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State Higher Education
Executive Officers Association

State Priorities for Higher Education in 2025

Tom Harnisch, Sean Baser, Rachel Burns, Kelsey Heckert,
Carrie Klein, Kelsey Kunkle, and Dustin Weeden

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The State Higher Education Executive Officers Association (SHEEO) serves the chief 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.

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INTRODUCTION

Public higher education leaders enter the 2025 legislative sessions in an environment marked by both stability and uncertainty. The national economy remains on solid footing with low unemployment and cooling inflation, but the sizable state budget surpluses that have defined the post-pandemic era have given way to deficits in many states. The 2024 elections did not substantially shift political dynamics in most states, but a new administration in Washington and GOP control of Congress could lead to sweeping policy changes affecting both states and public higher education.

The state budget outlook for 2025 remains uneven nationwide, as some states will manage deficits in their legislative session while others benefit from surpluses. State budgets have been buoyed by strong economic growth and federal recovery aid in the years following the COVID-19 pandemic. States have used the surpluses to make investments in public programs and services (including higher education), shore up rainy-day accounts, and reduce taxes. As federal recovery aid has depleted, some states will confront budget deficits in their 2025 legislative sessions, which could have significant effects on their ability to fund public higher education and state financial aid. Further, states have longer-term financial challenges on the horizon, including meeting the needs of an aging population, funding public pension and retiree health care costs, and modernizing infrastructure.

The campus-level outlook for 2025 also varies, with the ratings agencies painting a mixed picture of college and university finances. S&P Global split its 2025 ratings for higher education, issuing a negative outlook for resource-constrained regional institutions while providing a stable forecast for institutions with more robust, diversified revenue streams and a broader market area. Their outlook noted the demographic pressures facing institutions, along with challenges of meeting salary and benefit costs while also maintaining affordability.¹ Moody's, meanwhile, issued a stable outlook for higher education, concluding that college balance sheets will be aided by lower inflation rates and growth in net tuition revenue, philanthropic support, and state appropriations, while also recognizing demographic realities.² Fitch's outlook was the least optimistic of the three ratings agencies, with a "deteriorating" forecast for 2025. Fitch analysts pointed to demographic challenges, greater market competition, "modest at best" revenue growth, and tighter state budgets as collectively confronting colleges and universities in the year ahead.³

From a political perspective, the 2025 legislative sessions will resemble many themes of recent years. The 2024 election will bring new faces to statehouses, but control of most state legislative bodies remains unchanged. Two states — Michigan and Minnesota — changed control in legislative chambers, and some states experienced notable changes in party composition in state legislatures, with parties either gaining or losing supermajorities. However, most states remain under single-party government, with 38 of the 50 states in 2025 having both the legislature and governor's office completely controlled by either Democrats or Republicans.⁴

The extent to which federal policies affect states and public higher education in 2025 remains unclear, with President-elect Trump and GOP leaders calling for sweeping reforms in education, including devolving federal programs to states. Trump will have GOP majorities in both the House and Senate to advance his agenda, although the House majority is slim. Changes could include funding reductions for federal higher education programs, tighter immigration restrictions, new accountability measures, and regulatory changes.

1. Wood, J. (2024, December 5). U.S. Not-for-Profit Higher Education Outlook 2025: The Credit Quality Divide Widens. S&P Global. <https://www.spglobal.com/ratings/en/research/articles/241205-u-s-not-for-profit-higher-education-outlook-2025-the-credit-quality-divide-widens-13345815>
2. Moody's (2024, December 5). Higher Education: 2025 Outlook — Stable as revenue and expense paths converge, though risks lurk. https://www.moody's.com/research/Higher-Education-US-2025-Outlook-Stable-as-revenue-and-Outlook--PBC_1425013
3. Fitch Ratings (2024, December 3). U.S. Higher Education Outlook 2025. <https://www.fitchratings.com/research/us-public-finance/us-higher-education-outlook-2025-03-12-2024>
4. Ballotpedia (2024). Election Results, 2024: State Legislatures. https://ballotpedia.org/Election_results,_2024:_State_legislatures

This paper presents the top state policy priorities for 2025 based on a survey of members of the State Higher Education Executive Officers Association (SHEEO). This paper is not an exhaustive list of state higher education policy issues for 2025 but represents those most likely to affect state higher education communities in the year ahead. Additional information and context for these issues and trends have been provided through scans of state legislative activity, policy reports, and news articles.

ABOUT THE SURVEY

This report provides insight into the state policy priorities and concerns for higher education in 2025 through a survey of SHEEOs during November 2024. Forty-nine SHEEOs from forty-one states responded to the 2025 survey. The team at SHEEO selected 25 policy issues based on a variety of factors:

- The prior year's State Priorities for Higher Education for longitudinal purposes.⁵
- Emerging policy issues based on common themes derived from the daily SHEEO policy update, which include news and updates related to state and national higher education policy, prior survey write-in issues, recently shared concerns among SHEEOs, and upcoming legislative initiatives.
- Retiring policy issues that have been ranked lower in importance and held constant in survey results or specific to a historical event or period that is no longer relevant (e.g., COVID-19 pandemic concerns).

This year, SHEEO added three policy issues—student transfer pathways, cost containment, and artificial intelligence—and dropped two issues—academic tenure and DEI curriculum and programming. The survey also combined student health, safety, and basic needs (food, housing, childcare, etc.) due to similar concepts that have ranked comparably in prior years.

Using the list of issues, we asked SHEEOs to look toward 2025 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 issues to the list to inform this survey for future iterations.

SHEEO identified the top 10 state priorities for higher education by ranking issues according to their average score (not including zeros). Two issues tied for rank 10, so the 2025 report features a top 11. The 11 issues with the highest average score are outlined below. In addition, we include two honorable mention issues, tied at rank 12. A table showing the percentage of respondents who selected each importance category or no rank appears in the Appendix of this report.

SUMMARY OF RESULTS

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. State operating support, for example, remains a long-term concern, while other topics, such as enrollment declines, are driven by the current higher education environment. *Table 1* lists the major state higher education policy issues facing states in 2025, ranked by the average importance score SHEEOs provided on each issue.

5. State Higher Education Executive Officers Association. *State priorities for higher education in 2024*. <https://sheeo.org/wp-content/uploads/2023/12/Policy-Issue-Survey.2024.pdf>

TABLE 1
STATE HIGHER EDUCATION POLICY ISSUES IN 2025 RANKING AND AVERAGE SCORE (SCALE = 1-5)

	STATE HIGHER EDUCATION POLICY ISSUE	RANK	AVERAGE SCORE
↑ 1	STATE OPERATING SUPPORT FOR PUBLIC COLLEGES AND UNIVERSITIES	1	4.67
↓ 1	ECONOMIC AND WORKFORCE DEVELOPMENT	2	4.61
↑ 2	STATE FUNDING FOR FINANCIAL AID PROGRAMS	3	4.50
↓ 1	HIGHER EDUCATION'S VALUE PROPOSITION	4	4.43
↑ 2	COLLEGE COMPLETION AND STUDENT SUCCESS	5	4.41
↓ 2	COLLEGE AFFORDABILITY	6	4.39
↑ 1	ENROLLMENT DECLINES	7	4.29
↓ 2	PUBLIC PERCEPTION OF HIGHER EDUCATION	8	4.27
↑ 2	FAFSA COMPLETION	9	4.23
— 0	ADULT AND NON-TRADITIONAL STUDENT SUCCESS	10	4.18
	STUDENT TRANSFER PATHWAYS*	10	4.18
↓ 3	K-12 TEACHER WORKFORCE	12	4.16
↑ 7	USE OF STATE DATA TO INFORM DECISION MAKING	12	4.16
↓ 3	INSTITUTIONAL ACCOUNTABILITY AND/OR EFFECTIVENESS IN HIGHER EDUCATION	14	4.12
↓ 2	STUDENT HEALTH, SAFETY, AND BASIC NEEDS (FOOD, HOUSING, CHILDCARE, ETC.)	15	4.02
— 0	ADDRESSING EQUITY GAPS	16	3.98
↓ 2	RETAINING COLLEGE GRADUATES ("BRAIN DRAIN")	17	3.90
— 0	QUALITY OF UNDERGRADUATE EDUCATION	18	3.90
	COST CONTAINMENT*	19	3.88
	ARTIFICIAL INTELLIGENCE*	20	3.76
↓ 1	ADEQUACY OF PHYSICAL FACILITIES	21	3.69
↓ 5	EFFECTS OF INFLATION ON COSTS OF GOODS AND SERVICES	22	3.65
↓ 1	FACULTY SUPPLY, SALARIES, AND/OR QUALITY	23	3.53
↓ 3	COLLEGE CLOSURES AND FINANCIAL STABILITY OF INSTITUTIONS	24	3.38
↓ 1	ACADEMIC FREEDOM	25	3.10

NOTES:

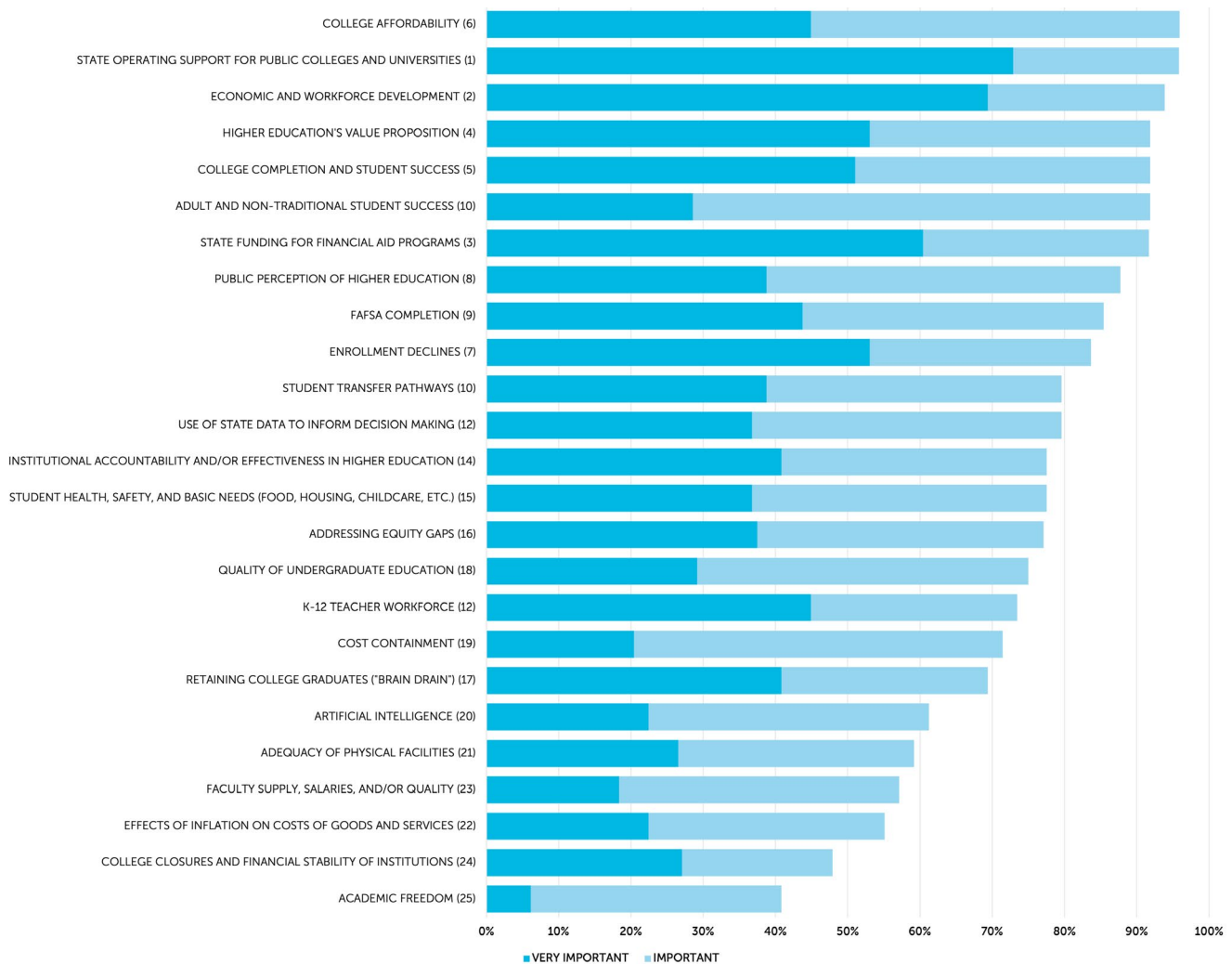
1. SHEEOs chose from the following multiple-choice options for each issue: very important (5); important (4); somewhat important (3); slightly important (2); not important (1); not applicable or unranked (0). Zero was not factored into average score (mean).
2. Asterisks (*) designate newly added policy issues to survey in 2025.
3. Arrows indicate a change in rank from the 2024 survey, a line indicates no change from last year's rank.

SOURCE: State Higher Education Executive Officers Association

State operating support for public colleges and universities emerges as the top priority for higher education in 2025. New this year, *Table 1* includes a change in rank from the prior year for additional context. These changes between years may simply be due to different sample sizes. Small changes are not necessarily indicative of a shift in sentiment for state higher education leaders. Since 2024, the top five issues have remained relatively similar except for college completion and student success overtaking college affordability. FAFSA completion entered the top 10, just ranking above K-12 teacher workforce and use of state data to inform decision making. Student transfer pathways was the only new issue to poll in the top 10, while cost containment and artificial intelligence ranked 18th and 19th.

Figure 1 lists each policy 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, college affordability was an issue that almost all respondents classified as at least important but received a lower ranking due to not enough “very important” responses. The following sections provide additional description and context of each of the top policy priorities identified through this survey.

FIGURE 1
PERCENTAGE OF RESPONDENTS INDICATING A 2025 ISSUE IS IMPORTANT OR VERY IMPORTANT



NOTE:

1. Ranks based on average score shown in parentheses. SHEEOs 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 or unranked (0). Zero was not factored into average score (mean).

SOURCE: State Higher Education Executive Officers Association

TOP 10 STATE PRIORITIES FOR HIGHER EDUCATION

ISSUE 1: STATE OPERATING SUPPORT FOR PUBLIC COLLEGES AND UNIVERSITIES

Historically, state operating support has been the primary source of revenue public colleges and universities have used to educate students. While this has shifted over time as more institutions have become reliant on tuition dollars, state support now makes up only a small proportion of budgets for institutions like large research universities and state flagships. Following large increases in inflation in recent years, state operating support is increasingly important to counterbalance these inflationary pressures in operating costs and avoid tuition increases. In states focusing on college affordability, state operating support to institutions is critical, as these funds subsidize the costs of educating students.

SHEEOs across the nation have recognized state operating support for public colleges and universities as a constant area of concern due to the role of state support in funding higher education. This year, SHEEOs identified state operating support as the number one policy issue, with more than 90% of respondents having ranked this issue as important or very important — 71% having selected the latter.

In fiscal year 2024, appropriated state operating support to public two- and four-year institutions totaled more than \$87 billion, accounting for 68.9% of total state funding for higher education.⁶ Although state support to operating budgets increased in most states since the beginning of the COVID-19 pandemic, state budgets and spending are expected to shrink in fiscal year 2025.⁷ Budget shortfalls tend to result in cuts to state support for higher education and increases in tuition and fees for students, which some states are already experiencing.

Budget shortfalls do not affect all public institutions equally, leaving state policymakers and higher education leaders with difficult decisions in the coming years. For example, despite an increase in the Universities of Wisconsin (UW) operating budget for FY25 and efforts to eliminate structural deficits at all 13 UW institutions by 2028, six regional public universities within the system still face budget shortfalls this year.^{8,9} In Oregon, the community college association recently expressed concern that operating funding for the state's 17 two-year institutions in the governor's 2025-2027 biennium budget proposal was still \$50 million less than what would be needed to maintain current student services and operations.¹⁰

Institutions in other states are also bracing for financial hardships in the coming fiscal years. For example, the largest four-year universities in Arizona — University of Arizona, Arizona State University, and Northern Arizona University — are collectively facing tens of millions of dollars in cuts to operating funds in the state's 2025 budget.¹¹ Louisiana and California are also facing painful state budget deficits, requiring higher education

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6. State Higher Education Executive Officers Association. (2024). *Grapevine use table 1, Uses of state fiscal support for higher education by sector, FY 2024*. https://shef.sheeo.org/grapevine/?report_page=data-tables#data-tables
 7. National Association of State Budget Officers (NASBO) 2024. *The fiscal survey of states: Spring 2024*. https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/Fiscal%20Survey/NASBO_Spring_2024_Fiscal_Survey_of_States_S.pdf
 8. Universities of Wisconsin. (2024, June 6). *Regents approve annual operating budget for Universities of Wisconsin (day 1 news summary)*. <https://www.wisconsin.edu/news/archive/regents-approve-annual-operating-budget-for-universities-of-wisconsin-day-1-news-summary/>
 9. Davis, B. (2024, June 7). *Board of Regents approves Universities of Wisconsin's 2024-25 operating budget*. The Badger Herald. <https://badgerherald.com/news/campus/2024/06/07/board-of-regents-approves-universities-of-wisconsins-2024-25-operating-budget/>
 10. Camhi, T. (2024, December 4). *Oregon's public universities and colleges want more from governor's proposed budget*. Oregon Public Broadcasting. <https://www.opb.org/article/2024/12/04/oregon-public-universities-colleges-budget/>
 11. Unglesbee, B. (2024, June 19). *Arizona public universities face multimillion dollar cuts under new state budget*. Higher Ed Dive. <https://www.highereddive.com/news/arizona-university-decreases-governor-hobbs-budget/719323/>

leaders to brace for operating support cuts to the tune of hundreds of millions of dollars.^{12,13} While the budget cuts affect public institutions across all systems in Louisiana, repercussions of the deficit in California are primarily across the University of California and California State University systems in FY 2025-2026.¹⁴

ISSUE 2: ECONOMIC AND WORKFORCE DEVELOPMENT

While just missing out as the top policy priority for the third year in a row, 94 percent of SHEEOs still indicated that economic and workforce development is an important or very important issue. To meet the labor market needs of the modern economy, states will need to increase the number of residents holding postsecondary credentials. The Georgetown University Center on Education and the Workforce estimates that 72 percent of jobs will require postsecondary education by 2031, representing a six-percentage point increase above 2024.¹⁵ While the majority of these jobs will require at least a bachelor's degree, there is also rising demand for middle skills jobs that require an associate degree, certificate, certification, or licensure beyond a high school diploma.

States are implementing a wide range of initiatives to meet the future labor market demands. Many of these efforts focus on identifying high-demand occupations and providing incentives for students and institutions. Student incentives often focus on providing financial support for enrolling in high-demand majors. Increasingly, these state efforts are targeting sub-baccalaureate credentials and adults seeking opportunities to quickly improve their skills and labor market position. Additionally, many states provide institutional incentives through allocation formulas by providing additional support for the production of high-demand credentials. Identifying high-demand credentials requires significant data and analytic capacity as well as regular coordination with employers. Consequently, states need to ensure their SHEEO agencies have the capacity and resources to carry out the economic and workforce development initiatives.

ISSUE 3: STATE FUNDING FOR FINANCIAL AID PROGRAMS

This year, state funding for financial aid increased from the fifth most important policy issue in 2024, to the third, as nearly 90% of SHEEOs ranked this as an important or very important policy issue for 2025. State funding for financial aid programs has grown significantly, increasing nearly 18% in inflation-adjusted dollars from 2018 to 2023 as states have turned toward developing and investing in higher education through student financial aid programs over direct support to public institutions.¹⁶ In fiscal year 2024, states allocated a total of \$16.4 billion to financial aid, accounting for 13.0% of total state support to public higher education.¹⁷ State grant aid programs tend to include portable financial aid packages that students can use to attend an institution of their choice. This is a primary approach some states are taking to address college affordability and combat enrollment declines rather than increasing direct operating support to institutions to keep tuition prices stagnant.

12. Louisiana Board of Regents. (2024, Sept. 24). *Regents hosts higher education budget hearings for Louisiana's public postsecondary systems*. <https://www.laregents.edu/092424release/>

13. The California State University. (2024, July 1). *CSU Statement on final 2024-25 state budget*. <https://www.calstate.edu/csu-system/news/Pages/CSU-Statement-on-Final-2024-25-State-Budget.aspx>

14. Custer, S. (2024, July 2). *Calif. cuts UC, CSU funding in \$300B Budget*. Inside Higher Ed. <https://www.insidehighered.com/news/quick-takes/2024/07/02/california-cuts-uc-csu-funding-300-billion-budget#>

15. Strohl, J., Artem Gulish, A., & Morris, C. (2024). *The Future of Good Jobs: Projections through 2031*. Washington, DC: Georgetown University Center on Education and the Workforce, 2024. <https://cew.georgetown.edu/cew-reports/goodjobsprojections2031/>

16. State Higher Education Executive Officers Association. (2024). *State Higher Education Finance: FY 2023*. <https://shef.sheeo.org/report/>

17. State Higher Education Executive Officers Association. (2024). *Grapevine use table 1, Uses of state fiscal support for higher education by sector, FY 2024*. https://shef.sheeo.org/grapevine/?report_page=data-tables#data-tables

While tuition-free college or “promise” programs for recent high school graduates and returning adult learners have grown in popularity, three recent examples highlight the ways some states are taking new approaches to target specific groups:

- Colorado implemented a last-dollar free college program for residents with family incomes of \$90,000 or less to cover the first two years of attendance at any state public college or university. However, instead of paying funds directly to institutions like with other state aid, students and families are reimbursed for the amount paid out-of-pocket through a tax credit.¹⁸
- Washington, which has long had a generous state aid program called the Washington College Grant, is expanding this effort to provide automatic tuition aid for Supplemental Nutrition Assistance Program (SNAP) eligible students starting in the 2025-2026 academic year. This automatic tuition aid program is also in place for undocumented students who use the state’s Food Assistance Program.¹⁹
- Massachusetts is targeting undocumented students in their financial aid expansion by recently launching the Massachusetts Application for State Financial Aid (MASFA) for students whose immigration status renders them ineligible to receive federal financial aid.²⁰

ISSUE 4: HIGHER EDUCATION'S VALUE PROPOSITION

The value proposition of higher education has remained among the top issues for state higher education executives. As students shoulder an increasing amount of college costs, the value of a degree has become a top topic of conversation among state higher education leaders and policymakers. While higher education remains a strong investment overall, not all programs have demonstrated a financial return on investment. Voters care about value in higher education—a survey released in May 2024 by Third Way found clear majorities of respondents in favor of addressing costs in higher education, providing greater transparency to students, and basic consumer protections to ensure that students are getting a good return on their investments.²¹

Value in higher education took center stage in 2024 with the National Conference of State Legislatures (NCSL) bipartisan task force releasing a major report entitled “A State-Led Strategy to Enhance the Value of Degrees.” The study, which was conducted over two years, had three criteria for a credential to have value:

- The degree should result in positive life, career, and earnings prospects;
- Students should have the ability to finish their program on schedule or at a pace that suits them; and
- Tuition costs should remain affordable.

The report included more than 30 policy recommendations for state, federal, and institutional leaders.²²

18. Colorado Department of Higher Education. (n.d.). *Affordability in higher education and promise programs*. <https://cdhe.colorado.gov/students/preparing-for-college/affordability-in-higher-education-and-promise-programs>

19. Deng, G. (2024, April 23). Guaranteed college financial aid coming to WA students on food assistance. *Washington State Standard*. <https://washingtonstatestandard.com/2024/04/23/guaranteed-college-financial-aid-coming-to-wa-students-on-food-assistance/>

20. Yohe, J. (2024, Jan. 9). New Massachusetts financial aid program aims to support undocumented students. *NBC Boston*. <https://www.nbcboston.com/news/local/new-massachusetts-financial-aid-program-aims-to-support-undocumented-students/3241289/>

21. Cecil, B. (2024, May 11). *Voters want less talk and more action on higher ed value*. Third Way. <https://www.thirdway.org/report/voters-want-less-talk-and-more-action-on-higher-ed-value>

22. Reid, Austin. (2024, October 10). *Task Force Report: Enhancing the Value of Higher Ed Degrees*. National Conference of State Legislatures. <https://www.ncsl.org/state-legislatures-news/details/task-force-report-enhancing-the-value-of-higher-ed-degrees>

SHEEO agencies continue to play a major role in providing information to policymakers on higher education's value proposition, including creating accountability dashboards, disseminating research on the return on investment of college degrees, and state economic impact reports.

ISSUE 5: COLLEGE COMPLETION AND STUDENT SUCCESS

College completion and student success remain perennial priorities for the SHEEO community, ranking as the fifth most important issue in 2025. The national college completion rate in 2023 was 62.2%,²³ although results varied considerably across states, ranging from 34.3% to 74.2%.²⁴ Students who leave higher education without graduating may accumulate debt and miss out on earning a credential of value that boosts their social and economic mobility. While data confirm that employment rates are higher among students who graduate than those with some college and no degree,²⁵ even students with four-year degrees face challenges in the job market a decade after graduation.²⁶

State higher education agencies are focused on improving completion rates and ensuring students secure well-paying jobs upon completion. Programs that provide comprehensive wrap-around support such as child care, mental health support, emergency aid, advising, and coaching have been proven to promote student success.²⁷ For example:

- Participants in the One Million Degrees program — which provides stipends, personal supports, and career coaching to low-income community college students in the Chicago area — were 12% more likely to enroll in college and 8% more likely to complete a degree within three years.²⁸
- Among four-year college students, participants in the Bottom Line college advising program — which serves students from families making less than 200% of the poverty line — were 16% more likely to earn a bachelor's degree within five years of high school graduation.²⁹

States increasingly turn to these and other evidence-based student success programs to promote college completion and improve student economic mobility.

ISSUE 6: COLLEGE AFFORDABILITY

College affordability directly impacts student enrollment and persistence. Between 2019 and 2023, the number of high school graduates who believe college is not worth the cost doubled.³⁰ Additionally, a recent

23. The six-year graduation rate for the 2017 entering cohort.

24. National Student Clearinghouse Research Center. (2023). *Completing College National and State Reports*. https://nscresearchcenter.org/wp-content/uploads/Completions_Report_2023.pdf

25. Urban Institute (n.d.). *Understanding College Affordability: How Students, Institutions, and the Public Pay for Higher Education*. <https://collegeaffordability.urban.org/after-college/employment-after-college/>

26. Burning Glass Institute and Strada Institute for the Future of Work. (2024). *Talent Disrupted: Underemployment, College Graduates, and the Way Forward*. <https://stradaeducation.org/wp-content/uploads/2024/03/Talent-Disrupted-2.pdf>

27. The Institute for College Access & Success. (2023). *Comprehensive Approaches to Student Success Programs*. <https://ticas.org/our-work/college-completion-2/comprehensive-approaches-to-student-success-programs-nationwide-by-state-and-institution/>

28. Hallberg, K., Hofmeister, K., Bertrand, M., & Morgan, B. (2022). *Supporting community college student success: Evidence from a randomized controlled trial*. University of Chicago Urban Labs. https://urbanlabs.uchicago.edu/attachments/89ba899bbb8d94545822ecffb39ae94f2c736345/store/466e7cde4a3f66a7c388d8f39c0ca80efc914f34b85caacb63509f4a4de2/Final_OMD+Working+paper_updated+June+2022.pdf

29. Barr, A., & Castleman, B. (2021). *The bottom line on college advising: Large increases in degree attainment*. Annenberg Institute at Brown University. <https://edworkingpapers.com/sites/default/files/ai21-481.pdf>

30. EAB. (2024). *Recruiting Generation P: 6 Insights into How the Pandemic Has Altered College Search Behavior from EAB's Survey of 20,000+ Students*.

Gallup poll found that the cost of pursuing postsecondary education was the most common reason for students stopping out.³¹ States will need to address these concerns and ensure affordable postsecondary pathways as part of broader efforts to meet economic and workforce development goals.

States have long served a primary role in providing affordable postsecondary opportunities by providing operating support to institutions that enables public institutions to charge lower tuition rates and targeted support to students through financial aid programs. Fortunately, both of these sources of support have increased in recent years,³² which helped lower the net price students have had to pay.³³

While the net price has moderated in recent years, other college-related expenses such as food and housing have been significant drivers in the recent increases in price inflation. A recent report by the Hope Center found that one in four undergraduate students experiences food insecurity, and 1.4 million students are experiencing homelessness.³⁴ There is growing evidence that helping students meet these basic needs is critically important for student success initiatives and reaching state attainment goals.³⁵

ISSUE 7: ENROLLMENT DECLINES

After steep enrollment declines during the COVID-19 pandemic, undergraduate enrollment showed signs of growth for the second year in a row in fall 2024 — up 3% from fall 2023.³⁶ While enrollment increases are encouraging, SHEEOs ranked enrollment declines as an important issue, likely due to continued concerns of looming “enrollment” or “demographic cliffs,” which threaten to reduce the number of traditional-aged college students. SHEEOs’ interests in this issue are warranted given that in a recent annual report, the National Student Clearinghouse Research Center (NSCRC) found that the overall enrollment growth in fall of 2024 was accompanied by a 5% year-over-year decrease in freshman enrollment.³⁷ This decline in freshman was in part due to challenges and delays in the Free Application for Federal Student Aid (FAFSA) roll out for the 2024-2025 academic year, and hit public and private four-year institutions hardest, down 8.5% and 6.5%, respectively.³⁸

Several states have made efforts to curb enrollment declines through programs focused on financial aid and to re-enroll adult learners. For example, in Maine, which NSCRC identified as one of six states that had a greater than 5% year-over-year enrollment increase in fall 2024, public universities have increased their flexible and remote learning options, attracting large numbers of transfer students and non-traditional or adult learners.³⁹ Their community college system also saw record breaking enrollment in the fall of 2024 thanks in large part to the free college scholarship program the state began in the 2022-2023 academic year.⁴⁰

31. Marken, S., & Hrynowski, Z. (2024). *Cost Leading Reason College Students Are Stopping Out*. Gallup. <https://news.gallup.com/poll/646088/cost-leading-reason-college-students-stopping.aspx>

32. State Higher Education Executive Officers Association. (2024). *State Higher Education Finance: FY 2023*. <https://shef.sheeo.org/report/>

33. Ma, Jennifer, Matea Pender, and Meghan Oster (2024). *Trends in College Pricing and Student Aid 2024*, New York: College Board. <https://research.collegeboard.org/media/pdf/Trends-in-College-Pricing-and-Student-Aid-2024-ADA.pdf>

34. McKibben, B., Wu, J., & Abelson, S. (2023, August 3). *New federal data confirm that college students face significant—and unacceptable—basic needs insecurity*. The Hope Center. <https://hope.temple.edu/npsas>

35. Kunkle, K., & Weeden, D. (2024). *Building a Comprehensive Student Success Agenda: Evidence and Emerging Policy Efforts Across States*. State Higher Education Executive Officers Association. <https://sheeo.org/wp-content/uploads/2024/11/Student-Success-White-Paper.pdf>

36. National Student Clearinghouse Research Center. (2024, Oct. 23). *Undergraduate Enrollment Showing Signs of Second Straight Year of Growth*. <https://www.studentclearinghouse.org/news/undergraduate-enrollment-showing-signs-of-second-straight-year-of-growth/>

37. National Student Clearinghouse Research Center. (2024, Oct. 23). *Stay Informed*. <https://nscresearchcenter.org/stay-informed/>

38. National Student Clearinghouse Research Center. (2024, Oct. 31). *Stay Informed: Special Analysis of 18-year-old Freshmen*. <https://nscresearchcenter.org/stay-informed-special-analysis/>

39. Pendharkar, E. (2024, Aug. 27). *How Maine’s public universities reversed years of declining enrollment*. *Maine Morning Star*. <https://mainemorningstar.com/2024/08/27/how-maines-public-universities-reversed-years-of-declining-enrollment/>

40. Snider, A. (2024, Oct. 21). *Maine’s community college system sees record-breaking fall enrollment*. *Maine Public*. <https://www.mainepublic.org/education-news/2024-10-21/maines-community-college-system-sees-record-breaking-fall-enrollment>

Similarly, Minnesota saw enrollment increases for the first time in more than a decade in fall of 2024, thanks at least in part to the newly implemented North Star Promise and Direct Admissions programs.⁴¹ North Carolina also evaded enrollment declines, in large part due to a focused effort to re-enroll students who stopped out of UNC System institutions and the recent launch of the Next NC Scholarship.⁴²

ISSUE 8: PUBLIC PERCEPTION OF HIGHER EDUCATION

Like past years, public perceptions of higher education are a leading concern among state higher education leaders. Perceptions can influence state legislative agendas, funding levels, and even student enrollment. The 2024 legislative sessions included a range of bills to address public concerns in higher education, from college affordability to intellectual diversity and transparency. These efforts will continue with the 2025 legislative sessions.

Recent polling suggests growing discontent with higher education. According to a July 2024 poll conducted by Gallup and Lumina Foundation, roughly one-third of respondents indicated that they had a “great deal” of confidence in higher education, another third expressed some confidence, and the remaining third had no confidence. This poll represents a sharp decline from 2015, when more than half of the Gallup/Lumina respondents said they had a great deal of confidence in higher education. While support for higher education has dropped among Americans of all political affiliations, the most pronounced declines in support were found among Republicans. Concerns raised by respondents include political agendas in higher education, a failure to teach critical skills, and a lack of affordability.⁴³

Higher education, however, is far from the only institution in the United States that has seen an erosion of public trust and confidence and is part of larger political polarization trends.⁴⁴ According to a July 2024 survey conducted by New America, a large majority of Americans still want their children or family members to pursue technical certificates, associate and bachelor’s degrees and find value in college degree programs.⁴⁵

ISSUE 9: FAFSA COMPLETION

For the second year in a row, completion rates for the Free Application for Federal Student Aid (FAFSA) were a top 10 issue for SHEEOs. The fall 2023 rollout of the 2024-2025 FAFSA was delayed and plagued by technical issues, resulting in an 8.8% reduction in completions among incoming students.⁴⁶ Students who do not complete the FAFSA forfeit not only federal financial aid such as the Pell Grant and subsidized loans, but also state financial assistance that relies on the FAFSA to determine eligibility. Early evidence suggests that lower FAFSA completion rates may have contributed to the 5% reduction in freshman enrollment in the fall 2024 semester.⁴⁷

41. Knox, L. (2024, March 27). State Support Turns Minnesota’s Enrollment Tide. *Inside Higher Ed*. <https://www.insidehighered.com/news/government/state-policy/2024/03/27/enrollment-mn-colleges-after-historic-state-funding>

42. The University of North Carolina System. (2024, Sept. 12). *Enrollment increases across the UNC System*. <https://www.northcarolina.edu/news/enrollment-increases-across-the-unc-system/>

43. Jones, Jeffrey (2024, July 8). “U.S. Confidence in Higher Education Now Closely Divided.” Gallup. <https://news.gallup.com/poll/646880/confidence-higher-education-closely-divided.aspx>

44. Carey, K. & Nguyen, S. (2024, September 3). *Americans Have Not Actually Turned Against Higher Education Like the Media Says*. New America. <https://www.newamerica.org/education-policy/briefs/americans-have-not-actually-turned-against-higher-education-like-the-media-says/>

45. Nguyen, S., Fishman, R. & Cheche, O. (2024, July) *Varying Degrees 2024: New America’s Eighth Annual Survey on Higher Education*. New America. https://d1y8sb8igg2f8e.cloudfront.net/documents/Varying_Degrees_2024_PXPciap.pdf

46. National College Attainment Network. (n.d.). *NCAN’s FAFSA Tracker*. <https://www.ncan.org/page/fafsatracker>

47. DeBaun, B., (2024, Oct. 23). *Freshman enrollment down 5% following FAFSA completion declines*. <https://www.ncan.org/news/685038/Freshman-Enrollment-Down-5-Following-FAFSA-Completion-Declines.htm>

The 2025-2026 FAFSA began with beta testing on October 1, 2024, and was opened to all students on November 11. Reports to date have indicated far fewer technical issues with the form. However, SHEEOs are understandably still concerned about completion rates for several key groups of students, notably students from mixed-status families.⁴⁸ In response to ongoing challenges to FAFSA completion, universal FAFSA mandates — which require high school seniors to complete a FAFSA in order to graduate — have gained traction among states as a means to promote FAFSA completion.⁴⁹

(TIE) ISSUE 10: ADULT AND NON-TRADITIONAL STUDENT SUCCESS

States have established ambitious state educational attainment goals linked to state workforce needs, and achieving these goals requires boosting the number of adult and non-traditional learners completing a college credential, including but not limited to part-time students, student parents, veterans, and financially independent students. Adult and non-traditional students remain a significant percentage of students today in higher education. According to the National Center for Education Statistics, about 33% of the students enrolled in college were over the age of 25 in 2021.⁵⁰ Part-time students, meanwhile, accounted for 27% of undergraduate students at four-year institutions in 2021 and 65% of students at two-year institutions.⁵¹ Student-parents account for 18% of the undergraduate student population.⁵²

The urgency of attracting, retaining, and graduating adult and non-traditional learners will only increase in the years ahead. Newly released demographic projections from the Western Interstate Commission on Higher Education (WICHE) show a steady decline in the number of high school graduates from 2025 to 2041, with 13% fewer graduates in 2041 than in 2025.⁵³ Over the past year, SHEEO agencies have employed a variety of strategies to attract these students, and more efforts will be made in the year ahead. These strategies include conducting research specifically aimed at boosting the adult population in college, creating reconnect centers with adult-focused navigators to support these students throughout their educational journey, upgrading their online infrastructure and technical capabilities, and offering tuition-free skill certificates or degree programs.

The data on these interventions is promising, and evaluations on their effectiveness will continue in 2025. Massachusetts, for example, has touted a 12% increase in the enrollment of adult learners since their reconnect program started.⁵⁴ Michigan has celebrated the success of its Reconnect program, which has helped 150,000 students in the state pursue tuition-free degree pathways.⁵⁵

48. Students with parents or spouses who do not have Social Security Numbers continue to confront challenges with completing the FAFSA due to delayed identity verification of their contributors.

49. National College Attainment Network. (n.d.). *Universal FAFSA Completion with Supports*. <https://www.ncan.org/page/UniversalFAFSA>

50. National Center for Education Statistics (2024). Trend Generator: How Many Students Ages 25 or Older Enroll in Postsecondary Institutions in the Fall. <https://nces.ed.gov/ipeds/TrendGenerator>

51. National Center for Education Statistics (2023). Characteristics of Postsecondary Students. <https://nces.ed.gov/programs/coe/indicator/csb/postsecondary-students>

52. Yates, A.S. (2024). Student-Parent Data: What We Know, What We Don't, and How to Find Out. American Council on Education. <https://www.acenet.edu/Documents/Student-Parent-Data.pdf>

53. Lane, P., Falkenstern, C. & Bransberger, P. (2024). Knocking at the College Door: Projections of High School Graduates. Western Interstate Commission on Higher Education. <https://www.wiche.edu/wp-content/uploads/2024/12/2024-Knocking-at-the-College-Door-final.pdf>

54. Spitalniak, L. (2024, Nov. 14) Massachusetts free community college program boosted adult enrollment, research finds. Higher Ed Dive. <https://www.highereddive.com/news/massachusetts-free-community-college-program-adult-enrollment/732872/>

55. Michigan Department of Lifelong Education, Advancement, and Potential (2024, February 12). Governor Whitmer Celebrates Three-Year Anniversary of Michigan Reconnect. <https://www.michigan.gov/mileap/press-releases/2024/02/12/governor-whitmer-celebrates-three-year-anniversary-of-michigan-reconnect>

(TIE) ISSUE 10: STUDENT TRANSFER PATHWAYS

Student transfer pathways represent a new topic for the 2025 survey and have frequently been a point of frustration for state leaders. The lack of seamless transfer pathways increases the time to degree and the amount students must pay to earn credentials. States have implemented a wide range of initiatives to improve the transfer process such as common course numbering, guaranteed transfer of associate degrees, and a general education course transfer core. States are also increasing advising and financial support for transfer students. For example, the Texas Transfer Grant provides dedicated support to transfer students based on financial need.⁵⁶ This additional financial support can be especially helpful for transfer students since four-year institutions tend to charge higher tuition rates than two-year institutions.

In addition to addressing challenges with the transfer pathways between two-year and four-year institutions, states are exploring opportunities to improve the transfer pathways for students earning dual enrollment credits. These efforts focus on providing core courses that will transfer and offering advising support to help students understand the courses that will be most beneficial toward earning their preferred credential.

HONORABLE MENTION: K-12 TEACHER WORKFORCE

The number of teachers in the K-12 workforce and strengthening the pipeline remain priorities for SHEEOs, tied for the 12th most important issue in 2025. Shortages exist among teachers, paraprofessionals, and other K-12 staff due to lingering impacts of the COVID-19 pandemic, challenging working conditions, and low salaries.⁵⁷ A 2024 update to the Learning Policy Institute report found that 12.6% of teaching positions nationwide are either unfilled (almost 42,000 positions) or filled by a teacher who is not fully certified for their position (over 365,000 positions), an increase from 10% in 2023.⁵⁸

The prioritization of the K-12 teacher workforce is reflected in recent state activity to promote teacher education and encourage retention in the state post-graduation. Several states have developed financial aid initiatives and scholarship programs targeting students in teacher education programs, providing financial assistance in exchange for agreeing to work in state public schools following graduation. States have also developed mentorship programs for early-career teachers, teacher education certificates for dually-enrolled high school students, teacher apprenticeship and training programs, and initiatives to promote teacher diversity. These and other programs across the country underscore states' commitment to investing in the next generation of educators through innovative policy solutions.

HONORABLE MENTION: USE OF STATE DATA TO INFORM DECISION-MAKING

State postsecondary data is a critical tool that SHEEOs, policymakers, and institutional leaders increasingly rely on to address higher education's priorities. In the last decade, as highlighted in SHEEO's *Strong Foundations* survey and reports, postsecondary data systems have rapidly expanded, driven by improvements in data infrastructure, governance, and connections to other sectors and state longitudinal data systems (SLDS).⁵⁹ These advancements provide SHEEOs with robust and timely P20W information to guide decision-making and demonstrate higher education's value. Postsecondary data inform SHEEO responses to legislative and

56. Texas Higher Education Coordinating Board. (2024). *Texas Transfer Grant 2024-2025 Program Guidelines*. <https://reportcenter.highered.texas.gov/agency-publication/guidelines-manuals/texas-transfer-grant-program-fy-2025-guidelines/>

57. Wething, H. (2024, Oct. 9). *Today's teacher shortage is just the tip of the iceberg: Part I*. <https://www.epi.org/blog/teacher-shortage-part1/>

58. Tan, T., Arellan, A., Patrick, S. (2024, Jul. 31). *State Teacher Shortages 2024 Update*. Learning Policy Institute. <https://learningpolicyinstitute.org/product/state-teacher-shortages-vacancy-resource-tool-2024>

59. State Higher Education Executive Officers Association (2024). *Strong Foundations Survey and Reporting*. <https://postsecondarydata.sheeo.org/data/>

gubernatorial inquiries, budget projections, admission redesign strategies, mandated reporting efforts, strategic planning, assessment insights, research partnerships and initiatives, student support programs, and communication efforts.

SHEEOs are leveraging advancements in data systems not only to articulate the value of higher education but also to support special populations such as adult learners, veterans, and rural students. Understanding that engaging all learners is necessary to meet state economic goals and support student success, SHEEOs are leveraging improvements in disaggregated state postsecondary data to better support special student populations. This includes adult learners, rural learners, veterans, historically underrepresented students, and those facing basic needs insecurities, with the goal of improving access, completion, and outcomes. For example, Minnesota Office of Higher Education's Minnesota Measures dashboards provide insight into postsecondary access, affordability, financial aid, attainment, and student health and safety, helping to identify and address historical disparities among student groups.⁶⁰ Taken together, these efforts demonstrate the growing role of state postsecondary data in informing decisions and demonstrating higher education's value for all learners and their communities.

60. Minnesota Office of Higher Education (2024). *A Report on Higher Education Performance*. <https://mnmeasures.highered.mn.gov/>

APPENDIX

IMPORTANCE OF STATE HIGHER EDUCATION POLICY ISSUES IN 2025

STATE HIGHER EDUCATION POLICY ISSUE	VERY IMPORTANT	IMPORTANT	SOMEWHAT IMPORTANT	SLIGHTLY IMPORTANT	NOT IMPORTANT	NOT RANKED	AVERAGE SCORE
STATE OPERATING SUPPORT FOR PUBLIC COLLEGES AND UNIVERSITIES	71.4%	22.4%	2.0%	2.0%	0.0%	2.0%	4.68
ECONOMIC AND WORKFORCE DEVELOPMENT	69.4%	24.5%	4.1%	2.0%	0.0%	0.0%	4.66
STATE FUNDING FOR FINANCIAL AID PROGRAMS	59.2%	30.6%	6.1%	2.0%	0.0%	2.0%	4.51
HIGHER EDUCATION'S VALUE PROPOSITION	53.1%	38.8%	6.1%	2.0%	0.0%	0.0%	4.44
COLLEGE COMPLETION AND STUDENT SUCCESS	51.0%	40.8%	6.1%	2.0%	0.0%	0.0%	4.41
COLLEGE AFFORDABILITY	44.9%	51.0%	2.0%	2.0%	0.0%	0.0%	4.27
ENROLLMENT DECLINES	53.1%	30.6%	10.2%	4.1%	2.0%	0.0%	4.23
PUBLIC PERCEPTION OF HIGHER EDUCATION	38.8%	49.0%	12.2%	0.0%	0.0%	0.0%	4.22
FAFSA COMPLETION	42.9%	40.8%	8.2%	6.1%	0.0%	2.0%	4.10
ADULT AND NON-TRADITIONAL STUDENT SUCCESS	28.6%	63.3%	6.1%	2.0%	0.0%	0.0%	4.05
STUDENT TRANSFER PATHWAYS*	38.8%	40.8%	20.4%	0.0%	0.0%	0.0%	4.00
K-12 TEACHER WORKFORCE	44.9%	28.6%	24.5%	2.0%	0.0%	0.0%	4.00
USE OF STATE DATA TO INFORM DECISION MAKING	36.7%	42.9%	20.4%	0.0%	0.0%	0.0%	3.90
INSTITUTIONAL ACCOUNTABILITY AND/OR EFFECTIVENESS IN HIGHER EDUCATION	40.8%	36.7%	16.3%	6.1%	0.0%	0.0%	3.77
STUDENT HEALTH, SAFETY, AND BASIC NEEDS (FOOD, HOUSING, CHILDCARE, ETC.)	36.7%	40.8%	12.2%	8.2%	2.0%	0.0%	3.68
ADDRESSING EQUITY GAPS	36.7%	38.8%	12.2%	4.1%	6.1%	2.0%	3.66
RETAINING COLLEGE GRADUATES ("BRAIN DRAIN")	40.8%	28.6%	16.3%	8.2%	6.1%	0.0%	3.48
QUALITY OF UNDERGRADUATE EDUCATION	28.6%	44.9%	12.2%	10.2%	2.0%	2.0%	3.43
COST CONTAINMENT*	20.4%	51.0%	24.5%	4.1%	0.0%	0.0%	3.32
ARTIFICIAL INTELLIGENCE*	22.4%	38.8%	30.6%	8.2%	0.0%	0.0%	3.31
ADEQUACY OF PHYSICAL FACILITIES	26.5%	32.7%	26.5%	12.2%	2.0%	0.0%	3.12
EFFECTS OF INFLATION ON COSTS OF GOODS AND SERVICES	22.4%	32.7%	34.7%	8.2%	2.0%	0.0%	3.08
FACULTY SUPPLY, SALARIES, AND/OR QUALITY	18.4%	38.8%	24.5%	14.3%	4.1%	0.0%	3.05
COLLEGE CLOSURES AND FINANCIAL STABILITY OF INSTITUTIONS	26.5%	20.4%	18.4%	28.6%	4.1%	2.0%	2.77
ACADEMIC FREEDOM	6.1%	34.7%	30.6%	20.4%	8.2%	0.0%	2.26

NOTES:

1. SHEEOs 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 or not ranked (0). Zero was not factored into average score (mean).
2. Asterisks (*) designate policy issues newly added to survey in 2025.

SOURCE: State Higher Education Executive Officers Association