SHEEO

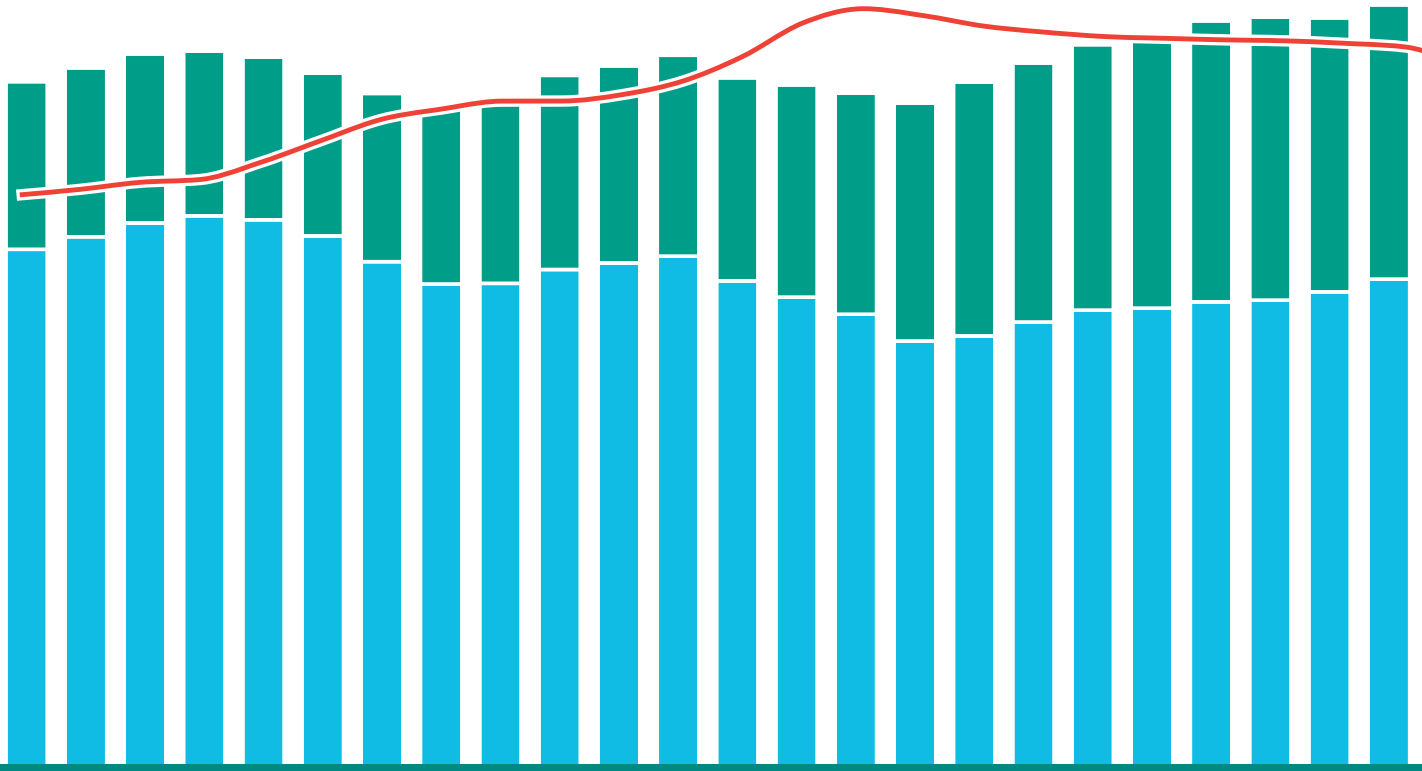
STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

SHEF

STATE HIGHER EDUCATION FINANCE

STATE EFFORT AND CAPACITY TO FUND HIGHER EDUCATION

FY 2020 AND 2021



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 include the same capacity and effort metrics that were in the SHEF report and should look familiar to longtime SHEF readers.

The 2020-21 State Effort and Capacity to Fund Higher Education report was authored by Kelsey Kunkle, policy analyst. The report would not have been possible without additional staff support, particularly from Gloria Auer, Rachel Burns, Jessica Duren, Kelsey Heckert, Sophia Laderman, and Dustin Weeden.

We are deeply indebted to the staff of state higher education agencies who annually provide the data essential for the preparation of this report. 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**.**

The data in this report and accompanying website may be freely used with appropriate attribution and citation: State Higher Education Executive Officers Association. (2023). State Effort and Capacity to Fund Higher Education: FY 2020-21.

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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 combines external data with SHEF data on state funding for public and private 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.**

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 2020 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. The most recent data for population and personal income are for fiscal year 2021. Population data are from the U.S. Census Bureau Population and Housing Unit Estimates. Personal income data are collected from the U.S. Department of Commerce, Bureau of Economic Analysis.

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 (2020 or 2021).

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 a 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.

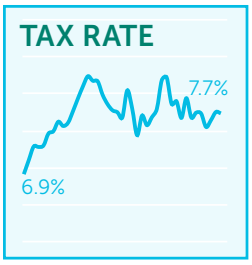
We also present data on an estimated effective tax rate for the U.S. and each state. The effective tax rate represents the percentage of total state revenues collected through state and local government taxes and is calculated by dividing actual tax revenues by total taxable resources. Effective tax 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 influence 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 40 years since 1980, reaching $72,952 per capita ($23.95 trillion total) in 2020, the second highest on record. Fiscal year 2020 TTR per capita was up 61.7% from $45,102 per capita ($10.1 trillion total) in 1980 but down 1.8% since 2019. This is the fourth consecutive year TTR has surpassed $70,000 per capita. TTR per capita has historically declined during past economic downturns (1981-1982, 1990-1991, 2001-2002, and 2008-2009). This trend continued during the brief recession caused by the COVID-19 pandemic in 2020. However, TTR also declined outside of an economic recession in 2013. Since 2021 TTR data are not yet available, it is unclear if the brief recession in 2020 will affect recent trends in TTR per capita.

Inflation-adjusted actual tax revenue (ATR) per capita[6] has increased in 31 years since 1980—reaching an all-time high in 2019 ($5,760 per capita, or $1.88 trillion). Like TTR, ATR per capita previously declined during and immediately following economic recessions in 1981, 1991, 2001-2003, and 2008-2010. This historical trend continued, as fiscal year 2020 marked the second highest ATR per capita after a 2.0% year-over-year decline to $5,645 per capita ($1.85 trillion). However, ATR per capita in 2020 is still up 80.8% from 1980 ($3,121 per capita or $698.9 billion).



In 2020, the national effective tax rate was 7.7%, which was also the 40-year average effective tax rate from 1980 to 2020. 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% and 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 2020 for each state. Total taxable resources, an indicator of a state's tax base, vary extensively by state.

- TTR per capita ranged from $44,657 in Mississippi to $101,253 in New York and $126,085 in Washington, D.C.
- In addition to New York and Washington, D.C., three states (Connecticut, Massachusetts, and Washington) also had TTR above $90,000 per capita.
- Mississippi was the only state with TTR below $50,000 per capita.

5. Total taxable resources per capita are inflated to 2020 dollars using the Consumer Price Index (CPI-U).
6. Actual tax revenue per capita is inflated to 2020 dollars using the Consumer Price Index (CPI-U).

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.

- Actual tax revenue per capita ranged from $3,768 in Tennessee to $10,299 in New York and $11,630 in Washington, D.C.
- Most states with high tax capacity (TTR) also had an above-average ATR in 2020. However, two states, New Hampshire and Wyoming, had above-average TTR but collected less than average ATR, indicating a below average tax rate. Of these states with higher tax capacity, New Hampshire allocated less than the average amount of higher education state and local support per FTE in 2020 (44.3% less), whereas Wyoming allocated more than double (2.0 times) the U.S. average.[7]
- Four states (Hawaii, Maine, 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 2020 (2.3 times the U.S. average).

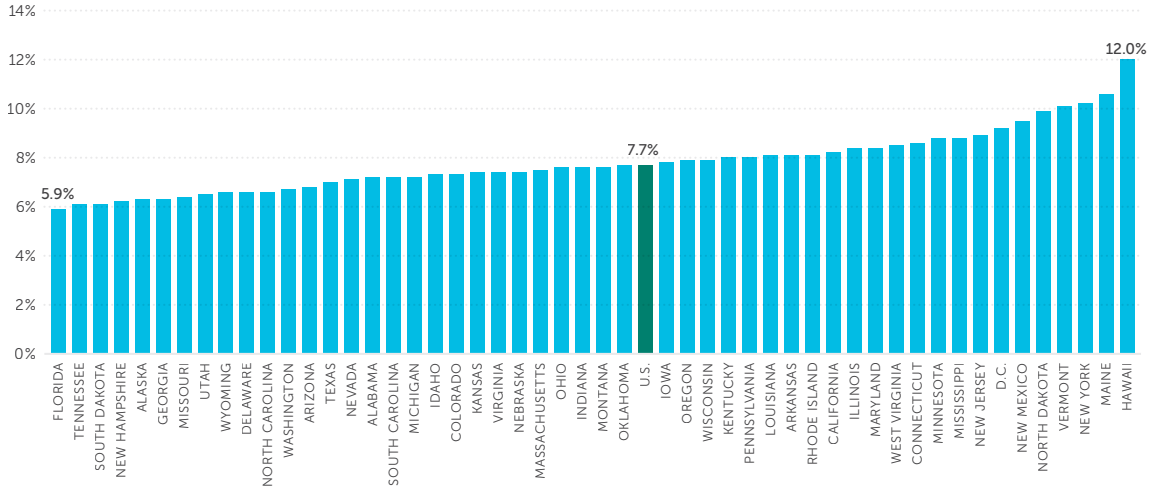
Effective tax rates vary across states, as each state has a unique tax base and structure.

- *Figure 1* shows that effective tax rates ranged from 5.9% in Florida to 12.0% in Hawaii.
- States with above-average total resources and tax rates tend to fund higher education at higher rates. Eight states (California, Connecticut, Illinois, Maryland, Minnesota, New Jersey, New York, and North Dakota) and Washington, D.C., had both above-average TTR and effective tax rates. Of these states, only Minnesota had below-average state and local support per FTE in 2020.
- States with a low tax rate and high total resources are relatively less likely to provide above-average funding to higher education. Eight states (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, only Massachusetts, Nebraska, and Wyoming provided above-average state and local support per FTE in 2020.
- Similarly, states with a high tax rate but low total resources are less likely to provide above-average funding to higher education. Fourteen 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 2020.

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 not included.

FIGURE 1

EFFECTIVE TAX RATES BY STATE, FY 2020



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 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 2020

	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	$3,846	0.68	$53,423	0.73	7.2%	0.93
ALASKA	$4,515	0.80	$72,110	0.99	6.3%	0.81
ARIZONA	$4,071	0.72	$59,861	0.82	6.8%	0.88
ARKANSAS	$4,323	0.77	$53,294	0.73	8.1%	1.05
CALIFORNIA	$7,012	1.24	$85,809	1.18	8.2%	1.06
COLORADO	$5,694	1.01	$77,955	1.07	7.3%	0.94
CONNECTICUT	$8,530	1.51	$99,691	1.37	8.6%	1.11
DELAWARE	$5,950	1.05	$90,000	1.23	6.6%	0.85
FLORIDA	$4,062	0.72	$68,421	0.94	5.9%	0.77
GEORGIA	$4,113	0.73	$65,318	0.90	6.3%	0.81
HAWAII	$7,672	1.36	$63,789	0.87	12.0%	1.55
IDAHO	$4,208	0.75	$58,019	0.80	7.3%	0.94
ILLINOIS	$6,459	1.14	$77,295	1.06	8.4%	1.08
INDIANA	$4,745	0.84	$62,695	0.86	7.6%	0.98
IOWA	$5,484	0.97	$70,136	0.96	7.8%	1.01
KANSAS	$5,252	0.93	$71,379	0.98	7.4%	0.95
KENTUCKY	$4,359	0.77	$54,781	0.75	8.0%	1.03
LOUISIANA	$4,403	0.78	$54,505	0.75	8.1%	1.04
MAINE	$6,499	1.15	$61,229	0.84	10.6%	1.37
MARYLAND	$6,942	1.23	$82,973	1.14	8.4%	1.08
MASSACHUSETTS	$7,399	1.31	$98,551	1.35	7.5%	0.97
MICHIGAN	$4,298	0.76	$59,370	0.81	7.2%	0.94
MINNESOTA	$6,585	1.17	$74,840	1.03	8.8%	1.14
MISSISSIPPI	$3,942	0.70	$44,657	0.61	8.8%	1.14
MISSOURI	$3,976	0.70	$61,819	0.85	6.4%	0.83
MONTANA	$4,538	0.80	$59,339	0.81	7.6%	0.99
NEBRASKA	$5,737	1.02	$77,720	1.07	7.4%	0.95
NEVADA	$4,837	0.86	$68,430	0.94	7.1%	0.91
NEW HAMPSHIRE	$5,196	0.92	$83,628	1.15	6.2%	0.80
NEW JERSEY	$7,909	1.40	$88,469	1.21	8.9%	1.16
NEW MEXICO	$5,039	0.89	$52,962	0.73	9.5%	1.23
NEW YORK	$10,299	1.82	$101,253	1.39	10.2%	1.31
NORTH CAROLINA	$4,191	0.74	$63,287	0.87	6.6%	0.86
NORTH DAKOTA	$7,696	1.36	$77,384	1.06	9.9%	1.29
OHIO	$4,896	0.87	$64,814	0.89	7.6%	0.98
OKLAHOMA	$4,167	0.74	$54,031	0.74	7.7%	1.00
OREGON	$5,233	0.93	$66,270	0.91	7.9%	1.02
PENNSYLVANIA	$5,637	1.00	$70,631	0.97	8.0%	1.03
RHODE ISLAND	$5,938	1.05	$72,862	1.00	8.1%	1.05
SOUTH CAROLINA	$4,036	0.72	$55,936	0.77	7.2%	0.93
SOUTH DAKOTA	$4,466	0.79	$72,819	1.00	6.1%	0.79
TENNESSEE	$3,768	0.67	$61,944	0.85	6.1%	0.79
TEXAS	$4,782	0.85	$68,497	0.94	7.0%	0.90
UTAH	$4,576	0.81	$70,519	0.97	6.5%	0.84
VERMONT	$6,641	1.18	$65,700	0.90	10.1%	1.31
VIRGINIA	$5,646	1.00	$76,701	1.05	7.4%	0.95
WASHINGTON	$6,240	1.11	$92,711	1.27	6.7%	0.87
WEST VIRGINIA	$4,265	0.76	$50,466	0.69	8.5%	1.09
WISCONSIN	$5,330	0.94	$67,146	0.92	7.9%	1.03
WYOMING	$5,326	0.94	$81,018	1.11	6.6%	0.85
U.S.	**$5,645**	**1.00**	**$72,952**	**1.00**	**7.7%**	**1.00**
D.C.	$11,630	2.06	$126,085	1.73	9.2%	1.19

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

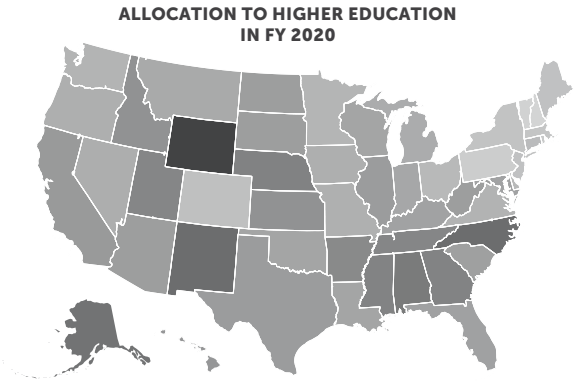
Actual tax revenues are from the U.S. Census Bureau Annual Survey of State and Local Government Finances.

Total taxable resources are from the U.S. Treasury Department.

Population data are from the U.S. Census Bureau Population and Housing Unit Estimates.

PERCENTAGE OF REVENUE ALLOCATED TO HIGHER EDUCATION

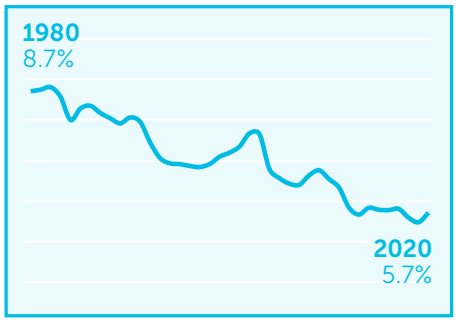
The percentage of revenue allocated to higher education compares available state and local funds from tax revenue and lottery profits relative to the amount of these funds appropriated to higher education. Higher education support is defined as state and local tax and non-tax support for public and independent 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 1980-2020.



NATIONAL TRENDS

Nationally, 5.7% of state revenue ($106.8 billion) was allocated to higher education in 2020. This represents a 0.9 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 that 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 2020 it had decreased by one third to 5.7%. Meanwhile, ATR and lottery profits increased 82.4% from an inflation-adjusted $3,135 per capita ($702.0 billion) in 1980 to $5,717 per capita (nearly $1.9 trillion) in 2020.



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 not included.
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 1.3% in Washington, D.C., and 2.1% in New Hampshire to 13.8% in Wyoming. New Mexico and North Carolina (both 10.4%) were the only other states to allocate more than 10% of revenue to higher education, while Vermont (2.3%), Pennsylvania (2.7%), and Rhode Island (2.9%) were the only other states to allocate less than 3%.

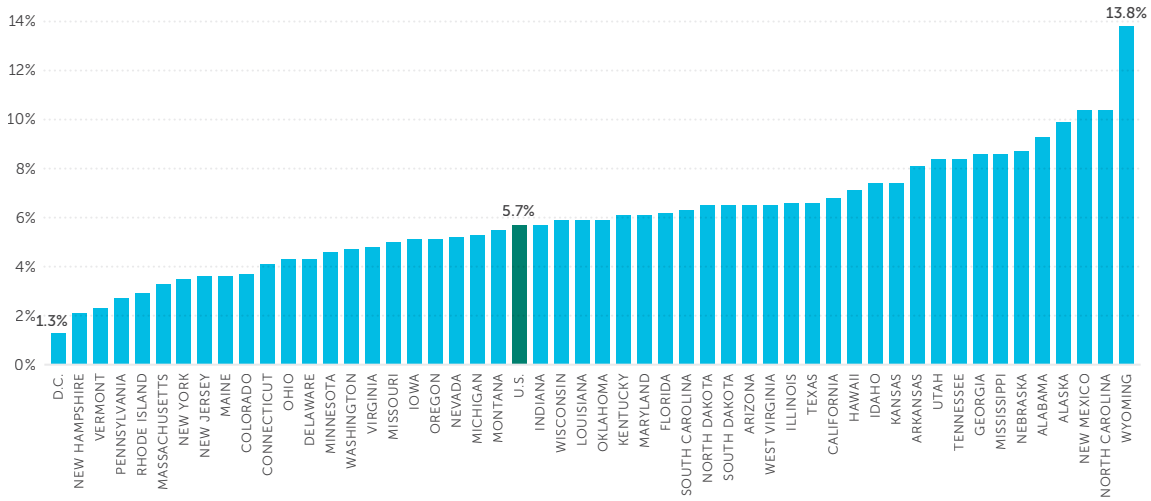
Notably, New York and Washington, D.C., were in the bottom 20% for the percentage of state revenue allocated to higher education, yet were in the top 20% for state and local support per FTE (excluding stimulus) in 2020. This is an indication that they have large tax revenues to draw upon for higher education funding.

The Great Recession adversely affected the percentage of revenue allocated to higher education. Only three states (Alaska, Florida, and Wyoming) increased the portion of revenue allocated to higher education from 2008-2020. Of the 47 states with a lower allocation to higher education in 2020, nine states lowered their allocation by at least 2.0 percentage points.

Between fiscal years 2015-2020, 20 states and Washington, D.C., increased the percentage of revenue allocated to higher education. The largest increases were 2.7 percentage points in Wyoming and 1.2 percentage points in Tennessee. In the remaining 30 states, the portion of revenue allocated to higher education continued to decline from 2015-2020 despite a strong economy for most of that time period. Five states saw declines greater than 1.0 percentage point, the largest of which was in Alaska (5.6 percentage points). From 2019 to 2020, 41 states and Washington, D.C., increased the percentage of revenue allocated to higher education while the remaining nine saw declines (*Table 2*). No states experienced a decline greater than 1.0 percentage point in the last year. Indiana had the largest decrease (0.5 percentage point), while Utah had the greatest increase (1.2 percentage points).

FIGURE 2

PERCENTAGE OF TAX AND LOTTERY REVENUES ALLOCATED TO HIGHER EDUCATION BY STATE, FY 2020



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 Annual Survey of State and Local Government Finances.

Lottery profits are from the North American Association of State and Provincial Lotteries.

TABLE 2

PERCENTAGE OF TAX AND LOTTERY REVENUES ALLOCATED TO HIGHER EDUCATION 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	12.6%	11.1%	10.7%	9.6%	9.1%	9.3%	1.63	0.2	-0.4	-1.5	-1.8	-3.3
ALASKA	5.2%	7.7%	5.5%	15.5%	9.4%	9.9%	1.74	0.5	-5.6	4.4	2.2	4.7
ARIZONA	10.7%	8.9%	9.3%	7.4%	6.1%	6.5%	1.14	0.4	-0.9	-2.8	-2.4	-4.2
ARKANSAS	10.5%	9.9%	10.1%	8.8%	7.9%	8.1%	1.42	0.1	-0.8	-2.1	-1.8	-2.4
CALIFORNIA	10.5%	8.0%	6.9%	6.4%	6.4%	6.8%	1.20	0.5	0.5	-0.1	-1.2	-3.7
COLORADO	7.8%	5.4%	2.5%	3.4%	3.3%	3.7%	0.64	0.3	0.3	1.1	-1.7	-4.2
CONNECTICUT	5.3%	5.5%	6.0%	4.5%	4.0%	4.1%	0.72	0.1	-0.4	-1.9	-1.4	-1.2
DELAWARE	8.0%	6.7%	5.9%	4.8%	4.1%	4.3%	0.75	0.1	-0.5	-1.6	-2.4	-3.8
FLORIDA	8.5%	7.3%	5.5%	6.0%	6.2%	6.2%	1.09	0.0	0.3	0.8	-1.0	-2.3
GEORGIA	10.3%	9.1%	8.5%	7.9%	8.2%	8.6%	1.50	0.4	0.7	0.1	-0.5	-1.8
HAWAII	10.9%	7.8%	8.1%	6.6%	7.0%	7.1%	1.24	0.1	0.5	-1.1	-0.8	-3.8
IDAHO	12.7%	9.3%	8.5%	7.5%	7.6%	7.4%	1.30	-0.2	-0.1	-1.2	-1.9	-5.3
ILLINOIS	7.4%	7.8%	8.1%	6.9%	6.4%	6.6%	1.16	0.2	-0.4	-1.5	-1.2	-0.8
INDIANA	9.5%	7.8%	6.6%	6.4%	6.2%	5.7%	1.01	-0.5	-0.7	-0.9	-2.1	-3.8
IOWA	9.1%	10.9%	6.8%	6.2%	5.0%	5.1%	0.90	0.1	-1.1	-1.7	-5.8	-4.0
KANSAS	12.5%	10.4%	8.2%	7.9%	6.9%	7.4%	1.30	0.5	-0.5	-0.8	-3.0	-5.1
KENTUCKY	11.0%	9.5%	8.8%	7.1%	6.2%	6.1%	1.07	-0.1	-1.0	-2.7	-3.4	-4.9
LOUISIANA	9.4%	8.4%	8.0%	6.0%	5.6%	5.9%	1.03	0.3	-0.1	-2.1	-2.6	-3.6
MAINE	5.7%	5.2%	4.4%	4.0%	3.6%	3.6%	0.64	0.0	-0.4	-0.8	-1.5	-2.0
MARYLAND	7.6%	7.7%	6.7%	6.0%	5.9%	6.1%	1.08	0.2	0.2	-0.6	-1.5	-1.5
MASSACHUSETTS	4.6%	4.2%	2.8%	3.3%	3.2%	3.3%	0.59	0.1	0.0	0.5	-0.9	-1.2
MICHIGAN	8.3%	8.2%	6.6%	5.7%	5.5%	5.3%	0.94	-0.2	-0.4	-1.3	-2.9	-3.0
MINNESOTA	10.1%	7.0%	5.8%	4.4%	4.3%	4.6%	0.80	0.3	0.2	-1.3	-2.4	-5.5
MISSISSIPPI	14.0%	13.1%	11.8%	9.7%	8.3%	8.6%	1.52	0.4	-1.0	-3.1	-4.4	-5.4
MISSOURI	8.6%	7.5%	5.8%	5.2%	4.6%	5.0%	0.88	0.4	-0.3	-0.8	-2.5	-3.6
MONTANA	7.8%	6.4%	5.5%	5.9%	5.3%	5.5%	0.97	0.2	-0.4	0.0	-0.9	-2.3
NEBRASKA	11.7%	9.8%	10.3%	9.0%	8.7%	8.7%	1.53	0.0	-0.3	-1.6	-1.1	-3.0
NEVADA	7.5%	5.9%	4.5%	4.8%	5.0%	5.2%	0.91	0.2	0.4	0.6	-0.7	-2.3
NEW HAMPSHIRE	4.3%	2.4%	2.7%	2.6%	1.8%	2.1%	0.36	0.2	-0.6	-0.7	-0.3	-2.3
NEW JERSEY	6.0%	5.1%	4.9%	4.1%	3.5%	3.6%	0.63	0.1	-0.5	-1.3	-1.5	-2.5
NEW MEXICO	12.7%	10.2%	14.9%	11.8%	9.6%	10.4%	1.82	0.7	-1.5	-4.6	0.1	-2.4
NEW YORK	5.7%	3.8%	4.1%	3.6%	3.5%	3.5%	0.62	0.0	-0.1	-0.6	-0.3	-2.2
NORTH CAROLINA	11.6%	11.5%	11.5%	10.1%	10.1%	10.4%	1.82	0.3	0.3	-1.1	-1.1	-1.3
NORTH DAKOTA	13.8%	10.6%	8.9%	5.9%	5.5%	6.5%	1.13	1.0	0.6	-2.5	-4.1	-7.4
OHIO	7.6%	6.4%	4.9%	4.4%	4.4%	4.3%	0.75	-0.1	-0.1	-0.6	-2.2	-3.4
OKLAHOMA	11.1%	9.6%	10.1%	7.6%	5.7%	5.9%	1.04	0.2	-1.6	-4.2	-3.7	-5.1
OREGON	10.3%	7.6%	6.0%	4.6%	4.6%	5.1%	0.90	0.5	0.6	-0.8	-2.5	-5.1
PENNSYLVANIA	5.7%	5.6%	3.7%	2.8%	2.5%	2.7%	0.47	0.2	-0.1	-1.0	-2.9	-3.0
RHODE ISLAND	7.6%	4.3%	3.1%	2.8%	2.9%	2.9%	0.52	0.1	0.1	-0.2	-1.3	-4.7
SOUTH CAROLINA	14.4%	9.5%	7.3%	6.1%	5.9%	6.3%	1.10	0.4	0.2	-1.1	-3.2	-8.1
SOUTH DAKOTA	9.4%	7.0%	6.9%	6.4%	6.2%	6.5%	1.14	0.3	0.1	-0.5	-0.5	-2.9
TENNESSEE	10.6%	8.0%	8.0%	7.2%	8.5%	8.4%	1.48	-0.2	1.2	0.4	0.4	-2.2
TEXAS	11.8%	9.2%	8.9%	7.2%	6.2%	6.6%	1.16	0.4	-0.6	-2.3	-2.5	-5.2
UTAH	11.3%	9.2%	8.3%	8.2%	7.2%	8.4%	1.47	1.2	0.2	0.1	-0.8	-2.9
VERMONT	5.4%	2.9%	3.1%	2.5%	2.2%	2.3%	0.41	0.1	-0.1	-0.8	-0.6	-3.1
VIRGINIA	9.5%	7.3%	5.6%	4.8%	4.6%	4.8%	0.84	0.2	-0.1	-0.8	-2.5	-4.7
WASHINGTON	11.2%	7.0%	5.8%	4.6%	4.4%	4.7%	0.82	0.3	0.1	-1.2	-2.3	-6.5
WEST VIRGINIA	9.4%	8.8%	6.9%	6.3%	5.7%	6.5%	1.14	0.8	0.2	-0.4	-2.3	-2.9
WISCONSIN	10.2%	8.8%	7.6%	6.7%	5.9%	5.9%	1.03	0.0	-0.9	-1.7	-3.0	-4.3
WYOMING	9.2%	9.3%	9.8%	11.0%	13.4%	13.8%	2.42	0.3	2.7	3.9	4.5	4.5
U.S.	**8.7%**	**7.3%**	**6.5%**	**5.8%**	**5.5%**	**5.7%**	**1.00**	**0.2**	**-0.1**	**-0.8**	**-1.6**	**-3.0**
D.C.	N/A	N/A	N/A	1.1%	1.2%	1.3%	0.22	0.1	0.1	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 Annual Survey of State and Local Government Finances.

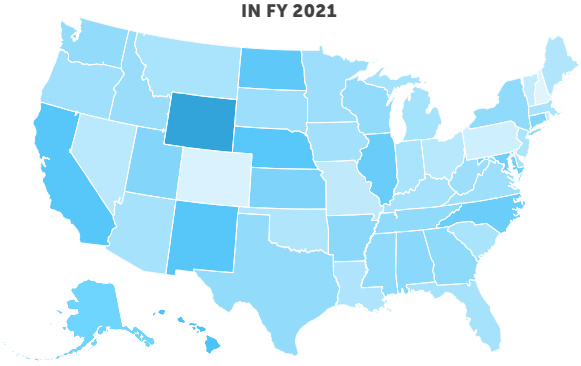
Lottery profits are from the North American Association of State and Provincial Lotteries.

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.

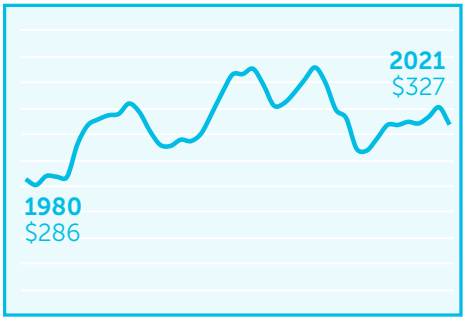
Higher education support per capita does not take into account tax structures or a state's ability to collect tax revenue for public services. Additionally, geographically large states with small populations may need to allocate more resources on a per capita basis to provide the same level of services 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 1980-2021.

HIGHER EDUCATION SUPPORT PER CAPITA IN FY 2021



NATIONAL TRENDS

Nationally, states allocated $327 per capita to higher education in 2021. Inflation-adjusted state support per capita has increased 14.7% since the start of the SHEF dataset in 1980, when support totaled $286 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. While per capita funding has increased, the proportion of the population who attend college has increased since 1980, and public net FTE enrollment has increased 54.3% since 1980. Higher education support per capita continued to follow this trend in 2021, with a decrease of 3.9% from 2020 to 2021 and an increase of only 0.1% since 2016 (*Table 3*). Following the brief, pandemic-induced economic recession in 2020, per capita support in 2021, on a national level, was down 11.8% and 10.6% 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 not included.
11. shef.sheeo.org/data-visualizations/effort-map-2
12. Higher education support per capita is adjusted for inflation using the 2021 Consumer Price Index (CPI-U).

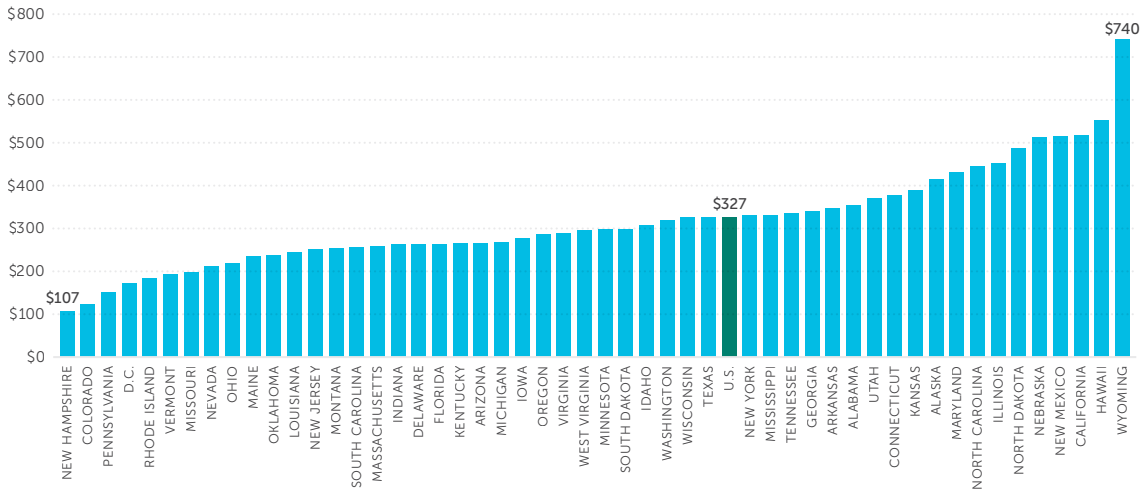
STATE COMPARISONS

Figure 3 shows that higher education support per capita ranged considerably across states in 2021, from $107 in New Hampshire to $740 in Wyoming. Six states (Colorado, Missouri, New Hampshire, Pennsylvania, Rhode Island, and Vermont) and Washington, D.C., provided less than $200 in per capita support for higher education, while another five states (California, Hawaii, Nebraska, New Mexico, and Wyoming) provided at least $500 per capita.

- From 2020 to 2021, support per capita decreased in 43 states (*Table 3*). The largest decline was in Colorado (43.4%).[13] Nevada (19.6%) and New Jersey (16.6%) were the only other states in which year-over-year support per capita decreased more than 15%. Only Vermont (19.4%), Washington, D.C. (10.9%), and Michigan (8.3%) increased support per capita by more than 5% from 2020 to 2021.
- Higher education support per capita has declined in 32 states since 2011, and 43 states since 2008 (prior to the Great Recession).
- Since 1980, support per capita has increased in more than half of all states (29). In five states, support per capita has increased by more than 50%. The largest increases were in Connecticut (98.8%), Illinois (70.0%), and Wyoming (67.9%).[14] Of the 21 states with decreases in support per capita since 1980, seven states had declines greater than 20%, the largest were Colorado (51.9%), Alaska (41.4%), and Arizona (27.4%).

FIGURE 3

HIGHER EDUCATION SUPPORT PER CAPITA BY STATE, FY 2021



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

Population data are from the U.S. Census Bureau Population and Housing Unit Estimates.

13. This large decline in Colorado was entirely due to the state's reliance on federal stimulus funding in 2021.
14. 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 2018 SHEF report provides more detail on the funding situation in Illinois over time.

TABLE 3

HIGHER EDUCATION SUPPORT PER CAPITA BY STATE, FY 1980-2021 (CONSTANT DOLLARS)

	1980	2001	2011	2016	2020	2021	INDEX TO U.S.	% CHANGE SINCE 2020	% CHANGE SINCE 2016	% CHANGE SINCE 2011	% CHANGE SINCE 2001	% CHANGE SINCE 1980
ALABAMA	$271	$375	$359	$348	$374	$353	1.08	-5.5%	1.3%	-1.8%	-5.9%	30.0%
ALASKA	$706	$470	$591	$578	$468	$414	1.26	-11.5%	-28.4%	-30.0%	-11.9%	-41.4%
ARIZONA	$365	$358	$347	$277	$279	$265	0.81	-5.2%	-4.4%	-23.6%	-26.1%	-27.4%
ARKANSAS	$226	$355	$426	$388	$367	$348	1.06	-5.2%	-10.2%	-18.3%	-2.2%	53.7%
CALIFORNIA	$414	$477	$418	$456	$505	$516	1.58	2.2%	13.2%	23.3%	8.1%	24.7%
COLORADO	$258	$268	$176	$195	$219	$124	0.38	-43.4%	-36.2%	-29.6%	-53.6%	-51.9%
CONNECTICUT	$190	$386	$446	$410	$372	$377	1.15	1.4%	-7.9%	-15.3%	-2.1%	98.8%
DELAWARE	$282	$359	$284	$276	$275	$263	0.80	-4.3%	-4.4%	-7.4%	-26.7%	-6.7%
FLORIDA	$218	$298	$242	$246	$270	$264	0.81	-2.5%	7.1%	9.0%	-11.5%	20.8%
GEORGIA	$265	$428	$362	$339	$379	$340	1.04	-10.3%	0.3%	-6.1%	-20.5%	28.5%
HAWAII	$462	$427	$443	$479	$568	$551	1.68	-2.9%	15.1%	24.4%	29.0%	19.3%
IDAHO	$319	$391	$279	$305	$328	$307	0.94	-6.4%	0.8%	9.9%	-21.4%	-3.7%
ILLINOIS	$266	$402	$415	$366	$450	$452	1.38	0.6%	23.7%	9.1%	12.6%	70.0%
INDIANA	$232	$322	$290	$297	$288	$262	0.80	-8.9%	-11.7%	-9.7%	-18.6%	12.9%
IOWA	$290	$462	$322	$318	$294	$277	0.84	-5.9%	-13.0%	-14.2%	-40.2%	-4.8%
KANSAS	$383	$471	$397	$382	$410	$389	1.19	-5.2%	1.7%	-2.0%	-17.3%	1.4%
KENTUCKY	$270	$378	$345	$310	$282	$265	0.81	-6.3%	-14.6%	-23.3%	-30.1%	-2.0%
LOUISIANA	$265	$345	$343	$285	$273	$245	0.75	-10.2%	-14.1%	-28.5%	-29.0%	-7.5%
MAINE	$160	$271	$241	$243	$248	$235	0.72	-5.4%	-3.2%	-2.7%	-13.5%	46.6%
MARYLAND	$289	$426	$399	$423	$456	$432	1.32	-5.3%	2.2%	8.4%	1.4%	49.7%
MASSACHUSETTS	$189	$272	$209	$248	$264	$259	0.79	-1.8%	4.6%	24.2%	-4.7%	37.0%
MICHIGAN	$301	$395	$292	$268	$246	$267	0.82	8.3%	-0.4%	-8.6%	-32.5%	-11.3%
MINNESOTA	$376	$408	$314	$316	$316	$298	0.91	-5.6%	-5.5%	-5.0%	-26.9%	-20.6%
MISSISSIPPI	$300	$445	$399	$416	$359	$331	1.01	-7.8%	-20.3%	-17.0%	-25.7%	10.3%
MISSOURI	$215	$301	$221	$220	$210	$197	0.60	-6.1%	-10.1%	-10.7%	-34.5%	-8.2%
MONTANA	$257	$245	$217	$293	$263	$254	0.77	-3.4%	-13.4%	17.0%	3.4%	-1.5%
NEBRASKA	$372	$455	$509	$540	$524	$513	1.57	-2.2%	-4.9%	0.7%	12.8%	38.0%
NEVADA	$250	$263	$274	$246	$262	$211	0.64	-19.6%	-14.3%	-23.2%	-20.1%	-16.0%
NEW HAMPSHIRE	$108	$133	$126	$106	$113	$107	0.33	-5.4%	1.0%	-14.9%	-19.4%	-0.7%
NEW JERSEY	$230	$339	$323	$321	$302	$252	0.77	-16.6%	-21.6%	-22.0%	-25.9%	9.3%
NEW MEXICO	$372	$444	$550	$560	$548	$515	1.57	-6.1%	-8.0%	-6.4%	16.1%	38.4%
NEW YORK	$279	$295	$353	$368	$384	$331	1.01	-13.8%	-10.1%	-6.3%	12.0%	18.5%
NORTH CAROLINA	$288	$475	$486	$458	$462	$445	1.36	-3.6%	-2.7%	-8.3%	-6.3%	54.5%
NORTH DAKOTA	$385	$442	$556	$606	$520	$487	1.49	-6.4%	-19.7%	-12.5%	10.1%	26.6%
OHIO	$204	$304	$226	$235	$223	$219	0.67	-1.6%	-6.5%	-2.9%	-27.9%	7.5%
OKLAHOMA	$306	$383	$360	$297	$260	$238	0.73	-8.3%	-19.8%	-33.8%	-37.8%	-22.2%
OREGON	$337	$331	$258	$263	$290	$287	0.88	-1.0%	8.9%	11.1%	-13.5%	-14.8%
PENNSYLVANIA	$185	$261	$186	$156	$162	$152	0.47	-5.7%	-2.1%	-18.0%	-41.5%	-17.8%
RHODE ISLAND	$252	$246	$180	$192	$191	$183	0.56	-4.2%	-4.7%	1.8%	-25.6%	-27.2%
SOUTH CAROLINA	$338	$342	$228	$252	$272	$257	0.79	-5.3%	2.0%	12.8%	-24.8%	-24.0%
SOUTH DAKOTA	$245	$275	$273	$288	$312	$298	0.91	-4.5%	3.4%	9.1%	8.3%	21.9%
TENNESSEE	$229	$280	$315	$289	$337	$336	1.03	-0.2%	16.5%	6.9%	19.9%	46.7%
TEXAS	$322	$380	$366	$341	$335	$326	1.00	-2.7%	-4.3%	-10.8%	-14.1%	1.5%
UTAH	$321	$378	$302	$353	$401	$371	1.13	-7.4%	5.1%	22.7%	-1.8%	15.4%
VERMONT	$162	$168	$180	$163	$162	$193	0.59	19.4%	18.7%	7.1%	15.3%	19.3%
VIRGINIA	$268	$354	$259	$254	$284	$289	0.88	1.5%	13.6%	11.7%	-18.3%	7.6%
WASHINGTON	$374	$340	$285	$279	$306	$320	0.98	4.7%	14.9%	12.6%	-5.8%	-14.3%
WEST VIRGINIA	$246	$347	$325	$298	$306	$295	0.90	-3.5%	-1.0%	-9.3%	-15.0%	19.8%
WISCONSIN	$356	$440	$413	$332	$330	$325	0.99	-1.6%	-2.1%	-21.4%	-26.2%	-8.8%
WYOMING	$441	$523	$796	$877	$768	$740	2.26	-3.6%	-15.6%	-7.0%	41.5%	67.9%
U.S.	**$286**	**$366**	**$332**	**$327**	**$341**	**$327**	**1.00**	**-3.9%**	**0.1%**	**-1.5%**	**-10.6%**	**14.7%**
D.C.	N/A	N/A	$151	$138	$156	$172	0.53	10.9%	24.8%	14.5%	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 2021 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.

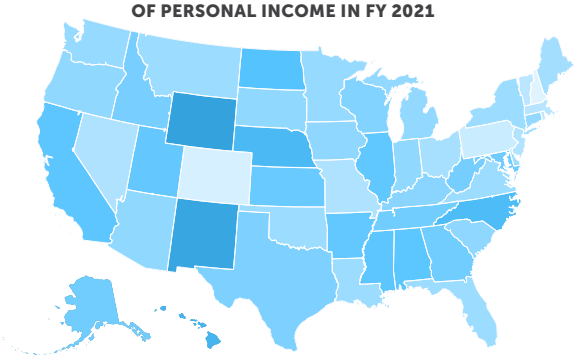
SOURCES: State Higher Education Executive Officers Association

Population data are from the U.S. Census Bureau Population and Housing Unit Estimates.

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.[15] 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.[16] Visit the SHEF website to view the interactive support per $1,000 of personal income map.[17] The interactive map shows state and local support for all higher education for each state on a personal income basis from 1980-2021.

HIGHER EDUCATION SUPPORT PER $1,000 OF PERSONAL INCOME IN FY 2021



NATIONAL TRENDS

In 2021, states allocated $5.30 for every $1,000 of personal income to higher education. This amount has been steadily declining over time. In 1980, states provided an average of $9.55 per $1,000 to higher education. This amount dipped slightly in 1990 ($8.91), but by 2000 (a high point in state support per FTE enrollment), support per $1,000 of personal income had declined to $7.98. Despite declines in personal income due to the Great Recession, higher education support per $1,000 of personal income was down to $6.92 by 2010. Since 2010, this measure has declined in nine years, including four consecutive years from 2018-2021. **Fiscal year 2021 marks the second largest year-over-year decline (8.2%)**, only trailing 2012 by 1.5 percentage points (9.7%). In total, **higher education support per $1,000 of personal income has declined 44.4% since 1980**. This is because inflation-adjusted personal income increased 205.5% from 1980 to 2021, while inflation-adjusted higher education support increased only 69.8%.[18,19] From 2008 to 2021, personal income increased 35.7% while higher education support decreased 2.9%.

15. 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 not included.
16. 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.
17. shef.sheeo.org/data-visualizations/effort-map-3
18. Data are adjusted for inflation using the 2021 Consumer Price Index (CPI-U).
19. Student FTE enrollment also increased 54.3% from 1980 to 2021.

STATE COMPARISONS

Figure 4 shows wide variation in higher education support per $1,000 of personal income across the states in fiscal year 2021, ranging from $1.54 in New Hampshire to $10.89 in Wyoming. Four states (Colorado, New Hampshire, Rhode Island, and Pennsylvania) 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.

Washington, D.C., is in the bottom 10% for support per capita and per $1,000 of personal income, yet is in the top 10% 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 ability to pay for higher education and the District's low enrollment relative to total population.

From 2020-2021, support per $1,000 of personal income decreased in 48 states. The largest decreases were 45.5% in Colorado and 24.3% in Nevada. The only year-over-year increases in state support for higher education per $1,000 of personal income were in Vermont (13.1%), Connecticut (1.3%), and Washington, D.C. (1.0%).

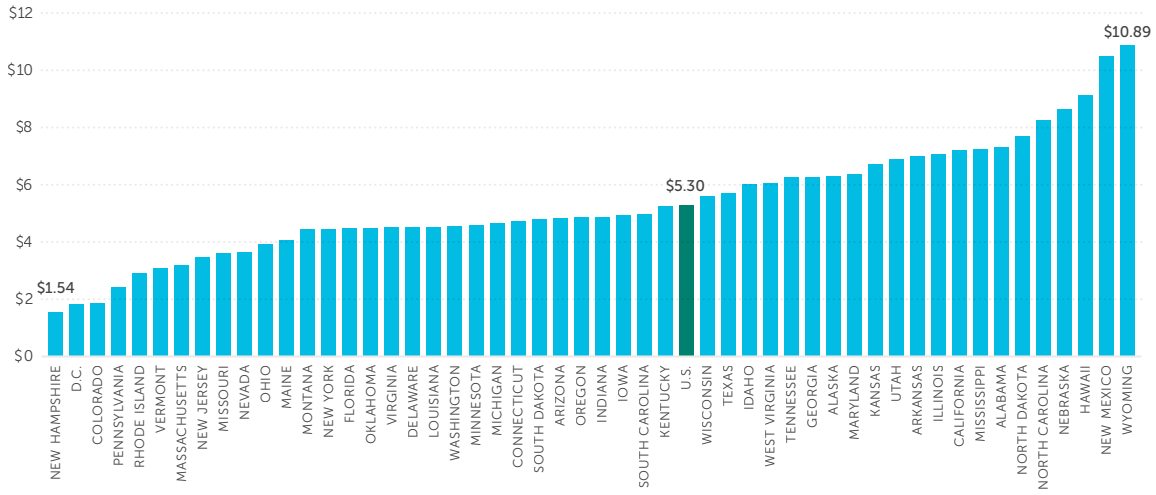
Between 2011 and 2021, only one state, Hawaii (2.6%), increased higher education support per $1,000 of personal income (*Table 4*).

- Support per $1,000 of personal income decreased by more than 20% in 30 states from 2011 to 2021.
- Of the 49 states with declines in support per $1,000 of personal income over the last 10 years, the largest decreases were in Colorado (48.9%), Oklahoma (44.4%), Arizona (43.3%), and Nevada (40.0%).

Between 2001 and 2021, higher education support per $1,000 of personal income declined in all 50 states. Five states (Colorado, Iowa, Louisiana, Oklahoma, and Pennsylvania) had declines greater than 50%. Similarly, **all 50 states had declines in support per $1,000 of personal income from 1980 to 2021. Across the nation, 21 states saw declines greater than 50%.** The largest declines since the start of the SHEF dataset in 1980 were in Colorado (77.4%), Rhode Island (67.0%), South Carolina (65.8%), and Minnesota (63.1%).

FIGURE 4

HIGHER EDUCATION SUPPORT PER $1,000 OF PERSONAL INCOME BY STATE, FY 2021



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 1980-2021

	1980	2001	2011	2016	2020	2021	INDEX TO U.S.	% CHANGE SINCE 2020	% CHANGE SINCE 2016	% CHANGE SINCE 2011	% CHANGE SINCE 2001	% CHANGE SINCE 1980
ALABAMA	$11.56	$10.11	$8.82	$7.94	$8.12	$7.33	1.38	-9.7%	-7.7%	-17.0%	-27.5%	-36.6%
ALASKA	$15.88	$9.64	$9.95	$8.88	$7.29	$6.32	1.19	-13.2%	-28.7%	-36.4%	-34.4%	-60.2%
ARIZONA	$13.05	$8.96	$8.54	$6.21	$5.75	$4.85	0.91	-15.8%	-22.0%	-43.3%	-45.9%	-62.9%
ARKANSAS	$9.89	$10.27	$10.95	$8.66	$8.00	$7.02	1.32	-12.3%	-18.9%	-35.9%	-31.7%	-29.0%
CALIFORNIA	$11.91	$9.45	$8.06	$7.41	$7.44	$7.23	1.36	-2.9%	-2.5%	-10.4%	-23.6%	-39.3%
COLORADO	$8.20	$5.19	$3.63	$3.30	$3.41	$1.86	0.35	-45.5%	-43.7%	-48.9%	-64.2%	-77.4%
CONNECTICUT	$5.39	$5.91	$5.98	$5.37	$4.66	$4.72	0.89	1.3%	-12.1%	-20.9%	-20.0%	-12.4%
DELAWARE	$9.10	$6.92	$5.83	$5.08	$4.84	$4.54	0.86	-6.1%	-10.6%	-22.1%	-34.4%	-50.1%
FLORIDA	$7.58	$6.68	$5.20	$4.81	$4.78	$4.48	0.84	-6.3%	-6.8%	-13.7%	-32.9%	-40.8%
GEORGIA	$10.46	$9.75	$8.69	$7.19	$7.38	$6.27	1.18	-15.1%	-12.8%	-27.8%	-35.7%	-40.1%
HAWAII	$13.52	$9.55	$8.91	$8.77	$9.68	$9.14	1.72	-5.6%	4.2%	2.6%	-4.3%	-32.4%
IDAHO	$12.36	$10.16	$7.29	$6.85	$6.80	$6.02	1.14	-11.4%	-12.1%	-17.3%	-40.7%	-51.3%
ILLINOIS	$8.11	$7.98	$8.18	$6.26	$7.28	$7.08	1.33	-2.8%	13.0%	-13.5%	-11.4%	-12.7%
INDIANA	$8.25	$7.50	$6.78	$6.16	$5.64	$4.88	0.92	-13.4%	-20.8%	-28.0%	-34.9%	-40.8%
IOWA	$9.93	$11.07	$7.01	$6.11	$5.60	$4.96	0.94	-11.4%	-18.8%	-29.2%	-55.2%	-50.0%
KANSAS	$12.87	$10.90	$8.31	$7.12	$7.40	$6.72	1.27	-9.2%	-5.6%	-19.2%	-38.3%	-47.8%
KENTUCKY	$11.12	$10.02	$8.59	$6.99	$6.14	$5.25	0.99	-14.5%	-24.9%	-38.9%	-47.6%	-52.8%
LOUISIANA	$10.52	$9.41	$7.48	$5.88	$5.48	$4.54	0.86	-17.1%	-22.7%	-39.3%	-51.8%	-56.8%
MAINE	$6.47	$6.48	$5.27	$4.92	$4.66	$4.06	0.76	-13.0%	-17.5%	-23.0%	-37.4%	-37.4%
MARYLAND	$8.58	$7.91	$6.69	$6.66	$6.88	$6.39	1.20	-7.2%	-4.1%	-4.5%	-19.2%	-25.6%
MASSACHUSETTS	$6.17	$4.69	$3.29	$3.50	$3.40	$3.18	0.60	-6.3%	-9.0%	-3.2%	-32.2%	-48.4%
MICHIGAN	$9.67	$8.52	$6.79	$5.46	$4.75	$4.68	0.88	-1.7%	-14.4%	-31.1%	-45.1%	-51.6%
MINNESOTA	$12.45	$8.29	$6.16	$5.38	$5.15	$4.59	0.87	-10.7%	-14.6%	-25.5%	-44.6%	-63.1%
MISSISSIPPI	$14.01	$13.46	$10.59	$10.38	$8.77	$7.24	1.37	-17.5%	-30.2%	-31.6%	-46.2%	-48.3%
MISSOURI	$7.67	$7.08	$4.95	$4.51	$4.12	$3.62	0.68	-12.2%	-19.7%	-26.9%	-48.9%	-52.8%
MONTANA	$9.79	$6.99	$4.97	$5.89	$5.01	$4.46	0.84	-11.1%	-24.3%	-10.3%	-36.3%	-54.5%
NEBRASKA	$12.94	$10.29	$10.27	$9.40	$9.27	$8.63	1.63	-6.9%	-8.2%	-16.0%	-16.1%	-33.3%
NEVADA	$7.11	$5.41	$6.07	$4.92	$4.82	$3.64	0.69	-24.3%	-25.9%	-40.0%	-32.6%	-48.7%
NEW HAMPSHIRE	$3.73	$2.49	$2.21	$1.71	$1.66	$1.54	0.29	-7.5%	-10.3%	-30.6%	-38.2%	-58.8%
NEW JERSEY	$6.77	$5.69	$5.24	$4.71	$4.05	$3.46	0.65	-14.7%	-26.5%	-34.0%	-39.2%	-48.9%
NEW MEXICO	$14.65	$12.62	$13.64	$12.98	$12.05	$10.49	1.98	-12.9%	-19.2%	-23.0%	-16.8%	-28.4%
NEW YORK	$8.76	$5.40	$5.96	$5.56	$5.25	$4.46	0.84	-14.9%	-19.6%	-25.2%	-17.3%	-49.1%
NORTH CAROLINA	$11.83	$11.35	$11.24	$9.75	$9.22	$8.27	1.56	-10.3%	-15.2%	-26.4%	-27.1%	-30.1%
NORTH DAKOTA	$14.44	$11.26	$10.56	$9.87	$8.69	$7.70	1.45	-11.4%	-22.0%	-27.1%	-31.6%	-46.7%
OHIO	$6.95	$6.99	$5.12	$4.67	$4.24	$3.93	0.74	-7.4%	-15.9%	-23.3%	-43.8%	-43.4%
OKLAHOMA	$11.15	$10.44	$8.09	$5.88	$5.15	$4.50	0.85	-12.7%	-23.5%	-44.4%	-56.9%	-59.7%
OREGON	$11.05	$7.67	$5.98	$5.26	$5.28	$4.88	0.92	-7.6%	-7.2%	-18.4%	-36.4%	-55.8%
PENNSYLVANIA	$6.26	$5.64	$3.67	$2.75	$2.68	$2.41	0.45	-9.9%	-12.3%	-34.2%	-57.3%	-61.5%
RHODE ISLAND	$8.86	$5.34	$3.50	$3.43	$3.17	$2.92	0.55	-7.7%	-14.9%	-16.4%	-45.3%	-67.0%
SOUTH CAROLINA	$14.54	$8.91	$5.78	$5.67	$5.68	$4.97	0.94	-12.4%	-12.2%	-14.0%	-44.1%	-65.8%
SOUTH DAKOTA	$9.21	$6.74	$5.52	$5.24	$5.51	$4.79	0.90	-13.1%	-8.7%	-13.3%	-29.0%	-48.1%
TENNESSEE	$9.37	$6.82	$7.31	$6.02	$6.52	$6.27	1.18	-3.8%	4.2%	-14.3%	-8.1%	-33.1%
TEXAS	$11.13	$8.83	$7.84	$6.38	$5.99	$5.70	1.08	-4.7%	-10.7%	-27.3%	-35.4%	-48.8%
UTAH	$12.92	$10.22	$7.87	$7.73	$7.90	$6.89	1.30	-12.8%	-10.9%	-12.5%	-32.6%	-46.7%
VERMONT	$6.31	$3.78	$3.59	$2.91	$2.72	$3.08	0.58	13.1%	5.9%	-14.2%	-18.6%	-51.2%
VIRGINIA	$8.78	$7.12	$4.73	$4.31	$4.60	$4.53	0.85	-1.5%	5.1%	-4.2%	-36.4%	-48.4%
WASHINGTON	$11.42	$6.84	$5.60	$4.67	$4.57	$4.55	0.86	-0.3%	-2.4%	-18.7%	-33.4%	-60.1%
WEST VIRGINIA	$10.44	$10.19	$8.29	$7.00	$6.76	$6.06	1.14	-10.4%	-13.5%	-27.0%	-40.6%	-42.0%
WISCONSIN	$12.04	$9.78	$8.80	$6.30	$5.92	$5.61	1.06	-5.1%	-10.9%	-36.2%	-42.6%	-53.4%
WYOMING	$13.21	$11.68	$14.31	$13.47	$11.60	$10.89	2.05	-6.1%	-19.1%	-23.9%	-6.7%	-17.6%
U.S.	**$9.55**	**$7.87**	**$6.81**	**$5.94**	**$5.78**	**$5.30**	**1.00**	**-8.2%**	**-10.7%**	**-22.1%**	**-32.6%**	**-44.4%**
D.C.	N/A	N/A	$1.99	$1.65	$1.81	$1.83	0.34	1.0%	11.0%	-7.9%	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.

CONCLUSION

State support for higher education has significant impacts on student success and provides high rates of return in the form of public benefits.[20] 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 as well as trends in three measures of state effort to support higher education. The data reported here cover the period immediately preceding and during 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 the effort metrics (including support per FTE). For these states, the state effort metrics show they might not have the ability to provide additional funding for higher education under their current tax structures—their low ranking on each measure suggests that while they have low per-student funding, it may be due to state context and not the lack of a commitment to higher education. On the other hand, Nebraska, New Mexico, and Wyoming are the only states in the top 20% of the effort metrics (including support per FTE). The state effort metrics show these states have prioritized 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 six states have increased higher education support on more than one measure.** Less than half of all states (18) and Washington, D.C., have increased support per capita over the last 10 years. Ten states increased their allocation to higher education, but only one state (Hawaii) increased support per $1,000 of personal income in the last 10-year period. The lack of progress on the effort metrics is 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. However, this report also captures the year during, and immediately following, a brief recession caused by the COVID-19 pandemic. After 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, with support per $1,000 of personal income having taken the second largest drop since the start of the SHEF data collection. As federal stimulus funding (not included in the measures in this report) that cushioned state budgets in 2020 and 2021 dries up in the coming years, it will be up to states to increase their efforts to fund higher education.

20. 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

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