

Contact: Brad Berg

FY 2005 UNIT COST OF INSTRUCTION

Action Requested: Receive the unit cost of instruction report for FY 2005.

Executive Summary:

The unit cost 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
- academic support
- indirect costs

Comparative detailed data for instructional expenditures, FTE students, and unit cost of instruction for FY 2003 and FY 2005 for each of the five student educational levels are shown on page 3. A 3.0% increase in instructional expenditures and a 2.6% decrease in FTE students resulted in a 5.8% increase in the Regent enterprise unit cost of instruction.

The composite unit cost includes FTE’s from undergraduate, masters, advanced graduate and professional education levels. FTE’s for FY 2005 are based on 31 credit hours for undergraduates and 18 credit hours for each advanced graduate student. Each professional student is counted as one FTE. The decrease in enrollment at ISU and UNI from FY 2003 to FY 2005 resulted in percentage unit cost increases of 7.9% and 9.5%, respectively.

	Total Expenditures			FTE Students			Unit Cost		
	FY 2003	FY 2005	Inc/Dec	FY 2003	FY 2005	Inc/Dec	FY 2003	FY 2005	Inc/Dec
SUI	\$349,752,274	\$360,823,891	3.2%	24,878	25,139	1.0%	\$14,059	\$14,353	2.1%
ISU	261,529,812	267,960,320	2.5%	24,761	23,505	-5.1%	10,562	11,400	7.9%
UNI	<u>107,957,783</u>	<u>112,219,632</u>	3.9%	<u>11,959</u>	<u>11,351</u>	-5.1%	<u>9,027</u>	<u>9,886</u>	9.5%
Total	\$719,239,869	\$741,003,843	3.0%	61,598	59,995	-2.6%	\$11,676	\$12,351	5.8%

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.

	SUI		ISU		UNI		Composite	
	Unit Cost	FTE						
Lower Division	\$ 7,293	8,384	\$ 8,080	7,581	\$ 7,058	3,600	\$ 7,555	19,565
Upper Division	11,077	9,091	10,964	11,335	10,221	6,477	10,823	26,903
Subtotal Undergrad	9,262	17,475	9,808	18,916	9,091	10,077	9,447	46,468
Masters	16,817	2,686	12,101	1,853	15,232	868	14,947	5,407
Advanced Graduate	32,900	2,060	15,808	2,328	18,196	406	23,355	4,794
Professional	29,483	2,918	56,884	408	--	--	32,844	3,326
Total Composite	\$ 14,353	25,139	\$ 11,400	23,505	\$ 9,886	11,351	\$ 12,351	59,995

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.

	SUI			ISU			UNI			Composite		
	FY 2005	FY 2005	FY 2003	FY 2005	FY 2005	FY 2003	FY 2005	FY 2005	FY 2003	FY 2005	FY 2005	FY 2003
	Amount	Percent	Percent	Amount	Percent	Percent	Amount	Percent	Percent	Amount	Percent	Percent
Fixed Unit Cost	\$ 2,763	19.3%	17.9%	\$ 3,029	26.6%	27.4%	\$ 1,516	15.3%	15.4%	\$ 2,631	21.3%	21.0%
Variable Unit Cost	11,590	80.7%	82.1%	8,371	73.4%	72.6%	8,370	84.7%	84.6%	9,720	78.7%	79.0%
Total Unit Cost	\$14,353	100.0%	100.0%	\$11,400	100.0%	100.0%	\$ 9,886	100.0%	100.0%	\$12,351	100.0%	100.0%

The unit cost of professional programs at SUI and ISU are included in the composite unit cost of instruction. A 6.3% decrease in medicine's general program expenditures from FY 2003 to FY 2005 coupled with a 4.8% increase in the number students enrolled in the medical program resulted in 10.6% decrease in the unit cost of instruction.

Professional Level Unit Cost of Instruction				
	FY 2003	FY 2005	Unit Cost	FTE
	Unit Cost	Unit Cost	% Change	% Change
University of Iowa				
Medicine	\$ 31,763	\$ 28,406	-10.6%	4.8%
Dentistry	62,625	64,010	2.2%	1.3%
Pharmacy	18,226	19,015	4.3%	0.5%
Law	21,518	22,654	5.3%	-3.7%
Professional Composite	\$ 30,426	29,483	-3.1%	1.5%
Iowa State University				
Veterinary Medicine	\$ 55,947	\$ 56,884	1.7%	2.0%

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**EXPENDITURES INCLUDED, FTE STUDENTS, AND UNIT COST OF INSTRUCTION
FY 2003, FY 2005**

	<u>Expenditures</u>			<u>FTE Students⁽¹⁾</u>			<u>Unit Costs</u>		
	<u>FY 2003</u>	<u>FY 2005</u>	<u>% Change</u>	<u>FY 2003</u>	<u>FY 2005</u>	<u>% Change</u>	<u>FY 2003</u>	<u>FY 2005</u>	<u>% Change</u>
UNIVERSITY OF IOWA									
Lower Division	62,552,320	61,147,147	-2.2%	8,535	8,384	-1.8%	7,329	7,293	-0.5%
Upper Division	98,674,923	100,702,059	2.1%	8,888	9,091	2.3%	11,102	11,077	-0.2%
Subtotal Undergraduate	<u>\$161,227,243</u>	<u>\$161,849,206</u>	0.4%	<u>17,423</u>	<u>17,475</u>	0.3%	<u>\$9,254</u>	<u>\$9,262</u>	0.1%
Master's	46,697,234	45,171,567	-3.3%	2,884	2,686	-6.9%	16,192	16,817	3.9%
Advanced Graduate	54,382,310	67,773,084	24.6%	1,697	2,060	21.4%	32,046	32,900	2.7%
Professional	87,445,487	86,030,034	-1.6%	2,874	2,918	1.5%	30,426	29,483	-3.1%
Total	<u>\$349,752,274</u>	<u>\$360,823,891</u>	3.2%	<u>24,878</u>	<u>25,139</u>	1.0%	<u>\$14,059</u>	<u>\$14,353</u>	2.1%
IOWA STATE UNIVERSITY									
Lower Division	65,436,917	61,250,822	-6.4%	8,708	7,581	-12.9%	7,515	8,080	7.5%
Upper Division	115,007,300	124,276,527	8.1%	11,450	11,335	-1.0%	10,044	10,964	9.2%
Subtotal Undergraduate	<u>\$180,444,217</u>	<u>\$185,527,349</u>	2.8%	<u>20,158</u>	<u>18,916</u>	-6.2%	<u>\$8,951</u>	<u>\$9,808</u>	9.6%
Master's	22,626,722	22,422,755	-0.9%	1,932	1,853	-4.1%	11,712	12,101	3.3%
Advanced Graduate	36,080,104	36,801,417	2.0%	2,271	2,328	2.5%	15,887	15,808	-0.5%
Professional	22,378,769	23,208,799	3.7%	400	408	2.0%	55,947	56,884	1.7%
Total	<u>\$261,529,812</u>	<u>\$267,960,320</u>	2.5%	<u>24,761</u>	<u>23,505</u>	-5.1%	<u>\$10,562</u>	<u>\$11,400</u>	7.9%
UNIVERSITY OF NORTHERN IOWA									
Lower Division	23,057,811	25,407,099	10.2%	4,075	3,600	-11.7%	5,658	7,058	24.7%
Upper Division	66,521,694	66,203,401	-0.5%	6,705	6,477	-3.4%	9,921	10,221	3.0%
Subtotal Undergraduate	<u>\$89,579,505</u>	<u>\$91,610,500</u>	2.3%	<u>10,780</u>	<u>10,077</u>	-6.5%	<u>\$8,310</u>	<u>\$9,091</u>	9.4%
Master's	11,542,602	13,221,471	14.5%	821	868	5.7%	14,059	15,232	8.3%
Advanced Graduate	6,835,677	7,387,661	8.1%	358	406	13.4%	19,094	18,196	-4.7%
Total	<u>\$107,957,783</u>	<u>\$112,219,632</u>	3.9%	<u>11,959</u>	<u>11,351</u>	-5.1%	<u>\$9,027</u>	<u>\$9,886</u>	9.5%
TOTAL REGENT UNIVERSITIES									
Lower Division	\$151,047,048	147,805,068	-2.1%	21,318	19,565	-8.2%	7,085	7,555	6.6%
Upper Division	280,203,917	291,181,987	3.9%	27,043	26,903	-0.5%	10,361	10,823	4.5%
Subtotal Undergraduate	<u>\$431,250,965</u>	<u>\$438,987,055</u>	1.8%	<u>48,361</u>	<u>46,468</u>	-3.9%	<u>\$8,917</u>	<u>\$9,447</u>	5.9%
Master's	80,866,558	80,815,793	-0.1%	5,637	5,407	-4.1%	14,346	14,947	4.2%
Advanced Graduate	97,298,091	111,962,162	15.1%	4,326	4,794	10.8%	22,491	23,355	3.8%
Professional	109,824,256	109,238,833	-0.5%	3,274	3,326	1.6%	33,544	32,844	-2.1%
TOTAL	<u>\$719,239,869</u>	<u>\$741,003,843</u>	3.0%	<u>61,598</u>	<u>59,995</u>	-2.6%	<u>\$11,676</u>	<u>\$12,351</u>	5.8%

(1) Based on 31 credit hours per student per fiscal year for undergraduates and 18 credit hours per student per fiscal year for Advanced Graduate students; each Professional student is counted as one FTE.