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 recent economic collapse left state funding levels to higher education subject to sizable cuts. The federal governments’ State Fiscal Stabilization Fund (SFSF) prevented greater damage to institutional appropriations. The region averaged $6,379 in state appropriations per FTE in FY 2009, comparable to funding levels in 2006 (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 from FY 2001 to 2005 by 17.7%, however, average increased 4.2% between the years 2006 and 2008 yet, declined in FY 2009. The U.S. average shows a similar pattern, decreasing from 2001 to 2009, dropping from $7,901 to $6,478 per FTE before rebounding between 2005 and 2008 to $7,163 and declining to $6,904 in FY 2009.

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 $9,329 for the Western states in FY 2009. In FY 2004, the two sources averaged $8,514 in the West. Increases in net tuition and fee revenue averaged 9.6% annually over the five year period. Nationally, net educational appropriations and net tuition and fees revenues per FTE showed growth in inflation-adjusted 2009 dollars, moving from $10,181 in 2004 to $11,269 in 2009.

When adjusted for inflation, on average state tax revenue per capita in the West declined between 2008 and 2009 from $3,264 to $2,839, yet was higher than the national average of $2,321. In 2004, tax revenue per capita in the West averaged $3,299 while the U.S. average was $2,800 (Fig. 15). Between 2004 and 2009 per capita income in the West grew on average by 5%, from $36,677 to $38,537 (adjusted for inflation using 2009 dollars).

FINANCE

BENCHMARKS: WICHE Region 2010

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 ninth 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, while 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 and college have figures improved. In recent years, attrition during both high school and college 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; an average the Western states perform better only on progression from 9th grade through 12th grade. Nationally, 43 out of 100 ninth graders who completed 12th grade on time continue on to college. Students in the U.S. tend to graduate college at a higher rate than students in the West: almost 21 of 100 ninth graders completed an associate’s degree within three years or a bachelor’s degree within six years in 2006. Estimates of educational attainment levels for the West and the nation also show that 27.9% of adults ages 25 and older nationally and 29.2% regionally held at least a bachelor’s degree (29.2%) than is found nationally (27.9%). Finally, although population growth has been strong in the West, not all states have grown equally and this will impact the numbers of high school graduates over the next several years. Half of the WICHE states will see increased numbers of high school graduates over the next decade, but half will not.

Source Notes:
Introductory paragraph U.S. Census Bureau, and Western Interstate Commission for Higher Education.
Fig. 1 National Center for Higher Education Management Systems (HICEMO).
Fig. 2 National Center for Education Statistics (NCES), and U.S. Census Bureau.
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Fig. 13 State Higher Education Executive Officers (SHEEO). These data are adjusted for cost of living and enrollment mix, in addition to inflation.
Fig. 14 State Higher Education Executive Officers (SHEEO). These data are adjusted for cost of living and enrollment mix, in addition to inflation.
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 77% of White and 87% of Asian/Pacific Islander 9th graders in 2004 graduated from high school in four years, the proportion drop to 64% for Blacks, 63.5% for Hispanics, and 55% for American Indians/Alaska Natives (Fig. 3). These percentages increased for all ethnic groups from the most recent year. The nation’s rates are higher than the West’s for American Indians/Alaska Natives (61% nationally), for White non-Hispanics (79%) nationally, and for Asian/Pacific Islanders (91%), while Hispanics (63.4% nationally) and Black non-Hispanics (59% nationally) in the West fare better than they do in the nation.

An important equity indicator is access, and success in, college. Figure 4 provides a ratio of the share of full-time undergraduate enrollment by race/ethnicity to the share of the general population. However, regionally few Blacks, Hispanics, or American Indians/Alaska Natives receive a bachelor’s degree when compared to their share of the population. In 2008, the West in 2008 awarded proportionately fewer master’s degrees to students from the Black, Hispanic, and American Indian/Alaska Native populations as measured against each group’s share of the general population.

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 1997 and 2007. 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 2008, 23% of undergraduates received a Pell grant, compared to the national average of 25%. The value of these data is enhanced when comparing them to the proportion of children in poverty. That year, 16% of children aged 12 to 17 were in poverty—or about 953,000 potential future college students in the WICHE states. The share of Pell recipients among undergraduates attending non-profit institutions in the West was 1.44 times the poverty rate of 12- to 17-year olds; nationally the proportion was 1.59. The region’s performance on this measure has consistently lagged behind the nation’s. Furthermore, the region’s ratio on this measure has been declining since 2003.

Affordability benchmarks measured in current dollars for tuition and fees and student financial aid suggest that the West may be partially addressing equity, and affordability issues. Western colleges and universities have traditionally focused on providing low tuition. Yet, as states have struggled to deal with the economic recession, the historic focus on low tuition has eroded and Western states are experiencing higher tuition growth rates than other regions. Between 2009-10 and 2010-11, resident tuition and fees increased by $444 (7.7%) at public four-year institutions in the region, on average. Nationally, the average increase was $255 (7.9%). Average tuition and fees for resident students at public four-year institutions nationally was $7,705 in 2010-11, compared to $6,168 in the WICHE region.

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 9.4% in 2005-06 to 13% in 2010-11 for doctoral granting institutions, from 8.7% to 11% for public baccalaureate/master’s institutions, and holding steady at 3.9% for public two-year college tuition (Fig. 8). From 2005 to the most recent year, median household income grew from $47,206 to $50,322, a 6.4% increase.

Financial aid is also a key indicator. The amount of restricted and unrestricted grant aid per FTE student held steady between 2004-05 and 2006-07 yet increased during the 2007-08 and 2008-09 academic years (Fig. 7). Average tuition and fees at public two-year colleges in the West were $2,834 in 2010-11, compared to $2,713 nationally. (The West’s data exclude community colleges in California because their sheer number and their comparatively low fees distort regional patterns.)

The region saw an increase of $189 (7.7%) between 2009-10 and 2010-11 in public two-year college tuition and fees for residents per student compared to an increase of $155 (6.0%) nationally (Fig. 7). Average tuition and fees at public two-year colleges in the West were $2,834 in 2010-11, compared to $2,713 nationally. (The West’s data exclude community colleges in California because their sheer number and their comparatively low fees distort regional patterns.)

The share of household income that goes to tuition and fees has increased dramatically over the past decade. In 2000, the share ranged from 5% for Asian/Pacific Islanders to 15% for White non-Hispanics. In 2010, the share ranged from 11% for American Indians/Alaska Natives to 34% for Black non-Hispanics. (mainly Pell grants) has held steady in recent years at approximately 30%.

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In 2008, the West awarded proportionately lower bachelor’s degrees to students from underrepresented groups (other than Asians/Pacific Islanders) as measured against each group’s share of the general population. Improvement since 1998 (Fig. 8) was evident for almost all groups; however, the West has slightly lower poverty rates among individuals approaching traditional college age.

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In the West, WICHE’s Western Undergraduate Exchange (WUE) programs have helped to improve affordability and access. In 2009-10, families and/or states are saving an estimated $733.5 million in tuition and fees by participating in WUE, compared to $111.7 million five years ago (Fig. 12).
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BENCHMARKS: WICHE Region 2010

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In the West, among adults aged 25 to 49, a little over 4% were enrolled in higher education as undergraduates in 2007-08. That participation rate remains higher than the national average but is essentially flat from previous years (Fig. 2).

FINANCE

Out of 100 ninth graders in the West, 29 do not finish high school and an additional 31 do not go to college. Only 17 of 100 ninth graders in the region graduate on time from college.

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