



**EMBARGOED UNTIL APRIL 9, 2019**

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## **New report finds state funding for higher education has only halfway recovered in the decade since the Great Recession**

*The State Higher Education Finance (SHEF) report examines the trends, context, and consequences of state higher education funding decisions in FY 2018.*

**BOULDER, Colorado, April 9, 2019** — Despite the American economic outlook having improved considerably, state funding for higher education has only halfway recovered in the ten years since the Great Recession, a new report released today by the State Higher Education Executive Officers Association (SHEEO) finds. The 2018 State Higher Education Finance (SHEF) report — an annual, nonpartisan analysis of educational appropriations, tuition revenue, and enrollment trends in all 50 states — also explores how students and families came to shoulder more responsibility for supporting public higher education as states attempted to rebound from the 2008 financial crisis.

This year's SHEF report marks the culmination of a ten-year data set since the Great Recession and offers a comprehensive look at how states navigated complex funding environments and undertook efforts, where possible, to restore public investments in higher education as they recovered from a significant economic downturn.

“State leaders had to make tough decisions about how to finance their public systems of higher education as their economies weathered the Great Recession,” said Robert E. Anderson, president of SHEEO. “Many states used higher education as a balance wheel so they could preserve funding in other areas. But tighter purse strings also compelled state leaders to adopt new, innovative ways of thinking about higher education funding. This year's SHEF report calls for us to consider the decisions states made on the path to recovery with an understanding that there is still significant work to be done to develop equitable higher education finance policies that produce the talent states need to compete in the 21<sup>st</sup> century economy.”

In addition to providing a decade-long snapshot of states' levels of investment in public higher education in the wake of the Great Recession, this year's SHEF report also details year-over-year changes in measures such as state and local support for higher education, educational appropriations, net tuition revenue, total educational revenue and full-time equivalent enrollment (FTE). Report highlights include:

- **Higher education funding is stabilizing:** Nationally, state and local per-student support for higher education increased at roughly the rate of inflation from 2017 to 2018. This minimal growth follows a five-year period of annual funding increases greater than 2 percent, indicating that state appropriation recovery from the Great Recession has stabilized, albeit at a much lower level.



- **A new norm for the student share of higher education funding has arrived:** For the first time since the Great Recession, net tuition revenue remained flat in 2018, indicating that the growing reliance on net tuition as a revenue source — the student share — might be leveling. While tuition revenue measures more than just rate increases, flat tuition revenue may be a sign of the impacts of increasing pressure and attention on college affordability. However, the student share has increased significantly since before the Great Recession.

“This substantial shift of responsibility represents a significant change for American higher education,” said Anderson. “As the nation’s economy continues to stabilize, it’s clear that a heavy reliance on tuition revenue has become the new norm for how state higher education systems are funded.”

- **There’s good news when it comes to financial aid:** Unlike the rest of state higher education funding, states have increased their public financial aid consistently over time. In 2018, state financial aid saw the largest increase since the Great Recession. Financial aid now represents nearly 10 percent of all appropriations, and encouragingly, evidence shows that states largely protect this source of support during economic downturns.
- **The decline in full-time enrollment shows signs of slowing down:** Due largely to a recovering economy, fewer students continued to enroll in higher education than did so during the peak Recession years. However, there was little year-over-year change in this measure from 2017 to 2018, which — like trends in state and local appropriations and net tuition revenue — suggests stabilization in national enrollment levels.

“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,” said Sophia Laderman, senior policy analyst at SHEEO and an author of the 2018 SHEF report. “Although state funding for higher education has only halfway recovered nationally on a per-student level, some states have fully restored appropriations to prior levels, while others have increased tuition to fully offset the reduction in state funding, and a number have not recovered at all.”

“Each year, the SHEF report is a valuable resource to the entire higher education community,” said Glen D. Johnson, chancellor of the Oklahoma State System of Higher Education and chair of SHEEO’s Executive Committee. “This year’s report is no exception, as it provides important context about the financial landscape of our states and postsecondary institutions over the last 20 years. It is our hope that the SHEF report can assist state policy leaders as they make what we know to be difficult funding decisions.”

The 2018 SHEF report also features a series of case studies that explore higher education finance topics including state cost and budget drivers that influence the funding of higher education, and an ongoing look at state funding challenges in Illinois. Those interested in data for an individual state are encouraged to access the electronic version of the report, which includes numerous supplementary state-by-state data tables and interactive data visualizations, at SHEEO.org/SHEF.

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## About the State Higher Education Executive Officers Association (SHEEO)

The State Higher Education Executive Officers is the national association of the chief executives of statewide governing, policy, and coordinating boards of postsecondary education. Founded in 1954, SHEEO serves its members as an advocate for state policy leadership, a liaison between states and the federal government, a



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vehicle for learning from and collaborating with peers, a manager of multistate teams to initiate new programs, and as a source of information and analysis on educational and public policy issues. SHEEO seeks to advance public policies and educational practices to achieve more widespread access to and completion of higher education, more discoveries through research, and more applications of knowledge that improve the quality of human lives and enhance the public good.

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