



STATE HIGHER EDUCATION FINANCE

## PRESS RELEASE

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### **Despite record \$130.7 billion in public higher education appropriations, 2025 sees first per-student funding decrease since 2012**

*College enrollments increase, outpacing public funding increases*

An increase in enrollment at public colleges and universities has outpaced public funding increases, resulting in a 1.0% decline in per-student funding for fiscal year (FY) 2025. The 2025 State Higher Education Finance (SHEF) report, published by the State Higher Education Executive Officers Association (SHEEO), finds that after adjusting for inflation, public higher education appropriations increased 2.6% over 2024. The \$130.7 billion state and local governments allocated in higher education appropriations represents the highest level of public funding in the SHEF dataset, which dates to 1980. Full-time equivalent (FTE) student enrollment increased 3.6% over 2024, from 10.4 million students to 10.8 million students. Due to the continuing rebound in FTE enrollment, higher education appropriations on a per-student basis declined 1.0% from \$12,205 per student in FY 2024 to \$12,082 per student in FY 2025. This represents the first reduction in public support on a per-student basis since 2012.

Despite this decrease, inflation-adjusted education appropriations per FTE were 9.2% greater than pre-Great Recession levels in 2008, and 16.4% greater than pre-COVID-19 pandemic levels in 2019.

Additional findings from this year's report include:

- After over a decade of declines, public FTE enrollment increased again in 2025, reaching 10.8 million students, up 3.6% since 2024. Despite this increase, FTE enrollment was still 1.3% below the 2019 pre-pandemic level and down 7.2% from an enrollment peak in 2011.
- Education appropriations per FTE decreased 1.8% at two-year institutions and 0.6% at four-year institutions. Although national-level education appropriations have grown since 2019, 24 states continue funding higher education at a lower level than prior to

the Great Recession.

- State public financial aid per FTE increased 5.1% from 2024 to 2025 and reached an all-time high of \$1,271 per FTE enrolled student. These funds made up 9.3% of all education appropriations. Financial aid per FTE increased in 26 states and Washington, D.C., in the last year.
- Inflation-adjusted net tuition and fee revenue decreased 3.5% in 2025. Public institutions received \$7,459 per FTE in net tuition and fee revenue in 2025. In 42 states and Washington, D.C., public institutions 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 and fee revenue per FTE has increased in all but one state (Nevada) and has increased by more than 100% in 41 states.
- Total education revenue decreased 1.9% from 2024 to 2025, falling to \$19,443 per FTE. This marks the third consecutive year of declines after a decade of increases.
- The national average student share remained below 40% in 2025 for just the second time since 2010, decreasing to 38.4%. Twenty-four states and Washington, D.C., saw declines, but student tuition and fees funding public higher education still comprised more than 50% of total revenues in 18 states. Continued increases in education appropriations and declines in net tuition revenue have reduced the proportion of total revenue financed by students.

The 2025 SHEF findings demonstrate a nuanced funding picture for the higher education sector. Inflation-adjusted higher education appropriations from state and local governments increased in 2025, however, this increase was outpaced by FTE enrollment gains, leading to the first reduction in per-student funding since 2012. Additionally, the continued decline in net tuition revenue suggests that the two primary sources of revenue for public institutions will be under greater pressure in the coming years.

“While we are encouraged that public funding remained strong in 2025 and enrollment has continued to recover from pandemic lows, the first reduction in per student funding in more than a decade suggests we are moving into a period of increased volatility,” said SHEEO President Rob Anderson. “Funding public higher education helps states achieve affordability, attainment, and meet workforce goals, so maintaining a stable and predictable funding environment is important for states to receive a strong and continued return on their investment.”

The SHEF report broadly addresses the wide variation in how states fund public higher education. However, state-specific context is important when discussing higher education finance trends. “National averages provide a useful benchmark, but they often hide significant

variation at the individual state level,” said Dustin Weeden, Associate Vice President at SHEEO and co-author of the report. “While education appropriations at the national level have fared very well in recent years, eight states and Washington, D.C., provided less funding per FTE student in 2025 than they did in 2019. As we move into an environment of constrained state budgets, the higher education sector sits at a crossroads where a period of significant volatility could affect the long-term success and sustainability of the sector and growth in state economies.”

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 chief 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](https://sheeo.org).