SHEEO

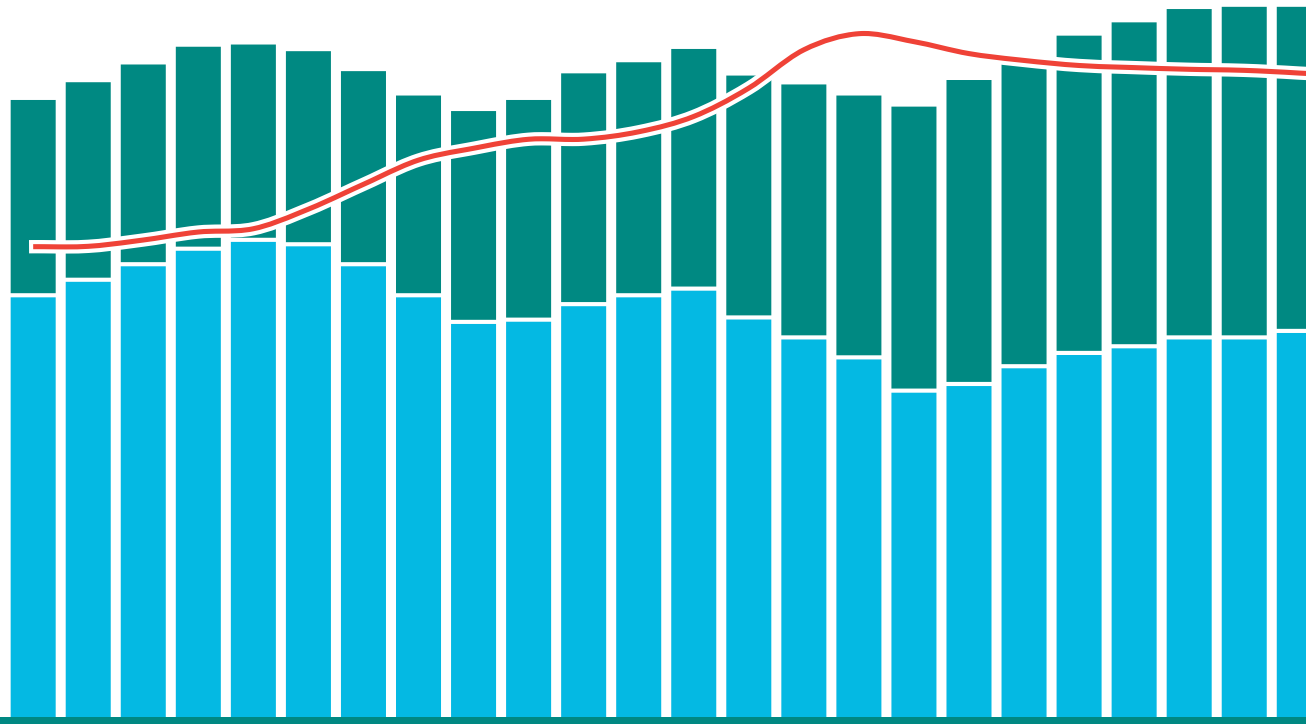
STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

SHEF

STATE HIGHER EDUCATION FINANCE

STATE EFFORT AND CAPACITY TO FUND HIGHER EDUCATION

FY 2019 AND 2020



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.

SHEF
STATE HIGHER EDUCATION FINANCE

Since 2003, the State Higher Education Executive Officers Association (SHEEO) has produced the annual State Higher Education Finance (SHEF) report to broaden understanding and enable analysis of state-level and national funding and enrollment trends over time. The final section in each SHEF report has focused on the effort and capacity of states to fund higher education. While this information provides valuable state comparisons, publicly available data from the federal government are needed to calculate the state effort and capacity metrics. The federal data lag the SHEF report data by one or two years, making the state effort and capacity section somewhat detached from the rest of the report, as the reporting years have not matched. With the SHEF report's overall expansion for fiscal year 2020, we decided to turn the state effort and capacity section into a new, separate report. The State Effort and Capacity to Fund Higher Education report will continue to report the same capacity and effort metrics that were in the SHEF report and should look familiar to long-time SHEF readers.

The 2019-20 State Effort and Capacity to Fund Higher Education report was authored by Sophia Laderman, associate vice president, and Kelsey Kunkle, policy analyst. The report would not have been possible without additional staff support, particularly from Gloria Auer, Kelsey Heckert, Annahita Jimmerson, David Tandberg, and Dustin Weeden.

We are deeply indebted to the staff of state higher education agencies who annually provide the state-level data essential for the preparation of this report and who made the extra commitment to provide sector-level data this year. Without their diligent work, this project would not be possible.

A fully interactive version of this report, with adjustable visualizations and downloadable datasets for all figures and tables, is available at shef.sheeo.org/state-effort**.**

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INTRODUCTION

Within each state, policies and decisions about the financing of higher education are made in the context of multiple factors, including current and projected economic conditions, state tax structures, competing budgetary priorities across the state, cultural and ideological shifts in the state population, and political and higher education characteristics of the state. Within these contexts, state policymakers must make decisions about necessary taxation levels and spending priorities for different public services and investments.

The per-student data included in the SHEF report provide useful information about revenues relative to the need to fund higher education and are important for examining the impact of funding differences on public institutions and students across states and over time. However, examining state support on a full-time equivalent (FTE) enrollment basis does not account for the varying ability of states to fund higher education and says nothing about a state's relative effort.[1]

In an effort to provide this additional context about a state's effort and ability to fund higher education, this report uses publicly available data to estimate state tax capacity and tax effort. It then combines external data with SHEF data on state funding for higher education to construct three indicators of state effort to fund higher education: funding for higher education as a percentage of total state and local tax revenues and lottery profits, funding per capita, and funding per $1,000 of personal income. The information presented here is intended to provide contextual and comparative information for policymakers and researchers as they evaluate public policy decisions for higher education. Unlike the main SHEF report and previous iterations of the State Effort report, data presented here do not include any federal stimulus funding. For the first time, Washington, D.C., is also included in this report.

The information presented in this report utilizes the most recent publicly available data, which lags the latest SHEF report data by one to two years. In the case of state and local tax revenue, fiscal year 2019 is the most recent data available from the Census Bureau Annual Surveys of State and Local Government Finances and the U.S. Department of the Treasury. Population and personal income data are collected from the U.S. Department of Commerce, Bureau of Economic Analysis, the most recent data are for fiscal year 2020.

The data presented in this report are adjusted for inflation using the Consumer Price Index (CPI). For each metric discussed in this report, CPI is indexed to the most recently available year of data (2019 or 2020).

A fully interactive version of this report is available on our website (shef.sheeo.org/state-effort).

1. Tandberg, D.A., & Laderman, S.A. (2018). *Evaluating state funding effort for higher education.* MHEC Policy Brief. www.mhec.org/sites/default/files/resources/mhec_affordability_series6.pdf

TAX CAPACITY AND REVENUE

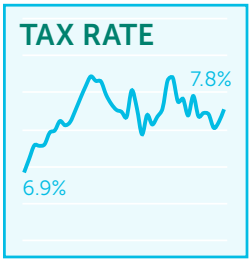
In this section, we explore the total capacity of states to fund higher education. States with higher economic output and a higher tax rate have more funding available for discretionary budgetary items like higher education. Trends in tax capacity and revenue are explored over time and across states.

State revenues are determined by two factors: the total resources available in a state that can potentially be taxed (i.e., tax capacity) and the rate at which state revenue policies tax these resources in support of public services. For this section, the U.S. Treasury Department's total taxable resources (TTR) is used to estimate tax capacity and represent the total income flows produced in a state and received by residents of the state that could potentially be taxed.[2] While there is no perfect measure of tax capacity, TTR is a broader and more complete measure of income flows than personal income or gross state product, the two other capacity measures that are often used to calculate effective tax rates. Actual tax revenue (ATR) data are collected from the U.S. Census Bureau and represent the total amount collected from all state and local taxes. Both TTR and ATR are converted to per capita measures to allow for comparisons across states.

We also present data on an estimated effective tax rate for the U.S. and each state. The effective tax rate represents the percentage of total state revenues collected through state and local government taxes and is calculated by dividing actual tax revenues by total taxable resources. Effective tax rates can be a useful way to analyze a state's ability to collect additional revenue through taxes. States with lower effective rates may have additional capacity to increase state and local revenue. Political, demographic, and economic factors all affect taxation decisions, and many states may choose to prioritize a lower effective tax rate over increased public services. A steadily declining effective tax rate may indicate that a state's tax system is not keeping up with changes in the broader economy or income growth. While effective tax rates do not consider the types or levels of taxation, the erosion of a particular tax base can affect the effective tax rate. For example, the sales tax base has been eroding in many states[3] in recent years as tax codes have been slow to adjust to consumer preferences associated with increased expenditures on services and internet commerce.[4]

2. U.S. Department of the Treasury. (2002). *Treasury methodology for estimating total taxable resources (TTR).* home.treasury.gov/system/files/226/nmpubsum.pdf
3. Russo, B. (2010). Is past prologue? Prospects for state and local sales tax bases. *Applied Economics 42*, 2261-2274.
4. For more information on the factors affecting state taxation and budget decisions, please see the SHEF issue brief on this topic: Weeden, D.D. (2019). *State higher education finance issue brief: State budget drivers: Slow revenue growth and increased expenditure completion.* State Higher Education Executive Officers Association. shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY18_IB_Budget_Drivers.pdf

NATIONAL TRENDS



At a national level, inflation-adjusted total taxable resources (TTR) per capita[5] have increased in 30 out of 39 years since 1980, reaching an all-time high in 2019 of $72,927 per capita ($23.9 trillion total), up from $44,028 per capita ($10.0 trillion total) in 1980 and up 1.6% since 2018. This is the third consecutive year TTR has surpassed $70,000 per capita. TTR per capita previously declined during past recessions (1981-1982, 1990-1991, 2001-2002, 2008-2009); however, TTR also declined outside of an economic recession in 2013. Since 2020 TTR data are not yet available, it is unclear how the brief recession caused by the COVID-19 pandemic will affect recent trends in TTR per capita.

Inflation-adjusted actual tax revenue (ATR) per capita[6] has increased in 32 years since 1980. ATR reached an all-time high in 2019 of $5,678 per capita ($1.86 trillion), up from $3,047 per capita ($690.4 billion) in 1980 and up 3.8% since 2018. Like TTR, ATR per capita previously declined during and immediately following economic recessions in 1981, 1991, 2002-2003, and 2008-2010.

In 2019, the national effective tax rate was 7.8%, just above the average effective tax rate from 1980 to 2019 (7.7%). This suggests state and local governments are collecting a share of income flows through their tax systems that is in line with what they have collected over the last few decades. Between 1980 and 1993, the effective tax rate steadily increased from 6.9% to 8.2% and has fluctuated between 7.4-8.2% ever since.

STATE COMPARISONS

Table 1 shows the total taxable resources, actual state and local tax revenues, and the effective tax rate in 2019 for each state.

Total taxable resources, an indicator of a state's tax base, vary extensively by state.

- TTR per capita ranged from $44,420 in Mississippi to $101,406 in New York and $124,265 in Washington, D.C.
- In addition to New York and Washington, D.C., four other states (Connecticut, Delaware, Massachusetts, and Washington) had TTR above $90,000 per capita.
- Mississippi was the only state with TTR below $50,000 per capita.

States with greater TTR per capita have larger tax bases from which they can draw revenue to fund public services. In general, states with higher TTR per capita tend to collect a larger amount in actual tax revenue per capita.

5. Total taxable resources per capita are inflated to 2019 dollars using the Consumer Price Index (CPI-U).
6. Actual tax revenue per capita is inflated to 2019 dollars using the Consumer Price Index (CPI-U).

- Actual tax revenue per capita ranged from $3,423 in Tennessee to $10,213 in New York and $11,981 in Washington, D.C.
- Most states with high tax capacity (TTR) also had an above-average ATR in 2019. However, six states (Alaska, Colorado, Nebraska, New Hampshire, Virginia, and Wyoming) had above-average TTR but collected less than average ATR. Of these states with higher tax capacity, Colorado, New Hampshire, and Virginia allocated less than the average amount of higher education state and local support per FTE in 2019.[7]
- Five states (Hawaii, Maine, Pennsylvania, Rhode Island, and Vermont) had below-average TTR but collected above-average ATR, indicating an above-average tax rate. Of these states, Hawaii was the only state that allocated above-average state and local support per FTE in 2019.

Effective tax rates vary across states, as each state has a unique tax base and structure.

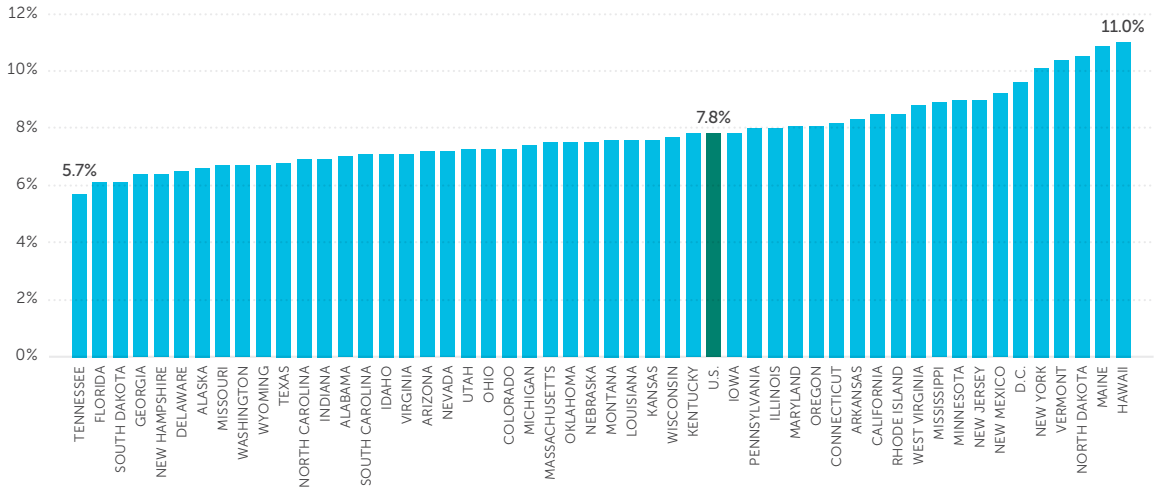
- *Figure 1* shows that effective tax rates ranged from 5.7% in Tennessee to 11.0% in Hawaii.
- States with above-average total resources and tax rates tend to fund higher education at higher rates. Of the eight states (California, Connecticut, Illinois, Maryland, Minnesota, New Jersey, New York, North Dakota) and Washington, D.C., with both above-average TTR and effective tax rates, only Minnesota had below-average state and local support per FTE in 2019.
- States with a low tax rate and high total resources are relatively less likely to provide above-average funding to higher education. Nine states (Alaska, Colorado, Delaware, Massachusetts, Nebraska, New Hampshire, Virginia, Washington, and Wyoming) had a below-average effective tax rate but above-average TTR. Of these states with higher tax capacity, Alaska, Massachusetts, Nebraska, and Wyoming provided above-average state and local support per FTE in 2019.
- Similarly, states with a high tax rate but low total resources are less likely to provide above-average funding to higher education. Eleven states had an above-average effective tax rate and below-average TTR. Of these states with lower tax capacity, only Hawaii and New Mexico provided above-average state and local support per FTE in 2019.

7. Higher education support refers to the sum of state tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is excluded.

STATE SPOTLIGHT: NEW HAMPSHIRE AND VERMONT

The neighboring New England states of New Hampshire and Vermont illustrate differences in state capacity to increase tax revenue to support higher education. In 2019, Vermont and New Hampshire provided the lowest and second-lowest amount of state support per FTE in the country ($3,640 and $4,518, respectively). While the states have similar levels of state higher education support, they have very different effective tax rates. As seen in Figure 1*, New Hampshire had the fifth lowest effective tax rate (6.4%), and Vermont had the fourth highest effective tax rate (10.4%) in 2019. Vermont collected over $1,500 more per capita in actual tax revenue than New Hampshire even though Vermont's total taxable resources per capita were more than $15,900 lower than New Hampshire's. Because Vermont already has one of the highest effective tax rates and has below-average taxable resources per capita, the state may not have the capacity to increase tax revenue that can be allocated to higher education (but could potentially reprioritize existing state tax dollars); whereas New Hampshire, with higher total taxable resources and a lower effective tax rate, may have a greater capacity to increase higher education support through tax rate increases.*

FIGURE 1
EFFECTIVE TAX RATES BY STATE, FY 2019



NOTES:
1. Effective tax rates are calculated from actual tax revenues divided by total taxable resources.
2. Actual tax revenues are state and local tax revenues.
3. Total taxable resources equals the taxable gross state product (GDP).
4. The U.S. calculation does not include the District of Columbia.

SOURCES: State Higher Education Executive Officers Association
Actual tax revenues are from the U.S. Census Bureau 2019 Annual Survey of State and Local Government Finances.
Total taxable resources are from the U.S. Treasury Department.

TABLE 1

TAX CAPACITY, TAX REVENUES, AND EFFECTIVE TAX RATES BY STATE, FY 2019

	ACTUAL TAX REVENUES (ATR)		TOTAL TAXABLE RESOURCES (TTR)		EFFECTIVE TAX RATE (ATR/TTR)	
	DOLLARS PER CAPITA	INDEX TO U.S. AVERAGE	DOLLARS PER CAPITA	INDEX TO U.S. AVERAGE	TAX RATE	INDEX TO U.S. AVERAGE
ALABAMA	$3,677	0.65	$52,354	0.72	7.0%	0.90
ALASKA	$5,115	0.90	$77,234	1.06	6.6%	0.85
ARIZONA	$4,099	0.72	$57,029	0.78	7.2%	0.92
ARKANSAS	$4,282	0.75	$51,594	0.71	8.3%	1.07
CALIFORNIA	$7,326	1.29	$86,381	1.18	8.5%	1.09
COLORADO	$5,617	0.99	$76,475	1.05	7.3%	0.94
CONNECTICUT	$8,308	1.46	$101,030	1.39	8.2%	1.06
DELAWARE	$5,909	1.04	$90,474	1.24	6.5%	0.84
FLORIDA	$3,987	0.70	$65,174	0.89	6.1%	0.79
GEORGIA	$4,125	0.73	$64,432	0.88	6.4%	0.82
HAWAII	$7,848	1.38	$71,193	0.98	11.0%	1.42
IDAHO	$3,916	0.69	$55,174	0.76	7.1%	0.91
ILLINOIS	$6,280	1.11	$78,442	1.08	8.0%	1.03
INDIANA	$4,367	0.77	$63,025	0.86	6.9%	0.89
IOWA	$5,393	0.95	$68,905	0.94	7.8%	1.01
KANSAS	$5,368	0.95	$70,367	0.96	7.6%	0.98
KENTUCKY	$4,203	0.74	$53,988	0.74	7.8%	1.00
LOUISIANA	$4,504	0.79	$59,177	0.81	7.6%	0.98
MAINE	$6,249	1.10	$57,580	0.79	10.9%	1.39
MARYLAND	$6,788	1.20	$84,308	1.16	8.1%	1.03
MASSACHUSETTS	$7,342	1.29	$98,469	1.35	7.5%	0.96
MICHIGAN	$4,463	0.79	$60,319	0.83	7.4%	0.95
MINNESOTA	$6,735	1.19	$75,023	1.03	9.0%	1.15
MISSISSIPPI	$3,952	0.70	$44,420	0.61	8.9%	1.14
MISSOURI	$4,079	0.72	$61,231	0.84	6.7%	0.86
MONTANA	$4,444	0.78	$58,665	0.80	7.6%	0.97
NEBRASKA	$5,563	0.98	$73,976	1.01	7.5%	0.97
NEVADA	$4,850	0.85	$67,367	0.92	7.2%	0.92
NEW HAMPSHIRE	$5,191	0.91	$80,679	1.11	6.4%	0.83
NEW JERSEY	$7,950	1.40	$88,402	1.21	9.0%	1.16
NEW MEXICO	$5,073	0.89	$55,322	0.76	9.2%	1.18
NEW YORK	$10,213	1.80	$101,406	1.39	10.1%	1.29
NORTH CAROLINA	$4,259	0.75	$61,908	0.85	6.9%	0.88
NORTH DAKOTA	$8,560	1.51	$81,621	1.12	10.5%	1.35
OHIO	$4,781	0.84	$65,095	0.89	7.3%	0.94
OKLAHOMA	$4,215	0.74	$56,483	0.77	7.5%	0.96
OREGON	$5,386	0.95	$66,766	0.92	8.1%	1.04
PENNSYLVANIA	$5,745	1.01	$72,028	0.99	8.0%	1.02
RHODE ISLAND	$6,111	1.08	$72,025	0.99	8.5%	1.09
SOUTH CAROLINA	$3,889	0.68	$55,062	0.76	7.1%	0.91
SOUTH DAKOTA	$4,289	0.76	$70,084	0.96	6.1%	0.79
TENNESSEE	$3,423	0.60	$60,256	0.83	5.7%	0.73
TEXAS	$4,709	0.83	$69,220	0.95	6.8%	0.87
UTAH	$4,841	0.85	$66,345	0.91	7.3%	0.94
VERMONT	$6,711	1.18	$64,745	0.89	10.4%	1.33
VIRGINIA	$5,383	0.95	$75,789	1.04	7.1%	0.91
WASHINGTON	$6,040	1.06	$90,284	1.24	6.7%	0.86
WEST VIRGINIA	$4,505	0.79	$51,223	0.70	8.8%	1.13
WISCONSIN	$5,263	0.93	$68,030	0.93	7.7%	0.99
WYOMING	$5,564	0.98	$83,109	1.14	6.7%	0.86
U.S.	**$5,678**	**1.00**	**$72,927**	**1.00**	**7.8%**	**1.00**
D.C.	$11,981	2.11	$124,265	1.70	9.6%	1.24

NOTES:

1. Effective tax rates are calculated from actual tax revenues divided by total taxable resources.
2. Actual tax revenue (ATR) data are the per-capita general revenues derived from taxation by state and local governments.
3. Total taxable resources (TTR) equals the taxable gross state product (GDP) per capita.
4. The U.S. calculation does not include the District of Columbia.

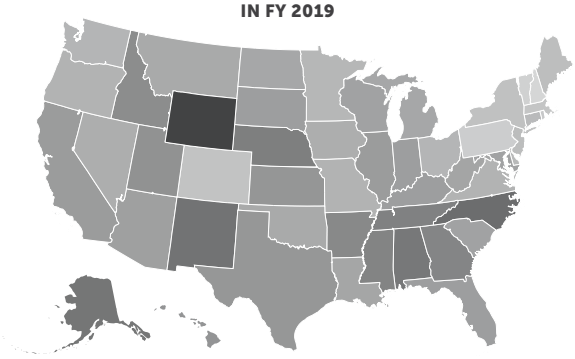
SOURCES: State Higher Education Executive Officers Association

Actual tax revenues are from the U.S. Census Bureau 2019 Annual Survey of State and Local Government Finances.
Total taxable resources are from the U.S. Treasury Department.
Population data are from the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Income Division.

PERCENTAGE OF REVENUE ALLOCATED TO HIGHER EDUCATION

The percentage of revenue allocated to higher education compares available state and local funds from tax revenue and lottery profits relative to the amount of these funds appropriated to higher education. Higher education support is defined as state and local tax and non-tax support for public and independent higher education, including special purpose appropriations for research, agriculture and medical education.[8] The percentage of revenue metric provides a direct assessment of a state's willingness to allocate tax revenues to higher education. Visit the SHEF website to view the interactive allocation to higher education map.[9] The interactive map shows the percentage of state and local revenue allocated to higher education for each state from 1980-2019.

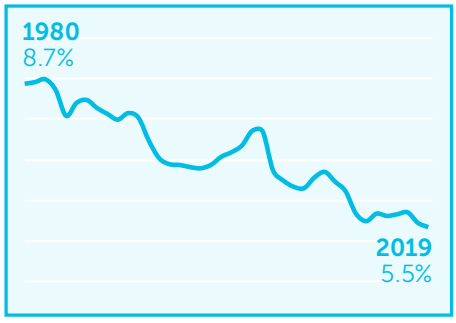
ALLOCATION TO HIGHER EDUCATION IN FY 2019



NATIONAL TRENDS

Nationally, 5.5% of state revenue ($103.9 billion) was allocated to higher education in 2019. This represents a 1.1 percentage point decline from fiscal year 2008—the year the Great Recession began to impact state revenue collections and budgets. The percentage of revenue allocated to higher education had never fallen below 6% until 2012. Since this time, 5.8% of revenue allocated to higher education represents the post-recession high mark. This percentage was allocated in 2012, 2014, 2015, 2016, and 2017 before falling to 5.6% in 2018. The Great Recession may have permanently changed the percentage of funding allocated to higher education, as tax revenues have more than recovered to pre-recession levels but higher education receives a smaller portion of the total revenue.

The decline in the allocation to higher education seen during the Great Recession followed a longer-term pattern in which state allocations to higher education have declined over time, despite steady increases in states' total revenues (ATR and lottery profits). In 1980, the U.S. average allocation to higher education was 8.7%; in 2019 it had decreased by over a third to 5.5%. Meanwhile, ATR and lottery profits increased 88.0% from an inflation-adjusted $3,060 per capita ($693.4 billion) in 1980 to $5,755 per capita ($1.88 trillion) in 2019.



8. Higher education support refers to the sum of state tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is excluded.
9. shef.sheeo.org/data-visualizations/effort-map-1

STATE COMPARISONS

Figure 2 shows that the percentage of revenue allocated to higher education ranged from 1.2% in Washington, D.C., and 1.8% in New Hampshire to 13.4% in Wyoming. North Carolina (10.1%) was the only other state to allocate more than 10% of revenue to higher education, while Rhode Island (2.9%), Pennsylvania (2.5%), and Vermont (2.2%) were the only other states to allocate less than 3%.

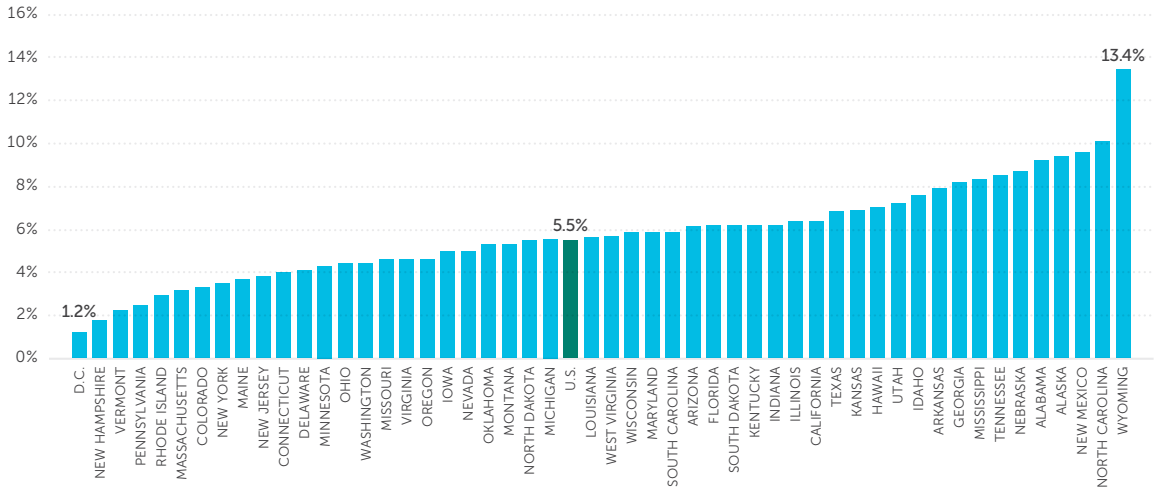
Notably, New York and Washington, D.C., were in the bottom 20% for the percentage of state revenue allocated to higher education, yet were in the top 20% for state and local support per FTE (excluding stimulus) in 2019. This is an indication that the states have large tax revenues to draw upon for higher education funding.

The Great Recession adversely affected the percentage of revenue allocated to higher education. Only four states (Alaska, Florida, Tennessee, and Wyoming) increased the portion of revenue allocated to higher education from 2008-2019. Of the 46 states with a lower allocation to higher education in 2019, 12 states lowered their allocation by at least two percentage points.

Between fiscal years 2014-2019, only nine states and Washington, D.C., increased the percentage of revenue allocated to higher education. The largest increases were 2.3 percentage points in Alaska and Wyoming. In the remaining 41 states, the portion of revenue allocated to higher education continued to decline from 2014-2019 despite a strong economy. Eight states saw declines greater than 1.0 percentage point, the largest of which was in Oklahoma (2.7 percentage points). From 2018 to 2019, 12 states and Washington, D.C., increased the percentage of revenue allocated to higher education while the remaining 38 saw declines (*Table 2*). Only one state, New Mexico, experienced a decline greater than 1.0 percentage point, with a decrease of 1.6 percentage points.

FIGURE 2

PERCENT OF TAX AND LOTTERY REVENUES ALLOCATED TO HIGHER EDUCATION BY STATE, FY 2019



NOTES:

1. Allocation to higher education is higher education support as a proportion of actual tax revenues and lottery profits.
2. Total state and local support is the sum of tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is not included.
3. Actual tax revenue (ATR) data are the total general revenues derived from taxation by state and local governments.
4. Lottery profits are the revenues from all lotto games and gaming operations, where applicable, that are transferred to beneficiaries.
5. The U.S. calculation does not include the District of Columbia.

SOURCES: State Higher Education Executive Officers Association

Actual tax revenues are from the U.S. Census Bureau 2019 Annual Survey of State and Local Government Finances.
Lottery profits are from the North American Association of State and Provincial Lotteries.

TABLE 2

PERCENT OF TAX AND LOTTERY REVENUES ALLOCATED TO HIGHER EDUCATION BY STATE, FY 1980-2019

	1980	2001	2009	2014	2018	2019	INDEX TO U.S.	CHANGE SINCE 2018	CHANGE SINCE 2014	CHANGE SINCE 2009	CHANGE SINCE 2001	CHANGE SINCE 1980
ALABAMA	12.6%	11.1%	11.9%	9.9%	9.3%	9.2%	1.67	-0.1	-0.7	-2.7	-1.9	-3.4
ALASKA	5.2%	7.7%	5.1%	7.2%	9.7%	9.4%	1.71	-0.3	2.3	4.3	1.8	4.3
ARIZONA	10.7%	8.9%	9.0%	7.5%	6.4%	6.1%	1.11	-0.3	-1.4	-2.9	-2.8	-4.6
ARKANSAS	10.5%	9.9%	9.6%	9.2%	8.1%	7.9%	1.44	-0.2	-1.3	-1.7	-1.9	-2.5
CALIFORNIA	10.5%	8.0%	6.9%	6.1%	6.4%	6.4%	1.16	0.0	0.3	-0.5	-1.6	-4.1
COLORADO	7.8%	5.4%	3.9%	3.2%	3.3%	3.3%	0.60	0.1	0.2	-0.6	-2.0	-4.5
CONNECTICUT	5.3%	5.5%	6.1%	4.8%	4.0%	4.0%	0.73	0.0	-0.8	-2.1	-1.5	-1.3
DELAWARE	8.0%	6.7%	6.3%	5.2%	4.3%	4.1%	0.75	-0.1	-1.1	-2.2	-2.5	-3.9
FLORIDA	8.5%	7.3%	5.9%	5.8%	5.9%	6.2%	1.12	0.3	0.3	0.3	-1.1	-2.3
GEORGIA	10.3%	9.1%	8.9%	7.9%	8.3%	8.2%	1.48	-0.1	0.2	-0.8	-0.9	-2.2
HAWAII	10.9%	7.8%	9.5%	6.5%	6.9%	7.0%	1.27	0.1	0.5	-2.5	-0.8	-3.9
IDAHO	12.7%	9.3%	9.4%	7.5%	7.5%	7.6%	1.38	0.1	0.2	-1.8	-1.6	-5.1
ILLINOIS	7.4%	7.8%	6.9%	7.1%	6.5%	6.4%	1.15	-0.2	-0.8	-0.6	-1.4	-1.1
INDIANA	9.5%	7.8%	6.6%	6.7%	6.4%	6.2%	1.13	-0.2	-0.4	-0.4	-1.6	-3.3
IOWA	9.1%	10.9%	8.1%	6.5%	5.1%	5.0%	0.90	-0.2	-1.5	-3.1	-6.0	-4.2
KANSAS	12.5%	10.4%	8.7%	7.6%	6.7%	6.9%	1.25	0.2	-0.7	-1.8	-3.5	-5.6
KENTUCKY	11.0%	9.5%	9.2%	7.5%	6.6%	6.2%	1.13	-0.4	-1.3	-3.0	-3.3	-4.8
LOUISIANA	9.4%	8.4%	8.9%	6.2%	5.6%	5.6%	1.01	-0.1	-0.6	-3.3	-2.8	-3.9
MAINE	5.7%	5.2%	4.6%	4.2%	4.1%	3.7%	0.66	-0.4	-0.6	-1.0	-1.5	-2.0
MARYLAND	7.6%	7.7%	7.1%	6.0%	5.9%	5.9%	1.07	0.0	0.0	-1.1	-1.7	-1.7
MASSACHUSETTS	4.6%	4.2%	3.6%	3.2%	3.3%	3.2%	0.58	-0.1	0.0	-0.4	-1.0	-1.4
MICHIGAN	8.3%	8.2%	7.1%	5.7%	5.4%	5.5%	1.00	0.1	-0.2	-1.6	-2.7	-2.8
MINNESOTA	10.1%	7.0%	6.3%	4.5%	4.6%	4.3%	0.78	-0.3	-0.2	-2.0	-2.7	-5.8
MISSISSIPPI	14.0%	13.1%	11.4%	9.8%	8.6%	8.3%	1.50	-0.3	-1.5	-3.1	-4.8	-5.8
MISSOURI	8.6%	7.5%	6.4%	5.2%	4.6%	4.6%	0.83	-0.1	-0.6	-1.8	-3.0	-4.0
MONTANA	7.8%	6.4%	6.1%	5.9%	5.5%	5.3%	0.96	-0.2	-0.6	-0.7	-1.1	-2.5
NEBRASKA	11.7%	9.8%	10.2%	9.0%	8.9%	8.7%	1.57	-0.2	-0.3	-1.5	-1.1	-3.1
NEVADA	7.5%	5.9%	6.8%	5.1%	5.0%	5.0%	0.90	-0.1	-0.1	-1.8	-0.9	-2.5
NEW HAMPSHIRE	4.3%	2.4%	2.7%	1.9%	1.8%	1.8%	0.34	0.0	0.0	-0.9	-0.5	-2.5
NEW JERSEY	6.0%	5.1%	4.7%	4.2%	3.7%	3.8%	0.69	0.1	-0.4	-0.9	-1.3	-2.2
NEW MEXICO	12.7%	10.2%	15.0%	11.8%	11.2%	9.6%	1.75	-1.6	-2.2	-5.4	-0.6	-3.1
NEW YORK	5.7%	3.8%	4.2%	3.6%	3.5%	3.5%	0.64	0.0	-0.1	-0.7	-0.3	-2.1
NORTH CAROLINA	11.6%	11.5%	11.8%	10.5%	10.1%	10.1%	1.83	0.0	-0.4	-1.7	-1.4	-1.5
NORTH DAKOTA	13.8%	10.6%	7.6%	5.7%	6.2%	5.5%	1.00	-0.7	-0.2	-2.2	-5.1	-8.3
OHIO	7.6%	6.4%	5.9%	4.6%	4.5%	4.4%	0.79	-0.2	-0.2	-1.5	-2.1	-3.2
OKLAHOMA	11.1%	9.6%	9.1%	7.9%	5.7%	5.3%	0.95	-0.5	-2.7	-3.8	-4.3	-5.8
OREGON	10.3%	7.6%	6.3%	5.0%	4.8%	4.6%	0.83	-0.2	-0.4	-1.7	-3.0	-5.7
PENNSYLVANIA	5.7%	5.6%	4.3%	2.9%	2.6%	2.5%	0.46	-0.1	-0.3	-1.8	-3.1	-3.2
RHODE ISLAND	7.6%	4.3%	3.7%	2.9%	3.1%	2.9%	0.52	-0.2	0.0	-0.9	-1.4	-4.8
SOUTH CAROLINA	14.4%	9.5%	7.8%	6.1%	6.1%	5.9%	1.08	-0.2	-0.2	-1.9	-3.5	-8.5
SOUTH DAKOTA	9.4%	7.0%	7.1%	6.4%	6.0%	6.2%	1.12	0.2	-0.2	-0.9	-0.8	-3.2
TENNESSEE	10.6%	8.0%	8.7%	7.7%	8.4%	8.5%	1.55	0.1	0.8	-0.2	0.5	-2.0
TEXAS	11.8%	9.2%	8.4%	7.7%	7.1%	6.8%	1.24	-0.3	-0.9	-1.6	-2.3	-5.0
UTAH	11.3%	9.2%	8.6%	7.7%	7.9%	7.2%	1.30	-0.7	-0.6	-1.4	-2.0	-4.1
VERMONT	5.4%	2.9%	3.0%	2.7%	2.3%	2.2%	0.40	-0.1	-0.5	-0.8	-0.8	-3.2
VIRGINIA	9.5%	7.3%	6.0%	5.1%	4.7%	4.6%	0.83	-0.1	-0.5	-1.4	-2.7	-4.9
WASHINGTON	11.2%	7.0%	6.7%	4.9%	4.3%	4.4%	0.80	0.1	-0.4	-2.3	-2.6	-6.8
WEST VIRGINIA	9.4%	8.8%	7.4%	6.6%	5.9%	5.7%	1.04	-0.2	-0.9	-1.6	-3.1	-3.6
WISCONSIN	10.2%	8.8%	7.8%	6.5%	6.0%	5.9%	1.07	-0.1	-0.6	-1.9	-2.9	-4.3
WYOMING	9.2%	9.3%	9.0%	11.1%	13.9%	13.4%	2.44	-0.4	2.3	4.4	4.2	4.2
U.S.	**8.7%**	**7.3%**	**6.7%**	**5.8%**	**5.6%**	**5.5%**	**1.00**	**-0.1**	**-0.3**	**-1.2**	**-1.8**	**-3.2**
D.C.	N/A	N/A	N/A	1.2%	1.1%	1.2%	0.21	0.0	0.0	N/A	N/A	N/A

NOTES:

1. Allocation to higher education is higher education support as a proportion of actual tax revenues and lottery profits. Actual tax revenue (ATR) data are the per-capita general revenues derived from taxation by state and local governments. Lottery profits are the revenues from all lotto games and gaming operations, where applicable, that are transferred to beneficiaries.
2. Total state and local support is the sum of tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is not included.
3. Year change columns show percentage point increases or decreases, not percent change.
4. The years 1980 and 2001 are included in this table because they are the starting points of the historical SHEF dataset and modern SHEF data collection, respectively.
5. The U.S. calculation does not include the District of Columbia. Data for the District of Columbia are not available prior to 2011.

SOURCES: State Higher Education Executive Officers Association

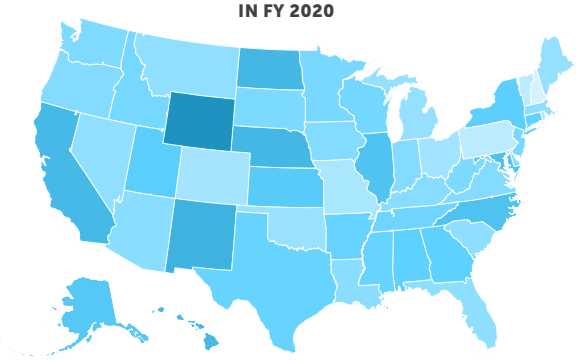
Actual tax revenues are from the U.S. Census Bureau 2019 Annual Survey of State and Local Government Finances. Lottery profits are from the North American Association of State and Provincial Lotteries.

SUPPORT PER CAPITA

Higher education support per capita standardizes funding for a state's population.[10] It assesses effort because states with larger populations generally should have a broader tax base and, therefore, may be able to direct greater resources toward higher education. Support per capita is also an alternative measure to support per FTE, which measures funding on a student enrollment basis. Finance data are often reported in per capita terms, and policymakers are likely familiar with similar measures to make comparisons across states.

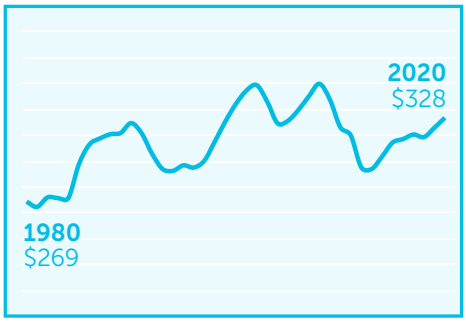
Higher education support per capita does not take into account tax structures or a state's ability to collect tax revenue for public services. Additionally, geographically large states with small populations may need to allocate more resources on a per capita basis to provide the same level of services that a smaller, denser state is able to provide. To calculate state support per capita, higher education support is divided by the total population. Higher education support includes state and local tax and non-tax support for public and independent higher education, including special purpose appropriations for research, agriculture, and medical education. Visit the SHEF website to view the interactive support per capita map.[11] The interactive map shows state and local support for all higher education on a population basis for each state from 1980-2020.

HIGHER EDUCATION SUPPORT PER CAPITA IN FY 2020



NATIONAL TRENDS

Nationally, states allocated $328 per capita to higher education in 2020. Inflation-adjusted state support per capita has increased 21.8% since the start of the SHEF dataset in 1980, when inflation-adjusted support totaled $269 per capita.[12] Support per capita increased throughout the 1980s and has since generally followed the economic cycle, increasing and decreasing following economic peaks and troughs. Higher education support per capita increased 2.2% from 2019 to 2020 and 5.6% since 2015 (*Table 3*). However, per capita support on a national level is down 6.8% and 5.4% when compared to pre-recession years 2008 and 2001 (respectively).



10. Higher education support refers to the sum of state tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is excluded.
11. shef.sheeo.org/data-visualizations/effort-map-2
12. Higher education support per capita is adjusted for inflation using the 2020 Consumer Price Index (CPI-U).

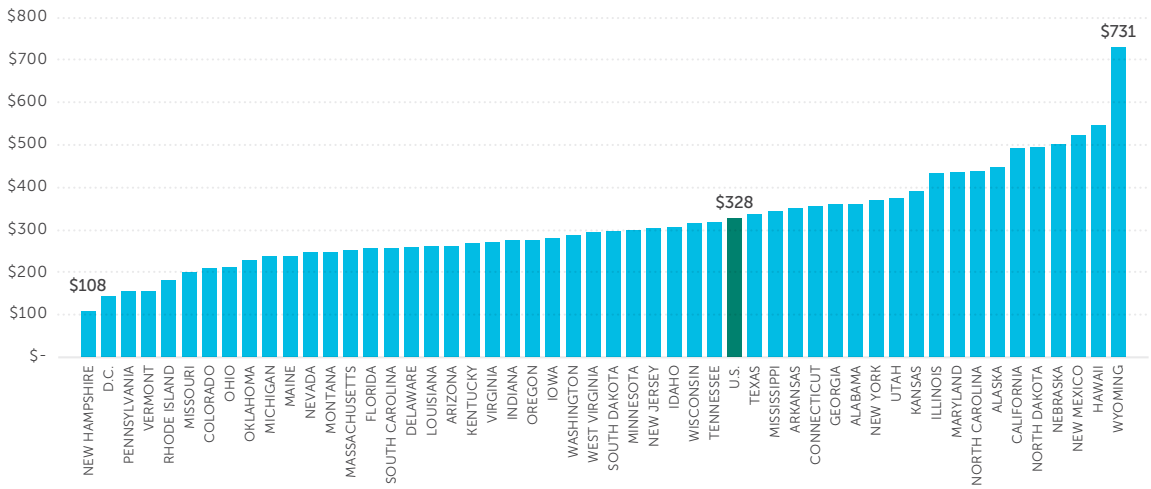
STATE COMPARISONS

Figure 3 shows that higher education support per capita ranged considerably across states in 2020, from $108 in New Hampshire to $731 in Wyoming. Four states (New Hampshire, Pennsylvania, Rhode Island, and Vermont) and Washington, D.C., provided less than $200 in per capita support for higher education, while another three states (Hawaii, New Mexico, and Wyoming) provided at least $500 per capita.

- From 2019 to 2020, support per capita decreased in 12 states and Washington, D.C. (*Table 3*). The largest declines were in Alaska (8.3%) and Michigan (7.3%). Of the 38 states with increases in support per capita from 2019 to 2020, 13 were above 5%. The largest increases were 9.0% in Colorado and 9.3% in New Hampshire.
- Higher education support per capita has declined in half of all states since 2010 and in 36 states since 2008 (prior to the Great Recession).
- Since 1980, support per capita has increased in most (36) states. In seven states, support per capita has increased by more than 50%. The largest increases were in Illinois (70.7%), Wyoming (81.1%), and Connecticut (97.6%).[13] Of the 14 states with decreases in support per capita since 1980, four had declines greater than 20%: Alaska (33.1%), Rhode Island (24.4%), Arizona (21.9%), and Oklahoma (20.5%).

FIGURE 3

HIGHER EDUCATION SUPPORT PER CAPITA BY STATE, FY 2020



NOTES:

1. 1. Total state and local support is the sum of tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is not included.
2. The U.S. calculation does not include the District of Columbia.

SOURCES: State Higher Education Executive Officers Association

Population data are from the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Income Division.

13. In Illinois, a large portion of education appropriations (which constitute most of the state's total education revenue) are not available for operations at public institutions. A SHEF Issue Brief on Illinois from the provides more detail on the funding situation in Illinois over time, https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY18_IB_Illinois.pdf.

TABLE 3

HIGHER EDUCATION SUPPORT PER CAPITA BY STATE, FY 1980-2020 (CONSTANT DOLLARS)

	1980	2001	2010	2015	2019	2020	INDEX TO U.S.	% CHANGE SINCE 2019	% CHANGE SINCE 2015	% CHANGE SINCE 2010	% CHANGE SINCE 2001	% CHANGE SINCE 1980
ALABAMA	$257	$357	$354	$331	$343	$361	1.10	5.3%	9.0%	2.0%	1.1%	40.4%
ALASKA	$670	$445	$561	$594	$489	$449	1.37	-8.3%	-24.5%	-20.1%	0.9%	-33.1%
ARIZONA	$335	$335	$340	$282	$256	$262	0.80	2.6%	-7.0%	-22.9%	-21.8%	-21.9%
ARKANSAS	$214	$338	$394	$375	$347	$349	1.06	0.8%	-6.9%	-11.2%	3.4%	62.9%
CALIFORNIA	$386	$449	$383	$410	$477	$493	1.50	3.3%	20.2%	28.9%	9.8%	27.7%
COLORADO	$242	$250	$122	$170	$191	$208	0.63	9.0%	22.1%	70.0%	-16.9%	-14.1%
CONNECTICUT	$180	$366	$434	$370	$342	$356	1.09	4.3%	-3.8%	-18.0%	-2.7%	97.6%
DELAWARE	$270	$339	$299	$263	$257	$260	0.79	1.2%	-1.0%	-13.0%	-23.3%	-3.5%
FLORIDA	$200	$279	$231	$229	$255	$255	0.78	0.0%	11.0%	10.2%	-8.8%	27.5%
GEORGIA	$249	$401	$321	$311	$350	$359	1.09	2.6%	15.5%	12.0%	-10.5%	44.4%
HAWAII	$435	$404	$466	$440	$557	$545	1.66	-2.0%	23.9%	17.0%	35.0%	25.4%
IDAHO	$300	$367	$283	$282	$305	$307	0.93	0.5%	8.6%	8.6%	-16.5%	2.4%
ILLINOIS	$253	$382	$405	$439	$408	$432	1.32	6.0%	-1.7%	6.6%	13.1%	70.7%
INDIANA	$222	$306	$286	$272	$278	$274	0.83	-1.5%	0.5%	-4.1%	-10.5%	23.2%
IOWA	$278	$441	$316	$322	$273	$280	0.85	2.8%	-12.9%	-11.2%	-36.5%	1.0%
KANSAS	$363	$448	$391	$381	$377	$391	1.19	3.7%	2.8%	0.0%	-12.6%	7.7%
KENTUCKY	$256	$360	$336	$295	$268	$269	0.82	0.4%	-8.8%	-19.9%	-25.1%	5.2%
LOUISIANA	$248	$329	$341	$262	$256	$261	0.80	1.9%	-0.4%	-23.3%	-20.6%	5.5%
MAINE	$152	$258	$232	$225	$233	$237	0.72	1.8%	5.5%	2.2%	-8.0%	55.4%
MARYLAND	$273	$402	$396	$392	$419	$436	1.33	4.0%	11.3%	10.2%	8.4%	59.5%
MASSACHUSETTS	$181	$259	$177	$235	$244	$253	0.77	3.3%	7.4%	42.8%	-2.3%	39.8%
MICHIGAN	$288	$376	$289	$255	$254	$236	0.72	-7.3%	-7.4%	-18.3%	-37.3%	-18.0%
MINNESOTA	$356	$386	$319	$288	$293	$301	0.92	2.7%	4.4%	-5.8%	-22.0%	-15.5%
MISSISSIPPI	$285	$425	$422	$389	$331	$344	1.05	4.1%	-11.4%	-18.5%	-19.0%	20.9%
MISSOURI	$205	$286	$221	$211	$191	$200	0.61	4.9%	-5.2%	-9.5%	-29.9%	-2.2%
MONTANA	$245	$233	$212	$261	$240	$248	0.76	3.5%	-5.0%	17.3%	6.4%	1.2%
NEBRASKA	$354	$433	$494	$500	$490	$500	1.52	2.0%	0.0%	1.2%	15.4%	41.1%
NEVADA	$226	$242	$202	$214	$245	$246	0.75	0.7%	14.9%	21.8%	1.8%	9.0%
NEW HAMPSHIRE	$101	$125	$125	$135	$99	$108	0.33	9.3%	-20.4%	-14.0%	-14.0%	6.3%
NEW JERSEY	$219	$322	$347	$307	$311	$302	0.92	-3.1%	-1.8%	-12.9%	-6.2%	37.5%
NEW MEXICO	$349	$421	$566	$537	$497	$522	1.59	5.2%	-2.7%	-7.8%	23.9%	49.7%
NEW YORK	$267	$281	$345	$350	$371	$369	1.13	-0.4%	5.4%	6.9%	31.4%	38.3%
NORTH CAROLINA	$272	$447	$473	$424	$443	$437	1.33	-1.2%	3.1%	-7.5%	-2.1%	60.9%
NORTH DAKOTA	$367	$425	$548	$593	$476	$496	1.51	4.2%	-16.4%	-9.5%	16.8%	35.3%
OHIO	$195	$290	$221	$217	$216	$213	0.65	-1.6%	-1.8%	-3.5%	-26.5%	9.3%
OKLAHOMA	$286	$364	$367	$307	$225	$228	0.69	1.1%	-25.8%	-38.0%	-37.5%	-20.5%
OREGON	$315	$313	$252	$224	$259	$275	0.84	6.2%	22.6%	9.0%	-12.2%	-12.8%
PENNSYLVANIA	$177	$249	$185	$152	$149	$155	0.47	3.7%	2.1%	-16.5%	-37.8%	-12.8%
RHODE ISLAND	$241	$234	$180	$178	$187	$182	0.55	-2.9%	2.1%	1.2%	-22.1%	-24.4%
SOUTH CAROLINA	$319	$324	$252	$231	$239	$257	0.78	7.2%	11.0%	1.6%	-20.7%	-19.5%
SOUTH DAKOTA	$233	$262	$272	$278	$278	$296	0.90	6.4%	6.6%	8.8%	13.0%	27.3%
TENNESSEE	$217	$266	$278	$262	$302	$319	0.97	5.7%	21.9%	14.6%	20.1%	47.0%
TEXAS	$298	$356	$366	$329	$329	$337	1.03	2.4%	2.4%	-7.9%	-5.5%	13.3%
UTAH	$296	$355	$294	$325	$352	$377	1.15	7.3%	16.1%	28.4%	6.4%	27.5%
VERMONT	$153	$159	$177	$156	$150	$155	0.47	3.2%	-1.0%	-12.5%	-2.9%	1.4%
VIRGINIA	$253	$333	$260	$239	$254	$271	0.82	6.4%	13.0%	4.2%	-18.8%	6.8%
WASHINGTON	$345	$321	$277	$241	$271	$289	0.88	6.8%	20.1%	4.5%	-9.9%	-16.2%
WEST VIRGINIA	$234	$332	$314	$302	$278	$294	0.89	5.7%	-2.8%	-6.5%	-11.6%	25.5%
WISCONSIN	$338	$418	$388	$344	$317	$315	0.96	-0.6%	-8.6%	-18.9%	-24.7%	-6.9%
WYOMING	$403	$499	$718	$770	$758	$731	2.23	-3.7%	-5.2%	1.7%	46.4%	81.1%
U.S.	**$269**	**$347**	**$322**	**$311**	**$321**	**$328**	**1.00**	**2.2%**	**5.6%**	**2.0%**	**-5.4%**	**21.8%**
D.C.	N/A	N/A	N/A	$129	$142	$142	0.43	-0.1%	10.2%	N/A	N/A	N/A

NOTES:

1. Total state and local support is the sum of tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is not included.
2. Constant 2020 dollars adjusted by the Consumer Price Index (CPI).
3. The years 1980 and 2001 are included in this table because they are the starting points of the historical SHEF dataset and modern SHEF data collection, respectively.
4. The U.S. calculation does not include the District of Columbia. Data for the District of Columbia are not available prior to 2011.

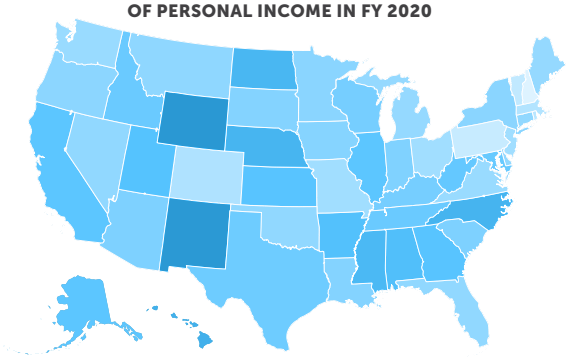
SOURCES: State Higher Education Executive Officers Association

Population data are from the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Income Division.

SUPPORT PER $1,000 OF PERSONAL INCOME

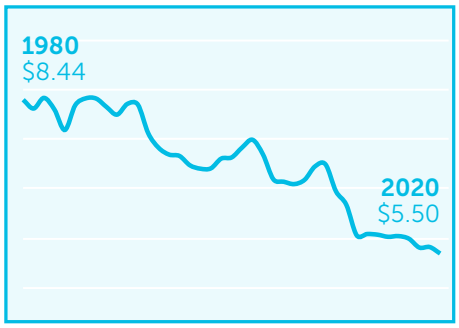
Higher education support per $1,000 of personal income measures the amount a state pays for higher education relative to its capacity to pay.[14] It helps us understand the scale of support for higher education in relation to a state's available tax base since most state revenue comes from income and sales or consumption taxes.[15] Visit the SHEF website to view the interactive support per $1,000 map.[16] The interactive map shows state and local support for all higher education for each state on a personal income basis from 1980-2020.

HIGHER EDUCATION SUPPORT PER $1,000 OF PERSONAL INCOME IN FY 2020



NATIONAL TRENDS

In 2020, states allocated $5.50 for every $1,000 of personal income to higher education. This amount has been slowly declining over time. In 1980, states provided an average of $8.44 per $1,000 to higher education. This amount was largely unchanged in 1990 ($8.36), but by 2000 (a high point in state support per FTE enrollment), support per $1,000 of personal income had declined to $7.33. Despite declines in personal income due to the Great Recession, higher education support per $1,000 of personal income was down to $6.69 by 2010. Since 2010, this measure has declined in seven of the last ten years. In total, **higher education support per $1,000 of personal income has declined 34.8% since 1980.** This is because inflation-adjusted personal income increased 171.0% from 1980 to 2020, while inflation-adjusted higher education support increased only 76.7%.[17,18] Since 2008, personal income has increased 31.6% while higher education support has increased just 1.0%.



STATE COMPARISONS

Figure 4 shows wide variation in higher education support per $1,000 of personal income across the states in fiscal year 2020, ranging from $1.62 in New Hampshire to $11.55 in Wyoming. Four states (New Hampshire, Rhode Island, Pennsylvania, and Vermont) and Washington, D.C., allocated less than $3 per $1,000 of personal income to support higher education. New Mexico and Wyoming were the only states to allocate more than $10.

14. Higher education support refers to the sum of state tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is excluded.
15. Trostel, P.A., & Ronca, J.M. (2009). A simple unifying measure of state support for postsecondary education. *Research in Higher Education, 50*(3), 215-247.
16. shef.sheeo.org/data-visualizations/effort-map-3
17. Data are adjusted for inflation using the 2020 Consumer Price Index (CPI-U) in these calculations of change over time in personal income and higher education support per capita.
18. Student FTE enrollment also increased 59.4% from 1980 to 2020.

Washington, D.C., is in the bottom 20% for support per capita and per $1,000 in personal income, yet is in the top 20% of all states for support per FTE (excluding stimulus). This discrepancy indicates that the above-average per-FTE support in Washington, D.C., may be due, in part, to their high capacity to pay for higher education.

From 2019-2020, support per $1,000 decreased in two-thirds of states (33) and Washington, D.C. The largest decreases were 12.8% in Michigan and 10.0% in Alaska. Of the 17 states with year-over-year increases in state support for higher education per $1,000 in personal income, the largest increases were in New Hampshire (5.8%) and Colorado (6.3%).

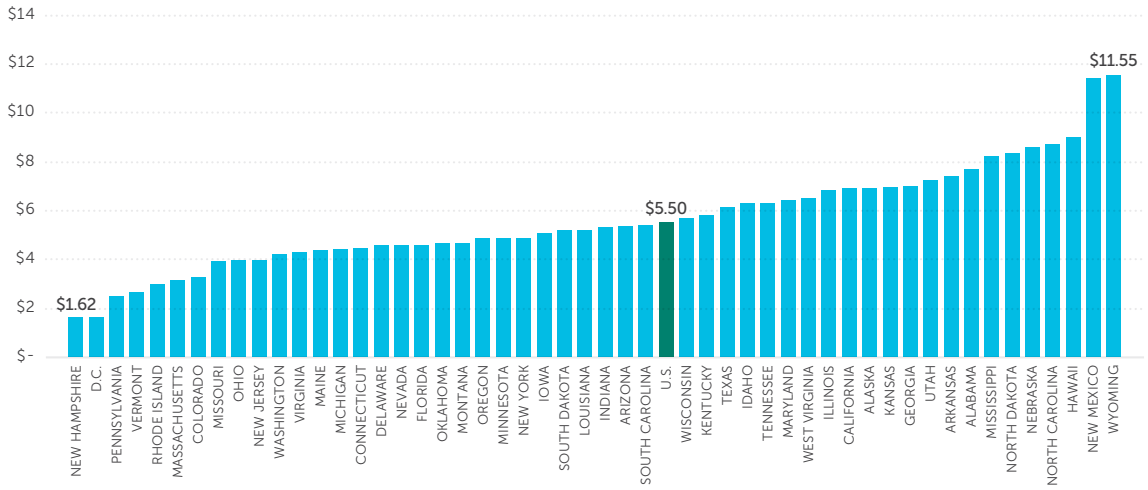
Between 2010 and 2020, only three states increased higher education support per $1,000 of personal income (*Table 4*).

- Support per $1,000 of personal income increased in Nevada (0.3%), Massachusetts (12.8%), and Colorado (29.2%).
- Forty-seven states reported declines in support per $1,000 of personal income. In half of states (25), the decline was greater than 20%. The largest declines were in Oklahoma (45.4%), Arizona (37.2%), and Michigan (35.3%).

Higher education support per $1,000 of personal income increased in only one state between 2001 and 2020: Wyoming (5.4%). Three states (Iowa, Oklahoma, and Pennsylvania) had declines greater than 50%. Similarly, only Wyoming has had an increase since 1980 (4.4%). Of the 49 states with declines in support per $1,000 of personal income from 1980 to 2020, 11 states saw declines greater than 50%. The largest declines since the start of the SHEF dataset in 1980 were in Rhode Island (61.3%), South Carolina (57.6%), and Washington (57.1%).

FIGURE 4

HIGHER EDUCATION SUPPORT PER $1,000 OF PERSONAL INCOME BY STATE, FY 2020



NOTES:

1. Total state and local support is the sum of tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is not included.
2. The U.S. calculation does not include the District of Columbia.

SOURCES: State Higher Education Executive Officers Association

Personal income data are from the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Income Division.

TABLE 4

HIGHER EDUCATION SUPPORT PER $1,000 OF PERSONAL INCOME BY STATE, FY 1980-2020

	1980	2001	2010	2015	2019	2020	INDEX TO U.S.	% CHANGE SINCE 2019	% CHANGE SINCE 2015	% CHANGE SINCE 2010	% CHANGE SINCE 2001	% CHANGE SINCE 1980
ALABAMA	$10.28	$9.73	$8.83	$7.84	$7.67	$7.69	1.40	0.3%	-1.9%	-12.9%	-20.9%	-25.2%
ALASKA	$13.76	$9.08	$9.57	$9.45	$7.69	$6.92	1.26	-10.0%	-26.7%	-27.6%	-23.7%	-49.7%
ARIZONA	$11.04	$8.55	$8.52	$6.50	$5.48	$5.35	0.97	-2.3%	-17.7%	-37.2%	-37.4%	-51.5%
ARKANSAS	$8.99	$9.70	$10.38	$8.74	$7.67	$7.42	1.35	-3.3%	-15.1%	-28.6%	-23.5%	-17.5%
CALIFORNIA	$10.29	$9.03	$7.39	$6.74	$7.08	$6.90	1.25	-2.5%	2.4%	-6.6%	-23.6%	-33.0%
COLORADO	$6.99	$4.88	$2.53	$2.99	$3.08	$3.27	0.59	6.3%	9.4%	29.2%	-33.1%	-53.2%
CONNECTICUT	$4.64	$5.54	$5.89	$4.96	$4.37	$4.47	0.81	2.3%	-10.0%	-24.2%	-19.4%	-3.8%
DELAWARE	$7.95	$6.28	$6.17	$5.02	$4.66	$4.58	0.83	-1.7%	-8.7%	-25.7%	-27.0%	-42.3%
FLORIDA	$6.27	$6.30	$5.06	$4.64	$4.80	$4.60	0.84	-4.1%	-0.8%	-9.0%	-26.9%	-26.6%
GEORGIA	$9.21	$9.23	$7.83	$6.83	$7.17	$7.02	1.28	-2.1%	2.8%	-10.3%	-23.9%	-23.8%
HAWAII	$11.67	$9.11	$9.37	$8.15	$9.64	$8.98	1.63	-6.8%	10.2%	-4.2%	-1.4%	-23.0%
IDAHO	$10.77	$9.74	$7.45	$6.49	$6.56	$6.31	1.15	-3.8%	-2.8%	-15.3%	-35.2%	-41.4%
ILLINOIS	$7.36	$7.64	$8.11	$7.81	$6.85	$6.86	1.25	0.1%	-12.2%	-15.4%	-10.2%	-6.8%
INDIANA	$7.56	$7.30	$6.79	$5.85	$5.64	$5.33	0.97	-5.5%	-8.9%	-21.4%	-26.9%	-29.4%
IOWA	$9.20	$10.70	$6.98	$6.38	$5.19	$5.08	0.92	-2.2%	-20.4%	-27.3%	-52.5%	-44.8%
KANSAS	$11.48	$10.54	$8.34	$7.36	$6.98	$6.98	1.27	0.1%	-5.2%	-16.2%	-33.8%	-39.2%
KENTUCKY	$10.01	$9.61	$8.55	$6.92	$6.06	$5.79	1.05	-4.3%	-16.3%	-32.3%	-39.7%	-42.1%
LOUISIANA	$8.91	$8.81	$7.62	$5.58	$5.34	$5.22	0.95	-2.1%	-6.4%	-31.5%	-40.7%	-41.4%
MAINE	$5.67	$6.10	$5.16	$4.72	$4.54	$4.37	0.79	-3.8%	-7.3%	-15.2%	-28.4%	-22.9%
MARYLAND	$7.58	$7.41	$6.66	$6.28	$6.40	$6.38	1.16	-0.3%	1.7%	-4.2%	-13.8%	-15.8%
MASSACHUSETTS	$5.38	$4.44	$2.81	$3.39	$3.25	$3.17	0.58	-2.7%	-6.4%	12.8%	-28.6%	-41.1%
MICHIGAN	$8.95	$8.36	$6.87	$5.36	$5.10	$4.45	0.81	-12.8%	-16.9%	-35.3%	-46.8%	-50.3%
MINNESOTA	$11.02	$7.89	$6.31	$5.04	$4.92	$4.89	0.89	-0.6%	-3.1%	-22.6%	-38.1%	-55.7%
MISSISSIPPI	$12.65	$12.76	$11.51	$10.16	$8.39	$8.24	1.50	-1.8%	-18.9%	-28.4%	-35.4%	-34.8%
MISSOURI	$6.96	$6.82	$5.07	$4.49	$3.88	$3.92	0.71	0.9%	-12.8%	-22.7%	-42.6%	-43.8%
MONTANA	$8.54	$6.66	$4.97	$5.50	$4.76	$4.66	0.85	-2.2%	-15.4%	-6.3%	-30.1%	-45.5%
NEBRASKA	$12.01	$9.80	$10.16	$9.05	$8.88	$8.62	1.57	-2.9%	-4.7%	-15.2%	-12.0%	-28.2%
NEVADA	$6.02	$5.12	$4.58	$4.46	$4.72	$4.59	0.84	-2.8%	3.0%	0.3%	-10.3%	-23.7%
NEW HAMPSHIRE	$3.21	$2.33	$2.25	$2.26	$1.53	$1.62	0.29	5.8%	-28.3%	-28.1%	-30.4%	-49.5%
NEW JERSEY	$5.92	$5.46	$5.68	$4.60	$4.37	$4.01	0.73	-8.2%	-12.9%	-29.4%	-26.6%	-32.3%
NEW MEXICO	$12.84	$11.66	$14.23	$12.84	$11.32	$11.40	2.07	0.7%	-11.2%	-19.9%	-2.2%	-11.2%
NEW YORK	$7.73	$5.17	$5.94	$5.42	$5.10	$4.89	0.89	-4.3%	-9.9%	-17.7%	-5.5%	-36.8%
NORTH CAROLINA	$10.37	$10.97	$11.16	$9.29	$9.15	$8.73	1.59	-4.6%	-5.9%	-21.8%	-20.4%	-15.7%
NORTH DAKOTA	$14.50	$10.94	$10.62	$10.09	$8.22	$8.35	1.52	1.6%	-17.2%	-21.4%	-23.7%	-42.4%
OHIO	$6.26	$6.76	$5.09	$4.48	$4.26	$4.00	0.73	-6.1%	-10.8%	-21.4%	-40.8%	-36.1%
OKLAHOMA	$9.46	$9.79	$8.46	$6.35	$4.70	$4.62	0.84	-1.6%	-27.2%	-45.4%	-52.8%	-51.2%
OREGON	$9.80	$7.38	$5.88	$4.55	$4.81	$4.84	0.88	0.7%	6.6%	-17.6%	-34.3%	-50.6%
PENNSYLVANIA	$5.63	$5.40	$3.71	$2.75	$2.54	$2.49	0.45	-2.1%	-9.7%	-33.0%	-53.9%	-55.8%
RHODE ISLAND	$7.74	$5.01	$3.53	$3.26	$3.28	$2.99	0.54	-8.9%	-8.3%	-15.2%	-40.3%	-61.3%
SOUTH CAROLINA	$12.73	$8.60	$6.55	$5.36	$5.20	$5.40	0.98	3.8%	0.8%	-17.6%	-37.2%	-57.6%
SOUTH DAKOTA	$8.96	$6.49	$5.57	$5.23	$5.10	$5.17	0.94	1.5%	-1.2%	-7.1%	-20.3%	-42.3%
TENNESSEE	$8.35	$6.60	$6.58	$5.63	$6.12	$6.31	1.15	3.1%	12.2%	-4.1%	-4.4%	-24.4%
TEXAS	$9.49	$8.31	$8.05	$6.47	$6.16	$6.15	1.12	-0.2%	-5.0%	-23.7%	-26.1%	-35.2%
UTAH	$11.27	$9.73	$7.70	$7.28	$7.10	$7.22	1.31	1.7%	-0.8%	-6.2%	-25.8%	-35.9%
VERMONT	$5.53	$3.55	$3.60	$2.89	$2.68	$2.64	0.48	-1.5%	-8.7%	-26.6%	-25.6%	-52.2%
VIRGINIA	$7.64	$6.72	$4.81	$4.14	$4.21	$4.34	0.79	3.0%	4.7%	-9.7%	-35.4%	-43.2%
WASHINGTON	$9.88	$6.60	$5.46	$4.10	$4.13	$4.23	0.77	2.5%	3.3%	-22.5%	-35.8%	-57.1%
WEST VIRGINIA	$9.29	$9.57	$8.19	$7.50	$6.49	$6.51	1.18	0.3%	-13.2%	-20.5%	-32.0%	-30.0%
WISCONSIN	$10.73	$9.25	$8.38	$6.76	$5.88	$5.67	1.03	-3.5%	-16.0%	-32.4%	-38.7%	-47.1%
WYOMING	$11.06	$10.96	$13.24	$12.36	$12.05	$11.55	2.10	-4.1%	-6.5%	-12.8%	5.4%	4.4%
U.S.	**$8.44**	**$7.52**	**$6.69**	**$5.82**	**$5.62**	**$5.50**	**1.00**	**-2.2%**	**-5.5%**	**-17.8%**	**-26.9%**	**-34.8%**
D.C.	N/A	N/A	N/A	$1.56	$1.68	$1.63	0.30	-3.1%	4.2%	N/A	N/A	N/A

NOTES:

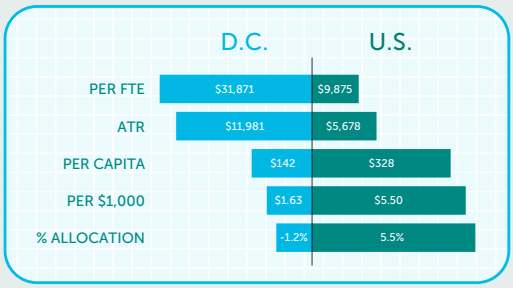
1. Total state and local support is the sum of tax appropriations, non-tax support, local appropriations, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Federal stimulus funding is not included.
2. The years 1980 and 2001 are included in this table because they are the starting points of the historical SHEF dataset and modern SHEF data collection, respectively.
3. The U.S. calculation does not include the District of Columbia. Data for the District of Columbia are not available prior to 2011.

SOURCES: State Higher Education Executive Officers Association

Personal income data are from the U.S. Department of Commerce, Bureau of Economic Analysis, Regional Income Division.

STATE SPOTLIGHT: WASHINGTON, D.C.

For the first time, Washington, D.C., has been included in the figures and tables shared in this report. With 2.1 times more actual tax revenues per capita than the U.S. average, Washington, D.C., has above-average capacity to fund higher education. However, the district allocates just 1.2% of its tax and lottery revenues to higher education, less than any of the 50 states and just 21% of the U.S. average. As a result, Washington, D.C., allocates just $142 per capita and $1.63 per $1,000 in personal income for higher education support, less than all but one state (New Hampshire). Still, because of its high wealth and tax capacity, Washington, D.C., allocated roughly three times the national average in state and local support per FTE (excluding federal stimulus) in both 2019 and 2020.



CONCLUSION

State support for higher education has significant impacts on student success and provides high rates of return in the form of public benefits.[19] However, states vary in their capacity (ability) and effort (willingness) to pay for higher education support. This report, which is produced annually following the latest releases in available state and local tax data, reviewed the capacity of states to provide higher education support and trends in three measures of state effort to support higher education. The data reported here cover the period immediately preceding the COVID-19 pandemic and should serve as a baseline to understand how pandemic-induced changes to state tax revenues and personal income impacted state effort and capacity to fund higher education.

This report sheds light on the greater context surrounding higher education finance decisions in each state. Colorado, New Hampshire, Pennsylvania, Rhode Island, and Vermont are in the bottom 20% of all measures (including support per FTE). For these states, the state effort metrics show that low funding for higher education is ubiquitous across measures, and the state may not prioritize funding for higher education above other budgetary areas. On the other hand, Nebraska, New Mexico, and Wyoming are the only states in the top 20% of all measures (including support per FTE). The state effort metrics show that Nebraska, New Mexico, and Wyoming greatly prioritize higher education, providing a higher proportion of available revenues to higher education than most other states.

The trends for each of the effort metrics (allocation to higher education, support per capita, and support per $1,000 of personal income) over the most recent 10-year period show troubling patterns. No state has increased its effort to support higher education on all three measures, and only five states have increased higher education support on more than one measure. While half of all states (25) have increased support per capita over the last 10 years, only three have increased either allocation to higher education (Alaska, Florida, and Wyoming) or support per $1,000 in personal income (Colorado, Massachusetts, and Nevada). The lack of progress on the effort metrics are particularly concerning because the most recent 10-year periods measured in this report capture change since the Great Recession, when states faced some of their worst budget deficits in years. Despite years of recovery in higher education funding and record high tax revenues, state effort to fund higher education has not come close to pre-recession levels and has remained largely stagnant over the last few years. The lack of progress on the effort metrics during a period of time when state economies were generally expanding suggests many states were unwilling or unable to increase their effort to fund higher education.

19. State Higher Education Executive Officers Association. (2021). *Investigating the impacts of state higher education appropriations and financial aid.* sheeo.org/wp-content/uploads/2021/05/SHEEO_ImpactAppropationsFinancialAid.pdf

STATE HIGHER EDUCATION EXECUTIVE OFFICERS

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