



SHEEO Analysis of Fiscal Year 2021 State Funding for Higher Education

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For more than a decade, the State Higher Education Executive Officers Association (SHEEO) has collected data on state support for higher education in the current fiscal year on behalf of Illinois State University's Center for the Study of Education Policy.¹

The past fiscal year has been one of tremendous uncertainty and financial challenges for colleges and universities. Institution leaders have faced sharp declines in many of their revenue sources in addition to unexpected new costs as they have attempted to respond to the repercussions of the pandemic. Within this context, we received the first look at early fiscal year 2021 state appropriations from the Grapevine survey on state higher education funding. Here we explore these data and highlight detailed trends in state tax appropriations and sector-level appropriations.

NATIONAL AND STATE-LEVEL TRENDS

Following eight years of growth in unadjusted state tax appropriations for all higher education, state appropriations declined \$1.7 billion or 1.8% from fiscal year 2020 to 2021.² These national trends are mirrored across much of the U.S., and tax appropriations were cut in 26 states from 2020 to 2021. The largest cuts were in California (\$1.25 billion), Colorado (\$501 million), and Georgia (\$305 million). Nine additional states and Washington, D.C., held funding flat or increased funding but not enough to account for projected inflation rates.³ In effect, **the best available evidence suggests that in 35 states (70%), inflation-adjusted higher education tax appropriations declined from 2020 to 2021.**

Federal stimulus funding, primarily from the Governor's Emergency Education Relief Fund (GEERF), provided some protection against cuts in state tax appropriations. Ten states, collectively, used \$337 million of the federal stimulus funding for higher education in 2020. In 2021, 32 states used \$1.9 billion of federal stimulus funding (*Table 1*). After accounting for federal stimulus funding but without considering inflation, state appropriations declined \$81 million or 0.1% across the U.S.

Federal stimulus funding kept six states (Kansas, Louisiana, Missouri, New Jersey, Ohio, and Texas) from facing overall declines in state funding this year and reduced the average decline from 6.0% to

¹ See <https://education.illinoisstate.edu/grapevine/about/> and <https://shef.sheeo.org/about/> for more information.

² Tax appropriations are state funding to public and private institutions of higher education, including financial aid, research appropriations, and agency funding. Tax appropriations accounted for 94% of all state support for higher education in fiscal year 2020. We chose to focus on state tax appropriations for this analysis because they make up the vast majority of state higher education funding, mostly closely represent state general fund decisions, and are subject to different trends than non-tax support (such as lottery revenues).

³ While actual inflation data are not available for 2021, forecasts suggest 1.417% inflation over 2020. Source: OECD Economic Outlook: Statistics and Projections, <https://data.oecd.org/price/inflation-forecast.htm>.

4.4% (*Table 2*). Stimulus funding also largely (but not entirely) protected Colorado, Iowa, and Wyoming from cuts to state tax appropriations, making up for 92%, 90%, and 73% of the cuts in each state, respectively.

Overall, 2021 trends in tax appropriations mirror the first year of state funding cuts seen in prior recessionary periods. The decline is greater than what we saw during the early 2000s recession but smaller than the first year of higher education cuts during the Great Recession. Historically, state funding has continued to decline for several years following an economic recession. However, this recession is unique in many ways and much remains unknown.

Given past recessionary trends, federal and state policymakers will need to continue to monitor state and institutional budgets to ensure that institutions have the resources they need to provide accessible, high quality postsecondary education. This will include watching enrollment patterns, particularly in community colleges, which saw a 9.5% drop in enrollments in fall 2020.⁴ Declining enrollment results in reduced tuition revenues, which public institutions have become increasingly reliant on over recent decades. This likely means that additional federal support for higher education will be needed moving forward.

SECTOR-LEVEL TRENDS

SHEEO's analysis of Grapevine data also includes newly available data on state support by sector.⁵ Due to data limitations, we are not able to isolate changes in state tax appropriations or the extent to which federal stimulus funding supported each sector. *Table 3* lists the total state support allocated to the two-year and four-year sectors; notably, this includes federal stimulus funding, which some states allocated to their sector-level funding and others listed as uncategorizable.⁶

From 2020 to 2021, state support at two-year institutions declined by \$457 million (2.0%), while state support at four-year institutions decreased by \$63 million (0.1%). In each sector, 22 states had declines.⁷ However, six states cut funding by more than 10% in the two-year sector, compared to only three states in the four-year sector.

The largest declines in the two-year sector were in Nevada (19.9%) and Arizona (17.2%); the largest declines in the four-year sector were in Nevada (18.9%) and Missouri (11.2%). The largest increases in the two-year sector were in Connecticut (23.4%) and Washington (14.8%). In the four-year sector, the largest single-year increases were in New Hampshire (24.5%) and Vermont (51.3%). The two-year decline is notable in states like Arizona, California, Mississippi, New Hampshire, and Wyoming, which had big cuts in the two-year sector and smaller cuts or increases in the four-year sector.

More detailed sector-level data on state and local general operating and financial aid appropriations, net tuition revenue, and FTE enrollment will be published with the fiscal year 2020 State Higher Education Finance (SHEF) report, which will be available in May 2021 at <https://shef.sheeo.org/>.

⁴ National Student Clearinghouse Research Center. (2021). Spring 2021 enrollment (as of Feb 11). <https://nscresearchcenter.org/stay-informed/>

⁵ Sector is determined at the institution level using the Carnegie Basic Classification (<https://carnegieclassifications.iu.edu/>). Baccalaureate/Associate's Colleges and "less-than-two-year" degree-granting institutions not assigned a Carnegie classification are considered two-year institutions.

⁶ Uncategorizable state support includes state funds that cannot be split by sector. Depending on the state, this may include federal stimulus funds, agency funding, state financial aid, funds to less-than-two-year institutions, research, agricultural, or medical appropriations, and non-credit appropriations. Except for stimulus funds, items included in uncategorizable state support are consistent within each state over time.

⁷ Florida's financial aid appropriations and Wisconsin's state support are excluded from these figures because they could not provide sector-level data for the current fiscal year.

Table 1. Federal Stimulus Funds Used to Support State Higher Education Budgets Since 2009

	Total Federal Stimulus	States
2009	\$ 1,401,657,005	15
2010	\$ 5,353,941,098	43
2011	\$ 2,719,250,265	31
2012	\$ 117,435,194	7
2020	\$ 336,755,944	10
2021	\$ 1,914,556,701	32

NOTES:

1. Federal stimulus funding includes state-allocated funds to stabilize and support state and local sources of revenue for higher education. Direct federal funding to institutions is not included. Stimulus funds include the Education Stabilization Fund (ESF) and Government Services Fund (GSF) during the Great Recession from 2009-2012 and the Governor's Emergency Education Relief Fund (GEERF) and Coronavirus Relief Fund (CRF) from 2020-2021.

SOURCE: State Higher Education Executive Officers Association analysis of [SHEF](#) and [Grapevine](#) data

Table 2. Annual Percent Change in Unadjusted State Tax Appropriations, FY 2002-2021

	State Tax Appropriations Only			State Tax Appropriations Plus Federal Stimulus		
	U.S. Change	# States Decreasing	Average Decrease	U.S. Change	# States Decreasing	Average Decrease
2002	3.0%	12	-5.1%	3.0%	12	-5.1%
2003	-0.9%	25	-4.7%	-0.9%	25	-4.7%
2004	-2.0%	24	-4.9%	-2.0%	24	-4.9%
2005	4.0%	8	-1.8%	4.0%	8	-1.8%
2006	7.1%	5	-1.1%	7.1%	5	-1.1%
2007	7.5%	3	-1.0%	7.5%	3	-1.0%
2008	7.3%	4	-1.7%	7.3%	4	-1.7%
2009	-4.3%	25	-7.4%	-2.5%	21	-5.8%
2010	-4.6%	37	-10.9%	0.7%	31	-5.1%
2011	2.0%	26	-2.8%	-1.7%	31	-5.5%
2012	-4.4%	28	-8.7%	-7.7%	40	-9.6%
2013	1.5%	16	-2.7%	1.3%	18	-3.0%
2014	5.9%	9	-3.8%	5.9%	9	-3.8%
2015	5.4%	8	-0.8%	5.4%	8	-0.8%
2016	2.2%	9	-8.4%	2.2%	9	-8.4%
2017	3.8%	15	-4.1%	3.8%	15	-4.1%
2018	1.8%	19	-4.0%	1.8%	19	-4.0%
2019	4.3%	3	-1.8%	4.3%	3	-1.8%
2020	3.8%	6	-3.4%	4.2%	5	-2.1%
2021	-1.8%	26	-6.0%	-0.1%	20	-4.4%

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SOURCE: State Higher Education Executive Officers Association analysis of [SHEF](#) and [Grapevine](#) data

Table 3. Two- and Four-Year State Support for Higher Education, FY 2020-2021

	Two-Year State Support			Four-Year State Support			% Uncategorizable
	2020	2021	Change	2020	2021	Change	2021
Alabama	\$ 446,927,836	\$ 428,117,466	-4.2%	\$ 1,220,693,507	\$ 1,241,125,067	1.7%	8.2%
Alaska	\$ -	\$ -	N/A	\$ 326,792,074	\$ 293,592,571	-10.2%	0.2%
Arizona	\$ 143,870,000	\$ 119,123,400	-17.2%	\$ 859,270,200	\$ 844,896,400	-1.7%	0.0%
Arkansas	\$ 198,285,030	\$ 188,038,644	-5.2%	\$ 734,939,650	\$ 703,815,405	-4.2%	10.1%
California	\$ 6,766,127,000	\$ 5,994,879,000	-11.4%	\$ 9,363,780,342	\$ 8,767,224,826	-6.4%	2.2%
Colorado	\$ 236,484,664	\$ 225,570,500	-4.6%	\$ 649,535,853	\$ 622,404,595	-4.2%	20.3%
Connecticut	\$ 271,358,114	\$ 334,827,387	23.4%	\$ 584,100,436	\$ 562,641,285	-3.7%	26.6%
Delaware	\$ 84,866,700	\$ 86,683,400	2.1%	\$ 161,812,000	\$ 165,664,200	2.4%	0.2%
Florida	\$ 1,255,118,265	\$ 1,302,811,450	3.8%	\$ 3,175,145,343	\$ 3,224,546,686	1.6%	0.1%
Georgia	\$ 551,378,068	\$ 519,427,352	-5.8%	\$ 2,775,915,926	\$ 2,646,515,073	-4.7%	13.6%
Hawaii	\$ 216,578,541	\$ 221,914,818	2.5%	\$ 468,765,514	\$ 489,129,473	4.3%	14.3%
Idaho	\$ 116,262,300	\$ 119,177,800	2.5%	\$ 396,594,400	\$ 410,116,900	3.4%	2.7%
Illinois	\$ 912,222,679	\$ 973,938,508	6.8%	\$ 3,387,196,344	\$ 3,537,199,281	4.4%	5.6%
Indiana	\$ 292,543,944	\$ 296,542,572	1.4%	\$ 1,161,095,725	\$ 1,074,325,637	-7.5%	23.4%
Iowa	\$ 223,576,072	\$ 226,693,462	1.4%	\$ 617,902,985	\$ 612,465,802	-0.9%	1.4%
Kansas	\$ 172,961,897	\$ 171,090,246	-1.1%	\$ 642,840,194	\$ 653,127,602	1.6%	4.4%
Kentucky	\$ 233,218,900	\$ 240,869,700	3.3%	\$ 868,582,200	\$ 911,975,500	5.0%	2.1%
Louisiana	\$ 130,342,480	\$ 135,874,912	4.2%	\$ 415,822,310	\$ 405,051,474	-2.6%	56.0%
Maine	\$ 78,819,090	\$ 76,951,863	-2.4%	\$ 236,110,559	\$ 233,448,772	-1.1%	1.3%
Maryland	\$ 381,411,841	\$ 377,704,415	-1.0%	\$ 1,779,407,284	\$ 1,740,685,789	-2.2%	1.8%
Massachusetts	\$ 403,939,288	\$ 430,320,838	6.5%	\$ 1,136,071,251	\$ 1,175,424,481	3.5%	8.4%
Michigan	\$ 414,719,000	\$ 425,667,600	2.6%	\$ 1,481,038,400	\$ 1,489,568,800	0.6%	4.2%
Minnesota	\$ 442,026,457	\$ 446,093,190	0.9%	\$ 943,489,050	\$ 947,729,812	0.4%	18.7%
Mississippi	\$ 251,590,819	\$ 236,602,465	-6.0%	\$ 711,265,423	\$ 726,390,978	2.1%	0.0%
Missouri	\$ 200,617,613	\$ 178,592,894	-11.0%	\$ 825,424,468	\$ 732,970,547	-11.2%	13.0%
Montana	\$ 27,885,300	\$ 30,885,251	10.8%	\$ 226,703,775	\$ 235,822,922	4.0%	2.6%
Nebraska	\$ 100,547,391	\$ 103,558,339	3.0%	\$ 645,653,500	\$ 672,962,990	4.2%	5.0%
Nevada	\$ 36,882,790	\$ 29,530,168	-19.9%	\$ 478,108,130	\$ 387,786,865	-18.9%	27.6%
New Hampshire	\$ 68,255,000	\$ 59,060,000	-13.5%	\$ 90,403,537	\$ 112,571,464	24.5%	2.5%
New Jersey	\$ 183,263,000	\$ 182,877,209	-0.2%	\$ 1,484,167,000	\$ 1,540,150,785	3.8%	34.5%
New Mexico	\$ 206,279,400	\$ 195,001,300	-5.5%	\$ 648,207,000	\$ 614,010,300	-5.3%	9.3%
New York	\$ 999,705,285	\$ 952,669,325	-4.7%	\$ 5,083,334,889	\$ 5,076,661,795	-0.1%	0.0%
North Carolina	\$ 1,229,348,392	\$ 1,285,725,483	4.6%	\$ 3,128,641,843	\$ 3,127,897,110	0.0%	0.0%
North Dakota	\$ 49,182,049	\$ 49,682,049	1.0%	\$ 189,308,221	\$ 191,308,221	1.1%	36.9%
Ohio	\$ 466,926,250	\$ 499,348,071	6.9%	\$ 1,705,418,663	\$ 1,913,188,622	12.2%	10.4%
Oklahoma	\$ 146,070,034	\$ 134,753,862	-7.7%	\$ 542,302,785	\$ 506,796,913	-6.5%	22.3%
Oregon	\$ 370,472,691	\$ 382,611,430	3.3%	\$ 589,958,130	\$ 611,346,022	3.6%	0.4%
Pennsylvania	\$ 307,740,296	\$ 310,042,000	0.7%	\$ 1,524,335,000	\$ 1,504,660,000	-1.3%	0.8%
Rhode Island	\$ 55,942,343	\$ 52,527,861	-6.1%	\$ 140,307,081	\$ 137,384,560	-2.1%	8.1%
South Carolina	\$ 286,185,383	\$ 286,159,565	0.0%	\$ 509,832,184	\$ 508,286,514	-0.3%	38.8%
South Dakota	\$ 27,073,281	\$ 30,919,927	14.2%	\$ 232,867,111	\$ 227,944,434	-2.1%	0.0%
Tennessee	\$ 617,354,688	\$ 633,903,665	2.7%	\$ 1,129,181,485	\$ 1,154,305,455	2.2%	19.0%
Texas	\$ 1,351,043,387	\$ 1,391,937,853	3.0%	\$ 6,570,686,123	\$ 6,759,615,621	2.9%	0.0%
Utah	\$ 241,204,500	\$ 234,429,500	-2.8%	\$ 899,524,100	\$ 919,835,000	2.3%	4.8%
Vermont	\$ 10,617,088	\$ 10,410,835	-1.9%	\$ 96,688,839	\$ 146,283,017	51.3%	0.4%
Virginia	\$ 473,774,397	\$ 500,205,946	5.6%	\$ 1,603,275,225	\$ 1,729,323,903	7.9%	9.9%
Washington	\$ 850,761,000	\$ 976,939,809	14.8%	\$ 949,144,000	\$ 1,015,499,454	7.0%	21.3%
West Virginia	\$ 76,858,595	\$ 80,231,904	4.4%	\$ 441,529,537	\$ 447,865,056	1.4%	0.0%
Wisconsin	\$ 556,649,953	N/A	N/A	\$ 1,003,265,154	N/A	N/A	N/A
Wyoming	\$ 144,815,605	\$ 125,678,058	-13.2%	\$ 244,997,268	\$ 261,771,244	6.8%	0.3%
U.S.	\$ 22,753,434,743	\$ 22,296,603,292	-2.0%	\$ 64,078,166,864	\$ 64,015,315,223	-0.1%	8.0%
D.C.	\$ 20,738,607	\$ 22,422,694	8.1%	\$ 69,564,728	\$ 67,880,641	-2.4%	0.0%

NOTES:

1. Alaska has no public two-year institutions. Florida's financial aid appropriations are excluded from this table because sector-level data on financial aid allocations for the current fiscal year are not currently available.
2. The U.S. total excludes the District of Columbia and Wisconsin (due to missing data).

SOURCE: State Higher Education Executive Officers Association analysis of SHEF and Grapevine data