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.

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.

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

### 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.

Two-year colleges received $4,929 per FTE in state general operating appropriations, compared to $7,352 at four-year institutions. State and local governments also received $1,057 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.

### STATE PUBLIC INSTITUTIONS RECEIVE LESS FUNDING FROM STATE GOVERNMENTS.

Following a 0.5% 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.

Two-year institutions 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.

### PUBLIC INSTITUTIONS ENTER THE 2020 RECESSION WITH HISTORICALLY LOW FUNDING.

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

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.

### LOCAL APPROPRIATIONS CONTINUE TO RISE, BUT NOT FOR ALL STATES AND 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 (55.2%).

### 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 $1,527,556 per FTE. However, total revenue was not as high in most states and varied substantially by institution type. Many institutions have not been able to increase net tuition revenue to offset declines in state funding, and four-year institutions had a 1.64 times the total revenue of two-year institutions.

### ENROLLMENT DECLINED FOR THE NINTH STRAIGHT YEAR.

Two-year colleges received $4,929 per FTE in state general operating appropriations, compared to $7,352 at four-year institutions. State and local governments also received $1,057 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.

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

Financial aid continues to rise at a faster rate than institutional funding.

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

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

Public institutions averaged $8,736 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.

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