



HIGHER EDUCATION
STAFF: SPENCER PRATT

ISSUE BRIEF

USHE HISTORICAL FUNDING

SUMMARY

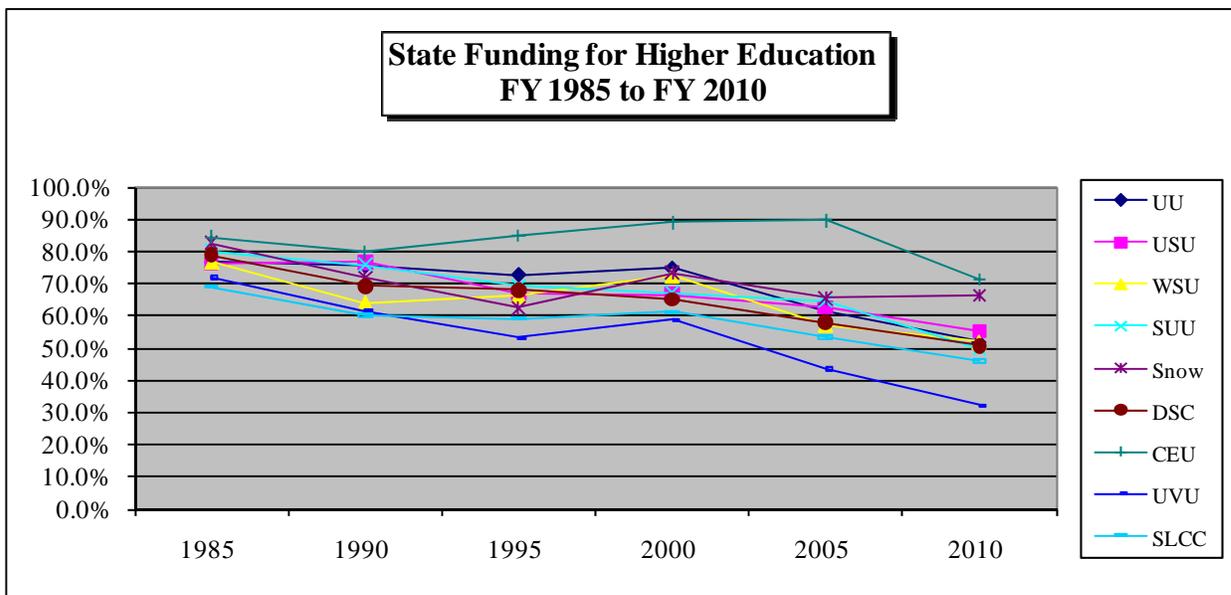
The funding of higher education in Utah has changed considerably over the past 25 years. In 1985, State tax funds provided support, on average, for 77.4 percent of higher education’s Education and General costs, with dedicated credits (tuition) picking up the balance. In FY 2010, the State support was 52.8 percent.

OBJECTIVE

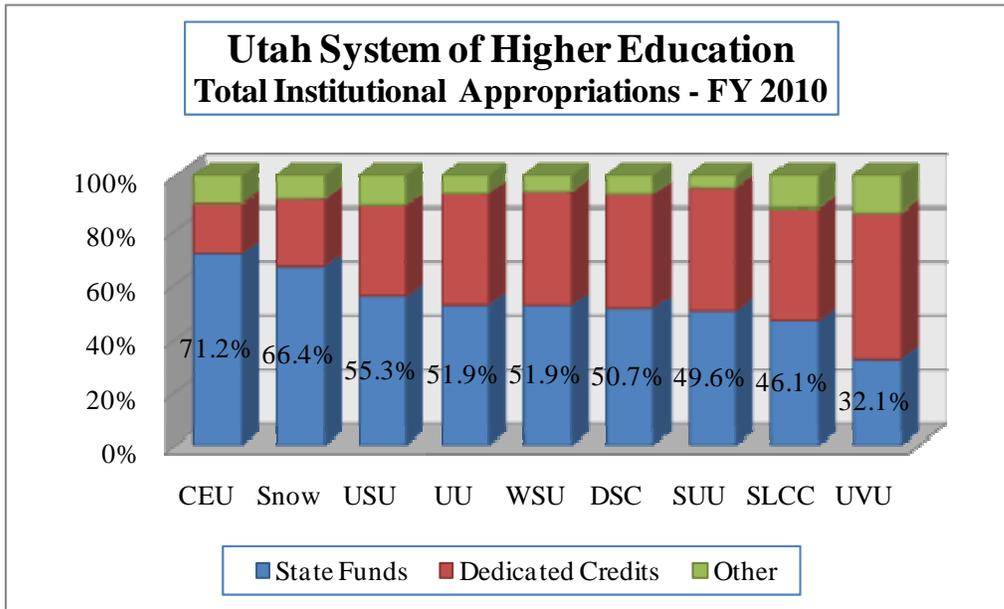
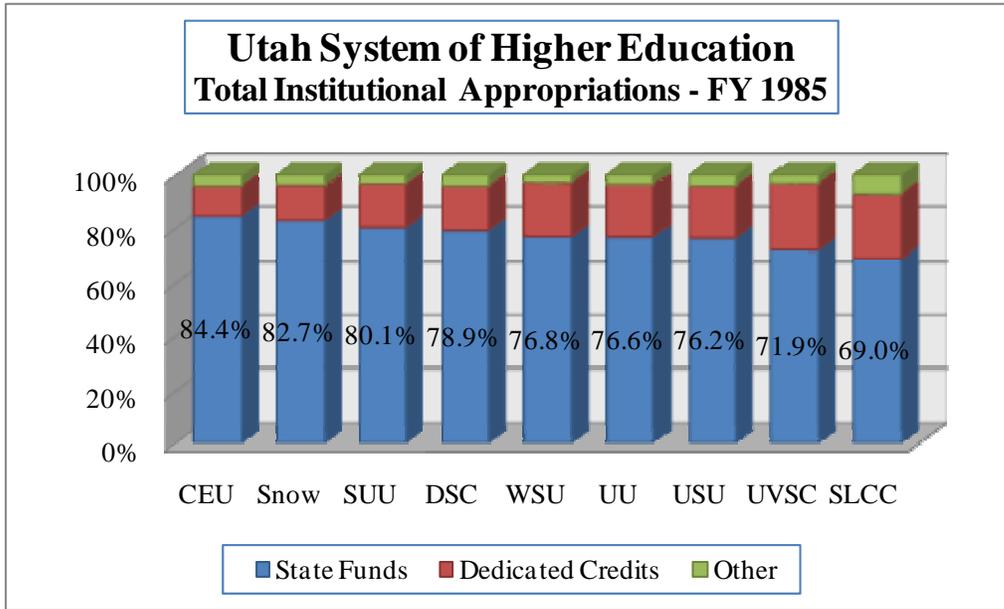
The objective of this Issue Brief is to provide information as to the historical trends in the funding of higher education, along with the implications of those changes.

DISCUSSION AND ANALYSIS

Approximately 25 years ago, state funding, as a percentage of total funding for Higher Education, averaged 77.4 percent across all nine institutions. The range was from 84.4 percent (College of Eastern Utah) to 69 percent (Salt Lake Community College). Five years later, the average had dipped to 70.5 percent. In 1995, the average was at 67 percent. In FY 2000, the average increased slightly to 69.8 percent. However, the next couple of years, the state experienced revenue shortfalls and budget reductions were implemented. Following those years, in FY 2005, the percentage of funding for Higher Education from state funds had dropped to 61.8 percent. With the Past two years of revenue shortfalls, the percentage funding for higher education has dropped to 52.8 percent. The FY 2010 funding level shows that the College of Eastern Utah continues to have the highest percentage of state funding at 71.2 percent and Utah Valley University has the lowest percentage at 32.1 percent. The following chart shows the trend in the percentage of state funding from 1985 to 2010.



As the state funding has decreased, the other main source of funding - tuition - has increased. This can be seen in comparing the following two charts – the first showing the funding distribution in FY 1985, and the second the same distribution in FY 2010. As the blue bar (State Funds) shrinks, the red bar (tuition) increases.



For the past several years, compensation increases have been funded with a combination of state funds and first-tier tuition increases. Up to FY 2007, tuition dollars were used to cover part of the compensation increases at approximately the same percentage rate as tuition funded the institution. Beginning in FY 2007, the Legislature approved capping the percentage of tuition used to cover any compensation increase at 25 percent, with state tax funds covering the balance. Second-tier tuition increases have been recommended by institutions, with input from student representatives, and approved by the State Board of Regents, for specific proposals, such as library support, additional advising and counseling services, new faculty and student services.

This trend of decreased state funding and increased tuition is reflective of national trends. In 2005, state funding per FTE student hit a 25-year low. The funding decreased significantly from 2001 to 2004, due in part to enrollment and inflation.¹

¹ "State Higher Education Finance FY 2005", State Higher Education Executive Officers; V2, 2006.