

A Simplified Summary of the Budget Situation

Prepared by Susan Aurand for the Enrollment Growth DTF, November 2004

This may help you in thinking about proposals for growth. Much more detailed budget information is available for those who would like it. Please contact the DTF.

The Situation with State Funding:

The College's operating budget comes from a) the biennial allocation from the state, and b) Tuition. These two sources together make up our BASE, the operating budget. Out of this BASE, all operating costs come: faculty and staff salaries (50% of the total budget), facilities and equipment, student services, each paperclip, etc. - except new construction and remodeling costs, which have a separate state allocation.

In 2004-05, our support from the state was roughly \$23,281,600 (this is separate from tuition revenue). This amount doesn't ultimately all go directly to educating students, but as a construct for purposes of understanding, if you divide \$23,281,600 by our enrollment of 3,933 FTE, you could say that we are spending \$5,920 in state support for each FTE.

As we grow, each new in-state undergrad FTE brings an additional \$5,400 in state support. So as a scenario, if we add 200 in-state undergrads: $200 \times \$5,400 = \$1,080,000$ in additional state support. That would go into our BASE, which would be carried forward into the next biennium. We would have \$24,361,600 for 4,133 students = \$5,894/ student.

In effect, we would be taking an internal budget cut of \$520 for each new student added (the difference between the average of \$5,920 and the \$5,400 received for each additional student). In other words, the more we grow by simply adding in-state undergrads, the more we dilute state allocation money. Moreover, the trend in state funding/student has been downward in recent years; and with the state facing a \$1.6 billion deficit, it is unlikely that the state's \$5,400/per student will rise any time soon. So the more we simply grow by adding regular undergrads, the worse financial situation we will be in.

The Tuition Situation is also a Problem:

In-state students pay \$3,651 in tuition. Non-residents bring no state support (we are a state school, after all), but do bring \$13,332 in tuition, more than making up for the lack of state funds. (At the graduate level: in-state grad students bring \$ 5,979/ FTE in state support; out-of-state graduate students bring no state funding, but \$18,306 in tuition.)

In the past several years, non-resident enrollments have dropped, as non-resident tuition has increased 33 percent. We are beginning to price ourselves out of the non-resident market. In the last two years, the college has had to over-enroll in-state students at the last minute to make up for the drop in non-resident students – just to meet our budget. These over-enrolled in-state students come with no state funding, just tuition. Hence we have more students, but are falling behind in money.

High Demand Seats:

The state funds High Demand seats at a higher rate - an average of \$11,000/FTE, depending on the program. If we were to add 200 FTE in High Demand seats: $200 \times \$11,000 = \$2,200,000$.¹ Added to our BASE: $\$2,200,000 + \$23,281,600 = \$25,481,600$. $\$25,481,600$ divided by 4,133 students = \$6,165 to spend per FTE, an increase of \$245 for all students, not just additional students.

The conclusion that the DTF is starting to draw is that we would do well to plan for growth that includes at least a mixture of High Demand seats, graduate students and stops the decline in non-resident students.

¹ High Demand Monies can cover start-up equipment costs. WSU received \$26,218 per student for a BS in Bioengineering while UW only received \$12,686 for the same program. We assume the difference is due to equipment costs to get the program going at WSU.
Enrollment Growth DTF, November 2004