Are revenues sufficient to meet state needs for higher education?

**FINANCE**

Finance indicators show a mixed picture for the West when compared to the rest of the nation though the available data were prior to the recent economic collapse which has left state funding levels to higher education at risk for sizable cuts. The region averaged $7,247 in state appropriations to higher education per FTE in FY 2008 (Fig. 3). 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 2001 to 2005, however, the most recent averages increased between the years 2006 and 2008 rising by 22.5% in that time. The US average has also fluctuated, experiencing a 15.5% reduction from 2002 to 2005, dropping by $7,320 to $6,188 per FTE before rebounding by 14% between 2005 and 2008 to $7,059.

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. 4). When revenues from appropriations and tuition and fees are combined and adjusted for inflation, per FTE student revenues from these two sources averaged $9,999 for the Western states in FY 2008. In FY 2003, the two sources averaged $8,164 in the West. Increases in net tuition and fee revenue averaged 7.5% annually over the five year period. Nationally, net educational appropriations and net tuition and fees revenues per FTE showed growth in inflation-adjusted dollars moving from $5,951 in 2003 to $11,063 in 2008.

When adjusted for inflation, on average state tax revenue per capita in the West grew between 2007 and 2008 to $3,321 (though most of this growth was concentrated in Alaska and North Dakota), higher than the national average of $2,572. In 2003, tax revenue per capita in the West averaged $2,172 while the U.S. average was $2,204 (Fig. 5). Between 2003 and 2008 per capita income in the West grew on average by 10.5%, from $34,723 to $58,379 (adjusted for inflation using 2008 dollars).

**Source Notes:**

In introductory paragraph U.S Census Bureau; and Western Interstate Commission for Higher Education.

Fig. 2 National Center for Education Statistics (NCES); and U.S. Census Bureau.

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Fig. 7 Western Interstate Commission for Higher Education.

Fig. 8 Western Interstate Commission for Higher Education, and U.S. Census Bureau.

Fig. 9 National Center for Education Statistics (NCES).

Fig. 10 National Center for Education Statistics (NCES). and U.S. Census Bureau.

Fig. 11 National Center for Education Statistics (NCES).

Fig. 12 Western Interstate Commission for Higher Education.

Fig. 13 State Higher Education Executive Officers (SHEEO). These data are adjusted for cost of living and enrollment mix, in addition to inflation.

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Fig. 15 U.S. Bureau of Economic Analysis.
Equity measures also show low performance—especially for most underrepresented groups. Graduation from high school is a significant issue regionally for several groups. While 74% of White and 84% of Asian/Pacific Islander 9th graders in 2003-04 graduated from high school in four years, the proportions drop to 58% for Blacks, 55% for Hispanics, and 49% for American Indians/Alaska Natives (Fig. 3). These percentages decreased for all ethnic groups from the most recent year while the race/ethnic gap widened. The ratios’ rates are higher than the West’s for American Indians/Alaska Natives (35% nationally), for White non-Hispanics (77% nationally) and for Asian/Pacific Islanders (66%), while Hispanics (55% nationally) and Black non-Hispanics (53%) nationally in the West fare better than they do in the nation.

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 race/ethnic group in the population in 1997 and 2007. This ratio improved somewhat in the West for American Indians/Alaska Natives and Black non-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 race/ethnic group to the share of each group in the population in 1996 and 2006. 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, regionally few Blacks, Hispanics, or American Indians/Alaska Natives receive a bachelor’s degree when compared to their proportion in the population, though all have made improvements over the last decade.

In addition to equity by race/ethnicity, measures of income equity are important benchmarks of progress. Regionally in 2007, 24% of undergraduates received a Pell grant, compared to the national average of 29%. The value of these data is enhanced when comparing them to the proportion of children in poverty. That year, 15% of children aged 12 to 17 were in poverty—nearly 931,000 potential future college students in the WICHE states. The share of Pell recipients among all Pell grant, compared to the national average of 29%. The value of these data is enhanced when comparing them to the proportion of children in poverty. That year, 15% of children aged 12 to 17 were in poverty—nearly 931,000 potential future college students in the WICHE states. The share of Pell recipients among all

Affordability benchmarks measured in current dollars for tuition and fees and student financial aid suggest that the West may be partially addressing access, equity, and affordability issues. Between 2008-09 and 2009-10, resident tuition and fees increased by $639 (13.5%) at public four-year institutions in the region, on average. Nationally, the average increase was $429 (6.5%). Average tuition and fees for resident students at public four-year institutions nationally was $7,220 in 2009-10, compared to $5,741 in the WICHE region.

The region saw an increase of $168 (6.4%) between 2008-09 and 2009-10 in public two-year college tuition and fees for residents per student, compared to an increase of $172 (7.3%) nationally (Fig. 7). Average tuition and fees at public two-year colleges in the West were $2,648 in 2009-10, compared to $2,544 nationally, marking the third time that the West’s average in this sector exceeded the national average. (The West’s data exclude community colleges in California because their sheer number and their comparatively low fees distort regional patterns.)

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 4.5% in 2004-05 to 5.4% in 2009-10 for public two-year college tuition and from 7.2% to 9.2% for public baccalaureate/master’s institutions (Fig. 8). From 2004 to the most recent year, median household income grew from $45,322 to $51,520, a 13.7% increase.

Financial aid is also a key indicator. The amount of restricted and unrestricted grant aid per FTE student held steady between 2003 and 2006 yet increased during the 2007-08 academic year (Fig. 9). The regional average in 2007-08 was $796, compared to $852 in 2003-04. The average amount of state-funded need-based grant aid to undergraduates per FTE has increased in the U.S. and the region was $608 in 2007-08 while the average in the West climbed to a total of $748 (Fig. 10).

The share of first-time, full-time students receiving federal grant aid (mainly Pell Grant) has hovered around 30% in the West, while the proportion of such students declining from the national average of approximately one-third (Fig. 11). This is an important 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 much-needed grant aid to low income populations.

In the West, affordability and access have improved overall through WICHE’s undergraduate exchange programs since 2003-04. In 2008-09, families and/or states are saving an estimated $151.1 million in tuition and fees by participating in the Western Undergraduate Exchange (WUE) program, compared to $90.5 million five years ago (Fig. 12).
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 84% of Asian/Pacific Islander 9th graders in 2002-03 graduated from high school in four years, the proportions drop to 58% for Blacks, 55% for Hispanics, and 49% for American Indians/Alaska Natives (Fig. 3). These percentages decreased for all ethnic groups from the most recent year while the race/ethnic gap widened. The ratios’ rates are higher than the West’s for American Indians/Alaska Natives (55%), for White non-Hispanics (77% nationally) and for Asian/Pacific Islanders (86%), while Hispanics (55% nationally) and Black non-Hispanics (53%) nationally in the West fare better than they did in the nation.

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In addition to equity by race/ethnicity, measures of income equity are important benchmarks of progress. Regionally in 2007, 24% of undergraduates received a Pell grant, compared to the national average of 29%. The value of these data is enhanced when comparing them to the proportion of children in poverty. That year, the share of first-time, full-time students receiving federal grant aid (most notably a Pell Grant) has hovered around 30% in the West, while growing at over 80% in public two-year colleges. The region’s performance on this measure has consistently lagged behind the nation’s. Furthermore, the region’s ratio on this measure has declined since the year 2003.

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Financial aid is also a key indicator. The amount of restricted and unrestricted grant aid per FTE student held steady between 2003 and 2006 yet increased during the 2007-08 academic year (Fig. 9). The average amount in 2007-08 was $976, compared to $852 in 2003-04. The average amount of state-funded need-based grant aid to undergraduates per FTE has increased in the U.S. and the region has seen the 13.7% increase.

In the West, affordability and access have improved overall through WICHE’s undergraduate exchange programs since 2003-04. In 2008-09, families and/or states are saving an estimated $51.1 million in tuition and fees by participating in the Western Undergraduate Exchange (WUE) program, compared to $39.5 million five years ago (Fig. 12).

In 2006, the West awarded proportionately fewer bachelor’s degrees to students from underrepresented groups (other than Asian/Pacific Islander) than measured against each group’s share of the general population. Improvement since 1996 levels has been evident for several groups, however.
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When adjusted for inflation, an average state tax revenue per capita in the West grew between 2007 and 2008 to $3,321 (though most of this growth was concentrated in Alaska and North Dakota), higher than the national average of $2,570. In 2003, tax revenue per capita in the West averaged $2,172 while the U.S. average was $2,264 (Fig. 15). Between 2003 and 2008 per capita income in the West grew on average by 10.5%, from $34,723 to $42,929, adjusted for inflation using 2008 dollars.

BENCHMARKS: WICHE Region 2009

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” showing continuous progression from 9th grade in high school to a postsecondary degree reveals several points of leakage (Fig. 1). Estimates for 2006 illustrate that for 100 9th graders 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, 31 do not go on to college, about 40 enroll in postsecondary education. Only 17 of 100 ninth graders finish an associate’s degree within three years of entering college or a bachelor’s degree within six years of entering college. Only with respect to attrition between high school and college do figures improve. In recent years, attrition during both high school and college got slightly worse. Overall, postsecondary completion rates for 9th graders are similar to recent years. The U.S. averages are slightly better at most points; on average the Western states perform better than a progression from 9th grade through 12th grade. Nationally 43 out of 69 ninth graders who completed 12th grade on time continue 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 graduate on time from college. Nearly 29 out of 100 ninth graders in the West do not graduate college within six years. Nationally, about 31 out of 100 ninth graders do not finish high school and 33 more do not go on to college. Nearly 31 graduate on time from college.

Are access and equity eroding or improving over time?

Figure 1  U.S. Bureau of Economic Analysis. The regional average state tax revenue per capita, adjusted for inflation, has continued to climb above the U.S. average and has increased slightly from previous years (Fig. 2).