SHEEO RELEASES

STATE HIGHER EDUCATION FINANCE FY 2015

The embargoed report is available here.

On April 27, 2016, the full report and supplemental documents will be available from the front page of the SHEEO website here.

Boulder, Colorado – State and local governments provided nearly $91 billion in FY 2015 to support higher education—an increase of more than $4 billion from the FY 2014 level but still lower than the level that prevailed before the Great Recession. Forty states increased their support which, coupled with a small decline in enrollment, caused the average state and local support per student (adjusted for inflation) to increase 5.2% to $6,966. That level remains 15.3% below the $8,221 per student provided in FY 2008, before the Great Recession. In fact, appropriations per student remain lower in 45 states than they were then.

But the FY 2015 increase in state and local support, as was the case in FY 2014, contributed to a slowing in the rate of growth of tuition income per student (which increased by 2.5% per student in real terms in FY 2015), bringing the share of the cost of education borne by students and their families down to 46.5%, its lowest level since 2011. (Tuition’s share of revenue remains substantially above the pre-Great Recession level of 35.8%.) These are among the highlights of a report released today by the State Higher Education Executive Officers Association (SHEEO).

The thirteenth annual State Higher Education Finance (SHEF) report provides a comprehensive review of state and local funding, tuition revenue, enrollment trends, and degrees for public higher education—which enrolls and educates about 70% of all students in American postsecondary education programs.

“This investment in America’s future shows the importance states place on the education of their residents,” said Peter Blake, chair of the SHEEO Executive Committee and the director of the State Council of Higher Education for Virginia. “Paying for higher education is a real struggle for many American families, so it is good news that many states are reinvesting in higher education. Along with modest tuition increases and a robust system of need-based financial aid, state support makes college more affordable so its benefits can be shared more widely.”

In 2015, full-time equivalent (FTE) student enrollment fell 1.1 percent to 11.1 million FTE. This marked the fourth straight year of enrollment decline after the student population peaked in 2011 at 11.6 million FTE.
Andrew Carlson, the primary author of the report, pointed out that, “Despite two years of per-student funding increases nationally, educational appropriations per student are 15.3 percent below 2008 pre-recession levels. Only five states have increased funding over that time period, so 45 states were investing less per student in 2015 than they did in 2008.”

Sophia Laderman, a major contributor to the report, noted that, “After factoring in the revenue from tuition growth, total education revenues per student have rebounded and now are slightly above their 2008 levels.”

Initial estimates from the Grapevine survey (online at http://education.illinoisstate.edu/grapevine/) show FY 2016 appropriations grew overall by 4.1% in nominal terms. However, some states made reductions in FY 2016 and other states are making cuts this year, which may lead to pressure to raise tuition in the future.

Although the share of per-student total educational revenue coming from tuition declined from its FY 2013 high of 47.8% to 46.5% in FY 2015, it stands well above its pre-Great Recession level of 35.8% and is much higher than the 25% that prevailed about 1990. “In fact,” said Bob King, the immediate past chair of SHEEO’s Executive Committee and the president of the Kentucky Council on Postsecondary Education, “in nearly half the states (22), public colleges and universities now receive more revenue per student from tuition than from educational appropriations, highlighting financial affordability for students as a major and growing issue, particularly for lower-income students and their families.”

This point was emphasized by Bob Donley, the vice chair of the SHEEO Executive Committee and the executive director for the Board of Regents for the State of Iowa, who said, “The long-term trend of placing a greater reliance on student tuition rather than state support puts a real burden on families and represents a true challenge not just to the students and their families but to the states who will rely on their college graduates to help sustain civic and economic vitality.”

“Student financial aid is an ever more important investment by states, by the federal government, and by private philanthropists,” said Eileen Klein, SHEEO’s treasurer and the president of the Arizona Board of Regents. She noted that the report found that states provided nearly $9.3 billion in student financial aid in 2015. “States have begun to focus more on this element of their higher education investment—and can do more to use increased grant aid to help students earn their degrees.”

George Pernsteiner, SHEEO’s president, said, “The completions data in the SHEF report are especially good news. In the past decade, as college enrollment has grown by 15%, the number of students who have completed degrees and certificates has increased by more than 30%. Students are serious about earning their degrees, and colleges and universities are committed to helping them to do so.”

This annual SHEEO study of state higher education finance analyzes state and local funding, net tuition, enrollment trends, and degrees to provide a comprehensive overview of state higher education finance. It complements the long-standing Grapevine survey of higher education appropriations released earlier this year by SHEEO and Illinois State University. The data and analysis of this and future SHEF reports are intended to help higher education leaders and state policymakers focus on how year-to-year decisions fit into broader patterns of change over time, and to help them make decisions in the coming years that will meet the longer-term needs of the American people. The Web version of the FY 2015 report features interactive tools designed to help policymakers and analysts understand and model the data in ways that could contribute to informed discussions about state policy and investment.

The State Higher Education Executive Officers is the national association of the chief executives of statewide governing, policy, and coordinating boards of postsecondary education.