THE COSTS OF NETWORKED LEARNING -
AN INTERACTIVE WORKSHOP

*Charlotte Ash, Sheffield Hallam University, Professor Paul Bacsich, Sheffield Hallam University*

Abstract

This workshop will be based heavily on the ongoing Costs of Networked Learning work undertaken by Sheffield Hallam University. Phase one of the study, which ran from January to June 1999, proposed a planning document and financial schema that together would accurately record the costs of networked learning. During phase one a number of issues were raised both by the study team and by other stakeholders. These issues need to be resolved during phase two of the project, starting later this spring, so that the framework offers the most acceptable solution to its potential users.

Introduction

Despite a long tradition of costing open and distance education, costing is a subject that most educationalists - researchers, academics, and evaluators but not usually managers - shy away from. But in today's competitive and changing environment, knowledge about the cost-effectiveness of a particular course is an 'edge on the rest of the market'. Establishing a universal but realistic costings framework is the first small step towards knowing the cost-effectiveness of each course offered.

The "Costs of Networked Learning" project - started in early 1999 in answer to a call for proposals by the Joint Information Systems Committee (JISC). The project aimed to uncover the hidden costs of networked learning and to develop a schema for recording all costs. The study team found that there were two types of hidden costs: those which were fundamentally unrecorded (such as academic staff overtime) and those more generally absorbed into larger budgets (therefore unable to be attributed to an individual activity or even genre of activity). After the publication of the project report in October 1999 the study team were asked to propose phase two of the study. This phase takes the theoretical framework proposed in phase one and develops it into a practical handbook. The project starts in May 2000 and runs for a further six months. Part of phase two is to resolve a number of contentious issues, such as the recording of academic staff time - an essential part of Activity-Based Costing, but an acknowledged anathema to academics. These issues are outlined in full below. We aim to discuss a number of these during the workshop in order to foster debate and begin the process of consultation - we hope to be able to find solutions based on the input of the people who will be using this costings framework.
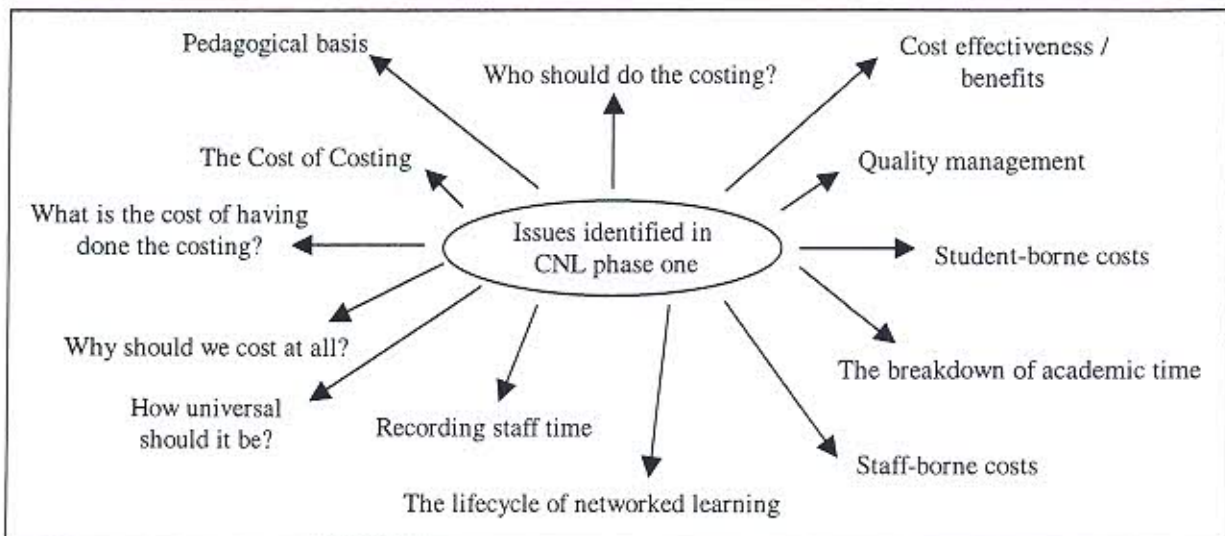
diagram one - a spider diagram of the issues identified in phase one of the CNL project

Presentation of Key Issues

1. Why should we cost at all?

The average person could be wondering where the sudden interest in costing has sprung from. On the one hand the Funding Council wants us to record, in a transparent manner, how we spend our research grants; and on the other we are being asked how much it costs to run our courses. This interest in costing is not a recent obsession, indeed costing has been going on quietly for a great number of years, especially by providers of distance education. Its sudden breakthrough to the more conventional education system has been brought about by competition. Higher Education is no longer solely the remit of universities, courses are being offered by virtual universities, the non-educational sector (corporate universities) and institutions abroad. In order to continue to be a supplier of higher education each institution is going to need to streamline its operations to reach a greater, and more diverse, body of students with high quality education whilst remaining within budget. The ability to do this is dependent on the assimilation of accurate and timely costings information.

Discussion point: Should UK Higher Education be concerned about this competitive environment? What needs to be done not only to survive, but to come out on top of the rest?

2. Who should do the costing?

Once we have decided that, regardless of whether we want to cost or not, it has to be done, which poor soul is going to do it? Some might suggest this should be the role of the finance department, or that everyone should play their part and someone uninvolved should compute the final figures. Obviously everyone will have to play their part if Activity-Based Costing is adopted but whoever holds these parts together will need to be a highly skilled and dextrous individual. Not only will they need to have their personal 'Babel fish' working at all times but they will also need the patience and understanding of a trained negotiator. They will need to remain independent, so as not to bias the figures, but involved enough to understand what they mean.

Discussion point: Should there be one central person, or team of people, who gathers the figures from the Activity-Based Costing? Should Activity-Based Costing replace current costing practices and therefore be the remit of the Finance Department?

3. What is the Cost of Costing?

One of the growing concerns about these costing exercises is how much undertaking them is going to cost. We could say that the institution undertakes costing in some form already, and that Activity-Based Costing is an extension of, or better still a replacement to, that existing system. Luckily some institutions are coming up to the time when they would naturally replace their existing systems but others have just invested heavily in new software. In addition, someone is going to have to pay for the retraining of Finance Directors and their staff. And then there is the issue of non-financial disturbances, such as those that any serious change will bring about.

Discussion point: Who should pay for this change in accounting regime? Should individual institutions be expected to fund the change on a year-by-year basis? Or should the Funding Council offer extra funding to facilitate the change? Should the move to Activity-Based Costing be compulsory or at the discretion of the individual institution?

4. What is the cost of having done the costing?

The cost of having done the costing is a serious issue - once we have reallocated the hidden or unrecorded costs to the correct budgets and decided what to do with personally incurred costs, how are we going to pay the bills? The direct cost of providing education might go down, but the cost of keeping the cafeteria open may increase to the extent where serious thought has to be given to the viability of its

existence. Perhaps the cost of everything will go up, or down. How will these changes be dealt with and by whom? One thing is certain, more accurate costing information will highlight successful and struggling academic programmes; but hopefully the decisions whether to continue with them will be based on more than just financial concerns.

Discussion point: Is the cost of having done the costing a reasonable argument against costing? How do we deal with the anticipated fluctuation in the cost of university services and educational provision? Who makes the decision about what stays and what goes? And what information should that decision be based on?

5. Cost effectiveness / benefits

Despite a growing body of work about costing networked learning, the debate about the presumed efficiency, effectiveness and additional benefits, or not as the case may be, of such activities is rife. Without concrete evidence either way costing is going to remain a cold and non-academic subject. There is a genuine need to develop a methodology to measure effectiveness. As a recent report states "while the debate [about effectiveness] will continue, it is too late to turn back. Recent history suggests that both the variety of offerings and the number of individuals availing themselves of these alternative forms of learning will not only increase but will increase dramatically. The alternatives are entering - and in some circumstances, becoming - the mainstream" (NCHEMS, unpublished). In addition, institutions are concerned that there is not an accepted uniform methodology to explain how a move towards networked learning could benefit institutions in both the long and short term.

Discussion point: How important is this issue to different stakeholders - academics, managers, students? How can we prove substantially one way or the other whether networked learning is as good, if not better than, conventional teaching? Should the existence of courses be decided on effectiveness or cost alone, or should there be a joint methodology? How do we ensure that the results are conclusive and universally accepted?

6. Pedagogical Basis

Our research shows that one barrier stopping institutions moving towards networked learning is a lack of pedagogical evidence to support such a move. Is the quality of education better or is the time to study shorter when using networked learning than when not, and how can this be measured? Indeed should we be concerned with this issue at all or is the evidence in existence already?

Discussion point: What are the pedagogical reasons for moving towards networked learning, either as a support or complete delivery tool? How can these be quantified? And how useful are the findings going to be?

7. Staff-borne costs

The recognition of personally-incurred costs, by staff and students, was a major breakthrough for the "Costs of Networked Learning" study. A large majority of hidden and unrecorded costs are absorbed by staff and students (students are covered separately below). What about the expenses we incur whilst away from home on business that are not reimbursed by the institution including entertaining potential research partners, evenings out and sight-seeing whilst in a foreign country, calls home to wish the kids good-night - expenses that we would not have incurred had we not been away on business? How many of us own a home PC and use it for work purposes, be it fairly infrequently or every weekend, or what about our time, working outside of the average 9-5.30 day - is an extra hour or two, especially when up against a deadline, reasonable; what if it coincides with your partner's birthday; or extends to two or three hours every day and whole days on the weekend, just to keep up with the flow of work?

Discussion point: Is this an issue that needs addressing or will academic staff continue to put in sometimes up to sixty hours a week just for the love of the job? If we do address this issue will we end up without jobs because covering staff-incurred costs will bankrupt institutions? What about a half-way measure - institutions to cover overtime, but staff to pay for their own PCs and glasses of wine bought for work purposes, but where some choice has, supposedly, been exercised?

8. Division of academic time

When contemplating the move to Activity-Based Costing a number of issues arise about what activities the institution is involved in, and within that what activities academic staff are involved in. The 1997 KPMG / Joint Funding Councils report stated that academic time broke down into categories of teaching (undergraduate and postgraduate levels), research (grants, contracts and general research), other service activities (short courses and consultancy work), department administration (for some reason including services to professional bodies), and faculty and university administration. Three years on with the introduction of technology on a wide-scale basis are the boundaries so clear or do we need a new, more sophisticated breakdown?

Discussion point: How does your working day break down? How does this compare with that of your colleagues? What would you propose as a sectoral norm? When, and what, are the exceptions?

9. Recording of academic time

Time-sheets have generally been regarded as anathema to academic staff. But if Activity-Based Costing is adopted some form of time recording mechanism is to be expected. Time-sheets are the usual method for collecting this data, and however hated they are regularly used by a great number of people working on European-funded projects - but are they really an accurate measure of time spent on activities? The aforementioned KPMG / Joint Funding Council report suggested four methods: use information from the department's workload planning systems; ask programme managers to estimate staff time spent on each activity; conduct a survey of academic staff to estimate the proportion of time they spend on each activity; conduct a diary or time-sheet exercise, as a one-off or ongoing project. The more recent JCPSG report (1999) had similar ideas; it states that methods of allocating staff time can be split roughly into the following approaches: estimation; proxies; structured interviews and workshops; annual retrospective time allocation in percentages; in-year retrospective time allocations (about 3-6 times per annum); and sampling that meets statistical levels of precision (ie diaries).

Discussion point: What do you feel would be the most successful method of recording the time spent on activities by staff, in terms of acceptance and accuracy? What is your experience of recording time in the past? How are we going to break the negative feeling that surrounds this activity?

10. Division of the Course Lifecycle

The "Costs of Networked Learning" project team realised that in order for the costing methodology to resonate with academic staff the framework needed to revolve, at least in part, around the core activity of teaching. After a number of false starts, and a great deal of testing, a model with three phases was proposed. Cyclically it revolves around the phases of planning and development, production and delivery, and maintenance and evaluation. The model encompasses students, staff and the institution as the main stakeholders, and expects that activities such as strategic planning and facilities management take place outside what is primarily a course lifecycle model.

Discussion point: How well does this model resonate with your view of the course lifecycle? Is it simple enough to promote usage or in its simplicity does it overlook the main areas of importance? What changes need to be made to make this course lifecycle model comprehensive and acceptable to those who will use it?

11. Student borne costs

Students have been bearing part of the cost of education for years, just like staff have been marking assignments on the dining room table. We believe these costs are rising as we progress into more networked learning, both supported and whole courses. However, students are driving for networked learning: our research shows that although students believe that networked learning is increasing the cost of their education, they also believe that this is offset by a general view that it is also enhancing their experiences, making learning more enjoyable and profitable.

Discussion point: How do you feel about passing the cost of printing handouts, word-processing and printing assignments onto students? Is there are limit to how much students should have to contribute? Should they be told in advance of the expected financial contribution to their education? What effect will this transference of cost have on the participation in higher education of disadvantaged students?

12. Quality Management

During our research, concerns about the quality of networked learning materials and a lack of standards against which quality could be measured were said to be two issues restricting the introduction of networked learning. In addition, institutions also felt that networked learning, and similar initiatives, were uncharted territory; institutions are unsure about the structure and status of such activities.

Discussion point: How can this problem be addressed? Are the emerging IMS standards going to be sufficient or is a more comprehensive and specific set of standards needed? What about an evaluative framework to access the value of materials? And how can we reassure institutions about the structure and status of these activities?

13. Universality

Collaboration between internal faculties and departments, different institutions, and on a multinational basis, is becoming increasingly common for teaching as well as research. At present in any such collaboration each partner is likely to have different management, planning and financial accounting approaches, leading to difficulties in collaboration. Thus there is a great need for a uniform planning and costing methodology so that such collaborations can thrive and that organisations can negotiate with each other using a common vocabulary. Only in that way can misunderstandings be avoided. In summary, a universal approach is needed in all multi-institution, multi-faculty, and multi-national research and teaching ventures.

Discussion point: How universal should the methodology be? Should each institution adopt its own spin on an accepted methodology? Should our international partners be expected to provide the same level of information for joint activities? Will there be sector-wide analysis of the costing information provided or should it be for internal purposes only, except when jointly agreed upon by those involved?

Conclusions

During this workshop a number of the above points will be discussed, with the aim of gathering your opinions and thoughts. You will have the opportunity to influence the outcome of the "Costs of Networked Learning" phase two. These issues will also be discussed at length at other events and on the project listserv accessible at http://www.mailbase.ac.uk/lists/costs-of-networked-learning/ where your input will be most valuable. We look forward to welcoming you to our interactive workshop.

References

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Authors

Charlotte Ash
Sheffield Hallam University, School of Computing and Management Sciences
Howard Street, Sheffield, S1 1WB, UK
Email - c.e.ash@shu.ac.uk

Professor Paul Bacsich
Head of the Virtual Campus Programme
Sheffield Hallam University, School of Computing and Management Sciences
Howard Street, Sheffield, S1 1WB, UK
Email - p.bacsich@shu.ac.uk