Are revenues sufficient to meet state needs for higher education?

Finance indicates 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 2008 to 2010 by 15.5%. The US average also fell over the same period from $7,325 to $6,290 (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 59.9% for the Western states in FY 2011. Though this figure was up by 6% from the prior year, most of the increase was supplied by growth in net tuition revenue, which is now 43 percent higher than it was at the beginning of the recession. Nationally, net tuition and fees 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 $3,065 after substantial declines in the two prior years. In FY 2011, tax revenue per capita for the West stood at 76.9 percent of the FY 2008 level. The nation also saw growth between FY 2010 and FY2011, rising to $2,430, though its growth was more modest than the West’s (Fig. 15).

BENCHMARKS: WICHE Region 2012

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 2008 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, 30 do not go on to college, while about 41 enroll in postsecondary education. Only 18 of 100 ninth graders finish on his or her 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 2006, when only 17 of 100 ninth graders were likely to complete college on time.

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 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 79.4% of adults ages 25 and older nationally and 29.4% regionally held at least an associate’s degree in 2010. All these data points are slightly higher than in 2009.

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 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 dropped to 56% for Blacks, 59% 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 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 these data is enhanced when examining how better they are performing.

Their families or states saved an estimated $235.8 million in tuition and fees by participating in WUE, compared to $151.1 million five years ago (Fig. 12).

In the West, WICHE’s Undergraduate Exchange (WUE) programs have helped to improve affordability and access. In 2012-13, families and/or states saved an estimated $235.8 million in tuition and fees by participating in WUE, compared to $151.1 million five years ago (Fig. 12).

The availability of financial aid is also a key indicator, especially as tuition prices rise. The amount of restricted and unrestricted grant aid per FTE student increased between 2005-06 and 2009-10 academic years (Fig. 9). The national average in 2009-10 was $1,352, compared to $822 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 $557 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 been essentially level over the most recent three years for which data were available. In the West, WICHE’s Undergraduate Exchange (WUE) program has grown substantially in the last several years.