USHE HISTORICAL FUNDING

HIGHER EDUCATION
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ISSUE BRIEF

SUMMARY

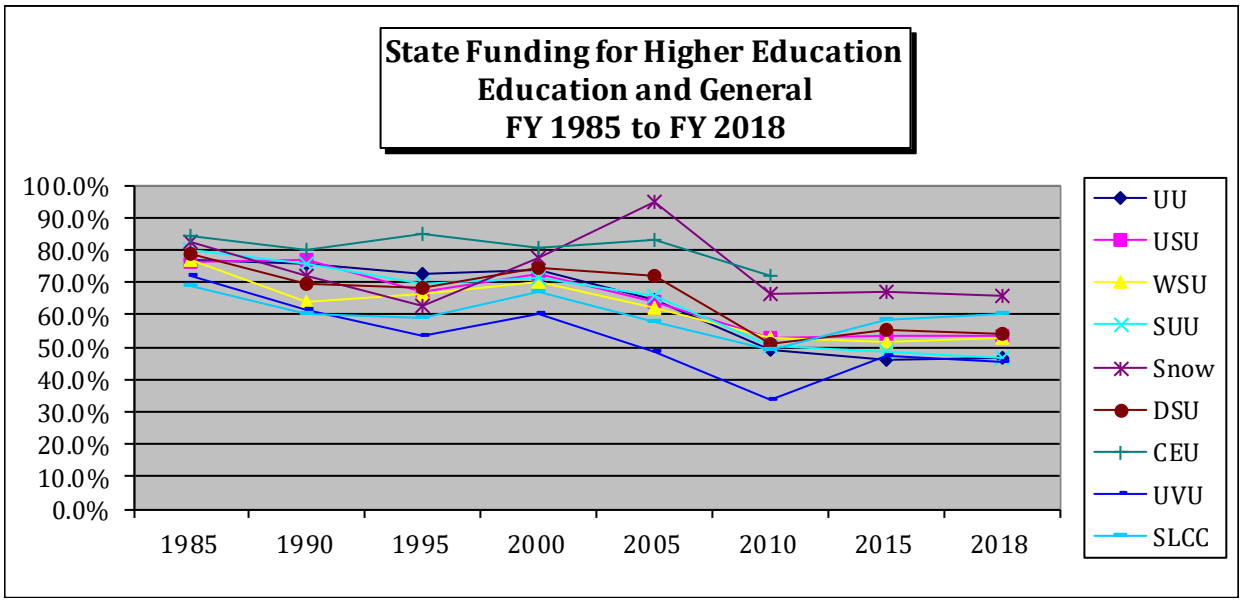
The funding of higher education in Utah has changed considerably over the past 30 years. In 1985, State tax funds supported, on average, 77.4 percent of higher education's Education and General costs, with dedicated credits (tuition) picking up the balance. For FY 2017, the State support covers 51.7 percent of the total with tuition picking up 48.2 percent. This reflects the increases in funding for Higher Education approved since FY 2015.

OBJECTIVE

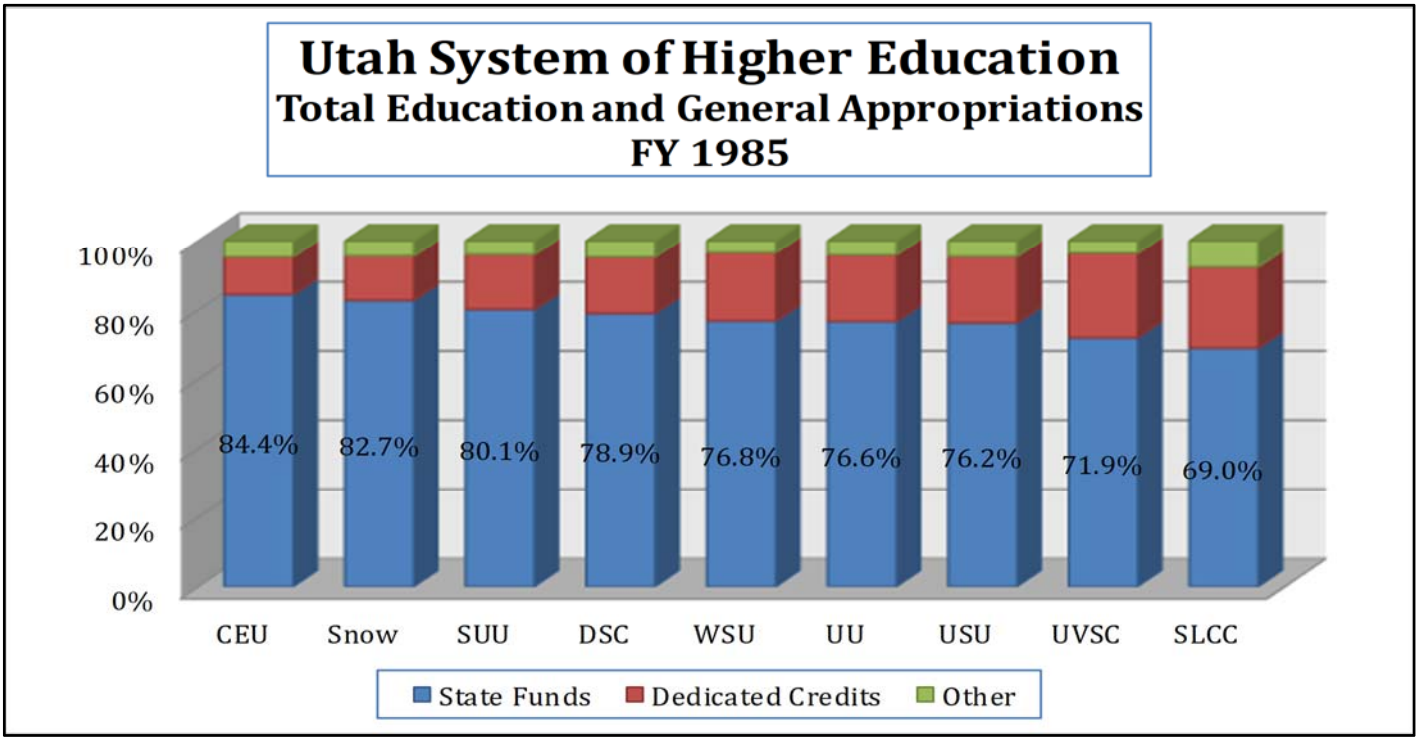
The objective of this Issue Brief is to provide information as to the historical trends in the funding of higher education, along with the implications of those changes.

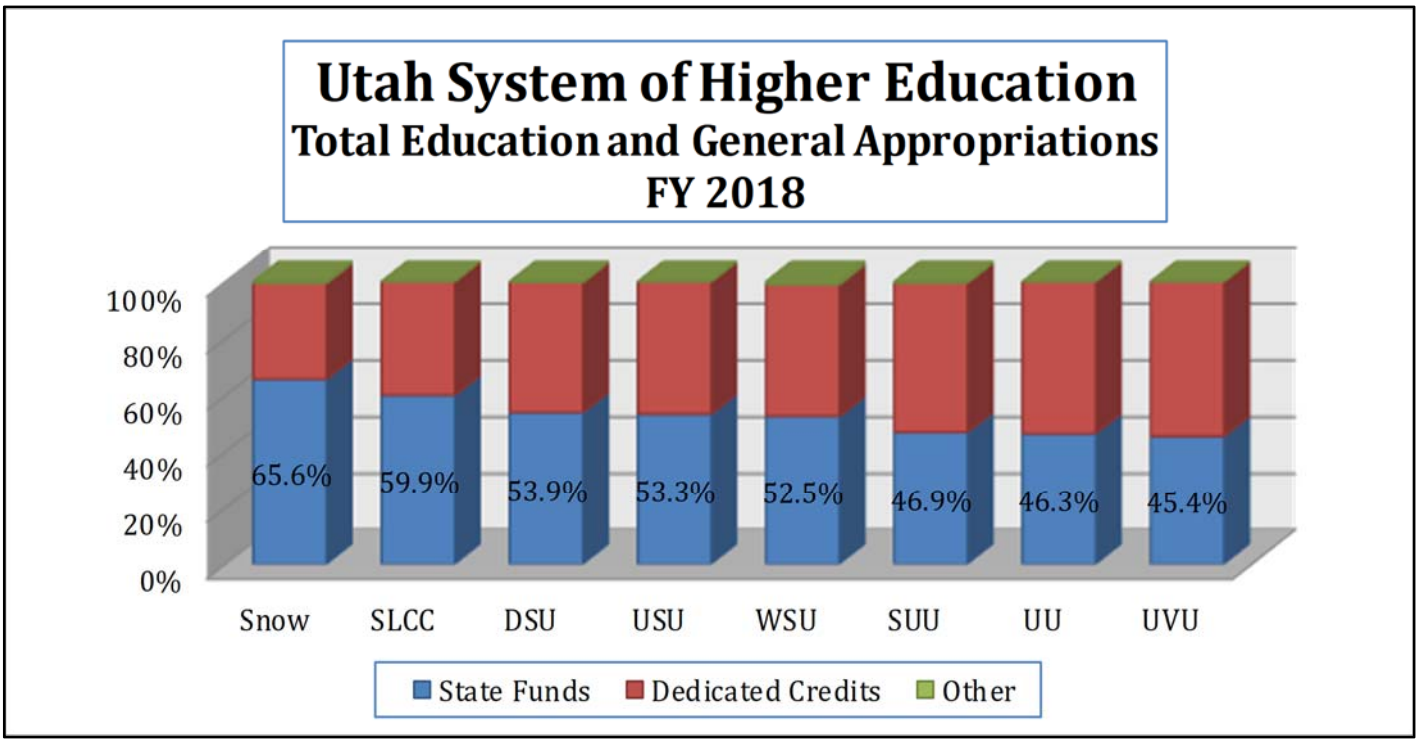
DISCUSSION AND ANALYSIS

Thirty 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 71.9 percent. However, over 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 68.0 percent. Appropriations dropped for three years beginning in FY 2008, bottoming out in FY 2010 at 53.1 percent. State funding has moved up a little during the past several years. The FY 2018 funding level shows that Snow College has the highest percentage of state funding at 65.6 percent and the Utah Valley University has the lowest percentage at 45.4 percent. The following chart shows the trend in the percentage of state funding from 1985 to 2018.



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 2018. As the State Funds (blue bar) shrink, the Tuition (red bar) increases.





Compensation increases are funded with a combination of state funds and first-tier tuition increases. Until FY 2007, tuition dollars were used to cover part of the compensation increases at approximately the same percentage rate that 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. (Compensation increases for line items that have no source of tuition funding are fully funded with state funds).

Second-tier tuition increases are 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. According to the State Higher Education Executive Officers' FY 2014 "State Higher Education Finance Report," net tuition revenue as a share of public higher education revenue was 47.1 percent."[1]

[1] State Higher Education Finance Report, State Higher Education Executive Officers, FY 2014, pg. 8.