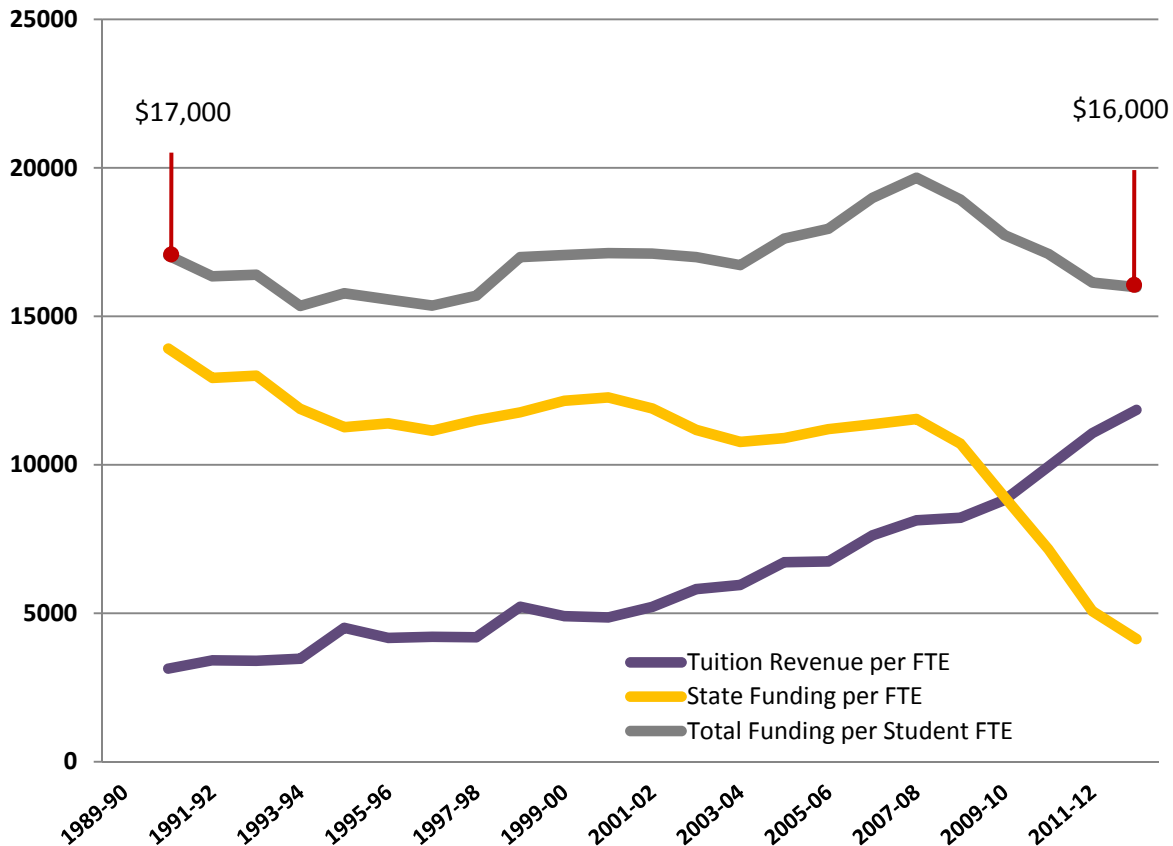


**Date:** January 31, 2012

**Subject:** Ratio of State Funding to Tuition Revenue: UW and Peers

The following graph is the easiest way to illustrate the truly dramatic shift in educational revenue from state funding to tuition revenue at the UW over many years, but particularly, since the Great Recession. State funding went from 82 percent of total educational revenue (i.e. state funding and tuition) per student in 1990 to only 50 percent in 2009, and is down to 31 percent in 2011-12. Meanwhile, in constant dollars, the total amount of funding per student has actually declined by \$1,000.

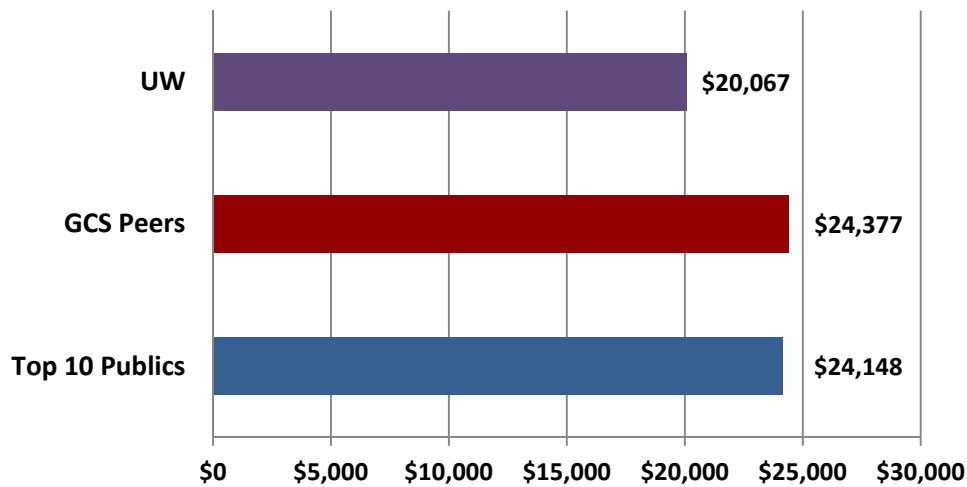
**State and Tuition Funding per FTE**  
(in 2013 Dollars)



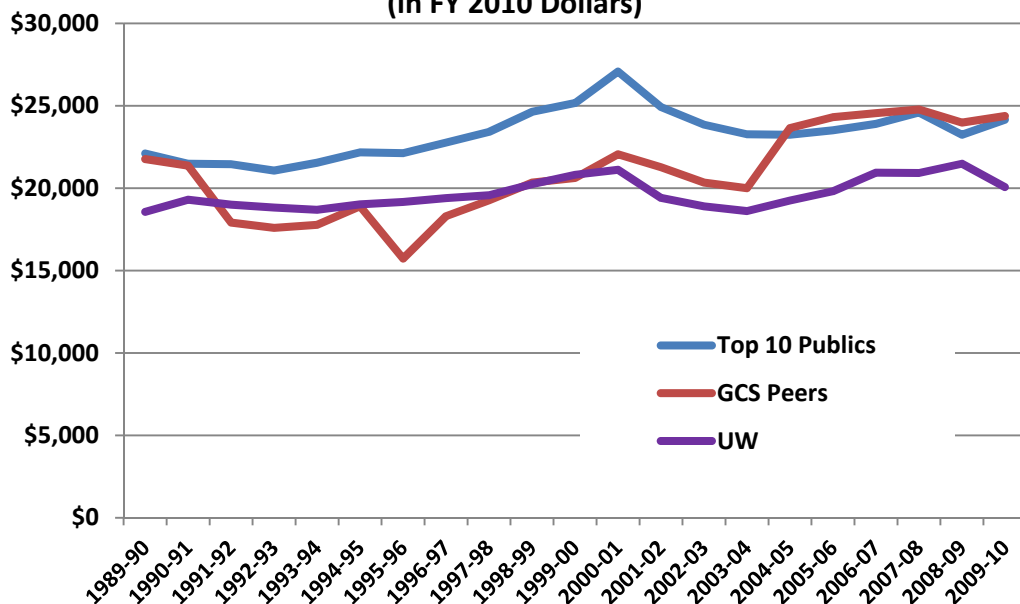
This trend is visible in public higher education across the US. Below, we have compared the UW ratio between state and tuition funding to its peers. Note that for reliable peer comparisons we must use the federal Integrated Postsecondary Education Data System (IPEDS) data, for which the most recent year available is 2009-10. The tuition revenue appears higher when IPEDS data are used, as other revenue must, according to IPEDS definitions, be included. The largest additional amount of revenue reported is from fee-based programs. While the UW, through Educational Outreach, has more fee-based revenue than peers, we don't know the values for peers, so we cannot break that portion of tuition revenue out when doing peer comparisons.

For this analysis we are comparing the UW to the [Global Challenge State Peers](#) (GCS peers) as well as to the [top 10 public](#) institutions as ranked by US News & World Report (not including the College of William and Mary). Looking at total educational funding (state funding plus tuition revenue) in 2009-10, we see that the UW receives significantly less funding per student than the peer averages (Figure 1). One can also see that while the gap between top 10 publics and the UW has always existed, the gap between GCS peers and the UW has increased over time (Figure 2). Note again that IPEDS includes tuition revenue from non-state funded students (fee-based and summer quarter), so the overall funding per FTE numbers are higher than the chart at the beginning.

**Figure 1: UW and Peer Combined 2009-10 Tuition and State Funding per FTE Student**

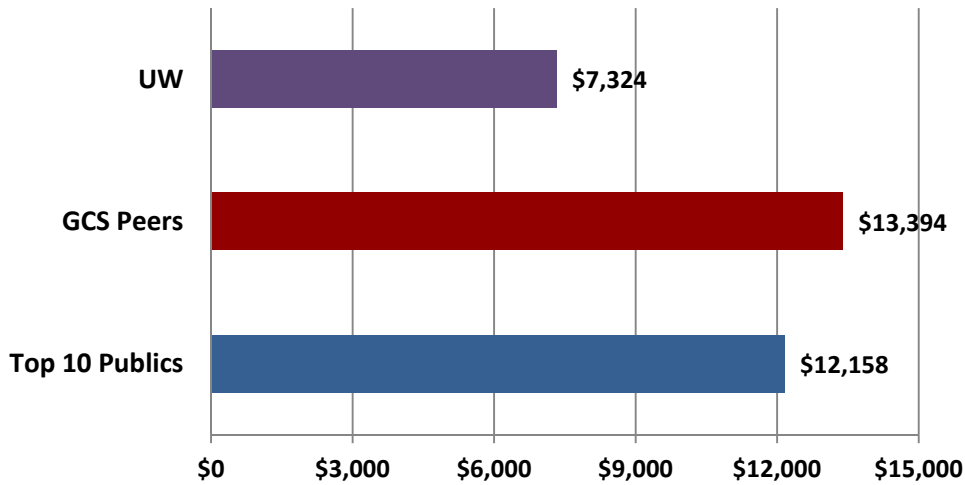


**Figure 2: Total Funding per FTE Student (in FY 2010 Dollars)**

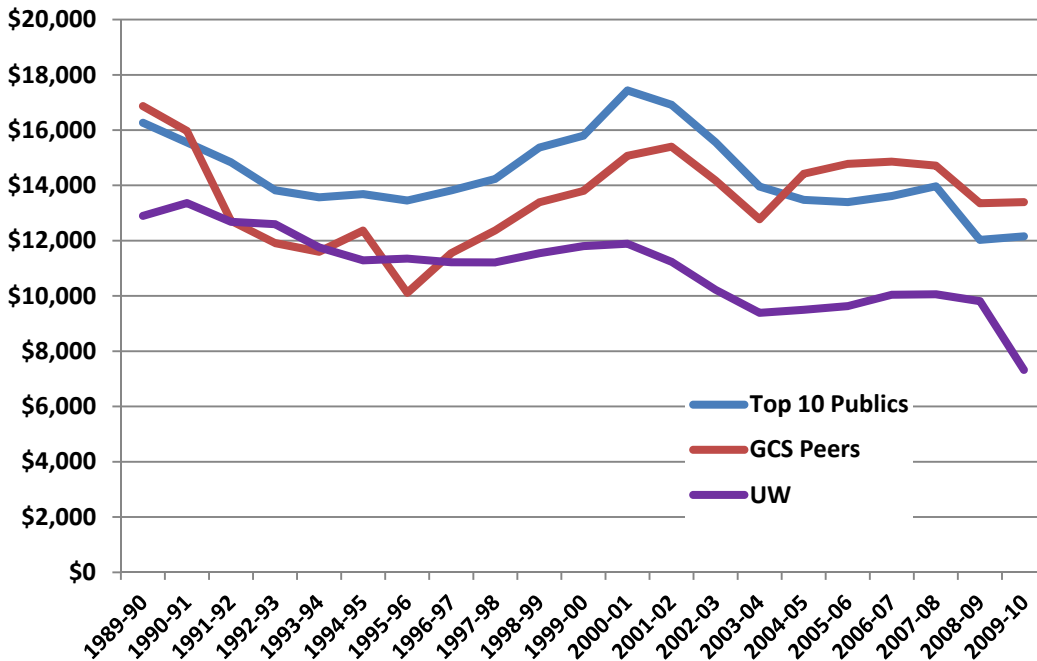


The chart below (Figure 3) shows us that the gap in funding per FTE between the UW and its peers in 2009-10 is driven by a low level of state funding per FTE, which lags significantly behind the average for both peer groups. Again, it can be seen (Figure 4) that, while we have always lagged behind the top 10 publics in state appropriations, the gap between GCS peers and the UW has increased over time.

**Figure 3: UW and Peer 2009-10 State Appropriations per FTE Student**



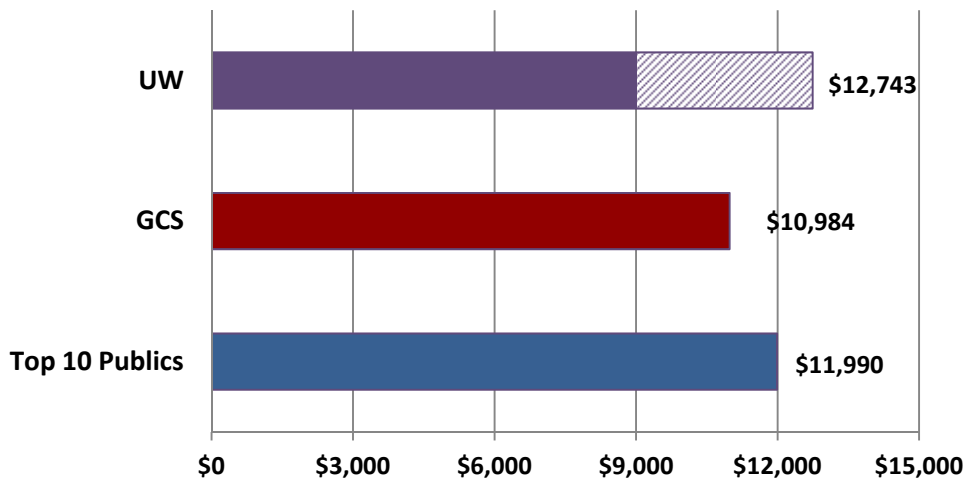
**Figure 4: State Appropriations per FTE Student (in FY 2010 Dollars)**



The state’s share of educational funding at the UW has dropped even more precipitously since 2009-10 (from 50 percent to 31 percent). While most of the peer institutions also experienced additional cuts in state funding, particularly the University of California, the UW’s funding cuts continued to outpace most peers. Therefore we expect the UW to continue to be at the bottom of its peer groups when it comes to state funding levels per student.

If we look at tuition revenue per FTE (Figure 5), we see that the state has relied on increasing tuition at the UW to make up for some of the lost state funding and that the UW collects above average amounts of tuition compared to its peers. Again, some of the tuition revenue per FTE at the UW is driven by revenue from fee-based programs, summer quarter, and other student payments. That portion is indicated by the shaded bar in Figure 5 (although the unshaded portion of the bar cannot appropriately be compared to the bars for the GCS peers and Top 10 Publics, as those institutions also have some additional revenue included in their tuition figures).

**Figure 5: UW and Peer 2009-10 Tuition Revenue per FTE Student**

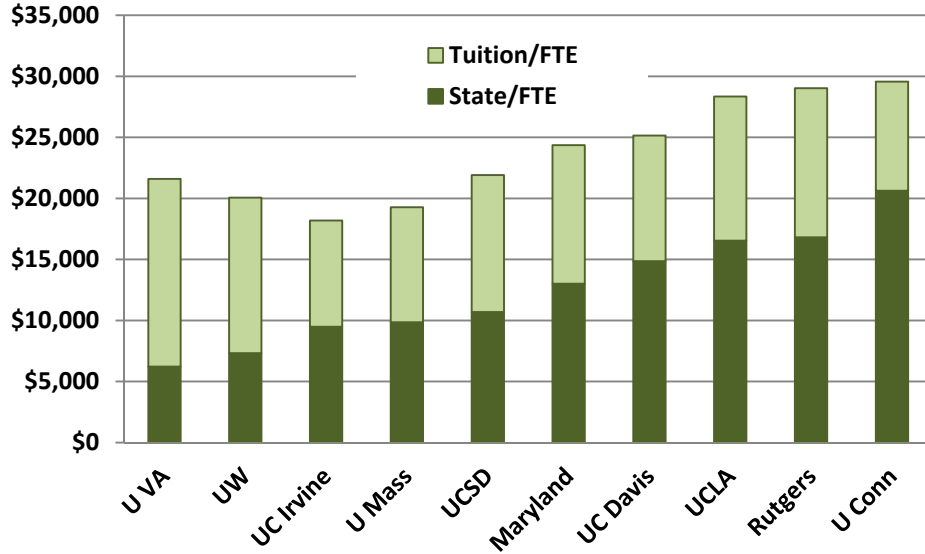


**Note: UW Tuition Revenue includes substantial Educational Outreach component**

Looking at individual institutions in the peer groups, Figures 6 and 7 on the following page show that state funding comprises a lower portion of educational funding at the UW than at any of the Global Challenge State peers or any of the top ten public universities other than the University of Virginia. Similar to the charts above, they also show that the UW’s total amount of funding per FTE is below average

Ultimately, comparing different public institutions’ reliance on state funding relative to tuition is one way to analyze the effect of the onset of the recession on our public research institutions. We plan to examine 2011 data as soon as they become available, and we expect that this trend will be exacerbated and institutions that have relied more heavily on state funding until the recession will continue to experience a replacement of state funding with tuition revenue.

**Figure 6: 2009-10 Funding per FTE  
UW and GCS Peers**



**Figure 7: 2009-10 Funding per FTE  
UW and Top Ten Publics**

