

COST PLANNING TOOL INSTRUCTIONS

The Cost Planning Tool (CPT) is a formatted spreadsheet that enables institutions to compare the before costs (the traditional course) and the after costs (the redesigned course) and demonstrate cost savings. It consists of one worksheet with a set of columns for the traditional course and a corresponding set of columns for the redesigned course.

Annual Cost of the Traditional Course

The worksheet calculates the cost of one section taught by a full-time faculty member by dividing the average salary and benefits for all full-time faculty teaching developmental math by the number of sections taught by one full-time faculty member in fall and spring (do not include summer).

The cost of a section taught by an adjunct or part-time faculty member is easily determined by entering the salary and benefits the institution pays one adjunct to teach one section.

You then enter the total number of students taking the course, the enrollment in a single section, the total number of sections offered in fall and spring (do not include summer), and the number of sections taught by each kind of faculty.

The CPT will automatically calculate the total cost of sections taught by full-time faculty and the total cost of sections taught by adjunct faculty.

You then enter the costs of course coordination and the costs of other personnel involved in the course such as tutors, undergraduate tutors, and lab professionals.

The CPT will automatically calculate the total cost of the course as well as a cost per student (total cost is divided by the number of students enrolled in the course.)

Specific instructions for each step are included in the relevant cells. Click on the red triangle in the upper right corner of a cell to see the specific instructions.

Annual Cost of the Redesigned Course

Repeat the process for the redesigned course.

IMPORTANT: Use the same salaries for full-time and adjunct faculty that you used in the traditional calculation. The reasons for using the same baseline salary figures from the traditional course rather than the actual salaries from the redesigned course are to demonstrate the course's structural-change effect on cost and to isolate the impact of the redesign on those changes. Were one to use actual redesign salaries, the effect might be to deflate the savings simply because of salary increases at the institution between the two time frames. (Example: instructor salaries in 2009/10 = \$30,000; instructor salaries in 2011/12 = \$32,000.)

EXCEPTION: If your cost reduction strategy is to increase the number of sections instructors carry for the same workload credit, change the cost of that type of section appropriately by using the traditional salary and benefit figure as a base.

Example

- Traditional: Each full-time faculty carries 10 sections annually (fall and spring) for a full-time workload; each section costs \$8,000.
- Redesign: Each full-time faculty carries 20 sections annually (fall and spring) for a full-time workload; each section costs \$4,000. Enter \$4,000 for the cost of a faculty-redesigned section.

Again, specific instructions for each step are included in the relevant cells. Click on the red triangle in the upper right corner of a cell to see the specific instructions.

Examples

Three completed CPT examples, attached to the blank form, show how different institutions used the tool to document their cost reduction plans.

When You Need to Complete More Than One CPT

There are several instances when it may be helpful to add another column for the traditional format on the CPT:

- When you plan to redesign more than one course.
- When you offer two versions of the traditional course (e.g., small, expensive sections and large, cheap sections) that you are combining into a new redesign.
- When you have already begun to redesign a course and are planning further redesign.

Assumptions

Developmental costs are not included.

This planning model compares the before costs (current/historical/traditional) and the after costs (forecast of what the course will cost when it is fully operational—say, for example, in its “third” offering); that is, it asks you to plan what the redesigned course will look like at the end of the developmental process. It does not include the up-front developmental costs of either the traditional or the redesigned course.

The reason for this approach is twofold. The first is that we are trying to show institutions that by investing in IT-based course development, they can see a return on their investment, provided that they redesign the course. The second is that, while the developmental period for course conversion has costs associated with it, those costs can be paid for from onetime allocations—such as grants from foundations, federal agencies, or the institution—and/or they can be amortized over any number of years. If institutions can see that they will ultimately realize a return on their investment, they will have an incentive to make the needed developmental investment. Then, of course, questions about how much to invest for how much return come into play.

Institution-wide support services, administrative overhead, infrastructure, and equipment costs are not included.

The assumption is that these costs are constant—are part of the campus environment—for both the traditional and redesigned courses. Campus networking, site licenses for course management systems, and desktop PCs for faculty, for example, are part of the campuswide IT environment.

Who captures the savings?

The CPT is neutral on the question of who captures the savings. Savings can be used by the department or by the institution in a variety of ways—to conduct more research, teach different courses, teach more students, support an incentive plan to encourage faculty productivity, etc.