



HIGHER EDUCATION TUITION AND STATE TAX FUNDING

HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

Legislators appropriate state tax dollars and estimated tuition collections in higher education appropriations acts. This is only a portion of higher education institutions' budgets and may contribute to a perception that state funding influences tuition levels. During the 2014 General Session, state tax funds for higher education increased by 11.6 percent, a little over \$91 million. Given that significant increase, some legislators were surprised a month later when the State Board of Regents increased tuition by 4 percent at all Utah System of Higher Education (USHE) institutions (Tier 1 tuition), and an additional 1.5 percent to 2 percent (Tier 2 tuition) at three of the USHE institutions. This report examines the historical relationship between changes in state tax funding and changes in tuition, documents the differences between tuition amounts assumed by the Legislature and those enacted by institutions, and presents Utah's tuition compared to similar institutions in other states.

Using statistical analyses, we determined that any correlation between new state tax funding for higher education and the level of tuition increases is statistically insignificant. We found instead that the best predictors of future tuition increases are previous tuition increases, number of full time equivalent students, wage growth, and, at times, inflation. Further, we documented that the tuition amounts enacted by institutions are consistently higher than the amounts assumed by legislators in appropriations acts. Finally, we found that tuition rates at the six USHE research and teaching universities are below their respective group average level of tuition while similar comparisons at the USHE community colleges show that they are approximately 25-30 percent higher than the respective Western Interstate Commission for Higher Education (WICHE) and Rocky Mountain states averages, but closer to their peer groups' averages.

We recommend the Legislature consider increasing accountability for higher education state support by improving tuition estimates, including estimated tuition increases in appropriations bills, and reflecting the entire higher education budget in appropriations acts.

BACKGROUND AND HISTORY

State appropriations for higher education generally comes from two sources: state tax funds and dedicated credits (tuition). The FY 2015 estimated budget for the USHE includes \$809.7 million in state tax funds (53.7 percent) and \$681.4 million in dedicated credits (45.2 percent). Another \$17.5 million (1.2 percent) comes from other sources, such as Federal Funds, Mineral Lease funds and restricted General Funds. Additional higher education resources come from sales, services, auxiliary operations, and educational activities; operating and capital grants and contributions; investment income; and endowment contributions. For comparative purposes, FY 2013 appropriated revenues were \$1.32 billion while non-appropriated revenues were \$2.28 billion for a total of \$3.6 billion.

For FY 2015, state tax funds for Higher Education increased by 11.6 percent, a little over \$91 million. The portion of the increase associated with the USHE was \$82.9 million, an increase of 11.4 percent. A major part of the new funding (\$50 million) was to bring those institutions that were funded at a lower level of state funding closer to the other institutions. With this "equity" funding, the overall increase was not distributed equally among all USHE institutions, resulting in significant differences in the percentage increases between institutions. The total increases at each institution are:

- University of Utah 3.5 percent
- Utah State University 6.7 percent
- Weber State University 9.6 percent
- Southern Utah University 3.7 percent
- Utah Valley University 37.2 percent
- Snow College 9.4 percent
- Dixie State University 24.2 percent
- Salt Lake Community College 26.1 percent

Tuition is payments made by students to attend a USHE institution. Tuition is collected at the beginning of each semester and is used as a funding source for the anticipated expenses. It is combined with state tax funds and non-appropriated revenue into the total funding pool to cover costs. Since most of the costs at USHE institutions are for faculty, staff, and administration, it is reasonable to assume that most of the tuition collected covers personnel costs. There are other expenses at an institution, so a portion of those costs would also be covered by tuition funds. These include travel, current expenses, fuel and power, and equipment.

Each year, following the conclusion of the Legislature’s General Session, the State Board of Regents approves tuition and fee increases for the upcoming academic year. Tuition increases are submitted in two parts – Tier 1 and Tier 2. Tier 1 tuition increases are uniform throughout the USHE and are designed to cover the same costs at each institution. Several years ago, the Legislature approved a plan where 75 percent of any approved compensation increase would be funded with state tax funds and the remaining 25 percent would be funded with tuition. This is the primary component of Tier 1 tuition increases. Tier 2 tuition increases are optional and institution-specific, designed to cover costs unique to that institution. Recommended Tier 2 tuition increases are first proposed and discussed at the institution, with input from the administration, faculty, staff, students, and boards of trustees, then forwarded on to the State Board of Regents for its approval. An historical view of Tier 1 and Tier 2 tuition increases is shown in Appendix A (Tables 3 and 4).

Figures 1 and 2 show the current level of tuition at each USHE institution. In Figure 1, the green line shows how tuition has increased since FY 2000, by institution. In FY 2000, the difference in tuition from one institution to another was smaller, with a range of \$1,236 (University of Utah compared to Salt Lake Community College). The difference is expected to grow to \$3,890 (University of Utah compared to Snow College) for FY 2015.

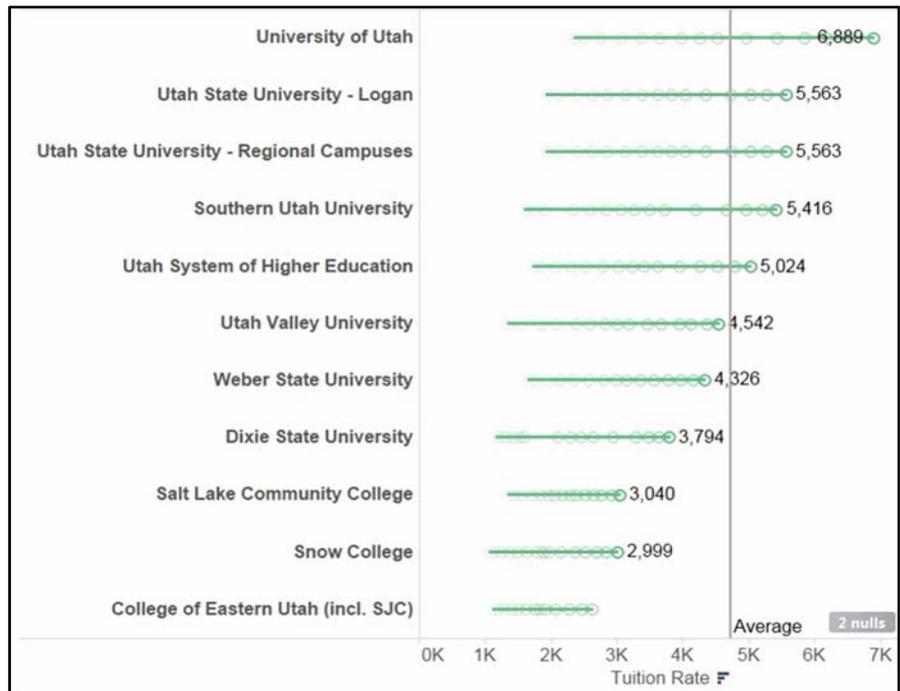


Figure 1

The widening difference in tuition rates also shows up when looking at average tuition per FTE student (Figure 2). Total average tuition per FTE is total annual tuition collected divided by the number of FTE students. In Figure 2, the darker the orange color, the lower the amount and the darker the blue color, the higher the amount. The highest average tuition per FTE is the University of Utah at \$8,330, while the lowest is Snow College at \$3,010.

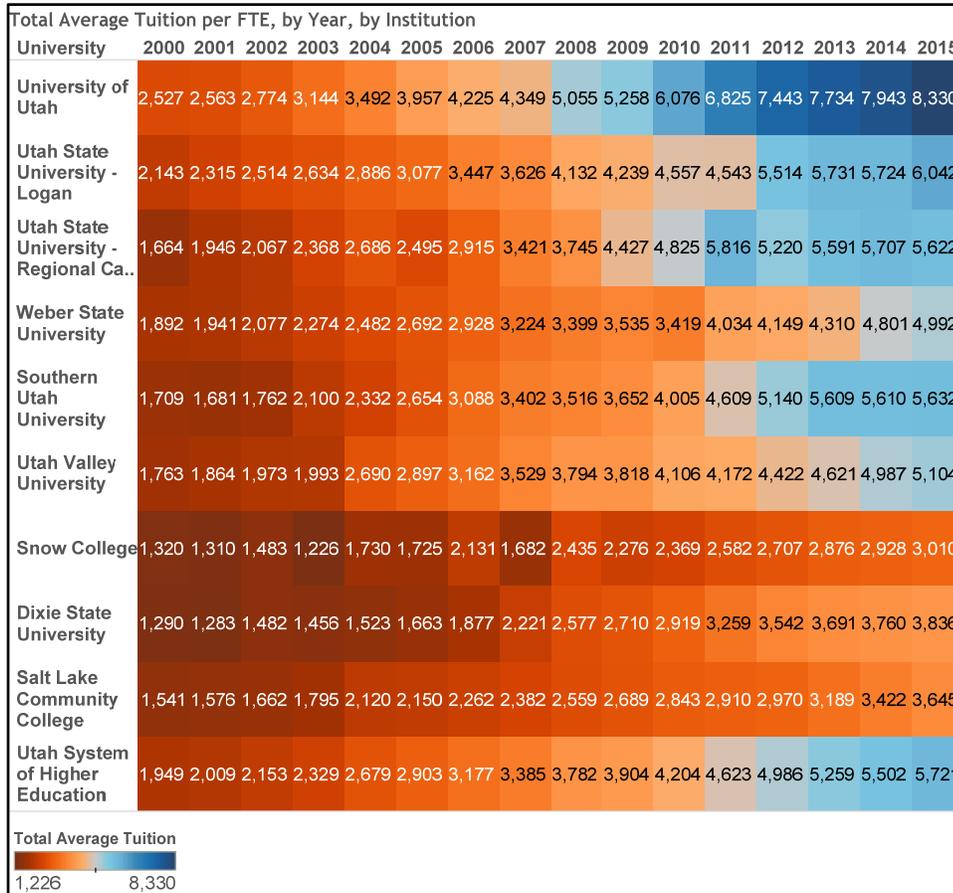


Figure 2

The next three graphics represent changes in state funding and tuition over the past decade.

Figure 3 shows total state funding and tuition. Since 2000, state funding has increased from \$429.7 million to \$695.8 million (62 percent, average annual growth of 3.3 percent), while tuition revenue has increased from \$170.8 million to \$660.4 million (287 percent, annual average growth of 9.4 percent).

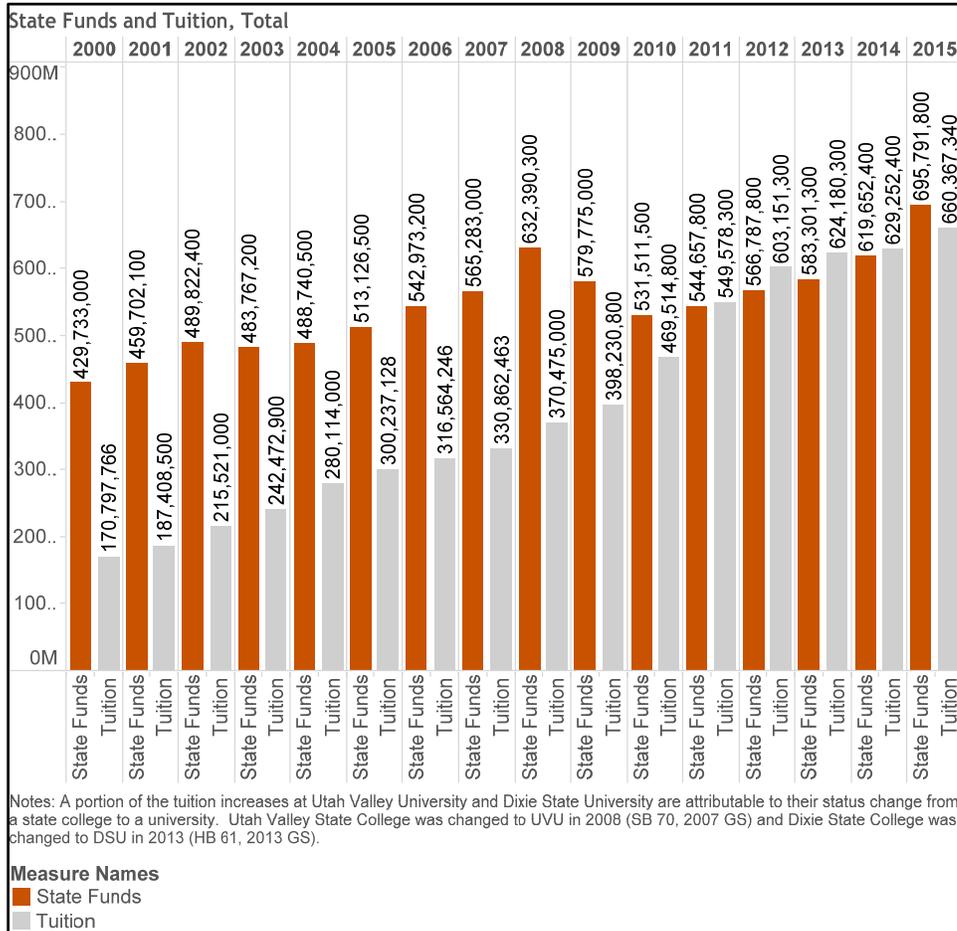


Figure 3

Figure 4 takes the total figures presented in Figure 3 and presents them on a per FTE basis. Overall, state funding per student fluctuates with the business cycle (with a lag), where state funding per student declined in years around recessions (FY 2003, FY 2004, FY 2009, FY 2010, and FY 2011). State funding per student generally grows in other years. In contrast to state funding per student, tuition consistently increases. Appendix B contains line charts on state funding and tuition, per FTE student by institution (Figures 15-24).

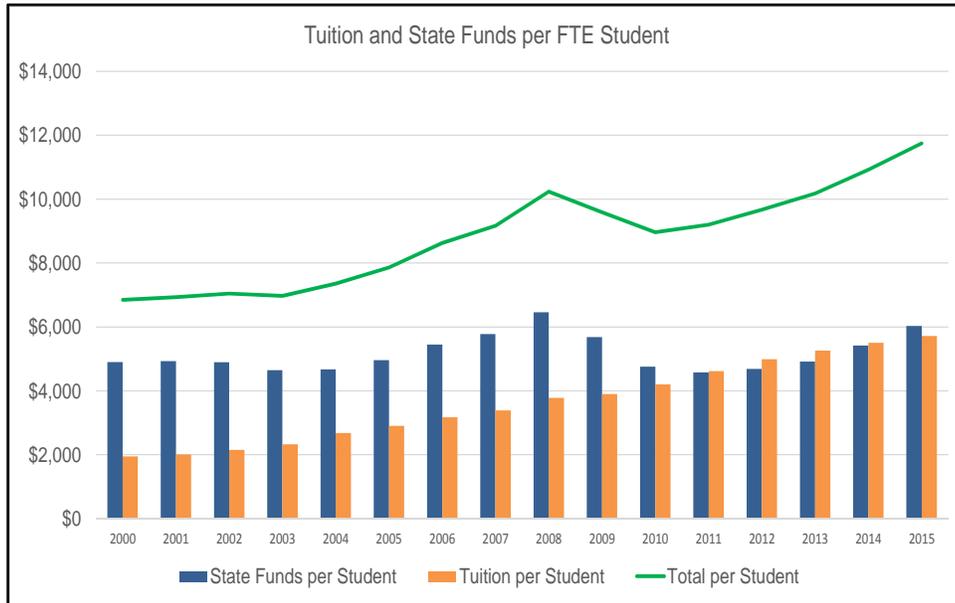


Figure 4

Figure 5 shows the cumulative change in tuition, by institution. Again, the darker the orange color, the lower the tuition increases and the darker the blue color, the higher the total tuition increases. Overall, tuition has increased the fastest at Southern Utah University (255 percent), followed by Utah Valley University (247 percent), Dixie State University (232 percent), and the University of Utah (202 percent). On the other end, tuition has increased the slowest at Salt Lake Community College (132 percent), Weber State University (169 percent), and Snow College (188 percent).

| Year | University of Utah | Utah State University - Logan | Utah State University - Regional Cam... | Weber State University | Southern Utah University | Utah Valley University | Snow College | Dixie State University | Salt Lake Community College | Utah System of Higher Education |
|------|--------------------|-------------------------------|---|------------------------|--------------------------|------------------------|--------------|------------------------|-----------------------------|---------------------------------|
| 2000 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 2001 | 4.0% | 4.0% | 4.0% | 4.0% | 5.8% | 4.0% | 4.0% | 4.0% | 4.0% | 3.7% |
| 2002 | 9.8% | 13.5% | 13.5% | 9.3% | 13.6% | 17.7% | 9.8% | 9.5% | 9.6% | 10.9% |
| 2003 | 20.4% | 27.6% | 27.6% | 21.2% | 23.9% | 40.6% | 20.2% | 15.5% | 19.4% | 23.7% |
| 2004 | 34.2% | 39.8% | 39.8% | 32.6% | 53.0% | 58.2% | 31.5% | 23.9% | 29.5% | 37.3% |
| 2005 | 47.7% | 52.3% | 52.3% | 46.0% | 69.8% | 81.1% | 43.4% | 33.3% | 39.8% | 51.3% |
| 2006 | 59.3% | 67.2% | 67.2% | 60.2% | 86.0% | 96.9% | 57.0% | 40.2% | 50.2% | 65.2% |
| 2007 | 74.4% | 80.5% | 80.5% | 73.9% | 100.8% | 114.7% | 71.2% | 83.7% | 56.2% | 79.7% |
| 2008 | 87.4% | 93.2% | 93.2% | 86.1% | 114.8% | 129.0% | 80.6% | 100.5% | 65.5% | 92.6% |
| 2009 | 98.7% | 104.8% | 104.8% | 96.3% | 129.8% | 143.4% | 88.8% | 113.6% | 74.5% | 102.8% |
| 2010 | 117.6% | 116.1% | 116.1% | 109.1% | 144.8% | 164.4% | 106.5% | 131.0% | 81.4% | 115.7% |
| 2011 | 138.2% | 132.3% | 132.3% | 121.6% | 175.3% | 180.3% | 126.1% | 157.3% | 92.3% | 135.0% |
| 2012 | 156.8% | 153.2% | 153.2% | 134.9% | 205.6% | 201.1% | 141.9% | 187.7% | 101.5% | 154.1% |
| 2013 | 172.2% | 168.4% | 168.4% | 146.7% | 225.5% | 214.6% | 158.8% | 203.5% | 110.6% | 169.4% |
| 2014 | 185.8% | 181.8% | 181.8% | 159.0% | 241.7% | 233.4% | 171.6% | 218.6% | 123.2% | 184.4% |
| 2015 | 202.4% | 197.3% | 197.3% | 169.4% | 255.4% | 246.7% | 187.8% | 231.9% | 132.1% | 199.0% |

% Difference from 20..

0.0% 255.4%

Figure 5

As a note, a portion of the tuition increases at Utah Valley University and Dixie State University can be attributable to their status change from state college to university. Utah Valley State College was changed to Utah Valley University in 2008 (S.B. 70, 2007 General Session) and Dixie State College was changed to Dixie State University in 2013 (H.B. 61, 2013 General Session).

STATE APPROPRIATIONS' IMPACT ON TUITION INCREASES

Following the 2014 General Session, the State Board of Regents approved a 4.0 percent Tier 1 tuition increase for the 2014-2015 academic year. In addition to the Tier 1 tuition increase, the Regents also approved Tier 2 tuition increases for the University of Utah (1.8 percent), Utah State University (1.5 percent), and Snow College (2.0 percent). Tier 1 tuition increases are projected to generate approximately \$25 million. Almost all of this increase will be allocated for compensation, targeted salary increases, and other compensation-based costs. Tier 2 tuition increases are projected to generate approximately \$7.2 million and are slated for the following: \$1.7 million is for Student Support and Initiatives, \$2.4 million is for Academic Support and Initiatives, \$1.0 million is for utilities and maintenance, \$0.4 million is for scholarships, and \$1.7 million is for other compensation-based costs (promotion, targeted increases, and faculty retention).

In looking at the past 15 years, the smallest Tier 1 tuition increase was 1 percent on 2009-2010 and the highest was 5.5 percent in 2000-2001. The average Tier 1 tuition increase since 1999-2000 is 3.8 percent. During that same time, every institution has had at least one year with no Tier 2 tuition increase, but the average increase has been 4.0 percent.

New state tax funding has increased and decreased over the past decade as well. During years where there was more revenue, higher education received additional new funding. During the recession, higher education funding was reduced.

The following chart (Figure 6) plots the increase in state tax funding against the corresponding increases in tuition. In some of the early years (2001 to 2008), as one might expect, when state tax funding increased, the increase in tuition was lessened. After 2008, however, that relationship seems to have diminished.

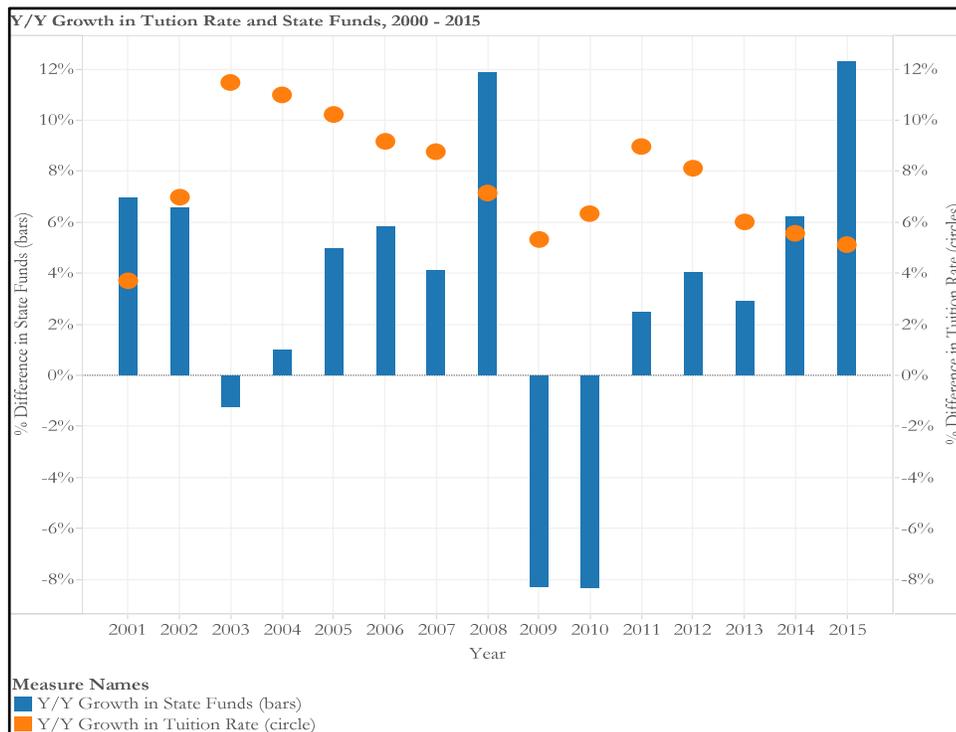


Figure 6

To better judge the relationship between changes in state funding and changes in tuition, we first created scatter plots of these data for the past 15 years. As shown in Figure 7, if there was a pure trade-off relationship between changes in state tax support and changes in tuition, connecting the dots on a scatter plot would create a straight line. One might expect a negative relationship as shown in Figure 7, where if state funding fell, tuition rates would increase. Conversely, if state funding increased, tuition changes would decrease. For example, if state funding increased by 12 percent and the two operated in a trade-off environment, one might expect tuition to decline by 2 or 3 percent.

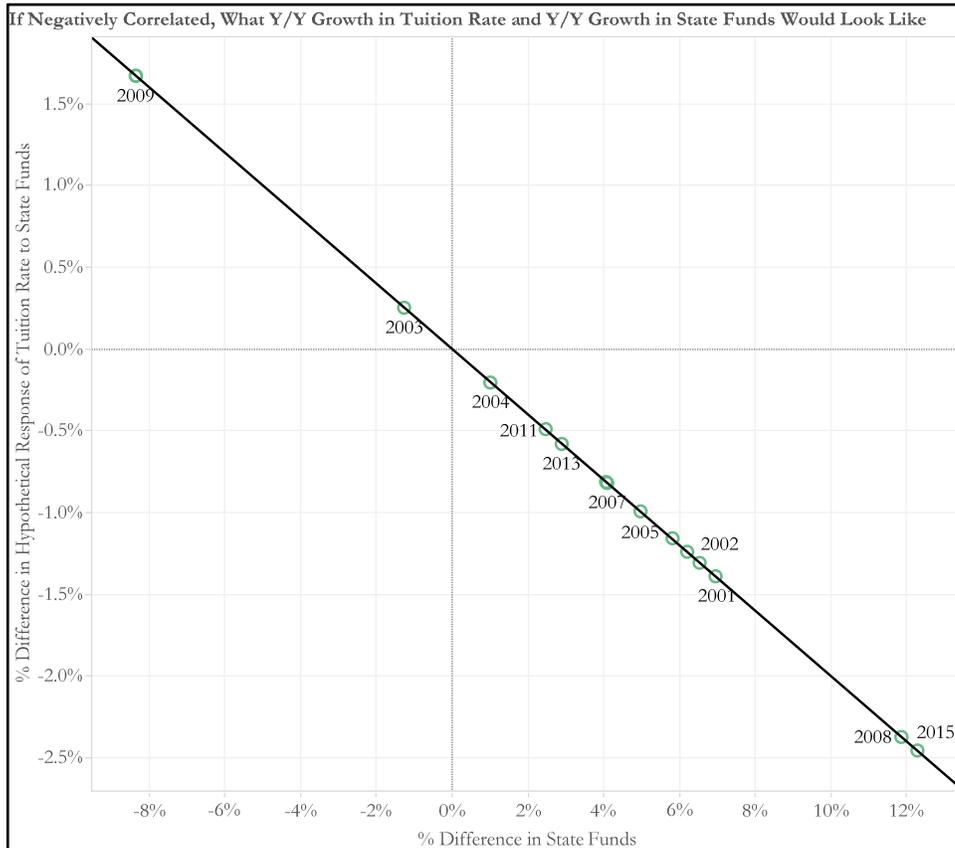


Figure 7

Figure 8 is a view of the actual experience of year-over-year growth in state funds and year-over-year growth in tuition rates. If one were to draw a best-fit line among these data, it comes out almost horizontal, indicating that tuition rates and state funding do not have the same type of trade-off as given in Figure 7.



Figure 8

Figure 9 on the following page shows the same yearly correlation points for the total Utah System of Higher Education on a connected year-over-year basis. As is shown by the non-linearity in the relationship, the two do not exhibit a one-to-one trade-off relationship. A further dissection of the data points to individual institutions shows similar results in Figure 10.

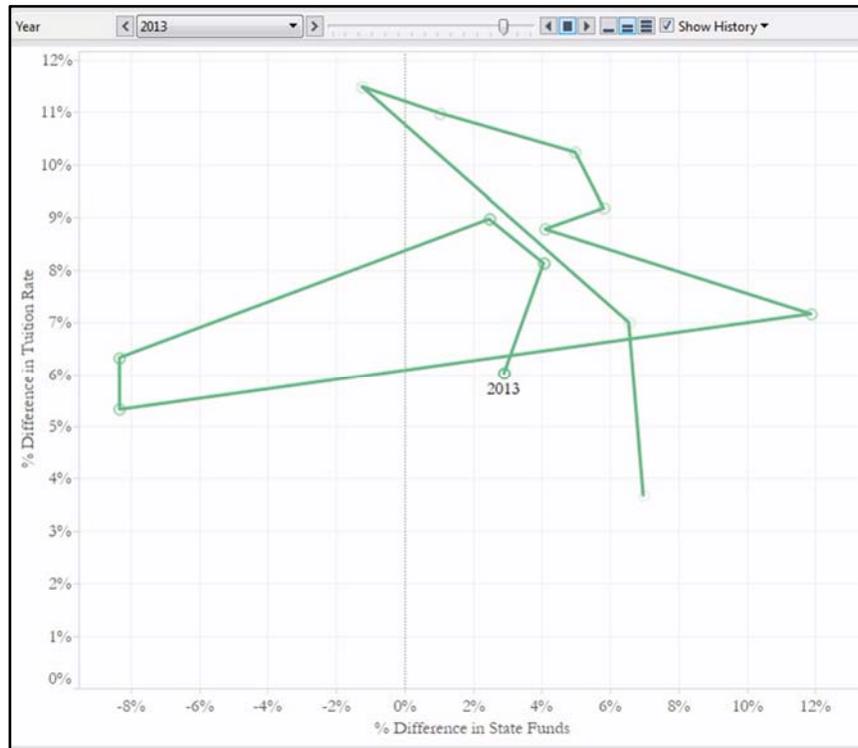


Figure 9

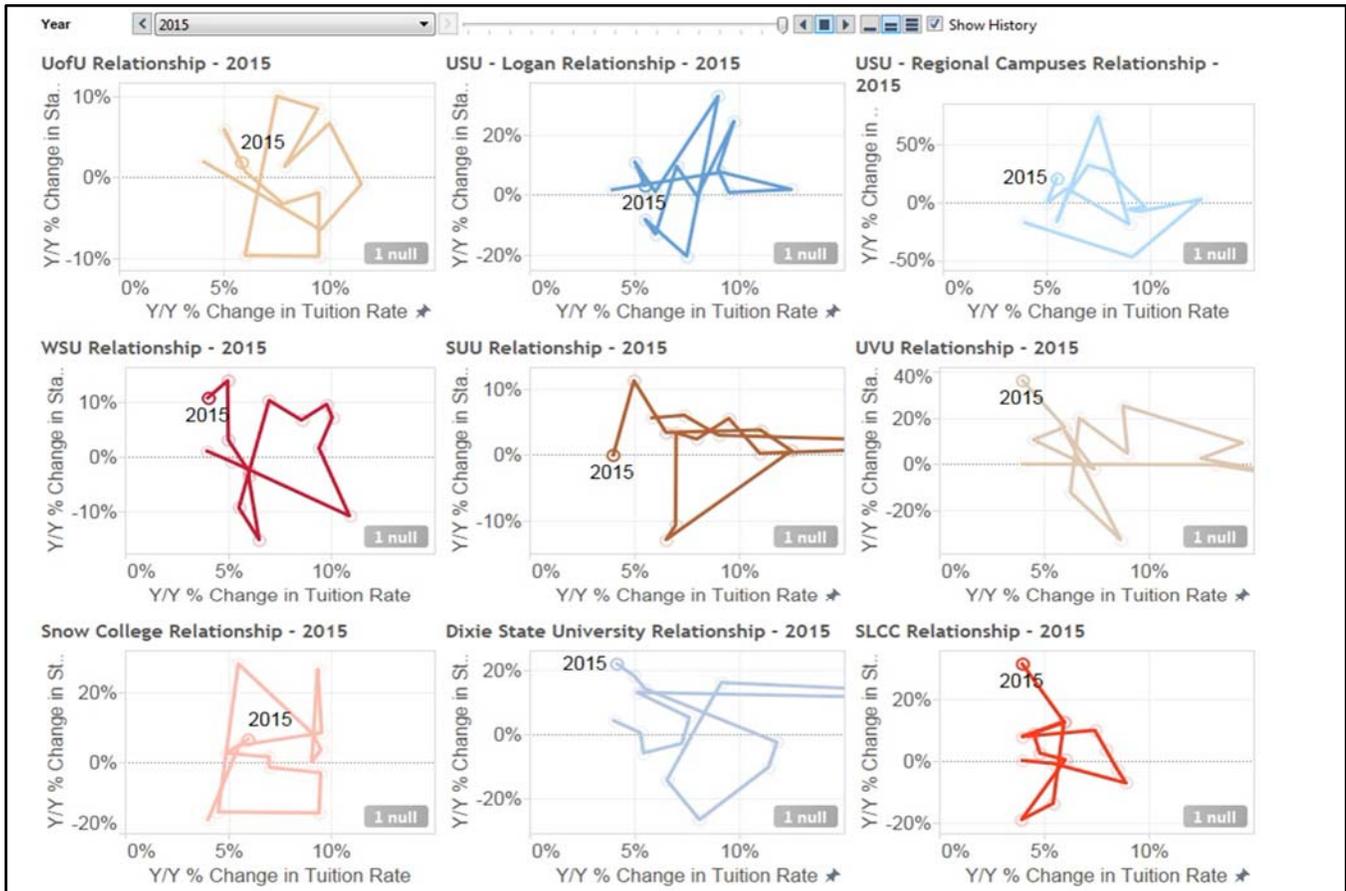


Figure 9

STATISTICAL RESULTS

We used various statistical models to examine the relationship between state funding and tuition as well as other factors that might predict tuition rate increases. Such additional independent variables include inflation, wage growth, interest rates, the State COLA, unemployment rate, tuition in other states, employment, and enrollment, as shown in Tables 1 and 2. The model forms tested included random and fixed effects, autoregressive models, Ordinary Least Squares (OLS), and a few others. In none of the models is State Funds per Student statistically significant.

Two of the ARIMA model results and one random effects model are shown in Table 1. Highlighted in gray are the statistically significant variables for each model. In the top regression, FTE students predicts year-over-year tuition rate increases the best. In the middle one, the past values of tuition per student predict future values of tuition per student the best. The bottom regression has State COLA, Average Quarterly Wages, and a Constant as the best predictors of tuition/fees per student. The sign in each model represents the direction of the effect. Essentially, a negative sign indicates a negative relationship with tuition or tuition rate, meaning that when the variable goes up, tuition or the tuition rate generally goes down. The opposite holds true for positive signs. The $P > |z|$ statistic represents the statistical significance level. Anything below 0.05 is considered statistically significant at the 95 percent level.

| ARIMA | | | | | N=15 |
|--|-------------|-------|----------------------|-----------|------------------------|
| | | | | | Wald chi2 (5) = 15.95 |
| Dependent variable: Y/Y Tuition Rate | Coefficient | P> z | [95% Conf. Interval] | | |
| CPI | -0.001 | 0.31 | -0.003 | 0.001 | |
| Y/Y Growth in State Funds | -0.038 | 0.80 | -0.333 | 0.257 | |
| Unemployment Rate in Utah | -0.006 | 0.28 | -0.017 | 0.005 | |
| FTE Students | 0.000003 | 0.03 | 0.0000003 | 0.0000062 | |
| Lag1 Y/Y Tuition Rate | -0.039 | 0.77 | -0.300 | 0.223 | |
| ARIMA | | | | | N=15 |
| | | | | | Wald chi2(2) = 1231.47 |
| Dependent variable: Tuition per Student | Coefficient | P> z | [95% Conf. Interval] | | |
| State funds per student | -0.023 | 0.66 | -0.129 | 0.082 | |
| Lag1 Tuition per Student | 0.996 | 0.00 | 0.940 | 1.052 | |
| Constant | 356.725 | 0.23 | -220.171 | 933.622 | |
| Random Effects GLS | | | | | N=135 |
| | | | | | Wald chi2 (5) = 27.75 |
| Dependent variable: Y/Y Tuition Rate | Coefficient | P> z | [95% Conf. Interval] | | |
| Y/Y Growth in State Funds | -0.011 | 0.59 | -0.052 | 0.029 | |
| State COLA | -0.005 | 0.00 | -0.009 | -0.002 | |
| Average Quarterly Wages | 1.148 | 0.00 | 0.618 | 1.678 | |
| Unemployment Rate | 0.001954 | 0.41 | -0.0027241 | 0.0066328 | |
| Constant | 0.046 | 0.01 | 0.010 | 0.082 | |

Table 1

In the following two regressions, the previous value of tuition per student and tuition is the best predictor of the next value of tuition. FTE students and a constant also provide insight into where tuition rates are going.

| Cross Sectional Time-Series FGLS with Panel-Specific AR(1) | | | | | N=135 |
|--|-------------|------|----------------------|----------|-------------------------|
| | | | | | Wald chi2 (5) = 4341 |
| Dependent variable: Tuition per Student | Coefficient | P> z | [95% Conf. Interval] | | |
| State Funds per Student | 0.008 | 0.39 | -0.010 | 0.026 | |
| Lag1 Tuition per Student | 1.012 | 0.00 | 0.981 | 1.042 | |
| Constant | 86.520 | 0.13 | -25.102 | 198.142 | |
| Cross Sectional Time-Series FGLS with Panel-Specific AR(1) | | | | | N=135 |
| | | | | | Wald chi2(2) = 10628.19 |
| Dependent variable: Tuition | Coefficient | P> z | [95% Conf. Interval] | | |
| State Funds | 0.001 | 0.94 | -0.027 | 0.029 | |
| FTE Students | 312.235 | 0.00 | 139.809 | 484.660 | |
| Lag1 Tuition | 0.991 | 0.00 | 0.944 | 1.038 | |
| Constant | -596,042.5 | 0.01 | -1,050,137 | -141,948 | |

Table 2

APPROPRIATED BUDGETS COMPARED TO TOTAL INSTITUTIONAL BUDGETS

One possible explanation for the apparent lack of correlation between state funding and tuition is the existence of other funding sources not captured in our model nor in legislative appropriations. As noted earlier, higher education appropriations bills include only state tax funds, tuition, and limited federal and restricted funds. In addition to these resources, institution operating and non-operating budgets may receive funding from:

- Grants and Contracts
- Sales and Services at Auxiliary Enterprises
- Sales and Services of Educational Activities
- Independent Operations
- Federal Appropriations
- Federal Grants
- State Grants
- Local Appropriations
- Gifts/Contributions
- Investment Income
- Capital Appropriations
- Capital Grants and Gifts
- Additions to Permanent Endowments
- Other Revenue Sources

In FY 2013, state appropriations to USHE institutions totaled \$1.32 billion. In that same year, total revenue available to the USHE, from state appropriations and from the sources listed above, totaled \$3.6 billion (not including the University of Utah Hospital). The following two figures show state appropriation compared to the total revenue at each institution in FY 2013.

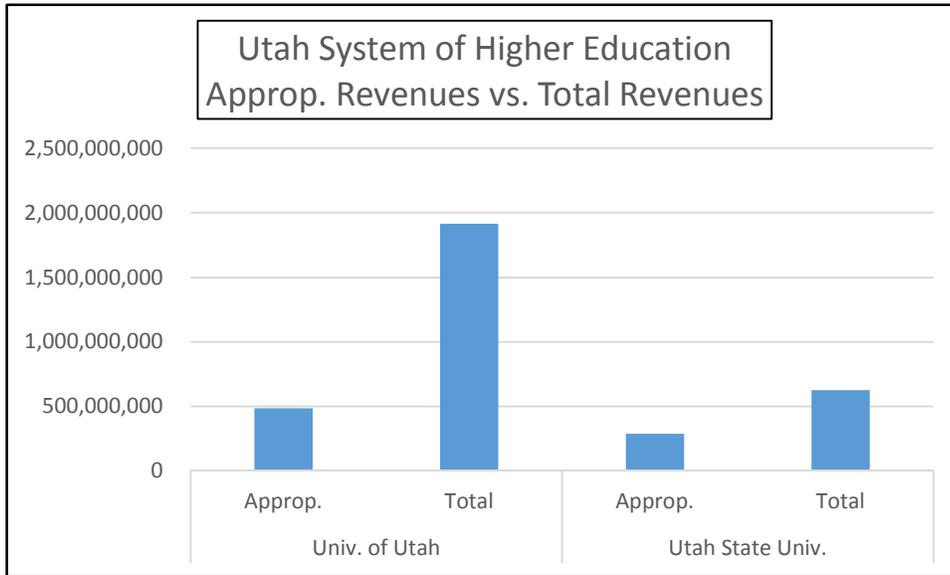


Figure 11

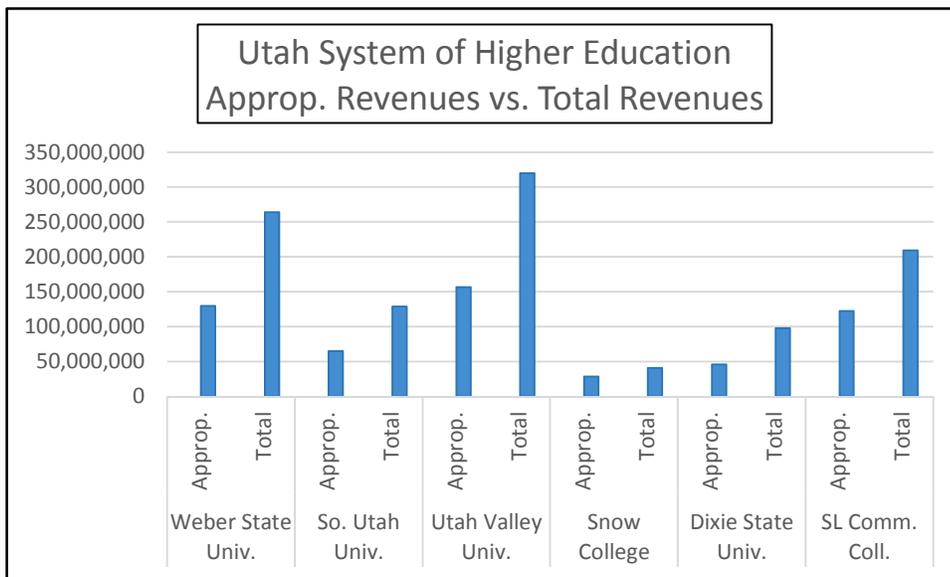


Figure 10

Because the Legislature sees only a portion of institutional budgets in appropriations bills, it does not have the full picture. Without the full picture, it can be difficult for policymakers to understand how state support influences institutional expenditures. As shown above, it would be nearly impossible for those policymakers to see how changes in state support affect tuition.

APPROPRIATED TUITION COMPARED WITH ESTIMATED TUITION

Beyond the exclusion of nearly two thirds of higher education revenue from legislative appropriations, even some amounts included in the bills are not accurately estimated.

Utah Code 53B-7-101 (7) states that “The board shall recommend to each session of the Legislature the minimum tuitions, resident and nonresident, for each institution which it considers necessary to implement the budget recommendations. The board may fix tuition, fees, and charges for each institution at levels it finds necessary to meet budget requirements.”

Currently, the budget request presented to the Legislature by the board includes tuition at the current year’s level. The tuition amounts are not adjusted for its budget recommendations or anticipated cost increases. Budget requests over at least the past decade have not included any increase or decrease to the then-current tuition rate.

After each General Session, the Board of Regents approves tuition increases, based in part on legislative action regarding compensation. Institutions then estimate the amount of tuition they expect to receive during the upcoming year, based on the approved tuition rates. The estimated adjusted gross tuition is based on the number of resident and non-resident students, undergraduate and graduate students, and employee/dependent benefits. Waivers reduce the adjusted gross tuition, resulting in net tuition. The net tuition, together with some miscellaneous fees (such as applications fees and library fees - not mandatory general student fees) result in the amount built into the budgets listed as Dedicated Credits.

For FY 2015, the estimated USHE tuition after rate adjustments is \$680.5 million. That amount will show-up in next year's budget documents as the current year "estimated" amount. Because the State Board of Regents will not yet have approved tuition increases, the same amount will also be used as the dedicated credit amount in the FY 2016 base budgets. This order of operations - legislative appropriations followed by Regents' action on tuition - creates a lag in the data presented to legislators. As shown in Figure 13, actual tuition collected by USHE institutions has been between 3 percent and 14 percent more than presented to legislators in the budget process.

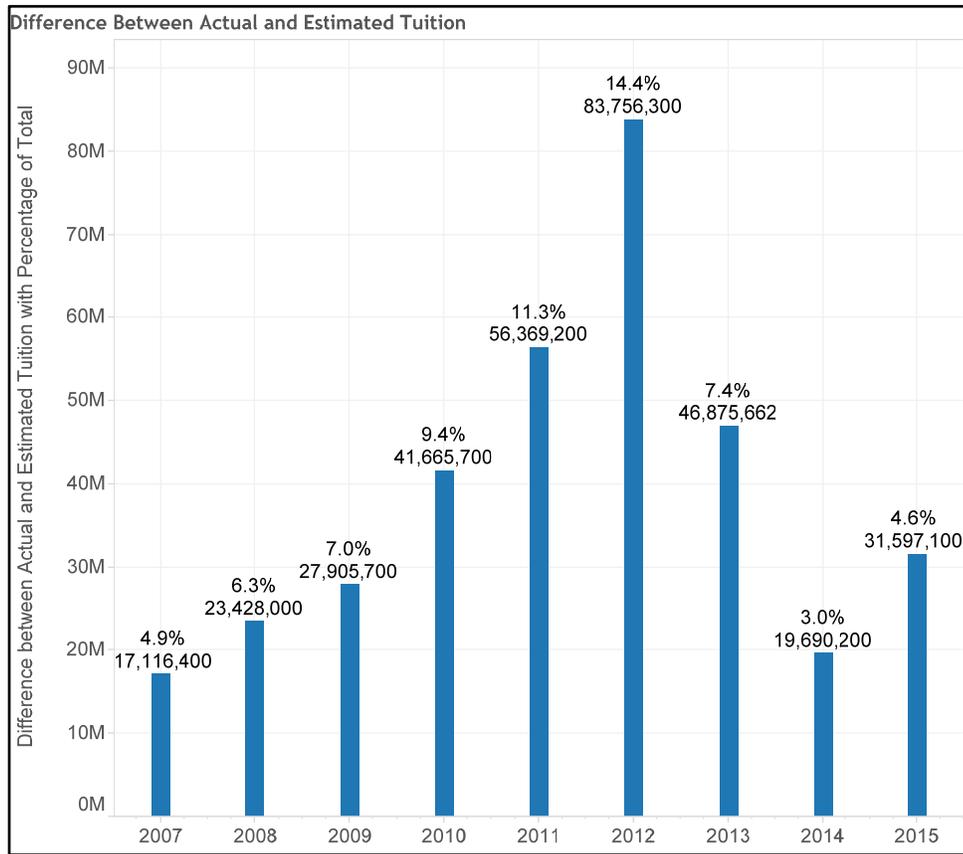


Figure 11

USHE TUITION COMPARED WITH OTHER STATES

Another possible explanation for the apparent lack of correlation between state support and tuition might be market conditions. Our statistical models did not include proxies for higher education prices in competing institutions. However, we feel it is important to provide that context here.

The following three figures show the 2013-2014 Resident, Undergraduate tuition and fees at each of the USHE institutions. To compare the USHE institutions’ tuition and fees to others, the average tuition and fees from WICHE states, Rocky Mountain states, and peer institutions are also shown. Additional data can be found in Appendix C (Tables 5-7).

As the figures show, tuition at USHE's six universities (University of Utah, Utah State University, Weber State University, Southern Utah University, Utah Valley University, and Dixie State University) is below these three benchmarks (other WICHE institutions, other Rocky Mountain institutions, and specific peer institutions) with the one exception - Southern Utah University is 113 percent of the average of the comparable Rocky Mountain institutions.

This scenario changes when comparing the state’s community colleges (Snow, Utah State University – Eastern, and Salt Lake Community College). The tuition at each of the three community colleges is about the same, and is higher than the averages of comparable WICHE, Rocky Mountain, and peer institutions, with the one exception of Snow College compared to its peer institutions.

The University of Utah’s FY 2013-14 tuition and fee level of \$7,457 is approximately 67 percent of the WICHE average of \$11,067, 85 percent of the Rocky Mountain average of \$8,818, and 66 percent of the University’s peer groups’ average of \$11,294.

Utah State University’s FY 2013-14 tuition and fee level is \$6,185 and is approximately 82 percent of the WICHE average of \$7,584, 81 percent of the Rocky Mountain average of \$7,607, and 77 percent of the University’s peer groups’ average of \$7,494.

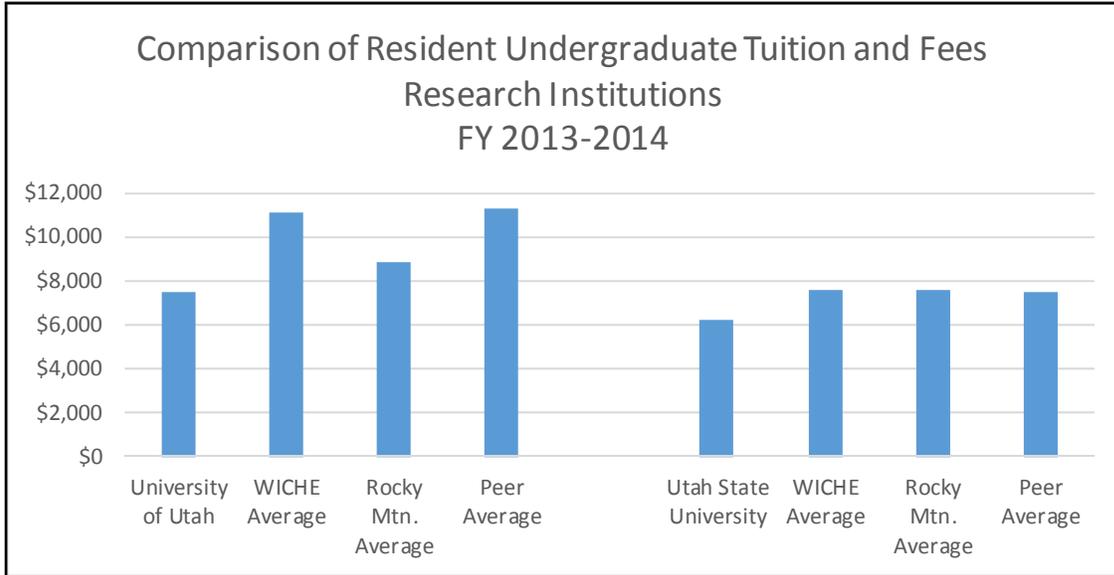


Figure 12

Weber State University’s FY 2013-14 tuition and fee level of \$4,991 is approximately 76 percent of the WICHE average of \$6,567, 80 percent of the Rocky Mountain average of \$6,210, and 70 percent of the University’s peer groups’ average of \$7,098.

The FY 2013-14 tuition and fee level at Southern State University is \$5,924. This is approximately 96 percent of the WICHE average of \$6,197, 113 percent of the Rocky Mountain average of \$5,242, and 78 percent of the University’s peer groups’ average of \$7,565.

Utah Valley University’s FY 2013-14 tuition and fee level of \$5,086 is approximately 81 percent of the WICHE average of \$6,274, 88 percent of the Rocky Mountain average of \$5,780, and 75 percent of the University’s peer groups’ average of \$6,752.

The FY 2013-14 tuition and fee level at Dixie State University is \$4,285. This is approximately 68 percent of the WICHE average of \$6,274, 74 percent of the Rocky Mountain average of \$5,780, and 67 percent of the University’s peer groups’ average of \$6,430.

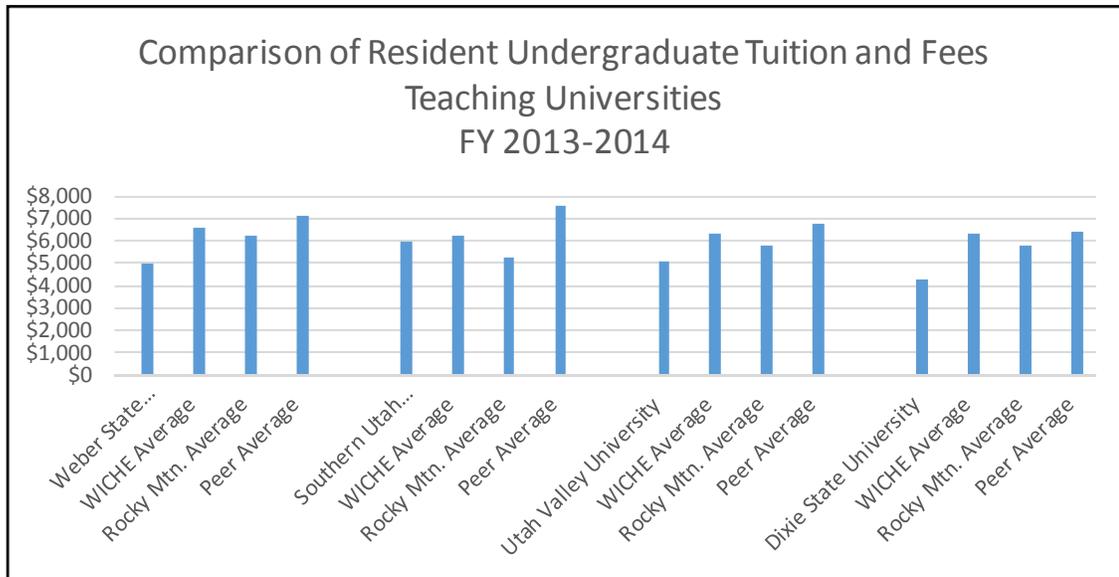


Figure 13

Snow College’s FY 2013-14 tuition and fee level of \$3,220 is approximately 133 percent of the WICHE average of \$2,423, 123 percent of the Rocky Mountain average of \$2,629, and 91 percent of the College’s peer groups’ average of \$3,537.

The FY 2013-14 tuition and fee level at Utah State University – Eastern is \$3,221. This is also 133 percent of the WICHE average of \$2,423, and 123 percent of the Rocky Mountain average of \$2,629. (No peer group was identified.)

Salt Lake Community College’s FY 2013-14 tuition and fee level of \$3,242 is approximately 134 percent of the WICHE average of \$2,423, 123 percent of the Rocky Mountain average of \$2,629, and 104 percent of the College’s peer groups’ average of \$3,127.

Note: Both Snow College’s and Salt Lake Community College’s peer institutions generally receive local property tax support in addition to state tax funds, which helps those institutions keep their tuition levels lower.

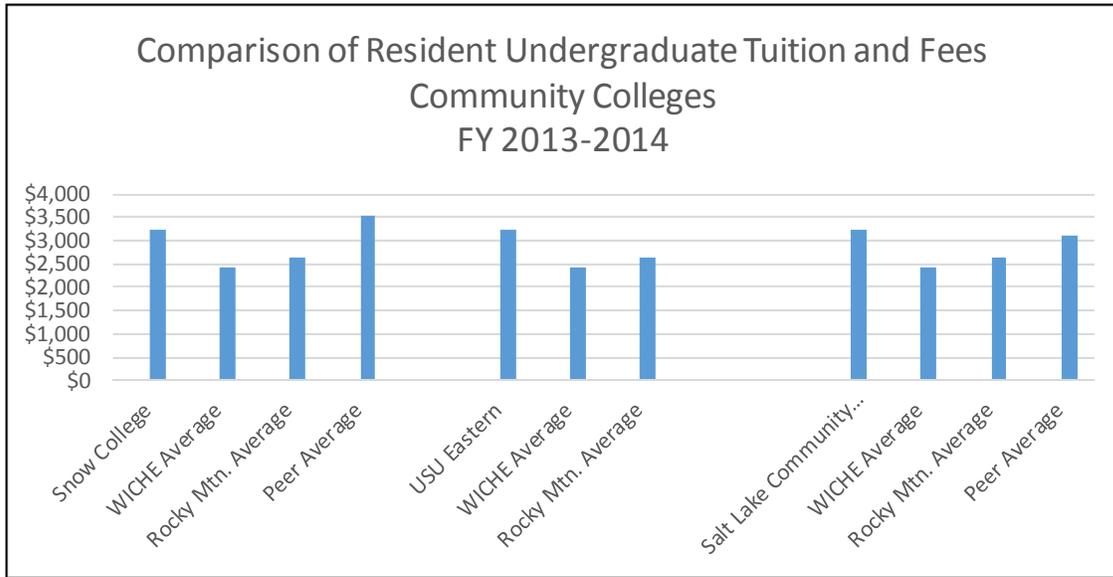


Figure 14

CONCLUSIONS AND RECOMMENDATIONS

By utilizing various statistical measures, we determined that changes in state tax funding appropriated for higher education do not correlate with changes in tuition. Better predictors of future tuition increases include previous tuition increases, the number of FTE students, wage growth, and, at times, inflation.

One possible reason for the apparent disconnect is that the Legislature appropriates only state funds and tuition to USHE institutions. Overall, this is about one-third of the total institutional budgets, leaving legislators seeing only a part of total revenue and expenditures.

Another potential explanation for the lack of correlation is that legislators do not see how tuition is impacted by budget decisions. When USHE submits budget recommendations for a new year, it holds tuition constant.

Finally, market conditions could explain why state funds and tuition are not correlated in this study. We compared the current level of tuition at USHE institutions, relative to other states’ institutions. Generally, tuition at the six USHE research and teaching universities is below their respective comparable groups, while tuition at the three USHE community colleges is well above their respective comparable groups.

The Analyst recommends the following:

1. We recommend the Legislature consider including all revenue sources and expenditures in appropriations, giving them the opportunity to make more informed policy decisions.
2. We recommend that the board submit tuition increases as part of its plan of financing when it presents its budget. Not only would this facilitate the Board’s adherence to current statute (53B-7-101), but it would also more accurately reflect expected revenue, resulting in more closely matching expected tuition with appropriations.

Appendix A – Historical Tuition Increase – First and Second Tier

| Utah System of Higher Education Resident Tuition FY 2000 through FY 2015 | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 |
| University of Utah | \$3,364 | \$3,629 | \$3,972 | \$4,270 | \$4,526 | \$4,956 | \$5,427 | \$5,850 | \$6,201 | \$6,511 | \$6,889 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 7.0% | 4.4% | 5.5% | 3.5% | 2.5% | 8.5% | 8.0% | 2.8% | 1.5% | 0.0% | 1.8% |
| Utah State University | \$2,850 | \$3,128 | \$3,378 | \$3,615 | \$3,832 | \$4,043 | \$4,346 | \$4,737 | \$5,021 | \$5,273 | \$5,563 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 4.0% | 6.3% | 4.0% | 3.0% | 2.5% | 4.5% | 6.0% | 4.0% | 1.5% | 0.0% | 1.5% |
| Weber State University | \$2,344 | \$2,573 | \$2,793 | \$2,988 | \$3,153 | \$3,358 | \$3,559 | \$3,773 | \$3,962 | \$4,159 | \$4,326 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 7.0% | 6.3% | 4.5% | 3.0% | 2.0% | 5.5% | 4.5% | 1.0% | 0.5% | 0.0% | 0.0% |
| Southern Utah University | \$2,588 | \$2,834 | \$3,060 | \$3,274 | \$3,502 | \$3,730 | \$4,196 | \$4,658 | \$4,961 | \$5,208 | \$5,416 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 8.0% | 6.0% | 4.0% | 3.0% | 3.5% | 5.5% | 11.0% | 6.0% | 2.0% | 0.0% | 0.0% |
| Snow College | \$1,494 | \$1,636 | \$1,784 | \$1,882 | \$1,967 | \$2,152 | \$2,356 | \$2,521 | \$2,697 | \$2,830 | \$2,999 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 6.1% | 6.0% | 5.0% | 1.5% | 1.0% | 8.5% | 8.0% | 2.0% | 2.5% | 0.0% | 2.0% |
| Dixie State University | \$1,524 | \$1,602 | \$2,100 | \$2,292 | \$2,442 | \$2,640 | \$2,941 | \$3,288 | \$3,469 | \$3,642 | \$3,794 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 4.6% | 1.6% | 27.1% | 5.0% | 3.0% | 7.1% | 9.9% | 6.8% | 1.0% | 0.0% | 0.0% |
| College of Eastern Utah/JUSU-Eas | \$1,505 | \$1,611 | \$1,749 | \$1,819 | \$1,900 | \$2,070 | \$2,267 | \$2,471 | \$2,619 | | |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | | |
| Second-Tier Increases | 4.0% | 3.5% | 4.5% | 0.0% | 0.5% | 8.0% | 8.0% | 4.0% | 1.5% | | |
| Utah Valley University | \$2,372 | \$2,580 | \$2,812 | \$3,000 | \$3,188 | \$3,464 | \$3,672 | \$3,944 | \$4,121 | \$4,368 | \$4,542 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 11.5% | 5.3% | 5.0% | 2.7% | 2.8% | 7.7% | 4.5% | 2.4% | 0.0% | 1.0% | 0.0% |
| Salt Lake Community College | \$1,832 | \$1,968 | \$2,046 | \$2,168 | \$2,286 | \$2,376 | \$2,519 | \$2,640 | \$2,759 | \$2,924 | \$3,040 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 5.0% |
| Second-Tier Increases | 5.0% | 3.9% | 0.0% | 2.0% | 2.0% | 3.0% | 4.5% | 0.0% | 0.0% | 1.0% | 0.0% |
| Utah System of Higher Education | | | | | | | | | | | |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 4.0% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Average Second-Tier Incr | 6.4% | 4.8% | 6.6% | 2.6% | 2.2% | 6.5% | 7.2% | 3.2% | 1.2% | 0.3% | 0.7% |

Table 3

| Utah System of Higher Education Non-Resident Tuition FY 2000 through FY 2015 | | | | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 |
| University of Utah | \$11,774 | \$12,701 | \$13,902 | \$14,945 | \$15,842 | \$17,346 | \$18,994 | \$20,476 | \$21,704 | \$22,790 | \$24,111 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 7.0% | 4.4% | 5.5% | 3.5% | 2.5% | 8.5% | 8.0% | 2.8% | 1.5% | 0.0% | 1.8% |
| Utah State University | \$9,178 | \$10,072 | \$10,878 | \$11,639 | \$12,338 | \$13,017 | \$13,993 | \$15,252 | \$16,168 | \$16,976 | \$17,910 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 4.0% | 6.3% | 4.0% | 3.0% | 2.5% | 4.5% | 6.0% | 4.0% | 1.5% | 0.0% | 1.5% |
| Weber State University | \$8,204 | \$9,007 | \$9,776 | \$10,459 | \$10,459 | \$10,825 | \$11,150 | \$11,484 | \$12,058 | \$12,480 | \$12,980 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 3.5% | 4.0% |
| Second-Tier Increases | 7.0% | 6.3% | 4.5% | 3.0% | 2.0% | 5.5% | 4.5% | 1.0% | 5.0% | 0.0% | 0.0% |
| Southern Utah University | \$8,542 | \$9,353 | \$10,098 | \$10,805 | \$11,560 | \$12,308 | \$13,846 | \$15,370 | \$16,368 | \$17,186 | \$17,874 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 8.0% | 6.0% | 4.0% | 3.0% | 3.5% | 5.5% | 11.0% | 6.0% | 2.0% | 0.0% | 0.0% |
| Snow College | \$6,256 | \$6,850 | \$7,118 | \$7,509 | \$7,847 | \$7,848 | \$8,594 | \$9,196 | \$9,840 | \$10,332 | \$10,952 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 6.1% | 6.0% | 0.0% | 1.5% | 1.0% | 8.5% | 8.0% | 2.0% | 2.5% | 0.0% | 2.0% |
| Dixie State University | \$6,672 | \$7,008 | \$8,664 | \$9,011 | \$9,612 | \$10,392 | \$11,568 | \$12,936 | \$11,101 | \$11,656 | \$12,130 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 4.6% | 1.6% | 19.6% | 0.0% | 3.0% | 7.1% | 9.9% | 6.8% | 1.0% | 0.0% | 0.0% |
| College of Eastern Utah | \$6,309 | \$6,752 | \$7,329 | \$7,622 | \$3,800 | \$4,140 | \$4,540 | \$4,944 | \$5,241 | \$0 | \$0 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | | |
| Second-Tier Increases | 4.0% | 3.5% | 4.5% | 0.0% | 0.5% | 8.0% | 8.0% | 4.0% | 1.5% | | |
| Utah Valley University | \$8,302 | \$9,030 | \$9,842 | \$10,501 | \$10,950 | \$11,304 | \$11,630 | \$12,300 | \$12,854 | \$13,538 | \$14,074 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.3% | 4.0% |
| Second-Tier Increases | 11.5% | 5.3% | 5.0% | 2.7% | 2.8% | 7.7% | 4.5% | 2.4% | 0.0% | 0.0% | 0.0% |
| Salt Lake Community College | \$6,412 | \$6,888 | \$7,161 | \$7,588 | \$8,000 | \$8,316 | \$8,760 | \$9,192 | \$9,601 | \$10,176 | \$10,582 |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 3.5% | 1.0% | 1.5% | 5.0% | 4.5% | 5.0% | 4.0% |
| Second-Tier Increases | 5.0% | 3.9% | 0.0% | 2.0% | 2.0% | 3.0% | 4.5% | 0.0% | 0.0% | 1.0% | 0.0% |
| Utah System of Higher Education | | | | | | | | | | | |
| First-Tier Increases | 3.0% | 3.5% | 4.0% | 4.0% | 4.0% | 1.0% | 1.5% | 5.0% | 5.0% | 5.0% | 5.0% |
| Average Second-Tier Incr | 6.4% | 4.8% | 5.2% | 2.1% | 2.2% | 6.5% | 7.2% | 3.2% | 1.7% | 0.1% | 0.7% |

Table 4

Appendix B – Historical State Tax Fund and Tuition Increases, by Institution, per FTE Student

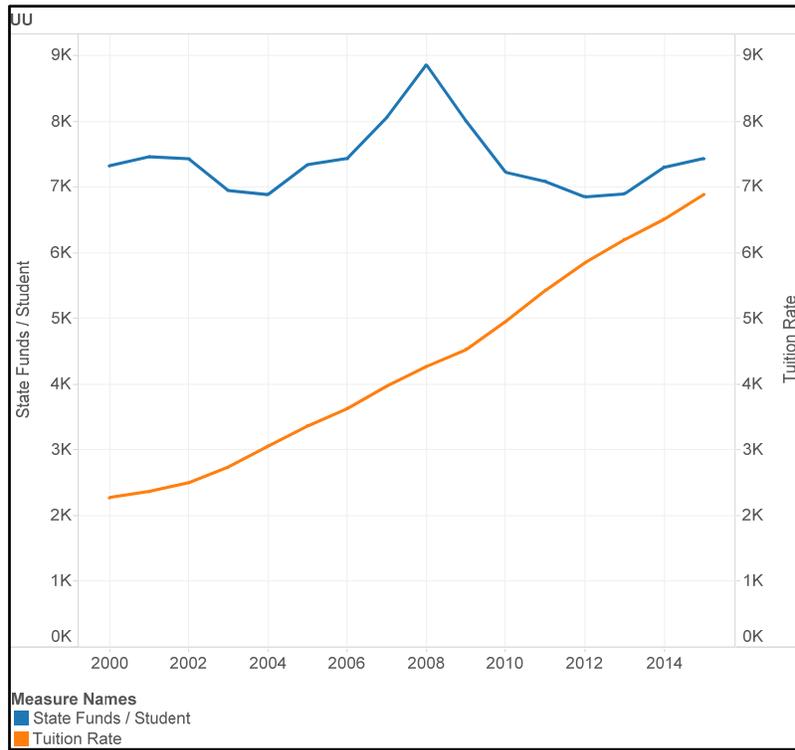


Figure 15

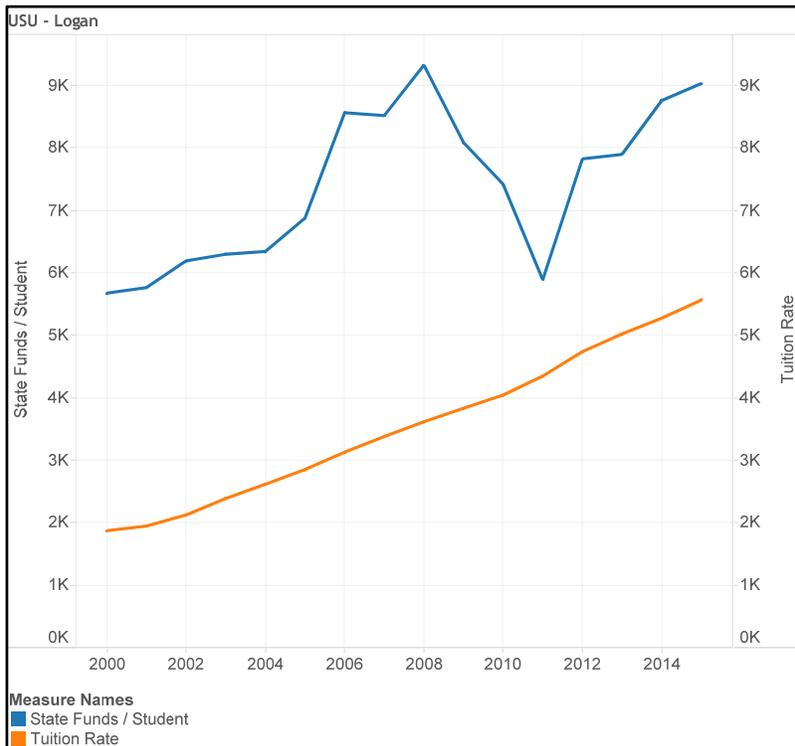


Figure 16

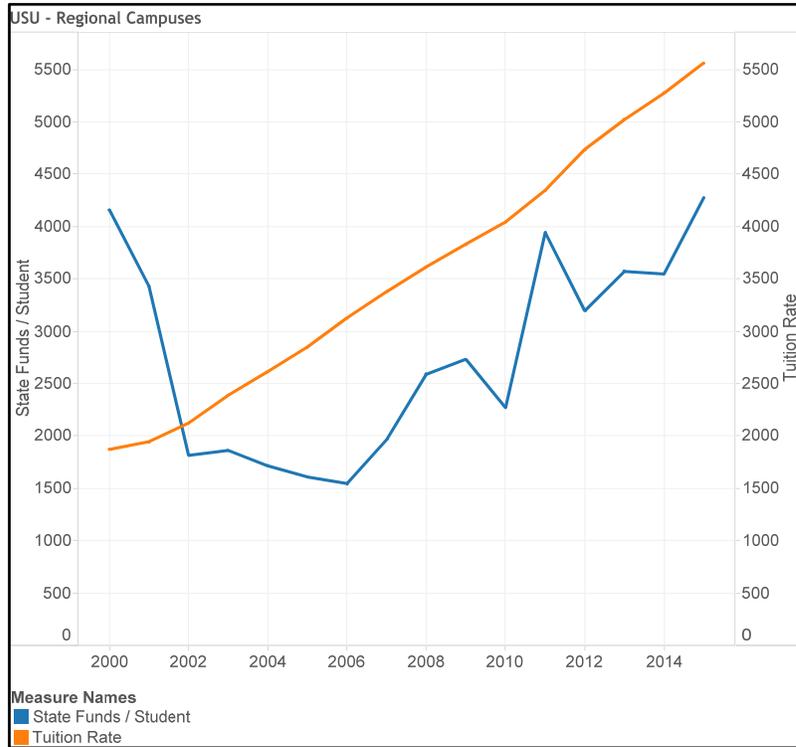


Figure 17

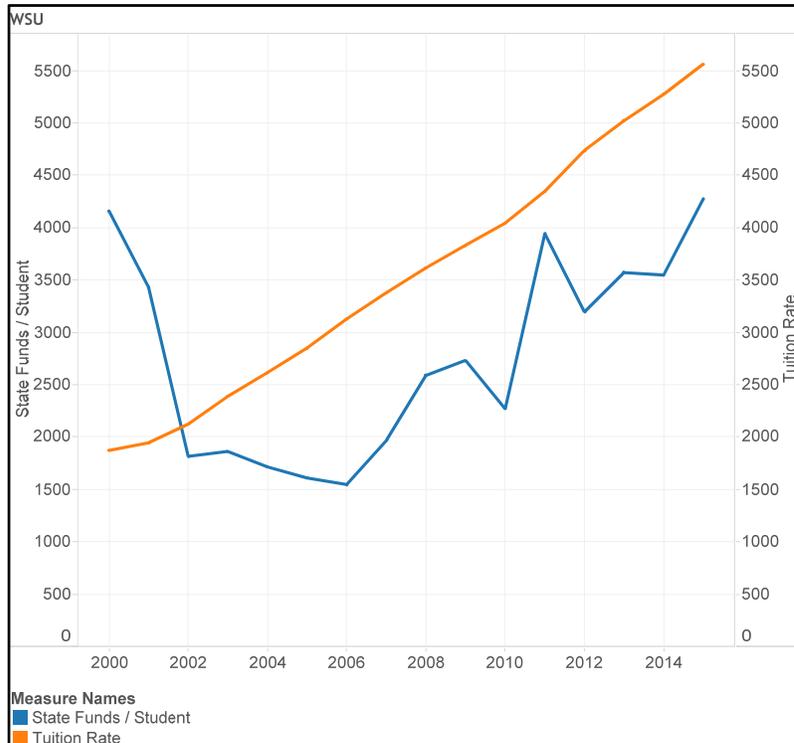


Figure 18

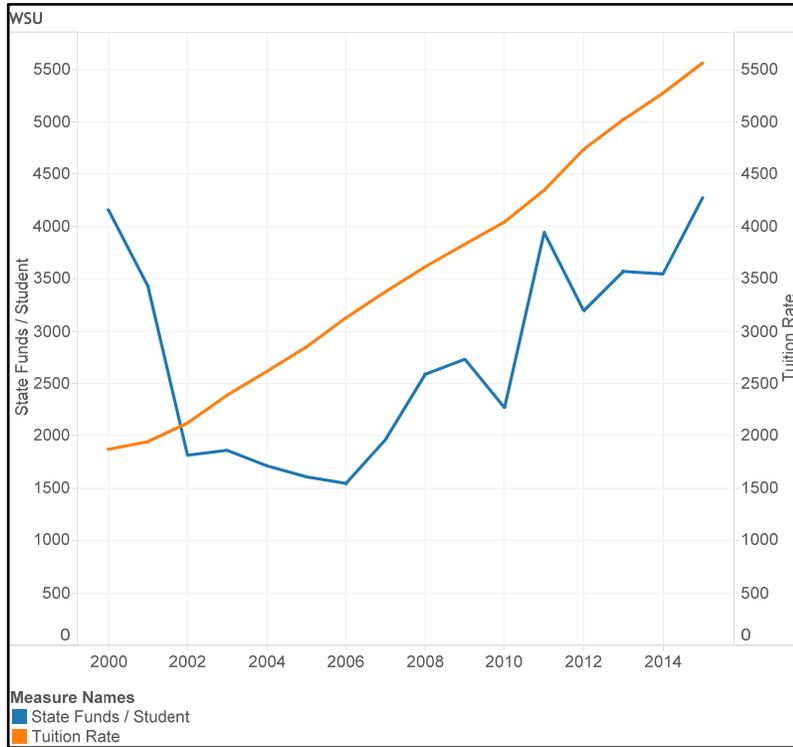


Figure 19

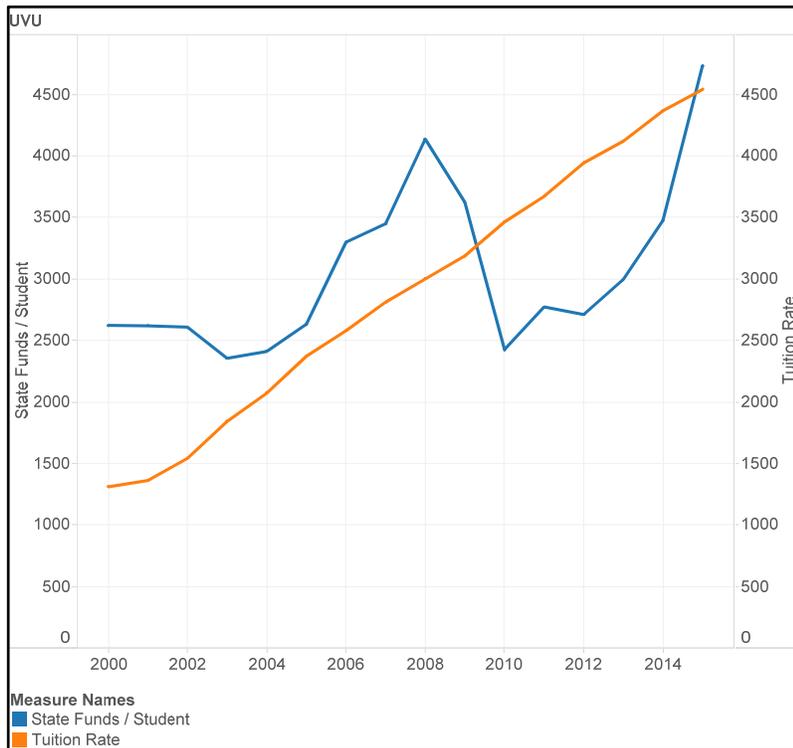


Figure 20

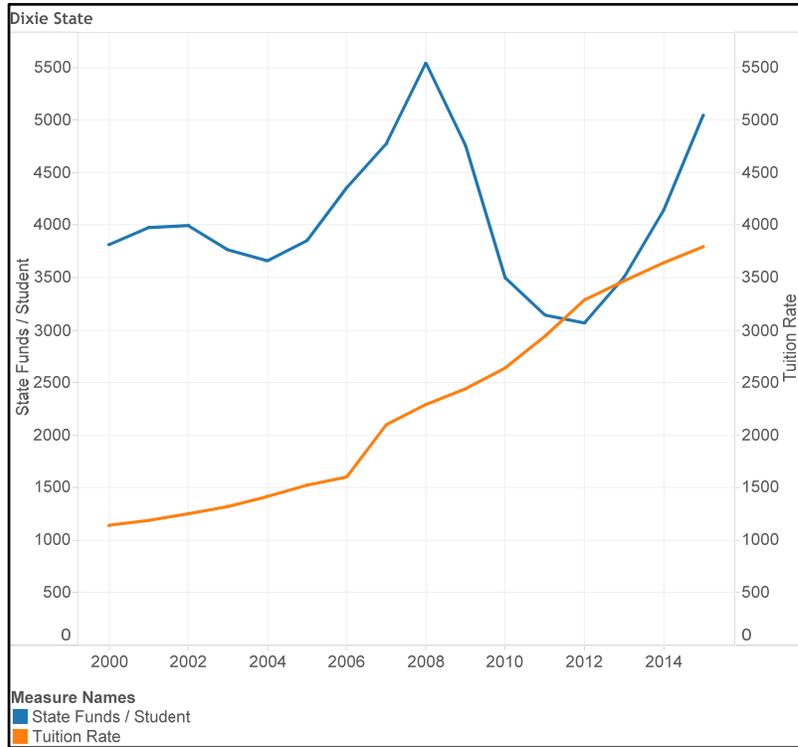


Figure 21

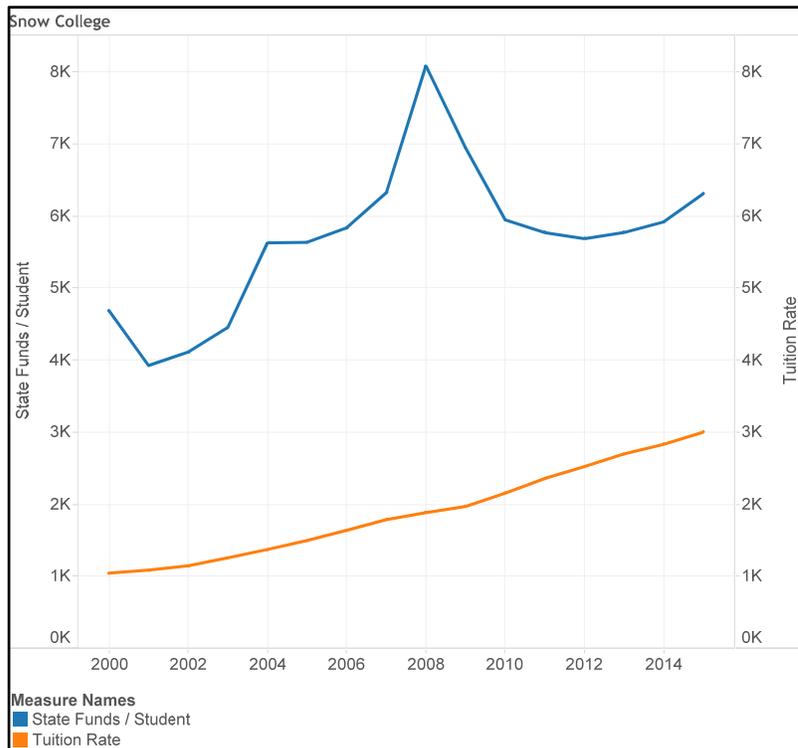


Figure 22

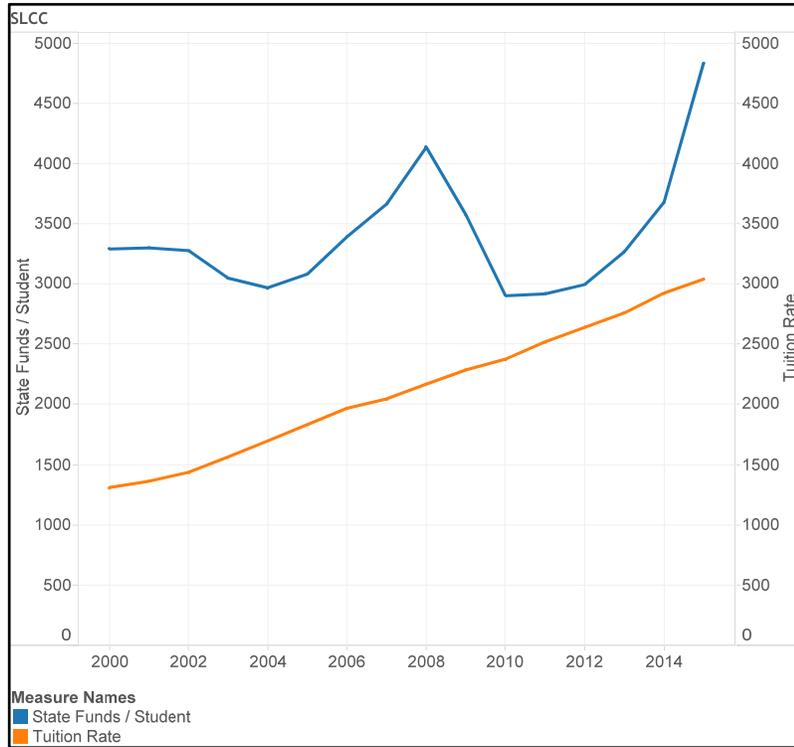


Figure 23

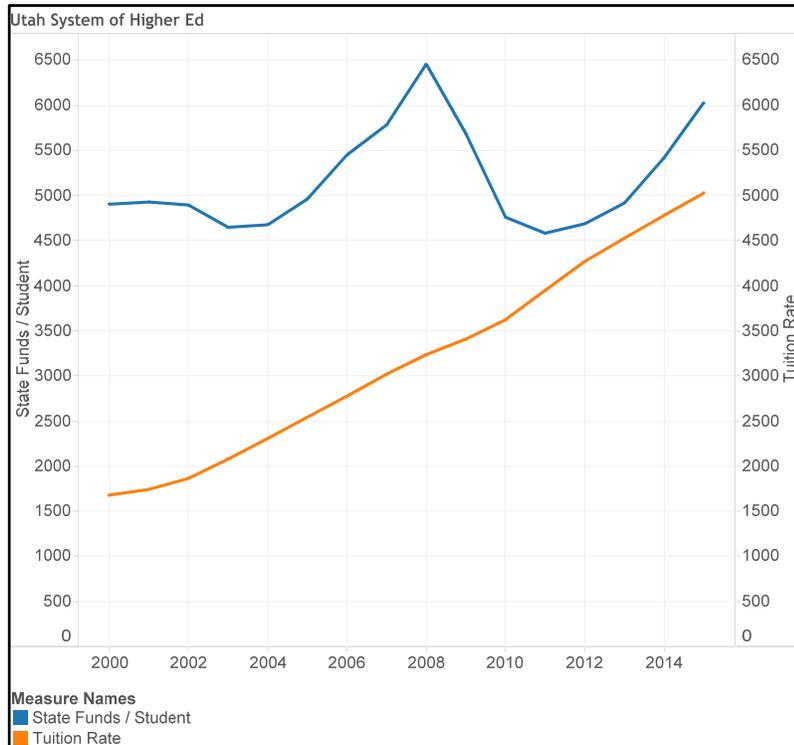


Figure 24

Appendix C – Tuition and Fee Comparisons

| Doctorate Institutions | |
|---|-------------------------|
| Resident, Undergraduate Tuition and Fees | |
| FY 2013-2014 | |
| <u>Institution</u> | <u>Tuition and Fees</u> |
| University of Utah | \$7,457 |
| WICHE Average | \$11,067 |
| Rocky Mtn. Average | \$8,818 |
| Peer Average | \$11,294 |
| U of U % of WICHE average | 67.4% |
| U of U % of Rocky Mountain average | 84.6% |
| U of U % of Peer average | 66.0% |
| | |
| Utah State University | \$6,185 |
| WICHE Average | \$7,584 |
| Rocky Mtn. Average | \$7,607 |
| Peer Average | \$7,494 |
| USU % of WICHE average | 81.6% |
| USU % of Rocky Mountain average | 81.3% |
| USU % of Peer average * | 77.3% |
| <p>* USU Tuition for comparison to Peer Institutions is \$5,796 based on 12 credit hours.</p> | |

Table 5

| Masters Institutions | |
|---|-------------------------|
| Resident, Undergraduate Tuition and Fees | |
| FY 2013-2014 | |
| <u>Institution</u> | <u>Tuition and Fees</u> |
| Weber State University | \$4,991 |
| WICHE Average | \$6,567 |
| Rocky Mtn. Average | \$6,210 |
| Peer Average | \$7,098 |
| WSU % of WICHE average | 76.0% |
| WSU % of Rocky Mountain average | 80.4% |
| WSU % of Peer average | 70.3% |
| | |
| Southern Utah University | \$5,924 |
| WICHE Average | \$6,197 |
| Rocky Mtn. Average | \$5,242 |
| Peer Average | \$7,565 |
| SUU % of WICHE average | 95.6% |
| SUU % of Rocky Mountain average | 113.0% |
| SUU % of Peer average | 78.3% |
| | |
| Utah Valley University | \$5,086 |
| WICHE Average | \$6,274 |
| Rocky Mtn. Average | \$5,780 |
| Peer Average | \$6,752 |
| UVU % of WICHE average | 81.1% |
| UVU % of Rocky Mountain average | 88.0% |
| UVU % of Peer average | 75.3% |
| | |
| Dixie State University | \$4,285 |
| WICHE Average | \$6,274 |
| Rocky Mtn. Average | \$5,780 |
| Peer Average | \$6,430 |
| DSU % of WICHE average | 68.3% |
| DSU % of Rocky Mountain average | 74.1% |
| DSU % of Peer average | 66.6% |

Table 6

| Community Colleges | |
|---|-------------------------|
| Resident, Undergraduate Tuition and Fees | |
| FY 2013-2014 | |
| <u>Institution</u> | <u>Tuition and Fees</u> |
| Snow College | \$3,220 |
| WICHE Average | \$2,423 |
| Rocky Mtn. Average | \$2,629 |
| Peer Average | \$3,537 |
| Snow % of WICHE average | 132.9% |
| Snow % of Rocky Mountain average | 122.5% |
| Snow % of Peer average | 91.0% |
| | |
| USU Eastern | \$3,221 |
| WICHE Average | \$2,423 |
| Rocky Mtn. Average | \$2,629 |
| USU-E % of WICHE average | 132.9% |
| USU-E % of Rocky Mountain average | 122.5% |
| | |
| Salt Lake Community College | \$3,242 |
| WICHE Average | \$2,423 |
| Rocky Mtn. Average | \$2,629 |
| Peer Average | \$3,127 |
| SLCC % of WICHE average | 133.8% |
| SLCC % of Rocky Mountain average | 123.3% |
| SLCC % of Peer average | 103.7% |

Table 7

