

Subject Higher education: online program management companies

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Overview

Online program management companies (OPMs) are third-party companies that partner with higher education institutions to set-up and run online courses and academic programs. In addition to providing services such as instructional design and technology support, OPMs can provide colleges with marketing and student recruitment. Federal law prohibits institutions from providing incentive payments to OPMs engaged in student recruiting based on their success in enrolling students, out of concern that this could lead to abusive recruiting practices. However, revenue-sharing compensation models for OPMs have been permitted under a federal exemption for OPMs that “bundle” nonrecruitment services with student recruitment work. The United State Government Accountability Office released a report in April 2022 that recommended increased monitoring of institutions’ agreements with OPMs.¹

Summary

Section	Description
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1	Requirements related to online program management companies.
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Subd. 1. Definitions. Defines key terms, including “online program management company” (OPM) and “incentive compensation,” which includes tuition sharing. The scope of application is set within the definition of “institution of higher education,” which includes public postsecondary institutions. The University of Minnesota is requested to comply.

Subd. 2. Contract stipulations. Prohibits agreements with OPMs that: (1) allow incentive compensation; (2) give OPMs control over institutional governance,

¹ Government Accountability Office. (April 2022). *Education Needs to Strengthen Its Approach to Monitoring Colleges’ Arrangements with Online Program Managers*. (GAO Pub. No. 22-104463). Available online: <https://www.gao.gov/assets/gao-22-104463.pdf>.

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curricula, or educational programming; or (3) limit intellectual property rights of faculty members.

Subd. 3. Mandatory contract review and approval. Requires governing boards of public postsecondary systems to review and approve institutions' contracts with OPMs.

Subd. 4. Reporting requirements. Requires OPMs to report to institutions regarding expenditures made on behalf of the institution, and requires institutions to report to the Office of Higher Education (OHE) regarding those expenditures and amounts paid by the institution to OPMs. Also requires contracts between institutions and OPMs to be submitted to OHE.

Subd. 5. Marketing requirements. Places public-facing transparency obligations on institutions regarding their relationships with OPMs.



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