Are revenues sufficient to meet state needs for higher education?

Financial indicators show a mixed picture for the West when compared to the rest of the nation. The region averaged $7,148 in state appropriations to higher education per FTE in FY 2004 (Fig. 13). When adjusted for inflation, the FY 2004 regional average showed a decrease of 8.4% from FY 1999. The US average has fluctuated more widely, experiencing an 18.5% reduction between FY 2002 and FY 2004, dropping from $8,020 to $6,577 per FTE. Nationally, state appropriations per FTE declined by 23% between FY 1999 and FY 2004.

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 at 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 $7,787 for the Western states in FY 2003. From $8,135 in FY 1998, the five-year change represented a decline of 4.3%. Nationally, when these revenues are adjusted using 2004 dollars, net educational appropriations and net tuition and fees per FTE changed little when FY 1998 and FY 2003 are compared: $9,074 and $9,023 respectively.

When adjusted for inflation, an average state tax revenue per capita in the West has been relatively flat or declining since 1999 compared to the national average. In 1999, revenue per capita in the West averaged $2,046 while the U.S. average was $1,798. By 2003, the gap had closed as the Western average had declined to $1,905, a few dollars less than the U.S. average (Fig. 15). During that period in the West, per capita incomes grew on average by 18.3%, from $26,376 in 1993 to $31,208 (adjusted for inflation using 2004 dollars).
Equity measures also show low performance — especially for most underrepresented groups. Graduation from high school is a significant issue regionally for several groups. While 76% of White and 85% of Asian/Pacific Islander 9th graders graduated from high school in four years, the proportions drop to 36% for Blacks and Hispanics and 54% for American Indians/Alaska Natives (Fig. 3). Since the high school class of 1997, these percentages have shown only modest improvement. Data suggest that American Indian/Alaska Native 9th graders fare somewhat better nationally with a 60% graduation rate, other race/ethnicity group data mirror Western data.

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 1992 and 2002. This ratio shows that the nation has outperformed the West on this measure for Hispanics, American Indians/Alaska Natives, and Asians/Pacific Islanders. The West performs better in the enrollment of Black, non-Hispanics.

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 each racial/ethnic group to the share of each group in the population in 2002. Unlike the enrollment ratios in Figure 4, 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. However, nationally or regionally few Blacks, Hispanics, or American Indians/Alaska Natives receive a bachelor’s degree when compared to their proportion in the population.

In addition to equity by race/ethnicity, measures of income equity are important benchmarks of progress. Regionally in 2002, 24% of undergraduates received a Pell grant, compared to the national average of 30%. The value of these data is enhanced when considering the proportion of children in poverty. That year, nearly 16% of children aged 12 to 17 were in poverty – or nearly 918,000 potential college students in the WICHE states. In 2002, nearly 16% of children aged 12 to 17 were in poverty – or nearly 918,000 potential college students in the WICHE states. In 2002, the proportion of children in poverty was 1.98. These figures are a slight improvement over 2000, but in both years the region’s performance on this measure lagged behind the nation’s.

Affordability is a major national concern, particularly for low-income families. Affordability benchmarks measured in current dollars for tuition and fees and student financial aid suggest that the West may be partially addressing access and equity issues. Between 2003-04 and 2004-05, resident tuition and fees increased by only $290 per student (8.6%) at public four-year institutions in the region, less than the $487 (10.5%) increase nationally over the same time period (Fig. 7). Average tuition and fees for resident students at public four-year institutions nationally were $5,132 in 2002, compared to $3,673 in the WICHE region.

The region saw an increase of $143 (8.1%) per student between 2003-04 and 2004-05 in public two-year college tuition and fees for residents, compared to an increase of $167 (8.3%) nationally (Fig. 7). Average tuition and fees at public two-year colleges in the West were $2,945 in 2004-05, compared to $2,076 nationally.

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 3.5% in 1998-99 to 4.1% in 2003-04 for public two-year college tuition and from 6.1% to 7.3% for public baccalaureate/master’s institutions (Fig. 8). During that period, median household income grew from $38,988 to $44,117, a 13% increase.

Financial aid is also a key indicator. The amount of restricted and unrestricted financial aid per FTE student increased slightly in recent years (Fig. 9). The regional average in 2002-03 was $1,716, compared to $1,646 the previous year. However, the average amount of need-based grant aid per FTE from state grant programs has remained stable in the U.S. and the region, failing to offset tuition increases (Fig. 10).

Additionally, when all grant dollars from non-federal sources are combined, the West now provides fewer dollars in non-federal grant aid than the dollars received from the federal government through Pell grants (Fig. 11). The nation continues to outperform the West on this benchmark. In the West, affordability and access have improved dramatically through WICHE’s undergraduate exchange programs; in academic year 2004-05, families and/or states saved an estimated $117.1 million in tuition and fees by participating in the Western Undergraduate Exchange (WUE) program, compared to $46.6 million six years ago (Fig. 12).

### Access

- **Figure 3**: In the West, successfully progressing from ninth grade to high school graduation varies significantly by race/ethnicity.
- **Figure 4**: In 2002, the West enrolled proportionally fewer students from underrepresented groups as measured against the group’s share of the general population – Blacks were the exception.
- **Figure 5**: The nation outperforms the West when comparing the relationship between Pell grants among undergraduates enrollment and poverty rates among individuals approaching traditional college age.
- **Figure 6**: The share of Pell recipients among all undergraduates attending non-profit institutions was 1.57 times the poverty rate of 12-17 year olds; nationally, the proportion was 1.98. These figures are a slight improvement over 2000, but in both years the region’s performance on this measure lagged behind the nation’s.

### Affordability

- **Figure 7**: In the past decade, tuition and fees at four-year institutions has increased somewhat in the region. During that period, median household income grew from $38,988 to $44,117, a 13% increase.
- **Figure 8**: The region saw an increase of $143 (8.1%) per student between 2003-04 and 2004-05 in public two-year college tuition and fees for residents, compared to an increase of $167 (8.3%) nationally.
- **Figure 9**: The amount of total grant financial aid per full-time equivalent student in public institutions has increased somewhat in the region.
Equity measures also show low performance — especially for most underrepresented groups. Graduation from high school is a significant issue regionally for several groups. While 76% of White and 85% of Asian/Pacific Islander 9th graders graduated from high school in four years, the proportions drop to 38% for Blacks and Hispanics and 54% for American Indians/Alaska Natives (Fig. 3). Since the high school class of 1997, these percentages have shown only modest improvement. Data suggest that American Indian/Alaska Native 9th graders fare somewhat better nationally with a 60% graduation rate; other race/ethnicity group data mirror Western data.

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 1992 and 2002. This ratio shows that the nation has outperformed the West on this measure for Hispanics, American Indians/Alaska Natives, and Asians/Pacific Islanders. The West performs better in the enrollment of Black, non-Hispanics.

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 each racial/ethnic group to the share of each group in the population in 2002. Unlike the enrollment ratios in Figure 4, 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. However, nationally or regionally few Blacks, Hispanics, or American Indians/Alaska Natives receive a bachelor’s degree when compared to their proportion in the population.

In addition to equity by race/ethnicity, measures of income equity are important benchmarks of progress. Regionally in 2002, 24% of undergraduates received a Pell grant, compared to the national average of 30%. The value of these data is enhanced when considering the proportion of children approaching traditional college age. In 2001-02, the share of Pell recipients among all undergraduates attending non-profit institutions was 1.57 times the poverty rate of 12-to-17 year olds; nationally, the proportion was 1.98. These figures are a slight improvement over 2000, but in both years the region’s performance on this measure lagged behind the nation’s.

Affordability is a major national concern, particularly for low-income families. Affordability benchmarks measured in current dollars for tuition and fees and student financial aid suggest that the West may be partially addressing access and equity issues. Between 2003-04 and 2004-05, resident tuition and fees increased by only $290 per student (8.6%) at public four-year institutions in the region, less than the $487 (10.5%) increase nationally over the same time period (Fig. 7). Average tuition and fees for resident students at public four-year institutions nationally were $5,132 in 1994-95 to 1997-98; in the West, the average amount of need-based grant aid per FTE student in public four-year institutions has increased somewhat in the region.

The region saw an increase of $143 (8.1%) per student between 2003-04 and 2004-05 in public two-year college tuition and fees for residents, compared to an increase of $157 (8.7%) nationally (Fig. 7). Average tuition and fees at public two-year colleges in the West were $1,945 in 2004-05, compared to $2,076 nationally.

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 3.5% in 1998-99 to 4.1% in 2003-04 for public two-year college tuition and from 6.1% to 7.3% for public baccalaureate/master’s institutions (Fig. 8). During that period, median household income grew from $38,988 to $44,117, a 13% increase.

Financial aid is also a key indicator. The amount of restricted and unrestricted financial aid per FTE student increased slightly in recent years (Fig. 9). The regional average in 2002-03 was $1,716, compared to $1,646 the previous year. However, the average amount of need-based grant aid per FTE from state grant programs has remained stable in the U.S. and the region, falling to offset tuition increases (Fig. 10).

Additionally, while all grant dollars from non-federal sources are combined, the West now provides fewer dollars in non-federal grant aid than the dollars received from the federal government through Pell grants (Fig. 11). The nation continues to outperform the West on this benchmark. In the West, affordability and access have improved dramatically through WICHE’s undergraduate exchange programs: in academic year 2004-05, families and/or states saved an estimated $117.1 million in tuition and fees by participating in the Western Undergraduate Exchange (WUE) program, compared to $46.6 million six years ago (Fig. 12).

**Figure 3**

In the West, successfully progressing from high school grade to high school graduation rates significantly by race/ethnicity.

**Figure 4**

In 2000, the West enrolled proportionally fewer students from underrepresented groups as measured against the group’s share of the general population – Blacks were the exception.

**Figure 5**

The nation outperforms the West when comparing the relationship between Pell recipients among undergraduates and poverty rates among individuals approaching traditional college age.
Finance indicators show a mixed picture for the West when compared to the rest of the nation. The region averaged $7,148 in state appropriations to higher education per FTE in FY 2004 (Fig. 13). When adjusted for inflation, the FY 2004 regional average showed a decrease of 8.4% from FY 1999. The U.S. average has fluctuated more widely, experiencing an 18.5% reduction between FY 2002 and FY 2004, dropping from $8,020 to $6,577 per FTE. Nationally, state appropriations per FTE declined by 23% between FY 1999 and FY 2004.

While there are four major funding sources for colleges and universities—the state, 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 at 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 $7,787 for the Western states in FY 2003. From $8,135 in FY 1998, the five-year change represented a decline of 4.3%. Nationally, when these revenues are adjusted using 2004 dollars, net educational appropriations and net tuition and fees per FTE changed little when FY 1999 and FY 2003 are compared: $9,074 and $9,023, respectively.

When adjusted for inflation, an average state tax revenue per capita in the West has been relatively flat or declining since 1993 compared to the national average. In 1993, revenue per capita in the West averaged $2,046 while the U.S. average was $1,978. By 2003, the gap had closed as the Western average had declined to $1,905, a few dollars less than the U.S. average (Fig. 15). During that period in the West, per capita incomes grew at an average of 18.3%, from $26,376 in 1993 to $31,208 (adjusted for inflation using 2004 dollars).

Source Notes:
Fig. 7: National Center for Higher Education Management Systems (NCHEMS), 2005.
Fig. 8: Western Interstate Commission for Higher Education (WICHE), 2004.
Fig. 9: National Center for Higher Education Management Systems (NCHEMS), 2005.
Fig. 10: National Center for Higher Education Management Systems (NCHEMS), 2005.
Fig. 11: National Center for Higher Education Management Systems (NCHEMS), 2005.
Fig. 12: Western Interstate Commission for Higher Education, 2004.
Fig. 13: National Center for Higher Education Management Systems (NCHEMS), 1999 through 2004.
Fig. 14: National Center for Higher Education Management Systems (NCHEMS), 1999 through 2004.