

Key Institutional Financial Metrics using IPEDS

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Why do this?

- Benchmarking
- Strategic Planning
- Resource Efficiency
- Faculty buy-in

Financial Indicators

1. Administrative/Instructional Cost ratio
2. Instructional Cost per Student FTE
3. Administrative Cost per Student FTE
4. Instructional Spending Ratio
5. Administrative Spending Ratio

Survey Data Used

- 12 Month Enrollment
 - Annual FTE
- Finance
 - Instructional Expenses
 - Administrative Expenses
 - Total Expenses



Administrative/ Instructional Cost ratio

- Administrative/Instructional cost ratio (AI ratio) is used as a barometer to gauge how much should the Administrative spending be in comparison to the Instructional spending on an institution. It varies nationally by institution type and location.
- The ratio of an institution's spending on administration relative to instruction is an important indicator of a university's budget priorities.
- When combined with other measures, this analysis can also serve as a warning that the institution's administrative operations risk growing disproportionately in relation to its core academic functions, placing upward pressure on the cost of tuition and required fees
- The higher a school's ratio, the greater the proportion of the institution's spending on administration relative to its spending on instruction.

Four-Year Public Undergraduate Institutions
Median Administrative/Instructional Cost Ratio, FY 2015

CARNEGIE CLASSIFICATION	ENROLLMENT		
	Small	Medium	Large
Baccalaureate Colleges: Arts & Sciences	0.39	0.33	0.27
Master's Colleges & Universities: Small Programs	0.34	0.34	0.29
Master's Colleges & Universities: Medium Programs	0.28	0.24	0.22
Master's Colleges & Universities: Larger Programs	0.24	0.23	0.21
Doctoral Universities: Moderate Research Activity	0.24	0.21	0.20
Doctoral Universities: Higher Research Activity	0.23	0.19	0.20
Doctoral Universities: Highest Research Activity	0.19	0.16	0.17

Source: U.S. Department of Education. Institute of Education Sciences, National Center for Education Statistics.

Note: Institutions included are Title IV-participating, primarily baccalaureate degree-granting or above. Enrollment is based on estimated FTE undergraduate enrollment. Small/medium/large designations are determined by a tertile (equal 1/3) distribution of institutions, ordered by enrollment, within the Carnegie classification indicated. For more information, see Appendix.

Source: American Council of Trustees and Alumni ([controlling-administrative-costs.pdf](http://goacta.org/controlling-administrative-costs.pdf) (goacta.org))

Benchmarking

- Example 1: Community College
 - Benchmark group was selected based on Carnegie classification, location and using IPEDS comparative peer group data.
- Example 2: Private College
 - This group was based on comparable selective institutions across the country competing for the similar profile of students (in this case STEM institutions).
- Benchmarking Workshop - IPEDS Data and Benchmarking: Supporting Decision Making and Institutional Effectiveness
- Avoid pitfalls (examples)
 - Some financial indicators may require regional vs national peers
 - Student Population breakdown
 - Research classification

Data (Benchmark Example 2)

Compare Institutions

Final Release Data (Cha

1. Select Institutions

2. Select Variables

3. Output

My Comparison Institution - None Selected [i](#)

[ADD](#)

Select Institutions - You have selected 4 institution(s)

[VIEW / MODI](#)

How would you like to select institutions to include in your data file/report?

[By Names or UnitIDs](#)

[By Groups](#)

[By Variables](#)

[By Uploading a File](#)

When you have finished selecting institutions, [CONTINUE](#) to Step 2 - Select Variables.

My Institutions

[MO](#)

ID	Institution Name	City	State
110404	California Institute of Technology	Pasadena	CA
190044	Clarkson University	Potsdam	NY
201645	Case Western Reserve University	Cleveland	OH
211440	Carnegie Mellon University	Pittsburgh	PA

Finance

+ Public institutions - GASB 34/35

- Private not-for-profit institutions or Public institutions using FASB

+ Revenues and investment return

- Expenses and salaries and wages by function and total expenses by natural classification: Fiscal years 2016 to current year

Step 1: Select Year(s)

FY 2019 FY 2018 FY 2017 FY 2016

Select from the List of Variables

[Select All](#) | [Unselect All](#)

Are intercollegiate athletic expenses accounted for as auxiliary enterprises or treated as student services? (beginning with FY 2005) **i**

Instruction-Total amount **i**

Instruction-Salaries and wages **i**

Research-Total amount **i**

Research-Salaries and wages **i**

Public service-Total amount **i**

Public service-Salaries and wages **i**

Academic support-Total amount **i**

Academic support-Salaries and wages **i**

Finance

+ Public institutions - GASB 34/35

- Private not-for-profit institutions or Public institutions using FASB

+ Revenues and investment return

+ Expenses and salaries and wages by function and total expenses by natural classification: Fiscal years 2016 to current year

- Expenses by functional and natural classification: Fiscal years 1997 to 2015

Step 1: Select Year(s)

- FY 2015 FY 2014 FY 2013 FY 2012 FY 2011 FY 2010 FY 2009 FY 2008 FY 2007
 FY 2006 FY 2005 FY 2004 FY 2003 FY 2002 FY 2001 FY 2000 FY 1999 FY 1998
 FY 1997

Select from the List of Variables

[Select All](#) | [Unselect All](#)

Are intercollegiate athletic expenses accounted for as auxiliary enterprises or treated as student services? (beginning with FY 2005) **i**

Instruction-Total amount **i**

Instruction-Salaries and wages **i**

Instruction-Benefits **i**

Instruction-Operation and maintenance of plant **i**

Instruction-Depreciation **i**

Instruction-Interest **i**

Instruction-All other **i**

Research-Total amount **i**

Research-Salaries and wages **i**

Select the variable(s) you would like to include in your data file/report.

[Continue](#) [i](#)

My Variables

[E](#) Edit Years

[D](#) Delete Variable

[A/D](#)

Modify years for all variables in a file

[DELETE ALL](#)

Finance: Private not-for-profit institutions or Public institutions using FASB		Select all	Unselect all	A/D
Year	Variable			
<input checked="" type="checkbox"/> FY 2015	Instruction-Total amount			E D
<input checked="" type="checkbox"/> FY 2015	Instruction-Salaries and wages			E D

Compare Institutions

Final Release Data [\(Change\)](#)

1. Select Institutions	2. Select Variables	3. Output
My Comparison Institution - None Selected i		ADD
Select Institutions - You have selected 4 institution(s)		VIEW/MODIFY
Select Variables - You have selected 28 variable(s), 28 can be used in this report. i		VIEW/MODIFY

Answer the questions below, then click 'Continue' to get your report.

[Continue](#)

Some queries you submit, especially those containing calculated variables, may take time to execute. Please be patient.

Which identification variables would you like to include?

- Institution name only Both Institution name and UnitID

Would you like long or short (maximum 8 characters) variable names?

- Short variable name Long variable name

In what format would you like to receive your data?

- View on screen Download in comma separated format

Would you like to include imputation and status flags? [?](#)

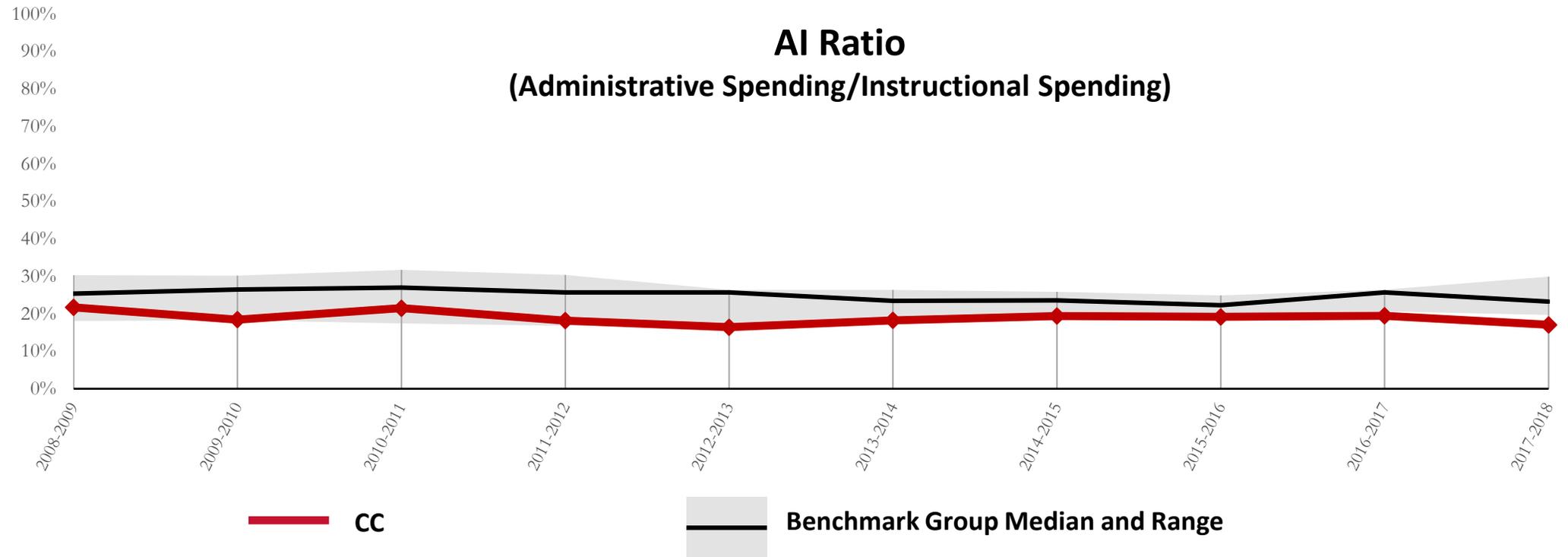
- No Yes

Final Data

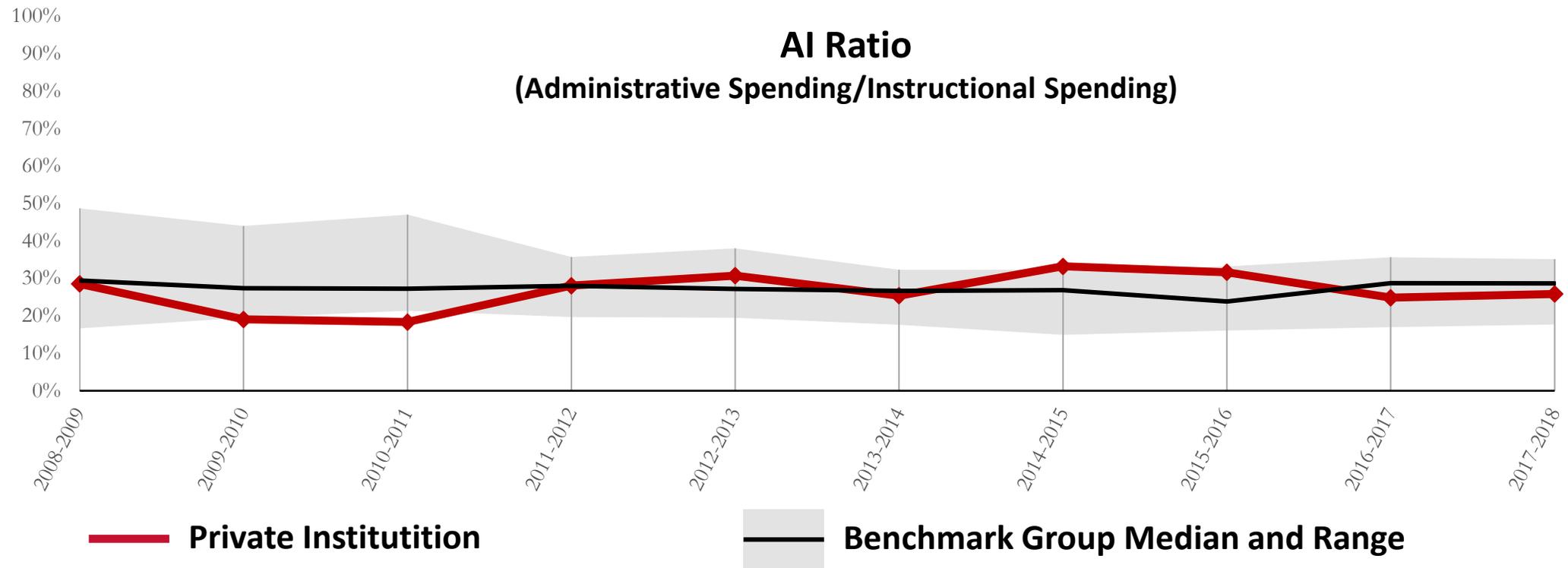
Institution Name	2008-2009					Instruction/ Total Exp	AI Ratio
	Instruction	Academic Support	Institutional Support	Total Expenses*			
Institution 1	\$ 225,251,245	\$ 11,632,242	\$ 63,523,395	\$ 723,561,309		32.7%	\$ 0.27
Institution 2	\$ 208,981,772	\$ 66,939,445	\$ 81,284,729	\$ 625,413,850		44.1%	\$ 0.29
Institution 3	\$ 97,492,000	\$ 24,527,000	\$ 59,464,000	\$ 330,498,000		36.9%	\$ 0.49
Institution 4	\$ 173,629,000	\$ 37,309,000	\$ 35,125,000	\$ 392,848,000		53.7%	\$ 0.17
Institution 5	\$ 55,591,320	\$ 7,789,757	\$ 22,950,170	\$ 142,054,020		44.6%	\$ 0.36
Institution 6	\$ 54,399,000	\$ 13,464,000	\$ 19,373,000	\$ 132,010,000		51.4%	\$ 0.29
Median	\$ 173,629,000	\$ 24,527,000	\$ 59,464,000	\$ 392,848,000		44.1%	\$ 0.29

*Excludes Operation/Maintenance, Depreciation, Interest

Community College



Highly Selective Private University

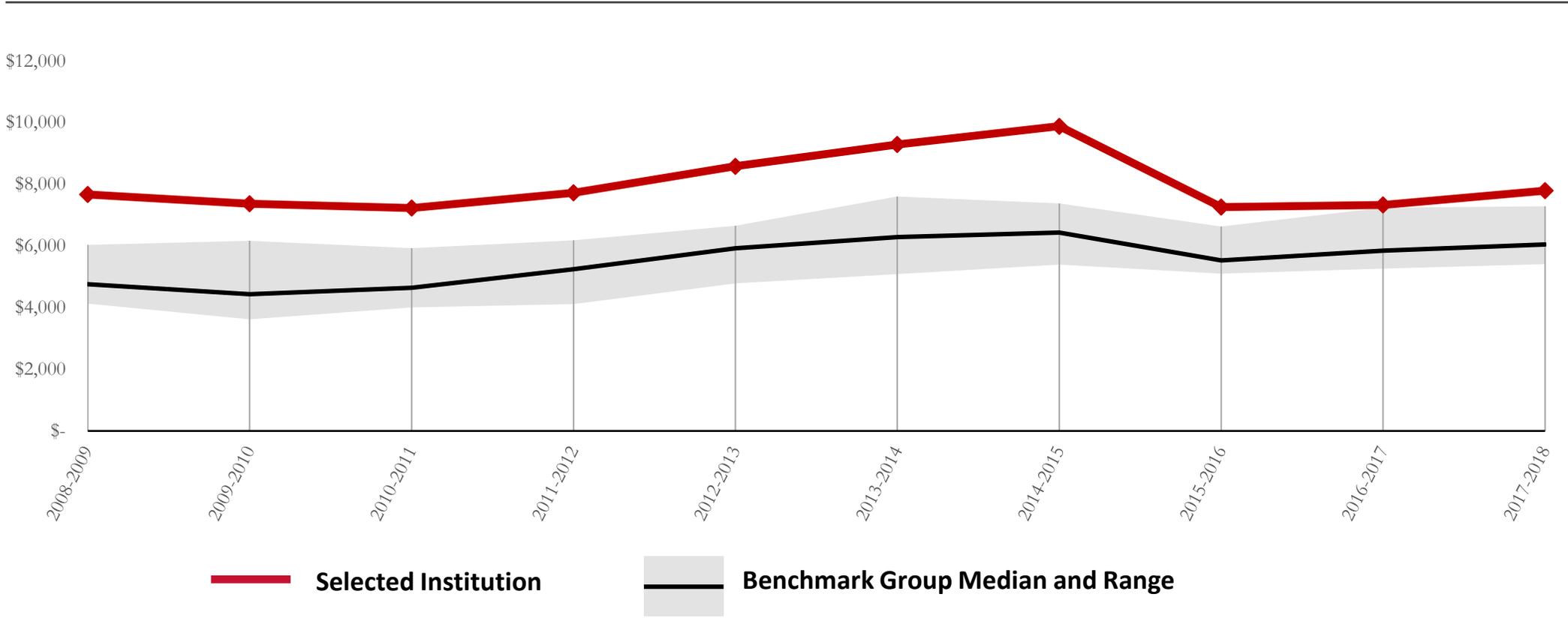


Instructional Cost per Student FTE

- *In 2017–18, instruction expenses per full-time-equivalent (FTE) student (in constant 2018–19 dollars) was the largest expense category at public institutions (\$10,870) and private nonprofit institutions (\$18,710). At private for-profit institutions, the combined category of academic support, student services, and institutional support expenses was the largest category of expenses per FTE student (\$10,480). – NCES Condition of Education May 2020 Report.*
- Usually, one of the largest expenses for most institutions, therefore this is an important metric to monitor and compare to peers.



Instructional Cost per Student FTE

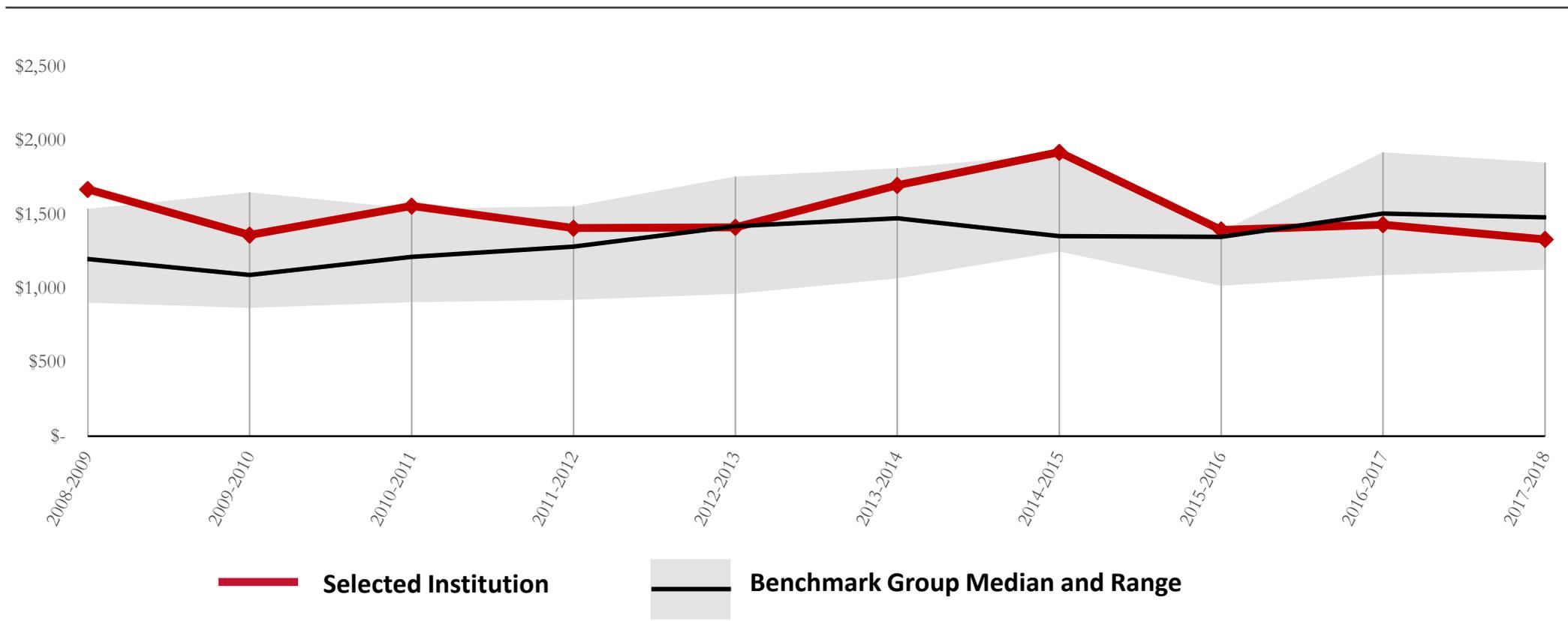


Administrative Cost per Student FTE

- Administrative cost per student FTE is a key metric for most institutions to measure the efficiency of their resources and controlling costs.
- More institutions are seeing an increase in administrative cost per FTE student, due to an increase in student services, cost to obtain and retain students, campus safety requirements and increased state/federal compliance requirements.



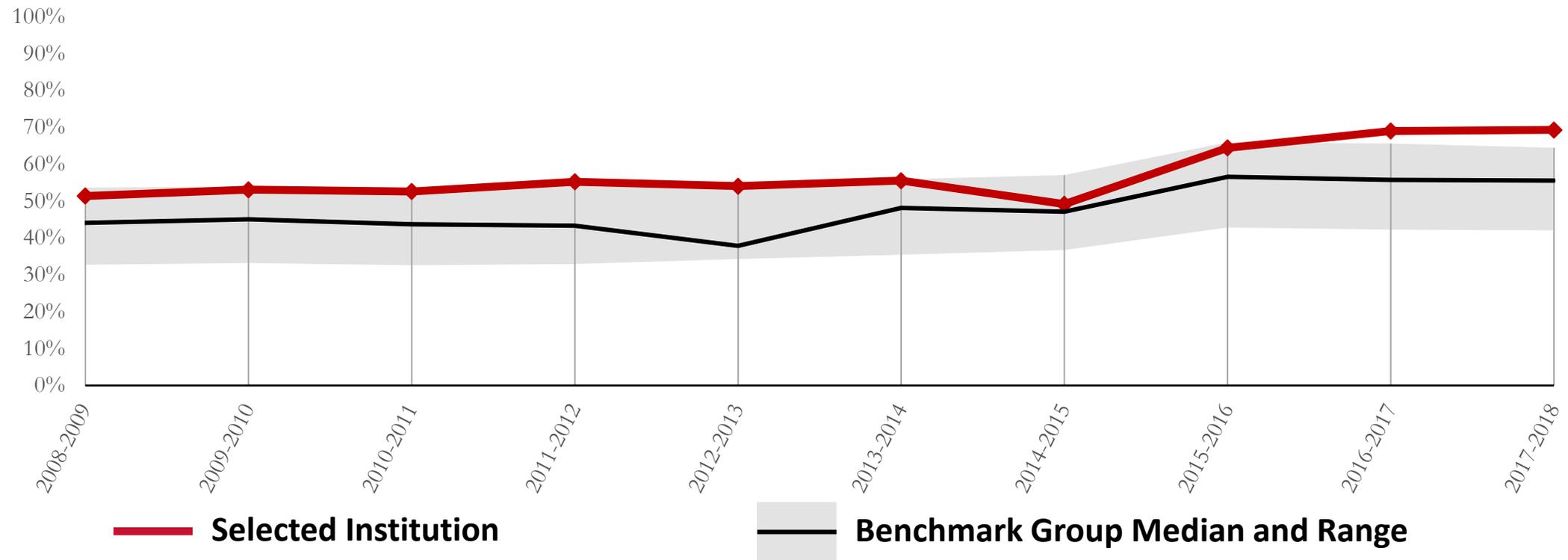
Administrative Cost per Student FTE



Instructional Spending Ratio

- Instructional expenditures as a percentage of total institutional expenses.
- Important to analyze how this is changing overtime.

Instructional Spending Ratio

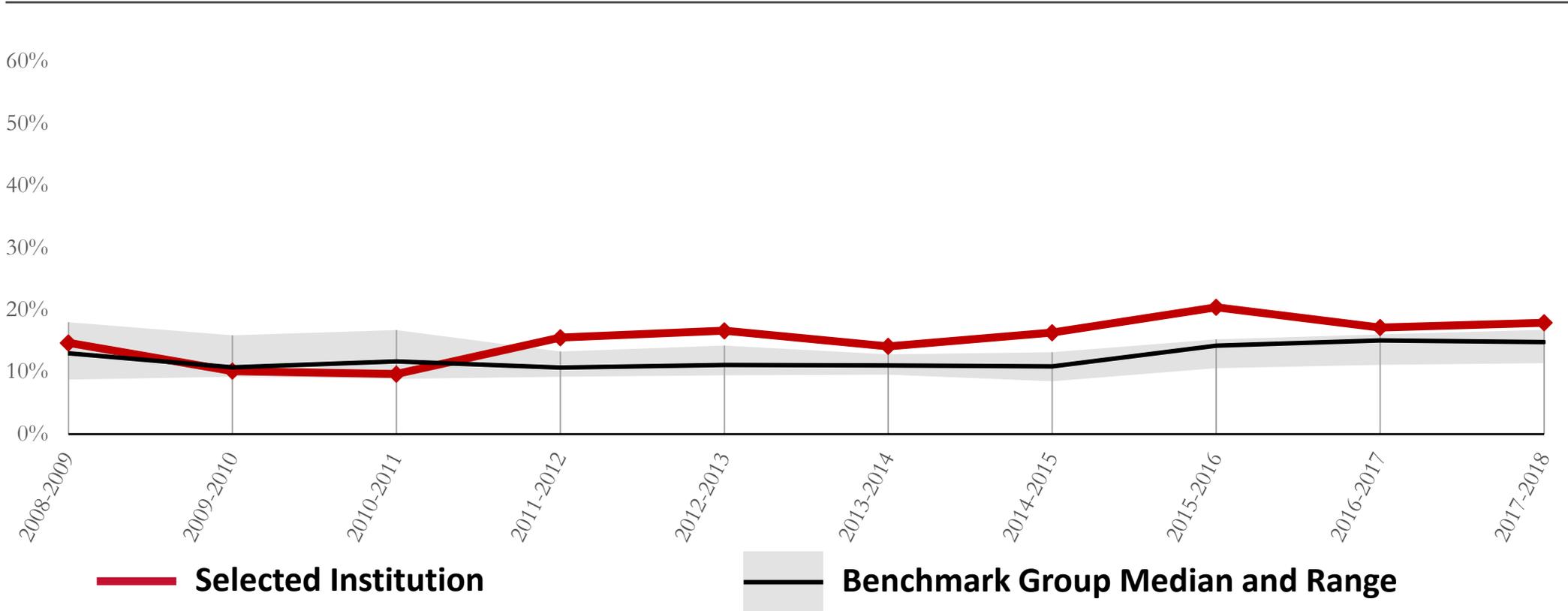


Administrative Spending Ratio

- Administrative expenditures as a percentage of total institutional expenses.
- More than administration this metric is a key performance indicator for the Faculty to monitor the institutional strategy overtime.



Administrative Spending Ratio



Common questions / Discussion topics

- How will the pandemic impact these ratios?
 - Should this year be considered as a data outlier?
- What is more important, the benchmark institutions or the institutional longitudinal data?
- What decisions can be made using this data?
- Who is the audience?

