

State Higher Education Finance in Ohio and the United States, FY 1995 to FY 2009

Results from 2009 SHEEO Finance Survey

University System of Ohio Institutions

Prepared by

Ohio

Ted Strickland, Governor
Eric D. Fingerhut, Chancellor

Board of Regents

December 2010

Table of Contents

Summary of Results	Page 1
Data Notes and Definitions	Page 2
Chart 1A. Ohio Public Higher Education Revenue Data FY 1995 to FY 2009 (in HECA-adjusted 2009 Dollars)	Page 3
Chart 1B. Ohio Public Higher Education Revenue Data FY 1995 to FY 2009 (Unadjusted Dollars)	Page 4
Chart 1C. Public Higher Education Revenue Data FY 1995 to FY 2009 Ohio Compared to U.S (in HECA-adjusted 2009 Dollars)	Page 5
Chart 2. Ohio Public Higher Education Revenues per FTE as a Percentage of the U.S. Average (in HECA-adjusted 2009 Dollars) FY 1995 to FY 2009	Page 6
Chart 3. Ohio Public Higher Education Appropriations (in HECA-adjusted 2009 Dollars) and Enrollment Growth FY 1995 to FY 2009	Page 7
Chart 4. Tuition as a Percent of Higher Education Revenues (in HECA-adjusted 2009 Dollars) Ohio Compared to the U.S. FY 1995 to FY 2009	Page 8
Chart 5A. Ohio Full-Time Equivalent Student Enrollment by Sector FY 2001 to FY 2009	Page 9
Chart 5B. Ohio Full-Time Equivalent Student Enrollment by Sector Compared to Ohio Total Education Revenues per FTE (in HECA-adjusted 2009 Dollars) FY 2001 to FY 2009	Page 10
List of Tables in Appendix	Page 11

Summary of Results

- This report summarizes full-time equivalent enrollment, state and local higher education appropriations, and tuition revenue data collected through the State Higher Education Executive Officers (SHEEO) finance survey. The intent is to examine trends in higher education revenues per FTE and compare Ohio and U.S. outcomes. All dollar figures reported in this summary are in constant 2009 dollars, adjusted by the Higher Education Cost Adjustment (HECA).
- Ohio's total revenue per full-time equivalent (FTE) student in 2009 was \$10,867, almost identical to its 1995 level of \$10,894. Total revenue has two components: state and local appropriations and tuition revenues. In 2009, state and local appropriations per FTE were \$5,210, accounting for 48% of total revenue. The same year, tuition revenues per FTE were \$5,657, accounting for 52% of total revenue. The 48%-52% ratio in 2009 is a reversal of the respective shares of appropriations and tuition revenues from fifteen years ago. In 1995, the state and local appropriations per FTE of \$6,090 accounted for 56% of total revenue while tuition revenues per FTE of \$4,804 accounted for 44% of total revenue. (Chart 1A)
- Between 1995 and 2001, state and local appropriations per FTE increased by 18% to a peak of \$7,195. Over the same time period, tuition per FTE increased by 1%; from \$4,804 in 1995 to \$4,859 in 2001. Total revenue per FTE increased by 10.6%, from \$10,894 in 1995 to \$12,054 in 2001. However, subsequent to 2001, state and local appropriations per FTE declined and reached \$5,210 in 2009, a decline of \$1,985 or 27.6%. Tuition per FTE, on the other hand, increased by \$798, or 16.4% between 2001 and 2009. The increase in tuition revenue, however, did not compensate fully for the decline in appropriations, and total revenue per FTE declined by \$1,187 (9.8%) between 2001 and 2009. (Chart 1A)
- In 2007, tuition per FTE peaked at \$6,065. Tuition freezes over the next two years, however, caused a 6.7% reduction in inflation-adjusted tuition per FTE from 2007 to 2009. Although state and local appropriations per FTE increased by 1.9% over those two

years, total revenue per FTE decreased by 2.8%, from \$11,177 to \$10,867 (Chart 1A)

- In 2009, total revenues per FTE in Ohio (\$10,867) and the United States (\$10,973) were almost equal, but Ohio drew a larger share of total revenue from tuition. Ohio's tuition per FTE of \$5,657 was 39% higher than the U.S. level of \$4,106. Conversely, Ohio's state and local appropriations per FTE of \$5,210 were 25% lower than the U.S. level of \$6,904. (Chart 1C and Table 1)
- Over much of the 1995-2009 period, Ohio's total revenue per FTE exceeded the U.S. levels, but the gap has closed in recent years.. In 1995, Ohio's total revenue per FTE was \$10,894, 7% higher than the U.S. level of \$10,209. This "spending gap" reached a high point in 1997, when Ohio's total revenue per FTE of \$12,222 was 15% higher than the U.S. level of \$10,666. This gap has steadily declined over time, essentially closing in 2007 when Ohio's total revenue per FTE was 1% lower than the U.S. level. (Chart 1C)
- Between 1995 and 2007, Ohio's tuition per FTE had been at least 49% higher than U.S. levels. However, Ohio state policy fixed tuition at public colleges at 2007 levels, reducing the tuition gap to 39% in 2009. In contrast, Ohio's state and local appropriations per FTE were smaller than U.S. levels over the entire 1995-2009 period, Ohio's state and local appropriations as a proportion of the U.S. level reached a peak value of 96% in 1997 and the lowest value of 70% in 2008. An inflation-adjusted increase in Ohio's government appropriations of \$161 million between 2008 and 2009 increased this ratio to 75% in 2009. (Charts 2 and 3)
- The convergence of Ohio's total revenue per FTE to match national levels can be attributed to several factors. Between 2001 and 2009, Ohio's total FTE enrollment increased by 21%, total state and local appropriations fell by 13%, and a greater proportion of FTE enrollments occurred at two-year institutions (39.9% in 2001 compared to 35.3% in 2009, based on Ohio Board of Regents data in Chart 5A).

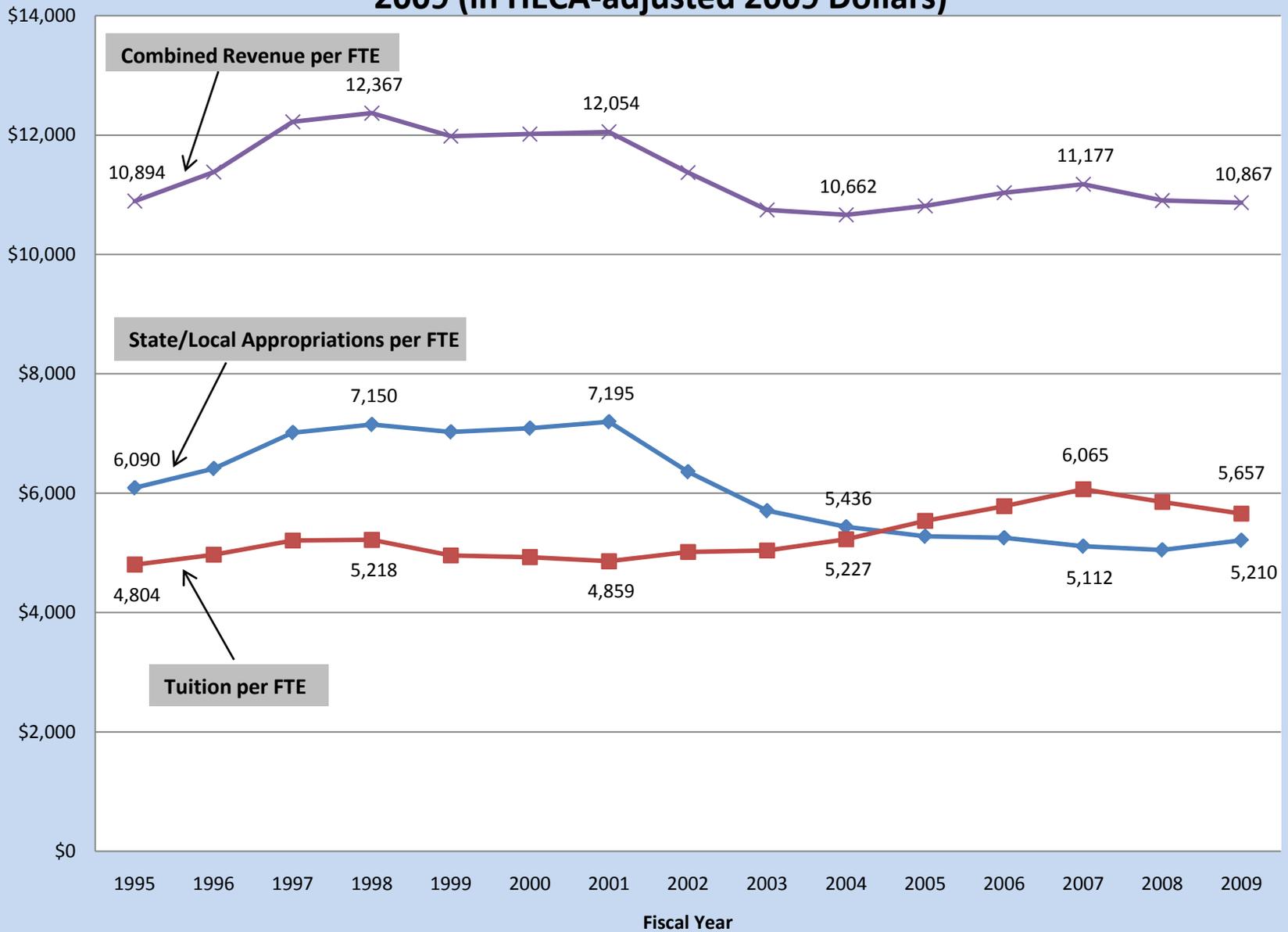
Data Notes and Definitions

- **Full-Time Equivalent Enrollment (FTE)** – a measure of enrollment equal to one student enrolled full-time for one academic year, calculated from the aggregate number of enrolled credit hours (including summer session enrollments). Excludes most non-credit or non-degree program enrollments; medical school enrollments also are excluded because funding for these programs varies substantially across states. FTE reduces multiple types of enrollment to a single measure in order to compare changes in total enrollments across states and sectors, and to provide a straightforward method for analyzing revenue on a per student basis. FTE enrollment figures collected through the SHEEO finance survey will differ from Ohio Board of Regents figures due to the exclusions of medical enrollments from the SHEEO figures and differing formulas for converting credit hours to FTE.
- **Educational Appropriations** – Net state Support plus Local Tax Appropriations minus Research Agricultural and Medical (RAM appropriations)
- **State and Local Support** - consists of state tax appropriations and local tax support plus additional non-tax funds (e.g., lottery revenue) that support or benefit higher education, and funds appropriated to other state entities for specific higher education expenditures or benefits (e.g., employee fringe benefits disbursed by the state treasurer). State and local support for 2009 includes \$2.4 billion in federal ARRA (American Recovery and Reinvestment Act of 2009) revenue provided to stabilize this source of revenue for higher education.
- **Net Tuition Revenue** - is the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. Net tuition revenue generally reflects the share of instructional support received from students and their families, although it is not the same and does

not take into account many factors that need to be considered in analyzing the “net price” students pay for higher education.

- **HECA** – measures price inflation experienced by college and universities. The HECA uses two external indices maintained by the federal government – the Employment Cost Index (ECI), accounts for 75% of the index and the Gross Domestic Product Implicit Price Deflator (GDP IPD), accounts for the remainder.

Chart 1A. Ohio Public Higher Education Revenue Data FY 1995 to FY 2009 (in HECA-adjusted 2009 Dollars)



**Chart 1B. Ohio Public Higher Education Revenue Data
FY 1995 to FY 2009 (Unadjusted Dollars)**

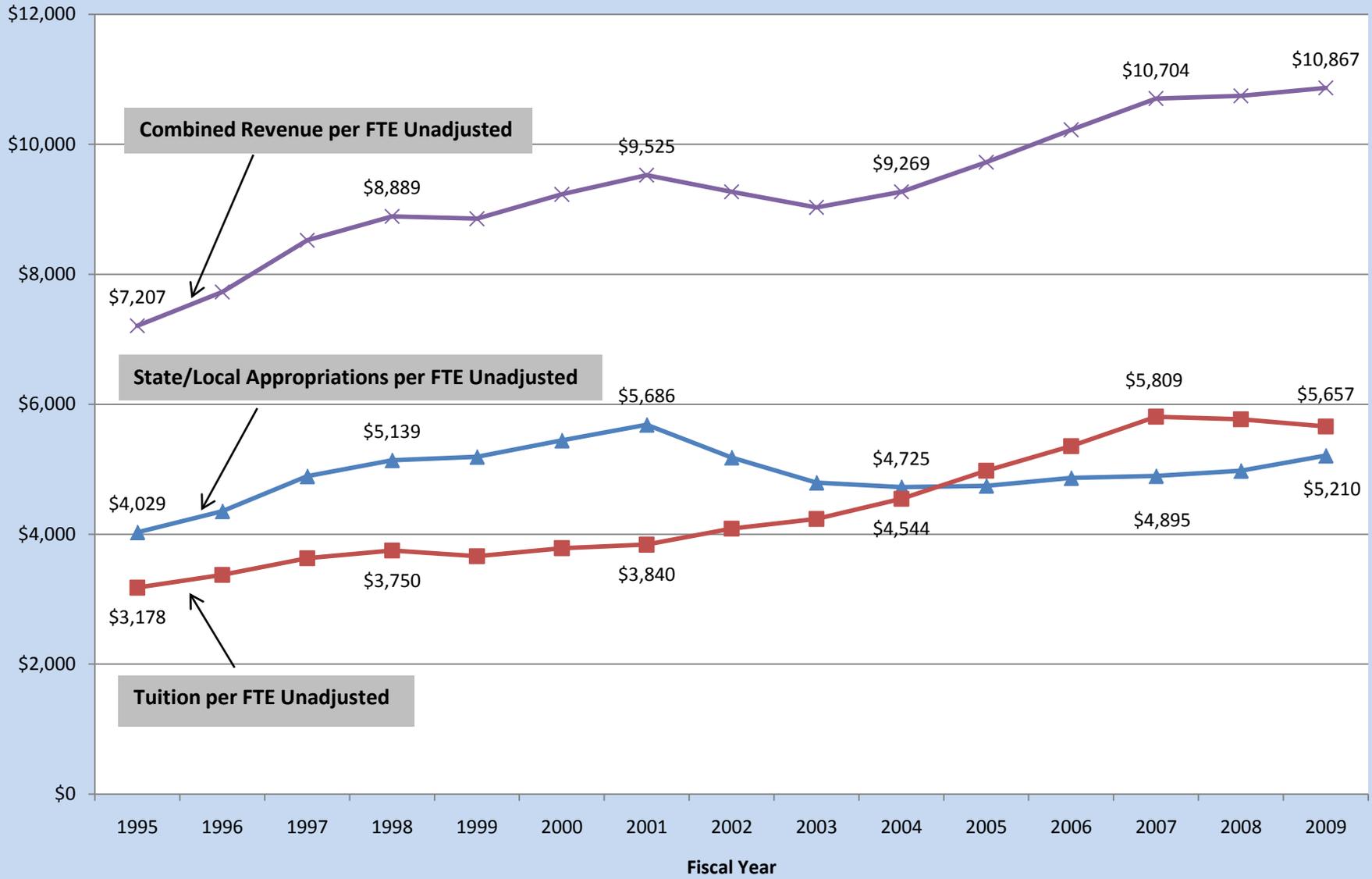
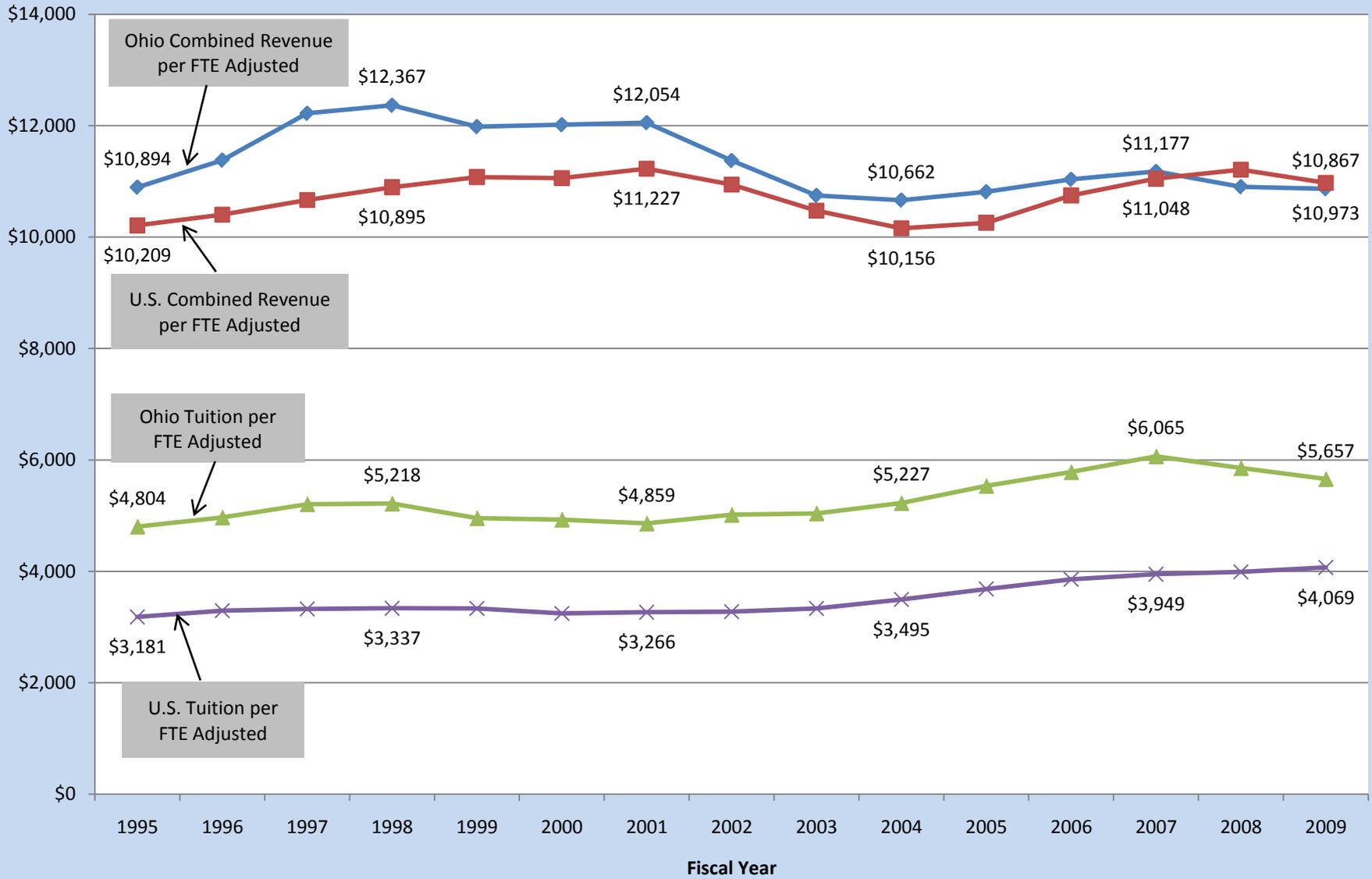


Chart 1C. Public Higher Education Revenue Data FY 1995 to FY 2009 Ohio Compared to U.S. (in HECA-adjusted 2009 Dollars)



**Chart 2. Ohio Public Higher Education Revenues per FTE
as a Percentage of the U.S. Average (in HECA-adjusted 2009 Dollars)**

FY 1995 to FY 2009

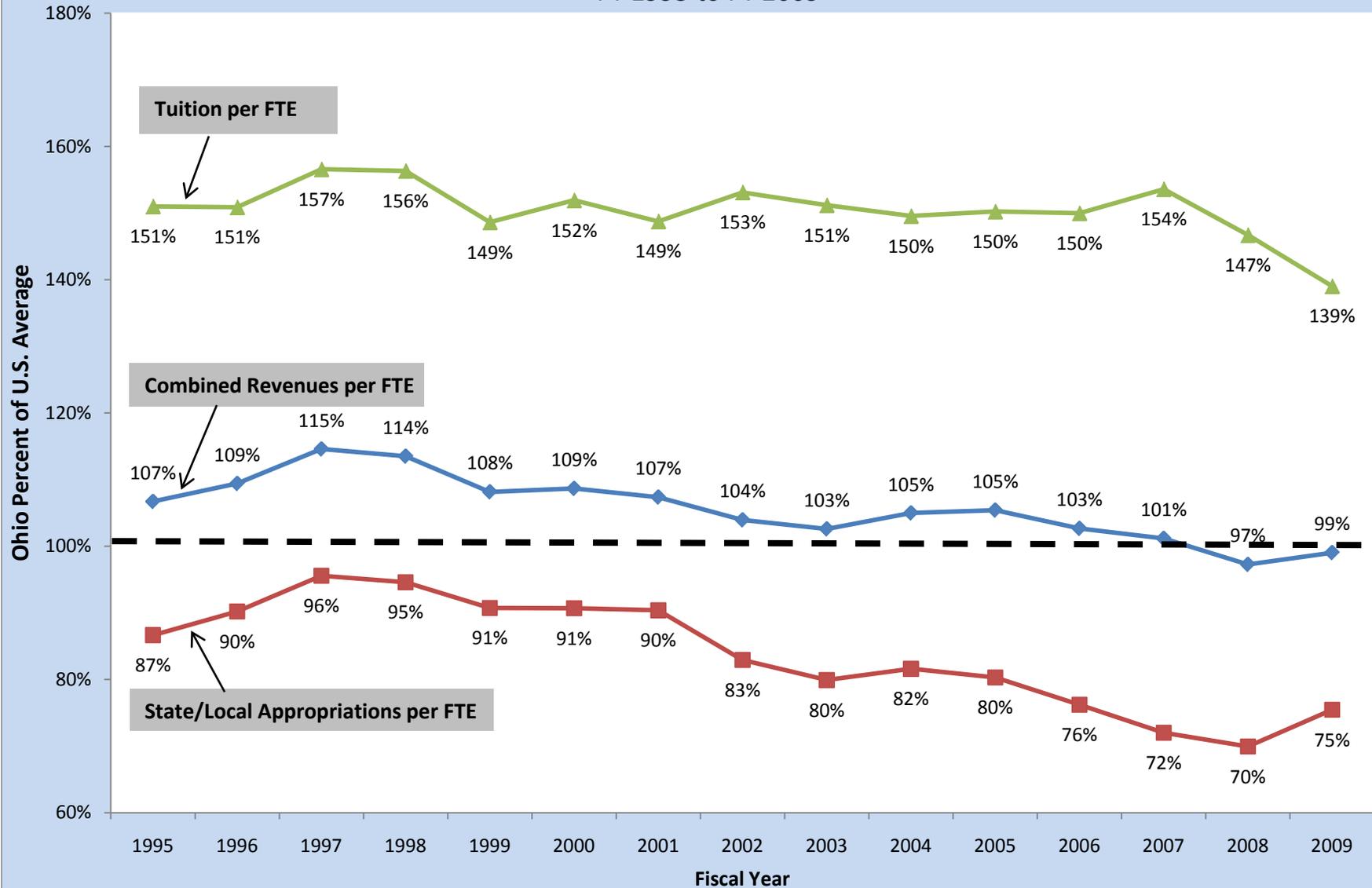


Chart 3. Ohio Public Higher Education Appropriations (in HECA-adjusted 2009 Dollars) and Enrollment Growth

FY 1995 to FY 2009

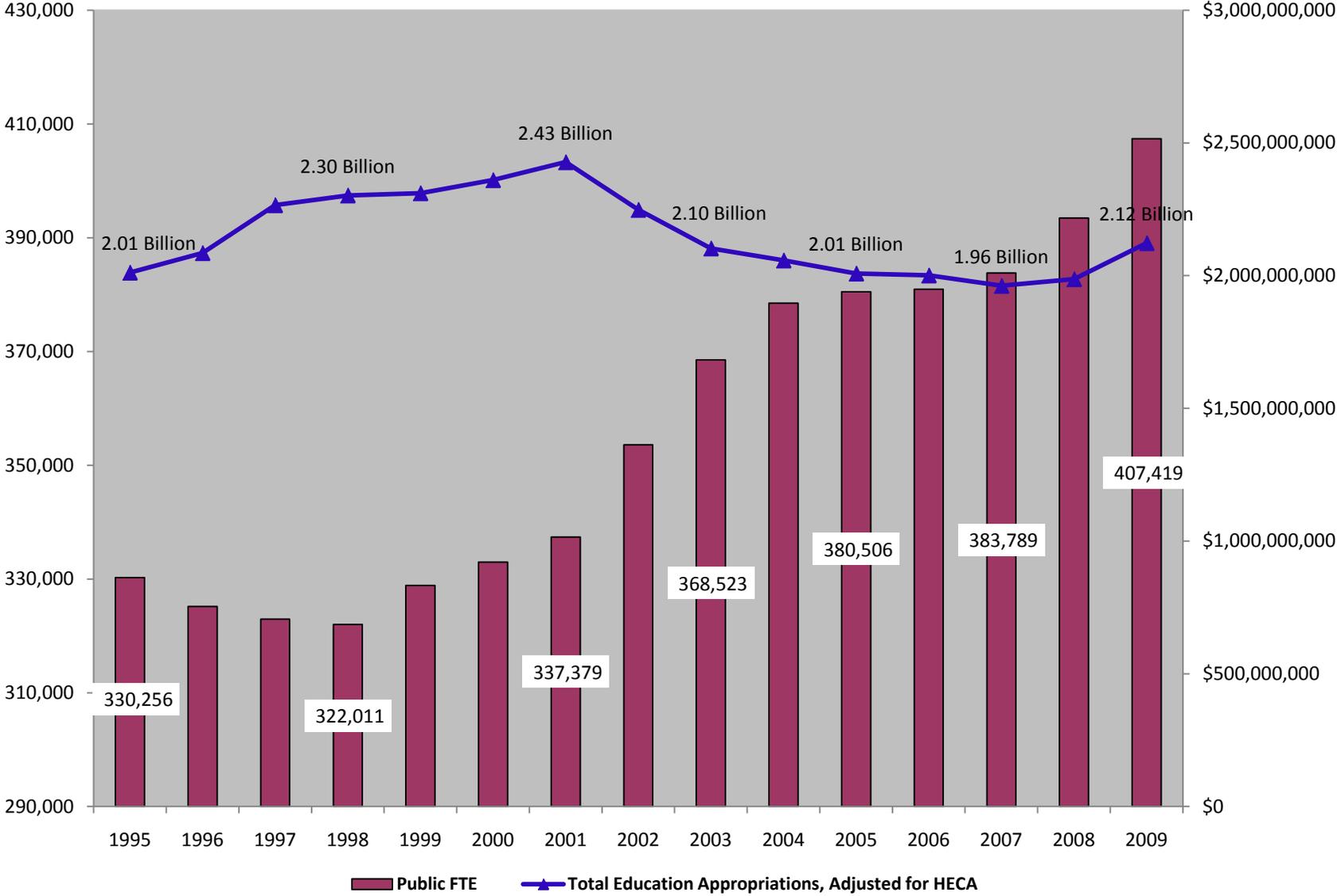


Chart 4. Tuition as a Percent of Higher Education Revenues (in HECA-adjusted 2009 Dollars) Ohio Compared to the U.S.

FY 1995 to FY 2009

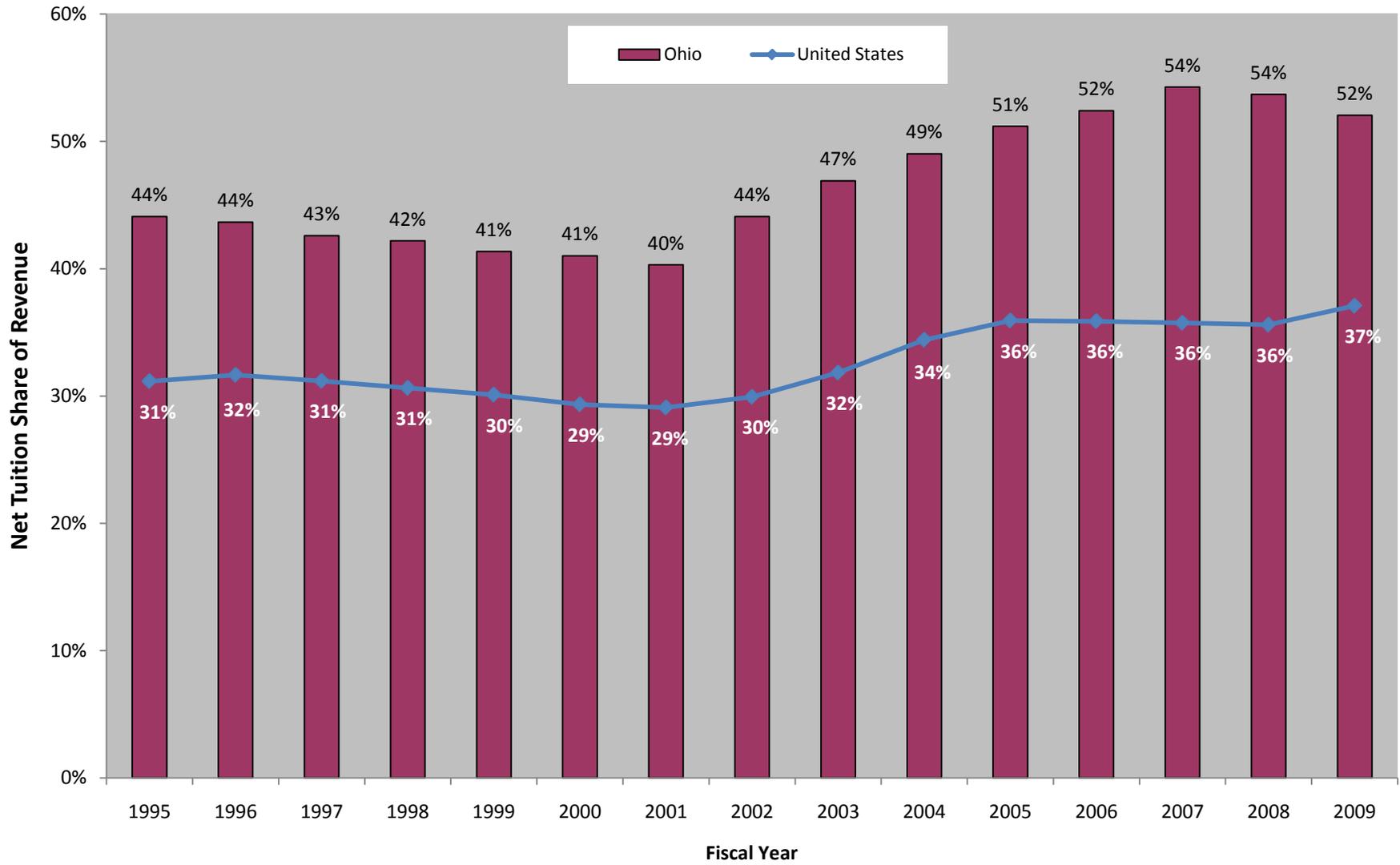
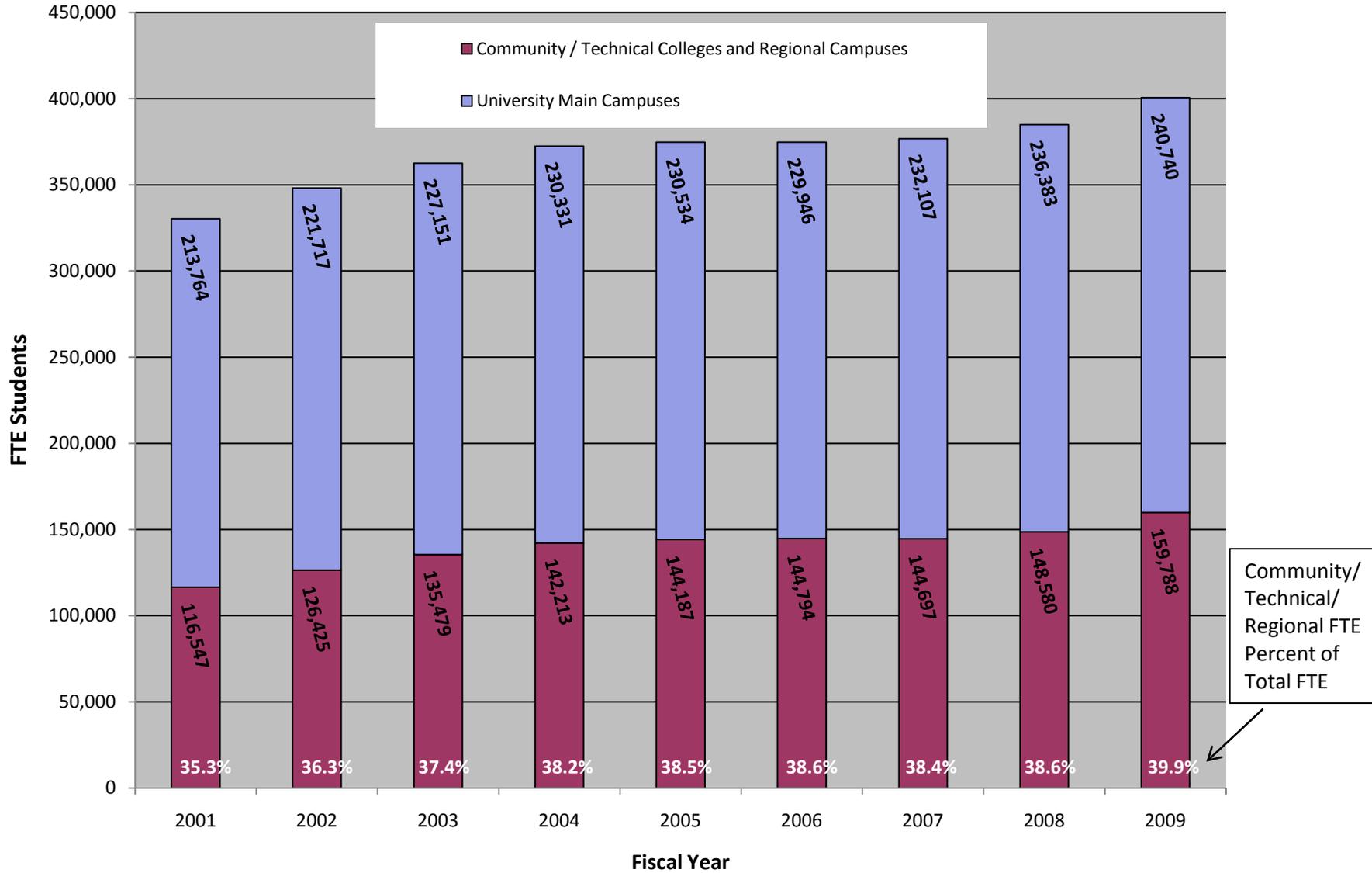
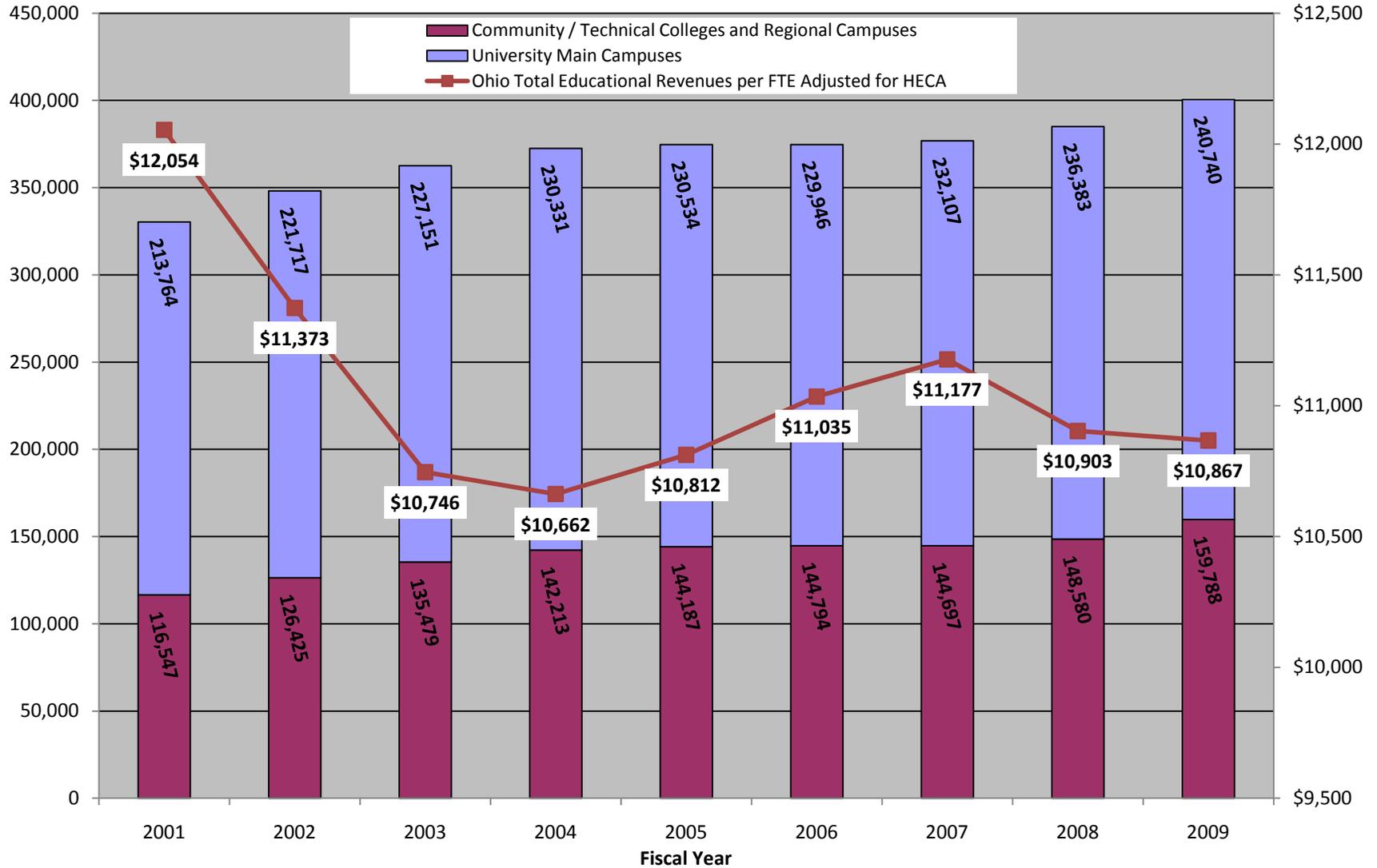


Chart 5A. Ohio Full-Time Equivalent Student Enrollment by Sector
FY 2001 to FY 2009



**Chart 5B. Ohio Full-Time Equivalent Student Enrollment by Sector
Compared to Ohio Total Education Revenue per FTE (in HECA-adjusted
2009 Dollars)**

FY 2001 to FY 2009



Tables in Appendix

Table 1. Public Higher Education Revenue Data FY 1995 to FY 2009 - Data for Chart 1A & 1C

Table 1B. Ohio Public Higher Education Unadjusted Revenue Data FY 1995 to FY 2009 - Data for Chart 1B

Table 2. Ohio| US Ratios of Total Revenue, Appropriations, and Tuition per FTE - Data for Chart 2

Table 3. Public FTE Enrollment and Total Educational Appropriations - Data for Chart 3

Table 4. Tuition as % of Total Revenues, Ohio and U.S. - Data for Chart 4

Table 5. Ohio Public Annualized Full-Time Equivalent (FTE) Enrollment - Data for Chart 5A & 5B

Table 6. U.S. Public Higher Education Unadjusted Revenue Data FY 1995 to FY 2009

Table 7. HECA, CPI Comparison

Table 1. Public Higher Education Revenue Data FY 1995 to FY 2009
Data for Chart 1A & 1C

Fiscal Year	Ohio Total Educational Revenues per FTE Adjusted for HECA	Ohio Educational Appropriations per FTE Adjusted for HECA	Ohio Public HE Net Tuition per FTE Adjusted for HECA	U.S. Total Educational Revenues per FTE Adjusted for HECA	U.S. Educational Appropriations per FTE Adjusted for HECA	U.S. Public HE Net Tuition per FTE Adjusted for HECA
1995	10,894	6,090	4,804	10,209	7,028	3,181
1996	11,381	6,412	4,969	10,402	7,109	3,293
1997	12,222	7,015	5,206	10,666	7,341	3,325
1998	12,367	7,150	5,218	10,895	7,558	3,337
1999	11,982	7,026	4,956	11,078	7,744	3,335
2000	12,017	7,088	4,929	11,059	7,814	3,245
2001	12,054	7,195	4,859	11,227	7,961	3,266
2002	11,373	6,358	5,015	10,942	7,667	3,275
2003	10,746	5,706	5,041	10,474	7,140	3,334
2004	10,662	5,436	5,227	10,156	6,661	3,495
2005	10,812	5,277	5,535	10,257	6,573	3,685
2006	11,035	5,252	5,783	10,748	6,893	3,855
2007	11,177	5,112	6,065	11,048	7,099	3,949
2008	10,903	5,049	5,854	11,210	7,220	3,990
2009	10,867	5,210	5,657	10,973	6,904	4,069

**Table 1B. Ohio Public Higher Education Unadjusted
Revenue Data FY 1995 to FY 2009
Data for Chart 1B**

Fiscal Year	Total Educational Revenues FTE	Educational Appropriations per FTE	Public HE Net Tuition FTE
1995	7,207	4,029	3,178
1996	7,728	4,354	3,374
1997	8,523	4,892	3,631
1998	8,889	5,139	3,750
1999	8,854	5,192	3,662
2000	9,228	5,443	3,785
2001	9,525	5,686	3,840
2002	9,268	5,181	4,086
2003	9,029	4,794	4,235
2004	9,269	4,725	4,544
2005	9,723	4,746	4,978
2006	10,222	4,865	5,357
2007	10,704	4,895	5,809
2008	10,745	4,976	5,769
2009	10,867	5,210	5,657

**Table 2. Ohio | US Ratios of Total Revenue,
Appropriations, and Tuition per FTE
Data for Chart 2**

Fiscal Year	Ohio to US Ratio - Total Revenue per FTE	Ohio to US Ratio - Appropriations per FTE	Ohio to US Ratio - Tuition per FTE
1995	107%	87%	151%
1996	109%	90%	151%
1997	115%	96%	157%
1998	114%	95%	156%
1999	108%	91%	149%
2000	109%	91%	152%
2001	107%	90%	149%
2002	104%	83%	153%
2003	103%	80%	151%
2004	105%	82%	150%
2005	105%	80%	150%
2006	103%	76%	150%
2007	101%	72%	154%
2008	97%	70%	147%
2009	99%	75%	139%

**Table 3. Public FTE Enrollment and Total Educational Appropriations
Data for Chart 3**

Fiscal Year	Public FTE	Total Education Appropriations, Adjusted for HECA	Chart Labels
1991	330,967	2,136,760,000	2.14 Billion
1992	341,131	2,007,700,000	2.01 Billion
1993	342,439	1,875,550,000	1.88 Billion
1994	337,189	1,943,580,000	1.94 Billion
1995	330,256	2,011,350,000	2.01 Billion
1996	325,169	2,085,090,000	2.09 Billion
1997	322,933	2,265,490,000	2.27 Billion
1998	322,011	2,302,290,000	2.30 Billion
1999	328,875	2,310,750,000	2.31 Billion
2000	332,947	2,359,830,000	2.36 Billion
2001	337,379	2,427,510,000	2.43 Billion
2002	353,571	2,248,150,000	2.25 Billion
2003	368,523	2,102,670,000	2.10 Billion
2004	378,497	2,057,360,000	2.06 Billion
2005	380,506	2,007,960,000	2.01 Billion
2006	380,945	2,000,840,000	2.00 Billion
2007	383,789	1,961,800,000	1.96 Billion
2008	393,469	1,986,800,000	1.99 Billion
2009	407,419	2,122,570,000	2.12 Billion

**Table 4. Tuition as % of Total Revenues, Ohio and U.S.
Data for Chart 4**

State	Fiscal Year	Tuition as a % of Total Revenue	State	Year	Tuition as a % of Total Revenue
United States	1995	31%	Ohio	1995	44%
United States	1996	32%	Ohio	1996	44%
United States	1997	31%	Ohio	1997	43%
United States	1998	31%	Ohio	1998	42%
United States	1999	30%	Ohio	1999	41%
United States	2000	29%	Ohio	2000	41%
United States	2001	29%	Ohio	2001	40%
United States	2002	30%	Ohio	2002	44%
United States	2003	32%	Ohio	2003	47%
United States	2004	34%	Ohio	2004	49%
United States	2005	36%	Ohio	2005	51%
United States	2006	36%	Ohio	2006	52%
United States	2007	36%	Ohio	2007	54%
United States	2008	36%	Ohio	2008	54%
United States	2009	37%	Ohio	2009	52%

Table 5. Ohio Public Annualized Full-Time Equivalent Enrollment (FTE)* - Data for Chart 5A, 5B

Fiscal Year	University Main Campuses	Community / Technical Colleges	University Regional Campuses	Community / Technical Colleges and Regional Campuses	Total Annual FTE Students	Community / Technical and Regional FTE as a Percent of Total FTE	Ohio Total Educational Revenues per FTE Adjusted for HECA
2001	213,764	87,803	28,744	116,547	330,310	35.3%	\$12,054
2002	221,717	95,964	30,461	126,425	348,142	36.3%	\$11,373
2003	227,151	103,130	32,349	135,479	362,630	37.4%	\$10,746
2004	230,331	108,318	33,895	142,213	372,544	38.2%	\$10,662
2005	230,534	110,289	33,898	144,187	374,722	38.5%	\$10,812
2006	229,946	111,354	33,440	144,794	374,741	38.6%	\$11,035
2007	232,107	111,358	33,339	144,697	376,804	38.4%	\$11,177
2008	236,383	114,169	34,411	148,580	384,963	38.6%	\$10,903
2009	240,740	123,110	36,678	159,788	400,528	39.9%	\$10,867
% Change, 2001 to 2009	12.6%	40.2%	27.6%		21.3%	4.6%	

* Note: FTE Enrollment in this table is calculated using Ohio Board of Regents methodology, which differs from SHEEO methodology.

**Table 6. U.S. Public Higher Education Unadjusted
Revenue Data FY 1995 to FY 2009**

Fiscal Year	Total Educational Revenues FTE	Educational Appropriations per FTE	Public HE Net Tuition FTE
1995	6,754	4,649	2,105
1996	7,063	4,827	2,236
1997	7,438	5,119	2,319
1998	7,831	5,432	2,399
1999	8,186	5,722	2,464
2000	8,493	6,001	2,492
2001	8,872	6,291	2,581
2002	8,916	6,247	2,669
2003	8,801	5,999	2,801
2004	8,829	5,791	3,038
2005	9,224	5,911	3,313
2006	9,956	6,385	3,571
2007	10,580	6,798	3,782
2008	11,047	7,115	3,932
2009	10,973	6,904	4,069

Table 7. HECA, CPI Comparison, 1991 to 2009

Fiscal Year	Index		Inflation Rate	
	HECA	CPI	HECA	CPI
1991	0.575	133.9		
1992	0.595	138.2	3.46%	3.21%
1993	0.616	142.6	3.50%	3.15%
1994	0.634	146.3	3.01%	2.60%
1995	0.652	150.4	2.75%	2.84%
1996	0.669	154.5	2.64%	2.73%
1997	0.687	158.9	2.73%	2.85%
1998	0.708	161.8	3.08%	1.79%
1999	0.728	164.6	2.81%	1.73%
2000	0.757	169.3	3.91%	2.89%
2001	0.790	175.1	4.44%	3.43%
2002	0.815	178.2	3.12%	1.77%
2003	0.840	182.1	3.11%	2.19%
2004	0.869	186.1	3.47%	2.20%
2005	0.899	191.7	3.44%	3.01%
2006	0.926	199.0	3.01%	3.81%
2007	0.958	204.2	3.38%	2.59%
2008	0.985	211.7	2.90%	3.70%
2009	1.000	214.7	1.48%	1.40%