

Annual *Grapevine* Compilation of State Fiscal Support for Higher Education Results for Fiscal Year 2021

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The *Grapevine* report is celebrating its 60th anniversary, making it one of the longest-lived higher education finance reports in the country. This anniversary comes at a unique moment as states grapple with the impact of the pandemic. Data reported by the states in this latest *Grapevine* survey (*Tables 1 and 2*, attached) indicate that state fiscal support for higher education in fiscal year 2020-2021 (FY21) totaled approximately \$96.7 billion, basically the same as for fiscal year 2019-2020 (FY 20). This reverses a six-year trend of more substantial increases (see chart at right).

This funding level was only achieved with an almost sixfold increase in federal funds (\$300M to almost \$2B) channeled through the states to higher education. Direct state funding was down 1.3% from last year.

Only five states reported funding declines in FY19 and FY20 (-6.8% Alaska, -1.4% Hawaii, -0.2% Kentucky, -1.3% New Jersey, -0.6% New York). In contrast, 21 states reported declines in FY21 from FY20, even after adding additional federal funds. Twenty-six states reported declines in state funding only. The largest declines, even after adding federal pass-through funding, were in Nevada (17.8%), Alaska 10.5%), and California (7.5%). Colorado reported a 45.3% decline in state-only funding, but with additional federal support, reported only a 3.8% overall reduction. Most reported budget increases

were minimal, with the exception of Vermont (45.7%, due to a one-time allocation to colleges), Washington (13.8%), Ohio (12%), and New Jersey (11%). The increases in Ohio and New Jersey were due to federal pass-through funds; otherwise, budgets slightly declined. Seven mega states (CA, FL, GA, IL, NC, NY, and TX) accounting for half (50.2%) of higher education funding nationwide reported an overall funding decline of 2.1% (Table 5).

Annual Percent Changes in Total State Fiscal Support for Higher Education Nationwide, Fiscal Year 2015 - Fiscal Year 2020

Fiscal Year	% Change from Previous Fiscal Year	Number of States Reporting a Decline in Funding from the Previous Fiscal Year
2021	0.3%	21
2020	4.4%	5
2019	4.4%	3
2018	2.2%	17
2017	3.7%	14
2016	2.4%	10

Note. Each year, *Grapevine* asks states for data on initial appropriations in the new fiscal year as well as revisions to data reported in previous years. Because of these revisions, the data reported here may differ from those detailed in earlier *Grapevine* reports.

Two-Year and Five-Year Trends

Over the longer term, total FY21 appropriations to higher education nationwide are 4.7% higher than funding made available two years ago in FY19. Nine states reported a two-year decline in funding. Nine states reported two-year gains of 10% or more. Note that the *Grapevine* data are not adjusted for inflation.

Five-year trends show state support for higher education increased nationwide by 15.8% from FY16 to FY21. Sixteen states reported five-year increases of 20% or more. But five states reported five-year decreases ranging from 2.2% in New Mexico to 22% in Alaska. While wide variation among the states continues to exist, FY21 mitigated positive two- and five-year trends even with the large increase in federal funds (see table to the right).

Overall, the results of the *Grapevine* report show the clear, if not unexpected, impact of the pandemic, contributing to near flat funding this year. The importance of dramatically increased federal funds to address pandemic challenges is also clear. However, if there is a general finding for this year's report, it may be that the pandemic did not wreak as much overall devastation on state funding for higher education as some had feared, though there are wide variations among states, and the fiscal year is not over. Current and anticipated federal funding to states and higher education has and could further mitigate the impact of the pandemic. It is also important to note that these state totals do not allow analysis of the differential impact of the pandemic on different sectors of higher education: more selective/elite, comprehensive, and community colleges. Given the critical role each sector plays in providing college opportunity, more detailed analysis should be done.

Number of States Reporting Two-Year and Five-Year Declines in State Fiscal Support for Higher Education, FY18, FY19, and FY20

Fiscal Year	States Reporting Two-year Declines	States Reporting Five-Year Declines
2021	9	6
2020	2	6
2019	12	9
2018	15	10

Note. Each year, *Grapevine* asks states for data on initial appropriations in the new fiscal year as well as revisions to data reported in previous years. Because of these revisions, the data reported here may differ from those detailed in earlier *Grapevine* reports.

State Fiscal Context

Grapevine data alone do not provide the contextual information needed to compare or rank states in terms of the fiscal health of their higher education systems. For example, although Illinois reported a large (42.6%) funding increase over five years, a significant part of that increase represented monies appropriated during this period to strengthen the state's badly underfunded college and university pension system and were not used to fund instruction for students at higher education institutions directly. *Grapevine* does provide some context for state funding (see *Table 4*) by examining state support for higher education per \$1,000 in personal income and per capita over multiple years, showing the impact of overall state size and wealth on higher education funding. Still, to fully understand the dynamics of higher education funding, and its health in any state, requires a more in-depth analysis (e.g., funding differences by sector) than *Grapevine* provides.

As we move forward into an uncertain post-COVID-19 era, we must pay close attention to funding trends and their impact on equitable access to college success. The future of our economy and our democracy will depend on finding a path, however difficult, to a more educated country. The *Grapevine* report will continue its 60-year effort to do its part. This report is only possible because of the efforts of state agencies that, despite the challenges of the pandemic, provided their data and because of the efforts of Sophia Laderman at SHEEO and Dr. Jim Palmer, the *Grapevine* editor for the last 20 years, who both shepherded me through my first year as editor.

Other Jurisdictions

FY21 marks the fifth year *Grapevine* has included Washington, D.C., in its survey. The data reported by the District of Columbia exclude federal appropriations and reveal one-year, two-year, and five-year gains in local tax support of 0%, 3.4%, and 25.5%, respectively.