THE COST OF RECRUITING AND ADMITTING TRANSFER STUDENTS:

RESULTS OF A SURVEY OF ONTARIO COLLEGES AND UNIVERSITIES

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CONTENTS

Summary

The research questions addressed in this paper are: What are the costs that Ontario universities and colleges experience in recruiting, admitting and integrating transfer students? How do these compare with the costs of recruiting, admitting and integrating students directly from secondary school? Nine institutions were surveyed (4 colleges, 5 universities), and focus groups were held to solicit comments from survey participants.

The survey found that costs were higher for transfer students than for direct-entry students, by 72% per application and by 19% per registrant. This pattern was more pronounced for the universities surveyed than for the colleges. The cost difference was primarily attributable to higher admissions costs for transfer students. Institutional spending per applicant for recruitment was lower for transfer students than for direct-entry students. Spending per registrant for integration of transfer students (e.g. orientation and academic advising) was higher than for direct-entry students at universities and lower at colleges.

Participants in focus groups confirmed that applications from transfer students require greater manual processing than those from direct-entry students. The development of recognized pathways reduces admissions costs for students who adhere to these pathways, but a large share of transfer applicants do not follow established pathways and so require a customized evaluation. Participants in focus groups said that recruitment expenditure on transfer students was lower than on direct-entry students because there are fewer channels for reaching transfer students.

Expenditures for transfer students are probably under-reported in this survey due to difficulties in separating these expenditures from those for other students. Some participants in focus groups said that current expenditures on transfer students may not be well-aligned with institutional goals and strategies and so may evolve in future.

The survey data support the hypothesis that it costs more to recruit, admit and integrate a transfer applicant than to do the same for a direct-entry applicant. In addition, institutions are conscious that the potential revenue from a transfer student will be lower than for a direct-entry student, because the transfer student will spend fewer years at the institution before graduating. This incentive structure suggests the need for a continuing role for government in financially supporting universities and colleges in recruiting, admitting and integrating transfer students. Accurate data on unit costs, coupled with data on new transfer enrolments using the Ontario Education Number, may provide a formulaic basis for distributing government funds.

Introduction

The principal research questions addressed in this paper are: What are the costs that Ontario universities and colleges experience in recruiting, admitting and integrating transfer students? How do these compare with the costs of recruiting, admitting and integrating students directly from secondary school?

Increasingly institutions and policymakers in Ontario are focusing on the financial issues involved in improving inter-institutional pathways. This interest comes after a long period in which the primary policy focus was on barriers to transfer posed by system design and institutional missions.

Focusing on financial issues encourages consideration of whether, and in what circumstances, transfer is rational. For a student, the incentive to transfer may be affected by the total duration of the transfer pathway (from initial registration to ultimate credential), the direct costs of tuition and related expenses, and the opportunity cost of remaining in school rather than being in the workforce. For a government, the attractiveness of a transfer arrangement may be affected by the number of years that an operating grant must be provided in support of each student's education. Elsewhere I have argued that both governments and students have an interest in "efficient" transfer – that is, transfer that provides maximum credit for the student's prior learning and so minimizes that cost to government and the cost to the student. (Trick, 2013)

For an institution, the financial incentive to recruit, admit and integrate transfer students is affected by the costs of doing so and the potential revenue from these students. This paper is a contribution to understanding those costs better.

Rationale and hypotheses

There are reasons to believe the costs associated with transfer students are higher than those for direct-entry students.

The literature on types of costs suggests that there is merit at looking at a broad range of costs. I group these under three headings: recruitment, admissions and integration.

Recruitment

Prospective transfer students are not found in the same places as direct entrants from secondary school. Institutions need to create specific strategies and tools to recruit transfer students.

I test this hypothesis:

> *Hypothesis #1: Recruitment cost per applicant is higher for transfer students than for direct-entry students, because prospective transfer students are found in smaller pools and are more likely to require individualized contact.*

Admissions

Admission for transfer students requires special handling and is more complex than for direct-entry students (where admissions are based almost exclusively on Grade 12 marks).

I test this hypothesis:

> *Hypothesis #2: Admissions cost per applicant is higher for transfer students than for direct-entry students, because admissions may require special handling.*

Integration

Transfer students may require special supports to integrate them into their new institution and ensure success.

I test this hypothesis:

> *Hypothesis #3: Integration cost per applicant is higher for transfer students than for direct-entry students, because the cost of developing and offering integration services is high relative to the number of students.*

What the literature says

There is a very limited literature from Canada and the U.S. that offers insights on how to assess the cost of admitting transfer students. I have used these insights, interpreted through the lens of Ontario's unique approach to transfer, to provide a basis for developing the methodology for this project.

The relevant literature addresses these questions:

- What types of costs might be relevant in assessing the costs of transfer students?
- What methodology would be appropriate for gathering data on costs?

What types of costs might be relevant in assessing the costs of transfer students?

Most of the literature on registration and transfer students is outward-focused, i.e. it focuses on the students, the options available to them, the potential benefits for student accessibility, and the impediments they may face.

Almost none of the literature is focused inward on what institutions do or what costs are incurred. Ott and Cooper (2014, 17), writing in the journal of the American Association of Collegiate Registrars and Admissions Officers, report that they found "no literature ... that focuses primarily on the transfer credit evaluation process and its effectiveness for students. Further, no literature examines the transfer credit evaluation process from the perspective of those who participate in the process – e.g. transfer admissions counselors, transfer credit evaluators and transfer academic advisors."

Ott and Cooper compare six small universities to highlight the differences in how they process transfer applications:

- *Breadth of involvement:* Some universities handle the transfer decision entirely in the Office of Admissions. Others involve the academic department in every transfer decision.

- *Technology:* Some universities use technology for every step of the transfer admission process except student advising. Others use a paper-based system.

- *Staffing:* Staffing levels in registrar's offices differed widely, apparently based on historical budgeting practices.

Ott and Cooper did not collect cost data, but one implication of their research is that we should not expect costs to be similar at every institution.

Cuseo (2001) lays out a series of institutional barriers faced by students interested in transfer to a four-year institution. Many barriers are institutional or procedural and so would be difficult to assign a cost to (e.g. courses not designed to transfer; transfer students being offered admissions only after all other categories of applicants have received offers). Barriers whose costs might be relevant for our purposes include:

- lack of a transfer articulation officer at either the two- or four-year school
- inter-institutional transfer agreements that are not adhered to by deans or department chairs at four-year institutions[1]
- little or no special assistance for transfer students in securing off-campus housing
- little or no post-transfer adjustment and support to help transfer students adapt to a different institutional culture.

Jenkins et al. (2014, 8-9) offer a list of good practices that suggests some additional areas of potential costs:

- Establishing a university office on a college campus to provide guidance to potential transfer students, or locating transfer specialists at the college during regular office hours
- Creating a campus "home" on the university campus for students transferring from other institutions, to provide guidance and services to help student avoid transfer shock
- Funding scholarships specifically for transfer students
- Having an admissions process separate from that for students who enter as freshmen, with a system for evaluating transfer applications which may be labor-intensive
- Coordination, communication and engagement, both with community college partners and within the university.

What methodology would be appropriate for gathering data?

I found one jurisdiction that has attempted to quantify the costs of transfer to institutions.

[1] Ott and Cooper (2014, 22) make a similar comment that articulation agreements do not necessarily speed admission decisions or reduce costs. They say the agreements are time-consuming to construct and "impossible" to keep up to date, so manual review of applications is necessary.

Jarvis (2004) estimated the total cost of the articulation process in British Columbia post-secondary education institutions, as managed by BCCAT via the Online Transfer Guide. The B.C. model is based on a system of articulation arrangements developed under the auspices of BCCAT by faculty and administrators from the postsecondary institutions. Jarvis's study therefore focused on the cost of developing and maintaining these arrangements, rather than on the cost of processing student applications. Jarvis explicitly did not look at the cost of transferring credits on a case-by-case basis where there is no articulation agreement.

Jarvis's methodology suggests some issues for consideration:

- *The costs were mostly slices of an individual's time.*[2] The costs in B.C. for the most part consisted of time spent by administration and faculty members at the various institutions. There was no formal tracking of this time, so the methodology called for interviewing a range of participants at different levels of the institution and asking them to estimate their time commitment.

- *The interview sampling was broad enough to be seen to be valid, even though it was not random.* Jarvis conducted forty individual interviews with individuals representing ten receiving institutions, five sending institutions and ten disciplines. The institutions represented a range of types (universities, university colleges, and colleges), sizes and geographic regions.

- *The data suggested a wide range of costs.* For each data category, Jarvis reported the mean and the 1st and 3rd quartiles, to reduce the impact of outliers.

- *Multiple methodologies were used to extrapolate from survey respondents to the system as a whole.* Two extrapolation methods were used, to provide a reasonableness test.

Methodology

Based on this literature as it relates to higher education in Ontario, I adopted two methodologies:

- ***Survey:*** I conducted a survey of 9 (originally 10) colleges and universities. I asked them to report on their actual costs in 2014-15 in recruiting, admitting and integrating transfer students, and I asked them to report the same costs for direct-entry students. The criteria for selection of the participants, survey protocol and definitions are provided below.

- ***Focus groups:*** I presented the participants with a summary of the survey findings and solicited their observations on how the findings might be interpreted.

[2] Jarvis differs from Ott and Cooper, who also pointed to technology as a significant cost. This reflects Jarvis's focus on the articulation process rather than case-by-case admissions.

Selection of participating colleges and universities

Two criteria were applied in selecting the participating institutions:

- The institutions collectively should be broadly representative of Ontario's publicly-funded institutions.
- The institutions should be willing to engage in a challenging data collection exercise.

The participating institutions are broadly representative of Ontario's publicly-funded institutions based on the criteria shown in Table 1. They are not a random sample and are not intended to be statistically representative of the system as a whole.

Table 1: Participating institutions

	Universities	Colleges
Large Toronto (> 20,000 students)	Ryerson	Seneca
Large non-Toronto (> 20,000 students)	Western	
Medium-sized	University of Ontario Institute of Technology Windsor	Niagara*
Northern	Laurentian	Canadore Confederation

*A second institution in this category withdrew from the survey for internal reasons.

Survey protocol and definitions

A survey questionnaire in Excel format was developed, tested on two institutions (one college, one university), revised, and distributed to all participating institutions. The registrar at each institution was the principal point of contact. Registrars were asked to report costs on behalf of their institution as a whole, not just the registrar's office. Costs were requested for the 2014-15 fiscal year or for a 12-month period that closely aligns to that year.

Institutions were assured that no data would be published that are attributable to individual institutions.

These definitions and instructions were provided to survey respondents.

Transfer student

Transfer student, for purposes of this project, was defined as a student transferring among Ontario's publicly funded postsecondary institutions. The transfer may occur in any direction including diploma-to-degree, diploma-to-diploma, apprenticeship-to-diploma, degree-to-diploma, and degree-to degree. The student may or may not have completed a prior credential. Where a transfer student is transferring from one completed credential to another credential, the credentials may be college certificates, diplomas, advanced diplomas or degrees; university first-entry degrees; or apprenticeship certificates.

Students enrolling directly from Ontario secondary schools

Students enrolling directly from Ontario secondary schools, for purposes of this project, were defined as a student admitted based on his/her Ontario secondary school marks. Typically these are recent graduates.

Institutions were asked to exclude students who present out-of-Ontario credentials, or who seek advanced standing based on out-of-province postsecondary credits, or who receive special consideration as mature applicants.

Out of scope

Institutions were asked to exclude costs associated with these students:

- Students applying for admission to university graduate programs and second-entry programs.
- Students applying for admission to college graduate certificates. Exception: These students are in-scope if they are assessed for advanced standing in the graduate certificate program.
- Students transferring to or from an out-of-province institution
- Students who are jointly registered at a college and university.

Recruitment

"Recruitment" was defined to mean activities to identify and attract potential students. In general, this means activities up to the time that the student submits an application.

Examples of recruitment activities include market research, strategy development, website, social media, print publications, advertisements, recruitment events, presentations at schools or other institutions, campus tours, information systems (such as customer relationship systems), and other related activities.

Institutions were asked to exclude the cost of communications that are not directed at recruitment (such as reputational communications, announcements of awards and appointments, communications for current students and employees, etc.).

Admissions

"Admissions" was defined to mean activities related to processing the application, determining whether the student should be offered admission, and making the offer of admission. In general, this means activities from the date the student submits the application to the date the student is offered admission, or is advised that no offer will be made.

Examples of admissions activities include assessment of eligibility; offer packages; information systems; adding new courses to the inventory of recognized courses; adding new pathways to the inventory of recognized pathways; and other related activities.

Institutions were asked to include assessment of transfer credits and advanced standing under "Admissions", even if the institution's practice is to do assessments after offers of admissions are made.

Institutions were asked to exclude the cost of financial aid.

Integration

"Integration" was defined to mean activities related to conversion, registration, orientation and early retention. In general, this includes activities from the date the student receives the offer to (at the latest) the end of the student's first semester.

Examples of integration activities include events and communications for students receiving offers; admissions advising; orientation and special events for new students; financial aid advising; information systems; and other related activities.

Institutions were asked to exclude academic upgrading courses, academic advising, or career advising.

Findings

This section reports the findings from the survey.

To give due regard to the differences among institutions, I focus on two types of indicators:

- ***Totals and averages for the participating institutions***: These indicators are not weighted by institutional size. This means the institutions that serve larger numbers of students have the largest effect on the average.
- ***Institutional counts:*** These indicators count how many institutions reported a certain fact (e.g. reported that expenditure on X was higher than expenditure on Y). These indicators count each institution equally, regardless of size.

As an indicator of variance, I report how many institutions are outliers from the average.

I believe these indicators, taken together, give the most accurate summary of the full data set, while maintaining the confidentiality of each institution's data. Given the relatively small

number of institutions reporting and the wide variances, I believe these indicators are preferable to the alternative of reporting medians and quartile values.

I report certain data separately for colleges and universities. The small number of institutions and the need to protect confidentiality mean there are limits on what is reported at this level.

Total costs

What is the balance between total operating expenditure on transfer students and total operating expenditure on direct-entry students?

The nine institutions reported collectively spending $5.623 million (25.7% of total reported costs) on activities related to transfer students, versus $16.734 million (74.3%) on activities related to direct-entry students. Table 1 shows the share of total expenditure devoted to transfer students, and compares this to transfer students' share of applicants and registrants.

Table 1 shows that expenditure on transfer students exceeds these students' share of applicants and registrants. This pattern is more pronounced among the universities. For the colleges, the transfer students' share of expenditure, applicants and registrants is fairly similar.

Table 1: Transfer expenditures, applicants and registrants as a share of total, by type of institution

	Transfer expenditure as a share of total operating expenditure	Transfer Applicants as a share of total Applicants	Transfer Registrants as a share of total Registrants
All institutions	25.7%	16.7%	22.6%
Colleges	20.6%	20.4%	22.8%
Universities	27.4%	15.7%	22.3%

Total= transfer + direct-entry

There was variation around the percentages shown in Table 1:

- Three institutions (2 colleges, 1 university) reported that less than 20% of their total reported costs related to transfer students.

- Two institutions (both universities) reported that more than 40% of their total reported costs related to transfer students.

How do total capital costs for transfer students compare to total capital costs for direct-entry students?

Capital costs related to transfer students were reported to be zero at most institutions and were small (< $40,000) in all other cases. The total reported was $60,100 (16.7% of total reported capital costs).

Capital costs related to direct-entry students were reported to be zero in several institutions and were small (< $75,000) in all other cases, with one exception. The total reported was $299,600.

Given the small amounts, no further analysis was done of the capital costs data. Some participants in focus groups noted that capital costs are highly variable from year to year, and the survey year may not be representative.

Total unit costs

How do total operating costs *per application received* for transfer students compare to those for direct-entry students?

At the nine institutions collectively, total operating costs per application received were $199, versus $116 for direct-entry students. The cost for transfer students was 72% higher than for direct-entry students. Table 2 shows the cost per applicant, broken down by activity and type of institution.

The patterns for universities and colleges were different. Total operating costs per application received were higher for transfer students than for direct-entry students at 5 institutions (4 universities, 1 college), and lower at 4 institutions (1 university, 3 colleges).

Table 2: Operating expenditure *per applicant* on transfer students and direct-entry students, by activity and type of institution (dollars)

	Transfer students	Direct-entry students	Difference	
All institutions				
Recruitment	53	57	-4	-7%
Admissions	112	41	71	172%
Integration	34	18	16	89%
Total	199	116	83	72%
Colleges				
Recruitment	42	106	-65	-61%
Admissions	175	162	13	8%
Integration	36	170	-135	-79%
Total	252	439	-186	-42%
Universities				
Recruitment	73	91	-18	-19%
Admissions	141	31	110	356%
Integration	39	18	20	111%
Total	253	141	113	80%

There was variation around these figures:

- Three institutions (2 universities, 1 college) reported that their cost-per-applicant for transfer students was less than $100.
- Four institutions (2 universities, 2 colleges) reported that their cost-per-applicant for transfer students was greater than $300.
- Three institutions (1 university, 2 colleges) reported that their cost-per-applicant for direct-entry students was less than $100.
- Two institutions (both colleges) reported that their cost-per-applicant for direct-entry students was greater than $300.

How do total operating costs *per student registered* for transfer students compare to those for direct-entry students?

Total costs per student registered are of interest because an institution's revenues depend on actual registrations. This metric in effect shows the cost of bringing in one revenue-generating student.

At the nine institutions collectively, total operating costs per transfer student registered were $764, versus $644 for direct-entry students. The cost for transfer students was 19% higher than for direct-entry students. Table 3 shows the cost per registrant, broken down by activity and type of institution.

The patterns for universities and colleges were different. Total operating costs per student registered were higher for transfer students than for direct-entry students at 5 institutions (4 universities, 1 college), and lower at 4 institutions (1 university, 3 colleges).

Table 3: Operating expenditure *per registrant* on transfer students and direct-entry students, by activity and type of institution (dollars)

	Transfer students	Direct-entry students	Difference	
All institutions				
Recruitment	203	315	-112	-35%
Admissions	431	230	202	88%
Integration	129	99	30	30%
Total	764	644	120	19%
Colleges				
Recruitment	97	106	-9	-9%
Admissions	808	452	355	79%
Integration	75	459	-383	-84%
Total	980	1,017	-37	-4%
Universities				
Recruitment	328	597	-269	-45%
Admissions	619	213	406	191%
Integration	183	99	84	84%
Total	1,129	908	221	24%

There was variation around these figures:

- 3 institutions (1 university, 2 colleges) reported that their cost-per-registrant for transfer students was less than $350.

- 2 institutions (1 university, 1 college) reported that their cost-per-registrant for transfer students was greater than $1,500.

- 2 institutions (both colleges) reported that their cost-per-registrant for direct-entry students was less than $350.

- 2 institutions (1 university, 1 college) reported that their cost-per-registrant for direct-entry students was greater than $1,500.

Allocation of expenditure by activity

What is the allocation of expenditure among recruitment, admissions and integration?

The nine institutions reported spending $5.623 million on activities related to transfer students and $16.286 million on activities related to direct-entry students. The allocation by activity and type of institution is shown in Table 4.

The table shows that, for both colleges and universities, expenditures for admissions accounted for a greater share of total expenditure for transfer students compared with direct-entry students.

Table 4: Allocation of operating expenditure for transfer students and direct-entry students, by activity

	Transfer students	Direct-entry students	Difference
All institutions			
Recruitment	26.6%	48.9%	-22.3%
Admissions	56.5%	35.7%	20.8%
Integration	16.9%	15.4%	1.5%
Total	100.0%	100.0%	
Amount ($ millions)	5.623	16.286	
Colleges			
Recruitment	18.4%	32.8%	-14.4%
Admissions	67.2%	41.6%	25.6%
Integration	14.4%	25.5%	-11.1%
Total	100.0%	100.0%	
Amount ($ millions)	1.164	4.498	
Universities			
Recruitment	28.7%	55.0%	-26.3%
Admissions	53.7%	33.4%	20.3%
Integration	17.6%	11.6%	6.0%
Total	100.0%	100.0%	
Amount ($ millions)	4.459	11.788	

There was variation around these figures:

- For transfer students, admissions was the largest of the three categories for 7 of the 9 institutions. Two institutions (1 university, 1 college) reported that recruitment was their largest category.

- For direct-entry students, recruitment was the largest of the three categories for 7 of the 9 institutions. Two institutions (1 university, 1 college) reported that admissions was their largest category.

Unit costs by activity

How do recruitment costs *per application received* for transfer students compare to those for direct-entry students?

Since the number of applications received is primarily related to recruitment activities, I focus here on the cost of recruitment per application received.

Recruitment costs per application received were higher for transfer students than for direct-entry students at 4 institutions (3 universities, 1 college), and lower at 5 institutions (2 universities, 3 colleges).

At the nine institutions collectively, recruitment costs per application received were $53, versus $57 for direct-entry students. The cost for transfer students was 7% lower than for direct-entry students.

There was variation around these figures:

- 2 institutions (both colleges) reported that their recruitment cost-per-applicant for transfer students was less than $25.

- 2 institutions (1 university, 1 college) reported that their recruitment cost-per-applicant for transfer students was greater than $75.

- 1 institution (a college) reported that its recruitment cost-per-applicant for direct-entry students was less than $25.

- 4 institutions (2 colleges, 2 universities) reported that their recruitment cost-per-applicant for direct-entry students was greater than $75.

How do admissions costs *per application received* for transfer students compare to those for direct-entry students?

Since the cost of admissions is related to the number is applications received, I focus here on the cost of admissions per application received.

Admission costs per application received were higher for transfer students than for direct-entry students at 7 institutions (5 universities, 2 colleges), and lower at 2 institutions (both colleges).

At the nine institutions collectively, admissions costs per application received were $112, versus $41 for direct-entry students. The cost for transfer students was 172% higher than for direct-entry students.

There was variation around these figures:

- 3 institutions (2 universities, 1 college) reported that their admissions cost-per-applicant for transfer students was less than $60.

- 4 institutions (2 universities, 2 colleges) reported that their admissions cost-per-applicant for transfer students was greater than $200.

- 2 institutions (1 university, 1 college) reported that their admissions cost-per-applicant for direct-entry students was less than $25.

- 2 institutions (both colleges) reported that their admissions cost-per-applicant for direct-entry students was greater than $75.

How do integration costs *per student registered* for transfer students compare to those for direct-entry students?

Since the cost of integration is largely (though not exclusively) related to the number of students who register, I focus here on the cost of integration per student registered.

Integration costs per registrant were higher for transfer students than for direct-entry students at 6 institutions (4 universities, 2 colleges), and lower at 3 institutions (1 university, 2 colleges).

At the nine institutions collectively, integration costs per registrant were $129, versus $99 for direct-entry students. The cost for transfer students was 30% higher than for direct-entry students.

There was variation around these figures:

- 3 institutions (2 universities, 1 college) reported that their integration cost-per-registrant for transfer students was less than $70.

- 2 institutions (2 universities) reported that their integration cost-per- registrant for transfer students was greater than $200.

- 4 institutions (2 universities, 2 college) reported that their integration cost-per-registrant for direct-entry students was less than $55.

- 3 institutions (1 university, 2 colleges) reported that their integration cost-per- registrant for direct-entry students was greater than $200.

Effect of institutional size

Are there economies of scale in recruitment, admissions and integration?

The variances in these data raise the question whether there are significant economies of scale in recruitment, admissions and integration activities. If so, we might expect institutions with larger numbers of applications or registrants to have lower unit costs.

The available data provide modest evidence in favour of the hypothesis that institutions with larger numbers of applications or registrants have lower unit costs, for both transfer students and direct-entry students. The evidence is limited due to the small number of participating institutions.

The following four charts show the evidence.

- In each case, the number of applicants or registrants is plotted on the x-axis. To protect institutional confidentiality, the x-axis is not labelled. In all four charts, the pattern suggests economies of scale.
- On each chart, universities are marked with a diamond and colleges with a circle.

Chart 1: Transfer applications: Cost per application, versus number of applications received

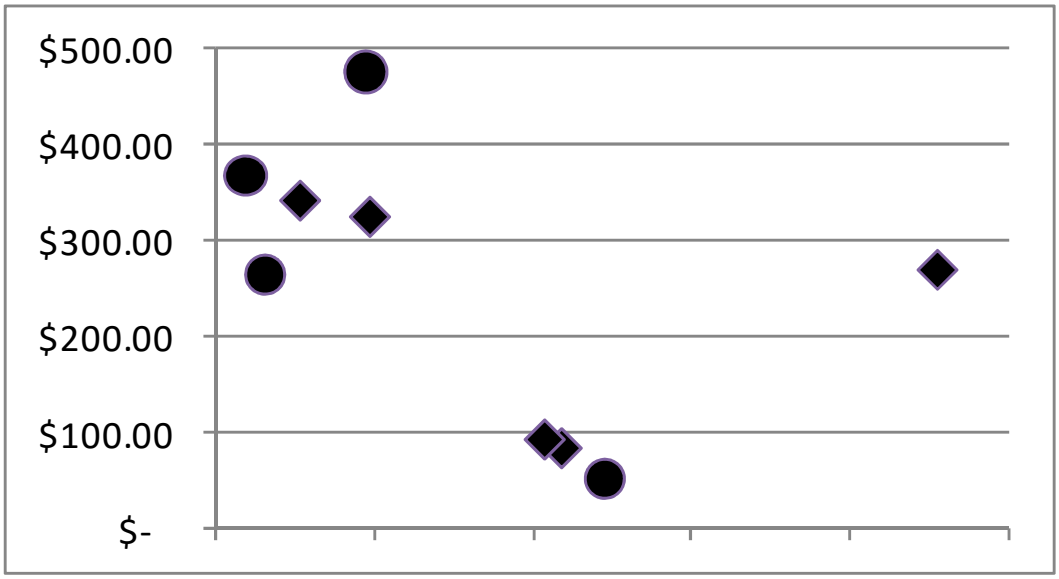


Chart 2: Direct-entry applications: Cost per application, versus number of applications received

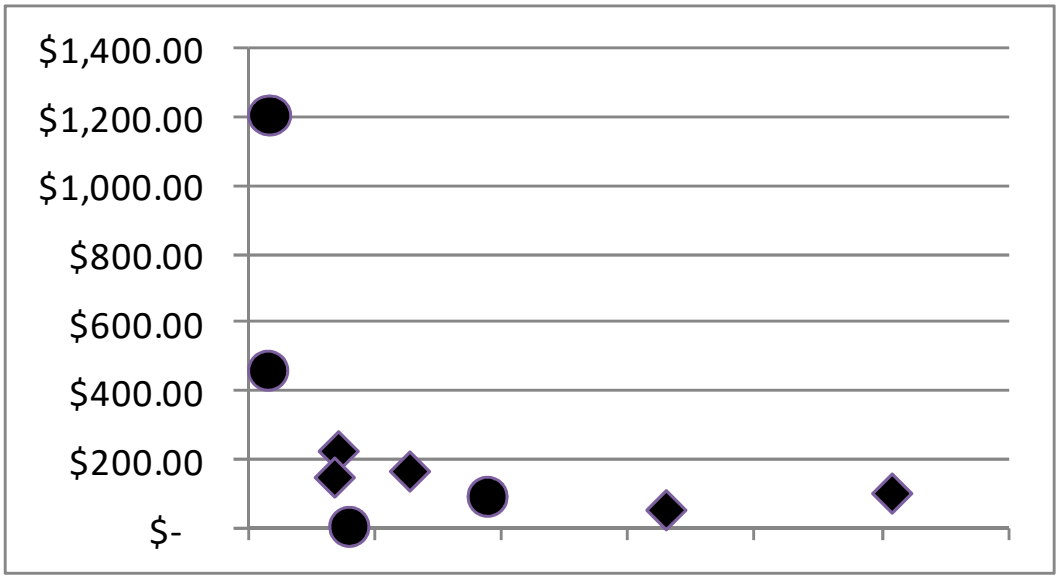


Chart 3: Transfer registrants: Cost per registrant, versus number of registrants

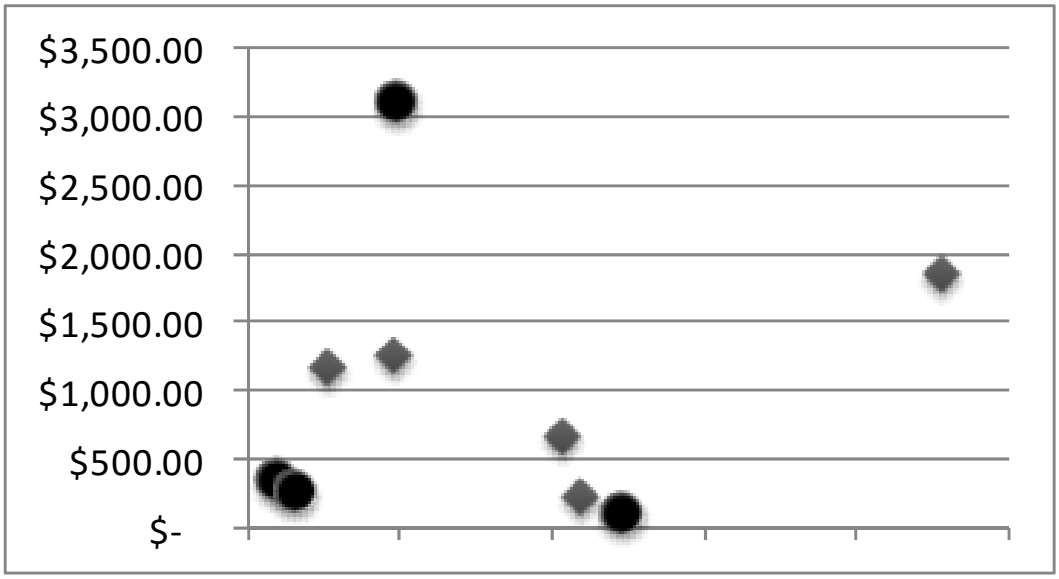
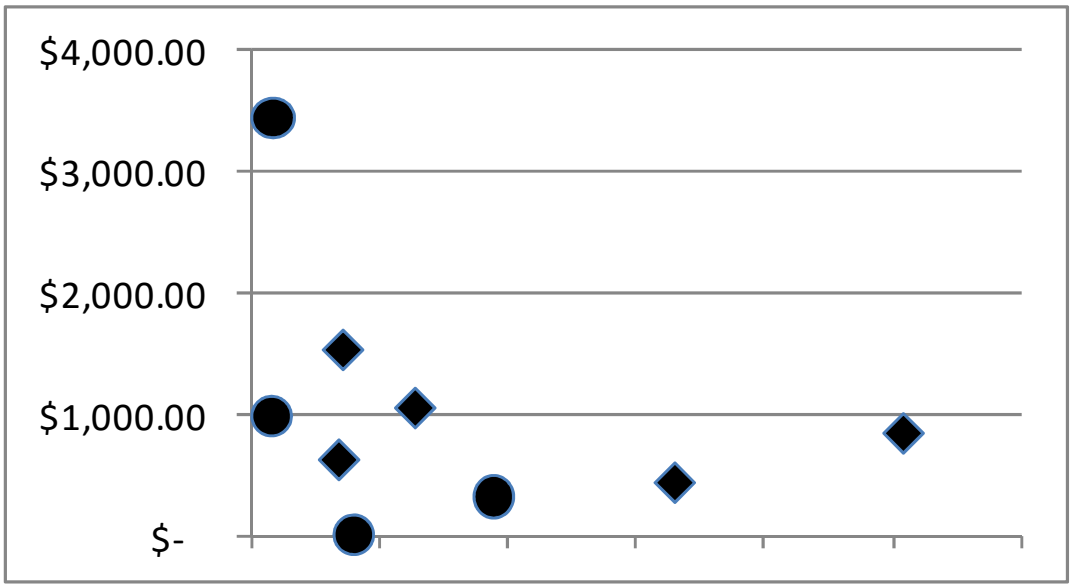


Chart 4: Direct-entry registrants: Cost per registrant, versus number of registrants



Effect of student mix

Does student mix affect costs?

Another explanation for the variances in these data might be the institutional mix of transfer and direct-entry students. We might hypothesize that institutions that rely on transfer students for a high share of their total entrants spend more per application and more per registrant. This might be because they have a strong business need to attract transfer students and so are prepared to spend more; or it might be because institutions that spend the most per student have greater success in attracting students.

The available data do not support this hypothesis. Among the institutions reporting, transfer students account for between 8% and 38% of the pool of applications (i.e. transfer plus direct-entry applications). They account for between 5% and 60% of registrants. Analysis of these data (not shown here) suggests that student mix and unit expenditure are unrelated.

Table: Summary of Findings

Table 5 summarizes the findings of the preceding section.

In this table, "HIGHER" means the cost for transfer students was found to be higher than for direct entry students. "LOWER" means the opposite.

Table 5: Summary of findings

METRIC	FINDINGS
Total Costs	
Total operating expenditure	Total expenditure on transfer students is 25.7% of total, or $5.6 million). This is HIGHER than transfer students' total share of applications (16.7%) and registrations (22.6%).
Total capital expenditure	Total expenditure on transfer students is LOWER (transfer is 16.7% of total, or $60,000)
Total Unit Costs	
Expenditure per application received	Average cost for transfer students is $199 ($83 HIGHER, i.e. 72% HIGHER than direct-entry) HIGHER for transfer students at 5 institutions (of 9) HIGHER for transfer students at 4 universities (of 5) LOWER for transfer students at 3 colleges (of 4)
Expenditure per student registered	Average cost for transfer students is $764 ($120 HIGHER, i.e. 19% HIGHER than direct-entry) HIGHER for transfer students at 5 institutions (of 9) HIGHER for transfer students at 4 universities (of 5) LOWER for transfer students at 3 colleges (of 4)
Allocation of Costs by Activity	
Allocation of costs among recruitment, admissions and integration	Share of expenditure allocated to Admissions is HIGHER for transfer students Allocation for transfer students: 26.6% recruitment, 56.5% admissions, 16.9% integration Allocation for direct-entry students: 48.9% recruitment, 35.7% admissions, 15.4% integration

METRIC	FINDINGS
Unit Costs by Activity	
Recruitment cost per application received	Average cost for transfer students is $53 ($4 LOWER, i.e. 7% LOWER than direct-entry) LOWER for transfer students at 5 institutions (of 9) HIGHER at 3 universities (of 5) LOWER at 3 colleges (of 4)
Admissions cost per application received	Average cost for transfer students is $112 ($71 HIGHER, i.e. 172% HIGHER than direct-entry) HIGHER for transfer students at 7 institutions (of 9) HIGHER for transfer students at 5 universities (of 5) HIGHER for transfer students at 2 colleges (of 4)
Integration cost per student registered	Average cost for transfer students is $129 ($30 HIGHER, i.e. 30% HIGHER than direct-entry) HIGHER for transfer students at 6 institutions (of 9) HIGHER for transfer students at 4 universities (of 5) HIGHER for transfer students at 2 colleges (of 4)
Explanations for Variances	
Are there economies of scale?	Based on limited evidence, yes. Unit costs at smaller institutions tend to be higher than at larger institutions, for both transfer and direct-entry students.
Does student mix affect costs?	Based on limited evidence, no. Unit costs appear to be independent of each institution's mix of transfer and direct-entry students.

Observations

Total expenditure per applicant for transfer students is higher than for direct-entry students.

This finding is clearly true for the universities surveyed. Among the colleges surveyed, the evidence for this finding is mixed.

Some participants in focus groups suggested that, over time, the expenditure pattern for colleges will become more like that for universities, with specialized activities for recruiting and admitting transfer students that require additional expenditures.

The potential revenue from transfer students is lower than for direct-entry students, so the potential return on this expenditure is lower.

Focus group participants were conscious that transfer registrants were likely to spend a shorter time at their institution than direct-entry students, and so their revenue potential is lower. A student transferring to a university typically spends two to three academic years at the university, compared with four years for a direct-entry student in an honours program. A student transferring to a college typically spends one academic year. Many transfer students simply wish to complete a few credits needed to complete a credential.

From this perspective the potential return on an institution's investment in recruitment, admissions and integration is lower for transfer students than for direct-entry students.

The principal driver of higher expenditures per applicant for transfer students is the higher expenditure on admissions activities.

I began by hypothesizing that expenditures per applicant for transfer students would be higher for recruitment, admissions, and integration. The data suggest that the principal driver of higher expenditures is admissions activities.

In explaining higher admissions expenditures, participants in focus groups pointed to the costs of manually evaluating prior credits for advanced standing. Some institutions are investing in information technology systems to automate these evaluations; however, creating and maintaining these systems have their own costs. The development of recognized pathways reduces admissions costs for students who adhere to these pathways, but a large share of transfer applicants do not follow established pathways and so require a customized evaluation.[3] As well, pathways are not static, and there are costs in updating pathways as programs change. Up-to-date information on course content and faculty qualifications may be especially important in granting advanced standing in programs that are externally accredited.

[3] This behaviour is not unique to Ontario. California has had a well-articulated 2+2 transfer system from colleges to universities since the 1960s, yet about two-thirds of the students who transfer to state public universities do not follow the articulated pathway. (Trick 2013, 17)

In contrast, applications from Ontario direct-entry students are processed in an automated way. Students' courses and marking schemes are well-known across the province and are generally comparable from one secondary school to another.

Contrary to my initial hypothesis, recruitment expenditures per applicant are lower for transfer students than for direct-entry students.

Participants in focus groups noted the difficulty in designing a recruitment campaign targeted at transfer students.

- In the university sector, clear channels exist for reaching direct-entry students, such as large recruitment fairs, secondary school visit programs, and campus open houses. Institutions may make substantial investments in order to compete in these channels. Similar channels for prospective transfer students, if they exist, tend to be smaller. This means spending opportunities are more limited. In some cases transfer recruitment is an add-on to recruitment for direct-entry students (e.g. an insert in the institution's viewbook), so costs are low.

- In the college sector, recruitment activities are wide-ranging: more than half of new entrants to college come from the workforce (rather than from secondary schools), and so colleges market themselves to a much broader audience than universities do. Expenditures on transfer-specific recruitment (such as transfer fairs) are inevitably small as a proportion of the overall recruitment budget.

Some participants said that their institution recruits province-wide for direct-entry students but only recruits locally for transfer students. This difference in strategy may also explain some of the difference in costs.

Among the universities surveyed, integration expenditures per applicant are about twice as high for transfer students as for direct-entry students. (They are also about twice as high per registrant, which may be the more relevant measure for this expenditure category). In the colleges sector, expenditures in this category are much lower for transfer students than for direct-entry students.

Participants in focus groups attributed the higher university expenditures to a lack of economies of scale: for example, the cost of developing and offering a customized orientation program for transfer students are high even though the number of participants will be smaller than at a similar program for direct-entry students.

Expenditures for transfer students are probably under-reported in this survey.

A common theme in focus groups for this study was the difficulty in separating expenditures for transfer students from other expenditures. Participants said that, overall, actual expenditures related to transfer students are probably higher than they were able to document and report.

- Many recruitment activities attract potential transfer applicants even if the activities are not specifically aimed at those applicants. This is true even of activities specifically

aimed at other types of applicants, such as those from secondary schools. Advertising in public media is especially difficult to assign to a particular category of students.

- Some admissions systems do not flag transfer applicants until late in the admissions process when a student has been granted advanced standing. For this reason, many admissions expenditures are difficult to assign to a particular category of students.

- Many integration activities (such as orientation and academic advising) are not specifically aimed at different categories of students and do not track which students used the services.

- Some activities reported in this survey involve slices of time. For example, a faculty member or academic advisor may spend time assessing an incoming student's prior transcripts; or an academic leader may spend time developing new pathways and encouraging institutional buy-in to new relationships. This time is not specifically measured and must be estimated.

Current expenditures may not be optimal expenditures.

The premise that institutional budgets are well-aligned with institutional goals and strategies should be questioned, for several reasons:

- *Lack of information:* It is clear from this survey that most institutions do not routinely calculate the unit costs of recruiting and admitting different classes of students, because their financial systems do not make it easy for them to do so.

- *Historically-driven budget processes:* Some participants in focus groups said that, at their institutions, the budget for recruiting transfer students was historically-based and was not regularly reviewed. This observation is consistent with the vast literature on budgeting in public and publicly-supported organizations showing that rational budgeting is the exception rather than the rule.

- *Changes in the external environment:* Some participants said that their expenditures on transfer students were likely to become more strategic in the near future, as the softening of the potential market of direct-entry students has led many institutions to look more carefully at other potential markets.

These observations suggest that current budgets may not be static, and they give some grounds for optimism. The sharing of cost information among institutions might support institutional learning about what activities and expenditure levels work well in different circumstances, potentially leading to budget re-allocations in future.

Areas for further research

The most important area for further research suggested by this study is to explore the variances among institutions. The variances raise questions about why institutions engaged in similar activities report widely different unit costs.

Some of the differences are undoubtedly due to challenges in applying a standard set of data questions to information systems that are not designed to readily answer those questions. I have also found some modest evidence that economies of scale are an explanation. Smaller institutions tend to have higher unit costs than larger ones. Lack of economies of scale may affect activities related to transfer students more than activities related to direct-entry students, because the former group is smaller.

Further research might examine these issues:

- ***Impacts of differences in institutional type:*** There may be differences between colleges and universities in terms of how they recruit, admit and integrate transfer students. The two broadest metrics of unit cost -- expenditure per application received and expenditure per student registered – show higher expenditures on transfer students at the majority of universities, but lower expenditures at the majority of colleges. A closer examination might explore these differences. For example, some colleges devote considerable resources to recruiting university graduates for college graduate certificates; graduate programs were out-of-scope for this project, so these expenditures were excluded from the survey.

- ***Impacts of differences in institutional strategies and processes***: All institutions make a commitment to pursuing transfer students, but they differ in terms of how many students they seek, where they seek them from, and how they pursue them. They also differ in their processes for assessing applications, awarding transfer credits, and integrating incoming registrants. A comparison of strategies and processes, based on interviews and other information provided by institutions, might identify the range of practices and the different costs involved.

- ***Student perspectives:*** Participants in focus groups noted that, while pathways are improving, the admissions process for transfer students requires a large number of "touch points" as students apply and submit transcripts, transcripts are evaluated by the receiving institution, additional information is sought, etc. Student financial aid was noted as a particularly complex area: incoming transfer students may begin the semester as full-time students and then reduce their course load to part-time when their prior credits are recognized, which in turn reduces their eligibility for government student assistance. Tracking of students' perspectives on ease of transfer might be valuable.

Conclusion

For institutions and policy makers, the primary lesson from this study is that, based on the evidence presented, it really does cost more to recruit, admit and integrate a transfer applicant than to do the same for a direct-entry applicant. Institutions that pursue transfer students engage in distinct recruitment activities, and they invest time in assessing potentially complex applications. If the share of applicants who become registered students is high – as it is, on average, for the institutions participating in this survey – then the cost gap between transfer students and direct-entry students is substantially reduced. Even so, institutions face the reality

that the potential revenue from a transfer student will be lower than for a direct-entry student, because the transfer student will spend fewer years at the institution before graduating.

This incentive structure suggests the need for a continuing role for government in financially supporting universities and colleges in recruiting, admitting and integrating transfer students. In the absence of this support, the incentive to focus on direct-entry students will remain strong. Participants in focus groups affirmed the importance of the Ontario government's Credit Transfer Institutional Grants, which make available modest funding to each university and college for data collection and reporting, transfer facilitation, student support, and update or expand existing credit transfer pathways. Accurate data on unit costs, coupled with accurate data on new transfer enrolments from the Ontario Education Number, may provide a formulaic basis for distributing these funds.

Supporting colleges and universities in recruiting, admitting and integrating transfer students will become even more important if the Ontario government chooses to align transfer more closely with its goals for accessibility. I have argued elsewhere that the Ontario government should have quantitative goals for baccalaureate degree completion, including goals for how transfer will contribute to overall completion. (Trick 2013, 33-38) There is good reason to believe that college-to-university transfer could provide better access and better education for some students than direct entry to university degree programs. Colleges have succeeded in attracting many demographic groups that are statistically underrepresented at universities, including students from the lower income quartiles, Indigenous students, students with disabilities, and students from small communities and rural areas. Colleges provide a distinctive form of education since they are primarily teaching-oriented institutions: most classes have fewer than 30 students, and classes of over 60 students are rare.

A strategic policy for higher education needs to recognize these linkages. High levels of degree completion are valuable for individuals and for the economy as a whole; large pools of students are underrepresented at present in degree programs; college-to-university transfer can be a viable pathway to degree completion for many students. A similar argument can be made in the opposite direction: for many university students, the university-to-college pathway is a viable way of combining a degree with career-oriented professional studies.

A policy that sets ambitious goals for degree completion, including targets for how transfer will contribute to these goals, would be a large step forward in Ontario higher education. Supports for institutions to reach these targets – including supports that address the challenges in recruiting, admitting and integrating transfer students – can be an important part of this policy.

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