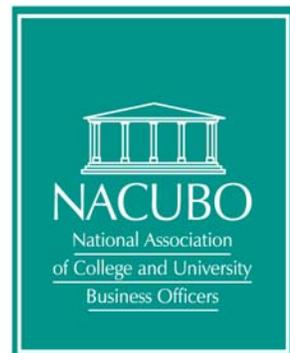


The Cost of College Project

Instructions for Data Completion



National Association of College and University Business Officers
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Two sets of instructions are provided: one for institutions that follow OMB Circular A-21 to calculate facilities and administrative cost rates and one for institutions that do not use Circular A-21.

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TEMPLATE

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The Cost of College Project is a two-year effort by NACUBO's Ad Hoc Committee on College Costs to identify a method for clearly outlining the annual cost to U.S. higher education institutions of educating undergraduates. Detailed discussions on the history, composition, and goals of the Ad Hoc Committee on College Costs are provided separately. These Instructions are intended to provide guidance to institutional representatives on how to review and determine the appropriate costs to be included in the one-page template that accompanies these instructions (see page 27).

We recognize that many types of higher education institutions will be participating in this project, with different cost structures and methods of financial reporting. In order to allow institutions flexibility in calculating their costs, we have elected to provide a general template that institutions can complete as appropriate from existing financial data. However, we have differentiated between those institutions that prepare and submit periodic indirect cost (Facilities & Administrative) rate studies based on OMB Circular A-21 to the federal government and those that do not. Institutions that prepare these indirect cost rate studies will be able to utilize the study as a starting point for the Cost of College Project, while those that do not will use their audited financial statements that are included in each institution's annual report.

This version of the Instructions is for institutions that prepare indirect cost rate studies using OMB Circular A-21.

Two versions of the instructions are provided. This one is for institutions that follow OMB Circular A-21. Institutions that do not use A-21 should turn to the instructions beginning on page 17.

OMB Circular A-21 outlines a methodology for allocating costs to the benefiting functions (education, research, public service) of a higher education institution and provides guidance for calculating allowable costs that can be recovered from the federal government for sponsored grants and contracts. With minor modifications, the same basic methods and definitions can be used to meet the goal of this project, which focuses on undergraduate educational costs. Although we have attempted to provide specific guidelines for submitting this data, judgment will be required at most institutions to complete it. We assume a good faith effort to include

costs reasonably associated with providing undergraduate education and to exclude costs that do not support undergraduate education, i.e. costs that support graduate and professional education, sponsored research, patient care, or other institutional activities not related to undergraduate education.

Please note two major requests of the project. First, because we are examining costs of undergraduate education, institutions' responses should eliminate the direct and indirect costs of all hospital, medical school and related clinic activities, and other activities that are totally unrelated to undergraduate education. Second, public institutions should include any costs relevant to undergraduate education that are not in their accounting system but are paid by the state or another public body on their behalf (fringe benefits are probably the most common example).

The NACUBO Ad Hoc Committee wishes to emphasize the principle of minimizing the reporting burden on the project participants. We encourage institutions to complete the template.

Keys to Completion

In developing the methodology for this project, the Committee adopted some basic principles that should help guide institutions while completing the template:

Rely upon basic averaging techniques.

Do not try to distinguish between freshmen and seniors, between classics majors and engineering students, or between students who live on campus and take advantage of every extracurricular and cultural resource offered by the institution and those who live at home and come to campus for just a few hours of classes. There is no simple, feasible way to determine the cost to an educational institution of educating each individual student or even groups of students, therefore, we have elected to focus on an overall average.

Concentrate on the cost of undergraduate education.

To the extent possible, exclude all expenses having to do with separate graduate and professional schools, research institutes, continuing education programs, and other important activities of the institution that nonetheless involve few or no undergraduate students.

Wherever possible, use existing allocation methods.

Research universities that are required to use the federal government's A-21 methodology for allocating costs to sponsored research projects are asked in our project to use that same methodology to allocate costs to undergraduate education and related activities. Similarly, institutions are asked to use Generally Accepted Accounting Principles as represented by FASB/GASB rules and guidelines if they do not have to complete A-21, or have costs that are not directed to one place or another by specific A-21 requirements.

Follow the so-called KISS principle – Keep It Simple Stupid!

During the development of the methodology, whenever we had a choice or had to make a decision, we tried to move in the direction of making the calculation simpler and more understandable, even if that meant giving up some precision at the margin. Please utilize this same theory when calculating your institution's cost. If an individual component of cost can be calculated in two ways – either a high-level calculation or a detailed, complex calculation, use the high-level calculation.

General Instructions

Please read through both the General and Step-by-Step Instructions before beginning to complete the template.

Listed below are general instructions for completion of the template. We have divided the general instructions into several different phases, based on concentrated areas of work that could be performed at different times or by different personnel. The steps within each phase broadly outline what is needed to complete the template. More detailed information on the specifics of the calculations required to complete the template is available in the next section of the instructions.

The major sections of the template are:

- General Institutional Information
- Instructional and Student Services Costs
- Institution and Community Costs
- Financial Aid Costs

We also request that institutions estimate the replacement cost of campus facilities, so that we may evaluate the possibility of including a more accurate economic value of facilities in our cost reporting. Instructions for the estimation of replacement costs are included.

As is often repeated in the materials describing this project, its focus is to calculate the costs of educating an undergraduate student. It is therefore critical that we share the Ad Hoc Committee's definition of "undergraduate," and describe a methodology for determining which costs relate specifically to undergraduate education.

Defining "Undergraduate" Educational Costs

Defining which educational costs are "undergraduate" requires two forms of clarification. Each institution must first decide which programs within the institution are relevant to undergraduate education for purposes of this project, and then decide how the costs of the relevant programs should be apportioned among undergraduate education, graduate/professional education, and sponsored research.

After identifying the appropriate educational programs, the costs of these programs may have to be appor-

tioned across several activities. Circular A-21 provides guidelines for apportioning appropriate costs to sponsored research. All costs that remain will be considered departmental research (i.e., whatever research the members of the faculty accomplish without direct financial support from third parties by using time not devoted to teaching and service) and instruction. As time spent on research, reading, and writing is generally assumed to increase a faculty member's educational effectiveness and because the definition of the "work week" in academic life is a fluid one, we treat departmental research as an adjunct to instruction, without specific allocations of cost. This approach is consistent with Circular A-21, which treats instruction and departmental research as a single category.

For institutions that offer multiple degree programs in separate schools and colleges, the educational costs of all schools and colleges providing undergraduate education are pooled, and divided by the total FTE (full time equivalent) enrollment of those schools to arrive at a cost per student.¹ For example, the relevant costs of the Business School, College of Arts and Architecture, and College of Liberal Arts should be pooled, and then divided by total FTE enrollment.

Phase 1: Preparation

Determine the fiscal year that will be utilized as the basis of the data submission. For institutions utilizing indirect cost studies based on A-21, use the year of the most recently calculated cost study. If the last indirect cost study was prepared several years ago, please update the totals to the most recently completed fiscal year if possible. If this update cannot be easily accomplished, institutions may still utilize the older information.

Gather the relevant financial and statistical data (for the appropriate year) needed to complete the data submission, including financial records and registrar reports. Note that the timing of statistical data should be consistent with the fiscal year used for the financial data. Costs should include those paid from both unrestricted and restricted funds. Also, because this project is intended to include all costs of educating undergraduates, institutions may need to identify those costs funded by sources that are not reflected in their financial records. For example, fringe benefits are funded by the state for some public institutions – these costs should be included in this data submission. Identify the undergraduate programs that will be the focus of this

data submission and determine how they are defined within institutional accounting systems.

Identify the appropriate student statistics that will be needed to allocate costs to the undergraduate component of the programs selected and gather the necessary information. Please make sure that these student statistics are from the same time period as the financial information the institution will be using.

Determine whether or not the institution will utilize a weighting factor for graduate students when allocating costs between undergraduates and graduates (see section below on "Weighting Graduate Students"). The general guideline is that institutions with more than 15 percent of their students at the graduate level within the areas included in the data submission (i.e., excluding programs which are exclusively graduate) should incorporate a weighting factor. If an institution does not meet this threshold, but still feels that it should utilize a weighting factor for graduate students, it may do so according to the instructions on page 6 of this document.

Identify the categories of Institutional and Community Costs that are appropriate for the institution and determine how they are defined within institutional accounting systems. As part of this process, determine if there are any auxiliary activities whose subsidies should be included as an Institutional and Community Cost. See Step-by-Step Instructions, step 3, for a definition of Institutional and Community Cost.

Gather information on expenditures for financial aid funded directly by the institution and provided to undergraduates. This includes scholarship funds from non-governmental, private donors, where the institution selects the students and the grant amounts.

Obtain replacement value information for institutional facilities.

Phase 2: Adjust Cost Study

Determine which cost pools and bases will be relevant for this data submission. For most institutions, this will include the Departmental Administration, General Administration, Student Services, Building Depreciation, Equipment Depreciation, Operations and Maintenance, and Library cost pools, and the Instruction base. Depending upon its specific composition, the Other Institutional Activities base may also be included (some of these costs may be included as Institutional and Community Costs).

¹ Note that weighting may be used by an institution, as outlined in the "Weighting Graduate Students" section. If weighting is utilized, this calculation will be modified.

Weighting graduate students

All institutions with more than 15 percent of their students at the graduate level (for those programs included within the data submission) should weight each graduate student by an additional 25 percent in their FTE count. Institutions with less than this threshold percentage may utilize the same weight factor if they believe that certain cost-adding factors are present, as discussed below. Institutions below the threshold that incorporate weighting must report their reasons for doing so. Weighting will be applied in the FTE counts that form the basis of the per-student cost calculations.

This graduate student threshold includes all doctoral and masters candidates and other post-baccalaureate students in the same academic units where undergraduates are included for purposes of the data submission; this is often applicable in schools such as Business, Education, Engineering, and Arts. Professional and graduate students in units that have no undergraduates such as medicine and law are excluded.

If an institution is below the 15 percent graduate student threshold, it may still choose to weight graduate students. Our methodology will allow institutions under the threshold to add the same 25 percent weight for their graduate students if they conclude that their special circumstances require this adjustment to avoid significant overstatement of undergraduate costs. These special circumstances might include:

- a large number of PhDs, other doctoral candidates, or post-docs,
- a large number of advanced graduate students focused mostly on research with little or no course load,
- a large presence of science, engineering, or other technical graduate students with unusually high unit costs at the graduate level that is unlike the costs for undergraduates in the same program, or
- other anomalous or unusual circumstances that make the weighting useful as a more accurate picture of costs.

Institutions that are below the threshold, but choose to utilize graduate student weighting, should provide information on the special circumstances considered in making this choice.

In addition, institutions may utilize weights other than 25 percent, if they have performed internal, documented studies that support using a different weight. If a weighting factor other than 25 percent is utilized, please indicate the weighting factor used and provide information supporting its use.

Add back unallowable costs (except those related to capital acquisitions) to the relevant pools and bases. See Step-by-Step Instructions, section 2(e), for more detailed information on adding back unallowable costs.

Identify and segregate those costs applicable mainly to students (most likely, the Instruction base and the Student Service and Library² cost pools), into a preliminary Instruction cost pool.

Segregate the remaining costs into (a) Instruction and Student Services, (b) Institutional and Community costs, (c) Institutional Financial Aid, (d) Indirect costs (segregated into O&M, Facilities, Equipment and G&A), and (e) Costs not applicable to this data submission.

Phase 3: Determine Instruction and Student Services, Institutional and Community, and Financial Aid Costs

Segregate direct costs identified as Instruction and Student Services in Phase 2 into undergraduate and “all other students” components based on student enrollments. If applicable for the institution, utilize graduate student weighting.

Segregate direct costs identified as Institutional and Community costs into undergraduate and “all other students” components (based on the student allocation methodology chosen for the data submission). Then

² Note that a portion of the Library cost pool may be allocated to Research. This portion would then be excluded from the remaining calculation.

segregate those costs related to undergraduates into the following categories:

- 1) cultural, religious life, and recreational programs;
- 2) museums, gardens, etc.;
- 3) net cost of intercollegiate athletics;³
- 4) net cost of other auxiliary operations,⁴ and,
- 5) other items in this cost group.

If any additional major heading is appropriate to the institution, please add the heading and the data.

Allocate the individual categories of indirect costs to (a) Instruction and Student services – undergraduate only, (b) Institutional and Community costs – undergraduate only, and (c) costs not applicable to this data submission (including those costs which were previously allocated to “all other students”). This allocation will most likely be based on the total costs of each category.

Identify financial aid expenditures that should be included. This will consist of institutional grants to undergraduates; in some cases, other nongovernmental grants may be included if the institution controls the distribution of the funds.

Defining Student Financial Aid: Institutional Resources. Expenditures for student aid are an important issue in the economic and public policy debates about cost, price, and subsidy. In a major simplification from previous versions of the template, we have decided to include only institutional grants as student financial aid. The key to determining whether or not to include specific types of aid is to identify the source of funds and the control over distributing the funds:

Source of funds	Institution controls distribution	Institution does not control distribution
Institution	include	exclude
Government	exclude	exclude
Private	include	exclude

Work-study and loan funds, in addition to grant funds from government and certain third party sources should be excluded, as should most nongovernmental grant aid that the student is awarded from outside the institution (for example, a local Rotary Club scholarship). However, funds from nongovernmental, private donors where the institution selects the students and the grant amounts will be included. Although work-study funds

provided from the government should not be included as Student Financial Aid, the institutional share of work-study programs should be counted as a cost in the department or unit where the work is provided just as other wages of the unit are included.

Phase 4: Complete the Reporting Template

Enter the institution’s general information, including tuition and mandatory fees (from the same period as the financial data) in the appropriate fields in the reporting template.

Enter the calculations resulting from Phase 3 to the Excel™ reporting template.

In addition to the facilities depreciation value calculated under A-21, we also request an alternate calculation to measure the replacement value of facilities. On the template, this is a separate section. Institutions do NOT need to recalculate the other figures based on this alternate method.

Optional: Reconcile the costs outlined in the template to source data in the institutional cost study and to the published institutional financial reports. While this optional step is not needed directly for the purposes of this data submission, the ease or difficulty of such a reconciliation may be very important in the later public use of the cost template data (if and when the institution chooses to make the template data public).

³ The net cost of Intercollegiate Athletics equals the full cost of these activities less the associated revenues. If athletics revenues exceed costs, do not include any amount. See the instructions in Phase 3(c) and (4) for more information on Auxiliary Services and Intercollegiate Athletics.

⁴ see footnote 2 above

Step-by-Step Instructions

1. General Institution Information

Institution Name: _____
Contact Name: _____
Contact Title: _____
Contact Phone: _____
Contact e-mail: _____

Institution Type: Public Private
Fiscal Year Reported: _____
Price Per Student: _____

FTE used in this report:

Basis of FTE count: preferred method other method (describe) _____
Number of FTE undergraduate students: _____
Number of FTE graduate students (*not weighted*): _____
Did you weight graduate students in this FTE count? no yes
If yes, indicate weighting factor used 25% other (indicate weighting) _____

Step 1

institution has different prices based on the residence of the student (common in public institutions), use the in-state or in-district resident price. If the institution has different prices for various courses of study (regardless of residence), use a weighted average of all undergraduate prices based on their respective enrollments.

For those institutions that state their price only on a credit-hour basis, use the credit-hour price times the number of credit hours per academic year needed to be a full-time student. See also the information on FTE in the sections below.

1. General Institution Information

Institution Name and Contact

Enter the institution's name and the name, title, telephone number, and E-mail address of the individual responsible for completing the template.

Institution Type: Public or Private

Indicate if the institution should be classified as public or private by placing an "x" in the cell with the appropriate box. For those institutions whose educational programs are supported in significant amounts by both state and other funding, you may either (1) submit two responses, one for your "public" undergraduate programs and one for your "private" undergraduate programs; or (2) determine which classification is more appropriate for your institution.

Fiscal Year Reported

Use information from the last year of the institution's cost study if Circular A-21 is followed. State the fiscal year on the line indicated on the template.

Price Per Student

Indicate the full annual tuition and mandatory fees for an undergraduate at the institution from the same year as the fiscal year used for reporting costs. Note that some judgment may be necessary in the case of fees. Room and board charges should be excluded and student health fees should be included only if the corresponding services are provided by the institution, and if the costs of providing these services are included in the cost categories above.

At some institutions, tuition and fees vary by college and school. In this case, a weighted average of tuition and mandatory fees should be calculated consistent with the academic program(s) selected for study and the method selected for allocating costs to undergraduate programs. If the

Description of FTE Used in This Report

As indicated in the General Instructions section, several different types of costs should each be apportioned among undergraduate degree candidates (the focus of this project), graduate/professional degree candidates, and nondegree enrollments. After reviewing several different methodologies for performing these calculations, the Ad Hoc Committee has determined a preferred method; however, other methods may be used if disclosed. The method selected should be indicated at the top of the template.

Briefly, our preferred method is the institutional count for full-time students, plus the number of credit hours taken in one academic year by all part-time students divided by 24. If this method presents difficulties, institutions may use their own method and disclose separately how they count their students. The choice among these student-counting alternatives should be made consistent with the overall objectives of the project, the mission of the institution, the academic program(s) selected for this data submission, and the availability of suitable data. The definition of FTE should be based on normal institutional practice using the IPEDS definitions as a general guide. IPEDS provides the following relevant definitions:

"Full-time Student - Undergraduate" is a student enrolled for 12 or more semester credits, or 12 or more quarter credits, or 24 contact hours a week each term.

"Full-time Student - Graduate" is a student enrolled in nine or more semester credits, or nine or more quarter credits or students involved in thesis or dissertation preparation that are considered full-time by the institution.

"Degree-seeking Student" - is a student enrolled in courses for credit who is recognized by the institution as seeking a

degree or formal award. At the undergraduate level, this is intended to include students enrolled in vocational or occupational programs, such as Executive Education and Adult Education.

Defining Operations & Maintenance Costs: O&M includes costs incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. The cost pool should be consistent with the calculations done for A-21, however, expenses in this category previously excluded as unallowable should be added back in on the same basis as above. O&M includes the expenses of janitorial and utility services, repairs and ordinary maintenance, grounds keeping services, security, disaster preparedness, environmental safety, hazardous waste disposal, property and liability insurance, space and capital leasing, facility planning and management, and central receiving. This category of cost should also include its proportional share of Equipment and Facilities depreciation expense.

ent with the calculations done for A-21, however, expenses in this category previously excluded as unallowable should be added back in on the same basis as above. O&M includes the expenses of janitorial and utility services, repairs and ordinary maintenance, grounds keeping services, security, disaster preparedness, environmental safety, hazardous waste disposal, property and liability insurance, space and capital leasing, facility planning and management, and central receiving. This category of cost should also include its proportional share of Equipment and Facilities depreciation expense.

Category	Cost per Undergraduate
2. Instruction and Student Services	
a. Instruction	
b. Departmental Administration	
c. Student Services	
d. Library	
e. Allocated O&M Expenses	
f. Allocated Depreciation: Facilities	
g. Allocated Depreciation: Equipment	
h. Allocated Administration (G&A)	
i. Subtotal: <i>Instruction and Student Services Costs</i>	\$ -

Step 2

2. Instruction and Student Services Costs

Instruction and Student Services Costs include the core educational expenses related to faculty effort, student services like advising, library support, and the administrative effort directly related to academic programs. In addition to the direct costs of each of these components, the allocated costs for general administration, facilities operations, and depreciation of plant and equipment are also included. Except as noted above, categories and definitions are fully consistent with A-21 guidelines. Instructional expenses include faculty effort for departmental (i.e. nonsponsored) research. Financial aid expenses are excluded from this category and treated separately below.

(a) Instruction

Enter per-student cost for Instruction on the appropriate line. Note that this will also include Departmental Research expenses.

(b) Departmental Administration

Enter per-student cost for Departmental Administration on the appropriate line.

(c) Student Services

Enter per-student cost for Student Services on the appropriate line.

(d) Library

Enter per-student cost for Library services on the appropriate line.

(e) Allocated O&M Expenses

Enter per-student cost for Operations & Maintenance (O&M) expenses allocated to Instruction & Student Services on the appropriate line.

(f) Allocated Depreciation: Facilities

Enter per-student costs for Facilities (Building) depreciation expense allocated to Instruction & Student Services on the appropriate line.

Defining Depreciation on Equipment and Facilities: Under Circular A-21, equipment and facilities depreciation are institutional costs that are appropriately allocable to the primary institutional activities, i.e. instruction, sponsored research, and other institutional activities. Capital outlays, on the other hand, are excluded because capital costs are included as depreciation expense. This methodology asks institutions to make *two alternate calculations of facilities cost*. The additional method is based more on economic replacement values than traditional cost accounting conventions.

For the first method, begin with the existing depreciation expense basis consistent with the institution's current accounting practice (depreciation or use allowance) and Circular A-21 cost study. *However, this methodology uses a different percentage for facilities depreciation, as described below.* Consistent with Circular A-21 and institutional cost studies, capital transfers and expenditures for equipment and plant should be excluded because depreciation calculations will be substituted for current expenditures. If the institution has not previously calculated depreciation, then use a use allowance of 2.5 percent for facilities or 6.67 percent for equipment. Circular A-21 uses a theoretical 50-year life span to base its facilities depreciation at 2 percent per year. For this methodology, we believe that a 40-year life span is more realistic, and therefore use a 2.5 percent depreciation rate for facilities. In addition, if your institution

allocates allowable external interest expense to facilities or equipment, the component that is allocable to undergraduate education may also be included here.

For the second method, which is reported separately in an addendum at the end of the template, refer to the instructions below on page 11.

3. Institutional and Community Costs	
a. Cultural, Religious Life and Recreation	
b. Museums, Gardens, etc.	
c. Net Cost of Intercollegiate Athletics	
d. Net Cost of Other Auxiliary Operations	
e. Other (Specify)	
f. Allocated Facilities O. and M. Expenses	
g. Allocated Depreciation: Facilities	
h. Allocated Depreciation: Equipment	
i. Allocated Administration (G&A)	
j. Subtotal: <i>Institutional and Community Costs</i>	\$ -

(g) Allocated Depreciation: Equipment

Enter per-student cost for Equipment Depreciation expense allocated to Instruction & Student Services on the appropriate line. See above for instructions.

(h) Allocated Administration (G&A)

Enter per-student cost for General and Administrative (G&A) expense allocated to Instruction & Student Services on the appropriate line.

Defining General and Administrative (G&A) Expense: Circular A-21 defines methods for aggregating and allocating the institution’s general and administrative expenses and those conventions are followed in our methodology, unless otherwise noted. Circular A-21 also defines certain expenses that are unallowable for reimbursement on federally sponsored activities. Many categories of expense that are deemed unallowable by Circular A-21 for reimbursement on federally sponsored projects can be considered allowable for purposes of determining the cost of education because the costs are legitimate costs incurred in the normal conduct of university business. For example, public relations expenses, alumni and development expenses, and similar activities should be included even though many such expenses are unallowable according to Circular A-21. In our methodology, these costs should be added to the G&A costs obtained from the calculations done under Circular A-21.

(i) Subtotal: Instruction and Student Services Costs

Verify that this total represents the sum of the totals from line 2a through line 2h.

3. Institutional and Community Costs

Institutional and Community Costs include the facilities and activities costs of extracurricular cultural, religious, and recreational amenities, museums, gardens, and similar entities, and programs and facilities that contribute directly and indirectly to the educational experience of undergraduate students. While not as essential as the core educational expenditures for instruction and student services, institutional and community costs are nevertheless important educational investments. The reporting template provides an additional blank line in this group for institutions to add other subcategories.

Note that there may be some costs originally classified in the “Other Institutional” category under Circular A-21 procedures that are not relevant to the goals of this project. Such costs should not be reported but they should be allocated their appropriate share of indirect expense for general administrative support, facilities operation and maintenance, and depreciation on equipment and facilities.

(a) Cultural, Religious Life and Recreation

Enter per-student cost for Cultural, Religious Life and Recreation activities on the appropriate line.

(b) Museums, Gardens, etc.

Enter per-student cost for museums, gardens and other similar facilities on the appropriate line.

(c) Net Cost of Intercollegiate Athletics

Institutional and Community Costs should include the net cost of intercollegiate athletics. The net cost equals the full cost of these activities less the associated revenues. In a few institutions, where athletics revenues exceed costs, this amount is treated the same as any other auxiliary service. Surpluses in auxiliary services are not a cost under this methodology for reasons discussed below.

The appropriate consideration of any net subsidy to intercollegiate athletics is an issue that is often debated. In designing our methodology, we considered several options and have decided to include the net costs in the Institutional and Community Costs group. The cost of athletic scholarships

in our methodology should be added as a cost in the net cost calculations for intercollegiate athletics. This means that they should NOT be included in the student financial aid cost section.

(d) Net Cost of Other Auxiliary Operations

If applicable, enter the per-student cost of the institution’s subsidization of auxiliary services (not including Intercollegiate Athletics).

Treatment of Net Surplus or Deficit in Certain Auxiliary Services: Possible deficits in auxiliary services are an important element of determining institutional and community costs. In our methodology, such deficits can be a cost of undergraduate education. Auxiliary services provide goods and services to students and the broader public, typically on a cost-recovery basis. Typical examples are housing operations, dining services, university stores, intercollegiate athletics, and university presses. If an auxiliary service is operated at a deficit and therefore receives a subsidy from university general funds, this methodology will include the net subsidy as a cost of education in the Institutional and Community Costs section of the template, if the rationale for the subsidy is primarily educational. The decision on whether to include the subsidy should be based on the institution’s rationale for subsidizing the service. For example, certain costs of residential education, supervision, or advising may be included in the housing auxiliary and this may justify an institutional subsidy. In this case, a “housing subsidy for residential education” could be included as an Institutional and Community Cost. The cost pool should be allocated to undergraduate education based on housing occupancy patterns.

Note that it is not necessary to provide any special treatment for auxiliaries that generate a surplus that may subsidize the general operating budget because virtually all calculations in this methodology (as under Circular A-21) are independent of revenue source.

(e) Other (Specify)

If applicable, enter per-student cost on the appropriate line of the template for other Institutional and Community costs that are not characterized by the categories previously indicated. Provide a brief description of these costs.

(f) Allocated O&M Expenses

Enter per-student cost for O&M expenses allocated to Institutional & Community costs on the appropriate line. See section 2(e) above for instructions.

(g) Allocated Depreciation: Facilities

Enter per-student cost for Facilities (Building) depreciation expenses allocated to Institutional & Community costs on the appropriate line. See section 2(f) above for instructions.

(h) Allocated Depreciation: Equipment

Enter per-student cost for Equipment depreciation expenses allocated to Institutional & Community costs on the appropriate line. See section 2(g) above for instructions.

(i) Allocated Administration (G&A)

Enter per-student cost for G&A expenses allocated to Institutional & Community costs on the appropriate line. See section 2(h) above for instructions.

(j) Subtotal: Institutional and Community Costs

Verify that this total represents the sum of the totals from line 3(a) through line 3(i).

4. Undergraduate Financial Aid Costs		
Institutional Resources		
<i>Step 4</i>		
5. Total and Recap of Costs by Component		
a. Instruction and Student Services Costs		\$ -
b. Institutional and Community Costs		\$ -
c. Financial Aid Costs		\$ -
d. Total Costs:		\$ -
Addendum: Facilities Capital Costs:		
A. Book value of all facilities		\$ _____
B. Estimated replacement value of all facilities		\$ _____
C. Portion of line B applicable to education	_____ %	
D. Portion of line C applicable to undergraduates	_____ %	
E. Divide line D result by number of undergraduates reported above		
<i>Step 5</i>		
<i>Step 6</i>		

4. Undergraduate Financial Aid Costs

Institutional Resources

Enter the costs to the institution of providing financial support to undergraduate students. Only institutional grants should be included. (See General Instructions on page 9.)

Note that the cost of athletic scholarships in our methodology should be considered under Institutional and Community Costs. It is included as a cost in the net cost calculations for intercollegiate athletics. The cost of athletic scholarships should NOT be included in the student financial aid cost section.

5. Total and Recap of Costs by Component

Subtotals from the previous corresponding sections should automatically be entered here – please verify.

6. Addendum: Facilities Capital Costs

In this separate box at the bottom of the template, please provide the dollar amounts and percentages as indicated.

(A) Enter the book value for all facilities (not equipment) at the institution. Do not incorporate accumulated depreciation.

(B) Enter the replacement cost for all facilities (not equipment) at the institution. For most institutions, this can be obtained either from insurance records, regional construction price indices, or appraisals.

(C) Enter the proportion of facilities costs attributable to education (this will be equivalent to the proportion of total direct costs initially allocated to Instruction and Student Services, and Institutional and Community Costs). The template will multiply this proportion by line (B) to obtain the total replacement cost of facilities attributable to education.

(D) Enter the proportion of educational facilities costs attributable to undergraduate education (this will be equivalent to the proportion of undergraduates to all students, with graduate students weighted if necessary). This proportion will be multiplied by line (C).

Note that this calculation does not provide an annual cost of facilities capital; however, one can be easily calculated by utilizing guidance on useful lives from A-21.

Example:

The estimated book and replacement values of an institution's facilities are \$50 million and \$100 million, respectively. Eighty percent of total costs are attributable to education. There are 1500 undergraduate FTEs and 500 graduate FTEs (this institution did not utilize weighting), so 75 percent is applicable to undergraduates. The total on line (C) would be \$80,000,000, on line (D) would be \$60,000,000, and line (E) would be \$40,000.

Please bear in mind that this addendum on Facilities Capital Costs is based on an estimate for facilities replacement costs, and thus will not have the same level of accuracy as the costs reported elsewhere in the template. Likewise, the numerical result of this facilities box remains separate as

an addendum, and is not calculated back into the other cost figures.

The addendum concludes with the calculation of a dollar number of dedicated facilities per undergraduate, stated in the economic valuation terms of the capital cost of replacement. This will allow a statement such as "Considering the replacement value of the facilities dedicated to education, each undergraduate at our institution is supported by a facilities investment with a value of \$X,XXX."

Instructions for institutions NOT using OMB A-21

The Cost of College Project is a two-year effort by NACUBO's Ad Hoc Committee on College Costs to identify a method for clearly outlining the annual cost to U.S. higher education institutions of educating undergraduates. Detailed discussions on the history, composition, and goals of the Ad Hoc Committee on College Costs are provided separately. These instructions are intended to provide guidance to institutional representatives on how to review and determine the appropriate costs to be included in the one-page reporting template that accompanies these instructions (see page 27).

We recognize that many types of higher education institutions will be participating in this project, with different cost structures and methods of financial reporting. In order to allow institutions flexibility in calculating their costs, we have elected to provide a general template that institutions can complete as appropriate from existing financial data. However, we have differentiated between those institutions that prepare and submit periodic indirect cost (Facilities & Administrative) rate studies based on OMB Circular A-21 to the federal government and those that do not. Those institutions that prepare these indirect cost rate studies will be able to utilize the study as a starting point for the Cost of College Project, while those that do not will utilize their audited financial statements that are included in each institution's annual report.

This version of the Instructions is to be used by institutions that do not prepare indirect cost rate studies using A-21. These institutions will utilize their financial statements as a starting point for the data submission.

Two versions of the instructions are provided. This one is for institutions that do NOT follow OMB Circular A-21. Institutions using A-21 should turn to the preceding set of instructions beginning on page 3.

Within this document, the overall methodology of the project is explained, including the terms used and accounting treatments that were decided upon by the committee. Although we have attempted to provide specific guidelines for submitting this data, judgment will be required at most institutions to complete it. We assume a good faith effort to include costs reasonably associated with providing undergraduate education and to exclude costs that do not support undergraduate edu-

cation, i.e. costs that support graduate and professional education, sponsored research, patient care, or other institutional activities not related to undergraduate education.

Please note a major request of the project. Public institutions should include any costs relevant to undergraduate education that are not in their accounting system but are paid by the state or another public body on their behalf (fringe benefits are probably the most common example).

The NACUBO Ad Hoc Committee wishes to emphasize the principle of minimizing the reporting burden on the project participants. We encourage institutions to complete the data submission as simply as possible.

Keys to Completion

In developing the methodology for this project, the Committee adopted some basic principles that should help guide institutions while completing the template:

Rely upon basic averaging techniques.

Do not try to distinguish between freshmen and seniors, between classics majors and engineering students, or between students who live on campus and take advantage of every extracurricular and cultural resource offered by the institution and those who live at home and come to campus for just a few hours of classes. There is no simple, feasible way to determine the cost to an educational institution of educating each individual student or even groups of students, therefore, we have elected to focus on an overall average.

Concentrate on the cost of undergraduate education.

To the extent possible, exclude all expenses having to do with separate graduate and professional schools, research institutes, continuing education programs, and other important activities of the institution that nonetheless involve few or no undergraduate students.

Wherever possible, use existing allocation methods.

Research universities that are required to use the federal government's A-21 methodology for allocating costs to sponsored research projects are asked in our project to use the same methodology to allocate costs to undergraduate education and related activities. Institutions that do not use A-21 are asked to use Generally Accepted Accounting Principles as represented by FASB/GASB rules and guidelines.

Follow the so-called KISS principle – Keep It Simple Stupid!

During the development of the methodology, whenever we had a choice or had to make a decision, we tried to move in the direction of making the calculation simpler and more understandable, even if that meant giving up some precision at the margin. Please utilize this same theory when calculating your institution's cost. If an individual component of cost can be calculated in two ways – either a high-level calculation or a detailed, complex calculation, use the high-level calculation.

General Instructions

Please read through both the General and Step-by-Step Instructions before beginning to complete the template.

Listed below are general instructions for completion of the template. We have divided the general instructions into several different phases, based on concentrated areas of work that could be performed at different times or by different personnel. The steps within each phase broadly outline what is needed to complete the template. More detailed information on the specifics of the calculations required to complete the template is available in the next section of the instructions.

The major sections of the template are:

- General Institutional Information
- Instruction and Student Services Costs
- Institutional and Community Costs
- Financial Aid Costs

We also request that institutions estimate the replacement cost of campus facilities, so that we may evaluate the possibility of including a more accurate economic value of facilities in our cost reporting. Instructions for the estimation of replacement costs are included.

As is often repeated in the materials describing this project, its focus is to calculate the costs of educating an undergraduate student. It is therefore critical that we share the Ad Hoc Committee's definition of "undergraduate," and describe a methodology for determining which costs relate specifically to undergraduate education.

Defining "Undergraduate" Educational Costs

Defining which educational costs are "undergraduate" requires two forms of clarification. Each institution must first decide which programs within the institution are relevant to undergraduate education for purposes of this project, and then decide how the costs of the relevant programs should be apportioned among undergraduate education and other activities.

After identifying the appropriate educational programs, the costs of these programs may have to be apportioned across several activities. This will be necessary

only if activities other than undergraduate education, such as graduate education, sponsored research, clinical activities, or other activities unrelated to undergraduates take place at the institution. Costs associated with nonsponsored research that remain will be considered departmental research (i.e., whatever research the members of the faculty accomplish without direct financial support from third parties by using time not devoted to teaching and service) and instruction. As time spent on research, reading, and writing is generally assumed to increase a faculty member's educational effectiveness and because the definition of the "work week" in academic life is a fluid one, we treat departmental research as an adjunct to instruction, without specific allocations of cost.

For institutions that offer multiple degree programs in separate schools and colleges, the educational costs of all schools and colleges providing undergraduate education are pooled, and divided by the total FTE (full time equivalent) enrollment of those schools to arrive at a cost per student.¹ For example, the relevant costs of the Business School, College of Arts and Architecture, and College of Liberal Arts should be pooled, and then divided by total FTE enrollment.

Phase 1: Preparation

Determine the fiscal year that will be utilized as the basis of the data submission. In general, use the audited financial statements of the most recent fiscal year.

Gather the relevant financial and statistical data (for the most recent fiscal year) needed to complete the data submission, including financial records and registrar reports. Costs paid from both unrestricted and restricted funds should be included. The institution's financial statements and detailed schedules supporting the financial statement calculations may be needed and a download of costs by account from the appropriate fiscal year would be ideal. Also, because this data submission is intended to include all costs of educating undergraduates, institutions may need to identify those costs funded by sources not reflected in their financial records. For example, fringe benefits are funded by the state for some public institutions – these costs should be included in this data submission.

Identify the undergraduate programs that will be the focus of this data submission and determine how they are defined within institutional accounting systems.

Identify the appropriate student statistics that will be needed to allocate costs to the undergraduate component of the programs selected and gather the necessary information. Please make sure that these student statistics are from the same time period as the financial information the institution will be using.

Determine whether or not the institution will utilize a weighting factor for graduate students when allocating costs between undergraduates and graduates (see previous section on "Weighting Graduate Students"). The general guideline is that institutions with more than 15 percent of their students at the graduate level within the areas included in the data submission (i.e., excluding programs which are exclusively graduate) should incorporate a weighting factor. If an institution does not meet this threshold, but still feels that it should utilize a weighting factor for graduate students, it may do so according to the instruction in the box on page 18 of this document.

Identify the categories of Institutional and Community Costs that are appropriate for the institution and determine how they are defined within institutional accounting systems. As part of this process, determine if there are any auxiliary activities whose subsidies should be included as an Institutional and Community Cost. See Step-by-Step Instructions, step 3, for a definition of Institutional and Community Cost.

Gather information on expenditures for financial aid funded directly by the institution and provided to undergraduates. This includes scholarship funds from non-governmental, private donors, where the institution selects the students and the grant amounts.

Obtain replacement value information for institutional facilities.

Phase 2: Review Financial Records to Identify Applicable Costs

Identify the costs within the financial statements and supporting schedules that will be relevant for this data submission. For most institutions, this will include the Instruction, Academic Support, Student Services, Administrative Support, Public Service, and Auxiliaries categories of the financial statements. If the institution has detailed account records available, review the descriptions of all accounts to determine which accounts' costs will be included. Only include net costs (i.e., net of applicable revenues and credits).

¹Note that weighting may be used by an institution, as outlined in the "Weighting Graduate Students" section. If weighting is utilized, this calculation will be modified.

Weighting graduate students

All institutions with more than 15 percent of their students at the graduate level (for those programs included within the data submission) should weight each graduate student by an additional 25 percent in their FTE count. Institutions with less than this threshold percentage may utilize the same weight factor if they believe that certain cost-adding factors are present, as discussed below. Institutions below the threshold that incorporate weighting must report their reasons for doing so. Weighting will be applied in the FTE counts that form the basis of the per-student cost calculations.

This graduate student threshold includes all doctoral and masters candidates and other post-baccalaureate students in the same academic units where undergraduates are included for purposes of the data submission; this is often applicable in schools such as Business, Education, Engineering, and Arts. Professional and graduate students in units that have no undergraduates such as medicine and law are excluded.

If an institution is below the 15 percent graduate student threshold, it may still choose to weight graduate students. Our methodology will allow institutions under the threshold to add the same 25 percent weight for their graduate students if they conclude that their special circumstances require this adjustment to avoid significant overstatement of undergraduate costs. These special circumstances might include:

- a large number of PhDs, other doctoral candidates, or post-docs,
- a large number of advanced graduate students focused mostly on research with little or no course load,
- a large presence of science, engineering, or other technical graduate students with unusually high unit costs at the graduate level that is unlike the costs for undergraduates in the same program, or
- other anomalous or unusual circumstances that make the weighting useful as a more accurate picture of costs.

Institutions that are below the threshold, but choose to utilize graduate student weighting, should provide information on the special circumstances considered in making this choice.

In addition, institutions may utilize weights other than 25 percent, if they have performed internal, documented studies that support using a different weight. If a weighting factor other than 25 percent is utilized, please indicate the weighting factor used and provide information supporting its use.

Identify and segregate those costs applicable mainly to students (most likely, Instruction, Academic Support, and Student Services) into a preliminary Instruction cost pool.

Segregate the remaining costs into (a) Instruction and Student Services, (b) Institutional and Community Costs, (c) Institutional Financial Aid, (d) Indirect Costs, and (e) Costs not applicable to this data submission.

Phase 3: Determine Instruction and Student Services, Institutional and Community, and Financial Aid Costs

Segregate direct costs identified in Phase 2 as Instruction and Student Services, into undergraduate and “all other students” components based on student FTE statistics. If applicable for the institution, utilize graduate student weighting.

Segregate direct costs identified as Institutional and Community costs, into undergraduate and “all other students” components (also based on the student FTE statistics). Then segregate those costs related to undergraduates into the following categories:

² The net cost of Intercollegiate Athletics equals the full cost of these activities less the associated revenues. If athletics revenues exceed costs, do not include any amount. See the instructions in Phase 3(c) and (4) for more information on Auxiliary Services and Intercollegiate Athletics.

³ see footnote 1 above

- 1) cultural, religious life, and recreational programs;
- 2) museums, gardens, etc.;
- 3) net cost of intercollegiate athletics;²
- 4) net cost of other auxiliary operations,³ and,
- 5) other items in this cost group.

If any additional major category of Institutional & Community cost is appropriate to the institution, please add the heading and the data.

Determine the specific indirect costs that will be included within the cost data submission. We recognize that institutions not preparing indirect cost studies based on A-21 may calculate these amounts in several different ways, and have provided several alternatives below. We have also provided guidance on allocation methods within each description, however for institutions not utilizing cost studies based on A-21, it may be easiest to allocate all indirect cost categories based on the total direct costs of undergraduate education.

Building and Equipment Depreciation

(a) If equipment and facilities depreciation expense have been calculated and included in the institution's financial statements as separate line items:

- Use the total expense as the starting point for the first method of calculating depreciation.
- Allocate the total calculated equipment and facilities depreciation expense between undergraduate education and all other functions, preferably based on the square footage which can be assigned to each category.

(b) If equipment and facilities depreciation expense were not included in the financial statements:

- Determine the book value of the institution's equipment, and multiply by 6.67 percent to obtain total equipment depreciation.
- Determine the book value of the institution's facilities, and multiply by 2.5 percent to obtain total facilities depreciation.
- Allocate the total calculated equipment and facilities depreciation expense between undergraduate education and all other functions, preferably based on the square footage that can be assigned to each category.

(c) If equipment and facilities depreciation expense were not included as separate line items, but were included in the financial statements (e.g., in the line item for Instruction expenses), no further calculation is necessary because the amount previously allocated as direct expenses would have included depreciation. If this approach is used, institutions should point it out in notes accompanying their response.

Operations & Maintenance (O&M) Expense

O&M expense should include all costs incurred for the administration, supervision, operation, maintenance, and preservation of the institution's physical plant. O&M includes the expenses of janitorial and utility services, repairs and ordinary maintenance, groundskeeping services, security, disaster preparedness, environmental safety, hazardous waste disposal, property and liability insurance, space and capital leasing, facility planning and management, and central receiving. Institutions should include all appropriate allocations of building and equipment depreciation expense should also be included. Allocate the total O&M expense between undergraduate education and all other functions, preferably based on the square footage assigned to each category.

Additional calculations may be required if a significant portion of the institution's O&M expense was charged out to departments and other units during the year. If so, exclude the amount charged out from the unit's expenses and add it back to the O&M total expense.

General and Administrative (G&A) Expense

General and Administrative expenses are typically incurred for the general executive and administrative offices of the institution, and include costs such as salary, fringe benefits, and office-related expenses for the administrative offices. In addition, the costs of the offices that provide the following services should be included: financial and business services, budget and planning, personnel management, safety and risk management, general counsel, development, alumni affairs, and information systems. Public relations expenses, alumni and development expenses, and similar activities should be included, notwithstanding their ineligibility for reimbursement under government research grants. Include all appropriate allocations of building and equipment depreciation expense, and facilities O&M expense. If necessary, allocate the total G&A expense between undergraduate education and all other functions, preferably based on total costs.

Additional calculations may be required if a significant portion of the institution's G&A expense was charged out to departments and other units during the year. If so, exclude the amount charged out from the unit's expenses and add it back to the G&A total expense.

Identify the financial aid expenditures that should be included. This will consist of institutional grants to undergraduates; in some cases, other nongovernmental grants may be included if the institution controls the distribution of the funds.

Defining Student Financial Aid: Institutional Resources
Expenditures for student aid are an important issue in the economic and public policy debates about cost, price, and subsidy. In a major simplification from previous versions of the template, the Ad Hoc Committee has decided to include only institutional grants as student financial aid. The key to determining whether or not to include specific types of aid is to identify the source of funds and the control over distributing the funds:

the published institutional financial reports. While this optional step is not needed directly for the purposes of this data submission, the ease or difficulty of such a reconciliation may be very important in the later public use of the cost template data (if and when the institution chooses to make the template data public).

Source of funds	Institution controls distribution		Institution does not control distribution
	include	exclude	
Institution	include	exclude	exclude
Government	exclude	include	exclude
Private	include	exclude	exclude

Work-study and loan funds, in addition to grant funds from government and certain third-party sources should be excluded, as should most nongovernmental grant aid students are awarded from outside the institution (for example, local Rotary Club scholarships). However, funds from nongovernmental, private donors where the institution selects the students and the grant amounts will be included.

Although work-study funds provided from the government should not be included as Student Financial Aid, the institutional share of work-study programs should be counted as a cost in the department or unit where the work is provided just as other wages of the unit are included.

Phase 4: Complete the Reporting Template

Enter the institution's general information, including tuition and mandatory fees (from the same period as the financial data) the Excel™ reporting template.

Enter the calculations developed in Phase 3 to the reporting template.

In addition to the facilities depreciation value calculated, we also request an alternate method to measure the replacement value of facilities. On the template, this is a separate section. Institutions do NOT need to recalculate the other figures based on this alternate method.

Optional: Reconcile the costs outlined in the template to the source data in the institutional cost study and to

Step-by-Step Instructions

1. General Institution Information

Institution Name: _____
Contact Name: _____
Contact Title: _____
Contact Phone: _____
Contact e-mail: _____

Institution Type: Public Private

Fiscal Year Reported: _____

Price Per Student: _____

FTE used in this report:

Basis of FTE count: preferred method other method (describe) _____

Number of FTE undergraduate students _____

Number of FTE graduate students (*not weighted*) _____

Did you weight graduate students in this FTE count? no yes

If yes, indicate weighting factor used 25% other (indicate weighting) _____

Step 1

If the institution has different prices based on the residence of the student (common in public institutions), use the in-state or in-district resident price. If the institution has different prices for various courses of study (regardless of residence), use a weighted average of all undergraduate prices based on their respective enrollments.

For those institutions that state their price only on a credit-hour basis, use the credit-hour price times the number of credit hours per academic year needed to be a full-time student. See also the information on FTE in the sections below.

1. General Institution Information

Institution Name and Contact

Enter the institution's name and the name, title, telephone number, and E-mail address of the individual responsible for completing the survey.

Institution Type: Public or Private

Indicate if the institution should be classified as public or private (place an "x" in the cell with the appropriate box). For institutions whose educational programs are supported in significant amounts by both state and other funding, you may either (1) submit two responses, one for your "public" undergraduate programs and one for your "private" undergraduate programs; or (2) determine which classification is more appropriate for your institution.

Fiscal Year Reported

Use information from the institution's most recently completed fiscal year. State the fiscal year on the line indicated on the template.

Price Per Student

Indicate the full annual tuition and mandatory fees for an undergraduate at the institution from the same year as the fiscal year used for reporting cost. Note that some judgment may be necessary in the case of fees. Room and board charges should be excluded and student health fees should be included only if the corresponding services are provided by the institution, and if the costs of providing these services are included in the cost categories above.

At some institutions, tuition and fees vary by college and school. In this case, a weighted average of tuition and mandatory fees should be calculated consistent with the academic program(s) selected for study and the method selected for allocating costs to undergraduate programs.

Description of FTE Used in This Report

As indicated in the General Instructions section, several different types of costs should be apportioned among undergraduate degree candidates (the focus of this project), graduate/professional degree candidates, and nondegree enrollments. After reviewing several different methodologies for performing these calculations, the Ad Hoc Committee has determined a preferred method; however, other methods may be used if disclosed. The method selected should be indicated at the top of the template.

Briefly, our preferred method is the institutional count for full-time students, plus the number of credit hours taken in one academic year by part-time students divided by 24. If this method presents difficulties, institutions may use their own method and disclose separately how they count their students. The choice among these student-counting alternatives should be made consistent with the overall objectives of the project, the mission of the institution, the academic program(s) selected for this data submission, and the availability of suitable data.

The definition of FTE should be based on normal institutional practice using the IPEDS definitions as a general guide. IPEDS provides the following relevant definitions:

"Full-time Student - Undergraduate" is a student enrolled for 12 or more semester credits, or 12 or more quarter credits, or 24 contact hours a week each term.

"Full-time Student - Graduate" is a student enrolled in nine or more semester credits, or nine or more quarter credits or students involved in thesis or dissertation preparation that are considered full-time by the institution.

"Degree-seeking Student" is a student enrolled in courses for credit who is recognized by the institution as seeking a

degree or formal award. At the undergraduate level, this is intended to include students enrolled in vocational or occupational programs, such as Executive Education and Adult Education.

(f) Allocated Depreciation: Facilities

Enter per-student cost for Facilities (Building) expenses allocated to Instruction & Student Services on the appropriate line.

Defining Depreciation on Equipment and Facilities: Equipment and facility depreciation are institutional costs that are appropriately allocable to the primary institutional activities, i.e. instruction, sponsored research, and other institutional activities. Capital outlays, on the other hand, are excluded because capital costs are included as depreciation expense. This project asks institutions to make two alternate calculations of facilities cost. The additional method is based more on economic replacement values than traditional cost accounting conventions.

For the first method in this data submission, please refer to the General Instructions for guidance on the calculation. Note that interest expense may also be included as a component of depreciation on facilities or equipment; this will be the case if your institution utilizes external debt markets for funding capital projects. As with all other costs, the amount included here will be the component of total interest expense paid that can be allocated to undergraduate education.

For the second method, please refer to the instructions below on page 24.

For the second method, please refer to the instructions below on page 24.

(g) Allocated Depreciation: Equipment

Enter per-student cost for Equipment Depreciation expenses allocated to Instruction & Student Services on the appropriate line.

(h) Allocated Administration (G&A)

Enter per-student cost for General and Administrative (G&A) expenses allocated to Instruction & Student Services on the appropriate line.

(i) Subtotal: Instruction and Student Services Costs

Verify that this total represents the sum of the totals from line 2(a) through line 2(h).

Category	Cost per Undergraduate
2. Instruction and Student Services	
a. Instruction	
b. Departmental Administration	
c. Student Services	
d. Library	
e. Allocated O. and M. Expenses	
f. Allocated Depreciation: Facilities	
g. Allocated Depreciation: Equipment	
h. Allocated Administration (G&A)	
i. Subtotal: <i>Instruction and Student Services Costs</i>	\$ -

2. Instruction and Student Services Costs

Instruction and Student Services Costs include the core educational expenses related to faculty effort, student services like advising, library support, and the administrative effort directly related to academic programs. In addition to the direct costs of each of these components, the allocated costs for general administration, facilities operations, and depreciation of plant and equipment are also included. Instructional expenses include faculty effort for departmental (i.e. non-sponsored) research. Financial aid expenses are excluded from this category and treated separately below.

(a) Instruction

Enter the per-student cost for Instruction on the appropriate line. Note that this will also include Departmental Research expenses.

(b) Departmental Administration

Enter per-student cost for Departmental Administration on the appropriate line.

(c) Student Services

Enter per-student cost for Student Services on the appropriate line.

(d) Library

Enter per-student cost for Library services on the appropriate line.

(e) Allocated O&M Expenses

Enter per-student cost for Operations & Maintenance (O&M) expense allocated to Instruction & Student Services on the appropriate line.

3. Institutional and Community Costs	
a. Cultural, Religious Life and Recreation	
b. Museums, Gardens, etc.	
c. Net Cost of Intercollegiate Athletics	
d. Net Cost of Other Auxiliary Operations	
e. Other (Specify)	
f. Allocated Facilities O. and M. Expenses	
g. Allocated Depreciation: Facilities	
h. Allocated Depreciation: Equipment	
i. Allocated Administration (G&A)	
j. Subtotal: <i>Institutional and Community Costs</i>	\$ -

Step 3

3. Institutional and Community Costs

Institutional and Community Costs include the facilities and activities costs of extracurricular cultural, religious, and recreational amenities, museums, gardens, and similar entities, and programs and facilities that contribute directly and indirectly to the educational experience of undergraduate students. While not as essential as the core educational expenditures for instruction and student services, institutional and community costs are nevertheless important educational investments. The reporting template provides an additional blank line in this group for institutions to add other subcategories.

(a) Cultural, Religious Life and Recreation

Enter per-student cost for cultural, religious life, and recreation activities on the appropriate line.

(b) Museums, Gardens, etc.

Enter per-student cost for museums, gardens, and similar facilities on the appropriate line.

(c) Net Cost of Intercollegiate Athletics

Institutional and Community Costs should also include the net cost of intercollegiate athletics. The net cost equals the full cost of these activities (including allocated Building and Equipment Depreciation, O&M, and G&A costs) less the associated revenues. In a few institutions, where athletics revenues exceed costs, this amount is treated the same as any other auxiliary service. Surpluses in auxiliary services are not a cost under this study for reasons discussed below.

The appropriate consideration of any net subsidy to intercollegiate athletics is an issue that is often debated. In designing our methodology, we considered several options and have decided to include the net costs in the Institutional and Community Costs group. The cost of athletic scholarships in our methodology should be added as a cost in the net cost calculations for intercollegiate athletics. This means that they should NOT be included in the student financial aid cost section.

(d) Net Cost of Other Auxiliary Operations

If applicable, enter the per-student cost of the institution's subsidization of auxiliary services (not including Intercollegiate Athletics).

Treatment of Net Surplus or Deficit in Certain Auxiliary Services

Possible deficits in auxiliary services are an important element of determining institutional and community costs. In our methodology, such deficits can be a cost of undergraduate education. Auxiliary services provide goods and services to students and the broader public, typically on a cost-recovery basis. Typical examples are housing operations, dining services, university stores, intercollegiate athletics, and university presses. If an auxiliary service is operated at a deficit and therefore receives a subsidy from university general funds, this methodology will include the net subsidy as a cost of education in the Institutional and Community Costs section of the template, if the rationale for the subsidy is primarily educational. The decision on whether to include the subsidy should be based on the institution's rationale for subsidizing the service. For example, certain costs of residential education, supervision, or advising may be included in the housing auxiliary and this may justify an institutional subsidy. In this case, a "housing subsidy for residential education" could be included as an Institutional and Community Cost. The cost pool should be allocated to undergraduate education based on housing occupancy patterns.

Note that it is not necessary to provide any special treatment for auxiliaries that generate surpluses that may subsidize the general operating budget because virtually all calculations in this methodology are independent of revenue source.

(e) Other (Specify)

If applicable, enter per-student cost on the appropriate line of the template for other Institutional and Community costs that are not characterized by the categories previously indicated. Provide a brief description of these costs.

(f) Allocated O&M Expenses

Enter per-student cost for allocated Facilities O&M expenses allocated to Institutional & Community costs on the appropriate line. See section 2(e) above for instructions.

(g) Allocated Depreciation: Facilities

Enter per-student cost for Facilities (Building) depreciation expenses allocated to Institutional & Community costs on the appropriate line. See section 2(f) above for instructions.

(h) Allocated Depreciation: Equipment

Enter per-student cost for Equipment depreciation expenses allocated to Institutional & Community costs on the appropriate line. See section 2(g) above for instructions.

(i) Allocated Administration (G&A)

Enter per-student cost for General & Administrative (G&A) expenses allocated to Institutional & Community costs on the appropriate line. See section 2(h) above for instructions.

(j) Subtotal: Institutional and Community Costs

Verify that this total represents the sum of the totals from line 3(a) through line 3(i).

the institution. Do not incorporate accumulated depreciation.

(B) Enter the replacement cost for all facilities (not equipment) at the institution. For most institutions, this can be obtained either from insurance records, regional construction price indices, or appraisals.

(C) Enter the proportion of facilities costs attributable to education (this will be equivalent to the proportion of total direct costs initially allocated to Instructional and Student Services, and Institutional and Community Costs). Multiply this proportion by line B to obtain the total replacement cost of facilities attributable to education.

(D) Enter the proportion of educational facilities costs attributable to undergraduate education (this will be equivalent to the proportion of undergraduates to all students, with graduate students weighted if necessary). Multiply this proportion by line C.

Note that this calculation does not provide an annual cost of facilities capital.

4. Undergraduate Financial Aid Costs	
Institutional Resources	
5. Total and Recap of Costs by Component	
a. Instruction and Student Services Costs	\$ -
b. Institutional and Community Costs	\$ -
c. Financial Aid Costs	\$ -
d. Total Costs:	\$ -
Addendum: Facilities Capital Costs:	
A. Book value of all facilities	\$ _____
B. Estimated replacement value of all facilities	\$ _____
C. Portion of line B applicable to education	_____ %
D. Portion of line C applicable to undergraduates	_____ %
E. Divide line D result by number of undergraduates reported above	

4. Undergraduate Financial Aid Costs

Institutional Resources

Enter the costs to the institution of providing financial support to undergraduate students. Only institutional grants should be included.

Note that the cost of athletic scholarships in our methodology should be considered under Institutional and Community Costs. It is included as a cost in the net cost calculations for intercollegiate athletics. This means that the cost of athletic scholarships should NOT be included in the student financial aid cost section.

5. Total and Recap of Costs by Component

Subtotals from the previous corresponding sections should automatically be entered here – please verify.

6. Addendum: Facilities Capital Costs

In this separate box at the bottom of the template, please provide the dollar amounts and percentages as indicated.

(A) Enter the book value for all facilities (not equipment) at

Example:

The estimated book and replacement values of an institution's facilities are \$50 million and \$100 million, respectively. Eighty percent of total costs are attributable to education. There are 1500 undergraduate FTEs and 500 graduate FTEs (this institution did not utilize weighting), so 75 percent is applicable to undergraduates. The total on line (C) would be \$80,000,000, on line (D) would be \$60,000,000, and line (E) would be \$40,000.

Please bear in mind that this addendum on Facilities Capital Costs is based on an estimate for facilities replacement costs, and thus will not have the same level of accuracy as the costs reported elsewhere in the template. Likewise, the numerical result of this facilities box remains separate as an addendum, and is not calculated back into the other cost figures.

The addendum concludes with the calculation of a dollar number of dedicated facilities per undergraduate, stated in the economic valuation terms of the capital cost of replacement. This will allow a statement such as "Considering the replacement value of the facilities dedicated to education, each undergraduate at our institution is supported by a facilities investment with a value of \$X,XXX."

NACUBO Cost of College Study							
Annual Undergraduate Educational Costs Per Student Reporting Template							
1. General Institution Information							
Institution Name							
Contact Name							
Contact Title							
Contact Phone							
Contact e-mail							
Institution Type:	<input type="checkbox"/> Public		<input type="checkbox"/> Private				
Fiscal Year Reported:							
Price Per Student:							
FTE used in this report:							
Basis of FTE count:	<input type="checkbox"/> preferred method		<input type="checkbox"/> other method (describe)				
Number of FTE undergraduate students							
Number of FTE graduate students (<i>not weighted</i>)							
Did you weight graduate students in this FTE count?		<input type="checkbox"/> no	<input type="checkbox"/> yes				
If yes, indicate weighting factor used		<input type="checkbox"/> 25%	<input type="checkbox"/> other (indicate weighting)				
Category							Cost per Undergraduate
2. Instruction and Student Services							
a. Instruction							
b. Departmental Administration							
c. Student Services							
d. Library							
e. Allocated O&M Expenses							
f. Allocated Depreciation: Facilities							
g. Allocated Depreciation: Equipment							
h. Allocated Administration (G&A)							
i. Subtotal: <i>Instruction and Student Services Costs</i>							\$ -
3. Institution and Community Costs							
a. Cultural, Religious Life and Recreation							
b. Museums, Gardens, etc.							
c. Net Cost of Intercollegiate Athletics							
d. Net Cost of Other Auxiliary Operations							
e. Other (Specify)							
f. Allocated Facilities O&M Expenses							
g. Allocated Depreciation: Facilities							
h. Allocated Depreciation: Equipment							
i. Allocated Administration (G&A)							
j. Subtotal: <i>Institutional and Community Costs</i>							\$ -
4. Undergraduate Financial Aid Costs							
Institutional Resources							
5. Total and Recap of Costs by Component							
a. Instruction and Student Services Costs							\$ -
b. Institutional and Community Costs							\$ -
c. Financial Aid Costs							\$ -
d. <i>Total Costs:</i>							\$ -
Addendum: Facilities Capital Costs:							
A. Book value of all facilities							\$ _____
B. Estimated replacement value of all facilities							\$ _____
C. Portion of line B applicable to education						%	
D. Portion of line C applicable to undergraduates						%	
E. Divide line D result by number of undergraduates reported above							

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