

Issue Brief

# Cutting Costs Your Own Way

How higher education institutions can get ahead of mandatory budget reductions

## Reducing Costs Without Impacting the Quality of Education

Opportunities to ensure high-value learning from low-cost options. That is what higher education institutions are looking for as they face the squeeze of cuts from the federal budget sequestration — in addition to multiple rounds of state funding reductions. Students, too, are seeking more bang for their buck as they are increasingly subjected to higher fees for student loans and are impacted by sequester cuts in federal funding for work-study grants.<sup>1</sup>

The budget crunch for both institutions and students will continue given the ongoing economic uncertainty, calls for reducing the federal deficit, and other state and institution mandates to control costs. So what is a college or university, public or private, to do? In recent years, the answer has been annual increases in tuition and fees. But this option is becoming less viable due to growing resistance among students and parents who are understandably concerned about debt loads and the investment value of costly degrees.

Instead, institutions seek new ways to adapt to constrained budgets, without the blunt approach of across-the-board reductions that can negatively impact education quality. Higher education leaders are also looking for ways to apply technology to deliver instruction more efficiently, a move that can reduce costs for both the institution and its students. Several strategies can help institutions decrease costs and generate new revenues by using educational resources more effectively. This Center for Digital Education issue brief outlines five of these key strategies.

## The Numbers and Their Impact

### STATES ARE CUTTING HIGHER EDUCATION FUNDING ...

The Center on Budget and Policy Priorities compared higher education funding levels between FY 2008 and FY 2013 and calculated that:<sup>2</sup>

- **State spending** on higher education nationwide is down 28 percent
- **11 states** have cut spending by more than one-third
- **Only 2 states** (North Dakota and Wyoming) have not reduced funding
- **36 states** have cut spending by more than 20 percent
- **2 states** have cut higher education funding in half

### WHILE ENROLLMENTS ARE RISING ...

The State Higher Education Executive Officers Association reports that FTE enrollment grew 15.6 percent nationally from 2007 to 2012.<sup>3</sup>



### SO IS TUITION ...

The College Board reports that average tuition and fees for the 2012-2013 academic year increased by more than 4 percent for four-year institutions (public and private) and by nearly 6 percent at public two-year colleges compared to the previous year.<sup>4</sup>



### AND THE ECONOMY PLAYS A BIG ROLE IN STUDENT COMMITMENT.

- 66 percent of first-year students say current economic conditions significantly affected their choice of college.<sup>5</sup>
- Part-time students comprise 30 percent of U.S. higher education enrollments.<sup>6</sup>



## STRATEGY #1: Enhance Student Recruiting and Retention

When every tuition dollar counts, attracting and retaining on-campus students is perhaps the easiest way to increase revenues.

In terms of recruiting, a study of first-year students found that 77 percent were accepted by their first-choice school, but only 59 percent actually attended.<sup>7</sup> To improve that acceptance-to-attendance ratio, consider ideas such as:

- Posting online samplers of course content and the classroom experience as a way to introduce departments and majors. This idea can be especially useful in recruiting efforts for specialized majors or out-of-state and international students.
- Uploading videos showing campus tours, student life, learning and recreational facilities, etc. This content can encourage attendance by on-campus students who may be undecided about their final college selection.

In terms of retention, 46 percent of students don't graduate within six years.<sup>8</sup> One reason: the number of students who must complete remedial courses before starting their academic programs. The Center for Digital Education found that students increasingly need help with college readiness:<sup>9</sup>

- Sixty percent of California State University students need remedial courses.
- Seventy percent of students fail math and English entry tests for community college.

Online learning tools and content can deliver the courses that help students meet prerequisites or avoid the need to repeat courses. For all courses, instructors gain a better view into student progress and learning needs through technologies for student polling and interaction, as well as real-time student performance dashboards and analytics. Together, these tactics help the institution improve on-time graduation rates. Students benefit from a more satisfactory educational experience and the ability to save money and enter the workforce sooner.

Also playing a part in enticing tech-savvy students to campus and keeping them there? New technologies and instructional models that increase the learning value of the in-person, in-class experience. New active learning technologies — such as lecture capture, instructor recordings of tutorial videos and podcasts, and tools for student-to-student and student-to-instructor interaction during class time — enable professors to better address real-time and individual learning needs and allow students to increase their learning outside of class.

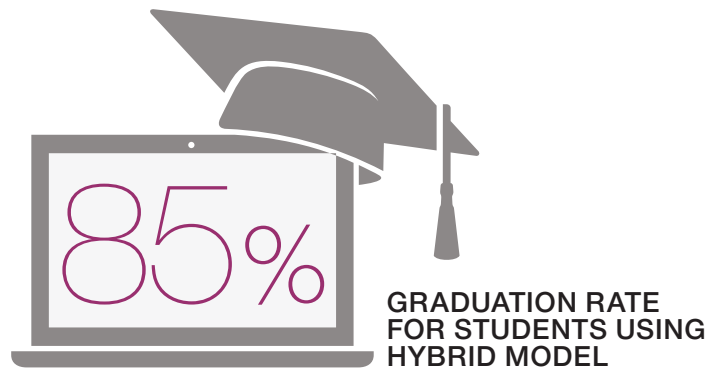
New instructional models include the flipped classroom, where students watch a professor's recorded lecture prior to class time, and hybrid courses that blend both online and in-person learning. At Drexel University, a hybrid model of online and classroom instruction serves 50 percent of students in the College of Information Science. This model is proving to be very effective, with these students having the highest graduation rates (at 85 percent) compared to Drexel's on-campus-only and online-only students.<sup>10</sup>

Meanwhile, research exploring the impact of flipping the classroom in a pharmacy course at the University of North Carolina at Chapel Hill revealed that 91 percent of the students felt that their learning was enhanced using this model.

## STRATEGY #2: Expand Distance Learning

For the next strategy, look at how to attract more students without necessarily bringing them to campus. Offering distance learning courses and degrees is the key, even though it may seem too well established to be an exciting new strategy. The difference today comes from leveraging the innovative appeal and effectiveness of new learning technologies, including:

- Lecture capture and playback technologies for recording an instructor's classroom lecture and posting it online for later viewing by both on-campus and distance students.
- Live webcasts that allow same-time class participation by all students, from any location with Internet access.



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- Video tutorials and podcast recordings that enable instructors to answer common questions and expand their presentation on key topics.
- Tools that make distance learning truly interactive by allowing students to submit real-time questions during lectures, and instructors to poll students on understanding.

The University of Toledo uses these technologies to deliver more than 400 distance courses. The program has gained 100 percent instructor participation and combines lecture recordings and other online tools to educate distance students, including active duty military members stationed at posts around the globe.<sup>11</sup>

Distance learning programs also attract non-traditional students such as working professionals and students who need to fulfill continuing education requirements. Clemson University's master's-level program in supply chain and logistics draws working professionals who travel extensively. By downloading the recorded lectures, the students can take advantage of travel time to keep up with their courses. Clemson benefits by reaching students from around the world with a program that brings new revenues to the university as well as positive relationships with their employers.

### STRATEGY #3: Reduce IT Costs

Increasingly, students are bringing their own computing devices to campus — and more of them. From laptops to smartphones to digital tablets, students often have multiple ways to access course content, the campus learning management system and Internet resources. With fewer students needing institution-owned computers, IT can reduce capital and operating expenses and the institution can repurpose computer labs into classroom space.

It is also possible to implement new active learning technology in classrooms without increasing the operational and support burden on IT tech staff (as well as the associated costs). Several characteristics of active learning technology offer value to higher education IT departments:

- Integration with other content and learning systems to simplify course delivery.
- Automatic operation for instructors to reduce requests for technical support and allow scalability across numerous classrooms.
- Centralized monitoring and control that saves time for IT management and troubleshooting.
- Web-based content access for students that eliminates the need for customized software.

### STRATEGY #4: Streamline Staff Training

Active learning technologies and new teaching styles aren't just for students — they can also benefit employee training. Picture the traditional model of training, where everyone gathers in a conference room at a designated time. The training itself can seem like a never-ending stream of boring slides that is grudgingly endured until employees can get back to their "real" work.

Now picture employees who access training materials online — with their choice of time, place and device — so they can give the training their full attention. Active learning technologies make this flexible form of training delivery possible for employees. The technologies also give trainers tools for creating interactive programs that stimulate higher employee engagement, understanding and success.



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## STRATEGY #5: Accommodate Over-Enrolled Courses

Too many students, too little classroom space is a common conundrum for high-demand courses. A blended learning model makes better use of existing classroom space by delivering all or part of a course online. The University of Toronto found that by making a popular course available online as well as in the classroom, the professor was able to accommodate a course enrollment that nearly tripled. And by using active learning tools to deliver tutorials and answer questions, the professor didn't experience a comparable increase in his overall teaching workload.<sup>12</sup>

When courses require less classroom time, the institution can make more use out of existing facilities. The institution may even be able to avoid the budget-busting costs of constructing new buildings with their associated staffing, parking and facilities infrastructure.

## Conclusion

Tight budgets are likely to be the dominant factor in higher education decision-making for some time to come. It may seem a paradox, but the answer lies in making investments — in new active learning technologies and new strategies for attracting students and delivering instruction. The results of these investments can help a college or university adapt to declining budgets — even thrive in spite of them.

## Endnotes

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More than two million students in 6,000 classrooms at 600 institutions in 30 countries rely on Echo360 active learning technology to enhance their educational experience before, during and after class. Developed for educators by educators, Echo360 increases in-class participation with digital polling, provides a rich out-of-class experience by recording and sharing course instruction, and delivers deep usage analytics to help instructors gauge student progress in a course. Students watch, collaborate and participate on smartphones, tablets and laptops, where ever, whenever they choose. Echo360 was recognized with the Product Line Strategy of the Year Award from Frost & Sullivan, is CSIA-certified for outstanding customer service, and was named a Visionary Vendor in Educational Technology by IT research firm Basex. Echo360 is backed by Revolution Growth led by Steve Case, Ted Leonsis and Donn Davis.