Annual *Grapevine* Compilation of State Fiscal Support for Higher Education Results for Fiscal Year 2020

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

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Data reported by the states in the latest *Grapevine* survey (*Tables 1 and 2*, attached) indicate that initially-approved state fiscal support for higher education in fiscal year 2019-2020 (FY20) totaled approximately $96.6 billion, a 5.0% increase nationwide from fiscal year 2018-2019 (FY19). This is the highest annual increase since Fiscal Year 2014-15 (FY15) and continues a trend of annual increases over the past six years (see chart at right).

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
2020	5.0%	3
2019	4.3%	3
2018	2.0%	18
2017	3.8%	13
2016	2.5%	10
2015	5.0%	9

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.

In contrast to the relatively high number of states reporting annual reductions in funding from FY15 through FY18, only three states reported funding declines between FY19 and FY20. Alaska sustained an 11.2% decrease, the result of a gubernatorial decision to substantially reduce funding to the University of Alaska system over the next three years. Hawaii and New York reported much smaller declines of 2.2% and 0.3%, respectively. Each of these states had previously met or exceeded their pre-recession (FY08) levels of state support.

Of the remaining 47 states, 24 reported increases from FY19 to FY20 ranging from 0.7% (Kentucky and North Carolina) to 4.8% (Georgia and Massachusetts), and 23 reported increases ranging from 5.0% (South Dakota) to 11.4% (Colorado). Increases in five states—California, Texas, Illinois, New Jersey, and Tennessee—accounted for approximately half (49.8%) of the total national increase in state funding for higher education between FY19 and FY20. Funding increases in each of these five states ranged from $189.2 million in Tennessee to $1.06 billion in California. Together, these five states increased funding for their higher education systems by 7.3%, while the remaining 42 states collectively increased funding by 4.4%.

Two-Year and Five-Year Trends

Over the longer term, total FY20 appropriations to higher education nationwide are 9.5% higher than funding made available two years ago in FY18. Sixteen states reported two-year gains of 10% or more, ranging from 10.0% in Kansas to 23.7% in Colorado. In addition, another 32 states registered two-year increases ranging from 2.7% in Vermont to 9.4% in New Mexico. Only two states reported that they were operating with levels of state fiscal support in FY20 that are lower than the fiscal support available two years ago in FY18: Alaska, which reported a 9.1% decline from FY18 to FY20, and Kentucky, which reported a two-year decline of 1.7%. Note that the *Grapevine* data are not adjusted for inflation.

In terms of five-year trends, state support for higher education increased nationwide by 18.8% from FY15 to FY20. Sixteen states reported five-year increases of 20% or more, ranging from 20.3% in New Jersey to 43.9% in Nevada. Another 29 registered five-year gains ranging from 0.5% in Iowa to 18.6% in Maryland. But five states reported five-year decreases ranging from 1.9% in Kentucky to 21.9% in Alaska.

These longer-term trends reflect a more favorable picture than findings for previous years (see table to the right). In FY18, higher education systems in 16 states operated at levels of fiscal support that were below the levels of support available two years earlier in FY16, and in 10 states, higher education funding was less than the funding available five years previously in FY13. In FY19, 12 states operated at levels of state funding that were below the funding appropriated two years earlier in FY17, and nine states operated at levels of funding that were below the monies available five years previously in FY14.

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

Fiscal Year	Number of States Reporting Two-year Declines	Number of States Reporting Five Year Declines
2020	2	5
2019	12	9
2018	16	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.

Overall, the results of the FY20 *Grapevine* survey document continued increases, albeit at modest levels, in higher education funding across most states. It is important to note that the *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 relatively large (9.8%) funding increase between FY19 and FY20, 66% of that increase represented monies appropriated 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. Also, the increase reported by Illinois between FY19 and FY20 follows a period of funding declines in previous years, as evidenced by the relatively low five-year increase of 4.8% between FY15 and FY20. These are the sorts of nuances that *Grapevine* data do not capture.

Other Jurisdictions

FY20 marks the fourth 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 3.4%, 15.5%, and 22.9%, respectively.

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 Association (SHEEO). Tables summarizing the results of the FY20 *Grapevine* survey—as well as annual *Grapevine* reports going back to fiscal year 1961—can be found at the *Grapevine* website: https://education.illinoisstate.edu/grapevine/.

In addition to data on state fiscal support for higher education by state, *Grapevine* tables also detail regional variations in state fiscal support and note trends in state fiscal support per capita and per $1,000 in personal income.

The FY20 data were collected by Sophia Laderman of SHEEO, employing an instrument that consolidates the *Grapevine* survey with the annual survey used by SHEEO in its State Higher Education Finance (SHEF) project (https://sheeo.org/project/state-higher-education-finance/). Data from the *Grapevine* component of this consolidated instrument were sent to Illinois State University for analysis.

The *Grapevine* report intends to provide a first, tentative look at state higher education funding in the new fiscal year. The FY20 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 SHEF report for FY19 will be released this spring 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 (before the survey for FY10, *Grapevine* surveys asked for data on state tax appropriations only). States were asked to provide data for the new fiscal year (2020) 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 (except for ARRA monies), student fees, and auxiliary enterprises.

Different practices among the 50 states make it impossible to eliminate all inconsistencies or to ensure absolute comparability among states and institutions. In addition, the annual percent changes recorded for each state do not necessarily reflect the annual percent changes in funding for individual institutions within states.