

STATE INVESTMENT IN HIGHER EDUCATION

“A lot more governors now realize that their systems of higher education are really their major economic strategy for the future...that (companies) go to where you have highly skilled workers.”

Raymond Scheppach, Executive Director
National Governors Association
Stateline.org, February 20, 2008

Over a 5-year period, from 2004-05 to 2009-10, only eight states had a decrease in state funding for higher education. However, with the continuing decline in the nation's economy, from 2008-09 to 2009-10, 36 states had a decrease in state funding for higher education. This included Nebraska, which saw its state funding decrease 1.6 percent. Overall, general fund appropriations for higher education in 2009-10 decreased nationwide by 3.5 percent from the previous year, according to a survey completed by the Center for the Study of Education Policy (Center for the Study of Education Policy, 2010).

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act (ARRA). The Act had three main goals: create new jobs and save existing jobs, spur economic activity and invest in long-term growth, and foster accountability and transparency in government spending by providing more than \$700 billion dollars in federal spending to individuals, states and other localities (Recovery.gov). Of the funds sent to states, \$5.9 billion was used by states to restore the level of state support for public higher education (Center for the Study of Education Policy, 2010).

This section of the report covers two topics: appropriation comparisons within Nebraska and appropriation comparisons with other states.

Appropriation Comparisons within the State

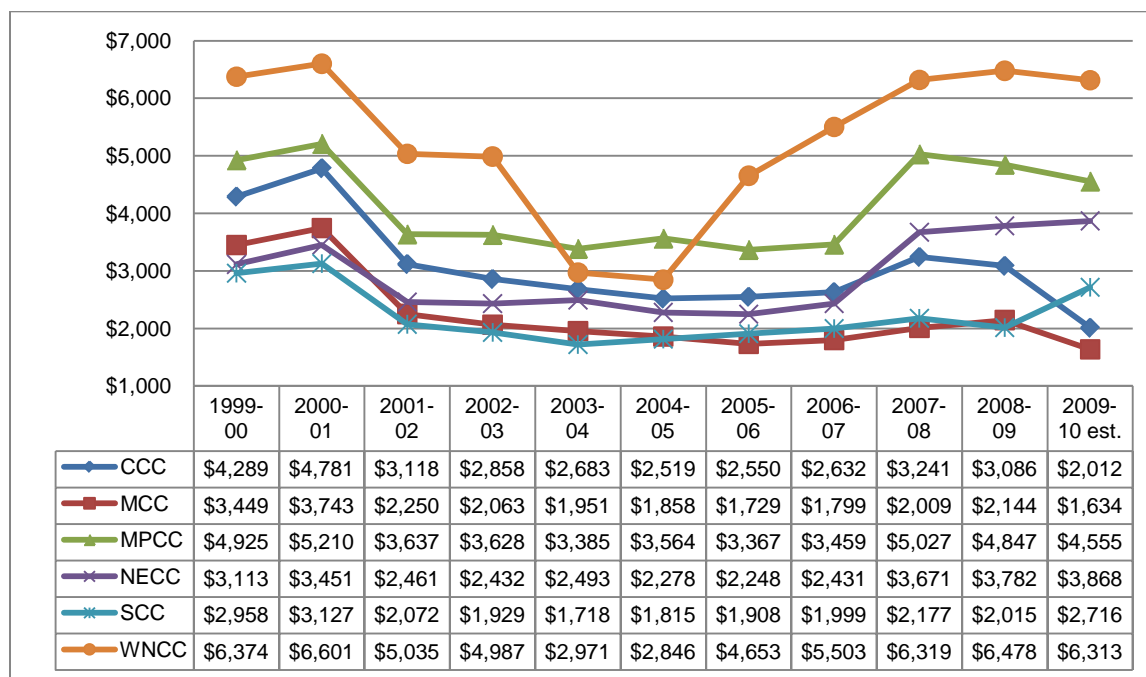
The following information concerns state appropriation per full-time equivalent (FTE) student. The dollar amounts exclude funds appropriated or re-appropriated for tuition and capital appropriations. To arrive at the appropriation per full-time student, the base state appropriation is divided by the number of full-time equivalent students at the institution. (Note: Enrollment decreases can therefore lead to increases in appropriations per full-time equivalent student, and vice versa.)

In addition to state appropriations, the community colleges receive income from property taxes; therefore, this report provides two additional sets of data, one that shows the amount of property tax income received by each community college and one where the state appropriation and property taxes are added together to derive a total state-and-local appropriation per full-time equivalent student within the community college sector.

Appropriations to community colleges are based on a formula that incorporates factors such as level of tuition, local property tax collections, local property tax rate and full-time equivalent student. The current community college formula expires after the 2010-11 academic year. Appropriations for the state colleges and the University of Nebraska are based on identified needs.

Community Colleges

State Appropriation per FTE Student at Nebraska's Community Colleges 1999-00 to 2009-10



From 1999-00 to 2009-10, state appropriations per full-time equivalent student at Nebraska's community colleges:

- increased 24% at Northeast Community College
- **decreased** 1% at Western Nebraska Community College
- **decreased** 8% at Mid-Plains Community College
- **decreased** 8% at Southeast Community College
- **decreased** 53% at Central Community College
- **decreased** 53% at Metropolitan Community College

From 2004-05 to 2009-10, state appropriations per full-time equivalent student at Nebraska's community colleges:

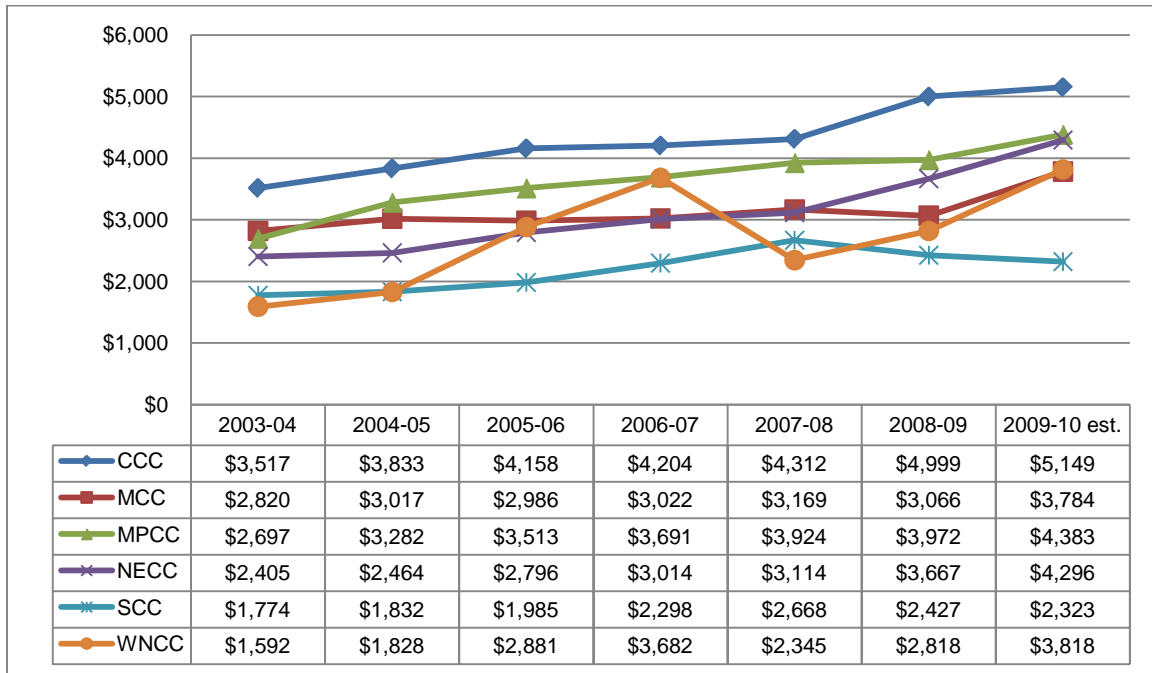
- increased 122% at Western Nebraska Community College
- increased 70% at Northeast Community College
- increased 50% at Southeast Community College
- increased 28% at Mid-Plains Community College
- **decreased** 12% at Metropolitan Community College
- **decreased** 20% at Central Community College

For state appropriation per full-time equivalent student in 2009-10, when compared to their peers:

- Central Community College ranks 4th out of 6
- Metropolitan Community College ranks 4th out of 7
- Mid-Plains Community College ranks 2nd out of 6
- Northeast Community College ranks 3rd out of 6
- Southeast Community College ranks 5th out of 5
- Western Nebraska Community College ranks 1st out of 7

Information that is more detailed can be found in the appendix beginning on page 43.

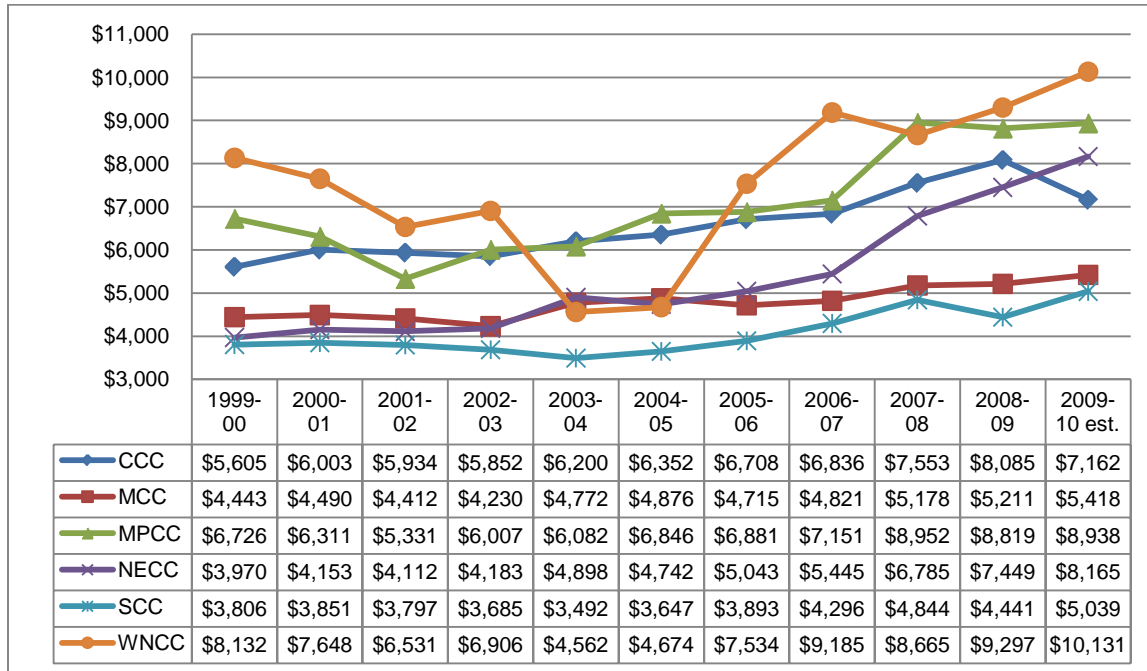
Property Tax Income per FTE Student at Nebraska's Community Colleges 2003-04 to 2009-10



From 2003-04 to 2009-10, property tax income per full-time equivalent student at Nebraska's community colleges increased:

- 140% at Western Nebraska Community College
- 79% at Northeast Community College
- 62% at Mid-Plains Community College
- 46% at Central Community College
- 34% at Metropolitan Community College
- 31% at Southeast Community College

State Appropriation and Property Tax Income per FTE Student at Nebraska's Community Colleges 1999-00 to 2009-10



From 1999-00 to 2009-10, state appropriations and property tax income per full-time equivalent student at Nebraska's community colleges increased:

- 106% at Northeast Community College
- 33% at Mid-Plains Community College
- 32% at Southeast Community College
- 28% at Central Community College
- 25% at Western Nebraska Community College
- 22% at Metropolitan Community College

From 2004-05 to 2009-10, state appropriations and property tax income per full-time equivalent student at Nebraska's community colleges increased:

- 117% at Western Nebraska Community College
- 72% at Northeast Community College
- 38% at Southeast Community College
- 31% at Mid-Plains Community College
- 13% at Central Community College
- 11% at Metropolitan Community College

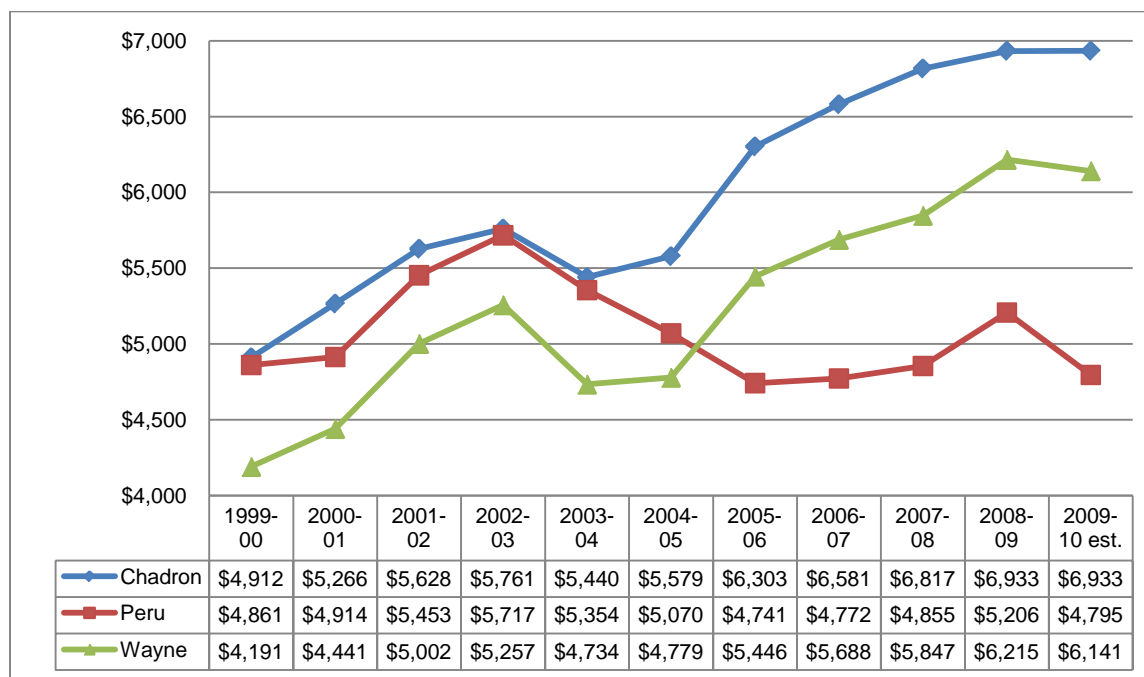
For state and local appropriation per full-time equivalent student in 2009-10, when compared to their peers:

- Central Community College ranks 4th out of 6
- Metropolitan Community College ranks 4th out of 7
- Mid-Plains Community College ranks 2nd out of 6
- Northeast Community College ranks 3rd out of 6
- Southeast Community College ranks 5th out of 5
- Western Nebraska Community College ranks 1st out of 7

Information that is more detailed can be found in the appendix beginning on page 43.

State Colleges

State Appropriation per FTE Student at Nebraska's State Colleges 1999-00 to 2009-10



From 1999-00 to 2009-10, state appropriations per full-time equivalent student at Nebraska's state colleges:

- increased 47% at Wayne State College
- increased 41% at Chadron State College
- **decreased** 1% at Peru State College

From 2004-05 to 2009-10, state appropriations per full-time equivalent student at Nebraska's state colleges:

- increased 28% at Wayne State College
- increased 24% at Chadron State College
- **decreased** 5% at Peru State College¹

¹ State appropriation increased less than the increase in enrollment resulting in less appropriated dollars per student

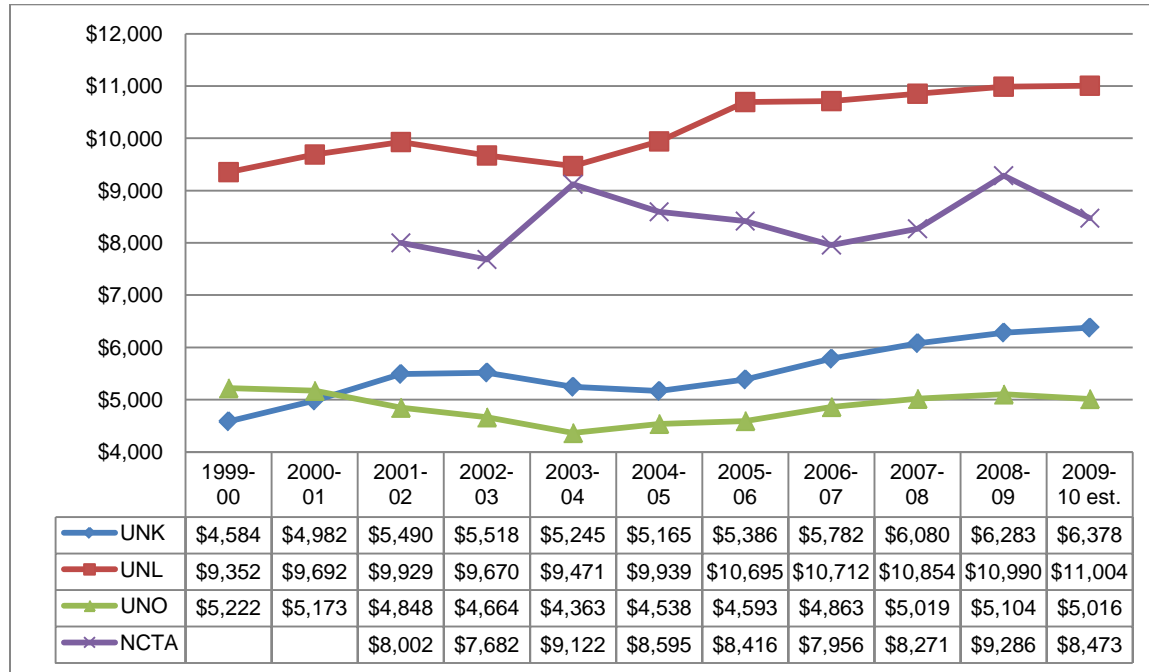
For state appropriation per full-time equivalent student in 2009-10, when compared to their peers:

- Chadron State College ranks 2nd out of 7
- Peru State College ranks 3rd out of 6
- Wayne State College ranks 2nd out of 6

Information that is more detailed can be found in the appendix beginning on page 98.

University of Nebraska

State Appropriation per FTE Student at the University of Nebraska Campuses (excluding UNMC) 1999-00 to 2009-10



From 1999-00 to 2009-10, state appropriations per full-time equivalent student at the University of Nebraska campuses:

- increased 39% at the University of Nebraska at Kearney
- increased 18% at the University of Nebraska-Lincoln¹
- **decreased** 4% at the University of Nebraska at Omaha

From 2004-05 to 2009-10, state appropriations per full-time equivalent student at the University of Nebraska campuses increased:

- 23% at the University of Nebraska at Kearney
- 11% at the University of Nebraska-Lincoln
- 11% at the University of Nebraska at Omaha

¹ Note: UNL has a far higher percentage of graduate students than do the Kearney and Omaha campuses.

For state appropriation per full-time equivalent student in 2009-10, when compared to their peers:

- the University of Nebraska at Kearney ranks 2nd out of 5
- the University of Nebraska-Lincoln ranks 3rd out of 11
- the University of Nebraska at Omaha ranks 4th out of 6

Information that is more detailed can be found in the appendix beginning on page 130.

Appropriation Comparisons with Other States

One of the major statewide goals in Nebraska's *Comprehensive Plan* states that:

Nebraska will value higher education and support its investment in public higher education through fair and reliable funding policies that provide appropriate levels of support to enable institutions to excel and meet the educational needs of the State and its students (Coordinating Commission for Postsecondary Education, 2006).

The State of Nebraska has been strongly supportive of higher education. In direct financial terms, in FY10 Nebraska's appropriation of state tax dollars for higher education operating expenses was \$622,692,181. This represents a 4.4 percent decrease over FY09. The nation averaged a 3.5 percent decrease from FY09 to FY10. When taking into account the ARRA stimulus funds, national average state funding for higher education declined by only 1.1 percent from FY09 to FY10. (Note: Nebraska did not apply any of its ARRA funds directly to postsecondary education.)

Additionally, the \$622,692,181 represents a 19.9 percent increase over five years (FY05 to FY10), which places Nebraska 14th in the nation for that period. Nationally, states increased their appropriations by an average of 15.4 percent during that same period (Center for the Study of Education Policy, 2010).

Other ways to measure a state's investment in higher education include appropriations per \$1,000 in personal income, and appropriations per capita. For FY10, Nebraska's appropriation per \$1,000 of personal income was \$9.06. This support ranked Nebraska 10th in the nation and was significantly higher than the national average of \$6.26. It also reflects a slight decrease from FY09, when the appropriation per \$1,000 of personal income was \$9.31. (Center for the Study of Education Policy, 2010)

Additionally, for FY10, Nebraska's appropriation per capita was \$346.74. This, too, was significantly higher than the national average of \$245.37. While the funding ranked Nebraska 7th in the nation, Nebraska's FY10 appropriation per capita is down slightly from FY09, when Nebraska's appropriation per capita was \$365.73 (Center for the Study of Education Policy, 2010).