Generous federal stimulus funding protected state revenues and directly supported higher education, enabling states to increase funding in 2021 despite a pandemic and short economic recession. However, sharp declines in student enrollment and tuition revenue signaled continued upheaval for public higher education revenues. In the midst of this uncertainty, the SHEF report provides a comprehensive look at trends in higher education revenues in fiscal year 2021.

State and local governments provided $13,377 per full-time equivalent (FTE) student to public institutions, an increase of $401 per FTE, or 3.1%, in inflation-adjusted education appropriations. Historically, education appropriations per FTE have decreased following economic recessions. This trend can also be attributed to the sharp declines in FTE enrollment and generous federal stimulus funding. Without federal stimulus funds, inflation-adjusted per-student education appropriations would have increased by only 2.0%.Had FTE enrollment held constant and had states not directed federal stimulus funding toward higher education, education appropriations would have declined 1.0% this year.

Fiscal year 2021 marks the tenth consecutive year of enrollment declines.

In fiscal year 2021, inflation-adjusted state public financial aid rose 8.8%, reaching an all-time high of $921 per FTE. These funds accounted for 79.8% of total state financial aid funding and made up 9.9% of education appropriations. This is the largest ever proportion of all education appropriations.

Student enrollment has typically increased following an economic recession. Yet, in fiscal year 2021, enrollment dropped 3.0%, resulting in a loss of 323,952 students. This is the largest drop in FTE enrollment since the start of the SHEF dataset in 1980. Two-year institutions were hit the hardest in 43 states, resulting in a national-level net FTE enrollment decline of 6.1% from 2020 to 2021, compared to only 0.9% for four-year institutions.

Inflation-adjusted total education revenue increased by 1.1% to $15,959 per FTE in 2021. Excluding federal stimulus, total education revenue declined 0.3%. Additionally, total education revenues only reached a record high in 18 states and varied substantially by institution type—four-year institutions had 1.51 times the total revenue of two-year institutions.

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