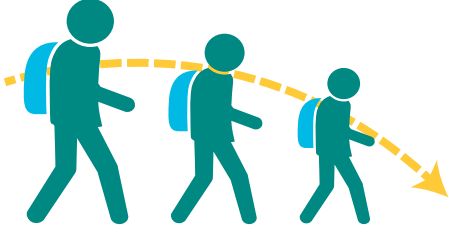




SHEF | 2022
STATE HIGHER EDUCATION FINANCE

FOR THE FIRST TIME, STATE FUNDING TO PUBLIC COLLEGES EXCEEDS PER-STUDENT FUNDING LEVELS SEEN PRIOR TO THE GREAT RECESSION.

In 2022, education appropriations increased 4.9%, surpassing pre-recession per-student funding levels in 2008 by 3.1%. Federal stimulus funding decreased by roughly one-third, but still cushioned state budgets and supported higher education. However, a sharp decline in enrollment for the second year (2.5%) and a decrease in tuition revenue (1.0%) creates uncertainty for public higher education revenues as federal stimulus funds are used up.



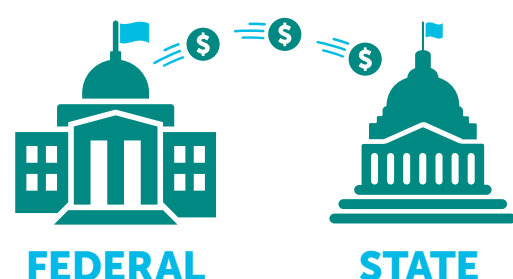
FISCAL YEAR 2022 MARKS THE 11TH CONSECUTIVE YEAR OF ENROLLMENT DECLINES.

The loss of 266,338 full-time equivalent (FTE) students in 2022, a 2.5% decline, marks the second largest decline since the start of the SHEF dataset in 1980. FTE enrollment at public institutions has declined by 5.6% since the start of the COVID-19 pandemic in 2020. This drop was concentrated at two-year public institutions, with a 9.8% decline since 2020, compared to 2.9% at four-year institutions.

EDUCATION APPROPRIATIONS TO PUBLIC INSTITUTIONS INCREASED FOR THE 10TH STRAIGHT YEAR, SURPASSING PRE-RECESSION LEVELS.



In 2022, education appropriations increased 4.9% beyond inflation. For the first time since the Great Recession in 2008, inflation-adjusted education appropriations per FTE were greater than pre-recession funding levels, up by 3.1%. This increase was boosted by federal stimulus funding.



FEDERAL STIMULUS FUNDING CUSHIONED STATE BUDGETS AND BOOSTED STATE AND LOCAL EDUCATION APPROPRIATIONS FOR PUBLIC INSTITUTIONS IN 2022.

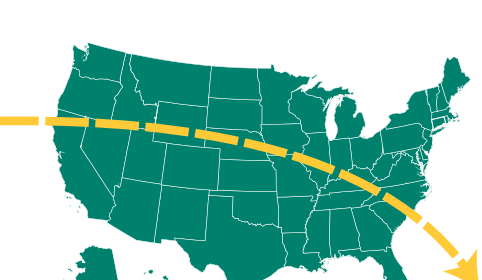
Out of the \$120.7 billion in state and local funding to all higher education in 2022, federal stimulus funding distributed to higher education made up 2.1%, or \$2.5 billion, of these funds. Two-year institutions received \$55 per FTE in federal stimulus for public operating in 2022, while four-year institutions received \$169 per FTE.

STATE PUBLIC FINANCIAL AID CONTINUED TO INCREASE IN FISCAL YEAR 2022.



In fiscal year 2022, inflation-adjusted state public financial aid rose 2.0% beyond inflation, reaching an all-time high of \$990 per FTE. These funds accounted for 80.0% of total state financial aid funding and made up 9.7% of education appropriations.

More than twice the amount of state financial aid was awarded to students attending four-year institutions than students at two-year institutions.



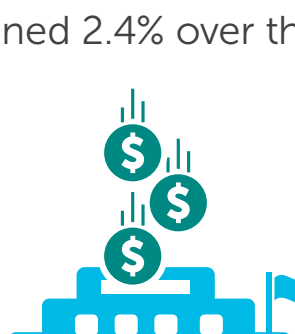
AT PUBLIC INSTITUTIONS, NET TUITION REVENUE CONTINUED TO DECLINE IN FISCAL YEAR 2022.

Since 1980, tuition revenue per FTE at public institutions has increased 186.4%. Recently, this trend has shifted, and tuition and fee revenue has declined for three of the last four years. After a 1.0% decline in 2022, public institutions received 5.8% less tuition revenue per student than five years ago.

TOTAL PUBLIC HIGHER EDUCATION REVENUE REACHED AN ALL-TIME HIGH THANKS TO FEDERAL STIMULUS FUNDING.



Inflation-adjusted total education revenue per student increased by 2.4% in 2022. This increase was due to federal stimulus funding and declining enrollment. Absent those factors, total revenue at public institutions would have declined 2.4% over the last two years.



AT PUBLIC COLLEGES AND UNIVERSITIES, THE STUDENT SHARE DECREASED IN FISCAL YEAR 2022.

The proportion of total public higher education revenue paid by students increased from 20.9% in 1980 to a high of 47.5% in 2013. However, in recent years, the student share has steadily declined, reaching 41.7% in 2022. These decreases are thanks to low tuition rate growth and increases in state funding and state financial aid.

HIGHER EDUCATION FACED HIGH INFLATION IN FISCAL YEAR 2022.



The Higher Education Cost Adjustment (HECA), a measure of inflation in service industries, increased 5.1% between fiscal years 2021 to 2022. Public institutions are not immune to the challenges caused by inflation, and they continue to feel budgetary pressure from rising costs.

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.