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What does a college degree cost? New report suggests approaches for calculating the cost of bachelor degrees.

The Delta Cost Project today released a white paper that describes different approaches to calculating what it costs colleges to graduate students with bachelor’s degrees.

The paper—*What Does a College Degree Cost? Comparing Approaches to Measuring “Cost per Degree”*—uses actual spending data from two public university systems to present several ways to talk about the production cost of bachelor’s degree education in different contexts:

- “Catalog” cost: the cost to provide the 120-128 credits required for most bachelor’s degrees;
- “Transcript” cost: the cost of what typical students actually take, including failed courses and credits beyond the minimum requirements of a degree; and
- “Full-cost attribution”: the cost of all instruction in an institution or system—including courses taken by students who transfer out or do not graduate—divided by the number of degrees awarded.

To provide a sense of how these approaches vary, following are estimated bachelor’s degree production costs for the 2005-2006 fiscal year, using spending data from the State University System of Florida:

Catalog cost (120 student credit hours)	\$ 26,485
Transcript cost (all credits taken by BA/BS recipients)	\$ 33,672
Full cost attribution (including credits taken by students who did not obtain bachelor’s degrees)	\$ 40,645

The report also estimates the full cost of a bachelor’s degree at four-year public institutions nationally using a regression analysis of U.S. Department of Education data provided by the Delta Cost Project. The result--\$30,780 for fiscal year 2005-2006--is within the range of the costs derived for the ‘full-cost attribution’ from institutional data.

“There’s not a single answer to the question of what it costs to produce a college degree,” said Nate Johnson, a Florida-based higher education researcher and author of the study, “but it’s a question worth asking, and we should try to agree on a common vocabulary to have a coherent discussion. The data assembled by the Delta project are a great resource for the national conversation we’re having now about increasing educational attainment with limited resources. It’s also a tool for states and institutions that lack detailed expenditure analyses or want a wider lens to look at the issue.”

The report (available at http://www.deltacostproject.org/resources/pdf/johnson3-09_WP.pdf) also addresses the costs associated with student attrition rates. Data from the SUS system suggest that attrition accounted for 15.6 percent of spending on undergraduate instructional costs (direct and indirect) in 2006-2007. The estimate is lower than what might be expected, considering the sizable attrition rates in higher education. This can be explained, however, by the fact that students who do not graduate tend to take fewer credits. Moreover, those credits also tend to be earned in lower-level, less-expensive courses and in lower-cost disciplines.

Donna Desrochers, director for education and economic research at the Delta Project, summarizes the value of this work: “If we are going to make progress in improving productivity in higher education, we need better language and metrics about what it costs to produce a degree. This work shows how that might be done, why it’s important to look at cost from different angles, and how much excess credits and student attrition are costing us. While it may not be desirable or possible to entirely eliminate excess credits or attrition, through better counseling and more attention to student success, we can improve efficiency without sacrificing either access or quality.”

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The Delta Project on Postsecondary Costs, Productivity and Accountability is a non-profit, non-partisan research and policy organization focusing on spending in higher education. This white papers series is designed to present ideas about ways to measure costs and improve productivity. For more information, please visit the Delta Project website, at: <http://www.deltacostproject.org>.