

Utah Higher Ed Appropriations Comparison

An Evaluation of State Support for Utah Institutions of
Higher Education

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All students are not considered equal, according to this analysis of state support for institutions of Higher Education in Utah. When it comes to capital facilities and annual appropriations, the results indicate that students at the University of Utah and Utah State University receive significantly more support from the Utah State Legislature than the other institutions of higher education. While some underfunded institutions are catching up, others are falling further behind.

Higher Education Funding Discrepancies

This analysis started with a simple objective: compare annual appropriations and capital facilities funding for institutions of higher education. Why? To learn how state resources were being allocated to higher education. The process was simple. First, identify the level of state appropriations per full-time equivalent student. Second, calculate the net financial support for facilities inclusive and exclusive of special revenue bonds (or similar arrangements) per full-time equivalent student. Third, sum to get the estimated total state support. Once complete, take one more step and look at the change from 2014 to 2015.

Following is the table showing state annual support for fiscal year 2015. It is clear that on a full-time equivalent basis the funding levels vary widely among institutions.

Utah Institutions of Higher Education, Year Ended June 30, 2015

Institution (A)	State Appropriations/FTE (B)	CANP/FTE (C)	CANP/FTE Debt Service Equivalent (D)	Total State Support (B + D)	FTE Enrollment
U of U	\$10,699	\$56,446	\$2,851	\$13,550	26,911
UVU	\$4,435	\$13,455	\$679	\$5,114	22,591
USU	\$8,229	\$25,743	\$1,300	\$9,529	22,141
WSU	\$4,573	\$8,474	\$428	\$5,001	16,046
SLCC	\$5,812	\$14,615	\$738	\$6,550	15,553
SUU	\$4,804	\$14,749	\$745	\$5,549	6,929
DSU	\$5,008	\$14,307	\$723	\$5,730	6,381
SC	\$6,206	\$19,567	\$988	\$7,194	3,909

CANP is Capital Assets less Depreciation less Total Bonds, Notes, and Contracts

FTE is full time equivalent student

The institutions are readily identifiable. State Appropriations is the annual state appropriations per full-time equivalent student. CANP (capital assets net position) is total capital assets on the balance sheet, less accumulated depreciation, less total bonds, notes, and contracts. It is reflective of the capital contributed to the institution by the State of Utah and donations to the institution that went toward capital expenditures. The number shown is the CANP/FTE to make the appropriate comparison among institutions.

To calculate the debt service equivalent, we assumed that the capital assets would be amortized over 40 years at 4% interest. This creates a factor of 5.05%, which means that for every \$100 of capital assets, it creates a debt service payment of \$5.05. It doesn't matter if the state gave the money to the institution or borrowed the money, the opportunity cost to the state is approximately 5.05%. Total state support is the state appropriations/FTE (column B) plus CANP/FTE Debt Service Equivalent (column D). For reference, the 2015 full-time equivalent enrollment is provided for each institution.

It is clear that students at the University of Utah and Utah State University receive more state support than the students at the other institutions. Students at the U and USU also pay more tuition. These universities have access to significantly more resources than the other institutions in the state.

Comparing the levels of funding would not be appropriate without looking at the change in funding from year to year. In creating the same table for 2014 and then showing the difference, it will give an indication of which institutions are catching up and which are falling behind.

UVU and SLCC are making up some ground while SUU and WSU are falling behind in comparison to the University of Utah. USU was essentially flat year to year based on these metrics, although the significant increase in enrollment meant they did get considerably more resources than even UVU with a slightly higher increase in enrollment. This is because USU gets \$9,529/student while UVU gets \$5,114/student. For the same 1,250 student increase, UVU received \$6,400,000 while USU received \$11,900,000.

Utah Institutions of Higher Education, 2015 less 2014

Institution (A)	State Appropriations /FTE (B)	CANP/FTE Debt Service			Change in FTE Enrollment
		CANP/FTE (C)	Equivalent (D)	Total State Support (B + D)	
U of U	\$459	(\$449)	(\$23)	\$437	169
UVU	\$1,094	\$1,173	\$59	\$1,153	1,256
USU	(\$13)	\$216	\$11	(\$2)	1,242
WSU	\$366	(\$5,145)	(\$260)	\$106	57
SLCC	\$1,103	\$411	\$21	\$1,123	(379)
SUU	(\$324)	(\$2,579)	(\$130)	(\$454)	779
DSU	\$954	(\$3,135)	(\$158)	\$796	(24)
SC	\$849	(\$1,178)	(\$60)	\$789	163

CANP is Capital Assets less Depreciation less Total Bonds, Notes, and Contracts

FTE is full time equivalent student

Are the Discrepancies Justified?

This is a really important question. In some cases the discrepancies are justified. USU and the U carry a higher proportion of graduate students. They are doing more primary research. The U has a top tier medical school. Their athletics cost more to run and generate more revenue. There is a legitimate argument to be made that that equal funding per FTE is the wrong resource allocation.

There are also some strong arguments that the discrepancies are too wide and should be addressed. For example, this analysis doesn't consider the grant income, ticket income, royalty income, and other revenues attached to the additional activities at the U and USU. Ought these high value functions like research and athletics carry a significant portion of their operating and facilities costs? If they do, then why the large discrepancy relative to the other institutions? Why do the institutions with the strongest balance sheets get the most access to state facilities resources when it is the other schools that are growing and elevating their stature who need the most help?

This paper doesn't propose answers to the questions. Simply to illustrate observations and start a conversation about higher education resource allocation.

Exhibit 1: Higher Education Capital Asset Appropriations by Institution

Data from 2015 Annual Financial Reports for select Higher Education Institutions.

	U of U	UVU	USU	WSU	SLCC	SUU	DSU	SC
Enrollment	31,673	33,211	28,622	25,955	28,814	8,881	8,503	5,111
FTE	26,911	22,591	22,141	16,046	15,553	6,929	6,381	3,909
Tuition Rev	\$ 304,008,000	\$ 113,798,683	\$ 120,604,507	\$ 79,758,937	\$ 62,516,311	\$ 65,466,703	\$ 32,436,912	\$ 8,541,606
State Appropriations	\$ 287,929,000	\$ 100,190,129	\$ 182,193,753	\$ 73,372,300	\$ 90,387,402	\$ 33,290,083	\$ 31,955,314	\$ 24,258,099
Capital Assets (PP&E)	\$ 4,586,296,137	\$ 514,814,474	\$ 1,255,838,223	\$ 481,060,259	\$ 366,502,170	\$ 218,042,752	\$ 186,823,565	\$ 158,936,423
Depreciation	\$ 2,081,442,628	\$ 141,324,109	\$ 546,379,643	\$ 286,938,546	\$ 134,396,423	\$ 94,553,874	\$ 60,998,652	\$ 65,876,263
Net Capital Assets	\$ 2,504,853,509	\$ 373,490,365	\$ 709,458,580	\$ 194,121,713	\$ 232,105,747	\$ 123,488,878	\$ 125,824,913	\$ 93,060,160
Current Bonds, Notes, and Contracts	\$ 113,430,000	\$ 3,733,022	\$ 8,673,131	\$ 2,556,028	\$ 1,750,988	\$ 4,652,278	\$ 1,356,363	\$ 611,061
Noncurrent Bonds, Notes, and Contracts	\$ 872,395,000	\$ 65,796,308	\$ 130,800,695	\$ 55,589,264	\$ 3,050,006	\$ 16,641,840	\$ 33,175,419	\$ 15,962,762
Total Bonds, Notes, and Contracts	\$ 985,825,000	\$ 69,529,330	\$ 139,473,826	\$ 58,145,292	\$ 4,800,994	\$ 21,294,118	\$ 34,531,782	\$ 16,573,823
Capital Asset Net Position (CAMP)	\$ 1,519,028,509	\$ 303,961,035	\$ 569,984,754	\$ 135,976,421	\$ 227,304,753	\$ 102,194,760	\$ 91,293,131	\$ 76,486,337
Capital Asset Net Position is Net Capital Assets less Total Bonds, Notes and Contracts								
Tuition/Student	\$ 9,598	\$ 3,427	\$ 4,214	\$ 3,073	\$ 2,170	\$ 7,372	\$ 3,815	\$ 1,671
Tuition/FTE	\$ 11,297	\$ 5,037	\$ 5,447	\$ 4,971	\$ 4,020	\$ 9,448	\$ 5,083	\$ 2,185
State Appropriations/Student	\$ 9,091	\$ 3,017	\$ 6,366	\$ 2,827	\$ 3,137	\$ 3,748	\$ 3,758	\$ 4,746
State Appropriations/FTE	\$ 10,699	\$ 4,435	\$ 8,229	\$ 4,573	\$ 5,812	\$ 4,804	\$ 5,008	\$ 6,206
Capital Assets/Student	\$ 144,801	\$ 15,501	\$ 43,877	\$ 18,534	\$ 12,720	\$ 24,552	\$ 21,971	\$ 31,097
Capital Assets/FTE	\$ 170,425	\$ 22,788	\$ 56,720	\$ 29,980	\$ 23,565	\$ 31,468	\$ 29,278	\$ 40,659
Net Capital Assets/Student	\$ 79,085	\$ 11,246	\$ 24,787	\$ 7,479	\$ 8,055	\$ 13,905	\$ 14,798	\$ 18,208
Net Capital Assets/FTE	\$ 93,079	\$ 16,533	\$ 32,043	\$ 12,098	\$ 14,924	\$ 17,822	\$ 19,719	\$ 23,807
Capital Asset Net Position/Student	\$ 47,960	\$ 9,152	\$ 19,914	\$ 5,239	\$ 7,889	\$ 11,507	\$ 10,737	\$ 14,965
Capital Asset Net Position/FTE	\$ 56,446	\$ 13,455	\$ 25,743	\$ 8,474	\$ 14,615	\$ 14,749	\$ 14,307	\$ 19,567
CAMP/Student Debt Service Equivalent	\$ 2,422	\$ 462	\$ 1,006	\$ 265	\$ 398	\$ 581	\$ 542	\$ 756
CAMP/FTE Debt Service Equivalent	\$ 2,851	\$ 679	\$ 1,300	\$ 428	\$ 738	\$ 745	\$ 723	\$ 988
CAMP/FTE Debt Service Equivalent is Capital Asset Net Position/FTE amortized at 4% interest over a 40 year term								
Total State Support	\$ 13,550	\$ 5,114	\$ 9,529	\$ 5,001	\$ 6,550	\$ 5,549	\$ 5,730	\$ 7,194
Total State Support is State Appropriations/FTE + CAMP/FTE Debt Service Equivalent								