



EMBARGOED FOR RELEASE AT 3:00 A.M. THURSDAY, FEBRUARY 11, 2010

Date: February 11, 2010

Contact: Paul Lingenfelter, President
(303) 541-1605 (plingenfelter@sheeo.org)

Jeff Stanley, Associate Vice President
(303) 541-1609 (jstanley@sheeo.org)

***SHEEO RELEASES
STATE HIGHER EDUCATION FINANCE FY 2009***

The full report is available at: http://www.sheeo.org/finance/shef_fy09.pdf

Boulder, Colorado – The State Higher Education Executive Officers (SHEEO) has released its annual State Higher Education Finance (SHEF) report, which provides a comprehensive review of state funding and enrollment trends for higher education.

The economic recession beginning in 2008 dramatically reduced state revenue and ended the growth in state and local support for higher education achieved between 2004 and 2008. In 2009, state support fell from \$80.7 billion to \$78.0 billion, but \$2.3 billion in federal funds to stabilize state higher education budgets mitigated the loss. Enrollment continued to grow to a record high of 10.8 million students at public institutions, representing an increase of 3.4 percent over the previous year. (In the full report, Table 1 provides data for the past six years, and Figure 3 displays constant dollar funding and enrollment trends from 1984 to 2009.)

Paul Lingenfelter, president of SHEEO, commented, "In recessions, public higher education typically experiences an increase in workload (enrollments grow more rapidly) and a decrease in revenue from states. The consequences usually include increases in tuition and fees, enrollment caps, and cuts in student services."

SHEEO's annual studies of higher education finance show that state and local support tends to recover after economic recessions, but the cumulative effect of these recessionary cycles over time has generated a fundamental shifting of the cost to families.

"State and local revenue still constitute more than half the general operating support for public higher education in most states, but the extent and depth of this recession threatens the resiliency of public financial support," observed James McCormick, Chair of SHEEO's Executive Committee and Chancellor of the Minnesota State Colleges and Universities. "Strong enrollment trends underscore the growing importance of higher education to Americans and our economy. We must find better ways of slowing and stopping the forces that have made higher education more expensive for families over the past twenty-five years."

Federal stimulus funding partially offset the effects of the 2009 recession by averting deeper budget reductions and mitigating drastic tuition increases that would otherwise have been unavoidable during 2009 and the current fiscal year. Nevertheless, funding for *all* state services including higher education programs and student financial assistance has fallen at an unprecedented rate. Recovery likely will take several years.

“Federal stimulus funds account for about 5% of the FY 2010 budget; when they are exhausted, the budget holes in states risk growing even deeper,” noted Lingenfelter. Recently released figures by *Grapevine* for the current FY 2010 fiscal year, show state funding falling another \$2.7 billion to \$75.2 billion. Federal stimulus funds raise this total to \$79.4 billion, about \$1.3 billion less than states provided alone in 2008. Meanwhile, 2010 enrollments continued to grow, in some states by more than 10 percent.

Lingenfelter commented, "The economic vitality of our nation depends on successfully educating a much larger portion of Americans to a higher level of knowledge and skill than required in the 20th century. But tuition increases and the volatility of higher education funding are making it much more difficult to meet public needs for a better educated workforce. Overcoming these challenges is a shared responsibility, one that will require participation by not only colleges and universities, but also state and federal governments, businesses, and families."

Reflecting on this situation, McCormick observed, "The only way to achieve the necessary rates of college participation and completion is for all of us to re-examine our priorities and the ways in which we spend, save, and invest. The future well-being of our nation and our children depend on it."

SHEEO's annual study of state higher education finance provides an overview of trends with little or no judgment of the implications or meaning of the data. The urgency of the current situation, however, has led SHEEO President Paul E. Lingenfelter to write separately the attached editorial comment, "What Next?"

###

In this seventh annual report, the SHEEO study of state higher education finance analyzes state and local funding, net tuition, and enrollment trends to provide a comprehensive view of state higher education finance. It complements the long-standing *Grapevine* survey of higher education appropriations released by Illinois State University. Beginning with this FY 2009 collection cycle, SHEEO and Illinois State University aligned the *Grapevine* and SHEF data collections into one. This helped to simplify and align data collection procedures, limit the burden placed on state offices, and create a more timely and comprehensive picture of state fiscal support for higher education.

The State Higher Education Executive Officers, the national association of the chief executives of statewide governing boards and coordinating boards of postsecondary education, works to assist its members and the states in developing and sustaining excellent systems of higher education.

--END--