Institute for Academic Alliances
Occasional Papers

Moxley's Maxims: Consortium Financial Matters

Virginia Moxley, Dean, College of Human Ecology & Co-Director, Institute for Academic Alliances, Kansas State University

Number One
August 2009

1. In higher education, there is no direct relationship between tuition charged to students and actual instructional costs. When public colleges and universities partner on projects, instructional costs are similar but tuition costs often differ—frequently dramatically.

2. For students, participation in courses and programs sponsored by an academic alliance needs to be as simple as enrolling and paying for any other institutional course.

3. Alliances should capitalize on the expertise of CFO's to create the financial distribution plan for the alliance. The CFO's are well versed in the options for pricing academic programs, for managing the cash flow at their institutions, and for transferring funds inter-institutionally.

4. There are many ways of computing costs of instruction. I prefer to use the marginal costs of delivering an additional program with indirects added—that way the program can be priced more affordably to students and can result in reasonable return to the university.

The Institute for Academic Alliances (IAA) was founded in April 2004 to encourage and assist higher education institutions to develop and deliver collaborative online academic programs. The IAA works with academic institutions to rapidly deploy innovative, high-quality collaborative academic programs in emerging fields. Since its inception, the IAA has worked with 16 higher education alliances involving over 100 higher education institutions in 37 states.

5. Make certain that income flows to the location where the impact of the new costs is primarily experienced. No academic department will stay in an alliance unless funds flow to the department to cover the additional costs—the relative impact is too big.

6. Create a financial distribution plan that supports core activities of the alliance. Keeping the core skinny keeps it affordable, flexible, and assures that leadership is shared.

7. Look for policies and practices that are inclusive enough to allow for alliance participation—not policies and practices that are identical from partner to partner.

8. A look at the literature of alliances points out a couple of things that seem especially relevant to the discussion of alliance finance—alliances must provide more than tit-for-tat, they must create new value; for an alliance to be sustainable, all partner institutions must benefit but the benefits need not be identical—some might get needed courses by capitalizing on teachers at partner institutions, some might fill available seats at their institution so courses are filled to capacity, and all will find that by being in the alliance their institution is able to accomplish something that it could not do alone.

IAA Staff

Dr. Sue Maes, Co-Director
Dr. Virginia Moxley, Co-Director
Dawn Anderson
Carol Gould
Mary Lou Marino
Joelle Pitts
Dana Reinert
K'la Ruane
Jessica Stemmer

To learn more visit
www. iaa.ksu.edu
call: 785-532-1999
email: iaa@ksu.edu