

Cost of Online Learning

Affordability Workgroup

June 21, 2016

Tactics:

- Determine and define the elements that should be captured for the cost model and obtain and analyze data from institutions. (4.2.1)
- Develop models to achieve cost savings and cost avoidances in the development and delivery of online education. (4.2.2)
- Determine means to optimize use of the distance learning course fee to enhance the design, development, and delivery of online education. (2.1.1)

Online Learning is essential to institutional growth in Florida

- Provides access to education
- Promotes increased credit hour generation with the potential to reduce time to degree
- Aligns to needs of many students who work, have families and other obligations enabling students to complete
- Allows for more efficient use of facilities and allows for growth online
- Is a significant part of each institution's overall strategy for enrollment and growth to meet the workforce demands in Florida

Affordability approaches to differentiating tuition and fees for online programs

- 37 states assess a distance/online learning fee and are experimenting with different approaches to tuition and fees to include examples as follows:
 - The Georgia system has implemented a statewide vehicle to support online learning through "GeorgiaOnMyLine" <http://www.georgiaonmyline.org> that supports a common LMS and other common technical infrastructure as well as shared courses and programs with Georgia's eCore <https://ecore.usg.edu> and Georgia's eMajor <https://emajor.usg.edu>. Also, Georgia has eTuition model authority.
 - University of Wisconsin Flexible Option has been implemented in the University of Wisconsin Extension system to fully support competency-based education through a series of shared programs and experiences. This model is geared toward adult learners and has positive cost implications for students. <http://flex.wisconsin.edu>
 - Open SUNY and its affordable learning solutions <http://opensunyals.org> that support Open Textbooks, Open MOOCs and shared resources among 8 of the 64 institutions in the system. Open SUNY is a new innovative organization that supports all SUNY institutions through shared professional development, course development models across

the system creating some efficiency.

- Kentucky Community and Technical College System has implemented a competency-based model for students where students pay subscription pricing monthly and are allowed to accelerate as quickly as possible to complete a degree. Courses start every week and prior education credit is considered. http://www.kctcs.edu/KCTCS_Online.aspx

Online Learning Expenditures by Institution

How much does it cost the institution to provide online learning?

To determine costs, we did a deep review of the literature, studied other online cost studies and as a workgroup determined what major category areas describe the costs to produce and deliver online learning on a campus. We reviewed the annual BOG Expenditure Analysis but recognized that it does not cover auxiliary costs nor are the categories of expenditures consistently booked across institutions around direct instructional support, information technology and overall staffing. In our discussions, it also was revealed that institutions expend funds for online learning in multiple ways:

- Assess no fee to support costs of distance learning
- Use a variety of fund sources that may include the distance learning fee, E&G support and other auxiliary,
- Completely cover the costs of distance learning through the distance learning fee
- UF Online is supplemented with an annual legislative allocation to support costs of operating UF Online to a specific population of students.
- Complete Florida is subsidized with an annual legislative allocation for colleges, universities and privates to support shared services including: concierge student services, oversight and new innovative course delivery approaches to serve a subset of the student population (adult non-degree completers).

Recognizing that there are costs to produce and maintain online learning on campuses, we agreed that the categories explaining the costs of online learning were consistent even if the fund source was variable. As a result, we identified seven areas of expenditures and requested each institution provide baseline data for further confirmation of the model.

Expenditure Analysis Costs Model

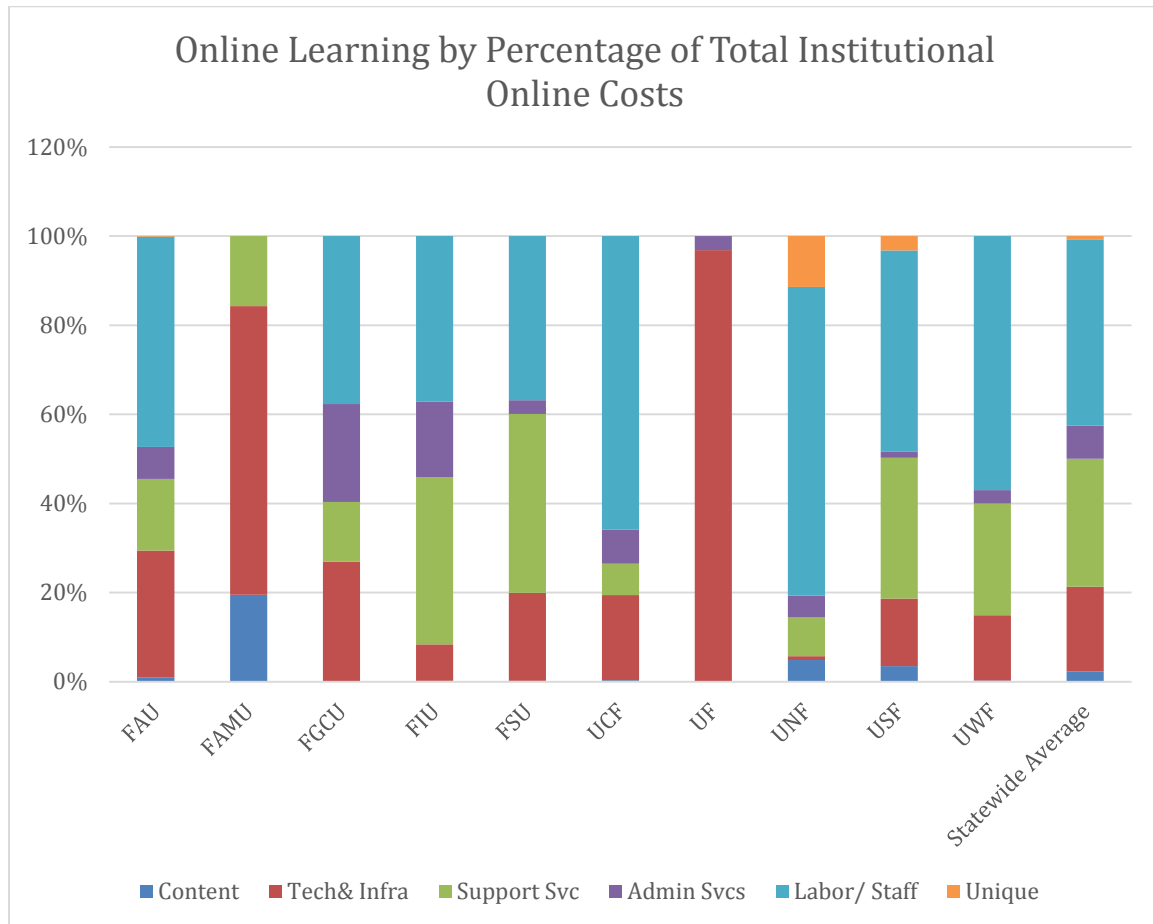
1. Content
2. Technology Infrastructure
3. Student Services
4. Administrative Services
5. Staffing
6. Facilities
7. Other

When data were reviewed, we decided to separate the facilities costs from the expenditure analysis due to very inconsistent responses (and needed more clarity around data definition) and will await guidance on how to manage next steps.

Table 1 describes how each institution expended funds to support online learning. As expected labor was the largest percentage of expenditure with instructional designers, media developers, trainers and other

support staff that maintain online learning on each campus. The support services and technical and infrastructure costs also yielded a larger portion of the total explanation. Note the statewide average found in Table 1.

Table 1: Online Learning by Percentage of Total Instructional Costs



How much does a fully online undergraduate degree cost a student?

To respond to this question, the workgroup looked at the total tuition and fees assessed to students taking online courses at each institution. We did not collect financial aid awards, consider dual enrollments, 2+2 programs or other acceleration strategies that typically reduce costs of education.

To arrive at a comparable solution was nearly impossible due to the range of models used for distance learning campus by campus to include:

1. Fully online degree programs with reduced fees for students that do not come to campus,

- a. UF Online has reduced fees, but does not assess a DL fee and statutorily is required to lower tuition to 75% of tuition and assesses only 3 fees (and is subsidized for the supplemental, foundational costs to institution) and
- b. FIU Online that reduces specific fees for students that identify as fully online and do not come to campus
2. Fully online degree programs that do not reduce fees
3. Programs that have online learning courses as an option for students, but typically students would attend one or more courses on campus. In this model, fees are typically not reduced.

The Tuition and Fee Financial Reporting Template is included for informational purposes. Note this template was completed for the 2-15-16 academic year and does not reflect the reduction of the distance learning fee for institutions that were above the \$30 average. This template does not take into account the total cost of a degree with transportation, housing, food, books, etc. It also does not attempt to predict levels of financial aid awarded to the student to get a reliable cost to degree.

Suggestion would be to model the 2013 report "Cost of Degree to Student, State and Institution" http://www.flbog.edu/about/budget/docs/cost_per_degree/Cost-Per-Degree-Report-FINAL-06-03-2013.pdf and replicate with the same assumptions inserting the modification to fees to include the distance learning fee by institution and subtract the fees that are not assessed to fully online students. To build a comparable cost, it is recommended that all of the same data fields be provided.

Table 3: Example Excerpted from 2013 Study by Florida Workgroup for Florida Board of Governors

Table 5: 2011-12 Student cost-per-degree

	A	B	C	D	E	F	G	H	I
	Student Tuition & Fees for 120 SCH	Books for 4 Years	Total Tuition, Fees, & Books for 120 SCH	Total Financial Aid	Undergraduate FTE Enrollment	Financial Aid per FTE (D/E)	Financial Aid per FTE Converted to Credit Hours (F/30)	Estimated Total Financial Aid per Enrollment (G*120 SCH)	Net Student Cost per Degree (Tuition, Fees, Books less Total Financial Aid) (C-H)
FAMU	\$20,706	\$4,552	\$25,258	\$62,688,741	9,420	\$6,655	\$221.83	\$26,619	(\$1,361)
FAU	21,932	3,756	25,688	82,064,181	20,111	4,081	136.02	16,322	9,366
FGCU	22,130	4,800	26,930	36,123,127	9,778	3,694	123.14	14,777	12,153
FIU	22,700	4,640	27,340	139,787,877	32,381	4,317	143.90	17,268	10,073
FSU	23,300	4,000	27,300	137,430,059	30,416	4,518	150.61	18,073	9,227
NCF	20,200	3,200	23,400	5,976,849	955	6,258	208.62	25,034	(1,634)
UCF	22,336	3,696	26,032	179,649,384	44,842	4,006	133.54	16,025	10,006
UF	22,626	4,280	26,906	175,976,665	31,595	5,570	185.66	22,279	4,627
UNF	22,507	4,000	26,507	51,616,996	12,595	4,098	136.61	16,393	10,114
USF	23,222	6,000	29,222	151,748,281	31,204	4,863	162.10	19,452	9,770
UWF	21,701	4,800	26,501	34,389,704	8,390	4,099	136.63	16,396	10,105
Systemwide	\$22,123	\$4,339	\$26,462	\$1,057,451,864	231,687	\$4,564	\$152.14	\$18,257	\$ 8,205

NOTES:

Tuition and fees and student gift aid are held constant.

Undergraduate FTE enrollment is based on Education & General state fundable credit hours (based on US FTE definition)

Financial Aid includes scholarships and grants from the SUS Student Financial Aid File (excludes loans).

The estimate for student books comes from each institution's 2012-13 Work Plan.

Examples of Cost for Institutions with Mature Online Learning Programs

State University System Institutions in Florida have invested in online learning at different levels, with some institutions being early adopters to online learning and making it part of the overall institutional growth strategy. In many cases, it was in response to student need as well as the need to expand access when classroom capacity became limited or when institutions strategically planned for expansion beyond the school to fully online distance learning programs where students do not attend class and may be more than 50 miles away from the campus. Other Florida Institutions have not reached maturity in online learning, but are moving forward aggressively, building necessary supports and infrastructure to maintain high quality online programs. Included are three examples of mature institutional investments with the intent of demonstrating successful outcomes.

University of Central Florida: Online Student Impacts on Time to Degree Completion

For full time FTIC students, the research at UCF shows that the higher the percentage of online learning courses taken, the more time to degree is reduced. Table 2 is the Undergrad FTIC cohort, the full report is found in Appendix A. This represents a solution to a Finish in Four model where students supplement the face-to-face experience with online courses allowing students to work as well as managing other priorities in their busy lives, which is a common student experience.

Table 2: Cohort Undergraduate Full Time FTIC

Students Earning Degrees in each Academic Year Displaying Average Years to Degree by Student Type, Full-Time Status, and On-Line Course Participation

Cohort Detail:

- Students earning a Bachelor or Master's degree in each academic year who started at UCF by Summer 2004 are included.
- Students are considered 'Full-Time' if at least half of all the terms they were enrolled in that career were at full-time status.
- Percent On-line = SCH taken in courses with a delivery mode of WW, V, RV as a percent of Total SCH

Acad Years to Degree = 3 semesters and is not restricted to enrolled terms

Cohort: Undergrad-FTIC - Full-Time

				2010-11		2011-12		2012-13		2013-14		2014-15	
				N	Avg. Yrs	N	Avg. Yrs	N	Avg. Yrs	N	Avg. Yrs	N	Avg. Yrs
Bachelor	Undergrad -FTIC	Full-Time	0% - Face-to-Face only	301	4.22	282	4.27	260	4.36	219	4.34	231	4.33
			1-20% online	3091	4.25	2894	4.31	2509	4.29	2227	4.30	2155	4.27
			21-40% online	616	4.11	1041	4.11	1403	4.17	1489	4.18	1556	4.13
			41-60% online	77	3.92	109	3.98	172	3.82	281	3.83	381	3.99
			61-80% online	12	3.17	8	3.63	12	3.44	17	4.00	30	3.66
			81-99% online	1	3.33	1	4.67	1	4.33	6	2.94	5	3.00
			100% - Online only	.	.	.	.	.	.	1	1.67	.	.
Total				4098	4.22	4335	4.25	4357	4.24	4240	4.22	4358	4.19

Cohort: Undergrad-FTIC - Part-Time

				2010-11		2011-12		2012-13		2013-14		2014-15	
				N	Avg. Yrs	N	Avg. Yrs	N	Avg. Yrs	N	Avg. Yrs	N	Avg. Yrs
Bachelor	Undergrad -FTIC	Part-Time	0% - Face-to-Face only	13	5.36	16	5.65	20	5.78	20	5.80	28	6.05
			1-20% online	145	5.14	151	5.29	122	5.72	120	5.86	102	5.75
			21-40% online	47	4.99	55	5.03	86	5.30	91	5.40	110	5.23
			41-60% online	6	4.61	9	5.96	14	5.17	21	5.13	24	4.53
			61-80% online	1	6.00	.	.	3	5.67	4	3.67	9	4.19
			81-99% online	.	.	.	.	1	3.33	2	4.00	1	4.67
			100% - Online only	.	.	.	.	1	2.67	.	.	.	.
Total				212	5.11	231	5.28	247	5.52	258	5.59	274	5.41

Source: Degree Fact, SIF

University of Florida: Fully Online Students Effects of Scale

With the implementation of UF Online, researchers at UF have been looking at the impacts of taking fully online courses to scale.

- The scale effect will produce a marginal cost multiplier of .4 - .5 so for example:
- Double SCH = $2(54,400)=108,800$
- Total Cost = $\$11,785,000 + (.45)(11,785,000) = \$17,088,250$
- And the cost per credit hour is reduced from \$217 to \$157 per credit hour.

Below are some figures used by UF to demonstrate the savings realized by the citizens of the state –

- UF Online $(54,000)(\$129.15)^* = \$7,027,392$
- Standard UF $(54,000)(\$210.43)^* = \$11,447,392$
- (in-state)
- *Tuition and fees per SCH

The University of Florida monitors its costs course by course for all online courses (UF Online and all other online courses) and is able to monitor course section needs and development costs as well as monitoring course quality. Demonstration of success of online learning is evidenced through students taking the ETS Major Field Test in Business. Our students are all taking the same courses and consistently scoring very high on the test at the end of their degree program as compared to the beginning of their program.

N=994	N=32	N=177	N=89	N=54	N=262	N=23	N=79	N=120	N=143
All Grads	Freshmen	ATG	BABA	ES	FIN	IS	MGT	MKG	IBA
170	138	177	166	176	172	168	164	167	164
95%	1%	95%	95%	95%	95%	95%	95%	95%	95%

Florida International University: Fully Online Student Differentiated Fees Approach for FIU Online 2.0

FIU has developed a model for students that are admitted to fully online programs in FIU Online 2.0 where students are assessed fewer fees and do not come to campus. The example below was pulled in the 2015 academic year and does not reflect changes to the distance learning fee for the 2016-17 academic year that will be implemented on July 1.

1.0

Students that are admitted in a face to face program that are enrolled in online courses

2.0

Students admitted in a fully online program

Student Tuition and Fees

Per Credit Hour:	Resident Charge	Non-Resident Charge	Resident Charge	Non Resident Charge
Tuition	\$ 105.07	\$ 105.07	\$ 105.07	\$ 105.07
Tuition Differential	\$ 52.29	\$ 52.29	\$ 52.29	\$ 52.29
Out of State Fee	\$ -	\$ 393.62	\$ -	\$ 111.49
Financial Aid	\$ 5.25	\$ 5.25	\$ 5.25	\$ 5.25
Out of State Financial Aid	\$ -	\$ 19.68	\$ -	\$ 5.57
CITF	\$ 6.76	\$ 6.76	\$ -	\$ -
A&S	\$ 12.87	\$ 12.87	\$ -	\$ -
Athletic	\$ 16.10	\$ 16.10	\$ -	\$ -
Technology	\$ 5.25	\$ 5.25	\$ -	\$ -
Total Tuition and associated fees	\$ 203.59	\$ 616.89	\$ 162.61	\$ 279.67
Distance Learning Fee (\$160 per 3 credit course)	\$ 53.33	\$ 53.33	\$ 53.33	\$ 53.33
Total per credit	\$ 256.92	\$ 670.22	\$ 215.94	\$ 333.00
Total for a 3 credit course	\$ 770.76	\$ 2,010.66	\$ 647.82	\$ 999.00
Semester¹:				
Health	\$ 93.69	\$ 93.69	\$ -	\$ -
Athletic	\$ 10.00	\$ 10.00	\$ -	\$ -
Parking (Fall & Spring)	\$ 90.55	\$ 90.55	\$ -	\$ -
Parking (Summer)	\$ 84.44	\$ 84.44	\$ -	\$ -
Annual:				
Photo ID	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00

Strategies to Develop Cost Savings and Cost Avoidances

- An eTuition rate for FULLY ONLINE DEGREE PROGRAMS that is a flat rate across the system focusing exclusively on the fully online student that will not attend campus.
- Shared fully online degree programs at lower cost than regular tuition, a subset of fees, no textbook (use of existing electronic resources in the state) and administration by one institution. The Georgia system has done this very successfully using a cost recovery approach.
- Sharing services. Currently the Florida Virtual Campus provides shared services for the online course catalog, transient application process, open educational resources including 100 free textbooks for use in Florida, career education planning and invested this year in shared DL Professional Development in partnership with the CAVP.
- Common LMS. The BOG has established a contracting vehicle for SUS Institutions and Colleges to opt into a common Learning Management System. This is cost saving implications as well as opens doors to shared programs and other services.
- Competency-based education using subscription pricing for a students giving students the option to take as many courses as possible during the subscription period.
- Shared fully online general studies at a lower cost (as general studies supports 65% of students taking courses across the state at any given time, this has great potential impact).

Appendix A: UCF Reduced Time to Degree Completion Study

See attached.

For Discussion

Appendix B: Tuition and Fee Financial Reporting Template

See attached.

For Discussion