



## THE HIGH PRICE OF EXCESS CREDITS

### How New Approaches Could Help Students and Schools

**ALICIA KINNE, GRANT BLUME AND MARGUERITE ROZA**

When students at public universities earn more credits than they need to graduate, they're not just extending their time on campus—they are burdening their schools and their peers. There are many reasons students rack up credits beyond the 120 required for a bachelor's degree.<sup>1</sup> Credits pile on when students enter college undecided or change their major. Perhaps they are enrolled in intensive programs, such as engineering, that demand more courses, or they double- or even triple-major. They might accumulate excess credits studying abroad in programs whose credits don't apply to their majors or schools. Sometimes, universities themselves make excess credits inevitable, when students are unable to transfer coursework from other schools, receive poor advising, face unclear degree requirements, and can't access required courses yet need to keep taking classes to remain enrolled.

According to a study by Complete College America, a national nonprofit that works toward increased degree attainment, bachelor's degree earners at U.S. public institutions average 14 percent more credits than are required to graduate, and some students earn as many as 50 percent more credits than they need.<sup>2</sup> These excess credits drive up the public cost per degree, when they are subsidized by public funds; leave fewer spots available for other students; and can slow or inhibit degree completion, given the fact that more credits equals more time and tuition for students.

Given the challenges facing U.S. public universities, they can no longer afford to ignore the complications excess credits cause. They are under intense pressure to simultaneously control costs and increase degree production. They are receiving less state support, yet more than ever they are viewed as a key resource for a better future, both by policymakers seeking stronger economic footing for their states and by state residents, who are struggling financially and looking to improve their employment opportunities.

In that light, universities have begun to scrutinize their finances and seek strategies to improve outcomes for students. Some are looking to expand revenues with double-digit tuition increases

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<sup>1</sup> Our analysis assumes semester credits, which breaks down to 15 credits a semester for the student who earns a bachelor's degree in four years.

<sup>2</sup> Complete College America (2011). Time is the Enemy.

or increased reliance on non-resident tuition. Some are taking a hard look at current spending, to figure out how to cut costs. Many are trying to improve service delivery to increase completion rates for existing students or expand enrollment with online offerings.

As well, many states are now looking at excess credits—how to curb them (through changes in student and institutional behavior) or shift their cost to students. As states consider different policy options, it makes sense to clarify what's at stake, in terms of the cost of the credits themselves but also the opportunity cost—that is, how spending on excess credits can be redirected to support additional students. This policy brief explores the magnitude of the issue by estimating the public cost of excess credits in three states and by projecting the number of additional students that could be supported with the savings.

### Georgia and New York: The high cost of excess credits

Georgia and New York each have robust state higher education systems but no policy on excess credits nor—as is the case with many public colleges and universities—much data on the topic. In Georgia, an analysis by Complete College America indicates that bachelor's degree undergraduates in the state's public universities earn an average of 13 excess credits.<sup>3</sup> In New York, figures reported from the City University of New York indicate an average of 10 excess credits per bachelor's degree, a rate we extrapolated statewide.<sup>4</sup> While excess credits likely vary by institution, without more nuanced data we assume the same rate across all publicly funded institutions in each state. The resulting estimates in these two states are lower than the national average of 16.5 excess credits per student, but they still represent more credits than typically required to complete a bachelor's degree.

In order to determine the public cost of the excess credits, our analysis relied on cost and enrollment figures for state-supported higher education institutions in 2008 as reported by the Delta Cost Project, the Integrated Postsecondary Education Data System (IPEDS), and Complete College America.<sup>5</sup> Total public spending by institution in 2008 was divided across all students and average credit-taking to determine public support per credit per student for each public university.<sup>6</sup> This per-credit cost was then used to compute the excess cost per bachelor's degree awarded by institution, and then the total cost per state (Table 1).<sup>7</sup>

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<sup>3</sup> Based on 2011 reports by Complete College America (Time is the Enemy) and the City University of New York's Office of Institutional Research and Assessment.

<sup>4</sup> Wrigley, J. (2010). Improving student transfer at CUNY. Office of Academic Affairs, City University of New York. Retrieved: <http://www.cuny.edu/about/administration/offices/aa/acr/TransferReport.pdf>

<sup>5</sup> The Delta Cost Project (<http://nces.ed.gov/ipeds/deltacostproject/>) and IPEDS (<http://nces.ed.gov/ipeds/datacenter>) are postsecondary education databases maintained by the National Center for Education Statistics (NCES).

<sup>6</sup> Per-student public cost per credit was computed by dividing the level of state support at each university by the number of full-time equivalent students at that university (both graduate and undergraduate) and then by 30 (assuming 30 semester credits a year).

<sup>7</sup> It is likely that this analysis underestimates the actual cost of excess credits, as it does not capture credit hours for remedial education, which do not count toward a bachelor's degree but are typically subsidized by states and paid for by students.

| TABLE 1: THE HIGH COST OF EXCESS CREDITS IN GEORGIA AND NEW YORK                               |               |               |
|--|---------------|---------------|
|  | GEORGIA       | NEW YORK      |
| Public universities in the state   | 20            | 35            |
| Excess credits per degree  | 13            | 10            |
| Total excess credits earned per year among bachelor's degree earners                           | 362,778       | 463,240       |
| Average public cost per excess credit  | \$276         | \$257         |
| Public spending on excess credits  | \$104,818,439 | \$151,024,048 |
| Excess credit cost as percent of total public allocation to the state's four-year universities | 6.6%          | 4.6%          |
| <b>If all funds were reapplied in order to support additional students:</b>                    |               |               |
| Number of additional FTEs supported (at current levels of state support):                      | 10,845        | 14,690        |
| Number of additional degrees per year:   | 2,257         | 2,605         |

In just one year, excess credits among degree earners cost the public \$105 million in Georgia and \$151 million in New York. This represents 6.6 percent of the total public spending on public universities in Georgia and 4.6 percent in New York—a substantial amount of money that could conceivably be redirected within universities.

Rethinking these expenditures represents a sizable opportunity. While it may not be feasible or desirable to redirect all of the funds, it is useful to consider what's at stake if the funds were fully recaptured, by reducing excess course-taking, shifting the cost to students, or both. If the full amount of public money currently funding excess credits were reapplied to support more students, using Georgia's existing cost structure (and assuming the same state support per pupil), the state's public institutions could enroll 10,845 more students annually. At current completion rates, this increase in enrollment would yield 2,257 additional bachelor's degrees per year. In New York, eliminating state spending on credits would free enough funds for public colleges and universities to support 14,690 additional students per year, for a total of 2,605 additional degrees.

Clearly, a total conversion is unlikely, and we cannot assume that institutions could so easily increase enrollment and expand capacity. However, even small shifts could make a significant difference both in recouping costs and increasing degree production.

For states interested in implementing policy to reduce spending on excess credits, there are several options. Some efforts are directed at reducing excess credits, while others are aimed at ensuring that excess credits don't come at public expense. In any case, better data on excess credit-taking can help clarify the potential of the different policy options.

### California: Better data help clarify possible solutions

In his most recent budget, California Governor Jerry Brown proposed that the state cap the number of credits it subsidizes for students in public universities, so that it takes less time to earn a degree, the cost of degrees declines for both students and the state, and access to courses

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improves.<sup>8</sup> At some state schools, excess credits are a profound problem. For instance, in 2011, according to the California Legislative Analyst's Office, 2 percent of degree earners in the California State University system had completed more than two year of credits beyond what was required to earn a bachelor's degree.<sup>9</sup>

As Table 2 shows, in the University of California system, more than 11,000 degree earners graduate with between 1 and 12 excess credits, another 6,703 finish with between 13 and 30 excess credits, and another 2,234 have taken more than 30 excess credits. Students in the California State University system rack up excess credits at similar rates and also include 2,181 with more than two years worth of excess credits.

| TABLE 2: PUBLIC SPENDING ESCALATES FOR HIGHEST CREDIT-TAKERS |                      |               |              |              |
|--|----------------------|---------------|--------------|--------------|
| <b>UNIVERSITY OF CALIFORNIA SCHOOLS</b>                      |                      |               |              |              |
| Number of Excess Credits                                     | 1-12 excess          | 13-30 excess  | >30 excess   |              |
| Number of Degree Earners                                     | 11,171               | 6,703         | 2,234        |              |
| Public Cost of Excess Credits                                | \$24,866,646         | \$52,223,073  | \$24,864,420 |              |
| <b>UC Total</b>  | <b>\$101,954,139</b> |               |              |              |
| <b>CALIFORNIA STATE UNIVERSITY SCHOOLS</b>                   |                      |               |              |              |
| Number of Excess Credits                                     | 1-12 excess          | 13-30 excess  | 31-59 excess | >60 excess   |
| Number of Degree Earners                                     | 49,939               | 27,508        | 10,770       | 2,181        |
| Public Cost of Excess Credits                                | \$59,027,898         | \$113,800,596 | \$95,476,050 | \$25,779,420 |
| <b>CSU Total</b>   | <b>\$294,083,964</b> |               |              |              |

Using the same methods as for Georgia and New York, Table 2 also shows the computed public cost of excess credits for each group of credit takers for each of the two university systems. More students in the California State University system have excess credits, but the impact is greater on a per-student basis in the University of California schools, because the cost per credit hour is more than 80 percent higher (\$371 per credit in the UC system versus \$197 in the CSU system).

Together, excess credits in the two systems cost the public \$396 million. Most of the cost burden comes when students take more than 12 excess credits—so policymakers would probably be wise to address that situation first. If students at the Cal State campuses were limited to a single year of additional credits, or 30 excess credit hours, the universities could enroll 2,181 additional students without any additional state support. Or if subsidized credits were further limited to 15 excess credits, an the Cal State schools could accommodate a total of 7,566 more students. Likewise, if the UC campuses applied the same 15 credit overage limit, the UCs could enroll over 1,117 more students annually. Given the systems' current graduation rates, this amounts to nearly 2,300 additional graduates each year from the two systems combined.<sup>10</sup>

<sup>8</sup> Taylor, M. (2013). The 2013-14 Budget: Analysis of the Higher Education Budget. California State Legislative Analyst's Office. Retrieved: <http://www.lao.ca.gov/analysis/2013/highered/higher-education-021213.pdf>

<sup>9</sup> Correspondence with the California State Legislative Analyst's Office, April 16, 2013.

<sup>10</sup> Analysis relied on IPEDS computations of the number of degrees awarded as a portion of total enrollment for all schools in each system.

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Further detail on excess credit-taking patterns in the UC and CSU systems is reported in Table 3. As the data show, nearly half the students taking two additional years of credits to complete a degree are earning multiple majors. When a University of California student takes one or two years of excess credits to earn extra majors, those credits cost the state an average of \$23,700. Similarly, higher credit requirements for engineering or physical science programs likely add to the public costs of excess credits.

| MAJOR                        | 0-30 excess credits | >30 excess credits | All students |
|------------------------------|---------------------|--------------------|--------------|
| Engineering/Computer science | 15.7%               | 14.6%              | 12.0%        |
| Humanities                   | 7.9%                | 6.9%               | 11.6%        |
| Interdisciplinary            | 4.1%                | 4.6%               | 4.6%         |
| Multiple majors              | 24.9%               | 46.3%              | 12.3%        |
| Other                        | 7.9%                | 5.7%               | 9.7%         |
| Physical Sciences            | 25.6%               | 15.3%              | 25.5%        |
| Social sciences              | 13.9%               | 6.6%               | 24.3%        |

These numbers show how more nuanced information on the number of credits taken by students to complete a degree and show the disparities in excess credits by schools, majors, and types of students. If states are to develop appropriate policies to reduce excess credit-taking, they will need a better understanding of where and why it occurs.

### Looking forward: Policy changes for states

With recognition that higher education costs are driven up by excess credit taking, states are beginning to craft policies that shift the costs of excess credits to students and change the conditions to reduce excess credit-taking overall. To reduce unintended excess credits, some policies make it easier to transfer credits and improve counseling and awareness of degree requirements. Some plans are aimed at what's called "credit creep," the practice of adding credit requirements to some degrees, often in engineering or sciences. A proposal in Nebraska, for example, would limit degree requirements to 120 credits.<sup>11</sup> Policies proposed in Texas would limit the number of credits that can be required for a given major, change core requirements, and ease credit transfer.

Other policies are designed simply to shift the cost of excess credits, by limiting the number of credits that can be subsidized by the state. At state universities in Arizona, students must pay a 20 percent tuition surcharge for credits beyond 145. Similarly, in 2009 the Florida legislature passed legislation to create a surcharge for students who earn credits a certain amount over what is required for degree completion. Now students must pay double tuition for any credits in excess of 110 percent of requirements.<sup>12</sup>

<sup>11</sup> Nebraska Regents Adopt Plan to Curb Credit Creep - Faculty - The Chronicle of Higher Education <http://chronicle.com/article/Nebraska-Regents-Adopt-Plan-to/128996/>

<sup>12</sup> See <http://www.leg.state.fl.us/statutes/> [see § 1009.286] [http://registrar.sdes.ucf.edu/excess\\_hours/surcharge/](http://registrar.sdes.ucf.edu/excess_hours/surcharge/) [http://registrar.fsu.edu/excess\\_hours/](http://registrar.fsu.edu/excess_hours/)

It is important to understand differences among institutions. At less selective schools, where students are less likely to take a direct path through college, excess credits may be accumulated during transfer and in the longer time it takes to graduate. In such cases, excess credits might be pared back through better academic counseling and more accepting and clearer transfer policies. All types of universities, meanwhile, could benefit from standardizing credit load across majors.

As public universities try to maximize degree attainment with constrained resources, many will continue to scrutinize the cost of excess credits. There is concern, naturally, that policies designed to reduce or shift the costs of excess credits will come at the expense of students, either by limiting their access to more courses or by charging more for them. But it must be understood that facilitating excess credits hurts students too, given that spending on excess credits for one student can prevent a school from educating another student, and because taking extra courses makes it harder and costlier to get a degree. If public universities are to cope with tight budgets and get students the diplomas they need, they must evaluate the costs of excess credits, through a careful examination of the evidence and with an open mind.



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### CONTRIBUTING AUTHORS

**ALICIA KINNE** is a CREST doctoral Fellow of the University of Washington's College of Education.

**GRANT BLUME** is a PhD student studying public policy and management at Daniel J. Evans School of Public Affairs at the University of Washington.

**DR. MARGUERITE ROZA** is the Director of the Edunomics Lab at Georgetown University and Senior Research Affiliate at the Center on Reinventing Public Education.

*Edunomics Lab is a university-based research center dedicated to exploring and modeling complex education fiscal decisions and growing the capacity of education leaders on the topic of education finance. The Edunomics Lab is affiliated with Georgetown Public Policy Institute at Georgetown University.*