

Issue Brief – Historical Higher Education Funding

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SUMMARY

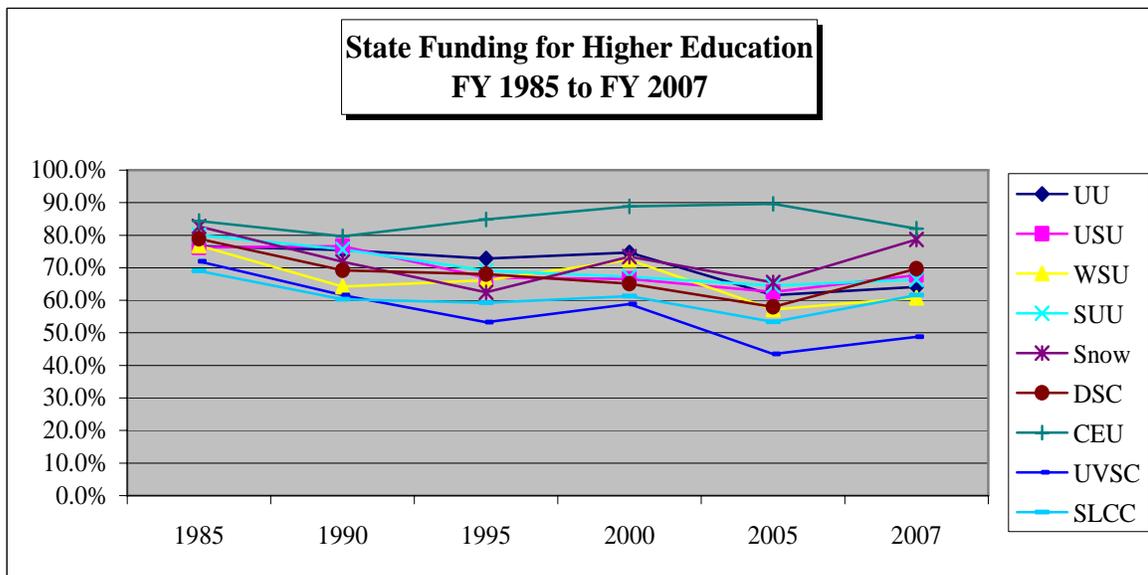
The funding of higher education in Utah has changed considerably over the past 20 years. In 1985, State tax funds on average, provided support for 77.4 percent of higher education costs, with dedicated credits (tuition) picking up the balance. In FY 2007, the State support was 66.6 percent.

OBJECTIVE

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 20 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 had increased slightly to 69.8 percent. However, after the state experienced revenue shortfalls, 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. The past two years have resulted in a slight rebound in that trend to 66.6 percent, almost identical to the level in FY 1995. The FY 2007 funding level shows that the College of Eastern Utah continues to have the highest percentage of state funding at 82 percent and Utah Valley has the lowest percentage at 48.8 percent. The following chart shows the trend in the percentage of state funding from 1985 to 2007.



As the state funding has decreased, the other main source of funding - tuition - has increased. For the past several years, compensation increases have been funded with a combination of state funds and first-tier tuition increases. Additional tuition dollars have been used to cover part of the compensation increases at approximately the same percentage rate as tuition is currently funding the institution. Second-tier tuition increases have been approved by the institution, including student representatives, and 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.