

Analysis of Education and Related Spending per Degree

Committee on Budget and Finance

June 13, 2013

Analysis of E&R Spending per Degree - Outline

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- Methodology
- Campus Analyses
 - University of North Carolina at Chapel Hill
 - North Carolina Central University
 - Elizabeth City State University
 - North Carolina A & T State University
- Policy Improvements

Analysis of E&R Spending per Degree - Background

- Over the past year, the Board has been reviewing Education and Related (E&R) Spending per degree as a measure of efficiency
- E&R Spending is used to measure the full “production cost” of education, capturing only spending related to the academic mission.
- E&R Spending contains:
 - 100% of Expenses
 - Instruction
 - Student services
 - Pro-rata Share of Expenses
 - Academic support
 - Institutional support
 - Operations and Maintenance of facilities

Analysis of E&R Spending per Degree - Background

- April 2013 board meeting UNC institutions were compared by E&R Spending per degree.
- Board asked for follow-up on four specific institutions with high E&R Spending per degree relative to peers.
 - UNC Chapel Hill
 - North Carolina Central University
 - Elizabeth City State University
 - North Carolina A&T State University

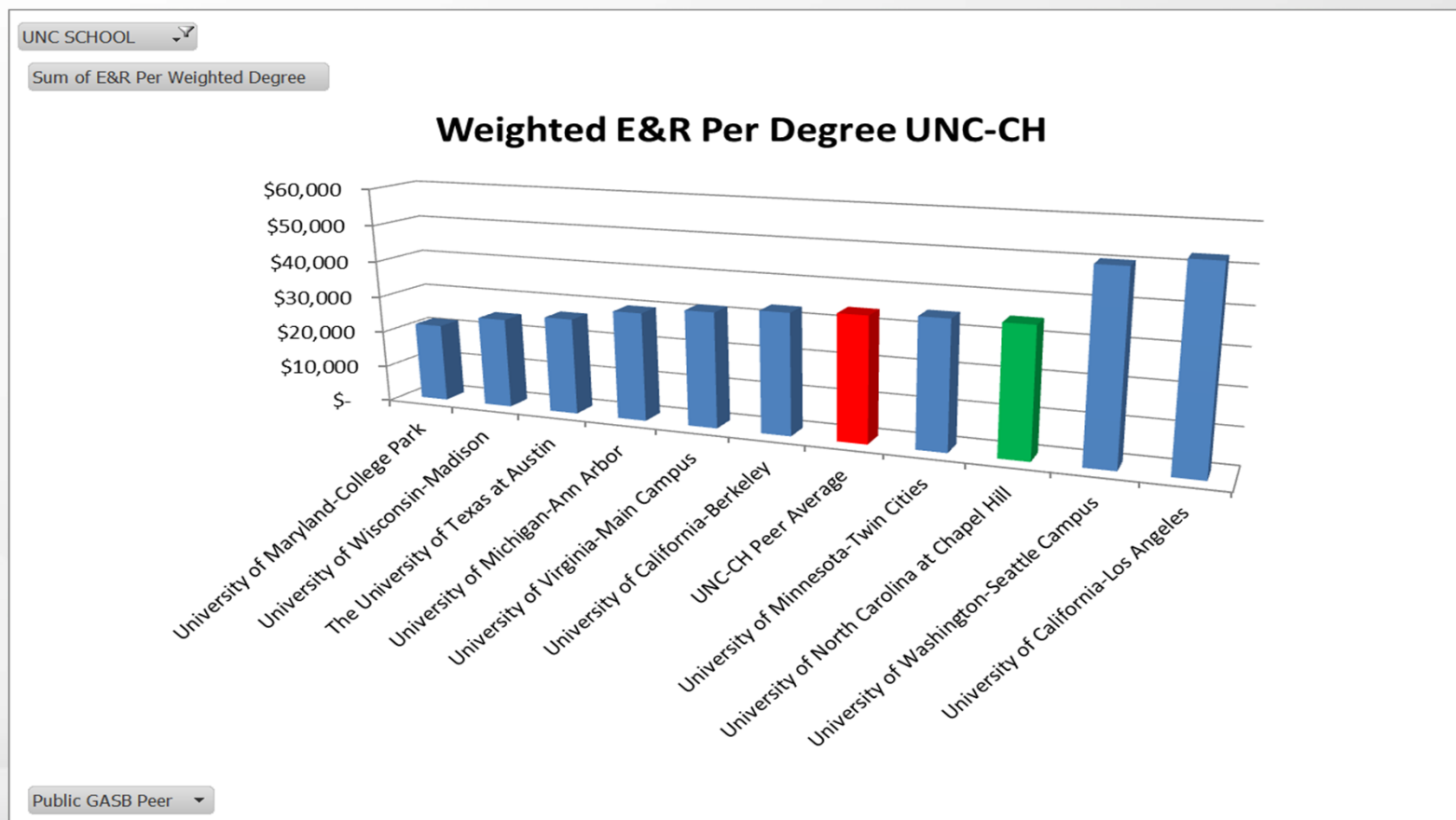
Analysis of E&R Spending per Degree - Methodology

- Using IPEDS data, the four institutions were compared to peers in the areas of:
 - Spending components
 - Degree efficiency
 - Student-faculty ratio
 - Undergraduate Pell participation
 - Graduation rates
 - Student FTE enrollment
- Spending and degree data was adjusted for UNC Campuses and their peers to account for:
 - Cost of living differences in salaries.
 - Differences in mix of programs and their relative average expense (i.e. Engineering versus English).

Analysis of E&R Spending per Degree - UNC Chapel Hill

- 2012 E&R Spending per degree was \$115,376 or 120.3% of its 2011 peer average.
- UNC-CH determined it had made a systematic expense classification error for several years.
 - Research expenses were understated and instruction expenses overstated by \$156 million in 2012 and \$153 million in 2011.
 - After adjusting for the error, UNC-CH's 2012 E&R Spending per degree was recalculated as \$92,775 or 101.1% of its 2011 peer average.
- After weighting the data for the program mix and cost of living, UNC-CH's weighted E&R Spending per degree is 102.4% of its peers.

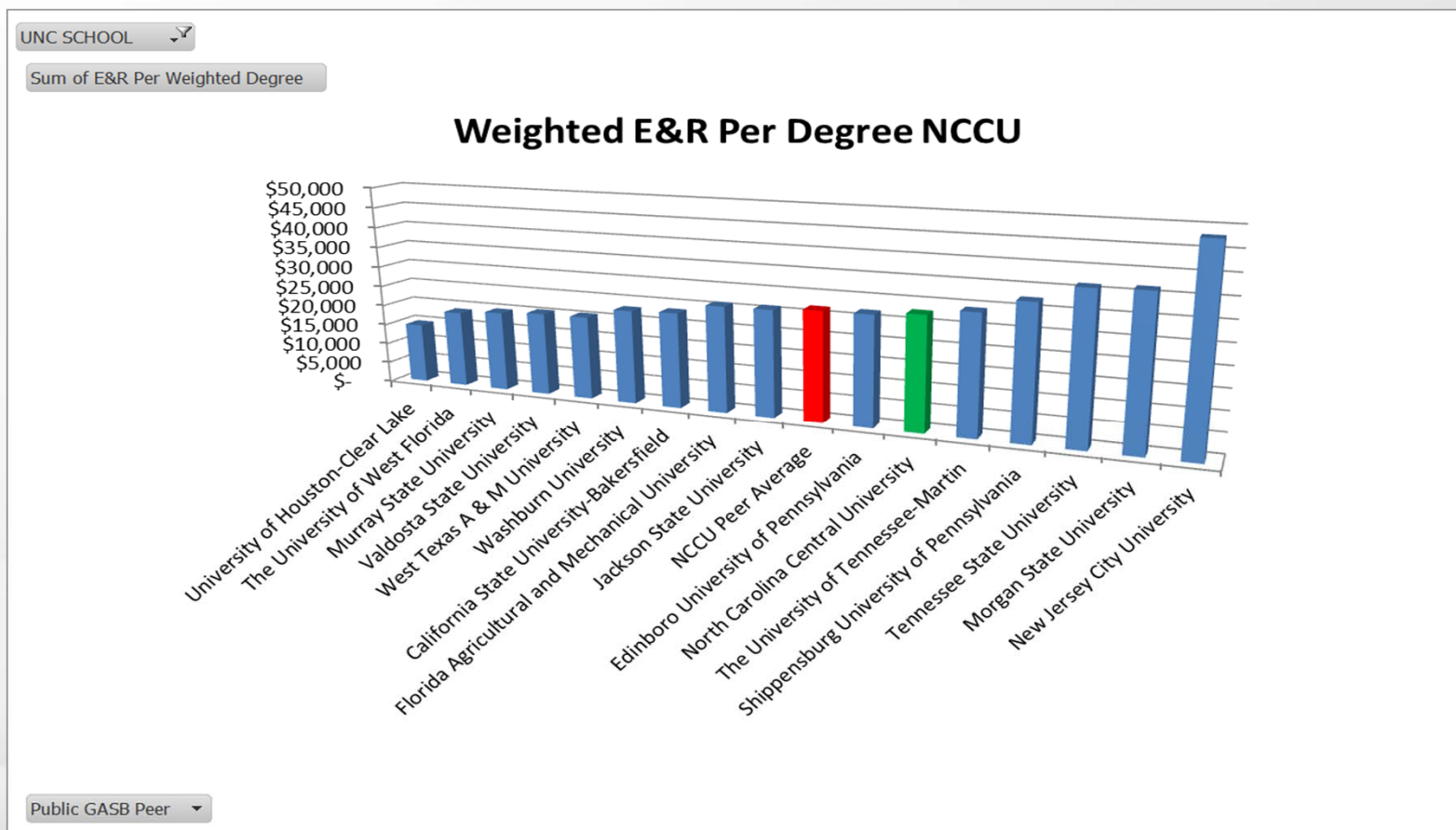
Analysis of E&R Spending per Degree - UNC Chapel Hill



Analysis of E&R Spending per Degree - NC Central University

- NCCU 2012 E&R Spending per degree was \$82,547 or 136.6% of its 2011 peer average.
- Spending was significantly impacted by the program mix offered relative to peers.
 - Law school is a major component.
- After weighting the data for the program mix and cost of living, the school's E&R Spending per degree fell to 103.5% of its public peers.
- In addition, NCCU has one of the higher undergraduate Pell rates in their peer group. This circumstance tends to create higher student support demands.

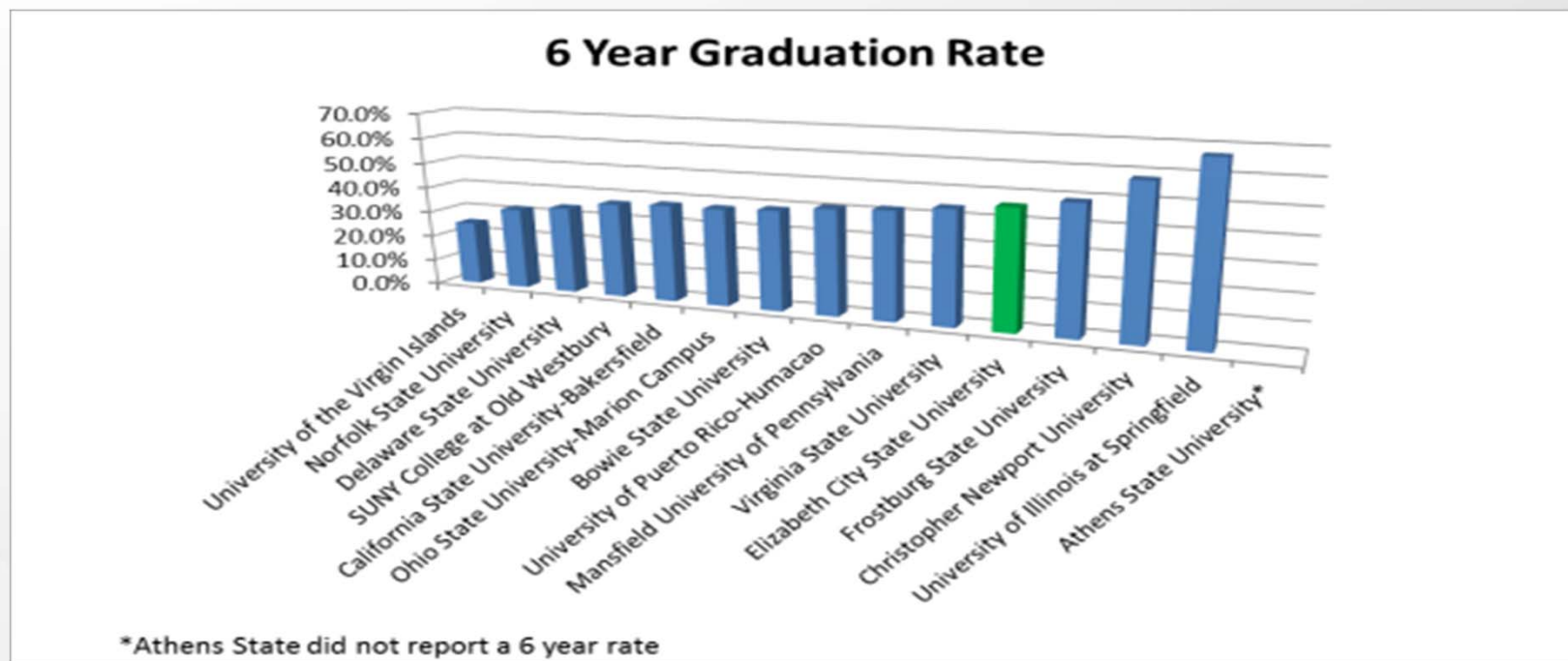
Analysis of E&R Spending per Degree - NC Central University



Analysis of E&R Spending per Degree - Elizabeth City State Univ.

- ECSU's 2012 E&R Spending per degree was \$114,652 or 166.3% of its 2011 peer average.
- Once the spending was weighted for location and degree mix ECSU's E&R Spending per degree decreased to 164.3%.
- This above average spending seems due to multiple factors, including:
 - Student-faculty ratio - ECSU has a 15 student per faculty ratio while their peer group average is 17.25 students per faculty (IPEDS 2011).
 - ECSU Pell participation was 71% while the peer average was 51%.
 - Degree efficiency.

Analysis of E&R Spending per Degree - Elizabeth City State Univ.



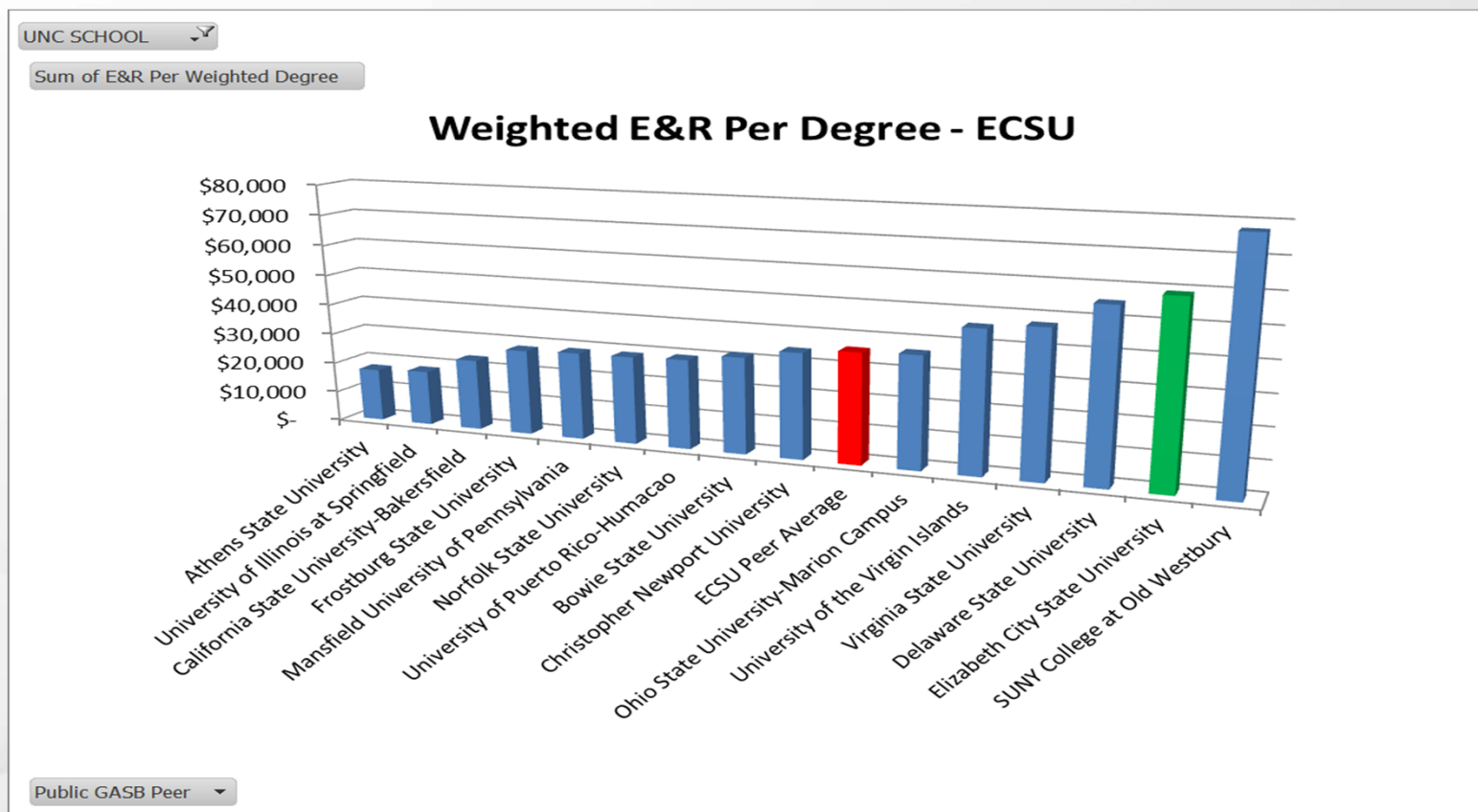
ECSU's compares similarly to peers in 6 year graduation rate,
but . . .

Analysis of E&R Spending per Degree - Elizabeth City State Univ.

... ECSU produces the lowest number of weighted degrees per enrolled 100 FTE within their peer group.

Institution	Weighted Degrees per 100 FTE	% of Peers
University of Illinois at Springfield	70.38	211%
Athens State University	42.36	127%
California State University-Bakersfield	41.13	123%
Mansfield University of Pennsylvania	39.90	120%
Bowie State University	34.08	102%
<i>Peer Efficiency</i>	33.31	100%
Norfolk State University	32.70	98%
Frostburg State University	32.34	97%
Christopher Newport University	31.61	95%
Delaware State University	29.95	90%
Virginia State University	24.90	75%
University of the Virgin Islands	24.06	72%
SUNY College at Old Westbury	23.82	72%
University of Puerto Rico-Humacao	22.99	69%
Ohio State University-Marion Campus	19.53	59%
Elizabeth City State University	17.47	52%

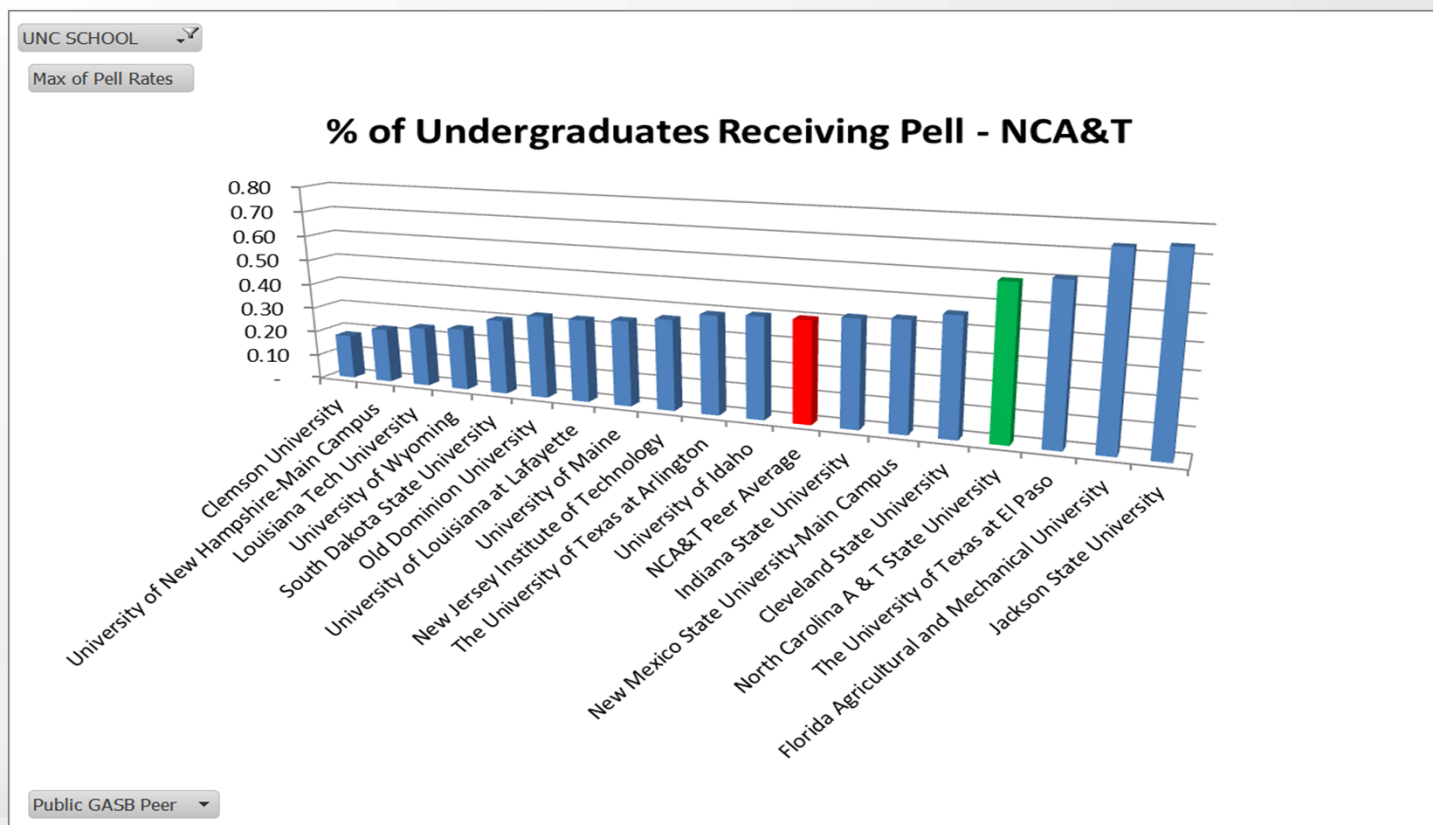
Analysis of E&R Spending per Degree - Elizabeth City State Univ.



Analysis of E&R Spending per Degree - North Carolina A&T

- NC A&T's 2012 E&R Spending per degree was \$78,160 or 138.7% of the 2011 peer average.
- Once the spending was weighted for location and degree mix NCA&T moved up to 150.6%.
- This above average spending seems due to two major factors:
 - Pell participation
 - Degree efficiency

Analysis of E&R Spending per Degree - North Carolina A&T



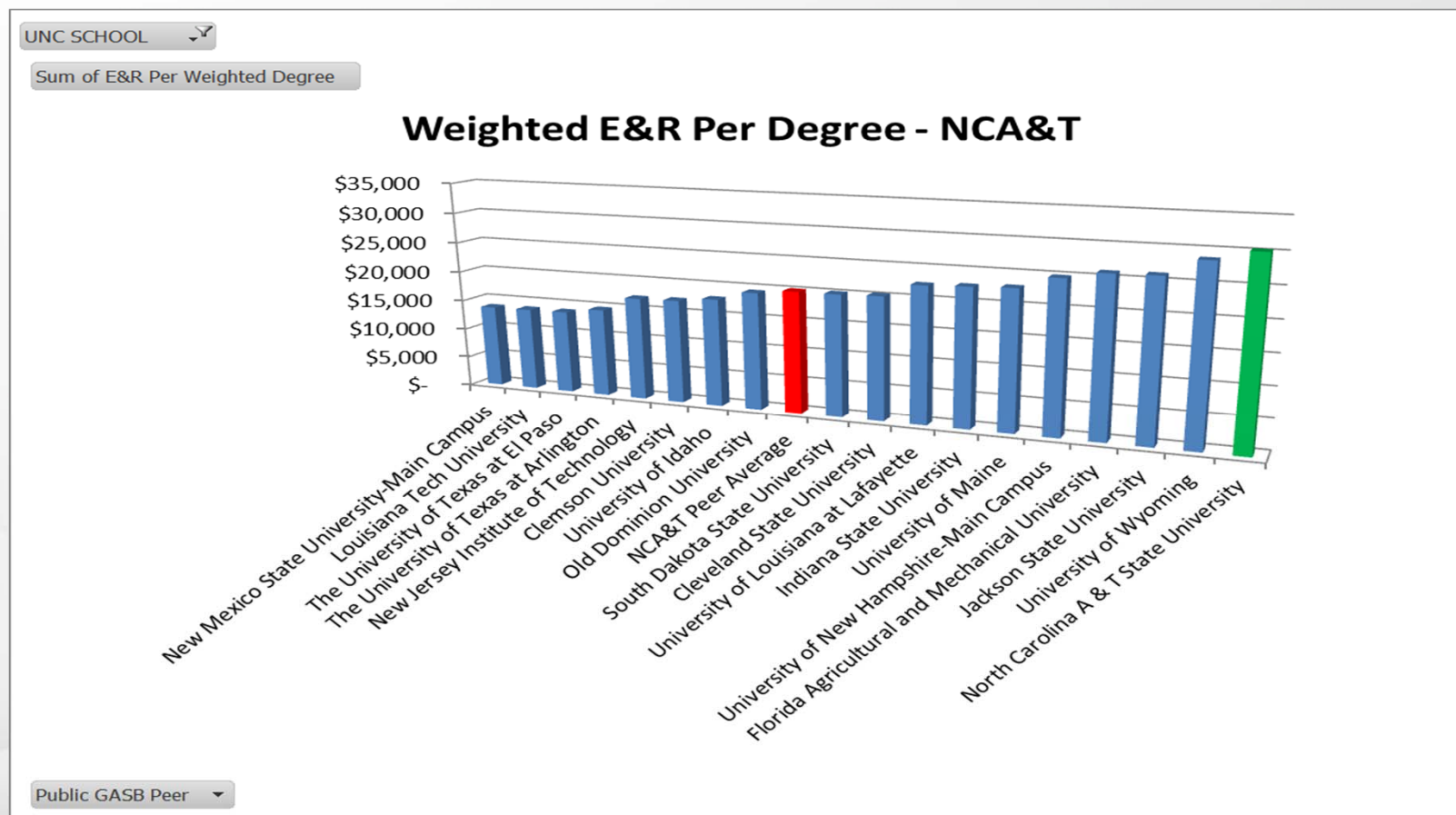
Higher Pell participation implies higher instruction costs.

Analysis of E&R Spending per Degree - North Carolina A&T

NC A&T produces the lowest number of weighted degrees per enrolled 100 FTE within their peer group.

Institution	Weighted Degrees per 100 FTE	% of Peers
New Jersey Institute of Technology	104.79	202%
Louisiana Tech University	67.3	130%
Cleveland State University	62.55	121%
The University of Texas at Arlington	60.28	116%
Clemson University	59.26	114%
Old Dominion University	52.51	101%
University of Wyoming	52.17	101%
<i>Peer Efficiency</i>	51.85	100%
New Mexico State University-Main Campus	51.62	100%
University of Idaho	51.22	99%
University of Maine	51.13	99%
The University of Texas at El Paso	49.13	95%
University of New Hampshire-Main Campus	48.76	94%
South Dakota State University	41.64	80%
Jackson State University	40.97	79%
Indiana State University	40.77	79%
Florida Agricultural and Mechanical University	38.36	74%
University of Louisiana at Lafayette	35.31	68%
North Carolina A & T State University	34.35	66%

Analysis of E&R Spending per Degree - North Carolina A&T



Analysis of E&R Spending per Degree - Policy Improvements

- Increased enrollment of high quality students should lead to more efficient production of degrees driving down cost per degree in the long run.
- Greatest potential impact at campuses with capacity and lower degree efficiency.
- Time lag between additional enrollment and production of additional degrees.

Analysis of E&R Spending per Degree - Policy Improvements

- Recent Minimum Admission Standards
 - Started in Fall 2009.
 - Has started to improve retention and graduation rates.
- Strategic Plan Initiatives
 - Improved Funding Model
 - Ending of “hold-harmless” for under-enrollment.
 - Implement a performance funding model that provides incentives for campuses to improve productivity, quality, and efficiency in educational and operational outcomes.
 - Improve graduation and retention rates and reduce time to graduation through:
 - Expanded summer school offerings,
 - Better monitoring of academic progress, and
 - Early warning systems for struggling students.

Analysis of E&R Spending per Degree - Policy Improvements

- Strategic Plan Initiatives, continued
 - Re-enroll “part-way home” students, those who have completed some college but have not earned a degree.
 - Create a more seamless transfer process for community college students, especially those who have already completed an associate’s degree.
- Nonresident Policy Options