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

The report is available online at <http://sheeo.org/shef2016>.

On April 20, 2017, the full report and supplemental documents will be available on the SHEEO [website here](#).

Boulder, Colorado – State and local governments provided nearly \$90 billion in Fiscal Year (FY) 2016 to support higher education—a slight decrease in real terms from the FY 2015 level, marking the first decline in overall state and local support for higher education in four years. However, the level of \$6,954 per student (down from \$7,082 per student in 2015) was caused by an 80% reduction in support in Illinois, which was able to enact only a small “stopgap” budget for 2016. Overall, 33 states increased their support per student and 17 (including Illinois) plus the District of Columbia and Puerto Rico reduced support. (Forty states had increased support per student in 2015.) Average state and local government support per student remains 17% below FY 2008 levels and is lower in 45 states than it was before the Great Recession.

Tuition income showed its lowest increase in many years, growing by 2.1% in 2016. Despite that, the share of total educational expenditures supported by tuition rose to 47.8%, 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.

These are among the highlights of a report released today by the State Higher Education Executive Officers Association (SHEEO). 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.

Bob Donley, the executive director of the Iowa Board of Regents and the chair of the SHEEO Executive Committee, described the mixed picture as one of averages and one of exceptions because of the impact that Illinois had on the nationwide picture. Without Illinois, overall public support would have risen for the fourth consecutive year and tuition income would have supported 47.2% of costs. “But,” he noted, “the fact that 17 states reduced support in 2016 compared to 10 in 2015 and 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 11.1 million FTE. This marked the fifth straight year of enrollment decline after the student population peaked in 2011 at 11.6 million FTE. This was due to an 11 percent reduction in enrollment in Illinois and an overall reduction at America’s community colleges that was partially offset by a small increase at four-year institutions nationwide.

PRESS RELEASE

April 18, 2017

State Higher Education Finance – Fiscal Year 2016

Page 2

Sophia Laderman, the primary author of the report, pointed out that “despite increases in most states during the past few years, only five states provided more public support per student in 2016 than they did in 2008.”

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 this year, 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 rose to 47.8% in FY 2016, approaching the all-time high of 48% it reached in FY 2013 and well above the pre-recession level of 35.8% in 2008. “In 2016, public higher education institutions in half the states—25—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 \$9.7 billion, 10.5% 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 26.3—a 20% 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.