



# FY 2017 TUITION PROJECTIONS

HIGHER EDUCATION  
STAFF: SPENCER PRATT

ISSUE BRIEF

## SUMMARY

During the 2014 Interim, the Analyst presented “Higher Education Tuition and State Tax Funding” to the Executive Appropriations Committee. One of the recommendations of the brief was that the “board [of Regents] submit tuition increases as part of its plan of financing when it presents its budget.” (See <http://le.utah.gov/interim/2014/pdf/00004288.pdf>).

In the Board’s memorandum detailing the FY 2016 USHE Budget Request, the Commissioner states, “If the Legislature funds this operating budget request it is estimated we will need a first tier tuition increase of 2.5 percent (to be set in March 2015).” The Board’s actual first tier tuition increase was 3.0 percent. In the Commissioner’s letter outlining the FY 2017 USHE Budget Request, he again stated, “If the Legislature funds this operating budget request it is estimated we will need a first tier tuition increase of 2.5 percent (to be set in March 2016).”

## DISCUSSION AND ANALYSIS

Tuition comprises a significant portion of the funding for higher education institutions. For the past decade, the amount of tuition included in the appropriations act is the estimated amount of tuition collected for the current year. Following the general session, the Board of Regents meets and approves tuition rates for the upcoming year. Usually, this includes a tuition rate increase that is above the level of tuition approved in the appropriations act.

Last year, the Analyst, using econometric modeling, projected tuition increases for FY 2016. These increases are based on modeling which used the following dependent variables: FTE students, previous tuition increases, the State COLA, average quarterly wages, and a constant as the best predictors of future tuition. Using the modeling, the Analyst predicted that FY 2016 tuition collections would increase by 7.75% and generate approximately the following amounts at each USHE institution:

University of Utah	\$26,243,700
Utah State University	5,819,800
Utah State University – Regional Campuses	1,837,500
Weber State University	3,783,700
Southern Utah University	3,781,400
Utah Valley University	6,864,000
Snow College	922,000
Dixie State University	2,887,300
Salt Lake Community College	1,801,500
Total	53,940,900

As reported by the Analyst in the Higher Education Appropriations Subcommittee meeting in September 2015, the FY 2016 projection overestimated the tuition increase, due to two major reasons:

1. The State Board of Regents' approved increase was lower than historical increases. Commissioner Buhler, in a memo to the Board, stated, "Thanks to increasing investment by the Legislature in higher education over the past few years, and efficiencies and cost-control by the presidents, this year's proposed increase is the **lowest system-wide average since 1999-2000**, at 3.06 percent (3.0 percent for seven of eight institutions)." (emphasis added)
2. The previous tuition increases used to arrive at the projections included the increase to fund a portion of compensation increases. Those projections were then included in the appropriations act to fund Higher Education. Later in the session, when compensation increases were approved, part of the funding mechanism utilized tuition increases, which added to that already approved, in effect, doubling at least a portion of the projected increase. If tuition increases are projected in the future, the Analyst will need to make sure to account for the portion of tuition increases that are to cover compensation and recommend the net increase.

For FY 2017, the Analyst has again projected tuition. This projection utilizes the same data as last year, but with one additional year – the most recent. The Analyst also attempted to factor in the two above-mentioned issues, to arrive at a more accurate projection. The projection, which would reflect a portion for compensation, averages 4.1%, but there is variation among institutions. The projections include:

University of Utah	\$14,080,000
Utah State University	3,241,100
Utah State University – Regional Campuses	693,900
Weber State University	2,355,100
Southern Utah University	543,100
Utah Valley University	6,395,100
Snow College	658,600
Dixie State University	1,519,600
Salt Lake Community College	112,200
Total	29,598,700