

THE FINANCIAL STRUCTURE OF THE QUASI-PUBLIC UNIVERSITY

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ABSTRACT

Over the last decade states have been shifting the burden of funding public higher education institutions from the state to the student. This is being accomplished by decreasing the state appropriation for public higher education and increasing tuition. Most of the existing literature on the subject is dedicated to looking at the changing dynamics of higher education funding from a public policy perspective and its effects on the various constituency groups. However, little literature exists that looks at the effect on a university's financial structure and the subsequent effect on the institutions. Historically the revenue and costs structures of a public higher education institution have been relatively fixed in nature. The shift in funding from state general funds to tuition significantly increases the variability of institutions revenue while leaving its cost structure unchanged. These changes pose a significant challenge to 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 the nature and implications of these changes.