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SHEEO RELEASES STATE HIGHER EDUCATION FINANCE FY 2008

The full report is available at:

http://www.sheeo.org/finance/shef_fy08.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.

In fiscal year 2008, which for most states ended on June 30, 2008, state and local funding for public and independent higher education totaled \$89.2 billion. This represented a 5.7 percent increase over 2007, in current dollars.

The 2008 budget numbers reflect the third year of recovery in state and local support for higher education following the 25-year low in per student public funding that occurred in 2005, when state and local support totaled \$72.6 billion. While final numbers for enrollments and appropriations for 2009 are still emerging, the recession of 2009 has clearly ended that recovery. (In the full report, Table 1 on page 16 provides actual data for the past six years, and Figure 3 on page 18 displays constant dollar funding and enrollment trends from 1983 to 2008.)

During the period of recovery higher education enrollments continued steady growth, up 7.5 percent over the past five years. After adjustments for enrollment growth and inflation the SHEF study reports an increase of 0.6 percent in per student support between 2007 and 2008. In addition to increases in per student state and local support, constant dollar net tuition revenue per student increased by 1.7 percent between 2007 and 2008, contributing to an overall increase of 2.8 percent in support for core educational services at public higher education institutions across the country.

Federal stimulus funding will cushion the effects of the 2009 recession by averting deeper budget reductions that would otherwise have been virtually unavoidable during 2009 and the following years. Nevertheless, funding for all state services as well as

higher education programs and student financial assistance is likely to be lower in most if not all states in the coming year. As in previous recessions, enrollment demand is likely to increase, but actual enrollment growth may be dampened by caps on admissions and reductions in student aid and course offerings linked to budget cuts.

Paul Lingenfelter, president of SHEEO, comments, "Although the recession shows signs of ending, many analysts suggest full recovery will take several years. When federal stimulus funds are gone, the budget holes in states could well grow even deeper."

"The forces that have made public higher education more expensive for students and their families over the past twenty-five years are not going away," observes Reggie Robinson, Chair of SHEEO's Executive Committee and President and CEO of the Kansas Board of Regents. "We must find better ways of addressing these issues as we emerge from this recession."

In this sixth 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 conducted by Illinois State University. This coming fall, the SHEF and *Grapevine* surveys will be consolidated into a joint data collection facilitated by SHEEO and Illinois State University. This collaboration will help ensure data accuracy and timeliness and provide more timely and detailed finance information to help policymakers address the financial and educational challenges facing higher education in the United States.

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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.

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