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SHEEO RELEASES ***STATE HIGHER EDUCATION FINANCE FY 2016***

Boulder, Colorado – The fourteenth 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. The following highlights are part of a report released by the State Higher Education Executive Officers Association (SHEEO).

The Illinois Board of Higher Education (IBHE) has notified SHEEO that it is currently revising the enrollment and financial data previously submitted to the SHEF project in order to more accurately reflect state fiscal support for higher education in Illinois. Revised Illinois data, along with explanations for those revisions, will be posted in next years' SHEF report, which will appear in spring 2018. Until then, Illinois data have been removed from the SHEF report and data resources. We look forward to working with the IBHE as it reviews its data reporting process.

The full updated report and supplemental documents are available on the SHEEO [website here](#).

State and local governments provided \$88 billion in Fiscal Year (FY) 2016 to support higher education—a slight increase in real terms from the FY 2015 level and the fourth straight year-over-year increase in state support for higher education. On a per-student basis, support increased by 3.2 percent in inflation-adjusted terms. Overall, 33 states increased their support and 16 reduced support.

Sophia Laderman, the primary author of the report, pointed out that “despite several years of increased support, only five states provided more support than before the Great Recession, and on average, state and local support remains 15 percent below pre-recession levels.”

Tuition income showed its lowest increase in many years, growing by 1.8% in 2016. Despite that, the share of total educational expenditures supported by tuition rose to 47.3 percent, near its all-time high, due to a decline in community college enrollment and an increase in enrollment in four-year institutions, whose tuition usually is higher than that charged by two-year colleges. On average, states provide \$7,116 per-student, while tuition revenue provides \$6,321.

Bob Donley, the executive director of the Iowa Board of Regents and the chair of the SHEEO Executive Committee commented on the changes in states increasing and decreasing support for higher education, “the fact that 16 states reduced support in 2016 compared to 10 in 2015 combined with the very real cuts that higher education is facing this year in many states suggest that there will be more pressure in the future on colleges and universities to cut budgets, and on students and families to pay more in tuition.”

In 2016, overall full-time equivalent (FTE) student enrollment fell slightly to 10.7 million full-time equivalent enrollments (FTE). This marked the fifth straight year of enrollment decline after the student population peaked in the midst of the Great Recession.

PRESS RELEASE

April, 2017

State Higher Education Finance – Fiscal Year 2016

Page 2

These decreases largely come from a reduction in enrollment at America’s community colleges as the economy improves and students return to work.

Initial estimates from the *Grapevine* survey (online at <http://education.illinoisstate.edu/grapevine/>) show Fiscal Year 2017 appropriations grew overall by 3.4 percent in nominal terms. However, several states made reductions in FY 2017 and other states are making cuts for FY 2018, which may lead to pressure to raise tuition in the future.

Eileen Klein, the president of the Arizona Board of Regents and chair elect of the SHEEO Executive Committee noted that the share of total expenses being paid by tuition is approaching the all-time high of 48.5 percent it reached in FY 2013, with institutions in many states relying more on tuition revenue than state support. “In 2016, public higher education institutions in half the states received more support from their students than from state and local government. This shows clearly that financial affordability for students is a major issue for low and moderate income families.”

This point was emphasized by Peter Blake, the immediate past chair of the SHEEO Executive Committee and the director of the State Council of Higher Education for Virginia, 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 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 Glen D. Johnson, SHEEO’s treasurer and the chancellor of the Oklahoma State Regents for Higher Education, who noted that states have significantly ramped up their support for student financial aid since the start of the Great Recession. Such aid now totals \$9.2 billion, 10.4% of all state and local support for higher education. The shift to more financial aid has been a feature of state higher education spending choices since the beginning of the recession. “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.”

“Students earning degrees has been a major focus for SHEEO for the past four years,” said George Pernsteiner, SHEEO’s president. On that score, the SHEF report provides unalloyed good news. Completions per 100 students rose in 2015 (the most recent year for which data are available) to 27.3—a 29% increase in the past decade and the highest level recorded since SHEF has tracked this measure. “The effectiveness of colleges and universities in helping more students earn their degrees has not been recognized as much as it should,” he noted. “The degrees students earn and the learning that signifies are the hallmarks of their own success and that of the colleges and universities who educate them—success that they and our society will enjoy well into the future.”

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 2016 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.

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