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OMDE 0606
Section 9040
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Design scenario: on-line teacher education program

Introduction

The local shortage of K-12 teachers is a well-documented problem. This paper is an investigation into one solution: the development of an on-line combined degree and certification program. This program will be proposed to a local CBU. The CBU currently offers isolated courses on-line and is a participant in an on-line regional consortium.

The institution has in-house design capabilities, a license for WebCT, and offers extensive faculty enhancement programs covering pedagogical issues for faculty and staff teaching f2f and on-line. Many of its f2f offerings include web-based or multimedia components. The institution has seven separate computer labs that offer specialized tutorial assistance and computers for students; two of those labs offer wireless laptops that the students can borrow. One building on campus is a state-of-the-art multi-media classroom facility, and a requirement for teaching there is that the faculty member use technology in his/her class work.

There are seven independent school districts within the metropolitan area or the county. The school districts have an annual need of 1,400 new teachers; the local university graduates 600 annually. The other positions are filled with graduates from other universities outside the area or are taught by non-certified teachers.

While there are no other four-year institutions offering teaching degrees within the county, there are three regional competing institutions, one across the state line and two other in-state institutions. All three are offering campus-based "weekend" degree plans, and all three are able to offer courses at tuition lower than the local institution's legislature-set rate. On-line provision of these courses by the local institution would eliminate the travel costs and the cost of providing substitute teachers two Fridays a month. When those additional costs are factored in, the cost to the students of this proposed program would be less.

This program is intended to expand the available pool of students to include people who have completed at least 100 hours of approved course work with a GPA of 3.0 or better. This pool of candidates is adults who must work full time while completing their degrees at night or on weekends. Students enrolled in this program would be placed in the area schools at salaries approximately 75% of what a newly certified teacher would earn.

Scenario

This scenario is a preliminary step to identify the costs of developing this program. The courses in this program would be those required by the state to prepare the student to take and pass the certification exam. All course offerings would be "classes" because the students would be fulfilling their practice teaching requirements through their daytime employment.

One course will be evaluated for this scenario. The development of the other courses would be along the same line as the one presented, although each course developed will be analyzed for unique characteristics. The course will be developed as a team effort. The team will include the content expert (faculty member); the instructional designer; a staff member, who will obtain the necessary copyright clearances; a librarian; a student support professional; a member of the faculty enhancement center; and a marketing professional. To expedite development and to maintain a balance between development cost and maximum features, WebCT will be the course platform. All required course work will be done on-line; participation in the class discussions will be evaluated and factored into the final grades; and group projects will be assigned and graded. Texts will be purchased by the students, and additional resources will be available on-line. There is not a plan to develop a CD-ROM as a part of the student resources. Because the identified audience will be employed by the local school districts, each will have access to a computer and to the Internet. The school districts will provide laptops and subsidized Internet.

Interaction will be primarily asynchronous, through the class discussion area and through e-mail contact, although the “chat” feature will be available and students will be encouraged to use it, whether for peer tutoring or for group assignments. Use of chat will be monitored but it will not be factored into the final grade. The faculty member will be available for “virtual office hours” and will also respond to e-mails sent at other times. A syllabus will be provided in advance of the start of the class, and the “virtual office hours” will be identified. Because the anticipated audience is local, f2f meetings between faculty and students can be scheduled as needed.

Students are able to register on-line, and they can order books through a secure web site. Advisors have e-mail accounts and will be able to counsel students by telephone during regular office hours. Every effort will be made to process exceptions and to release holds by e-mail or by fax; however, it is acknowledged that there may be situations where a f2f meeting is required. The university has a tutoring and learning center that offers synchronous on-line tutoring during stated hours; those hours will be included in the course syllabus. The library has many published resources on-line, and its card catalog is completely on-line. Librarians will respond to e-mail requests for assistance, and they will hold requested books for 24 hours to allow students time to pick them up. Tutoring services are included within the “Staff (student support)” line item as are functions such as enrollment and advising. Grading will be done by the faculty member.

The university will waive enrollment exam requirements for participants in this program based on the minimum 3.0 GPA in their prior course work.

The costs for developing and delivering this course have been projected for five years. The university does not have development or delivery cost information for its f2f courses other than the operating costs reflected in the annual university budgets (institutional and grants). The university will be asked for a one-time summer grant for the subject expert (faculty member) who will have some discretion in how the funds are expended. It has not been the university’s policy to assign costs for staff members’ time to individual projects; therefore, it is likely that marginal costing will be used.

It is anticipated that annual maintenance will be done, beginning with the second year of offering, and that some significant updating will be done in the third year of offering. The subject expert (faculty member) will have a course release, which equals 25% of his/her

course load. Average f2f class size is 50 students; the on-line course will be limited to 30 students. It is planned that the faculty member will do his/her own grading and respond to the students; there is no provision for a tutor or an assistant.

All courses are currently taught f2f. Development will involve translating the existing course materials into an on-line format. Faculty members will work with the faculty enhancement staff and the instructional designer to develop the skills needed for teaching on-line, and training will continue throughout the life of the courses. The course materials will be text-based, and links to other sites will be provided when appropriate. Students will be assigned materials to read or research and will discuss their findings and ask questions within the conference area. Assessment will be based on written assignments, with some credit given for class participation. Students will work in groups and individually.

Scenario Evaluation¹

The initial scenario is based upon 30 students per class. The cost projections are done two ways – once with the program costing using activity-based costing; and once with marginal costing.

Costs to students are constrained by tuition schedules set by the state legislature. Therefore, all scenarios are evaluated with that constraint. The first scenario, using activity based costing, indicates that breakeven is 515 students, or about 175% of the projected 300 enrollments.

Activity-based costing clearly demonstrated how upper division courses with small enrollments do not support themselves. Changing that scenario to reflect only marginal costing – in this case, the faculty salary and the administrative materials – makes the course feasible.

Modified Scenario

The modified scenario projects steady growth throughout the five years of each course life. This second scenario may be more reflective of the program's potential – and it also reflects the impact that such a program could have for the providing institution. Once the class size exceeds 30 students, a teaching assistant (TA) is provided on a per student (contract) basis. The TA will assist the faculty member with teaching and grading and will also provide tutoring services. Moving this provision from the student support personnel is reflected by the less-than-proportional growth on that line.

This projection with growth makes the proposal profitable, whether using activity-based or marginal costing.

Conclusion

This scenario has been designed to demonstrate the feasibility of a distance education alternative within the available f2f degree plans. This scenario is for a new offering and is intended to meet the needs for certified teachers in the local K-12 school districts. This proposal offers a win-win perspective: it expands the pool of teachers and offers an opportunity for working adults to have full-time employment and the ability to complete their degrees.

Footnotes

¹ The spreadsheets in the two attached Excel files are based upon the spreadsheet from Tony Bates' Oldenburg workshop. Bates' spreadsheet provided as an attachment to the assignment posting in Module 3b.

Direct Costs -- Steady Demand
 (Activity-Based Costing)

Direct Costs	Annual Salary	Basis			Course Development		Course Life										Total Costs
					Year 1		Year 2		Year 3		Year 4		Year 5				
			Per Day	Days	Cost	Days	Cost	Days	Cost	Days	Cost	Days	Cost	Days	Cost		
Fixed Costs -- Development & Delivery																	
Subject expert (faculty)	38,000	9 month	190	45.0	8,550	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500		
Instructional designer	35,000	12 month	135	20.0	2,692	3.0	404	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (copyright clearance)	20,000	12 month	77	15.0	1,154	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Librarian	35,000	12 month	135	10.0	1,346	1.0	135	1.0	135	1.0	135	1.0	135	1.0	135		
Staff (student support)	35,000	12 month	135	5.0	673	25.0	3,365	25.0	3,365	25.0	3,365	25.0	3,365	25.0	3,365		
Staff (faculty enhancement)	45,000	12 month	173	5.0	865	2.0	346	2.0	346	2.0	346	2.0	346	2.0	346		
Staff (marketing)	30,000	12 month	115	5.0	577	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Sub-Total -- Development & Delivery					15,858		13,750		13,346		13,346		13,346		13,346		
Fixed Costs -- Maintenance																	
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	5.0	950	0.0	0	5.0	950	5.0	950		
Instructional designer	35,000	12 month	135	0.0	0	0.0	0	1.0	135	0.0	0	1.0	135	1.0	135		
Staff (copyright clearance)	20,000	12 month	77	0.0	0	0.0	0	1.0	77	0.0	0	1.0	77	1.0	77		
Librarian	35,000	12 month	135	0.0	0	0.0	0	1.0	135	0.0	0	1.0	135	1.0	135		
Staff (student support)	35,000	12 month	135	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (faculty enhancement)	45,000	12 month	173	0.0	0	0.0	0	0.5	87	0.0	0	0.5	87	0.5	87		
Staff (marketing)	30,000	12 month	115	0.0	0	1.0	115	1.0	115	0.0	0	1.0	115	1.0	115		
Sub-Total -- Maintenance					0		115		1,498		0		1,498		1,498		
Fixed Costs -- Course Update																	
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	0.0	0	15.0	2,850	0.0	0	0.0	0		
Instructional designer	35,000	12 month	135	0.0	0	0.0	0	0.0	0	7.0	938	0.0	0	0.0	0		
Staff (copyright clearance)	20,000	12 month	77	0.0	0	0.0	0	0.0	0	5.0	385	0.0	0	0.0	0		
Librarian	35,000	12 month	135	0.0	0	0.0	0	0.0	0	3.5	476	0.0	0	0.0	0		
Staff (student support)	35,000	12 month	135	0.0	0	0.0	0	0.0	0	2.0	265	0.0	0	0.0	0		
Staff (faculty enhancement)	45,000	12 month	173	0.0	0	0.0	0	0.0	0	2.0	340	0.0	0	0.0	0		
Staff (marketing)	30,000	12 month	115	0.0	0	0.0	0	0.0	0	1.5	173	0.0	0	0.0	0		
Sub-Total -- Course Update					0		0		0		5,426		0		0		
Total -- Fixed Costs			105.0		15,858	82.0	13,865	87.5	14,844	113.9	18,772	87.5	14,844	87.5	14,844		
Allocated Overhead																	
	Amount	Basis	# Sq Ft														
Payroll taxes	28%			8,880		7,765		8,313		8,993		8,313		8,313			
Payroll benefits	\$ 285	month	8.8	2,494	6.8	1,948	7.3	2,078	9.5	2,706	7.3	2,078	7.3	2,078			
Facilities & equipment	\$ 100	sq foot	300	8.8	3,429	6.8	4,390	7.3	4,114	9.5	3,160	7.3	4,114	7.3	4,114		
WebCT	\$ 6,000	annum	0.05	300	0.05	300	0.05	300	0.05	300	0.05	300	0.05	300	300		
Sub-Total -- Allocated Overhead				15,103		14,402		14,805		15,159		14,805		14,805			
Sub-Total				30,960		28,268		29,649		33,931		29,649		29,649	182,108		
Variable Costs																	
		# students	Cost														
Program enrollments		30 / semester															
Administrative materials / mailings			\$ 80.00			4,800		4,800		4,800		4,800		4,800	4,800		
Teaching Assistant		per student	\$ 36.00			0		0		0		0		0	0		
Total Variable Costs						4,800		4,800		4,800		4,800		4,800	24,000		
Total Direct Costs				30,960		33,068		34,449		38,731		34,449		34,449	206,108		

total students = 300.0 cost / student = 687.0253

Costs to Students -- Steady Demand
 (Activity-Based Costing)

Costs to students

Fees		\$ 400.00	(set by state legislature)
Materials (books, etc.)		200.00	
Internet connection	\$20.00 /mo at full cost	5.00	(75% subsidized by school district)
Computer equipment		0.00	
Computer software		0.00	
Total		\$ 605.00	

Average cost per student (from institutional perspective) =

total institutional cost / total students = total students = 300 cost / student = \$ 687.03

minimum number of students required at \$400 per student development cost = \$ 206,107.60 number of students= 515

Revenues =

fees x students fee = \$ 400.00 number of students= 300 total revenue = \$ 120,000.00

Profit (Loss) = revenues - costs

Revenues	\$ 120,000.00
Costs	\$ 206,107.60
Profit (Loss)	<u><u>\$ (86,107.60)</u></u>

Direct Costs -- Steady Demand
 (Marginal Costing)

Direct Costs	Annual Salary	Basis	Course Development				Course Life										Total Costs
			Year 1		Year 1		Year 2		Year 3		Year 4		Year 5				
			Per Day	Days	Cost	Days	Cost	Days	Cost	Days	Cost	Days	Cost	Days	Cost		
Fixed Costs -- Development & Delivery																	
Subject expert (faculty)	38,000	9 month	190	45.0	8,550	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500	9,500	
Instructional designer	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (copyright clearance)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Librarian	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (student support)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (faculty enhancement)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (marketing)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Sub-Total -- Development & Delivery					8,550	50.0	9,500	55.0	9,500	65.0	12,350	55.0	10,450	55.0	10,450	9,500	
Fixed Costs -- Maintenance																	
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	5.0	950	0.0	0	5.0	950	5.0	950	950	
Instructional designer	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (copyright clearance)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Librarian	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (student support)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (faculty enhancement)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (marketing)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Sub-Total -- Maintenance					0	0	950	0	950	0	950	0	950	0	950	950	
Fixed Costs -- Course Update																	
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	0.0	0	15.0	2,850	0.0	0	0.0	0	0	
Instructional designer	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (copyright clearance)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Librarian	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (student support)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (faculty enhancement)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Staff (marketing)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0	
Sub-Total -- Course Update					0	0	0	0	0	2,850	0	0	0	0	0	0	
Sub-Total				45.0	8,550	50.0	9,500	55.0	10,450	65.0	12,350	55.0	10,450	55.0	10,450	9,500	
Allocated Overhead																	
	Amount	Basis	# Sq Ft														
Payroll taxes	28%			4,788		5,320		5,852		6,118		5,852		5,852		5,852	
Payroll benefits	\$ 285	month	1.5	428	1.7	475	1.8	523	2.2	618	1.8	523	1.8	523		523	
Facilities & equipment	\$ -	sq foot	300	0	1.7	0	1.8	0	2.2	0	1.8	0	1.8	0	1.8	0	
WebCT	\$ -	annum	0.05	0	0.05	0	0.05	0	0.05	0	0.05	0	0.05	0	0.05	0	
Sub-Total -- Allocated Overhead				5,216		5,795		6,375		6,736		6,375		6,375		6,375	
Total -- Direct Costs				13,766		15,295		16,825		19,086		16,825		16,825		98,620	
Variable Costs																	
		# students	Cost														
Program enrollments		30 / semester															
Administrative materials / mailings		\$ 80.00				4,800		4,800		4,800		4,800		4,800		4,800	
Total Variable Costs						4,800		4,800		4,800		4,800		4,800		24,000	
Total Direct Costs				13,766		20,095		21,625		23,886		21,625		21,625		122,620	

total students = 300.0 cost / student = 408.7317

Costs to Students -- Steady Demand
 (Marginal Costing)

Costs to students

Fees		\$ 400.00	(set by state legislature)
Materials (books, etc.)		200.00	
Internet connection	\$20.00 /mo at full cost	5.00	(75% subsidized by school district)
Computer equipment		0.00	
Computer software		0.00	
Total		\$ 605.00	

Average cost per student (from institutional perspective) =

total institutional cost / total students = total students = 300 cost / student = \$ 408.73

minimum number of students required at \$400 per student development cost = \$ 122,619.50 number of students= 307

Revenues =

fees x students fee = \$ 400.00 number of students= 300 total revenue = \$ 120,000.00

Profit (Loss) = revenues - costs

Revenues	\$ 120,000.00
Costs	\$ 122,619.50
Profit (Loss)	<u><u>\$ (2,619.50)</u></u>

Direct Costs -- Growth Projection
 (Activity-Based Costing)

Direct Costs	Annual Salary	Basis	Course Development						Course Life										Total Costs
			Year 1		Year 2		Year 3		Year 4		Year 5								
			Per Day	Days	Cost	Days	Cost	Days	Cost	Days	Cost	Days	Cost						
Fixed Costs -- Development & Delivery																			
Subject expert (faculty)	38,000	9 month	190	45.0	8,550	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500				
Instructional designer	35,000	12 month	135	20.0	2,692	3.0	404	0.0	0	0.0	0	0.0	0	0.0	0				
Staff (copyright clearance)	20,000	12 month	77	15.0	1,154	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0				
Librarian	35,000	12 month	135	10.0	1,346	1.0	135	1.0	135	1.0	135	1.0	135	1.0	135				
Staff (student support)	35,000	12 month	135	5.0	673	25.0	3,365	27.0	3,635	30.0	4,038	33.0	4,442	36.0	4,846				
Staff (faculty enhancement)	45,000	12 month	173	5.0	865	2.0	346	2.0	346	3.0	519	3.0	519	3.0	519				
Staff (marketing)	30,000	12 month	115	5.0	577	1.0	115	0.0	0	1.5	173	1.0	115	1.0	115				
Sub-Total -- Development & Delivery					15,858		13,865		13,615		14,365		14,712		15,115				
Fixed Costs -- Maintenance																			
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	5.0	950	0.0	0	5.0	950	5.0	950				
Instructional designer	35,000	12 month	135	0.0	0	0.0	0	1.0	135	0.0	0	1.0	135	1.0	135				
Staff (copyright clearance)	20,000	12 month	77	0.0	0	0.0	0	1.0	77	0.0	0	1.0	77	1.0	77				
Librarian	35,000	12 month	135	0.0	0	0.0	0	1.0	135	0.0	0	1.0	135	1.0	135				
Staff (student support)	35,000	12 month	135	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0				
Staff (faculty enhancement)	45,000	12 month	173	0.0	0	0.0	0	0.5	87	0.0	0	0.5	87	0.5	87				
Staff (marketing)	30,000	12 month	115	0.0	0	0.0	0	2.0	231	0.0	0	0.0	0	0.0	0				
Sub-Total -- Maintenance					0		0		1,613		0		1,383		1,383				
Fixed Costs -- Course Update																			
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	0.0	0	15.0	2,850	0.0	0	0.0	0				
Instructional designer	35,000	12 month	135	0.0	0	0.0	0	0.0	0	7.0	938	0.0	0	0.0	0				
Staff (copyright clearance)	20,000	12 month	77	0.0	0	0.0	0	0.0	0	5.0	385	0.0	0	0.0	0				
Librarian	35,000	12 month	135	0.0	0	0.0	0	0.0	0	3.5	476	0.0	0	0.0	0				
Staff (student support)	35,000	12 month	135	0.0	0	0.0	0	0.0	0	2.0	265	0.0	0	0.0	0				
Staff (faculty enhancement)	45,000	12 month	173	0.0	0	0.0	0	0.0	0	2.0	340	0.0	0	0.0	0				
Staff (marketing)	30,000	12 month	115	0.0	0	0.0	0	0.0	0	1.5	173	0.0	0	0.0	0				
Sub-Total -- Course Update					0		0		0		5,426		0		0				
Total -- Fixed Costs			105.0		15,858	82.0	13,865	90.5	15,229	121.4	19,792	96.5	16,094	99.5	16,498				
Allocated Overhead																			
Payroll taxes	28%	Basis	# Sq Ft		8,880		7,765		8,528		9,564		9,013		9,239				
Payroll benefits	\$ 285	month	8.8		2,494	6.8	1,948	7.5	2,149	10.1	2,884	8.0	2,292	8.3	2,363				
Facilities & equipment	\$ 100	sq foot	300	8.8	3,429	6.8	4,390	7.5	3,978	10.1	2,965	8.0	3,731	8.3	3,618				
WebCT	\$ 6,000	annum	0.05		300	0.05	300	0.05	300	0.05	300	0.05	300	0.05	300				
Sub-Total -- Allocated Overhead					15,103		14,402		14,955		15,713		15,335		15,520				
Sub-Total					30,960		28,268		30,184		35,504		31,429		32,018				
Variable Costs																			
			Cost																
Program enrollments						30 / semester	45 / semester	68 / semester	101 / semester	152 / semester									
Administrative materials / mailings	per student	\$ 80.00					4,800	7,200	10,800	16,200	24,300								
Teaching Assistant	per student	\$ 36.00					0	3,240	4,860	7,290	10,935								
Total Variable Costs						4,800	10,440	15,660	23,490	35,235	89,625								
Total Direct Costs					30,960	33,068	40,624	51,164	54,919	67,253	277,989								

total students = 792.0 cost / student = 351.0187178

Direct Costs -- Growth Projection
 (Marginal Costing)

Direct Costs	Annual Salary	Basis	Course Development				Course Life										Total Costs
			Year 1		Year 2		Year 3		Year 4		Year 5						
			Per Day	Days	Cost	Days	Cost	Days	Cost	Days	Cost	Days	Cost				
Fixed Costs -- Development & Delivery																	
Subject expert (faculty)	38,000	9 month	190	45.0	8,550	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500	50.0	9,500		
Instructional designer	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (copyright clearance)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Librarian	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (student support)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (faculty enhancement)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (marketing)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Sub-Total -- Development & Delivery					8,550		9,500		9,500		9,500		9,500		9,500		
Fixed Costs -- Maintenance																	
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	5.0	950	0.0	0	5.0	950	5.0	950		
Instructional designer	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (copyright clearance)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Librarian	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (student support)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (faculty enhancement)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (marketing)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Sub-Total -- Maintenance					0		0		950		0		950		950		
Fixed Costs -- Course Update																	
Subject expert (faculty)	38,000	9 month	190	0.0	0	0.0	0	0.0	0	15.0	2,850	0.0	0	0.0	0		
Instructional designer	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (copyright clearance)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Librarian	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (student support)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (faculty enhancement)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Staff (marketing)	0	12 month	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0		
Sub-Total -- Course Update					0		0		0		2,850		0		0		
Total -- Fixed Costs				45.0	8,550	50.0	9,500	55.0	10,450	65.0	12,350	55.0	10,450	55.0	10,450		
Allocated Overhead																	
Payroll taxes	28%	Basis	# Sq Ft		4,788		5,320		5,852		6,118		5,852		5,852		
Payroll benefits	\$ 285	month	1.5	428	1.7	475	1.8	523	2.2	618	1.8	523	1.8	523			
Facilities & equipment	\$ -	sq foot	300	1.5	0	1.7	0	1.8	0	2.2	0	1.8	0	1.8			
WebCT	\$ -	annum	0.05	0	0.05	0	0.05	0	0.05	0	0.05	0	0.05	0			
Sub-Total -- Allocated Overhead				5,216		5,795		6,375		6,736		6,375		6,375			
Sub-Total				13,766		15,295		16,825		19,086		16,825		16,825	98,620		
Variable Costs																	
			Cost														
Program enrollments						30 / semester	45 / semester	68 / semester	101 / semester	152 / semester							
Administrative materials / mailings	per student	\$ 80.00				4,800	7,200	10,800	16,200	24,300							
Teaching Assistant	per student	\$ 36.00				0	3,240	4,860	7,290	10,935							
Total Variable Costs						4,800	10,440	15,660	23,490	35,235							
Total Direct Costs						13,766	20,095	27,265	34,746	40,315							

total students = 792.0 cost / student = 237.6974556

Costs to Students -- Growth Projection
 (Activity-Based Costing)

Costs to students

Fees		\$ 400.00	(set by state legislature)
Materials (books, etc.)		200.00	
Internet connection	\$20.00 /mo at full cost	5.00	(75% subsidized by school district)
Computer equipment		0.00	
Computer software		0.00	
Total		\$ 605.00	

Average cost per student (from institutional perspective) =

total institutional cost / total students = total students = 792 cost / student = \$ 351.02

minimum number of students required at \$400 per student development cost = \$ 277,989.27 number of students= 695

Revenues =

fees x students fee = \$ 400.00 number of students= 792 total revenue = \$ 316,780.00

Profit (Loss) = revenues - costs

Revenues	\$ 316,780.00
Costs	\$ 277,989.27
Profit (Loss)	<u><u>\$ 38,790.73</u></u>

Costs to Students -- Growth Projection
 (Marginal Costing)

Costs to students

Fees		\$ 400.00	(set by state legislature)
Materials (books, etc.)		200.00	
Internet connection	\$20.00 /mo at full cost	5.00	(75% subsidized by school district)
Computer equipment		0.00	
Computer software		0.00	
Total		\$ 605.00	

Average cost per student (from institutional perspective) =

total institutional cost / total students = total students = 792 cost / student = \$ 237.70

minimum number of students required at \$400 per student development cost = \$ 188,244.50 number of students= 471

Revenues =

fees x students fee = \$ 400.00 number of students= 792 total revenue = \$ 316,780.00

Profit (Loss) = revenues - costs

Revenues	\$ 316,780.00
Costs	\$ 188,244.50
Profit (Loss)	<u><u>\$ 128,535.50</u></u>