



OHIO BOARD
OF REGENTS

**State Higher Education Finance in Ohio and
the United States, FY 1991 to FY 2006:**

Results from 2006 SHEEO Finance Survey

April 26, 2007

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Introduction

Each year, the State Higher Education Executive Officers Organization (SHEEO) conducts a 50-state survey on public higher education finance. This survey provides the best available comparative data on appropriations and tuition outcomes at the state level. The Ohio Board of Regents has produced this report based on SHEEO finance survey data from fiscal years 1991 to 2006. The purpose of this report is to highlight higher education finance trends in Ohio, and to compare Ohio to the nation as a whole.

Data Notes

Revenue figures in the SHEEO data are limited to resources used for operating purposes, and exclude revenues allocated for research, agriculture, and medicine. State and local appropriations figures include state appropriations for financial aid, while tuition figures are net of institutional discounts.

All dollar figures presented in the report are expressed in constant 2006 dollars using the Higher Education Cost Adjustment (HECA) index.

Summary of Results

- In FY 2006, Ohio's total revenue per FTE was \$9,918, which is virtually identical to the national level of \$9,891. Ohio's tuition revenue per FTE of \$5,228 was 47% higher than the national average of \$3,566. Ohio's state and local appropriations per FTE of \$4,690, were 74% of the national average of \$6,325. (Charts 1 and 2).

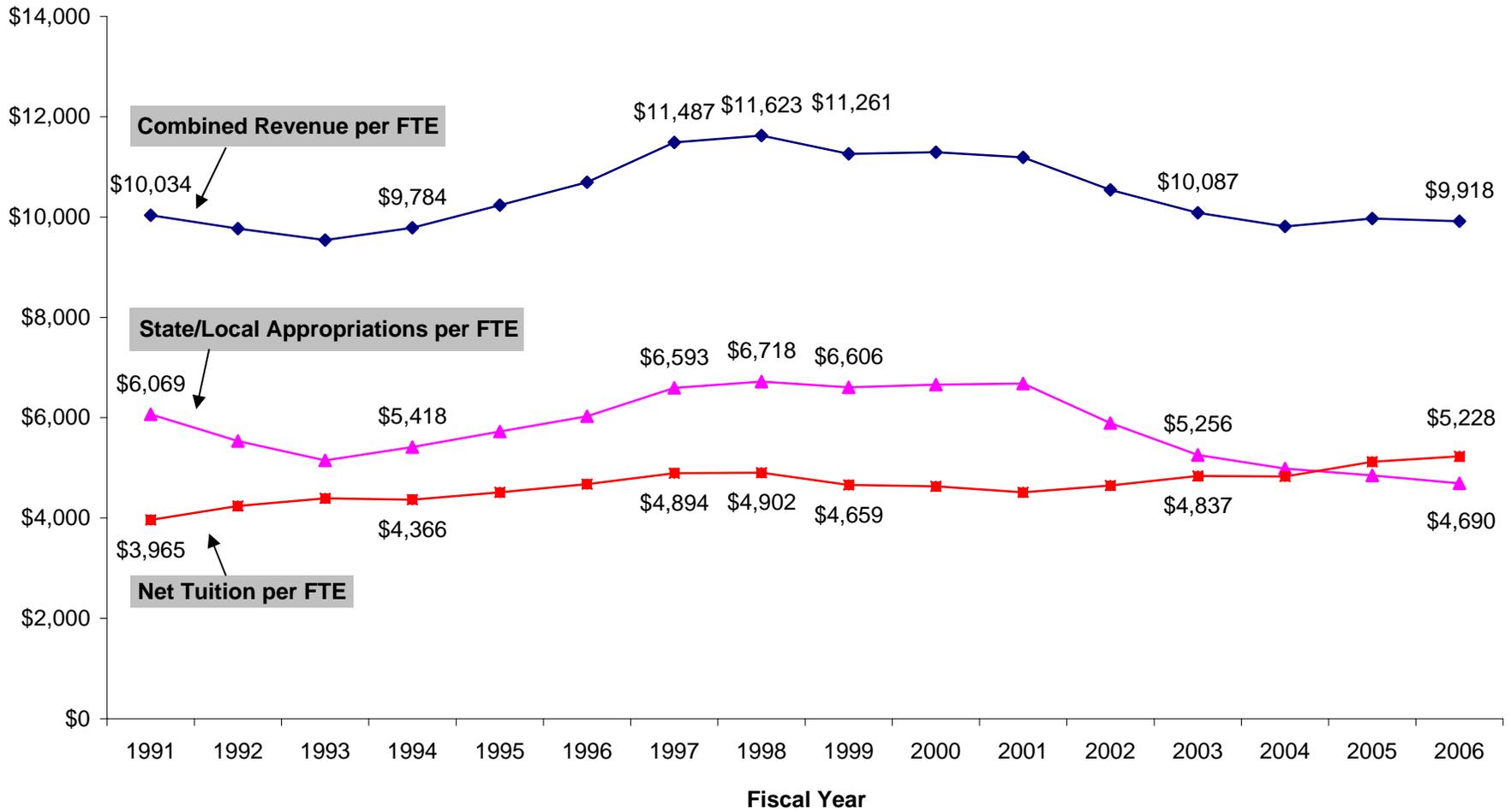
- Currently, Ohio ranks 29th among the 50 states in total revenue per FTE, 14th in tuition per FTE, and 42nd in state and local appropriations per FTE. (Table 1)
- Over the 16-year period from FY 1991 to FY 2006, Ohio's per-FTE revenue, appropriations, and tuition levels have undergone a great deal of cyclical variation. State and local appropriations per FTE have been especially volatile, falling by 15% from FY 1991 to FY 1993, rising by 30% from FY 1993 to FY 1998, and falling by 30% from FY 1998 to FY 2006. (Chart 1)
- Despite the variations in appropriations per FTE, FY 2006 total revenue per FTE (in constant dollars) is almost unchanged from its FY 1991 level of \$10,034. However, the mix of revenue sources has shifted away from appropriations and towards tuition. In 1991, appropriations supplied 60%, and tuition supplied 40%, of total revenue. By FY 2006, the appropriations share had fallen to 47% and the tuition share had risen to 53%. (Chart 4)
- Some of the variations in appropriations per FTE are caused by the tendency for the business cycle to influence total appropriations and FTE enrollment in opposite directions. Higher education appropriations tend to fall during economic slowdowns, while public college enrollments tend to increase.
- For example, total appropriations fell from \$2 billion in FY 1991 to \$1.8 billion in FY 1993, while FTE enrollment rose from 330,967 to 342,439. Showing the same phenomenon in reverse, appropriations rose from \$1.8 billion in

FY 1993 to \$2.1 billion in FY 1998, while FTE enrolment fell from 342,439 in FY 1993 to 306,256 in FY 1998. (Chart 3)

- The decline in Ohio's total revenue per FTE from FY 1997 to FY 2006, both in absolute terms (\$11,487 in FY 1997 to \$9,918 in FY 2006; Chart 1) and relative to U.S. levels (115% of U.S. in FY 1997 and 100% of U.S. in FY 2006; Chart 2) is worth noting, and has at least two explanations.
- First, Ohio's students are now more likely to be enrolled in lower-cost two-year institutions than in prior years. From fall 1998 to fall 2005, university main campus FTE increased by only 7.2% compared to 32.1% growth in community/technical colleges and 23.4% growth in university regional campuses. Due to these differential growth rates, the two-year sector accounted for 38% of fall 2005 FTE, up from 33.6% in fall 1998. (Chart 5)
- Second, Ohio experienced a decline in constant dollar appropriations per FTE that was not completely matched by tuition increases. From a peak of \$6,718 in FY 1998, Ohio's appropriations per FTE fell by \$2,028, to \$4,690 in FY 2006. Over the same time period, tuition per FTE rose by only \$236, from \$4,902 in FY 1998 to \$5,228 in FY 2006. The net effect of the large decrease in appropriations per FTE and relatively small increase in tuition per FTE was a 14.6% reduction in constant dollar total revenue per FTE, from \$11,623 in FY 1998 to \$9,918 in FY 2006. (Chart 1)
- While Ohio's constant dollar revenue per FTE was declining, U.S. funding patterns were more

stable. U.S. appropriations per FTE fell by \$776 (11%), from \$7,101 in FY 1998 to \$6,325 in FY 2006. Tuition per FTE rose by \$430 (13.7%), from \$3,125 in FY 1998 to \$3,566 in FY 2006. This resulted in a 3.4% reduction in total revenue per FTE, from \$10,240 in FY 1998 to \$9,891 in FY 2006. (Chart 1)

Chart 1. Ohio Public Higher Education Total Revenue, State and Local Appropriations, and Net Tuition per FTE (In HECA-adjusted 2006 Dollars)
 FY 1991 to FY 2006



**Chart 2. Ohio Public Higher Education Revenues per FTE
as a Percentage of the U.S. Average (in HECA-adjusted 2006 Dollars)
FY 1991 to FY 2006**

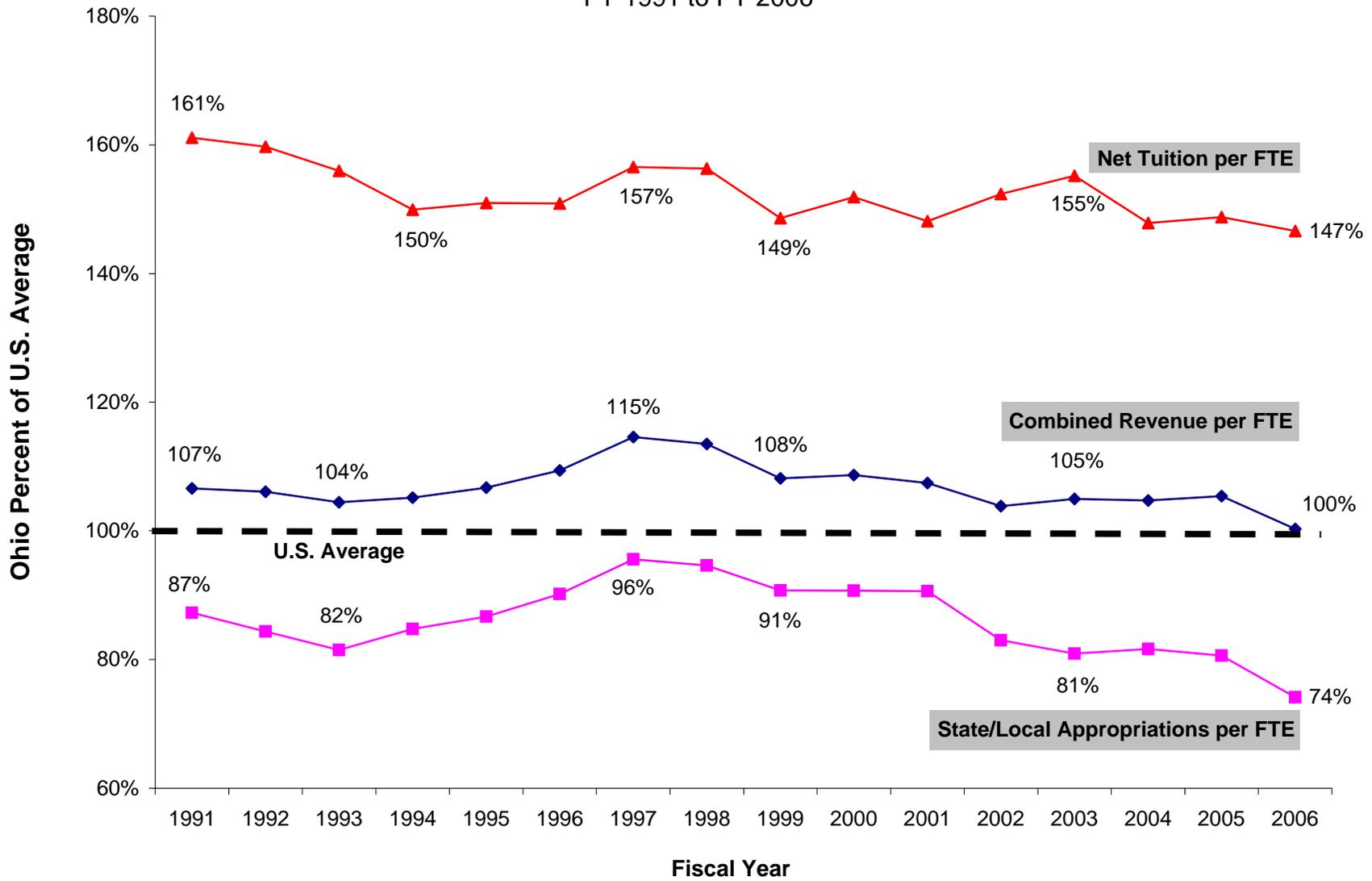
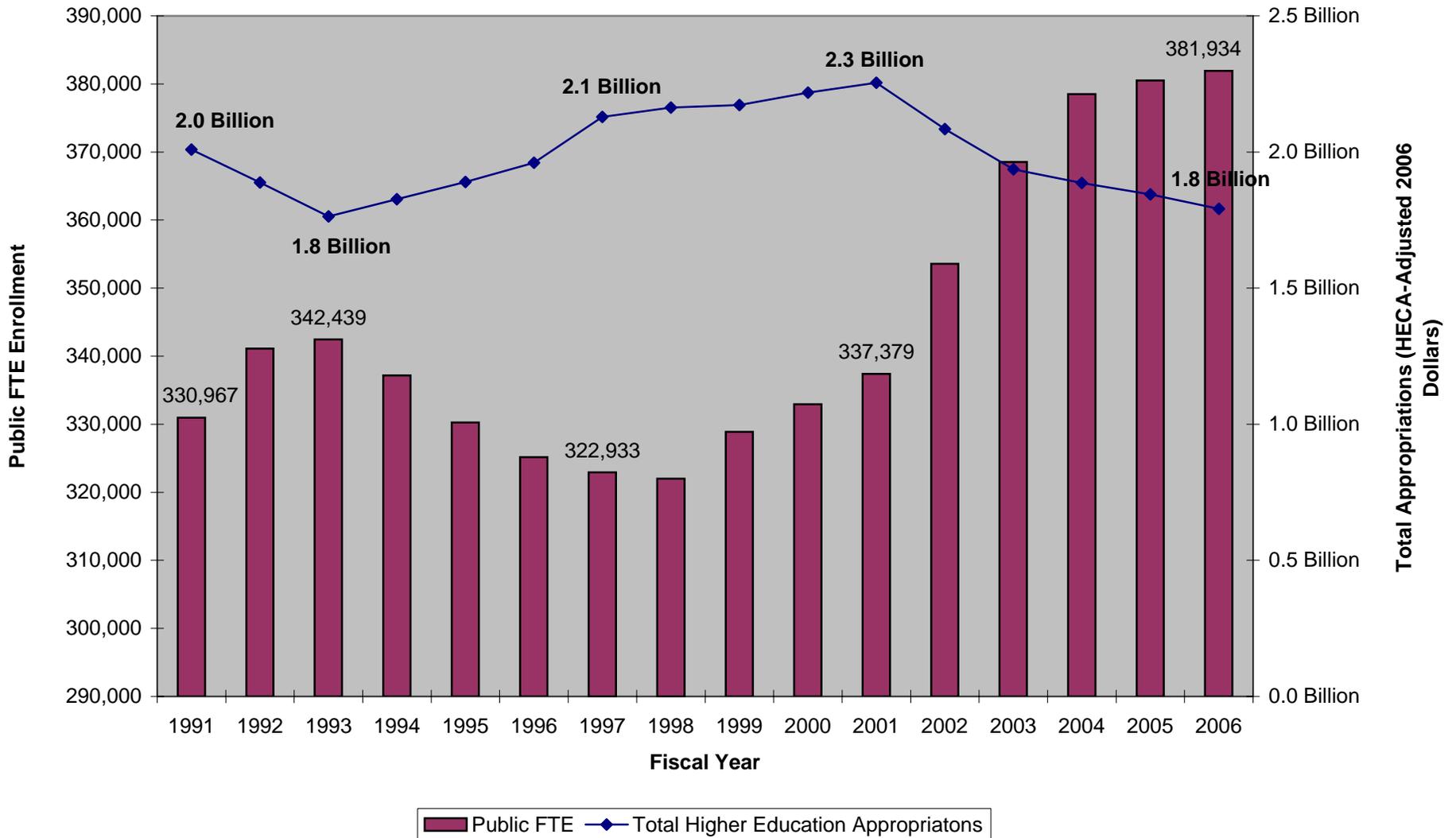


Chart 3. Ohio Public Higher Education Appropriations and Enrollment Growth
FY1991 to FY 2006



**Chart 4. Net Tuition as a Percent of Higher Education Revenues
Ohio Compared to the U.S.
FY 1991 to FY 2006**

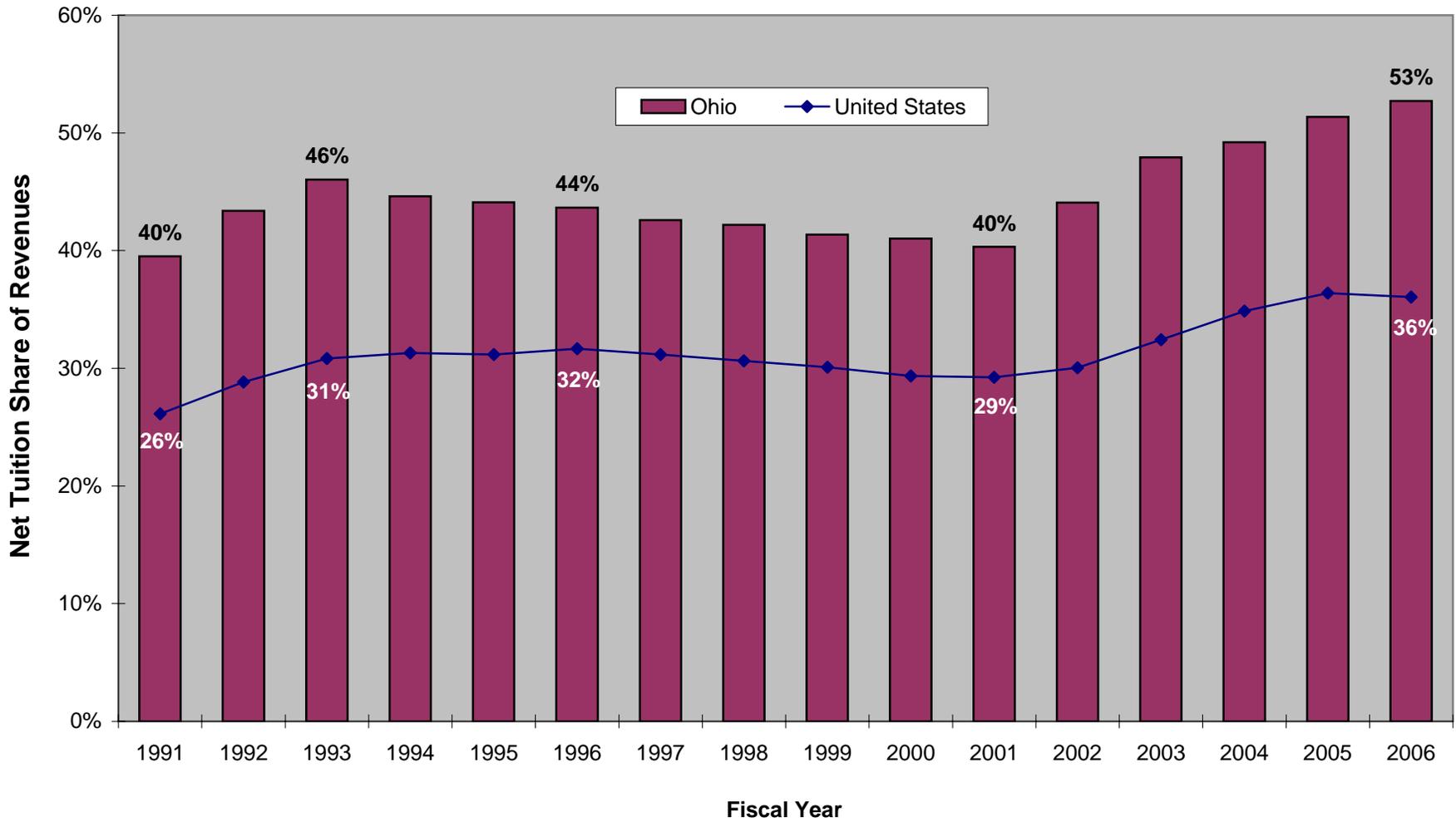
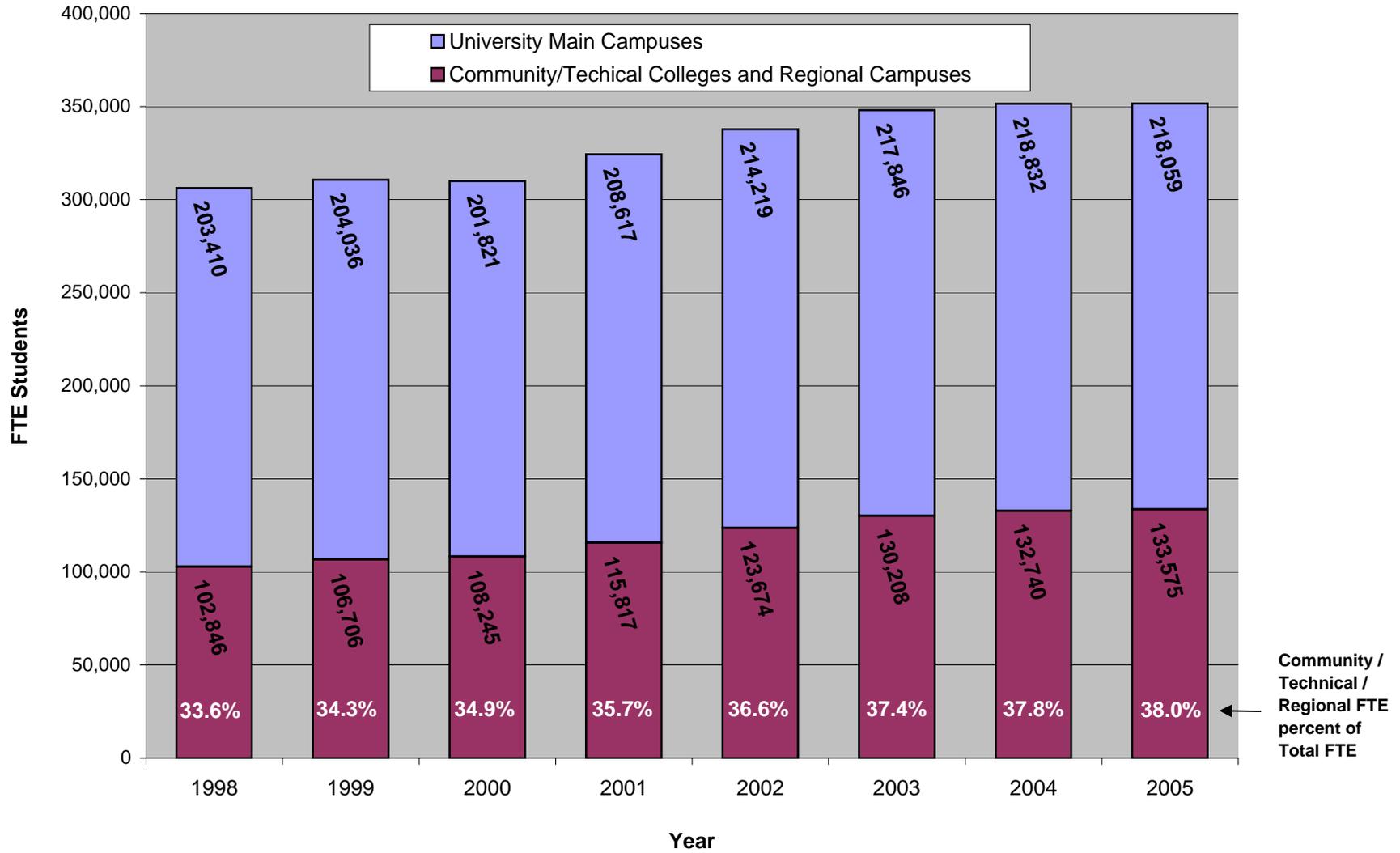


Chart 5: Ohio Full-Time Equivalent Student Enrollment by Sector
Fall 1998 to Fall 2005



**Table 1. Ohio Public Higher Education Revenue Data
FY 1991 to FY 2006**

Year	Total Revenue per FTE		State and Local Appropriations per FTE		Net Tuition per FTE	
	\$	Rank	\$	Rank	\$	Rank
1991	\$10,034	19	\$6,069	36	\$3,965	7
1992	\$9,772	20	\$5,534	37	\$4,241	7
1993	\$9,541	21	\$5,149	40	\$4,392	8
1994	\$9,784	21	\$5,418	37	\$4,366	9
1995	\$10,240	20	\$5,723	38	\$4,514	9
1996	\$10,697	19	\$6,030	36	\$4,673	9
1997	\$11,487	15	\$6,593	30	\$4,894	9
1998	\$11,623	15	\$6,718	27	\$4,902	9
1999	\$11,261	19	\$6,606	30	\$4,659	11
2000	\$11,292	20	\$6,662	32	\$4,633	10
2001	\$11,188	18	\$6,682	33	\$4,512	12
2002	\$10,540	20	\$5,894	37	\$4,648	12
2003	\$10,087	21	\$5,256	39	\$4,837	12
2004	\$9,812	21	\$4,983	39	\$4,828	15
2005	\$9,969	26	\$4,848	42	\$5,119	14
2006	\$9,918	29	\$4,690	42	\$5,228	14

**Table 2. U.S. Public Higher Education Revenue Data
FY 1991 to FY 2006**

Year	Total Revenue per FTE	State and Local Appropriations per FTE	Net Tuition per FTE
1991	\$9,414	\$6,953	\$2,461
1992	\$9,211	\$6,559	\$2,656
1993	\$9,135	\$6,317	\$2,817
1994	\$9,305	\$6,393	\$2,912
1995	\$9,596	\$6,604	\$2,990
1996	\$9,777	\$6,686	\$3,097
1997	\$10,025	\$6,899	\$3,125
1998	\$10,240	\$7,101	\$3,136
1999	\$10,411	\$7,280	\$3,135
2000	\$10,392	\$7,345	\$3,050
2001	\$10,415	\$7,374	\$3,046
2002	\$10,150	\$7,102	\$3,051
2003	\$9,609	\$6,496	\$3,117
2004	\$9,371	\$6,104	\$3,265
2005	\$9,459	\$6,015	\$3,441
2006	\$9,891	\$6,325	\$3,566

Table 3. Ohio Public Full-Time Equivalent (FTE) Enrollment - Fall Term

Year	University Main Campuses	Community / Technical Colleges	University Regional Campuses	Total FTE Students	Community / Technical and Regional FTE as a Percent of Total FTE
1998	203,410	76,517	26,329	306,256	33.6%
1999	204,036	79,750	26,956	310,742	34.3%
2000	201,821	80,330	27,915	310,066	34.9%
2001	208,617	86,701	29,116	324,434	35.7%
2002	214,219	92,653	31,021	337,893	36.6%
2003	217,846	97,498	32,710	348,054	37.4%
2004	218,832	99,962	32,778	351,572	37.8%
2005	218,059	101,085	32,490	351,634	38.0%
Percent Change from 1998	7.2%	32.1%	23.4%	14.8%	4.4%

Table 4. HECA, CPI Comparison

Year	Index		Inflation Rate	
	HECA	CPI	HECA	CPI
1991	0.621	136.2		
1992	0.642	140.3	3.38%	3.01%
1993	0.665	144.5	3.58%	2.99%
1994	0.685	148.2	3.01%	2.56%
1995	0.704	152.4	2.77%	2.83%
1996	0.722	156.9	2.56%	2.95%
1997	0.742	160.5	2.77%	2.29%
1998	0.765	163.0	3.10%	1.56%
1999	0.786	166.6	2.75%	2.21%
2000	0.817	172.2	3.94%	3.36%
2001	0.851	177.1	4.16%	2.85%
2002	0.879	179.9	3.29%	1.58%
2003	0.907	184.0	3.19%	2.28%
2004	0.940	188.9	3.64%	2.66%
2005	0.971	195.3	3.30%	3.39%
2006	1	201.6	2.99%	3.23%

Table 5. Public Higher Education Revenue Data by State - FY 2006

State	Total Revenue per FTE		State and Local Appropriations per FTE		Net Tuition per FTE	
	\$	Rank	\$	Rank	\$	Rank
United States	\$9,891		\$6,325		\$3,566	
Alabama	\$10,458	23	\$5,617	37	\$4,841	17
Alaska	\$16,287	2	\$12,097	2	\$4,189	24
Arizona	\$10,015	26	\$6,316	21	\$3,699	30
Arkansas	\$8,903	40	\$5,899	28	\$3,004	36
California	\$7,946	49	\$6,586	17	\$1,360	50
Colorado	\$8,474	44	\$3,364	48	\$5,110	16
Connecticut	\$15,977	3	\$9,503	4	\$6,474	7
Delaware	\$16,657	1	\$6,632	16	\$10,024	2
Florida	\$7,261	50	\$5,641	35	\$1,620	48
Georgia	\$9,486	33	\$7,824	9	\$1,662	47
Hawaii	\$13,625	9	\$10,893	3	\$2,731	40
Idaho	\$9,531	32	\$7,303	12	\$2,228	44
Illinois	\$9,463	34	\$6,689	15	\$2,774	39
Indiana	\$10,709	19	\$5,390	39	\$5,319	13
Iowa	\$11,164	16	\$5,809	31	\$5,355	12
Kansas	\$9,398	35	\$5,792	33	\$3,606	32
Kentucky	\$11,201	15	\$6,753	14	\$4,448	23
Louisiana	\$8,264	46	\$5,583	38	\$2,680	41
Maine	\$11,753	13	\$6,096	25	\$5,657	10
Maryland	\$12,672	11	\$6,427	19	\$6,246	8
Massachusetts	\$13,931	7	\$8,372	7	\$5,559	11
Michigan	\$12,470	12	\$5,799	32	\$6,671	6
Minnesota	\$10,577	22	\$5,907	27	\$4,670	20
Mississippi	\$8,129	48	\$5,053	41	\$3,076	34
Missouri	\$9,765	31	\$5,846	29	\$3,919	27
Montana	\$8,903	41	\$4,409	46	\$4,494	22
Nebraska	\$10,645	20	\$6,999	13	\$3,645	31
Nevada	\$10,633	21	\$8,919	6	\$1,714	46
New Hampshire	\$10,076	25	\$3,193	49	\$6,883	5
New Jersey	\$14,111	5	\$8,145	8	\$5,966	9
New Mexico	\$10,874	18	\$9,299	5	\$1,575	49
New York	\$11,375	14	\$7,784	10	\$3,591	33
North Carolina	\$9,865	30	\$7,522	11	\$2,344	42
North Dakota	\$8,498	42	\$4,683	43	\$3,815	28
Ohio	\$9,918	29	\$4,690	42	\$5,228	14
Oklahoma	\$8,449	45	\$5,638	36	\$2,811	38
Oregon	\$9,032	38	\$4,466	45	\$4,566	21
Pennsylvania	\$12,781	10	\$5,660	34	\$7,121	4
Rhode Island	\$13,944	6	\$6,413	20	\$7,531	3
South Carolina	\$10,987	17	\$5,822	30	\$5,164	15
South Dakota	\$9,338	36	\$4,499	44	\$4,839	18
Tennessee	\$10,437	24	\$6,275	23	\$4,163	25
Texas	\$9,261	37	\$6,276	22	\$2,985	37
Utah	\$8,987	39	\$5,941	26	\$3,046	35
Vermont	\$13,849	8	\$3,030	50	\$10,818	1
Virginia	\$9,948	28	\$5,223	40	\$4,725	19
Washington	\$8,483	43	\$6,437	18	\$2,046	45
West Virginia	\$8,228	47	\$4,181	47	\$4,047	26
Wisconsin	\$9,953	27	\$6,226	24	\$3,727	29
Wyoming	\$15,702	4	\$13,425	1	\$2,277	43

Notes:

ⁱ The inflation adjustment used by SHEEO is the Higher Education Cost Adjustment (HECA). The HECA is constructed from two federally developed and maintained price indices- the Employment Cost Index (ECI) and the Gross Domestic Product Implicit Price Deflator (GDP IPD). The ECI included salaries and benefits for private sector white-collar workers, excluding sales occupations. The GDP IPD reflects general price inflation in the U.S. economy. The HECA has the following advantages over other measures of inflation, such as the CPI:

1. It is constructed from measures of inflation in the broader U.S. economy
2. It is simple, straightforward to calculate, and transparent
3. The underlying indices are developed and routinely updated by the Bureaus of Labor Statistics and Economic Analysis

Because the best available data suggest that faculty and staff salaries account for 75% of college and university expenditures, the HECA is based on a market basket with two components-personnel costs (75% of the index), and non-personnel costs (25%). SHEEO constructs the HECA based on the growth of the ECI for 75% of costs, and the growth of the GDP IPD for 25% of costs.

Data Sources

National Center for Higher Education Policymaking and Analysis at <http://www.higheredinfo.org>
SHEEO *State Higher Education Finance FY2005*, Lingenfelter, Wright, and Bisel