

## **1. INTRODUCTION**

There is general agreement among economists as to the potential economies of scale that can be reaped by distance education systems, and a number of general models have been developed to explain how the costs of distance education systems are structured and behave (see section 8.2 below). The majority of the models are, however, relatively crude and there is much less consensus about the best way of actually costing distance education. Indeed those developing and working in such systems have frequently under-estimated the costs involved or found it difficult to explain and justify the level of costs and their behaviour to their political masters, the governments or institutions that have set them up (Snowden and Daniel, 1980, p.76; Swinerton and Hogan, 1981, p.1).

These problems are severe enough where one is dealing with a purpose-built institution that has been established solely to teach at a distance. When one comes to deal with the situation in which a distance-teaching unit is set up within a conventional institution, these problems of understanding are exacerbated because there are no common measures for establishing and comparing the costs of conventional and distance teaching. A major purpose of this handbook is to discuss these issues and propose practical solutions which will be of use to administrators and decision-makers working in institutions that teach both by conventional face-to-face means and at a distance.

While the handbook is specifically addressed to those who are working in higher education institutions, much of what is said, particularly in the latter sections, is applicable to any institution that is teaching by both conventional and distance means.

The problem has been given added urgency by the very real pressures many institutions are now under to improve efficiency by increasing their output and/or decreasing their absolute costs (sometimes having to do both of these things at the same time by teaching more students for less money), and to explain and justify their costs.

If educationalists are to respond to these challenges they must be able to analyse and explain the relative costs of educational programmes at different levels (primary, secondary, higher, etc) using different modes of delivery (conventional full-time or part-time, at a distance), and relate these costs to both inputs (particularly staff) and outputs (notably certificated students or graduates).

### *Costing distance education*

This requires an ability:

1. To identify the costs of the *teaching* system as a whole by separating out the costs of research and other *non-teaching* activities.
2. Having identified the absolute cost of the teaching, to identify clearly the activities and outputs of the distance education subsystems and distinguish these from those of the conventional teaching subsystems.
3. To identify the costs of particular academic teaching programmes and courses. (These terms are explained in section 3.1.)

This will be facilitated if the budgeting and accounting systems can be structured in a way that will support analysis of teaching, programme and course costs.