Price and Cost Report

Question:

The WCET Distance Education Price and Cost Report was released yesterday. Legislators, governors, and others believe that distance education must cost less than its face-to-face components and that students should be charged a lower price. A slight majority of distance education leaders who responded to a survey said that their overall price they charge student was more. Very few of them could find places where distance education cost less. But we also heard the opposite point-of-view.

Now Terri Straut and I turn to you for your opinion. What's your experience?

- Does distance education cost more or less or the same to develop, deliver, and support?
- Can it cost less? If so, how?
- Can the price charged to students be less? If so, how?

    – Russell Poulin, Director, Policy & Analysis, WCET - The WICHE Cooperative for Educational Technologies

Answers:

1. I, as an ID, feel that distance learning does cost more to develop, design, and implement. Some courses use authoring tools (Storyline, Lectora, etc.) and those are not cheap. Plus, it takes time to develop the course in those tools. Let's not talk about the time or money spent on training someone to use the authoring tool! Then there is the fact that someone has to maintain the website and answer any tech issues. Working with a SME to develop a whole course online is time consuming and expensive.

2. Not sure how it could cost less. Even if you don't use an authoring tool, there is still a website to maintain, an ID to put everything together, and a SME to help with content.

3. I think the only way you could make it cost less for the students is to offer e-books and not use authoring tools. However, the authoring tools are engaging and a fun way for the students to learn.

    – Kendra Barker, M.Ed., Instructional Designer – Specialist, University of Missouri, Kansas

One thing to consider is the assumption this methodology creates: "If you charge a different tuition for

students who are not residents of your state, use the price for a student who is resident in your state". While that works somewhat to create a comparison for a generic student, it does not account for the fact that providing education at a distance for an out of state student at in-state prices, even with additional fees, is less of a price to that particular student without even considering the costs of relocation during program completion. Taking out the added costs for face to face out-of-state students makes it look like they are getting a better deal than they are.

I realize that's a level of complexity that's difficult to measure, but I believe that when out-of-state students gain access to programs via distance at in-state rates they are benefiting tremendously from a price standpoint, and this is often not considered.

–   George C Widenor, Kansas State University

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Does distance education cost more or less or the same to develop, deliver, and support?

Ours costs more to develop, deliver, and support online learning. Our online fee is about $50 more a credit hour than f2f courses. We pay development stipends, faculty salaries, and software and media licensing (LMS, web conferencing, lecture capture, rapid authoring tools, streaming media, etc.) One of the greatest costs is in Marketing. However, by marketing we are bringing new students to the institution that had never been there before, or had not intended on being able to finish a degree.

 Can it cost less? If so, how?

- Use OER materials for courses
- Only support a single development of a course – faculty developing the same course wouldn't get additional development stipends
- Have organizations like WCET work on consortia pricing deals for some of the tools we use. Paying for the LMS will never go away – even with open source solutions you must have someone running it. It is a perpetual cost.

Can the price charged to students be less? If so, how?

The only way we could bring down the overall cost is for us to share in the tuition revenue. Right now, at our institution we only collect a portion of the total online fee and none of the tuition.

–   Anonymous

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This discussion has come up in our Online Instructor Certification course and within our department, so it seems timely to share thoughts on it.

Does the current scheme for development, support and delivery of an online (or hybrid) courses exceed that of face-to-face courses?

- The short answer is yes. This is primarily due to the process or scheme currently employed by many institutions. The current process seems to favor the hiring of a group of instructional designers and instructional technologists (usually around 8-10 each) to build courses with the assistance of master faculty or SMEs. This 'team' provides most of the support for faculty and students alike with regard to the educational tools (i.e. LMS, lecture capture, etc.), while an IT or helpdesk type of support is available for issues outside these areas. The cost of such services being incurred by the institutions are then partially passed onto students (either across the board or only online is charged extra) to alleviate the institutional budget and often ameliorate services provided.

Can online (or hybrid) instruction cost less? AND Can charges to students be reduced?

- Again, short answer is yes. By training instructors in the online tools (beyond the minimal that is often given via just-in-time trainings) and development of online courses. One method would be to enroll all instructors that will be teaching online in a course that provides that type of training. In this way, they increase their understanding of pedagogy and learning/teaching strategies for the online environment, how to develop activities for the online environment, how to support the tools needed within the course, and better facilitate the develop of community through multiple means of interaction and feedback. In doing so, the need for many instructional designers/technologists is removed/reduced because the instructors can provide the foundational development and support for their course. The specialists then become facilitators of professional development opportunities for instructors, and a resource for connecting instructors to new/improved methods of delivery for course materials. The institutions savings in salary will directly affect budgets and reduction in additional technology fees or such acquired from students could be reduced.

I could talk about this topic longer, but think this is a nice size chunk of thoughts for now.

  – Rebecca M. Reese, Ph.D., Senior Instructional Designer, Laramie County Community College

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If by distance education we mean the entire infrastructure required to make academic programs available to students not on our campuses, the costs are different. Depending on institutional approach, costs could be higher or lower. If instead of academic program, we mean individual online courses, I think 'yes/no' responses are too simplistic. Many F2F classes utilize extensive educational technology and in some cases, require technological staff support for each class session. They may use a LMS to complement what happens in the classroom. Other F2F classes incorporate little to no technology. Some online classes are media rich; others consist of PDFs and quizzes.

  – Kim L. Siegenthaler, Ph.D., Director, Mizzou Online | University of Missouri

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I can say unequivocally that the cost of distance education can be less. WGU price to the student is

$6,000 per 12 months. WGU does not have many of the costs associated with traditional universities. No classrooms, no sports teams, very few non-instruction costs and limited facilities costs (many of our employees – faculty and staff throughout the country work from home). Since we are a non-profit, without the traditional institutional structure to support, our price reflects primarily direct instruction costs.

Until coming to WGU, I spent my career since the early 80's in public universities serving adult students through distance learning. The questions of cost and price have been debated through those decades. The primary costs for every university are people, mostly faculty. If you don't change the paradigm and simply put in place a new delivery method over the existing structure, the costs will be roughly the same. It takes disruption and new models to reduce cost and price.

–   Fred Hurst, Western Governors University

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I agree with Fred. The last two sentences in his last paragraph are crucial. If we do online instruction with one instructor assigned to 20 students we can be fairly certain they will learn at least as much as they would in a classroom but the instructor cost is about the same plus the cost of the delivery system which is certain to be more than classroom even if we include an amortization cost for the facilities.

 To reduce costs one needs to deliver online instruction to a large number of students with a reduced staff, including faculty. This is entirely possible to accomplish but probably not at a traditional university where tenure and class schedules provide the rhythm for campus life.

 If anybody is interested in pursuing this line of thought, you will find an extended discussion of my work on this topic in Chapter 5 of Martin Finkelstein, et al, Dollars, Distance, and Online Education, American Council on Education, 2000.

–   Frank Jewett, retired, Director of Research Projects, California State University, Professor of Economics Emeritus, Humboldt State University

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Good discussion, and one that will perennially come up it seems. A couple of thoughts - to Diane's point about what we are measuring, a reasonable proxy might be "$$/unit of education delivered" as in credit hour X # of students delivered to. In that formulation, then, we can dramatically change the cost curve for online courses if we are willing to step away from our deep-seated belief that smaller class sizes = better quality and run larger online sections. My argument here is that with the right instructional design - in the right courses - we should be willing to walk away from the no-more-than-25-students-per-section mantra.

Which is, by the way, exactly what most big institutions do on-ground, the hidden subsidy of 200+ student lower division sections generating enough income to offset the losses incurred by the smaller seminar courses in upper division and graduate programs.

–   Rob Robinson, Civitas Learning

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Good points Fred. Cost and Price will continue to be packaged with the topics of faculty compensation, workload and the quality debate until we start studying why we deploy online curated content and credentials and not just how. By serendipity we have developed models that don't generate revenue but meet pre-determined student needs, models that generate revenue but forgo the traditional campus amenities, and models that generate revenue in the traditional context but require significant upfront investment and maintenance to be sustainable. The challenge remains to deploy the model that works best for a particular institution and student population(s), and not just focus on how.

I have seen, through the years that decision-makers are more data oriented and don't immediately sign off on the plan that claims online products will make the institution rich overnight or that investment in online products will immediately result in significant ROI based upon cost avoidance. I have experienced both models over the years and it appears demand is driving some more effective decisions.

I wonder what the impact of AI, VR, etc. will have on the discussion five years from now.

– Mike Abbiatti, Executive Director, WCET

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Just to add to the discussion, it is perfectly possible to deliver a quality online program at the same price or less than an equivalent face-to-face program.

For many years, the University of British Columbia has been offering graduate fully online professional masters degrees at the same cost/tuition fee (and no government subsidy) and price as equivalent on-campus programs. These online programs bring in enough revenues in tuition fees to fully cover the cost of the program, including the salaries and benefits of two full-time tenured research professors. The tuition fees are the same as those charged for the on-campus graduate students.

It all comes down to the business model that is used. You have to get enough enrollments (in this case 25-30 course enrollments per course minimum), and the use of adjunct or contract instructors for enrollments over 30 or so per course.

What is often ignored when comparing the cost of face-to-face vs online courses is the extremely high overhead costs of face-to-face teaching, such as heating and electricity, building maintenance, etc. The UBC online graduate programs so include a contribution to university overheads in the costs. However, in this case overheads were negotiated line by line and only those overheads which were appropriate to online students were included. This brought the general overheads of roughly 40% for face-to-face classes down to about 15% for online courses. The business model used is outlined in the following book:

– Bates, A. and Sangrà, A. (2011) Managing Technology in Higher Education: Strategies for Transforming Teaching and Learning San Francisco, Jossey Bass, 2011

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Interestingly, UBC has now adopted the same business model approach developed for these fully online courses to all new program proposals, whether online, blended or wholly face-to-face.

While we can develop cost-effective fully online programs, this normally depends on generating new revenues from new students. Offering online courses as an alternative to already existing students on campus, while increasing access and student flexibility, is much more financially risky. Again, this can be managed cost-effectively, but it depends on having enough students taking both on-campus and online versions of the course, and the use of additional adjunct professors for online courses with more than 30 students. Bringing in new students who you wouldn't get without the courses being online is the best bet to ensure economic viability. 'Diluting' your on-campus students by offering the same course online will add costs unless the numbers can justify it.

One last point. I think we are going to have a period of considerable cost turmoil as we move to blended learning, a mix of face-to-face and online, because this really does add costs unless there are dramatic redesigns, especially of the large first and second year classes. Carol Twigg of the National Centre for Academic Transformation for many years has been able to bring down costs - or more often increase effectiveness for the same cost - for these large lecture classes by using blended learning designs (although there are some criticisms of her costing methodology).

By and large though, while fully online courses can maybe increase enrollments by 10-15% and therefore help pay their way, we will have major cost or academic time problems if we move to nearly all courses being blended, without increased training for faculty, so they can manage without the same level of support provided by instructional designers, etc. that are normally provided for fully online courses.

> – Tony Bates, Former Director, Distance Education and Technology, UBC

About:

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