



STATE HIGHER EDUCATION FINANCE

## PRESS RELEASE

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### **For only the second time, state funding to public colleges exceeds per-student funding levels seen prior to the Great Recession**

The latest State Higher Education Finance (SHEF) report finds that in 2023, public higher education appropriations increased 3.7% beyond inflation, surpassing pre-recession per-student funding levels for only the second time since 2008. The SHEF report also finds that fiscal year 2023 saw the largest decline in tuition revenue since the start of the SHEF dataset in 1980, and public FTE enrollment continued to decline.

After a short recession in 2020 due to the COVID-19 pandemic, historical patterns following economic recessions reversed in 2021, 2022, and 2023. Instead of the typical decrease in state funding following a recession, education appropriations increased for the 11th straight year, rising \$1,247 per full-time equivalent (FTE) from 2020 to 2023. Inflation-adjusted education appropriations per FTE were greater than pre-recession funding levels in 2008, by 6.7% or \$697 per FTE. The increase in education appropriations per FTE can be attributed to three notable trends: increasing state commitments to higher education funding, a sharp decline in FTE enrollment, and generous federal stimulus funding.

Additional findings from this year's report include:

- Public FTE enrollment has now declined for 12 straight years to 10.2 million in 2023, down 0.5% since 2022, and down 12.1% from an enrollment peak in 2011. Nationally, public institutions have lost all the additional FTE enrollment gained following the Great Recession. In 2023, FTE enrollment was 0.2% lower than in 2008.
- State and local government funding for higher education totaled \$129.8 billion in fiscal year 2023, including more than \$1.7 billion (1.3%) in federal stimulus funding. Inflation-adjusted federal stimulus funding for higher education declined \$609.3 million or 26.6% from fiscal year 2022.
- Education appropriations increased 1.6% at two-year institutions and 4.2% at four-year institutions. Without federal stimulus funding directed by states to higher education and without the decline in FTE enrollment, inflation-adjusted education appropriations still

would have increased 5.8% from 2020. Although national-level education appropriations have recovered to 2008 levels, 25 states continue funding higher education at a lower level than prior to the Great Recession.

- State public financial aid per FTE increased 2.5% from 2022 to 2023 and reached an all-time high of \$1,050 per FTE enrolled student. These funds made up 9.5% of all education appropriations. Financial aid per FTE increased in 27 states in the last year.
- Inflation-adjusted net tuition revenue decreased 3.3% in 2023 and has declined 9.4% in the last five years. Public institutions received \$7,353 per FTE in net tuition and fee revenue in 2023. Public institutions in 37 states and Washington, D.C., collected less tuition revenue than they did five years ago. Decreases in net tuition revenue are largely due to increases in state financial aid and minimal tuition rate growth (lower than the rate of inflation). Despite recent declines, since 1980, net tuition revenue per FTE has increased in every state and has increased by more than 100% in 42 states.
- Total education revenue increased 0.8% from 2022 to 2023, reaching an all-time high of \$18,301 per FTE. However, total education revenue is at an all-time high in only 13 states, and many institutions are not at an all-time high for total education revenue. Additionally, the increase in total education revenue since the start of the COVID-19 pandemic is explained by federal stimulus funding and the enrollment decline. Excluding federal stimulus funding, and if enrollment had held constant at 2020 levels, total education revenue per FTE would have decreased 2.3% from 2020 to 2023.
- The student share decreased from 41.9% in 2022 to 40.2% in 2023. Thirty-five states saw declines, but student tuition and fees funding public higher education still comprised more than 50% of total revenues in 21 states. Continued increases in education appropriations and declines in net tuition revenue have reduced the proportion of total revenue financed by students.

As these findings demonstrate, fiscal year 2023 continued to defy several long-term trends in higher education finance and showed growth in education appropriations. The continued decline in net tuition revenue puts greater pressure on states to not cut funding to public higher education in the coming years. As federal stimulus funds run out, some states may face difficult budgetary decisions.

“Seeing additional increases in state support for higher education demonstrates a continued commitment in many states to fund financial aid and their public institutions. It’s encouraging to see that even as federal stimulus funds dwindle, states are investing in higher education and see the value it brings,” said SHEEO President Robert E. Anderson. “Amidst increasing concerns about student affordability and student loan debt, states must make conscious efforts to continue to decrease the financial burden on students and families.”

The SHEF report broadly addresses the wide variation in how states fund public higher education. However, state-specific context is incredibly important when discussing higher education finance trends. “The trends detailed in the SHEF report reflect national and state averages, but there are almost always outliers in every trend. Even within states, there can be wide variation in the enrollment and revenue patterns at each institution,” said Kelsey Kunkle, Policy Analyst at SHEEO and author of the report. “We know that state funding and institutional revenue impact student outcomes, and the negative impacts of low and unequal institutional revenues disproportionately affect students of color and low-income students.”

The full SHEF report paints a more complete picture of differences in public higher education finance across states.

[Explore the SHEF website](#) to read the full report and customize the interactive data visualizations, including individual state profiles. Look for more data from SHEF to be added to the website in the coming months.

### **About SHEEO**

The State Higher Education Executive Officers Association (SHEEO) serves the executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs. Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors. Together with its members, SHEEO aims to achieve this vision by equipping state higher education executive officers and their staffs with the tools to effectively advance the value of higher education, promoting public policies and academic practices that enable all Americans to achieve success in the 21st century, and serving as an advocate for state higher education leadership. For more information, visit [sheeo.org](http://sheeo.org).