

# What Impact Do Student Services Have on Student Outcomes?

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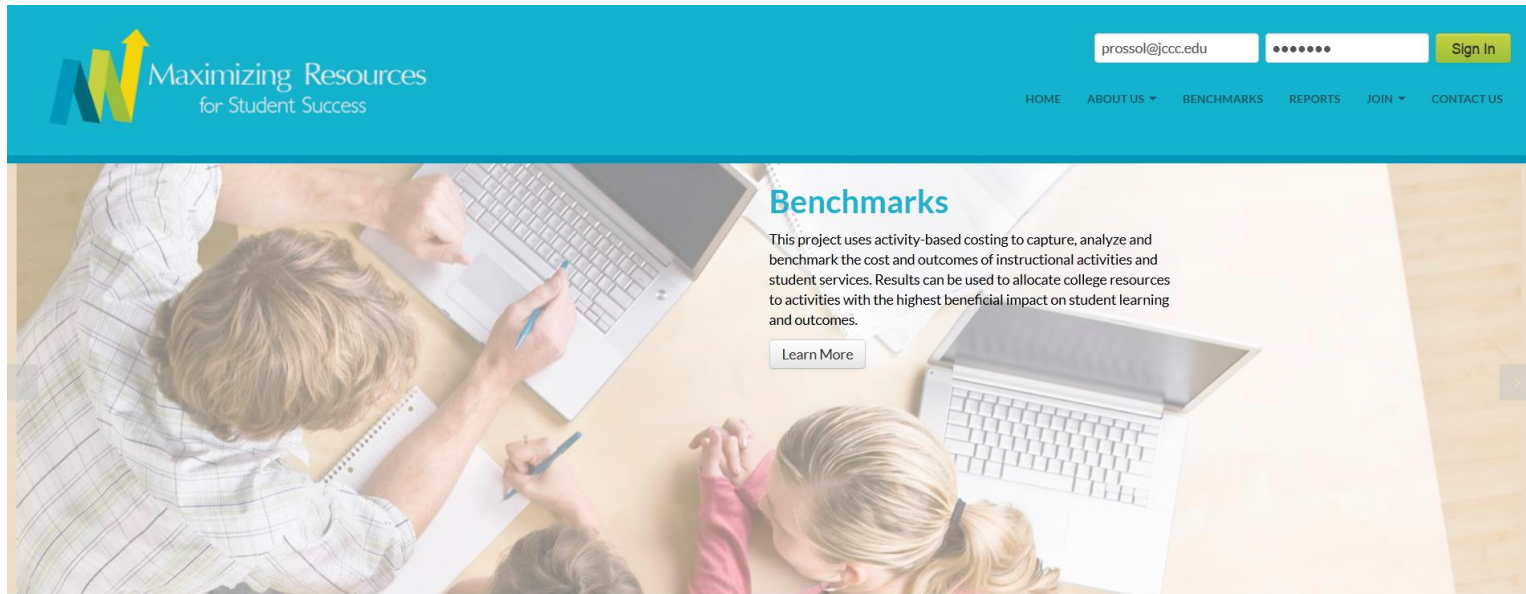
AIR Forum 2016





NATIONAL HIGHER EDUCATION  
**BENCHMARKING  
INSTITUTE**

# Maximizing Resources Website



[www.MaximizingResources.org](http://www.MaximizingResources.org)



# Session Outline

- Challenges that CC's face today
- ABC: An innovation financial framework
- The cost of instructional activities
- The cost of student services
- Tying the finances to the outcomes
- Benchmarking community college costs



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How do we best serve our students?

# Community College Finance Challenges



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# External Challenges

- Stagnant/declining funding
- Declining enrollment
- Performance funding
- Pressure to increase student success
- Diverse students with varying educational needs



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# Presidents' Perspective

## *Inside Higher Ed's 2016 Survey of College and University Presidents*

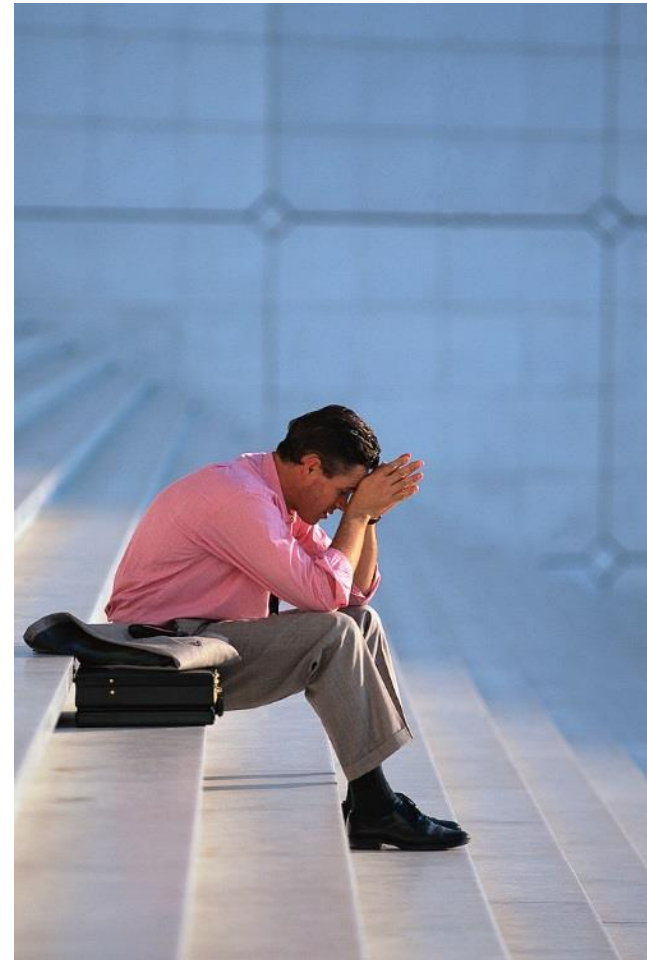
- 68% of the Presidents of public, associate degree-granting institutions do not agree that the business model for cc's is sustainable over the next 10 years



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# Internal Challenges

- “Reallocation” of resources = layoffs
- While community colleges have changed, their budgeting and accounting practices have not



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# How to Control the Costs of Higher Education?

- Start by asking the question: If we make a budget adjustment how will it affect student outcomes?



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# Defining and Describing ABC

An analytical framework for better information

## **Activity-Based Costing**



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“Without knowing the cost of educational activities, there is no way to improve productivity in a systematic and sustainable manner.”

Maria Anguiano

Vice Chancellor of Planning and Budget

UC Riverside



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# ABC Costing

## Allows colleges to:

- Target cost reductions to specific activities
- Calculate the effect of innovations and their cost structure
- Reward effective and efficient departments
- Provide incentives for inefficient departments to improve



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# Activity-Based Costing Framework

## Activity-based costing:

- A costing methodology that identifies activities in an organization
- Assigns all related costs to activities
- Relates the cost to cost driver
- Direct costs roll-up, they are not allocated down

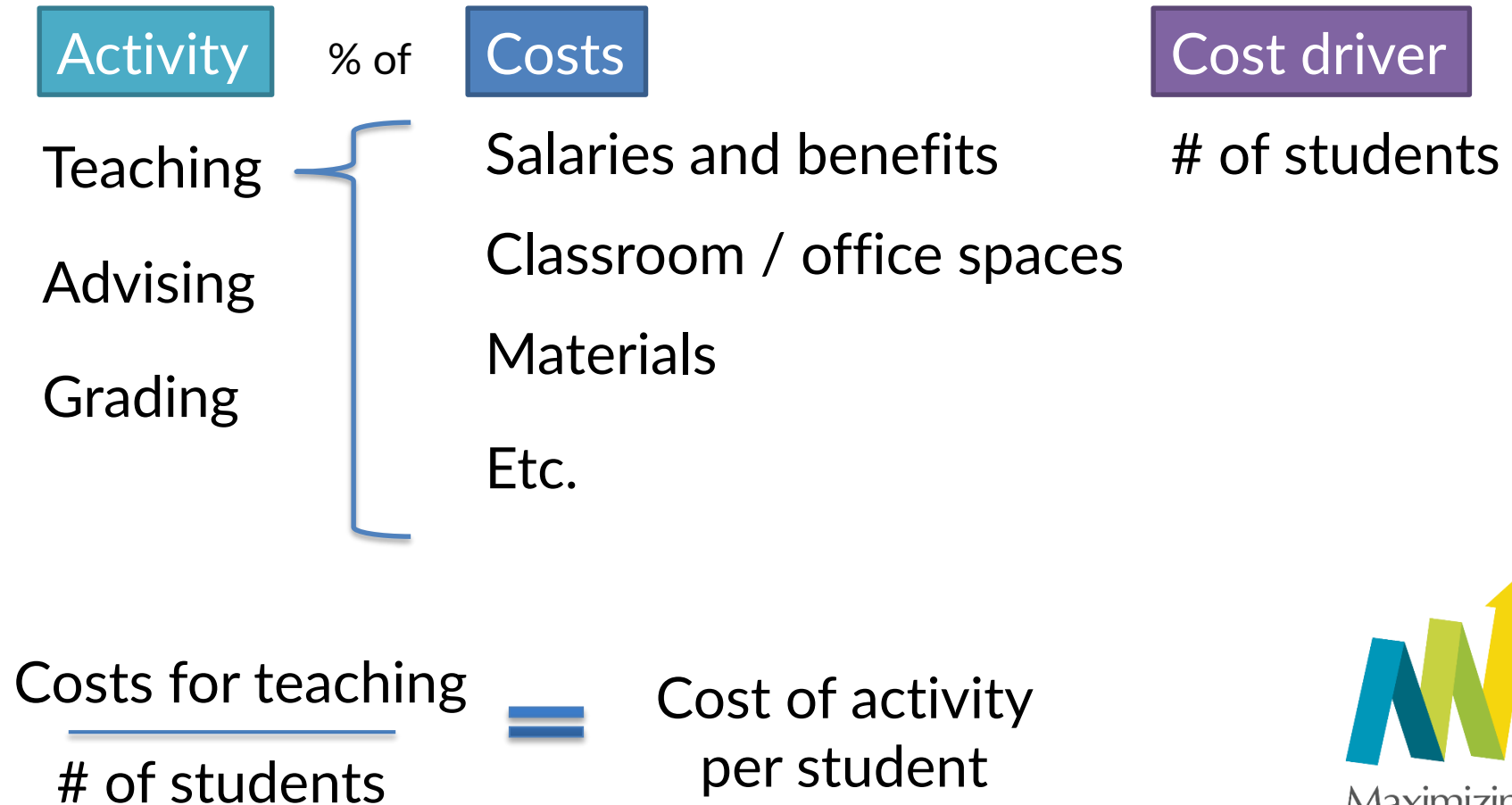


# Activity-Based Costing Framework

- ABC systems focus on the work activities of people and the associated costs
- ABC recognizes the equipment and materials required to provide each service or accomplish each activity
- ABC includes the space and costs of that space that is required to provide an activity



# Example: Activity-Based Costing Framework



# Challenges to Full Scale ABC Implementation

- Requires integration of financial and non-financial systems
- Needs extensive buy-in
- Not a quick fix
- Time, money and resources required for implementation.
- Requires keeping old system for compliance and adding new on top





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BILL & MELINDA  
GATES *foundation*



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- Grant from the Bill & Melinda Gates Foundation to research costs
- National fiscal benchmark project for community colleges
- Teaches how to implement a simplified version of ABC
- Pilot study completed in fall 2013
- First year of data collection in 2015



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# Tremendous Amount of Useful Data

- Minimal data collection burden
- Members can be on the leading edge of this new trend
- IR offices can provide key financial metrics to their executive leadership
- Gives us the ability to look at costs and outcomes and tie them together



# The Cost of Instructional Activities

# The Cost of Student Services



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# Student Services



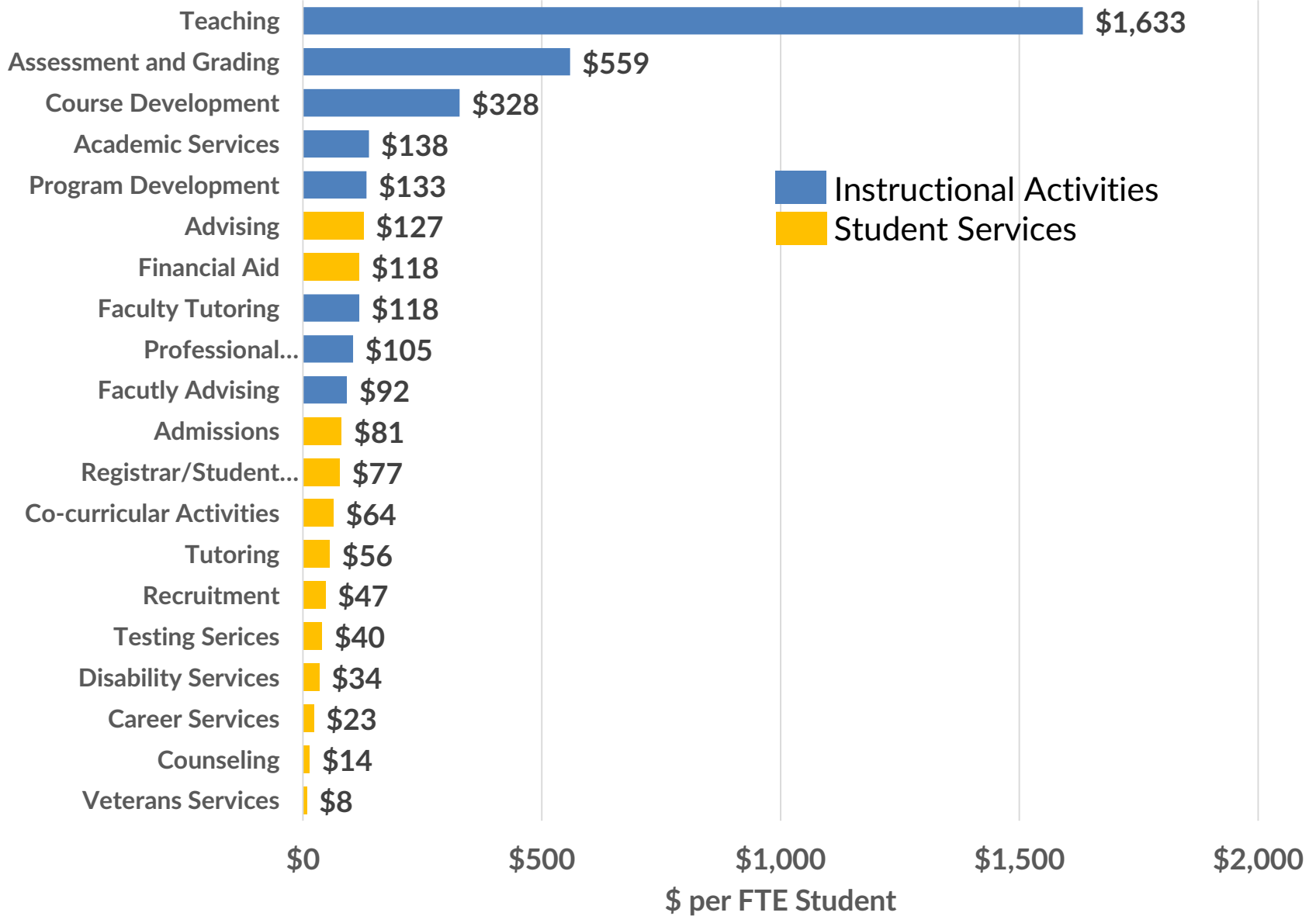
## Student Services

- Admissions
- Recruitment
- Advising
- Counseling
- Career Services
- Financial Aid
- Registrar / Student Records
- Tutoring
- Testing Services
- Co-curricular Activities
- Veterans Services
- Disability Services







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## Median \$ per FTE Student









# Advising

Advising	\$211	75%	16	\$55	\$76	\$127	\$209	\$406	
	Reported Value	% Rank	N	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	
Average Salary and Benefits	\$53,410	19%	16	\$42,585	\$54,265	\$60,483	\$70,587	\$82,158	
FTE Students per Staff Person	253.37	12%	17	188.86	264.62	598.10	854.62	992.28	
% of Costs for Salaries and Benefits	99.60%	81%	16	85.32%	90.96%	96.98%	99.31%	99.89%	
% of Costs for Non-labor Operating Costs	0.40%	13%	16	0.11%	0.55%	1.59%	7.30%	11.34%	
% of Costs for Contract Services	0.00%	-	16	0.00%	0.00%	0.00%	0.27%	8.13%	



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# Financial Aid

Financial Aid	\$38	<1%	18	\$51	\$77	\$118	\$186	\$239	
	Reported Value	% Rank	N	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	
Average Salary and Benefits	\$15,625	<1%	17	\$35,313	\$46,199	\$52,597	\$58,600	\$102,275	
FTE Students per Staff Person	415.53	33%	18	227.01	323.98	470.62	565.95	815.00	
% of Costs for Salaries and Benefits	84.64%	6%	18	83.07%	92.07%	95.35%	97.19%	99.05%	
% of Costs for Non-labor Operating Costs	8.20%	83%	18	0.82%	2.56%	4.34%	6.50%	11.30%	
% of Costs for Contract Services	7.16%	89%	18	0.00%	0.00%	0.00%	1.24%	7.20%	



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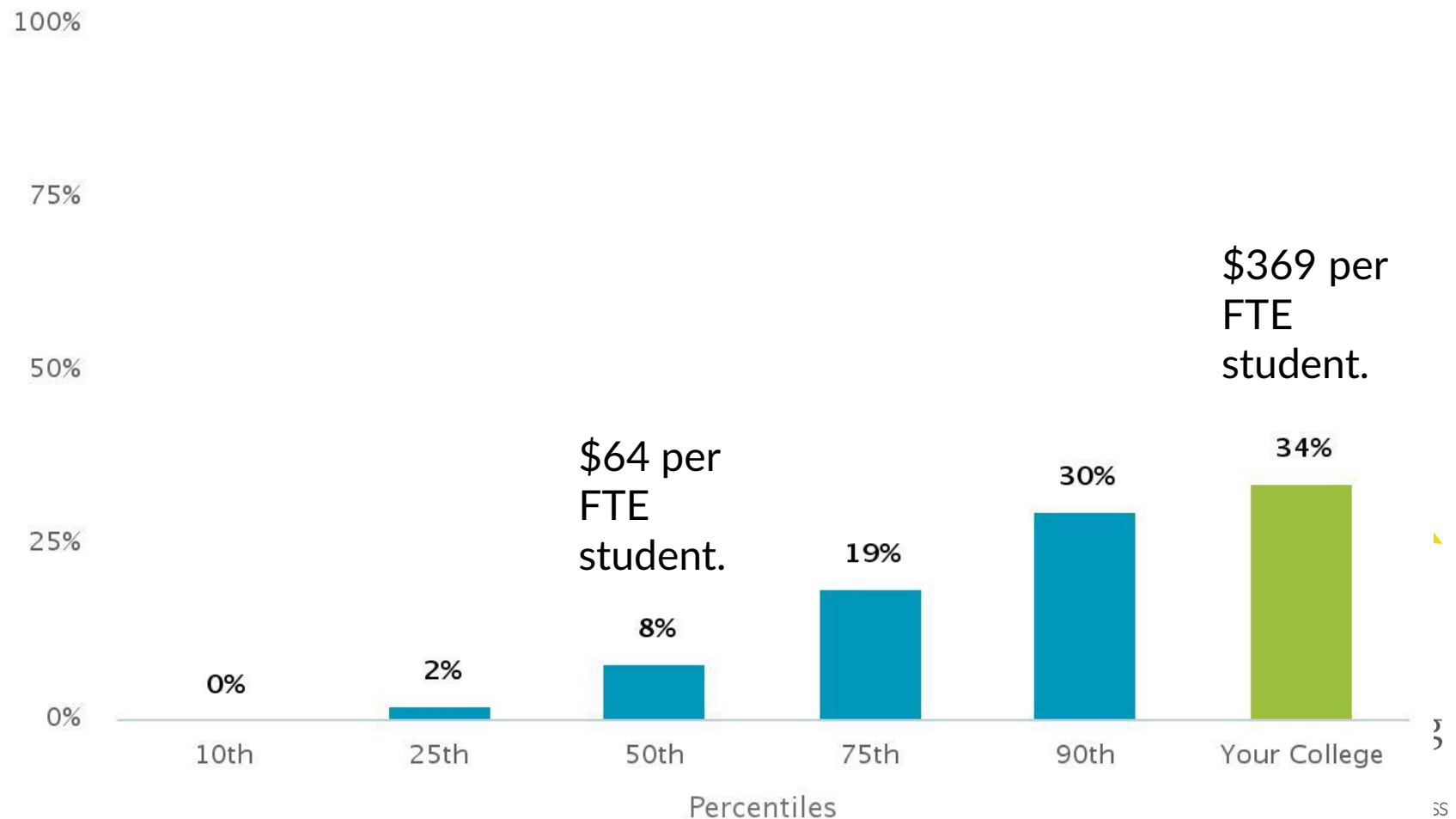
	Your Institution			National Percentiles					
	\$/FTE Student	% Rank	N	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	
<b>Admissions</b>	\$55	24%	17	\$13	\$48	\$81	\$105	\$179	
	Reported Value	% Rank	N	10 <sup>th</sup>	25 <sup>th</sup>	50 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	
Average Salary and Benefits	\$21,292	6%	16	\$20,089	\$40,424	\$54,135	\$67,550	\$79,811	
FTE Students per Staff Person	384.75	24%	17	308.88	370.19	458.08	905.03	1,836.27	
% of Costs for Salaries and Benefits	96.46%	63%	16	80.67%	89.05%	91.98%	96.99%	99.42%	
% of Costs for Non-labor Operating Costs	-	-							
% of Costs for Contract Services	0.00%	-	16	0.00%	0.00%	0.00%	0.04%	2.64%	



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# Some Surprises

## % of Student Services Budget Allocated to Co-curricular Activities



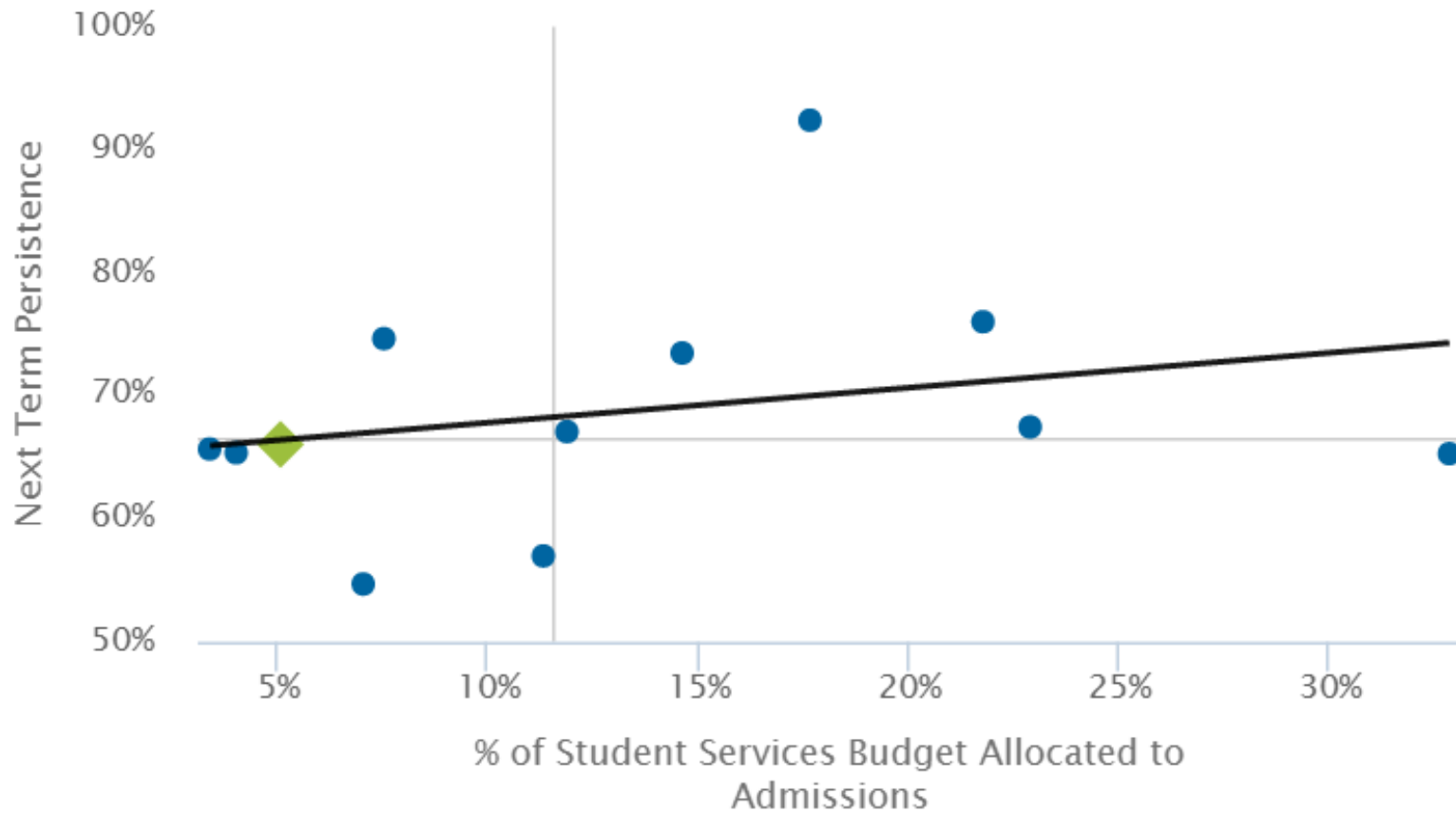
# Student Services

- The % of the total student services budget spent on individual activities had more impact on measures of success than did the cost of the activity per FTE student



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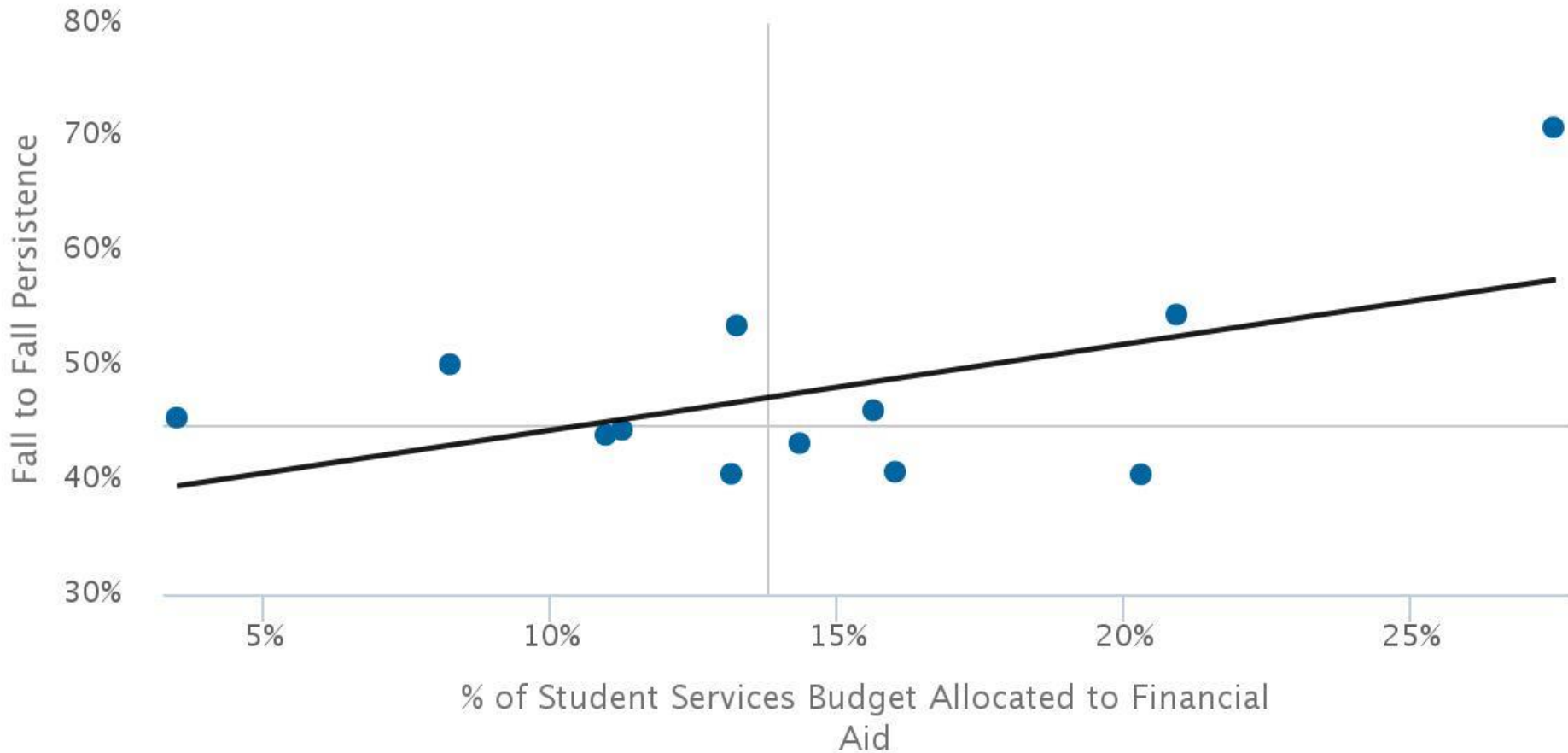
# Admissions and Next Term Persistence



● Institutions    ◆ Johnson County Community College (KS)  
— Equation:  $y = 0.28x + 64.97$

# % of SS Budget for Financial Aid

Fall to Fall Persistence

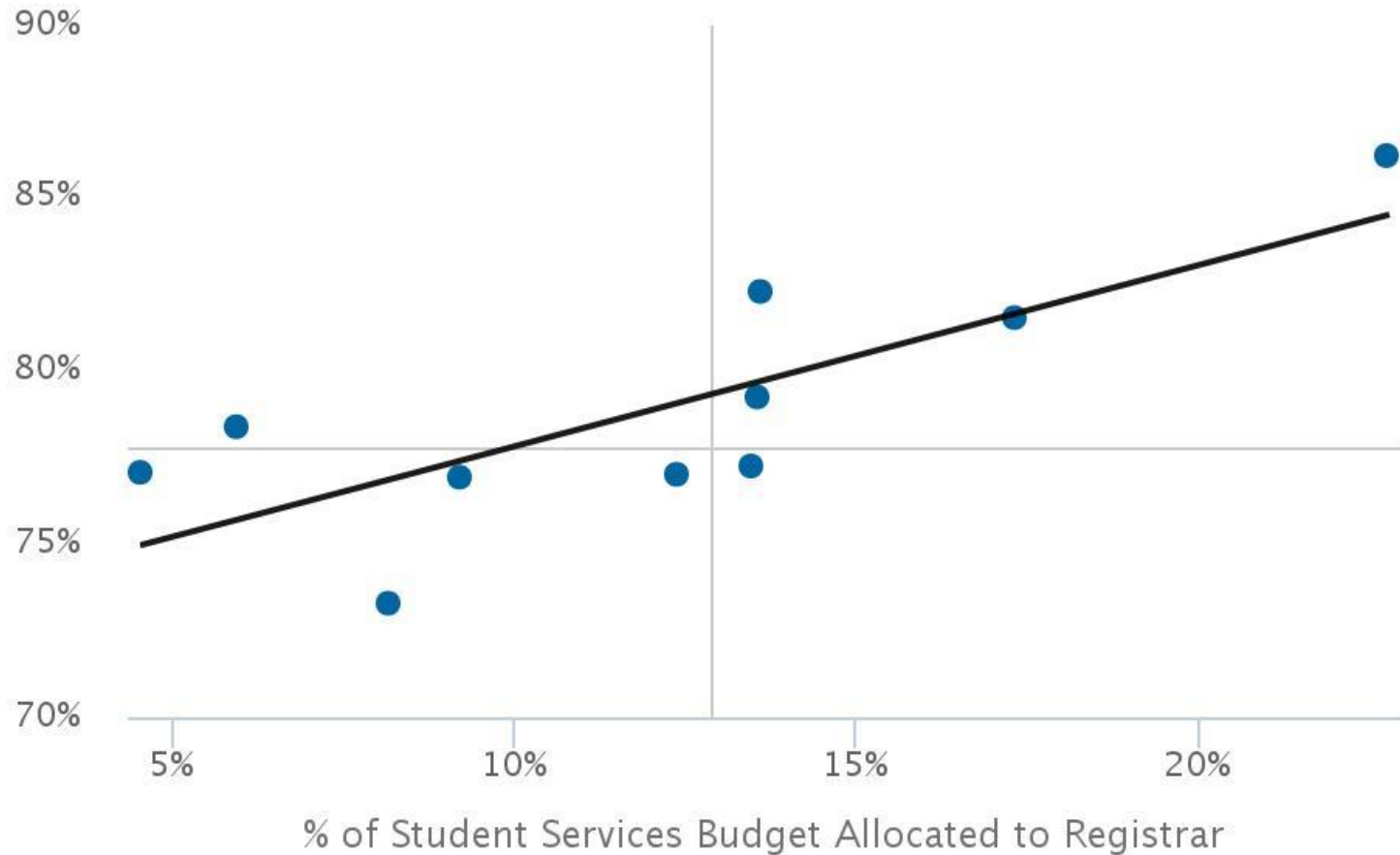


● Institutions — Equation:  $y = 0.75x + 36.86$

# % of Student Services Budget Allocated to Registrar

% of Students that Received a Passing Grade in College-Level Courses of those that Enrolled in the Course

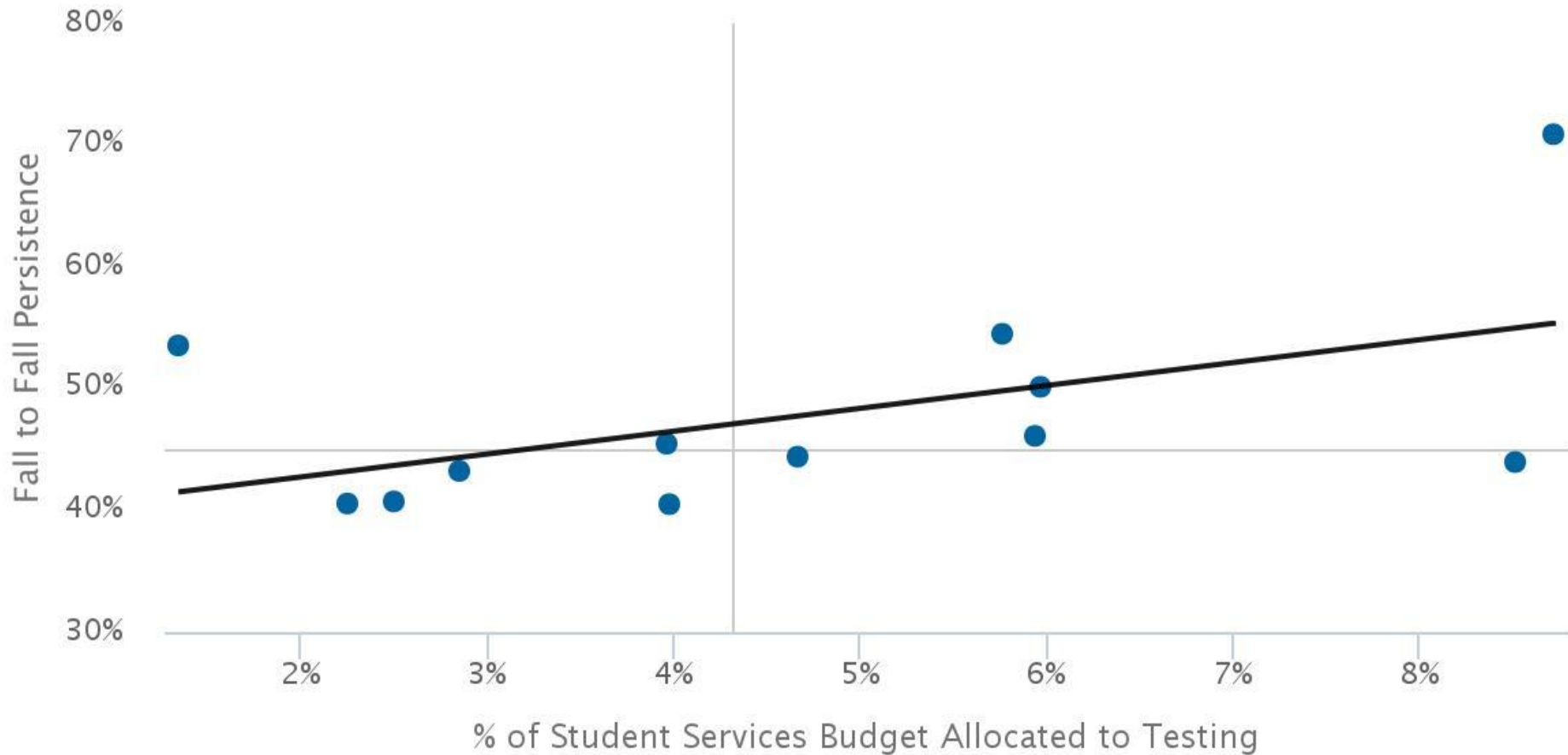
% of Students w/ Passing Grade in College-level Courses



● Institutions — Equation:  $y = 0.52x + 72.6$

# % of Student Services Budget Allocated to Testing Services

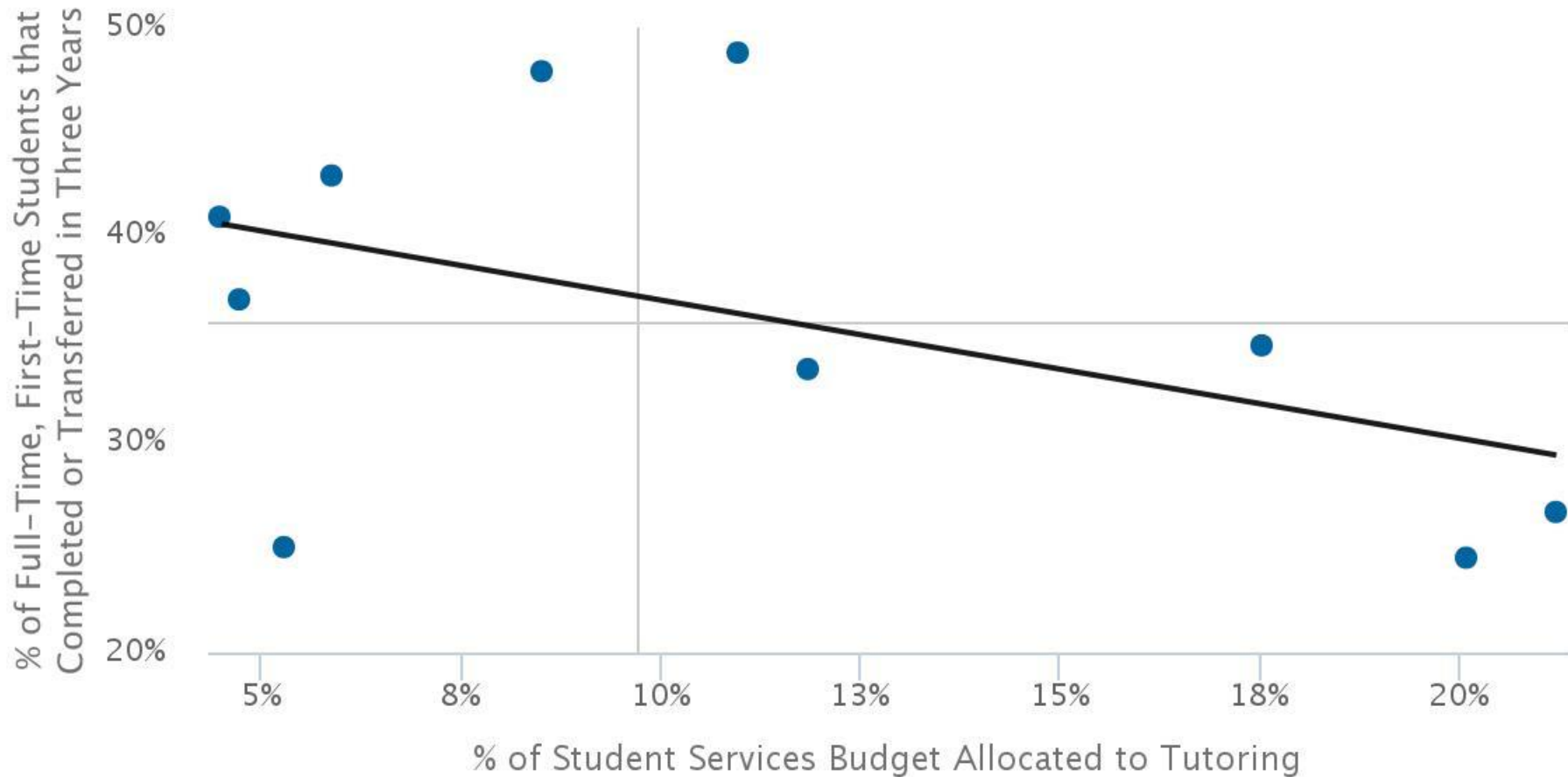
Fall to Fall Persistence



● Institutions — Equation:  $y = 1.88x + 38.99$

# % of Student Services Budget Allocated to Tutoring

3 Year Full-time, First-Time Completion and Transfer Rates



● Institutions — Equation:  $y = -0.66x + 43.54$



# Cautions

- Small sample
- Only showed small impacts
- Data illustrates the type of analysis that could be done with a larger sample
- Shows how this data could be used to help make financial allocation decisions
- Project has potential, but not yet ready to provide actionable data



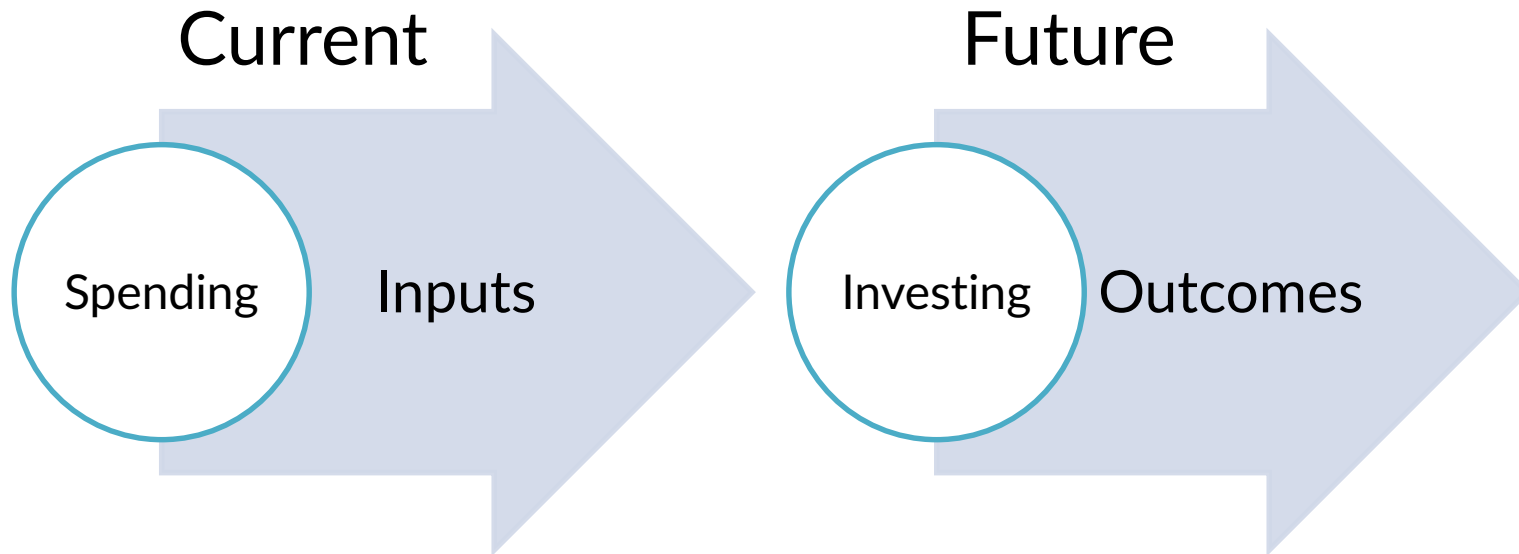
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# Conclusions

- Colleges need data to establish relationship between costs and student outcomes
- Internal data provided by project very valuable
- ABC moves colleges from budgeting to strategic finance
- Relatively easy to implement a barebones version of ABC
- Benchmarking provides
  - Information on the cost / quality relationship
  - Opportunities to increase efficiencies
  - The ability to spend funds on activities that have the greatest impact on student success



# Changing the Finance Conversation



# Cost and Productivity Project



# Cost & Productivity Project

- Provides presidents, chief academic officers, deans and institutional researchers with benchmarks at the discipline level
  - Instructional costs (salaries and benefits)
  - Faculty workload
  - Class size



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# Cost & Productivity Project

- Provides participating institutions with the benchmarks to support
  - Staffing and faculty workload planning
  - Academic program planning
  - Program Review
  - Assessment
  - Accreditation



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# National Cost & Productivity Report Sample

## Sample - National Cost and Productivity Report

Sample Community College

National Means - Fall 2011 / Fiscal Year 2011-2012

25 records per page

Search:

				National Means				
				Percent of Student Credit Hours Taught by <i>(Fall 2011)</i>				Student Faculty Ratio <i>(Fall 2011)</i>
CIP Code	Academic Discipline	Number of Institutions Reporting	Instructional Costs Per Student Credit Hour <i>(FY 2011-2012)</i>	Full-Time Faculty	Part-Time Faculty	Other Full-Time Employees		
09.04	Journalism	10	\$214.95	58.72%	41.28%	0.00%	121.11	
09.0799	Radio, Television, and Digital Communication, Other	6	\$105.58	59.18%	40.82%	0.00%	193.00	
11.01	Computer and Information Sciences, General	43	\$76.00	66.92%	32.64%	0.44%	201.02	
11.0101	Computer and Information Sciences, General	43	\$76.00	66.92%	32.64%	0.44%	201.02	



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# Institutional Cost Report Sample

## Sample - Institutional Cost Report

Sample Community College

Institutional Data & National Means - Fiscal Year 2011-2012

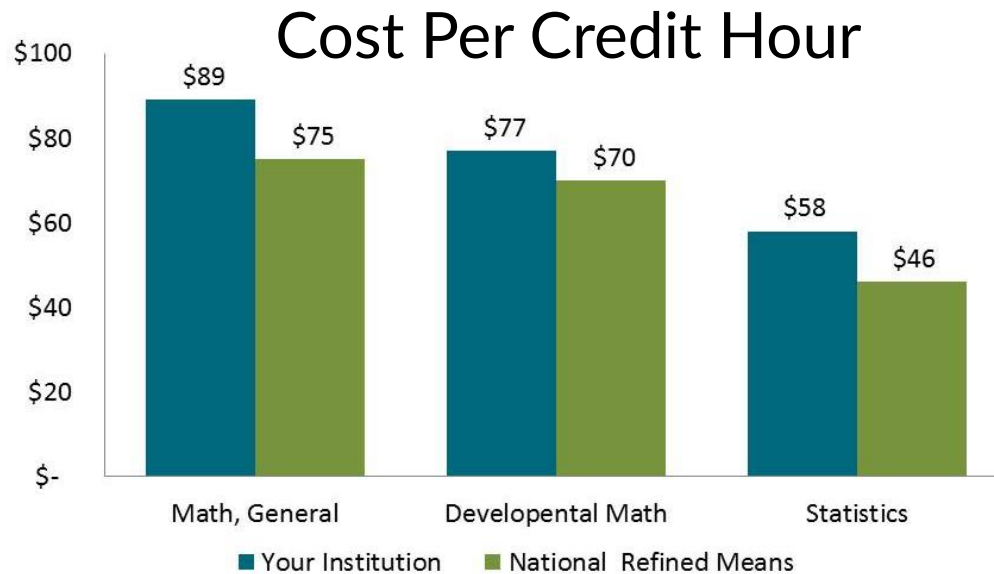
				Instructional Costs Per Student Credit Hour (FY 2011-2012)	
				Instructional Costs Per Student Credit Hour (FY 2011-2012)	
CIP Code	Academic Discipline	Number of Institutions Reporting	Your Institution	National Means	
09.04	Journalism	10	\$169.22	\$214.95	
	sciences, general				
11.0101	Computer and Information Sciences, General	43	\$108.98	\$76.00	
24.01	Liberal Arts and Sciences, General Studies and Humanities	19	\$56.56	\$51.37	
24.0101	Liberal Arts and Sciences/Liberal Studies	2	\$61.80	n/a	



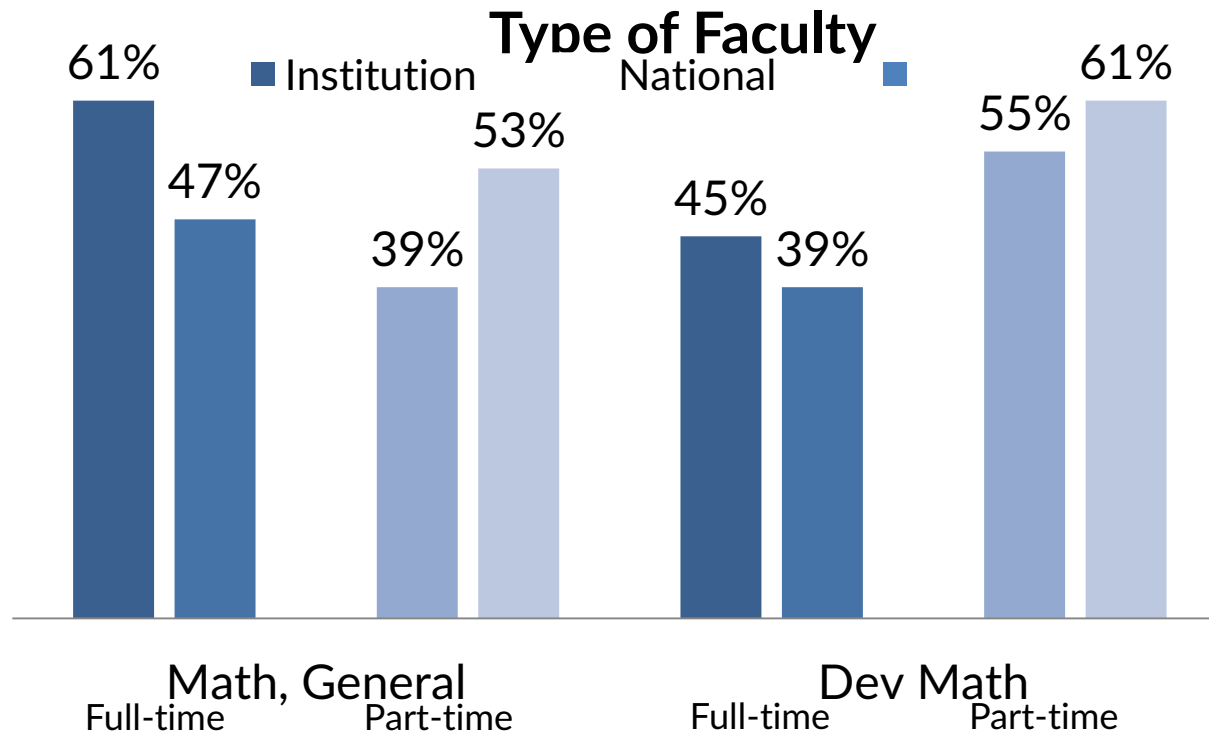
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# Benchmarks for Planning



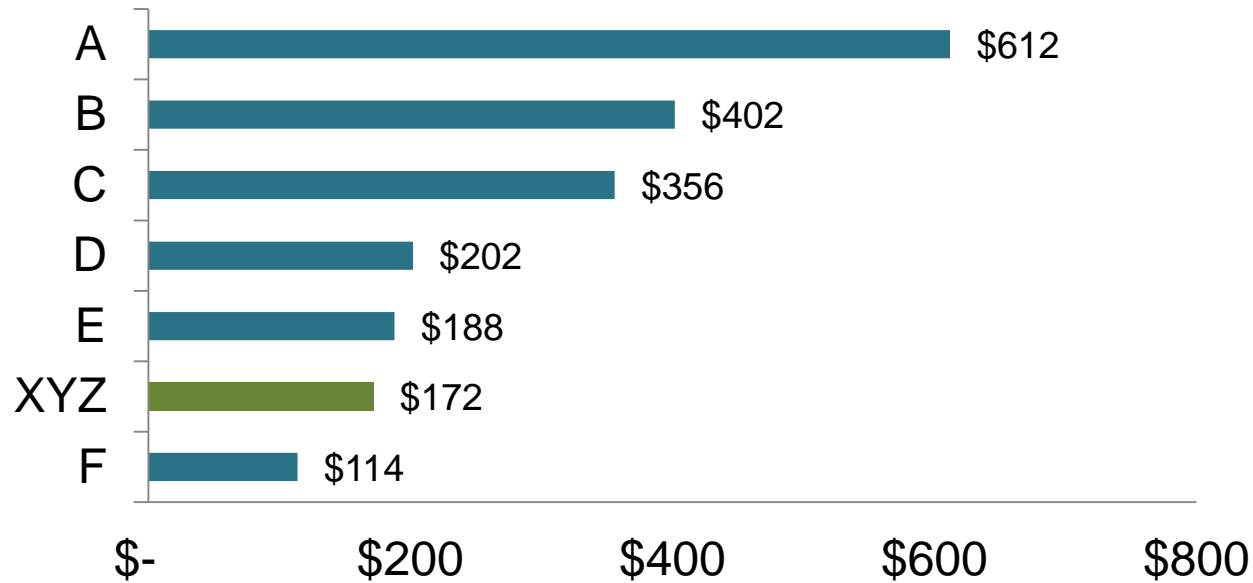
# Benchmarks for Planning



# Cost per Credit Hour

51.38 Registered Nursing

## XYZ College and Peer Institutions



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# Contact Information

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