

Assessing the Costs and Benefits of Distance Learning Programs

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June 2008

University of Idaho

Are the Benefits of Distance Education (DE) Worth the Costs?

A Reality Check

- ◆ If your strategic goal is to increase access to your courses/programs (and you have the money to invest):

A qualified YES

- ◆ If your strategic goal is turning a profit on the courses/programs you deliver:

A qualified NO

Distance Education (DE)... a Definition of Terms:

- ◆ Distance Education takes place when a teacher and student(s) are separated by physical distance; and technology, sometimes supported by face-to-face communication, is used to bridge the instructional gap

- ◆ A Reality Check: All DE is not “online” instruction AND all “online” instruction is not DE
 - ▶ Don’t get drawn into the assumption that the latest technology is always the right technology

When Competing for DE-Students... Remember:

- ◆ It's an international "buyer's" market...more program options than students
- ◆ Many struggle to maintain market share they once commanded
- ◆ Only three ways to succeed:
 - ▶ Higher quality (Better)
 - ▶ Less expensive (Cheaper)
 - ▶ Most innovative (Different)
- ◆ To survive, you need two
- ◆ To thrive, you need all three
- ◆ How do your courses/programs and academic/student support services stack up...internationally?

Cost Efficiency vs. Cost Effectiveness

◆ **Cost Efficiency:**

- ▶ How expensive is DE in comparison to other forms of instruction?

◆ **Cost Effectiveness:**

- ▶ Are the educational outcomes resulting from DE worth the costs?

◆ **Cost Benefits:**

- ▶ What can DE provide that conventional education can't?
- ▶ Are these benefits worth the cost?

◆ **Is DE Efficient? Is DE Effective?**

- ▶ The challenge is to answer these questions for your institution
 - ◆ Don't assume that because DE is efficient/effective for other institutions, the same will hold true for your institutional context

Cost Efficiency...

- ◆ DE is often considered cost efficient because of its potential to benefit from economies of scale (one course drawing students from many locations)
- ◆ Because DE course enrollments are not restricted by classroom size, per student costs decrease as enrollment increases
 - ▶ Reaching this potential is based on reputation, quality, costs...in a very competitive public and private market
- ◆ Easier said than done...in the long run

Cost Issues to Consider:

- ◆ Don't just focus on one-time costs:
 - ▶ Initial investments in computers, servers, and technology
 - ▶ Curriculum development/adaptation costs
 - ▶ Faculty pay for developing material

- ◆ We ALSO need to focus on continuing costs:
 - ▶ Student and academic support
 - ▶ Course/program revision
 - ▶ Program administration
 - ▶ Marketing
 - ▶ Research and development
 - ▶ Technological infrastructure
 - ▶ Maintenance, repair, systems upgrading

The Benefits of Distance Education Have Associated Costs:

- ◆ By **improving access**, DE programs can increase enrollment...although it could be costly to do so depending on the delivery technology used and the student services offered
- ◆ **Remote populations can be well served** by DE programs and services. They will often pay a premium for these services and will balance the higher cost with the inconvenience of needing to relocate to a distant campus, or leave a job

DE Benefits and Costs Continued...

- ◆ **Quality of the DE experience can be enhanced** through appropriate technology, adequate bandwidth, well designed courses and programs, and effective student support services
 - ▶ The provision of all these services is expensive and must be factored into program costs

- ◆ **Short-term revenue increases may appear through increased initial enrollments**
 - ▶ Often, DE drop out rates are higher, however, so completion rates might actually decrease
 - ◆ Completion rates are often determined by who is paying the bill. Most businesses only reimburse upon successful course completion.

Costs and Benefits “Lessons Learned”

- ◆ Track all technological infrastructure costs including maintenance, repair, and upgrading
- ◆ Develop a plan for technological life-cycle costing
 - ▶ When you track the real costs of technological program support, realize that whoever funded the infrastructure will eventually need to be paid back...one way or another
- ◆ Don't purchase technology one piece at a time
- ◆ Develop current and next generation technology at the same time
- ◆ When it comes to the costs of technology and DE, promise small, deliver big

Market & Stakeholder: “Lessons Learned”

- ◆ No program can be all things to all people
 - ▶ Analyze your audience constantly (they don't run away...they fade away)
 - ▶ Use focus groups, formative evaluation, and post card surveys
 - ▶ Focus on niche programs and test the market with short courses and certificate programs

- ◆ Develop a cost return model that gives something (even a little) to all stakeholders (e.g., administration, technical services, departments, faculty, alumni)
 - ▶ The more friends you have the better
 - ▶ It's amazing how little it costs to keep stakeholders on your side

- ◆ Work with international organizations composed of those who provide the same programs that you do. You'll find they quickly become friends more than competitors...and you'll end up sharing information to the betterment of all

Let's end by asking the same question we started with:

Are the Benefits of DE Worth the Costs?

The answer is likely “Yes” if:

- ◆ Your primary aim is to provide/increase access, not make money
- ◆ You offer a program that is valued (more than your competition) by potential students and industry alike
- ◆ You can generate enough income to cover initial and on-going costs of technology, program development, student services, and implementation of it all...and keep a reserve for new and improved programs...as well as the unplanned emergency