

Improving student success in a time of constrained resources

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Topics to cover

1. The challenge: attainment and costs
2. Conceptualizing “cost-effectiveness: language, models, and metrics
3. Assessing costs of first year programs: pilot study structure and findings
4. Connecting the dots: a financing strategy to support the attainment agenda



1. The Challenge

- More degrees – higher education attainment
- At higher quality
- With limited resources



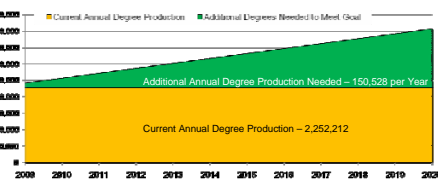
The Expectation

“By 2020, America will once again have the highest proportion of college graduates in the world”

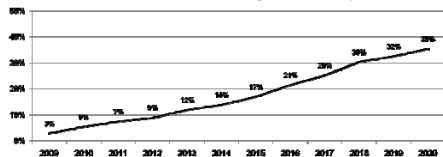
President Barack Obama, February 24, 2009



Associate and Bachelors Degrees Needed to Become the Most Educated Country by 2020

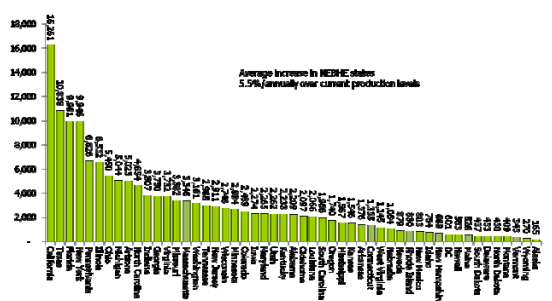


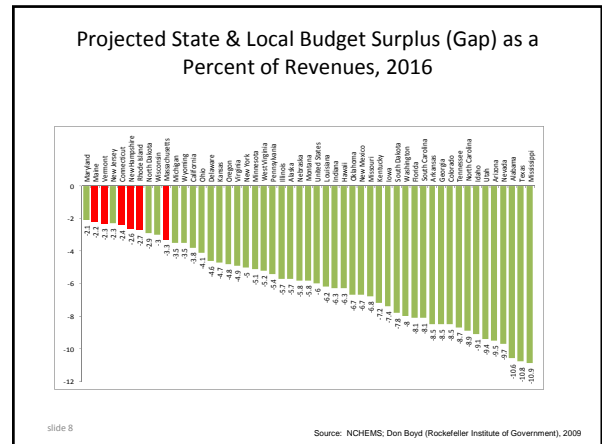
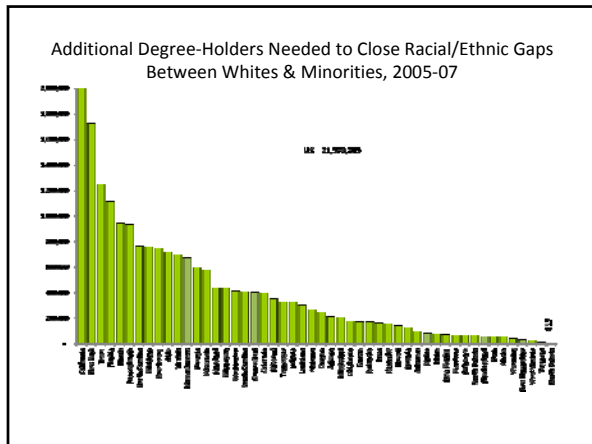
Increase in State and Local Funding at Current Cost per FTE



Annual Increase in Degree Production Required to Meet the Goal – 11.7 Million Additional Degrees by 2020

Adjusting for Current Levels of Educational Attainment and Population Growth by State





- ### Expectations
- Maintain access – serve an increasing number of students
 - Improve success – increase overall attainment
 - Sustain quality – ensure learning and degree results appropriate to future needs
 - Maintain affordability to both students and the state
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- ### Financing strategies needed to support attainment
- Need returned investment from states
 - AND federal support for student aid and research
 - AND institutional attention to cost management and to productivity

- ### Bottom line
- Cost management and increases in learning productivity have to be part of the equation
 - Not enough just to do this
 - We have to be able to be transparent within institutions and to public audiences
 - And able to show evidence that connects the dots between resource use, spending, and effectiveness

- ### 2. Conceptualizing cost management and productivity
- Language and concepts
 - Metrics
 - Examples

Clarifying language as it relates to assessment of costs

- Costs = spending, not prices
- Budget cuts
- Cost shifts
- Cost reductions
- Productivity increases



Cost management v. learning productivity

- Both are needed
- But they are different –
 - And require engagement from different audiences
 - And different strategies



Cost management: permanent changes to cost structures	L. Productivity: increasing learning output without changing inputs
Program mix	Increase in student retention and graduation
Reduce growth in benefit costs	Reduce excess credits accumulated to the degree
Reduce energy costs	Increase credit-by-exam
Consolidate administrative functions	Increase proportion of graduates who meet goals for critical learning
Reduce spending on merit-based aid	Increase proportion of students who remain – and are employed – in state



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3. Adding cost assessment to evaluations of effectiveness

The example of the ISS Pilot program



Pilot design/method

- 13 institutions, mix of public/private, two-four year
- All with existing, previously evaluated programs
- Added assessment of spending onto existing metrics for evaluating effectiveness
- Used standard activity-based costing template



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Study design continued...

- Evaluated spending versus gains in retention that might be attributed to program
 - Spending versus revenues from increased retention
- Compared spending to average spending for institution as a whole



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Findings...

- Costs – including indirect costs – averaged \$1,167/FTE Student
 - Compared to average full costs in these institutions ranging from \$6802 - \$19,018
- 8 of 13 had retention data – and 7 of the 8 showed increases in retention ranging from 4 – 24%
- 6 of the 7 showed positive net revenues from increased tuition/state funds attributable to increased retention



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Other findings

- Spending is not normally part of assessment
- Getting unit cost data not that difficult
- Adding cost to evaluation changes the conversation
- The “compared to what” issue most difficult – since most institutions do not look at costs for other program areas



4. Connecting the dots

- Financing patterns v. attainment goals
- Future financing strategies need to include institutional attention to cost management and productivity
 - With transparent metrics
 - Readily communicated inside and outside the institution
- Adding costs to existing assessments sharpens the focus of assessment – and increases the value of the results to decision-making



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