

Cost Driver Analysis: Data Requirements



Expert Team Meeting
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NCHEMS

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
- 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

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 | | | | | | | |

| Disc. & Level | Section Sizes | | | | | | |
|------------------|---|-----|-------|-------|-------|-------|------|
| | <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

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 | | | |

- 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