Annual *Grapevine* Compilation of State Fiscal Support for Higher Education: Fiscal Year 2016-2017

A project of the Center for the Study of Education Policy at Illinois State University and the State Higher Education Executive Officers (SHEEO)

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Contact: Jim Palmer, Editor, *Grapevine* (309.438.2041; jcpalmer@ilstu.edu)
Center for the Study of Education Policy, Illinois State University

An Initial Look at FY17 Fiscal Support for Higher Education Across the States

This year's *Grapevine* survey tentatively points to a modest national 3.4% increase in state support for higher education from fiscal year 2015-16 (FY16) to fiscal year 2016-17 (FY17), though an exact figure awaits a budget resolution in Illinois. There, legislators enacted only a partial FY17 budget that funded higher education through December 2016, and an agreement for augmenting those funds through the rest of the fiscal year has not yet been reached. This continues an ongoing budget impasse that left Illinois without a state budget in FY16, when funding for higher education was also limited to partial stopgap monies. In all, Illinois higher education funding remains sharply curtailed. Stopgap monies appropriated in FY16 amounted to only 17% of funding allocated in fiscal year 2014-15 (FY15), the last fiscal year for which Illinois enacted a full state budget. Stopgap monies allocated so far in FY17, although an increase over the partial funding amount appropriated in FY16, amount to only 29% of FY15 funding.

In the remaining 49 states, FY17 fiscal support for higher education represent an overall one-year increase of 2.7% from FY16: 39 states registered increases ranging from 0.2% to 10.5%, and 10 reported decreases ranging from 0.4% to 8.8%. The 2.7% increase for these 49 states is lower than the 4.1% increase registered from FY15 to FY16 in last year's survey. Slumping energy prices appear to have taken a toll in at least some states, including Alaska, Louisiana, New Mexico, Oklahoma, and Wyoming—states with a high economic stake in the oil and gas sector and that reported the largest declines in higher education funding between FY16 and FY17.

The tentative picture of modest overall increases in most states is also supported by longer-term trends. Comparisons with funding available two years ago show that 40 of the 49 states with complete enacted budgets registered increases from FY15 to FY17 ranging from 0.4% to 21.5% while nine reported decreases ranging from -0.4% to -18.7%. Comparisons with funding allocated five years ago show a similar pattern. Factoring in federal stimulus monies allocated to higher education in fiscal year 2012 (FY12), 42 of the 49 states registered five-year increases (from FY12 to FY17) that ranged from 2.1% to 51.4%. Seven states, however, reported five-year declines in fiscal support that ranged from 1.8% to 17.8%.

Tables summarizing the results of the FY17 *Grapevine* survey can be found at https://education.illinoisstate.edu/grapevine/.

Other Jurisdictions: Puerto Rico and Washington, DC

FY17 marks the first year *Grapevine* has included Puerto Rico and Washington, DC in its survey. Both represent important jurisdictions within American higher education that deserve greater attention in analyses of fiscal support. The data reported by Puerto Rico and Washington, DC exclude federal appropriations and reveal gains of 0.2% and 6.6%, respectively, in fiscal support for higher education from FY16 to FY17. Over the five-year period from FY12 to FY17, higher education funding increased by 13.4% in Puerto Rico and 13.8% in Washington, DC.

About *Grapevine*

Grapevine data are collected annually as a joint project of the Center for the Study of Education Policy at Illinois State University and the State Higher Education Executive Officers (SHEEO). The FY17 data were collected by Sophia Laderman of SHEEO employing an online instrument that consolidates the *Grapevine* survey with the annual survey used by SHEEO in its State Higher Education Finance (SHEF) project (http://www.sheeo.org/finance/shef-home.htm). Data from the *Grapevine* component of this consolidated instrument were sent to Illinois State University for analysis.

The intent of *Grapevine* is to provide a first, tentative look at state higher education funding in the new fiscal year. The FY17 data represent initial allocations and estimates that are subject to change. SHEEO's annual SHEF report focuses on the most recently completed fiscal year and offers a more complete examination of trends in total state support for higher education, factoring in enrollment, tuition, and inflation (among other variables). The State Higher Education Finance report for FY16 will be released shortly by SHEEO.

Grapevine data include both tax and nontax state support for the operation of institutions of higher education as well as for other higher education activities. (Prior to the survey for Fiscal Year 2010, *Grapevine* surveys asked for data on state tax appropriations only.) States were asked to provide data for the new fiscal year (2016-2017) as well as revisions (if necessary) to data on file for previous fiscal years. In addition to data on funding for four-year colleges and universities, instructions asked states to include

- sums appropriated for state aid to local public community colleges, for the operation of state-supported community colleges, and for vocational-technical two-year colleges or institutes that are predominantly for high school graduates and adult students;
- sums appropriated to statewide coordinating boards or governing boards, either for board expenses or for allocation by the board to other institutions or both;
- sums appropriated for state scholarships or other student financial aid;
- sums destined for higher education but appropriated to some other state agency (as in the case of funds intended for faculty fringe benefits that are appropriated to the state treasurer and disbursed by that office); and
- appropriations directed to private institutions of higher education at all levels.

States were asked to exclude appropriations for capital outlays and debt service, as well as appropriations of sums derived from federal sources (with the exception of ARRA monies), student fees, and auxiliary enterprises.

Different practices among the 50 states make it impossible to eliminate all inconsistencies and to ensure absolute comparability among states and institutions. The *Grapevine* data do not provide the contextual information needed to compare or rank order states in terms of the fiscal health of their higher education systems. In addition, the annual percent changes recorded for each state do not necessarily reflect the annual percent changes in funding for individual institutions or for specific higher education sectors (e.g., community colleges and universities) within states.