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Higher education expenditures and revenues : a case study on the University of Northern Iowa

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HIGHER EDUCATION EXPENDITURES AND REVENUES: A CASE STUDY ON THE UNIVERSITY OF NORTHERN IOWA

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Abstract:

Higher education costs have skyrocketed in recent years, leaving millions of students in copious amounts of debt. Facing problems with decreased support from state legislators, universities have increased tuition and fees to compensate. At the same time, university spending, especially in non-academic programs and services, has continued to rise. A fight as emerged between states and the schools residing in them for who is to blame for the increasing cost of higher education, and in the middle of the debate are schools such as the University of Northern Iowa (UNI). A medium-sized school, UNI faces decreasing financial support from the state of Iowa, but like her sister institutions, UNI has also increased expenditures. This paper will take a wide view on the problems of higher education expenditures and revenues in order to compare national trends.

Introduction:

In 2011, student loan debt reached a new height, surpassing credit card debt in the United States in total volume, and is not expected to stop climbing (Carey and Dillon 2011, 1). As the cost of attending a higher education institution increases, students are beginning to spend less time figuring out how they are going to pass their classes and more time on how they are going to repay their mountains of student debt. Averaging $33,000 per-student in 2014, student debt is growing at a rapid rate, tripling from $364 billion in 2004 to $966 billion in 2012 (Izzo 2014, 1)(Carey and Dillon 2011, 1). Basic economics would predict a decrease in the purchasing of higher education as the price level drastically increases, but undergraduate and graduate enrollments nationwide increased from 14.8 million in 1998 to 18.6 million in 2008, an increase of 26 percent (Dillon 2010, 1). This is likely because the unemployment rate of college-educated workers remains below average, and attending a higher education institution provides a significant positive return on investment (Abel and Deitz 2014, 1). Although student loans have become as common as mortgage and car loans, they present unique challenges and are typically not forgiven, even in orthodox bankruptcy filings (Walsemann et al 2015, 3). College students often have trouble paying their bills during their first few years after college, making the harsh reality of defaulting on a student loan more strenuous as 11 percent of student loan balances were already in default or were severely delinquent in 2013 (Abel and Deitz 2014, 1).

It is commonplace to read in the paper or watch on the news the increasing student debt problem as it continues “full speed ahead” with no end in sight; what is

not as commonly reported is how higher education got to the expensive state it is in today. There are several variables contributing to the increasing cost of tuition and fees, with different groups blaming each other for the demise of affordable higher education. Some point to decreased state fiscal support of higher education as the culprit, citing a 10.6 percent average decrease in state funding since 2007 (Weiss 2015, 2). Others point to the institutions themselves, citing increases in administrative, educational, and non-academic student services costs. Although the debate has been at the forefront of higher education recently, it is not the first time higher education institutions have faced financial uncertainty, nor is the United States alone in facing the problem of educating its population.

It is important to understand the national debate on the increasing costs of higher education, but most students and professors will have predetermined notions that their school is the exception to the rule, rather than a contributor to the problem. The University of Northern Iowa (UNI) is no exception. Iowa statesmen and stateswomen along with the faculty, staff, administration, and students at UNI are playing the blame game, pointing fingers claiming others are the source of the problem. Circumventing the politics and looking at the numbers, UNI's budget increases and tuition hikes are not the result of the state or the university alone, but was birthed by the efforts of both parties. Increased spending at UNI to attract new students and separate UNI from its sister institution has led to higher fee and tuition costs for students. At the same time, the state of Iowa's decreases in financial support has forced UNI to put the financial burden on the back of students with increased tuition. In order to understand the problems facing UNI, it is important to

understand UNI in the context of higher education in the United States. This paper will examine UNI's expenditure and revenue patterns and compare it to national trends in higher education expenditure sand revenues.

Background:

Average tuition at a public four-year institution have increased by 112 percent since 1990 and now constitutes roughly half of an institutions education revenues, considerably higher than 20 years ago when they were just 23 percent (Weiss 2015, 2). According to the United States Bureau of Labor Statistics, tuition and fees grew at a little over seven percent per year during the last 30 years. If measured in dollars of constant purchasing power, tuition at higher education institutions increased by more than 250 percent during the 30-year period (Wolff et al 2014, 6). Although tuition has continued to soar to new heights, recent data has suggested that the rate at which tuition is increasing has slowed. A recent report by the College Board recorded tuition increasing at a rate of 2.9 percent at public four-year institutions, slightly lower than previous years. The report points to "modest" increases in higher education funding by state legislators as the source of the change (Weiss 2015, 2). Slower increased tuition rates are a positive sign that higher education budgets are stepping into the spotlight in many state governments, but it only slows the sinking of affordable higher education in a boat already beginning to capsize.

Not only are large amounts of student debt making it harder for students to pay the bills, it is also impacting their health. A recent study provides evidence that

student loans are associated with poor health outcomes, especially during college and the years shortly following graduation (Walsemann et al 2015, 15). The data is dependent on enrollment history and parental health, but provides a grim reality the student debt problem is affecting more than an individual's wallet.

Uninformed media organizations and politicians often lump education costs, or the cost of instruction, with the increasing price of tuition, but the two are very different. The Delta Cost Project Study found from 1998 to 2005, real full educational cost per student at public research universities increased at an average yearly rate of 0Data.2 percent. The study found that universities, "did contain educational costs; what they were unable to contain was tuition increases" (McPherson and Shulenburger 2010, 15). The act of educating college students in a classroom setting has not changed drastically in the last 50 years, nor have the costs. The separation of educational costs from tuition is important, and reveals a larger problem with university budgets.

The first group that has received a majority of the blame from students, faculty, staff, and administration are the state governments that have a history of providing financial support to higher education. Since the end of World War II and the beginning of the Cold War, the United States realized it could benefit greatly from higher education. Research and development projects and having a well educated population could give them an edge over their Soviet counterparts whose higher education institutions were falling behind the West. As a result, state governments and the federal government have had a vested interest in providing affordable higher education to their citizens.

Those that point to the government as the problem claim financial support has greatly decreased over the years. According to the latest report of the State Higher Education Executive Offices, between 1987 and 2012, in real dollars, government financial support for higher education declined from $8,497 per student to $5,906 per student. The report claims that since the start of the Great Recession, state financial support for higher education has fallen by 10.6 percent nationwide. The national cut in higher education did vary from state to state, with lows of 4.5 percent in South Dakota and highs of nearly 50 percent in Arizona, New Hampshire, and Florida (Weiss 2015, 2). High rates of enrollment, a growth from 7.1 million to 10.2 million fulltime students from 1987 to 2007, has not been met by an equal growth in in real funding. Thus, real full-time student funding has sharply decreased even if no actual cuts in higher education fiscal support were made (McPherson and Shulenburger 2010, 1).

Most who blame government for increased tuition costs point to the ever-decreasing state-funded portion of their university's budget. By the numbers, the portion of the budget states provide has shrunk, but that is a change in proportion, not automatically a decrease in state funding (McPherson and Shulenburger 2010, 16). Surges in federal grants, private donors, and other diversified funding have increased institutions' budgets drastically, giving the impression that state funding has decreased rapidly when in reality it has only shrunk slightly in the last five years (Thelin 2013, 110). Various state governments are concerned that increased funding to institutions with runaway budgets will only promote "business as usual" at a time when institutions need to take a fresh look at what the mission and

purpose of their college or university ought to be (Thelin 2013, 112). The feeling of most politicians on giving more government funding to higher education institution can be summed up by Senator Dean Cameron (R) of Idaho who stated, "Our higher education system is antiquated – we have to face it, these schools are providing students with degrees, but with degrees that will not necessarily get them a job" (Weiss 2015, 1).

Other politicians have declined to give increased funding to universities as they discovered some institutions had massive cash reserves. In Wisconsin, a routine state financial review claimed that cash reserves of $650 million had been discovered in the 26-campus University of Wisconsin System. University representatives defended the cash reserves, claiming they were needed to hedge against volatile funding levels, as state funding and enrollment were both suspected to decline (Weiss 2015, 2). Wisconsin is not the only state with universities with large cash reserves, and politicians have forced many institutions to spend portions of their cash reserves before receiving increased funding.

Some politicians, administrators, and even the President of the United States have all pointed to performance-based modeling as the answer, increasing funding for schools that meet requirements and decreasing funding for those that do not. The model has been implemented in several states, but empirical research has largely found limited evidence that the model has any meaningful impact on budgets. It is also a concern of individuals that like No Child Left Behind, it is unclear if poor performing schools should receive increased funding to help make changes or be punished with decreased funding (Raboysky 2012, 676). Performance based

modeling not only has failed to produce changes in higher education institutions' budgets, but also in state funding decisions (Rabvsky 2012, 694). Although on paper performance based modeling seems to be the logical solution, in reality it produces very little results in curbing tuition increases and higher education costs.

While institutions blame higher tuition prices on decreased financial support from state governments, politicians blame the institutions for increasing costs at uncontrollable rates. Costs borne by public research universities are in general two part: first, cost of student education and instruction, which is paid for by the states, private donors, and tuition, and second, cost of conducting research, residence halls, athletics, student services, clinical practices, and other activities that are supposed to produce their own revenue (McPherson and Schulenburger 2010, 15). As discussed previously, the first cost of student instruction and education has had very limited increases. At the same time, the second cost has experienced rapid increases and in some cases have become out of control.

Administrative increases are part of the second category of costs found in higher education. At institutions, administrative costs have been increasing rapidly over the past few decades. Several models claim the optimal staffing ratio for institutions is two tenure-track faculty members per full-time administrator, but current data suggest the actual ratio is two full-time administrators per faculty member (Slaper and Amia 2013, 4-5). From 1993 to 2007, the administration category at the top universities had the highest percent increase in spending per student (61.2 percent) compared to research and services (37.8 percent), and instruction (39.2 percent)(Slaper and Amia 2013, 3-4).

The increase in administrative personnel, although large, can be explained in part by the demand for new offices seen by the public as necessary. Offices, such as diversity, inclusion, equity, sponsored research programs, and other students services needed to promote minority groups on campus have surged as students and social norms have put pressure on institutions. Institution representatives also point to new federal regulations, increasing the employment of staff positions and the cost for current employees (Slaper and Amia 2013, 3-4). College administrators point to the increase in staff positions as a major problem in budgets, citing the report that studied the employment practices of 133 universities. According the report, if the 133 universities kept their staffing patterns unchanged from their 1987 patterns, real cost per student would have only increased by $5,317 instead of the $13,181 seen in recent times (Slaper and Amia 2013, 4). Administrators also point to the report, "25 Ways to Reduce the Cost of College," which states in 2007, cutting administrative bloat by five percent would only save $107 per student. If the report is correct, it would imply that cutting the administrative bloat by 20 percent would save a mere $430 per student, which "wouldn't even pay for one semester's worth of books" (Slaper and Amia 2013, 4). Although administrative costs have increased over the last 50 years, data show that problem may lie in an institution's staffing or in other parts of the budget.

Along with administrative costs, non-academic spending has also greatly increased at institutions of higher education. Sports teams, arenas, recreation services, health services, residence life, and elaborate meal plans are all vital to what today's institutions call the "college experience," but have very little to do with the

actual act of learning. Starting in 1985, non-academic spending drastically increased in an attempt to make campuses more appealing to students and their families (Thelin 2013, 110). Data from the Delta Cost Projects show that a higher percent of each dollar spent by students in their college years is going to areas that have nothing to do with their actual classes (Thelin 2013 110). At public research universities alone, spending for instruction rose by 10 percent in the last 10 years, while spending for student services has increased by 20 percent (Dillon 2010, 1). Surveys have found that an increasing number of higher education leaders identify "aging and expanding facilities" and "insufficient facilities" as top problems facing universities, only surpassed by insufficient financial resources, changing student demographics, and technological change (Marmolejo 2007, 1). Although the increase in facilities and non-academic services has been dramatic, it is understandable from the point of view of university officials. With limited time in office, construction projects are easy and very visual ways to "show progress" made by administrative leaders (Thelin 2013, 110).

New services for student life have increased the competitiveness of universities along with the growing popularity and access to college athletics. Due to the lack of a standardized ranking system for higher education institutions, parents are often forced to look at facilities, non-academic programs, and the success of athletic teams as sources of ranking when choosing a university for their child. As a result, universities have expanded athletic programs, which do not often make enough revenue to cover their costs. At the level of NCAA 1A division sports, only about 15 to 20 out of 300 varsity sports programs are self-supporting. The athletic

teams impose a great cost to many universities, but are often excused by administrators by linking them to increased enrollment and institution recognition (Thelin 2013, 110).

Large increases in staff employment rates and non-academic program spending have increased the cost of attending college at a university campus. Although the facilities that house these programs provide great eye candy for potential buyers, they force many students to take large loans or attend classes online in order to avoid massive fees. The new budget focus has also alarmed many in the higher education community as they watch the focus of higher education shift from educating students to providing them with the best college "experience."

Higher education institutions, along with the reasons explained above, have a fundamental challenge not faced by other business. Unlike car companies or other manufacturers, higher education institutions cannot replace labor with capital as easily or as effectively. While technology has changed the classroom and how students learn, it is still widely accepted that human interaction is needed for optimal learning. For many, the human interaction is why attending a university and living on campus is such an attractive option compared to taking courses online. Student to teacher ratios are often talking points at many universities, along with the availability of professors outside of the classroom. The human element vital to learning on university campuses faces many universities with increasing costs, even as technology becomes more advanced and cheaper for consumers (Wolff et al 2014, 8-9).

The financial stability and affordability of higher education is of paramount concern today, but it is often forgotten that the financial health of higher education has been at risk before. Three or four decades ago, the Carnegie Commission report claimed between 25 and 33 percent of American colleges were at serious risk of financial disaster (As Cited in Thelin 2013, 109). Proper cuts and changes in focus were made and very few institutions closed, providing a great model for what intuitions can do today in order to become more financially stable.

Not only has the United States faced the problem of rising costs in higher education before, but it has also not faced it alone. Other members of the Organization for Economic Co-operation and Development (OECD) are facing similar problems in paying for higher education. The United States fell way below average in the rates at which costs increased for tertiary level education, or higher education. With an average annual rate of growth in education expenditure per student of 1.9 percent, the United States ranks below Korea at 3.6 percent and Norway at 3.06 percent (Wolff et al 2014, 13-14). Although lower in terms of rate of increases, the United States is reputed to have world's wealthiest higher education system, surpassing the average spending per student of other developed countries by spending $19,000 per student compared to $8,400 (Dillon 2010, 1). Specifically, the United States total education spending as share of GDP is higher than other OCED countries by 26 percent and 50 percent in higher education spending alone (Wolff et al 2014, 12-13). At the same time, the United States non-educational expenses, including athletics, transportation, and other services, are significantly higher than other OCED countries (Wolff et al 2014, 32). The United States spends

more on education than any other country, but what the money is being spent on may not result in the "best bang for the buck" in terms of educating its population.

Although attending a higher education institution is becoming more and more expensive, in most cases, the cost is still worth it. From 1970 to 2013, those with a bachelor's degree earned roughly $64,500 per year, those with an associate's degree earned roughly $50,000 per year, and those with a high school diploma earned only $41,000 per year. In the last four decades those with a bachelor's degree earned 56 percent more than high school graduates and those with associate's degrees earned 21 percent more than high school graduates (Abel and Deitz 2014, 2-3). The numbers show that getting a degree is as important as ever, but if costs continue to rise, many have argued that college may someday be only for the super-rich, or those lucky enough to receive a scholarship.

The national trends have shown that universities are becoming more expensive, even at medium-sized schools. Colleges, such as the University of Northern Iowa (UNI), have suffered from decreased state financial support, but have also contributed to the increasing cost of tuition and fees.

Case Study:

While the debate on higher tuition and cost of higher education continues to grow around the country, too often the focus is on large schools or schools in the Ivy League. What are often forgotten about are smaller to medium sized universities and colleges and the tuition and budget problems they face. UNI is located in Cedar Falls, Iowa, and is one of the schools often overlooked in the national scene. With

11,928 students enrolled in 2014 and 900 acres of land, UNI is considered a medium sized school, sitting between the large 30,000 enrolled giants and the small 1,000 enrolled private schools. With successful sports teams, a teacher-based classroom setting, and several expanding student services, UNI encompasses many attributes and opportunities of large universities while maintaining a small population. For fiscal year 2014-2015, UNI's undergraduate tuition for Iowa residents was $6,648 per year with non-resident tuition set at $16,546. Mandatory fees for both residents and non-residents are $1,101 per year, and room and board is $8,066.

In 2012, UNI faced financial troubles when funding from the state government decreased, resulting in a controversial termination of 22 undergraduate majors, 20 minors, and 16 graduate programs. UNI represents a unique circumstance, allowing researchers to see what UNI's budget consisted of before the cuts and how the school has changed since.

Looking at UNI's budget from 1990 to 2015 and information gathered from the Board of Regents of the State of Iowa, it is possible to see if UNI is following behind other higher education institutions in becoming more unaffordable. Looking at the UNI budget it can be determined if UNI's tuition increases are growing at a rapid rate, or are slowing. It can also be determined if increases in administrative staff costs, and nonacademic spending are occurring. Using information from the Iowa Board of Regents, it is also possible to see how levels of state funding have affected the rise in tuition and fees at UNI. Comparing the two sides, government and university spending, this paper will determine why and if UNI's tuition, fees, and cost are growing out of control.

Data:

Data were collected from Supplement to the Comprehensive Annual Financial Reports from 1990 through 2014 and the Iowa Board of Regents. Using HEPI, or the Higher Education Price Index, the data were adjusted for inflation in order to show actual growth or decreases in revenues and expenditures. Data were also collected from the UNI Faculty Senate Budget Committee Spring 2014 Report, which highlighted instruction and faculty spending and reserves.

Although some of the data were easily located and easy to understand, many of it was not. Attaining administrative, faculty, and staff salary spending was too difficult and was therefore not included in the final data. Finding the total, annual salary data for administration, faculty, and staff employees would have required sorting through the full UNI annual budget, numbering thousands of pages for each fiscal year. Assuming the data would be easy to find, even in the long budget reports was a mistake, but some data were available through the Faculty Senate Budget Committee Spring 2014 Report, which analyzed parts of the UNI budget and highlighted salary trends from 2001 through 2013.

UNI students pay two separate charges to the university. The first is tuition, which is subsidized the state government for in-state students. The second is mandatory fees, which is paid equally by all full-time students, in-state and out-of-state, to pay for non-academic services.

The UNI budget is split into four distinct categories: the general education fund, other funds unrestricted, current restricted funds, and auxiliary enterprises.

The general education fund is paid for, in part, by the state and by tuition and fees. The fund includes instruction, academic support and services, research, scholarship and fellowship, student services, operational and maintenance plant, and instructional support. The general education fund is centered on the education portion of the college experience, but has expanded in recent years to cover various services for students. Unrestricted funds represents donors who have given financial contributions to UNI, but have not put a restriction on how UNI can spend their funds. Unrestricted also accounts for other funds not found in auxiliary enterprises or the general education fund including, the Northern Iowa Student Government and other student organizations, various camps held at UNI, capstones and other study abroad programs, and insurance plans. Restricted funds consist of donations from individuals who had specific parameters for how they wanted their money spend, contracts made by UNI to companies that have yet to be fulfilled, and some research grants. Auxiliary enterprises consists of programs paid for by student fees, which do not impact the core education mission of the university. Residence life, intercollegiate athletics, Maucker Union, the Dome or Field House, the Gallagher Bluedorn Performing Arts Center (GBPAC), the Wellness and Recreation Center (WRC), and the Health Clinic are all apart of auxiliary enterprises.

Figure 1 and 2 detail UNI expenditures from 1990 through 2014 both adjusted for inflation and are not adjusted for inflation, showing a steady increase in expenditures. Figure 3 compares each part of the budget as the percent of total expenditures it makes, adjusted for the HEPI. Figure 4 details the state financial support for UNI and the percent decrease in spending each year compared to 1990,

adjusted for inflation. Figure 5 consists of the percent increase of expenditures each year compared to the 1990 level of spending, adjusted for inflation. Figure 6 displays total tuition and fees in-state students paid annually to attend UNI from 1990-2014, not adjusted for inflation. Figure 7 shows general education fund spending from 1990-2014, adjusted for inflation. Figure 8 displays percent changes in salary levels as a percentage of total UNI salary from 2003 to 2012. Figure 9 shows enrollment numbers from 1990-2014.

HEPI was used to calculate inflation throughout the research, but future research on university expenditures and revenues should also include inflation adjusted using the Consumer Price Index (CPI). The HEPI takes a basket of goods each year specific to universities and tends to be two to three percentage points higher than the CPI. The HEPI allows universities to maintain purchasing power by maintaining faculty, staff, and research, but does not account for student costs. Higher education, when looking at student spending and debt, should not be excluded in a basket of goods that include other spending practices. HEPI increases the cost of higher education at a faster rate than other goods and services, such as mortgages or insurance. Therefore, CPI accounts for the actual increase cost of higher education on students who are trying to balance other payments and living expenses.

Results:

Like the data found in the national research, UNI has followed the trend in increasing expenditures, while the state has decreased financial support. Comparing

spending in 2014 to 1990 (adjusted for inflation), UNI has increased expenditures by 44.41 percent (Figure 5) while state appropriations have decreased by 20.94 percent (Figure 4). State support varied significantly throughout the 24-year period, ranging from 18.09 percent increases in 2000 to 34.14 percent decreases in 2012. From 1990 to 2002, state appropriations either increase or remained stagnant, but began to decline from 2003-2014. While state financial support has been volatile, UNI expenditures have seen a steady increase over time with small increases and decreases. The data is consistent with the national trend of steady increases in university spending coupled with sharp decreases in state funding in the last seven years. Unlike the national trend, state appropriations for UNI saw a sharp decline starting in 2003, before the Great Recession in 2008.

It is no surprise that with increased expenditures and decreased state funding, tuition and fees have steadily increased from $1,880 in 1990 to $7,817 in 2015, not adjusted for inflation (Figure 6). While tuition has increased steadily, fees have seen a sharp increase since 2001, from $324 annually to $1,169 in 2015, a 361 percent increase. The sharp increases in student fees can be linked to the addition of several auxiliary enterprises, including the GBPAC in 1999, the WRC in 2002, and the health clinic in 2002, along with increases in technology costs.

Unlike the national trend, UNI has not seen consistent enrollment increases from 1990 to 2014 (Figure 9). With peak enrollment in 2001 with 14,070 students and in 2010 with 13,201 students, UNI has seen enrollment increase and decrease by one to three thousand students. In recent years, 2011 through 2014, UNI has seen a sharp decrease from 13,201 students in 2010 to 11,928 students in 2014.

Fluctuations in enrollment can be accounted for in population trends in the state of Iowa, but overall, UNI enrollment has not increased like other institutions throughout the country.

As a percent of total expenditures, the general education fund has seen significant decreases since 1990 while the other line items have seen increases (Figure 3). Specifically, unrestricted funds has seen a significant increase, but much of the increase can be accounted for by changes in how the university records its expenditure data. Overall, UNI is consistent with the national trend in decreases in education spending while increasing other funds and programs. Auxiliaries and other non-academic programs used to improve the college "experience" and to attract future students are increasing at UNI, and are becoming a larger percent of the total UNI budget.

The general education fund has also seen changes throughout the 24-year period (Figure 7). Instruction has seen increases from 1990 to 2003, a period of decreases from 2005 to 2007, and recent period of increases from 2008-2014. Institutional support, which includes the office of the president, vice president of student affairs, executive vice president and the provost office, and other administrative positions, saw a drastic increase from 1990 to 2010, followed by a sharp decrease. The increase picked up in 1996 at $20,786,596 and peaked in 2010 at $34,090,419 (adjusted for inflation). The increase in institutional support up to 2010 is evidence that, like other universities, administrative spending had been increasing consistently, until budgets cuts began to restrict the growth in 2011, declining to $23,171,987 in 2014. Student services saw an increase from $6,913,721

in 1996 to $8,886,067 in 2014, which was consistent with national trends (adjusted for inflation). Public service, which consists of various centers and projects for the local community, also saw increases from $6,913,721 in 1996 to $8,886,067 in 2014 (adjusted for inflation). Most surprising was the drastic decrease in academic support and services, which consists of the library, the honors program, academic advising, and other programs. Starting in 2002, academic support saw a decrease from $31,788,494 in 2001 to $18,841,242 in 2014 (adjusted for inflation).

Data received from the UNI Faculty Senate Budget Committee Spring 2014 Report is also consistent with national trends. According to the report, there are 33 percent fewer assistant tenure-track professors at UNI than there were in 2001 (Kidd et al. 2014, 1). Although the report does acknowledge that all sectors of the university have suffered due to recent budget constraints, the data is consistent with the national trend in decreases in education spending. The report illustrated increased spending on non-faculty salaries, showing that of the percentage of total salaries at UNI, only instruction has decreased since 2003 (Figure 8).

The UNI Faculty Senate Budget Committee Spring 2014 Report also reveals the lack of reserves UNI has compared to national trends. Unlike major schools with massive reserves, some greater than the operational cost of UNI, the report shows UNI's reserves for fiscal year 2015 to be at $1.8 million. With UNI's $312,421,069 expenditures, the reserve would not be able to help UNI if a similar financial situation occurred as it did in 2011 and 2012.

It is evident that UNI faces many the same problems as her sister institutions; an increased spending on non-academic programs and staff/administrative salaries

coupled with a decrease in state fiscal support. Unlike national trends, UNI does not have a large reserve and state fiscal support had been decreasing before the 2008 recession. Compared to other schools throughout the country, UNI remains affordable for a majority of the population, but if current trends continue it may not be this way for long. This study was unable to get specific numbers on faculty, staff, and administrative employment, but it is clear with the UNI Faculty Senate Budget Committee Spring 2014 Report and the increase in institutional support (Figure 7) that spending on faculty for instruction has decreased while spending on non-academic staff and administration salaries has increased. There are several more areas of the university that should be studied in the future including: the residence system and its increasing costs, specific details on employment trends, and importance placed on affordability by faculty, students, and administrators.

Conclusion:

From 1970 to 2013, those with a bachelor's degree earned roughly $64,500 per year, those with an associate's degree earned roughly $50,000 per year, and those with a high school diploma earned only $41,000 per year. In the last four decades those with a bachelor's degree earned 56 percent more than high school graduates and those with associate's degrees earned 21 percent more than high school graduates. Despite entering the labor force at an older age, those with bachelors degrees will earn $1 million more than high school graduates during their working lives and those with associate's degrees $325,000 more (Abel and Deitz 2014, 2-3). In simpler terms, higher education is as important for a financially

successful life as it has ever been, but with 60 percent of the 20 million Americans who attend college each having to borrow money to attend, how long will it be before the cost is too high (Weiss 2015, 1)?

With stagnating incomes (median household income grew by just 2.1 percent over the last 20 years), families are struggling to control the now largest form of consumer debt outside of home mortgages, topping $1 trillion dollars. Not only are students struggling to pay for their education, but they are also struggling to graduate, with close to 50 percent of those starting college being able to graduate within six years (Weiss 2015,1-2).

Even medium sized schools, such as UNI, have followed the trend of increased spending and decreased support from the state. UNI, like many other schools, faces increased expenditures, but has the inability to balance quality and costs. The slow buildup of non-academic programs has been a key factor in how colleges differentiate themselves from the competition, offering students an education, while providing four year of entertainment and services. If UNI were to cut auxiliaries and non-academic services in favor of affordable tuition, many have predicted sharp enrollment decreases. Whether non-academic spending is good or bad, these services are now expected in a student's college "experience," and looks to grow as every new freshman class enrolls. While universities have been placing more emphasis on non-academic spending in order to attract customers, students are increasingly putting importance on the ability of the university to get them a job. In a recent survey conducted by the Higher Education Research Institute at UCLA, researchers found freshmen, now more than ever, say they go to college to get

better jobs and make more money (Pryor et al 2012, 4). While an emphasis on getting a job has increased among students, so has the expectation of debt. Students now accept the high costs of the college "experience" as something everybody has to do if they want a job. While debt has become commonplace, many are losing their appetite for it. In a series of surveys conducted by Northeastern University, 67 percent of survey participants said they are worried about their ability to afford college, and on the whole, they were opposed to acquiring debt (New 2014).

A perfect storm is brewing for an eventual collapse, with a business offering a product that its consumers may soon not be able to stomach the costs to buy. UNI like many other schools are facing problems with increasing costs in staff employment, administrative employment, and non-academic spending coupled with decreases in state funding. Universities and state legislations can no longer blame each other for the ever-increasing costs of higher education, for both contribute as much to the problem as the other. If schools, such as UNI, do not change their spending patterns and states continue refuse to fund their universities in the near-distant future, it may spell a large financial collapse. Although UNI is in no immediate danger, it too could fall victim, and like other schools, may be forced to make tough budget choices that could reduce the school's reputation and enrollment.

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Figure 1: UNI Expenditures from 1990-2014, Not Adjusted for Inflation

	General Education Fund	Other Funds Unrestricted	Current Restricted Funds	Auxiliary Enterprises	Total Current Fund Expenditures
1990	70,695,478	2,564,693	9,883,621	17,551,011	100,694,804
1991	78,724,648	3,938,411	11,672,672	19,221,353	113,557,085
1992	78,950,386	3,507,200	13,565,608	19,906,617	115,929,813
1993	85,414,056	5,541,764	15,479,303	21,068,768	127,503,893
1994	88,624,554	5,374,306	15,209,007	20,709,085	129,916,954
1995	92,938,243	6,730,153	16,424,311	22,540,578	138,633,286
1996	98,072,511	8,378,873	17,108,497	23,656,252	147,216,134
1997	101,958,021	9,937,089	16,459,822	26,566,313	154,921,247
1998	106,428,126	9,251,378	17,641,907	25,564,045	158,885,458
1999	114,033,220	12,135,444	19,093,323	26,950,227	172,212,216
2000	119,069,943	7,477,900	23,746,364	30,229,192	180,523,401
2001	123,426,739	11,797,168	24,812,433	35,010,636	195,046,977
2002	120,352,950	11,278,464	29,340,109	34,904,963	195,876,488
2003	124,759,921	32,568,443	28,579,366	36,498,154	222,405,885
2004	127,849,401	34,156,772	29,168,050	38,881,893	230,056,117
2005	129,937,850	36,130,861	30,692,392	40,312,462	237,073,567
2006	134,694,311	35,283,482	29,193,018	43,310,217	242,481,029
2007	138,848,293	34,382,225	31,728,665	46,837,238	251,796,423
2008	146,439,368	36,469,552	33,050,182	50,794,587	266,753,691
2009	160,024,423	43,179,646	38,545,804	52,952,462	294,702,337
2010	156,331,577	45,021,134	43,682,582	50,552,214	295,587,508
2011	152,977,194	58,998,385	42,463,921	50,753,784	307,286,025
2012	152,818,901	60,877,706	40,263,034	54,131,195	308,090,837
2013	159,344,942	55,291,209	36,727,309	53,509,704	304,873,165
2014	167,132,194	57,643,536	33,664,965	53,980,373	312,421,069

Figure 2: UNI Expenditures from 1990-2014, Adjusted for Inflation Using HEPI

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	General Education Fun	Other Funds Unrestricted	Current Restricted Funds	Auxiliary Enterprises	Total Current Fund Expenditures
1990	151,884,816	5,510,083	21,234,342	37,707,250	216,336,493
1991	160,689,649	8,038,929	23,825,798	39,233,868	231,788,247
1992	155,586,266	6,911,583	26,733,527	39,229,652	228,461,032
1993	163,633,641	10,616,742	29,654,776	40,362,903	244,268,066
1994	164,169,795	9,955,466	28,173,451	38,361,900	240,660,616
1995	167,244,607	12,111,072	29,555,943	40,562,313	249,473,938
1996	171,485,171	14,650,920	29,915,146	41,364,256	257,415,494
1997	172,882,855	16,849,604	27,909,732	45,046,579	262,688,774
1998	174,307,028	15,151,824	28,893,757	41,868,563	260,221,175
1999	182,416,970	19,412,860	30,543,259	43,111,812	275,484,904
2000	182,928,683	11,488,394	36,481,844	46,441,496	277,340,421
2001	178,900,760	17,099,393	35,964,355	50,746,130	282,710,640
2002	171,164,868	16,040,129	41,727,235	49,641,520	278,573,755
2003	168,858,506	44,080,331	38,681,245	49,399,067	301,019,151
2004	166,916,028	44,593,973	38,080,859	50,762,938	300,353,800
2005	163,231,726	45,388,644	38,556,680	50,641,693	297,818,746
2006	160,983,916	42,170,104	34,890,905	51,763,495	289,808,421
2007	161,358,466	39,956,293	36,872,536	54,430,521	292,617,818
2008	162,144,615	40,380,818	36,594,729	56,242,176	295,362,341
2009	173,316,820	46,766,355	41,747,604	57,350,948	319,181,729
2010	167,815,124	48,328,222	46,891,345	54,265,595	317,300,288
2011	160,456,315	61,882,841	44,540,000	53,235,158	322,309,371
2012	157,666,158	62,808,684	41,540,136	55,848,180	317,863,159
2013	161,859,788	56,163,837	37,306,954	54,354,216	309,684,797
2014	167,132,194	57,643,536	33,664,965	53,980,373	312,421,069

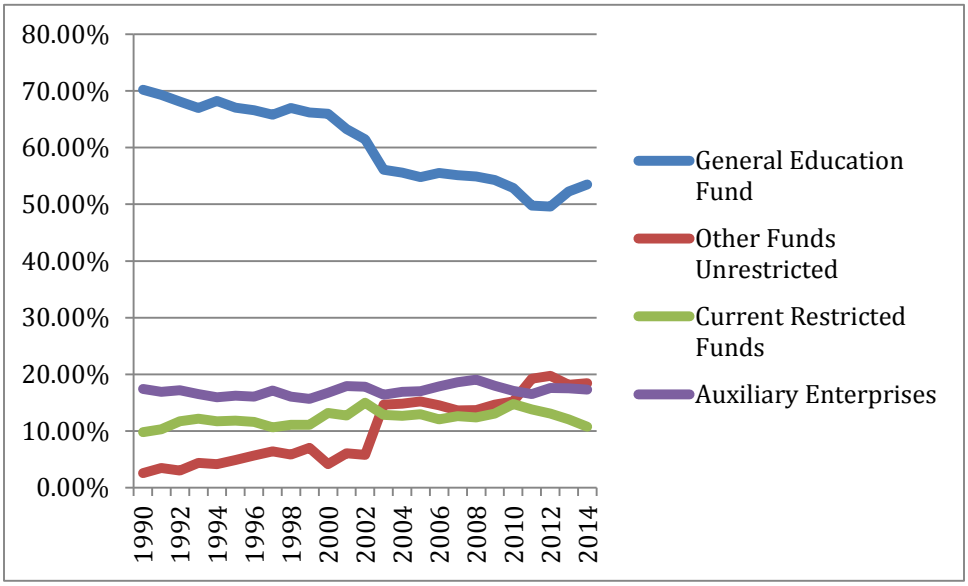


Figure 4: Percent Change In State Funding from 1990-2014, Adjusted for Inflation

Years	Inflation Accounted For	
1990	121,154,339	100.00%
1991	127,016,345	4.84%
1992	120,935,905	-0.18%
1993	128,227,696	5.84%
1994	129,167,669	6.61%
1995	129,526,338	6.91%
1996	132,087,882	3.99%
1997	135,799,667	12.09%
1998	138,267,016	14.12%
1999	141,928,972	17.15%
2000	143,067,862	18.09%
2001	140,277,766	15.78%
2002	120,642,872	-0.42%
2003	112,088,604	-7.48%
2004	102,589,701	-15.32%
2005	98,494,616	-18.70%
2006	99,090,666	-18.21%
2007	98,765,267	-18.48%
2008	103,813,283	-14.31%
2009	109,057,595	-9.98%
2010	103,952,955	-14.20%
2011	85,724,222	-29.24%
2012	79,797,804	-34.14%
2013	88,057,296	-27.32%
2014	95,789,796	-20.94%

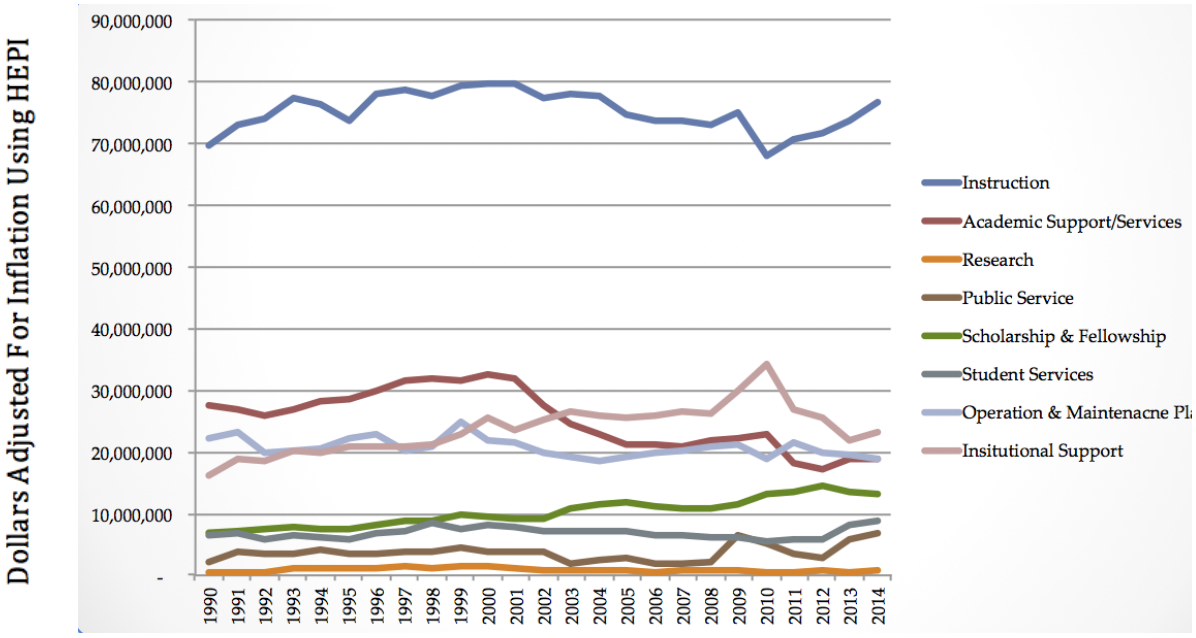
Figure 5: Percent Change in Expenditures from 1990-2014, Adjusted for Inflation

	Total Current Fund Expenditures	Percent Increase
1990	216,336,493	0.00%
1991	231,788,247	7.14%
1992	228,461,032	5.60%
1993	244,268,066	12.91%
1994	240,660,616	11.24%
1995	249,473,938	15.32%
1996	257,415,494	18.99%
1997	262,688,774	21.43%
1998	260,221,175	20.29%
1999	275,484,904	27.34%
2000	277,340,421	28.20%
2001	282,710,640	30.68%
2002	278,573,755	28.77%
2003	301,019,151	39.14%
2004	300,353,800	38.84%
2005	297,818,746	37.66%
2006	289,808,421	33.96%
2007	292,617,818	35.26%
2008	295,362,341	36.53%
2009	319,181,729	47.54%
2010	317,300,288	46.67%
2011	322,309,371	48.99%
2012	317,863,159	46.93%
2013	309,684,797	43.15%
2014	312,421,069	44.41%

Figure 6: Total Tuition and Fees from 1990-2015

	Total Semester
1990	1,880
1991	1,952
1992	2,088
1993	2,192
1994	2,292
1995	2,386
1996	2,470
1997	2,566
1998	2,666
1999	2,786
2000	2,906
2001	3,116
2002	3,692
2003	4,916
2004	5,386
2005	5,602
2006	6,112
2007	6,190
2008	6,376
2009	6,636
2010	7,008
2011	7,350
2012	7,635
2013	7,658
2014	7,749
2015	7,817

Figure 7: General Education Fund Spending from 1990-2014, Adjusted for Inflation



Year

Figure 8: Percent Change in Salary Levels as a Percentage of Total UNI Salary from 2003 to 2012, Adjusted for Inflation

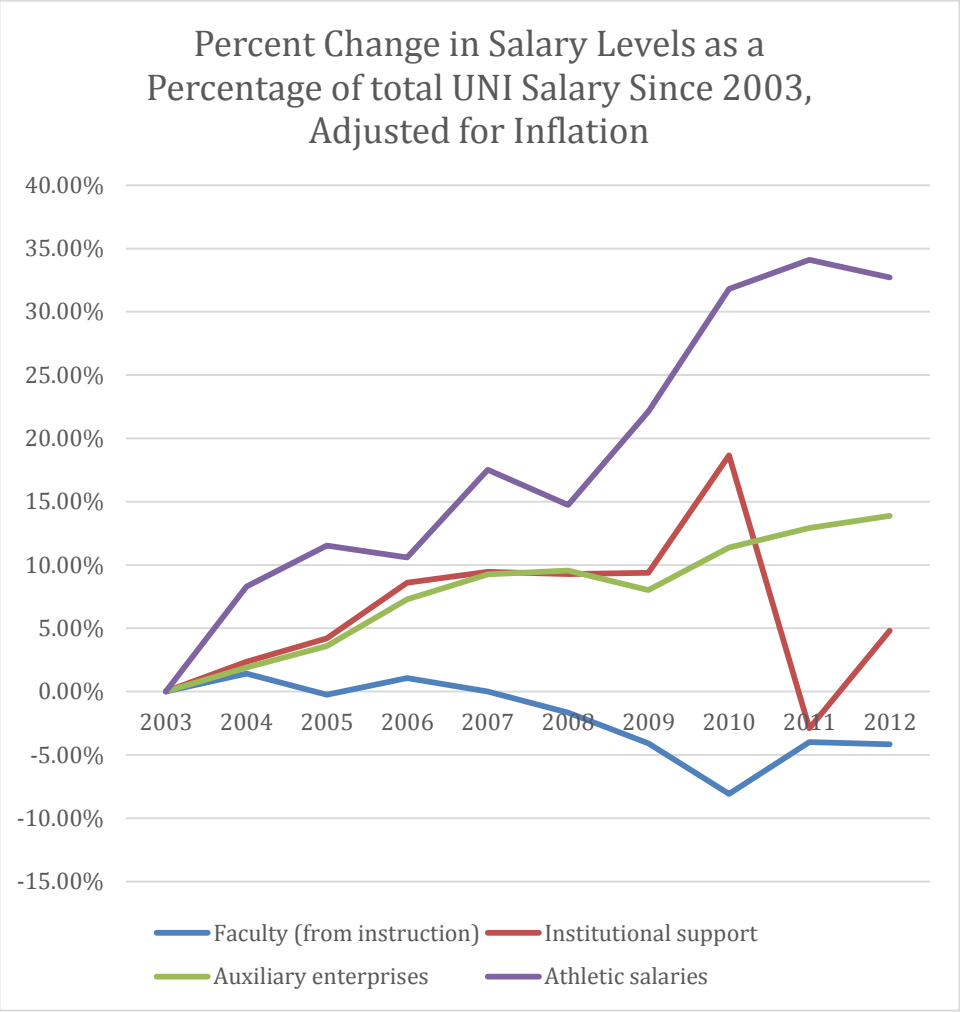


Figure 9: Enrollment Numbers from 1990-20014

Year	Enrollment
1990	12,638
1991	13,163
1992	13,045
1993	12,717
1994	12,572
1995	12,802
1996	12,957
1997	13,108
1998	13,329
1999	13,553
2000	13,774
2001	14,070
2002	13,926
2003	13,441
2004	12,824
2005	12,513
2006	12,260
2007	12,609
2008	12,908
2009	13,080
2010	13,201
2011	13,168
2012	12,273
2013	12,159
2014	11,928