

# The Truth About Higher Education Spending

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Let me start by plainly stating I believe it is beneficial to have a highly regarded university such as LSU in this state. And LSU is not the only fine campus we have operating in one of our higher education systems. I'm writing this commentary because I believe the taxpayers of this state are being misled in all the reporting and conversations about the higher ed cuts that may occur this year. So with a mind to open and honest discussion I present the following information to you.

For those not familiar with higher education in Louisiana, it is made up of three university systems, each with its own "Board of Supervisors". Those systems are; 1) Louisiana University System (ULL, ULM, McNeese, etc.); 2) Southern University System (Southern, SUNO) and the largest 3) LSU System (LSU, UNO, LSUS, etc.). The total budget for these systems combined will be approximately \$2,700,000,000 (billion) this year. That total budget number represents all monies the systems receive, including state dedicated dollars, federal dollars, tuition and self generated revenues, agency transfers, state general fund dollars, etc. This is an important fact as you will see later.

Now some of you may think a part of the conversation should be the inefficiency and overlap created by having three separate boards running our universities. Or that there must be some waste involved when we have so many campuses and very little interest in cooperation between the system boards because each protects its own "turf". But those are matters for another day of discussion. This commentary will simply look at the hard facts of the budget dollars involved in higher ed in this state.

For the sake of simplicity let's look at the budget for the LSU system the last several years. The budgets of the other systems would reflect much of the same type of information.

The following is the budget for the entire LSU system by year. These numbers were taken directly from the yearly legislature's appropriations bill HB1. We'll start with 2003, the first year the budget for the LSU system exceeded a billion dollars. The first number is the total budget followed by the dollar increase the following year and the associated percentage increase in spending.

2003	\$1,050,558,160		
2004	\$1,172,080,737	+\$121,522,577	11.5%
2005	\$1,221,621,583	+\$49,540,846	4.2%
2006	\$1,295,766,419	+\$74,144,836	6.1%
2007	\$1,442,849,290	+\$147,082,871	11.3%
2008	\$1,558,459,474	+\$115,610,184	8.0%

And just to put a little more history to these numbers, in 2000 the LSU system budget was \$743,846,447 so it more than doubled by 2008. Do these figures surprise you as much as they surprised me? Shouldn't it be plainly obvious that these budget increases are unsustainable? Are we to accept that the higher ed budget should be doubled every eight years?

This is not the whole story. The other two facts being unreported or twisted in this whole debate are the percentage of the higher ed budget which is actually being cut and the portion of the total budget the higher ed system generates for itself. The real percentage the total higher ed budget is being cut is only about 6%, not the 20%+ number being bandied about in the media. Currently the legislature is planning to cut \$160M dollars from a total higher ed budget of \$2.7B or 6%. The percentage being cut is presented as being much higher by taking the \$160M from the dollars allocated from the state's general fund appropriated by the legislature each year. The general fund dollars received by higher ed make up about 43% of their total budget or \$1.1B. Where is the honesty in using that kind of math? So the true picture of what higher education faces in this year's budget is an actual reduction in funding of 6% after increases of no less than 4% and as high as 11% over the last five years! How can any honest person declare that a "draconian" cut is taking place in light of these numbers?

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The other part of the under reported facts involve tuition and the self generated fees for higher ed. First, this budget growth is not a result of the highly successful TOPS program. TOPS is growing, but it represents only about 5% of the total higher ed budget. The higher ed systems only self generate revenues able to cover about 23% of their own budgets. There's been a lot of clamoring over the tuition increases of up to 5% each of the last two years, but at the same time as shown above the total LSU system budget has grown by 11.3% and 8% so the tuition increase didn't even come close to the actual spending increases. Is it practical to have spending increases far out pace tuition increases just on a percentage basis, not to mention the dollar differences? It is not practical or fair to hoist more and more of the cost of running these systems on taxpayers, it is in fact unsustainable.

I hope these facts have been educational for you and that you are better able to discuss the true state of higher education and your tax dollars.