**Cost of Online Education May Be Higher Than We Think, Study Suggests**

February 27, 2017 by [Lindsay McKenzie](http://www.chronicle.com/blogs/ticker/author/lmckenzie)

A study of the earnings of nearly every person who took postsecondary courses online between 1999 and 2014 finds little evidence that online education saves students or taxpayers money.

While it is often thought that online education saves money, as it requires relatively fewer resources than learning in-person on a campus, [a working paper](https://papers.ssrn.com/sol3/papers2.cfm?abstract_id=2924283) published by Caroline M. Hoxby, a professor of economics at Stanford University, has challenged this view, finding “little support for optimistic prognostications about online education.”

Ms. Hoxby’s analysis suggests that online students, who disproportionately attend for-profit colleges, actually pay more for online education than they would pay for equivalent in-person education. It also found that the cost for institutions of running courses online instead of in-person is “not substantially less expensive.”

Additionally, Ms. Hoxby found that while a large portion of the cost of online education is covered by federal taxes, it is “extremely unlikely” that this investment would be recouped by higher income taxes from former online students. While online learning did increase people’s earnings, the increase was “almost never by enough” to cover the online learning cost. Additionally, the study suggests that many online students struggle to repay their federal loans.

In her conclusion, Ms. Hoxby wrote that the main contribution of her work might be to “ground the discussion of online postsecondary education in evidence,” adding that discussion about the benefits of online education “may suffer from undue optimism or pessimism because such evidence has been lacking.”