Cost Driver Analysis: Data Requirements



Expert Team Meeting Denver, Colorado September 23, 2014



National Center for Higher Education Management Systems 3035 Center Green Drive, Suite 150 Boulder, Colorado 80301

The Challenge

- Find a way to convey to policymakers and the general public
 - The factors that determine the costs of educating a student and why those costs differ in different types of institutions
 - The factors that determine prices charged to students
 - The extent to which Colorado institutions have managed to control cost and prices
- Put state appropriations in the context of overall institutional finance; put costs of educating a student in the context of overall institutional expenditures
- Base the story line on sound analyses

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2

Build trust by increasing transparency of cost and pricing considerations

Cost Driver Analyses – General Approach

- Separate analyses for different types of institutions tentatively
 - Research 1
 - Research 2
 - Other 4-year
 - 2-year
- Identify those factors that explain most of the variation in cost
- Compare Colorado institutions to other, similar institutions on these variables
- Work hard at developing graphic presentations that tell the story

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General Approach

- Conduct majority of analyses using national data
 - Cast a wide net
- Add granularity by using data compiled from CDHE and institutions
 - Every effort made to minimize impact on institutions
- Address cost driver analyses first, pricing second
 - Inform mission metric decisions in funding model



Question: The Credence of Evidence Based On

- Comparisons with peers?
- Statistically derived comparisons of "expected" versus actual? Predictions of costs based on statistical analyses versus actual costs.



- Not available from national sources or CDHE and
- Needed to address specific items in the RFP

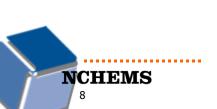


"Cost of Instruction" Cost Factors vis-à-vis other Functions

Function	I/R/PS- FT/PT	Exec	Other Prof	Student	Clerical	Tech	Other	OP Costs
	FTE							
	Ave. Salary							



	Section Sizes							
	Disc. & Level	<5	5-9	10-19	20-29	30-49	50-99	≥100
1. Number of sections 2. Number of SCH 3. Number taught by FT faculty 4. Number taught by PT faculty								



Uncontrollable or "mandated" costs - operating Line item expenditures, by function

	Instruction	Research	 Total
Salaries Benefits • Healthcare • Retirement • Other Op. Expenses • Supplies • Utilities • Insurance • Travel • Other Capital items • Technology			

Most current & 5 years prior

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9

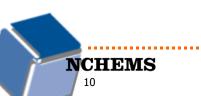
Expenditures on facilities and relationship to student fees

Funding of facilities construction & maintenance

- Separate for
 - Academic (Inst., Res., P.S.)
 - Administration
 - Recreation
 - Athletics
 - Other (Student Union, etc.)
 - Auxiliary Enterprises other than athletics/recreation
- Omit hospitals

Revenue Source	New Construction	Renewal & Renovation	Maintenance
State Appropriation – Cap State Appropriation – General Fund			
Federal Gifts			
Student Fees Use charges			
-	I		

Last 5 years



The use of institutional financial assistance & scholarships at various institutions

	Undergraduate	Graduate
Scholarship Payments (\$'s come into institutions)		
Waivers		
Gross Tuition Revenue		
Net Tuition Revenue		

Most recent and 5 years previous

