



North Dakota University System

Financing Public Higher Education

How Does North Dakota Compare?

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ABOUT THIS REPORT

This report provides a snapshot and perhaps, more importantly, long-term trends for North Dakota Higher Education funding compared to other states and peers. The following five major national sources of information were used:

1. The 2007-08 *GRAPEVINE* report, which examines changes in state appropriations for operating expenses.
2. 2007-09 peer benchmark data consistent with the NDUS Long-Term Finance Plan.
3. *A New Look at the Institutional Component of Higher Education Finance: A Guide for Evaluating Performance Relative to Financial Resources*, Patrick J. Kelly and Dennis P. Jones, December 2005 (Revised January 2007)
4. The 2005-06 *STATE HIGHER EDUCATION FINANCE* report (with limited 2006-07 updates where noted), which provides various measures of state and student funding comparisons.
5. The *NDUS Student Affordability Report*, February 2008, displaying information on tuition, fees and financial aid.

EXECUTIVE SUMMARY

North Dakotans believe strongly in the value of education at all levels. As this report shows, the state has excelled in providing access. Nationally, North Dakota ranks first in the number of higher education students per 1,000 population. While the state provides high levels of access, it does so at a significantly lower cost per student than many other states. Conversely, ND ranks high in per capita funding for higher education. This is due to the large number of post-secondary students compared to the state's population – again reflecting the pride and importance policymakers and families place on the value of education.

While North Dakota had a substantial state operating expense funding gain in 2007-08, this report shows state funding per student continues to lag significantly behind both the national and regional averages. Tuition revenue collections per student are close to average; however, combined state and tuition funding levels are still well below regional and national averages. It is because of our fiscal discipline that we have been able to keep costs somewhat reasonable for students – but North Dakota can no longer be considered a low-tuition state. Limited resources also have forced North Dakota University System institutions to be more efficient and more innovative, but limited resources also have resulted in added challenges in ensuring student access and success at all levels.

Highlights from the report include:

- While North Dakota's one-year increase of 19.1 percent (from FY 2007 to FY 2008) in state operating expense appropriations was the highest among the 50 states, North Dakota continues to rank 31st when measuring the 10-year change.

- At number seven, North Dakota continues to rank high in per capita or per \$1,000 personal income spending for state funded operating expenses in FY 2008.
- All NDUS campuses are funded at less than their peer benchmarks for 2007-09, ranging from 41 percent to 88 percent. Also, students continue to pick up a larger share of the cost of education when compared to the NDUS Long-Term Finance Plan state/student share targets.
- The North Dakota University System is among the top five performers relative to the level of funding.
- Although North Dakota high school graduation rates continue to decline, the number of students who attend public colleges in North Dakota continues to increase. North Dakota ranks number one in the country at 56.4 FTE college students per 1,000 population, compared to the national average of 34.0.
- In 2006-07, state higher education appropriations per student were \$4,726. This is \$2,095 less than the regional per student average and \$1,992 less than the national average. In other words, North Dakota's institutions receive about \$0.70 for each dollar compared to regional and national averages. If the North Dakota University System were to receive either the national or regional average appropriation per student, state appropriations would have to increase by \$70 to \$75 million per year.
- In 2006-07, the NDUS received about 80 percent the national and regional averages in the total budget per student from both state appropriations and tuition revenues. If funded at regional and national averages, the NDUS would receive about \$70 to \$77 million more per year.
- Tuition revenue in North Dakota covers almost 45 percent of the total combined state and tuition budget, while state appropriations cover the remaining 55 percent. Nationally and regionally, tuition revenues comprise roughly 36.1 and 36.5 percent of the total budget allocations.

I. FY 2008 GRAPEVINE DATA

(State Funds Appropriated for Operating Expenses*)

- North Dakota's FY 2007-08 19.1 percent state appropriations gain was the largest of all 50 states.
- Over the 10-year period FY 1998 to FY 2008, North Dakota's state appropriated operating budget increased 48.4 percent, compared to 56.3 percent nationally and 55.9 percent regionally. North Dakota ranks 31st based on this 10-year change.
- Based on appropriations per \$1,000 in personal income (\$11.51) or per capita (\$401.49), North Dakota ranks seventh, among the 50 states. Comparable national averages are \$6.59 per \$1,000 personal income and \$257.46 per capita.

* Includes state operating expense appropriations to the institutions and the NDUS Office, including student financial aid. This also includes financial aid awarded to private North Dakota institutions. It excludes capital outlays and debt service appropriations.

II. 2007-09 PEER BENCHMARK COMPARISONS

- As the chart below indicates, all NDUS institutions currently are funded at less than 100 percent of their peer benchmarks, ranging from 41 percent to 88 percent.

Campus	Percentage of the Benchmark	Biennial Dollar Difference to Benchmark
BSC	53%	\$ 17.5 million
LRSC	47%	\$ 7.2 million
WSC	63%	\$ 3.8 million
UND, including Medical School	53%	\$124.7 million
NDSU, excluding Ag Ext. and Research	41%	\$130.2 million
NDSCS	88%	\$ 3.6 million
DSU	49%	\$ 17.3 million
MaSU	75%	\$ 3.4 million
MiSU	67%	\$ 15.1 million
VCSU	86%	\$ 2.2 million
MiSU-B	87%	\$ 0.7 million
System	53%	\$325.7 million

- All NDUS institutions currently exceed their student share targets. As a result, students are picking up a larger share of the cost of education.

Campus	Target		Actual	
	State Share	Student Share	State Share	Student Share
UND, NDSU	60%	40%	40 - 38%	60 - 62%
MiSU	65%	35%	53%	47%
DSU, MaSU, VCSU	70%	30%	68 - 49%	32 - 51%
Two-Year Campuses	75%	25%	69 - 49%	31 - 51%

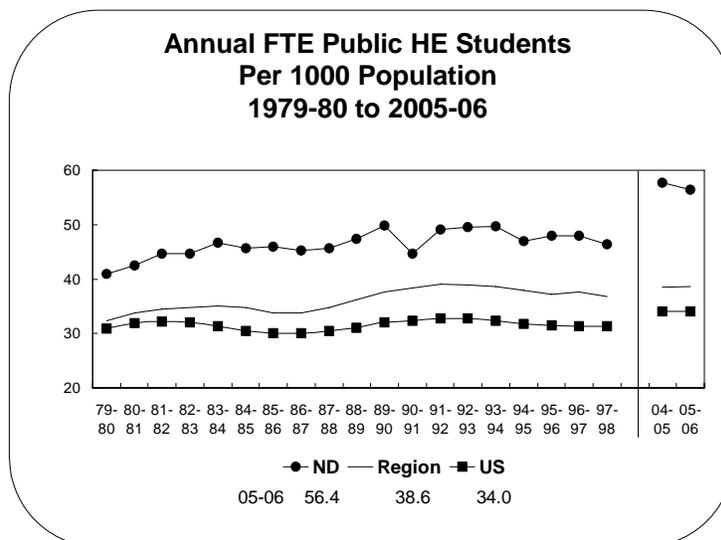
III. Evaluating Performance Relative to Financial Resources

- The North Dakota University System ranks among the top five state systems of higher education when measuring performance compared to funding levels, with an overall index score of 107.3. Other states among the top five are: Utah (137.7), Massachusetts (131.5), Colorado (124.4), and California (112.8)
- This measure examines the relationship of unrestricted revenues (defined as state appropriations and tuition and fees) per student, adjusted for cost of living and faculty salaries to performance in the following areas: instructional service levels, undergraduate and doctoral degree productivity, competitive research, and student pipeline results.

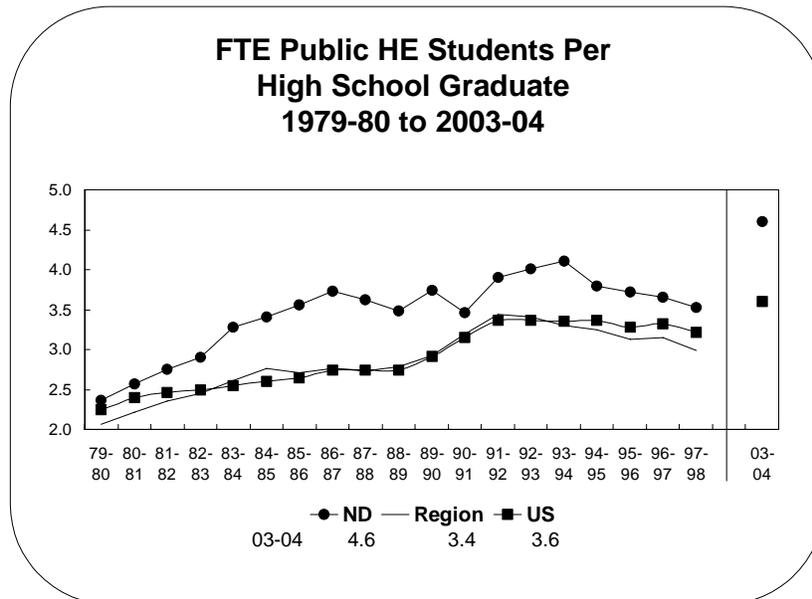
IV. 2005-06 State Higher Education Finance Officers (SHEFO) Data (with limited 2006-07 updates, where noted)

ENROLLMENTS

- **North Dakota has 11.5 public high school graduates per 1,000 population.** This is almost an 11 percent decline in high school graduates per 1,000 population since 2002-03. In the late 1970s, North Dakota had more than 18 high school graduates per 1,000 population.
- **North Dakota has one of the highest ratios of students enrolled in public higher education per 1,000 population.** In 2006, North Dakota had 56.4 college students per 1,000 population, while the regional average was 38.6 and the national average was 34.0. The number of college students per population in North Dakota has steadily increased from 41 per 1,000 population in the late 1970s.

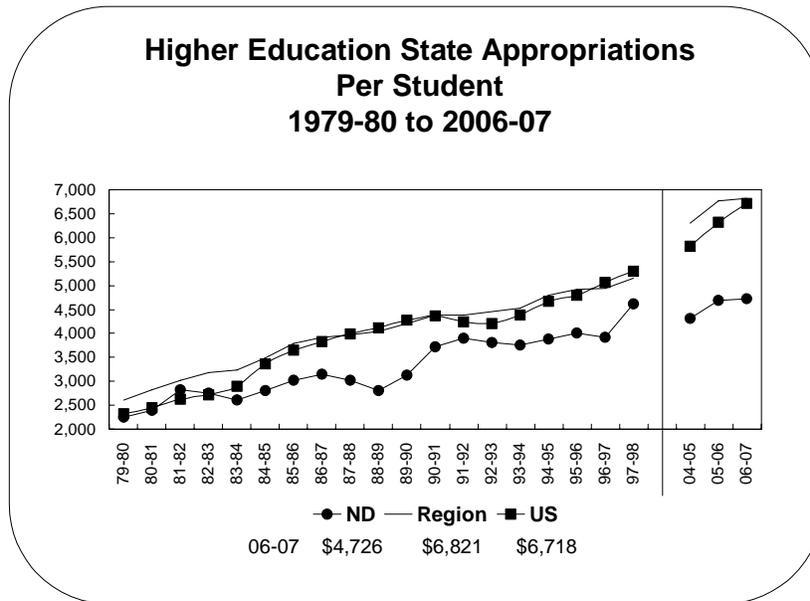


- For each 2003-04 high school graduate, public higher education in North Dakota had **4.6 FTE students**. This is an increase from 2.28 FTE college students per high school graduate in 1978 and is substantially higher than the regional average of 3.4 and the national average of 3.6. North Dakota is very successful in providing attractive, accessible postsecondary education opportunities. North Dakota's figure has continued to increase from 4.6 FTE students in 2003-04 to 4.9 in 2005-06. (Note: 2003-04 is the latest available data for regional and national comparisons on high school graduates by state.)



STATE APPROPRIATIONS

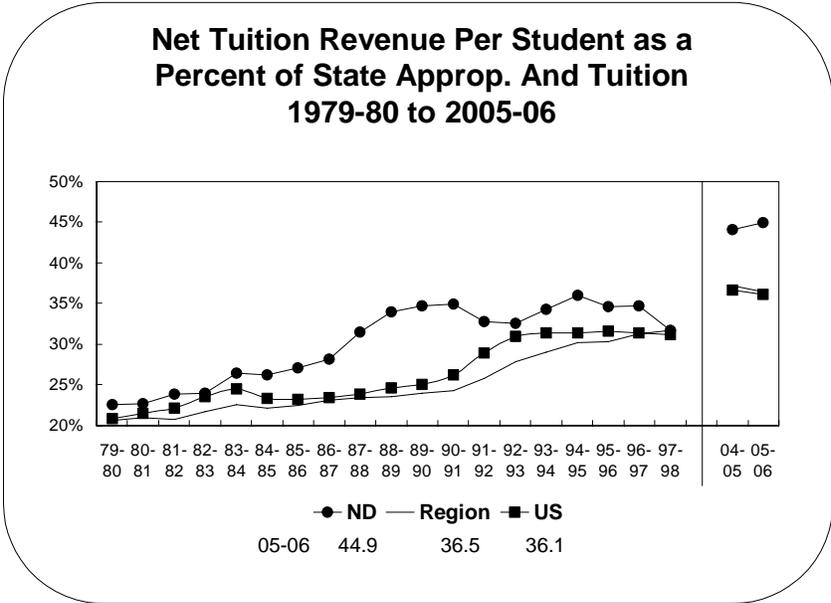
- In 2006-07, North Dakota's state appropriation of \$4,726 per FTE is \$1,992 less than the national average of \$6,718, and \$2,095 less than the regional average of \$6,821. In other words, North Dakota's institutions receive about \$.70 to \$.75 on the dollar compared to other colleges in the region and nation. If the North Dakota University System were to receive the national average appropriation per student, it would equal almost \$70 million more per year in state appropriations. If the regional average appropriation of \$6,821 per FTE were applied to North Dakota, it would generate nearly \$75 million more per year.
- North Dakota continues to rank 43rd among the 50 states in the amount of state appropriations per FTE student.
- North Dakota state appropriations per FTE student declined 33.8 percent from FY 2003 to FY 2007, compared to a national decline of 22.7 percent and a regional decline of 23.6 percent over the same period.



- In 2004-05, North Dakota ranked sixth in the nation in the level of state support provided to higher education on a per capita basis. North Dakota spends \$335 per capita, compared to the regional average of \$308 and the national average of \$260. This is due to the fact that North Dakota has the highest ratio of enrolled public higher education students per 1,000 population of all 50 states.
- North Dakota's 2004-05 higher education spending of \$10.08 per \$1,000 was the fifth highest in the nation. Comparable regional and national figures were \$8.57 and \$6.80 respectively.

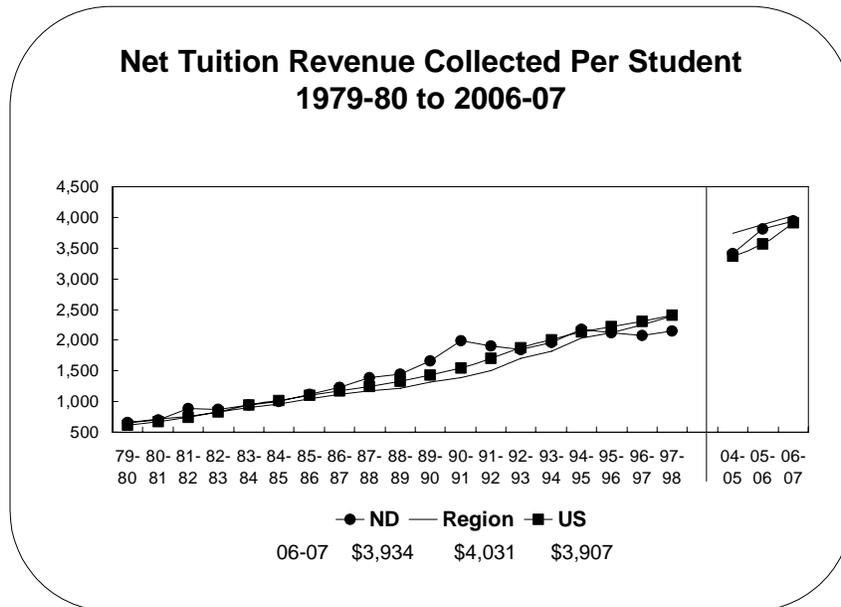
TUITION AND MANDATORY FEES

- Public institutions in North Dakota became increasingly more dependent on tuition revenue as state support declined.** In 1997-98, North Dakota students paid 31.7 percent of the cost of their education, in 2005-06, they paid 44.9 percent of the cost. The 2005-06 national average was 36.1 percent and the regional average was 36.5 percent. (Figures adjusted for inflation and cost of living differences.)



- Although North Dakota students pay a larger portion of the cost of their education, in real dollars they still pay less than most of their regional and national counterparts. Yearly tuition and fees rates at UND and NDSU averaged \$6,053 per student in 2007-08. The regional average was \$6,416 and the national average was \$7,026.
- 2007-08 tuition and fee rates at MiSU, DSU, VCSU and MaSU also were less than regional and national averages. However, rates at North Dakota’s two-year colleges were substantially higher at 120 percent of the regional rate and 131 percent of the national rate.
- In 2007-08, tuition at UND and NDSU was 14.7 percent of the median household income compared to the regional average of 13.5 percent. At DSU, MaSU, MiSU and VCSU, it was also higher than the regional average, while at the two-year colleges, it was significantly higher at 8.8 percent compared to the regional average of 6.3 percent and the national average of 5.7 percent.

- In 2006-07, North Dakota institutions collected, on average, \$3,934 in net tuition revenue per student, which is about the same as the national average and about 98 percent of the regional average of \$4,031.

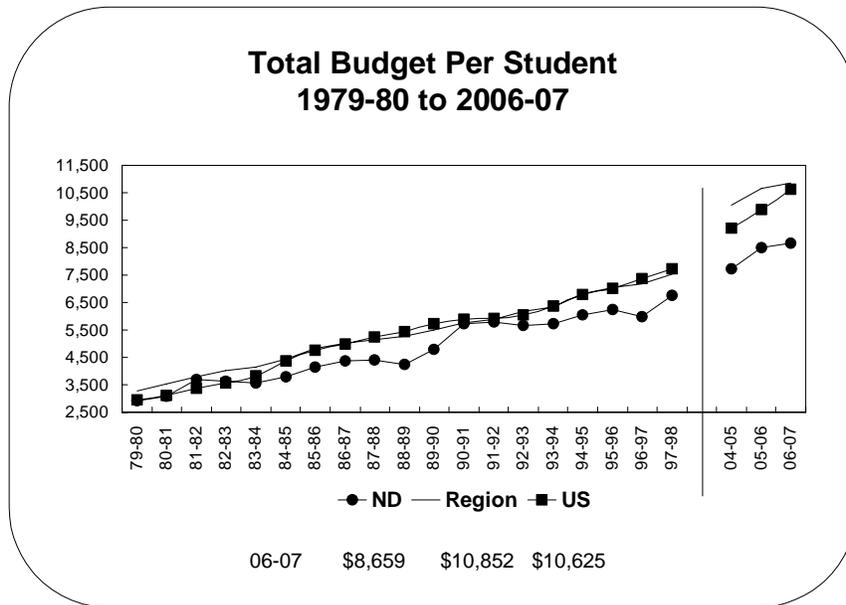


- Compared to its regional counterparts between FY 2003 and FY 2007, North Dakota experienced the largest increase of 43.6 percent, with a national increase of 25.4 percent during the same four-year period.
- When comparing net revenue per student as a percent of state median household income, North Dakota ranks 22nd out of 50 states at 9.3 percent compared to the national average of 7.4 percent and the regional average of 8.2 percent.

TOTAL BUDGET

(State Appropriations and Net Tuition Revenue Collected)

- The 2006-07 total budget per student in North Dakota, including state appropriations and tuition revenue of \$8,659, equals about 80 percent of the regional average of \$10,852 and the national average of \$10,625. Funding at national or regional levels would provide additional budget resources of between \$70 and \$77 million more per year for the NDUS.
- Over the four-year period of FY 2003 to FY 2007, North Dakota experienced a 10.8 percent increase in total budget resources per student compared to a 10.6 percent national average increase and a 9.4 percent regional average increase. However, the overall increase in North Dakota is due to increased tuition, not increased state appropriations. In fact, state appropriations per student declined 33.8 percent over the same four-year period.



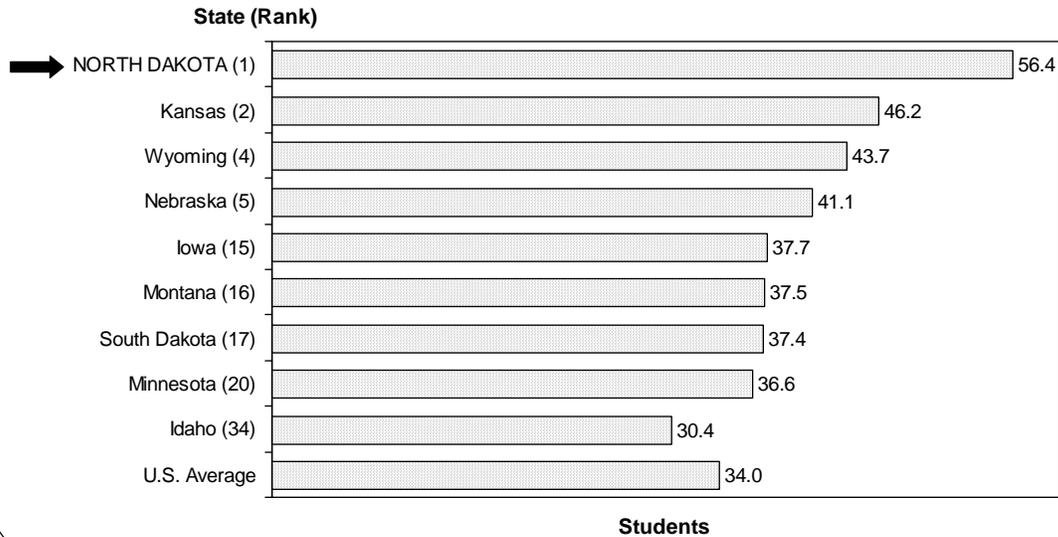
HOW NORTH DAKOTA HIGHER EDUCATION COMPARES

	Ranking (out of 50 states)					
	North Dakota			U.S. Average		
	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
STUDENTS:						
Higher education students per 1000 population	----	56.4	57.7	----	34.0	34.1
FTE public HE students per high school graduate (2003-04 data)	----	4.6	4.6	----	3.6	3.6
STATE APPROPRIATIONS:						
State appropriation per student	\$4,726	\$4,683	\$4,319	\$6,718	\$6,325	\$5,825
Four-year change in state appropriations FY03 to FY07	-33.8%	----	----	-22.7%	----	----
Per capita state funding on HE	----	----	\$335	----	----	\$260
State Higher Ed funding per \$1000 Income	----	----	\$10.08	----	----	\$6.80
TUITION AND FEES:						
Family Share: Net tuition revenue per student as a percent of state appropriation & tuition (inflation and cost of living adj.)		44.9%	44.1%	----	36.1%	36.7%
Net Tuition revenue per student	\$3,934	\$3,815	\$3,410	\$3,907	\$3,566	\$3,371
Four-year change in net tuition revenue per student FY03 to FY07	43.6%	----	-----	25.4%	----	----
Tuition revenue per FTE student relative to median household income	----	9.3%		----	7.4%	6.8%
TOTAL BUDGET:						
Total budget per student (combined state appropriations plus net tuition revenue per student)	\$8,659	\$8,498	\$7,897	\$10,625	\$9,891	\$9,196
Four-year change in total budget per student FY03 to FY07	10.8%	----	----	10.6%	----	----
OTHER:						
Agricultural research, medical school, and other research appropriations as a percent of total higher education state appropriation	----	27.7%	27.1%	----	14.9%	16.5%

HOW NORTH DAKOTA HIGHER EDUCATION RANKS

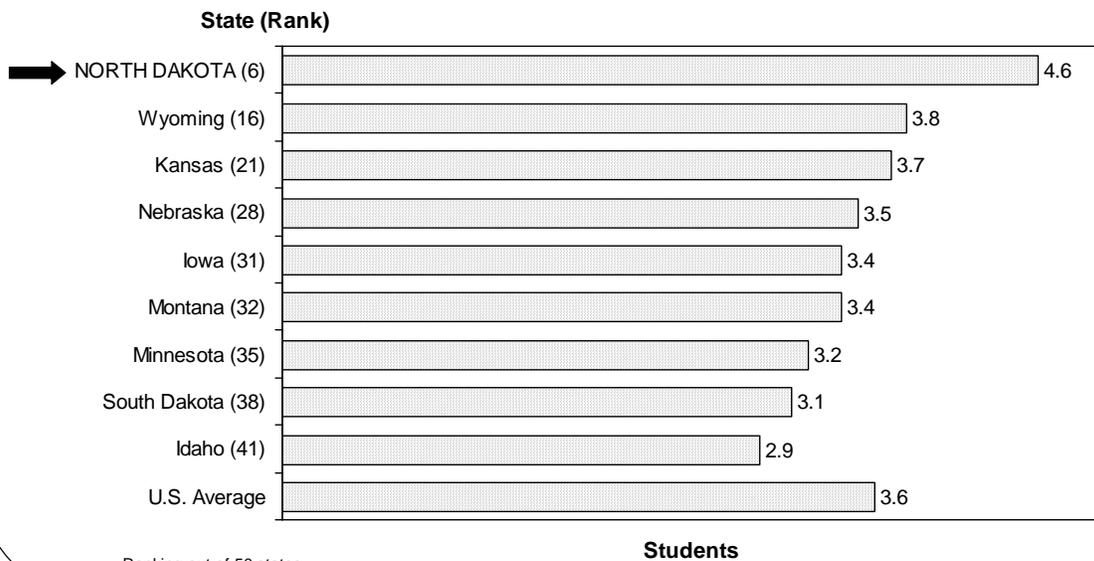
	Ranking (out of 50 states)		
	2006-07	2005-06	2004-05
STUDENTS:			
Higher education students per 1000 population	----	1	1
Higher education students per high school graduate (2003-04 data)	----	6	
STATE APPROPRIATIONS:			
State appropriations per student	43	43	44
Four-year change in state appropriations FY03 to FY07	30	----	----
Per capita state spending on higher education (2004-05 data)	----	----	6
State higher ed funding per \$1,000 personal income (2004-05)	----	----	5
TUITION AND FEES:			
Family Share: Net tuition revenue per student as a percent of state appropriation & tuition (inflation and cost of living adj.)	----	20	21
Net tuition revenue per student	28	28	28
Four-year change in net tuition revenue per student FY03 to FY07	10	8	----
Net tuition per FTE student relative to median household income		22	
TOTAL BUDGET:			
Total Budget per Student (combined state appropriations plus net tuition revenue per student)	47	42	43
Four-year change in total budget per student FY03 to FY07	26	----	----
OTHER:			
Agricultural research, medical school, and other research appropriations as a percent of total higher education state appropriation		6	9

Annual FTE Public Higher Education Students Per 1000 Population, 2005-06



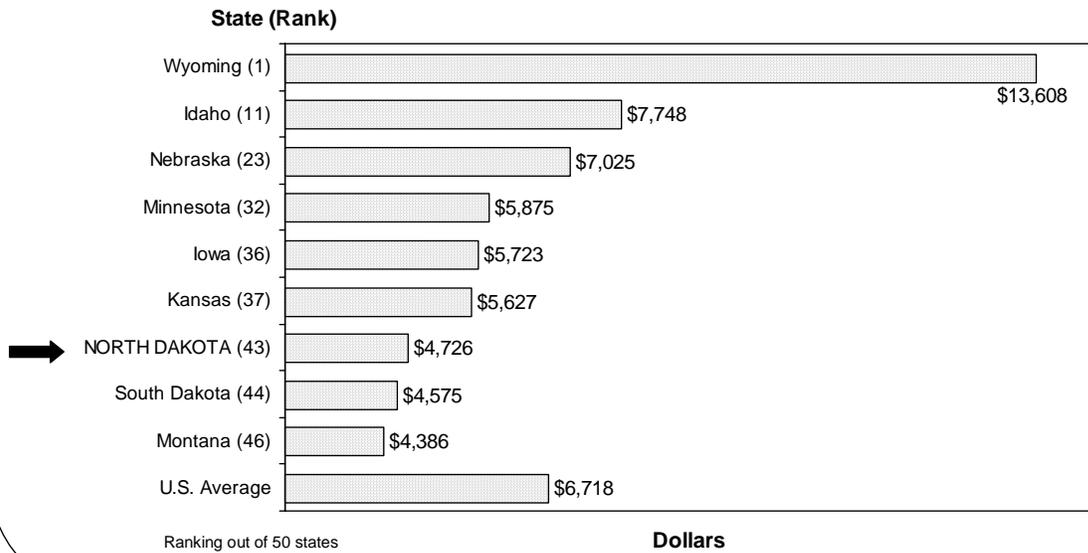
Ranking out of 50 states

FTE Public Higher Education Students Per High School Graduate, 2003-04

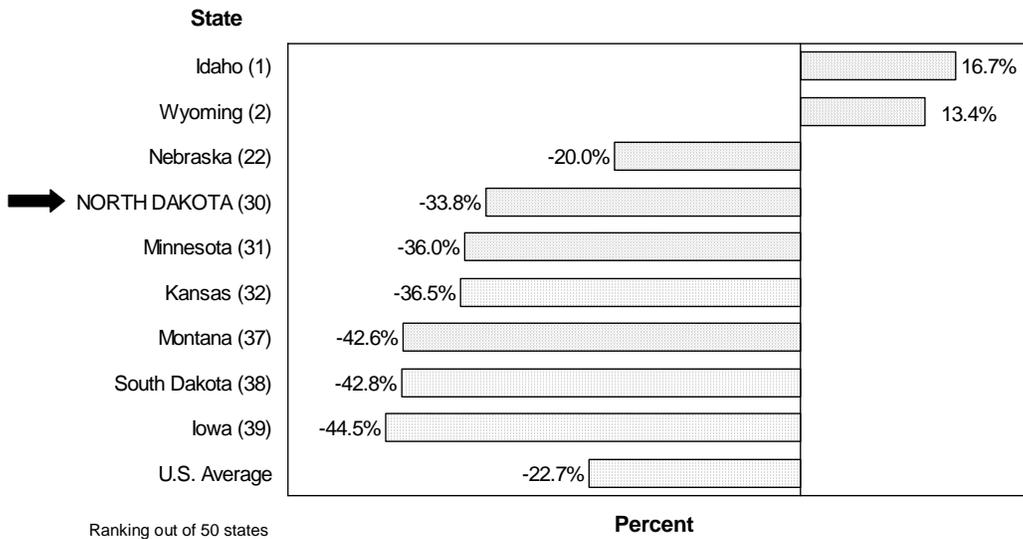


Ranking out of 50 states

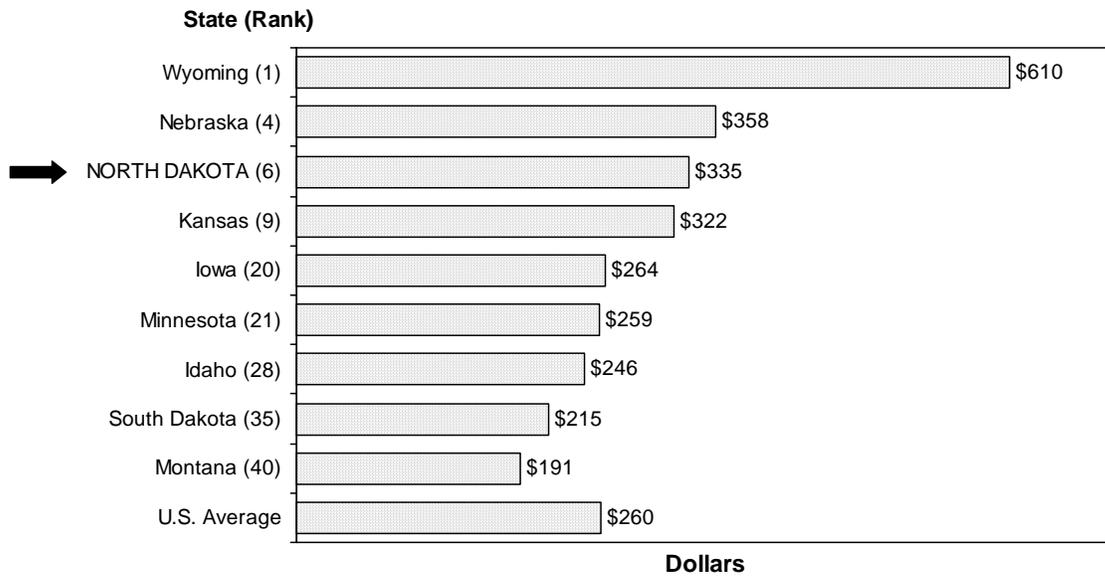
Higher Education State Appropriations Per Student, 2006-07



Four-Year Change In State Appropriations Per Student, FY03 to FY07

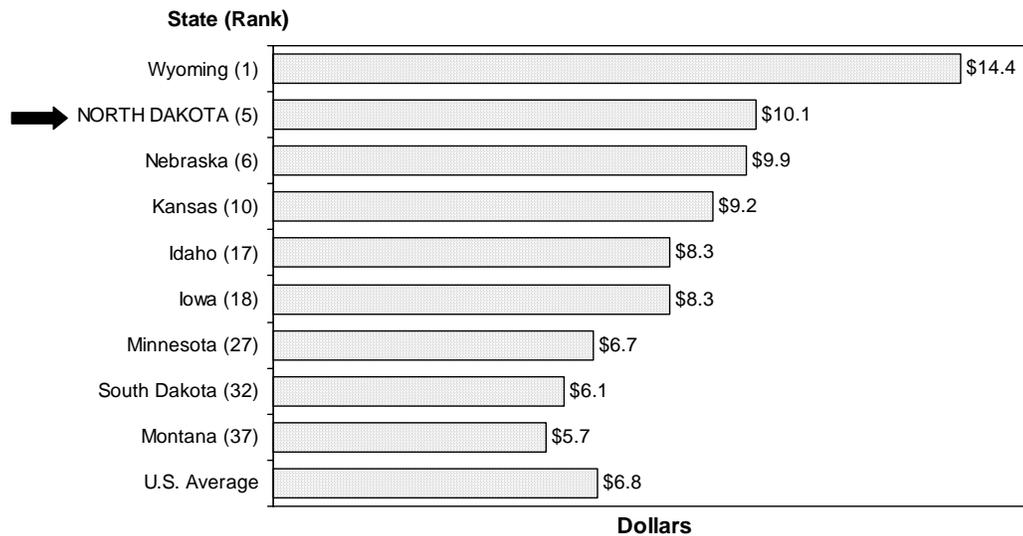


Per Capita State Funding on Higher Education 2004-05



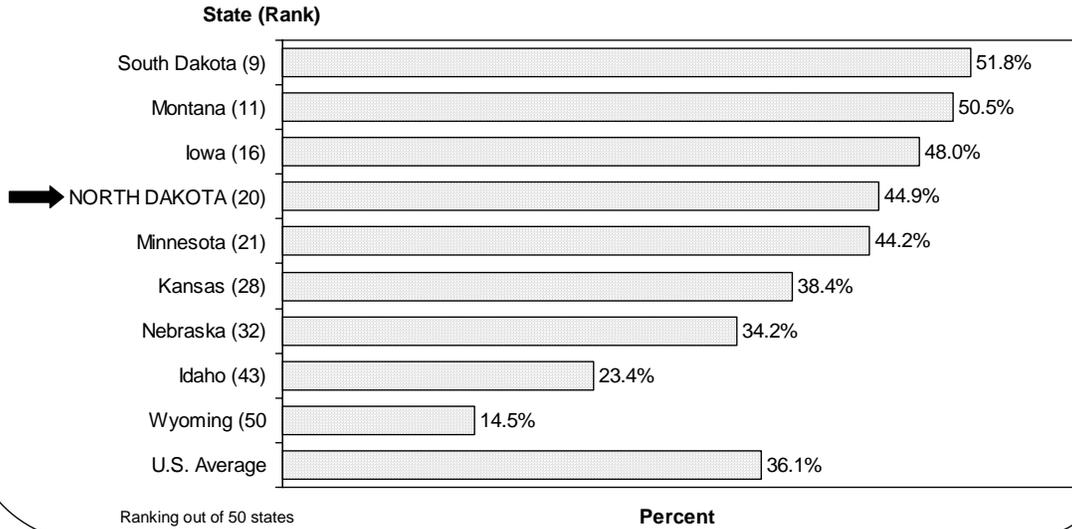
Ranking out of 50 states

State Higher Education Funding Per \$1,000 Personal Income, 2004-05

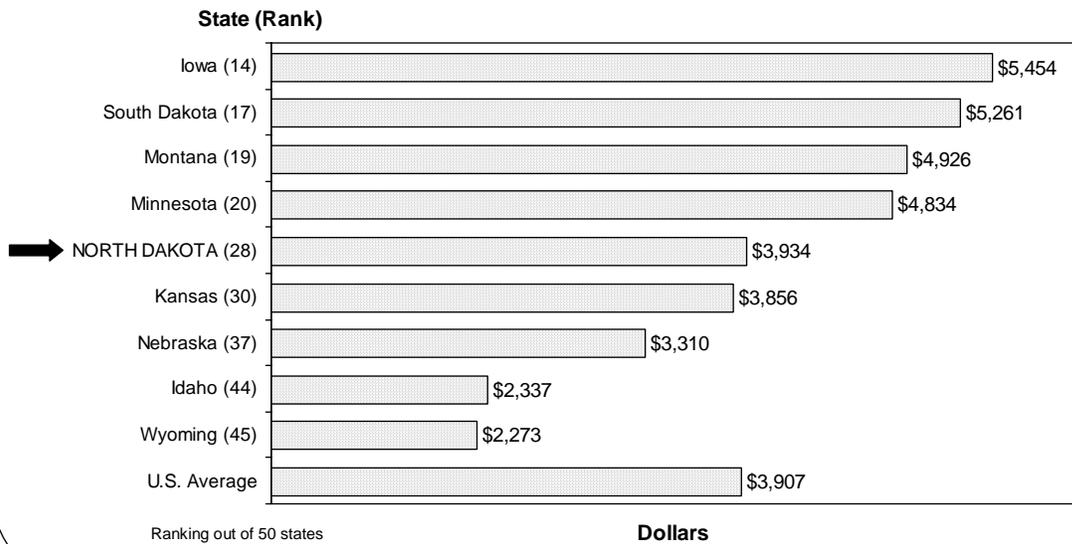


Ranking out of 50 states

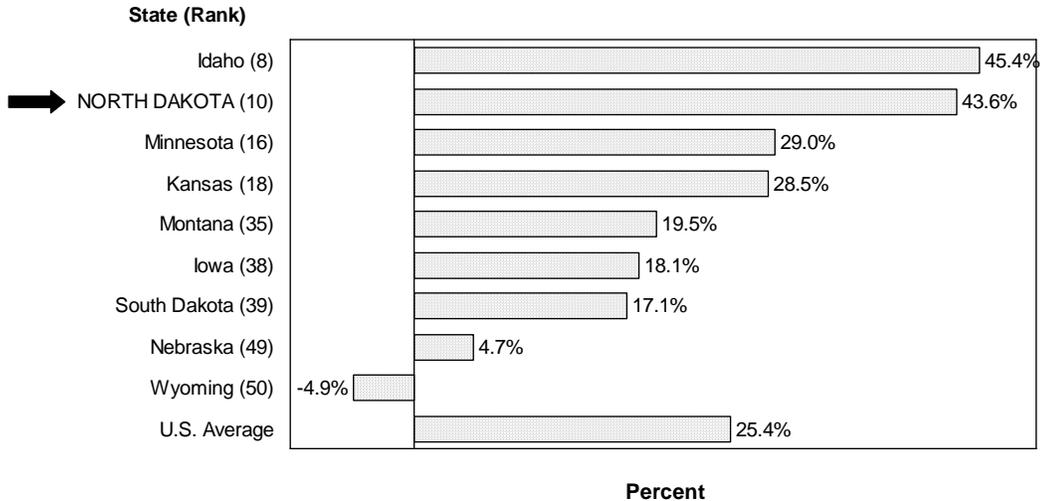
Family Share: Net Tuition Revenue Per Student as a Percent of State Approp. & Tuition, 2005-06



Net Tuition Revenue Collected Per Student, 2006-07

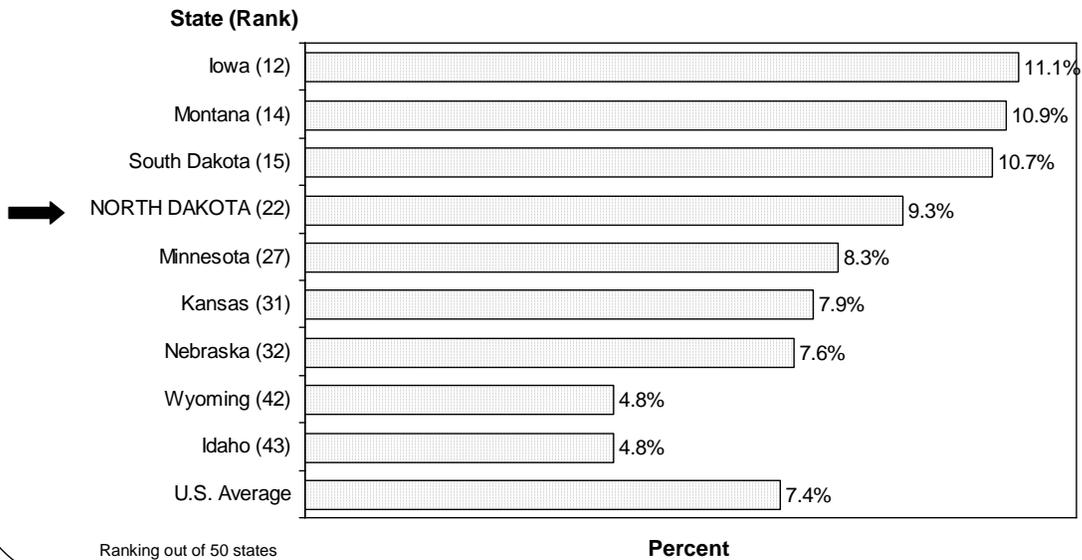


Four-Year Change in Net Tuition Revenue Per Student, FY03 to FY07



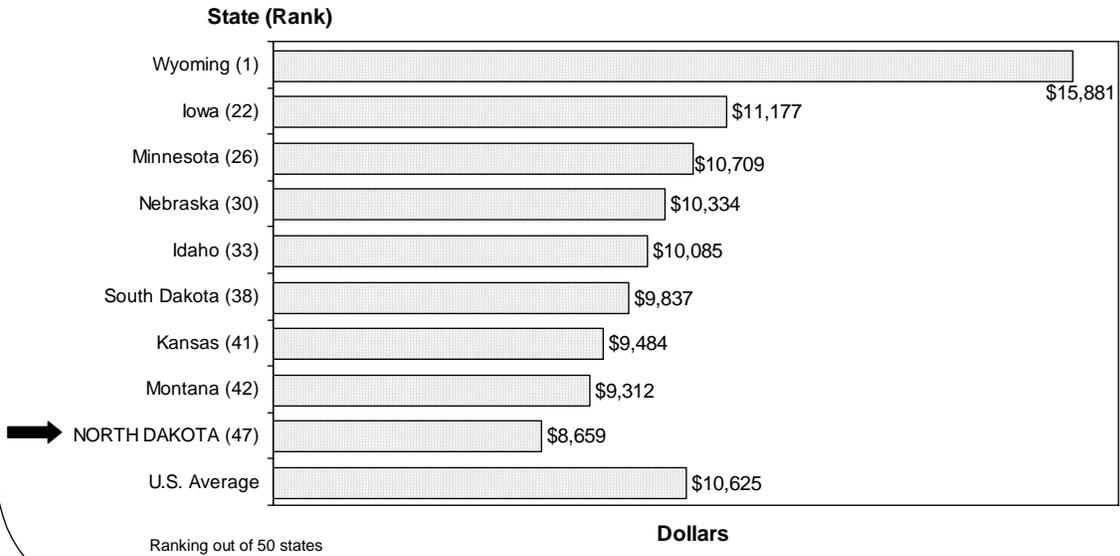
Ranking out of 50 states

Tuition Per FTE Student Relative to Median Household Income, 2005-06

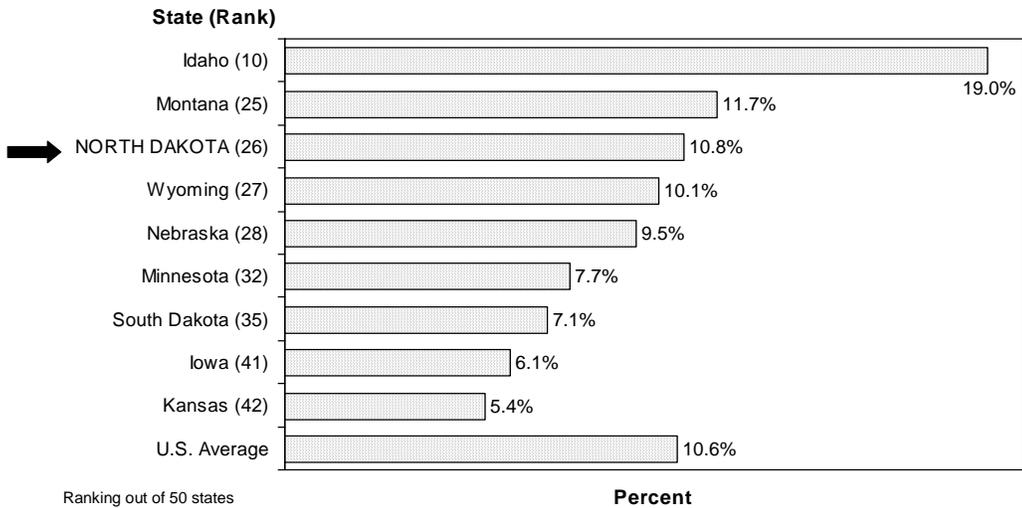


Ranking out of 50 states

Total Budget Per Student, 2006-07 (State and Net Tuition Revenues)



Four-Year Change in Total Budget Per Student (State & Net Tuition Revenues) FY 2003 to FY 2007



Agriculture Research and Medical Appropriations as a Percent of Total Educational Appropriations 2005-06

