

## INSTRUCTIONS FOR COMPLETING USHE FORM C-2: COST STUDY

The USHE Cost Study is intended to encompass budget-related instructional activity funded through all regular instructional line items in the USHE. Cost study forms should be submitted to the Commissioner's Office every November. (See [Form Deadlines](#) for exact date)

### GUIDING PRINCIPLES

1. The cost study is a budget-related exercise. Student credit hours included in the cost study should be the institution's total number of credit hours generated in budget-related courses for the year.
2. Included faculty FTE and instructional dollars should be limited to, and be all inclusive of, those that generated the budget-related student credit hours referenced above.
3. ***In most cases***, included faculty FTE and instructional dollars should tie to instructional figures reported on an institution's Form A-1: Operating Revenues & Expenditures (Actual). The only time a variation from this principle should occur is if a faculty member teaching an appropriately categorized budget-related class is supported with institutional funds other than state funds.
4. Instructional cluster reporting, including the reporting of faculty FTE and instructional dollars by level of instruction and instructional cluster, should be consistent across the USHE.

### DEFINITIONS

The following definitions should be used when preparing to Form C-2. An institution should identify institution wide figures for each of these definitional categories. Only instructional expenses and FTE in regular instructional line items should be used in generating these institution wide figures (with the exception in Guiding Principle #3).

1. **INSTRUCTIONAL FTE** - The following instructional FTE definitions apply to the cost study as well as to other USHE reports as identified below. Instructional FTE included in the cost study should be limited to, and all inclusive of, those that comply with these definitions. The total FTE calculated according to definitions A, B, and C below constitute the institution wide figure for instructional FTE to be spread in the cost study.
  - A. ***Regular Instructional Faculty*** - Generally, a faculty member on a full-time, two semester-equivalent contract who is ***paid from state appropriated instructional funds*** equals one faculty FTE. (This same general definition should also be used for USHE forms A-1, S-11, and S-12.)

If a faculty member has a split assignment (e.g. 50% instruction/ 50% academic

support), only that portion of the FTE supported by *appropriated instructional funds* is to be counted. Thus, Dean's, Vice Presidents, Presidents etc., who have faculty appointments but are not paid from appropriated instructional budgets should be excluded from the faculty count.

Department Chairs should be converted to Faculty FTE fractions based on the percentage of their time that is spent on instruction rather than administrative responsibilities.

Faculty on sabbatical or paid administrative leave who are paid from state *appropriated instructional funds* should be reflected in the FTE counts in this report. If the faculty member on sabbatical or paid administrative leave is compensated at a reduced rate during the academic year, reduce the FTE calculation for such a faculty member in proportion to the reduction in his/her full salary for the period.

If a faculty member teaches Summer Term in addition to his/her full-time teaching workload during Fall and Spring semesters, the additional work should be converted to a fractional FTE. If the faculty member is compensated based on the salary rate that he/she receives during Fall and Spring, his/her summer work should be converted to an FTE fraction that is equivalent to his/her Summer salary divided by his/her regular two-semester based salary. If the faculty member is compensated at a rate other than the rate he/she receives during Fall and Spring, his/her summer work should be considered overload work and should be included in the FTE count in section B below.

Wage-rated, overload, and adjunct faculty *should not* be considered regular faculty.

- B. ***Adjunct/Wage Rated/Overload Faculty*** - Adjunct faculty, wage rated faculty, and regular faculty teaching on an overload basis should be converted to FTE by dividing the total instructional credit hours generated by such faculty during the fiscal year by 30, or dividing total instructional contact hours generated by such faculty during the fiscal year by 36. An alternative method may be used that calculates FTE by dividing total adjunct/wage rated/overload dollars by the institution's standard hourly rate of compensation for such instruction. (This definition should also be used for USHE forms A-1 and S-12.)
- C. ***Teaching Assistants*** - Generally, a teaching assistant FTE will equal a teaching assistant on a full-time two semester work equivalent contract. Part-time teaching assistants should be converted to FTE in the proportion that their workload is to a full-time teaching assistant's workload. (This definition should be used for USHE forms A-1 and S-12.)

- 2. **INSTRUCTIONAL EXPENDITURES** - The following instructional expenditure definitions apply to the cost study as well as to other USHE reports as identified below. Instructional expenditures included in the cost study should be limited to, and all inclusive

of, those that comply with these definitions. Instructional expenditures calculated according to definitions A and B below constitute the institution wide figure for total instructional expenditures to be spread in the cost study.

- A. ***Instructional Teaching Salaries and Wages*** - Salaries paid to the FTE calculated according to Sections 2A, 2B, and 2C above. For split assignments, sabbaticals, etc., salaries should be prorated in the same manner that FTE was prorated. (This definition should also be used for USHE form A-1.)
  - B. ***Other Instructional Expenditures*** - All instructional costs other than those identified in 2A. These costs will generally include benefits to support Instructional FTE, expenses for department level staff without teaching assignments (hourly and salary), department level current expense, equipment and travel, and appropriate prorated amounts of the following costs if purchased centrally: phone, motor pool, travel, equipment maintenance, and office supplies. (If institutions do not bill departments for these allocable expenses, institutions must allocate such funding for cost study purposes.)
  - C. ***Total Instructional Expenditures*** - Instructional Salaries plus Other Instructional Expenditures. (This definition should also be used for USHE form A-1, column 1 line 21 for regular instructional line items.)
3. **STUDENT CREDIT HOURS** - The following student credit hour definitions apply to the cost study as well as to other USHE reports as identified below. Student credit hours included in the cost study should be limited to, and all inclusive of, those that comply with these definitions. Student credit hours calculated according to definition A below constitute the institution wide figure for student credit hours to be spread in the cost study.
- A. ***Student Credit Hours*** - Student credit hours in budget-related courses that are countable according to State Board of Regents enrollment reporting guidelines and definitions **plus** student contact hours in budget-related courses that are countable according to State Board of Regents guidelines and definitions divided by the conversion factor. 26.4 is the conversion factor that equates student contact hours to student credit hours when a student contact hour annual FTE definition is 792. (This definition should also be used for USHE form C-2 and should equate to end of year budget-related FTE totals reported in the Board of Regents End of Year Enrollment Report.)

## OTHER DEFINITIONS

1. **INSTRUCTIONAL CLUSTERS** - Instructional FTE, Instructional Expenditures, and Student Credit Hours associated with programs included in the USHE cost study will be grouped and reported in one of six categories that are intended to create common groupings of academic programs across all USHE institutions. These Instructional Clusters are:

A. **Cluster 1: Business, Education, Humanities, Social Sciences, Physical Education** - Programs that are grouped by the institution under any of the following CIP code areas should be included in this instructional cluster.

- 05-Area, Ethnic and Cultural Studies
- 08-Marketing Operations/Marketing & Distribution
- 09-Communications
- 11-Computer Information Systems (Vocational Only)
- 13-Education
- 16-Foreign Languages and Literatures
- 19-Home Economics
- 22-Law and Legal Studies
- 23-English Language and Literature/Letters
- 24-Liberal Arts & Sciences, General Studies & Humanities
- 25-Library Science
- 31-Parks, Recreation, Leisure, & Fitness Studies
- 38-Philosophy and Religion
- 39-Theological Studies and Religious Vocations
- 42-Psychology
- 44-Public Administration and Services
- 45-Social Sciences and History
- 52-Business Management & Administrative Services

B. **Cluster 2: Fine And Performing Arts** - Programs that are grouped by the institution under any of the following CIP code areas should be included in this instructional cluster.

- 50-Visual and Performing Arts

C. **Cluster 3: Agriculture, Life, and Natural Sciences** - Programs that are grouped by the institution under any of the following CIP code areas should be included in this instructional cluster.

- 01-Agricultural Business and Management
- 02-Agricultural Sciences
- 03-Conservation & Renewable Natural Resources
- 26-Biological Sciences/Life Sciences
- 27-Mathematics
- 40-Physical Sciences

D. **Cluster 4: Allied Health Professions** - Programs that are grouped by the institution under any of the following CIP code areas should be included in this instructional cluster.

- 51-Health Professions and Related Sciences

E. **Cluster 5: Engineering and Architecture** - Programs that are grouped by the institution under any of the following CIP code areas should be included in this instructional cluster.

- 04-Architecture and Related Programs
- 11-Computer Information Systems (Academic Only)
- 14-Engineering

F. **Cluster 6: Trades and Technology** - Programs that are grouped by the institution under any of the following CIP code areas should be included in this instructional cluster.

- 10-Communications Technologies
- 12-Personal and Miscellaneous Services
- 15-Engineering-Related Technologies
- 20-Vocational Home Economics
- 29-Military Technologies
- 41-Science Technologies
- 43-Protective Services
- 46-Construction Trades
- 47-Mechanics and Repairers
- 48-Precision Production Trades
- 49-Transportation & Materials Moving Workers

2. **LEVELS OF INSTRUCTION** - Instructional FTE, Instructional Expenditures, and Student Credit Hours associated with programs included in the USHE cost study will also be cross grouped and reported in one of six Levels of Instruction. These levels are:

- A. **Vocational Non-SCH Generating** - All non-credit vocational activity that is budget-related should be reported in this category.
- B. **Vocational SCH Generating** - All for-credit vocational activity that is budget-related should be reported in this category. Courses that are categorized as Vocational SCH Generating must appear on an institution's vocational course list that is approved by OCHE.
- C. **Lower Division** - All for-credit budget-related activity with a course number of less than 3000 that is not Vocational SCH Generating.
- D. **Upper Division** - All for-credit budget-related activity with course numbers including 3000-5999 that is not Vocational SCH Generating.
- E. **Basic Graduate** - All for-credit budget-related activity with course numbers including 6000-6999.
- F. **Advanced Graduate** - All for-credit budget-related activity with course numbers including 7000-7999.

## COMPLETING FORM C-2

A separate form C-2 should be prepared for each instructional cluster. Institutions are encouraged but not required to provide separate C-2 pages for discrete programs that are grouped within each

instructional cluster. These instructions illustrate how an individual C-2 is prepared.

1. **Section A - Instructional Salaries** - Determine the Instructional Salaries that were paid to the instructional FTE identified in Section D. Salaries should be allocated to the appropriate level of instruction.
  - A. If Instructional Salaries are accounted for by course, report a course's associated salary costs in the same level of instruction in which the student credit hours for the course are counted.
  - B. If Instructional Salaries are not accounted for by course, *prorate* the instructional salary to the appropriate level of instruction in the same manner instructional FTE were prorated. In all cases, the method for prorating FTE should be consistent with the method for prorating instructional salaries. Further, the method for prorating should be consistent throughout all clusters (or programs) of an institution's cost study.
2. **Section A - Other Instructional Expenditures** - Determine the Other Instructional Expenditures that supported the generation of student credit hours in this cluster (or program). Expenditures should include amounts directly chargeable to programs. If direct instructional costs are not directly billed to programs, they should be allocated by level of instruction in same proportion that the Instructional Salaries were allocated above.
3. **Section D - Instructional FTE** - Determine Instructional FTE that generated the Students Credit Hours in this cluster (or program). Each FTE should be *prorated* among levels of instruction in proportion to the course credit hours the instructional FTE teaches at each level. An alternative method for prorating Instructional FTE based on contact hours rather than on course credit hours may be used when appropriate.
4. All other figures appearing on the C-2 form are formulas that will be hard coded by OCHE.
5. If state appropriated instructional dollars and instructional FTE supported instruction that did not generate budget related FTE, these dollars and FTE should be isolated on a single separate C-2 form that is labeled "Other Instruction".

## **RECONCILIATION WITH REGENT POLICY R562**

Revenues, expenses and enrollment included in an institution's cost study should comply with Regent Policy R562, which requires revenues and expenses (and enrollment by inference) attributable to an institution's Summer Term to be reported in the fiscal year in which the term concludes. As an example, for 2000-2001 this language is interpreted to mean that teaching related salaries, wages and benefits and matching revenues from Summer Term 2000 are to be included in the 2000-01 Cost Study. All other revenues and expenses will be included in the 2000-01 cost study based on their fiscal year occurrence.