

**Contact: Brad Berg**

**FY 2007 UNIT COST OF INSTRUCTION**

**Action Requested:**

Receive the unit cost of instruction report for FY 2007.

**Executive Summary:**

The unit cost of instruction represents the general fund supported cost of educating a full-time equivalent student for one school year. The unit cost equals the total amount of instructional expenditures divided by the number of FTE students. The Regent universities have compiled the unit costs of instruction on a biennial basis since FY 1969. The unit cost information is utilized in part to:

- assist in tuition rate discussions
- analyze historical data
- form the basis for the Iowa Tuition Grant Program

The following costs are included in the unit cost calculation:

- instruction – costs associated with classroom teaching and preparation
- research – departmental and organized research funded by general education funds
- academic support (excludes Price Lab School) – libraries, Dean’s offices, academic computing, academic affairs functions
- student services – portion of health services and counseling related to instruction
- institutional support – administrative costs attributable to instructional units
- plant operation & maintenance (excludes building repairs) – costs attributable to instructional units

The following costs are excluded from the unit cost calculation:

- building repairs
- public service
- scholarships and fellowships
- auxiliary enterprises
- health care units
- indirect costs

**Composite Unit Cost by University**

	Total Expenditures			FTE Students*			Composite Unit Cost		
	FY 2005	FY 2007	Inc/Dec	FY 2005	FY 2007	Inc/Dec	FY 2005	FY 2007	Inc/Dec
SUI	\$360,823,891	\$390,770,189	8.3%	25,722	25,826	0.4%	\$14,028	\$15,131	7.9%
ISU	267,960,320	286,581,836	6.9%	24,136	22,499	-6.8%	11,102	12,738	14.7%
UNI	<u>112,219,632</u>	<u>120,705,624</u>	<u>7.6%</u>	<u>11,687</u>	<u>10,784</u>	<u>-7.7%</u>	<u>9,602</u>	<u>11,193</u>	<u>16.6%</u>
Total	\$741,003,843	\$798,057,649	7.7%	61,545	59,109	-4.0%	\$12,040	\$13,501	12.1%

\* Undergraduate FTE's based on 30 credit hours per student per fiscal year (FY 2005 undergraduate FTE's, originally based on 31 credit hours, have been adjusted for comparison purposes to reflect 30 credit hours per FTE).

The composite unit cost includes FTE's from undergraduate, masters, advanced graduate and professional education levels. FTE's for FY 2007 are based on 30 credit hours for undergraduates and 18 credit hours for each advanced graduate student. Each professional student is counted as one FTE.

Comparative detailed data for instructional expenditures, FTE students, and unit cost of instruction for FY 2005 and FY 2007 for each of the five student educational levels are shown on page 3. A 7.7% increase in instructional expenditures and a 4.0% decrease in FTE students resulted in a 12.1% increase in the Regent enterprise unit cost of instruction.

**Unit Cost by Student Level**

	SUI		ISU		UNI		Composite	
	Unit Cost	FTE	Unit Cost	FTE	Unit Cost	FTE	Unit Cost	FTE
Lower Division	\$7,509	8,616	\$8,988	7,380	\$8,191	3,609	\$8,191	19,605
Upper Division	<u>11,462</u>	<u>9,761</u>	<u>11,958</u>	<u>10,644</u>	<u>11,730</u>	<u>5,968</u>	<u>11,723</u>	<u>26,373</u>
Subtotal Undergrad	9,608	18,377	10,742	18,024	10,396	9,577	10,217	45,978
Masters	18,351	2,657	13,907	1,819	16,367	870	16,516	5,346
Advanced Graduate	35,721	2,026	19,634	2,217	20,478	337	26,812	4,580
Professional	33,647	2,766	54,997	439	--	--	36,751	3,205
Total Composite	\$15,131	25,826	\$12,738	22,499	\$11,193	10,784	\$13,501	59,109

The unit cost of instruction varies significantly by student level and educational program. SUI has the highest composite unit cost due to the higher costs associated with their advanced graduate and professional level programs.

**Unit Cost by Fixed/Variable Costs**

	SUI			ISU			UNI			Composite		
	FY 2007	FY 2007	FY 2005	FY 2007	FY 2007	FY 2005	FY 2007	FY 2007	FY 2005	FY 2007	FY 2007	FY 2005
	Amount	Percent	Percent	Amount	Percent	Percent	Amount	Percent	Percent	Amount	Percent	Percent
Fixed Unit Cost	\$2,961	19.6%	19.3%	\$3,074	24.1%	26.6%	\$1,939	17.3%	15.3%	\$2,817	20.9%	21.3%
Variable Unit Cost	12,170	80.4%	80.7%	9,664	75.9%	73.4%	9,254	82.7%	84.7%	10,684	79.1%	78.7%
Total Unit Cost	\$15,131	100.0%	100.0%	\$12,738	100.0%	100.0%	\$11,193	100.0%	100.0%	\$13,501	100.0%	100.0%

Unit cost of instruction includes fixed costs and variable costs. Fixed costs include research, library books, plant operations, and equipment. The fixed costs are expected to remain stable within a reasonable enrollment range. Variable costs include direct instructional costs, general administration, and student services.

**Professional Level Unit Cost of Instruction**

	FY 2007	FY 2005	Unit Cost	FTE
	Unit Cost	Unit Cost	% Change	% Change
University of Iowa				
Medicine	\$32,089	\$28,406	13.0%	-6.0%
Dentistry	69,348	64,010	8.3%	0.3%
Pharmacy	20,935	19,015	10.1%	2.1%
Law	27,881	22,654	23.1%	-10.7%
Professional Composite	\$33,647	\$29,483	14.1%	-5.2%
Iowa State University				
Veterinary Medicine	\$54,997	\$56,884	-3.3%	7.6%

The unit cost of professional programs at SUI and ISU are included in the composite unit cost of instruction. Enrollment decreases in the medical and law professional programs coupled with program expenditure increases when compared to FY 2005, resulted in unit cost increases of 13.0% and 23.1% respectively.

A tuition supplement provided additional funding resulting in increased program expenditures for the Pharmacy and Law programs at SUI. The Law Library, which is allocated entirely to the law professional degree program, received an additional 5% increase to their acquisitions budget in FY 2006 and in FY 2007.

**EXPENDITURES INCLUDED, FTE STUDENTS, AND UNIT COST OF INSTRUCTION  
FY 2005, FY 2007**

	Expenditures			FTE Students <sup>(1)</sup>			Unit Costs		
	FY 2005	FY 2007	% Change	FY 2005	FY 2007	% Change	FY 2005	FY 2007	% Change
<b>UNIVERSITY OF IOWA</b>									
Lower Division	61,147,147	64,696,906	5.8%	8,663	8,616	-0.5%	7,058	7,509	6.4%
Upper Division	100,702,059	111,877,235	11.1%	9,394	9,761	3.9%	10,720	11,462	6.9%
Subtotal Undergraduate	<u>\$161,849,206</u>	<u>\$176,574,141</u>	9.1%	<u>18,058</u>	<u>18,377</u>	1.8%	<u>\$8,963</u>	<u>\$9,608</u>	7.2%
Master's	45,171,567	48,759,031	7.9%	2,686	2,657	-1.1%	16,817	18,351	9.1%
Advanced Graduate	67,773,084	72,370,613	6.8%	2,060	2,026	-1.7%	32,900	35,721	8.6%
Professional	86,030,034	93,066,404	8.2%	2,918	2,766	-5.2%	29,483	33,647	14.1%
Total	<u>\$360,823,891</u>	<u>\$390,770,189</u>	8.3%	<u>25,722</u>	<u>25,826</u>	0.4%	<u>\$14,028</u>	<u>\$15,131</u>	7.9%
<b>IOWA STATE UNIVERSITY</b>									
Lower Division	61,250,822	66,328,993	8.3%	7,834	7,380	-5.8%	7,819	8,988	14.9%
Upper Division	124,276,527	127,284,619	2.4%	11,713	10,644	-9.1%	10,610	11,958	12.7%
Subtotal Undergraduate	<u>\$185,527,349</u>	<u>\$193,613,612</u>	4.4%	<u>19,547</u>	<u>18,024</u>	-7.8%	<u>\$9,492</u>	<u>\$10,742</u>	13.2%
Master's	22,422,755	25,297,140	12.8%	1,853	1,819	-1.8%	12,101	13,907	14.9%
Advanced Graduate	36,801,417	43,527,598	18.3%	2,328	2,217	-4.8%	15,808	19,634	24.2%
Professional	23,208,799	24,143,486	4.0%	408	439	7.6%	56,884	54,997	-3.3%
Total	<u>\$267,960,320</u>	<u>\$286,581,836</u>	6.9%	<u>24,136</u>	<u>22,499</u>	-6.8%	<u>\$11,102</u>	<u>\$12,738</u>	14.7%
<b>UNIVERSITY OF NORTHERN IOWA</b>									
Lower Division	25,407,099	29,560,782	16.3%	3,720	3,609	-3.0%	6,830	8,191	19.9%
Upper Division	66,203,401	70,004,668	5.7%	6,693	5,968	-10.8%	9,892	11,730	18.6%
Subtotal Undergraduate	<u>\$91,610,500</u>	<u>\$99,565,450</u>	8.7%	<u>10,413</u>	<u>9,577</u>	-8.0%	<u>\$8,798</u>	<u>\$10,396</u>	18.2%
Master's	13,221,471	14,239,165	7.7%	868	870	0.2%	15,232	16,367	7.4%
Advanced Graduate	7,387,661	6,901,009	-6.6%	406	337	-17.0%	18,196	20,478	12.5%
Total	<u>\$112,219,632</u>	<u>\$120,705,624</u>	7.6%	<u>11,687</u>	<u>10,784</u>	-7.7%	<u>\$9,602</u>	<u>\$11,193</u>	16.6%
<b>TOTAL REGENT UNIVERSITIES</b>									
Lower Division	147,805,068	160,586,681	8.6%	20,217	19,605	-3.0%	7,311	8,191	12.0%
Upper Division	291,181,987	309,166,522	6.2%	27,800	26,373	-5.1%	10,474	11,723	11.9%
Subtotal Undergraduate	<u>\$438,987,055</u>	<u>\$469,753,203</u>	7.0%	<u>48,017</u>	<u>45,978</u>	-4.2%	<u>\$9,142</u>	<u>\$10,217</u>	11.8%
Master's	80,815,793	88,295,336	9.3%	5,407	5,346	-1.1%	14,947	16,516	10.5%
Advanced Graduate	111,962,162	122,799,220	9.7%	4,794	4,580	-4.5%	23,355	26,812	14.8%
Professional	109,238,833	117,209,890	7.3%	3,326	3,205	-3.6%	32,844	36,571	11.3%
TOTAL	<u>\$741,003,843</u>	<u>\$798,057,649</u>	7.7%	<u>61,544</u>	<u>59,109</u>	-4.0%	<u>\$12,040</u>	<u>\$13,501</u>	12.1%

(1) Based on 30 credit hours per student per fiscal year for undergraduates (FY 2005 undergraduate FTE's & unit costs were originally based on 31 credit hours; FY 2005 FTEs & unit costs have been adjusted to reflect 30 hours for comparative purposes) and 18 credit hours per student per fiscal year for Advanced Graduate students; each Professional student is counted as