

NEW REPORT FINDS STATE FUNDING REMAINS BELOW HISTORIC LEVELS AS PUBLIC COLLEGES BRACE FOR A RECESSION AND EXPECTED BUDGET CUTS

The impacts of COVID-19 on public higher education revenues and enrollment are unknown and potentially severe. Amidst this uncertainty, the State Higher Education Finance (SHEF) report offers a comprehensive look at where states stand as they enter this complex funding environment.

BOULDER, Colorado —

In fiscal year 2019, state and local support for higher education topped \$100 billion for the first time in history. At the same time, public higher education finance has never been more precarious. Institutions face increased costs, loss of tuition revenue, and unknown enrollment for the coming academic year. Meanwhile, reductions in state budgets firmly indicate sweeping cuts are coming for higher education.

A 2.4% increase in per-student education appropriations marks the likely end of a seven-year recovery in higher education funding

On a per-student basis, education appropriations (a measure of state and local funding for general operations and financial aid at public institutions) increased \$195 above inflation in the last year. While states' efforts to increase funding for higher education should not be discounted, many public institutions are still without the necessary funding to appropriately weather the coming economic decline.

Despite seven years of moderate increases in per-student funding for higher education, only seven states have fully recovered from funding declines during the last recession. Nationally, education appropriations remained 8.7% below pre-recession levels in 2008, and states have only recovered about two-thirds (63.5%) of the total decline seen during the Great Recession.

This year, with generous funding from the Bill & Melinda Gates Foundation, the State Higher Education Executive Officers Association (SHEEO) is launching a brand new, fully interactive, SHEF website. The new [SHEF website](#) currently features an animated overview of higher education finance, customizable visualizations, and data downloads throughout the interactive report and issue briefs, with even more interactive tools to be released in the coming months.

“States have many budget priorities, and often higher education is the first place to be cut,” said Robert E. Anderson, president of SHEEO. “Public higher education is entering a period of economic uncertainty in an unstable position. Without adequate state funding, and with huge uncertainty surrounding fall enrollment and tuition revenues, public institutions will lack the resources they need to properly serve their students in the coming year.”

“We do not know what will happen in the coming months, but it is vital that we continue to support higher education,” said Carlos E. Santiago, commissioner of higher education for Massachusetts and chair of SHEEO’s executive committee. “SHEF provides important context about the financial landscape of public higher education heading into the current crisis and is a valuable resource to assist state policy leaders in making what we know will be very difficult funding decisions.”

Additional findings from the 2019 SHEF report include:

- **Enrollment remained largely stable for the third year in a row:** 2019 is the eighth straight year of full-time equivalent (FTE) enrollment declines following substantial enrollment increases during the Great Recession. However, these annual enrollment declines have been less than 0.5% for the last three years. There were just under 11 million FTE enrolled students in 2019.
- **Financial aid accounts for an ever-growing portion of state and local funding:** State public financial aid (a part of education appropriations) increased 4.0%, reaching an all-time high of \$808 per FTE. State aid has increased 34.1% since the start of the Great Recession.
- **Thanks to increases in financial aid, net tuition revenue declined for the first time in over a decade:** Following rapid increases in net tuition revenue in every state during the Great Recession, net tuition revenue declined by \$6 per FTE in 2019.
- **Total education revenues reached \$15,000 per student for the first time:** Total revenues for public institutions increased 1.3%, reaching an all-time high of \$15,018. This trend does not hold for all institutions or states. Many institutions have been unable to increase tuition revenue to off-set historical declines in state funding, and 16 states have not surpassed pre-recession total education revenues.
- **Over time, the student share has increased in all states:** The share of total revenues that come from student tuition dollars has increased from 20.9% in 1980 to 46% today. Student share generally rises during economic recessions and levels off during recoveries. In the coming recession, student share will likely surpass 50%.

If the last two recessions are any indication, funding for public higher education will decline more than any other budget area over the next few years. Over time, recessions have led to deeper declines and shallower recoveries in state funding. In 2019, public institutions received, on average, \$1,800 less in per-student funding than prior to the tech bust in 2001.

“There are great differences across states and between types of institutions, and many public institutions have already increased efficiencies and raised tuition revenues as much as possible,” said Sophia Laderman, senior policy analyst at SHEEO and primary author of the report. “Those colleges are often the same ones that rely the most on state funding and serve students with the greatest financial need. While funding cuts may be necessary, it is essential that state leaders are cognizant of each institution’s dependence on state funding and access to alternative revenue sources.”

While these findings are crucial to understanding the broad strokes of national finance trends in higher education, it’s important to note that national trends mask considerable variation across the states. The full SHEF report paints a more complete picture of differences in public higher education finance across states.

[Explore the SHEF website](#) to read the full report and customize the adjustable data visualizations. The SHEF website also includes issue briefs that focus on state recovery from the Great Recession, regional differences in higher education finance, and changing trends in the allocation of state financial aid.

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About the State Higher Education Executive Officers Association (SHEEO)

The State Higher Education Executive Officers Association serves the chief executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs. Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors. Together with its members, SHEEO aims to achieve this vision by equipping state higher education executive officers and their staffs with the tools to effectively advance the value of higher education, promoting public policies and academic practices that enable all Americans to achieve success in the 21st century, and serving as an advocate for state higher education leadership.