New England Fast Facts

An Overview of HEI Cost Drivers in Connecticut

The Connecticut Context

Postsecondary education is vital to the residents of Connecticut, as well as to the economic wellbeing of the state. However, quality public higher education can be costly to provide and very often, the expense is passed on to students. States must balance enrollment and completion goals with state appropriations and tuition and fees -- a change in one element can quickly disrupt the others.

Full-time equivalent (FTE) enrollment at Connecticut's public colleges reached just over 87,000 students in fiscal year 2015, having increased 2.8% over the previous 5 years.[1] Simultaneously, higher education appropriations per FTE declined by 14%,[2] the greatest decline in the region excepting New Hampshire. Over this time, students in Connecticut saw tuition rise 30%.[3]

Six-Year Completion Rates for First-Time-In-College, Degree-Seeking Students Who Started in Fall 2010, by Origin State

	Total Completion Rate		First Completion at Starting Institution		Not Completed	
	2-Year Public Institution	4-Year Public Institution	2-Year Public Institution	4-Year Public Institution	2-Year Public Institution	4-Year Public Institution
CT	33.6	74.0	24.6	59.7	50.0	16.0
ME	40.4	53.0	34.2	38.5	49.0	33.4
MA	37.7	71.0	29.2	58.3	48.4	19.6
NH	42.5	77.3	28.5	64.8	45.5	17.4
RI	*	*	*	*	*	*
VT	*	73.0	*	60.1	*	21.2
US	39.3	62.4	26.7	49.5	44.9	24.3

Note: *Data from states with fewer than three institutions in a particular sector are not reported
Source: NEBHE Analysis of National Student Clearing House Data, Signature Report 12 State Supplement: Completing College, 2017

A recent study by the National Student Clearinghouse shows that Connecticut has the lowest completion rate of first-time college-goers attending a 2-year public institution of reported New England states, at 34%. However, the completion rate of first-time college-goers attending 4-year public institutions in Connecticut is the second highest in the region at 74%, eleven percentage points higher than the national rate.

Weaving these data points together allows a deeper analysis of the costs associated with college, both in providing and pursuing higher education. Data from the Delta Cost Project, an effort to disseminate information on what colleges do with their money, demonstrates that in 2010 (the most recent year for which NEBHE currently has data) and on average, 2-year colleges in Connecticut spent $12,389 per

1NEBHE Analysis of SHEEO Data, SHEF: FY2015, 2016
2 *Ibid.*
3 NEBHE analysis of data from New England institutions and state system offices

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March 2017

New England Board of Higher Education

www.nebhe.org

FTE and 4-year colleges spent $16,617 per FTE on education and related expenses (E&R).[1]

Notably, Connecticut's 2-year colleges spent roughly an average of $72,040 in E&R dollars per completion, roughly $5,000 more than the average E&R expenditure per completion at its 4-year colleges, and the highest amount in the region. Despite having some of the highest average E&R expenses per FTE and per completion, the share of E&R expenses from net tuition at Connecticut's 2- and 4-year colleges was the lowest in New England. In other words, fewer of students' tuition dollars were spent towards their academic support and instead spent in other areas of institutions' budgets.

Education and Related Expenses of Connecticut's Public Higher Education Institutions, 2010

	Average of E&R Expenses Per FTE		Average of E&R Expenses Per Completion		Average Share of E&R Expenses from Net Tuition	
	2-Year Public	4-Year Public	2-Year Public	4-Year Public	2-Year Public	4-Year Public
CT	$12,389	$16,617	$72,040	$66,775	33.4%	47.1%
ME	$11,046	$18,967	$47,272	$87,695	37.1%	56.1%
MA	$10,153	$14,699	$52,272	$63,085	49.8%	55.5%
NH	$12,007	$13,538	$46,423	$52,048	52.6%	80.8%
RI	$8,870	$12,364	$64,485	$56,826	48.5%	80.2%
VT	*	$18,227	*	$75,059	*	77.8%

Note: * Data unavailable
Source: NEBHE analysis of Delta Cost Project Data, 2012

Cost Drivers in Higher Education

Increases in public institution tuition have been driven by a number of factors, including (1) state appropriation declines, which have been fairly dramatic and (2) the increased practice of tuition discounting, whereby institutions provide merit or needs-based aid. Further, institutions are burdened with certain cost drivers, including:

- Staff salaries and benefits
- Reduced federal support
- New technology
- Remediation costs for students not prepared to take college coursework
- Student support systems
- Increased competition for a declining traditional student pool
- Increased regulations
- New building construction and maintenance
- Increases in student financial aid

In order to cover these costs, and meet their enrollment and completion goals, some states pursue a *high-tuition high-aid* model, in which tuition rates and state grant aid awards are higher than average. This allows higher-income students to pay high tuition while providing an opportunity for lower-income students to pay that tuition using state financial aid. Alternatively, some states employ a *low-tuition low-aid* model, whereby both tuition rates and state grant aid levels are low, thereby lowering the cost of education to all students. The New England states can be described as *high-tuition low-aid* -- a threat to college affordability in the region.

Even though spending on instruction -- for faculty salaries and departmental support -- may be the single largest area of spending in higher education, an average of 40 and 50% of general spending (exclusive of sponsored re-search and auxiliaries) goes toward some form of overhead or indirect costs, according to the Delta Cost Project. These cost areas range from academic and student support (for counseling, computing centers, and libraries) to operation and maintenance of grounds and buildings, maintenance, and utilities.

1 E&R spending includes expenditures related only to the core academic mission: instruction, student services, and a prorated share of administration and operations maintenance. E&R excludes spending on sponsored research, public service and other operations.

Delta Cost Project trend analyses show that the proportion of spending for the direct cost of instruction has been largely stable or even declining in most institutions over the last few years, largely because institutions have been saving on faculty costs by hiring more part-time and adjunct instructors. By contrast, a major factor driving increasing costs is the constant expansion of university administration. According to the Department of Education data, administrative positions at colleges and universities grew by 60% between 1993 and 2009. The Delta Cost Project also identifies more hidden drivers of cost.

Hidden Cost Drivers

Maintenance Costs for Newly Constructed Buildings
For every new facility constructed, whether it be a new science building, art and performance center or recreational facility there will be long-term maintenance costs. Looking into the future, these newly constructed facilities will cost more, not less, to maintain than older buildings, although some of these costs will be offset with lower energy costs. According to a recent report from the National Association of College and University Business Officers, the estimated deferred maintenance cost for new facilities is $26 billion. These costs, in addition to deferred maintenance on older facilities, contribute to higher tuition costs.

Student Attrition
Roughly 20% of E&R spending in higher education results from attrition or students not graduating on time. In the case of students who don't graduate in four years at colleges and universities or two years at community colleges, the cost of attendance continues to be subsidized whether it takes five, six years or even longer to graduate. To curtail the escalating costs associated with this phenomenon a number of states have set credit caps for discounted tuition. For example, in Texas, a student who takes more than 132 credits pays the full-unsubsidized cost of course taking.

Additionally, for each new student there are recruitment costs that vary by sector. According to a poll conducted by Ruffalo Noel Levitz, LLC, the median cost of bringing in a new student in 2015 ranged from $2,232 for a four-year private institution to $578 at a public four-year institution and $118 at a community college.

Online Courses
The broad assumption is that online courses can save students and higher education institutions money. However, one Delta Cost Project report suggests that the per-student instructional costs associated with online education are not much less than the per-student cost of adjunct or graduate-student instructors for general-education courses. This report assumes that the institution has already invested in the infrastructure to provide online courses and/or has contracted with a third-party vendor to provide online courses.

About the Delta Cost Project
The Delta Cost Project was created to make data from the Integrated Postsecondary Education Data System (IPEDS) more readily usable for longitudinal analyses. The database includes enrollment, completions, graduation rates, student financial aid, and human resources IPEDS survey components and a limited number of outside sources. The IPEDS Analytics: Delta Cost Project Database was taken over by the National Center for Education Statistics (NCES) in 2012.

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