

THE CHANGING NATURE OF PUBLIC HIGHER EDUCATION FUNDING AND ITS EFFECTS ON INSTITUTIONS FINANCIAL STRUCTURE

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ABSTRACT

Over the last decade states have been shifting the burden of funding public institutions of higher education from state general funds to the student. This is being accomplished by decreasing the state appropriation and increasing tuition. Most of the existing literature on the subject has been dedicated to looking at the changing dynamics of higher education funding from a public policy perspective or the effects on various constituency groups. However, little literature exists that looks at the effect on a universities financial structure and the subsequent effect on the institutions.

This change in funding is having and will continue to have a significant effect on public universities and poses a challenge for administrators who frequently do not have experience or training in managing organizations with a high degree of revenue variability and financial leverage.

This paper looks at the revenue and cost structures of institutions of higher education. How they are changing and explores the nature and implications of those changes.