

# Cost per Degree

**Board of Governors  
Strategic Planning Committee**

**Florida Gulf Coast University  
June 9, 2005**

# Potential Uses of “Cost per Degree”

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- Accountability: Compare costs against benchmarks and develop strategies to improve
- Planning: Identify low-cost opportunities to satisfy statewide needs (where appropriate)
- Funding: Support legislative budget requests

# Primary Question:

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**Is the development of a cost per degree model feasible**

**...for accountability purposes?**

**...for planning?**

**...for funding?**

# Results of MGT Analysis: System Average Instructional Cost by Degree Level

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## ■ Bachelor's:

- **First Time in College**      **\$ 37,997**
  - ❖ **Range: \$22,223 (Parks, Recreation, Leisure and Fitness Studies) -- \$70,344 (Engineering)**
- **AA Transfer**      **\$ 18,673**
  - ❖ **Range: \$10,957 (Legal Professions/Studies) -- \$37,713 (Engineering)**

# Results of MGT Analysis: System Average Instructional Cost by Degree Level

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- **Master's:** **\$ 23,171**
  - ❖ **Range: \$10,472 (Legal Professions/Studies) -- \$47,876 (Visual and Performing Arts)**
  
- **Doctorate:** **\$ 121,725**
  - ❖ **Range: \$71,936 (Parks, Recreation, Leisure and Fitness Studies) -- \$302,104 (Computer Science)**

# Results of MGT Analysis: System Average Degree Cost for First-Time- in-College Students

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## ■ 10 Disciplines with Most Bachelor Degrees:

– Engineering	\$ 70,344
– Biological Sciences	\$ 64,037
– Visual & Performing Arts	\$ 55,367
– Health Professions	\$ 40,906
– Education	\$ 40,471
– Psychology	\$ 29,623
– Communication	\$ 28,535
– Business & Management	\$ 27,964
– Social Sciences	\$ 26,029
– English Language & Lit	\$ 24,626

# Results of MGT Analysis: Instructional Cost per Degree for First- Time-in-College Students in Engineering

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## Cost/Degree

<b>SUS</b>	<b>\$ 70,344</b>
<b>FAU</b>	<b>\$ 107,756</b>
<b>USF</b>	<b>\$ 103,412</b>
<b>FAMU/FSU</b>	<b>\$ 93,239</b>
<b>UCF</b>	<b>\$ 76,452</b>
<b>UNF</b>	<b>\$ 61,715</b>
<b>UF</b>	<b>\$ 54,687</b>
<b>FIU</b>	<b>\$ 53,028</b>

# Results of MGT Analysis: Instructional Costs by Institution

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- **Estimated Instructional Program Cost per Degree by Level Granted at Each University**
  - In agenda packets



# Lessons Learned: What Drives Cost per Degree in MGT Model?

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- **Instructional costs (cost per credit hour), determined primarily by:**
  - faculty/student ratios
  - faculty salaries and other expenses
  - use of graduate students/adjuncts
- **Completion rates**
  - Institutional retention/graduation
  - Discipline/program-level retention/completion

# Challenges in Analyzing Cost per Degree

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- Graduate and undergraduate program costs are related
- Research, instruction and public service costs are related
- Growth rates and institutional size affect costs
- Students enter institutions with varying levels of credit and/or preparation

# Challenges in Defining Cost per Degree: Limitations of Expenditure Analysis

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- **Expenditure Analysis has limitations that affect its usefulness for cost per degree calculations:**
  - **Does not include all funding sources**
  - **Does not include program-level (6-digit CIP) information**

# Other Cost per Degree Models Proposed

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- **Sticker Price: Cost of Catalog Credits**
  - **Answers question: “What is the cost of the standard course requirements for a degree?”**
  - **Limitations: Does not include cost of additional courses or of students who do not complete a program**

# Other Cost per Degree Models Proposed

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- **Transcript Price: Cost of Credits Taken by Graduates**
  - **Answers question: “How much did it cost to educate this set of graduates?”**
  - **Limitation: Does not include costs related to students who do not complete a program**

# Primary Question:

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**Is the development of a cost per degree model feasible -- and desirable**

**For accountability purposes?**

**For planning?**

**For funding?**

# Recommendations: Accountability

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**Either of two options could address accountability:**

- **Refine cost per degree model to better connect recent expenditures with recent degrees awarded. Task force of university representatives could develop model over 12 month period.**
- **Or, in place of a model, monitor the key component variables: instructional costs and completion rates.**

# Recommendations: Planning

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- **New program requests should apply consistent methodology to estimate costs. In addition to accountability variables, capacity, marginal costs, and positive or negative effects on costs of related programs also need to be considered.**
- **Special allocations of funds for growth in key programs could be treated in a similar way, with consistent analyses of projected costs.**



# Recommendations: Funding

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**Cost per degree model would not be feasible for requesting or allocating funds:**

- **Cannot develop single model to reliably predict future costs of all programs**
- **Aggregate estimates (e.g. cost per bachelor degree systemwide) may be more useful than detailed model**

# Recommendations: Expenditure Analysis Refinements

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- **For accountability, planning, and funding purposes, adjustments should be made to the statewide Expenditure Analysis to better address the policy questions facing the Board of Governors**

# Recommendations: Expenditure Analysis Refinements (*continued*)

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- Refinement of expenditure analysis would be a significant undertaking:
  - It would take a year to plan (05-06)
  - Data would be collected in new format in 06-07
  - Data would be available for analysis in fall of 2007
  - Statutory language requires changes to be approved by legislature and governor's office

# Recommendations: Expenditure Analysis Refinements *(continued)*

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- **Create a system-wide task force, with each president making one appointment to the task force. The task force would recommend a methodology for approval by the Board within one year.**

# Cost per Degree

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## ■ Discussion