

## DESPITE EIGHT YEARS OF INCREASES IN STATE SUPPORT, PUBLIC COLLEGES ENTERED THE 2020 RECESSION WITH HISTORICALLY LOW FUNDING.

Most states have not recovered from prior recessionary cuts in state funding and now face declines in their other revenue sources. Public institutions may be in a more precarious financial situation than at any other time in recent history. Amid this uncertainty, the State Higher Education Executive Officers Association's State Higher Education Finance (SHEF) report offers a comprehensive look at where states stood as they weathered the COVID-19 pandemic and economic recession.

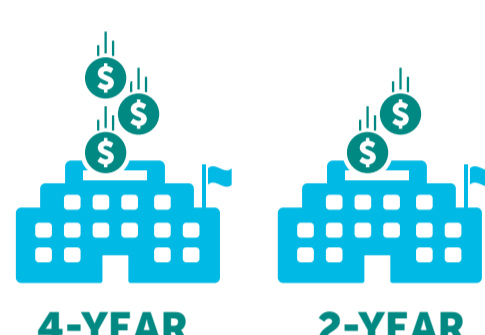


**IN FISCAL YEAR 2020, A 2.9% INCREASE IN PER-STUDENT EDUCATION APPROPRIATIONS MARKED THE LIKELY END OF AN EIGHT-YEAR RECOVERY IN HIGHER EDUCATION FUNDING.**

State and local governments provided \$8,636 per full-time equivalent (FTE) student to public institutions. Due to the COVID-19 pandemic, higher education likely faces several years of increasingly steep cuts to state funding, and early estimates of 2021 funding show a decline in most states.

While recent state investments in higher education are to be celebrated, per-student funding has never been so low at the start of an economic recession. Nationally, inflation-adjusted education appropriations per FTE remain 6.0% and 14.6% below 2008 and 2001 levels.

### TWO-YEAR PUBLIC INSTITUTIONS RECEIVE LESS FUNDING FROM STATE GOVERNMENTS.



Two-year colleges received \$4,969 per FTE in state general operating appropriations, compared to \$7,352 at four-year institutions. Four-year institutions also received \$1,697 per FTE in research and medical appropriations.

Local appropriations, which primarily support two-year institutions, partially made up for the gap in state funding. In 2020, two-year institutions received \$2,727 per FTE in local support.



### ENROLLMENT DECLINED FOR THE NINTH STRAIGHT YEAR.

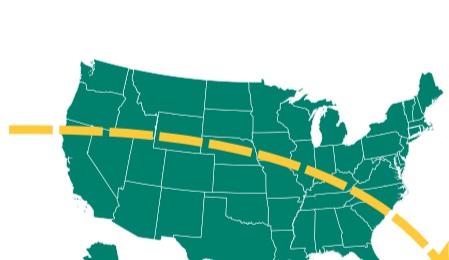
Following a 0.6% decline over 2019, there were 10.9 million full-time equivalent (FTE) enrolled students in 2020. The enrollment decline was concentrated at two-year public institutions, which reported a 1.9% decline, while four-year public institutions reported a 0.2% increase.

### FINANCIAL AID CONTINUES TO RISE AT A FASTER RATE THAN INSTITUTIONAL FUNDING.



Financial aid has increased steadily despite economic recessions that negatively impacted the rest of education appropriations. State public financial aid per FTE increased 7.0% in 2020 and reached an all-time high of \$830 per FTE. These funds made up 9.6% of all education appropriations, the largest proportion ever.

FTE students attending four-year institutions received 2.14 times more financial aid than students at two-year institutions.



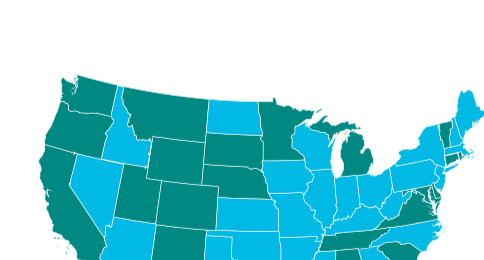
### THANKS TO MINIMAL TUITION RATE INCREASES AND GROWTH IN STATE FINANCIAL AID, NET TUITION REVENUE DECREASED FOR THE SECOND STRAIGHT YEAR.

Public institutions averaged \$6,726 in net tuition revenue from in-state and out-of-state students in 2020, down 1.0% from 2019. Net tuition revenue at two-year institutions was \$2,606 per FTE, compared to \$9,385 at four-year institutions.

### STUDENTS FINANCE THE MAJORITY OF PUBLIC INSTITUTION REVENUES AT FOUR-YEAR INSTITUTIONS.



There has been a substantial shift of responsibility for financing public higher education toward net tuition revenue, particularly in the four-year sector. At two-year institutions, the average student share in 2020 was less than a quarter (24.2%). At four-year institutions, the average student share was over half (53.2%).



### TOTAL REVENUE CONTINUES TO RISE, BUT NOT FOR ALL STATES AND INSTITUTIONS.

Total education revenue increased 1.2% in 2020, reaching an all-time high of \$15,276 per FTE. However, total revenue was not at a record high in more than half of all states and varied substantially by institution type. Many institutions have not been able to increase tuition revenue to offset declines in state funding, and four-year institutions had 1.64 times the total revenue of two-year institutions.

Want to learn more? Access the full SHEF report and interactive data visualizations at [SHEF.SHEEO.org](https://SHEF.SHEEO.org). To view the findings for an individual state, see [SHEF.SHEEO.org/state-profile](https://SHEF.SHEEO.org/state-profile).