

Higher education funding may need decade or longer to recover, scholar says

August 10 2010

With the economy mired in a deep funk, and with state budgets around the country blood red, a University of Illinois expert in higher education policy says the timeline for restoring funding for higher education to pre-recessionary levels will inevitably lengthen, or in the worst-case scenario, the funds may simply never reappear. Jennifer A. Delaney, a professor of educational organization and leadership, says that in every decade since the 1980s, it has taken progressively longer for state appropriations for higher education to recover from previous cuts.

"The time it takes to recover from cuts is increasing, and it has lengthened to such an extent that if there are further cuts, institutions may never recover those funds," Delaney said. "If it takes a decade or longer to bounce back, it almost doesn't even count as a recovery."

State appropriations for higher education tend to follow a cyclical pattern, with a decrease in funding during lean years followed by a restoration of funding when the economy improves. But the old assumptions that institutions and administrators worked under in the past - that is, take a cut this year but expect the money to be restored in a few years - doesn't work anymore because the projected timeline for state appropriations to higher education to recover has become so long, Delaney says.

"Compared to the previous two decades, the length of time for recovery is increasing," she said. "The time horizon has gone from 76 percent of states restoring higher education funding following a cut within five

years in the 1980s to only 58 percent of states restoring higher education funding following a cut within five years in the 1990s. Between 2000 and 2007, fewer than 40 percent of states that had cut higher education recovered in five years and, during the 2000s, 25 percent of states that had cut higher education funding show no signs of recovery."

Typically, higher education budgets have been looked at as the "balance wheel" for state budgets, Delaney said.

"Higher education is rare among state budget categories in that it can raise outside revenue through tuition, making it an attractive target during an economic downturn," she said. "During an economic downturn, states generally don't increase rent for prisoners or tuition for public K-12 students, but it's very easy for higher education to raise outside revenues through tuition increases to make up for the loss of state support, an ability that most other state budget categories lack. The state can cut higher education funding with the knowledge that universities will be able to survive the cut because they can tap into alternative revenue sources."

The quick and easy but ultimately short-sighted solution for higher education, according to Delaney, is to turn to students and families to fill in the gap.

"Ironically, one of the factors that predicts an increased length of time to restoring funding to pre-recessionary levels is increasing tuition," she said. "Tuition increases may actually stall recovery of state funding because the state lawmakers could look at the situation this way: 'They don't need our help, they have already replaced the state funds. So why restore state funds to higher education when there are so many competing state priorities?'

"It's a short-term fix that could result in a long-term cost."

Institutional leaders, Delaney says, need to be aware of that when they're making decisions about setting tuition levels, because what she calls the "quick recovery mindset" is no longer operative.

"Administrators need to start treating these cuts as if they're permanent," she said. "I would hope that administrators start to think and plan not with the mindset their predecessors had in the '80s and '90s, where if higher education is cut, state appropriations will eventually come back and everything will be fine. There's no promise that the state money is ever coming back, and if it does it could take many years."

Delaney says that states that have clear policy goals for higher education usually don't suffer as much as states where state funding for higher education is less clearly tied to state priorities. But no matter where you live, Delaney said, it's not a good environment for higher education right now.

"Most state budgets aren't doing well and in bad budget times, [higher education](#) is often one of the first state spending categories on the chopping block" she said.

Provided by University of Illinois at Urbana-Champaign

Citation: Higher education funding may need decade or longer to recover, scholar says (2010, August 10) retrieved 6 May 2024 from <https://phys.org/news/2010-08-higher-funding-decade-longer-recover.html>

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