Are revenues sufficient to meet state needs for higher education?

Finance indicators show a mixed picture for the West when compared to the rest of the nation. The economic collapse left state funding levels to higher education subject to sizable cuts. The federal government’s State Fiscal Stabilization Fund (SFSF) prevented greater damage to institutional appropriations, but it expired in FY 2011. The region averaged 55.8% in state appropriations to higher education per FTE in FY 2011, which was a slight one-year increase that nonetheless still represented a significantly reduced funding level from FY 2008 (Fig. 13). When adjusted for inflation and factors such as cost of living and enrollment mix, the regional average showed declines in state and local appropriations per FTE from 2003 to 2010 by 15.5%. The US average also fell over the same period by $7,325 to $5,290 (14.1%).

Given the West’s historic reliance on public higher education, this erosion is troubling. While there are four major funding sources for colleges and universities – the state, students, the federal government, and private entities – state appropriations and student tuition and fees are the principal sources of operating funds for public institutions. Over the past several years, the mix of appropriations and tuition and fees revenue per FTE of public institutions has varied (Fig. 14). When revenues from appropriations and tuition and fees are combined and adjusted for inflation, per FTE student revenues from these two sources averaged $9,899 for the Western states in FY 2011. Though this figure was up by $693 from the prior year, most of the increase was supplied by growth in net tuition revenue, which now 43% higher than it was at the beginning of the recession. Nationally, net educational appropriations and net tuition and fees per revenue per FTE also rose in inflation-adjusted 2011 dollars, moving from $10,774 in 2010 to $11,064 in 2011.

When adjusted for inflation, on average state tax revenue per capita in the West climbed to $3,055 after substantial declines in the two prior years. In FY 2011, tax revenue per capita for the West stood at 87.8 percent of the FY 2008 level.

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The regional average state tax revenue per capita, adjusted for inflation, fell substantially between 2008 and 2011, but improved significantly in 2011. The West’s rate remains well above the national figure.

The West’s lower rates of success in “on-time” educational achievement, the region does show slightly higher rates of educational attainment than the nation as a whole. Estimates of educational attainment levels for the West and the nation also show that 78.1% of adults aged 25 and older nationally and 29.4% regionally held at least a bachelor’s degree in 2011.

In 2004, 30.3% of college freshmen in the West were likely to complete college on time. Nearly, about 31 out of 100 white undergraduate students do not finish high school and 25 more do not go on to college. About 27 graduate on-time from college.

The U.S. averages are slightly better at most points; on average the Western states perform better only on progression from 9th grade through 12th grade. Nationally, 43 out of 69 sixth graders who completed 7th grade on time continue on to college. Students in the US tend to graduate college on time at a higher rate than students in the West. Almost 21 out of 100 ninth graders completed an associate’s degree within three years or a bachelor’s degree within six years in 2006.

In spite of the West’s lower rates of success in “on-time” educational achievement, the region does show slightly higher rates of educational attainment than the nation as a whole. Estimates of educational attainment levels for the West and the nation also show that 78.1% of adults aged 25 and older nationally and 29.4% regionally held at least a bachelor’s degree in 2011. All data are complete and are slightly higher in 2006.

In the West, among adults aged 25 to 49, nearly 55% were enrolled in higher education as undergraduates in 2009-10. That participation rate remains higher than the national average and is higher than in previous years, perhaps reflecting the impact of the recession (Fig. 2).
Equity measures also show low performance — especially for most underrepresented groups. Graduation from high school is a significant issue regionally for several groups, and one that appears to have worsened in recent years. While 76% of White and 82% of Asian/Pacific Islander 9th graders in 2005-06 graduated from high school in four years, the proportion drops to 56% for Blacks, 50% for Hispanics, and 49% for American Indians/Alaska Natives (Fig. 3). Apart from Whites, these percentages are all down from the prior year. The nation’s rates are higher than the West’s for all racial/ethnic groups. The national figures were 78% for White non-Hispanics, 87% for Asian/Pacific Islanders, 58% for American Indians/Alaska Natives, 63% for Hispanics, and 58% for Black non-Hispanics.

An important equity indicator is access to, and success in, college. Figure 4 provides a ratio of the share of full-time undergraduate enrollment by race/ethnicity to the share of each racial/ethnic group in the population in 2000 and 2010. This ratio improved somewhat in the West for American Indians/Alaska Natives, Black non-Hispanics, and Hispanics over the past decade.

As an indication of the region’s performance in producing college graduates among individuals of different racial/ethnic groups, the ratio in Figure 5 compares the share of bachelor’s degrees awarded to members of each racial/ethnic group to the share of each group in the population in 2001 and 2011. These ratios suggest that the region is similar to the U.S. in the share of bachelor’s degrees earned by most racial/ethnic groups when compared to their share of the population. American Indians/Alaska Natives and Asian/Pacific Islanders saw this ratio improve over the past decade, while the other racial/ethnic groups posted very slight improvements. Regionally, however, few individuals from underrepresented backgrounds complete bachelor’s degrees compared to their representation in the population.

In addition to equity by race/ethnicity, measures of income equity are important benchmarks of progress. Regionally in 2010-11, 42.4% of undergraduates received a Pell Grant, compared to the national average of 47.3%. But the value of this data is enhanced when comparing it to the proportion of children in poverty. That year, 19% of children aged 12 to 17 were in poverty — or about 1.2 million potential future college students in the WICHE states. The share of Pell recipients among all non-profit institutions in the West was 2.2 times the poverty rate of 12- to 17-year-olds; nationally, the proportion was 2.5. The region’s performance on this measure has consistently lagged behind the nation’s, but owing to the economic recession, all of the figures are up dramatically from prior years.

Affordability benchmarks measured in current dollars for tuition and fees and student financial aid suggest that the West, like the rest of the nation, is struggling to keep pace with impact the economic recession is having on access and affordability. Between 2011-12 and 2013-14, resident tuition and fees increased by $384 (5.4%) at public four-year institutions in the region, on average.

The region saw an increase of $200 (6.4%) between 2011-12 and 2013-13 in public two-year college tuition and fees for residents per student (Fig. 7). Average tuition and fees at public two-year colleges in the West were $3,319 in 2012-13. (The West’s data exclude community colleges in California because their sheer number and their comparatively low fees distort regional patterns. With California’s two-year institutions included, the regional average drops to $2,364.)

Another indicator of affordability is tuition and fees as a percent of household income. Regionally, tuition and fees in the West account for an increasing proportion of household income: growing from 10.3% in 2006-07 to 16.8% in 2011-12 for doctoral-granting institutions, from 7.3% to 11.6% for public baccalaureate/masters’ (Fig. 8). From 2006 to 2011, median household income actually fell by $55,340 to $51,721, a 6.5% decrease.

The availability of financial aid is also a key indicator, especially as tuition prices rise. The amount of restricted and unearned grant aid per FTE student increased between the 2005-06 and 2009-10 academic years (Fig. 9). The size of the average, regional increase in 2009-10 was $1,352, compared to $1,052 in 2005-06. The average amount of state-funded need-based grant aid to undergraduates per FTE has climbed over the past couple of years, with amounts in the West surpassing the national average. The national average was $527 in 2010-11 while the average in the West reached $582 (Fig. 10).

The share of first-time, full-time students receiving federal grant aid (most notably a Pell Grant) has shot upwards in the West and nationally, again in response to economic woes. For 2010-11, 43% of students entering Western institutions received federal grant aid, while the proportion of such students across the nation was approximately 6% (Fig. 11). This is an imperfect measure of the share of students receiving need-based aid, especially because it does not include part-time students, but it does provide one indication of how well we are providing access to higher education for low-income populations.

In the West, WICHE’s Undergraduate Exchange (UWE) programs have helped to improve affordability and access. In 2011-12, families and/or states saved an estimated $223.8 million in tuition and fees by participating in UWE, compared to $131.4 million five years ago (Fig. 12).
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When adjusted for inflation, on average state tax revenue per capita in the West climbed to $3,005 after substantial growth in 2010. When adjusted for inflation, per FTE student revenues from these two sources averaged $9,092 for the Western states in FY 2011. The region has substantially lower average state tax revenue per capita, adjusted for inflation, full substantially between 2008 and 2011, but improved significantly in 2011. The West’s rate remains well above the national figure.

Benchmarks: WICHE Region 2012

The West region consistently surpasses the U.S. on the enrollment of adult students as undergraduates on a percent of the total adult population. The rate has climbed recently as economic woes reduce the opportunity cost of college attendance.

Access

Are access and equity eroding or improving over time?

Participation and completion indicators suggest that the West has much room for improvement on access and equity. An examination of the “educational pipeline” shows continuous progression from 9th grade in high school to a postsecondary degree reveals several points of leakage (Fig. 1). Estimates for 2008 illustrate that for 100 9th-grade students in the region, approximately 29 do not make it to high school graduation within four years. Of the 71 who do graduate from high school, 30 do not go on to college, while about 41 enroll in postsecondary education. Only 18 of 100 ninth graders hold on to an associate’s degree within three years of entering college or a bachelor’s degree within six years of entering college. The data do indicate that there has been some improvement since 2008, when only 17 of 100 ninth graders were likely to complete college on time.

The U.S. averages are slightly better at most points; an average the Western states perform better only on progression from 9th grade through 12th grade. Nationally, 43 out of 69 ninth graders who completed 12th grade go on to college. Students in the U.S. tend to graduate college on time at a higher rate than students in the West: almost 21 out of 100 ninth graders completed an associate’s degree within three years or a bachelor’s degree within six years in 2006. In spite of the West’s lower rates of success in “on-time” educational achievement, the region does show slightly higher rates of educational attainment than the nation as a whole. Estimates of educational attainment levels for the West and the nation also show that 78% of adults age 25 and older nationally and 29.4% regionally held at least an associate degree in 2012. All these data points are slightly higher in 2006. In the West, among adults aged 25 to 49, nearly 55% were enrolled in higher education as undergraduates in 2009-10. That participation rate remains higher than the national average and is higher than in previous years, perhaps reflecting the impact of the recession (Fig. 2).