Distance Education Price and Cost Report

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Acknowledgements

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- Joan Bouillon, Pearson and chair of the Working Group
- Tom Cavanaugh, University of Central Florida
- Preston Davis, Northern Virginia Community College
- John Opper, Florida Virtual Campus

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About WCET
The WICHE Cooperative for Educational Technologies (WCET) is the leader in the practice, policy, and advocacy of technology-enhanced learning in higher education. WCET is an unbiased, trusted, and dynamic source of effective practices, policy analysis, advocacy, and expertise in areas related to leveraging learning technologies to support institutional effectiveness and student success.
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Executive Summary

The issue of the price and cost of distance education courses has been discussed in the past in numerous publications including the Chronicle of Higher Education and Inside Higher Education. There is a long-held belief among legislators, governors, and other leaders that distance courses should cost less to produce and deliver. Therefore, the price paid by enrolled students should also be less.

WCET last conducted research on this topic in the spring of 2012 in conjunction with the Campus Computing Project. To re-evaluate the trends in this area, we formed a committee to draft questions and conducted a survey in 2016. The goal of this report is to present updated, detailed information about the price and cost of distance courses as viewed by 197 survey respondents who are on the front lines of offering distance courses. We also conducted interviews with leaders who have researched this issue to gain their insights on the future.

Definitions Relevant to the Survey:

Survey respondents were given the following definitions in the introduction to the survey:

- **"Price"** - This is the amount of money that is charged to a student for instruction. The components are tuition and fees. In the questions, we will be clear as to which "price" component (tuition, fees, or total price) is being queried.

- **"Cost"** - This is the amount of money that is spent by the institution to create, offer, and support instruction.

- **"Distance Education"** - When thinking of “distance education,” we favor the Babson Survey Research Group/Online Learning Consortium, formerly Sloan-C, definition of 80% or more of the course being taught at a distance.

There is Great Variability in Distance Education Practices and Policies

Carol Twigg, one of the experts we interviewed, reminded us: “The simple answer to this question about price and cost is that a distance education course can cost anything you want it to cost, from $1,000 to $1 million.” Across institutions and sometimes across departments within an institution, different philosophies and technologies in how to teach at a distance may have a tremendous impact on price and cost. One course may simply stream videos of a lecture while another includes highly produced videos and animations. Anyone analyzing comparisons should be cognizant of these differences.

Survey: Comparing Face-to-Face to Distance Prices; Tuition is the Same, But Total Price is More

About three-quarters of colleges (75.1%) charged distance students the same tuition as their on-campus counterparts. When fees are added, the total cost for more than half (54.2%) of the distance students was more than for on-campus students. Fees are often added to distance courses to pay for the extra costs of converting the class (faculty development, instructional design) and services (proctoring, online tutoring, technologies) that might not be needed for on-campus students, but are essential for the distance student.
It should also be noted that nearly one-in-five (19.0%) of distance students pay less than their on-campus counterparts. Many distance students are excused from paying for parking passes, payments on parking/building bonds, recreation center access, on-campus health center access, or access to athletic events. The majority of respondents (53.6%) reported that students enrolled completely at a distance do not pay all of the fees assessed to on-campus students.

Survey: Comparing Face-to-Face to Distance Costs; Distance Courses Cost the Same or More
The notion of a distance education course was deconstructed into twenty-one components in four categories (preparing, teaching, assessing students, and supporting faculty and students). Respondents were asked about their experience regarding the costs of that component relative to a similar face-to-face class.

Twelve components were thought to cost the same and nine cost more than in face-to-face courses. Those categories costing more include: faculty development, technologies, design course specifications, instructional design, learning materials, student identity verification, assessments, accessibility, and accreditation/state authorization.

Many of the respondents were quite adamant in asserting that these additional services could only cost more since many of them are not needed in the traditional classroom. For example, distance faculty usually participate in professional development in how to teach at a distance. Face-to-face faculty rarely learn about the basics of teaching before entering the classroom. Respondents expressed considerable concern about the loss of student engagement and academic quality if costs were cut too far.
Survey and Experts: Distance Education Does Not Have to Cost More
Some of those surveyed disagreed with the necessity that costs be higher. They claim that many of the technologies and practices are becoming ubiquitous across campus and cost differences are lessening. The experts interviewed were chosen for their expertise in controlling costs, while maintaining quality. They opined that cost discussions are often avoided by higher education leadership and that more could be done to control costs, not just in distance education.

It’s All about Mission
Historically, distance education’s mission has been to overcome the barriers of place or time. The mission was not to control costs. In fact, to reach some locations is costly. Distance education should not be held accountable to a mission it was never given.

The Price and Cost Debate is Getting Political
In recent years, governors and legislators have openly wondered about the price and cost equation. Decreased state funding has often been replaced by increases to tuition and fees. Now that their constituents are complaining about affordability, they are asking uncomfortable questions. Meanwhile, distance education professionals are caught in a higher education economics ethos that shuns open examination of price and cost...and are expected to answer to a “controlling cost” mission that was not given them in the first place.

Last year the state of Wyoming capped the state appropriation for distance education courses at 80% of what the same face-to-face class receives. This decision seemed to ignore the variations among institutional practices. A few years ago, the Florida legislature created an online arm of the University of Florida that is mandated to charge students a lower price. Last year, Florida’s Governor voiced displeasure over distance education fees charged to students. In this report, Russ Adkins, Florida resident and distance education expert, provides an update on the price/cost actions in his state.

Going Forward—Let’s Set a Vision by Working Together
The cost issue has become contentious in some states. Their governors or legislators have sometimes set policy or visions with very little information. Unfortunately, that is sometimes because the institutions have provided very little information for them to use.

Colleges, universities, legislators, and governors could work together in a more productive way. That should be the first path. However, there are many examples (such as Charter Oak State College, Colorado Community Colleges Online, University of Maryland University College, Kentucky Learn on Demand, and Colorado State University Global Campus) where a new entity that operates outside of existing organizations is needed to meet the goals.
For Legislators and Governors:

- **Focus Questions on Future Costs**
  - Colleges and universities are notoriously bad at producing cost information.
  - Ask “what can you do to control costs,” “how will you measure it,” and (most importantly) “what will be the impact on student price?”
  - Cost conversations often turn to savings in buildings. Existing buildings are usually sunk costs. Distance education is more likely to help with cost avoidance on future facility needs.

- **Provide Incentives or Rewards**
  - If the expected outcome is “more work for less money,” there will be no incentive to control costs.
  - Can you provide an incentive or reward for controlling costs, such as the ability to invest some of the savings in a different way?

- **Provide a Vision**
  - Rather than being prescriptive, provide a vision of the goals you are trying to reach and challenge higher education to meet that vision.
  - Try collaborating with higher education leaders to fashion that vision, but sometimes change comes only by going outside existing structures.
  - Avoid “hollow” visions. For example, the “$10,000 Degree” was a grand vision, but was untenable from the start. It resulted in a product that is attractive to very, very few students. Why waste your time on public relations victories?

For Institutional Personnel:

- **We Will Need to Pay Attention to Price**
  - Tuition and Fees can rise for only so long and student debt is already approaching crisis levels.
  - Costs can ultimately have a role in controlling price, but we should continue to jealously guard quality.

- **We Need to Be Open About Costs**
  - When something costs more, we need to say so.
  - We need to prepare for a world in which saying “we don’t know what the costs are” is no longer accepted.

- **Higher Education Leadership Needs to Lead**
  - Changes in the cost structure will come only with changes at the structural level.
  - Innovations by others, an administration friendly to alternatives, and increased competition will challenge us to rethink how we serve some students or we will lose those markets.
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Introduction

Purpose of this Report
There is much mythology, unrealistic expectations, and unfulfilled promise regarding the economics of distance education courses. WCET’s Steering Committee sought to obtain information about the real experiences and expenditures of distance education programs and students. The resulting survey provides more focus on “price” (what a student pays to participate in a course) than on “cost” (what the institution pays to produce and offer a course) because: a) more concrete data is available on price, and b) the cost findings may lead to questions for additional research. This report provides summaries and analysis of the data collected by WCET in the Distance Education Price and Cost Survey conducted in 2016.

Definitions
The following definitions were provided in the introduction of the survey.

- **Price** - This is the amount of money that is charged to a student for instruction. The components are tuition and fees. In the questions, we will be clear as to which "price" component (tuition, fees, or total price) is being queried.
- **Cost** - This is the amount of money that is spent by the institution to create, offer, and support instruction.
- **Distance Education** - When thinking of “distance education," we favor the Babson Survey Research Group definition of 80% or more of the course being taught at a distance.

Methodology
Invitations to participate in the survey were extended to all WCET member institutions, distance education contacts from the Higher Education Directory, and a select number of distance education consortia who were asked to share the survey link with their institutional members. Email invitations totaled 609 and all recipients received additional reminder emails. Since the consortia leaders did not report back to us as to how many institutions they contacted, the ultimate number of institutional contacts who received the survey request is unknown.

Email recipients were told that they were the only person receiving the invitation for their institution and were encouraged to pass the survey along to another person if they would be in a better position to answer the questions on behalf of the institution. Recipients were also told that the focus of the survey was their opinions or relative price and cost information, it did not require them to know the specific price or cost data for all the programs or courses in their institution. A copy of the survey is available in Appendix A.

There were 197 unique responses received from institutions. The ultimate response rate is incalculable, given that we do not know the exact number of institutions that received the survey.

We had hoped for more participation in the survey. It is important to note that the responses provided represent only the institutional representatives who answered the survey questions. Even though we provide comparisons between the responding population and the overall higher education population, we do not assert that the results may be generalized to the universe of all institutions of higher education in the U.S. and Canada that offer distance education courses.
Demographics

1. Which Best Describes Your Institutional Structure?

<table>
<thead>
<tr>
<th>Higher Education Sector</th>
<th>Total Responses</th>
<th>Sector Enrollment as Percentage of Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>157</td>
<td>79.7%</td>
</tr>
<tr>
<td>Private non-profit</td>
<td>37</td>
<td>18.8%</td>
</tr>
<tr>
<td>Private for-profit</td>
<td>3</td>
<td>1.5%</td>
</tr>
<tr>
<td>Totals</td>
<td>197</td>
<td>100%</td>
</tr>
</tbody>
</table>

Commentary:

- Based on 2014 IPEDS data as reported in the *WCET Distance Education Enrollment Report 2016*\(^2\), public institutions of higher education represented nearly three quarters (72%) of all enrollments, private non-profits represented 20%, and for-profit institutions enrolled 8% of all students. This IPEDS data represents the universe of institutions of higher education in the U.S. and territories.

\(^2\)WCET Distance Education Enrollment Report 2016: http://wcet.wiche.edu/sites/default/files/WCETDistanceEducationEnrollmentReport2016.pdf
- The WCET survey results reveal a higher proportion of public institutions and a lower response by for-profit institutions than reported in the latest available IPEDS distance education data. The representation of private non-profit institutions is representative.
- Institutional structure can significantly affect both the cost of activities at an institution and the prices and fees related to course offerings.
- The sample size is relatively small, 197 unique responses, and the sample is not generalizable to the known universe of institutions of higher education (based on 2014 IPEDS data). Care should be taken in attributing the survey results to the broader population of U.S. and Canadian institutions of higher education.
2. Which Best Describes Your Type of Institution? (Based on Carnegie Basic Classification System)

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Total Responses</th>
<th>Percentage of Total Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate's College</td>
<td>78</td>
<td>40.0%</td>
</tr>
<tr>
<td>Baccalaureate College</td>
<td>32</td>
<td>16.4%</td>
</tr>
<tr>
<td>Master's Colleges and Universities</td>
<td>41</td>
<td>21.0%</td>
</tr>
<tr>
<td>Doctorate-granting University</td>
<td>39</td>
<td>20.0%</td>
</tr>
<tr>
<td>Special Focus Institutions</td>
<td>4</td>
<td>2.1%</td>
</tr>
<tr>
<td>Tribal College</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>195</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The Carnegie Basic Classification System is an update of the traditional classification framework developed by the Carnegie Commission on Higher Education in 1970 to support its research program. The classification system has been updated several times, most recently in 2015. Please see The Carnegie Classifications website\(^2\) for more information.

\(^2\) The Carnegie Classification System: [http://carnegieclassifications.iu.edu/classification_descriptions/basic.php](http://carnegieclassifications.iu.edu/classification_descriptions/basic.php)
IPEDS instituted the latest Basic Classification in 2015. It includes new classifications:

- Doctorate-granting University,
- Special Focus Institution,
- Tribal College.

In addition, the new Carnegie Classification terminated the use of “Specialized” and “Research.” While the new classification system is somewhat different, it is still a reasonable comparison for the classifications that remain the same. The classification is useful in addressing the issue of “highest degree offered” as many traditional Associate’s degree colleges now offer Bachelor’s degrees in limited fields, but the bulk of their credentials granted remain at the two-year or under level.

The graphic below represents the distribution of Carnegie categories reported in the 2014 Fall IPEDS data from the *Online Report Card—Tracking Online Education in the United States* \(^3\) For purposes of comparison, the old Carnegie category “Research” is reported as Doctorate-granting University, the old category “Specialized” is reported as “Special Focus Institution”, and there was no 2014 IPEDS data for Tribal Colleges.

**Commentary:**

- At 40% in the WCET survey, Associate’s colleges are significantly over-represented in the study, compared to 28% of the population, as defined as the IPEDS 2014 universe.
- Similarly, Master’s colleges and universities are slightly under-represented in the survey respondents with 21.0% when the universe is 25%. Doctorate-granting universities are 20.0% and their comparable category from IPEDs, Research, is just 13.0%.
- These differences in the level of study offered by the institutions in the WCET study as compared to the IPEDS universe again suggest that care should be taken in generalizing the survey results to the broader population of U.S. and Canadian institutions of higher education.

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3. What is the Size of Your Institution in Terms of Student Full-Time Equivalency (FTE) Enrollments?

<table>
<thead>
<tr>
<th>Institution Size</th>
<th>Total Responses</th>
<th>Percentage of Total Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5,000 FTE</td>
<td>80</td>
<td>41.0%</td>
</tr>
<tr>
<td>5,000 - 10,000 FTE</td>
<td>43</td>
<td>22.1%</td>
</tr>
<tr>
<td>10,001 - 20,000 FTE</td>
<td>37</td>
<td>19.0%</td>
</tr>
<tr>
<td>Greater than 20,000 FTE</td>
<td>35</td>
<td>17.9%</td>
</tr>
<tr>
<td>Totals</td>
<td>195</td>
<td>100%</td>
</tr>
</tbody>
</table>

Commentary:

- The most current IPEDS data available for 2014 reveals 77.4% of institutions reported Less than 5,000 FTE, 10.4% reported 5,000-10,000 FTE, 7.2% reported 10,001-20,000 FTE, and 4.8% reported greater than 20,000 FTE. The IPEDS data represents 4,806 institutions of higher education.
Comparing the WCET survey sample to the IPEDS results, there are significant differences in the representation of institutions by size. The WCET respondents reported that 41% were from institutions with less than 5,000 FTE, compared to the IPEDS universe of 77.4% small institutions being relatively small. Similarly, the WCET sample has nearly double the proportion of schools reporting 5,000-10,000 FTE at 22.1% compared to IPEDS data reporting just 10.4%.

The WCET sample has significantly fewer small schools and more institutions that report their size in the middle of the continuum or as very large, over 20,000 FTE.

The impact of the size of institution on the cost of distance courses is not known. However, it is a reasonable assumption that larger institutions might have more robust support systems for both faculty and students at a distance. The ability to spread the support costs among a larger community could lead to a lower tuition differential for distance courses compared to on-campus courses.
### Funding for Distance Education Courses

<table>
<thead>
<tr>
<th>Funding Options</th>
<th>Total Responses</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is self-supporting (The course receives little or no support from the state or the central campus budget).</td>
<td>32</td>
<td>16.4%</td>
</tr>
<tr>
<td>Is the same for all courses. (Distance courses receive the same support as any other course at my institution).</td>
<td>95</td>
<td>48.7%</td>
</tr>
<tr>
<td>Is a mix of both of the above (The course may be self-supported or may receive central support depending on factors such as which institutional unit offers the course).</td>
<td>57</td>
<td>29.2%</td>
</tr>
<tr>
<td>Other (please describe).</td>
<td>11</td>
<td>5.7%</td>
</tr>
<tr>
<td>Totals</td>
<td>195</td>
<td>100%</td>
</tr>
</tbody>
</table>
A Sampling of “Other (please describe)” Responses:

- “Distance education courses are funded in part by a distance learning fee charged to students taking those courses.”
- “Distance education courses are funded by tuition plus state support at a different rate than regular programming.”
- “There is a separate line item for the development of online courses. Most departments fund them as they do on-campus courses, though some require them to be self-funded.”
- “Most academic departments developing online courses/programs are treated and funded the same as traditional courses. However, the department that provides pedagogical and technological support for online programs is self-funded by a distance learning fee charged to students taking online courses.”

Commentary:

- Funding for distance education courses varies by institutions, colleges, or departments within the institutions. It is our experience that funding models at some institutions have changed over time as distance education offerings have matured and become simply another modality of course delivery. What were once independent, financially self-supporting units are sometimes being integrated into the rest of the institution.
- Funding models include:
  - Funding distance courses the same as on-campus courses,
  - Totally self-funded models, in which distance education receives no state or central funding, and
  - A variety of hybrid funding models that have grown to meet the needs of institutional administration and the students they serve.
- While distance education courses have become part of the mix of delivery modes that many institutions offer their students, there continue to be differences in how these courses are funded that are influenced by institutional policy, historic practices, and even state statutes.
Which Entities are Part of the Approval Process in Pricing Decisions for the Tuition Rate for Distance Courses?

<table>
<thead>
<tr>
<th>Entities</th>
<th>Total Responses</th>
<th>Percentage of Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislature</td>
<td>57</td>
<td>17.0%</td>
</tr>
<tr>
<td>Governing, coordinating, or other oversight board</td>
<td>122</td>
<td>36.4%</td>
</tr>
<tr>
<td>Central institution administration</td>
<td>115</td>
<td>34.3%</td>
</tr>
<tr>
<td>Each college/school or department</td>
<td>41</td>
<td>12.3%</td>
</tr>
<tr>
<td>Totals</td>
<td>335</td>
<td>100%</td>
</tr>
</tbody>
</table>
Commentary:

- Governing, coordinating, or other oversight boards are reported as being part of the approval process in setting the tuition rate for distance courses by 36.2% of respondents, followed closely by central institution administration with 34.1%.

- WCET did not ask respondents whether these same entities had a say in the approval of the tuition rate for on-campus courses, but it is likely that they do.

- Meanwhile, the individual college or department is reported as being part of the approval process by only 12.3% of respondents and the legislature is part of the process as reported by 16.9% of respondents.

- In most institutions, the college or department has approval of the content (course or program) but does not play a role in the approval of the tuition rate, this is a central administration responsibility.

- Note this is a multiple response question and it resulted in 337 responses by the 197 respondents, suggesting that many institutions have multiple entities involved in the approval of the tuition rate for their DE courses.
6. Which Entities Have a Say in Making Pricing Decisions for the Fee Rate for Distance Courses?

Which Entities Have a Say in Making the Pricing Decision for the Fee Rate for DE Courses?

Choose all that apply.

<table>
<thead>
<tr>
<th>Entities</th>
<th>Total Responses</th>
<th>Percentage of Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislature</td>
<td>28</td>
<td>8.1%</td>
</tr>
<tr>
<td>Governing, coordinating, or other oversight board</td>
<td>104</td>
<td>30.0%</td>
</tr>
<tr>
<td>Central institution administration</td>
<td>136</td>
<td>39.2%</td>
</tr>
<tr>
<td>Each college/school or department</td>
<td>59</td>
<td>17.0%</td>
</tr>
<tr>
<td>Student Vote</td>
<td>13</td>
<td>3.7%</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>2.0%</td>
</tr>
<tr>
<td>Totals</td>
<td>347</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Sampling of “Other” Responses:

- “Courses that are part of distance education programs receive additional funding through our distance education budget model.”
- “Dedicated student fees pay the bills.”
- “Support for in-state students is the same, but there is no state support for out-of-state DE students.”
- “The department that provides pedagogical and technological support for online programs is self-funded and a distance learning fee is charged to the students taking online courses.”
- “State policy only allows self-support for full programs and courses within them. The remainder of courses are funded through appropriated funding.”
Commentary:

- The responses regarding the entities that have a say in making pricing decisions regarding the fee rate for distance courses show similar trends as the tuition rate. For both tuition and fees, the “governing, coordinating, or other oversight board” and the “central institution administration” have the most responsibility for setting the price. For fees, the governing, coordinating, and other oversight boards (30%) and central institution administration (39.2%) together represent the overwhelming majority of responses.
- The number of legislatures overseeing tuition (57) is double the number overseeing fees (28).
- Individual colleges or departments have more say in fee rates (17%) than they do in the tuition rate (12.2%).
- “Student Vote” was added as an option in the fee question, as some institutions require this action. Only 13 respondents (3.7%) reported having student votes as part of the approval process.
- Note this is a multiple response question and it resulted in 347 responses by the 197 respondents, suggesting that many institutions have multiple entities involved in the approval of the fee rate for their DE courses.

7. Is There Differential Pricing (for Either Tuition or Fees) for Distance Courses Offered by Different Units Across the Institution?

<table>
<thead>
<tr>
<th>Is There Differential Pricing Across the Institution?</th>
<th>Yes (42.9%)</th>
<th>No (57.1%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>82</td>
<td>42.9%</td>
</tr>
<tr>
<td>No</td>
<td>109</td>
<td>57.1%</td>
</tr>
<tr>
<td>Totals</td>
<td>191</td>
<td>100%</td>
</tr>
</tbody>
</table>
Commentary:

- The majority of respondents (57.1%) who answered the question reported that there is no differential pricing for distance courses across the institution. However, a healthy minority (42.9%) report that there is differential pricing for distance courses offered by different units across the institution.
- When we view these responses by the type of institution, some interesting trends emerge. Associate’s colleges are less likely to report differential pricing, with 76.9% reporting no differential pricing in the study. Similarly, 60% of Master’s Colleges and universities report no differential, while only half (50%) of Baccalaureate colleges report no differential pricing for distance courses.
- Comments provided by respondents to other questions in this study confirm that colleges of engineering, business, and some health professions may offer courses at a rate that aligns with the cost of program requirements, or simply what the market will bear.
Differential Pricing for Distance Courses by Type of Institution

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate's Colleges, n=77</td>
<td>22.1%</td>
<td>77.9%</td>
</tr>
<tr>
<td>Baccalaureate College, n=31</td>
<td>48.4%</td>
<td>51.6%</td>
</tr>
<tr>
<td>Master's Colleges and Universities, n=38</td>
<td>36.8%</td>
<td>63.2%</td>
</tr>
<tr>
<td>Doctorate-granting Universities, n=39</td>
<td>82.1%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Special Focus Institutions, n=4</td>
<td>50.0%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Tribal College, n=1</td>
<td>100.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Institution Type Not Identified, n=2</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Totals, n=192</td>
<td>48.7%</td>
<td>51.3%</td>
</tr>
</tbody>
</table>
Commentary:

- Cross tabulation on the question of differential pricing by type of institution reveals that Doctorate-granting institutions are far more likely (82.1%) to differentiate the price of distance courses than other types of institutions.
- Associate’s Colleges are far less likely (21.8%) to differentiate price for distance courses than the other institutions represented.
- Special Focus Institutions (50%), Baccalaureate (46.9%), and Masters’ Colleges and Universities (35%) are all largely evenly split in whether they differentiate price for distance courses.
- The number of institutions in each of these categories is relatively small, so generalizing to the whole population of each institution type is not advised. The number of responding institutions in each higher education category is provided in the table above.
### Why Does the Price for Distance Courses Differ Across the Institutions? Select all that apply.

<table>
<thead>
<tr>
<th>Reasons for Price Difference</th>
<th>Total Responses</th>
<th>Percentage of Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different colleges, schools, or departments are allowed to charge different rates.</td>
<td>32</td>
<td>17.9%</td>
</tr>
<tr>
<td>All students in distance education are charged extra fees.</td>
<td>40</td>
<td>22.3%</td>
</tr>
<tr>
<td>Select programs are allowed to charge more due to program requirements.</td>
<td>34</td>
<td>19.0%</td>
</tr>
<tr>
<td>Self-support units (such as continuing education) charge their own rates.</td>
<td>22</td>
<td>12.3%</td>
</tr>
<tr>
<td>Some programs have been allowed to charge what the market will bear.</td>
<td>31</td>
<td>17.3%</td>
</tr>
<tr>
<td>Competency-based education or other innovative programs have their own pricing scale.</td>
<td>3</td>
<td>1.7%</td>
</tr>
<tr>
<td>Other</td>
<td>17</td>
<td>9.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>179</td>
<td>100%</td>
</tr>
</tbody>
</table>
Sampling of “Other” Responses:

- “Tuition for upper division (300-400 level) and some programs (MBA and Engineering) have higher tuition across all modalities.”
- “Students in distance courses are charged different fees than students in on-campus courses.”
- “Some programs receive funding from corporate supporters which reduces the tuition”.
- “Some courses are offered through self-supporting continuing education, which has a different fee structure.”
- “Distance education pricing varies with degree level.”

Commentary:

- This question was asked only of the 82 respondents in question 7 who said that their institution has differential pricing. The question allowed respondents to select all that apply, yielding 179 responses from those 82 respondents.
- The reasons distance education course prices vary across an institution are many. Of the reasons provided to the survey question, there is no dominant reason for differential prices and some institutions indicated multiple reasons.
- Distance courses have often become an integral part of the delivery modalities at many institutions. Rather than distance courses being something considered to be “outside” the school or department, they are an essential part of the program delivery and reflect the pricing policies of their respective departments.
- While there is much discussion about competency-based education (CBE), just three respondents mentioned CBE as a factor in pricing. Emerging CBE programs often differ from other on-campus courses in their structure and pricing.
9. Is Your Institution a Distance-Only (No Face-to-face Courses) Institution?

<table>
<thead>
<tr>
<th></th>
<th>Yes (3.1%)</th>
<th>No (96.9%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>6</td>
<td>185</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>191</strong></td>
<td><strong>96.9%</strong></td>
</tr>
</tbody>
</table>

**Commentary:**

- While Distance-Only institutions and programs are sometimes in the news, the vast majority of institutions who responded to this survey, 93.9%, continue to have brick and mortar operations. Just six survey respondents were from Distance-Only institutions.
- Distance-Only institutions were not asked the following questions comparing distance and face-to-face prices.
Differences in Distance Education Tuition, Fees, and Total Price

Respondents from those institutions with both distance education and on-campus courses, were asked a series of questions regarding the differences in the tuition and fee rates between those modalities. Those who represented fully online institutions skipped these questions.

Given the many differences in pricing policies and practices, we wanted to make it as easy as possible for the respondent to describe clear differences (if any) in pricing strategies. This is particularly problematic for the more than 40% of institutions who reported differences in prices across the institution. Without further direction, it is unclear how they would answer the question or if they would just skip it.

The committee that advised us in creating the survey considered several options to resolve this problem and none of them were perfect solutions. In the end, they decided to ask the respondent to select a single course from a program that, in the opinion of the respondent, is “best representative of distance courses at your institution.” This is not a perfect solution as it may mask some interesting differences in departments within an institution, but trying to account for every permutation of options is impossible.

The following instructions were provided to respondents:

_The following questions compare the tuition, fees, and total price for face-to-face and distance courses. We realize that these prices may vary depending on the program or course._

_Please select:_

- The program or set of courses that YOU think is best representative of distance courses at your institution. You could choose the program with the largest distance enrollment, a program that is representative of common practices across the institution, or use your own criteria as what you feel best typifies practices at your institution.
- A course from that program or set of courses you selected that all or most every student is required to take.

_We ask you to respond for a semester three credit hour course. If your institution uses competency-based education, quarter hours, or other academic measure, do you best to convert the prices. 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._
10. Which Program and Course Did You Choose?

There were many different responses to the question. Below are the course topics that had the most
mentions.

Most Mentioned Courses:

Undergraduate Courses:
- English 101/English Composition
- General Education Requirements
- Introduction to Criminal Justice
- Math Requirements
- Psychology/Sociology
- RN to BSN

Graduate Courses:
- MBA Requirement
- Education Masters Requirements
- Engineering Masters Requirements

In retrospect, the survey may have introduced some complications by not limiting the responses to undergraduate courses only, unless the institution was graduate-only. On the other hand, we relied on the respondents to use their best professional judgment in choosing a course that represented institutional policy and practices.
11. For the Course that You Selected, How Much *More or Less* are Distance Students Charged in Tuition for a Three Credit Hour Course?

**For Your Course: How Much *More or Less* are Distance Students Charged in Tuition?**

<table>
<thead>
<tr>
<th>Tuition Charged, More or Less</th>
<th>Total Responses</th>
<th>Percentage of Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $250 More</td>
<td>10</td>
<td>5.9%</td>
</tr>
<tr>
<td>$101 - $250 More</td>
<td>10</td>
<td>5.9%</td>
</tr>
<tr>
<td>$1 - $100 More</td>
<td>12</td>
<td>7.1%</td>
</tr>
<tr>
<td>$0 - No difference in tuition</td>
<td>127</td>
<td>75.1%</td>
</tr>
<tr>
<td>$1 - $100 Less</td>
<td>2</td>
<td>1.2%</td>
</tr>
<tr>
<td>$101 - $250 Less</td>
<td>3</td>
<td>1.8%</td>
</tr>
<tr>
<td>Over $250 Less</td>
<td>5</td>
<td>3.0%</td>
</tr>
<tr>
<td>Total</td>
<td>169</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Commentary:

- Of those who responded to this question, the majority, 75.1% of respondents, reported there is no difference in the tuition rate for the three-credit course they selected:
  - 75.1% (127) reported no difference in tuition between on-campus and distance courses.
  - 18.9% (32) charged more in tuition.
  - 6% (10) charged less in tuition.
- If there is a difference, institutions are far more likely to be priced at a higher rate than a lower one. As for reasons why there is differential tuition, it is likely that the reasons reported in question 8 would apply to the courses that respondents identified as they answered this series of questions.

WCET asked a similar question in a survey from 2012⁴, although the respondents in 2012 were not asked to pick only one course. The following chart provides the response counts and percentages of those answering the question in each year:

<p>| How Much More or Less are Distance Students Charged in Tuition for a 3 Credit Course: |</p>
<table>
<thead>
<tr>
<th>Responses from the 2016 Survey and a 2012 Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>No Difference</td>
</tr>
<tr>
<td>Charged More</td>
</tr>
<tr>
<td>Charged Less</td>
</tr>
</tbody>
</table>

In comparing the 2012 and 2016 results, the populations of institutions answering the surveys may be different. With that caveat, it is interesting to compare the responses:

- Of those reporting “no difference” in tuition, there is a more than 10% increase in 2016.
- Those reporting that they “charged more” dropped by almost the same amount.
- There was a slight decline in institutions that charge less.

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⁴ “Should Online Courses Cost Less? It Doesn’t Just Happen”: https://wcetfrontiers.org/2012/03/22/should-online-courses-charge-less/
12. For the Course that You Selected, How Much *More or Less* are Distance Students Charged in Fees for a Three Credit Hour Course?

<table>
<thead>
<tr>
<th>Fees Charged, More or Less</th>
<th>Total Responses</th>
<th>Percentage of Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $250 More</td>
<td>2</td>
<td>1.2%</td>
</tr>
<tr>
<td>$101 - $250 More</td>
<td>20</td>
<td>12.0%</td>
</tr>
<tr>
<td>$1 - $100 More</td>
<td>55</td>
<td>32.9%</td>
</tr>
<tr>
<td>$0 - No difference in tuition</td>
<td>56</td>
<td>33.5%</td>
</tr>
<tr>
<td>$1 - $100 Less</td>
<td>19</td>
<td>11.4%</td>
</tr>
<tr>
<td>$101 - $250 Less</td>
<td>7</td>
<td>4.2%</td>
</tr>
<tr>
<td>Over $250 Less</td>
<td>8</td>
<td>4.8%</td>
</tr>
<tr>
<td>Total</td>
<td>167</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Commentary:

- About a third (33.5%) of respondents reported no difference in fees for the distance course they chose. Fewer respondents reported that the fees they charged were less for distance courses (20.4%) and nearly half (46.1%) reported that the fees were higher for the course they had in mind.

- The continued leveling of technology fees tracks with similar data collected by the 2015 Instructional Technology Council (ITC) report, Trends in eLearning: Tracking the Impact of eLearning at Community Colleges.\(^5\) That survey reported that 46% of respondents (primarily community colleges) indicated they charge students an additional fee (either flat or per-credit). While the community colleges in that survey reported a decline in charging higher fees from 52% in 2014, still almost half of the ITC respondents charged technology fees for distance courses.

- While more respondents reported higher fees for the course they choose, we did not ask directly why those fees were higher. From our personal observations and other comments in the survey, these fees are often described as “distance learning” or “technology” fees. They are often meant to cover the extra costs of the learning management system, instructional design, faculty development, technical support, and other expenses associated with online courses and are not found in most traditional face-to-face courses.

- As for those institutions that charge less in fees, there are institutions that do not charge for items that benefit only on-campus students. Examples include parking passes, payments on parking/building bonds, recreation center access, on-campus health center access, or access to athletic events. Some of the institutions that charge more in fees may also remove these fees, but the additional distance learning fees may outweigh that reduction in price.

---

\(^5\) 2015 Distance Education Survey Results Trends in eLearning: Tracking the Impact of eLearning at Community Colleges, p. 22
Do Students Enrolled Completely at a Distance Pay All Student Fees Assessed to On-Campus Students (Such as Fees for Health, Athletics, and Parking Lot Bonds)?

<table>
<thead>
<tr>
<th>Response</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>61</td>
<td>36.3%</td>
</tr>
<tr>
<td>No</td>
<td>90</td>
<td>53.6%</td>
</tr>
<tr>
<td>Sometimes</td>
<td>17</td>
<td>10.1%</td>
</tr>
<tr>
<td>Total</td>
<td>168</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Sampling of “Sometimes” Comments:

- “We do not have student fees at our institution.”
- “The only fee that is optional is the parking fee, but any student may choose not to pay that if they will not need to park on campus.”
- “Students in some fully online programs have some on-campus fees (health, athletics, etc.) waived.”
- “If the only program available is on-campus and the student is spending a term taking online courses, they will be assessed all possible fees. We are reviewing this in a committee right now to see if we can start assigning fees only at the course level.”
Commentary:

- Some institutions do not charge fees for items that benefit only on-campus students. Examples include parking passes, payments on parking/building bonds, recreation center access, on-campus health center access, or access to athletic events. This question sought to find the prevalence of students who pay all fees regardless of location.

- The majority of respondents (53.6%) reported that students enrolled completely at a distance do not pay all of the fees assessed to on-campus students. However, a large minority, 36.3%, report that all fees are assessed to these students. Ten percent (10.1%) of respondents reported that students are sometimes assessed the same fees as their on-campus counterparts.

- A number of responses indicate the institutions are trying to take a “common sense” approach to fees. It does not make much sense to assess parking fees and other site-based amenity fees to students who are studying solely at a distance.

- Student fees appear to be an area where there is more flexibility in pricing. However, respondents in this survey reported less differentiation in tuition than they did in fees for distance students.
14. Now let’s add tuition and fees together into a “Total Price.” For the course that you selected, how much more or less are distance students charged in total price (tuition plus all fees) for a three credit hour course?

**How Much More or Less are Distance Students Charged in Total Price for a 3 Credit Course?**

<table>
<thead>
<tr>
<th>Total Price Charged, More or Less</th>
<th>Total Responses</th>
<th>Percentage of Total Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $250 More</td>
<td>11</td>
<td>6.5%</td>
</tr>
<tr>
<td>$101 - $250 More</td>
<td>24</td>
<td>14.3%</td>
</tr>
<tr>
<td>$1 - $100 More</td>
<td>56</td>
<td>33.4%</td>
</tr>
<tr>
<td>$0 – They pay the same amount</td>
<td>45</td>
<td>26.8%</td>
</tr>
<tr>
<td>$1 - $100 Less</td>
<td>15</td>
<td>8.9%</td>
</tr>
<tr>
<td>$101 - $250 Less</td>
<td>6</td>
<td>3.6%</td>
</tr>
<tr>
<td>Over $250 Less</td>
<td>11</td>
<td>6.5%</td>
</tr>
<tr>
<td>Total</td>
<td>168</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Commentary:

- In previous surveys conducted by WCET, we asked about tuition and fees separately. This question about “total price” was added because it was possible for tuition to be the same or lower, but for the student to pay more when distance learning fees were added.

- The findings:
  - A little more than a quarter (26.8%) of respondents reported that the total cost of a distance course is the same as the total cost of the same course delivered on-campus.
  - Far more respondents (54.2%) reported that a distance courses’ total cost is more.
  - Nearly one-in-five (19.0%) of respondents reported lower total cost for a distance course.

- The following chart shows the value of adding this question. While the great majority of institutions charge the same tuition for distance learning courses, the majority (54.2%) charge a higher price when fees are added. It is also interesting to note that the number of students charged less for “Total Cost” is about three times as great as those charged less for “Tuition.” Presumably, some of the institutions that charge the same tuition rate end up with a lower total cost if they do not charge fees that benefit only on-campus students.

### Price Comparison of Tuition and Total Price for Face-to-Face and Distance Students

<table>
<thead>
<tr>
<th></th>
<th>Tuition</th>
<th>Total Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charged Less</td>
<td>10 (5.9%)</td>
<td>32 (19.0%)</td>
</tr>
<tr>
<td>No Difference</td>
<td>127 (75.1%)</td>
<td>45 (26.8%)</td>
</tr>
<tr>
<td>Charged More</td>
<td>32 (18.9%)</td>
<td>91 (54.2%)</td>
</tr>
</tbody>
</table>
Distance Education Costs

15. How Do Distance Course Costs Compare to Those of Similar Face-to-Face Courses for Each of the Following Instructional Components?

In this series of questions, respondents were asked to shift their focus to “costs.” While price is what the student pays to participate in a course, the cost is the amount spent by the institution to create, offer, and support instruction.

Respondents were asked to compare distance course costs to those of a similar face-to-face course across a wide range of instructional and support components. Twenty-one components across the following four general categories were surveyed: Preparing for the Course, Teaching the Course, Assessing Student Learning in the Course, and Supporting Students and Faculty. These components were an expansion of those listed in the National Center for Higher Education Management Systems’ Competency-based Education Cost Model\(^6\). We thank Dennis Jones and Sally Johnstone of NCHEMS for allowing us to adapt their work.

A review of the data shows that the same 16% of respondents (31 people) consistently did not respond to this section of the survey. To better understand the answers of those who did respond, the non-responses have been removed and the remaining answers have been calculated to reflect only those who answered the questions. The new n=166 for these questions.

In the analyses below, the answers “Slightly More” and “Much More” have been combined, as have “Slightly Less” and “Much Less”. These categories were combined to more clearly show the data trends, without getting bogged down in too much detail. The original charts showing the detailed answers across all five possible responses collected are in Appendix B of this report.

\(^6\) NCHEMS Competency-based Education Cost Model: http://www.nchems.org/wp/cbe-cost-model/
## Distance Education Costs Compared to Face-to-Face Course Costs

### Preparing for the Course

<table>
<thead>
<tr>
<th>INSTRUCTIONAL COMPONENTS</th>
<th>Less</th>
<th>The Same</th>
<th>More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accreditation and state authorizations</td>
<td>0.6%</td>
<td>49.4%</td>
<td>50.0%</td>
</tr>
<tr>
<td>Technologies/software (LMS, SIS, teaching tools)</td>
<td>0.0%</td>
<td>32.7%</td>
<td>67.3%</td>
</tr>
<tr>
<td>Admissions and enrollment, including student identity verification</td>
<td>2.4%</td>
<td>62.4%</td>
<td>35.2%</td>
</tr>
</tbody>
</table>
Distance Education Costs Compared to Face-to-Face Course Costs

**Teaching the Course**

<table>
<thead>
<tr>
<th>INSTRUCTIONAL COMPONENTS</th>
<th>Less</th>
<th>The Same</th>
<th>More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design course specifications</td>
<td>1.2%</td>
<td>45.8%</td>
<td>53.0%</td>
</tr>
<tr>
<td>Instructional design of course</td>
<td>1.2%</td>
<td>24.1%</td>
<td>74.7%</td>
</tr>
<tr>
<td>Create learning materials</td>
<td>2.4%</td>
<td>37.0%</td>
<td>60.6%</td>
</tr>
<tr>
<td>Select/obtain/purchase learning materials</td>
<td>3.0%</td>
<td>65.5%</td>
<td>31.5%</td>
</tr>
<tr>
<td>Assuring accessibility and ADA-compliance</td>
<td>1.2%</td>
<td>36.1%</td>
<td>62.7%</td>
</tr>
<tr>
<td>Delivery of course content by faculty/other means</td>
<td>5.4%</td>
<td>62.1%</td>
<td>32.5%</td>
</tr>
<tr>
<td>Facilitation of group activities</td>
<td>3.6%</td>
<td>70.5%</td>
<td>25.9%</td>
</tr>
</tbody>
</table>
### Distance Education Costs Compared to Face-to-Face Course Costs

**Assessing Student Learning in the Course**

<table>
<thead>
<tr>
<th>INSTRUCTIONAL COMPONENTS</th>
<th>Less</th>
<th>The Same</th>
<th>More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design/select/purchase assessments</td>
<td>1.8%</td>
<td>74.1%</td>
<td>24.1%</td>
</tr>
<tr>
<td>Administer/proctor assessments</td>
<td>3.0%</td>
<td>38.6%</td>
<td>58.4%</td>
</tr>
<tr>
<td>Verify student identity for assessments</td>
<td>0.0%</td>
<td>48.5%</td>
<td>51.5%</td>
</tr>
<tr>
<td>Evaluate/grade assessments</td>
<td>3.6%</td>
<td>84.3%</td>
<td>12.0%</td>
</tr>
</tbody>
</table>
### Distance Education Costs Compared to Face-to-Face Course Costs

#### Supporting Students and Faculty

**INSTRUCTIONAL COMPONENTS**

<table>
<thead>
<tr>
<th>Component</th>
<th>Less</th>
<th>The Same</th>
<th>More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student orientation and training</td>
<td>9.1%</td>
<td>53.9%</td>
<td>37.0%</td>
</tr>
<tr>
<td>Faculty training</td>
<td>0.6%</td>
<td>30.7%</td>
<td>68.7%</td>
</tr>
<tr>
<td>Library and other distance learning resources</td>
<td>3.0%</td>
<td>62.5%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Tutoring and academic course assistance</td>
<td>6.6%</td>
<td>53.0%</td>
<td>40.4%</td>
</tr>
<tr>
<td>Retention services</td>
<td>5.4%</td>
<td>69.9%</td>
<td>24.7%</td>
</tr>
<tr>
<td>Help desk for technical support</td>
<td>1.8%</td>
<td>51.2%</td>
<td>48.8%</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>1.8%</td>
<td>77.7%</td>
<td>20.5%</td>
</tr>
</tbody>
</table>
Commentary:

- There are likely almost as many variations of distance education courses as there are respondents in this survey. The differences in technology, policies, and institutional structures likely have an impact on the reported differences in cost.

- Of the twenty-one tasks surveyed, the majority of respondents thought:
  - Nine of the tasks were more expensive to accomplish in distance education,
  - Twelve of the tasks were about the same cost.

- Only one task (student orientation and training) was thought to be less expensive by more than 9% of the respondents. Across all the tasks, there were varied responses indicating that distance education could be less expensive to accomplish.

Academic Costs (Preparing, Teaching, and Assessing the Course)

- Considering just the academic categories (preparing, teaching, and assessing the course), eight of the fourteen tasks were rated as more expensive by a majority of respondents. The remaining six tasks were considered to be the same cost by a majority of respondents.

- Instructional design was cited by more respondents than any other as a task that costs more. In looking at the responses in Appendix B, it also received the greatest number of selections as being “much more expensive.” The next highest responses for “much more expensive” were faculty training and technologies/software.

- Faculty training was deemed more costly by 68.7% of respondents and the same cost by 30.7%. This data reflects the learning curve for faculty as they begin teaching online courses if they have not had that experience previously.

- Results for assessing student learning were mixed. Not surprisingly, assessment and proctoring exams was thought to cost more for distance students by 58.4% of respondents, but 74.1% reported that the cost of the assessment tools was the same for students regardless of delivery modality. In addition, over half of respondents (51.5%) reported that student verification costs more for distance students.

Technology Costs

- As for distance education technologies and software (LMS, SIS, and teaching tools), 67.3% of respondents reported the distance course cost more due to technology/software.

Student Support Costs

- Student support issues considered to be more expensive included instructional design of the course which was ranked as costing more by nearly three quarters of respondents (74.7%). This was followed by ADA compliance at 62.7%.

- Responses related to supporting students and faculty were somewhat surprising. Academic Advising was deemed to cost the same by 77.7% of respondents; retention services were reported as costing the same by 69.9% of respondents.
Sixty-six individuals provided additional open-ended comments on their perceptions of costs. Some of the respondents provided multiple perspectives on what they observed in their own settings. About 40% (26/66) confirmed that they are experiencing higher costs for distance education courses, while there is a significant chorus of voices with different opinions. There are those who see costs being equalized as face-to-face courses increasingly adopt technologies and practices formerly found only in distance education.

**Distance Education Costs More**

The great plurality of respondents reinforced the results found in the preceding questions. They are experiencing higher costs to offer distance courses. Some sample comments citing different reasons:

- “Teaching online requires much more preparation, time and attention that lecturing in a traditional classroom venue.”
- “We require all faculty to be trained before teaching online. The university provides this training...This is a big difference, as faculty are not required to be trained to teach in the face-to-face classroom.”
- “We have dedicated support personnel for our eLearning effort, that are outside of the support for traditional F2F (face-to-face) areas. These personnel and resources cost to be able to provide the services our eLearning students need/deserve.”
- “We have more operations around supporting online students, and more people involved. For example, an online advisor is far more engaged with each student than an on-ground advisor. At scale, we require more personnel and more technology, which raises the cost overall.”

<table>
<thead>
<tr>
<th>Most Frequent Comments - Categorized</th>
<th>Comment Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance education costs more</td>
<td>26</td>
</tr>
<tr>
<td>Distance education incurs additional faculty/course development costs</td>
<td>20</td>
</tr>
<tr>
<td>Costs should be comparable regardless of delivery mode</td>
<td>11</td>
</tr>
<tr>
<td>Distance education incurs more cost for student support services</td>
<td>8</td>
</tr>
<tr>
<td>We cannot figure costs / Costs differ greatly by model</td>
<td>4</td>
</tr>
<tr>
<td>Cost should include overhead (buildings, maintenance) etc.</td>
<td>4</td>
</tr>
<tr>
<td>Costs have equalized over time</td>
<td>4</td>
</tr>
</tbody>
</table>

Total of 66 individual commenter. Some made multiple points.
A few also commented that there are some costs that are off the books:

- “Online courses require much more intentional design and delivery - you can't wing it. Therefore, it requires more labor to design and deliver. Sometimes this means higher costs, sometimes this cost is just absorbed by faculty.”

**Distance Education Costs the Same**

Others disagreed and offered that, with maturity, distance education costs should be the same over time. The technologies and support structures are being adopted across campus, so the differences are fewer. Highlights of the eleven responses supporting this point-of-view include:

- “For the most part, the costs have equalized over the years as faculty teaching f2f (face-to-face) courses adopt many of the technologies and practices used in online courses and the general resources (tutoring services, library, etc.) have moved online and are available to both online and f2f students. Two areas that still carry a unique cost for online courses is proctoring of online exams and synchronous meeting technology such as Adobe Connect, but even these technologies are no longer 100% unique to online courses.”
- “Because so many of the tools (i.e. LMS) which were originally purchased to support distance education efforts are utilized throughout the institution, many costs are no longer just a DE cost. For example, faculty training. We aren't just training DE faculty, we are training all faculty in the institution. While we've expanded Tutoring services because of DE, it is not just DE students that take advantage of the services. Whatever we do has benefits across the entire college.”

While one agreed that costs are the same, it is for the wrong reasons:

- “Due to financial limitations for staffing, we currently aren't doing anything more for online courses, including design, orientation, assessments, etc.”

**Distance Education Costs Less**

A few commented that costs should be lower:

- “It costs less to pay our faculty because 90% of them teach out of load for distance pay which is based on enrollment and credits...In short, if we have one student in a class, we still generate revenue after paying the instructor. Three students generate revenue after paying the instructor and paying for course development.”
- “Don't forget the hidden infrastructure costs of F2F courses - parking lots, security, HVAC, utilities, grounds, facilities wear and tear, and on and on and on.... Clicks are cheaper than bricks!”
**Problems in Measuring Costs**

Based upon experience, we did not ask for actual costs figures, which would be difficult to compare due to different methodologies used. These comments highlight the problem, especially with different distance education academic and support models used across institutions:

- “The extent of the cost is tied to the administrative model in place at the institution. In our case, we use a consultation design approach, where designers work with faculty responsible for their own courses. This keeps institutional costs low, but can raise questions about consistent quality. It might make sense to look at cost based on the support/administrative model in place at the institution. Each may provide their own cost/benefit analysis.”

- “It’s difficult to evaluate cost, because the onsite courses are typically developed by full-time faculty members. If they develop a 3 credit course, that work is part of their salary. If we hire a content expert to develop a 3 credit course for online delivery, we pay about $2700. That $2700 is less than a portion of a full-time faculty member’s salary.”
17. Policymakers Often Feel That Cost of Distance Education Should be Less than for its Face-to-Face Equivalencies. What Would You Say to Those Policymakers? (Open Response)

<table>
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<tr>
<th>Most Frequent Comments - Categorized</th>
<th>Comment Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distance education costs MORE than on-campus instruction</td>
<td>89</td>
</tr>
</tbody>
</table>

Reasons distance education costs more:
- Faculty support. 38
- Technologies, software, and technical support. 37
- Student support services. 28
- Faculty development. 14
- Student engagement is key. 11
- Maintaining / updating courses. 5
- Student assessment and identity verification. 5
- Regulatory compliance. 4

| Distance education costs ARE COMPARABLE to on-campus instruction | 19 |
| Distance education costs LESS than on-campus instruction | 8 |

Reasons distance education costs less:
- We are saving on facilities costs. 4

Total of 134 individual commenters. Some made multiple points.

Respondents were eager to give their opinion on this question as 134 provided comments. Some of the respondents provided multiple perspectives on what they observed in their own settings. Of those responding to the question, those offering opinions on the comparability of costs said:

- Distance education costs MORE than on-campus instruction (66.4%),
- Distance education costs ARE COMPARABLE to on-campus instruction (14.2%),
- Distance education costs LESS than on-campus instruction (6.0%),
- Did not make a definitive statement on cost comparability (14.4%).
Almost two-thirds (66.4%) feel that distance education costs are higher than their face-to-face counterparts. Some of the comments were quite passionate about this position and exhibited some frustration with those who have preconceptions about activities and economics involved. Rather than savings, often cited were a shift in costs from buildings to training, support, and technologies. Some sample comments:

- Several respondents focused on the increased needs in supporting faculty: “Try to teach an online course and see how much harder it actually is.”
- In more detail about faculty: “Faculty are content experts - and many, especially those who have been teaching for years - are not necessarily proficient in the use of digital technology. For this reason, personnel costs increase (Instructional Designers) and training costs increase.”
- Many cited the complex web of technology and support costs accompanying a quality distance education course: “Development of distance education courses requires specialized staff who have expertise with technological tools and platforms to create ADA compliant online classes. Additional test center staff must be hired to proctor hundreds of distance learning exams. There is a cost associated with hiring staff to train students in the use of the learning management system and tools, which is in addition to the cost of faculty training and content development. Moreover, faculty are often paid a stipend to develop a new online course or convert an existing lecture course to distance learning; this pay supplements their time for the additional responsibilities. The continued acquisition and upgrade of technology tools (to code, edit, video production, captioning etc.), learning management systems, etc. to provide high-quality online courses continues to increase as does the need to build the infrastructure to house servers and provide faculty training areas.”
- A respondent from a regional public university said: “All of these (activities) take human resources to design, implement, maintain, and support in addition to the physical spaces and hardware/software resources needed to sustain an effective infrastructure that may feel transparent to users because it will be so well designed and maintained...The cost of improving student learning through strategic use of technologies is not as apparent as a building but is more expensive because it is not a build it and go, but an ongoing draw on resources.”
- On student learning, several talked about the difficulty in making courses that engage the student: “Creating an equivalent online experience requires the development of very unique types of opportunities for student interaction in order to provide similar engagement to that found in the face to face classroom...The goal is to create a quality, equivalent experience, not an electronic correspondence course.” Another respondent said: “Incorporating interactive, engaging content into the course design is an expensive endeavor.”
- While some were more succinct in stating the higher costs: “Lower cost = lower quality” and “Bull! The technology alone makes it cost a lot more.”
Distance Education Costs the Same

Others disagreed and offered that, with maturity, distance education costs should be the same over time. The technologies and support structures are being adopted across campus, so the differences are fewer. Expressing this point-of-view is this person from a private, not-profit, traditionally face-to-face university:

- “Development and delivery of quality distance education requires staffing and resources not required for traditional, face-to-face courses, however the physical plant requirements for distance courses are significantly less than those required for traditional face-to-face courses. Effective facilitation of student learning is required regardless of delivery modality. Therefore, the cost of developing and delivering distance education is about the same as traditional face-to-face education.”

Distance Education Costs Less

A few commented that costs should be lower:

- From a regional public university: “I would agree, no need to have a physical space for the course to be held means less building and upkeep needed.”
- From another regional public university in the same state: “I would say the perception that online courses cost more to deliver is an antiquated idea. If we stopped teaching online courses tomorrow I think an argument could be made to continue licensing our learning management system (a significant cost once associated with online course delivery exclusively) for courses delivered on-campus.”
- Although there may be downsides as suggested by the respondent from a private, non-profit university: “In our case, our prices for these programs are lower than for our on-ground programs due to competitive considerations, and the lower margins will become a problem for many colleges eventually.”

Thoughts to Share with Political and Higher Education Leadership

Several of the respondents addressed the political and cultural environments surrounding the question of distance education price and cost:

- A few focused on the mission of distance education, which has not historically been on cost reduction, but on geographic and time-based access:
  - “A more important point than cost comparisons is what do you get for the cost--which is significantly increased access (and possibly improved student success) without the requirement of massive infrastructure and physical plant investments.”
  - “The benefits are improved ACCESS for students, not a cheaper cost of delivering the course.”
  - “It is not about cost effectiveness, it’s about meeting our students where they are at and thinking globally.”
• The relationship to a traditional university brings costs that are not easily overcome:
  o “It would be less expensive only if we had no relationship with a brick and mortar corollary. However, the brand of the bricks and mortar is needed to be successful, so we must be associated --including costs.”
  o “As long as an institution still has a campus-based center with the majority of the students, all traditional costs exist. Therefore, what is done to have online courses adds to the institutional expense. And for most public institutions this is the case. When we change how we do business (i.e. quit building new classrooms, have staff work from home, etc.) and focus on lowering the overhead, the costs could be less.”
  o “If you include cost of recreation facilities, dorms, food services, etc., distance ed is less expensive.”
• The economic realities and legislative priorities also come into play:
  o “This has also been a way in which colleges in Florida have increased incoming monies to offset the drop in state funding. I would ask policymakers to fully fund all colleges and then ask us to create equivalent content before prices are dropped.”
• Finally, are these two philosophical arguments:
  o “Interaction with their professors in the development of the knowledge is important. Large self-paced courses have lower success rates as noted in the MOOC experiments in which online 2% to 10% of the students actually completed. Universities are providing education not training. Education is a social experience!”
  o And to the notion that costs should be lower: “Nuts!”
18. Are You Taking Any Actions to Reduce the Price of Textbooks and Related Course Materials for Distance Students?

<table>
<thead>
<tr>
<th></th>
<th>Yes (64.4%)</th>
<th>No (35.6%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>57</td>
<td>35.6%</td>
</tr>
<tr>
<td>Yes</td>
<td>103</td>
<td>64.4%</td>
</tr>
<tr>
<td>Total</td>
<td>160</td>
<td>100.0%</td>
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</tbody>
</table>

Sampling of “Yes” Responses, as They Were Asked to “Please Describe”:

Nearly two-thirds (64.4%) of respondents reported that their institution is taking action to reduce the cost of textbooks and related course materials for distance students.

- There were multiple mentions of reviewing and adoption of more Open Educational Resources (OERs) and e-textbooks.
- Some mentioned seeking lower cost electronic or alternative hard copy versions of texts.
- One respondent said that they offer either an electronic format of the course-required texts or post course materials directly to the course shell/site.
- Many report working with vendors like Pearson, Rafter 360, Follett, etc.
- Some institutions mentioned having textbook affordability committees to work with faculty to address these issues.
Commentary:

- The open-ended responses suggest that many institutions are taking action to help reduce the cost burden of textbooks and other course materials for their distance courses.
- Of the respondents who said they are taking action, many specifically mentioned the consideration or addition of OERs and open textbooks.
Is the Price of Your Distance Courses Directly Dependent on the Cost to Produce and Offer Those Courses?

| Is Distance Course Pricing Directly Dependent on the Cost to Produce and Offer Those Courses? |
|---------------------------------|------------------|
| Yes (10.6%)                    | No (89.4%)       |
| 143                            | 160              |
| 89.4%                          | 100.0%           |

Sampling of “Yes” Responses, as They Were Asked to “Please Describe”:

- “Yes, we do cost effectiveness studies and market comparisons.”
- “Where competitive pressures are high, we use the cost to create and deliver the courses to help inform how low we can go (with tuition and fees) and still have a sustainable program.”
- Some institutions shared that they used the excess tuition to support the development of additional distance education programs and to support student services for distance students.
- Some institutions reported that tuition goes into the general fund while distance education fees sustain their distance education department operations.
- Only a few institutions reported having very detailed tracking of direct costs associated with distance courses and using them to set the tuition and fee rates.
Commentary:

- Nearly 9 in 10 (89.4%) of respondents said that the price of their distance course was not directly dependent on the cost to produce and offer the course. This response is likely surprising to many in the industry and those administrators and legislatures who have an expectation that distance courses have cheaper tuition because they are more cost effective to offer.
- However, the distance education leadership often relies on targeted fees to cover additional costs incurred in creating, offering, and supporting distance education courses. Quite often the rest of the income goes into a general institutional fund.
- The pricing of distance education offerings is quite a complex process on many campuses.
- There are many institutional policies, state statutes, and differing practices utilized by colleges and departments to set the price of distance courses. These factors converge to have an impact on the course price as reported by survey respondents.
- Distance education leaders are often called into account for a price they do not control. Changes can come only with the assistance of institutional leadership. Which leads to the aphorism: “Be careful what you ask for, you just might get it.”
What Else Do We Need to Know about How Tuition and Fees are Set for Distance Students Enrolled in Your Institution? (Open Response)

<table>
<thead>
<tr>
<th>Most Frequent Comments - Categorized</th>
<th>Comment Count</th>
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</thead>
<tbody>
<tr>
<td>Distance education fees supports extra faculty/student services</td>
<td>10</td>
</tr>
<tr>
<td>Prices are set to be competitive in the marketplace</td>
<td>7</td>
</tr>
<tr>
<td>Prices are the same for distance and face-to-face courses</td>
<td>6</td>
</tr>
<tr>
<td>Distance courses have a lower price</td>
<td>5</td>
</tr>
<tr>
<td>Even with a fee, we struggle to cover costs</td>
<td>4</td>
</tr>
<tr>
<td>Some or all campus-based fees are waived for distance students</td>
<td>4</td>
</tr>
<tr>
<td>A tuition freeze has been in place for multiple years</td>
<td>3</td>
</tr>
</tbody>
</table>

Total of 47 individual commenters. Some made multiple points.

This question was an opportunity for respondents to provide any comments that they wished, as there may be practices or policies that were not considered in constructing the survey or interpreting the data. Not surprisingly, there were quite a variety of comments. The following quotes list some of the more interesting insights that were shared. It is difficult to know whether others had the same experiences expressed in some of the comments.

**Set Pricing to Be Competitive in the Marketplace**

- “Based on competitor prices and analysis of net revenue.”

**Struggling to Cover Costs**

- “As a tuition-driven non-profit, we try to maximize net revenue and struggle to cover costs.”
- “We are the only college in Florida who does not charge the legislatively allowed distance learning fees—so our support services and supplementary services suffer.”
- “The state legislator has just set the maximum costs for distance learning fees. Because the flat rate established we were no longer able to extend the fees to cover the cost of after hours support or cover the costs of online assessments.”
Where Does the Money Go?

To cover distance education services and quality assurance...

- To cover distance education services: “At my institution, the only difference in fees is that there is a $35 charge per credit hour for online courses. This additional funding supports technology resources and personnel costs to deliver the course.”
- For quality assurance: “Our e-tuition (which is higher than regular tuition) was set to insure (sic) that every online course would undergo a rigorous review process using the QM rubric. Without the higher tuition, this review process would not be possible.”
- To distance education and the main institution budget: “I would also add that only the difference between the resident rate and the distance ed tuition rate goes to support distance education, with the rest of the tuition dollars going to support the base. This makes growing distance enrollments good for both the revenue dependent programs and the university.”
- To the main institution budget: “The fee for distance courses is $25/credit in addition to all other "college" fees. However, this additional fee is not directly allocated to the costs associated with development and offering of the courses, and is put into a general college fund. This is currently being looked at...”

The Price is Lower for Distance Students

- “For undergraduate, online tuition is roughly 64% of the tuition charged to traditional day F2F students.”
- “Our online programs are all less expensive than our face-to-face programs.”

Campus Fees are Waived

- “Campuses are not allowed to charge fees to distance students for campus-based services (e.g., gym, health center, etc.).”
- “Students in fully online programs pay a smaller student fee because we expect that they will not be using all of the same services that an on-ground students uses (e.g. health services, parking).”
- A questionable practice: “Online "tuition" is ~$15 more per (quarter system) credit to partially cover appropriate campus fees that are not charged to distance students.”

Additional Insightful Comments

- Textbook costs higher for distance students: “DE students must purchase textbooks, while campus students rent textbooks at a significant savings.”
- Dual enrolled high school students enjoy a bargain: “Co-enrolled high school students can take a 3 hour course for a set fee of $50.”
- On cost efficiencies: “We constantly work to find ways to make our production, delivery, and student support more cost-effective while not reducing our QOS. Our tuition increases for the past 6-8 years have averaged less than 1.5% annually.”
Price & Cost Expert Interview Summaries

To complement WCET’s survey on the “Price & Cost of Distance Education,” we requested brief interviews with a group of seasoned professionals who have diverse perspectives and experiences with the economics of both higher education and distance education. Some have direct experience in institutions of higher education managing distance education operations. Some have managed research projects that address the issues of price and cost. Several respondents are entrepreneurs whose organizations have challenged traditional pricing models as part of their business plans.

Interview respondents included:

- Dennis Jones, President Emeritus, National Center for Higher Education Management Systems (NCHEMS).
- Pam Northrup, Ph.D., Senior Associate Provost of Academic Innovation & Chief Executive Officer of the Innovation Institute, University of West Florida.
- Tina Parscal, Ph.D., Executive Director, Colorado Community Colleges Online.
- Rob Robinson, Ph.D., Civitas Learning (wrote a dissertation on this topic).
- Burck Smith, CEO and Founder, Straighterline.com.
- Vernon Smith, Ph.D., Senior Vice President and Provost at American Public University System. When interviewed, he was Vice Provost for Distributed Learning, University of the Pacific (previously with Rio Salado College and Portmont College at Mount St. Mary’s).
- Carol Twigg, Ph.D., President and CEO, The National Center for Academic Transformation (theNCAT.org).

We asked six questions of all interviewees. The questions and a summary of their responses follows.

Q1. What steps can institutions take to control the price of distance education courses?

There was consensus among the interviewees that online classes are cheaper to deliver than face-to-face classes. They agreed that there is often little correlation between the cost to produce and deliver online courses and the price that institutions charge for them. The interviews revealed the same list of constraints on price that surfaced in the survey.

As Carol Twigg said, “The simple answer to this question about price and cost is that a distance education course can cost anything you want it to cost, from $1,000 to $1 million.”

The cost to design and create a course is highly variable and depends on the choices that are made in terms of technology, talent, level of interaction, etc. The production model is a very important determinant of the cost to produce a course. Decisions may include having a faculty member design and build the course, collaboration with an on-campus center for teaching and learning (or faculty in other institutions), or using an outsourced vendor to create the course.
The use of master courses throughout a system offers the promise of decreased per-student cost in course development and increased consistency in the content addressed. “Centralization is the most powerful thing an institution can do to control price because it also controls cost,” per Rob Robinson, based on his years in the University of Texas System. He adds, “The pendulum swings back and forth on this topic.” There is a natural tension between the faculty’s desire for independence in developing course content, the institution’s desire for consistency, and the student’s need for courses to have a common look, feel, and functionality.

“The Innovation Institute at the University of West Florida led the Affordability Implementation Committee, which was responsible for recommendations to implement the Florida Board of Governor’s new Online Education 2025 Strategic Plan. The committee took on the task of determining the cost of online courses throughout the state of Florida in their recently published report The Cost of Online Education, which revealed that “the mean incremental cost of online learning at all institutions participating in online learning is $41.48 per credit hour.” The report further concluded that across the State University System (SUS), 42% of incremental costs are for online course development, and 58% for delivery. The Florida report was informed by the Competency-based Education Cost Model work completed by NCHEMS earlier this year which provides sample worksheets that allow institutions to model the true cost of CBE offerings.

Burck Smith drives the cost of course development down at StraighterLine by using Open Educational Resource (OER) and pre-built solutions from major publishers. Not only are these courses reasonable to license on a large scale, but they are also ADA compliant as delivered.

Several respondents agreed that the cost of delivering a course can be reduced by using a team approach to serving students. Faculty and staff resources can be utilized in new and different ways, and unbundling the faculty role by specialization of tasks. The NCHEMS Competency-based Education Cost Model includes the many disparate roles that faculty often play in course design, development, and delivery, allowing institutional leaders to gain a stronger understanding of their costs and alternative resources to complete these tasks. According to Dennis Jones, “With minor adjustments it could be applicable to all forms of providing post-secondary education.” A series of questions on cost categories in the WCET survey were an expansion of the NCHEMS model.

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7 WCET has previously defined a master course one where the institution develops the materials, structure and assessments for the course. Faculty may add resources or other supplemental materials but cannot change the essential elements of the course. Online Adjunct Faculty Survey Report: http://wcet.wiche.edu/sites/default/files/OnlineAdjunctFacultySurveyReport.pdf
8 The Cost of Online Education: http://flbog.edu/documents_meetings/0259_1022_7699_2.3.2%20IOC%2003a_2016_10_07_FINAL%20CONTROL_Cost%20Data%20Report_rev.pdf
9 CBE Info: http://www.cbeinfo.org/program-development-guidance.html
10 https://en.wikipedia.org/wiki/Open_educational_resources
As suggested by a few respondents, many distance education models cost more because they begin with all the elements of a traditional course or program and “bolt on” the additional activities and tools necessary to offer the course at a distance. The result of this approach is more work and higher costs. Very few institutions have taken the time to fundamentally re-think the instructional model and its ultimate impact on the related price and cost structure. Distance education is almost always discussed in terms of incremental cost. As the NCHEMS article explains:

“Faced with the need to do something, over the last couple of decades institutions have added online delivery to their portfolio of offerings to reach more students and increase their revenue streams. In almost all cases they have made very few changes to their traditional mode of education. The intent is seldom to develop a cost-effective delivery model; rather, the intent is revenue enhancement.”

We might put it a bit differently: the goal of distance education has traditionally been access and growing student markets. Rarely was the goal for distance education professionals to save costs, to improve student success, or to rethink the underlying instructional or support models.

As an NCHEMS’ recently published article in Change11 asserts, “Regardless of the level of resources, we argue that institutions are well advised to fundamentally re-examine how they can increase their students’ success rather than continuously reduce investments in their existing traditional model to the point of dysfunction.” The NCHEMS authors go on to suggest competency-based education (CBE), online and hybrid courses, and flipping the classroom as strategies that can fundamentally change student outcomes, as well as the price and cost of higher education.

Q2. How can technology assist in managing the price of distance education courses?

The obvious, and frequently mentioned, responses to this question are that technology can assist in the delivery of courses, including the use of a Learning Management System (LMS), electronic textbooks and other online materials. Dr. Vernon Smith mentioned the use of learning analytics to improve student learning experiences and increase retention, which would free the saved money to attract and retain additional students. In addition, learning analytics were mentioned by a few of the interviewees, as was the move to more self-service models for student services, which are more accessible for students and save the institution money when efficiently implemented.

Burck Smith from StraighterLine (a private for-profit business) is not constrained by legislation and system-wide policies of a public institution. He shared the fact that as he built his business model, he was free to borrow from other industries, using technology to bolster all aspects of his business and its interaction with the students it serves. For example, StraighterLine employs continuous process improvement in all aspects of the business including using A/B testing with psychometrically valid assessments to continuously improve student success rates. He believes that the cost of proctoring exams will decrease in time as technology improves how to monitor students taking tests. In this discussion, it is important to separate the notions of price and cost; just because costs can be reduced doesn’t mean that price will be.

Q3. Can you tell me about a distance-delivered course or program on your campus that has been innovative in terms of cost and/or price? How did it start? What contributed to your success?

A few of our interviewees mentioned controlling costs through collaborating with other institutions. According to Dennis Jones, Columbia Basin College has controlled costs by joining with several other institutions to jointly develop courses with all content online. Sinclair Community College uses an automated “at risk” student support model to reduce costs of mentoring. Mentors are added based on the number of students active in a course. This model also utilizes a team approach to serve students by unbundling the traditional faculty role, assigning senior faculty the responsibility for the syllabus, materials and assessments, but delegating other roles like mentoring and tutoring to other staff. This model is similar to the mentoring model used by the Western Governors University (WGU) for nearly two decades.

Tina Parscal shared an example of the innovative use of OER content when she was at the University of the Rockies. A significant number of graduate students were struggling with their required Statistics course. Using open resources to develop assessments developing assessments, the institution created an adaptive learning course that helped students build their skills and was free to students. The results included increased course retention in the required Stats course, as well as improved student satisfaction and grades.

Pam Northrup explained how Complete Florida delivers courses and programs to Floridians who have not completed a degree by offering online adaptive and accelerated options from 15 institutions of higher education across the state. These institutions share courses and collaborate on program delivery, including CBE and accelerated degree programs. As she said, “A single institution cannot provide all of these options. You have to be willing to share to drive down the costs.”

Q4. What advice would you give governors, legislators, and higher education leaders in terms of activities that they should be taking to help control the cost and price of distance education?

Rob Robinson had a very clear message for leaders, “Stop making a correlation between online delivery and evil bad actors in this space. Just because the bad actors use online does not mean that online is bad.”
Since most of us who work inside these systems can’t be quite so direct, another effective approach to educate our leaders is to find ways to quantify the unique costs associated with distance education to make the discussion more fact-based and transparent. Florida’s The Cost of Online Education report addresses the real incremental cost of distance education, as defined and agreed upon by institutions in the state of Florida. The NCHEMS heuristic model provides a framework that gives any large system who wants to take on this task a proven framework to begin quantifying their costs and having open conversations with their leadership, accountants and policy makers. Decision-makers must use caution with such data. Relying solely on averages created by costing reports may hide the large variations highlighted in the opening of this section.

Without incentives to examine current practices and take steps toward more progressive pricing models, institutions will likely continue to charge distance education students more for their courses because it is what the market will bear. According to Carol Twigg, “This applies to on-campus and online, the day someone holds higher education accountable for the cost of higher education then institutions will have to be innovative and start looking at ways to reduce cost. They don’t do it now because they don’t have to.” A final word of caution from Dennis Jones, “Leaders should not tell institutions HOW to cut costs; they should give them realistic goals and then assess them, but not tell them how to do it.”

Q5. Our survey results reveal that institutional personnel feel that the costs to produce and offer distance courses are higher across the board. The respondents also indicated that the price students are asked to pay is slightly higher. These people are telling us that, to them, the costs are higher. What’s your response and advice to the frontline distance education people?

The interview respondents agreed that these perceptions of cost are largely based on the fact that very few institutions have truly re-engineered their courses to achieve efficiency and longevity. For example, Dennis Jones discussed how different the cost model should be for CBE. And the steps he defined align with those articulated by Carol Twigg. The very first step in any re-design needs to be to ask fundamentally “What competencies do the students need to master?” then “What institutional functions must be performed to ensure that students successfully acquire these competencies”, and finally “Who can do that work?” Both respondents assert that this kind of re-engineering is not new.

Dr. Jones explained that student retention in CBE is often better than in standard classes. He asserts that if an institution puts more emphasis on student support services and takes the cost out of delivery, they can achieve better results. He goes on to add, “Students need timely assistance when they hit a barrier to learning. This is not something that traditional delivery models generally do well.”

“Stop making a correlation between online delivery and evil bad actors in this space.”
-Rob Robinson

12 The Cost of Online Education: https://tinyurl.com/zq6wxlg
Burck Smith didn’t mince any words, he said, “They are just flat out wrong.” He asserts that many institutions have strong incentives not to track these costs and pass savings along to their students. Online learning courses are often very profitable, and institutions are making a lot of money offering them at premium prices. He further asserts that in the 20 years since online course have become pervasive, all of the related costs have decreased (LMS, bandwidth, computers, memory and greater use of adjunct labor).

Tina Parscal said that she believes that the current climate of regulation and oversight has driven up the cost of distance education. While the State Authorization Reciprocity Agreement (SARA) aims to simplify these requirements, and make them more transparent, we are far from full implementation. Every institution needs a resource to manage state authorization and reporting. In addition, while LMS costs have decreased, additional tools (such as analytics) are available to assist institutions in managing student success and marketing efforts. Finally, publishers continue to try to find ways to offer value-added products as the sale of traditional textbooks decline.

Phil Hill’s e-Literate blog recently summarized the latest Florida Virtual Campus Survey on Textbooks that reveals that over 50% of students report having not bought the textbook for a course, with major consequences including earning a poor grade, course withdrawal, and taking fewer courses. As Dr. Parscal summarized, “It’s not as simple as it used to be when you could develop an online class, put it in your catalog, and deliver it to any students who register for it.”

Q6. Is there anything else you’d like to share with us?

Vernon Smith reminded us of the Iron Triangle: Cost, Access & Quality. “Technology can help with cost and access, but we need to invest in improving quality. Institutions who are looking seriously at all three will do fine over time.”

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“They are just flat out wrong.”
-Burck Smith

“It’s not as simple as it used to be when you could develop an online class, put it in your catalog, and deliver it to any students who register for it.”
-Tina Parscal

“Technology can help with cost and access, but we need to invest in improving quality. Institutions who are looking seriously at all three will do fine over time.”
-Vernon Smith

Expert Interview Summary

As compared to the distance education managers who responded to the survey, those interviewed saw many more opportunities for institutions to become aware of their costs, address those costs, and have an impact on controlling the price paid by students. Distance education’s mission has been access and that access was often accomplished by incremental innovations to existing teaching techniques and not changing the fundamental enterprise. Those interviewed provided several examples where costs have been addressed using technology-mediated instruction. There is obviously a need for open dialogue and less finger-pointing.

What does the future hold?

“Leaders should not tell institutions HOW to cut costs; they should give them realistic goals and then assess them, but not tell them how to do it.”
-Dennis Jones
The Cost of Distance Education: Florida Profile

Over the past few years, using distance education to provide affordable higher education options to Florida citizens has been a political rally cry. UF Online was started at the University of Florida by an investment of the legislature. It is limited to charging 75% of the tuition of on-campus programs. That effort is finally getting some traction after a rocky start. Additionally, the Governor has criticized the charging of distance education fees, especially by a few colleges that had rates much higher than the rest of the state’s institutions. Thank you to Russ Adkins, Florida resident and distance learning expert, for his update on the politics in that state.

-Russ Poulin and Terri Taylor Straut

The current and future cost of distance education in Florida has been under considerable scrutiny by policy makers, primarily because online courses at a majority of the state universities cost students more than on-campus courses. At the heart of the cost issue is the distance learning fee, initially approved in statute in 2008 without a fee limit. During its 2016 session, the Florida Legislature amended the statute to cap the fee at $30/credit hour for universities, and $15/credit hour for state colleges. During Governor Scott’s “Degrees to Jobs” Summit on May 25-26, 2016, he called for the elimination of fees for online courses. "Some of our schools’ charge as much as $100 (per credit hour) for online fees," he said. "I'd like to get rid of all those online fees."

More recently, Governor Rick Scott announced his “Finish in Four, Save More” legislative and budget proposals on January 10, 2017. “I am calling on the state Legislature to freeze all fees at state colleges and universities, and to also freeze state college tuition so students aren’t burdened with the constant sky-rocketing costs.” The Governor did not call for the elimination of online fees in his press release, as he did in his May 25, 2016 statement.

Florida Conducted an In-depth Cost Analysis

The State University System (SUS) of Florida Board of Governors’ Online Education 2025 Strategic Plan (November 5, 2015) focuses on three primary elements: 1) quality; 2) access; and 3) affordability. With respect to the latter element, the Plan identifies four key areas to reduce online education costs:

1. Shared services and infrastructure;
2. Shared educational content;
3. Instructional innovations and efficiencies;
4. Understanding the true cost of online education.

Most recently, a state workgroup focused on the Plan’s “true cost of online education.” The workgroup determined that the average Florida System-wide incremental cost related to online education is $41.48 per student credit hour. Institutional expenses from FY 2015-16 were analyzed and aggregated in four categories to make this determination:
<table>
<thead>
<tr>
<th>Category in Cost Model</th>
<th>Average Cost per Student Credit Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Course and Faculty Development</td>
<td>$10.13</td>
</tr>
<tr>
<td>Technology and Infrastructure</td>
<td>$9.74</td>
</tr>
<tr>
<td>Support Services</td>
<td>$10.51</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>$11.10</td>
</tr>
<tr>
<td>Total Incremental Costs/SCH</td>
<td>$41.48</td>
</tr>
</tbody>
</table>

Table 1. Incremental Costs Associated with Online Education. Florida State University System Board of Governors Innovation and Online Committee Affordability Workgroup Cost of Online Education, October 17, 2016.

In its *Cost of Online Education* report, the Affordability Workgroup concludes that “developing and delivering quality online education entails the need for additional human and technical resources that are not present in the face-to-face environment; thus, most institutions in the State University System have implemented a distance learning course fee to support these additional costs.” The *Report*, presented to the Board of Governors and their Innovation and Online Committee, noted that a number of factors impact institutional costs, including the online program’s “scope and maturity” and the nature of student populations served.

Cost to Students. The Workgroup also compared tuition and fees paid by students enrolling in on-campus courses with those paid by students enrolled only in online courses during the 2015-16 academic year:

- Of the 11 universities providing data, 7 reported that online-only students pay tuition and campus fees that students enrolled only in on-campus courses pay, and they pay a distance learning (DL) fee.
- Three universities have reduced campus fees for online-only students, but these savings are offset by the DL fee.
- One university does not have “online-only” students.
- One university does not charge a DL fee; 9 currently charge fees ranging from $10 to $100/credit hour, but going forward, these fees will be capped at $30/credit.
- UF Online students pay less tuition and fees than other University of Florida students (online and on-campus) and pay less tuition and fees than online-only students at other Florida universities.

The New UF Online is Legislatively Mandated to Lower Student Price

UF Online (Institute for Online Learning) is statutorily charged to deliver a “robust offering of high quality, fully online baccalaureate programs at an affordable cost.” The 2013 Legislature provided $15 million nonrecurring
and $5 million annually recurring funds (through 2018) to create and support the start-up of the Institute as it reaches scale, with caveats that include these provisions:

- UF Online tuition for courses and programs may not exceed 75% of the rate charged to on-campus students. Tuition must cover all instructional costs, excluding the cost of textbooks and physical laboratory supplies;
- Distance learning fees and fees for on-campus facilities and services cannot be assessed;
- The financial aid, technology and Capital Improvement Trust Fund fees must be assessed.

As a result of the recurring annual subsidy to support reaching scale, and the caveats noted above, UF Online’s tuition and fees are substantially less than those of other Florida state university online baccalaureate programs.

The October 2016 UF Online Annual Report includes a reference to a current headcount of “over 2,000” students. Its revised (November 2, 2016) Comprehensive Business Plan projects a headcount of 4,901 for the 2018-19 year. According to the original 2013-19 Comprehensive Business Plan, the last year of the $5 million subsidy is 2018.

The November 15, 2016 Inside Higher Education article, “Florida’s New Plan for Online Education,” reports that UF Online has ‘scaled back its plans for exponential growth.’ “The original business model ... underestimated the number of Floridians who would be seeking an online option, and it overestimated the number of students from out of state that would be coming to the program,” UF Online’s Evangeline J. Tsibris Cummings said. “That still presents us with a fundamental challenge. ... How do you build and grow a credible online program that relies on the same faculty, that offers the same degrees -- and then you only charge 75 percent of [the cost of] tuition?”

Time to Degree as a Factor in Student Affordability

The Affordability Workgroup’s Cost of Online Education report cites 2014-15 State University System data that indicates that university students who take some or all of their coursework online complete their degrees sooner than students not enrolling in any online courses. This data has positive implications for reducing the cost of a degree and more quickly preparing students to begin their chosen career. In fact, components of the Florida Senate’s 2017’s higher education plan include a requirement that state universities each develop a “block tuition plan” that specifies a full-time rate for students. Part-time students would pay more per course than full-time students.

Students taking some or all of their courses online complete their degrees sooner than those taking no online courses.
Cost Avoidance Strategies

The *Cost of Online Education* report includes examples of current cost avoidance and cost saving initiatives in Florida, including:

1. *Florida Virtual Campus*’s shared online library resources, state-wide Distance Education course catalog, shared professional development and a degree-completion collaborative;
2. Career education support;
3. Opt-in state-wide learning management system;
4. Textbook affordability statute.

Affordability Workgroup Recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Examples</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared courses &amp; programs across institutions</td>
<td>Master courses, shared courses, and shared programs to avoid duplicative costs.</td>
<td>A “programs workgroup” is evaluating innovative models in place in other states (such as Georgia), with priority being given to assessing the efficiencies that may be gained with shared general education/high demand courses. Their recommendations are due May 2017.</td>
</tr>
<tr>
<td>Shared services</td>
<td>Sustain a) current shared services provided through Florida Virtual Campus, b) shared professional development; c) shared opt-in LMS.</td>
<td>A “shared services workgroup” is exploring options, including shared online learning infrastructure and services. Their recommendations are due May 2017.</td>
</tr>
<tr>
<td>Common institutional dashboards to more effectively manage online educational initiatives.</td>
<td></td>
<td>Identify and develop dashboards to provide critical information about the current state of online education across institutions in an easy to understand and shared format.</td>
</tr>
<tr>
<td>Alternative cost models to encourage students to graduate in a timely manner.</td>
<td>Reduced fees (e.g., activity and service, health, and athletics), block tuition and fees, partial block tuition and fees, subscription pricing, and flat rate.</td>
<td>The Strategic Plan for Online Learning workgroup is evaluating cost models, with their recommendations due May 2017.</td>
</tr>
</tbody>
</table>

Table 2. Affordability Workgroup Recommendations, derived from their *Cost of Online Education*, October 17, 2016.

Though workgroups described above are under the purview of the Board of Governors Innovation and Online Committee, Florida State College System representatives are included in their composition.
Next steps/anticipated future action

By amending state statutes to allow for a distance learning fee in 2008, state policy makers acknowledged that distance education has unique costs and that institutions needed a new fee to offset DL expenses in order to make their educational programs more convenient and accessible. However, since its inception, a number of colleges and universities depend on DL fee revenues to fund technology infrastructure, full-time support staff, and operating expenses. Concerned that the fee may be written out of statute as soon as this year, the Board of Governors’ Innovation and Online Committee and its workgroups are focused on the cost of distance education with a ‘sense of urgency.’

The Affordability Workgroup’s recommendations for shared courses, programs and services, and for developing alternative cost and revenue models, have evolved from worthy goals to mission critical strategies for state university system and state college system institutions. The days of the bolted-on DL fee may be numbered in Florida.

Prepared by:
Russ Adkins
Russ Adkins, Inc. Higher Education Consulting
January 17, 2017

Resources:

- Online Education 2025 Strategic Plan, November 5, 2015. [http://www.flbog.edu/about/taskforce/_doc/strategic_planning_online_ed/2015_11_05%20FINAL_StrategicPlan.pdf](http://www.flbog.edu/about/taskforce/_doc/strategic_planning_online_ed/2015_11_05%20FINAL_StrategicPlan.pdf)
• The development and delivery of affordable, high quality, fully online baccalaureate degree programs by UF Online in accordance with section 1001.7065, Florida Statutes.

• UF Online Annual Report, October 13, 2016.
  http://www.flbog.edu/documents_meetings/0202_1028_7763_3.2.2%20IOC%202015-16%20UF%20OnlineAnnualReport.pdf

• An October 2016 update to UF Online Comprehensive Business Plan.
  http://www.flbog.edu/documents_meetings/0202_1028_7763_3.2.3%20IOC%202015%20Amendment%20UF%20Online%20Business%20Plan_rev.pdf


• 2017 Florida Senate’s plan to encourage undergraduates to graduate in four years.
Conclusion and Opinion

This set of conclusions are based on the survey results, the interviews that were conducted, awareness of the changing political and business environment that we are entering, and lessons that we have learned through many years in this business. Our goal is to describe some uncomfortable truths and to set a vision for working together in the future. We believe:

- *The price of higher education cannot rise forever.*
- *New solutions are needed.*
- *Solutions can be found if we work together.*

The Respondents are Clear: Distance Education Costs More

Statistically, the results of this survey cannot be projected to reflect anything more than the opinions of those who answered the questions. On the other hand, the results are consistent with countless conversations that we’ve had with distance education professionals. The great majority of them have the same opinion: “to be done with integrity and quality, distance education costs more.”

You can empathize with their situation. They are often asked to use on-campus faculty and must absorb the costs associated with them. In addition, they need to add resources and activities that were not part of face-to-face instruction, including (but not limited to):

- software,
- communications technologies,
- faculty development in how to teach at a distance,
- faculty support in converting their classes from lecture to the distance format,
- periodic course updating and/or redesign,
- instructional designers,
- technicians, 24x7 (or as close as they can get) technical support for students, online academic/student services (registration, advising, counseling, online bookstores, online libraries, online tutoring, accessibility support, etc.) that are available to students that do not come to campus, and
- regulatory compliance in other states.

And all this is supposed to cost less?

In the open-ended comments addressing leaders who criticize their work, you can feel their pain. As one person succinctly responded to those critics: “Nuts.”

But Distance Education Does Not Have to Cost More

In the open-ended comments, there were some who envisioned a different future. They said that the software, technologies, and support systems that had to be special-built for distance education are now becoming nearly ubiquitous across the institution. There are fewer “extra” costs and the economies of scale are lessening the marginal cost impact on each course or program offered, regardless of delivery mode.
There were only a few of these comments, but it is a compelling view of a future in which technology-mediated instruction is part of every course, to a greater or lesser degree depending on the subject matter and/or faculty member. It is also true that economies of scale have more impact on costs across larger institutions as compared to smaller ones.

In our interviews with experts, we also found compelling cases to be made based for innovators who addressed the education triangle of cost, quality, and access. The best examples of these are at nontraditional colleges, such as Rio Salado College, Excelsior College, Charter Oak State College, and Western Governors University. We must also credit the National Center for Academic Transformation\(^{14}\) project, for its pioneering efforts in rethinking the cost and quality equation in high enrollment course.

These innovators are demonstrating that improving one of these triangle factors does not have to have a negative impact on the other two. All of these examples are public or non-profit entities. All of them have completely rethought the enterprise.

Is this how ALL of higher education should operate? No, we are not saying that. But, if the goal is to cut costs while maintaining quality and access, we must think differently at a structural level so that quality, affordable options for students are assured. Goal setting and rethinking existing structures are key.

Five Cost Constraints for Distance Education Leaders

So why has distance education had such trouble addressing the distance education cost issue more effectively? Let us posit five big cost constraints under which most distance education leaders (at least at traditional public and non-profit institutions) face in their everyday lives:

1) **The Mission is Access.**
   The mission of most distance education entities is to expand access to courses and programs. Whether it is to span the barriers of geography or time of day, distance education has been focused on increasing access for students who cannot readily meet face-to-face. Their access mission was not focused on controlling costs. With Russ’s experiences serving students in rural North Dakota and on tribal reservations in that state, we know that it is not always cheap to serve the few people in geographically dispersed areas, but the impact on the community of having a new nurse or social worker who did not have to leave home to obtain their degrees was much welcomed.

2) **Distance Education is Often Trapped in a “Bolt On” Model.**
   It is natural in a technological evolution for an innovation to look much like the tool it was intended to replace. For example, the early “horseless carriage” looked more like a horse buggy than the modern car. Faculty adapting to a new system often want courses to be as similar as possible to the face-to-face courses that they were used to teaching. Witness the affinity some have for streaming unedited recordings of lectures. If the innovation has to keep all the methods (and costs) of the old way of doing business while adding new technologies, software, and services, the result can only be additional costs. The cost model changes only when the existing structures are reframed.

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\(^{14}\) National Center for Academic Transformation, which is an independent non-profit organization dedicated to the effective use of information technology to improve student learning outcomes and reduce the cost of higher education:  [http://thencat.org/](http://thencat.org/)
3) The Mysterious World of Higher Education Economics.
Higher education economics, by necessity, includes a large number of cross-subsidies that are hard to find in financial spreadsheets. For example, high enrollment undergraduate courses subsidize low enrollment courses; popular programs subsidize less popular programs; and tuition revenues subsidize faculty research activities. When WCET worked with the National Center for Higher Education Management Systems (NCHEMS) to develop a standard Technology Costing Methodology\textsuperscript{15}, one of the biggest lessons learned was that many did not want to know or did not want to publicize their costs. It is not just distance education that is unable to identify costs, it is often the entire college or university.

4) With State Divestment, Distance Education is the Only Enrollment Growth Area.
More recently another cost issue for public higher education has been an increasing number of some states’ disinvestment in its own colleges and universities. Since colleges could fall back on tuition and fee increases, the state’s budget was balanced by reducing or eliminating higher education appropriations. In the most recent Department of Education enrollment statistics, overall higher education enrollment fell 2% while those taking at least one distance education course increased by 7\textsuperscript{16}. With the number of high school graduates decreasing\textsuperscript{17} and fewer state dollars, higher education leaders have often turned to distance education to increase enrollments to replace decreased income in the traditional campus.

5) Leadership.
Distance education leaders are often near, but not at the top, of the organizational chart. The above constraints are conditions that can only be changed by the overall institutional leadership. From the research conducted with the Technology Costing Methodology project, we learned that the biggest component to technology-based courses was not technologies or software. Dennis Jones (then president of NCHEMS) summed it up by saying: “It’s the people, stupid.” Thinking about different ways to engage people takes leadership.

Going Forward – Let’s Set a Vision by Working Together

The cost issue has become contentious in some states. Their governors or legislators have sometimes set policy with very little information. Unfortunately, that is sometimes because the institutions have provided very little information for them to use.

Colleges, universities, legislators, and governors could work together in a more productive way. That should be the first path. However, there are many examples besides those listed above (such as University of Maryland University College, Kentucky Learn on Demand, and Colorado State University Global Campus) where a new entity that operates outside of existing organizations are needed to meet the goals.

\textsuperscript{15} Technology Costing Methodology: http://wcet.wiche.edu/initiatives/past-projects/technology-costing-methodology
\textsuperscript{16} ‘WCET Distance Enrollment Report 2016’: http://wcet.wiche.edu/sites/default/files/WCETDistanceEducationEnrollmentReport2016.pdf
\textsuperscript{17} WICHE’s ‘Knocking at the College Door: Projections of High School Graduates Through 2032’, http://knocking.wiche.edu/
For Legislators and Governors:

- **Focus Questions on Future Costs**
  - Colleges and universities are notoriously bad at producing cost information.
  - Ask “what can you do to control costs,” “how will you measure it,” and (most importantly) “what will be the impact on student price?”
  - Cost conversations often turn to savings in buildings. Existing buildings are usually sunk costs. Distance education is more likely to help with cost avoidance in future facility needs.

- **Provide Incentives or Rewards**
  - If the expected outcome is “more work for less money,” there will be no incentive to control costs.
  - Can you provide an incentive or reward for controlling costs, such as the ability to invest some of the savings in a different way?

- **Provide a Vision**
  - Rather than being prescriptive, provide a vision of the goals you are trying to reach and challenge higher education to meet that vision.
  - Try collaborating with higher education leaders to fashion that vision, but sometimes change comes only by going outside existing structures.
  - Avoid “hollow” visions. For example, the “$10,000 Degree” was a grand vision, but was untenable from the start. It resulted in a product that is attractive to very, very few students. Why waste your time on public relations victories?

For Institutional Personnel:

- **We Will Need to Pay Attention to Price**
  - Tuition and Fees can rise for only so long and student debt is already approaching crisis levels.
  - Costs can ultimately have a role in controlling price, but we should continue to jealously guard quality.

- **We Need to Be Open About Costs**
  - When something costs more, we need to say so.
  - We need to prepare for a world in which saying “we don’t know what the costs are” is no longer accepted.

- **Higher Education Leadership Needs to Lead**
  - Changes in the cost structure will come only with changes at the structural level.
  - Innovations by others, an administration friendly to alternatives, and increased competition will challenge us to rethink how we serve some students or lose those markets.
Appendix A: The Survey

The Price and Cost of Distance Education Courses

Thank you for agreeing to take the survey. Only by sharing information can we learn about good practices and improve our own work. You will receive a copy of the final report. Before starting the survey, we wish to clarify three terms: "price," "cost," and "distance education." These concepts may have different meanings depending on context and we want to be clear in our definitions.

"Price" - This is the amount of money that is charged to a student for instruction. The components are tuition and fees. In the questions, we will be clear as to which "price" component (tuition, fees, or total price) is being queried.

"Cost" - This is the amount of money that is spent by the institution to create, offer, and support instruction.

"Distance Education" - When thinking of "distance education," we favor the Babson Survey Research Group/Online Learning Consortium, formerly Sloan-C, definition of 80% or more of the course being taught at a distance.

Please note: If you wish to go back to a previous page within the survey, please use the "Previous" and "Next" buttons at the bottom of the page. Using the "Back" button in your browser may force you to exit the survey, and you may lose any information that you have already entered.

Demographics

1. Which best describes your institutional structure?
   - public
   - private not for-profit
   - private for-profit

2. Which best describes your type of institution (we used the Carnegie system for these categories):
   - Associate's Colleges (mostly associate's degrees with less than 10% are bachelors level).
   - Baccalaureate College (at least 10% baccalaureate degrees and fewer than 50 master's or 20 doctoral degrees’ award in last year).
   - Master's Colleges and Universities (awarded at least 50 master's degrees and fewer than 20 doctoral degrees in last year). Doctorate-granting Universities (awards at least 20 research doctoral degrees during the last year).
   - Special Focus Institutions (awards baccalaureate or higher-level degrees with more than 75% of those in a single field or related fields).
   - Tribal College (member of the American Indian Higher Education Consortium).

3. What is the size of your institution in terms of student full-time equivalency (FTE) enrollments?
   - Less than 5,000 FTE
   - 5,000 - 10,000 FTE
   - 10,001 - 20,000 FTE
   - Greater than 20,000 FTE

4. At my institution, the funding for distance education courses:
   - is self-supporting. (The course receives little or no support from the state of the central campus budget).
   - is the same for all courses. (Distance courses receive the same support as any other course at my institution).
   - A mix of both of the above. (The course may be self-supported or may receive central support depending on factors such as which institutional unit offers the course).
   - Other (please describe).
5. Which of the following entities are part of the approval process in making the pricing decision for the tuition rate for distance courses? Choose all that apply.

- Legislature
- Governing, coordinating, or other oversite board
- Central institution administration
- Each college/school or department
- Other

6. Which of the following entities have a say in making the pricing decision for fee rates for distance courses? Choose all that apply.

- Legislature
- Governing, coordinating, or other oversight board
- Central institution administration
- Each college/school or department
- Student vote
- Other

7. Is there differential pricing (for either tuition or fees) for distance courses offered by different units across the institution?

- Yes
- No

8. Why does the price for distance courses differ across the institution? Select all that apply:

- Different colleges, schools, or departments are allowed to charge different rates.
- All students in distance education are charged extra fees.
- Select programs are allowed to charge more due to program requirements.
- Self-support units (such as continuing education) charge their own rates.
- Some programs have been allowed to charge what the market will bear.
- Competency-based education or other innovative programs have their own pricing scale.
- Other (please explain).

9. Is your institution a distance-only (you have no face-to-face courses) institution?

- Yes
- No

**Difference in Distance Education Tuition, Fees, and Total Price**

The following questions compare the tuition, fees, and total price for face-to-face and distance courses. We realize that these prices may vary depending on the program of course.

Please select:
The program or set of courses that YOU think is best representative of distance courses at your institution. You could choose the program with the largest distance enrollment, a program that is representative of common practices across the institution, or use your own criteria as what you feel best typifies practices at your institution.

– A course from that program or set of courses you selected that all or most every student is required to take.

We ask you to respond for a semester three credit hour course. If your institution uses competency-based education, quarter hours, or other academic measure, do your best to convert the prices. 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.

10. Which program and course did you choose?

11. For the course that you selected, how much more or less are distance students charged intuition (not including student or distance fees) for a three-credit hour course?

• Over $250 more
• $101-$250 more
• $1-$100 more
• $0 - No difference in tuition
• $1-$100 less
• $101-$250 less Over $250 less

12. For the course that you selected, how much more or less are distance students charged in fees (count all fees beyond tuition) for a three credit hour course?

• Over $250 more
• $101-$250 more
• $1-$100 more
• $0 - No difference in fees
• $1-$100 less
• $101-$250 less
• Over $250 less

13. Do students enrolled completely at a distance pay all student fees assessed to on-campus students, such as fees for health, athletics, and parking lot bonds?

• Yes
• No
• Sometimes (please explain)

14. Now let’s add tuition and fees together into a “total price.” For the course that you selected, how much more or less are distance students charged in total price (tuition plus all fees) for a three credit hour course?

• Over $250 more
• $101-$250 more
• $1-$100 more
• $0 - No difference in fees
• $1-$100 less
• $101-$250 less
• Over $250 less
Distance Education Costs

Now, let's turn our attention to "cost," which we define as: "the amount of money that is spent by the institution to create, offer, and support instruction." We understand that you probably do not have exact cost figures for each course and you will not need them. Instead, please use your best understanding of costs in the context of the course that you chose for this survey and/or the general distance education practices for your institution.

You will first be asked about relative costs for several instructional components and will be given an opportunity to openly comment on the relative costs of those components. Don't worry about "indirect costs" (building, electricity, maintenance, parking) and focus on the "direct costs" (faculty, instructional design, technology, software, assessments, etc.) as best you can.

Again, we are not asking for exact costs, just your educated impression.

15-18. How do distance course costs compare to those of similar face-to-face courses for each of the following instructional components?

<table>
<thead>
<tr>
<th>Compared to a similar face-to-face course, distance education costs in preparing for the course are...</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PREPARING FOR THE COURSE</strong></td>
</tr>
<tr>
<td>Accreditation and state authorizations</td>
</tr>
<tr>
<td>Technologies/software (LMS, SIS, teaching tools)</td>
</tr>
<tr>
<td>Admissions and enrollment, including student identity verification</td>
</tr>
<tr>
<td><strong>Compared to a similar face-to-face course, distance education costs in teaching for the course are...</strong></td>
</tr>
<tr>
<td><strong>TEACHING THE COURSE</strong></td>
</tr>
<tr>
<td>Design course specifications</td>
</tr>
<tr>
<td>Instructional design of course</td>
</tr>
<tr>
<td>Create learning materials</td>
</tr>
<tr>
<td>Select/obtain/purchase learning materials</td>
</tr>
<tr>
<td>Assuring accessibility and ADA-compliance</td>
</tr>
<tr>
<td>Delivery of course content by faculty/other means</td>
</tr>
<tr>
<td>Facilitation of group activities</td>
</tr>
<tr>
<td><strong>Compared to a similar face-to-face course, distance education costs in assessing student learning in the course are...</strong></td>
</tr>
<tr>
<td><strong>ASSESSING STUDENT LEARNING IN THE COURSE</strong></td>
</tr>
<tr>
<td>Design/select/purchase assessments</td>
</tr>
<tr>
<td>Administer/proctor assessments</td>
</tr>
<tr>
<td>Verify student identity for assessments</td>
</tr>
<tr>
<td>Evaluate/grade assessments</td>
</tr>
</tbody>
</table>

*Continued on next page*
19. Please provide any comments or insights on the relative costs for distance vs. face-to-face courses either generally or for any specific categories in the previous question.

20. Policymakers (college administrators, legislators, governors) often feel that the cost of distance education should be less than for its face-to-face equivalents. What would you say to those policymakers?

Final Questions

21. Are you taking any actions to reduce the price of textbooks and related course materials for distance students?
   - No
   - Yes (please describe how)

22. Is the pricing of your distance courses directly dependent on the cost to produce and offer those courses? (For example, for many institutions tuition is based on incremental increases to historic rates and is NOT directly tied to the actual cost of producing and offering the course.)
   - No
   - Yes (please describe how)

23. What else do we need to know about how tuition and fees are set for distance students enrolled in your institution?

24. What else do we need to know about the costs of creating, offering, and supporting distance programs at your institution?

25. Your institution:

26. Your name (all responses will be kept confidential):

27. Your email address (in case we have a question about a response):

28. Your phone number (optional, in case we have a question about a response):

   Thank you for your response. You will receive a copy of the final report.
Appendix B: Detailed Answers for Course Costs Comparison

How Do Distance Course Costs Compare to Those of Similar Face-to-Face Courses for Each of the Following Instructional Components?

Respondents were asked...Compared to a Similar Face-to-Face Course, Distance Education Costs are:

<table>
<thead>
<tr>
<th>Distance Education Costs Compared to Face-to-Face Course Costs</th>
<th>Much Less</th>
<th>Slightly Less</th>
<th>The Same</th>
<th>Slightly More</th>
<th>Much More</th>
<th>No Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INSTRUCTIONAL COMPONENTS BY GROUP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PREPARING FOR THE COURSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditation and state authorizations</td>
<td>0.5%</td>
<td>0.0%</td>
<td>41.6%</td>
<td>25.9%</td>
<td>16.2%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Technologies/software (LMS, SIS, teaching tools)</td>
<td>0.0%</td>
<td>0.0%</td>
<td>27.9%</td>
<td>34.5%</td>
<td>22.8%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Admissions and enrollment, including student identity verification</td>
<td>0.5%</td>
<td>1.5%</td>
<td>52.3%</td>
<td>24.4%</td>
<td>5.1%</td>
<td>16.2%</td>
</tr>
<tr>
<td><strong>TEACHING THE COURSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design course specifications</td>
<td>0.5%</td>
<td>0.5%</td>
<td>38.6%</td>
<td>26.9%</td>
<td>17.8%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Instructional design of course</td>
<td>0.5%</td>
<td>0.5%</td>
<td>20.3%</td>
<td>31.5%</td>
<td>31.5%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Create learning materials</td>
<td>0.5%</td>
<td>1.5%</td>
<td>31.0%</td>
<td>34.0%</td>
<td>16.8%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Select/obtain/purchase learning materials</td>
<td>0.0%</td>
<td>2.5%</td>
<td>54.8%</td>
<td>20.3%</td>
<td>6.1%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Assuring accessibility and ADA-compliance</td>
<td>0.0%</td>
<td>1.0%</td>
<td>30.5%</td>
<td>32.0%</td>
<td>20.8%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Delivery of course content by faculty/other means</td>
<td>3.0%</td>
<td>1.5%</td>
<td>52.3%</td>
<td>20.8%</td>
<td>6.6%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Facilitation of group activities</td>
<td>0.5%</td>
<td>2.5%</td>
<td>59.4%</td>
<td>17.8%</td>
<td>4.1%</td>
<td>15.7%</td>
</tr>
<tr>
<td><strong>ASSESSING STUDENT LEARNING IN THE COURSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design/select/purchase assessments</td>
<td>0.0%</td>
<td>1.5%</td>
<td>62.4%</td>
<td>16.8%</td>
<td>3.6%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Administer/proctor assessments</td>
<td>0.5%</td>
<td>2.0%</td>
<td>32.5%</td>
<td>37.1%</td>
<td>12.2%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Verify student identity for assessments</td>
<td>0.0%</td>
<td>0.0%</td>
<td>40.6%</td>
<td>35.0%</td>
<td>8.1%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Evaluate/grade assessments</td>
<td>1.0%</td>
<td>2.0%</td>
<td>71.1%</td>
<td>9.1%</td>
<td>1.0%</td>
<td>15.7%</td>
</tr>
<tr>
<td><strong>SUPPORTING STUDENTS AND FACULTY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student orientation and training</td>
<td>4.1%</td>
<td>3.6%</td>
<td>45.2%</td>
<td>27.9%</td>
<td>3.0%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Faculty training</td>
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<td>0.5%</td>
<td>25.9%</td>
<td>35.0%</td>
<td>22.8%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Library and other distance learning resources</td>
<td>0.0%</td>
<td>2.5%</td>
<td>52.3%</td>
<td>24.4%</td>
<td>4.6%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Tutoring and academic course assistance</td>
<td>0.0%</td>
<td>5.6%</td>
<td>44.7%</td>
<td>25.4%</td>
<td>8.6%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Retention services</td>
<td>0.0%</td>
<td>4.6%</td>
<td>58.9%</td>
<td>15.2%</td>
<td>5.6%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Help desk for technical support</td>
<td>0.0%</td>
<td>0.0%</td>
<td>43.1%</td>
<td>26.9%</td>
<td>14.2%</td>
<td>15.7%</td>
</tr>
<tr>
<td>Academic Advising</td>
<td>0.0%</td>
<td>1.5%</td>
<td>65.5%</td>
<td>13.2%</td>
<td>4.1%</td>
<td>15.7%</td>
</tr>
</tbody>
</table>