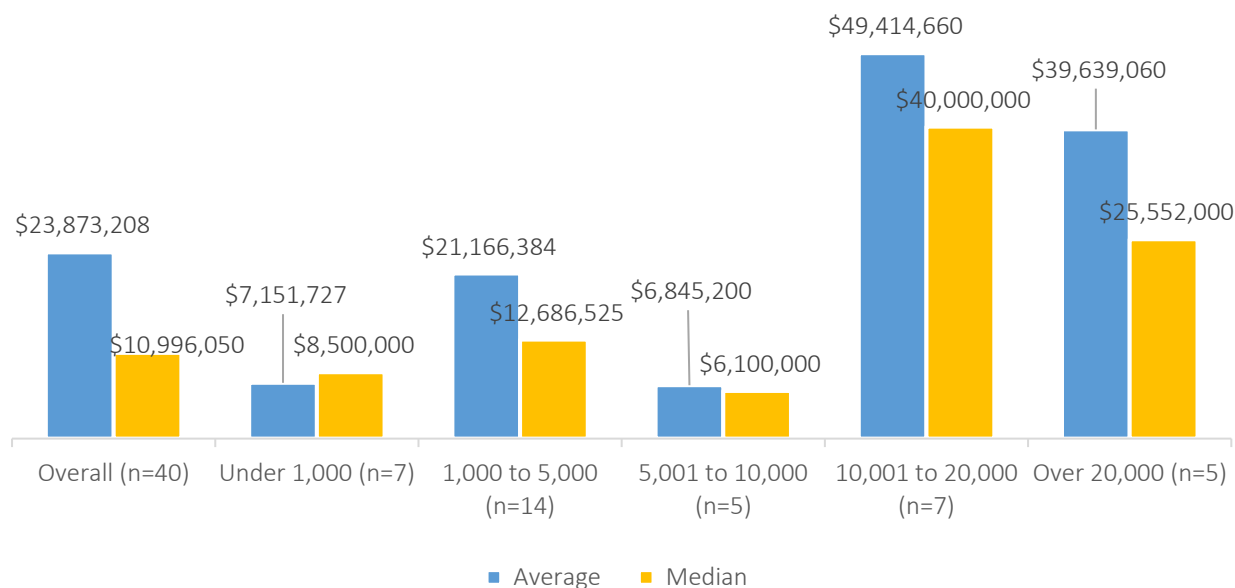**Figure 44: Total Budget per Unduplicated Headcount**

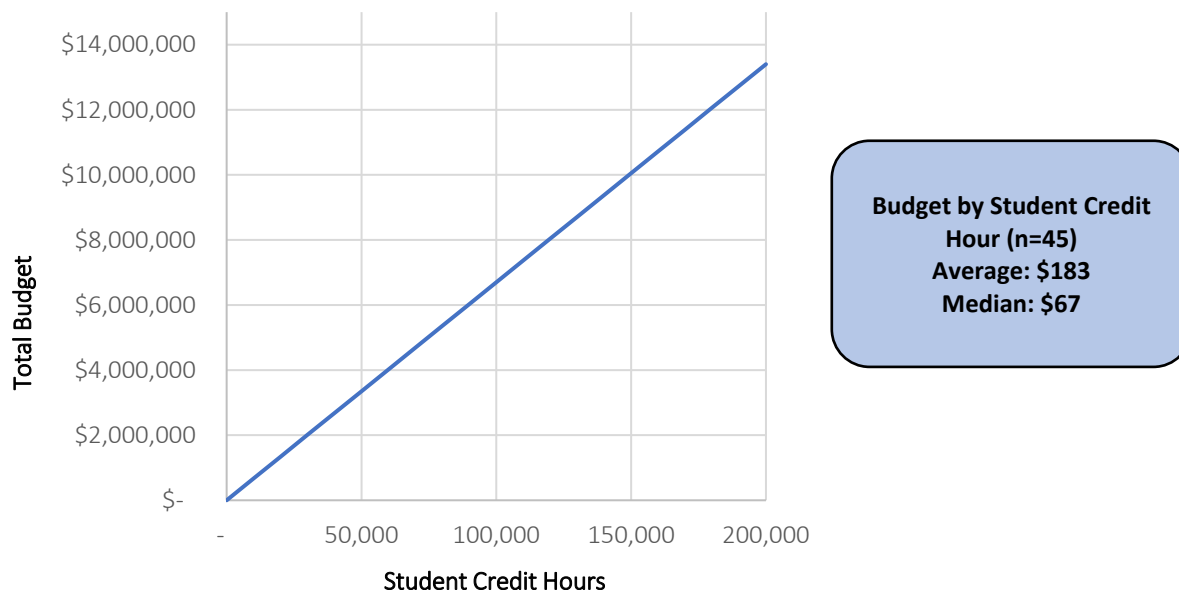> **Budget by Unduplicated Headcount (n=52)**
> **Average: $2,603**
> **Median: $930**

Figure 45: For the 2023-2024 academic year, what was your online enterprise's total budget? Please list the budget in USD. By Unduplicated Headcount Category

The average gross revenue per unduplicated headcount is $6,584, while the median is $2,827.

Figure 46: Gross Revenue per Unduplicated Headcount

Revenue by Unduplicated
Headcount (n=38)
Average: $6,584
Median: $2,827

Figure 47: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD. By Unduplicated Headcount Category

The average total budget per unduplicated student credit hour is $183, while the median is $67. This suggests institutions allocate, on average, $183 per student credit hour, but the median indicates $67 per student credit hour.

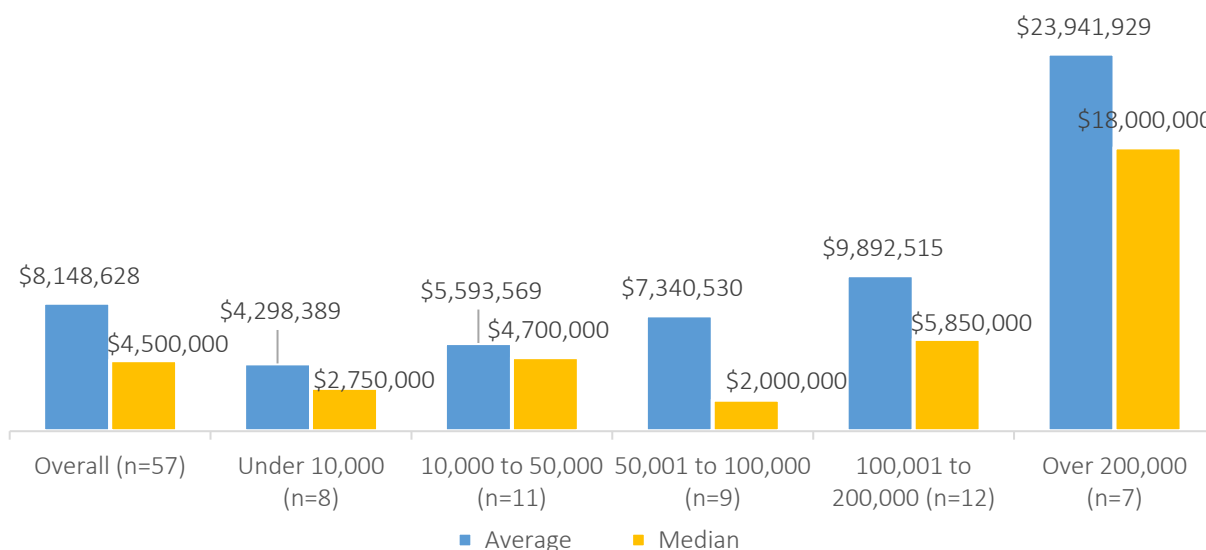**Figure 48: Total Budget per Student Credit Hours**

Budget by Student Credit Hour (n=45)
Average: $183
Median: $67

Figure 49: For the 2023-2024 academic year, what was your online enterprise's total budget? Please list the budget in USD. By Unduplicated Student Credit Hour Category

The average gross revenue per student credit hours is $573, while the median is $383. This suggests that for every unduplicated student credit hour, an institution nets $573 on average, and $383 for the median.

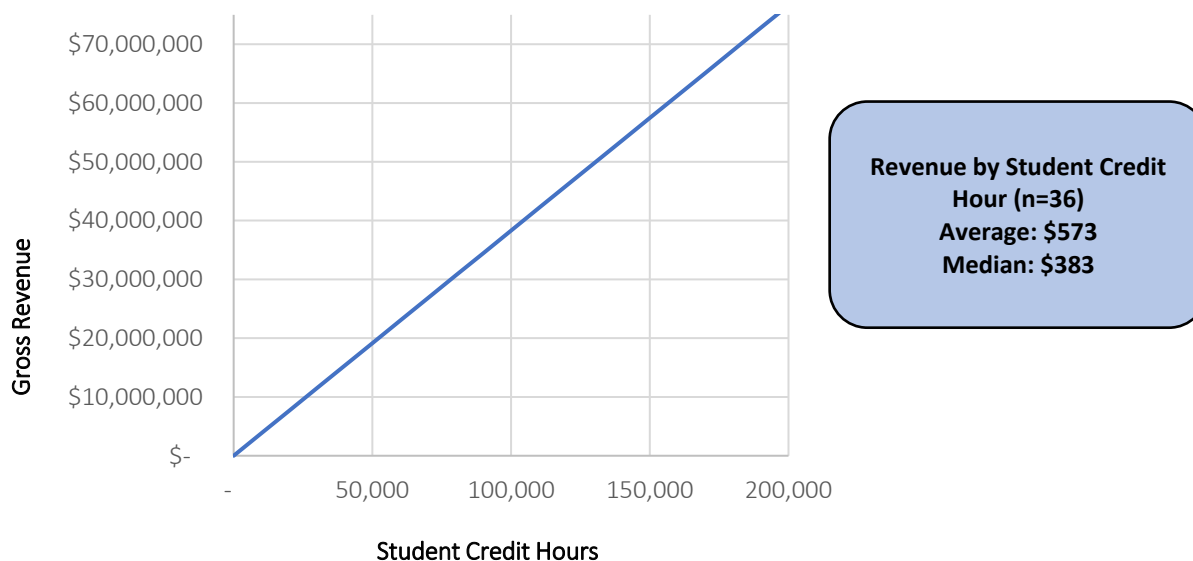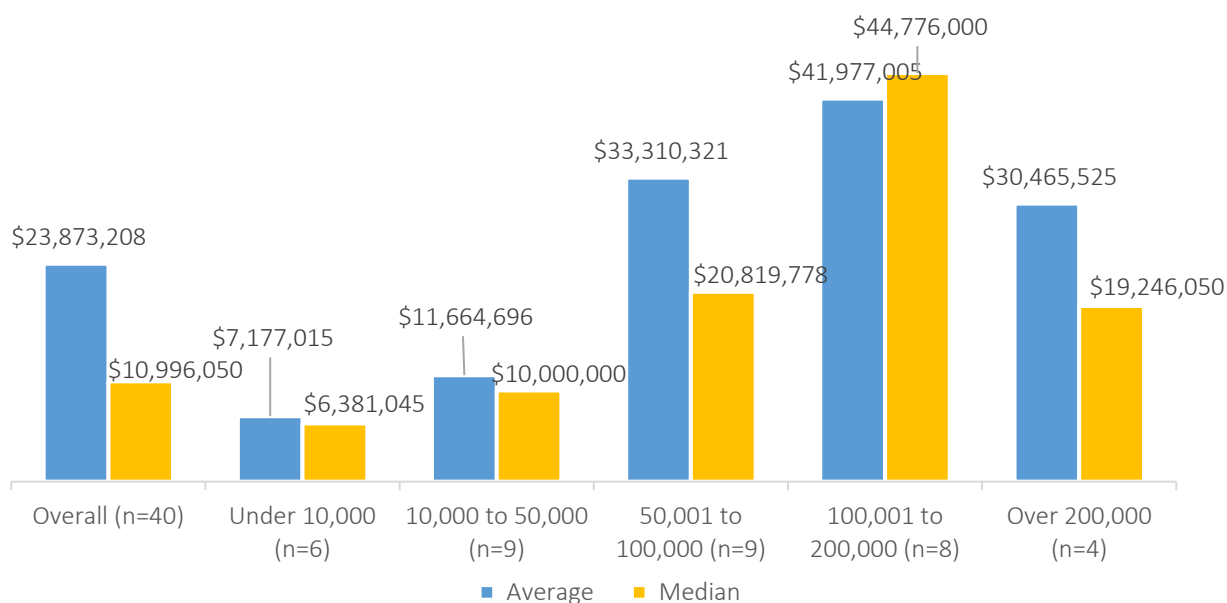**Figure 50: Gross Revenue per Student Credit Hours**

Revenue by Student Credit
Hour (n=36)
Average: $573
Median: $383

Figure 51: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD. By Unduplicated Student Credit Hour Category

	Average	Median
Overall (n=40)	$23,873,208	$10,996,050
Under 10,000 (n=6)	$7,177,015	$6,381,045
10,000 to 50,000 (n=9)	$11,664,696	$10,000,000
50,001 to 100,000 (n=9)	$33,310,321	$20,819,778
100,001 to 200,000 (n=8)	$41,977,005	$44,776,000
Over 200,000 (n=4)	$30,465,525	$19,246,050

The average total budget per FTE is $193,826, while the median is $151,231. This suggests institutions allocate, on average, $193,826 per FTE in their budget, but the median indicates $151,231 per FTE.
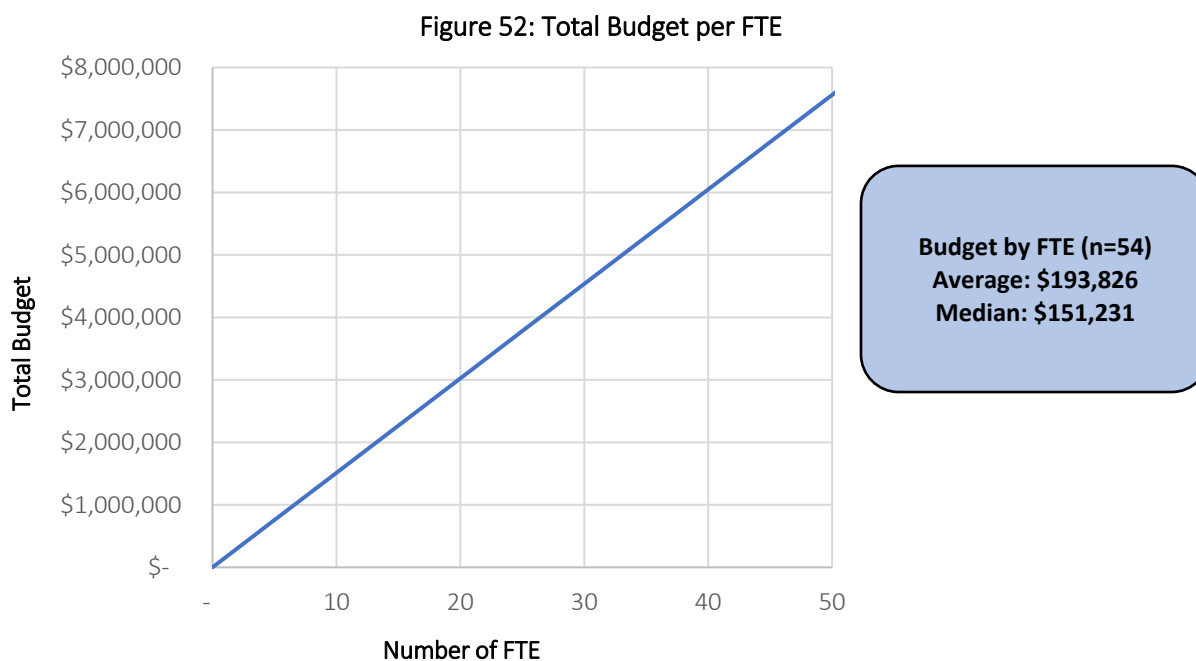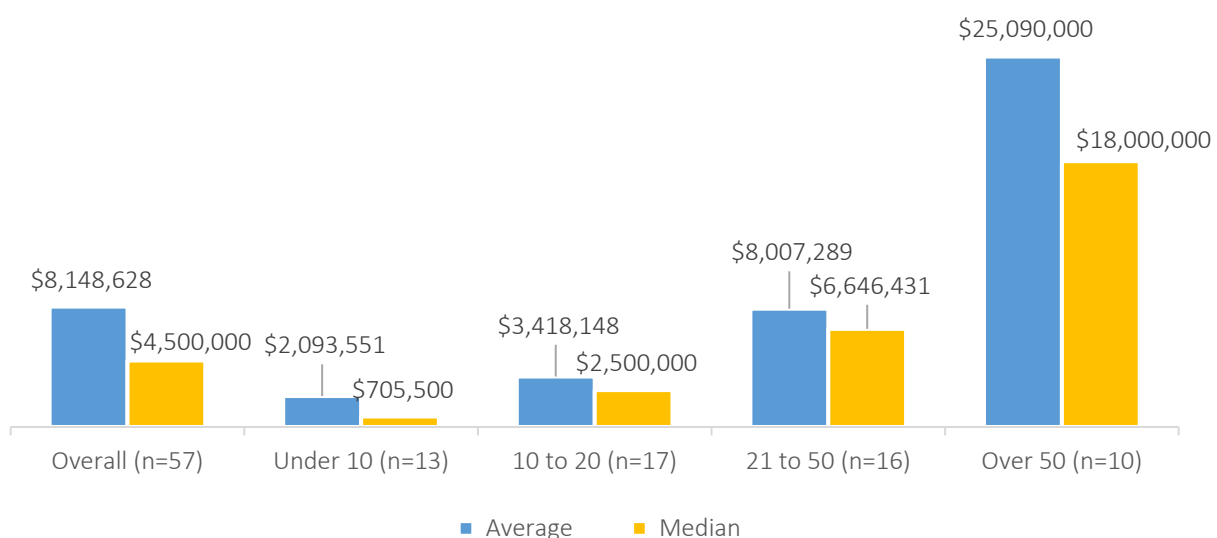
Figure 52: Total Budget per FTE

Budget by FTE (n=54)
Average: $193,826
Median: $151,231

Figure 53: For the 2023-2024 academic year, what was your online enterprise's total budget? Please list the budget in USD. By FTE Category

	Overall (n=57)	Under 10 (n=13)	10 to 20 (n=17)	21 to 50 (n=16)	Over 50 (n=10)
Average	$8,148,628	$2,093,551	$3,418,148	$8,007,289	$25,090,000
Median	$4,500,000	$705,500	$2,500,000	$6,646,431	$18,000,000

The average gross revenue per FTE is $1,006,732, while the median is $420,929.

Figure 54: Gross Revenue per FTE

Revenue by FTE (n=40)
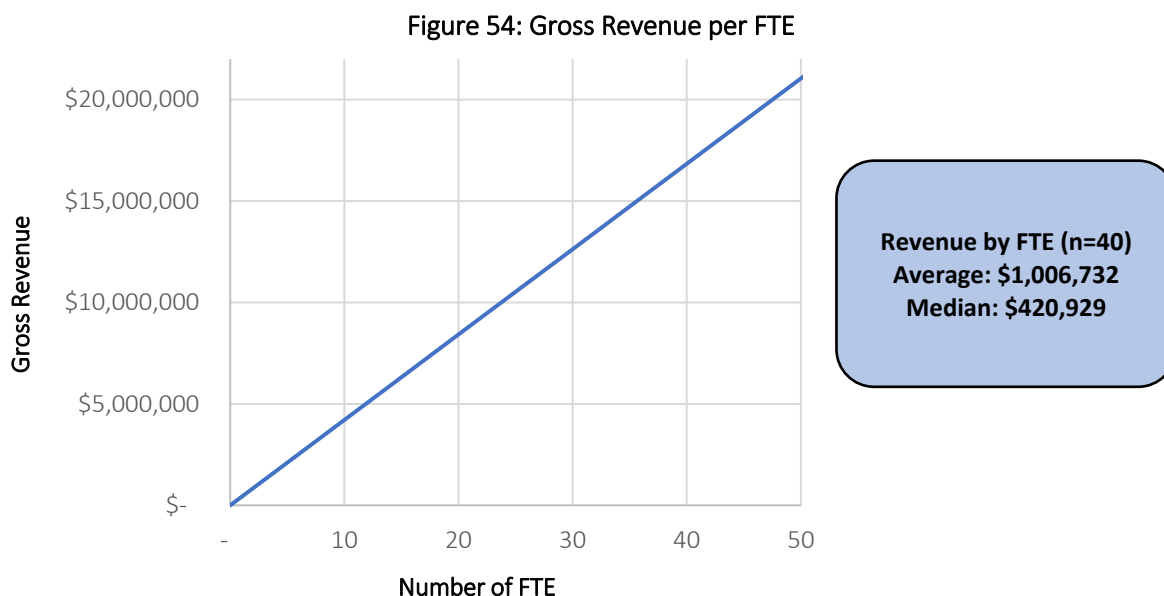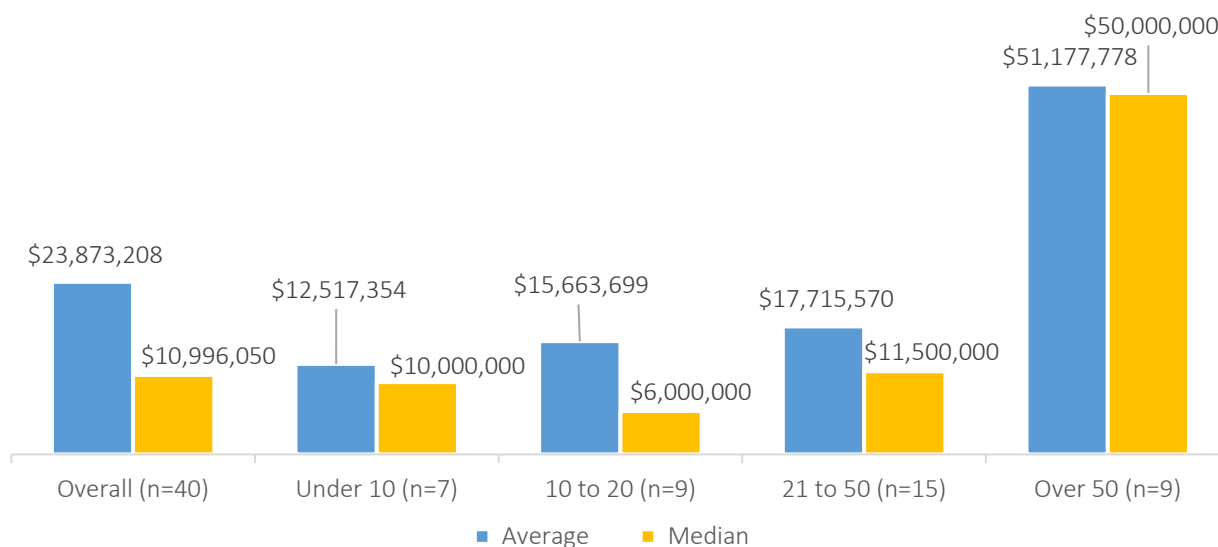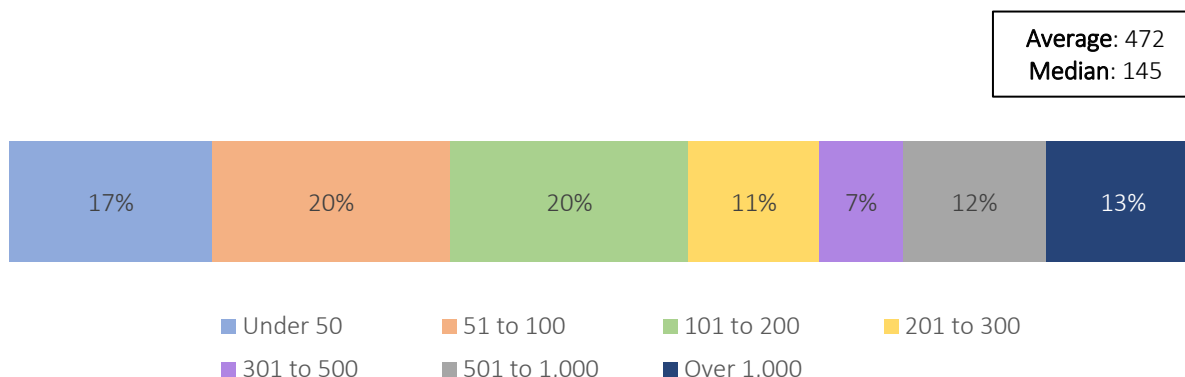Average: $1,006,732
Median: $420,929

Figure 55: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD. By FTE Category
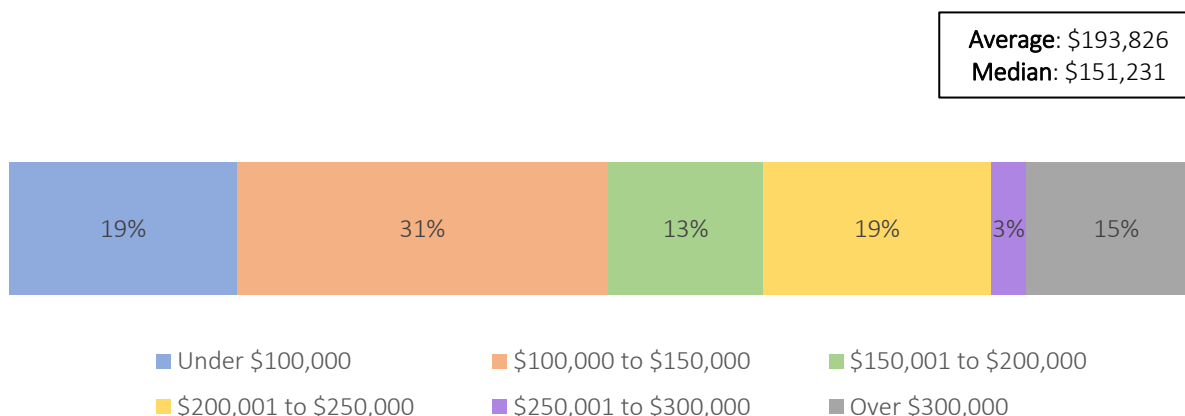
The unduplicated headcount to FTE ratio shows how many students each full-time employee supports, which is generally a measure of staffing efficiency and service capacity. Twenty percent of online enterprises have an unduplicated headcount to FTE ratio between 51 to 100, and 20% between 101 to 200. On average, online enterprises have an unduplicated headcount to FTE ratio of 472, with a median of 145.

Figure 56: Unduplicated Headcount to FTE Ratio (n=60)

Average: 472
Median: 145

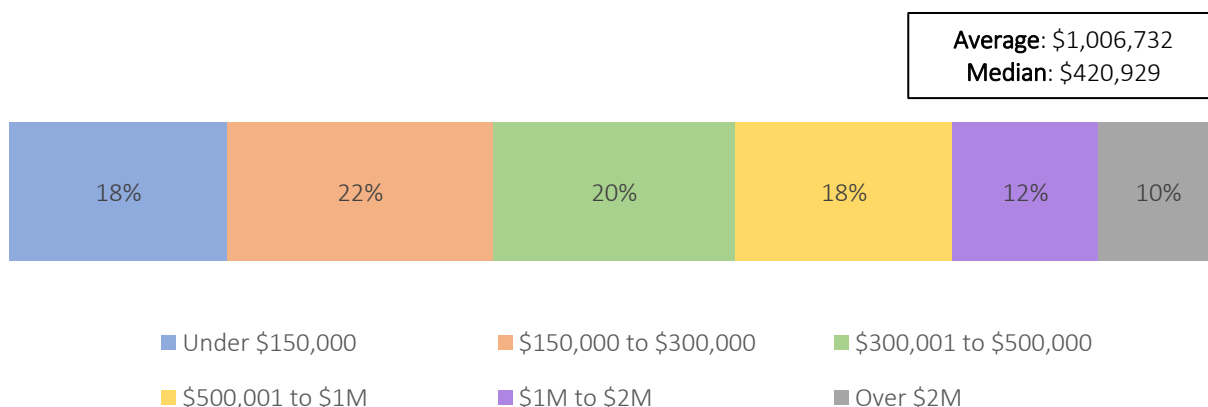| Under 50	51 to 100	101 to 200	201 to 300	301 to 500	501 to 1,000	Over 1,000
17%	20%	20%	11%	7%	12%	13%

The total budget per FTE metric is useful for evaluating staffing investments and institutional cost structures. Nearly a third (31%) of online enterprises have a total budget per FTE between $100K and $150K. On average, online enterprises total budget per FTE is $193,826, with a median of $151,231.

Figure 57: Total Budget per FTE (n=54)

Average: $193,826
Median: $151,231

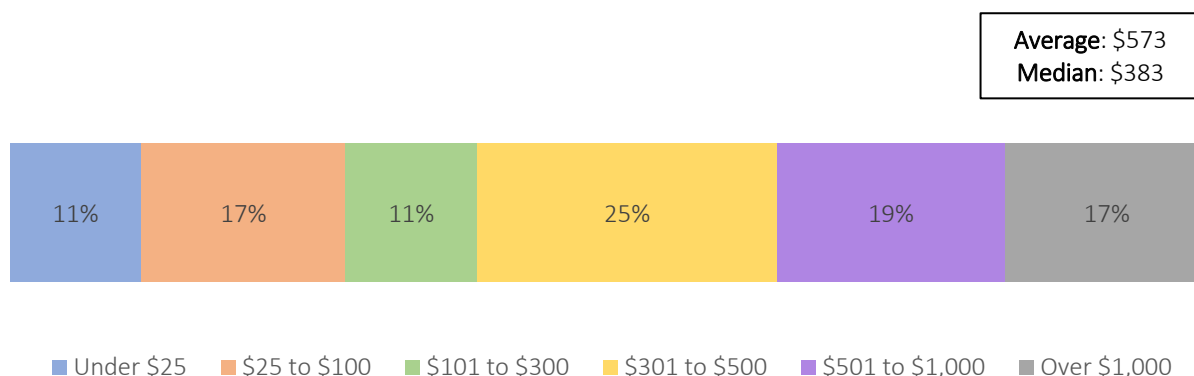| Under $100,000	$100,000 to $150,000	$150,001 to $200,000	$200,001 to $250,000	$250,001 to $300,000	Over $300,000
19%	31%	13%	19%	3%	15%

The gross revenue per FTE measures the financial productivity of staffing, which is especially useful for business or finance stakeholders. Twenty-two percent of online enterprises have a gross revenue per FTE between $150K to $300K, and 20% between $300K and $500K. On average, online enterprises have a gross revenue per FTE of about $1M, with a median of $420,929.

Figure 58: Gross Revenue per FTE (n=40)

Average: $1,006,732
Median: $420,929

| 18% | 22% | 20% | 18% | 12% | 10% |

- Under $150,000
- $150,000 to $300,000
- $300,001 to $500,000
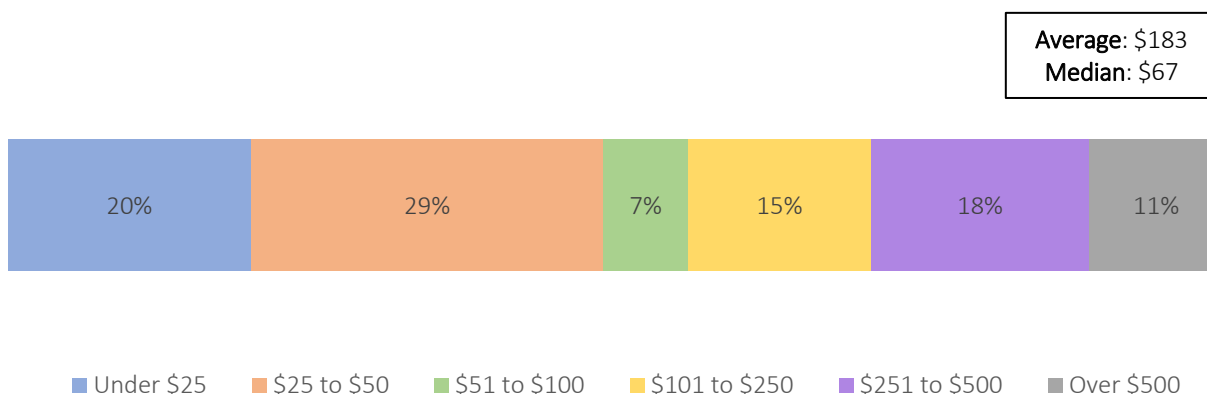- $500,001 to $1M
- $1M to $2M
- Over $2M

The gross revenue per credit hour indicates financial efficiency per unit of academic instruction. This metric can be useful for benchmarking financial health. A quarter (25%) of online enterprises have a gross revenue per credit hour between $301 and $500 and 19% between $501 and $1,000. On average, online enterprises have a gross revenue per credit hour of $573, with a median of $383.

Figure 59: Gross Revenue per Credit Hour (n=36)

Average: $573
Median: $383

| 11% | 17% | 11% | 25% | 19% | 17% |

- Under $25
- $25 to $100
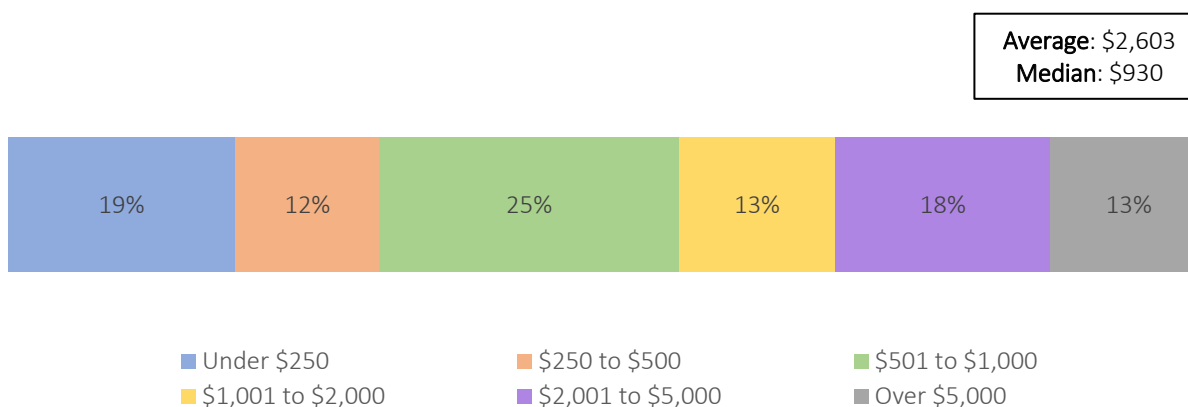- $101 to $300
- $301 to $500
- $501 to $1,000
- Over $1,000

The total budget per credit hour measures how much an institution is spending to deliver one unit of academic instruction. Twenty-nine percent of institutions spend have a total budget per credit hour between $25 to $50 while 20% spend under $25 per credit hour. On average, online enterprises have a total budget per credit hour of $183, with a median of $67.

Figure 60: Total Budget per Credit Hour (n=45)

Average: $183
Median: $67

20%	29%	7%	15%	18%	11%

■ Under $25   ■ $25 to $50   ■ $51 to $100   ■ $101 to $250   ■ $251 to $500   ■ Over $500
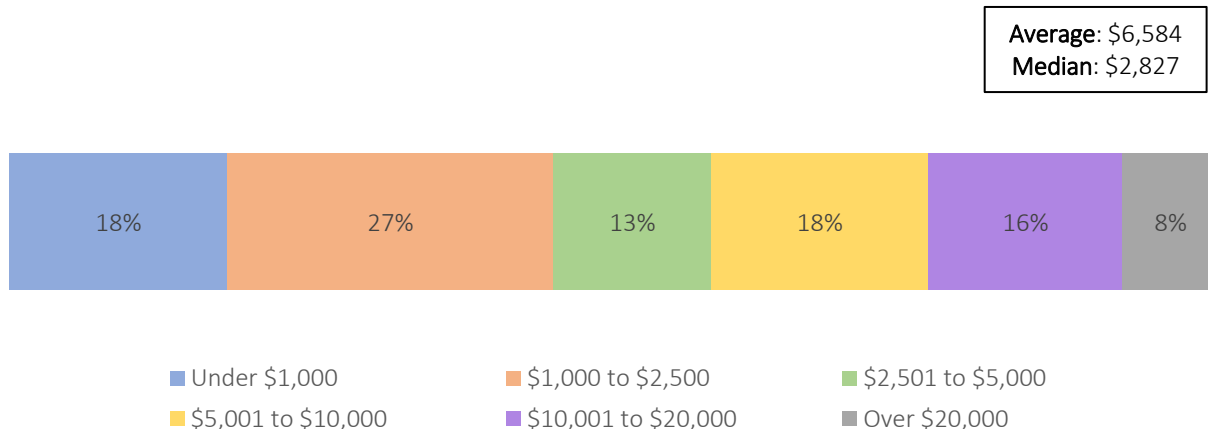
The total budget per unduplicated headcount reflects how much the institution spends per fully online student, helping evaluate resource allocation. A quarter (25%) of institutions spend between $501 to $1,000 per student while 19% have a total budget per student under $250. On average, online enterprises have a budget of $2,603 per unduplicated headcount, with a median of $930.

Figure 61: Total Budget per Unduplicated Headcount (n=52)

Average: $2,603
Median: $930

19%	12%	25%	13%	18%	13%

■ Under $250   ■ $250 to $500   ■ $501 to $1,000
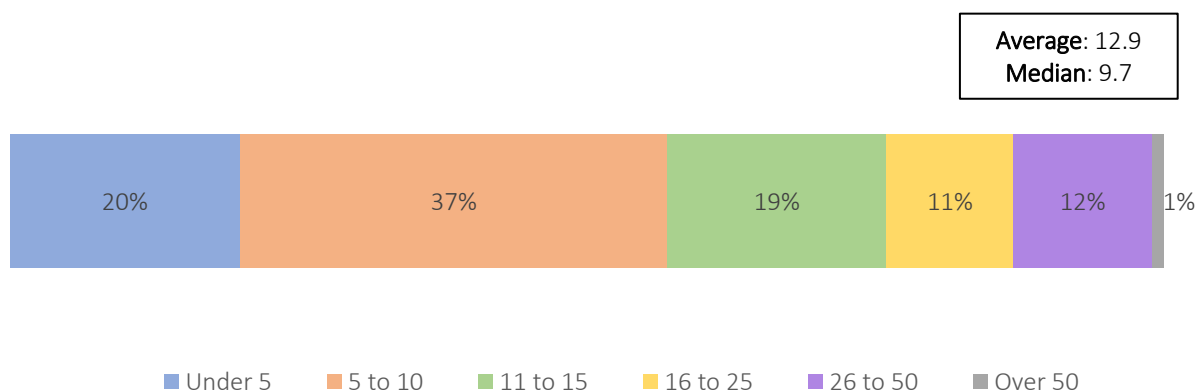■ $1,001 to $2,000   ■ $2,001 to $5,000   ■ Over $5,000

Gross revenue per unduplicated headcount helps assess earning power per learner. Twenty-seven percent of online enterprises have a gross revenue per unduplicated headcount between $1K and $2.5K, 18% under $1K, and 18% between $5K and $10K. On average, online enterprises have a gross revenue per unduplicated headcount of $6,584, with a median of $2,827.

Figure 62: Gross Revenue per Unduplicated Headcount (n=38)

Average: $6,584
Median: $2,827

18%	27%	13%	18%	16%	8%

- Under $1,000
- $1,000 to $2,500
- $2,501 to $5,000
- $5,001 to $10,000
- $10,001 to $20,000
- Over $20,000

Credit hours per unduplicated headcount offers insight into average student course load, which is helpful for understanding learner engagement or intensity. This metric is calculated by dividing an institution's total fully online credit hours by it's fully online unduplicated headcount. Thirty-seven percent of institutions have between 5 to 10 fully online credit hours per unduplicated headcount, while 20% have under 5. Overall, the average fully online student course load is 12.9 credit hours, with a median of 9.7.

Figure 63: Credit Hours per Unduplicated Headcount (n=70)

Average: 12.9
Median: 9.7

20%	37%	19%	11%	12%	1%

- Under 5
- 5 to 10
- 11 to 15
- 16 to 25
- 26 to 50
- Over 50

In Summary: Aggregate Data

These aggregate data underscore a significant evolution in the structure and strategic orientation of online enterprises within U.S. higher education. As with the 2024 study, a concentration of these enterprises exists within R1 institutions, which are characterized by very high research activity, as defined by the Carnegie Classification system.[2] This alignment suggests that institutions with substantial research capabilities are at the forefront of integrating online education into their broader academic missions. Such integration is consistent with UPCEA's 2025 predictions that institutions prioritizing flexibility, affordability, workforce alignment, and community engagement will be better positioned to meet evolving student needs.[3]

Financially, online enterprises have demonstrated increased efficiency and revenue generation. The average gross revenue per full-time equivalent (FTE) employee has risen to approximately $1 million, with a median of $420,929 (Figure 58). This growth indicates that investments in online education are yielding substantial returns. UPCEA's insights highlight that institutions embracing technological advancements and innovative credentialing are likely to thrive in this competitive landscape.

The adoption of artificial intelligence (AI) within online enterprises is expanding, with applications in enhancing teaching practices, administrative efficiency, and student support services. The integration of AI is central to the future of professional certificate programs, and institutional leaders will increasingly rely on predictive analytics for enrollment management. This strategic use of AI aligns with the broader trend of leveraging technology to improve educational outcomes and operational efficiency.

In terms of credentialing, there is a growing emphasis on microcredentials and alternative credentials as pathways to degree programs. Many institutional leaders view certificate programs as entry points to degree offerings, reflecting a shift towards more flexible and workforce-aligned educational models and providing curricular agility within highly structured governance models. This approach caters to the demand for short-term, skills-based learning opportunities that can lead to traditional degrees, thereby broadening access and meeting diverse learner needs.

Overall, the aggregate data illustrates a higher education landscape that is rapidly adapting to technological innovations, shifting student demographics, and the need for more flexible, outcome-oriented educational offerings. Institutions that proactively embrace these changes are likely to enhance their competitiveness and better serve their student populations.

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[2] https://carnegieclassifications.acenet.edu/carnegie-classification/
[3] https://upcea.edu/predictions-2025

Institution Size: Responses and Analysis

Key Findings

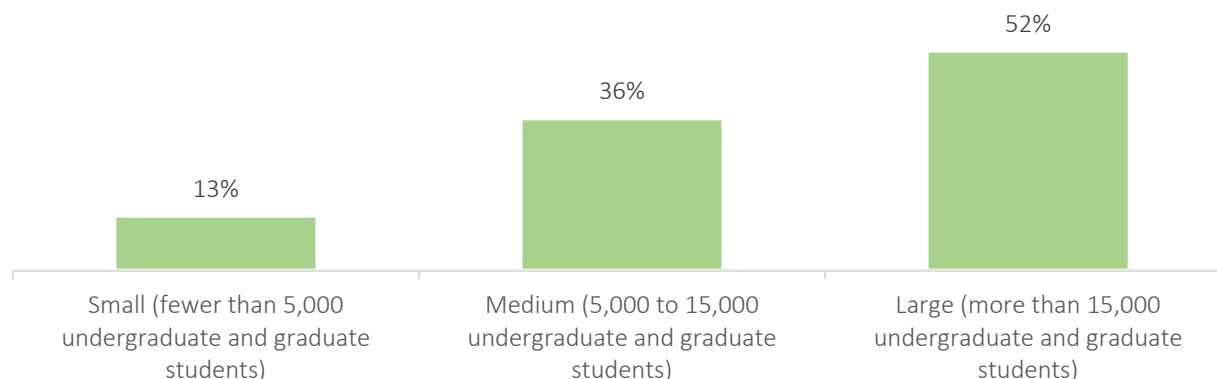|	
Small Institutions (fewer than 5,000 undergraduate and graduate students)	• Online enterprises at small institutions have an average total budget of $2.9M and an average total gross revenue of $10M. • Small institutions (50%) are most likely to have a **revenue/resource dependent entrepreneurial model.** • Small institutions (50%) are the most likely to say their **online enterprise's overall budget will increase for the next fiscal year**, though the sample size only included four institutions. • Respondents from small institutions are the most likely to strongly agree or agree that an increasing percentage of traditional undergraduate students desire online courses for at least some of their degree (100%). • Small institutions have the highest average gross revenue per unduplicated headcount ($9,537). • Small institutions have the highest average fully online credit hours per unduplicated headcount metric (18.8).
Medium Institutions (5,000 to 15,000 undergraduate and graduate students)	• Medium institutions are the most likely to strongly agree or agree that their online units are academically decentralized (90%). • Online enterprises at medium institutions have an average total budget of $8.1M and an average total gross revenue of $15.5M. • **Forty-one percent** of medium institutions have online enterprises that **contract for services.** • Medium institutions have the highest average budget per FTE ($210,354). • Medium institutions have the highest average gross revenue per FTE ($1.2M).
Large Institutions (more than 15,000 undergraduate and graduate students)	• Large institutions have the highest average unduplicated headcount for online learners (12,979) and the highest average number of fully online credit hours (141,533). • Large institutions have the **highest average total budget ($9.0M)**, and **total gross revenue ($30.4M)** for their online enterprises. • These institutions have the highest average number of FTE employees (52). • Forty-two percent of large institutions have online enterprises that contract for services. • Large institutions have the highest average unduplicated headcount to FTE ratio (547). • Large institutions have the highest average gross revenue per credit hour ($643).

Demographics

Over half (52%) of respondents are from large institutions, 36% from medium institutions, and 13% of respondents represent small institutions.

Figure 64: Which of the following best describes your overall institution size for the 2023-2024 academic year? (n=95)


Small (fewer than 5,000 undergraduate and graduate students)	13%
Medium (5,000 to 15,000 undergraduate and graduate students)	36%
Large (more than 15,000 undergraduate and graduate students)	52%

Large institutions have the highest average unduplicated headcount (12,979) for learners enrolled in only fully online courses, followed by medium (3,997), and small (814) institutions.

Figure 65: Please provide the unduplicated headcount for learners enrolled in fully online courses for the 2023-2024 academic year.
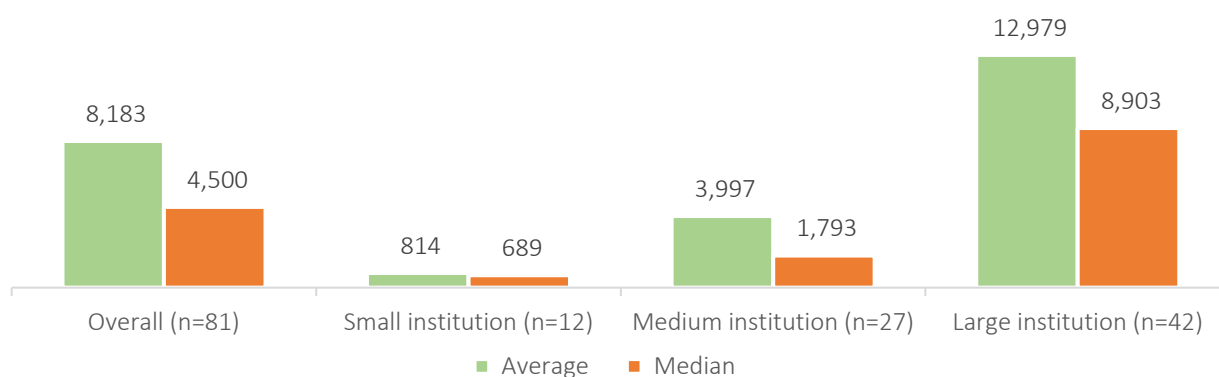
Large institutions have the highest average number of student credit hours for learners enrolled in fully online courses (141,533), followed by medium institutions (43,205), and small institutions (22,695).

Figure 66: Please provide the total student credit hours for learners enrolled in fully online courses for the 2023-2024 academic year.


45
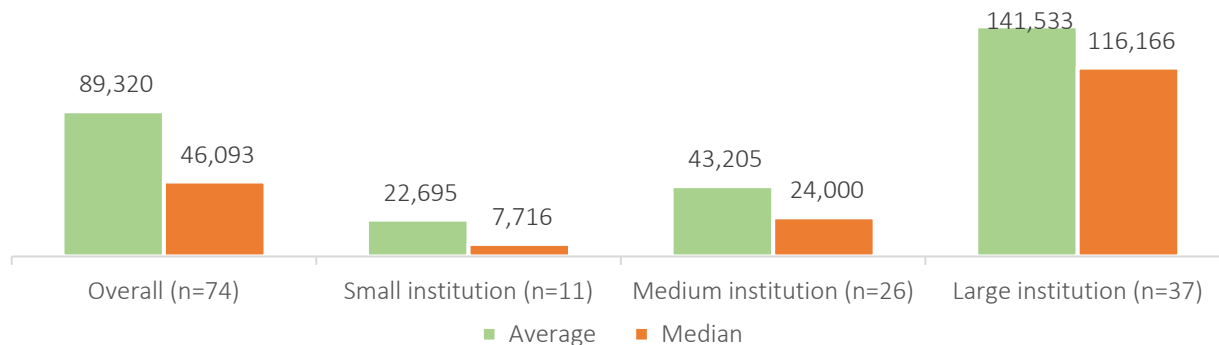
Size and Structure

Medium institutions are the most likely to strongly agree or agree that their online enterprises are academically (90%) decentralized.

**Figure 67: Please rate how strongly you agree or disagree with the following statements.
(% Strongly Agree or Agree)**

- My online enterprise is academically decentralized
- My online enterprise is administratively decentralized
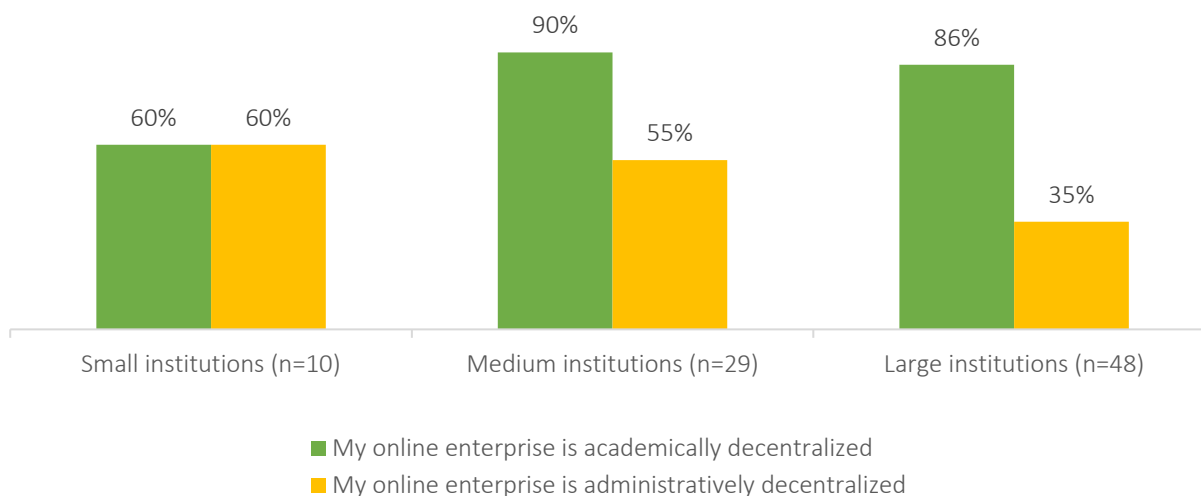
Institutions of all sizes had the same top 3 responsibilities for their online enterprise: supporting software and apps used in online learning, helpdesk/technical support for the LMS, and the teaching and learning center.

**Figure 68: Which of the following are responsibilities for your online enterprise?
Please select all that apply.**

- Supporting software and apps used in online learning
- Helpdesk/technical support for the LMS
- Teaching and learning center
- Supporting software and apps for other areas of the institution
- Helpdesk/technical support for other areas of the institution
- Other
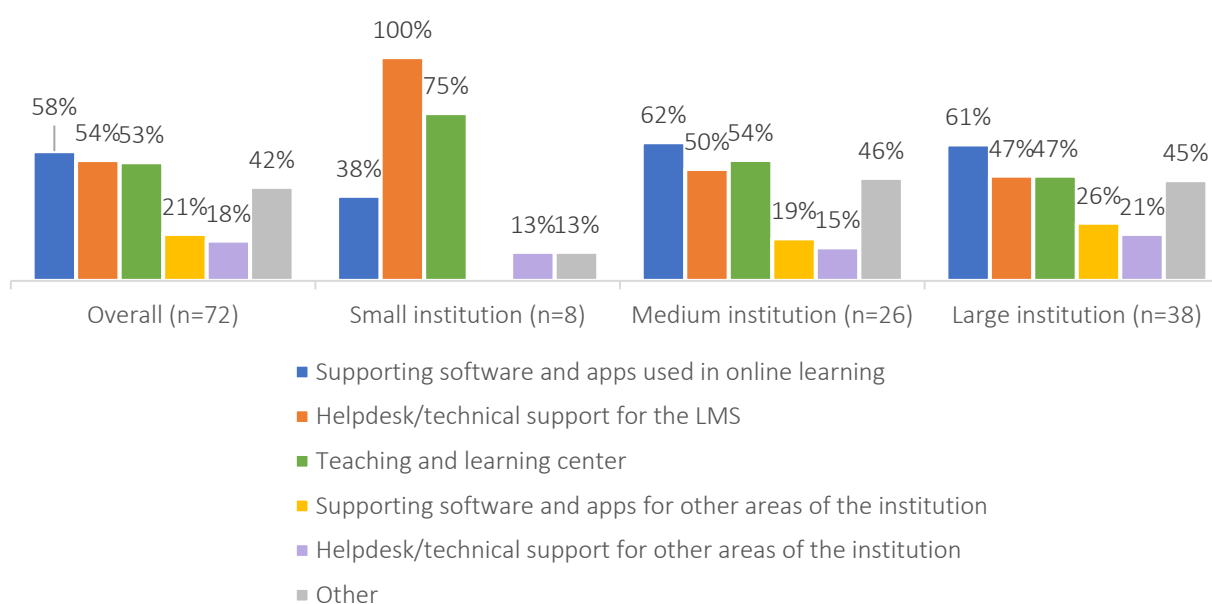
Small and medium institutions are most likely to include graduate degrees and graduate credit-bearing certificates in their online enterprise's portfolios, while large institutions are most likely to support graduate degrees and undergraduate degrees.
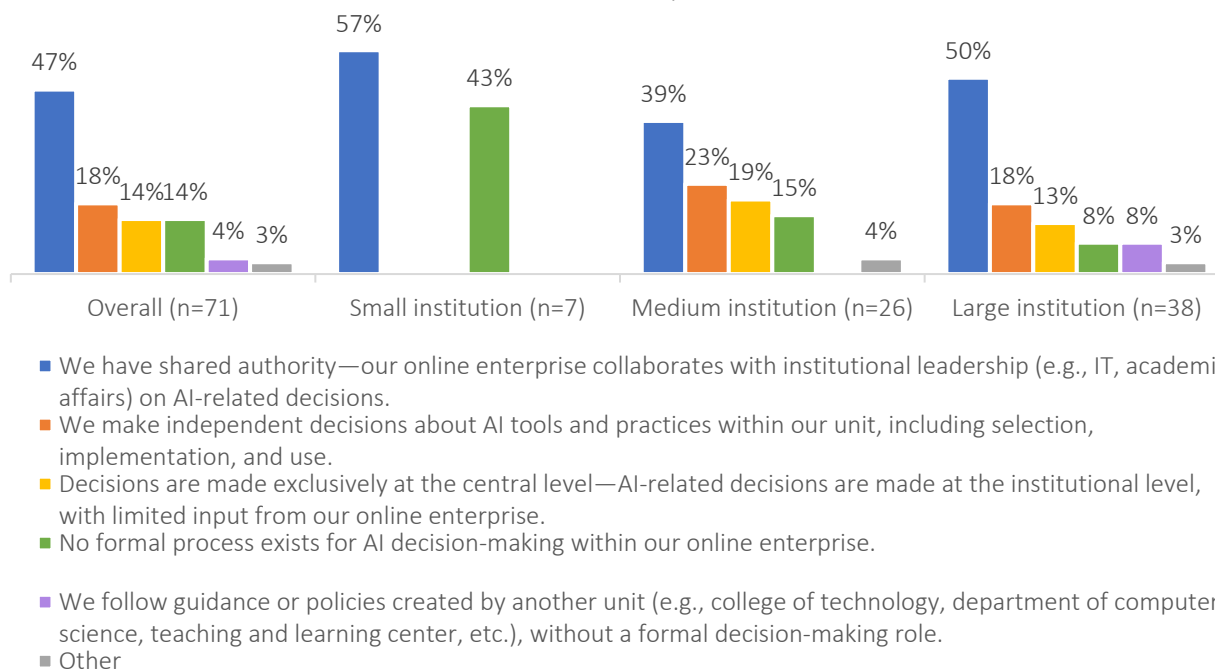
Figure 69: Which of the following program types are included in your online enterprise's portfolio of programs that it supports? Please select all that apply.

Graduate degrees
Graduate credit-bearing certificates
Undergraduate degrees
Microcredentials, non-degree or alternative credentials
Undergraduate credit-bearing certificates
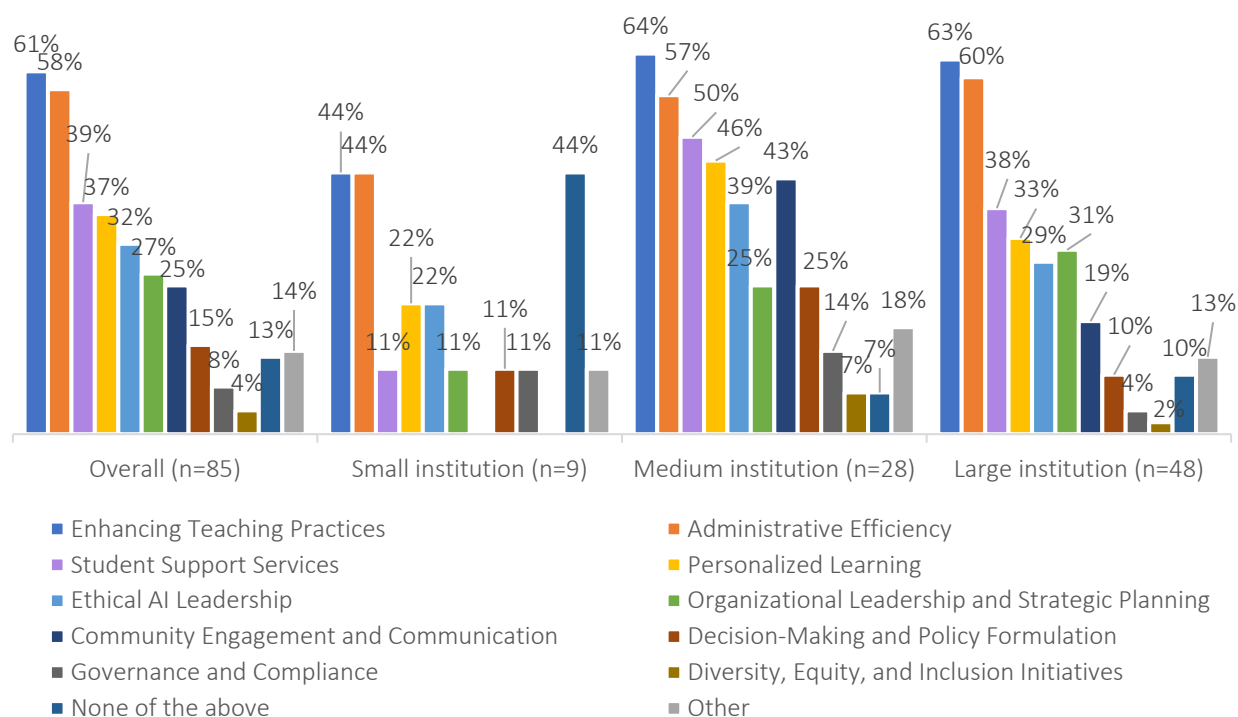Other
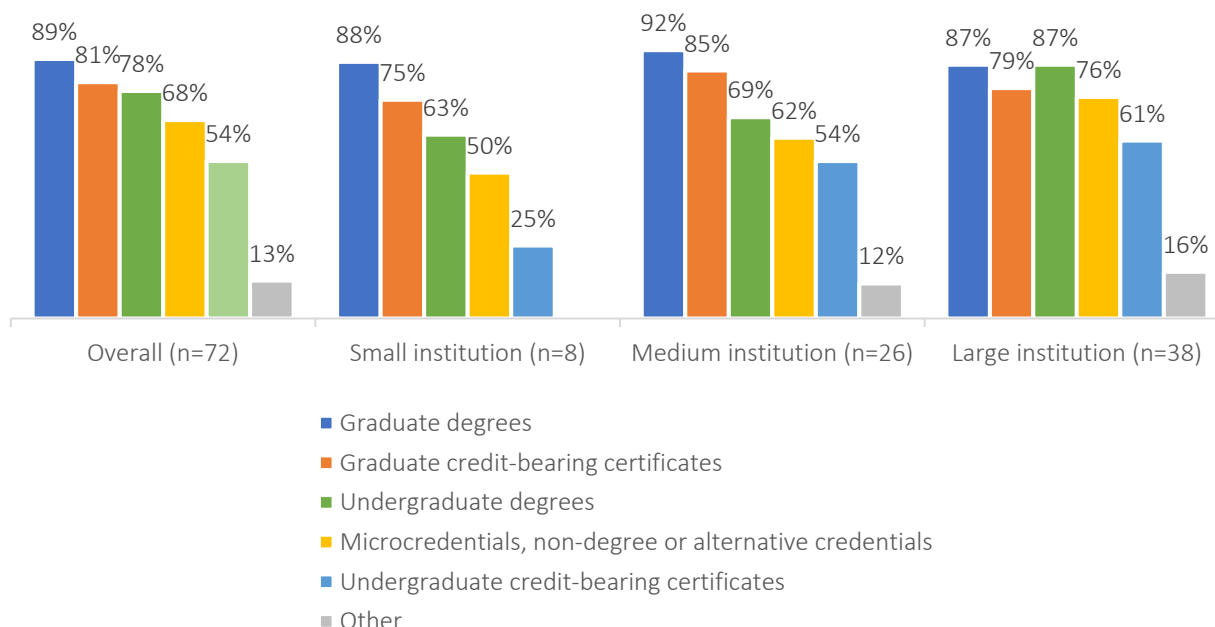
2025 Special Topic: AI & Emerging Technology

Among all institution sizes, respondents are most likely to say their online enterprises have shared authority when making decisions about AI tools and practices. Small institutions are the most likely to say no formal process exists for AI decision-making (43%), compared to medium (15%) and large (8%) institutions.

Figure 70: Which of the following best describes your online enterprise's autonomy in making decisions about AI tools and practices?

- ■ We have shared authority—our online enterprise collaborates with institutional leadership (e.g., IT, academic affairs) on AI-related decisions.
- ■ We make independent decisions about AI tools and practices within our unit, including selection, implementation, and use.
- ■ Decisions are made exclusively at the central level—AI-related decisions are made at the institutional level, with limited input from our online enterprise.
- ■ No formal process exists for AI decision-making within our online enterprise.

- ■ We follow guidance or policies created by another unit (e.g., college of technology, department of computer science, teaching and learning center, etc.), without a formal decision-making role.
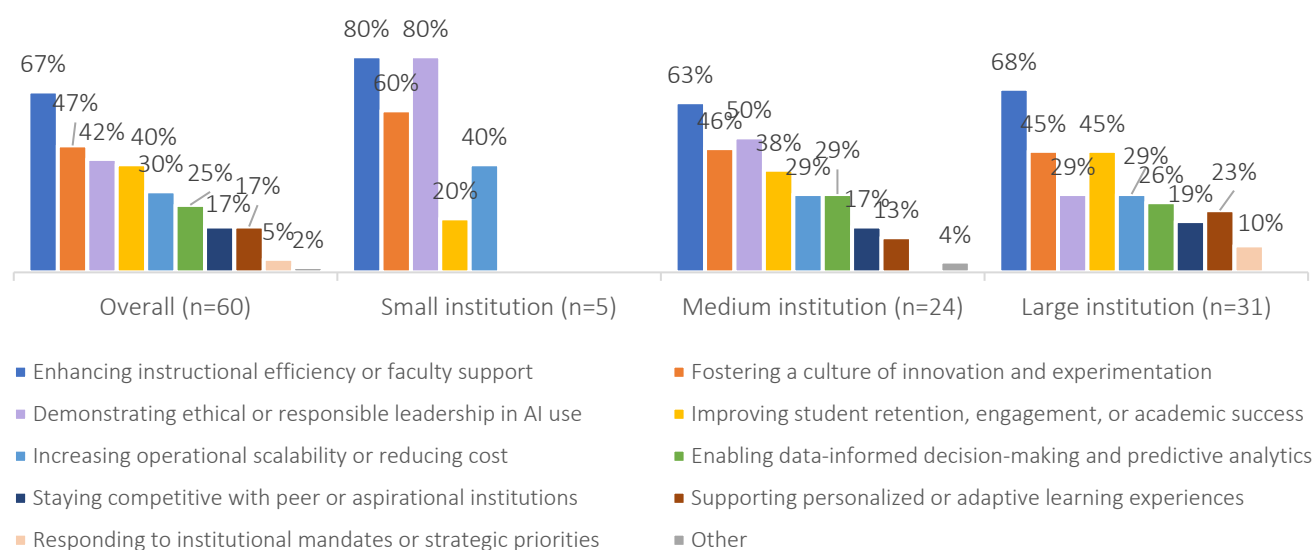- ■ Other

Institutions of all sizes are most likely to cite enhancing teaching practices and administrative efficiency as the top areas for using AI. Four of the nine respondents from small institutions (44%) said they don't use AI in any of the listed areas.

Figure 71: Is your online enterprise currently using AI in any of the following areas? Please select all that apply.
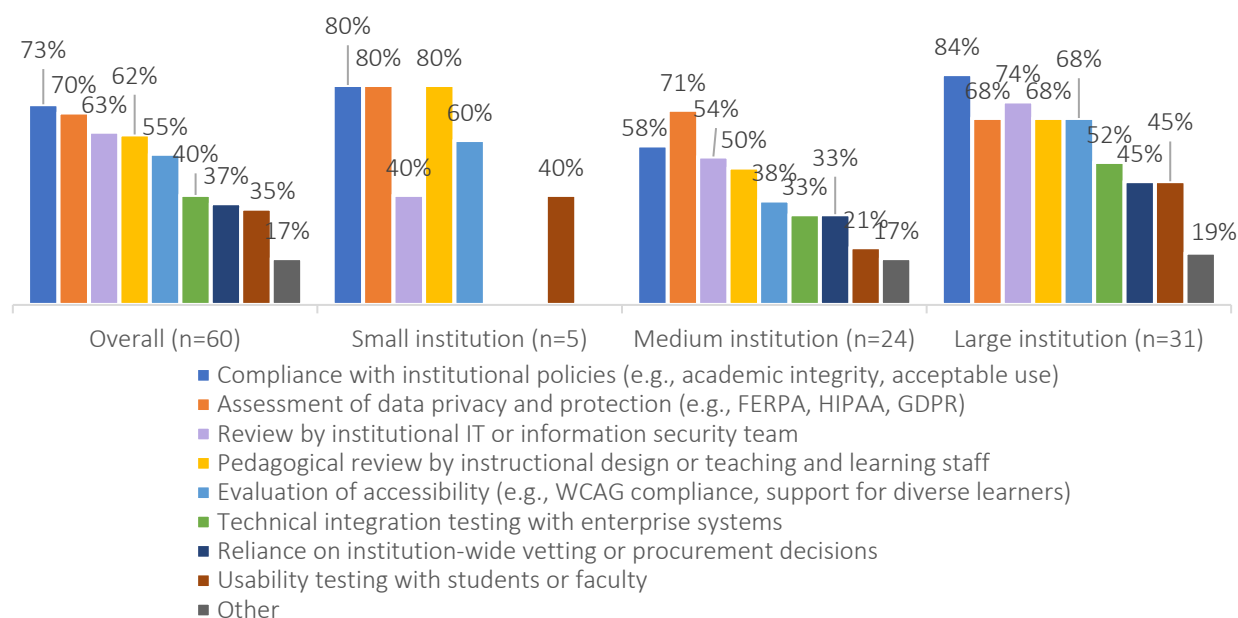

Enhancing Teaching Practices
Student Support Services
Ethical AI Leadership
Community Engagement and Communication
Governance and Compliance
None of the above

Administrative Efficiency
Personalized Learning
Organizational Leadership and Strategic Planning
Decision-Making and Policy Formulation
Diversity, Equity, and Inclusion Initiatives
Other

Medium and large institutions were most likely to cite enhancing instructional efficiency or faculty support as their primary strategic driver for AI adoption. Small institutions were most likely to cite enhancing instructional efficiency or faculty support and demonstrating ethical or responsible leadership in AI use.

Figure 72: What are the primary strategic drivers for AI adoption and implementation within your online enterprise? Please select no more than three answer choices.

Enhancing instructional efficiency or faculty support
Demonstrating ethical or responsible leadership in AI use
Increasing operational scalability or reducing cost
Staying competitive with peer or aspirational institutions
Responding to institutional mandates or strategic priorities

Fostering a culture of innovation and experimentation
Improving student retention, engagement, or academic success
Enabling data-informed decision-making and predictive analytics
Supporting personalized or adaptive learning experiences
Other

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Small and medium institutions were most likely to cite compliance with institutional policies and assessment of data privacy and protection as ways their online enterprise's evaluate AI tools before adoption, while large institutions were most likely to cite compliance with institutional policies and a review by institutional IT or information security team.

Figure 73: How does your online enterprise evaluate generative AI tools before adoption (e.g., ChatGPT, Claude, Gemini)? Please select all that apply.

- Compliance with institutional policies (e.g., academic integrity, acceptable use)
- Assessment of data privacy and protection (e.g., FERPA, HIPAA, GDPR)
- Review by institutional IT or information security team
- Pedagogical review by instructional design or teaching and learning staff
- Evaluation of accessibility (e.g., WCAG compliance, support for diverse learners)
- Technical integration testing with enterprise systems
- Reliance on institution-wide vetting or procurement decisions
- Usability testing with students or faculty
- Other

Small and medium institutions were most likely to cite communities of practice of faculty learning groups as an incentive to encourage faculty to adopt AI tools, while large institutions were most likely to cite structured training or workshops.

Figure 74: Which of the following supports or incentives has your online enterprise implemented to encourage faculty or staff to explore or adopt AI tools? Please select all that apply.

- Structured training or workshops
- Communities of practice or faculty learning groups
- Internal showcases, sandbox environments, or experimentation spaces
- On-demand resources or toolkits
- Internal microgrants or stipends for AI-related work
- Recognition systems (e.g., badging, public acknowledgment)
- Course release or workload adjustments
- No supports or incentives in place
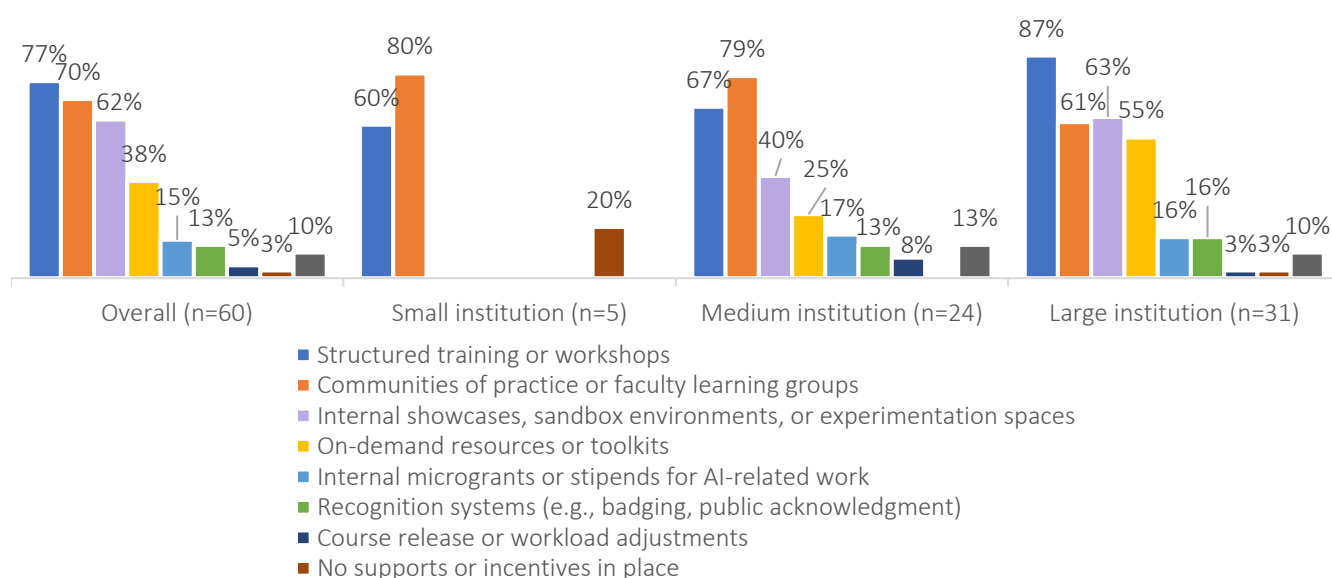
Budget and Finance

Online enterprises at large institutions have the highest average budget ($9.0M) for the 2023-2024 academic year, followed by medium institutions ($8.1M), and small institutions ($2.9M).

Figure 75: For the 2023-2024 academic year, what was your online enterprise's total budget? Please list the budget in USD.
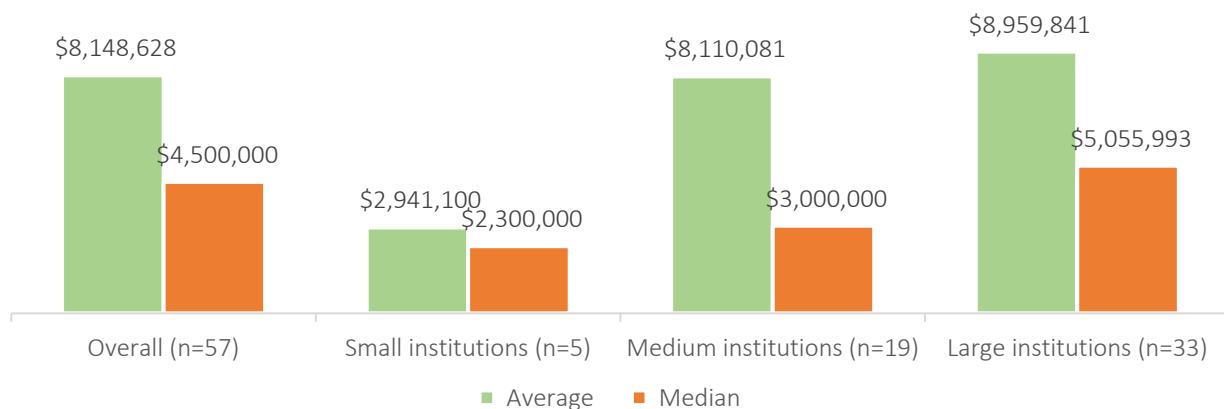

On average, large institutions have 52 FTEs that are funded by their online enterprise, followed by medium institutions (35), and small institutions (33).

Figure 76: Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise?
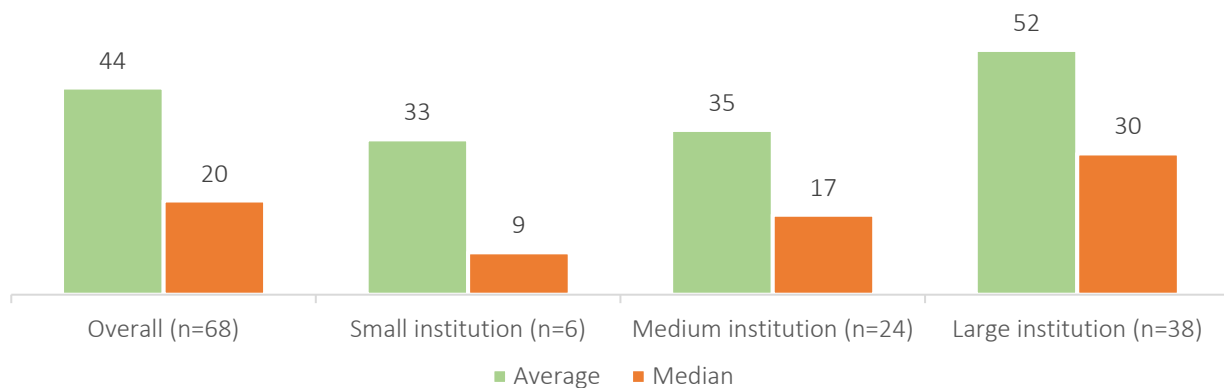
The average online enterprise total gross revenue for large institutions is $30.4M for the 2023-2024 academic year, followed by medium institutions ($15.5M), and small institutions ($10.0M).

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Figure 77: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD.
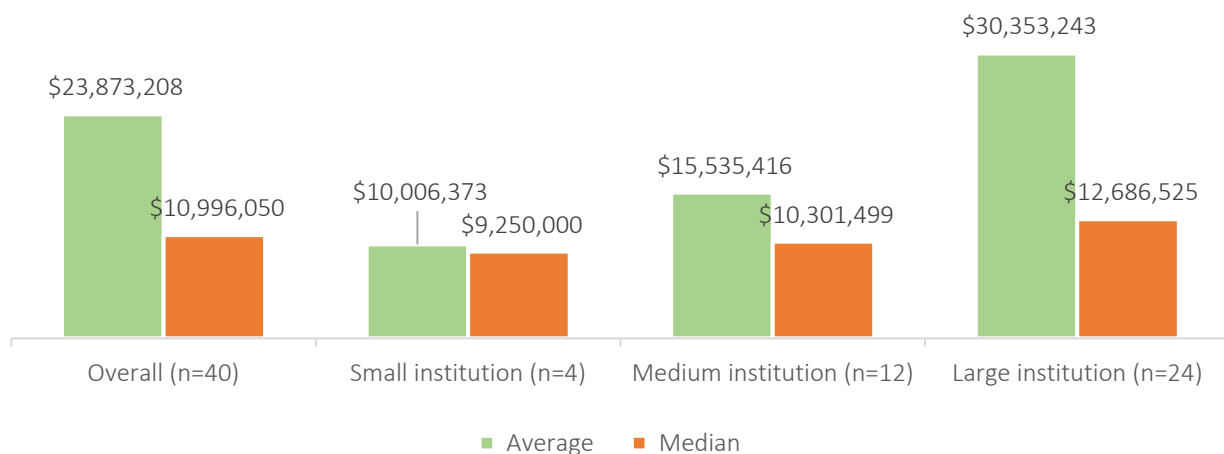
Large (31%) and medium (23%) institutions are most likely to have a revenue share model while small institutions (50%) are most likely to have a revenue/resource dependent entrepreneurial model. The largest proportion of respondents from medium and large institutions listed financial models in the "Other" category.

Figure 78: Which of the following best describes your online enterprise's financial model?
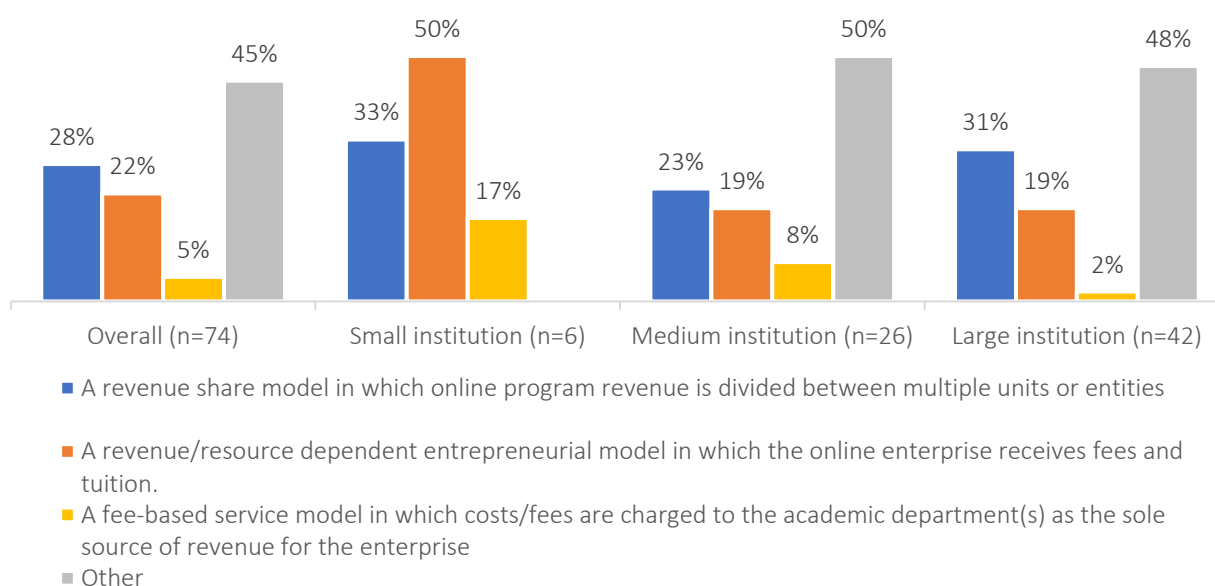
Instruction and Faculty

When asked how the faculty teaching online programs are compensated, respondents from all institution sizes were most likely to say faculty teach online as a part of their regular course load.

Figure 79: How are the Faculty teaching in your online programs compensated? Please select all that apply.

- ■ Faculty teach online as a part of their regular course load
- ■ Faculty receive monetary incentives for developing course content
- ■ Faculty are paid per course
- ■ Faculty are paid per credit hour
- ■ Faculty are paid based on the number of enrolled students
- ■ Faculty can receive a higher rate of compensation after completing training
- ■ Other
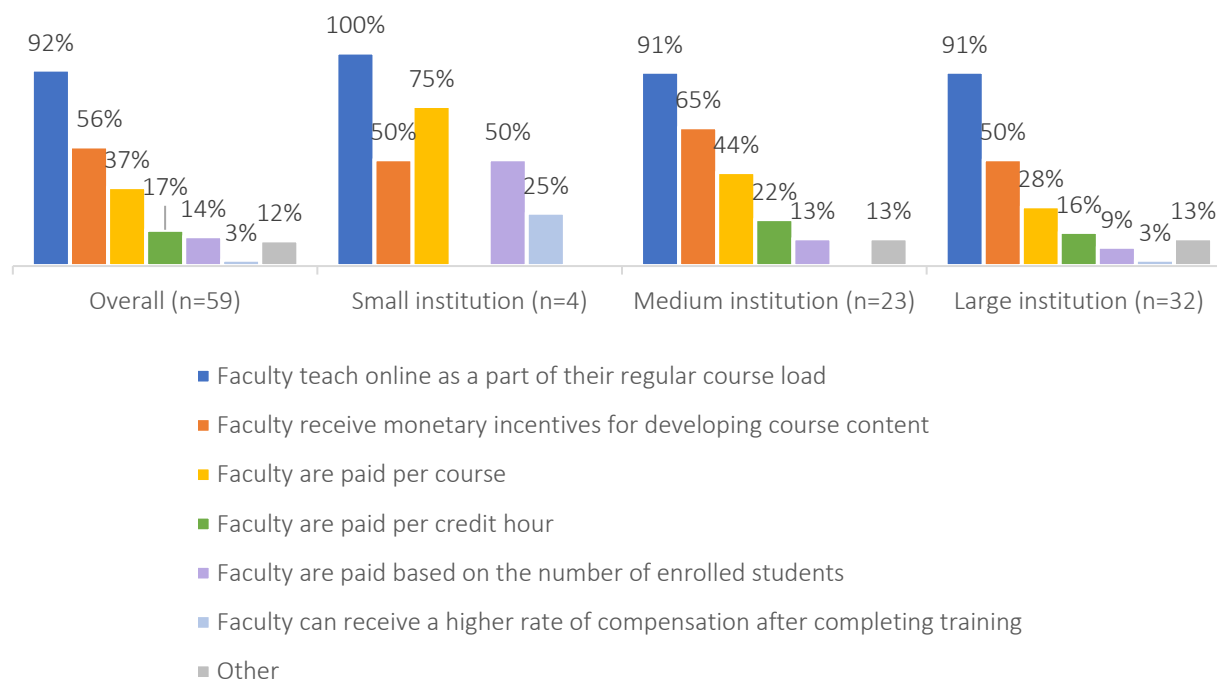
Eighty-one percent of large institutions fund instruction salaries through the academic department, followed by 74% of medium institutions. All four small institutions (100%) fund instruction salaries through the online enterprise.

Figure 80: How are the salaries for instruction funded? Please select all that apply.
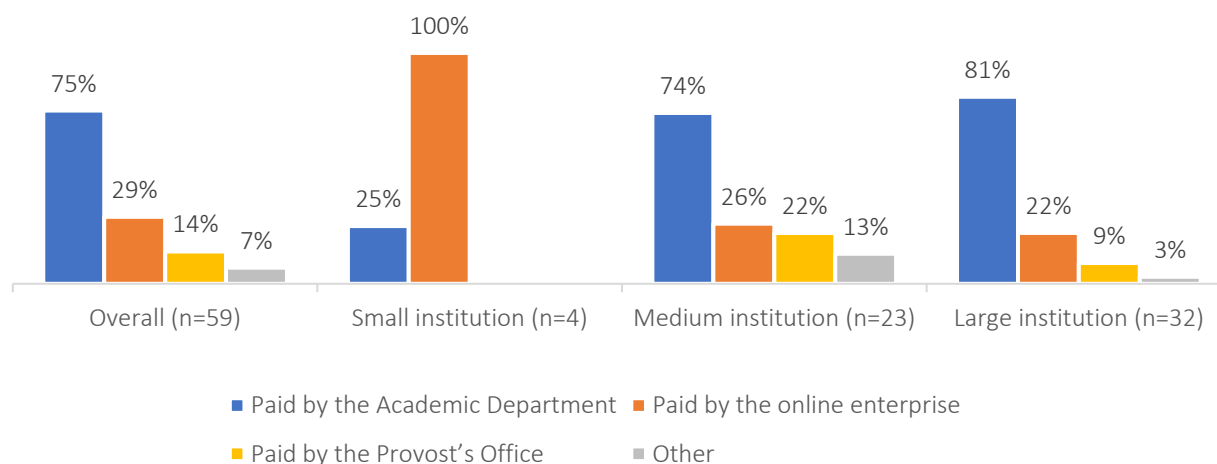
- ■ Paid by the Academic Department ■ Paid by the online enterprise
- ■ Paid by the Provost's Office ■ Other

Small institutions are the most likely to say their online enterprise's overall budget will increase for the next fiscal year, though the sample size only includes four institutions. Over a third (34%) of large institutions expect their budget to greatly increase or increase, followed by 30% of medium institutions.

Figure 81: Which of the following best describes your online enterprise's overall budget for the next fiscal year compared to the previous fiscal year?

Legend: ■ Greatly increase ■ Increase ■ Neither increase or decrease ■ Decrease ■ Greatly decrease
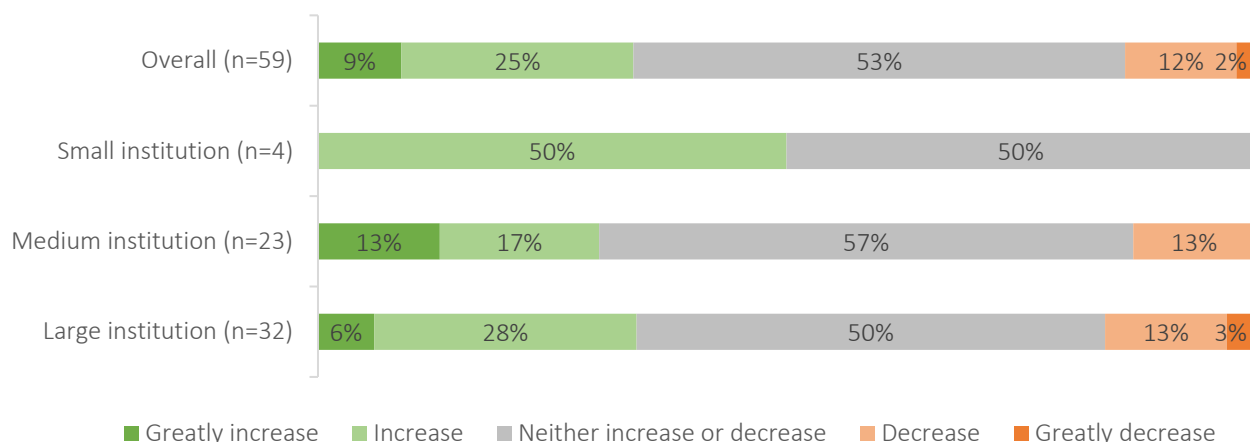
Medium and large institutions were most likely to cite reducing costs and generating revenue to support broader institutional shortfalls as their top responses to financial challenges.

Figure 82: Has your online enterprise—or you as a decision maker—been tasked with any of the following in response to your institution's financial challenges in 2025 and anticipated for FY 2025-2026? Please select all that apply.

Legend:
■ Reducing costs
■ Generating revenue to support broader institutional shortfalls
■ Generating revenue due to reduced institutional funding
■ Restructuring for financial sustainability
■ No financial directives have been issued to the online enterprise
■ Other
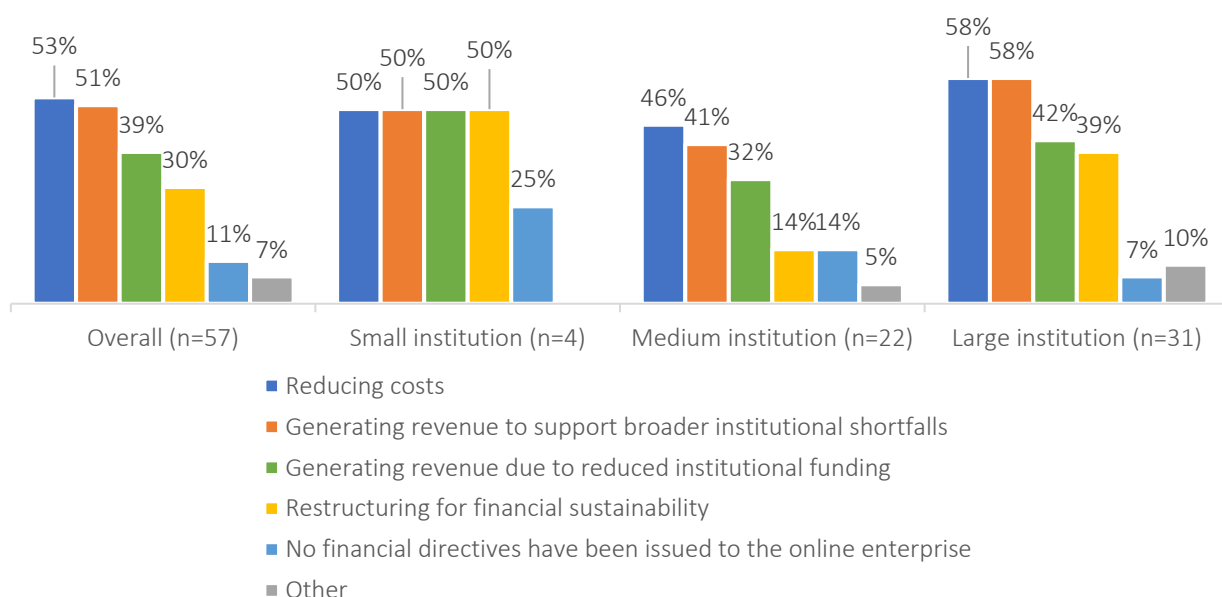
Among all institution sizes, the top approach to address institutional challenges included program innovation and expansion. Large institutions were more likely to cite student retention/support & engagement, while medium institutions were more likely to cite marketing/modality flexibility/enrollment growth.

Figure 83: How has the online learning enterprise—through your leadership or team—introduced new or creative approaches to address institutional challenges, meet evolving learner needs, or strengthen the value proposition of higher education?

Legend:
- Program innovation/ expansion
- Student retention/support & engagement
- Marketing/ modality flexibility/ enrollment growth
- Governance/ strategy & organizational redesign
- Faculty development & instructional innovation
- Technology/ AI/ automation/ data-driven decisions
- Cross-institutional & industry partnerships/ insights
- Financial strategy & resource optimization
- Other
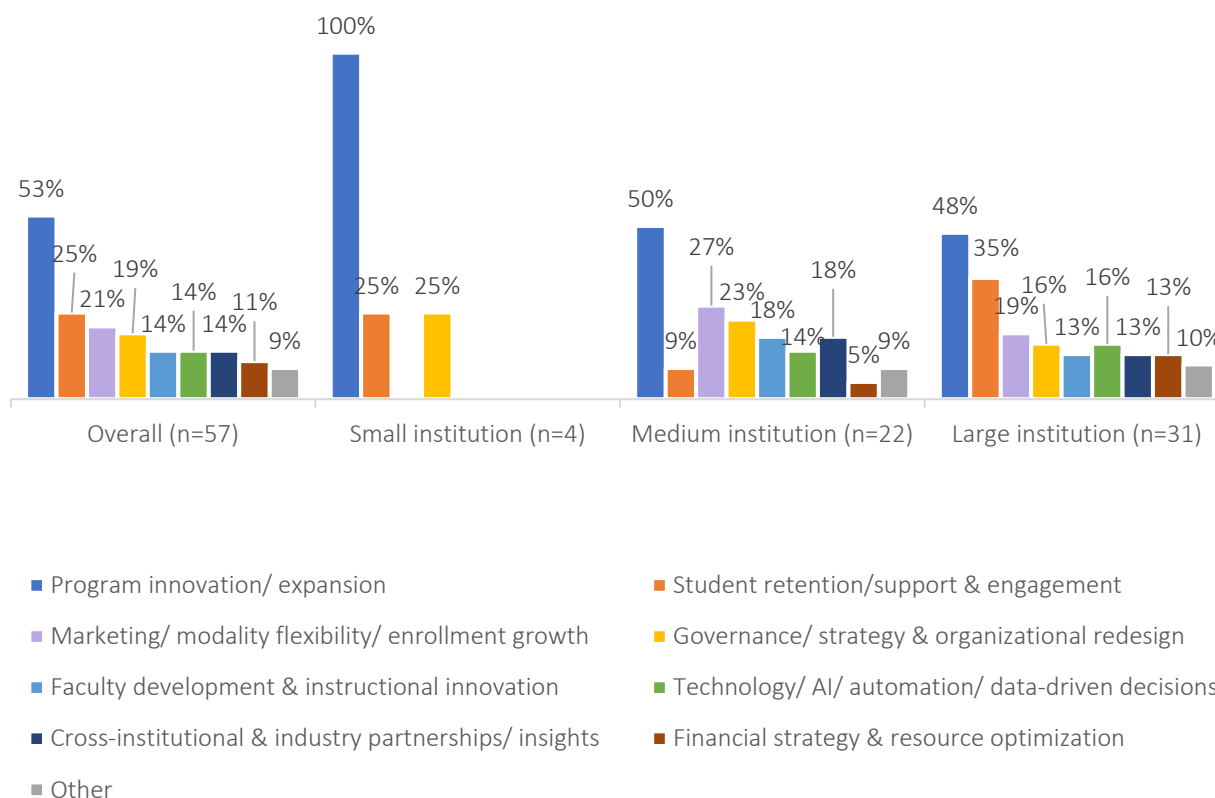
Contracted Services

Forty-two percent of large institutions and 41% of medium institutions have online enterprises that contract for services. All four small institutions (100%) do not contract for services.

Figure 84: Does your online enterprise contract for services, often provided by an online program manager (OPM) or online program enablement (OPE) organization?
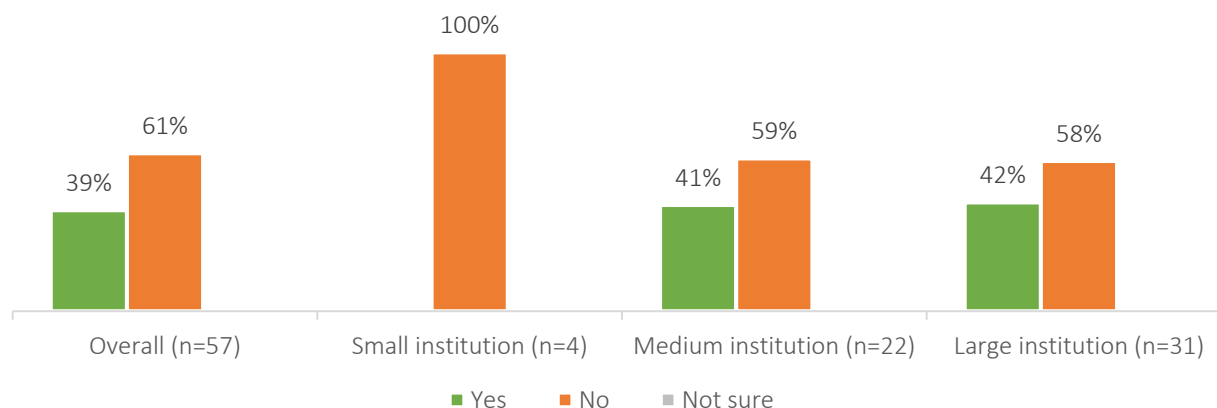
Competitive Environment

Both medium and large institutions were most likely to cite program quality as their top competitive strategy.

Figure 85: Which of the following does your online enterprise use to better position its online programs in a competitive environment? Please select all that apply.
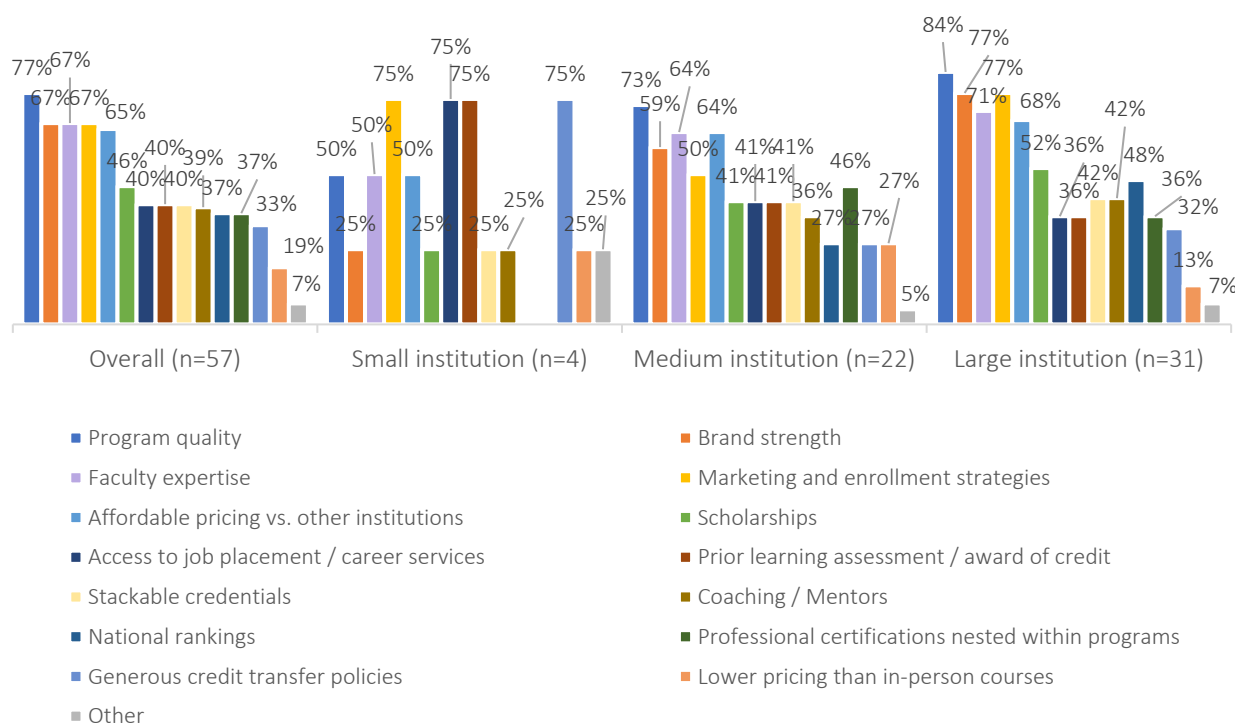
Respondents from small institutions are the most likely to strongly agree or agree that an increasing percentage of traditional undergraduate students desire online courses for at least some of their degree (100%), followed by large institutions (90%), and medium institutions (82%).

**Figure 86: Please rate how strongly you agree or disagree with the following statements
(% Strongly Agree or Agree)**

■ An increasing percentage of traditional undergraduate students desire online courses for at least some of their degree

■ My institution expects to obtain greater market share of the online marketplace in the next three years

■ Student demand for graduate online programs is increasing at my institution

■ My institution's approach to marketing online programs is better than our competitor's approach
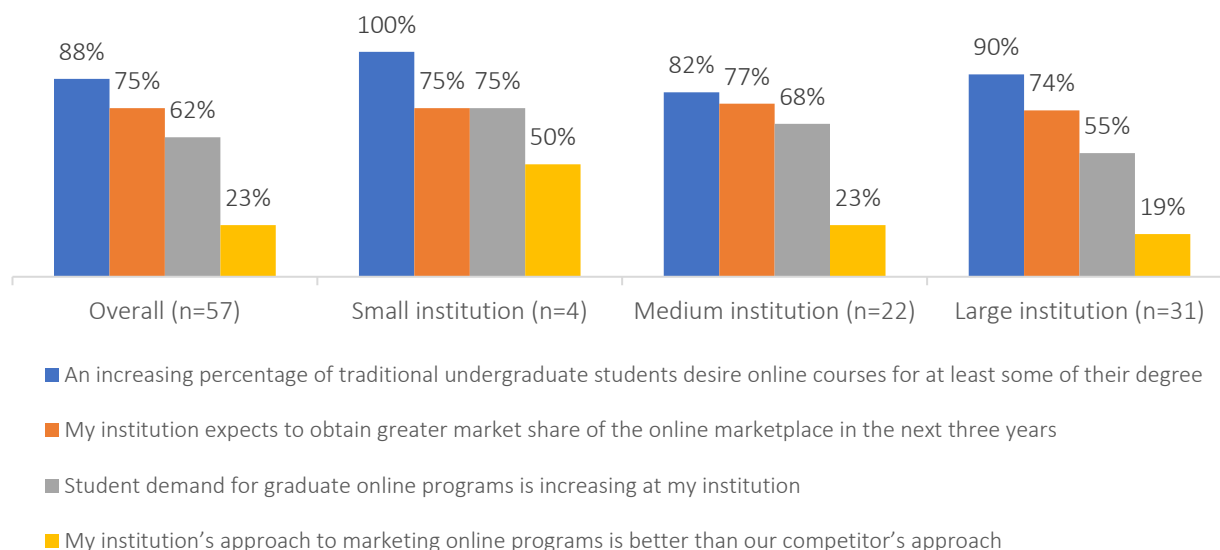
Key Performance Indicators

Large institutions have the highest average unduplicated headcount to FTE ratio (547), followed by medium institutions (460), and small institutions (106).

Figure 87: Unduplicated Headcount to FTE Ratio
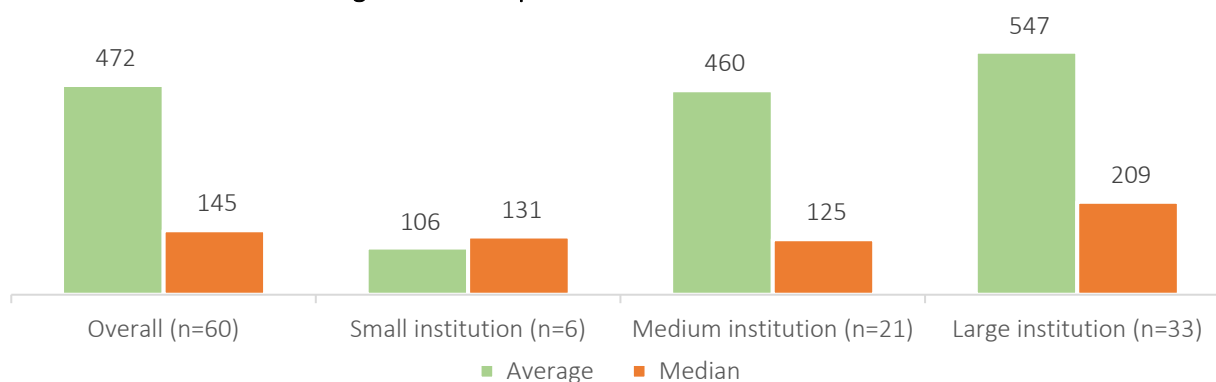
■ Average   ■ Median

Medium institutions have the highest average budget per FTE ($210,354), followed by large institutions ($195,523), and small institutions ($105,874).

Figure 88: Total Budget per FTE
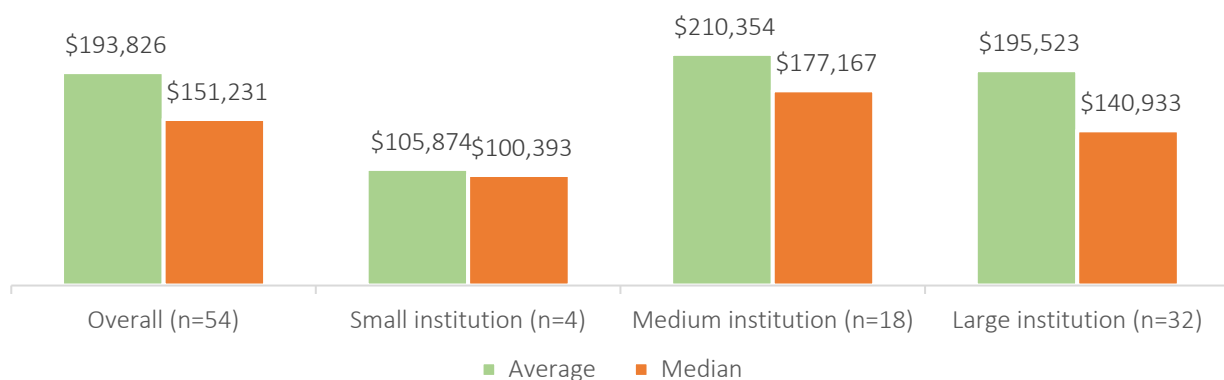
Medium institutions have the highest average gross revenue per FTE ($1.2M), followed closely by small institutions ($1.1M), and large institutions ($892,128).

Figure 89: Gross Revenue per FTE
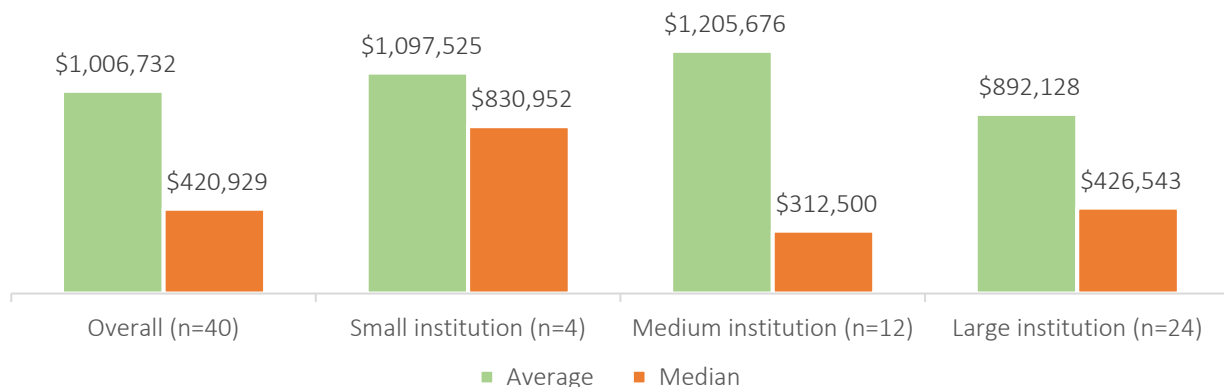
Large institutions have the highest average gross revenue per credit hour ($643), followed closely by medium institutions ($531), and small institutions ($344).

Figure 90: Gross Revenue per Credit Hour
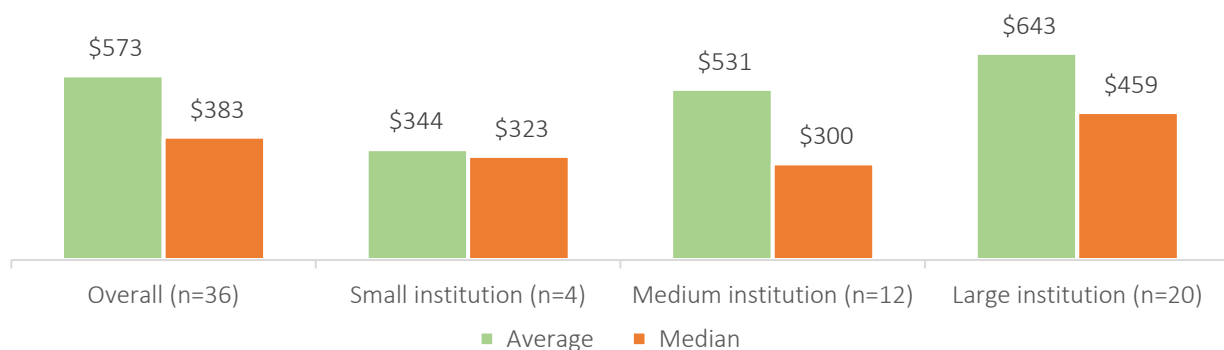
Medium institutions have the highest average total budget per credit hour metric ($249), followed by small institutions ($191), and large institutions ($143).

Figure 91: Total Budget per Credit Hour
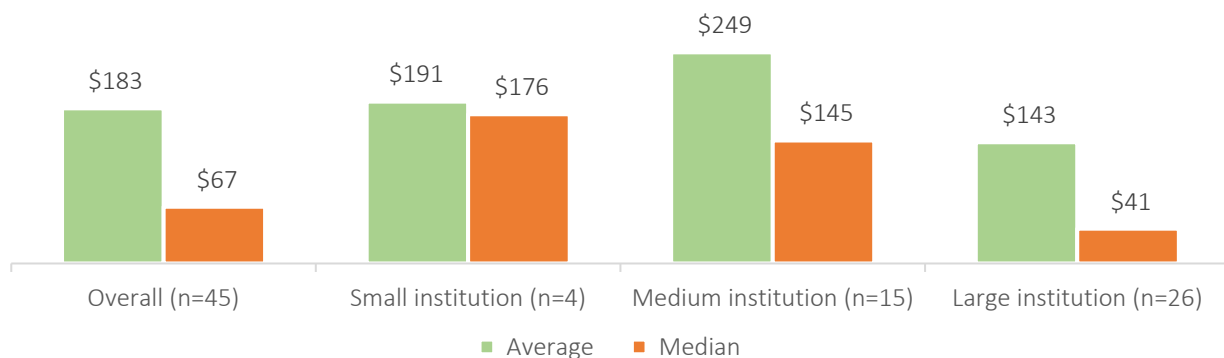
Medium institutions have a significantly higher average budget per unduplicated headcount ($4,331) compared to small institutions ($2,611), and large institutions ($1,622).

Figure 92: Total Budget per Unduplicated Headcount
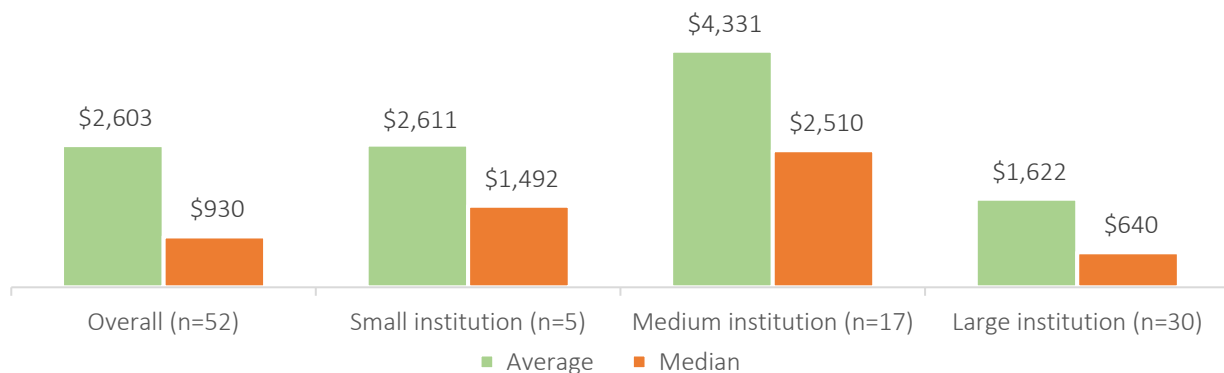
Small institutions have the highest average gross revenue per unduplicated headcount ($9,537), followed by medium institutions ($7,139), and large institutions ($5,745).

Figure 93: Gross Revenue per Unduplicated Headcount
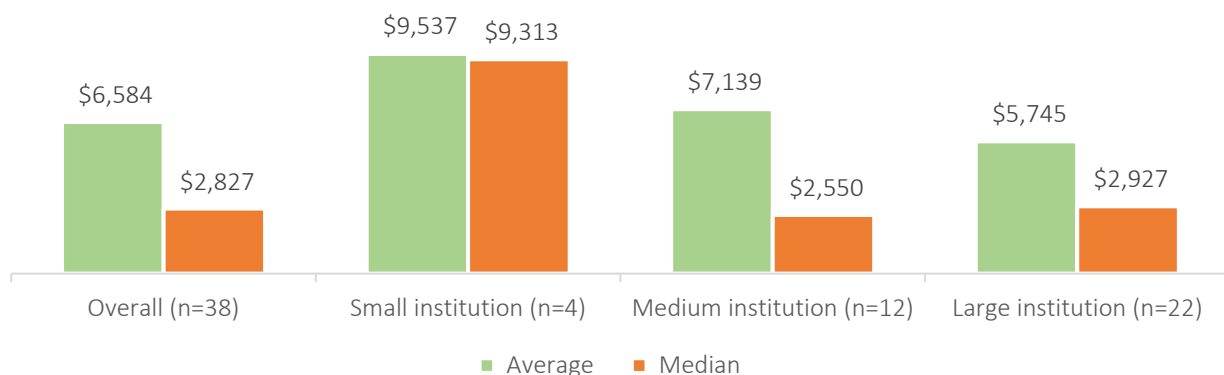
Small institutions have the highest average fully online credit hours per unduplicated headcount metric (18.8), followed by large institutions (11.9), and medium institutions (11.8).

Figure 94: Credit Hours per Unduplicated Headcount
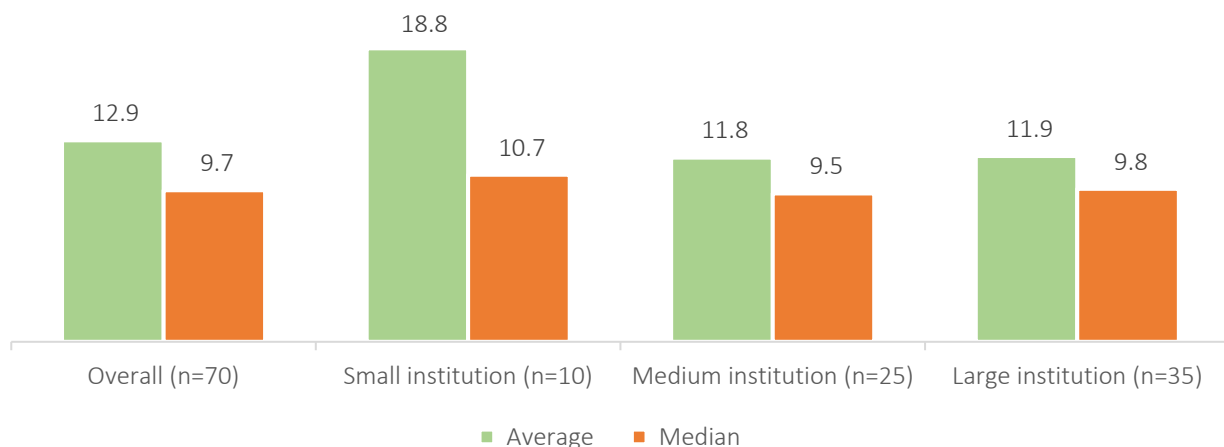
In Summary: Institutional Size

Small institutions, representing 13% of survey respondents, operate online enterprises with an average budget of $2.9 million and generate an average gross revenue of $10 million. Notably, they achieve the highest average gross revenue per unduplicated headcount at $9,537 and the highest average fully online credit hours per unduplicated headcount at 18.8. These metrics suggest a focused and intensive approach to online education, maximizing revenue and credit hour production per student.

Financially, 50% of small institutions employ a revenue/resource-dependent entrepreneurial model, indicating a reliance on generated revenue to sustain and grow their online programs. All small institutions in the sample reported funding instructional salaries directly through the online enterprise, highlighting a centralized financial structure. Despite resource constraints, 50% anticipate budget increases in the next fiscal year, reflecting optimism about the growth and sustainability of their online offerings.

In terms of AI adoption, small institutions are the most likely to report the absence of formal processes for AI decision-making (43%), and 44% indicated no current use of AI in any listed areas. However, among those adopting AI, the primary strategic drivers include enhancing instructional efficiency and demonstrating ethical leadership in AI use. Evaluation of AI tools often involves compliance with institutional policies and assessment of data privacy and protection. To encourage faculty adoption of AI tools, small institutions frequently utilize communities of practice or faculty learning groups.

Comprising 36% of respondents, medium institutions report an average online enterprise budget of $8.1 million and gross revenue of $15.5 million. They lead in average budget per FTE at $210,354 and gross revenue per FTE at $1.2 million, indicating efficient allocation of resources relative to staff size. These institutions also have the highest average total budget per credit hour at $249 and the highest average budget per unduplicated headcount at $4,331 which may suggest inefficiencies or less-focused approaches to online learning when compared to smaller institutions, noted previously, and a lack of at-

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scale programs achieved by larger, more resourced institutions. Conversely, these high budget allocations may be symptomatic of medium institutional contexts that do not share the same resource scarcity found at small institutions alongside a more comprehensive approach to online programming, resulting in more resources allocated to a broader portfolio of courses and programs than what we see at research institutions, which tend to have smaller online portfolios.

Structurally, 90% of medium institutions report that their online units are academically decentralized, allowing for greater flexibility and responsiveness to departmental needs. This may lead to duplicative efforts, further increasing the budgetary allocations for the institution's online efforts. Financial models are diverse, with 23% utilizing a revenue share model and others employing various approaches. Approximately 41% contract for services, indicating a balanced approach between in-house capabilities and external partnerships.

In AI adoption, medium institutions are proactive, with many citing enhancing instructional efficiency and faculty support as primary strategic drivers. Evaluation of AI tools often includes compliance with institutional policies and assessment of data privacy. Structured training or workshops are commonly implemented to encourage faculty and staff to explore or adopt AI tools.

Representing 52% of respondents, large institutions have the most substantial online enterprises, with average budgets of $9.0 million and gross revenues of $30.4 million. They serve the highest average unduplicated headcount for online learners at 12,979 and generate the highest average number of fully online credit hours at 141,533. Despite these figures, their average gross revenue per unduplicated headcount ($5,745) and per FTE ($892,128) are lower than those of medium and small institutions, suggesting economies of scale but potentially less revenue efficiency per individual.

Financially, 31% of large institutions employ a revenue share model, and 42% contract for services, reflecting complex and diversified financial strategies. Instructional salaries are predominantly funded through academic departments (81%), indicating a more distributed financial responsibility across institutional units.

In AI adoption, large institutions are at the forefront, with many citing enhancing instructional efficiency and faculty support as primary strategic drivers. Evaluation of AI tools typically involves compliance with institutional policies and reviews by institutional IT or information security teams. Structured training or workshops are the most common incentives to encourage faculty and staff to explore or adopt AI tools.

Across all institution sizes, the top responsibilities for online enterprises include supporting software and applications used in online learning, providing helpdesk/technical support for the Learning Management System (LMS), and managing the teaching and learning center. Program portfolios vary, with small and medium institutions focusing more on graduate degrees and graduate credit-bearing certificates, while large institutions support both graduate and undergraduate degrees.

Regarding AI and emerging technologies, shared authority in decision-making is the most common model across institutions. However, small institutions are more likely to lack formal processes for AI decision-making. Enhancing teaching practices and administrative efficiency are the top areas for AI use across all

institution sizes. Challenges in AI adoption include academic integrity concerns, data privacy, insufficient training, and tool effectiveness.

These findings underscore the diverse strategies and challenges faced by institutions of varying sizes in managing and growing their online education enterprises. While large institutions leverage scale, medium institutions exhibit efficiency in resource allocation, and small institutions demonstrate a focused attention to program-sustaining revenue production.

Budget Size: Responses and Analysis

Key Findings

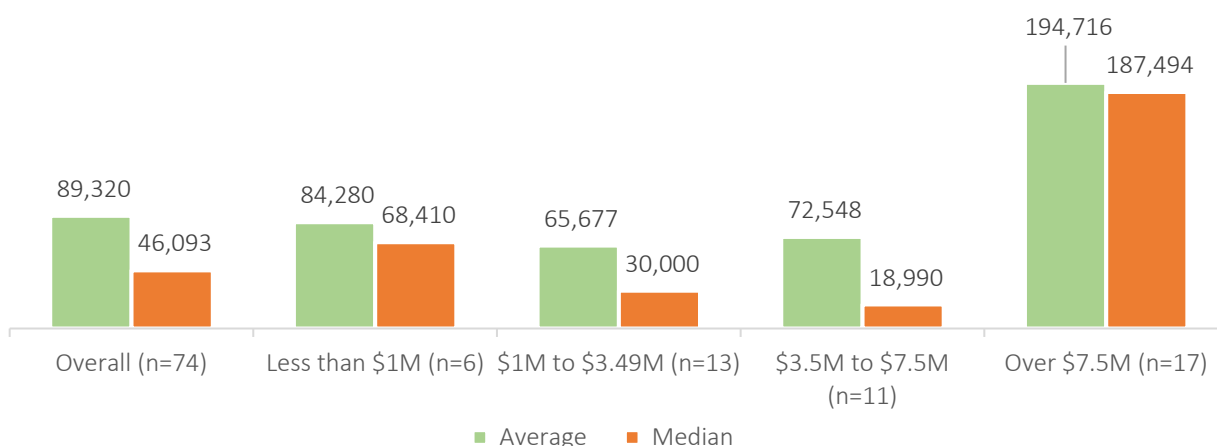|	
Less than $1M	• Online enterprises with a budget of less than $1M are the **most likely to strongly agree or agree** that they are **administratively decentralized (60%)** compared to other budget size categories. • Those with a budget size of less than $1M are primarily **most likely to cite traditional credential offerings** – graduate and undergraduate degrees. • **Three-quarters (75%)** expect **neither an increase nor decrease** in their budget for the next fiscal year. • Online enterprises with a budget of less than $1M were **most likely to cite affordable pricing vs. other institutions** as their top competitive strategy.
$1M to $3.49M	• Online enterprises with budgets between $1M and $3.49M are more likely to report either **shared authority** or **independent decision-making** within their unit regarding AI tools and practices. • These online enterprises were most likely to cite **pedagogical review by instructional design or teaching and learning staff** as their top way of evaluating generative AI tools before adoption to their unit. • **Over half (53%)** of these online enterprises **expect their budget to greatly increase or increase** for the next fiscal year.
$3.5M to $7.5M	• These online enterprises were **more likely to say their online enterprise has implemented nearly all supports and incentives** to encourage AI adoption compared to other budget size categories. • These online enterprises have the **highest average gross revenue per credit hour metric ($888)** and the **highest average total budget per credit hour metric ($238)**. • Online enterprises with a budget between $3.5M and $7.5M have the **highest average gross revenue per unduplicated headcount metric ($11,634)**.
Over $7.5M	• Online enterprises with a total budget over $7.5M have the **highest average unduplicated headcount (17,104)** for learners enrolled in only fully online courses and the **highest average number of student credit hours (194,716)**. • Online enterprises in the largest budget size category (over $7.5M) are likely to say their online portfolio consists of a **mix of different undergraduate, graduate, non-credit and credit-seeking offerings.** • Online enterprises with a budget of over $7.5M have the **highest average number of FTEs funded by their online enterprise (99)**. • **Over half (53%)** expect their budget to **increase** for the next fiscal year. • These online enterprises have the **highest average total budget per FTE metric ($302,990)**. • They also have the **highest average total budget per unduplicated headcount metric ($4,058)**.

Demographics

Online enterprises with a total budget over $7.5M have the highest average unduplicated headcount (17,104) for learners enrolled in only fully online courses, followed by those with a budget size of less than $1M (11,720).

Figure 95: Please provide the unduplicated headcount for learners enrolled in fully online courses for the 2023-2024 academic year
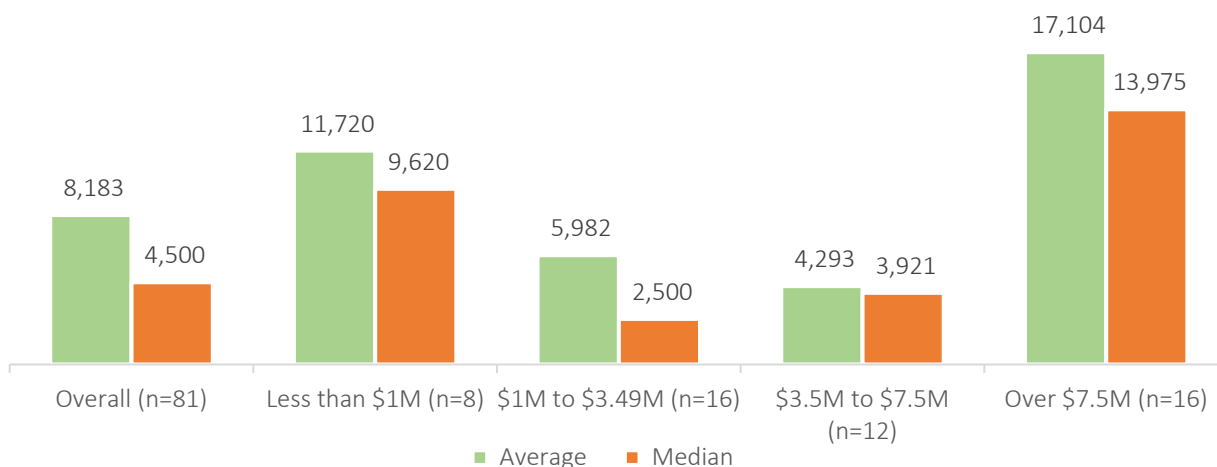
Online enterprises with a budget of over $7.5M have the highest average number of student credit hours for learners enrolled in fully online courses (194,716).

Figure 96: Please provide the total student credit hours for learners enrolled in fully online courses for the 2023-2024 academic year.

Size and Structure

Online enterprises of all budget sizes are significantly more likely to strongly agree or agree that their online enterprise is academically decentralized than administratively decentralized. Online enterprises with a budget of less than $1M are the most likely to strongly agree or agree that they are administratively decentralized (60%) compared to other budget size categories.

Figure 97: Please rate how strongly you agree or disagree with the following statements (% Strongly Agree or Agree)
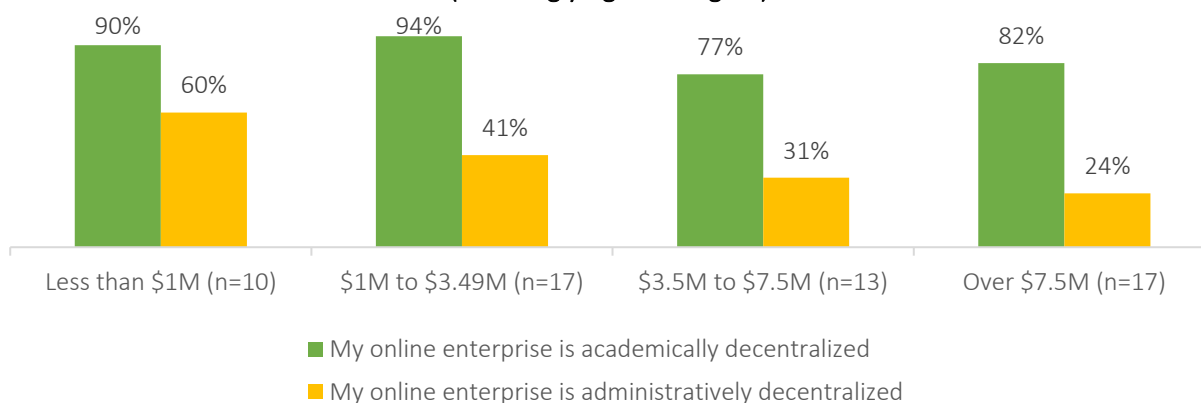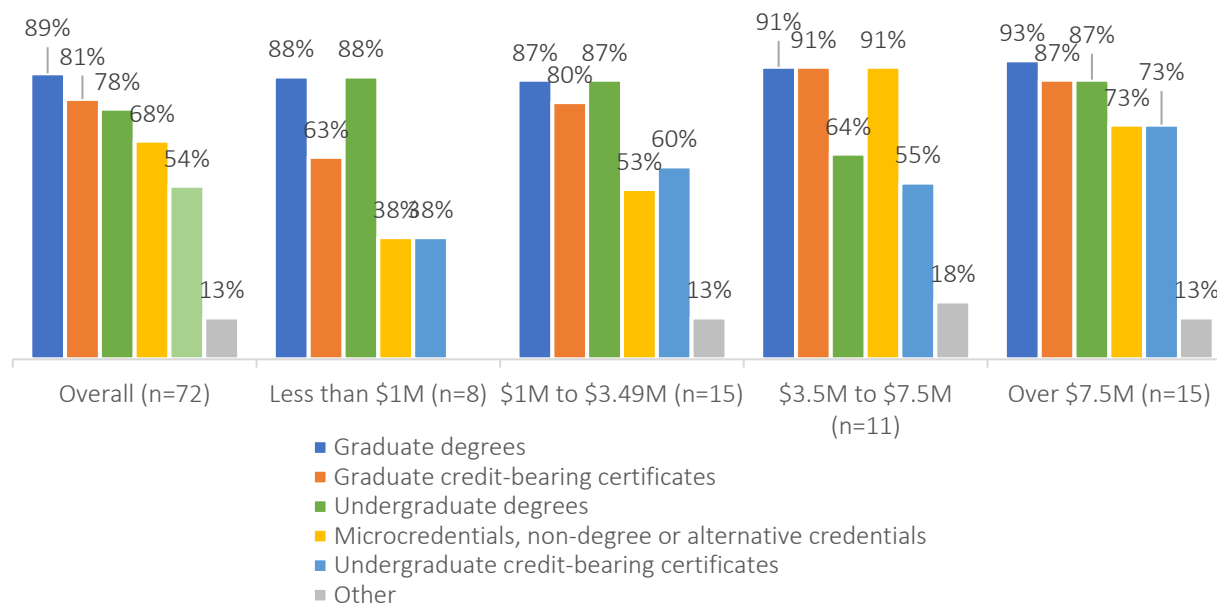

The top three responsibilities cited for all online enterprise budget size categories included supporting software and apps used in online learning, helpdesk/technical support for the LMS, and the teaching and learning center.

Figure 98: Which of the following are responsibilities for your online enterprise? Please select all that apply.
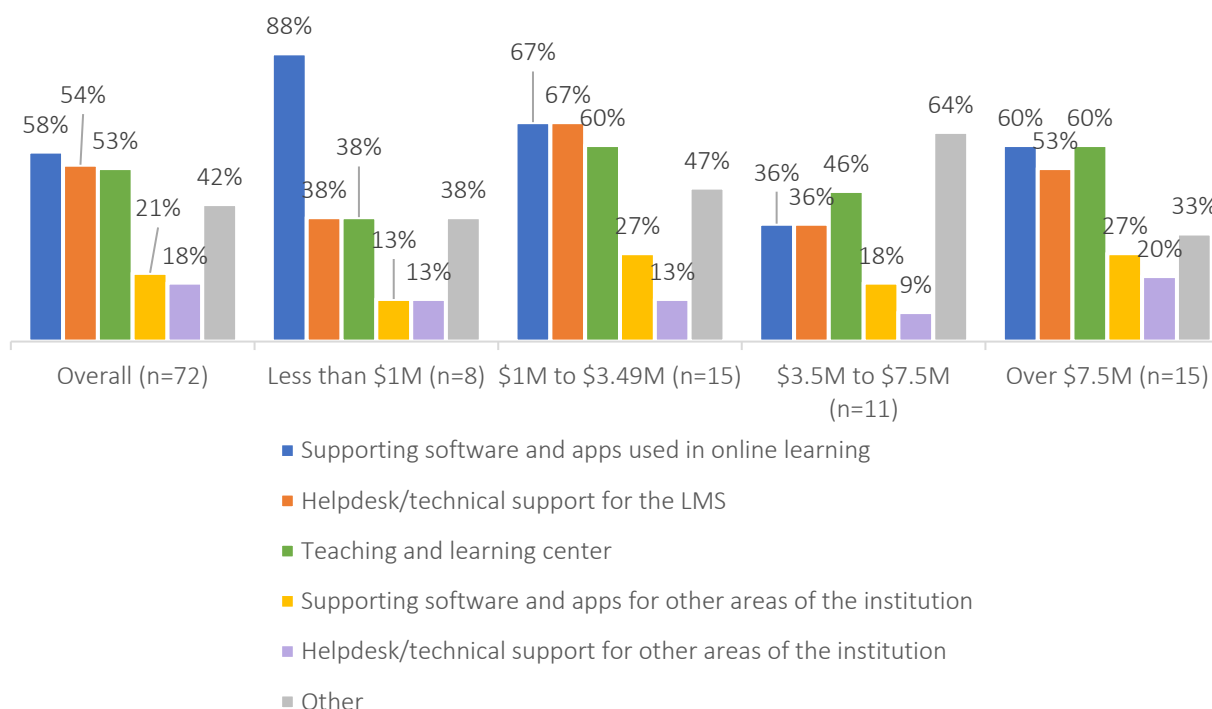
Online enterprises in the largest budget size category (over $7.5M) are likely to say their online portfolio consists of a mix of different undergraduate, graduate, non-credit and credit-seeking offerings, while those with a budget size of less than $1M are primarily most likely to cite traditional credentials – graduate and undergraduate degrees.
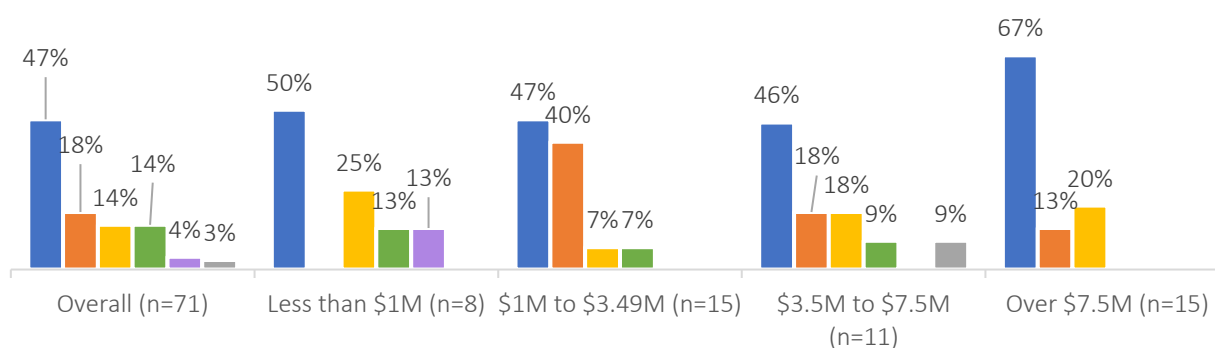
Figure 99: Which of the following program types are included in your online enterprise's portfolio of programs that it supports? Please select all that apply.

- ■ Graduate degrees
- ■ Graduate credit-bearing certificates
- ■ Undergraduate degrees
- ■ Microcredentials, non-degree or alternative credentials
- ■ Undergraduate credit-bearing certificates
- ■ Other

2025 Special Topic: AI & Emerging Technology

Among all budgets size categories, respondents are most likely to say their online enterprises have shared authority when making decisions about AI tools and practices. Online enterprises with a budget of $1M to $3.49M are also likely to say they make independent decisions about AI tools and practices within their unit.
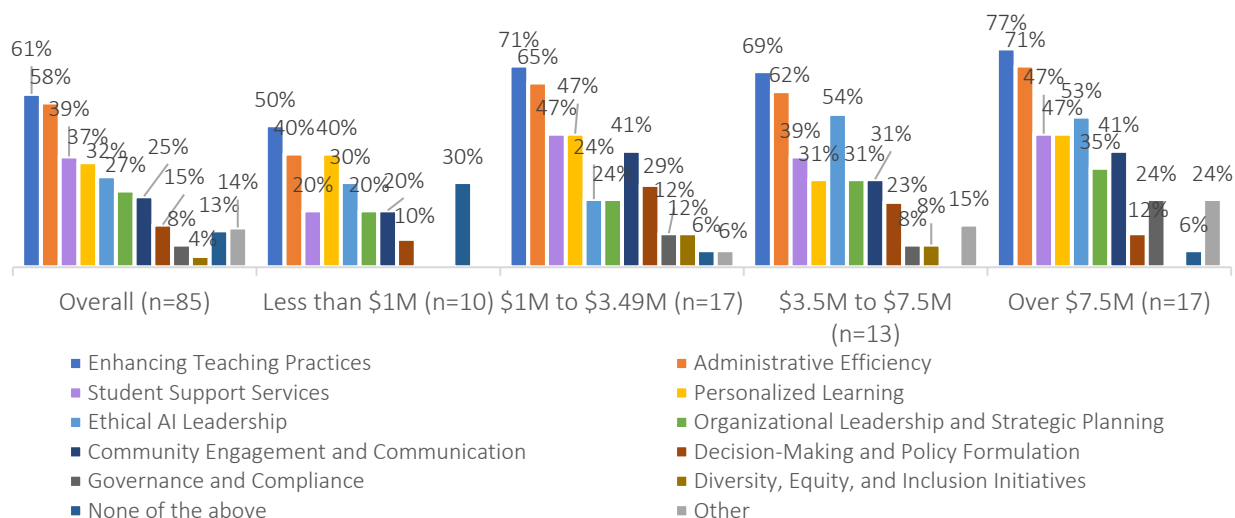
Figure 100: Which of the following best describes your online enterprise's autonomy in making decisions about AI tools and practices?

- We have shared authority—our online enterprise collaborates with institutional leadership (e.g., IT, academic affairs) on AI-related decisions.
- We make independent decisions about AI tools and practices within our unit, including selection, implementation, and use.
- Decisions are made exclusively at the central level—AI-related decisions are made at the institutional level, with limited input from our online enterprise.
- No formal process exists for AI decision-making within our online enterprise.

- We follow guidance or policies created by another unit (e.g., college of technology, department of computer science, teaching and learning center, etc.), without a formal decision-making role.
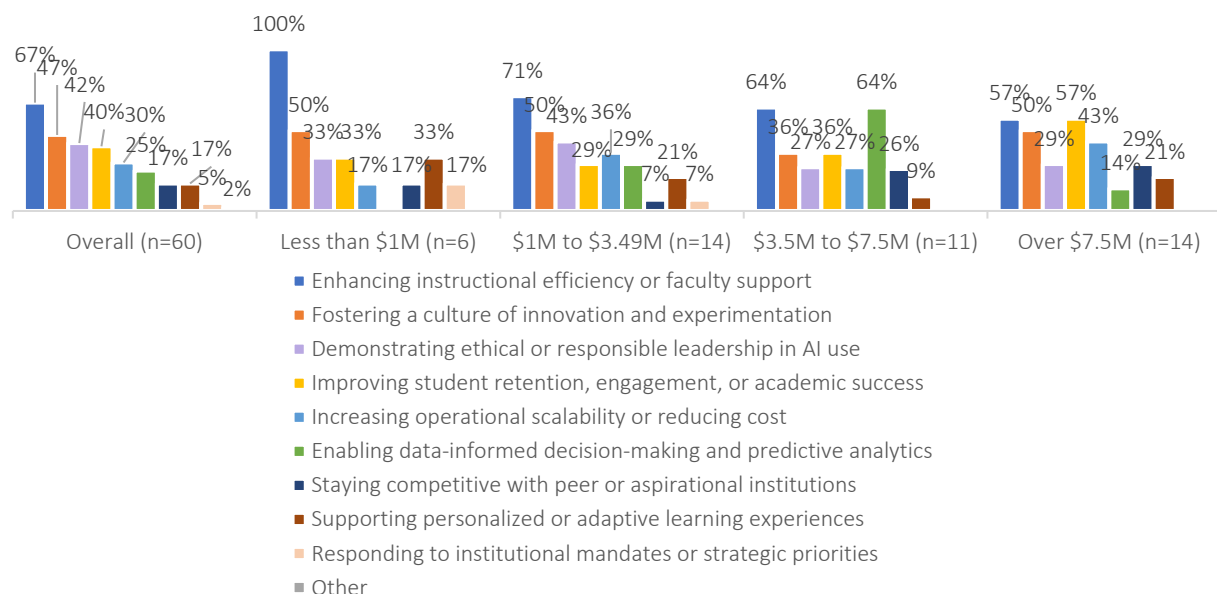- Other

The top two areas online enterprises of all budget size categories are using AI include enhancing teaching practices and administrative efficiency. Online enterprises with a larger budget size are generally more likely to be using AI in more areas than those with a smaller budget.

Figure 101: Is your online enterprise currently using AI in any of the following areas? Please select all that apply.

- Enhancing Teaching Practices
- Student Support Services
- Ethical AI Leadership
- Community Engagement and Communication
- Governance and Compliance
- None of the above
- Administrative Efficiency
- Personalized Learning
- Organizational Leadership and Strategic Planning
- Decision-Making and Policy Formulation
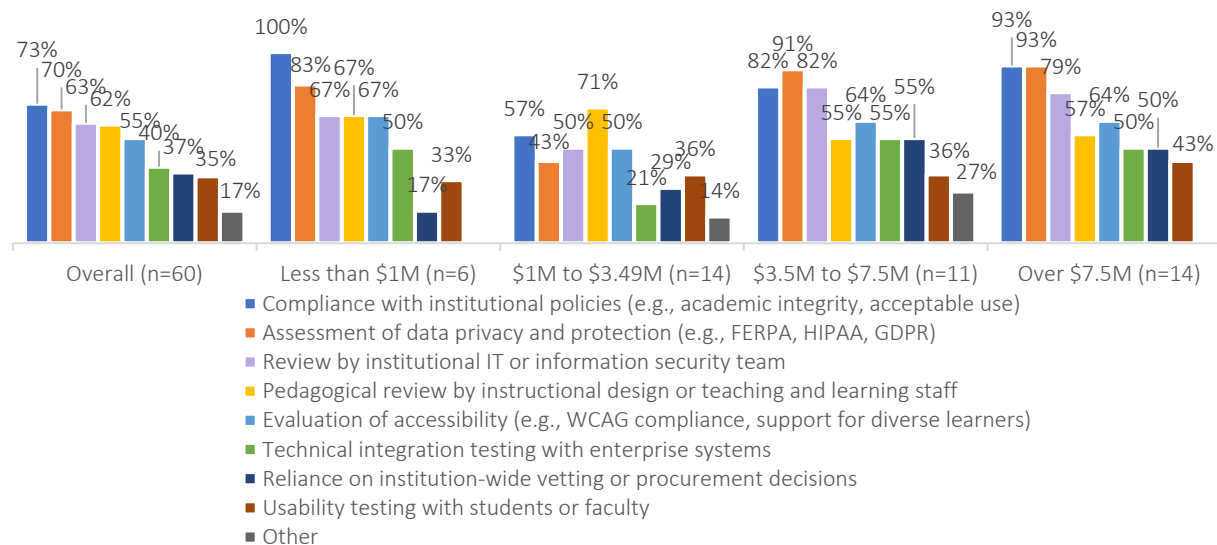- Diversity, Equity, and Inclusion Initiatives
- Other

All budget size categories were most likely to cite enhancing instructional efficiency as their primary strategic driver for AI adoption. Those with a budget size between $3.5M and $7.5M were also likely to cite enabling data-informed decision-making and predictive analysis, while those with a budget size over $7.5M were also likely to cite improving student retention, engagement, or academic success.

Figure 102: What are the primary strategic drivers for AI adoption and implementation within your online enterprise? Please select no more than three answer choices.

- Enhancing instructional efficiency or faculty support
- Fostering a culture of innovation and experimentation
- Demonstrating ethical or responsible leadership in AI use
- Improving student retention, engagement, or academic success
- Increasing operational scalability or reducing cost
- Enabling data-informed decision-making and predictive analytics
- Staying competitive with peer or aspirational institutions
- Supporting personalized or adaptive learning experiences
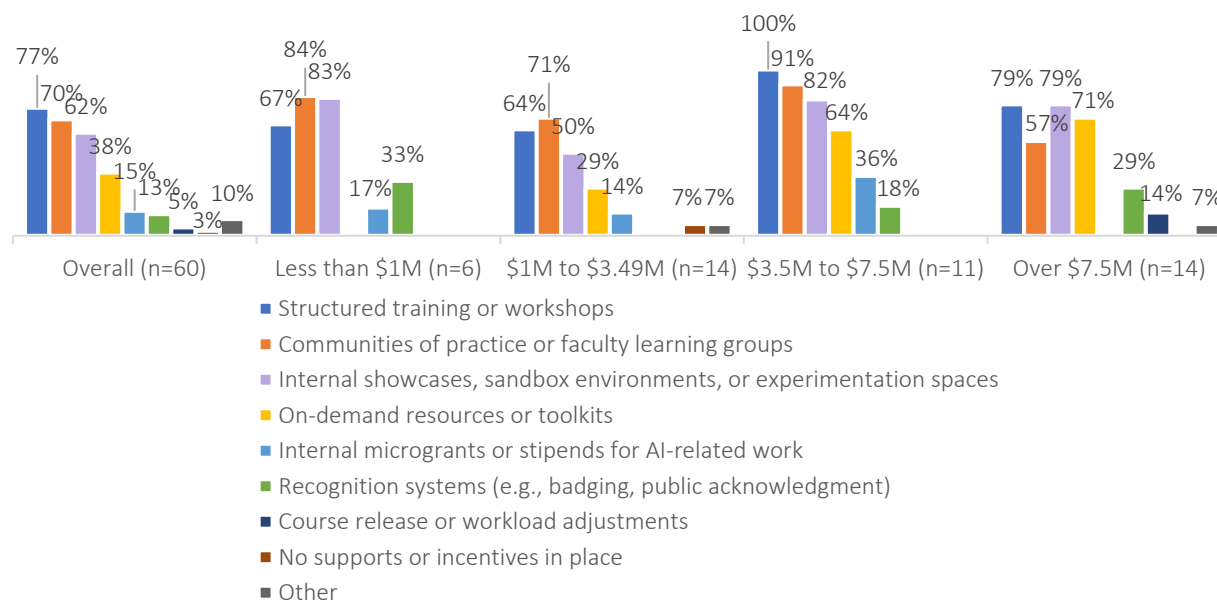- Responding to institutional mandates or strategic priorities
- Other

Nearly all budget size categories were most likely to cite compliance with institution policies or assessment of data privacy and protection as their top way of evaluating generative AI tools before adoption to their online enterprise. Online enterprises with a budget between $1M and $3.49M were most likely to cite pedagogical review by instructional design or teaching and learning staff.

Figure 103: How does your online enterprise evaluate generative AI tools before adoption (e.g., ChatGPT, Claude, Gemini)? Please select all that apply.

- Compliance with institutional policies (e.g., academic integrity, acceptable use)
- Assessment of data privacy and protection (e.g., FERPA, HIPAA, GDPR)
- Review by institutional IT or information security team
- Pedagogical review by instructional design or teaching and learning staff
- Evaluation of accessibility (e.g., WCAG compliance, support for diverse learners)
- Technical integration testing with enterprise systems
- Reliance on institution-wide vetting or procurement decisions
- Usability testing with students or faculty
- Other

Online enterprises with a budget size between $3.5M and $7.5M were more likely to say their online enterprise has implemented nearly all supports and incentives to encourage AI adoption compared to other budget size categories.

Figure 104: Which of the following supports or incentives has your online enterprise implemented to encourage faculty or staff to explore or adopt AI tools? Please select all that apply.

- Structured training or workshops
- Communities of practice or faculty learning groups
- Internal showcases, sandbox environments, or experimentation spaces
- On-demand resources or toolkits
- Internal microgrants or stipends for AI-related work
- Recognition systems (e.g., badging, public acknowledgment)
- Course release or workload adjustments
- No supports or incentives in place
- Other

Budget and Finance

Online enterprises with a budget of over $7.5M have the highest average number of FTEs funded by their online enterprise (99), while those with a budget of less than $1M have an average of 5 FTEs.

Figure 105: Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise?
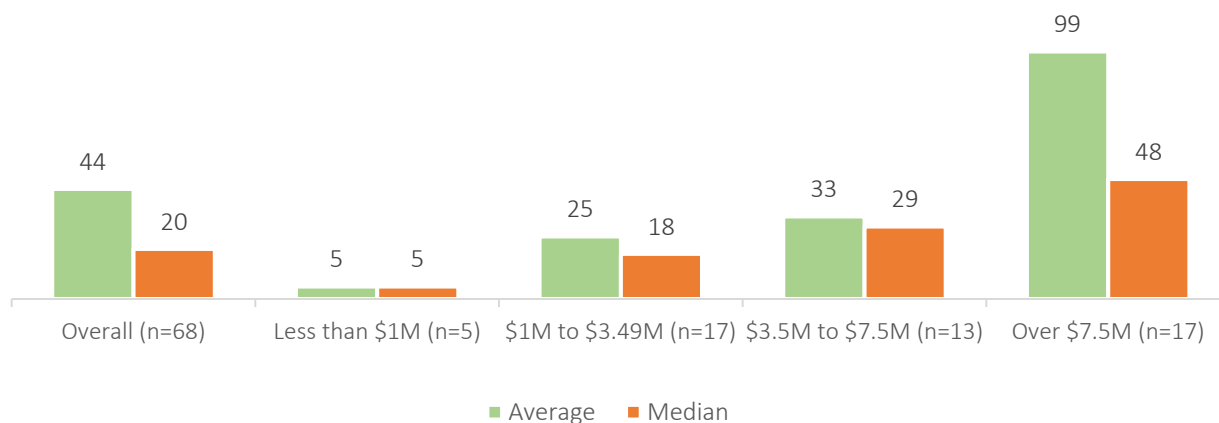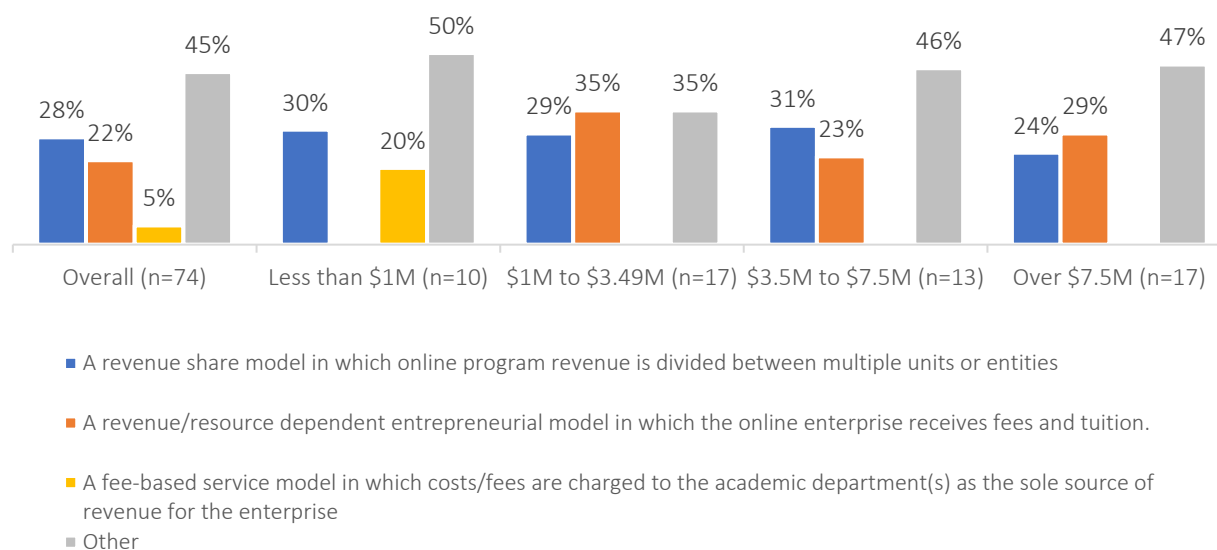

Online enterprises with a budget of less than $1M had the highest average gross revenue ($43.8M), though the presence of outliers and a small sample size should be considered. Those with a budget of over $7.5M had an average gross revenue of $37.4M.

Figure 106: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD.
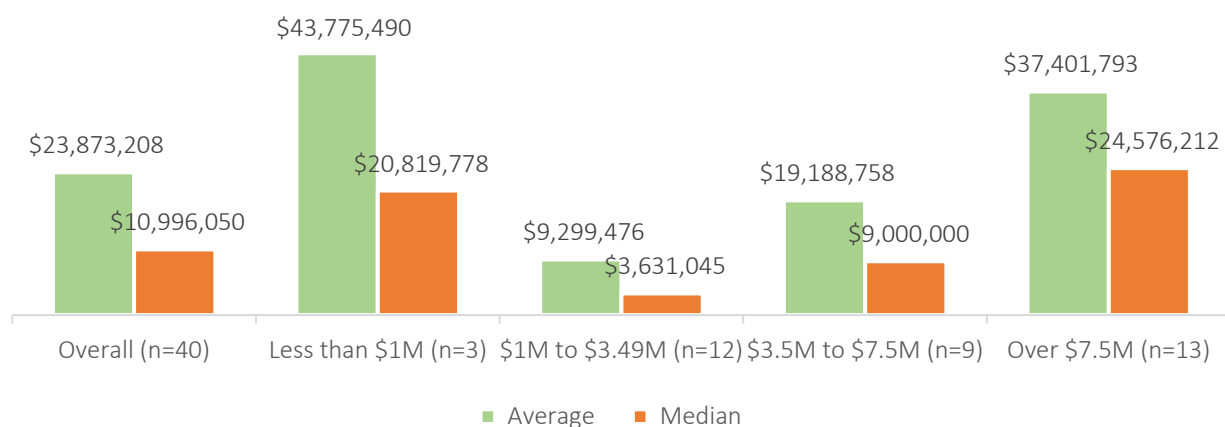
Online enterprises of all budget categories are all most likely to cite financial models in the "Other" category, those with a budget between $1M and $3.49M are also most likely to say they have a revenue/resource dependent entrepreneurial financial model.

**Figure 107: Which of the following best describes your online enterprise's financial model?**

Legend:
- A revenue share model in which online program revenue is divided between multiple units or entities
- A revenue/resource dependent entrepreneurial model in which the online enterprise receives fees and tuition.
- A fee-based service model in which costs/fees are charged to the academic department(s) as the sole source of revenue for the enterprise
- Other

Instruction and Faculty

When asked how the faculty teaching online programs are compensated, online enterprises in all budget size categories were most likely to say faculty teach online as a part of their regular course load.

Figure 108: How are the Faculty teaching in your online programs compensated? Please select all that apply.

Legend:
- Faculty teach online as a part of their regular course load
- Faculty receive monetary incentives for developing course content
- Faculty are paid per course
- Faculty are paid per credit hour
- Faculty are paid based on the number of enrolled students
- Faculty can receive a higher rate of compensation after completing training
- Other
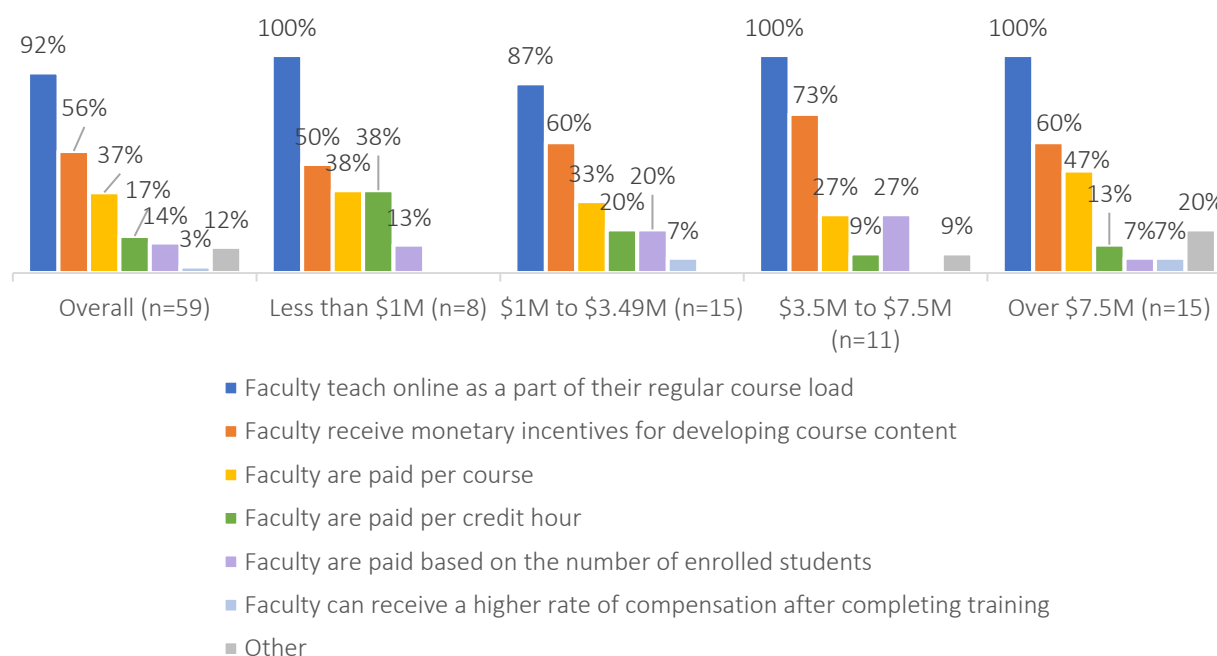
The most common funding of instruction salaries for online enterprises in all budget size categories is being paid by the academic department.

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Figure 109: How are the salaries for instruction funded? Please select all that apply.

- Paid by the Academic Department
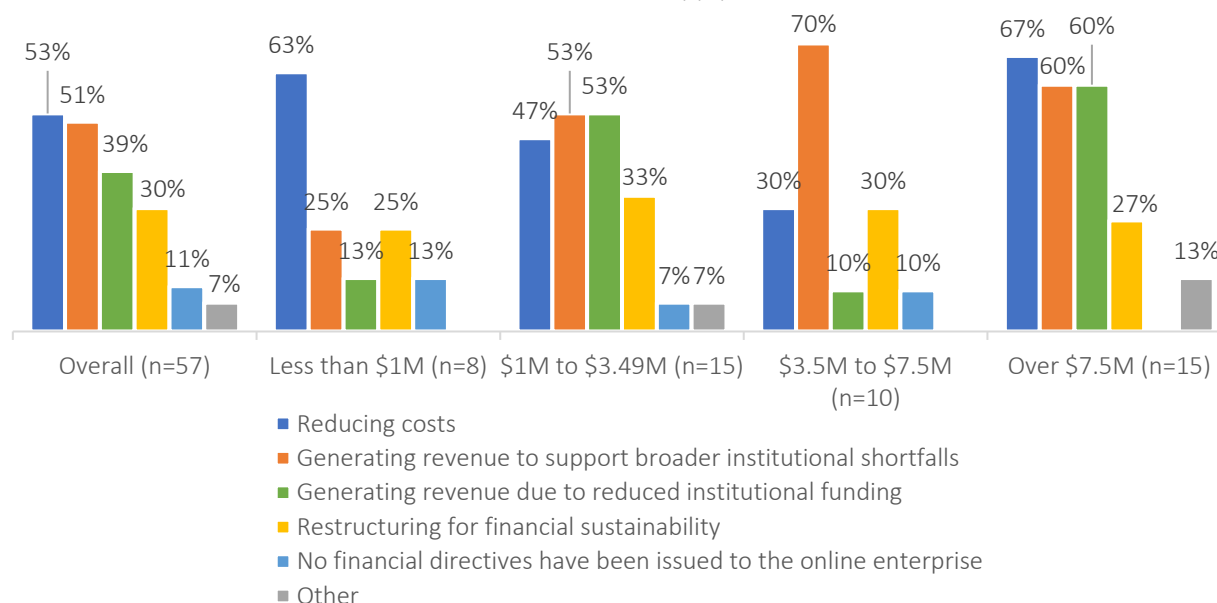- Paid by the online enterprise
- Paid by the Provost's Office
- Other
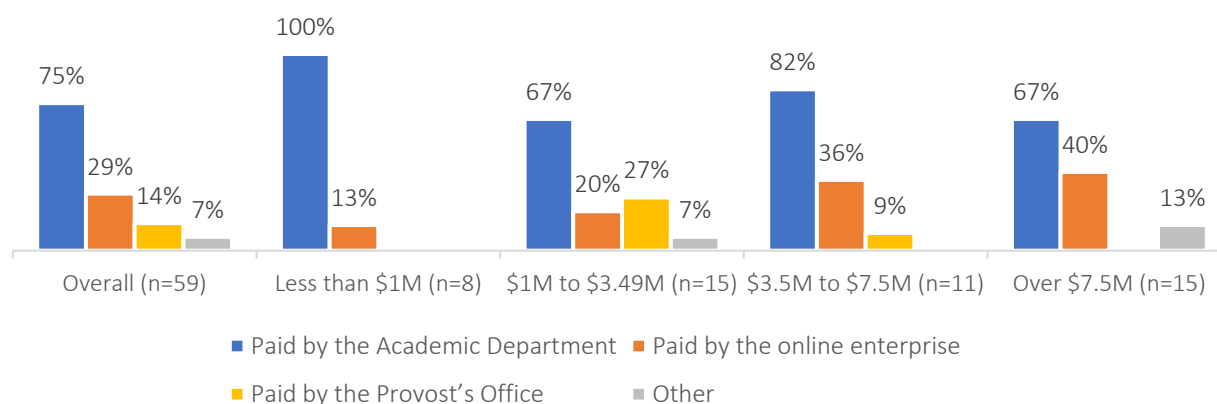
Over half (53%) of online enterprises with a budget over $7.5M say they expect their budget to increase for the next fiscal year, followed by 53% of those with a budget between $1M and $3.49M. Three-quarters (75%) of institutions with a budget of less than $1M expect neither an increase nor decrease.

Figure 110: Which of the following best describes your online enterprise's overall budget for the next fiscal year compared to the previous fiscal year?

- Greatly increase
- Increase
- Neither increase or decrease
- Decrease
- Greatly decrease
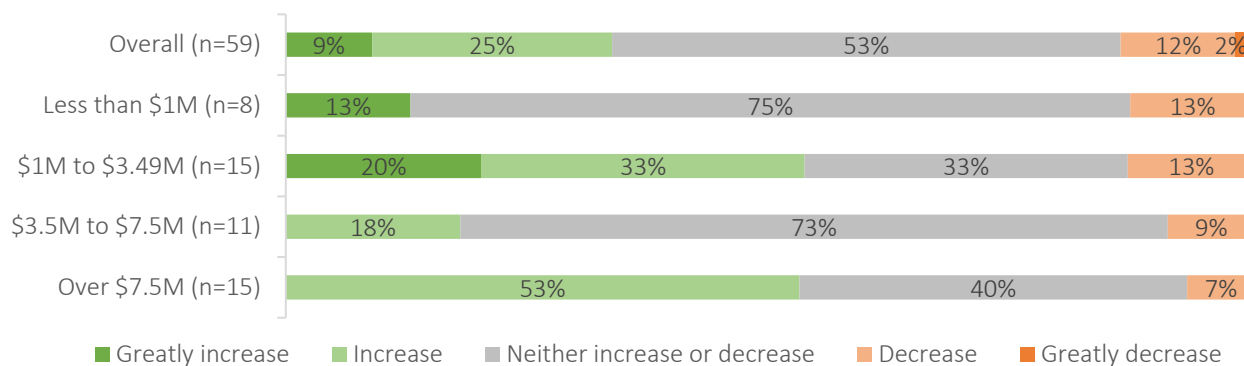
Among all budget size categories, the top three responses to financial challenges include reducing costs, generating revenue to support broader institutional shortfalls, and generating revenue due to reduced institutional funding.

Figure 111: Has your online enterprise—or you as a decision maker—been tasked with any of the following in response to your institution's financial challenges in 2025 and anticipated for FY 2025-2026? Please select all that apply.

Online enterprises among all budget size categories were significantly most likely to cite program innovation/expansion as the top approach to address institutional challenges and meet evolving learner needs.

Figure 112: How has the online learning enterprise—through your leadership or team—introduced new or creative approaches to address institutional challenges, meet evolving learner needs, or strengthen the value proposition of higher education?
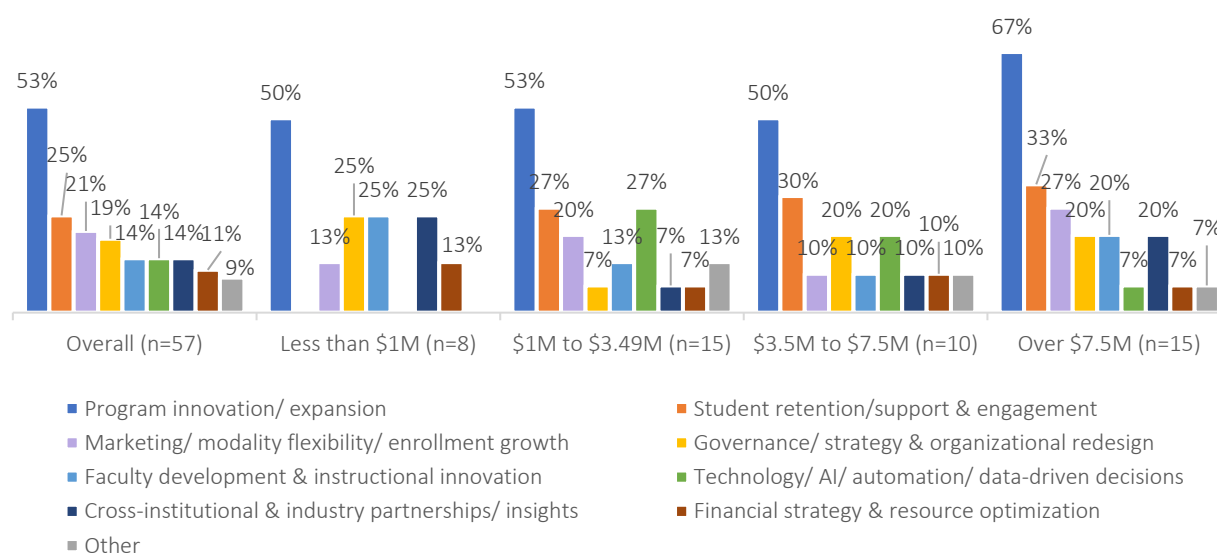
Contracted Services

Online enterprises with higher budgets are slightly more likely to say their online enterprise contracts for services.

Figure 113: Does your online enterprise contract for services, often provided by an online program manager (OPM) or online program enablement (OPE) organization?
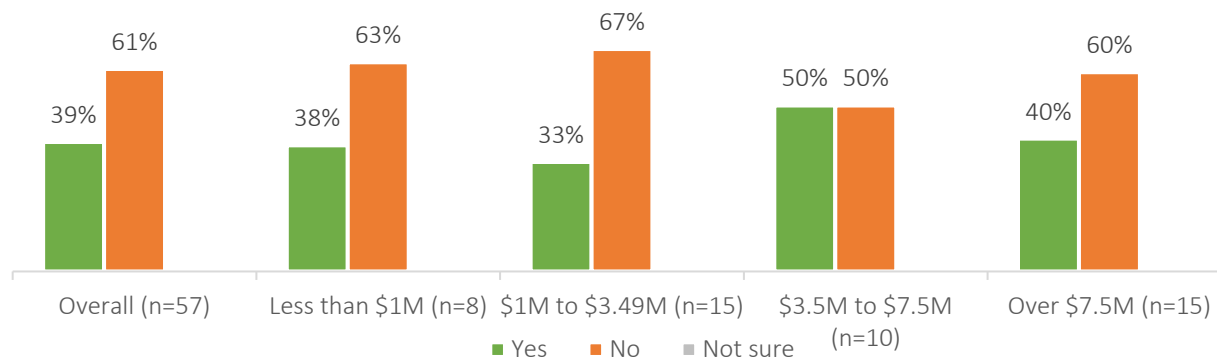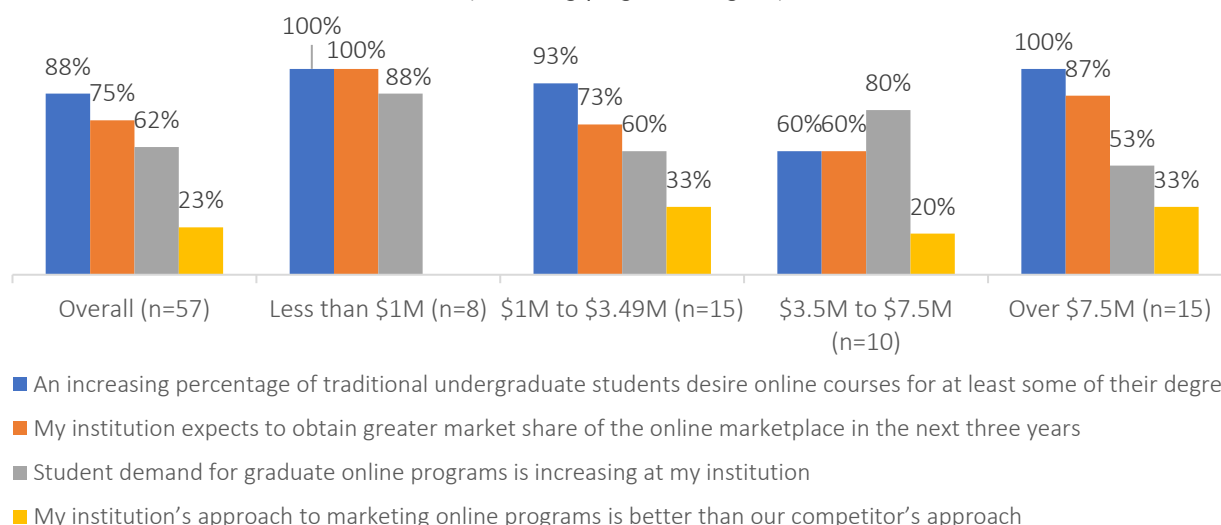

Competitive Environment

Online enterprises in most budget size categories were most likely to cite program quality as their top competitive strategy, while enterprises with a budget of less than $1M were most likely to cite affordable pricing vs. other institutions.

Figure 114: Which of the following does your online enterprise use to better position its online programs in a competitive environment? Please select all that apply.
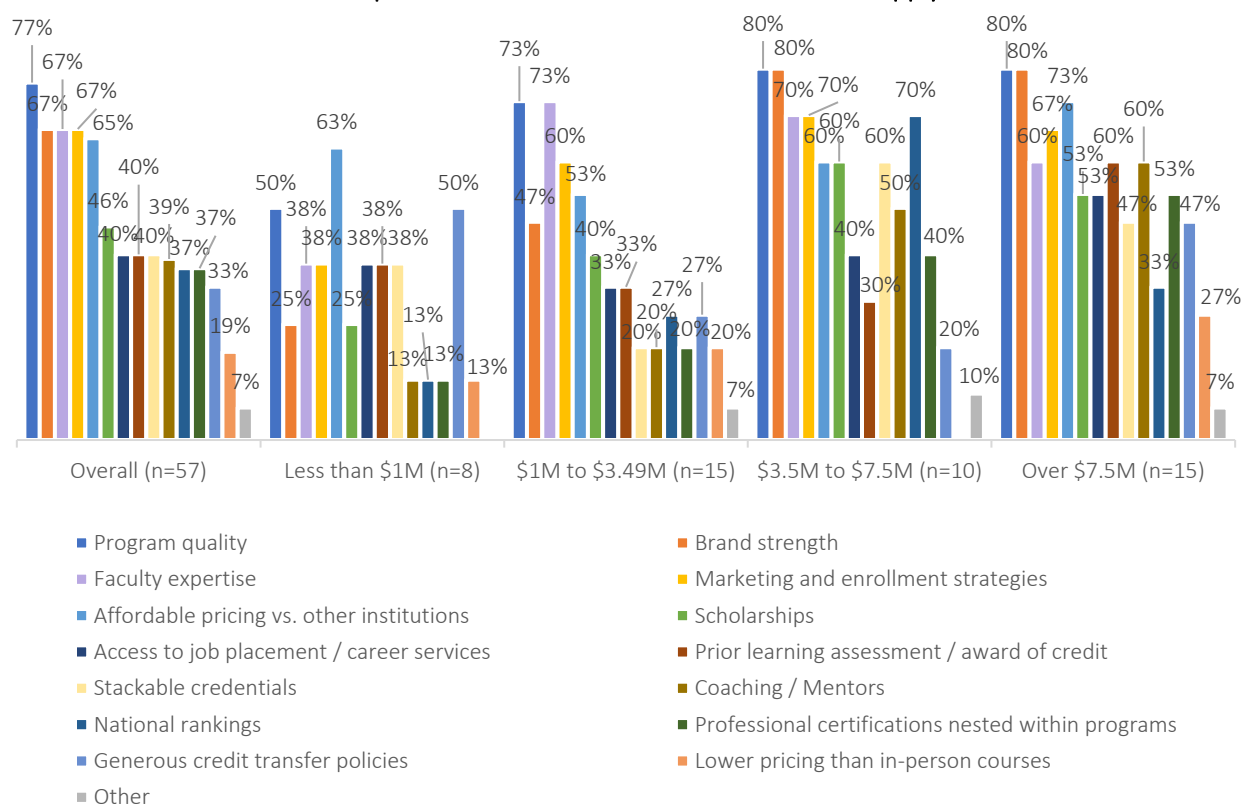
Online enterprises with a budget of less than $1M or over $7.5M are the most likely to strongly agree or agree that an increasing percentage of traditional undergraduate students desire online courses for at least some of their degree and are most likely to strongly agree or agree that their institution expects to obtain a greater marker share of the online marketplace in the next three years.

Figure 115: Please rate how strongly you agree or disagree with the following statements (% Strongly Agree or Agree)

- ■ An increasing percentage of traditional undergraduate students desire online courses for at least some of their degree
- ■ My institution expects to obtain greater market share of the online marketplace in the next three years
- ■ Student demand for graduate online programs is increasing at my institution
- ■ My institution's approach to marketing online programs is better than our competitor's approach

Key Performance Indicators

Online enterprises with a budget of less than $1M have the largest average unduplicated headcount to FTE ratio (1,344), though outliers and a small sample size should be considered.

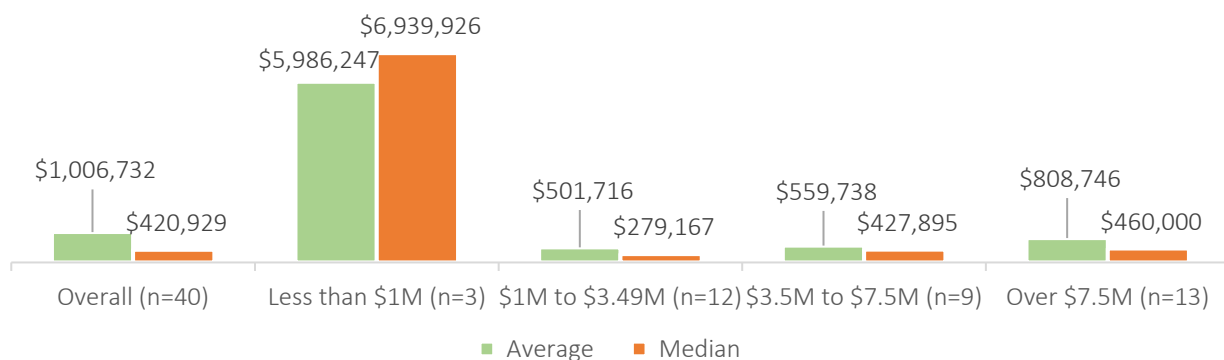**Figure 116: Unduplicated Headcount to FTE Ratio**
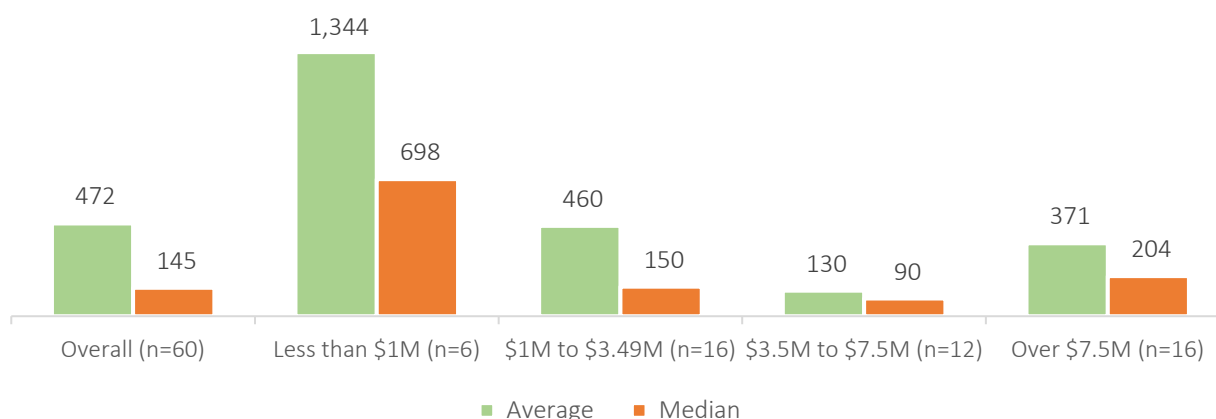
- ■ Average ■ Median

Online enterprises with a budget of over $7.5M have the highest average total budget per FTE metric ($302,990). As budget increases, so does the total budget per FTE ratio.
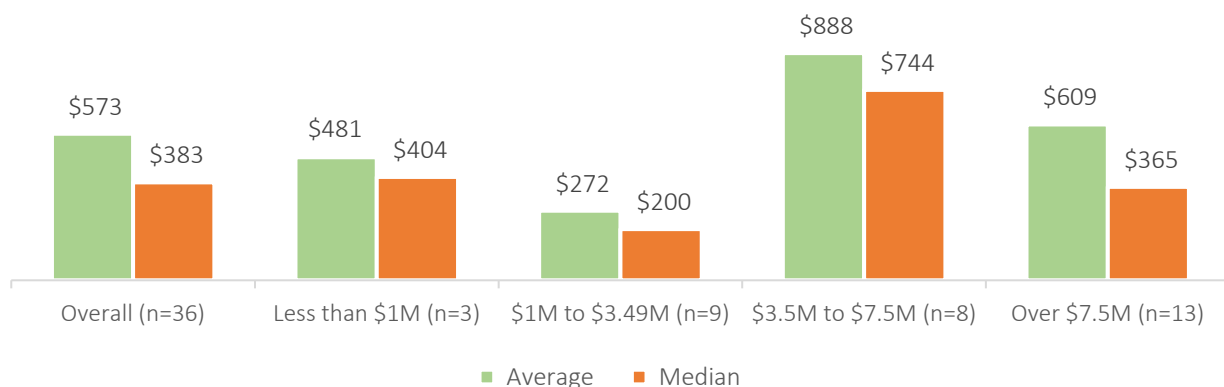
Figure 117: Total Budget per FTE
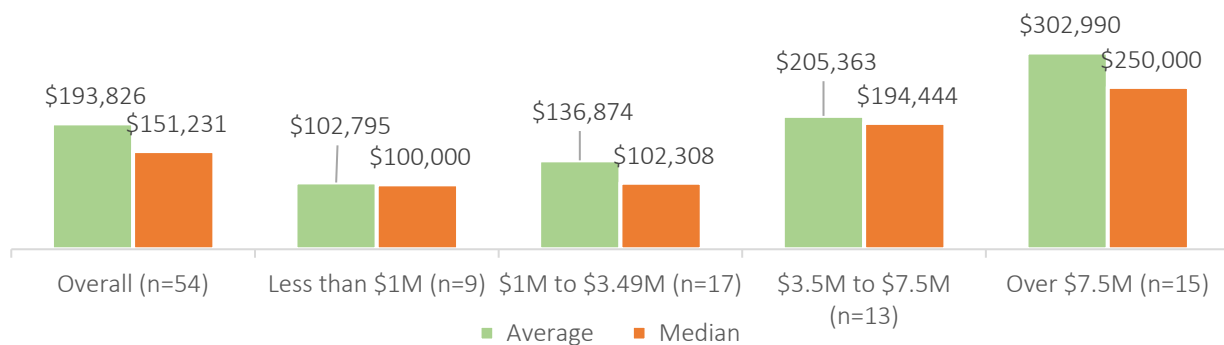
Online enterprises with a budget of less than $1M have the largest average gross revenue to FTE ratio ($6.0M), though outliers and a very small sample size should be considered.
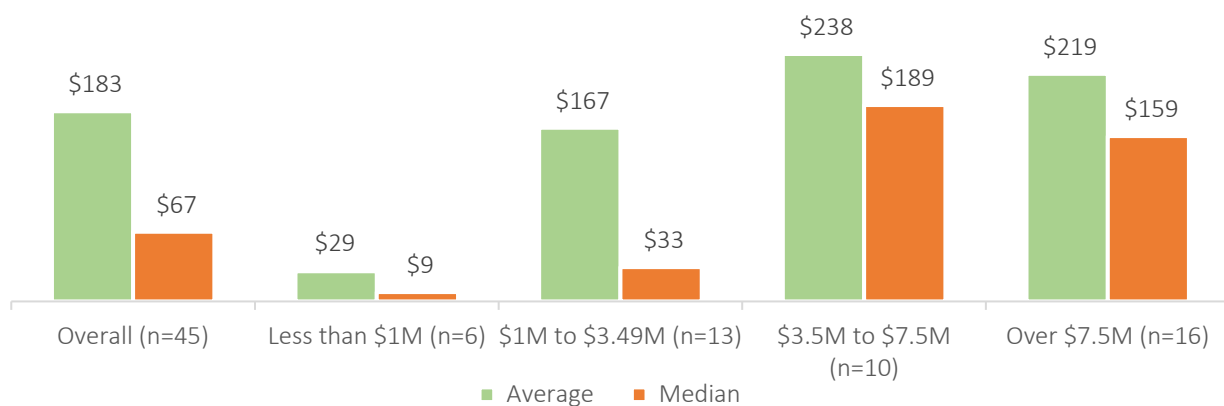
Figure 118: Gross Revenue per FTE

Online enterprises with a budget between $3.5M and $7.5M have the highest average gross revenue per credit hour metric ($888), followed by those with a budget of over $7.5M ($609).
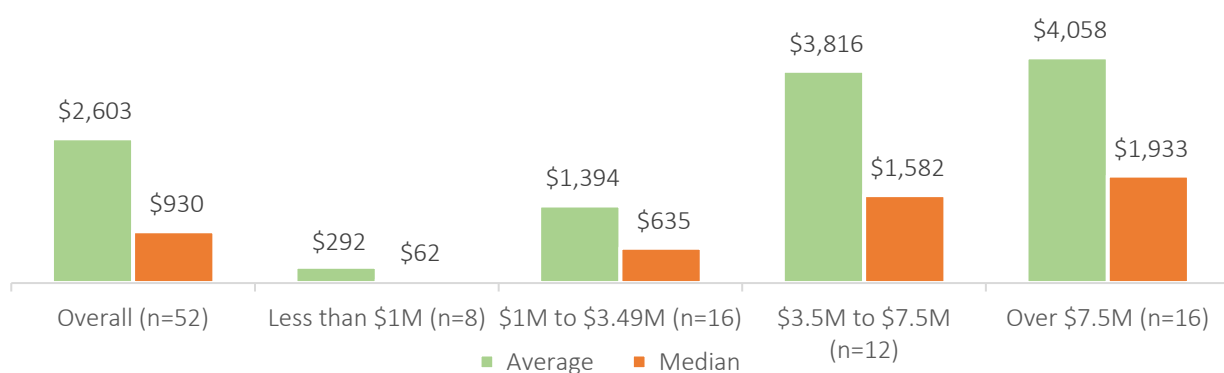
Figure 119: Gross Revenue per Credit Hour

Online enterprises with a budget between $3.5M and $7.5M have the highest average total budget per credit hour metric ($238), followed by those with a budget of over $7.5M ($219).
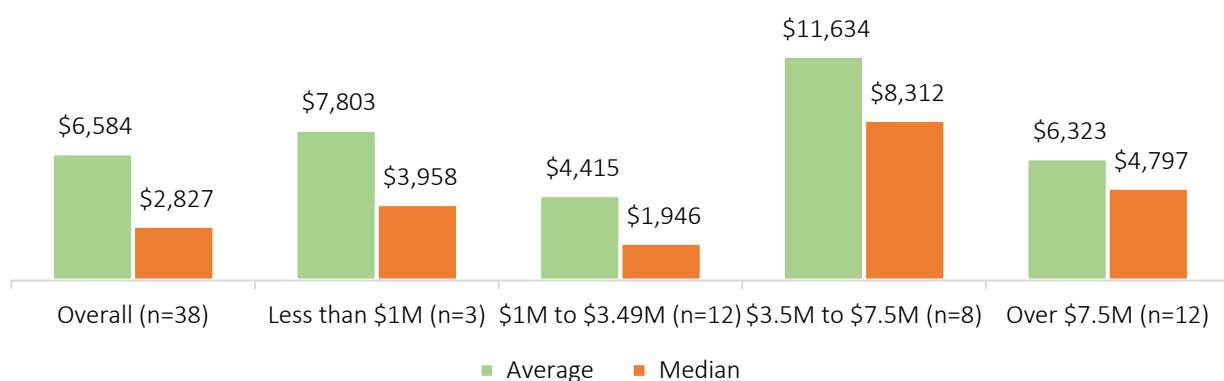
Figure 120: Total Budget per Credit Hour

Online enterprises with a budget over $7.5M have the highest average total budget per unduplicated headcount metric ($4,058), followed by those with a budget between $3.5M and $7.5M ($3,816).

Figure 121: Total Budget per Unduplicated Headcount

Online enterprises with a budget between $3.5M and $7.5M have the highest average gross revenue per unduplicated headcount metric ($11,634), followed by those with a budget of less than $1M ($7,803).

Figure 122: Gross Revenue per Unduplicated Headcount

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Online enterprises with a budget between $3.5M and $7.5M have the highest average credit hour per unduplicated headcount metric ($15.5), followed closely by those with a budget between $1M and $3.49M ($15.1).

Figure 123: Credit Hour per Unduplicated Headcount
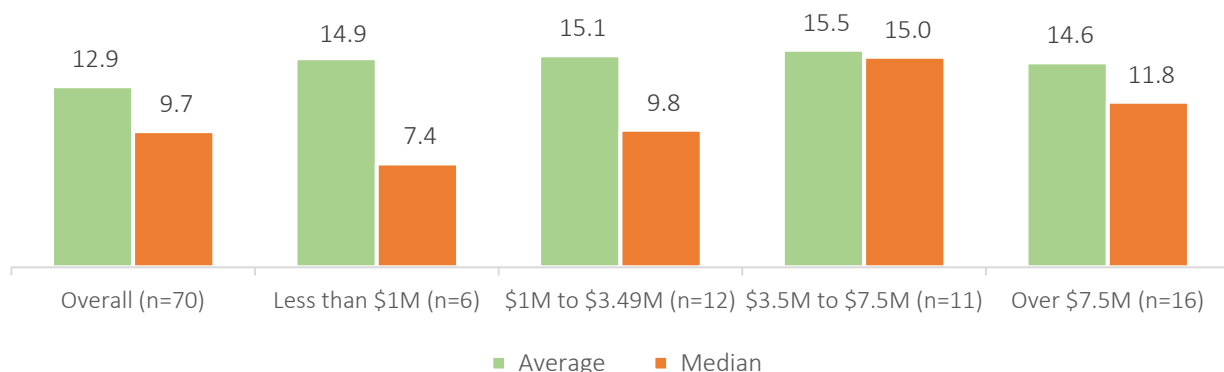
In Summary: Budget Size

The 2025 data reveal that budget size remains a strong differentiator of online enterprise scale, capacity, and strategic behavior across U.S. postsecondary institutions. Online enterprises with budgets under $1 million are more likely to operate in administratively decentralized environments and to provide extensive support for software and applications used in online learning. Their financial models are diverse, and this was the only budget category in which any respondents reported using a fee-based approach. Limited capacity makes these units more likely to cite enhancing instructional efficiency or faculty support as the primary strategic driver for AI adoption, offering opportunities for scalability that were previously out of reach. While most budgets in this group are forecasted to remain unchanged, there is optimism that student demand for graduate online programs is rising at the highest rate among all four budget sizes.

Enterprises in the $1 million to $3.49 million range report more independent authority over AI decisions and are most likely to employ pedagogical review processes when evaluating new tools. This group reported the lowest gross revenue figures in both average and median terms. They were also the most likely to use a revenue/resource-dependent entrepreneurial model, in which the online enterprise receives tuition and fee revenue directly. Many institutions in this group also expect to expand their budgets in the coming year, signaling readiness to scale programs and invest in new capabilities through deliberate planning. Their strategic focus reflects a measured approach to technology integration that balances innovation with limited resources.

Online enterprises with budgets between $3.5 million and $7.5 million stand out for their revenue efficiency, reporting the highest average and median gross revenue per credit hour and per unduplicated headcount. These revenue metrics suggest mature operational practices and a commitment to scaling high-quality online learning with sustainable returns. These institutions were also the least likely to rely on external OPMs, reinforcing their internal capacity and operational self-sufficiency. Reflecting this maturity, they were the most likely to offer structured

training and workshops to encourage faculty and staff to explore and adopt AI tools—a proactive approach that strengthens institutional readiness and innovation culture. However, this success has also brought heightened expectations, with 70% of these enterprises tasked with generating revenue to support broader institutional shortfalls, the highest proportion of any budget category.

Those with budgets exceeding $7.5 million demonstrate the greatest volume, serving the largest online student populations and producing the highest number of fully online credit hours. These enterprises typically maintain large teams, diversified program portfolios, and the highest total budget per FTE. However, they do not report the highest gross revenue per headcount or credit hour, underscoring the trade-offs between scale and efficiency. This group was also the most likely to leverage AI tools to support teaching and operations, reflecting a focus on technology-driven innovation. At the same time, they were most often tasked with generating revenue to offset reduced institutional funding. More than half expect budget increases in the next fiscal year, signaling continued investment and confidence in online education's strategic role.

Across all budget categories, institutions share common challenges, particularly the tension between scaling capacity, maintaining efficiency, and integrating emerging technologies like AI. While larger budgets often enable greater diversification and operational resources, the data highlights that smaller enterprises can still achieve high per-student and per-credit-hour performance under the right strategic conditions. These findings underscore that budget size alone does not dictate success; instead, alignment of resources, governance, and program strategy remains central to sustaining and growing online education enterprises.
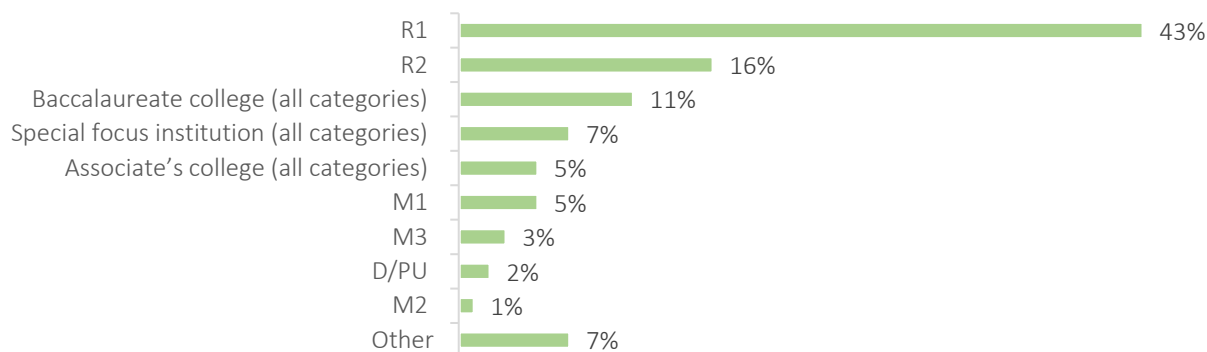
Carnegie Classification: Responses and Analysis

Key Findings

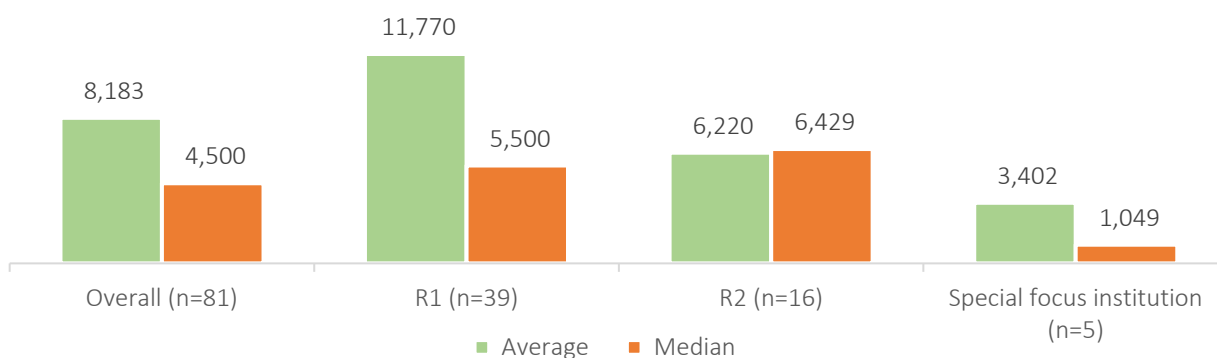|	
R1 Institutions	• R1 institutions have the **highest average unduplicated headcount (11,770)** for learners enrolled in only fully online courses and the **highest average number of student credit hours** for learners enrolled in fully online courses **(107,540)**. • R1 institutions' online enterprises had the **highest average total budget ($10.0M)** for the 2023-2024 academic year. They had an **average gross revenue of $25.0M.** • These institutions have the highest average number of FTE employees (52). • R1 institutions are significantly more likely to say their online enterprise contracts for services (52%) compared to other institution types. • R1 institutions have the highest average budget per FTE ($242,126). • R1 institutions have a significantly **higher average total budget per credit hour ($205)** compared to other institution types. • R1 institutions have nearly double the average gross revenue per credit hour ($750) compared to R2 institutions ($383).
R2 Institutions	• R2 institutions have an average unduplicated headcount of 6,220 and an average total student credit hours of 82,957 for fully online students. • R2 institutions had an average total budget of ($3.8M) and an average gross revenue of $26.8M. • **Only 20%** of R2 institutions say their online enterprise **contracts for services.** • R2 institutions have a significantly **higher average gross revenue per FTE ($1.5M)** compared to other institution types.
Special Focus Institutions	• Special focus institutions have an average unduplicated headcount of 3,402 and an average total student credit hours of 78,694 for fully online students.
M1 Institutions	• M1 institutions had an average total budget of ($2.8M). • These institutions have an **average of 44 FTE employees** funded by their online enterprise. • M1 institutions are most likely to cite a **revenue share model (80%)** for their online enterprise's financial model.

Demographics

Under Carnegie Classifications, 43% of institutions are R1 institutions, 16% are R2, 11% are baccalaureate colleges, 7% special focus institutions, and 5% are associate's colleges.

Figure 124: Which of the following Carnegie Classifications is your institution? (n=152)

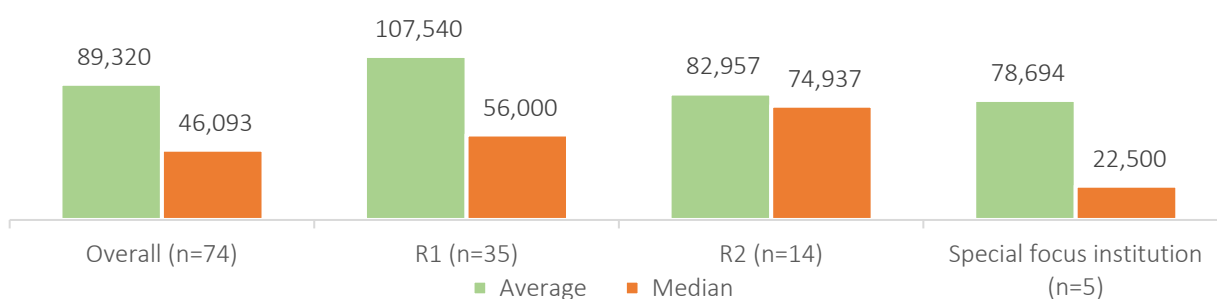| Classification	Percentage
R1	43%
R2	16%
Baccalaureate college (all categories)	11%
Special focus institution (all categories)	7%
Associate's college (all categories)	5%
M1	5%
M3	3%
D/PU	2%
M2	1%
Other	7%

R1 institutions have the highest average unduplicated headcount (11,770) for learners enrolled in only fully online courses, followed by R2s (6,220), and special focus institutions (3,402).

Figure 125: Please provide the unduplicated headcount for learners enrolled in fully online courses for the 2023-2024 academic year

	Average	Median
Overall (n=81)	8,183	4,500
R1 (n=39)	11,770	5,500
R2 (n=16)	6,220	6,429
Special focus institution (n=5)	3,402	1,049

R1 institutions have the highest average number of student credit hours for learners enrolled in fully online courses (107,540), followed by R2s (82,957), and special focus institutions (78,694).

Figure 126: Please provide the total student credit hours for learners enrolled in fully online courses for the 2023-2024 academic year.

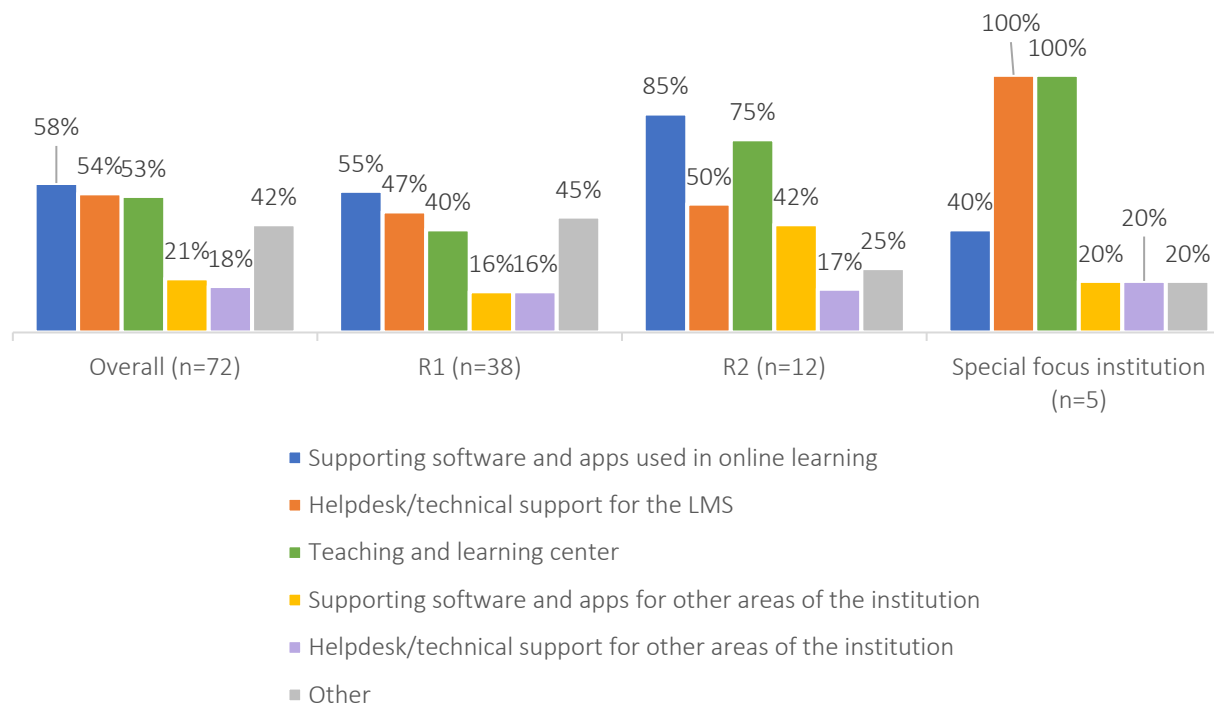|	Average	Median
Overall (n=74)	89,320	46,093
R1 (n=35)	107,540	56,000
R2 (n=14)	82,957	74,937
Special focus institution (n=5)	78,694	22,500

Size and Structure

All R2 and M1 institutions strongly agree or agree that their online enterprise is academically decentralized, followed by 86% of R1s, and 60% of special focus institutions. Besides special focus institutions, all other Carnegie classification institutions are more likely to strongly agree or agree that their online enterprise is academically decentralized than administratively decentralized.

Figure 127: Please rate how strongly you agree or disagree with the following statements (% Strongly Agree or Agree)

- ■ My online enterprise is academically decentralized
- ■ My online enterprise is administratively decentralized
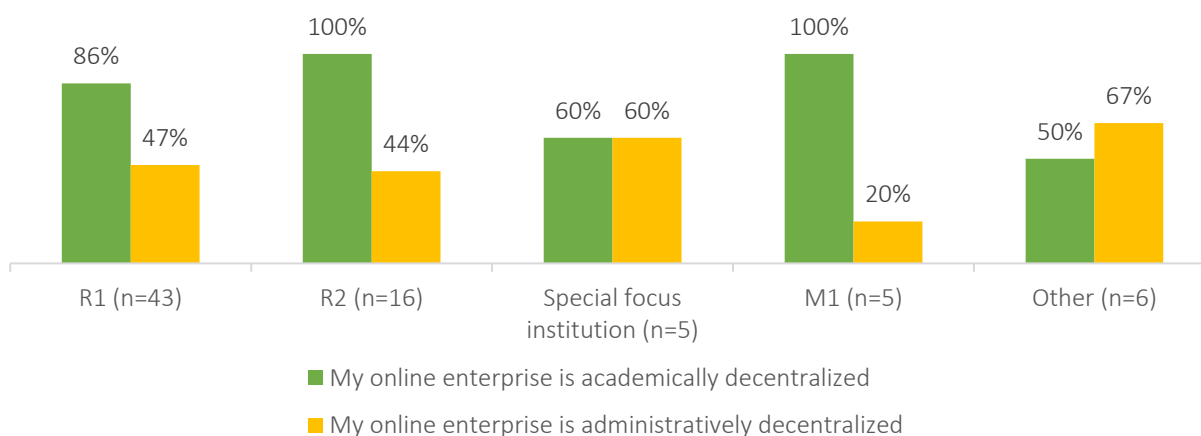
The top three responsibilities cited for R1s, R2s, and special focus institutions included supporting software and apps used in online learning, helpdesk/technical support for the LMS, and the teaching and learning center.

Figure 128: Which of the following are responsibilities for your online enterprise? Please select all that apply.

- ■ Supporting software and apps used in online learning
- ■ Helpdesk/technical support for the LMS
- ■ Teaching and learning center
- ■ Supporting software and apps for other areas of the institution
- ■ Helpdesk/technical support for other areas of the institution
- ■ Other

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Among all Carnegie classifications, graduate degrees and graduate credit-bearing certificates were among the top program types in online enterprise portfolios. It is notable that R2s had a greater percentage offering undergraduate degrees (92%) compared to R1 (71%).
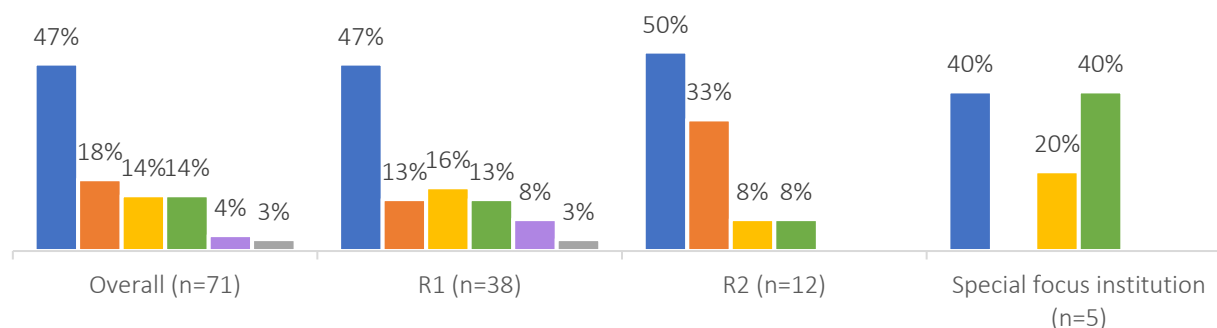
Figure 129: Which of the following program types are included in your online enterprise's portfolio of programs that it supports? Please select all that apply.
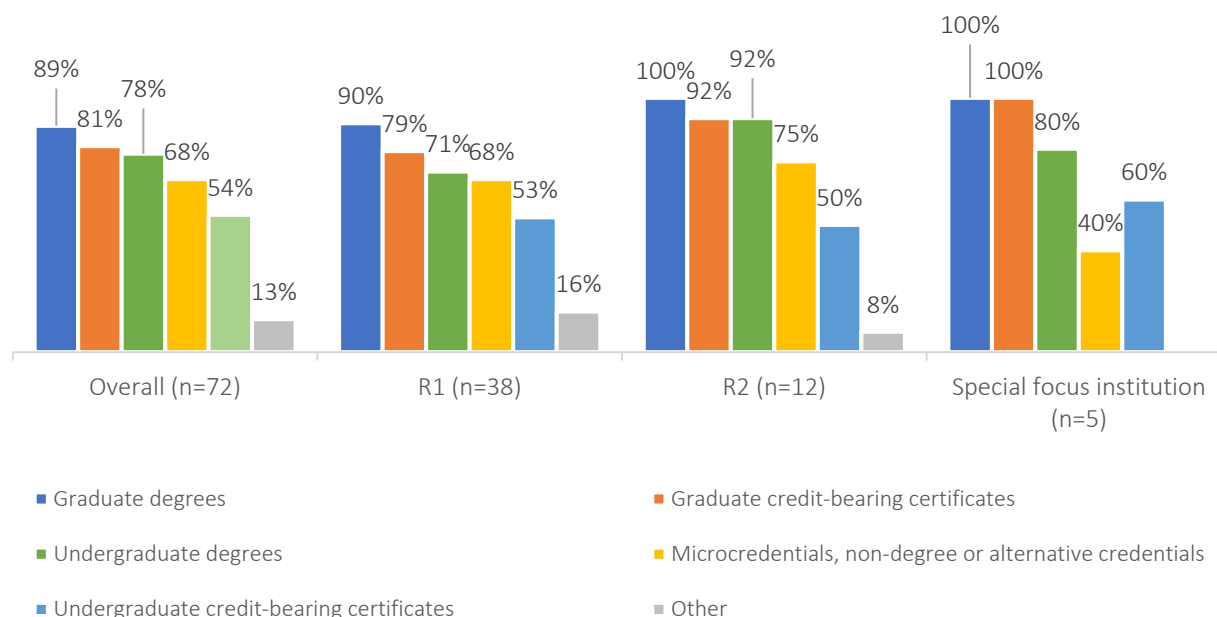
2025 Special Topic: AI & Emerging Technology
Among all Carnegie classifications, respondents are most likely to say their online enterprises have shared authority when making decisions about AI tools and practices. R2s were more than twice as likely than R1s to indicate that their online enterprise has AI decision making autonomy. While sample size is limited, special focus institutions are also most likely to say no formal process exists for AI decision-making.
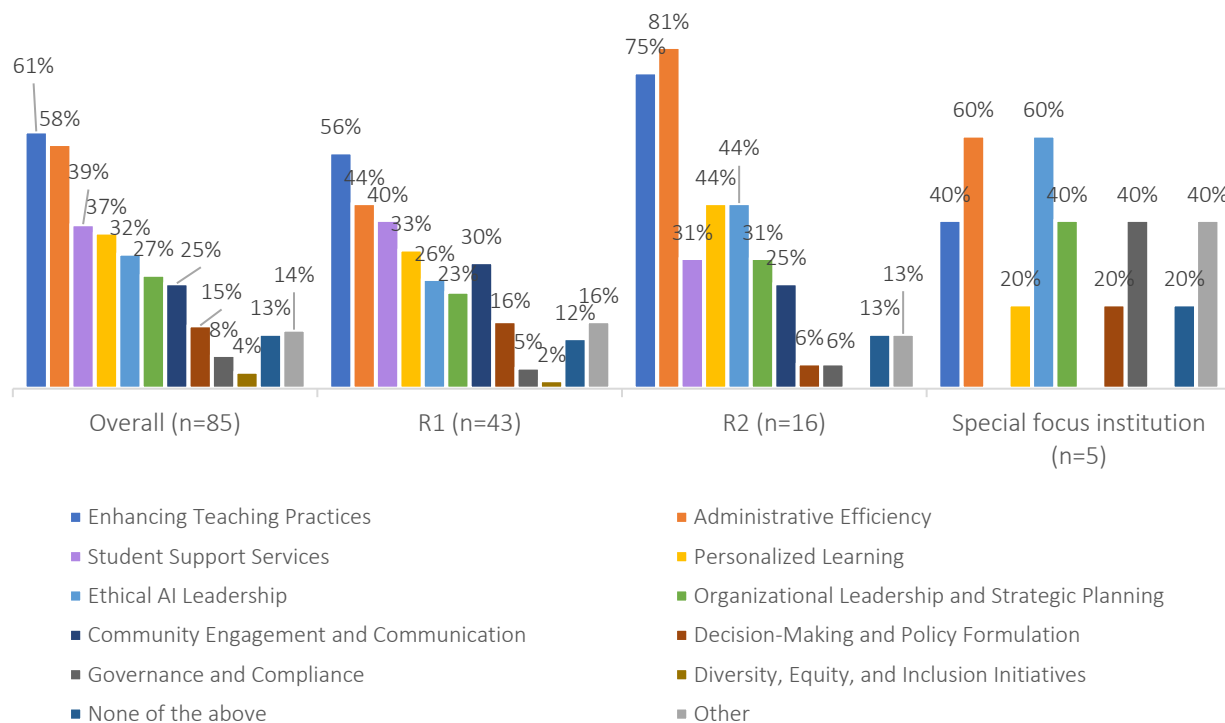
Figure 130: Which of the following best describes your online enterprise's autonomy in making decisions about AI tools and practices?

- ■ We have shared authority—our online enterprise collaborates with institutional leadership (e.g., IT, academic affairs) on AI-related decisions.
- ■ We make independent decisions about AI tools and practices within our unit, including selection, implementation, and use.
- ■ Decisions are made exclusively at the central level—AI-related decisions are made at the institutional level, with limited input from our online enterprise.
- ■ No formal process exists for AI decision-making within our online enterprise.

- ■ We follow guidance or policies created by another unit (e.g., college of technology, department of computer science, teaching and learning center, etc.), without a formal decision-making role.
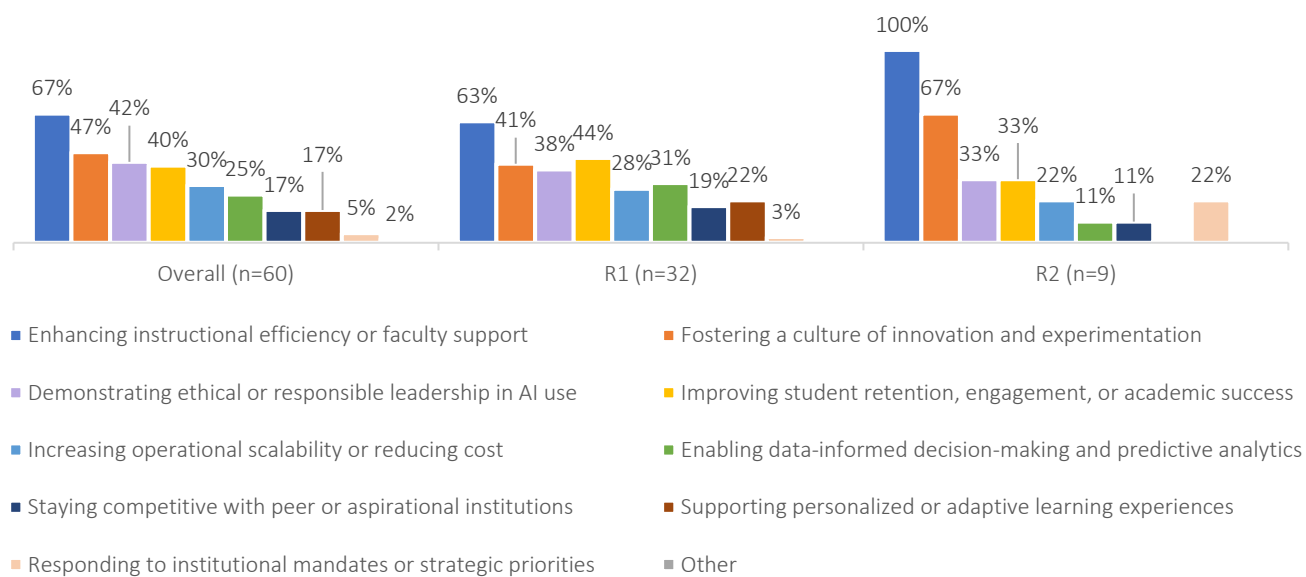- ■ Other

When examined by Carnegie Classification, clear patterns emerge in how institutions are applying AI. R2 institutions—often regional comprehensives with higher tuition dependency—reported substantially higher adoption of AI for both administrative efficiency and teaching practices. Specifically, 81% of R2 respondents said they are using AI to improve administrative processes, 37 percentage points higher than R1 peers. Similarly, 75% of R2 institutions indicated AI is supporting teaching practices, compared to 56% of R1s. Although sample sizes for each category differ, the trend suggests that institutions under greater financial pressure may be more proactive in leveraging AI to enhance operations and instructional delivery.

Figure 131: Is your online enterprise currently using AI in any of the following areas? Please select all that apply.

- Enhancing Teaching Practices
- Administrative Efficiency
- Student Support Services
- Personalized Learning
- Ethical AI Leadership
- Organizational Leadership and Strategic Planning
- Community Engagement and Communication
- Decision-Making and Policy Formulation
- Governance and Compliance
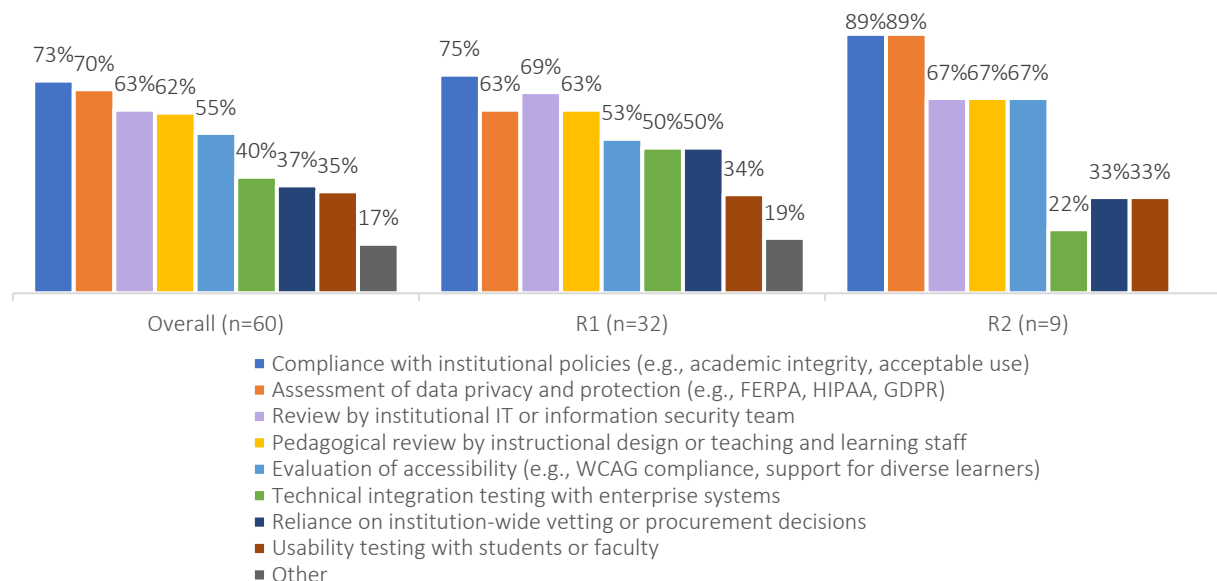- Diversity, Equity, and Inclusion Initiatives
- None of the above
- Other

Both R1 and R2 institutions were most likely to cite enhancing instructional efficiency or faculty support as their primary strategic driver for AI adoption.

Figure 132: What are the primary strategic drivers for AI adoption and implementation within your online enterprise? Please select no more than three answer choices.

- Enhancing instructional efficiency or faculty support
- Fostering a culture of innovation and experimentation
- Demonstrating ethical or responsible leadership in AI use
- Improving student retention, engagement, or academic success
- Increasing operational scalability or reducing cost
- Enabling data-informed decision-making and predictive analytics
- Staying competitive with peer or aspirational institutions
- Supporting personalized or adaptive learning experiences
- Responding to institutional mandates or strategic priorities
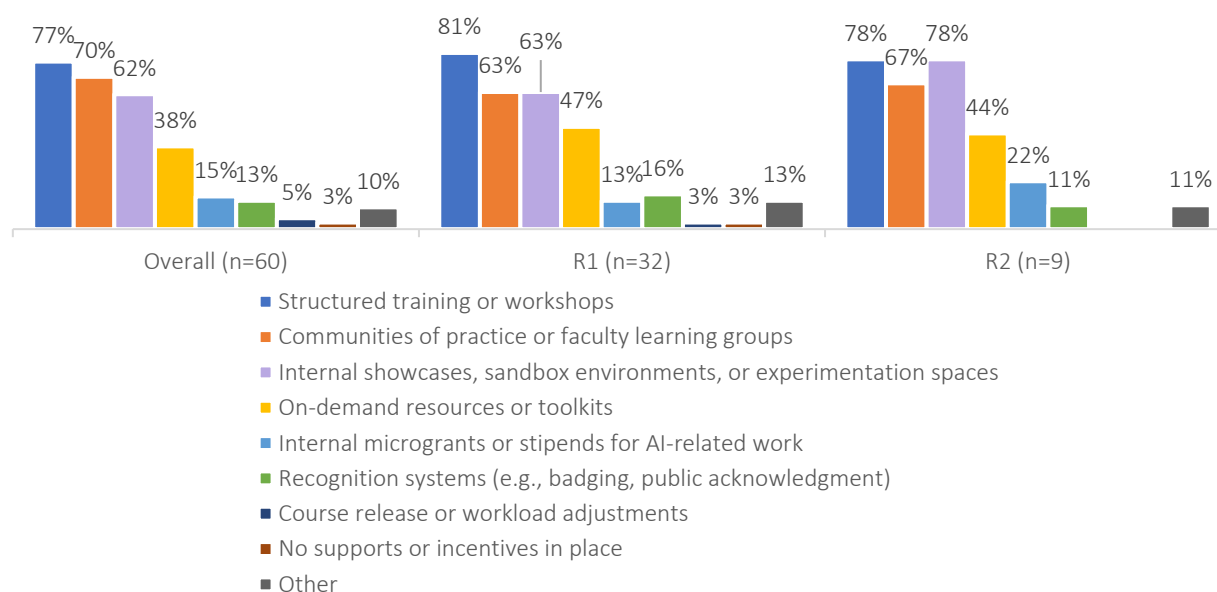- Other

Both R1 and R2 institutions were most likely to cite compliance with institution policies as their way to evaluate generative AI tools before adoption to their online enterprise. R2 institutions were also likely to cite assessment of data privacy and protection.

Figure 133: How does your online enterprise evaluate generative AI tools before adoption (e.g., ChatGPT, Claude, Gemini)? Please select all that apply.

- Compliance with institutional policies (e.g., academic integrity, acceptable use)
- Assessment of data privacy and protection (e.g., FERPA, HIPAA, GDPR)
- Review by institutional IT or information security team
- Pedagogical review by instructional design or teaching and learning staff
- Evaluation of accessibility (e.g., WCAG compliance, support for diverse learners)
- Technical integration testing with enterprise systems
- Reliance on institution-wide vetting or procurement decisions
- Usability testing with students or faculty
- Other

R1 institutions were most likely to cite structured training or workshops as an incentive to encourage faculty to adopt AI tools, while R2 institutions were most likely to cite structured training or workshops and internal showcases, sandbox environments, or experimentation spaces.

Figure 134: Which of the following supports or incentives has your online enterprise implemented to encourage faculty or staff to explore or adopt AI tools? Please select all that apply.

- Structured training or workshops
- Communities of practice or faculty learning groups
- Internal showcases, sandbox environments, or experimentation spaces
- On-demand resources or toolkits
- Internal microgrants or stipends for AI-related work
- Recognition systems (e.g., badging, public acknowledgment)
- Course release or workload adjustments
- No supports or incentives in place
- Other

Budget and Finance

On average, R1 institutions' online enterprises had a total budget of $10.0M for the 2023-2024 academic year, followed by R2 institutions ($3.8M), and M1 institutions ($2.8M).

Figure 135: For the 2023-2024 academic year, what was your online enterprise's total budget? Please list the budget in USD.
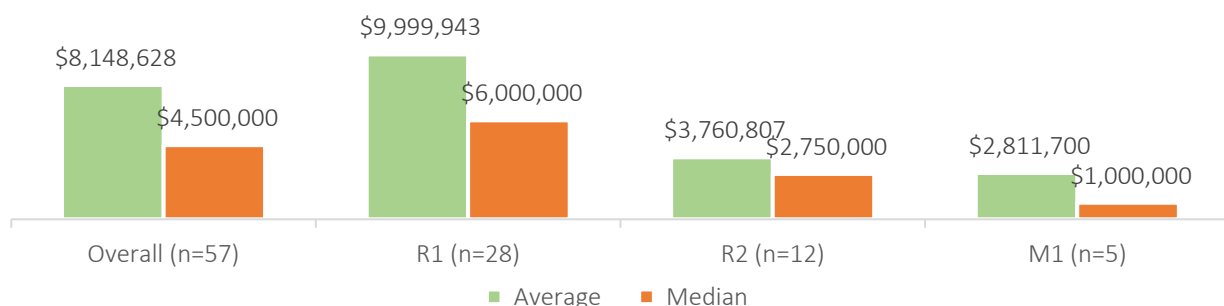

R1 institutions have the highest average number of FTEs funded by their online enterprise (52), followed by M1 institutions (44), and R2 institutions (27).

Figure 136: Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise?
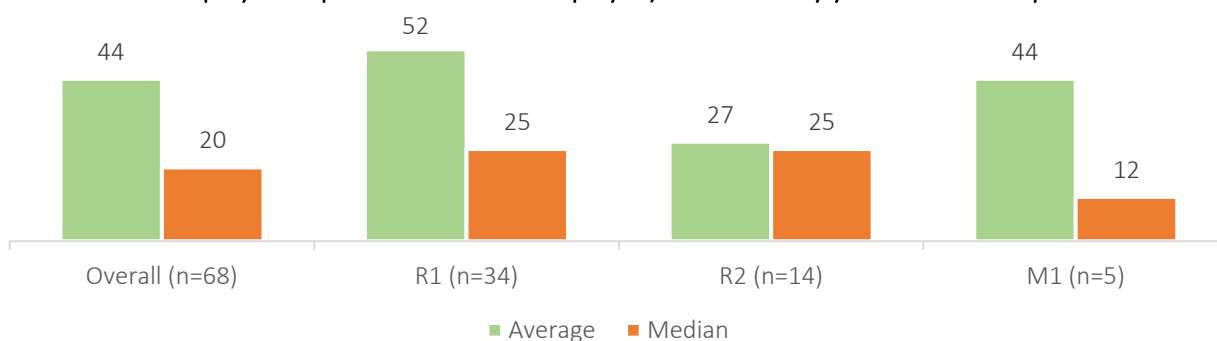
The average online enterprise total gross revenue for R2 institutions is $26.8M for the 2023-2024 academic year, closely followed by R1 institutions ($25.0M).

Figure 137: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD.
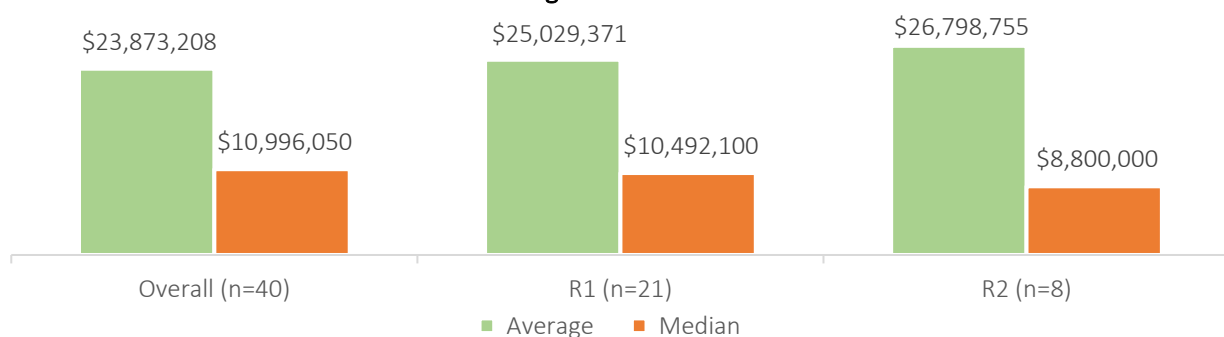
Both R1 and R2 institutions are most likely to cite financial models in the "Other" category, while M1 institutions are most likely to cite a revenue share model.
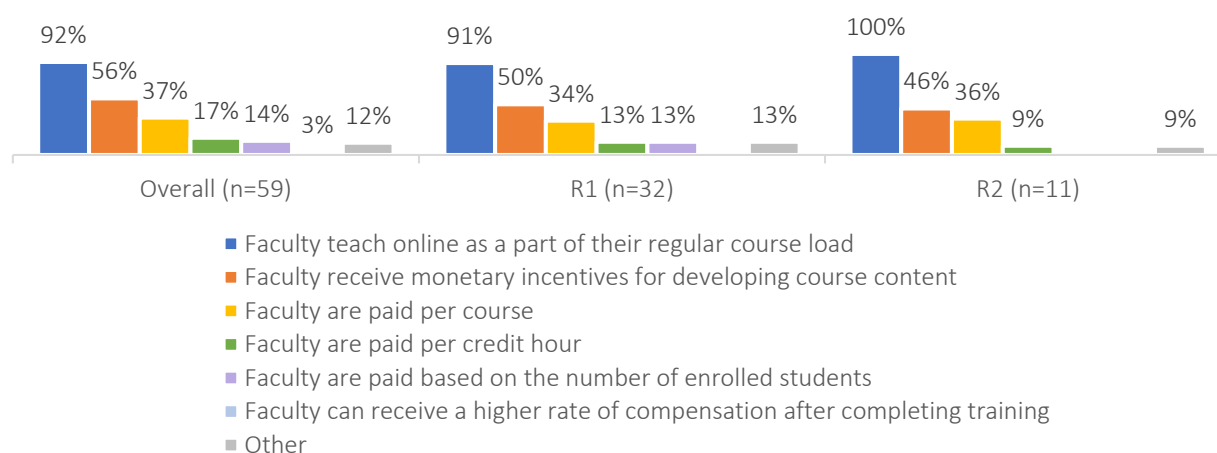
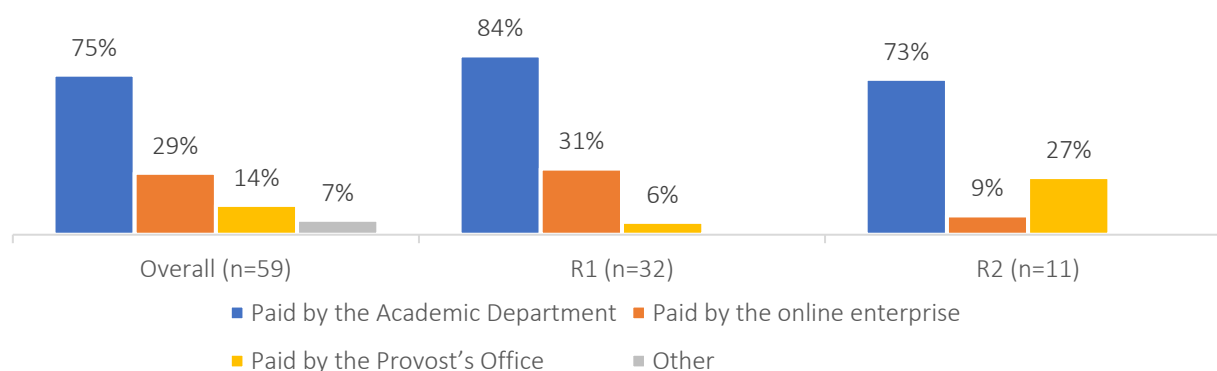**Figure 138: Which of the following best describes your online enterprise's financial model?**
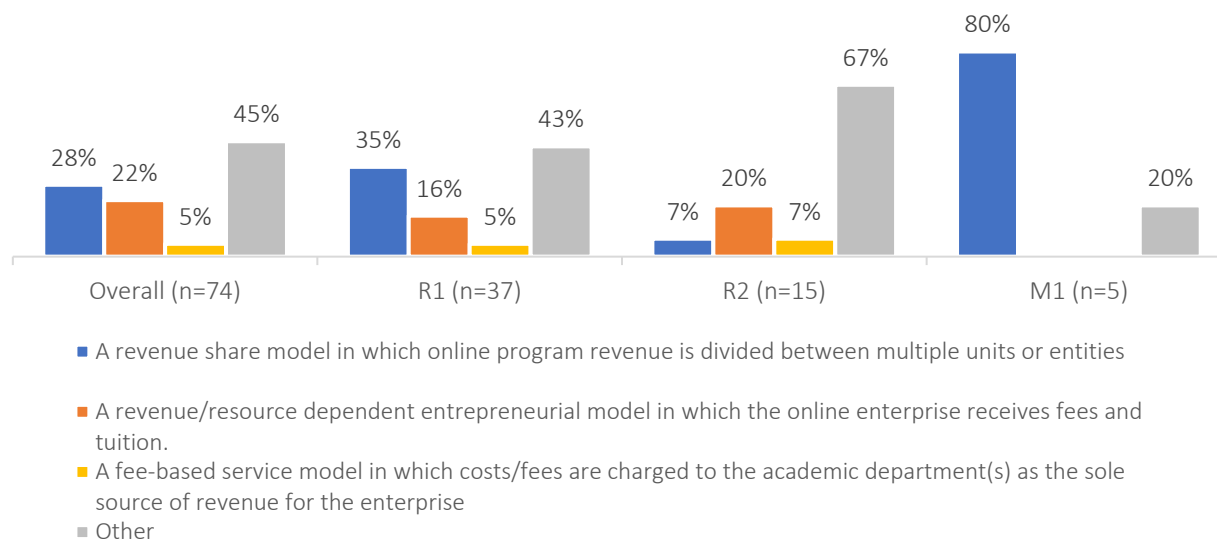
- A revenue share model in which online program revenue is divided between multiple units or entities

- A revenue/resource dependent entrepreneurial model in which the online enterprise receives fees and tuition.

- A fee-based service model in which costs/fees are charged to the academic department(s) as the sole source of revenue for the enterprise

- Other

Instruction and Faculty

When asked how the faculty teaching online programs are compensated, both R1 (91%) and R2 institutions (100%) were most likely to say faculty teach online as a part of their regular course load.

Figure 139: How are the faculty teaching in your online programs compensated? Please select all that apply.

- Faculty teach online as a part of their regular course load
- Faculty receive monetary incentives for developing course content
- Faculty are paid per course
- Faculty are paid per credit hour
- Faculty are paid based on the number of enrolled students
- Faculty can receive a higher rate of compensation after completing training
- Other

Eighty-four percent of R1 institutions said that salaries for instruction are paid by the academic department as well as 73% of R2 institutions.

Figure 140: How are the salaries for instruction funded? Please select all that apply.

R1 and R2 institutions are generally similar regarding their expectations in their online enterprise's overall budget for the next fiscal year.

Figure 141: Which of the following best describes your online enterprise's overall budget for the next fiscal year compared to the previous fiscal year?
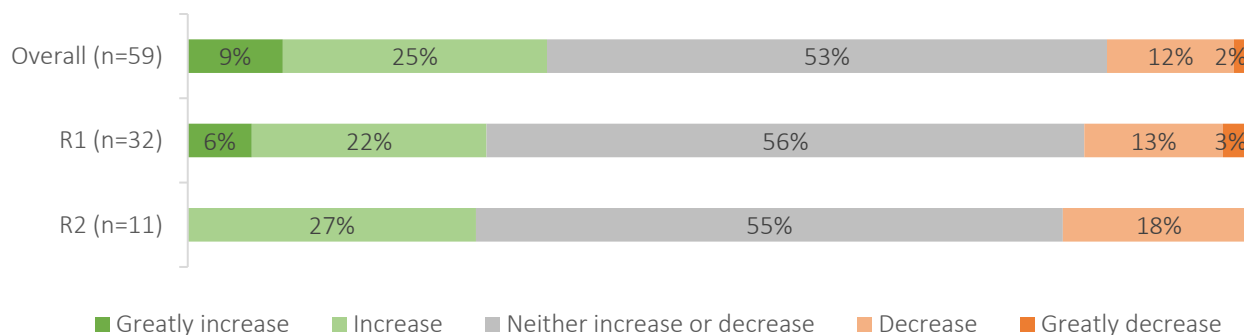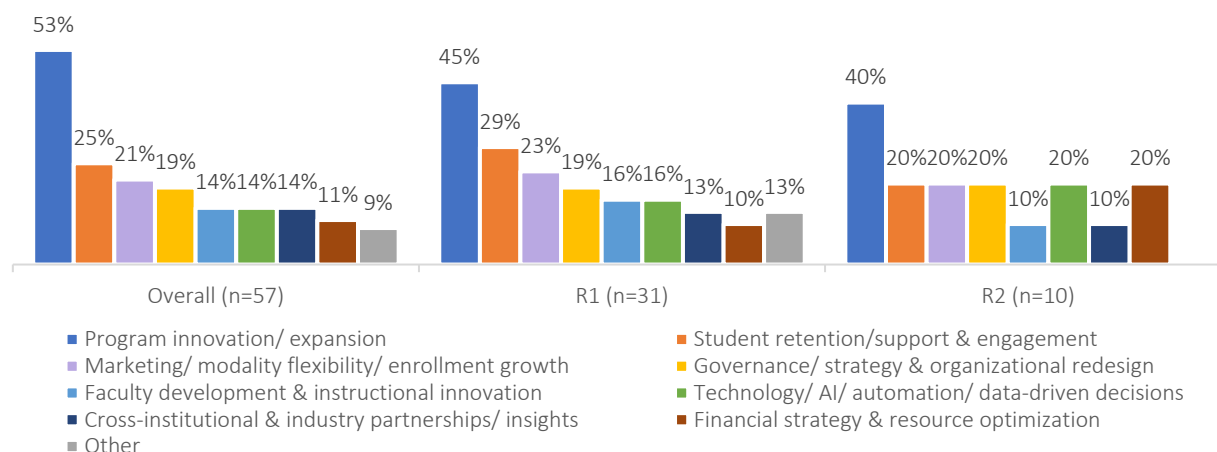

Among R1 and R2 institutions, the top two responses to financial challenges include reducing costs and generating revenue to support broader institutional shortfalls.

Figure 142: Has your online enterprise—or you as a decision maker—been tasked with any of the following in response to your institution's financial challenges in 2025 and anticipated for FY 2025-2026? Please select all that apply.

89
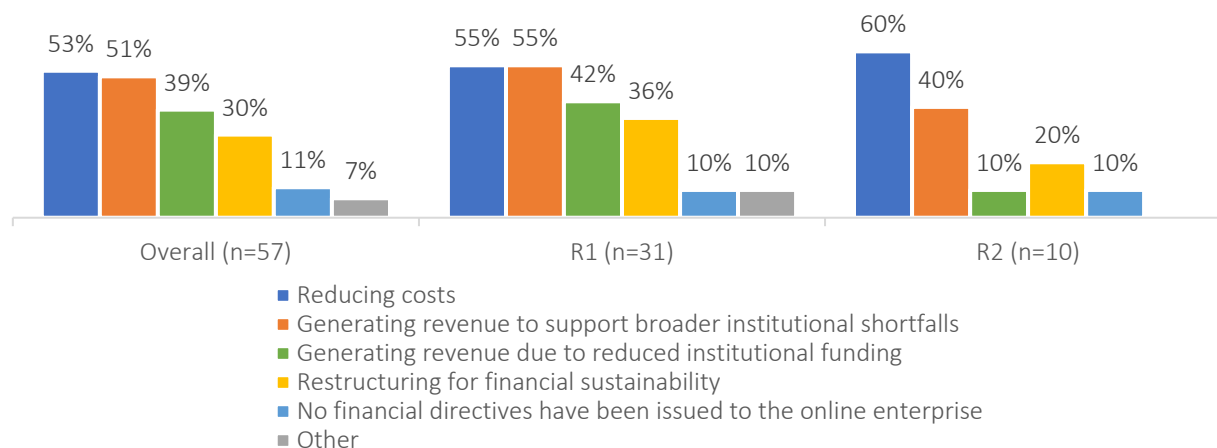
Both R1 and R2 institutions were most likely to cite program innovation/expansion as the top approach to address institutional challenges and meet evolving learner needs.

Figure 143: How has the online learning enterprise—through your leadership or team—introduced new or creative approaches to address institutional challenges, meet evolving learner needs, or strengthen the value proposition of higher education?

Legend:
- Program innovation/ expansion
- Student retention/support & engagement
- Marketing/ modality flexibility/ enrollment growth
- Governance/ strategy & organizational redesign
- Faculty development & instructional innovation
- Technology/ AI/ automation/ data-driven decisions
- Cross-institutional & industry partnerships/ insights
- Financial strategy & resource optimization
- Other

Contracted Services

R1 institutions are significantly more likely to say their online enterprise contracts for services (52%) compared to R2 institutions (20%).
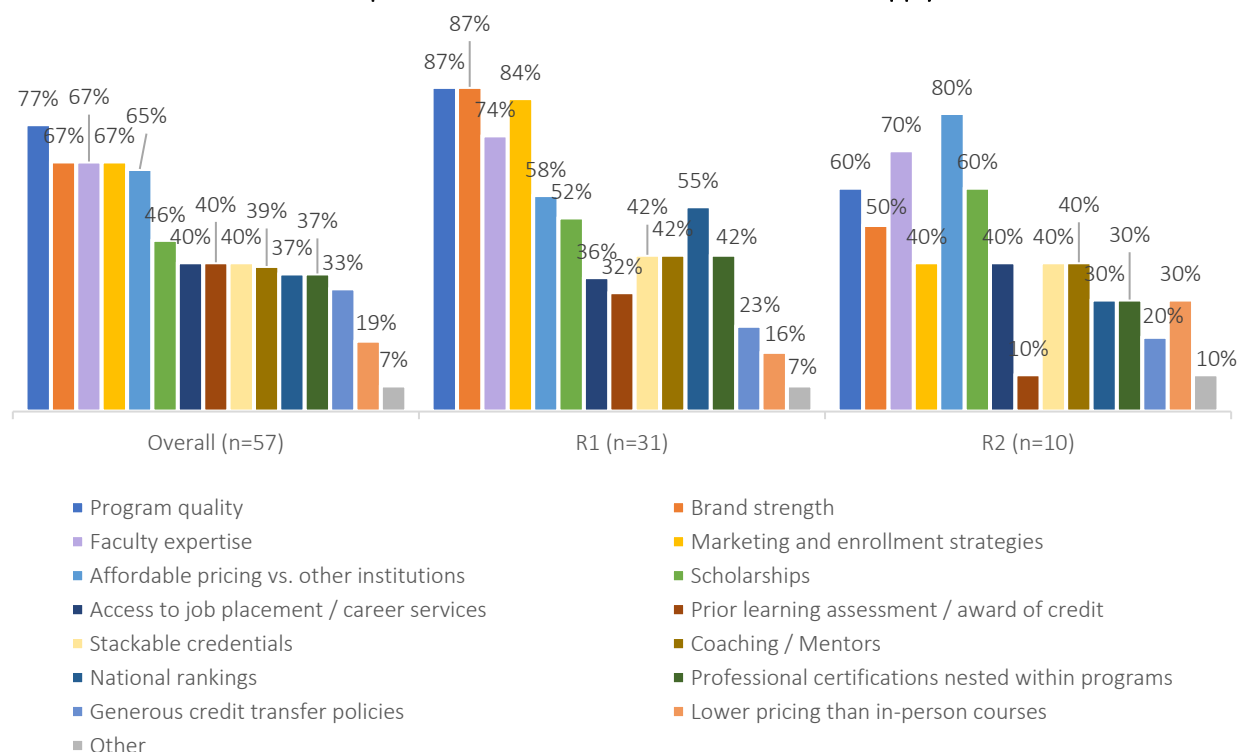
Figure 144: Does your online enterprise contract for services, often provided by an online program manager (OPM) or online program enablement (OPE) organization?

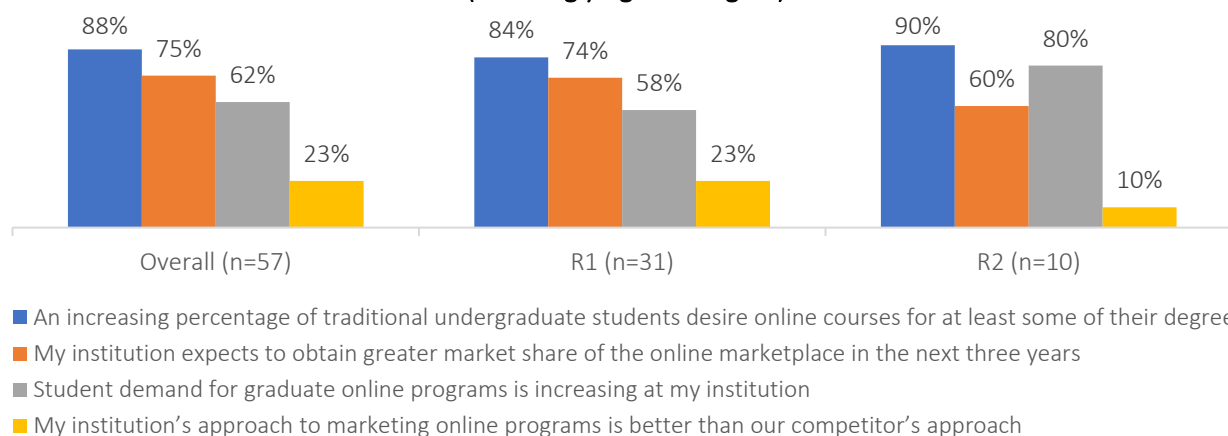Legend: ■ Yes ■ No ■ Not sure
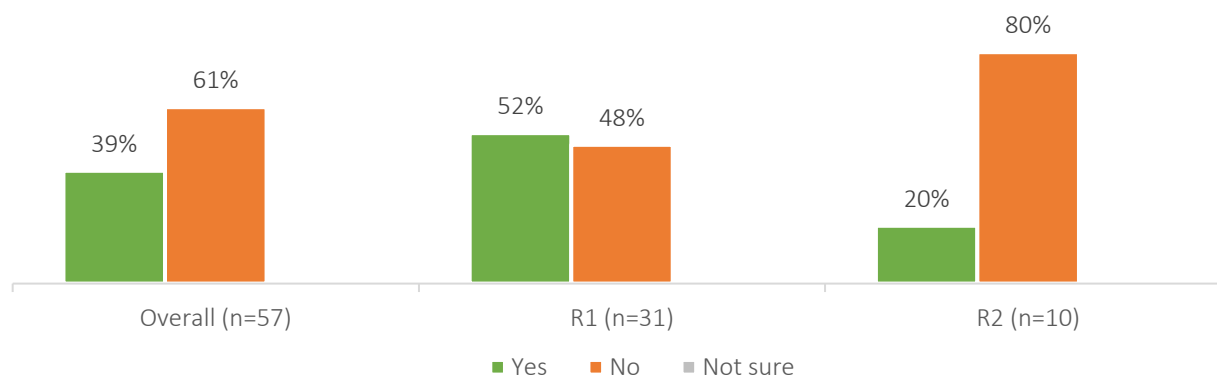
Competitive Environment

R1 institutions were most likely to cite program quality (87%) and brand strength (87%) as competitive strategies, while R2 institutions were most likely to cite affordable pricing vs. other institutions (80%).

Figure 145: Which of the following does your online enterprise use to better position its online programs in a competitive environment? Please select all that apply.

Legend:
- Program quality
- Faculty expertise
- Affordable pricing vs. other institutions
- Access to job placement / career services
- Stackable credentials
- National rankings
- Generous credit transfer policies
- Other
- Brand strength
- Marketing and enrollment strategies
- Scholarships
- Prior learning assessment / award of credit
- Coaching / Mentors
- Professional certifications nested within programs
- Lower pricing than in-person courses

Respondents from both R1 and R2 institutions are the most likely to strongly agree or agree that an increasing percentage of traditional undergraduate students desire online courses for at least some of their degree and are the least likely to strongly agree or agree that their institution's approach to marketing is better than their competitor's approach.

Figure 146: Please rate how strongly you agree or disagree with the following statements. (% Strongly Agree or Agree)

Legend:
- An increasing percentage of traditional undergraduate students desire online courses for at least some of their degree
- My institution expects to obtain greater market share of the online marketplace in the next three years
- Student demand for graduate online programs is increasing at my institution
- My institution's approach to marketing online programs is better than our competitor's approach
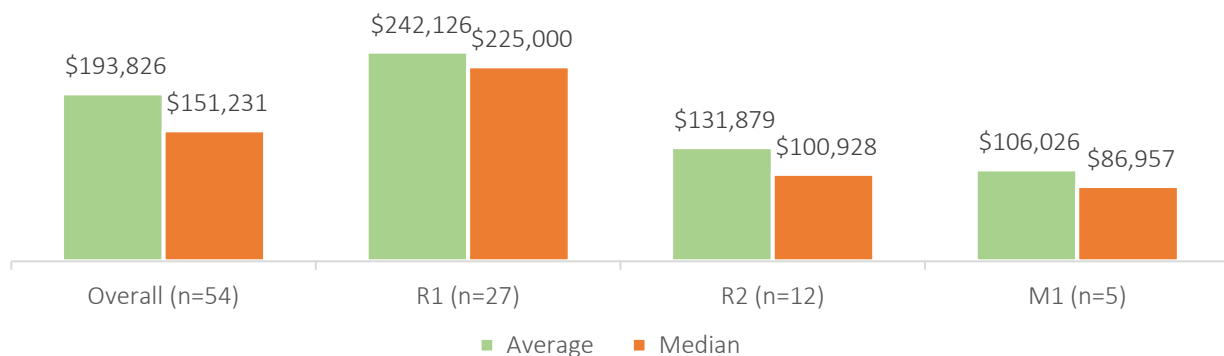
Key Performance Indicators

R1 institutions have an average unduplicated headcount to FTE ratio of 525 followed by R2s (399).
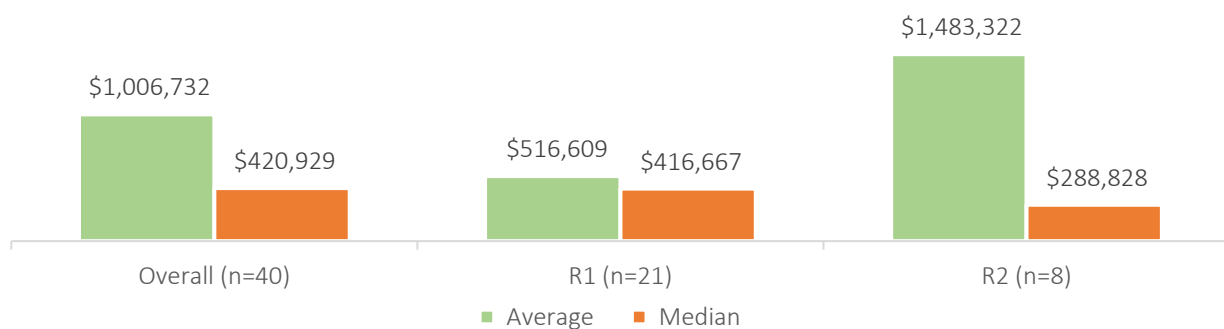
Figure 147: Unduplicated Headcount to FTE Ratio
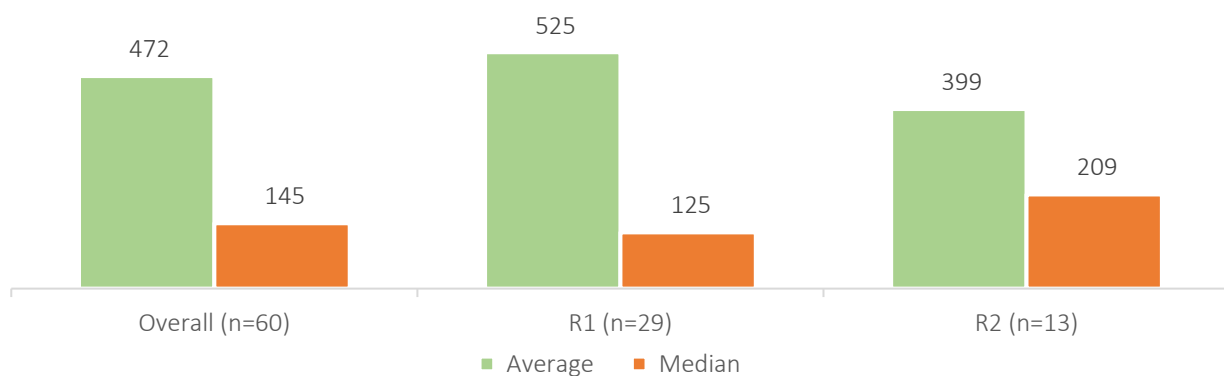
R1 institutions have the highest average budget per FTE ($242,126), followed by R2s ($131,879), and M1 institutions ($106,026).
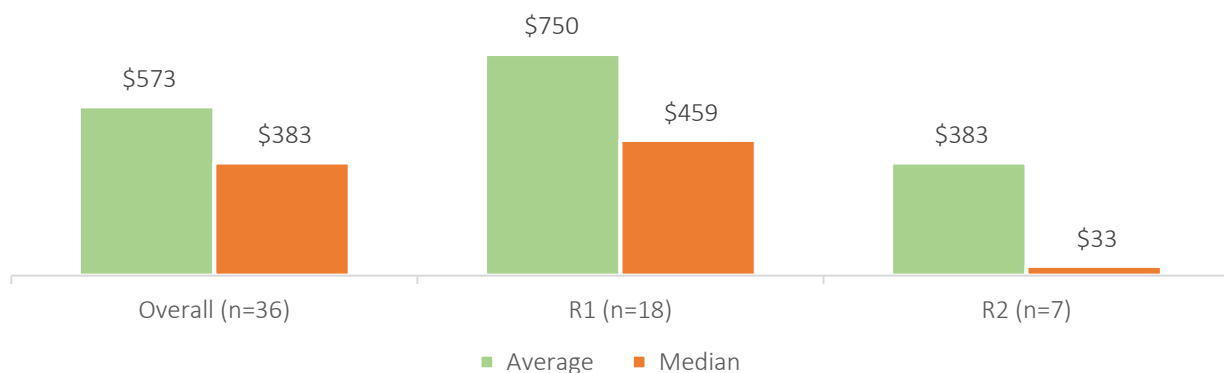
Figure 148: Total Budget per FTE

R2 institutions have a significantly higher average gross revenue per FTE ($1.5M) compared to R2 institutions ($516,609).
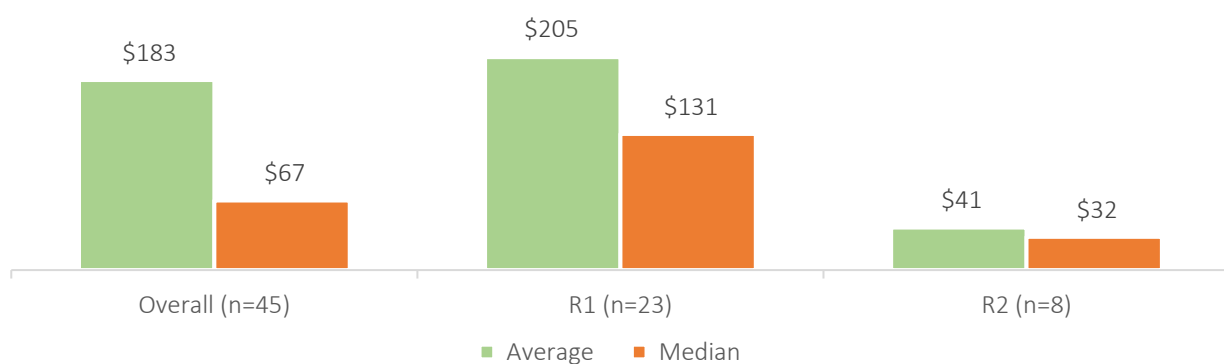
Figure 149: Gross Revenue per FTE

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R1 institutions have nearly double the average gross revenue per credit hour ($750) compared to R2 institutions ($383).

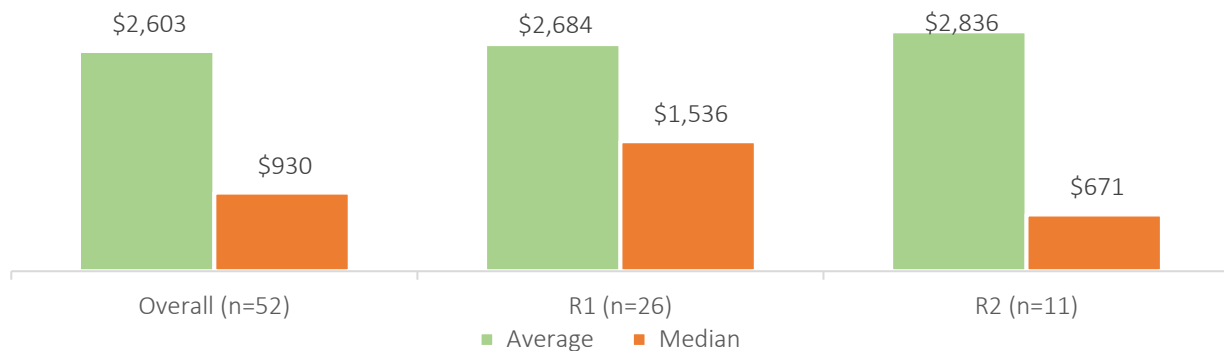**Figure 150: Gross Revenue per Credit Hour**

R1 institutions have a significantly higher average total budget per credit hour ($205) compared to R2 institutions ($41).

Figure 151: Total Budget per Credit Hour

R2 institutions have a slightly higher average budget per unduplicated headcount ($2,836) compared to R1 institutions ($2,684).

**Figure 152: Total Budget per Unduplicated Headcount**

R2 institutions have a higher average gross revenue per unduplicated headcount ($7,947) compared to R1 institutions ($6,165).

Figure 153: Gross Revenue per Unduplicated Headcount
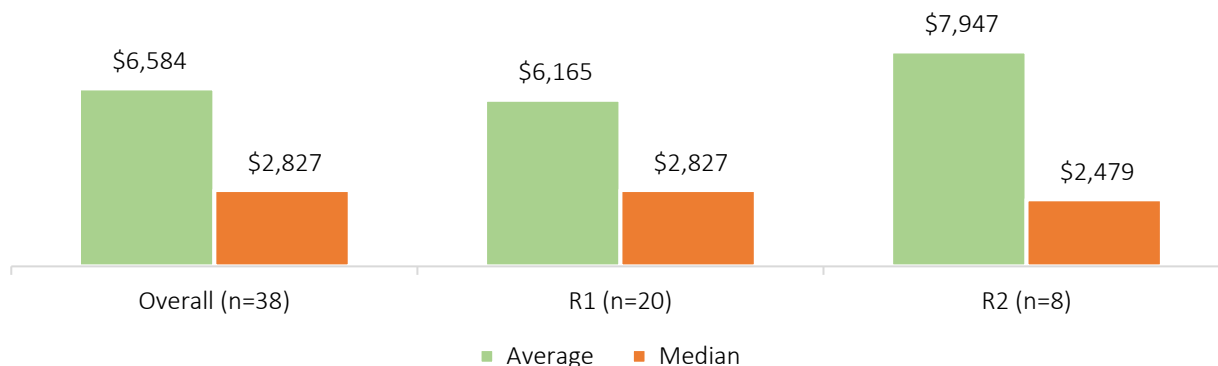
R2 institutions have the highest average fully online credit hour per unduplicated headcount metric (13.6), followed closely by baccalaureate colleges (13.3), and R1 institutions (11.7).

Figure 154: Credit Hours per Unduplicated Headcount
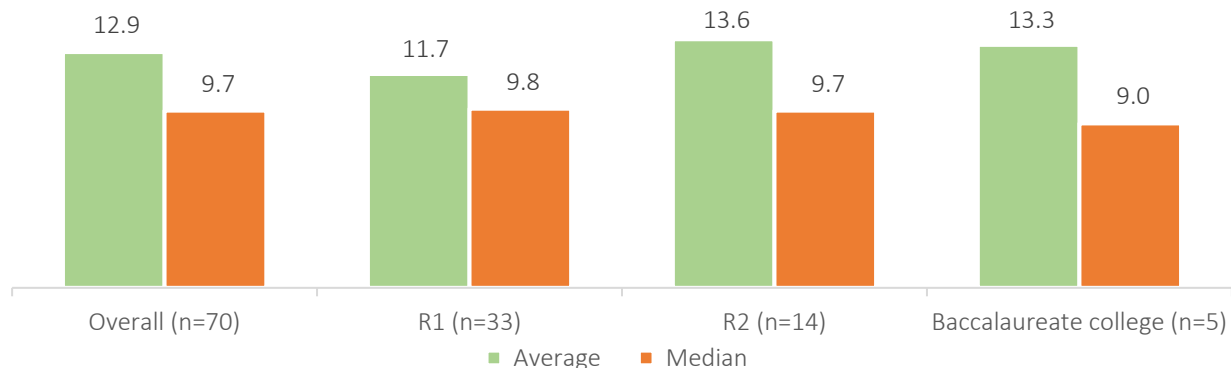
In Summary: Carnegie Classification

The 2025 data reveal important distinctions in the structure, operations, and financial models of online enterprises across Carnegie classifications, particularly among R1, R2, and M1 institutions. These differences reflect institutional missions, resource bases, and market orientations that shape how online education is delivered and governed by these institutions.

R1 Institutions (doctoral universities with very high research activity) are leading in scale, infrastructure, and contracted service utilization. With the highest average unduplicated online learner headcount (11,770) and student credit hours (107,540), R1s also support the largest staff (52 FTEs) and command the highest average budget ($10M). These institutions are the most likely to use external service providers (52%) and have the greatest budget per FTE ($242,126) and budget per credit hour ($205), suggesting deep institutional investment in online infrastructure. They also generate high average gross revenue per credit hour ($750), highlighting efficient monetization of digital offerings. Consistent with

prior findings from UPCEA, large-scale institutions are increasingly turning to hybrid financial models to maximize scale while meeting rising learner expectations.[4]

R2 Institutions (doctoral universities with high research activity) operate with significantly smaller budgets ($3.8M) but report higher average gross revenue ($26.8M) than R1s. With fewer staff (27 FTEs), R2s achieve the highest average gross revenue per FTE ($1.5M) across classifications. These figures indicate operational efficiency and a strong return on limited human and fiscal capital. However, only 20% contract for external services suggests more in-house capacity or strategic prioritization of internal development. Their cautious approach to external vendors suggests that financial independence prioritized at R2 institutions.

M1 Institutions (master's colleges and universities – larger programs) display different strategic behavior. With modest average budgets ($2.8M) and relatively high staffing levels (44 FTEs), they are the most reliant on revenue share models (80%). This suggests greater tolerance for variable revenue-sharing agreements, a hallmark of many OPM agreements, providing opportunities for portfolio growth without large upfront investments in infrastructure.

All institution types consistently rank program innovation and expansion as a top response to institutional challenges, but their competitive strategies diverge. R1s emphasize brand strength and academic quality (87% each), while R2s are more likely to cite affordability (80%). This differentiation aligns with mission-driven positioning: R1s capitalize on reputational capital, whereas R2s focus on cost-accessibility.

Regarding artificial intelligence (AI), both R1 and R2 institutions commonly report shared decision-making authority and cite instructional efficiency and faculty support as their main strategic drivers. However, special focus institutions are more likely to lack formal AI governance. Structured workshops dominate faculty incentives in R1 institutions, whereas R2s combine workshops with sandbox experimentation spaces. Evaluation processes emphasize institutional policy compliance, reflecting the growing institutional emphasis on AI ethics and regulatory adherence.

In summary, the operational profiles of online enterprises reflect broader institutional missions and market strategies embedded within each Carnegie classification. R1 institutions scale for reach and brand, R2s operate with lean efficiency and affordability, and M1s leverage entrepreneurial models to sustain growth. Understanding these dynamics can inform policy, resource allocation, and strategic planning in an increasingly competitive and data-driven online education environment.

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[4] https://upcea.edu/wp-content/uploads/2024/11/UPCEA-Predictions-2025-Insights-for-Online-and-Professional-Education.pdf

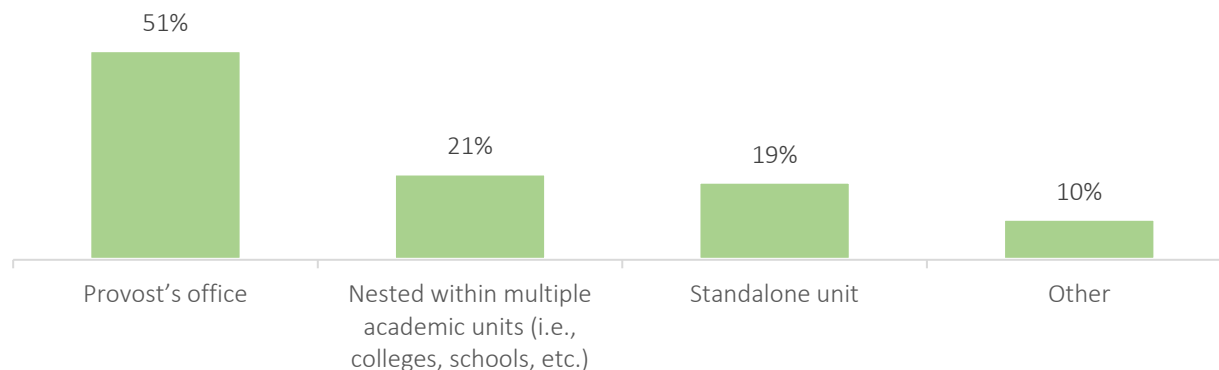## Online Enterprise Location: Responses and Analysis

Key Findings

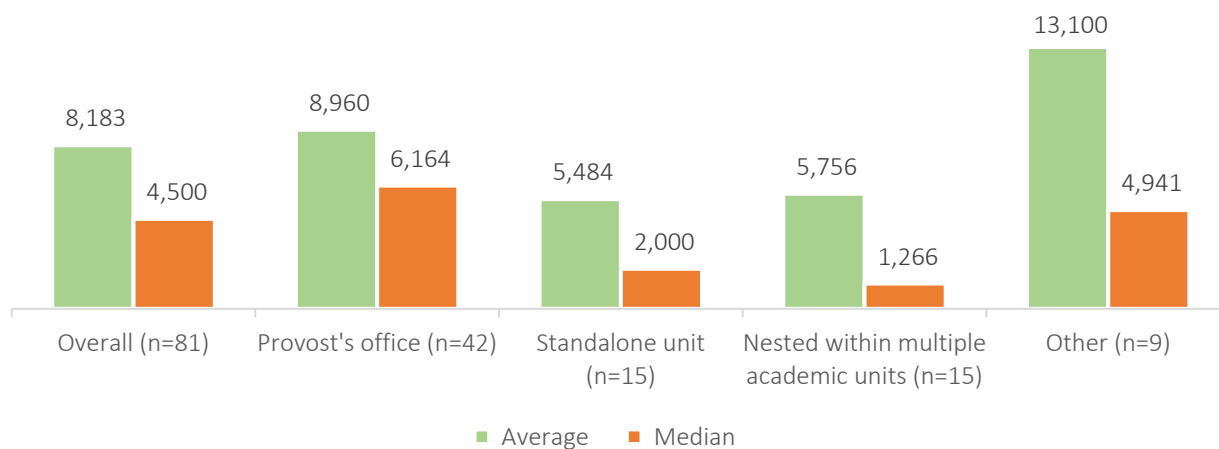|	
Provost's Office	• Online units located in the provost's office have the **highest average unduplicated headcount (8,960)** for learners enrolled in only fully online courses and the **highest average number of student credit hours (106,789).** • These online enterprises have an average total budget of $8.6M and an average gross revenue of $23.1M. • Units in the provost's office have the **highest average number of FTE employees** funded by their online enterprise **(49).** • Units located in the provost's office have the **highest average budget per FTE ($193,124).** • These units have the highest average fully online credit hour per unduplicated headcount (14.1).
Standalone Units	• Standalone units have an average unduplicated headcount of 5,484 for fully online learners and an average student credit hour of 53,618. • Standalone units have an average total budget of $5.3M and an average gross revenue of $28.6M. • Standalone units have an **average of 42 FTE employees** funded by the online enterprise. • Standalone units have significantly **higher average gross revenue per FTE ($1.8M)** compared to other unit locations. • Standalone units have the highest average budget per unduplicated headcount ($5,304) and the highest average gross revenue per unduplicated headcount ($9,210).
Nested Within Multiple Academic Units	• Online enterprises nested within multiple academic units have an **average unduplicated headcount of 5,756** for fully online learners and an **average student credit hour of 41,159.** • Online enterprises nested within multiple academic units had the **highest average total budget ($9.8M)** and the second-highest **average gross revenue ($21.7M).** • These units have an **average of 38 FTE employees** funded by the online enterprise. • Units nested within multiple academic units have the substantially highest average unduplicated headcount to FTE ratio (702). • Online enterprises nested within multiple academic units have the **highest average total budget per credit hour metric ($249).**

Demographics

Fifty-one percent of respondents' institution's online enterprises reside in the provost's office, 21% are nested within multiple academic units, and 19% are standalone units.

Figure 155: Which of the following best describes where your institution's online enterprise resides? (n=95)
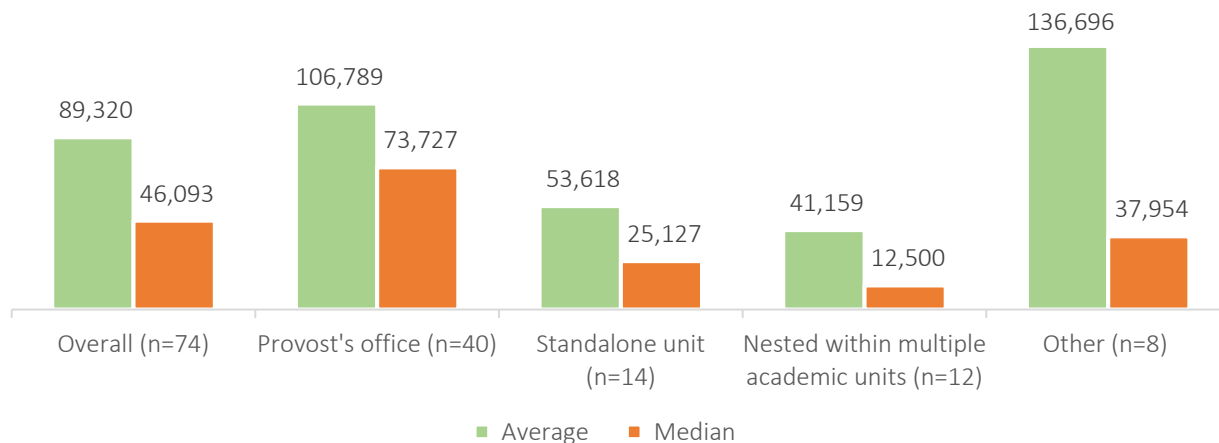

Online units located in the provost's office have the highest average unduplicated headcount (8,960) for learners enrolled in only fully online courses, followed by units nested within multiple academic units (5,756), and standalone units (5,484).

Figure 156: Please provide the unduplicated headcount for learners enrolled in fully online courses for the 2023-2024 academic year.

Online units located in the provost's office have the highest average number of student credit hours for learners enrolled in fully online courses (106,789), followed by standalone units (53,618), and units nested within multiple academic units (41,159).

Figure 157: Please provide the total student credit hours for learners enrolled in fully online courses for the 2023-2024 academic year.


Legend: ■ Average   ■ Median

Size and Structure

Online enterprises in the provost's office and standalone units are significantly more likely to say they are academically decentralized than administratively decentralized. Enterprises nested within multiple academic units are slightly more likely to cite academic decentralization than administrative decentralization.

Figure 158: Please rate how strongly you agree or disagree with the following statements. (% Strongly Agree or Agree)

Legend:
■ My online enterprise is academically decentralized
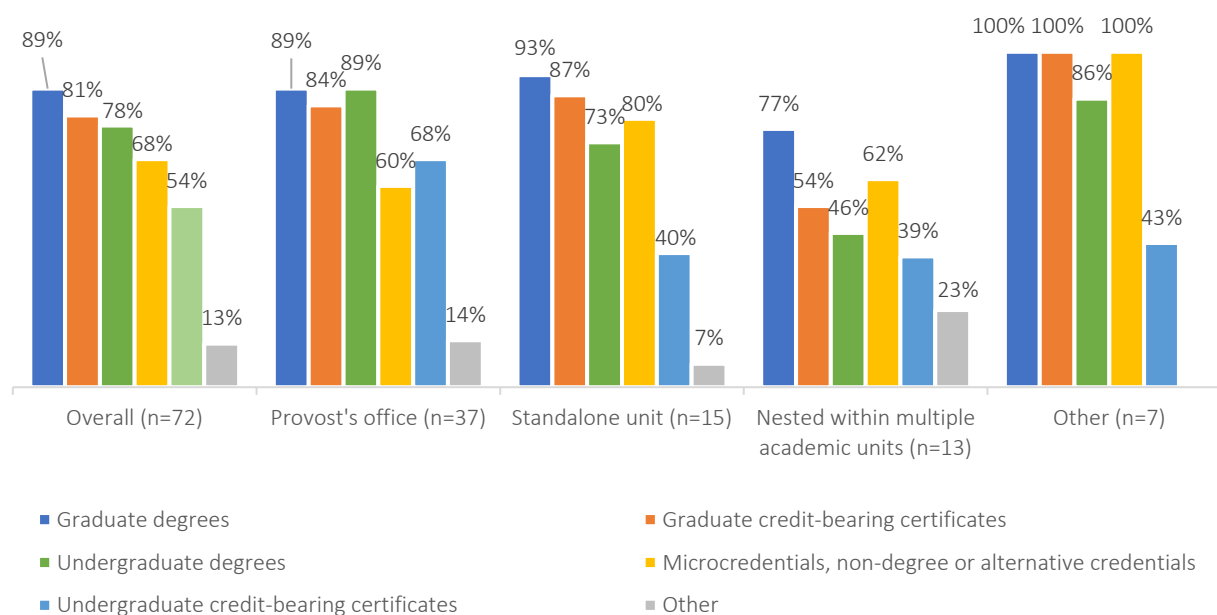■ My online enterprise is administratively decentralized
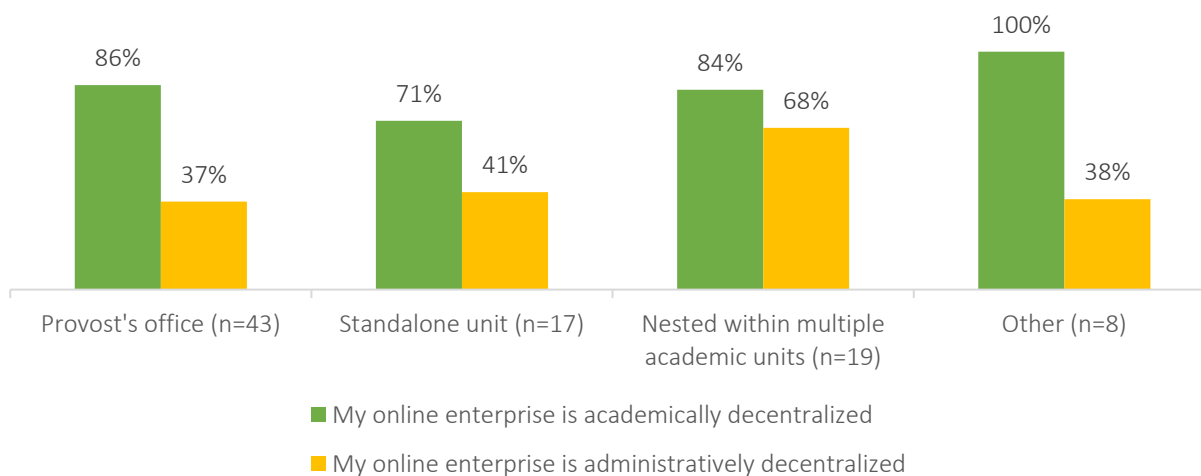
Standalone units were more likely to cite responsibilities such as supporting software and apps used in online learning, helpdesk/technical support for the LMS, and the teaching and learning center compared to units housed in the provost's office and those nested within multiple academic units. However, all unit types shared the same top three responsibilities.

Figure 159: Which of the following are responsibilities for your online enterprise? Please select all that apply.

Supporting software and apps used in online learning
Helpdesk/technical support for the LMS
Teaching and learning center
Supporting software and apps for other areas of the institution
Helpdesk/technical support for other areas of the institution
Other
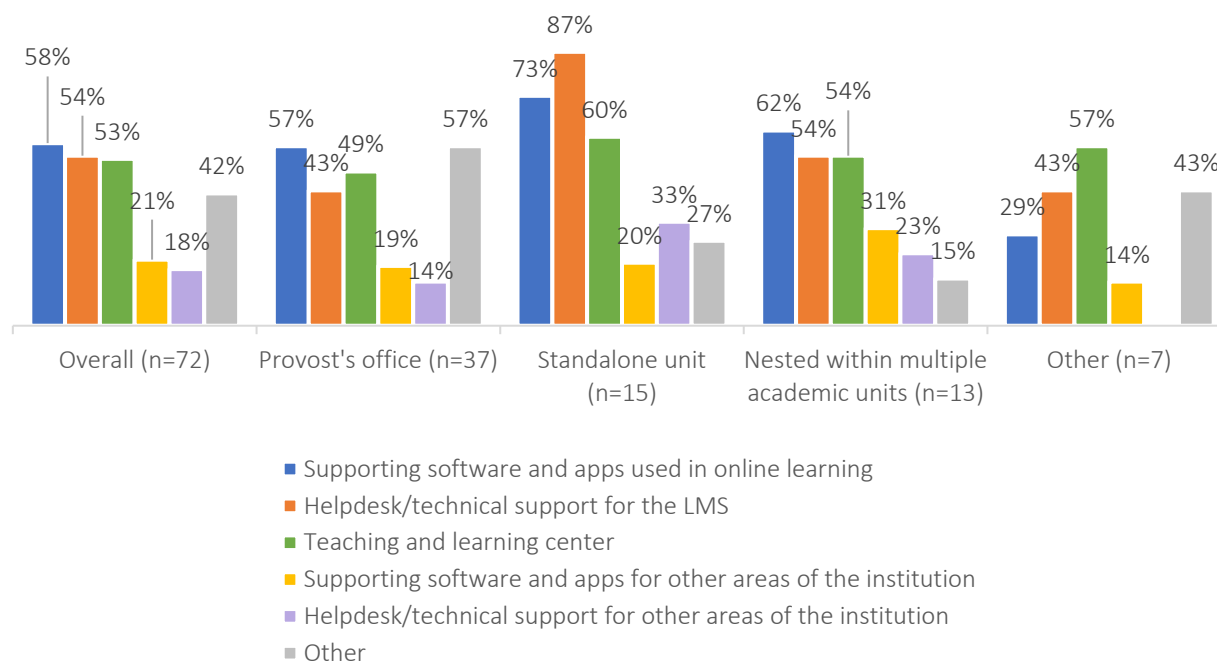
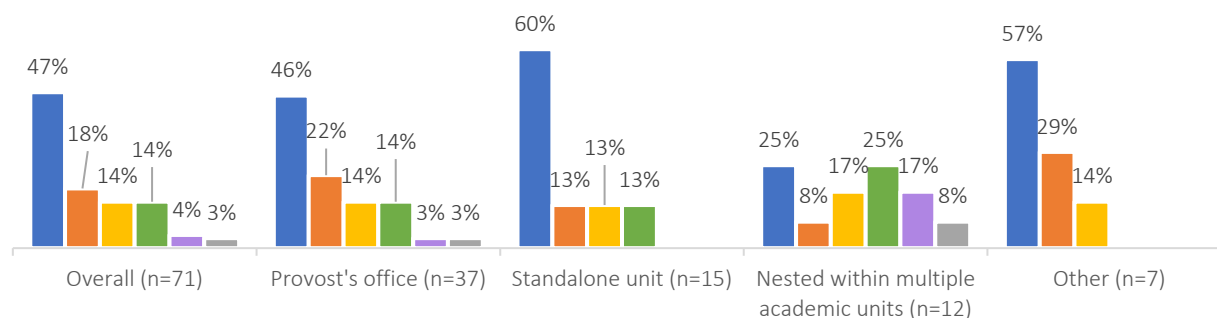Among all unit locations, graduate degrees are among the top program type supported.

Figure 160: Which of the following program types are included in your online enterprise's portfolio of programs that it supports? Please select all that apply.

Graduate degrees
Graduate credit-bearing certificates
Undergraduate degrees
Microcredentials, non-degree or alternative credentials
Undergraduate credit-bearing certificates
Other

2025 Special Topic: AI and Emerging Technology

Standalone units (60%) and units located in the provost's office (46%) are most likely to say they have shared authority when making decisions about AI in their online enterprise. Units nested within multiple academic units are most likely to say they have shared authority (25%) or that no formal process exists for AI decision-making (25%).
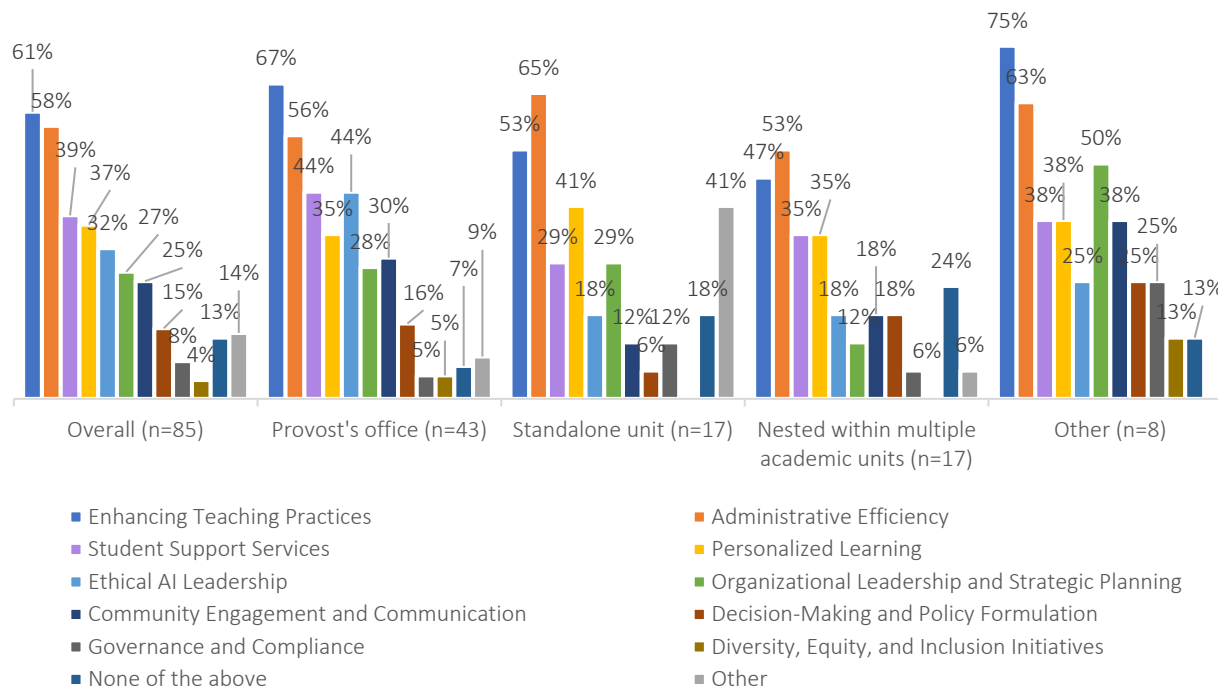
Figure 161: Which of the following best describes your online enterprise's autonomy in making decisions about AI tools and practices?

- ■ We have shared authority—our online enterprise collaborates with institutional leadership (e.g., IT, academic affairs) on AI-related decisions.
- ■ We make independent decisions about AI tools and practices within our unit, including selection, implementation, and use.
- ■ Decisions are made exclusively at the central level—AI-related decisions are made at the institutional level, with limited input from our online enterprise.
- ■ No formal process exists for AI decision-making within our online enterprise.
- ■ We follow guidance or policies created by another unit (e.g., college of technology, department of computer science, teaching and learning center, etc.), without a formal decision-making role.
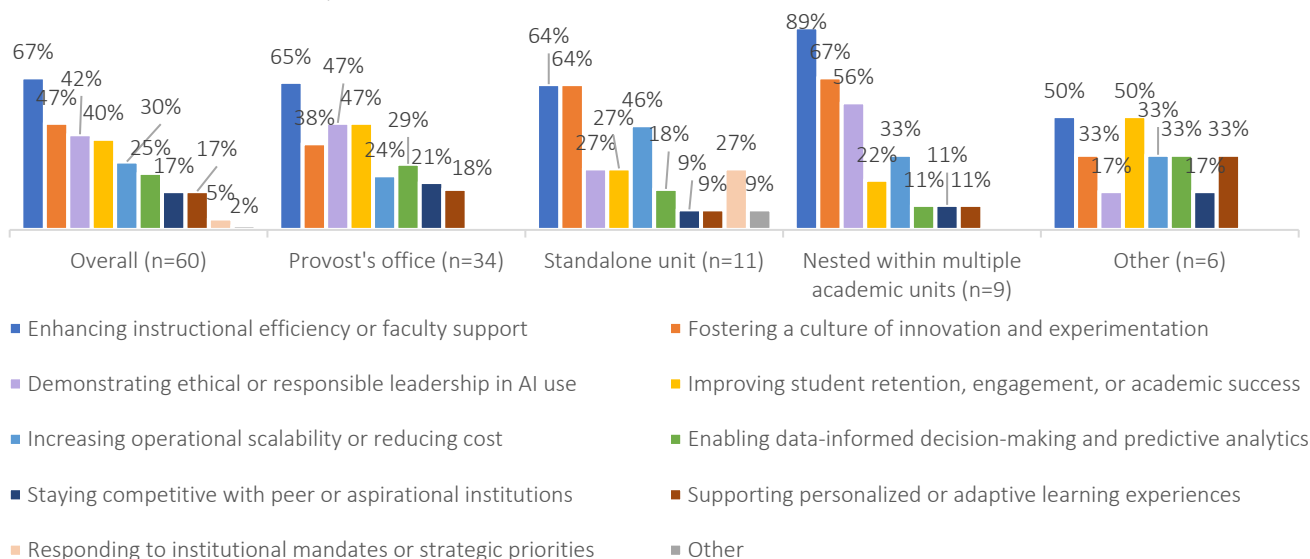- ■ Other

Among all unit locations, the top areas for using AI include enhancing teaching practices and administrative efficiency.

Figure 162: Is your online enterprise currently using AI in any of the following areas? Please select all that apply.

- Enhancing Teaching Practices
- Student Support Services
- Ethical AI Leadership
- Community Engagement and Communication
- Governance and Compliance
- None of the above
- Administrative Efficiency
- Personalized Learning
- Organizational Leadership and Strategic Planning
- Decision-Making and Policy Formulation
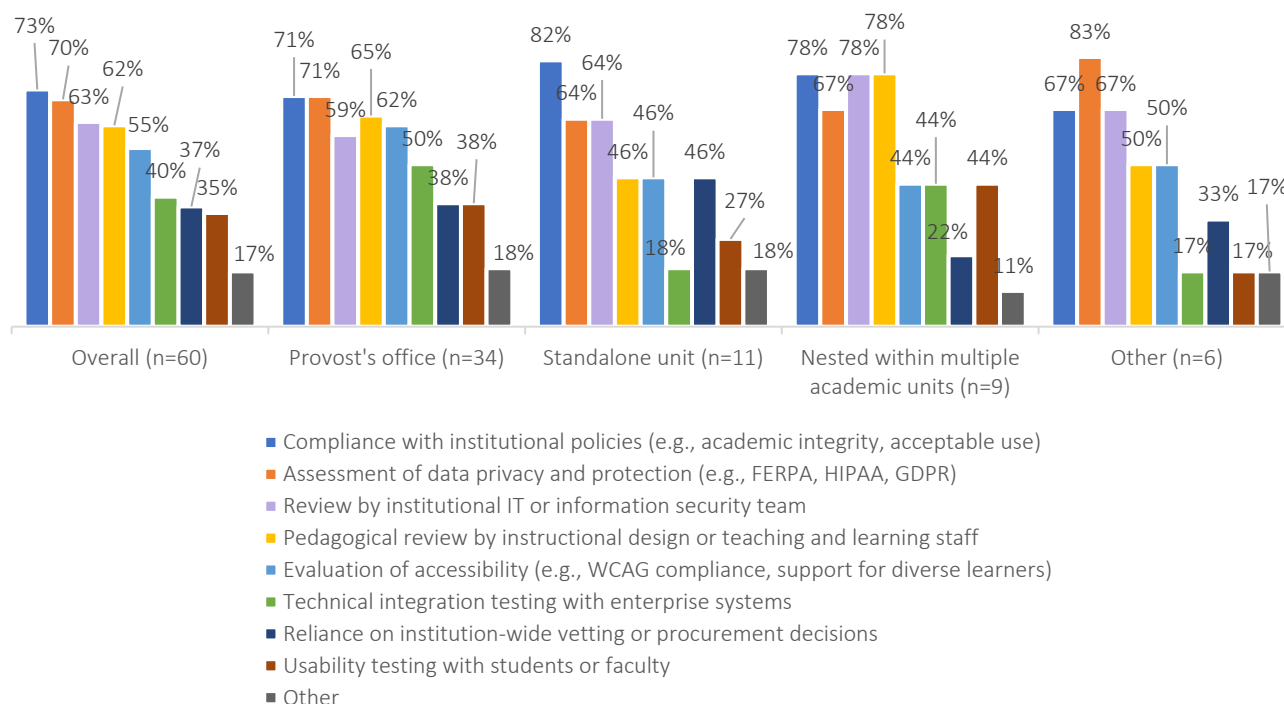- Diversity, Equity, and Inclusion Initiatives
- Other

Units located in the provost's office and those nested within multiple academic units were most likely to cite enhancing instructional efficiency or faculty support as their primary strategic driver for AI adoption. Standalone units were most likely to cite enhancing instructional efficiency or faculty support and fostering a culture of innovation and experimentation.

Figure 163: What are the primary strategic drivers for AI adoption and implementation within your online enterprise? Please select no more than three answer choices.

- Enhancing instructional efficiency or faculty support
- Demonstrating ethical or responsible leadership in AI use
- Increasing operational scalability or reducing cost
- Staying competitive with peer or aspirational institutions
- Responding to institutional mandates or strategic priorities
- Fostering a culture of innovation and experimentation
- Improving student retention, engagement, or academic success
- Enabling data-informed decision-making and predictive analytics
- Supporting personalized or adaptive learning experiences
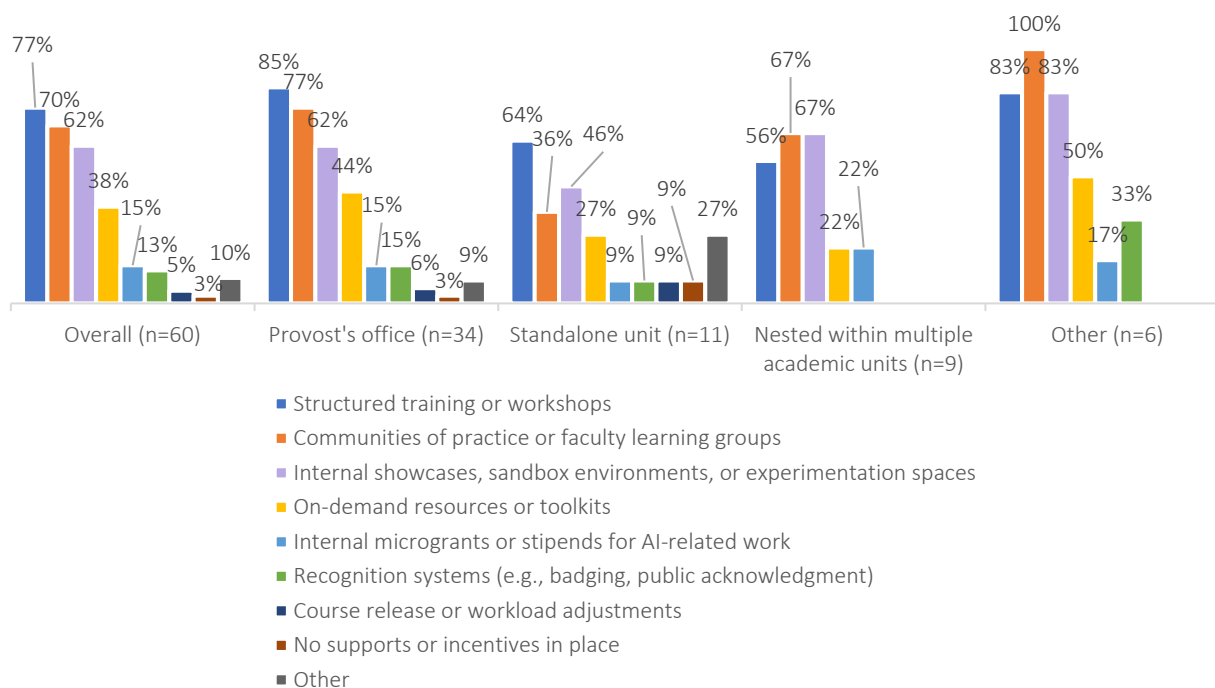- Other

Among most unit locations, compliance with institutional policies was cited as one of the top ways online enterprise's evaluate generative AI tools before adoption.

Figure 164: How does your online enterprise evaluate generative AI tools before adoption (e.g., ChatGPT, Claude, Gemini)? Please select all that apply.

Legend:
- Compliance with institutional policies (e.g., academic integrity, acceptable use)
- Assessment of data privacy and protection (e.g., FERPA, HIPAA, GDPR)
- Review by institutional IT or information security team
- Pedagogical review by instructional design or teaching and learning staff
- Evaluation of accessibility (e.g., WCAG compliance, support for diverse learners)
- Technical integration testing with enterprise systems
- Reliance on institution-wide vetting or procurement decisions
- Usability testing with students or faculty
- Other

Units located in the provost's office and standalone units are most likely to cite structured training or workshops as the top incentive for AI adoption, while units nested within multiple academic units were most likely to cite communities of practice or faculty learning groups and internal showcases, sandbox environments, or experimentation spaces.

Figure 165: Which of the following supports or incentives has your online enterprise implemented to encourage faculty or staff to explore or adopt AI tools? Please select all that apply.


- Structured training or workshops
- Communities of practice or faculty learning groups
- Internal showcases, sandbox environments, or experimentation spaces
- On-demand resources or toolkits
- Internal microgrants or stipends for AI-related work
- Recognition systems (e.g., badging, public acknowledgment)
- Course release or workload adjustments
- No supports or incentives in place
- Other

Budget and Finance

Online enterprises nested within multiple academic units had the highest average total budget ($9.8M), followed by units located in the provost's office ($8.6M), and standalone units ($5.3M).

Figure 166: For the 2023-2024 academic year, what was your online enterprise's total budget? Please list the budget in USD.
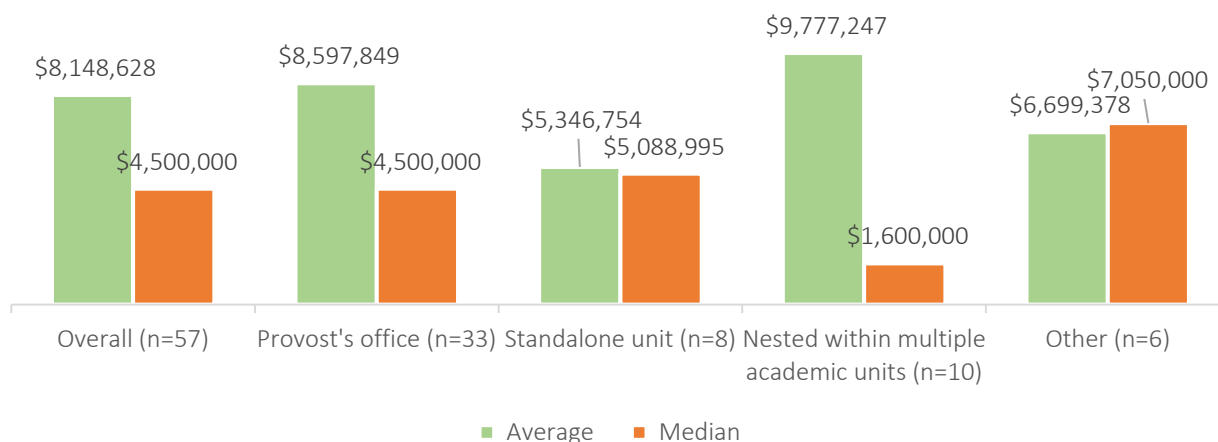

- Average
- Median

Units in the provost's office have the highest average number of FTEs funded by their online enterprise (49), followed by standalone units (42), and units nested within multiple academic units (38).

Figure 167: Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise?
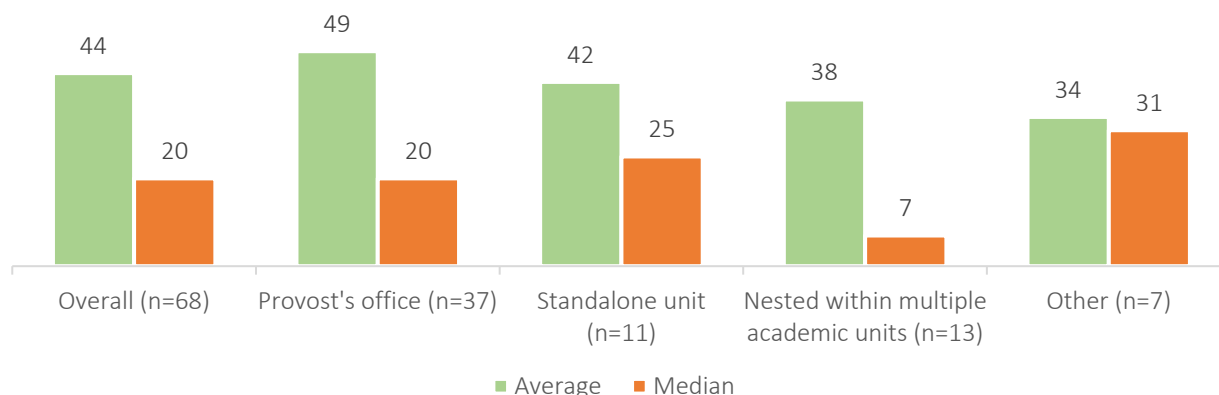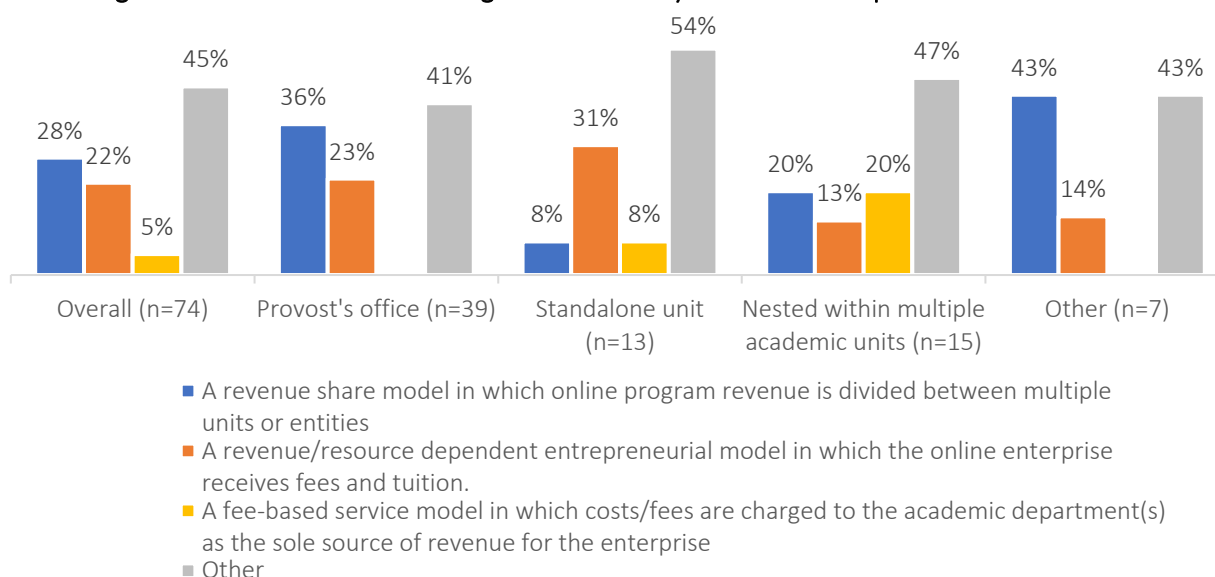

Standalone units had the highest average online enterprise gross revenue ($28.6M), followed by units located in the provost's office ($23.1M), and those nested within multiple academic units ($21.7M).

Figure 168: For the 2023-2024 academic year, what was your online enterprise's total gross revenue? Please list gross revenue in USD.
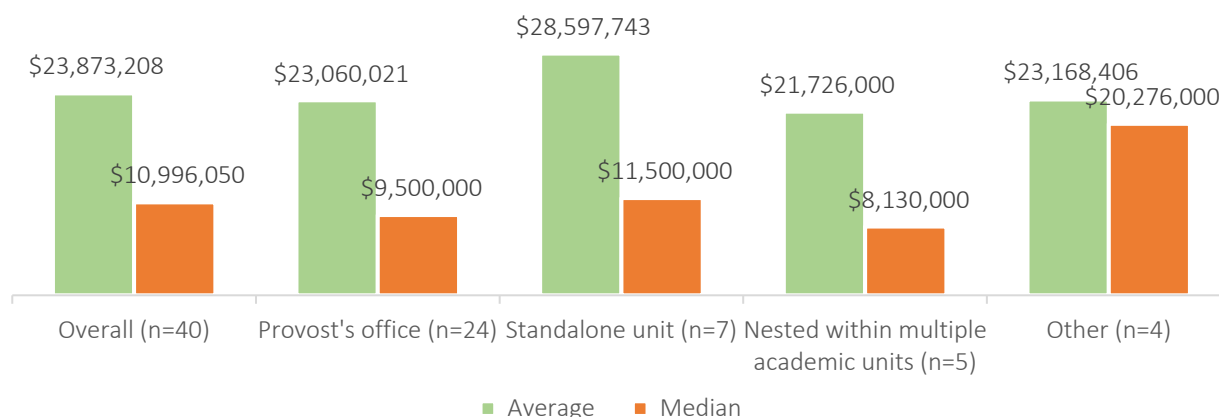
Units located in the provost's office (36%) are most likely to have a revenue share model while standalone units (31%) are most likely to have a revenue/resource dependent entrepreneurial model, and units nested within multiple academic units are most likely to cite either a revenue share model (20%) or a fee-based service model (20%). The largest proportion of respondents across all unit locations listed financial models in the "Other" category.
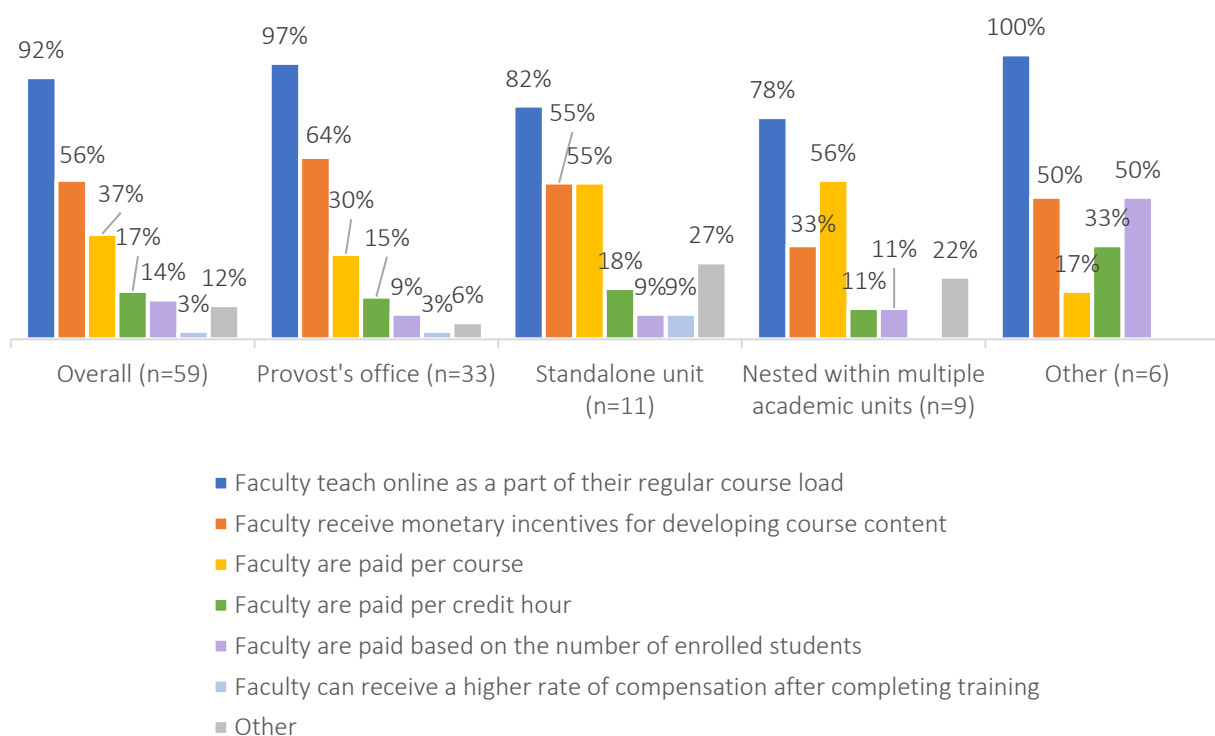
Figure 169: Which of the following best describes your online enterprise's financial model?

Legend:
- A revenue share model in which online program revenue is divided between multiple units or entities
- A revenue/resource dependent entrepreneurial model in which the online enterprise receives fees and tuition.
- A fee-based service model in which costs/fees are charged to the academic department(s) as the sole source of revenue for the enterprise
- Other

Instruction Faculty

Online enterprises located in the provost's office, standalone units, and units nested within multiple academic units are all most likely to say that faculty are compensated by teaching online as a part of their regular course load.

Figure 170: How are the faculty teaching in your online programs compensated?
Please select all that apply.

Legend:
- Faculty teach online as a part of their regular course load
- Faculty receive monetary incentives for developing course content
- Faculty are paid per course
- Faculty are paid per credit hour
- Faculty are paid based on the number of enrolled students
- Faculty can receive a higher rate of compensation after completing training
- Other

Eighty-two percent of units located in the provost's office fund instruction salaries through the academic department, followed by 78% of units nested within multiple academic units, and 46% of standalone units. Over half (55%) of standalone units fund instruction salaries through the online enterprise.

**Figure 171: How are the salaries for instruction funded? Please select all that apply.**

Legend:
- Paid by the Academic Department
- Paid by the online enterprise
- Paid by the Provost's Office
- Other
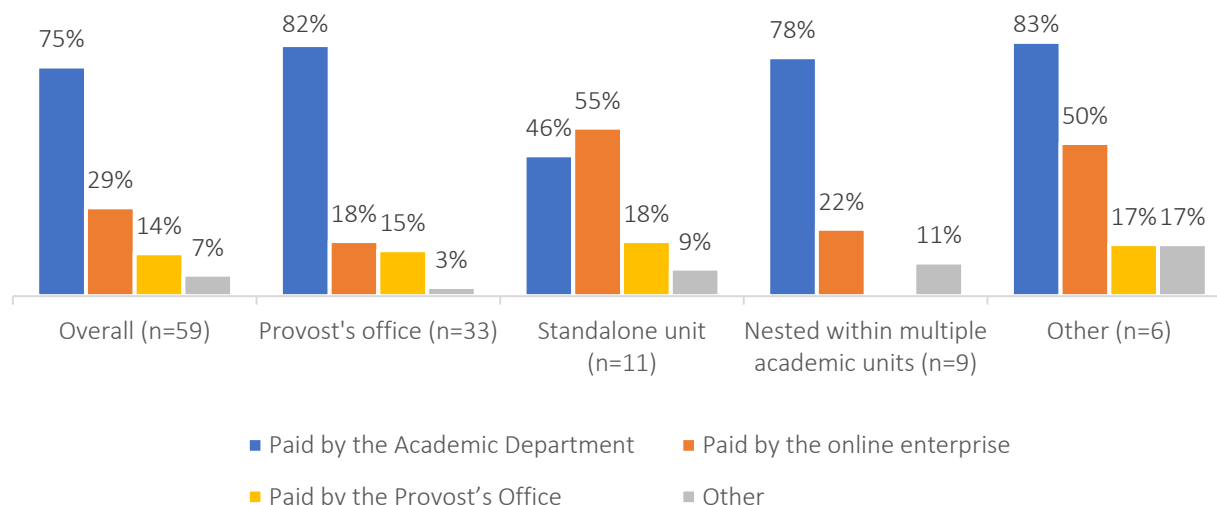
Forty-four percent of units nested within multiple academic units expect their budget to greatly increase or increase for the next fiscal year, followed by 36% of standalone units, and 33% of units located in the provost's office.

Figure 172: Which of the following best describes your online enterprise's overall budget for the next fiscal year compared to the previous fiscal year?

Legend:
- Greatly increase
- Increase
- Neither increase or decrease
- Decrease
- Greatly decrease
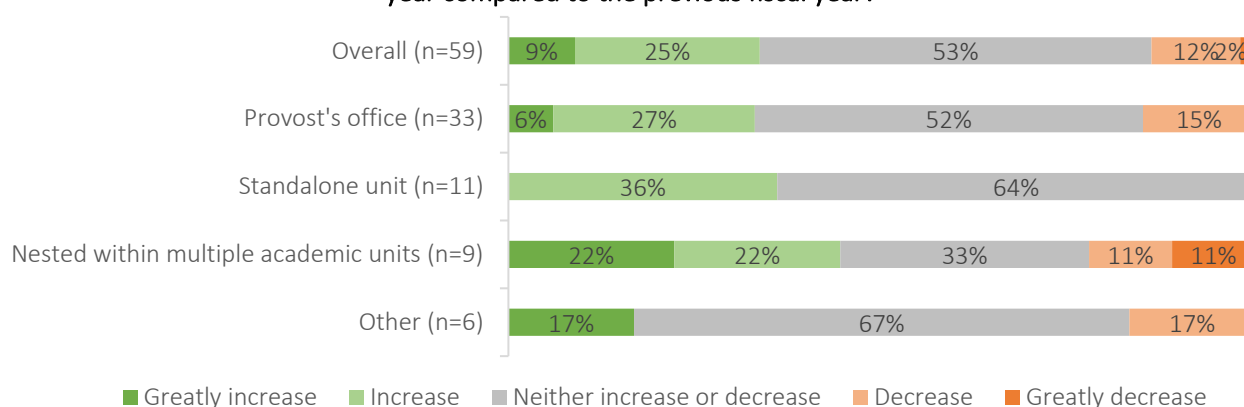
Standalone units and units nested within multiple academic units were most likely to cite reducing costs as their top response to financial challenges, while units in the provost's office were most likely to cite generating revenue to support broader institutional shortfalls.

Figure 173: Has your online enterprise—or you as a decision maker—been tasked with any of the following in response to your institution's financial challenges in 2025 and anticipated for FY 2025-2026? Please select all that apply.
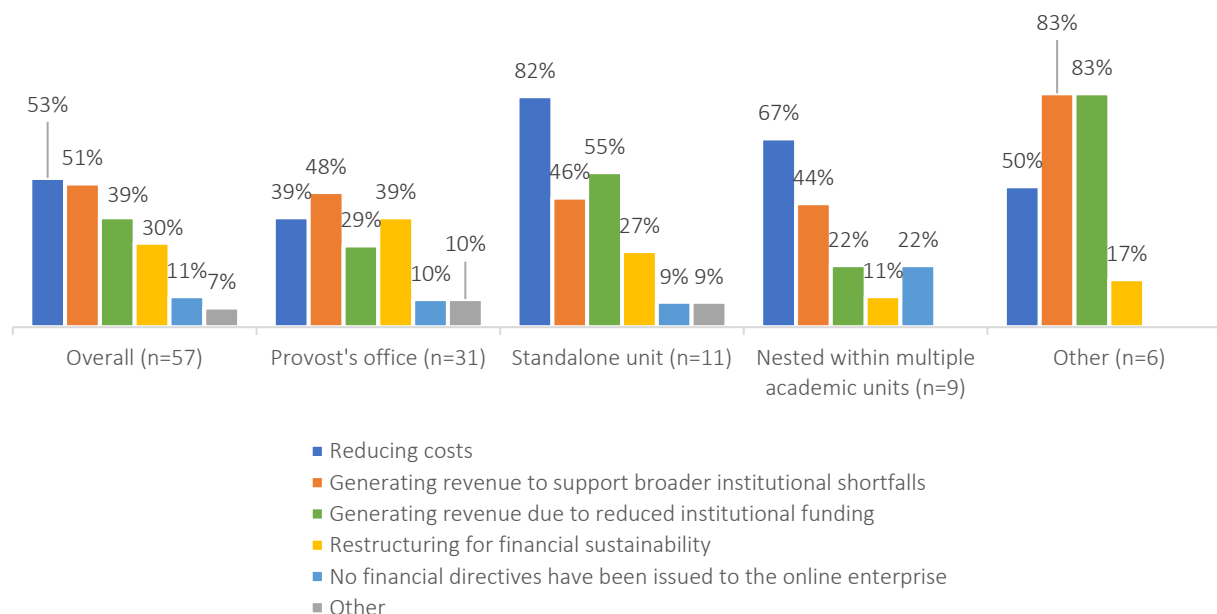
Units in the provost's office and standalone units were most likely to cite program innovation/expansion as the top approach to address institutional challenges and meet evolving learner needs.

Figure 174: How has the online learning enterprise—through your leadership or team—introduced new or creative approaches to address institutional challenges, meet evolving learner needs, or strengthen the value proposition of higher education?
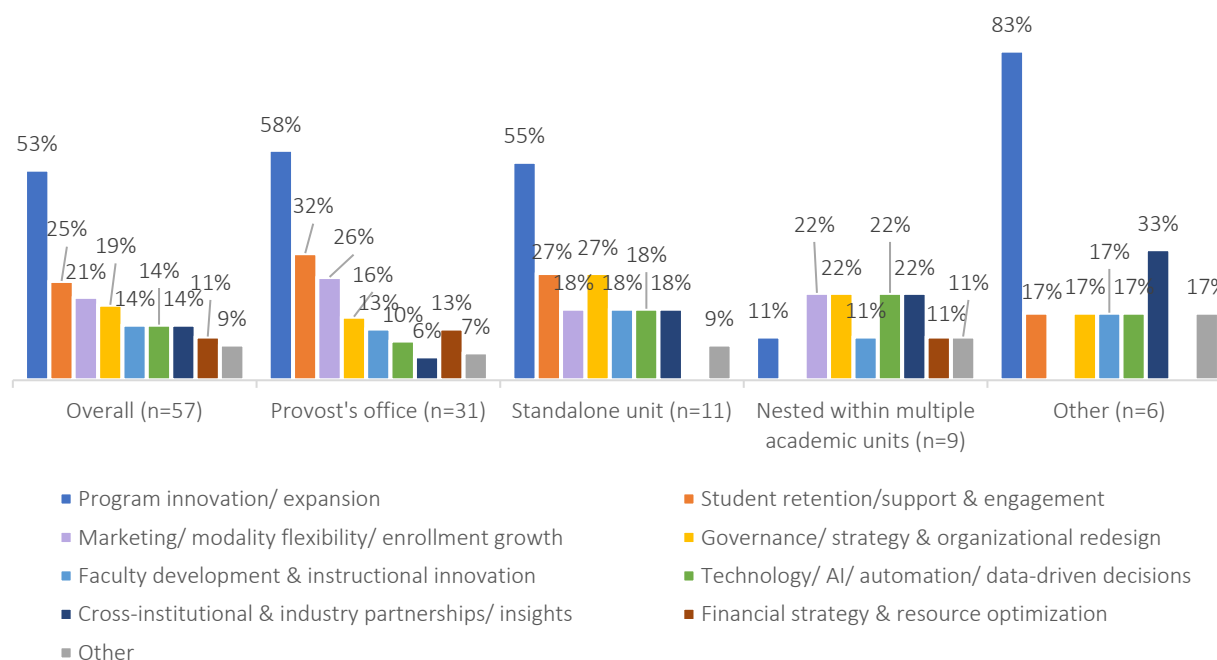
Contracted Services

Standalone units are the most likely to say they contract for services (46%), followed by units nested within multiple academic units (44%), and units located in the provost's office (32%).

Figure 175: Does your online enterprise contract for services, often provided by an online program manager (OPM) or online program enablement (OPE) organization?
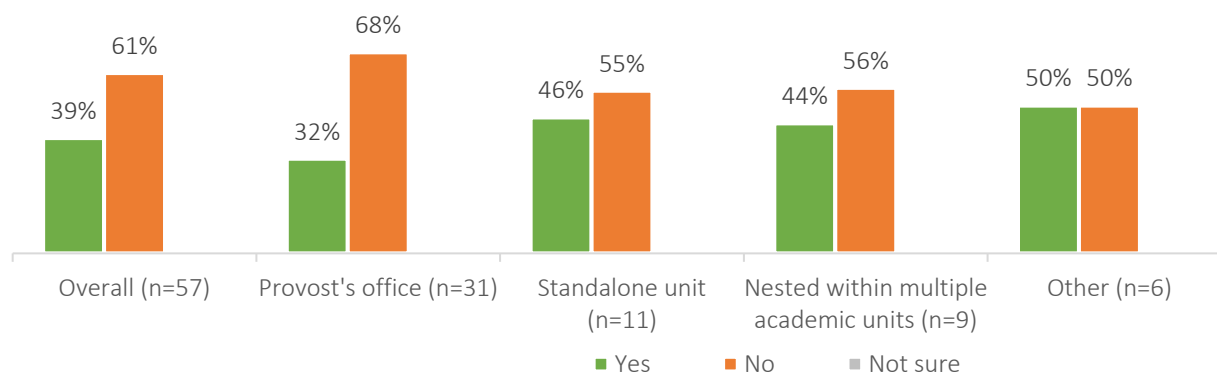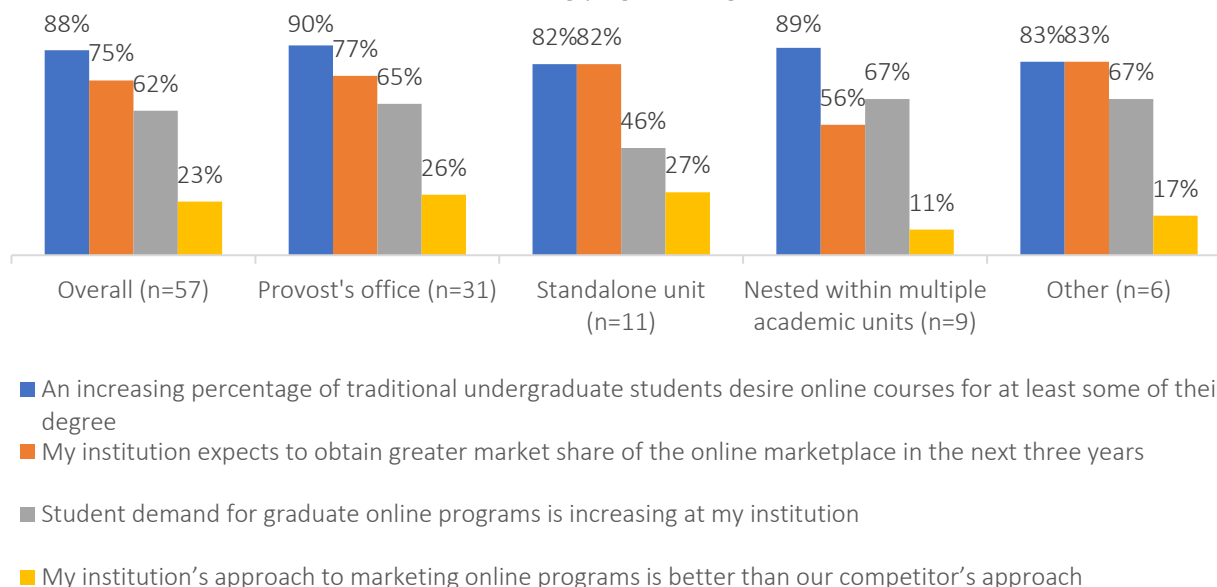

Competitive Environment

Units in the provost's office and standalone units were most likely to cite program quality as their top competitive strategy, while units nested within multiple academic units were most likely to cite brand strength.

Figure 176: Which of the following does your online enterprise use to better position its online programs in a competitive environment? Please select all that apply.
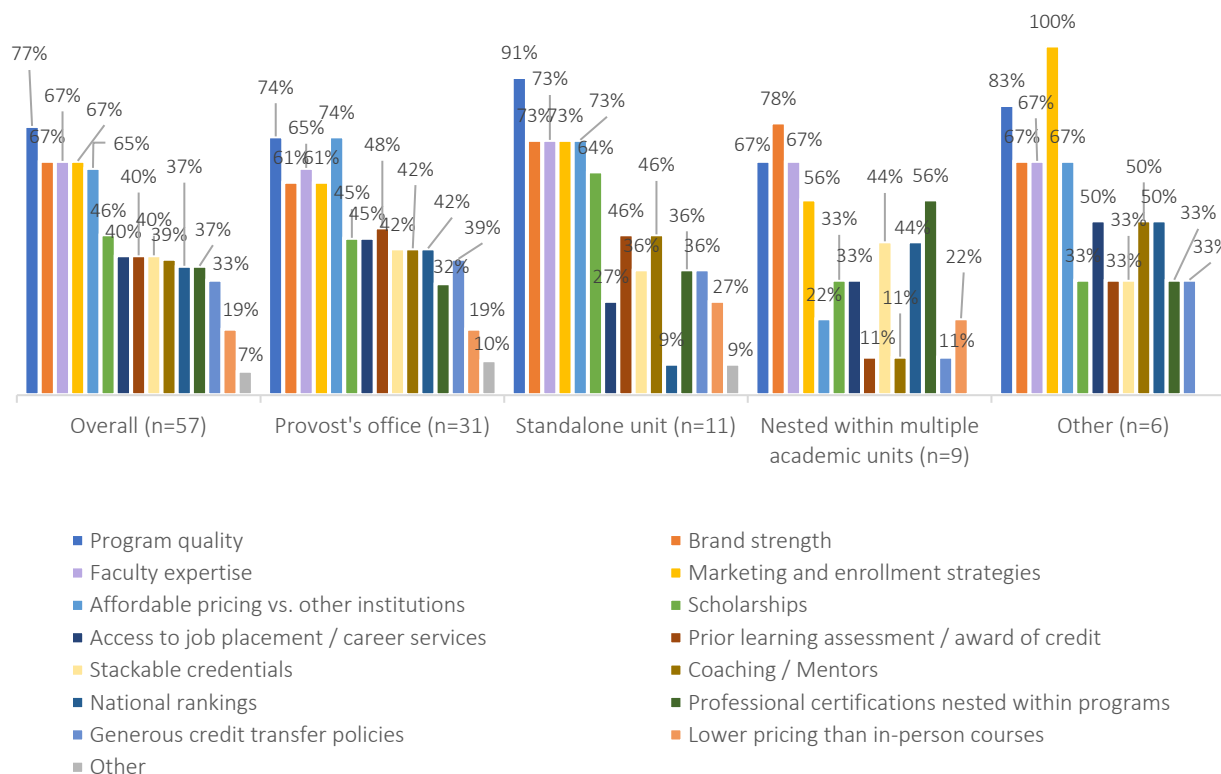
Online enterprises in all locations are most likely to strongly agree or agree that an increasing percentage of traditional undergraduate students desire online courses for at least some of their degree, with units located in the provost's office most likely to do so (90%). Standalone units are also equally likely to strongly agree or agree that their institution expects to obtain a greater market share of the online marketplace in the next three years.

Figure 177: Please rate how strongly you agree or disagree with the following statements.
(% Strongly Agree or Agree)

■ An increasing percentage of traditional undergraduate students desire online courses for at least some of their degree

■ My institution expects to obtain greater market share of the online marketplace in the next three years

■ Student demand for graduate online programs is increasing at my institution

■ My institution's approach to marketing online programs is better than our competitor's approach

Key Performance Indicators

Units nested within multiple academic units have the substantially highest average unduplicated headcount to FTE ratio (702), followed by units located in the provost's office (450), and standalone units (299).

**Figure 178: Unduplicated Headcount to FTE Ratio**

■ Average ■ Median
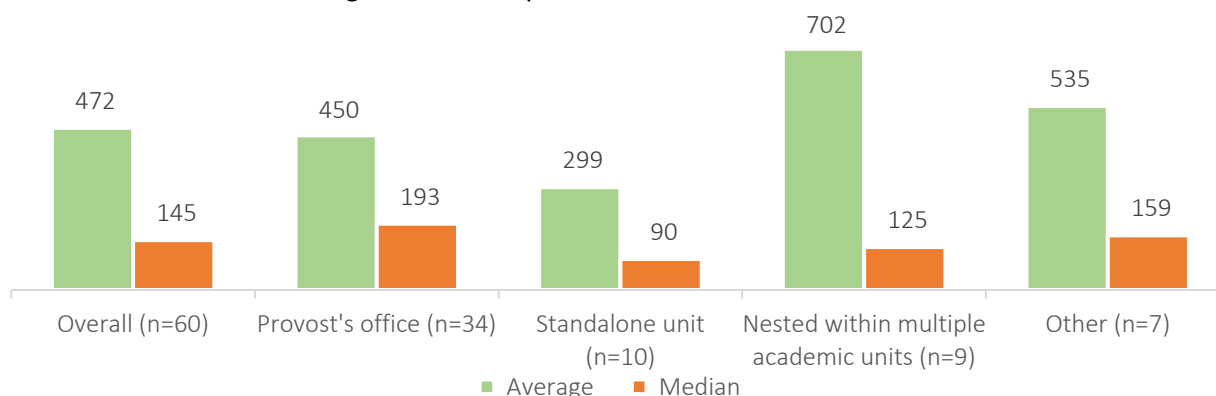
Units located in the provost's office have the highest average budget per FTE ($193,124), followed closely by units nested within multiple academic units ($190,501), and standalone units ($166,660).
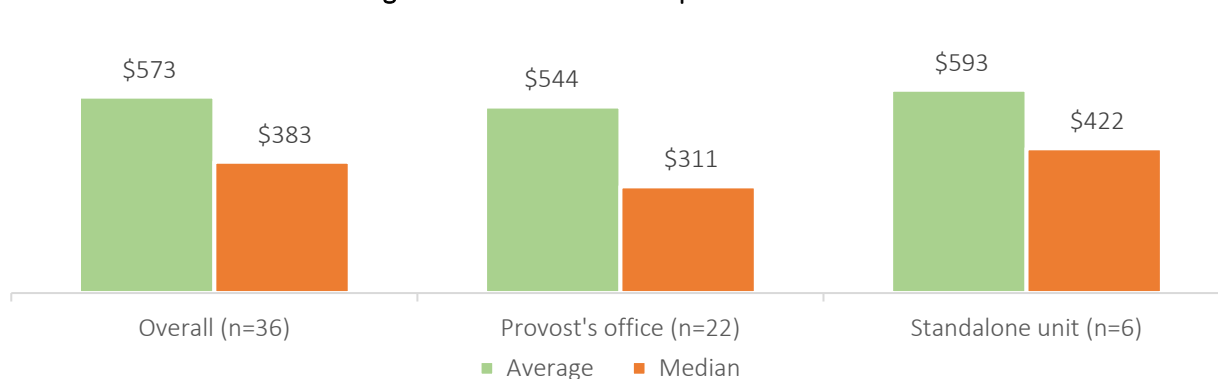
Figure 179: Total Budget per FTE
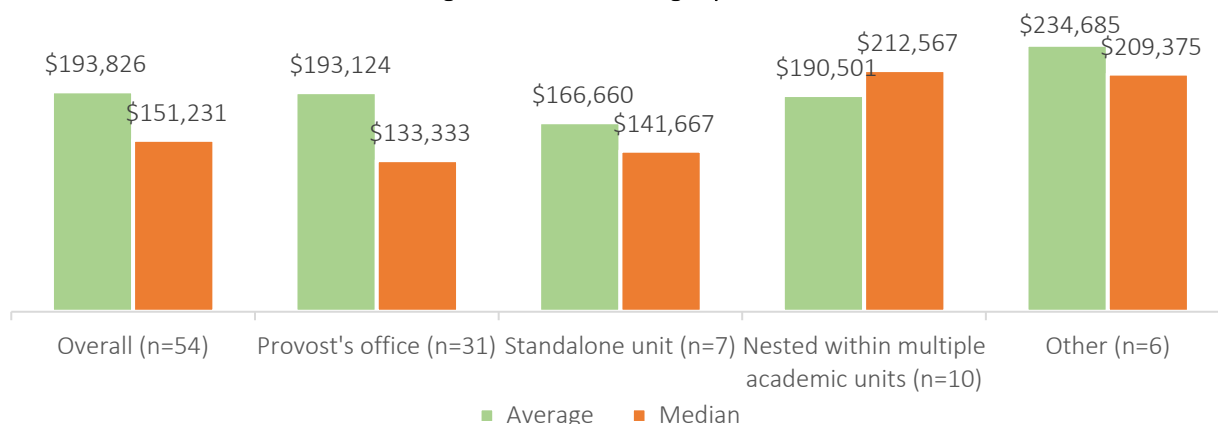
Standalone units have a significantly higher average gross revenue per FTE ($1.8M), compared to units in the provost's office ($952,751), and units nested within multiple academic units ($363,262).

### Figure 180: Gross Revenue per FTE
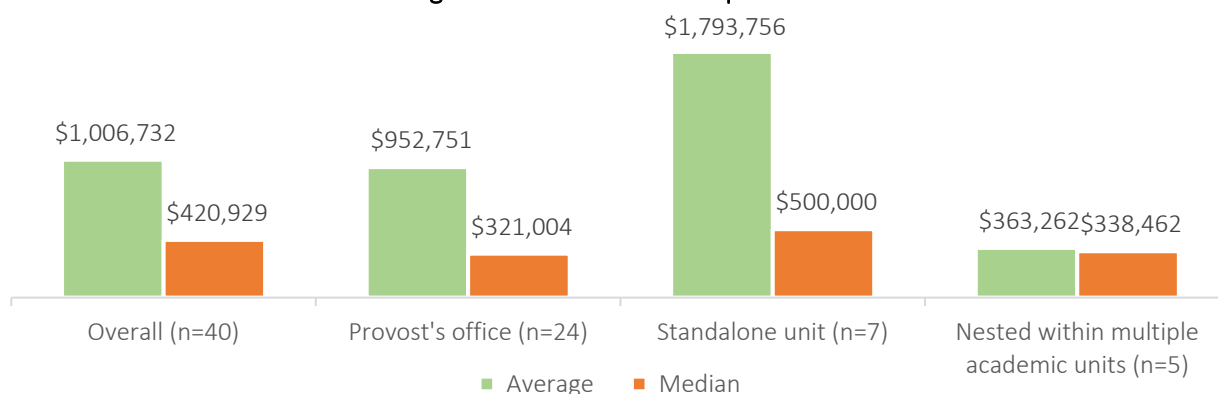
Standalone units ($593) and units located in the provost's office ($544) have a comparable average gross revenue per credit hour metric.
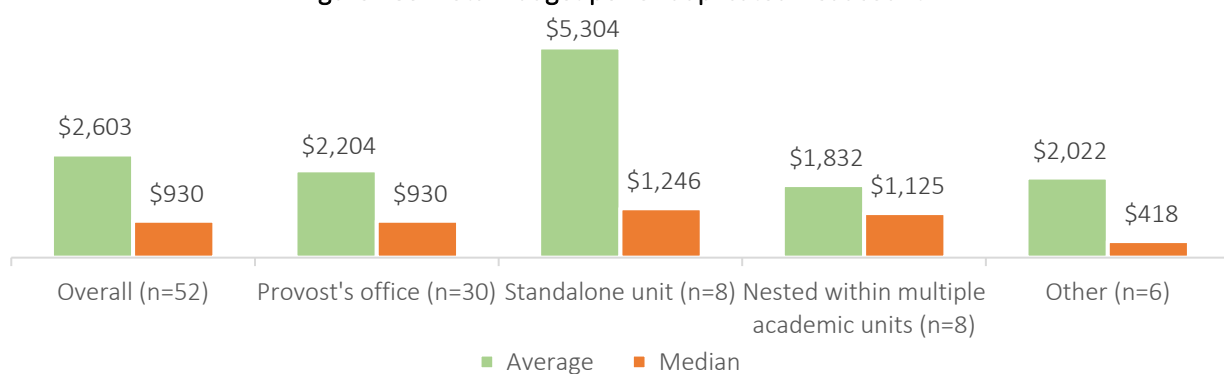
Figure 181: Gross Revenue per Credit Hour

110

Online enterprises nested within multiple academic units have the highest average total budget per credit hour metric ($249), followed by standalone units ($192), and units in the provost's office ($173).

Figure 182: Total Budget per Credit Hour
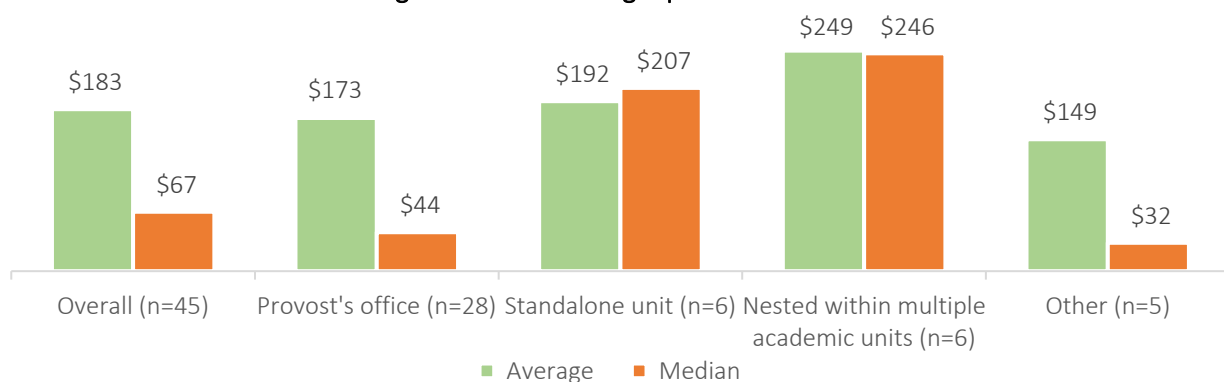
Standalone units have the highest average budget per unduplicated headcount ($5,304), more than double the average budget per unduplicated headcount of units located in the provost's office ($2,204).

Figure 183: Total Budget per Unduplicated Headcount

Standalone units have the highest average gross revenue per unduplicated headcount ($9,210), significantly higher than units in the provost's office ($5,980), and those nested within multiple academic units ($3,474).

Figure 184: Gross Revenue per Unduplicated Headcount
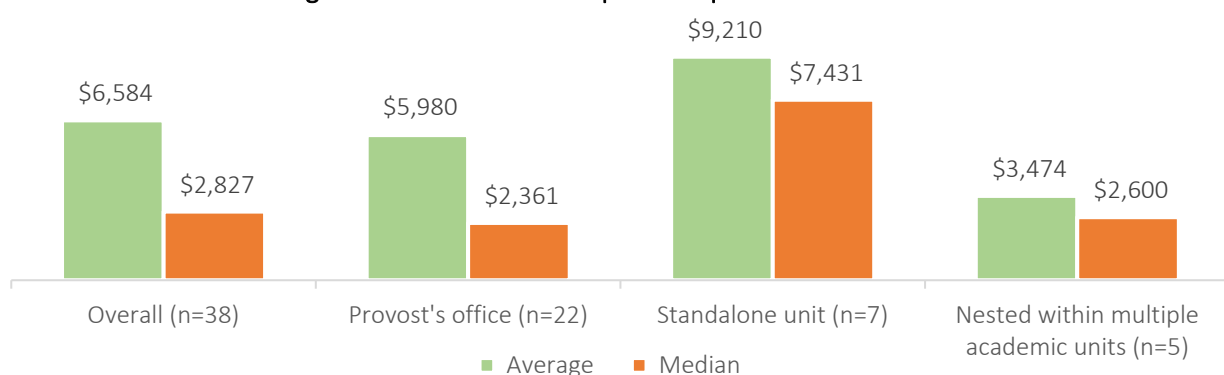
111

Units located in the provost's office have the highest average fully online credit hour per unduplicated headcount (14.1), followed by standalone units (13.6), and units nested within multiple academic units (9.8).

Figure 185: Credit Hours per Unduplicated Headcount
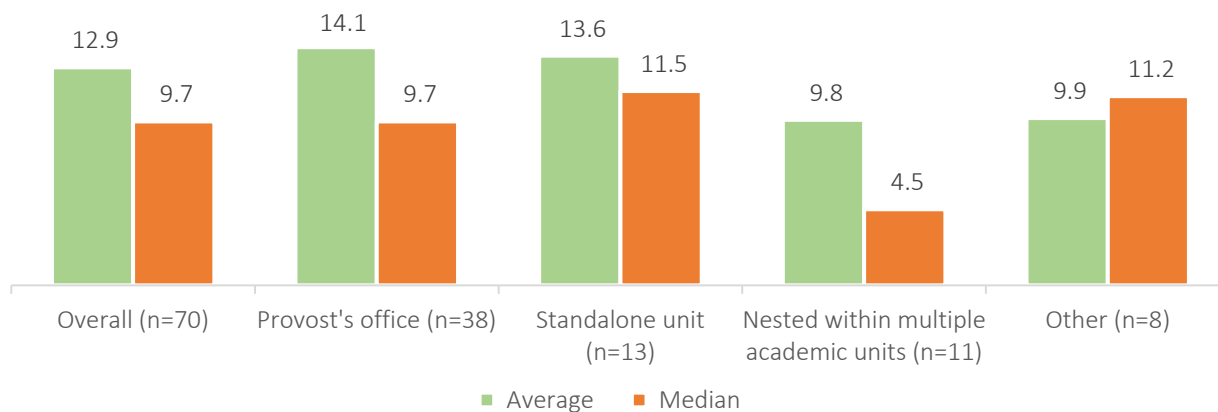
In Summary: Online Enterprise Location

The organizational placement of online enterprises within U.S. postsecondary institutions—whether located in the provost's office, structured as standalone units, or nested within multiple academic units—strongly shapes their operational capacity, financial outcomes, and strategic behaviors. Analysis of the UPCEA benchmarking data reveals significant distinctions across these configurations, each aligning with different models of governance, resource allocation, and institutional integration.

Provost's Office Units, which represent the majority (51%) of institutions, tend to serve the largest scale of fully online learners, with an average headcount of 8,960 and 106,789 credit hours. These units command a strong resource base with a budget of $8.6M and 49 funded FTEs—more than any other organizational structure—allowing them to achieve a high average gross revenue of $23.1M. These enterprises also lead in academic productivity, averaging 14.1 credit hours per unduplicated headcount, indicating a more engaged and full-time learner population. Their higher average budget per FTE ($193,124) and per credit hour ($173) supports UPCEA's assertion that centralized academic oversight in provost-led models often yields more strategic alignment and institutional support for online growth.[5]

Standalone Units, accounting for 19% of institutions, display strong revenue efficiency despite more modest enrollments (5,484 students and 53,618 credit hours). These units report the highest average gross revenue ($28.6M) and gross revenue per FTE ($1.8M), reflecting lean, entrepreneurial operations with powerful financial returns. Their high average gross revenue per unduplicated headcount ($9,210) and budget per headcount ($5,304) suggest a premium business model, likely tied to niche or high-cost programs.

Units Nested Within Multiple Academic Units (21% of institutions) tend to be embedded in collaborative academic contexts and report the highest average total budget ($9.8M), though they trail in revenue generation ($21.7M) and enroll fewer students (5,756 headcount, 41,159 credit hours). Despite this, they

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[5] https://upcea.edu/wp-content/uploads/2024/11/UPCEA-Predictions-2025-Insights-for-Online-and-Professional-Education.pdf

achieve the highest unduplicated headcount-to-FTE ratio (702), indicating extremely lean staffing relative to enrollment. Their budget per credit hour ($249) is also the highest, reflecting potentially duplicated efforts or higher indirect costs from cross-unit collaboration. These units also rely more heavily on decentralized financial models and are more likely to lack formal AI governance, which may contribute to their lower operational agility compared to standalone or centralized structures.

All organizational types prioritize graduate degrees in their program portfolios and share common responsibilities—supporting LMS tools, software, and faculty development—but differ in AI strategy and faculty engagement. Units in the provost's office and standalone models favor structured training for AI integration, while nested units prefer collaborative learning communities. Financially, provost-led units often use revenue share models, whereas standalone units prefer entrepreneurial funding.

In summary, the location of an online enterprise within the institutional hierarchy has profound implications for scale, resource intensity, revenue generation, and innovation capacity. Provost's office units benefit from central support and alignment with institutional goals; standalone units excel in financial returns and agility; and nested units leverage cross-unit collaboration but face coordination and efficiency challenges. These structural choices should be aligned with institutional mission, leadership philosophy, and market strategy to optimize the performance of online education portfolio.

Future Topics and Survey Improvements

Future Topics
Financial Models
The 2025 UPCEA benchmarking data make clear that the financial models sustaining postsecondary online enterprises are diverse, complex, and consequential to institutional strategy—yet insufficiently understood in terms of long-term sustainability and performance outcomes. This gap underscores a pressing need for more rigorous, comparative research into how financial structures influence the operational efficiency, strategic autonomy, and market positioning of online education units across the U.S. higher education landscape.
First, the wide variance in funding models—from revenue/resource-dependent entrepreneurial models to revenue share agreements and base-budget allocations—suggests a fragmented landscape with little standardization. For example, standalone units are disproportionately reliant on entrepreneurial models (31%), while units in the provost's office most often use revenue share models (36%), and institutions across Carnegie classifications report "Other" models with high frequency. Yet little is known about how these models affect risk exposure, incentives for innovation, or alignment with institutional mission. Research must clarify the relationship between financial structure and educational quality, faculty engagement, and learner outcomes, as financial models inevitably shape program priorities and investment strategies.

Second, data from this year's survey suggest that financial models impact operational efficiency in measurable ways. Institutions with entrepreneurial models (e.g., small institutions and standalone units) report the highest gross revenue per FTE and per student, but also face constraints in AI governance, staffing, and service support. In contrast, institutions with centralized funding, typically located in provost's offices, report more extensive staffing, broader service portfolios, and deeper integration with academic functions, though they tend to generate lower revenue per unit of investment. These patterns raise critical policy questions: Are institutions choosing financial models based on strategic alignment, or out of fiscal necessity? How do these models perform under different enrollment or funding scenarios?

Moreover, the growing role of external vendors, especially in marketing, recruitment, and instructional design, has created new hybrid financial ecosystems that blur the boundaries between institutional control and third-party dependence. The fact that contracted service use is more common in larger institutions and standalone units suggests that institutional size and organizational autonomy may mediate the choice of financial strategy. But the long-term fiscal implications of tuition-sharing agreements or fee-for-service models remain poorly documented. Research must address not only comparative cost structures but also the implications for student pricing and transparency in online program delivery.

Finally, institutions are increasingly tasking their online enterprises with financial problem-solving, whether by generating revenue to offset institutional shortfalls or by reducing costs. However, these demands can create misalignment between financial objectives and academic integrity, especially if faculty are under-compensated or if short-term revenue pressures

compromise long-term innovation. As institutions restructure in response to economic and demographic shifts, understanding how financial models either constrain or enable sustainable growth in online learning is critical. Comprehensive research should examine how funding models impact resilience, accountability, and institutional transformation over time.

In conclusion, systematic and comparative research into the financial models that fund postsecondary online enterprises is urgently needed. Such analysis would support evidence-based policy, guide institutional decision-making, and help ensure that online education fulfills its promise as a scalable and mission-aligned mode of postsecondary delivery.

Digital Learning Infrastructure and Support
As online learning enterprises increasingly serve as the hub for technology, instructional support, and faculty development, the scope of responsibility has expanded well beyond a single platform or service. In the 2025 Benchmarking Online Enterprises Survey, more than half of respondents indicated that their online units are responsible for supporting software and applications used in online learning, helpdesk and technical support for the LMS, and the teaching and learning center. This convergence underscores the growing strategic importance of understanding how institutions organize, fund, and sustain their digital learning environments.

A future special topic on digital learning infrastructure and support could explore several interrelated dimensions. Questions might examine who holds primary decision-making authority for selecting, funding, and managing core instructional technologies and how governance structures balance innovation, standardization, and compliance. The survey could also benchmark which platforms and tools make up the institution's digital learning ecosystem—from LMS integrations and collaboration software to adaptive courseware and AI-enabled services—and the proportion of courses actively leveraging them. Another area of focus could be the models institutions use to deliver technical support, training, and instructional design assistance, including whether these services are centralized or decentralized, managed internally or contracted externally, and how staffing levels, non-instructional staff workloads, and budgets are allocated.

The topic could address how online enterprises equip faculty to engage confidently with emerging tools, including expectations for digital competencies, professional development strategies, and incentives or recognition systems that encourage effective adoption. In addition, the survey could examine policies and practices institutions apply to ensure accessibility, data privacy, and compliance in technology procurement and use. By providing visibility into these practices, this special section would allow COLOs and other online leaders to benchmark investments, staffing, and governance approaches while identifying strategies to align digital infrastructure with instructional quality, operational resilience, and long-term sustainability. As institutions continue to expand their online portfolios and adopt more sophisticated learning ecosystems, understanding these foundations will be essential for remaining competitive and delivering on the promise of high-quality online education.

Staffing Models and Resourcing Strategies

Staffing continues to be one of the most critical and least transparent dimensions of online enterprise operations. While budgets and organizational charts may be documented, many institutions still lack a clear picture of how their online learning teams are actually resourced, staffed, and supported. The 2025 Benchmarking Online Enterprises Survey revealed wide variation in reported FTE counts, with some units employing large, dedicated teams while others rely on a blend of full-time staff, graduate assistants, student employees, and contracted personnel to deliver core services. This variability underscores the need for more granular research into staffing models, capacity constraints, and the hidden labor that sustains online programs.

A future special topic on staffing models and resourcing strategies could examine how institutions' staff essential functions such as instructional design, faculty development, student support, and technology services. The survey could explore the proportion of work conducted by full-time employees compared to contingent or part-time staff, and the units where these individuals work if this work is decentralized. It could also address how budget pressures are shaping staffing decisions, such as whether units are managing expenses by limiting FTE hiring or outsourcing critical services.

In addition, the topic could consider how institutions assess workload and staffing adequacy, including what metrics or benchmarks are used to evaluate whether teams are appropriately resourced to meet growing demands, or when they must hire additional FTEs. Questions might also explore how staffing models affect service quality, employee engagement, and the capacity to innovate and scale.

By providing deeper visibility into these practices, this section would allow COLOs and other institutional leaders to benchmark staffing approaches, understand trade-offs between different resourcing strategies, and identify areas where investment may be needed to achieve desired outcomes. As institutions adapt to fiscal constraints and evolving learner expectations, clear data on staffing models will be essential to inform policy decisions and support the long-term success of online enterprises.

Instructional Design

Instructional design emerged as an area of interest in the 2024 Benchmarking Online Enterprises Survey, where it was identified as a potential future topic to explore in greater depth. Since that time, the percentage of online enterprises reporting responsibility for instructional design and media development has continued to grow. In the 2025 survey, nearly half of respondents whose units listed "Other" responsibilities described instructional design teams or services embedded within their organizational structure. This shift suggests that instructional design is increasingly viewed not just as a support function, but as a strategic capability integral to the development and delivery of high-quality online programs.

A future special topic on instructional design models and capacity could examine how institutional leaders structure and resource these functions. The survey might explore whether

instructional design services are centralized within the online enterprise, distributed among colleges and departments, or provided through contracted partners. Questions could benchmark staffing models, including the number of full-time instructional designers, the ratio of designers to faculty or courses, and the use of specialized roles such as media producers, learning experience designers, and quality assurance staff. Another area of focus could be the processes and expectations for course development and redevelopment, including timelines, templates, and review procedures to ensure alignment with institutional standards, accessibility requirements, and learner engagement goals.

The topic could also address the ways online enterprises measure the impact of instructional design on course quality and student outcomes, as well as the professional development and credentialing expectations for instructional design staff. By providing visibility into these practices, this section would allow leaders to benchmark organizational structures, staffing investments, and workflow processes while identifying strategies to strengthen instructional design capacity. As institutions expand their online portfolios and integrate emerging technologies, understanding how instructional design teams contribute to innovation, consistency, and instructional excellence will be critical for sustaining growth and competitiveness.

Leveraging Predictive Analytics to Improve Student Experiences and Learning Outcomes
As online enterprises evolve, many institutions are moving beyond basic descriptive analytics to adopt more predictive models aimed at improving student outcomes. However, questions remain about which strategies are driving measurable improvements and how institutions are assessing impact.

A future special topic on predictive analytics and learner outcomes could examine how institutions collect, analyze, and act on data to inform interventions and support learners at scale. The survey could explore which predictive models are most widely used—for example, forecasting persistence or academic risk—and what data inputs (e.g., LMS engagement, demographic indicators, prior performance) are considered most reliable. It could also address how online units and their campus partners translate insights into concrete actions, such as targeted advising, course redesign, or early alert systems.

Additionally, the topic could explore how institutions measure the effectiveness of predictive interventions, including what evidence they have that analytics-supported strategies improve retention, course completion, or other learner success metrics. Questions might also consider how teams balance the promise of predictive tools with concerns about data privacy, algorithmic bias, and student trust.

By providing more visibility into what institutions are doing—and what is actually making a difference—this special topic would equip COLOs and online leaders to make more informed decisions about investing in predictive analytics, scaling practices that work, and strengthening the evidence base for learner-centered innovation.

Survey Improvements

While the Benchmarking Online Enterprises Survey (BOnES) has become an essential source of comparative data for online learning leaders, several improvements could help strengthen participation and completion in future iterations.

Prioritize Key Benchmarks

One opportunity is to reduce the overall number of questions, including within the stable categories that remain consistent each year. Streamlining the survey instrument may help address respondent fatigue and improve completion percentages, particularly among senior leaders balancing multiple responsibilities. Future surveys could consider prioritizing core benchmarking indicators while rotating selected detail areas on an alternating schedule to maintain breadth without requiring all respondents to answer every item annually. Another option might be to allow survey respondents to delegate some sections to members of their teams, who might have specialized knowledge for any special topic sections.

Increasing participation and incentives

Increasing overall participation remains a priority to ensure the data is as representative as possible across institution types, sizes, and online enterprise models. To support higher response rates, UPCEA may explore offering targeted incentives. Options could include providing early or exclusive access to aggregate findings, providing additional deliverables only to survey completers, or offering a limited number of entries into a drawing for complimentary registrations to UPCEA events. Additionally, communicating clear expectations regarding the approximate time required to complete the survey and emphasizing the strategic value of participation in strengthening the collective understanding of the field may help motivate a broader group of respondents.

Soliciting Feedback from the Online Leadership Community

Recognizing that the value of the Benchmarking Online Enterprises Survey depends on its alignment with the evolving priorities of online leaders, UPCEA remains committed to gathering direct feedback from the COLO community. While the research team brings extensive experience in postsecondary education, identifying areas of greatest impact requires input from a wide range of practitioners. Future iterations will continue to invite suggestions for improvements and new lines of inquiry through a survey suggestion form. This approach ensures that the report reflects the most relevant questions and challenges facing online enterprises and provides actionable insights to support strategic decision making. Suggestions for improvements and lines of inquiry through a survey suggestion form, can be found here.

Conclusion

The 2025 UPCEA benchmarking data reveal that online enterprises within U.S. postsecondary institutions are maturing into strategically significant, resource-intensive entities—each shaped profoundly by institutional size, Carnegie classification, budget size, and organizational structure. Together, these dimensions offer a nuanced portrait of how universities operationalize, fund, and scale their online learning portfolios.

Institutional size remains a key determinant of operational scope and financial performance. Large institutions lead in total enrollment, revenue, and staffing, reflecting their ability to scale operations and diversify offerings. Medium-sized institutions report the highest average budget per FTE and average revenue per FTE, but also the lowest median revenue per FTE, indicating that a few high performers drive much of their results. Small institutions, while limited in scale and sample size, show the highest revenue per unduplicated headcount but the lowest average revenue per credit hour. Their median figures are only slightly above those of medium institutions. These patterns highlight that size alone does not ensure efficiency or sustainability; strategic decisions and context remain critical to outcomes. These findings align with UPCEA predictions that institutions must tailor online education strategies to their structural realities, balancing scale, efficiency, and learner outcomes.[6]

Carnegie classification introduces another layer of differentiation. R1 institutions tend to leverage brand strength and contracted services to maintain competitive advantage, while R2 institutions report more frequent use of AI tools and practices. However, efficiency among R2s varies considerably: although their average gross revenue per FTE exceeds that of R1s, their median revenue is lower, suggesting that a few high-performing R2s drive much of the category's results. Across classifications, shared authority in AI decision-making is common, though R1s and R2s are more likely to report structured approaches to technology adoption and governance.

Budget size also emerges as a critical factor shaping operational capacity, strategic priorities, and financial expectations. Enterprises with the largest budgets serve the greatest number of online learners and maintain the most diversified program portfolios, but they often face trade-offs between scale and revenue efficiency. Mid-sized enterprises distinguish themselves with strong revenue per credit hour and unduplicated headcount metrics, suggesting mature operations and disciplined resource allocation. Smaller-budget units, while more limited in scale, frequently prioritize instructional efficiency and faculty support as strategic drivers of AI adoption. Across all budget categories, many institutions are tasked with generating revenue to offset institutional funding gaps, highlighting that financial sustainability is both an opportunity and an obligation. These patterns reinforce that budget size alone does not predict success; strategic alignment and focused investment remain decisive.

Organizational placement—whether within the provost's office, as a standalone unit, or embedded across multiple academic divisions—shapes online enterprise performance in nuanced ways. Units in the provost's office show the widest range in scale and resources, with average budgets nearly twice the median and staffing levels that vary substantially across institutions. Standalone units often achieve the highest gross revenue per FTE, per credit hour, and per unduplicated headcount, reflecting a focus on revenue-intensive programs and minimal reallocation of funds. Nested units report the highest average headcount-to-FTE ratios and the highest median budget per FTE, yet their average revenue per FTE remains lower, suggesting both operational scale and complex cost structures. Across all models, the gaps

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[6] https://upcea.edu/wp-content/uploads/2024/11/UPCEA-Predictions-2025-Insights-for-Online-and-Professional-Education.pdf

between averages and medians illustrate that similar organizational placements can produce very different outcomes. These patterns reinforce that no single structure ensures efficiency or growth; rather, success depends on aligning resources, governance, and strategy to fit institutional context.

In summary, the institutionalization of online education is not uniform. Rather, it reflects adaptive strategies that respond to internal capacity, mission differentiation, budget realities, and external market pressures. At the same time, the growing prevalence of faculty teaching online as part of their regular course load signals deeper integration into the academic mainstream, while also raising important questions about workload, compensation, and support. For COLOs and online leaders, the question is no longer whether to invest in online learning, but how to do so in ways that are sustainable, equitable, and aligned to institutional goals.

Recommendations for COLOs and Online Leaders

Based on the survey results, we offer five recommendations to guide planning and action:

1. **Interrogate Your Financial Model:**
   Ensure you fully understand how your enterprise is funded—and whether that model supports long-term sustainability or simply short-term gains. Avoid defaulting to "Other" without clarifying ownership, incentives, and trade-offs.

2. **Benchmark for Efficiency, Not Just Scale:**
   Use median-based KPIs to assess where you stand relative to peers in staffing productivity, budget efficiency, and per-student revenue. High averages can obscure critical operational challenges.

3. **Develop a Clear AI Strategy:**
   Move beyond experimentation toward intentional adoption. Define who makes decisions, how tools are evaluated, and what safeguards are in place to balance innovation with ethics and compliance.

4. **Align Staffing with Strategy:**
   Assess whether your current staffing levels, skills, and organizational structure can support your online enterprise's strategic priorities. Ensure resources are sufficient to deliver consistent quality as expectations and enrollment grow.

5. **Invest in Organizational Clarity:**
   If your enterprise operates across decentralized structures, revisit governance, workflows, and communication channels to minimize duplication, confusion, and inertia.

Strategic Questions for COLOs

In a landscape where competition is intensifying and growth is increasingly uneven, it is natural for institutions to grapple with uncertainty about where to focus and how to adapt. These questions are not signs of weakness but evidence of thoughtful leadership in a rapidly evolving environment. The following prompts are intended to help COLOs, and other institutional leaders translate benchmarking insights into clear, strategic priorities. As you consider this year's findings, we encourage you to ask:

- How must our structures and strategies evolve over the next three years?
- Are we investing in the right priorities—or simply following the crowd?
- What is our path to efficient and scalable AI adoption?
- How does our efficiency and revenue performance compare to institutions like ours?
- What is the real cost and sustainability of our current staffing model?

These questions are intended not as a checklist but as a launchpad for deeper dialogue and intentional action. Institutions that thrive in the next chapter of online education will be those that balance experimentation with discipline and ambition with clarity. The insights in this report are not simply reference points—they are building blocks for more resilient, learner-centered, and strategically aligned online enterprises.

Appendix I: Online Enterprise Benchmarking Survey Questions

Thank you for agreeing to help us with this important research. The survey will take approximately 10 minutes to complete. All responses will remain anonymous. Individuals that complete the study will receive a copy of the final research paper produced as a result of this research and will receive access to an exclusive results webinar. The results of this survey will be featured as a session at UPCEA's #SOLAR25 event in July.

Demographics

1) Which of the following Carnegie Classifications is your institution?
   a) Associate's college (all categories)
   b) Baccalaureate college (all categories)
   c) D/PU
   d) M1
   e) M2
   f) M3
   g) R1
   h) R2
   i) Special focus institution (all categories)
   j) Other (please specify)

2) What is your title?

3) Are you a decision-maker for an *online enterprise* (whether at the unit, college, or institutional level) that is accountable for strategy, leadership, and/or operations?
   a) Yes
   b) No [Terminate]
   c) Not sure [Terminate]

4) At which of the following levels are you responsible for online strategy, leadership, and/or operations?
   a) Institutional level
   b) College level
   c) Unit level

5) Which of the following best describes your overall institution size for the 2023-2024 academic year?
   a) Small (fewer than 5,000 undergraduate and graduate students)
   b) Medium (5,000 to 15,000 undergraduate and graduate students)
   c) Large (more than 15,000 undergraduate and graduate students)

6) For the following question, provide information based on how *your institution* defines online courses. Please provide the following for the 2023-2024 academic year:
   a) The unduplicated headcount for learners enrolled in fully online courses
   b) The total student credit hours for learners enrolled in fully online courses

7) Which of the following best describes where your institution's online enterprise resides?
   a) Provost's office
   b) Standalone unit
   c) Nested within multiple academic units (i.e., colleges, schools, etc.)
   d) Other (please specify)

[Only show for those that indicate multiple units in Q7] If there are other people at your institution with a similar title or level at another online enterprise within your institution, please invite them to participate in this research using this link: https://www.surveymonkey.com/r/MDNSXLQ

Online Enterprise - Size and Structure

8) Please rate how strongly you agree or disagree with the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
My online enterprise is *administratively decentralized*. For the purpose of this research, administratively decentralized is defined as most administrative functions (e.g., enrollment management, student support, instructional design, etc.) occurring in individual academic units or in other university units, even those that are centralized, outside the online enterprise (e.g. University marketing)					
My online enterprise is *academically decentralized*. For the purpose of this research, academically decentralized is defined as faculty, programs, and courses emanating from multiple academic departments or units for online programs.					

9) Which of the following are responsibilities for your online enterprise? Please select all that apply.
   a) Helpdesk/technical support for the LMS
   b) Helpdesk/technical support for other areas of the institution
   c) Supporting software and apps used in online learning
   d) Supporting software and apps for other areas of the institution
   e) Teaching and learning center
   f) Other (please specify)

10) Which of the following program types are included in your online enterprise's portfolio of programs that it supports? Please select all that apply.
   a) Undergraduate credit-bearing certificates
   b) Undergraduate degrees
   c) Graduate credit-bearing certificates
   d) Graduate degrees
   e) Microcredentials, non-degree or alternative credentials
   f) Other (please specify)

AI & Emerging Technologies

11) Which of the following best describes your online enterprise's autonomy in making decisions about AI tools and practices?
   a) We make **independent decisions** about AI tools and practices within our unit, including selection, implementation, and use.

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    b) We have **shared authority**—our online enterprise collaborates with institutional leadership (e.g., IT, academic affairs) on AI-related decisions.

    c) Decisions are made **exclusively at the central level**—AI-related decisions are made at the institutional level, with limited input from our online enterprise.

    d) We **follow guidance or policies** created by another unit (e.g., college of technology, department of computer science, teaching and learning center, etc.), without a formal decision-making role.

    e) **No formal process** exists for AI decision-making within our online enterprise.

    f) Other (please specify)

12) Is your online enterprise currently using AI in any of the following areas? Please select all that apply. (Category source: Sposato, 2025)

    a) Administrative Efficiency

    b) Community Engagement and Communication

    c) Decision-Making and Policy Formulation

    d) Diversity, Equity, and Inclusion Initiatives

    e) Enhancing Teaching Practices

    f) Ethical AI Leadership

    g) Governance and Compliance

    h) Organizational Leadership and Strategic Planning

    i) Personalized Learning

    j) Student Support Services

    k) Other (please specify)

    l) None of the above [Go to Q16 - Budget]

13) What are the primary strategic drivers for AI adoption and implementation within your online enterprise? Please select no more than three answer choices.

    a) Demonstrating ethical or responsible leadership in AI use
    b) Enhancing instructional efficiency or faculty support
    c) Enabling data-informed decision-making and predictive analytics
    d) Fostering a culture of innovation and experimentation
    e) Improving student retention, engagement, or academic success
    f) Increasing operational scalability or reducing cost
    g) Responding to institutional mandates or strategic priorities
    h) Staying competitive with peer or aspirational institutions
    i) Supporting personalized or adaptive learning experiences
    j) Other (please specify)

14) How does your online enterprise evaluate generative AI tools before adoption (e.g., ChatGPT, Claude, Gemini)? Please select all that apply.

    a) Assessment of data privacy and protection (e.g., FERPA, HIPAA, GDPR)
    b) Compliance with institutional policies (e.g., academic integrity, acceptable use)
    c) Evaluation of accessibility (e.g., WCAG compliance, support for diverse learners)
    d) Pedagogical review by instructional design or teaching and learning staff
    e) Reliance on institution-wide vetting or procurement decisions
    f) Review by institutional IT or information security team
    g) Technical integration testing with enterprise systems
    h) Usability testing with students or faculty
    i) Other (please specify)

15) Which of the following supports or incentives has your online enterprise implemented to encourage faculty or staff to explore or adopt AI tools? Please select all that apply.

    a) Communities of practice or faculty learning groups
    b) Course release or workload adjustments
    c) Internal microgrants or stipends for AI-related work
    d) Internal showcases, sandbox environments, or experimentation spaces
    e) On-demand resources or toolkits
    f) Recognition systems (e.g., badging, public acknowledgment)
    g) Structured training or workshops
    h) No supports or incentives in place [cannot be selected with other options]
    i) Other (please specify)

Online Enterprise - Budget and Finance

16) For the 2023-2024 academic year, what was your online enterprise's *total* budget? Please list the budget in USD.

17) Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise?

18) For the 2023-2024 academic year, what was your online enterprise's total *gross* revenue? Please list gross revenue in USD.

19) Which of the following best describes your online enterprise's financial model?
   a) A fee-based service model in which costs/fees are charged to the academic department(s) as the sole source of revenue for the enterprise
   b) A revenue share model in which online program revenue is divided between multiple units or entities
   c) A revenue/resource dependent entrepreneurial model in which the online enterprise receives fees and tuition.
   d) Other (please specify)

20) How are the Faculty teaching in your online programs compensated? Please select all that apply.
   a) Faculty teach online as a part of their regular course load
   b) Faculty are paid per credit hour
   c) Faculty are paid per course
   d) Faculty are paid based on the number of enrolled students
   e) Faculty receive monetary incentives for developing course content
   f) Faculty can receive a higher rate of compensation after completing training
   g) Other (please specify)

21) How are the salaries for instruction funded? Please select all that apply.
   a) Paid by the online enterprise
   b) Paid by the Academic Department
   c) Paid by the Provost's Office
   d) Other (please specify)

22) Which of the following best describes your online enterprise's overall budget for the next fiscal year compared to the previous fiscal year?
   a) Greatly increase [Go to Q23]
   b) Increase [Go to Q23]
   c) Neither increase nor decrease [Go to Q25]
   d) Decrease [Go to Q24]
   e) Greatly decrease [Go to Q24]

23) [Show for increase] What percentage do you believe your online enterprise's overall budget will increase by in the next fiscal year? If you are unsure, please feel free to estimate.

24) [Show for decrease] What percentage do you believe your online enterprise's overall budget will decrease by in the next fiscal year? If you are unsure, please feel free to estimate.

25) Has your online enterprise—or you as a decision maker—been tasked with any of the following in response to your institution's financial challenges in 2025 and anticipated for FY 2025-2026? Please select all that apply.
   a) Generating revenue due to *reduced institutional funding* (e.g., loss of online program fees, decreased budget allocations, lower instructional pay for online courses)
   b) Generating revenue to *support broader institutional shortfalls* (e.g., increased central overhead, larger revenue-sharing contributions, added support for centralized operations such as registrar or IT)
   c) Reducing costs (e.g., cuts to travel, professional development, memberships, or staff)
   d) Restructuring for financial sustainability (e.g., consolidating programs, shifting to scalable models, outsourcing services)
   e) No financial directives have been issued to the online enterprise [cannot be selected with other answer choices]
   f) Other (please specify)

26) How has the online learning enterprise—through your leadership or team—introduced new or creative approaches to address institutional challenges, meet evolving learner needs, or strengthen the value proposition of higher education?

Contracted Services

27) Does your online enterprise contract for services, often provided by an online program manager (OPM) or online program enablement (OPE) organization?
   a) Yes
   b) No [Go to Q30]
   c) Not sure [Go to Q30]

28) Which of the following is your online enterprise using outside vendors for? Please select all that apply.
   a) Helpdesk
   b) Instructional design
   c) Marketing
   d) Program development
   e) Program management
   f) Recruiting
   g) Student coaching & retention
   h) Student services
   i) Other (please specify)

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29) Which of the following best describes how your online enterprise compensates outside vendors? Please select all that apply.

     a)   Fee for service

     b)   Tuition share

     c)   Flat one-time payment

     d)   Other (please specify)

Competitive Environment

30) Which of the following does your online enterprise use to better position its online programs in a competitive environment? Please select all that apply.
   a) Access to job placement / career services
   b) Affordable pricing vs. other institutions
   c) Brand strength
   d) Coaching / Mentors
   e) Faculty expertise
   f) Generous credit transfer policies
   g) Lower pricing than in-person courses
   h) Marketing and enrollment strategies
   i) National rankings
   j) Prior learning assessment / award of credit
   k) Professional certifications nested within programs
   l) Program quality
   m) Scholarships
   n) Stackable credentials
   o) Other (please specify)

31) How strongly do you agree or disagree with the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
My institution expects to obtain greater market share of the online marketplace in the next three years					
My institution's approach to marketing online programs is better than our competitor's approach					
Student demand for *graduate* online programs is increasing at my institution					
An increasing percentage of *traditional undergraduate* students desire online courses for at least some of their degree					

32) If you'd like to receive a copy of the final results when they become available, please provide the following:
   a) First name
   b) Email

Thank you for your time! If you'd like to learn more about the basis of the taxonomy used for AI usage, you can click this link to read Martin Sposato's *Artificial intelligence in educational leadership: a comprehensive taxonomy and future directions.*

Appendix II: Online Enterprise Benchmarking Streamlined Survey Questions

Strategic Online Benchmarking Survey

[Respondents will not see items in brackets]

Thank you for agreeing to help us with this important research. The survey will take approximately 10 minutes to complete. All responses will remain anonymous. Individuals that complete the study will receive a copy of the final research paper produced as a result of this research and will receive access to an exclusive results webinar. The results of this survey will be featured as a session at UPCEA's #SOLAR25 event in July.

Demographics

1) Are you a decision-maker for an *online enterprise* (whether at the unit, college, or institutional level) that is accountable for strategy, leadership, and/or operations?
    a) Yes
    b) No [Terminate]
    c) Not sure [Terminate]

2) What is your title?

3) Which of the following Carnegie Classifications is your institution?
    a) Associate's college (all categories)
    b) Baccalaureate college (all categories)
    c) D/PU
    d) M1
    e) M2
    f) M3
    g) R1
    h) R2
    i) Special focus institution (all categories)
    j) Other (please specify)

4) At which of the following levels are you responsible for online strategy, leadership, and/or operations?
    a) Institutional level
    b) College level
    c) Unit level

5) Which of the following best describes your overall institution size for the 2023-2024 academic year?
   a) Small (fewer than 5,000 undergraduate and graduate students)
   b) Medium (5,000 to 15,000 undergraduate and graduate students)
   c) Large (more than 15,000 undergraduate and graduate students)

6) For the following question, provide information based on how *your institution* defines online courses. Please provide the following for the 2023-2024 academic year:
   a) The unduplicated headcount for learners enrolled in fully online courses
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[Only show for those that indicate multiple units in Q7] If there are other people at your institution with a similar title or level at another online enterprise within your institution, please invite them to participate in this research using this link: https://www.surveymonkey.com/r/MDNSXLQ

Online Enterprise - Size and Structure

8) Please rate how strongly you agree or disagree with the following statements:

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
My online enterprise is *administratively* decentralized. For the purpose of this research, administratively decentralized is defined as most administrative functions (e.g., enrollment management, student support, instructional design, etc.) occurring in individual academic units or in other university units, even those that are centralized, outside the online enterprise (e.g. University marketing)					
My online enterprise is *academically decentralized*. For the purpose of this research, academically decentralized is defined as faculty, programs, and courses emanating from multiple academic departments or units for online programs.					

Online Enterprise - Budget and Finance

9) For the 2023-2024 academic year, what was your online enterprise's *total* budget? Please list the budget in USD.

10) Including yourself, how many full-time or full-time equivalent (FTE) employees (i.e., two half-time employees equals one full-time employee) are funded by your online enterprise?

11) For the 2023-2024 academic year, what was your online enterprise's total *gross* revenue? Please list gross revenue in USD.

12) Which of the following best describes your online enterprise's financial model?
   a) A fee-based service model in which costs/fees are charged to the academic department(s) as the sole source of revenue for the enterprise
   b) A revenue share model in which online program revenue is divided between multiple units or entities
   c) A revenue/resource dependent entrepreneurial model in which the online enterprise receives fees and tuition.
   d) Other (please specify)

13) AI Is your online enterprise currently using AI in any of the following areas? Please select all that apply. (Category source: Sposato, 2025)
   a) Administrative Efficiency
   b) Community Engagement and Communication
   c) Decision-Making and Policy Formulation
   d) Diversity, Equity, and Inclusion Initiatives
   e) Enhancing Teaching Practices
   f) Ethical AI Leadership
   g) Governance and Compliance
   h) Organizational Leadership and Strategic Planning
   i) Personalized Learning
   j) Student Support Services
   k) Other (please specify)
   l) None of the above

If you'd like to receive a copy of the final results when they become available, please provide the following:
   a) First name
   b) Email

Thank you for your time! If you'd like to learn more about the basis of the taxonomy used for AI usage, you can click this link to read Martin Sposato's *Artificial intelligence in educational leadership: a comprehensive taxonomy and future directions.*

UPCEA is the online and professional education association. Our members continuously reinvent higher education, positively impacting millions of lives. We proudly lead and support them through cutting edge research, professional development, networking and mentorship, conferences and seminars, and stakeholder advocacy. Our collaborative, entrepreneurial community brings together decision makers and influencers in education, industry, research, and policy interested in improving educational access and outcomes.

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