



# SHEEO

STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

# SHEF

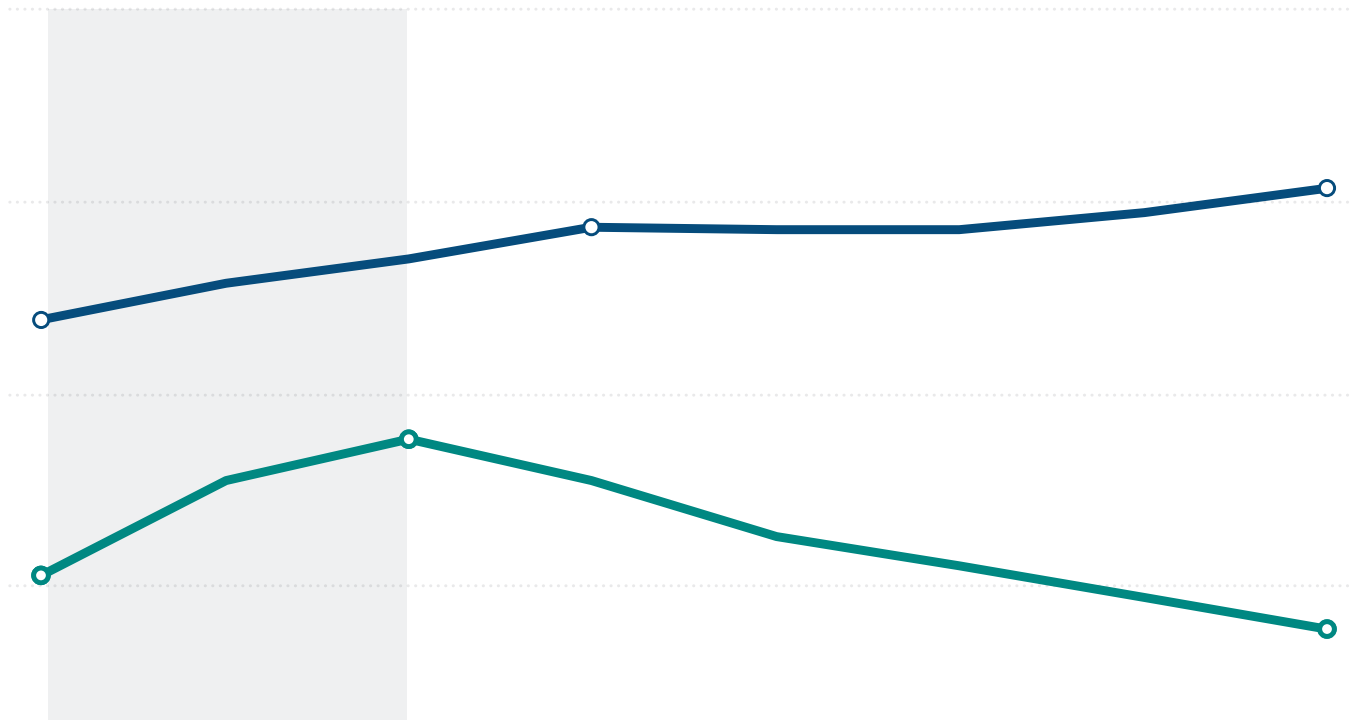
STATE HIGHER EDUCATION FINANCE

# 2016

## ISSUE BRIEF:

## INITIAL FINDINGS: SECTOR LEVEL BREAKDOWN

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## INITIAL FINDINGS: SECTOR LEVEL BREAKDOWN

For the past several years, SHEEO has worked to collect three SHEF metrics broken down by Carnegie institution sector (2-year and 4-year). For the first time, we are publishing the sector breakdown of Full-Time Equivalent Enrollment (FTE), Net Tuition Revenue, and State Support data from 2009-2016. FTE and Net Tuition are a direct breakdown of the FTE and Net Tuition are a direct breakdown of the primary metrics used throughout SHEF, but due to a difference in data collection, State Support differs from Educational Appropriations in that it does not include local funding and does include:

- State funding for students in non-credit continuing or adult education courses and non-credit extension courses;
- Sums appropriated to independent institutions for capital outlay or operating expenses;
- Allocation of appropriations for financial aid grants to students attending in-state independent institutions or students attending out-of-state institutions; and
- Research, Agricultural, and Medical Appropriations (RAM).

Local support was added to State Support in the wave chart in *Figure 2* because local support primarily benefits 2-year institutions. However, Local Support is shown separately from State Support because it is not always strictly used for 2-year institutions. For example, one 4-year institution in Arkansas receives \$5.9 million in local county sales tax revenue. Similarly, Educational Appropriations does not include research, agricultural, and medical appropriations (RAM), but these funds are still included in the State Support metric. To remedy this, *Figure 3* shows State Support to 4-year institutions without RAM and lists RAM funds separately.

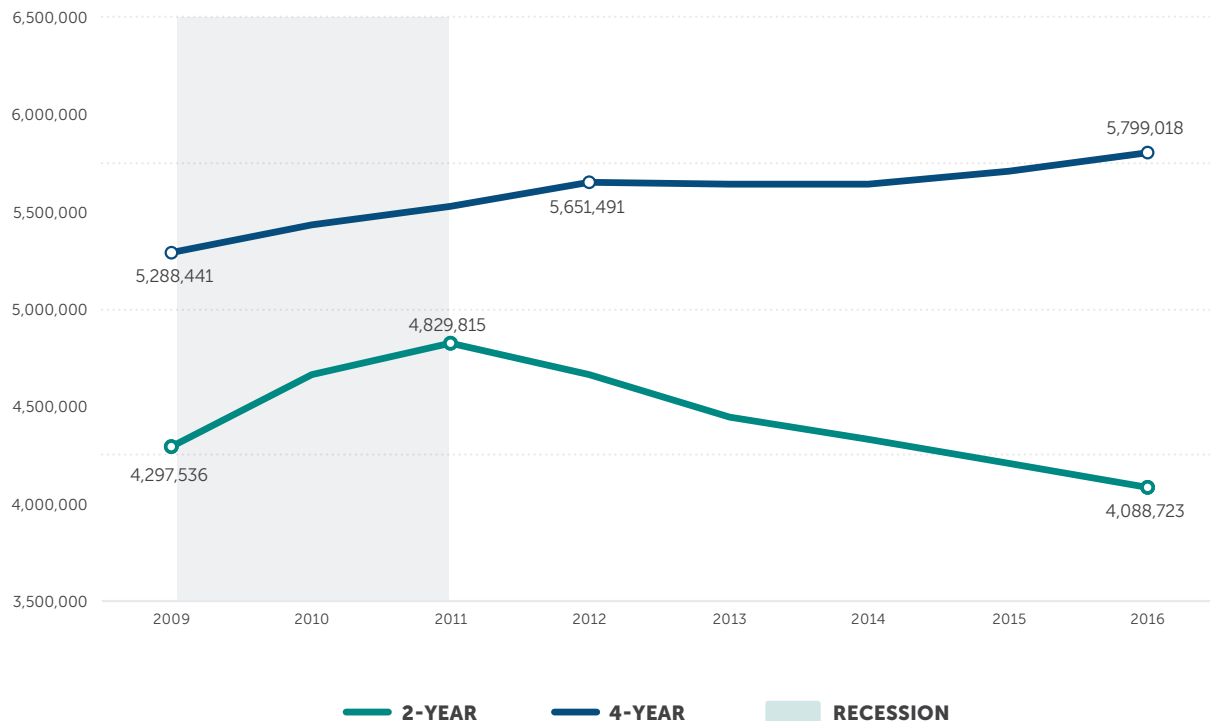
It is important to note that this data is only available back to 2009 when the Great Recession had already begun to impact the states. In the future, SHEEO hopes to improve this data collection to the pre-recession high point of 2008 and provide a full breakdown of SHEF metrics by sector. As in the figures throughout the report, Washington, D.C., and Puerto Rico are excluded from the aggregate figures shown. A state-level breakdown of the data presented in this case study, including D.C. and Puerto Rico, is available using our online interactive data tool (<http://tabsoft.co/1MGDacv>).

**The data in this issue brief are available for just 43 states, and for twelve of these states, a small portion of sector data was uncategorizable and not included in the following figures. This brief is intended to begin a conversation about improving these data so that in the future, they are available and accurate for all 50 states.**

## FULL-TIME EQUIVALENT (FTE) ENROLLMENT

Figure 1 shows the difference in FTE student enrollment between 2- and 4-year institutions for the past eight years. FTE enrollment differs from headcount enrollment, with the difference being most pronounced at 2-year institutions that enroll more part-time students (see page 10 for a more detailed definition of FTE enrollment). During the recession, FTE increased at both 2- and 4-year institutions, but this effect was much more pronounced at 2-year institutions, which saw a 12 percent increase in FTE from FY 2009 to FY 2011 compared to 5 percent at 4-year institutions. Since 2011, 2-year institutions have seen a 15 percent drop in FTE, while 4-year institutions have continued to increase an additional 5 percent from 2011 to 2016. Please note that data regarding sector enrollment was not available for seven states, whose total enrollment of 1,166,000 FTE students comprised more than 10.5 percent of the national total in 2016. Consequently, caution must be used in evaluating these data in comparison with other nationwide data contained in this 2016 SHEF report. (The seven states are Hawaii, Illinois, Kansas, Minnesota, New Jersey, Oklahoma, and Vermont.)

**FIGURE 1**  
**FULL-TIME EQUIVALENT (FTE) ENROLLMENT AT 2- AND 4-YEAR INSTITUTIONS,**  
**U.S., 2009-2016**



- NOTES:** 1. Full-time equivalent enrollment equates student credit hours to full-time, academic year students, but excludes medical students.  
 2. Excludes Hawaii, Illinois, Kansas, Minnesota, Oklahoma, New Jersey, and Vermont due to unavailable data in one or more sectors.

**SOURCE:** State Higher Education Executive Officers Association

## WAVE CHARTS BY SECTOR

The wave charts in *Figures 2* and *3* provide an eight-year look at each of the metrics that can be broken down by institutional sector. These charts show:

- Full-time equivalent enrollment (FTE)—the red trend line
- State support per FTE—the bright blue bars
- Net tuition revenue per FTE—the green bars
- Total educational revenue per FTE—the total shown by the sum of the bars

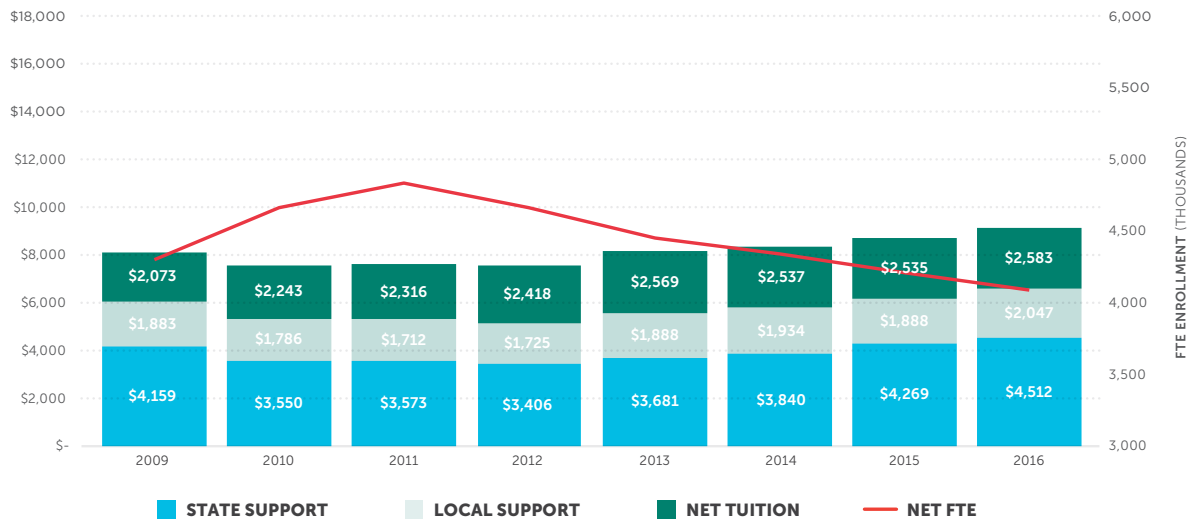
Additional variables are included in the wave charts to provide a closer approximation to the SHEF educational appropriations used throughout the report. The light blue bars show local appropriations per FTE in *Figure 2* and special purpose appropriations for research, agricultural extension programs, and medical education in *Figure 3*. See page 33 for an explanation of why these data are included in the wave charts.

State support per FTE decreased during the Great Recession, but has mostly recovered since. From 2009 to 2016, 2-year institutions saw an 8 percent increase in state support per FTE, while 4-year institutions saw a 2 percent decrease in state support (not including RAM) per FTE.

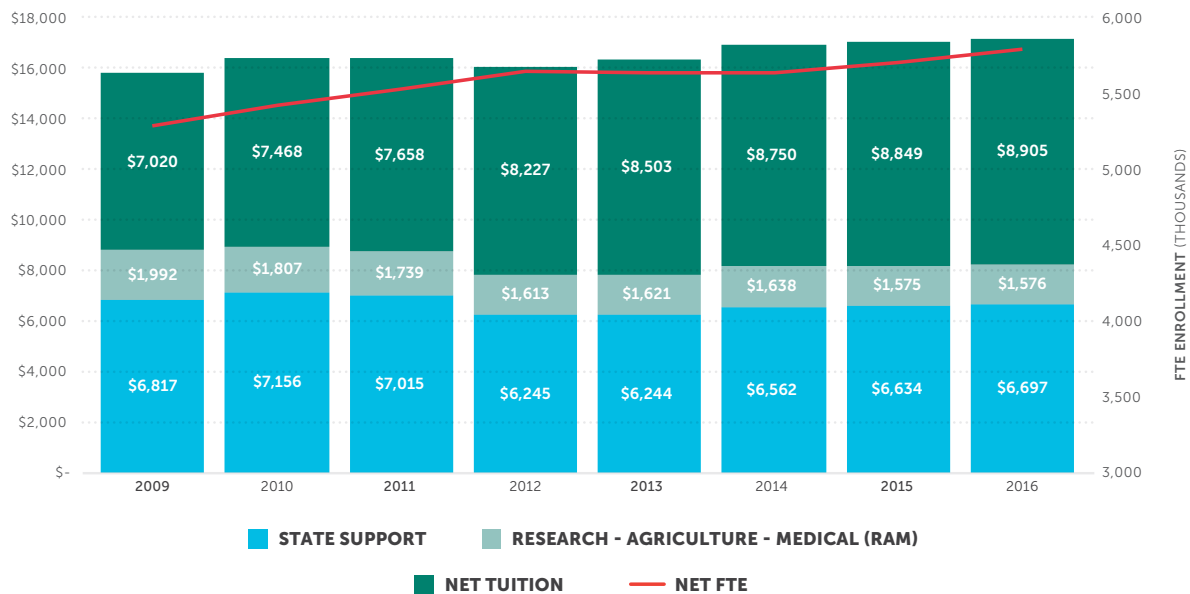
However, 2-year institutions experienced more volatility in state support from 2009 to 2016. During the recession, state support per FTE at 2-year institutions decreased 18 percent from 2009 to 2012, and subsequently increased 32 percent from 2012 to 2016. At 4-year institutions, state support per FTE decreased 8 percent and then increased 7 percent. **It is important to note that although state support at 2-year institutions is higher now than in 2009, there was likely a decrease between 2008 and 2009 due to the beginning of the Great Recession that is not reflected in the available data. Across both sectors, educational appropriations per student declined 5.3 percent in adjusted terms from 2008 to 2009.**

Net tuition per FTE increased steadily at both 2- and 4-year institutions (25 percent and 27 percent, respectively), but in 2016, 4-year institutions received more than three times the tuition that 2-year institutions received, on a per student basis. Part of this is due to lower nominal tuition rates at 2-year institutions and part is due to non-resident tuition at 4-year institutions and higher charges for graduate education.

**FIGURE 2**  
**STATE SUPPORT AND NET TUITION PER FTE AT 2-YEAR INSTITUTIONS, U.S., 2009-2016**



**FIGURE 3**  
**STATE SUPPORT AND NET TUITION PER FTE AT 4-YEAR INSTITUTIONS, U.S., 2009-2016**



- NOTES:**
1. Excludes Hawaii, Illinois, Kansas, Minnesota, New Jersey, Oklahoma, and Vermont due to one or more years of unavailable data.
  2. Constant 2016 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA).
  3. Institution Sector (2-Year/4-Year) is determined by Carnegie classification.
  4. State Support is the sum of tax appropriations, nontax support, non-appropriated support, and interest or earnings from state-funded endowments.
  5. Net tuition revenue used for capital debt service is included in the above figures.

**SOURCE:** State Higher Education Executive Officers Association

The data in this case study exclude some states and include a less precise metric than educational appropriations, and they tell a different story. The total revenue available to 2-year institutions (net tuition plus state and local support) decreased 7 percent during the Great Recession from 2009 to 2012, but increased 13 percent overall from 2009 to 2016. Four-year institutions saw a 2 percent increase of total revenue available (net tuition plus state and RAM support) during the recession, and a 9 percent increase overall. Care should be taken in assessing these figures because data from several states were not available.

## ABOUT THE SECTOR SPLIT DATA

States were able to report data that cannot be categorized as 2-year or 4-year for all three metrics (FTE, Net Tuition, and State Support). In general, states were able to categorize most of their FTE and Net Tuition revenue. However, a few states were unable to disaggregate all their data in ways that permit allocation to the categories in this report. The differences were relatively minor in most states. In FY 2016, four states reported uncategorizable FTE: .01 percent in California, 0.8 percent in Louisiana, 6.3 percent in Tennessee, and 5.5 percent in Utah. Eight states reported uncategorizable Net Tuition in FY 2016: 1.6 percent in Alaska, 0.7 percent in California, 1 percent in Connecticut, 2.5 percent in Louisiana, 0.9 percent in Maryland, 1.6 percent in Nevada, .03 percent in Tennessee, and 1.8 percent in Utah.

Similarly, a number of states were unable to provide a complete sector breakdown of State Support. In 2016, 13 states reported that 15 percent or more of their state support was uncategorizable. These states were included in the analysis because the percent of uncategorizable State Support was consistent over time and because when surveyed, the states were able to account for these funds. Most State Support that could not be split by sector consisted of funding for student financial aid and/or support for central offices, commissions, or boards. States also reported that they marked funds uncategorizable if they were appropriated to technical colleges offering less-than-2-year degrees or to institutions that did not offer undergraduate degrees. In future years, SHEEO will revise the sector breakdown definitions to account for these issues.

This case study marks the beginning of a foray into state financial data by sector. These data will improve and become more complete over time. It is our hope that in the next few years, most of the SHEF data will be available by institutional sector.

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