



Analytics

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RE: Proposed cut in state funding to the University of Delaware

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The Governor has recommended a \$5 million cut in state funding to the University of Delaware for the coming fiscal year. The University has responded by pointing out its impacts on the Delaware economy from direct spending as well as the University's role in creating a talented workforce and intellectual property.

CRI believes that a more thorough examination of the facts is necessary before the legislature makes a final decision. The most recent Bureau of the Census data (FY-07) on state and local government spending by function shows that compared to our neighboring states (NJ, PA, MD, VA) DE spends 51% more per capita on higher education. The standard response is that this is due to the lack of economies of scale in Delaware. However, state and local government in Delaware also spends 26% more on higher education per capita than the six other states of similar size throughout the nation. More analysis appears to be required to understand the source of these large differences and how the differences prevail among Delaware's various institutions of higher education.

In addition, when discussing the economic impact of the \$5 million provided to the University, the legislature should take into consideration the competing multiplier effects from spending the \$5 million on other activities in the state. Would Delaware citizens and the Delaware economy be better served by spending the \$5 million on charter schools, on infrastructure, or....

It would also be useful if the University could quantify its human capital and intellectual property spillovers to Delaware. Delaware young people can and do get their college educations at many different schools. Intellectual property rarely translates into spatially proximate business investment and economic development.

CRI believes that in these challenging times, a more analytical basis for all state and local government expenditures in Delaware be sought.