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From: Joe Rives, Assistant to the President, Planning, Budget and Institutional Research

Date: June 14, 2007

Re: June 2007 Strategic Plan Update

With data recently published by the Illinois Board of Higher Education, this month's *Strategic Plan Update* is a special report updating you on the cost of instruction and administrative and support costs per credit hour at Western Illinois University compared to all other Illinois public universities. These measures are part of our comprehensive accountability reporting strategies, as we continue to successfully implement the University's Strategic Plan, *Higher Values in Higher Education*.

Background

Western Illinois University maintains strong traditions and commitments to student access, affordability, and cost predictability. As part of *Higher Values in Higher Education* accountability reporting, all campus governance groups on both the Macomb and Quad Cities campuses endorsed performance indicators of keeping the cost of instruction per credit hour and administrative and support costs per credit hour below statewide averages.

Comparative cost data through Fiscal Year 2004 were reported to you at your September 2006 Western Illinois University Board of Trustees meeting. Since that meeting, the Illinois Board of Higher Education has provided data for Fiscal Years 2005 and 2006; results are summarized below.

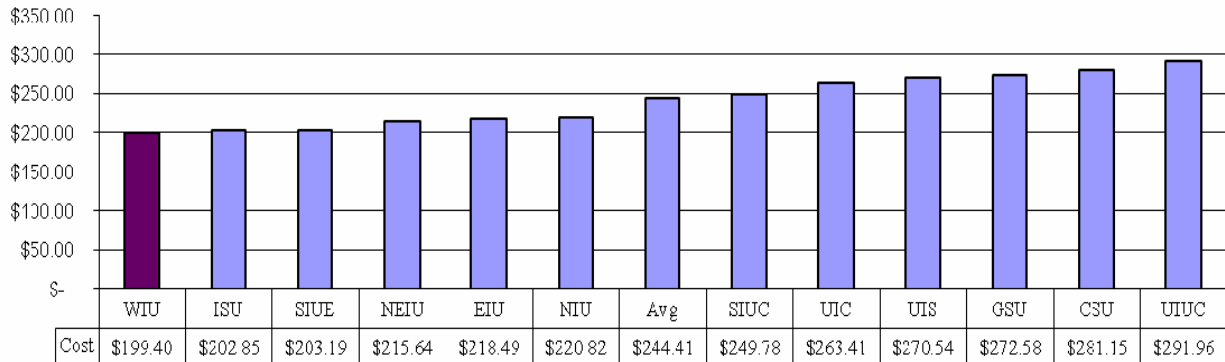
Cost of Instruction per Credit Hour¹

In Fiscal Year 2004, Western Illinois University had the lowest rate of all 12 Illinois public universities. The range was from a low of \$199.40 at Western to a high of \$291.96 at the University of Illinois-Urbana/Champaign. Again in Fiscal Year 2006, Western Illinois University had the lowest rate of all 12 Illinois public universities. The range is from a low of \$222.02 at Western to a high of \$314.84 at the University of Illinois-Urbana/Champaign.

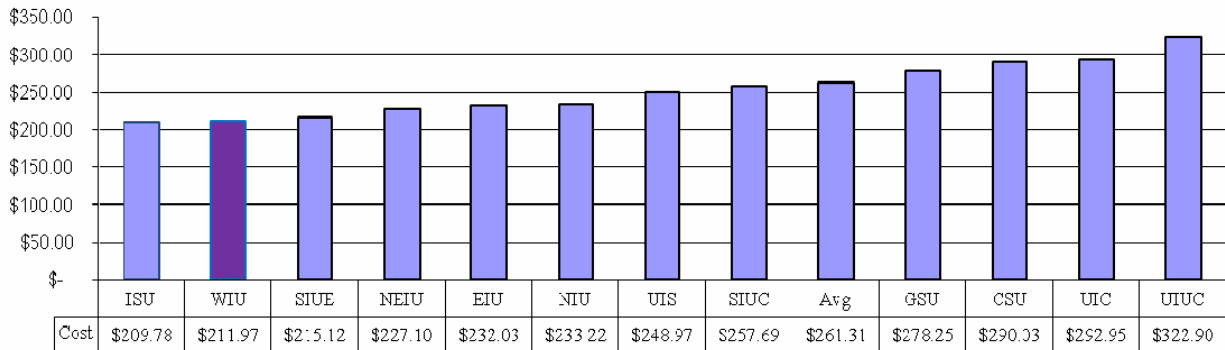
	<u>2004</u>	<u>2005</u>	<u>2006</u>
Western Illinois University	\$199.40	\$211.97	\$220.02
Statewide Average	\$241.41	\$261.31	\$266.81
Percent Below Statewide Average	(17.4%)	(18.9%)	(17.5%)

¹ Total cost of instruction per credit hour excludes operations and maintenance expenditures.

Fiscal Year 2004
 Cost of Instruction per Credit Hour

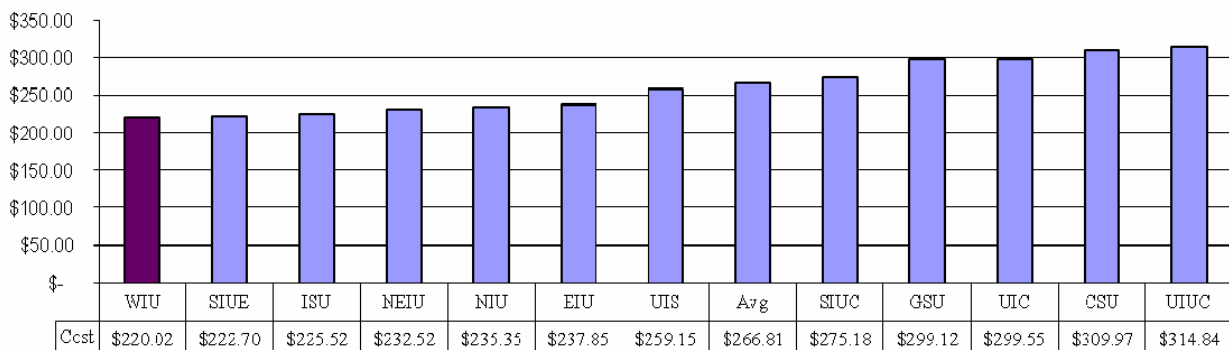


Fiscal Year 2005
 Cost of Instruction per Credit Hour



The \$12.57 cost per credit hour (6.3 percent) increase at Western Illinois University between Fiscal Years 2004 and 2005 from \$199.40 to \$211.97 reflects coursework supporting the new doctoral program in Educational Leadership. Doctoral coursework is the most expensive in ratio analyses. Senior faculty typically teach in this category, which makes the numerator (salaries) high; and doctoral students tend to take the fewest courses, which makes the denominator (credit hours earned) low. Even with the addition of doctoral education, Western Illinois University remains significantly below the statewide average cost per credit hour.

Fiscal Year 2006
 Cost of Instruction per Credit Hour



The \$8.05 cost per credit hour (3.8 percent) increase at the University between Fiscal Years 2005 and 2006 from \$211.97 to \$220.02 matches the annual percentage increase in the Consumer Price Index for this time, and is below the corresponding 5.0 percent annual increase in the Higher Education Price Index.

With exact percentages identified below, increases in instructional costs have also been used to support faculty salary increases as part of the *Higher Values in Higher Education's* top priority: to provide salaries that meet and exceed the mean at peer institutions. At the same time, increases have supported “1 for 1 replacement” for faculty departures during a period of limited or no increases in state appropriations. The University’s conservative fiscal management kept annual increases in instructional costs at or below inflationary indices, supported advancement of the highest institutional priority, and is important as we continue to implement strategies to meet the Strategic Plan goal of attracting, recruiting, and retaining an excellent faculty representative of the diverse and global society.

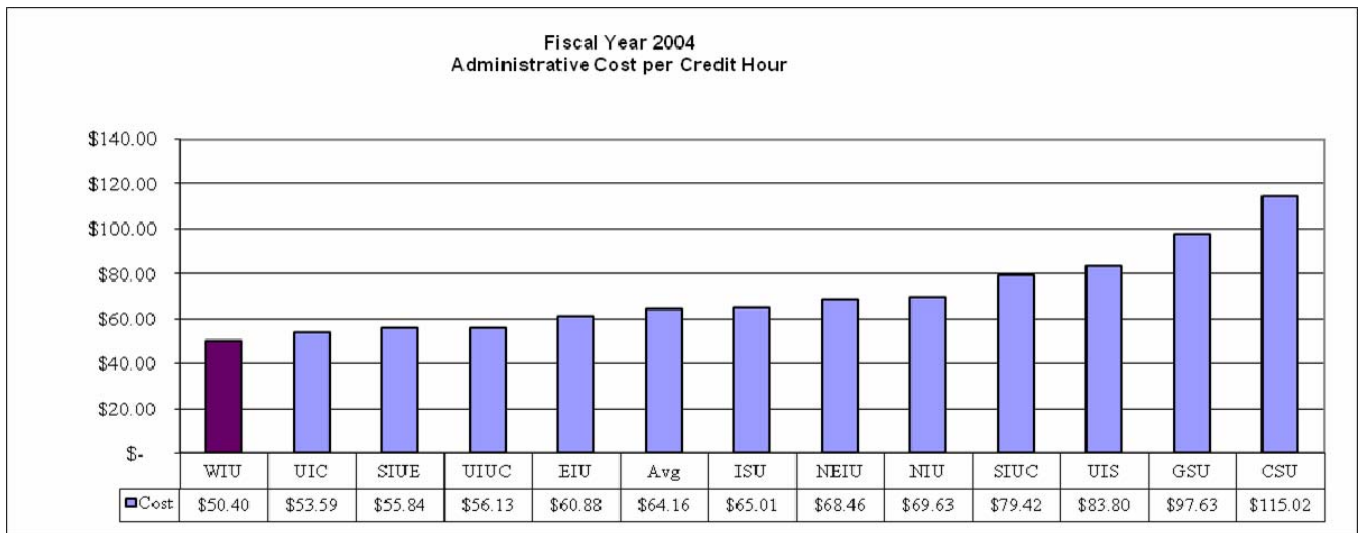
Administrative and Support Costs per Credit Hour

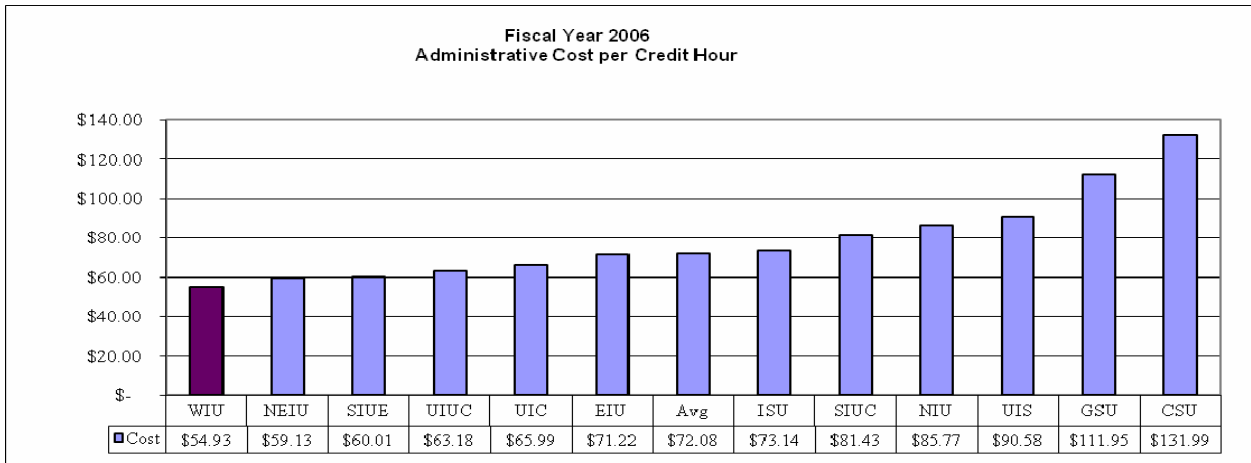
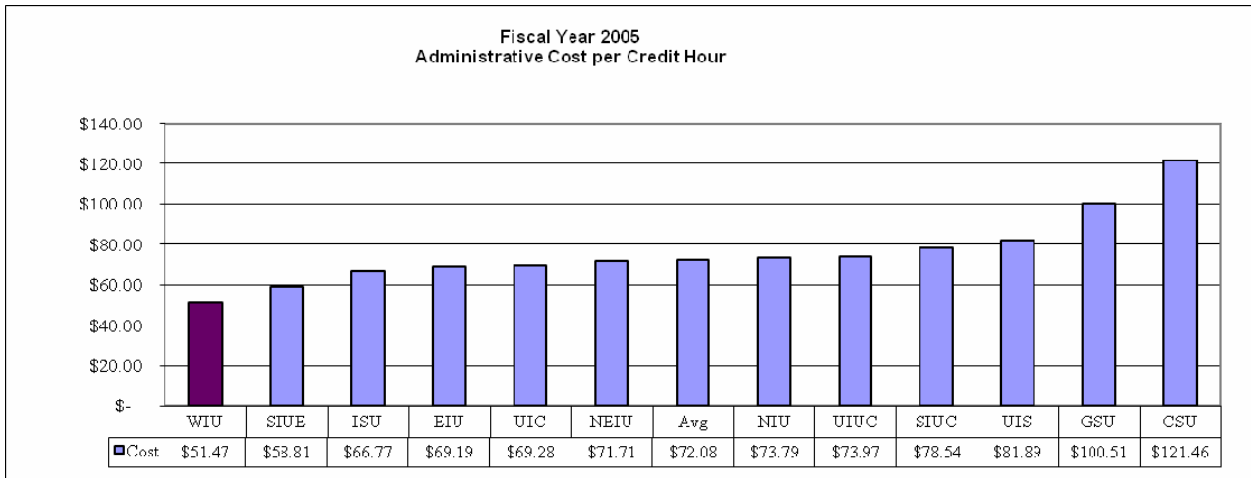
The numerator in administrative and support costs per credit hour follows Illinois Board of Higher Education guidelines, and is based on three factors:

1. Academic Support contains libraries, hospitals and patient services, museums, and galleries.
2. Student Services includes social and cultural development, counseling and career services, student health/medical services, intercollegiate athletics, financial assistance, financial aid administration, and student service administration.
3. Institutional Support consists of executive management, financial management and operations, general administration, faculty and staff auxiliary services, and public relations/development.

Western Illinois University’s administrative and support costs per credit hour are well below the statewide average. The University’s Fiscal Year 2004 rate was lowest among the 12 Illinois public universities, where values range from a low of \$50.40 at Western to a high of \$115.02 at Chicago State University. The same is true in Fiscal Years 2005 and 2006.

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Western Illinois University	\$50.40	\$51.47	\$54.93
Statewide Average	\$64.16	\$72.08	\$72.08
Percent Below Statewide Average	(21.4%)	(28.6%)	(23.8%)





The fact that the statewide average administrative cost per credit hour remained constant at \$72.08 for Fiscal Years 2005 and 2006 is a data artifact rather than a policy of no increased costs. All of the Illinois public universities with the exception of the University of Illinois (Urbana/Champaign and Chicago) and Northeastern Illinois University experienced cost increases. Decreases may be due to an interaction of many variables, including retirements, programmatic changes, and/or in the case of the University of Illinois, operating a system office; system costs are not reflected in the data reported above.

Nevertheless, Western Illinois University remains well below the statewide average for administrative and support cost per credit hour. The \$4.53 per credit hour increase at Western between Fiscal Years 2004 and 2006 is considerably less than the average statewide increase of \$7.92 per credit hour during the same time. Western's increase, only 57 percent of the statewide average increase, has been used to support salary increases of 3.5 percent in Fiscal Years 2004 and 2005 and 4.5 percent in Fiscal Year 2006. Advancement of salaries to meet and exceed the mean of peer institutions is the highest priority identified in *Higher Values in Higher Education*. The University's conservative fiscal management, therefore, supports advancement of the highest University priority with efficient staffing patterns and limited administrative and support costs for students and their families.

As all of the data show, Western Illinois University is meeting Strategic Plan goals of keeping costs below statewide averages. Please contact me if you have any questions about the data presented in this special *Strategic Plan Update*, or if you have additional feedback for the continued successful implementation of *Higher Values in Higher Education*.

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