

Using Instructional Cost and Productivity Data to Inform Funding Models

The Cost Study at UD

Jen Snyder, *Director of HEC*

Marcia Preston, *Manager of The Cost Study*



Context for Examining Instructional Costs

INSIDE
HIGHER ED

2018 SURVEY OF
COLLEGE AND UNIVERSITY
PRESIDENTS

A STUDY BY INSIDE HIGHER ED AND GALLUP

“Presidents overwhelmingly believe the public’s skepticism is based on **misunderstandings about colleges’ wealth**, how much they charge (and spend) and the overall purpose of higher education.”

American College
President Study
2017



Top three concerns identified by presidents as important for their successors are all related to **finances**:

- budget and financial management (68%)
- fundraising (47%)
- and enrollment management (38%).

THE CHRONICLE OF
HIGHER EDUCATION



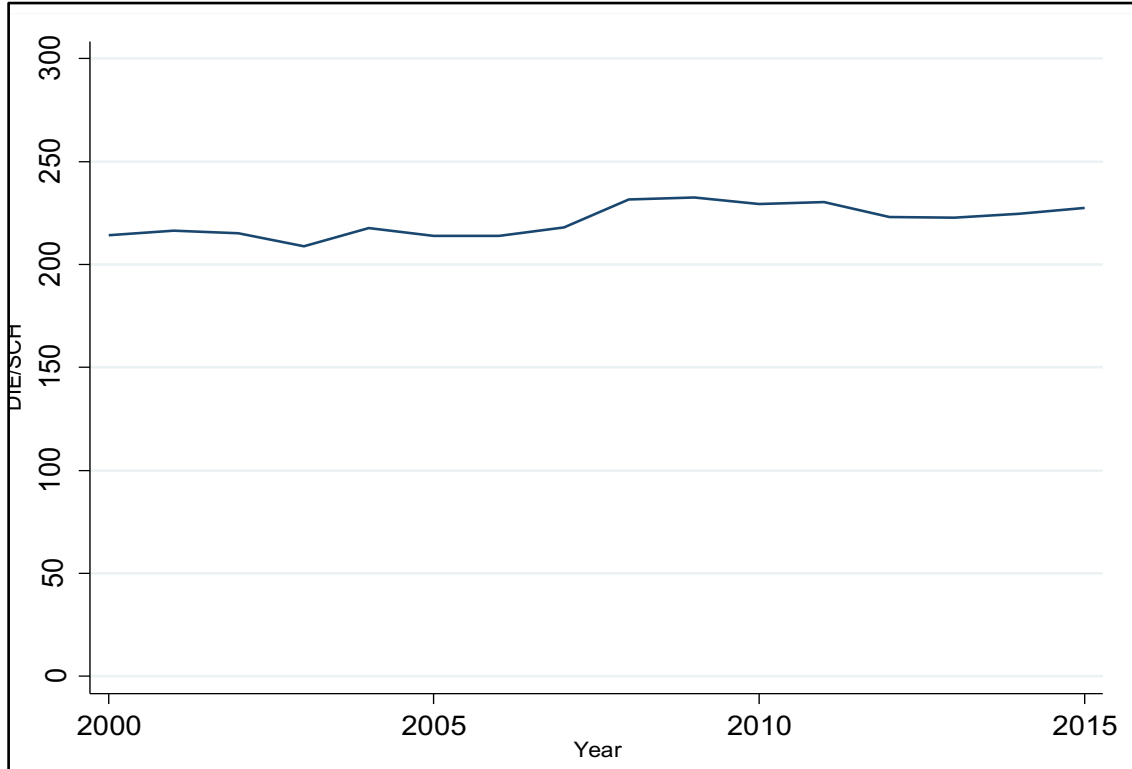
Sept. 28, 2022: Working the Public-Perception Problem

“Even before the pandemic, colleges were struggling against a set of internal and external pressures... Among the internal factors: **decades not knowing the detailed costs of institutional operations**, in part because they were difficult to track, but also because doing so would have meant making hard decisions. (“I don’t know,” a college trustee once told me, “and I don’t want to know.”) “Zombie” academic programs, under enrolled and distant from the mission, often accumulated.”

“Fortunately, many solutions are in colleges’ power to pursue. **More leaders are assessing the costs of their various programs** and centers.”



Instructional Costs - Longitudinal Findings



Across all academic disciplines

Weighted average Direct
Instructional Expenditures per
Student Credit Hour

2000-2015



GERALD R. FORD SCHOOL OF PUBLIC POLICY
EDUCATION POLICY INITIATIVE
UNIVERSITY OF MICHIGAN



COLLEGE OF ARTS AND SCIENCES
Public Policy

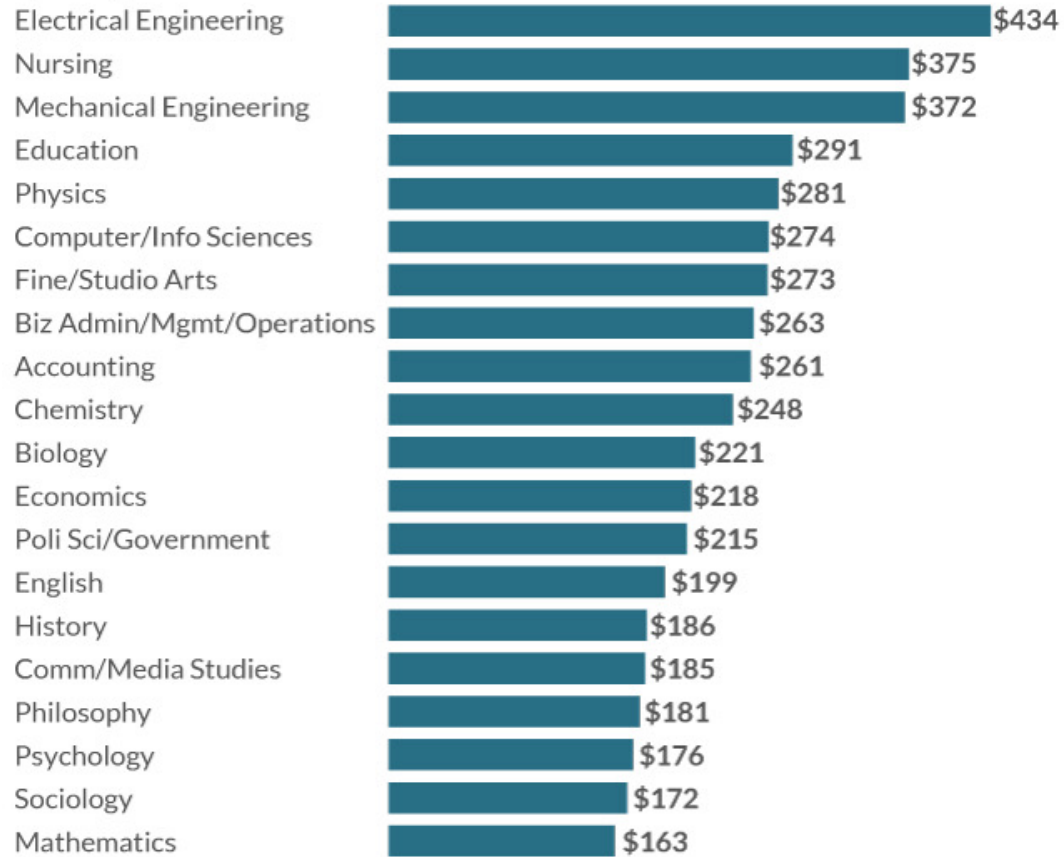


Higher Education Consortia

Understanding Instructional Cost Differences

Average instructional cost

By field, per credit hour



Source: The National Bureau of Economic Research

“Why Is Math Cheaper Than English? Understanding Cost Differences In Higher Education”

2018 NBER Working Paper



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Public Policy

76-83% of the variation in instructional costs
due to program differences

Middaugh et al. (2003)



Higher Education Consortia

Background – HEC & The Cost Study

- The Cost Study at the University of Delaware
 - Not-for-profit, fee-for-service study
 - A leader in the analysis and benchmarking of program-level instructional costs and productivity since 1996
 - Available to all 4-year, nonprofit colleges and universities
- The Higher Education Consortia (HEC)
 - Established in 2015 to promote consortium relationships and research using data from The Cost Study
 - Advisory Board provides guidance
 - Housed in an Institutional Research office



Community College Cost & Productivity

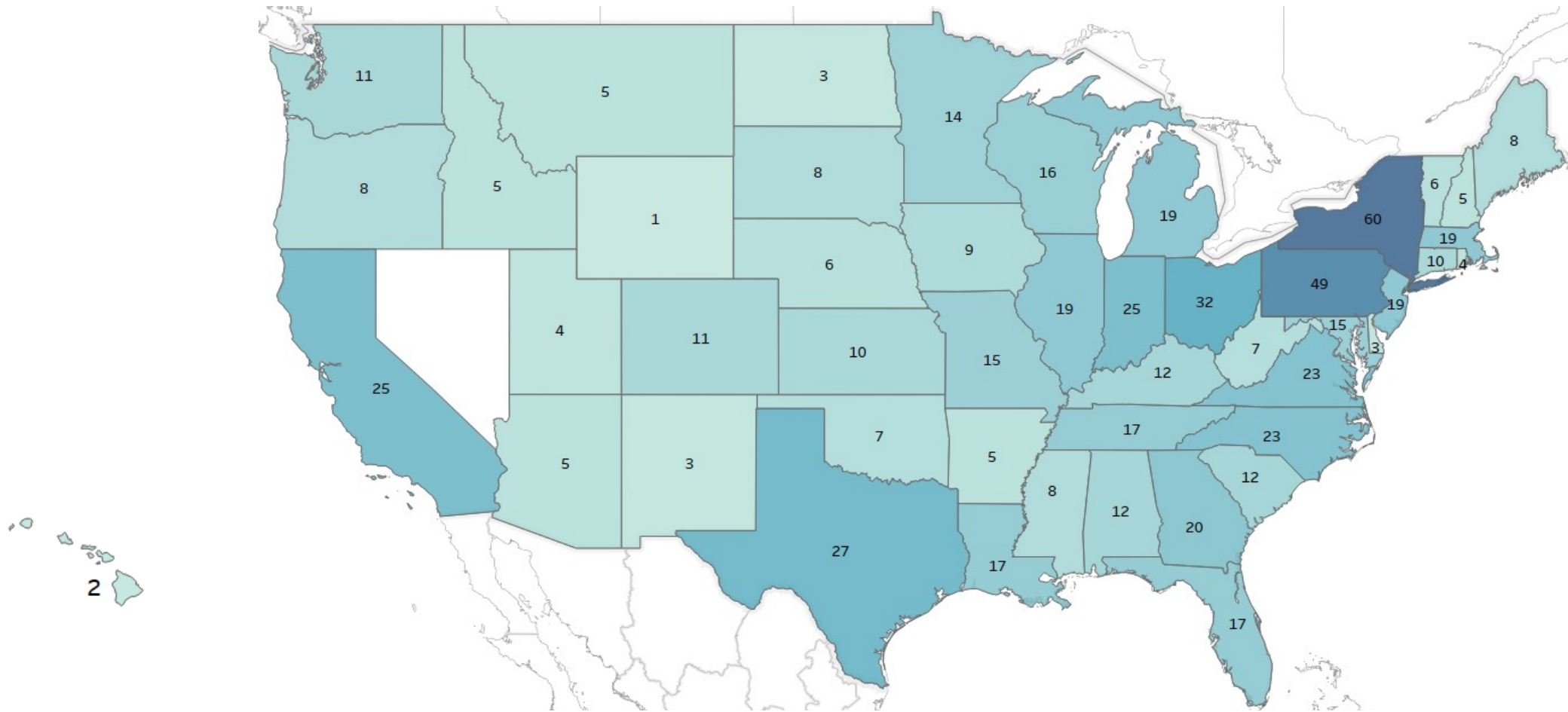
- National Community College Cost & Productivity Project
 - Formerly “The Kansas Study”
 - The National Higher Education Benchmarking Institute (NHEBI) at Johnson County Community College
 - “Provides discipline-level data and benchmarks for staffing plans and decisions about faculty positions, for academic program planning and assessment, and for documentation of compliance for accreditation purposes.”

Michelle Taylor, Senior Research Analyst

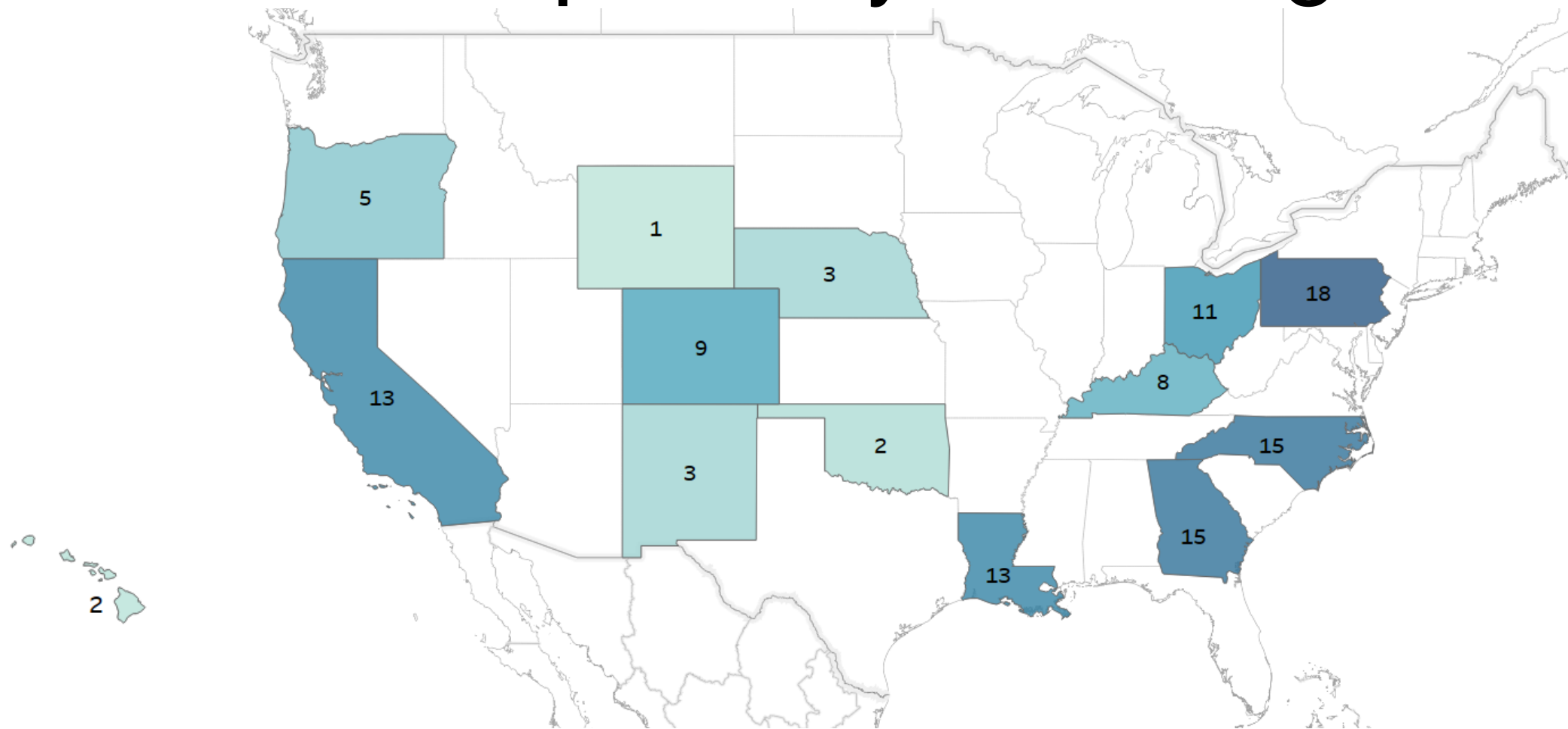
913-469-3831 | michelletaylor@jccc.edu | nccbp.org



Participation by U.S. State



Public Participation by Convening States



The Cost Study Answers...

Who...

T/TE, other regular, supplemental faculty, TAs



...Is teaching what to whom...

Student credit hours, organized class sections, online, undergrad/grad

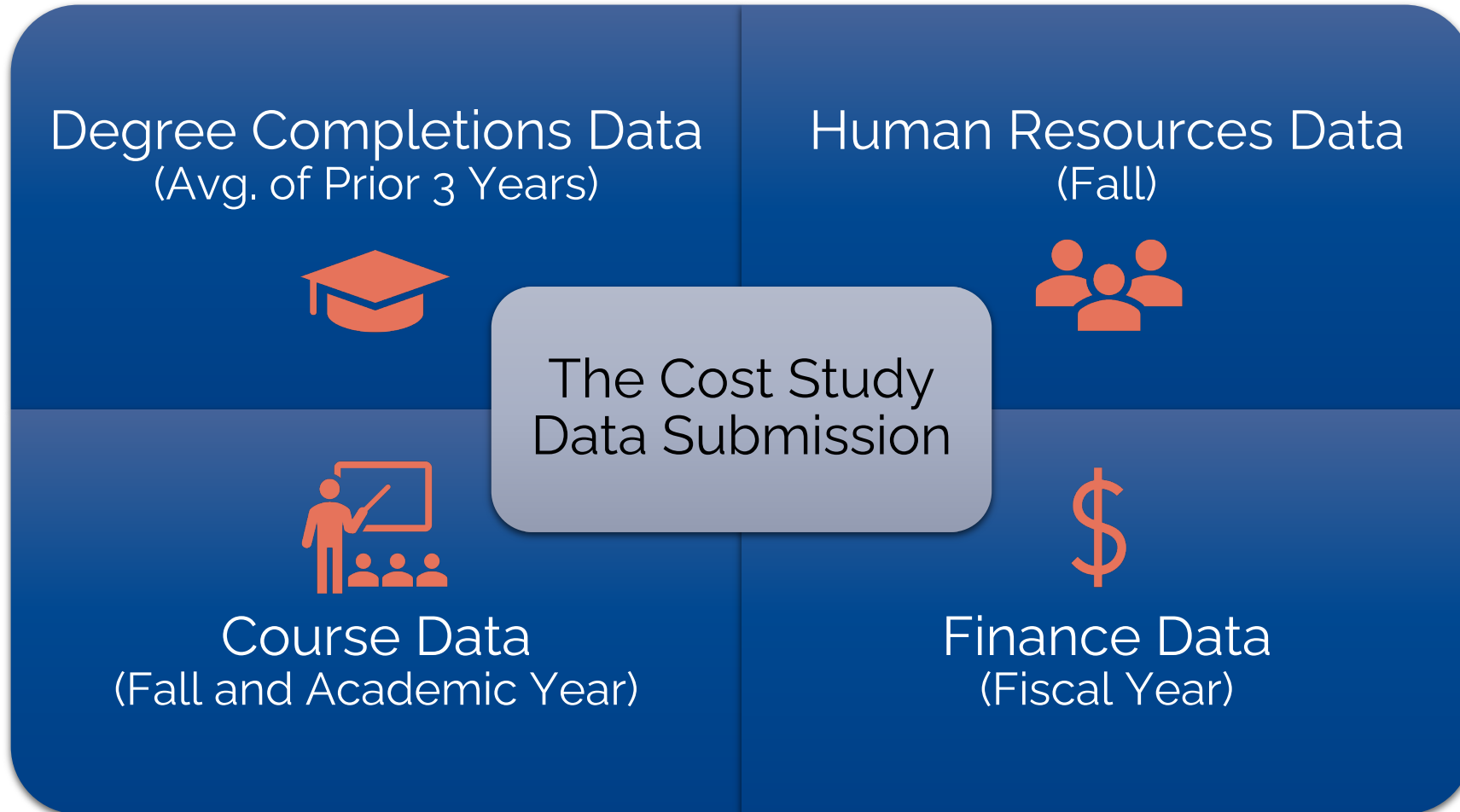


And at what cost?

Instructional, research, public service expenditures

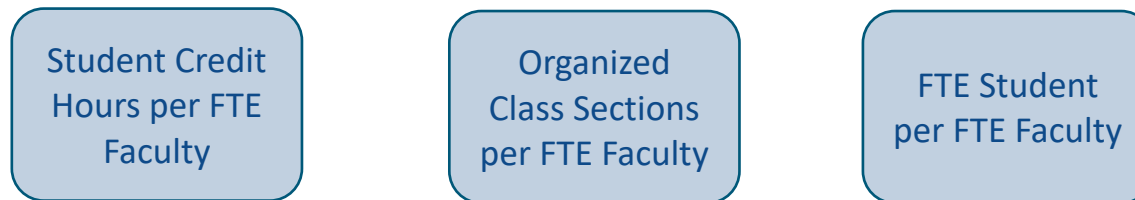


The Cost Study Data Elements



Cost and Productivity Metrics

- Expenditures
 - Instructional Cost per Student Credit Hour (or per FTE Student)
 - Research and Public Service Expenditures
- Faculty Workload (for different faculty types)



How are faculty spending their instructional time?

OR

Who is teaching the courses at each level?

Benchmark Groups and Categories

Institutional Carnegie Classification

Research (R1&R2), Doctorate/Professional (R3), Comprehensive (M1,M2,M3), Baccalaureate (B1,B2)

Highest Degree Awarded

Doctoral/Professional, Master's, Bachelor's, Non-Degree



Proportion of Undergraduate Degrees

0-24% UG, 25-49% UG, 50-74% UG, 75-100% UG



Type of Reports Available



Institution Reports



Benchmark Reports



Cost Study Reports

Uses of The Cost Study

- Instructional cost and faculty workload comparisons
- Academic program reviews
- Higher education accreditation
- Additional uses beyond the individual institutions

Cost and Faculty Workload Comparisons

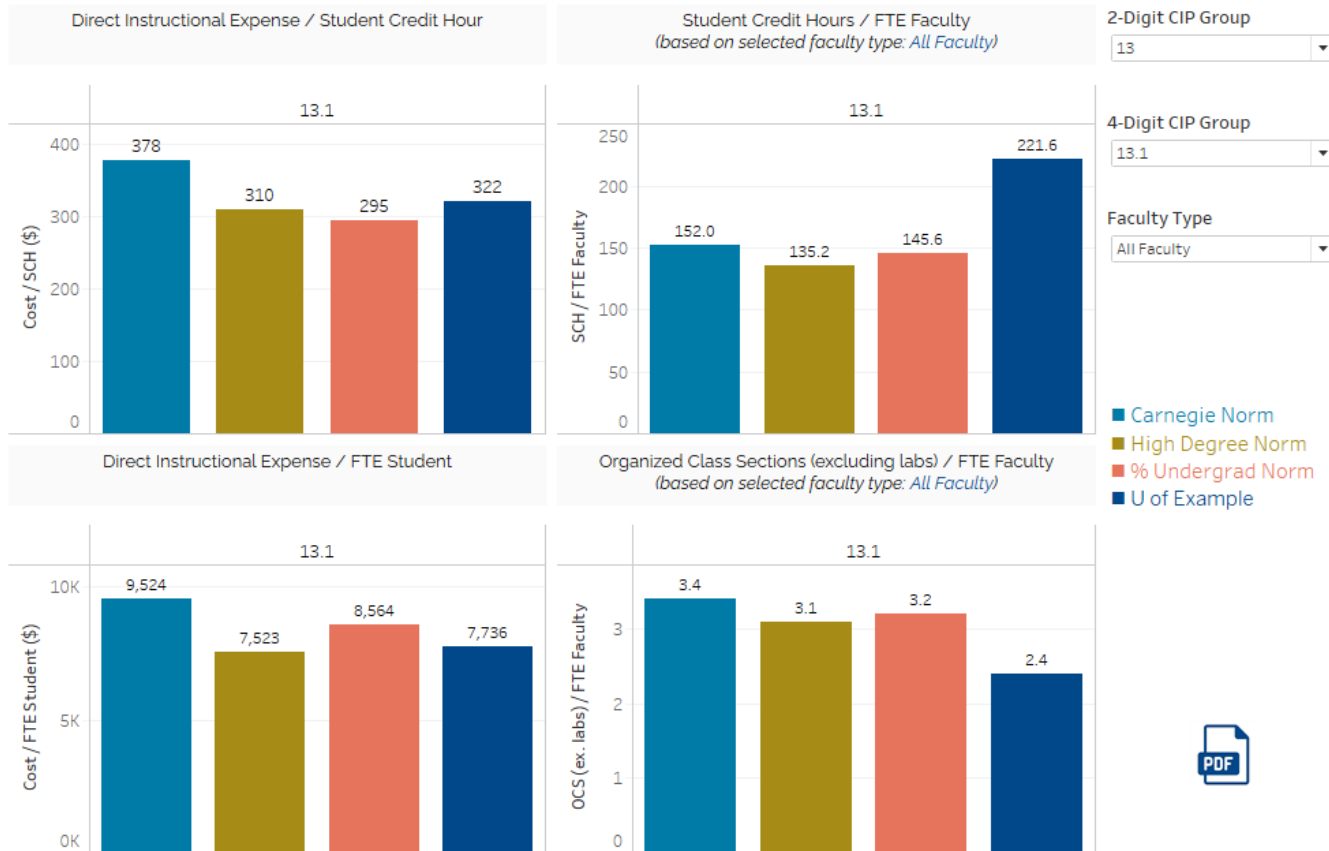
Cost and Productivity Dashboard for the University of Example

Sample Data

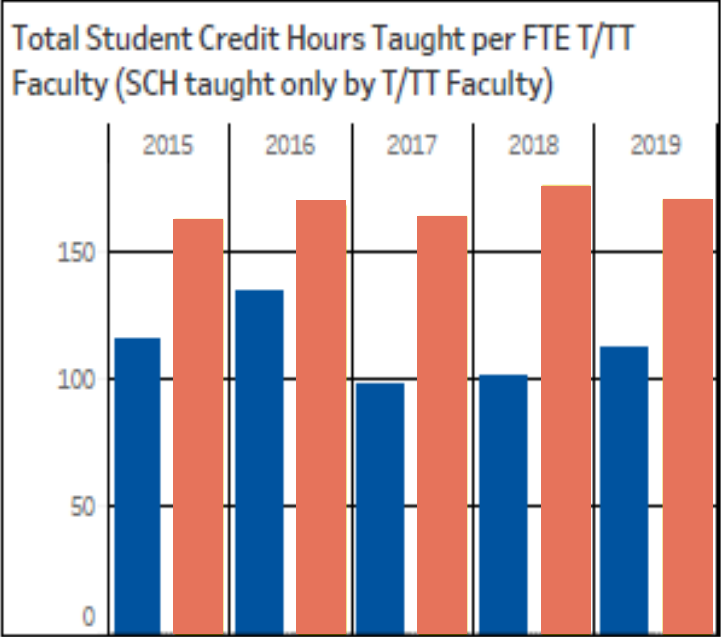
For 2-digit CIP 13 (EDUCATION)

Filter selections include the following institution CIPs:

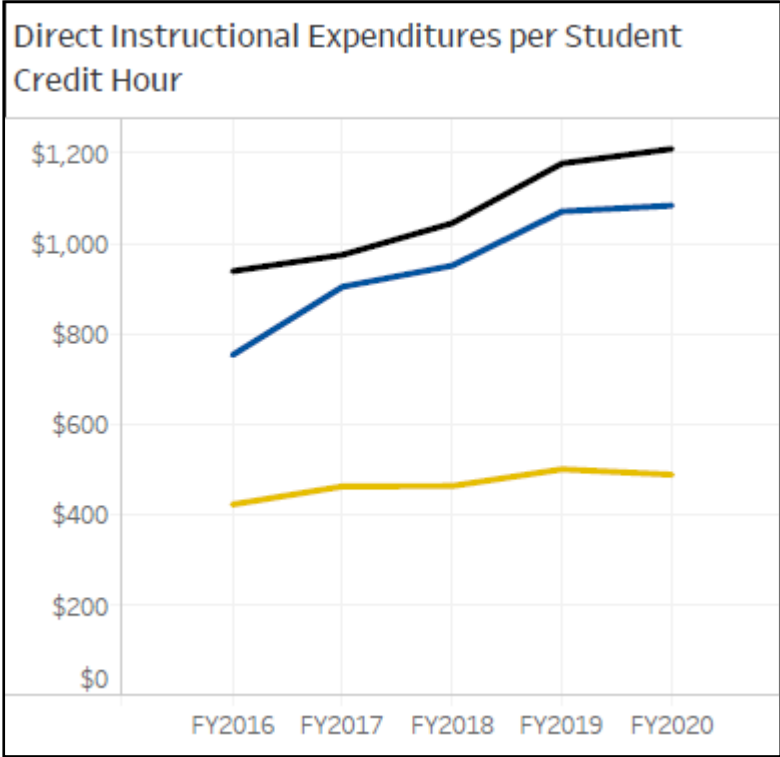
13.1



Academic Program Reviews

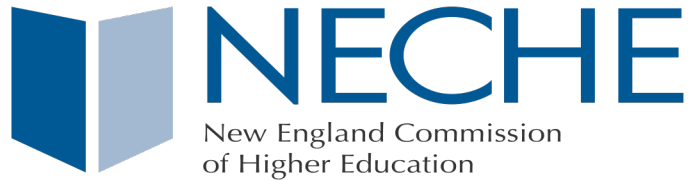


■ Institution Program
■ Carnegie Norm



— College Average
— Institution Program
— Institution Average

Accreditation



Standard 2.6



CFR 2.4

Institutional planning and effectiveness process involves all **programs**, services, and constituencies; is linked to the **decision-making process** at all levels; and provides a sound basis for **budgetary decisions and resource allocations**



Standard 4A (1)



Standard V (3e)



Standard 1.B.2

Using the Cost Study to Inform Funding Models

- Decisions about funding increases and decreases in instructional activity (e.g., UNC System Office)
- Compare costs and productivity within the state system *and* against comparators outside of the system
- Differential tuition conversations
- Holistic approach
 - Understanding program-level differences
 - Four primary cost drivers
 - Data storytelling—the relationship between instructional costs and productivity metrics

UNC System Office Funding Model

- Annual workload metric report
- 2018 & 2022 UNC enrollment funding model
 - Funding the increase/decrease in SCH compared to the prior year
 - DIE/SCH metric – 2-digit, 3-year-average (by benchmarking category)
 - Additional components unrelated to The Cost Study data

$$\text{Subsidy \$\$} = \left(\left[\text{DIE/SCH} + \text{UNC Overhead/SCH} \right] \times \text{UNC \%} \right) \times \pm \text{SCH from prior year}$$

Opportunities for Participation and Access

- System Offices can gain access to comparative data sets by committing their 4-year public institutions to the study
- Data Reports Available to System Offices
 - De-identified comparative data sets (National Norms)
 - Identifiable state data sets (raw data submission and calculated metrics) w/a data-sharing agreement
 - Customizable state-level reports (may require an additional fee)

Jen Snyder, *Director of HEC*

Marcia Preston, *Manager of The Cost Study*

Allison Dunckel, *Member Outreach Coordinator*

Website: **ire.udel.edu/cost/**

The Cost Study email address: **ire-cost@udel.edu**

