

## **Grapevine: State Fiscal Support for Higher Education in Fiscal Year 2009-10**

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Federal stimulus monies cushioned the impact of the Great Recession on state support for higher education in fiscal year 2009-2010 (FY10), but they were not enough to prevent declines in most states. According to data reported by the states from September through December 2009 (and still subject to change as states adjust their budgets in the face of ongoing revenue shortfalls) total state support for higher education nationwide—including stimulus monies—was approximately \$79.4 billion in FY10, a decline of 1.1% from \$80.3 billion in FY09 and 1.7% from \$80.7 billion in FY08. But without factoring in the stimulus monies, the one-year and two-year declines in state fiscal support were significantly higher—3.5% and 6.8% respectively. This two-year decline substantially eroded the recovery in state support from the 2001 recession achieved between FY05 and FY08. During that three-year period state support grew 24% from \$65.1 billion to \$80.7 billion.

Higher education systems in a majority of the states are now operating with lower levels of state fiscal support than they were one and two years ago. The initial FY10 data show that 28 states experienced declines between FY09 and FY10 in total state support for higher education (including stimulus monies allocated in both fiscal years) ranging from 0.2% to 16.4%. (Another state—Arizona—also registered a decline, though its magnitude is as yet unknown, because the total amount of stimulus monies that will be allocated to higher education in that state has yet to be determined. ) Without factoring in the stimulus monies, 37 states reported declines ranging from 0.1% to 21.1%.

In terms of two-year percent changes (from FY08 to FY10), 29 states reported declines in total state support (including stimulus monies) ranging from 0.3% to 20.1% (with the exact percent change for Arizona as yet unknown). When looking only at state funds without the addition of stimulus monies, 35 states reported declines in their allocations to higher education ranging from 0.2% to 37.0%. In addition, nine states experienced declines in state support between 2005 and 2010 (when looking only at state monies); in four of those nine states the federal stimulus funding enabled them to achieve an increase over the five-year period.

While there are considerable variations across the states, the overall downward trend highlights the limited capacity of most states to sustain higher education funding at a time when public policy emphasizes the need to increase the educational attainment of the population<sup>1</sup> and when the demand for postsecondary education—as measured by the proportion of individuals in the 18-24 age category

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<sup>1</sup> The National Governors Association (2009, December 9). *Increasing college success: A road map for governors*. Washington, DC: Author. Retrieved December 30, 2009 from <http://www.nga.org/Files/pdf/0912INCREASINGCOLLEGESUCCESS.PDF>.

attending college—is a at an unprecedented high.<sup>2</sup> Prospects in the near future for increased state funding appear bleak as states continue to reconcile their budgets with lower revenues<sup>3</sup> and as the federal stimulus funds (which accounted for 5.2% of all state support for higher education in FY10) expire over the next two years. These factors indicate that policymakers and educators will face hard choices as they work to sustain excellence and improve educational attainment in the United States.

Additional data tables summarizing the results of the *Grapevine* survey for fiscal year 2010 can be found at the *Grapevine* website: <http://www.grapevine.ilstu.edu/index.shtml>. The tables examine state-by-state trends in support for higher education since fiscal year 2004-05. A table factoring in local tax monies used to support higher education is also included. Local tax funds in 29 states provided \$8.4 billion in FY09, all, or virtually all of which supports community colleges.

### **About *Grapevine***

Since 1960, *Grapevine* has published annual summaries of state fiscal support for higher education, including general fund appropriations for universities, colleges, community colleges, and state higher education agencies. Each year's *Grapevine* survey has asked states for tax appropriations data for the new fiscal year and for revisions (if any) to data reported in previous years. Each of *Grapevine*'s annual reports can be found at <http://www.grapevine.ilstu.edu/historical/index.htm>.

This year marks a major change for *Grapevine*, which is now produced jointly by Illinois State University's Center for the Study of Education Policy and the State Higher Education Executive Officers (SHEEO). The FY10 data were collected by Allison Bell and Natalie Mischler of SHEEO employing an instrument that consolidated the *Grapevine* survey with the annual survey used by SHEEO in its State Higher Education Finance (SHEF) project (<http://www.sheeo.org/finance/shef-home.htm>). Data from the *Grapevine* component of this consolidated instrument were sent to Illinois State University for analysis. The SHEEO higher education finance report includes enrollment and tuition revenue data for the most recently completed fiscal year. The State Higher Education Finance report for FY2009 will be released shortly.

It is important to note that the *Grapevine* data now focus on total state fiscal support for higher education and not just state tax appropriations for higher education. Nontax monies (including lottery funds, interest income, etc.) accounted for approximately 4% of all state monies (not including federal stimulus funds) appropriated to higher education nationwide in fiscal year 2009-2010.

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<sup>2</sup> Fry, R. (2009, October 29). *College enrollment hits all-time high, fueled by community college surge*. Washington, DC: Pew Research Center. Retrieved December 30, 2009 from <http://pewresearch.org/pubs/1391/college-enrollment-all-time-high-community-college-surge>

<sup>3</sup> National Governors Association and the National Association of State Budget Officers. (2009, December). *The fiscal survey of the states*. Washington, DC: Authors. Retrieved December 30, 2009 from <http://www.nasbo.org/Publications/PDFs/fsfall2009.pdf>

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