



SHEEO

STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

State Priorities for Higher Education in 2023: Survey of SHEEOs

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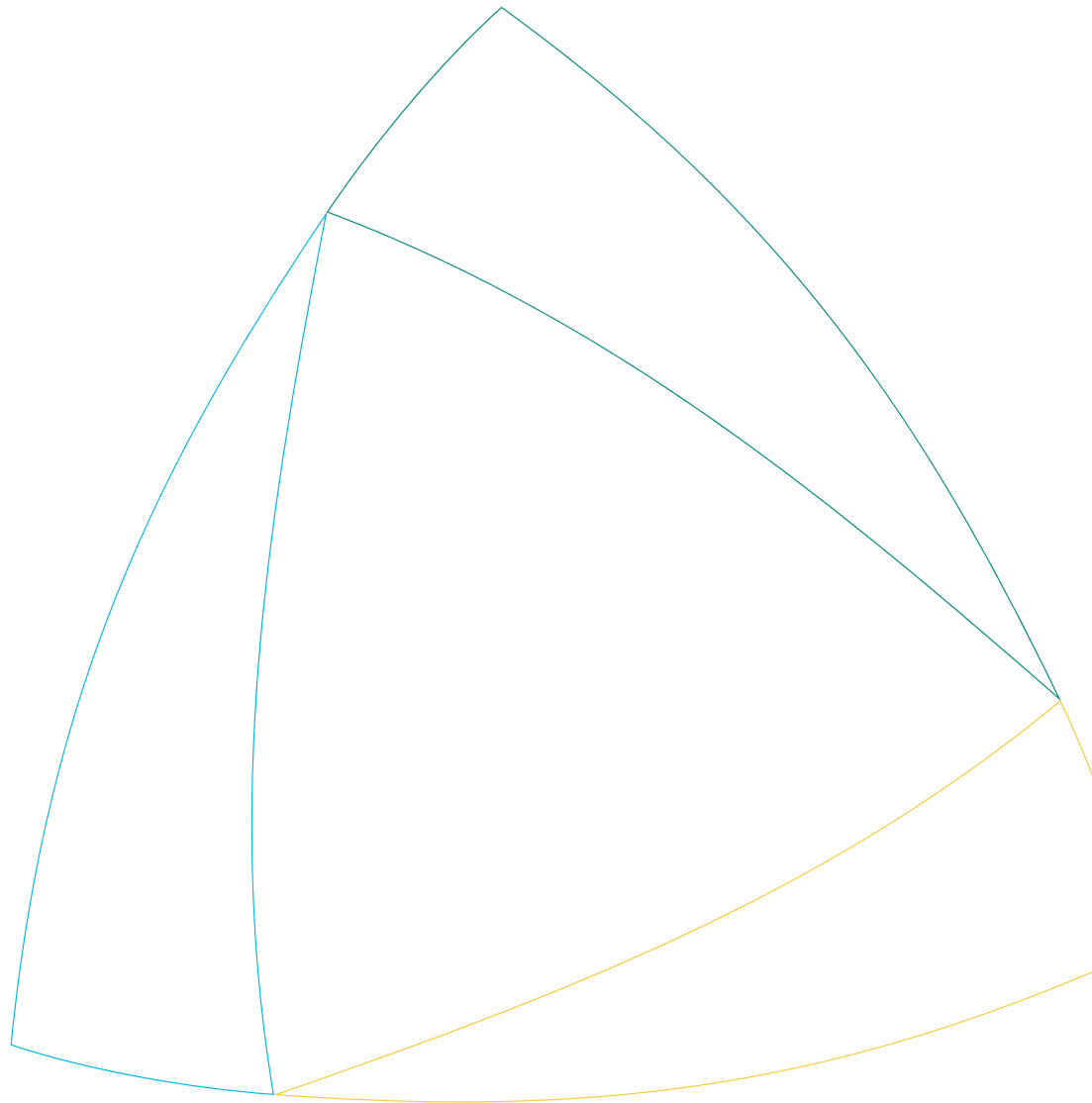


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INTRODUCTION

Public higher education leaders enter the 2023 legislative sessions with cautious optimism stemming from sizable budget surpluses in many states, economic growth, and mostly familiar political environments. Many states have built up budget surpluses due to a strong economic recovery, an infusion of federal stimulus dollars, and careful budgeting during the pandemic. State budget surpluses provide an opportunity for new investments in public higher education that will accelerate progress toward meeting state educational attainment goals, closing equity gaps, and advancing economic and workforce objectives.

Optimism for the 2023 state legislative sessions is tempered by robust competition for state resources, high inflation, and continued economic uncertainty. While surpluses in many states are substantial, the post-pandemic environment also has extensive needs for public investments, including in affordable housing, competitive pay to attract and retain public sector employees, and broadening access to health care. Some governors and legislators will also call for using state surpluses to provide broad-based tax relief. Inflation, meanwhile, has increased the price of goods, services, and infrastructure upgrades. Lastly, as fears of a recession mount, lawmakers may opt to build their reserves in anticipation of an economic downturn.

Beyond the state budget, higher education policy proposals will face competition for attention from lawmakers. While COVID remains a public health risk, the post-pandemic legislative sessions will include discussions on closing the worker shortage, reducing crime, addressing climate change, improving the business environment, expanding access to mental health services, and reforming K-12 education. In addition, states will also be busy implementing federal legislation that has passed over the past two years, including the Bipartisan Infrastructure Law.

The 2023 state legislative session will have meaningful political changes in some states, but not sweeping changes nationwide that often stem from midterm elections. Most governors that ran for reelection were successful, and many states with term-limited governors continued with the same party in power. Democrats made modest gains in state races, with a net gain of four legislatures and two governor's offices. More states will have "trifectas" this year, with 39 of the 50 states having one party in full control of both chambers of the legislature and the governor's office, allowing lawmakers an easier pathway to advance their agendas.

This paper provides insight into state policy priorities and concerns for higher education in 2023 through a survey of members of the State Higher Education Executive Officers Association (SHEEO) following the 2022 midterm elections. We provided an initial list of issues based on common themes derived from the daily SHEEO policy updates, which include news and updates related to state and national higher education policy. From this list of issues, we asked SHEEOs to look toward 2023 and identify the importance of each higher education issue in their state. Respondents chose from the following multiple-choice options for each issue: very important (5); important (4); somewhat important (3); slightly important (2); not important (1); not applicable (0). Respondents were also asked to provide context or additional information and details on each issue and were given the option to add additional issues to the list. Finally, respondents were asked how the 2022 election results will affect the direction of higher education policy in their states.

SHEEO selected the top 10 state priorities for higher education by ranking issues according to their average score (not including zeros). The 10 issues with the highest average score are outlined below. In addition, we included two rising issues, ranked 11 and 12, which are emerging in conversations across states but have not yet risen enough in saliency to be included in our top 10 list. A table showing the percentage of respondents who selected each importance category is listed in the *Appendix*.

TOP 10 STATE PRIORITIES FOR HIGHER EDUCATION—OVERVIEW

States face numerous important higher education policy issues each year, with some topics consistently among the top priorities for policymakers while others represent emerging public policy concerns. College affordability, for example, remains a long-term concern, while other topics, such as enrollment decline, are driven by the current higher education context. *Table 1* lists the major state higher education policy issues facing states in 2023, ranked by the average score SHEEOs provided on the importance of each issue.

TABLE 1

STATE HIGHER EDUCATION POLICY ISSUE RANKING AND AVERAGE SCORE (SCALE = 1-5)

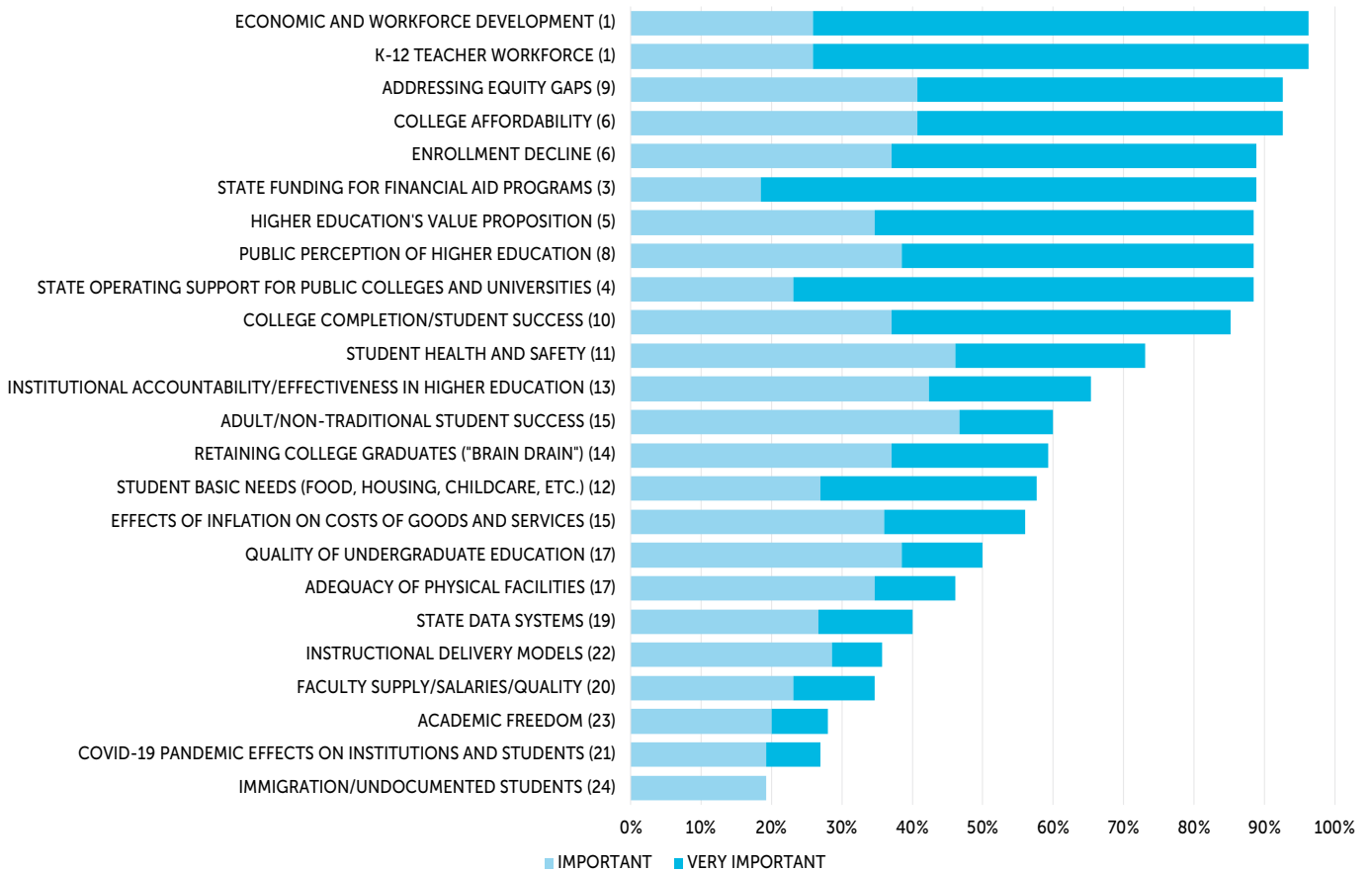
	RANK	AVERAGE SCORE
ECONOMIC AND WORKFORCE DEVELOPMENT	1	4.67
K-12 TEACHER WORKFORCE	1	4.67
STATE FUNDING FOR FINANCIAL AID PROGRAMS	3	4.56
STATE OPERATING SUPPORT FOR PUBLIC COLLEGES AND UNIVERSITIES	4	4.50
HIGHER EDUCATION'S VALUE PROPOSITION	5	4.42
COLLEGE AFFORDABILITY	6	4.41
ENROLLMENT DECLINE	6	4.41
PUBLIC PERCEPTION OF HIGHER EDUCATION	8	4.38
ADDRESSING EQUITY GAPS	9	4.37
COLLEGE COMPLETION/STUDENT SUCCESS	10	4.33
STUDENT HEALTH AND SAFETY	11	3.92
STUDENT BASIC NEEDS (FOOD, HOUSING, CHILDCARE, ETC.)	12	3.77
INSTITUTIONAL ACCOUNTABILITY/EFFECTIVENESS IN HIGHER EDUCATION	13	3.73
RETAINING COLLEGE GRADUATES ("BRAIN DRAIN")	14	3.63
ADULT/NON-TRADITIONAL STUDENT SUCCESS	15	3.60
EFFECTS OF INFLATION ON COSTS OF GOODS AND SERVICES	15	3.60
ADEQUACY OF PHYSICAL FACILITIES	17	3.42
QUALITY OF UNDERGRADUATE EDUCATION	17	3.42
STATE DATA SYSTEMS	19	3.33
FACULTY SUPPLY/SALARIES/QUALITY	20	3.15
COVID-19 PANDEMIC EFFECTS ON INSTITUTIONS AND STUDENTS	21	3.08
INSTRUCTIONAL DELIVERY MODELS	22	3.00
ACADEMIC FREEDOM	23	2.84
IMMIGRATION/UNDOCUMENTED STUDENTS	24	2.65

SOURCE: State Higher Education Executive Officers Association

Figure 1 lists each issue based on the percentage of respondents who indicated the issue was either important or very important. While this list resembles the average score ranking, there are some notable differences. For example, addressing equity gaps and college affordability were two issues that almost all respondents classified as important or very important, but which received a lower ranking and were not as high on the top list of issues based on their average score. The following sections provide additional description and context of each of the top policy priorities identified through this analysis.

FIGURE 1

PERCENTAGE OF RESPONDENTS INDICATING AN ISSUE IS IMPORTANT OR VERY IMPORTANT



NOTE: Ranks based on average score shown in parentheses.

SOURCE: State Higher Education Executive Officers Association

TOP 10 STATE PRIORITIES FOR HIGHER EDUCATION

ISSUE 1 (TIE): ECONOMIC AND WORKFORCE DEVELOPMENT

Economic and workforce development is the top public policy issue for SHEEOs heading into the 2023 legislative sessions. While advancing economic and workforce development objectives is a longstanding concern for state higher education agencies, the pandemic created disruptions and complex challenges in the labor market that could affect states for years. According to a November speech from Jerome Powell, chair of the Board of Governors of the Federal Reserve System, there is a shortfall of 3.5 million workers compared to the pre-pandemic projections stemming from an uptick in retirements, declines in immigration, and COVID-related illnesses and deaths. Powell has cited this shortage as a key contributing factor in inflation levels and does not expect the worker shortage to close soon.¹

State higher education leaders advance economic and workforce development objectives by collaborating with employers to identify needs and developing programs and partnerships aligned to their needs. In the survey, SHEEOs noted significant unmet labor market demands in their states, its centrality as a state policy priority, and the need for public higher education to demonstrate its value to stakeholders by meeting state workforce needs. They also noted that higher education itself needs to be seen for its contributions beyond economic and workforce development.

Over the past year, policymakers and SHEEO agencies enacted a range of innovative policies and programs to strengthen state economies. Using federal relief dollars, the Missouri Department of Higher Education & Workforce Development recently awarded grants to nearly two dozen postsecondary institutions for workforce innovation in high-demand fields.² Meanwhile, the North Dakota University System, North Dakota State University, and the University of North Dakota are partnering with the Montana University System and 11 universities in five states to strengthen their high-tech industry and innovation portfolio, including in fields such as quantum computing, cybersecurity, and autonomous systems.³ In Indiana, the Governor's Workforce Cabinet released an array of policy proposals to help employers find skilled workers, including providing incentives for colleges to graduate students in the STEM fields and requiring FAFSA completion.⁴ State economic development initiatives will be aided in the years ahead by federal investments approved in the past two years, including the first year of funding for the Regional Technology and Innovation Hub Program.

ISSUE 1 (TIE): K-12 TEACHER WORKFORCE

Tied with economic and workforce development at the top of state policy priorities for 2023 is addressing shortages in the K-12 teacher workforce. Throughout the country, school districts are struggling to fill vacant teaching and staff positions due to relatively low pay, challenging working conditions, and myriad other factors. According to a September 2022 report, there are at least 36,000 vacant teaching positions nationwide, along with 163,000 positions held by underqualified teachers.⁵

1. Powell, J. (2022, November 30). *Inflation and the labor Market*. Board of Governors of the Federal Reserve System. <https://www.federalreserve.gov/newsevents/speech/powell20221130a.htm>
2. Office of Missouri Gov. Michael L. Parson. (2022, December 8). *State awards \$20 million to nearly two dozen postsecondary institutions for workforce innovation*. <https://governor.mo.gov/press-releases/archive/state-awards-20-million-nearly-two-dozen-postsecondary-institutions>
3. North Dakota University System. (2022, December 5). *ND University System, NDSU, and UND partnering in regional technology and innovation alliance*. <https://ndus.edu/2022/12/05/nd-university-system-nds-u-and-und-partnering-in-regional-technology-and-innovation-alliance/>
4. Huang, B. (2022, November 18). *Governor's workforce cabinet recommends funding new programs*. *Indianapolis Star*. <https://www.indystar.com/story/money/2022/11/18/indiana-governor-workforce-cabinet-recommends-new-programs/69657309007/>
5. Nguyen, T.D., Lam, C.B., and Bruno, P. (2022). *Is there a national teacher shortage? A systematic examination of reports of teacher shortages in the United States*. (EdWorkingPaper: 22-631). Annenberg Institute at Brown University. <https://doi.org/10.26300/76eq-hj32>

The shortages, which were exacerbated by the pandemic, vary across districts, regions, states, and teacher specialties, and have left schools increasingly dependent on emergency certifications to fill key positions. Further, the decline of students enrolling in traditional teacher education programs has alarmed the K-12 and higher education communities about the teacher pipeline in the years ahead. The teacher shortage could have lasting effects for both students and states, with outsized consequences for disadvantaged and diverse communities.

In the survey, SHEEOs noted that student success in higher education is built upon a foundation in K-12 education and the central role of high-quality K-12 teachers in contributing to students' successful educational journeys. SHEEOs also noted that the teacher shortage is a multifaceted issue that requires the attention of the higher education community, but also an examination of other factors, including poor teacher pay, a lack of respect for the profession, and political agendas aimed at teachers.

State lawmakers were active in addressing the teacher workforce shortage in 2022, and the issue has risen to the top of legislative priority lists in many states for 2023 sessions. In Michigan, Gov. Gretchen Whitmer (D) announced a \$575 million program in December to boost the number of teachers in traditional public schools, including investments to help school staff transition to become full teachers, scholarships for aspiring teachers, and compensation for student teachers.⁶ In Utah, Gov. Spencer Cox (R) has proposed a \$6,000 increase in teacher compensation.⁷ Oklahoma is considering a plan to lift income requirements for children of educators to help them access the state's Promise scholarship program.⁸ Other states, such as New Jersey and Texas, have convened task forces to study the issue and provide recommendations.^{9,10} The upcoming year will likely have more task forces, collaboration between the K-12 and higher education communities, and ideas for lawmakers to build the educator workforce.

ISSUE 3: STATE FUNDING FOR FINANCIAL AID PROGRAMS

Ensuring adequate funding for state financial aid programs is a priority for SHEEOs in 2023. States provided \$12.9 billion in financial aid to students in fiscal year 2022, up from \$11 billion in 2020 and accounting for 13.4% of all state support.¹¹ Despite being a relatively small portion of overall state support for higher education, funding for financial aid programs was one of the most important issues in the survey responses, with 70.4% of SHEEOs indicating it was very important in 2023.

SHEEOs described financial aid as a long-term priority and an ongoing commitment to make college more affordable. State funding for financial aid programs was an important priority for states that currently rank low in need-based aid and seek to expand and fund new programs, as well as states with large preexisting investments in financial aid that seek to maintain or grow their programs despite the looming threat of an economic recession.

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6. Walker, B. (2022, December 13). Michigan governor signs \$575M bill aiming to address teacher shortage. *The Center Square*. https://www.thecentersquare.com/michigan/michigan-governor-signs-575m-bill-aiming-to-address-teacher-shortage/article_35cbee64-7b1e-11ed-929c-c3e008697cd8.html
 7. Schott, B., and School, J. (2022, December 8). Utah teachers could see a \$6,000 pay, benefits bump—but it may hinge on passage of school voucher legislation. *The Salt Lake Tribune*. <https://www.sltrib.com/news/politics/2022/12/08/gov-cox-wants-give-teachers-6000/>
 8. Stecklein, J. (2023, January 7). Support grows in Oklahoma for giving college tuition to teachers' children. *CNHI Oklahoma*. https://www.joplinglobe.com/news/four-states/support-grows-in-oklahoma-for-giving-free-college-tuition-to-teachers-children/article_589fcb26-8e07-11ed-bf5c-4747926e40d4.html
 9. State of New Jersey Office of Governor Phil Murphy. (2022, December 8). *Governor Murphy announces appointments to task force on public school staff shortages*. <https://www.nj.gov/governor/news/news/562022/20221208b.shtml>
 10. Office of the Texas Governor, Greg Abbott. (2022, March 7). *Governor Abbott directs TEA to create task force addressing staffing shortages across Texas*. <https://gov.texas.gov/news/post/governor-abbott-directs-tea-to-create-task-force-addressing-staffing-shortages-across-texas>
 11. State Higher Education Executive Officers Association (in cooperation with Illinois State University). (2022). *Grapevine Use Table 3, State fiscal support for higher education financial aid and research, Fiscal years 2020, 2021, and 2022*. https://shef.sheeo.org/grapevine/?report_page=use-tables Not adjusted for inflation

With state surpluses, governors and lawmakers will likely build on momentum from last year on financial aid. Some investments in financial aid may be targeted at programs to address state workforce needs, while others may be aimed broadly at increasing college access and success. In December, the Massachusetts Board of Higher Education called for doubling the amount of financial aid for public higher education students.¹² In South Carolina, Gov. Henry McMaster's (R) budget blueprint highlighted new investments in need-based student financial aid.¹³ Michigan, meanwhile, approved a sweeping new financial aid program last year, and colleges will be working to build awareness among students in the year ahead.¹⁴

ISSUE 4: STATE OPERATING SUPPORT FOR PUBLIC COLLEGES AND UNIVERSITIES

State operating support for public colleges and universities was listed as an important policy priority for states in 2023, with almost 90% of states ranking it as important or very important. State operating support is one of the primary revenue streams for public colleges and universities and accounts for most of the state spending on higher education, totaling \$70.7 billion in fiscal year 2022, or 74.4% of total state support for higher education.¹⁵ Despite an almost \$5 billion funding boost over the last two years, growth in state operating support has lagged financial aid increases over the last two decades. In many states, operating support has decreased or failed to keep pace with inflation over the long term.¹⁶

State operating support is also a critical counterbalance to offset potential increases in tuition rates. Institutional subsidies are closely linked to student affordability, with some states requesting large increases in state funding alongside tuition rate freezes. For states concerned with student affordability, these large increases in state operating support are necessary to cover inflationary pressures in operational costs and avoid tuition rate increases.¹⁷

SHEEOs framed their prioritization of increased state operating support as critical due to low, insufficient, or eroding state funding. Respondents described concerns over funding that has not kept pace with inflation, the need to catch up from years of underfunding, and the key role of state operating support for student access and affordability.

Many states have strong budgets going into 2023, indicating the potential for substantial increases in state operating support this year. Some of these increases will be tied to tuition freezes, tuition increase caps, or performance metrics. State-enacted budgets for fiscal year 2023 include a 6.7% increase in general fund spending over 2022.¹⁸ However, there is widespread uncertainty about the state budget outlook in future years due to the end of federal stimulus funding and a potential recession.¹⁹

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12. Drysdale, S. (2022, December 13). Mass. considers financial aid boost to lift college ranks. *NBC 10 Boston*. <https://www.nbcboston.com/news/local/mass-considers-financial-aid-boost-to-lift-college-ranks/2919252/>
 13. South Carolina Office of the Governor, Henry McMaster. (2023, January 6). *Gov. Henry McMaster announces FY 2023-2024 executive budget*. <https://governor.sc.gov/news/2023-01/gov-henry-mcmaster-announces-fy-2023-2024-executive-budget>
 14. Governor Gretchen Whitmer. (2022, October 11). *Gov. Whitmer signs bipartisan Michigan Achievement Scholarship bill to lower the cost of college, Celebrates one year anniversary of MI New Economy*. <https://www.michigan.gov/whitmer/news/press-releases/2022/10/11/gov-whitmer-signs-bipartisan-michigan-achievement-scholarship-bill>
 15. State Higher Education Executive Officers Association (in cooperation with Illinois State University). *2022. Grapevine Use Table 2, State fiscal support for public institution operations, Fiscal years 2020, 2021, and 2022*. https://shef.sheeo.org/grapevine/?report_page=use-tables Not adjusted for inflation.
 16. State Higher Education Executive Officers Association. (2022). *State higher Education finance: FY 2021*. https://shef.sheeo.org/wp-content/uploads/2022/06/SHEEO_SHEF_FY21_Report.pdf
 17. Spitalniak, L. (2022). Colleges' expenses rose 5.2% in FY22, the biggest increase since 2001. *Higher Ed Dive*. <https://www.highereddive.com/news/hepi-2022-higher-ed-inflation/638923/>
 18. National Association of State Budget Officers. (2022). *The fiscal survey of states: Fall 2022*. <https://www.nasbo.org/reports-data/fiscal-survey-of-states>
 19. National Conference of State Legislatures. (2022). *State fiscal conditions are strong, but uncertainty looms*. <https://www.ncsl.org/research/fiscal-policy/state-fiscal-conditions-are-strong-but-uncertainty-looms.aspx>

ISSUE 5: HIGHER EDUCATION'S VALUE PROPOSITION

Rounding out the top five state policy priorities for 2023 is communicating the value proposition of higher education. Ranked as important or very important by almost 90% of SHEEOs, this issue is of growing importance as public sentiment about the value of higher education continues to drop and institutions face ongoing enrollment challenges. Although the value of higher education includes both individual and societal economic and non-economic benefits,²⁰ the public and higher education policymakers are increasingly focused on the individual economic value of higher education and students' return on investment.²¹

This policy priority largely focuses on communication with students, parents, and policymakers. SHEEOs explained that it is important for students and their families to see the value in their investment, but also that quantifying and demonstrating the ROI of a college education is critical to justifying the need for continued or increased state funding for higher education. SHEEOs expressed the need to reframe the narrative around higher education; the public typically hears the negatives of higher education and has a worsening perception of the value of college,²² yet the data show that higher education is a value-add with an overall positive impact on students' lives. As one SHEEO stated, "Declines in the public perception of the value of higher education is frightening on many levels. Understanding and addressing this trend is a key priority [for our state]."

Some states have led on reclaiming the narrative on the value of higher education,²³ while others are protecting students from low-value programs. In November, the Indiana Commission for Higher Education launched its "Education Value Movement" to deliver positive messaging and communications that college is a good investment and encourage high school students and adults to pursue college opportunities. The Colorado Commission on Higher Education produces an annual report detailing the return on investment in higher education²⁴ and Kentucky has also produced a report on return on investment.²⁵ New Jersey, meanwhile, approved legislation in 2022 establishing performance standards for career-oriented programs at postsecondary institutions.²⁶

ISSUE 6 (TIE): ENROLLMENT DECLINE

Enrollment decline remains a leading concern for state higher education leaders. Over the past decade, a shrinking number of students in the K-12 pipeline in many regions and states has contributed to campus mergers, consolidations, closures, and myriad new efforts to attract students to campus. As the midpoint of the decade approaches, enrollment declines are expected to intensify as the "birth dearth" induced by the 2008 financial crisis further constricts the student pipeline. The severity of enrollment challenges will vary based on regions and the type of institution, with selective, high-endowment universities better able to weather the demographic challenges, while open access, low-endowment universities bear the brunt of the demographic decline. Rural regions and parts of the Midwest and Northeast have seen some of the most pressing demographic challenges.

20. Institute for Higher Education Policy. (1998). *Reaping the benefits: Defining the public and private value of going to college*. https://www.ihep.org/wp-content/uploads/2014/05/uploads_docs_pubs_reapingthebenefits.pdf

21. See Carnevale, A., Cheah, B., & Werf, M. V. D. (2019). *A first try at ROI: Ranking 4,500 colleges*. Georgetown Center on Education and the Workforce. https://cew.georgetown.edu/wp-content/uploads/College_ROI.pdf; Third Way. (2022). *A new way of measuring value in higher ed*. <https://www.thirdway.org/series/a-new-way-of-measuring-value-in-higher-ed>

22. Lederman, D. (2021). *Despite positive experiences, students question value of college*. *Inside Higher Ed*. <https://www.insidehighered.com/news/2021/07/07/students-see-less-value-college-despite-positive-experiences>

23. Indiana Commission for Higher Education. (2022, November 14). *State Higher Education Commission kicks off movement to highlight the value of higher education*. https://www.in.gov/che/files/221114_RELEASE_Education-Value-Movement.pdf

24. Colorado Department of Higher Education. (November 2022). *2022 higher education return on investment report*. https://higherred.colorado.gov/Publications/Reports/Legislative/ROI/202211_ROI.pdf

25. Kentucky Council on Postsecondary Education. (2021). *Early economic return on higher education investment: Evidence from the Kentucky high school class of 2011*. <https://cpe.ky.gov/data/reports/2021roireport.pdf>

26. State of New Jersey Office of Governor Phil Murphy (2022, July 29). *Governor Murphy signs bill to protect students from unsustainable debt after completing post-secondary job training*. <https://www.nj.gov/governor/news/news/562022/20220729a.shtml>

The COVID-19 pandemic has intensified enrollment concerns and alarmed state higher education officials. According to an October 2022 report from the National Student Clearinghouse Research Center, undergraduate student enrollment from fall 2020 to fall 2022 declined at public two-year and four-year campuses by 5.4% and 4.3%, respectively.²⁷ The availability of higher-paying jobs without a college degree and questions about the value of college have been cited as reasons for this decline, but concerns remain about Americans foregoing college altogether and being worse off over the long run.²⁸

In the survey, SHEEOs noted that the enrollment declines represented a significant threat to higher education in their state. One noted that policymakers are concerned about campus closures, while another respondent stated that enrollment growth in their state was only found in dual enrollment and nonresident student populations. In addition, the impact on attainment goals and institutional finances was mentioned in their responses, as well as concerns about the financial sustainability of private colleges.

States have taken steps to increase the number of students going on to higher education. The Tennessee Higher Education Commission, for example, has made increasing the state's college-going rate one of its main goals for 2023.²⁹ FAFSA completion is often an indicator for college enrollment, helping more students access funding for higher education, and Alabama made significant gains in FAFSA completion through a partnership with Oracle.³⁰ In West Virginia, the head of the Higher Education Policy Commission has called for increasing the college-going rates of low-income students by paying for dual enrollment courses.³¹ New Mexico Gov. Michelle Lujan Grisham (D) has touted the increase in college enrollment in her state and cited the role of the state's new scholarship program.³² As states continue to struggle with declining enrollment, more policies and creative solutions to draw students to colleges will be unveiled in the year ahead.

ISSUE 6 (TIE): COLLEGE AFFORDABILITY

College affordability is a high priority for states looking to 2023, with over 90% of SHEEOs indicating that it is either important or very important. Affordability affects a wide variety of issues in higher education, including student enrollment, the value proposition, persistence and completion, debt, and social mobility. For these reasons, SHEEOs feel serious pressure from their states to make college more affordable.

Recent data indicate that increases in federal, state, and institutional financial aid have offset much of the rise in the cost of college. Since 2006, the published in-state undergraduate cost of attendance at public four-year institutions has increased 17% above inflation, but the net price—the cost of attendance minus grant and scholarship aid—has increased just 1% above inflation. At public two-year institutions, the inflation-adjusted published cost of attendance has increased 5% while the net price has decreased 7% since 2006.³³

27. National Student Clearinghouse Research Center. (2022, October 20). *Stay informed with the latest enrollment information*. <https://nscresearchcenter.org/stay-informed/>

28. Nadworny, E. (2022, January 13). More than 1 million fewer students are in college. Here's how that impacts the economy. *NPR*. <https://www.npr.org/2022/01/13/1072529477/more-than-1-million-fewer-students-are-in-college-the-lowest-enrollment-numbers>

29. Tennessee Higher Education Commission. (2022, October 4). *Tennessee Higher Education Commission outlines new goals and launches a momentum-building year for college enrollment*. <https://www.tn.gov/thec/news/2022/10/4/tennessee-higher-education-commission-outlines-new-goals-and-launches-a-momentum-building-year-for-college-enrollment.html>

30. McCartney, T. (2022, May 26). Alabama's FAFSA completion policy is yielding success. *Alabama Political Reporter*. <https://www.alreporter.com/2022/05/26/opinion-alabamas-fafsa-completion-policy-is-yielding-success/>

31. Jenkins, J. (2022, December 26). Tucker wants state to help high schoolers pay for dual enrollment courses. *MetroNews*. <https://wvmetronews.com/2022/12/26/tucker-wants-state-to-help-high-schoolers-pay-for-dual-enrollment-courses/>

32. Office of the Governor, Michelle Lujan Grisham. (2022, October 27). *Opportunity Scholarship grows New Mexico college enrollment by over 4% in the first increase since 2010*. <https://www.governor.state.nm.us/2022/10/27/opportunity-scholarship-grows-new-mexico-college-enrollment-by-over-4-in-first-increase-since-2010/>

33. The College Board. *Trends in college pricing 2022*. Data in Excel [Dataset]. <https://research.collegeboard.org/media/xlsx/trends-college-pricing-excel-data-2022.xlsx>

SHEEOs prioritized college affordability by trying to keep tuition and fees low and requesting sufficient state funding to offset inflationary pressures. Affordability is connected to many other state higher education policy priorities: affordability feeds the decline in enrollments, is a driver of the decreasing belief in the value of higher education, impacts persistence and attainment, and has direct impacts on student debt and social mobility. For these reasons, SHEEOs feel serious pressure from their states to increase college affordability.

In their survey responses, SHEEO connected college affordability to other policy issues, such as student enrollment, persistence, and debt levels. SHEEOs have prioritized college affordability by working to keep tuition and fees low and requesting sufficient state operating funding to offset inflationary pressures. In many states, governors, legislatures, and governing bodies have enacted limits or freezes on undergraduate student tuition rate increases. Over the last five years, two-thirds of SHEEO agencies have implemented tuition limits or freezes for their four-year public institutions, and over 40% have implemented limits or freezes for their two-year public institutions.³⁴

States have already announced college affordability proposals going into the 2023 legislative sessions, and more proposals are likely to be unveiled in the weeks ahead. The University of New Hampshire will freeze tuition for a fifth year in 2023-24 for undergraduate students.³⁵ In South Carolina, Gov. Henry McMaster (R) has called for a tuition freeze for 2023 for in-state students in his state budget³⁶ along with Utah Gov. Spencer Cox (R).³⁷ In Massachusetts, Gov. Maura Healey (D) has called for free community college for students above age 25 who don't have a college degree.³⁸

ISSUE 8: PUBLIC PERCEPTION OF HIGHER EDUCATION

The changing public perception of higher education is an important policy priority for states in 2023. Public confidence in higher education has decreased in recent years,³⁹ and since 2020, the percentage of Americans who believe that higher education has a positive impact on the country has decreased by 14 percentage points.⁴⁰

SHEEOs expressed that this policy priority is a critical focus area to reframe or reverse the narrative surrounding higher education. Every respondent indicated that this issue is at least slightly important in their state, and 50% said it was very important. In the survey, SHEEOs expressed that the public's perception of higher education is "lower than ever" and described public perception as a big, critical, and widespread issue they will face in 2023. Still, SHEEOs felt that while broad perception of higher education was down, the public generally felt good about specific state institutions. This disconnect in sentiment between higher education as a broad enterprise and specific institutions is a key issue for states to address in the coming year.

34. State Higher Education Executive Officers Association internal dataset on state tuition, fee, and financial assistance policies

35. University System of New Hampshire freezes tuition for fifth straight year. (2022, November 29). *WMUR*. <https://www.wmur.com/article/university-system-new-hampshire-tuition-freeze-112922/42102423>

36. South Carolina Office of the Governor, Henry McMaster. (2023, January 6). Governor McMaster announces FY 2023-24 executive budget. <https://governor.sc.gov/news/2023-01/gov-henry-mcmaster-announces-fy-2023-2024-executive-budget>

37. Cortez, M. (2022, December 9). Cox proposes tuition freeze for state-supported colleges, universities. *Deseret News*. <https://www.deseret.com/utah/2022/12/9/23501918/spencer-cox-proposes-tuition-freeze-utah-colleges-universities>

38. Wade, C.M. (2023, January 9). State leaders push for free community college. *The Eagle-Tribune*. https://www.eagletribune.com/news/state-leaders-push-for-free-community-college/article_4ed37b42-8de4-11ed-8285-9319c2dd2c70.html

39. Jones, J. M. (2018). *Confidence in higher education down since 2015*. Gallup blog. <https://news.gallup.com/opinion/gallup/242441/confidence-higher-education-down-2015.aspx>

40. Salholtra, P. (2022). A growing number of Americans are questioning the value of going to college. *NPR*. <https://www.npr.org/2022/07/26/1113816868/more-americans-are-questioning-whether-college-has-a-positive-impact>

The public perception of higher education is closely intertwined with numerous other policy priorities and issues. Several SHEEOs pointed out the connection between the negative public perception of higher education impacting college-going rates and student enrollment, and others connected it to student affordability and the value of higher education. Additionally, SHEEOs expressed that a positive public perception of higher education is important to ensure continued state support for higher education.

ISSUE 9: ADDRESSING EQUITY GAPS

Equity gaps remain a barrier to achieving state attainment goals, and addressing those gaps is a priority for state higher education leaders. According to a November report from the National Student Clearinghouse, the national six-year graduation rates for Latinx, Black, and Native American students lag far behind White and Asian students, with minimal progress made in recent years in closing the gaps.⁴¹ With growing minority populations, states will need to close equity gaps to meet their educational attainment goals.

In their responses, SHEEOs noted the connection between the enrollment decline and equity gaps, as well as the linkage of state economic development objectives and building broad-based prosperity. In addition, a response noted that the equity conversation “needs to include men vs. women enrollments” as well as the need to focus on need-based financial aid. Some noted that equity is a priority in their state, while others said it has not been substantively addressed in their state.

Some states were active in addressing equity in 2022. In Illinois, Gov. JB Pritzker (D) signed legislation requiring public colleges and universities to create equity plans and practices to improve college access, retention, completion, and student loan repayment.⁴² In California, Gov. Gavin Newsom (D) signed reforms removing outdated barriers for accessing student financial aid, making it available to more underrepresented students.⁴³ In Oregon, Gov. Kate Brown (D) used federal relief dollars for a regional approach to eliminating equity gaps by 2030 for students in eastern Oregon attending public two- and four-year colleges.⁴⁴ More efforts to address equity are likely as legislatures convene in 2023.

ISSUE 10: COLLEGE COMPLETION/STUDENT SUCCESS

College completion remains an important issue for state higher education leaders. According to the National Student Clearinghouse Research Center, the national six-year college completion rate remains essentially unchanged over last year at 62.3%. For public four-year colleges, the six-year completion rate is 68%, while the rate at public two-year colleges is 43.1%. The completion rates in the public four-year sector remain essentially unchanged over the last four years, with incremental improvement at the two-year level.⁴⁵ Without an increase in college completion rates, states will struggle in their efforts to raise attainment levels and meet their educational attainment goals.

41. National Student Clearinghouse Research Center. (2022, November 29). *Completing college: National and state reports*. <https://nscresearchcenter.org/completing-college/>

42. Zoller, Z. (2022, July 6). Three new Illinois laws aim to improve equity in higher education. WGLT. <https://www.wglt.org/local-news/2022-07-06/three-new-illinois-laws-aim-to-improve-equity-in-higher-education>

43. California Student Aid Commission. (April 2022). *A milestone for student equity: The Cal Grant Equity Framework prioritizes college affordability and eligibility*. https://www.csac.ca.gov/sites/main/files/file-attachments/cal_grant_equity_and_the_2022-23_state_budget.pdf?1661204719

44. State of Oregon Newsroom. (2022, June 27). *Governor Kate Brown launches moon shot for equity initiative for eastern Oregon college students*. <https://www.oregon.gov/newsroom/Pages/NewsDetail.aspx?newsid=67358>

45. National Student Clearinghouse Research Center. (2022, November 29). *Completing college: National and state reports*. <https://nscresearchcenter.org/completing-college/>

College completion cuts across a wide variety of policy issues, from state operating support for institutions to equity. SHEEOs stated that college completion is a key issue in their state and linked progress on college completion to other policy issues in the survey. For example, a SHEEO noted that college completion matters in the conversation on value in higher education, as “the most expensive degree is the one a person did not finish.”

States around the country have been active in working to advance college completion initiatives over the past year through partnerships with foundations and new policy measures. In May, SHEEO agencies in Arkansas, Montana, and Oklahoma announced a partnership with Complete College America to work with a cohort of campuses to implement proven college completion practices.⁴⁶ In Indiana, the Indiana Commission for Higher Education has called for increasing student financial aid, auto-enrolling students in the state’s 21st Century Scholars program, and expanding dual enrollment opportunities to meet the state’s goal of having 60% of adults with a quality degree or credential by 2025.⁴⁷ Lastly, California enacted a series of reforms in 2022 aimed at increasing degree completion at community colleges, including offering debt cancellation to encourage students to enroll or re-enroll.⁴⁸

RIISING ISSUES

STUDENT HEALTH AND SAFETY

Ensuring student health and safety is a fundamental responsibility of all college leaders, and the importance of their responsibility has been emphasized during the COVID-19 pandemic. While COVID remains a public health concern, other issues emerging from the pandemic, such as student mental health, have been elevated as key issues for state higher education leaders. In their responses to the survey, numerous SHEEOs listed student mental health as a major issue of concern. In addition, some SHEEOs listed physical safety as an issue for students, and the importance of student safety in parental decisions around college attendance.

States made progress on student health and safety initiatives last year, but mental health stood out as a central issue of concern for policymakers. In New Jersey, Gov. Phil Murphy (D) used American Rescue Plan (ARP) dollars to distribute \$16 million in grants to institutions of higher education in an effort to develop community partnerships to boost capacity to meet student mental health needs.⁴⁹ New York Gov. Kathy Hochul (D) used \$4 million in federal funding to support underrepresented students in mental health programs at the state’s public university systems⁵⁰ while Virginia Gov. Glenn Youngkin (R) invested \$9 million to expand tele-behavioral health services in K-12 and higher education.⁵¹

46. Nietzel, M. (2022, January 8). Arkansas, Montana, and Oklahoma lead initiative to improve college completion rates. *Forbes*. <https://www.forbes.com/sites/michaelnietzel/2022/05/04/arkansas-montana-and-oklahoma-lead-initiative-to-improve-college-completion-rates/?sh=2d5f410a3847>

47. Smith, C. (2022, October 10). What to know about Indiana’s latest college completion gains. *Indiana Capital Chronicle*. <https://indianacapitalchronicle.com/2022/10/10/what-to-know-about-indianas-latest-college-completion-rate-gains/>

48. Mazar, U. (2022, December 5). New laws aim to get California community college students to graduation faster. *The Advocate*. <https://cccadvocate.com/12657/news/new-laws-aim-to-get-california-community-college-students-to-graduation-faster/>

49. State of New Jersey Office of Governor Phil Murphy. (2022, November 22). *Murphy administration announces \$16 million in grants to support mental health needs of higher education students*. <https://www.nj.gov/governor/news/news/562022/20221122b.shtml>

50. New York State Governor Kathy Hochul. (2022, August 25). *Governor Hochul announces \$4 million to increase mental health workforce diversity*. <https://www.governor.ny.gov/news/governor-hochul-announces-4-million-increase-mental-health-workforce-diversity>

51. Governor of Virginia Glenn Youngkin. (2022, December 14). *Governor Glenn Youngkin announces transformational behavioral health care plan for Virginians*. <https://www.governor.virginia.gov/newsroom/news-releases/2022/december/name-947166-en.html>

STUDENT BASIC NEEDS (FOOD, HOUSING, CHILDCARE, ETC.)

Addressing student basic needs, including housing, food, childcare, and transportation, has emerged as a top higher education policy issue in recent years due to new research revealing widespread unmet need. According to a 2021 survey conducted by the Hope Center for College, Community, and Justice, nearly half of students experience housing insecurity, and over a third of students experience food insecurity.⁵²

In their responses, SHEEOs noted the importance of addressing student basic needs, stating that “with declining enrollment, any potential barrier to enrollment and completion is on the table.” SHEEOs also noted that limited state resources constrain how they approach this issue and its intersection with state funding and college affordability. Some respondents said their states are making progress on addressing student basic needs, including by using federal funds.

States and systems of higher education have been making strides in recognizing and addressing student basic needs. In 2022, the University of Hawaii System crafted a Student Basic Needs Master Plan, which includes, but is not limited to, creating a basic needs coordinator position, outreach and education events, campus basic needs committees, surveys to measure progress, and distributing emergency aid.⁵³ In California, a 2021 law allocated \$100 million to establish basic needs centers at the state’s 115 community colleges.⁵⁴ This issue has also gained support in conservative states, as Louisiana passed legislation in 2022 to establish hunger-free campuses.⁵⁵

CONCLUSION

The upcoming legislative session presents an important opportunity to make historic investments in public higher education and strengthen the capacity of institutions to serve state needs in the post-pandemic era. The pandemic left states with new challenges, such as a worker shortage, alongside longstanding concerns over college access and affordability. Higher education can be a key partner for states as they seek to navigate the complex, multifaceted challenges of the post-pandemic era and work to build a durable economic foundation for the years ahead. The 2023 legislative sessions, with budget surpluses in many states and a new class of lawmakers, presents a historic opportunity for collaboration and investment leading to sustained, broad-based state prosperity. Because of this unique opportunity, the decisions made this year will affect both higher education and states for years to come.

52. The Hope Center for College, Community, and Justice. (2021, March 31). *The Hope Center survey 2021: Basic needs insecurity during the ongoing pandemic*. <https://hope.temple.edu/sites/hope/files/media/document/HopeSurveyReport2021.pdf>

53. University of Hawaii. (2022, March 23). Master plan for student basic needs: food, housing, childcare, and more. *University of Hawaii News*. <https://www.hawaii.edu/news/2022/03/23/master-plan-for-student-basic-needs/>

54. Public Policy Institute of California. (2022, September 19). *Basic needs centers at California colleges can help fight student hunger*. <https://www.ppic.org/blog/basic-needs-centers-at-california-colleges-can-help-fight-student-hunger/>

55. Stickney, K. (2022, July 1). Legislation, now signed, will encourage ‘hunger free’ zones on college campuses. *The Acadiana Advocate*. https://www.theadvocate.com/acadiana/news/education/article_a2b8fc86-f8f3-11ec-84f7-a3e94f64fd87.html

APPENDIX

IMPORTANCE OF STATE HIGHER EDUCATION POLICY ISSUES FOR 2023

	NOT IMPORTANT	SLIGHTLY IMPORTANT	SOMEWHAT IMPORTANT	IMPORTANT	VERY IMPORTANT
ECONOMIC AND WORKFORCE DEVELOPMENT	0.0%	0.0%	3.7%	25.9%	70.4%
K-12 TEACHER WORKFORCE	0.0%	0.0%	3.7%	25.9%	70.4%
STATE FUNDING FOR FINANCIAL AID PROGRAMS	0.0%	3.7%	7.4%	18.5%	70.4%
STATE OPERATING SUPPORT FOR PUBLIC COLLEGES AND UNIVERSITIES	0.0%	3.8%	7.7%	23.1%	65.4%
HIGHER EDUCATION'S VALUE PROPOSITION	0.0%	0.0%	11.5%	34.6%	53.8%
COLLEGE AFFORDABILITY	0.0%	3.7%	3.7%	40.7%	51.9%
ENROLLMENT DECLINE	0.0%	0.0%	11.1%	37.0%	51.9%
PUBLIC PERCEPTION OF HIGHER EDUCATION	0.0%	0.0%	11.5%	38.5%	50.0%
ADDRESSING EQUITY GAPS	0.0%	7.4%	0.0%	40.7%	51.9%
COLLEGE COMPLETION/STUDENT SUCCESS	0.0%	0.0%	14.8%	37.0%	48.1%
STUDENT HEALTH AND SAFETY	0.0%	7.7%	19.2%	46.2%	26.9%
STUDENT BASIC NEEDS (FOOD, HOUSING, CHILDCARE, ETC.)	0.0%	11.5%	30.8%	26.9%	30.8%
INSTITUTIONAL ACCOUNTABILITY/EFFECTIVENESS	0.0%	15.4%	19.2%	42.3%	23.1%
RETAINING COLLEGE GRADUATES ("BRAIN DRAIN")	0.0%	18.5%	22.2%	37.0%	22.2%
ADULT/NON-TRADITIONAL STUDENT SUCCESS	0.0%	13.3%	26.7%	46.7%	13.3%
EFFECTS OF INFLATION ON COSTS OF GOODS AND SERVICES	4.0%	8.0%	32.0%	36.0%	20.0%
ADEQUACY OF PHYSICAL FACILITIES	0.0%	15.4%	38.5%	34.6%	11.5%
QUALITY OF UNDERGRADUATE EDUCATION	3.8%	11.5%	34.6%	38.5%	11.5%
STATE DATA SYSTEMS	0.0%	20.0%	40.0%	26.7%	13.3%
FACULTY SUPPLY/SALARIES/QUALITY	0.0%	30.8%	34.6%	23.1%	11.5%
COVID-19 PANDEMIC EFFECTS ON INSTITUTIONS AND STUDENTS	3.8%	19.2%	50.0%	19.2%	7.7%
INSTRUCTIONAL DELIVERY MODELS	0.0%	42.9%	21.4%	28.6%	7.1%
ACADEMIC FREEDOM	8.0%	36.0%	28.0%	20.0%	8.0%
IMMIGRATION/UNDOCUMENTED STUDENTS	19.2%	15.4%	46.2%	19.2%	0.0%

SOURCE: State Higher Education Executive Officers Association

Suggested Citation: Harnisch, T., & Laderman, S. (2023). *State priorities for higher education in 2023: Survey of SHEEOs*. State Higher Education Executive Officers Association.

The State Higher Education Executive Officers Association (SHEEO) serves the executives of statewide governing, policy, and coordinating boards of postsecondary education and their staffs. Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors. Together with its members, SHEEO aims to achieve this vision by equipping state higher education executive officers and their staffs with the tools to effectively advance the value of higher education, promoting public policies and academic practices that enable all Americans to achieve success in the 21st century, and serving as an advocate for state higher education leadership. For more information, visit sheeo.org.

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