



# A Great Recession, a Great Retreat

## A Call for a Public College Quality Compact

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By David Bergeron, Elizabeth Baylor, and Antoinette Flores    October 2014

Center for American Progress



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# Contents

- 1 Introduction and summary**
  
- 5 The Great Recession: A great retreat in state investment in postsecondary education**
  
- 9 State funding of public colleges has declined while family-financed tuition has increased**
  
- 12 Low- and middle-income Americans pay more in states with high disinvestment**
  
- 14 State spending cuts have affected community colleges the most**
  
- 16 Recommendations**
  
- 26 An investment with high returns**
  
- 27 Conclusion**
  
- 28 Methodology**
  
- 30 Appendix**
  
- 36 About the authors & acknowledgments**
  
- 37 Endnotes**

# Introduction and summary

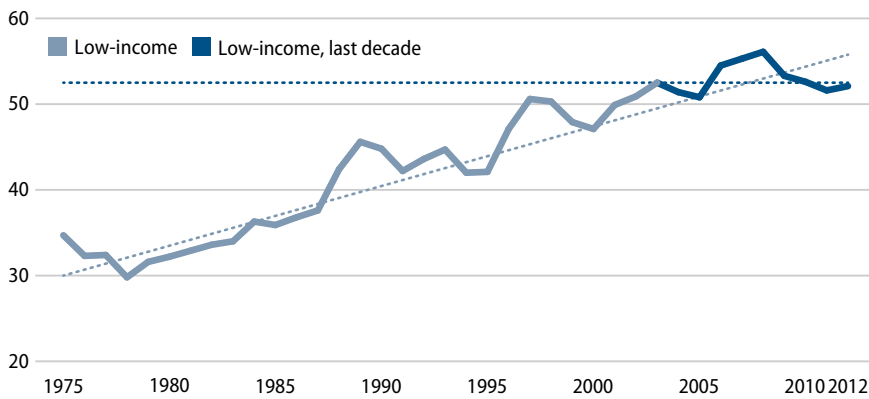
Public investment in higher education is vital to the performance of our economy. First and foremost, America's public colleges and universities offer citizens a steadfast path toward personal economic growth and opportunity. An educated workforce also delivers a substantial return on public investment in the form of economic expansion through sustained employment, higher earnings, new and continued business development, and ultimately, higher tax revenues.

In 1947, the Truman Commission on Higher Education recognized this vital role and prompted the federal government to begin making investments in public colleges to make postsecondary education more accessible and affordable to all students. Throughout the 1950s, 1960s, and 1970s, a number of the commission's recommendations were adopted; the additional investment paid off, resulting in significant increases in the share of high school graduates going to college.<sup>1</sup>

Since the early 1950s, the federal and state governments have shared the cost of providing postsecondary education to citizens, but states have traditionally been a greater source of direct funding for public colleges and universities.<sup>2</sup> Public colleges and universities rely on state investment as a source of both operating and non-operating costs. The subsidy provided by state investment has been critical to keeping costs low and providing an affordable education for all students.

But after making great strides for decades, the country has begun to lose ground. College costs have skyrocketed. Between 2008 and 2012, the share of students borrowing to finance their education increased from 35 percent to 40 percent, and the average amount borrowed annually increased from \$6,200 to \$7,800.<sup>3</sup> Since the Great Recession, states have withdrawn public investment in higher education, and many students from low- and middle-income families have been pushed out of public colleges and universities. Over the past decade, this has resulted in a decline in the college-attendance rate among low-income students and a dramatic slowing of the rate among middle-income students.<sup>4</sup>

**FIGURE 1**  
**College-attendance rate for students from low-income families**



Source: U.S. Department of Education, "Table 302.30. Percentage of recent high school completers enrolled in 2-year and 4-year colleges, by income level: 1975 through 2012," available at [http://nces.ed.gov/programs/digest/d13/tables/dt13\\_302.30.asp](http://nces.ed.gov/programs/digest/d13/tables/dt13_302.30.asp) (last accessed September 2014).

As noted in a recent Center for American Progress report, titled “The Middle-Class Squeeze: A Picture of Stagnant Incomes, Rising Costs, and What We Can Do to Strengthen America’s Middle Class,” the share of a family’s income needed to meet postsecondary education expenses has increased dramatically in just three years. Higher tuition and fees charged by colleges and universities account for much of this increase but, significantly, so does the fact that median family income fell by 3 percent during the same period.<sup>5</sup> Not surprisingly, the burden of tuition payments often translates to the burden of debt. This student debt has disproportionately affected communities of color.<sup>6</sup> Together, these factors have led to decreased access to college, higher cost, and higher debt.

In recent years, the federal government has made significant investments in higher education to make the cost of college more affordable, in part to respond to the declining state investment and crisis brought on by the Great Recession. These investments include \$17 billion in the Pell Grant program to help make college more affordable and increase the number of students eligible;<sup>7</sup> a refundable tax credit of as much as \$2,500 per year for families earning up to \$180,000 to help pay for college;<sup>8</sup> and subsequently, an additional \$36 billion in the Pell Grant program to ensure its financial stability.<sup>9</sup>



The additional investment by the federal government to low-income students has partially addressed affordability and helped fill some of the gap caused by rising tuition. However, since declining state investment—the primary driver behind the increasing net price of college—has yet to be addressed, the additional federal support does not fully address the growing need of low-income and middle-income families.

This report builds on CAP’s previous report, “Public College Quality Compact for Students and Taxpayers,”<sup>10</sup> with new state-by-state analysis. In addition to the high-level state analysis, our findings show that:

- The reduction of state funding coincided with an increased reliance on tuition revenue.
- Low- and middle-income families in states with the highest disinvestment pay the highest net price relative to students in the same income groups in other states.
- The cuts disproportionately affected two-year community colleges.

To ensure that American postsecondary education remains affordable for the next generation of students, it is time for the federal government to make an investment similar to the ones recommended by the Truman Commission, with the same goal of significantly boosting degree attainment. This report proposes the creation of a federal grant program, or fund, that creates a direct tie between federal and state investments and encourages states to reinvest in postsecondary education. This new fund will spur states and institutions to more effectively meet the needs of low- and middle-income students. The program would require states to match the federal grants. To be eligible, states would need to agree to implement reforms and innovations that increase students’ value of public colleges, universities, and training centers through a Public College Quality Compact. The compact would require states to:

- **Create reliable funding** by building new funding streams. These streams would need to provide at least as much as the maximum Pell Grant per student in indirect and direct support to public colleges and universities to ensure that students and prospective students can prepare for and enroll in postsecondary education with certainty.

- **Make college affordable** by guaranteeing that low-income students who pursue an associate's or bachelor's degree will receive grant aid from the compact to cover their enrollment at public institutions.
- **Improve performance** by setting outcome goals for institutions, such as increased graduation rates, and by implementing proven, successful strategies that improve student performance at the institutional level.
- **Remove barriers** and state and institutional policies that stand in the way of college completion by standardizing transfer-credit and admissions requirements and by raising K-12 learning standards to align with readiness for postsecondary entry-level courses.

The majority of funds from the compact would be allocated to states based on support for low-income and military veterans, measured by the share of Pell Grant and GI Bill beneficiaries. Eligible states would receive funding from the compact based on these students having access to an affordable education and earning a credential or a degree. The federal government would also reserve some program funds for states or groups of institutions working across state lines that wish to experiment with reforms that are effective in improving higher-education quality and outcomes.

This report presents data to support the need for a restored state-federal partnership in higher education and offers design details of the new Public College Quality Compact.

# The Great Recession: A great retreat in state investment in postsecondary education

In the report “Public College Quality Compact for Students and Taxpayers,” the Center for American Progress documented the declining state investment in public universities, community colleges, and training centers by examining sector-wide investments in public colleges by state governments. Principally, the report showed that the amount of funding that public colleges receive from state governments had declined sharply as a share of total revenue. Between fiscal year 2003 and fiscal year 2010, state funding declined from 30.9 percent of total revenue to 22.3 percent.<sup>11</sup> The majority of this decline occurred during the fiscal years after the onset of the Great Recession.

In order to better design a program of federal government investment in public universities and four-year colleges, community colleges, and vocational training centers, this report documents the trend of state disinvestment in higher education at the level of each individual state. This analysis seeks to understand what level of federal investment would appreciably make a difference for students, institutions, and state governments.

To examine the state investment in public institutions, we previously used sector-wide figures reported annually by the Department of Education’s National Center for Education Statistics.<sup>12</sup> To create an analysis of investment by individual states, we used institution-level data reported to the Department of Education’s Integrated Postsecondary Education Data System, or IPEDS. This institutional-level data were collated by state and sector to determine the overall state investment, the investment per student, and the share of total revenue that state funding comprises. (see Methodology)

State governments have long been the primary financial support for public institutions. State funding is the direct way in which our higher-education system is able to provide an affordable education to students from low- and moderate-income backgrounds. However, data show that the majority of states reduced the overall level of direct funding to public institutions since the onset of the Great Recession. On a per student basis, the decline was even more pronounced.



We examined the five most recent years of data available and found that after adjusting for inflation in constant 2012 dollars, 29 of 50 states governments lowered their total level of direct support to public institutions between fiscal years 2008 and 2012.<sup>13</sup> Specifically:

- 7 states decreased their investment by more than 20 percent.
- 16 states decreased their investment between 5 percent and 20 percent.
- 12 states made little change, decreasing by less than 5 percent or increasing by less than 5 percent.
- 12 states increased their investment between 5 percent and 20 percent.
- 3 states increased their investment by more than 20 percent.

Enrollment in higher education is countercyclical with the economy, meaning that enrollment increases when the economy is experiencing a downturn; people pursue degrees and credentials during a recession because they have lost their jobs and need to acquire more and better skills to remain competitive in the job market. When changes in state funding at public institutions of higher education are translated to per student expenditures, the cuts are even more pronounced.

During the five-year period between the 2007–08 school year and the 2011–12 school year, enrollment in public higher-education institutions that were eligible to receive federal student aid funds increased markedly. Full-time equivalent, or FTE, enrollment is a calculation by the Department of Education that creates a “single value providing a meaningful combination of full-time and part-time students.”<sup>14</sup> Using FTE enrollment, total enrollment at public institutions increased 13.7 percent, from 9.4 million FTE students in 2007–08 to 10.6 million FTE students in 2011–12.<sup>15</sup> Of that amount, enrollment at four-year institutions increased 10.6 percent, from 5.4 million FTE students in 2007–08 to 5.9 million FTE students in 2011–12. FTE enrollment at two-year institutions increased more sharply, rising 20 percent, from 4 million FTE students in 2007–08 to 4.7 million FTE students in 2011–12.<sup>16</sup>

Direct state funding of public institutions failed to keep pace with increasing enrollment, leading to a decrease in direct support per student. Specifically:

- 20 states decreased their direct investment by more than 20 percent per student.
- 18 states decreased their direct investment between 5 percent and 20 percent per student.
- 8 states made little change, decreasing their direct support by less than 5 percent per student or increasing by less than 5 percent per student.
- 4 states increased their investment between 5 percent and 20 percent per student.
- There were no states that increased their investment by more than 20 percent per student.<sup>17</sup>

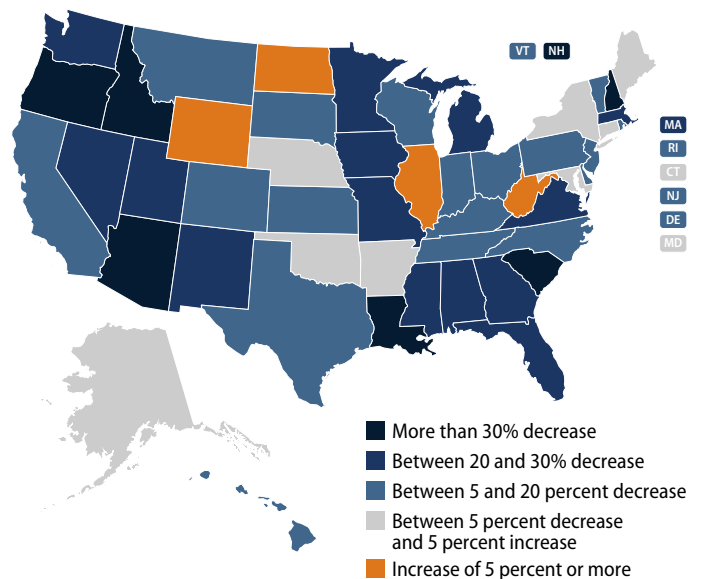
## Investing in people where resources allow

One thing is clear: Some states have not faced difficult funding decisions. For example, North Dakota has seen dramatic increases in tax revenues. Between 2008 and 2013, North Dakota saw tax revenues increase from \$2.3 billion to \$5.3 billion, reflecting the dramatic growth in taxes derived from mining and oil extraction. The state could have reduced taxes but instead decided to invest in higher education and other priorities. State leaders acknowledged that revenues from mining and oil extraction will ultimately decline as the reserves are depleted and opted to invest in the future—the education of North Dakotans.<sup>18</sup>

FIGURE 2

### Public colleges in most states face steep declines in funding per student

Change in state funding per student by state, FY 2008–FY 2012, in constant 2012 dollars



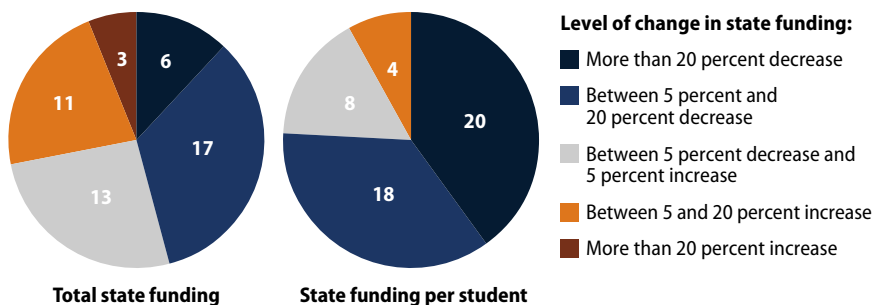
Source: CAP analysis of U.S. Department of Education, "Integrated Postsecondary Education Data System," available at <http://nces.ed.gov/ipeds/datacenter> (last accessed August 2014).

In order for funding to keep up with this surge in enrollment, states would need to increase direct support for higher education. But this did not happen in 44 of the 50 states, resulting in declines in state spending per student.<sup>19</sup>

**FIGURE 3**

**Number of states that have increased or decreased funding to public colleges**

Level of funding change to total state funding and state funding per student to public colleges, FY 2008–FY 2012 in constant 2012 dollars



Source: CAP analysis of U.S. Department of Education, "Integrated Postsecondary Education Data System," available at <http://nces.ed.gov/ipeds/datacenter> (last accessed August 2014).

**High investors in higher education**

- **Wyoming**
  - 2nd in 2012 spending per student
  - 2nd smallest spending reduction after the recession
- **Connecticut**
  - 4th in 2012 spending per student
  - 6th smallest spending reduction after the recession
- **New York**
  - 6th in 2012 spending per student
  - 11th smallest spending reduction after the recession

**Low investors in higher education**

- **Arizona**
  - 47th in 2012 spending per student
  - 1st largest spending reduction after the recession
- **New Hampshire**
  - 48th in 2012 spending per student
  - 3rd largest spending reduction after the recession
- **South Carolina**
  - 49th in 2012 spending per student
  - 2nd largest spending reduction after the recession<sup>20</sup>

# State funding of public colleges has declined while family-financed tuition has increased

Decreases in state funding have led to increases in tuition, with families carrying the cost. America's higher-education system has become increasingly dependent on student-loan debt, with the share of students borrowing increasing in recent years.<sup>21</sup> In addition, many borrowers have trouble repaying their loans.<sup>22</sup> Because public colleges have a mission to ensure that higher education is affordable for families from all income levels, state funding has long been a substantial share of institutions' overall revenue. As the overall amount of direct state funding in higher education has declined, other sources, including tuition, are supplementing revenue. Unfortunately, an analysis of institution revenues demonstrates that tuition as a share of revenue increased while direct public support declined.<sup>23</sup> Measured as a share of total revenue, the amount of funding that public colleges receive from state governments has steadily retreated since FY 2008. Across the entire public higher-education system, state funding accounted for 29.1 percent of total revenue in FY 2008. Just five years later, as the effects of the Great Recession were clearly established, that amount declined to 22.3 percent of revenues in FY 2012.<sup>24</sup>

Across the 50 individual states, there are varying levels of decline in direct public funding; however, *all* states decreased the share of revenue that comes from state governments. Eight states experienced a decline of more than 10 percentage points; 27 states decreased the share of revenue from state governments between 5 percentage points and 10 percentage points, and 15 states experienced a decline of less than 5 percentage points.<sup>25</sup>

Across the 50 individual states, 3 states decreased the share of revenue coming from tuition dollars, while 47 increased the share of revenue from tuition dollars. Of those 47 states, 37 states increased their share of revenue from tuition dollars by less than 5 percentage points, while 10 states increased their share of revenue from tuition dollars by between 5 percentage points and 10 percentage points.<sup>26</sup>

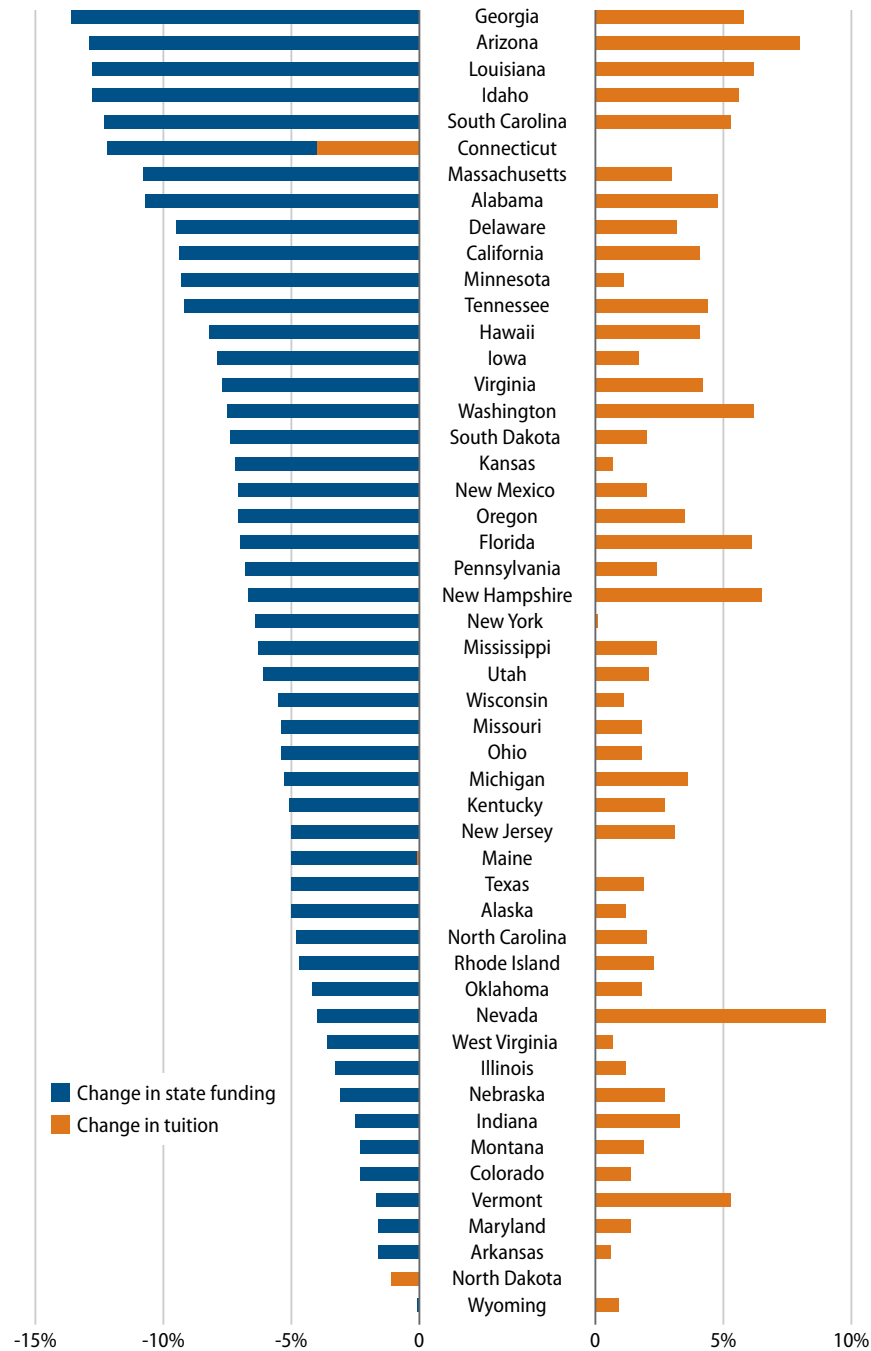
There are a few exceptions, but the general trend demonstrates that the states that decreased their share of state funding the most increased reliance on tuition dollars the most. Figure 4 lists the percentage point change in both share of state funding and share of tuition and ranks each state on these two measures. States ranked higher performed worse on the measure, either decreasing their share of state funding the most or increasing their reliance on tuition revenue the most.

Passing the consequences of decreased public support to students and families in the form of increased tuition is not always necessary. States and institutions can find innovative ways to decrease the cost of delivering an education while stabilizing or even decreasing their reliance on tuition to supplement revenue. The policy recommendations outlined below are aimed at creating incentives for increased state investment, as well as state policies that encourage innovative solutions to promote student learning while reducing costs to students.

FIGURE 4

**As states have decreased funding, schools have increased reliance on tuition**

Change in state funding and tuition as a share of revenue, FY 2008–FY 2012



Source: CAP analysis of U.S. Department of Education, "Integrated Postsecondary Education Data System," available at <http://nces.ed.gov/ipeds/datacenter> (last accessed August 2014).



# Low- and middle-income Americans pay more in states with high disinvestment

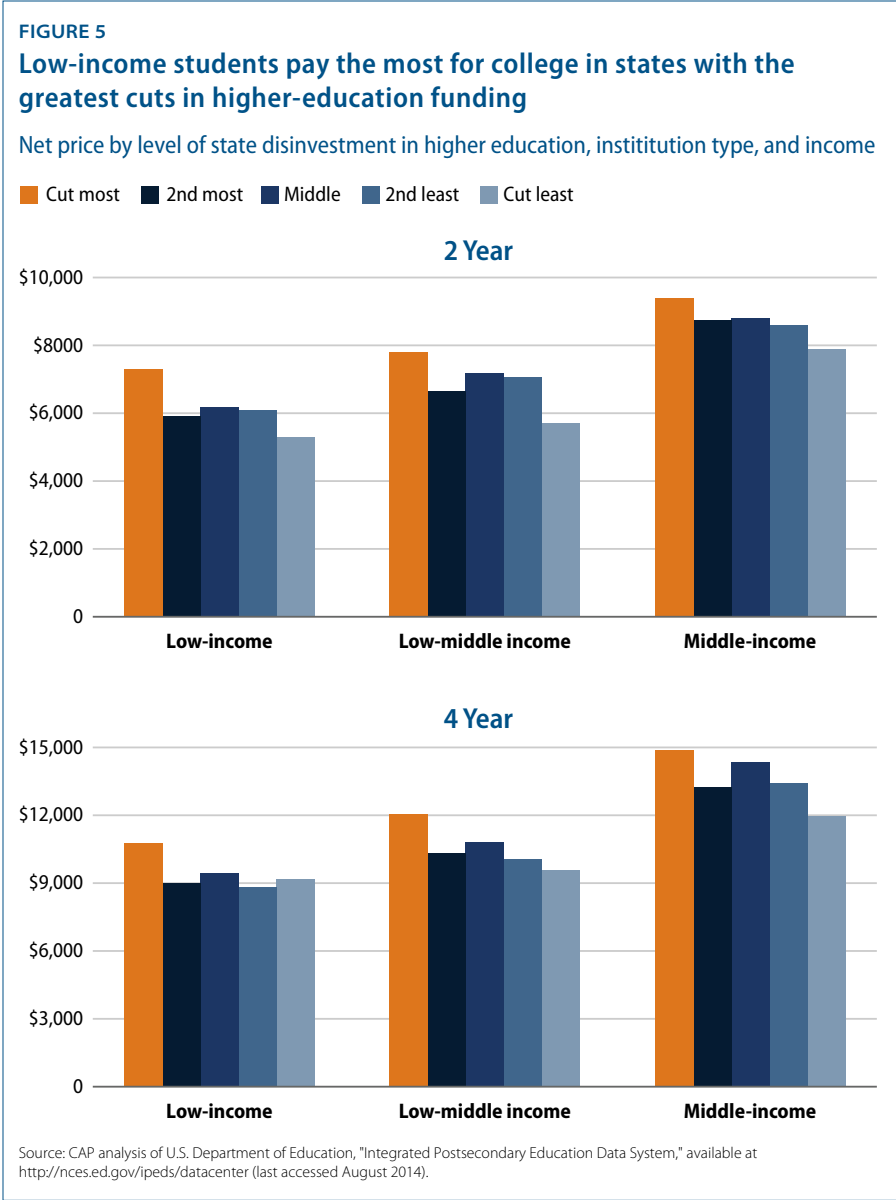
The increased reliance on tuition as a share of revenue means low- and middle-income Americans pay more for their education at public colleges. Nationally across institutions, net price—the price students and families pay after grants and scholarships—has steadily increased with increases in tuition.<sup>27</sup> Since the recession and state funding cuts to higher education, low- and middle-income families have paid the price for the decline in investment.

In the states that have decreased funding by 30 percent or more, low- and middle-income families pay a higher net price than students from the same income group across the country. Of the four states that invested more than 5 percent since the recession, students in these states pay the lowest net price; this trend is true at both community colleges and public universities.<sup>28</sup>

In states with high disinvestment, low-income students pay 18 percent more than the national average at community colleges and 14 percent more than average at public universities. Low-to-middle-income students pay 8 percent more and 11 percent more at community colleges and public universities, respectively. Middle-income students pay 6 percent more and 4 percent more at community colleges and public universities, respectively, but the percentage is the highest for low-income students.<sup>29</sup>

In the few states that have invested in higher education, low-income students pay 16 percent less than average at community colleges and 2 percent less at public universities. Low-to-middle-income students pay 26 percent less and 13 percent less at community colleges and public universities, respectively, and middle-income students pay 11 percent less and 20 percent less at community colleges and public universities, respectively.<sup>30</sup>

Low- and middle-income students in states with high disinvestment fare the worst with a higher price to pay for college. A higher price means greater borrowing and higher debt for students with the least resources. A higher price could also result in students choosing not to go to college, meaning a decrease in access to education in states with the greatest decrease in investment.



# State spending cuts have affected community colleges the most

Although higher education experienced a decrease in funding in many states, the level of decline is further differentiated by funding toward two- and four-year institutions. Overall, at two-year institutions, 21 states decreased spending toward community colleges, while 30 states decreased funding to public universities. At first glance, it appears that four-year institutions were more likely to see a decline in funding. However, community colleges saw a 20 percent increase in enrollment while four-year public universities saw an increase of only 10.6 percent.<sup>31</sup> The increase in enrollment occurred as unemployment rose and people sought to learn new skills and bolster their resumes.

Seeking further education during economic downturns should be encouraged, but unfortunately, the greater increase in enrollment during the Great Recession was not met with an increase in funding. As a result, community colleges were squeezed the most and felt the effects of cuts more severely. Accounting for enrollment trends, two-year institutions were more likely to experience a cut in funding than four-year institutions. This is significant since community colleges serve a higher proportion of low-income students and students of color relative to four-year institutions.<sup>32</sup>

Based on spending per student, community colleges in 45 states saw a decrease in funding, while comparatively, funding toward public universities declined in 39 states. Of those 45 states that cut funding to two-year institutions, 10 states decreased funding by more than 30 percent; 14 states cut funding between 20 percent and 30 percent; 13 states cut funding between 10 percent and 20 percent; and 8 states cut funding by less than 10 percent. At public universities, 5 states cut funding 30 percent or more; 13 states cut funding by 20 percent to 30 percent; 10 states cut funding between 10 percent and 20 percent; 11 states cut funding between 0 percent and 10 percent. Meanwhile, 11 states increased funding to four-year institutions.<sup>33</sup>

Not only were community colleges more likely to experience a decrease in funding, the cuts experienced were more severe than at four-year public universities. Of the 45 states that either cut funding or made no change, 31 states cut funding for

two-year institutions at a higher percentage than four-year institutions. By contrast, 14 states cut funding for four-year institutions at a higher percentage than two-year institutions, and 1 state cut funding for both two- and four-year institutions equally.<sup>34</sup>

The higher amount of states cutting funding to two-year institutions and the greater severity of the cuts are problematic because students attending two-year institutions are much more likely to be low-income students, first-generation students, and/or students of color. Nationwide, people of color made up 37 percent of the total population and 38 percent of undergraduate fall enrollment in 2009, but 50 percent of community college enrollment.<sup>35</sup> Given the disproportionate amount of cuts to two-year institutions that occurred in recent years, it is important to consider alternatives that will stabilize funding in the future and encourage public reinvestment.

# Recommendations

The federal government should create a new formula to encourage states to reinvest in higher education. To be eligible, states would need to agree to implement reforms and innovations that increase the value of public colleges, universities, and training centers for students. Called the Public College Quality Compact, it would improve value by implementing policies that maintain or increase the quality of programs while keeping costs down. To receive a grant, states would need to match the federal grants. The compact would require states to:

- **Create reliable funding** by building new funding streams. These streams would need to provide at least as much as the maximum Pell Grant per student in indirect and direct support to public colleges and universities to ensure that students and prospective students can prepare for and enroll in postsecondary education with certainty.
- **Make college affordable** by guaranteeing that low-income students who pursue an associate's or bachelor's degree will receive grant aid from the compact to cover their enrollment at public institutions.
- **Improve performance** by setting outcome goals for institutions, such as increased graduation rates, and by implementing proven, successful strategies that improve student performance at the institutional level.
- **Remove barriers** and state and institutional policies that stand in the way of college completion by standardizing transfer-credit and admissions requirements and by raising high school learning standards to conform to postsecondary institutions' academic material.

The majority of funding would be allocated to states based on three factors:

- The number of Pell Grants and GI Bill beneficiaries enrolled at public colleges and universities in the state
- The number of Pell Grant and GI Bill beneficiaries that can afford to meet educational expenses without borrowing under the federal student-loan programs or taking out private student loans
- The number of Pell Grants and GI Bill beneficiaries receiving degrees from public colleges and universities in the state

The federal government invests heavily in low-income students through the Pell grant program and in military veterans through the GI Bill. Students who receive Pell Grants rely on public colleges and universities. During the 2011–12 school year, 65 percent of students who received a Pell Grant attended a public college or university; 29 percent attended public, four-year institutions; and 36 percent attended public two-year institutions.<sup>36</sup> A recent analysis from the Senate Health, Education, Labor & Pensions Committee found that the share of veterans using the new Post-9/11 GI Bill to enroll in public colleges declined from 62 percent of veterans in 2009–10 school year to just 50 percent of veterans in the 2012–13 school year.<sup>37</sup> The formula's emphasis on enrolling and graduating military veterans and Pell Grant recipients provides an incentive for public colleges to better serve these students and their families. Earning valuable degrees and credentials will improve their economic standing.

With the Public College Quality Compact, the federal government would reserve 10 percent of the funding to award grants to states or regional consortiums that wish to experiment with reforms that improve outcomes for low-income students, veterans, and students of color. These experiments likely could not be supported at the funding levels provided to the states individually or would require cross-border coordination for evaluations to determine which interventions are most effective. This program design flexibility would ensure that ambitious efforts to improve degree attainment could be pursued.



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## Create reliable funding

In recent years, several states have created dedicated funding streams for higher education. Despite the best of intentions of these states' leaders to increase support for public higher education, our analysis suggests that, without outside pressure, the economic realities that confronted each state during the Great Recession overtook policy prerogatives. Typically, dedicated funding streams identify a source of revenue to support higher education but do not always guarantee a level of investment. Therefore, the streams alone are unlikely to stem disinvestment because the revenue replaces previous state investments.

California, Minnesota, Massachusetts, and Washington state have implemented dedicated funding streams for higher education. These states have raised revenues by increasing taxes, reinvested in public higher education, and constrained tuition increases.<sup>38</sup>

California implemented a Temporary Taxes to Fund Education, a .25 percent increase in sales tax for four years and for new high-income tax brackets—from \$250,000 to \$1 million—in effect for seven years. Much of this new revenue will be invested in public higher education.<sup>39</sup> The University of California and California State University system have frozen resident tuition through the 2016–17 academic year, paid for with the new revenue.<sup>40</sup>

Minnesota increased funding for higher education by \$250 million—a 10 percent increase over the prior biennium. The funding led to a freeze on tuition increases at all state colleges and universities, paid for by an increased income tax on the top 2 percent of earners and an increase in the cigarette tax. Increased investment in higher education focused on the classroom rather than on administration.<sup>41</sup>

Massachusetts has found money to fund substantial increases to higher education and a freeze on mandatory student fees. The University of Massachusetts, or UMass, campaigned for a 50/50 plan—a commitment that the state would once again allocate 50 percent of the costs of educating students, with the remaining 50 percent covered by students, their families, and financial aid. Funding increases provided by the state will allow UMass to get to 50/50 in two years and the state universities in three years.<sup>42</sup>

Washington state closed a tax loophole that had exempted wireless telecommunication service providers from some taxes. Most of the \$110 million raised was directed toward higher education and facilitated a one-year tuition freeze.<sup>43</sup>

Since the 2008–09 school year, direct support to institutions of higher education in these four states has decreased by 21.2 percent, or slightly more than the national average of 17.8 percent. The reason that these examples of dedicated funding streams have proven ineffective at increasing or maintaining support for public higher education is likely that the dedicated funding streams supplant, rather than supplement, general state appropriations for education.<sup>44</sup> To address this issue, the Public College Quality Compact proposes establishing minimum funding level that states must provide per student to public colleges and universities. The threshold the compact proposes is state spending per student equal to the level of a maximum Pell Grant award. For similar reasons, the compact should include a mechanism to ensure that grant money and spending are not disproportionately aimed at one institution type over the other, to allow all students to benefit from increased investment. To encourage investment that helps students and families pay for postsecondary education but discourages runaway spending, the combined federal-state investment would not be required to exceed the cost of attendance in a state. If a state were able to reduce the cost of attendance through innovation, the investment required to participate in the compact could also be lower.

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## Make college affordable

At public institutions, the share of higher-education expenses that students and families are expected to bear ought to have a reasonable relationship to resources the student and family have available to meet educational expenses. At its core, the formula used to allocate funds under the federal campus-based programs—Federal Work-Study, Federal Supplemental Education Opportunity Grants, and Perkins Loans—was intended to direct resources to institutions that enrolled low- and moderate-income students to help fill the gap, often called unmet need, between how much a family can afford to pay and the cost of attending college. Funding for the federal campus-based programs, however, has never been adequate. As a result, institutions receive funding not based on the unmet need of current students but on how much the institution received in the distant past.<sup>45</sup> As a result, the institutions that enroll students from low- and moderate-income families often lack the resources necessary to meet the needs of their students.

Establishing a minimum investment per student to leverage the federal investment in higher education would result in restoring the relationship between available resources and tuition. In FY 2012, the median state investment per student across all 50 states was \$6,300, down from \$8,000 in FY 2008. At four-year institutions, the median level was \$8,500 in FY 2012, down from \$10,200 in FY 2008. At two-year institutions, the median level was \$3,700, down from \$4,400.<sup>46</sup>

In order to set a minimum bar of spending that will prompt states to increase their investment in public colleges, the spending per student should be equal to the maximum Pell Grant award. That amount is \$5,730 for the 2014–15 school year.<sup>47</sup> During the 2011–12 school year, the maximum Pell Grant award was \$5,273 per student.<sup>48</sup> This report's analysis on state funding of higher education found that of the states examined, all but 13 spent more than that amount per student in FY 2012 and thus would spend an acceptable minimum amount to participate in the compact.<sup>49</sup> Additional states would likely increase their spending in order to receive support under this new program.

Once eligible, states would be expected to increase their spending by 10 percent over three years. Alternatively, states could document that institutions have implemented innovations that have proven effective at reducing the cost of delivering the education while increasing retention and graduation rates and maintaining quality. This mechanism of encouraging a reduction in the cost of delivering a quality education would support efforts to reign in the overall decline in college affordability.

States should work to ensure that higher education remains affordable by demanding that institutions keep their net price below the amount that students can borrow under the federal student-loan programs. Currently, dependent undergraduate students are able to borrow a maximum of \$5,500 in their first year of study, \$6,500 in their second year of study, and \$7,500 in their third year of study and beyond. These limits equal the cumulative maximum of \$27,000 in federal student loans over four years.<sup>50</sup>

As a minimum qualification for this program, undergraduate students should not be required to borrow more than federal loan programs allow in order to finance their education. When a student is unable to meet the cost of education with a combination of family resources and federal aid, they are often forced to take out private student loans. Among students who received a bachelor's degree in the 2011–12 school year, graduates with both federal and private loans borrowed an average of \$33,600, or 35 percent more than those with just federal loans, who had an average debt of \$24,800.<sup>51</sup> It is imperative to create strong incentives for states to ensure that students attending public colleges and universities do not need to take out private loans, as private student loans typically charge higher, often risk-adjusted, interest rates; require co-signers; and lack many of the consumer protections standard in federal student loans.

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## Improve performance

States have the primary responsibility to educate their citizens. States should make re-investment in higher education a priority, but they should expect results in return.

In Connecticut, the state provided the University of Connecticut with increased financial investment to support the institution, producing positive results.<sup>52</sup> Over the course of a decade, the University of Connecticut increased the graduation rate while becoming more diverse—increasing the percentage of undergraduates receiving Pell Grants, for example, by 28 percent just since 2007.<sup>53</sup> The steps the university took to generate these student performance gains are aligned with prescription of the compact and include implementing a first-year experience, learning communities, undergraduate research, and a red flag system that alerts advisors and faculty members when a student is in danger of failing a class.<sup>54</sup> The state and the university have announced Next Generation Connecticut, a subsequent investment with an emphasis on boosting science, technology, engineering, and math, or STEM, programs and graduates to meet projected workforce needs. The overview of the governor’s announcement of Next Generation Connecticut states its objective: “UConn must do more to produce many more STEM graduates to meet workforce shortages and drive discoveries that will fuel Connecticut’s long-term economic growth.”<sup>55</sup>

Twenty-five states have implemented—and six more are in the process of implementing—funding mechanisms that take performance of institutions into consideration. Such mechanisms use a formula to allocate some share of funding based on performance indicators at individual institutions such as course completion, time to degree, transfer rates, the number of degrees awarded, or the number of low-income and minority graduates.<sup>56</sup> For example, Missouri Gov. Jay Nixon (D) signed legislation in 2014 to use performance-based funding to allocate increases in the state’s investment in its public universities and community colleges. Gov. Nixon worked with Missouri’s colleges and universities to increase funding for higher-education institutions based on the extent to which they met specific goals, including increased student retention, higher graduation rates, and improved learning.<sup>57</sup>

States that participate in the Public College Quality Compact would have to agree to adopt approaches to distributing funding among institutions to promote student success. The mechanics of such a system would be left up the states to encourage continued experimentation and testing of alternative approaches.

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## Remove barriers and promote effective state and institutional policies

In order to receive a grant under the Public College Quality Compact, states would be required to take steps to remove barriers to academic progress and graduation and to promote state and institutional policies that have been demonstrated to make the higher-education system more effective. Among the reforms that states could pursue are:

### Alignment of college admissions requirements with high school graduation requirements

Students graduating from public high schools should be academically prepared to start college. To accomplish this, all students graduating from public high school should have the knowledge and skills necessary for success at the state's public two- and four-year colleges. This can be assured by aligning the high school graduation requirements with the college admissions requirements. One way to accomplish this would be to align K-12 standards to the Common Core State Standards.<sup>58</sup> However, states could align systems without adopting the Common Core State Standards by making the requirements for high school graduation the same as the admission requirements at public two- and four-year colleges in the state.

### Bridge programs

For students that lack exposure to higher education, a summer bridge program may help ease the transition. Summer bridge programs are designed to ensure incoming students are prepared for fall courses and focuses on study skills. They can provide an effective method to reduce the college readiness gap between incoming students from underserved communities and those of more privileged schooling opportunities. Reducing this readiness gap can assist at-risk students by enhancing their success, improving their retention, and increasing completion rates. States could fund bridge programs for all low-income students. Today, institutions often offer these opportunities to a small subset of students that are part of a federal or state educational outreach program, such as Upward Bound,<sup>59</sup> but leave other students without the grounding that such bridge programs can offer.

## Learning communities

Learning communities—groups of people with shared values who actively engage in learning together and from each other—could dramatically improve outcomes for students and strengthen the institutions themselves. Learning communities respond to a specific need or challenge on campus and reinforce a culture of inquiry that is critical to student success. States could require institutions to establish learning communities on campuses for students that, based on research and analysis of potential risk patterns, are most at risk.

## Transfer of credits

Recent research demonstrates that the process of transferring credits can be more effective. According to a recent National Center for Education Statistics report, more than one-third of first-time undergraduate students transferred at least once during a six-year period. Most transfers—56 percent—originated from public two-year institutions.<sup>60</sup> Making the transfer of credits more efficient within each state's system and across state lines is critical to improving the effectiveness of our higher-education system. On average, 20 percent of the credits earned at a community college are lost when students transfer.<sup>61</sup> Nearly one-fifth of all students who transferred from public two-year colleges to public four-year colleges or universities brought no academic credit with them.<sup>62</sup> In addition, one-fifth of all credits earned did not transfer between public two-year and four-year colleges—an average of 30.1 credits transferred versus 37.7 credits available to transfer.<sup>63</sup>

States can do many things to improve the transfer of credits. The literature on statewide transfer and articulation systems includes a number of recommended components:<sup>64</sup>

- Common general education requirements across public institutions in the same state
- A common course numbering system
- State- and system-wide academic program articulation agreements, in which institutions agree to accept credits earned at other institutions participating in the agreement



- Statewide transfer and articulation committees with membership that includes representatives of faculty from two- and four-year institutions, as well as state governing boards; these committees assess the academic rigor of classes at both two- and four-year institutions to ensure that students are able to transfer their credits.
- Transfer guides and other web-based tools such as online course catalogs and degree audit tools that allow students, advisors, faculty, and others easy access to program requirements, smoothing the ability to plan a program of study that includes transfer credits
- Integrated record data system for students that enables the tracking of student’s progress across different institutions in the state
- Institutional performance goals and measurements for student transfer that apply to both two- and four-year institutions that are linked to institutional funding
- Financial aid policies that promote vertical transfer, making it possible for students to save money by starting their education at a two-year institution and transferring easily to a four-year program
- Designated service centers to advise transfer students at both sending and receiving institutions

### Common graduation requirements

Another way that states could address several of the existing barriers to degree attainment is to develop a set of general education requirements that all public institutions adopt. This approach could build on the work being done by Complete College America on “meta majors.”<sup>65</sup> Meta majors are a cluster of academic programs that contains courses and course sequences that meet the academic requirements of multiple programs of study. Under a meta major approach, students choose to pursue study in a broad academic area—such as STEM, health care, business, or social science—and narrow their study specific major—such as chemistry, nursing, accounting, or sociology—as they progress through their academic program.

A critical goal of a meta major approach is to better align math requirements to the requirements of the meta major. College algebra can be a serious obstacle to college success for many students, yet the only goal of that course is to prepare a student for calculus. But students in many majors do not need to study calculus and would be better served by studying statistics and quantitative literacy. Statistics and quantitative literacy better align to the needs of students majoring in health care, business, or social science than calculus or college algebra. Since more than 80 percent of students enrolled in postsecondary education major in fields that do not require calculus, requiring students to complete college algebra stands as an unnecessary barrier to student success.<sup>66</sup>

Meta majors have been implemented at specific institutions for their own programs. However, meta majors have the potential to gain additional power when all the public colleges in a state embrace the creation of common requirements for meta majors at related institutions.

### Guided pathways to success

Another approach that is showing promise is the implementation of guided pathways to success, a model that has been implemented on a number of campuses around the country.<sup>67</sup> Under the guided pathways approach, students know which critical milestone courses must be completed each semester to stay on track to graduate in a particular major. The milestone courses provide a mechanism to assess student progress and provide an early warning to students that may be struggling in their chosen field of study. Appropriately timed milestone courses keep students from putting off challenging courses until the consequences of changing majors becomes too damaging to the student's progress.<sup>68</sup> Like meta majors, using guided pathways to success would have greater utility when all the public institutions in a state or region adopt common requirements for their pathways programs.

## An investment with high returns

The Center for American Progress has identified \$1.4 trillion in revenue that can be raised through bipartisan tax reform.<sup>69</sup> A portion of this additional revenue could be used to pay for the Public College Quality Compact. Federal funds aimed at supporting institutions could also be redirected to support the compact, and reforming the student-loan programs could lead to additional savings.

Ultimately, state reinvestment will pay for itself through improved economic prosperity and productivity: Workers with college degrees have higher earnings throughout their lifetimes, which leads to stronger economic growth and an increased tax base. Bachelor's degree recipients earn an average of \$580,000 more over the course of their lifetime than those with just a high school diploma; associate's degree recipients earn an average of \$245,000 more.<sup>70</sup> Graduation rates from public colleges and universities have been flat for the past decade at approximately 21.2 percent for community colleges and 57.2 percent for four-year colleges and universities. If, through state reinvestment and the resulting increases in affordability and quality, graduation rates from public four-year colleges and universities increase by 10 percent to 62.9 percent and graduation rates from community colleges increase to 23.3 percent over the course of 10 years, these higher graduation rates would translate to total lifetime earnings growth nationally of \$52 billion for college graduates from just the final cohort of first-time students entering in 2023. This is nearly \$260 billion over the 10-year period, assuming steady increases in the graduation rate and earnings.<sup>71</sup>

# Conclusion

President Harry S. Truman's Commission on Higher Education concluded that there was a need for sweeping changes to higher education in the United States. The commission called for an expansion of federal support for higher education through scholarships, fellowships, and general aid to ensure that the system in poorer states was closer to the quality already experienced in wealthier states.<sup>72</sup> Throughout the 1950s, 1960s, and 1970s, the federal government adopted policies that worked to enact the vision laid out in the Truman Commission report. The policies in the National Defense Education Act of 1958,<sup>73</sup> the Economic Opportunity Act of 1964,<sup>74</sup> the Higher Education Act of 1965,<sup>75</sup> and the Higher Education Amendments of 1972<sup>76</sup> resulted in significant increases in the share of high school graduates going to college. These investments paid off, leading to continued economic growth and increased productivity.

In recent years, the federal government, several state governments, and private foundations have all embraced a similar goal of increasing the share of Americans who hold a quality postsecondary education credential. To achieve this goal, we need to create a new partnership that leverages the tremendous investments that the state and federal governments have made.

If we are successful in rebuilding our federal-state partnership in higher education, we will be able to give students higher-quality education that is more affordable and includes less accumulation of debt. Our states will benefit from a better-educated workforce that is able to attract and retain new businesses, resulting ultimately in an enhanced tax base. Employers will know that they can depend on a highly skilled workforce now and in the future. With an effective Public College Quality Compact, everyone will win.

# Methodology

This report analyzed data from the U.S. Department of Education’s Integrated Postsecondary Education Data System, or IPEDS.<sup>77</sup> We utilized the “View trend for one variable” function to conduct a year-over-year analysis. We collected information for the 2007–08 through 2011–12 school years using the most recent collection year available, the 2011–12 school year.

Our general methodology was to create a list of public institutions in each state and to aggregate the total amount of funds reported in each state. We organized these institutions by control, either two year or four year, to examine changes in funding. To select our institutions we used the “EZ group” function to create lists by state and by sector. We examined “Public, 4-year and above” and “Public, 2-year” institutions.

To calculate the total amount of state funding to public colleges, we analyzed information reported under the “Finance” heading. Under the “Revenues and other additions” subfolder, we collected information reported under three variables: “State operating grants and contracts,” “State appropriations,” and “State nonoperating grants.” The total of these three amounts was our figure for total state funding per institution. The total state funding by institution was then further aggregated to account for all state funding of higher education overall, state funding toward four-year public college, and state funding toward two-year community college. All figures were then calculated in constant 2012 dollars.

To calculate institution revenue, we used the “Finance” heading and the “Revenues and other additions” subfolder. Revenue was equal to the amount reported under the “Total all revenues and other additions” variable.

To calculate institution tuition, we used the “Finance” heading and the “Revenues and other additions” subfolder. Tuition was equal to the amount reported under the “Tuition and fees, after deducting discounts and allowances” variable.

Pennsylvania State University and the University of Delaware reported their finance information under private, not-for-profit accounting standards. For these two institutions, we collected the comparable state funding, tuition, and revenue figures and added them to each state's total.

To establish enrollment, we used the “12-month enrollment” heading and the “12-month instructional activity and full-time equivalent enrollment: 2003–04 to current year” subfolder. Our figure for enrollment was equal to the amount listed under the “Estimated 12-month full-time equivalent (FTE) undergraduate enrollment” variable. We eliminated public institutions that do not receive state funding, such as service academies, from our enrollment count. We also eliminated public graduate schools that are listed as a separate unit identification code from both enrollment and funding lists. State funding per FTE, or per student, was calculated by dividing total state funding and state funding to both two- and four-year institutions by these enrollment numbers.

To calculate net price, we used average net price for full-time, first-time students for each income group, found under “Student Financial Aid” and “Net Price” heading. The data were calculated overall by state and by both two-year and four-year institutions.



# Appendix

**TABLE A1**  
**Total state funding, FY 2008–FY 2012 in constant 2012 dollars**

State	2007–08	2008–09	2009–10	2010–11	2011–12	Recession change	Recession percent change	State rank in funding percent change
Alabama	\$1,835,071,209	\$1,468,254,250	\$1,356,047,654	\$1,378,026,616	\$1,459,029,099	-\$376,042,110	-20.49%	45
Alaska	\$310,042,176	\$301,587,340	\$318,613,200	\$332,064,805	\$354,756,391	\$44,714,215	14.42%	8
Arizona	\$1,231,924,372	\$1,081,683,591	\$1,027,737,269	\$1,038,449,088	\$834,661,998	-\$397,262,374	-32.25%	50
Arkansas	\$807,659,096	\$799,334,692	\$832,249,919	\$931,877,072	\$958,437,090	\$150,777,994	18.67%	4
California	\$10,030,582,484	\$8,948,426,871	\$9,272,282,677	\$9,938,736,124	\$8,378,692,247	-\$1,651,890,237	-16.47%	42
Colorado	\$412,679,730	\$413,770,637	\$281,550,590	\$446,697,039	\$404,247,139	-\$8,432,591	-2.04%	25
Connecticut	\$833,213,332	\$1,008,367,747	\$1,021,217,438	\$1,071,398,152	\$967,085,355	\$133,872,023	16.07%	5
Delaware	\$263,671,621	\$250,357,282	\$260,877,980	\$264,809,982	\$265,884,824	\$2,213,203	0.84%	20
Florida	\$4,030,098,080	\$3,808,918,493	\$3,575,963,658	\$3,858,116,437	\$3,653,257,265	-\$376,840,815	-9.35%	33
Georgia	\$2,223,003,369	\$2,088,170,182	\$1,772,257,142	\$1,987,335,401	\$1,926,728,905	-\$296,274,464	-13.33%	36
Hawaii	\$550,317,138	\$584,360,376	\$489,582,265	\$475,116,867	\$509,881,875	-\$40,435,263	-7.35%	30
Idaho	\$383,726,611	\$386,262,497	\$351,381,259	\$348,260,035	\$335,046,422	-\$48,680,189	-12.69%	35
Illinois	\$1,883,560,409	\$1,899,522,265	\$1,969,866,531	\$2,057,669,436	\$2,171,720,256	\$288,159,847	15.30%	7
Indiana	\$1,293,435,073	\$1,331,528,114	\$1,309,589,788	\$1,308,744,945	\$1,562,217,341	\$268,782,268	20.78%	3
Iowa	\$933,810,595	\$932,718,820	\$823,972,440	\$792,316,151	\$788,746,419	-\$145,064,176	-15.53%	40
Kansas	\$805,549,688	\$786,377,580	\$762,009,855	\$773,679,649	\$787,342,005	-\$18,207,683	-2.26%	26
Kentucky	\$1,220,639,062	\$1,182,769,062	\$1,143,688,312	\$1,193,590,967	\$1,210,209,175	-\$10,429,887	-0.85%	23
Louisiana	\$1,638,933,531	\$1,631,805,899	\$1,253,137,509	\$1,251,014,127	\$1,179,809,398	-\$459,124,133	-28.01%	48
Maine	\$265,940,186	\$268,282,343	\$267,333,627	\$278,435,407	\$275,228,597	\$9,288,411	3.49%	16
Maryland	\$1,383,586,226	\$1,428,510,496	\$1,353,735,459	\$1,510,172,997	\$1,568,565,710	\$184,979,484	13.37%	9
Massachusetts	\$1,258,152,116	\$1,125,207,959	\$959,633,531	\$1,110,358,221	\$1,141,105,410	-\$117,046,706	-9.30%	32
Michigan	\$1,964,897,961	\$1,826,301,472	\$1,787,187,855	\$1,743,436,268	\$1,552,818,793	-\$412,079,168	-20.97%	46
Minnesota	\$1,524,419,844	\$1,487,756,214	\$1,408,123,557	\$1,350,873,316	\$1,279,331,241	-\$245,088,603	-16.08%	41
Mississippi	\$1,026,189,999	\$995,820,660	\$917,906,356	\$906,059,201	\$990,509,700	-\$35,680,299	-3.48%	27

State	2007–08	2008–09	2009–10	2010–11	2011–12	Recession change	Recession percent change	State rank in funding percent change
Missouri	\$882,590,051	\$916,485,068	\$955,254,835	\$925,718,411	\$879,409,300	-\$3,180,751	-0.36%	22
Montana	\$191,465,922	\$203,791,101	\$185,581,751	\$187,233,877	\$209,816,524	\$18,350,602	9.58%	11
Nebraska	\$577,518,170	\$600,696,259	\$617,197,951	\$628,854,031	\$637,737,713	\$60,219,543	10.43%	10
Nevada	\$588,390,028	\$589,105,802	\$381,854,235	\$539,402,327	\$471,133,250	-\$117,256,778	-19.93%	44
New Hampshire	\$132,493,521	\$136,582,266	\$139,012,697	\$147,165,169	\$95,610,837	-\$36,882,684	-27.84%	47
New Jersey	\$1,863,521,066	\$1,828,380,245	\$1,912,611,497	\$1,878,678,285	\$1,926,875,342	\$63,354,276	3.40%	17
New Mexico	\$923,562,599	\$906,520,601	\$863,749,596	\$826,361,956	\$791,780,177	-\$131,782,422	-14.27%	37
New York	\$4,419,279,558	\$4,642,148,495	\$4,662,865,123	\$4,639,751,241	\$4,820,357,971	\$401,078,413	9.08%	12
North Carolina	\$3,316,425,831	\$3,178,179,001	\$3,371,859,339	\$3,551,954,342	\$3,529,171,300	\$212,745,469	6.41%	13
North Dakota	\$225,782,798	\$248,694,157	\$278,135,046	\$282,304,183	\$301,740,976	\$75,958,178	33.64%	1
Ohio	\$2,149,195,706	\$2,304,645,336	\$1,973,760,781	\$2,018,825,703	\$2,024,365,693	-\$124,830,013	-5.81%	28
Oklahoma	\$1,097,384,826	\$1,136,081,781	\$1,125,853,384	\$1,169,654,133	\$1,163,695,152	\$66,310,326	6.04%	14
Oregon	\$790,973,112	\$627,530,664	\$753,394,810	\$599,211,862	\$670,493,313	-\$120,479,799	-15.23%	39
Pennsylvania	\$1,293,031,578	\$1,263,860,057	\$1,280,834,235	\$1,225,732,684	\$1,138,936,076	-\$154,095,502	-11.92%	34
Rhode Island	\$176,644,372	\$158,597,650	\$156,556,391	\$162,231,392	\$175,029,447	-\$1,614,925	-0.91%	24
South Carolina	\$1,068,456,505	\$889,285,113	\$841,724,717	\$741,791,267	\$743,757,828	-\$324,698,677	-30.39%	49
South Dakota	\$179,542,897	\$185,634,430	\$183,782,548	\$178,373,470	\$184,784,211	\$5,241,314	2.92%	18
Tennessee	\$1,483,756,100	\$1,422,055,910	\$1,389,029,173	\$1,637,691,697	\$1,393,877,874	-\$89,878,226	-6.06%	29
Texas	\$5,405,455,274	\$5,548,804,007	\$5,689,897,351	\$5,764,820,969	\$5,652,248,567	\$246,793,293	4.57%	15
Utah	\$780,005,085	\$737,624,420	\$697,187,469	\$740,413,290	\$780,028,876	\$23,791	0.00%	21
Vermont	\$70,598,186	\$69,209,608	\$79,548,816	\$78,077,463	\$72,640,753	\$2,042,567	2.89%	19
Virginia	\$1,717,612,612	\$1,632,066,006	\$1,445,632,100	\$1,486,548,284	\$1,471,430,926	-\$246,181,686	-14.33%	38
Washington	\$1,779,315,678	\$1,825,903,082	\$1,654,272,667	\$1,654,727,087	\$1,479,069,800	-\$300,245,878	-16.87%	43
West Virginia	\$467,620,229	\$498,376,306	\$481,489,873	\$493,082,285	\$542,240,303	\$74,620,074	15.96%	6
Wisconsin	\$1,030,689,351	\$1,081,193,002	\$1,063,192,994	\$1,139,669,109	\$948,078,116	-\$82,611,235	-8.02%	31
Wyoming	\$301,181,916	\$333,017,935	\$329,009,892	\$372,486,115	\$386,499,654	\$85,317,738	28.33%	2

Source: CAP analysis of U.S. Department of Education, "Integrated Postsecondary Education Data System," available at <http://nces.ed.gov/ipeds/datacenter> (last accessed August 2014).

TABLE A2

## State funding per full-time equivalent student by state, FY 2008–FY 2012, in constant 2012 dollars

States	2007–08	2008–09	2009–10	2010–11	2011–12	Change in funding	Funding percent change	State rank in funding percent change
Alabama	\$10,451	\$8,054	\$7,008	\$6,890	\$7,618	-\$2,832	-27.10%	41
Alaska	\$17,572	\$16,833	\$17,136	\$17,207	\$17,937	\$365	2.08%	5
Arizona	\$5,982	\$5,052	\$4,496	\$4,267	\$3,425	-\$2,557	-42.74%	50
Arkansas	\$8,234	\$7,756	\$7,519	\$8,033	\$8,230	-\$5	-0.06%	7
California	\$7,243	\$6,073	\$6,282	\$6,835	\$5,917	-\$1,326	-18.30%	27
Colorado	\$2,558	\$2,483	\$1,547	\$2,359	\$2,068	-\$490	-19.16%	29
Connecticut	\$11,907	\$13,711	\$13,093	\$13,397	\$12,095	\$188	1.58%	6
Delaware	\$3,858	\$3,421	\$3,444	\$3,425	\$3,631	-\$227	-5.87%	13
Florida	\$7,571	\$6,860	\$6,001	\$6,275	\$5,867	-\$1,704	-22.51%	35
Georgia	\$8,319	\$7,152	\$5,363	\$5,721	\$5,920	-\$2,399	-28.83%	43
Hawaii	\$17,174	\$17,464	\$13,629	\$12,904	\$13,815	-\$3,358	-19.56%	30
Idaho	\$10,720	\$10,318	\$8,125	\$7,353	\$6,954	-\$3,766	-35.13%	46
Illinois	\$4,962	\$4,876	\$4,758	\$4,978	\$5,375	\$413	8.33%	3
Indiana	\$7,988	\$7,939	\$7,338	\$7,146	\$6,484	-\$1,503	-18.82%	28
Iowa	\$7,789	\$7,834	\$6,321	\$5,806	\$6,009	-\$1,780	-22.85%	36
Kansas	\$7,004	\$6,659	\$6,051	\$6,034	\$6,110	-\$894	-12.77%	22
Kentucky	\$9,283	\$8,822	\$7,931	\$8,020	\$8,240	-\$1,043	-11.23%	21
Louisiana	\$11,702	\$11,464	\$7,912	\$7,647	\$7,280	-\$4,422	-37.79%	47
Maine	\$8,411	\$8,263	\$7,835	\$8,039	\$8,017	-\$394	-4.68%	12
Maryland	\$7,934	\$7,821	\$6,910	\$7,471	\$7,663	-\$271	-3.42%	9
Massachusetts	\$9,469	\$8,018	\$6,401	\$7,242	\$7,362	-\$2,107	-22.25%	33
Michigan	\$5,438	\$4,997	\$4,583	\$4,393	\$4,042	-\$1,396	-25.67%	38
Minnesota	\$8,840	\$8,434	\$7,380	\$6,951	\$7,058	-\$1,782	-20.16%	31
Mississippi	\$9,657	\$9,051	\$7,456	\$6,861	\$7,662	-\$1,995	-20.66%	32
Missouri	\$6,625	\$6,531	\$6,342	\$5,453	\$4,871	-\$1,754	-26.48%	39
Montana	\$5,835	\$6,026	\$5,179	\$4,814	\$5,406	-\$429	-7.35%	18
Nebraska	\$8,530	\$8,600	\$8,253	\$8,232	\$8,411	-\$119	-1.40%	8
Nevada	\$9,029	\$8,682	\$5,216	\$7,496	\$6,997	-\$2,032	-22.50%	34
New Hampshire	\$4,590	\$4,186	\$4,128	\$4,251	\$2,795	-\$1,795	-39.10%	48
New Jersey	\$8,391	\$7,877	\$7,645	\$7,326	\$7,519	-\$871	-10.38%	19
New Mexico	\$11,853	\$10,969	\$9,489	\$8,623	\$8,321	-\$3,533	-29.80%	44
New York	\$9,156	\$9,199	\$8,661	\$8,477	\$8,784	-\$372	-4.07%	11

States	2007–08	2008–09	2009–10	2010–11	2011–12	Change in funding	Funding percent change	State rank in funding percent change
North Carolina	\$10,171	\$9,131	\$8,909	\$9,297	\$9,495	-\$677	-6.65%	15
North Dakota	\$6,958	\$7,504	\$7,852	\$7,817	\$8,285	\$1,328	19.08%	1
Ohio	\$6,145	\$6,494	\$5,065	\$5,002	\$5,082	-\$1,063	-17.31%	23
Oklahoma	\$8,586	\$8,889	\$8,108	\$8,127	\$8,251	-\$335	-3.91%	10
Oregon	\$6,828	\$4,910	\$5,421	\$4,092	\$4,486	-\$2,342	-34.30%	45
Pennsylvania	\$2,904	\$2,665	\$2,408	\$2,416	\$2,395	-\$509	-17.52%	25
Rhode Island	\$6,172	\$5,427	\$5,126	\$5,305	\$5,734	-\$438	-7.09%	16
South Carolina	\$7,813	\$6,148	\$5,322	\$4,620	\$4,594	-\$3,219	-41.20%	49
South Dakota	\$6,202	\$6,179	\$5,997	\$5,627	\$5,820	-\$382	-6.16%	14
Tennessee	\$9,327	\$8,614	\$7,768	\$8,951	\$7,693	-\$1,634	-17.52%	24
Texas	\$7,032	\$6,994	\$6,477	\$6,232	\$6,295	-\$738	-10.49%	20
Utah	\$8,355	\$7,548	\$6,423	\$6,078	\$6,212	-\$2,143	-25.65%	37
Vermont	\$3,826	\$3,580	\$3,909	\$3,757	\$3,550	-\$276	-7.21%	17
Virginia	\$6,975	\$6,321	\$5,241	\$5,215	\$5,090	-\$1,885	-27.02%	40
Washington	\$8,045	\$7,713	\$6,498	\$6,342	\$5,799	-\$2,246	-27.91%	42
West Virginia	\$7,261	\$7,573	\$6,943	\$6,919	\$7,689	\$428	5.90%	4
Wisconsin	\$5,412	\$5,484	\$5,108	\$5,375	\$4,439	-\$973	-17.98%	26
Wyoming	\$14,499	\$15,385	\$14,045	\$15,427	\$16,126	\$1,627	11.22%	2

Source: CAP analysis of U.S. Department of Education, "Integrated Postsecondary Education Data System," available at <http://nces.ed.gov/ipeds/datacenter> (last accessed August 2014).

**TABLE A3**  
**Changes in tuition and state funding as a share of revenue**

State	Change in state funding		Change in tuition	
	Percentage point change	State rank	Percentage point change	State rank
Alabama	-10.7%	43	4.8%	40
Alaska	-5.0%	16	1.2%	11
Arizona	-12.9%	49	8.0%	49
Arkansas	-1.6%	3	0.6%	5
California	-9.4%	41	4.1%	37
Colorado	-2.3%	6	1.4%	14
Connecticut	-12.2%	45	-4.0%	1
Delaware	-9.5%	42	3.2%	32
Florida	-7.0%	30	6.1%	45
Georgia	-13.6%	50	5.8%	44
Hawaii	-8.2%	38	4.1%	36
Idaho	-12.8%	47	5.6%	43
Illinois	-3.3%	10	1.2%	12
Indiana	-2.5%	8	3.3%	33
Iowa	-7.9%	37	1.7%	15
Kansas	-7.2%	33	0.7%	7
Kentucky	-5.1%	20	2.7%	29
Louisiana	-12.8%	48	6.2%	46
Maine	-5.0%	18	-0.1%	3
Maryland	-1.6%	4	1.4%	13
Massachusetts	-10.8%	44	3.0%	30
Michigan	-5.3%	21	3.6%	35
Minnesota	-9.3%	40	1.1%	10
Mississippi	-6.3%	26	2.4%	26
Missouri	-5.4%	23	1.8%	16
Montana	-2.3%	7	1.9%	19
Nebraska	-3.1%	9	2.7%	28
Nevada	-4.0%	12	9.0%	50
New Hampshire	-6.7%	28	6.5%	48
New Jersey	-5.0%	19	3.1%	31
New Mexico	-7.1%	32	2.0%	22
New York	-6.4%	27	0.1%	4

State	Change in state funding		Change in tuition	
	Percentage point change	State rank	Percentage point change	State rank
North Carolina	-4.8%	15	2.0%	21
North Dakota	-0.3%	2	-1.1%	2
Ohio	-5.4%	22	1.8%	17
Oklahoma	-4.2%	13	1.8%	18
Oregon	-7.1%	31	3.5%	34
Pennsylvania	-6.8%	29	2.4%	27
Rhode Island	-4.7%	14	2.3%	25
South Carolina	-12.3%	46	5.3%	41
South Dakota	-7.4%	34	2.0%	23
Tennessee	-9.2%	39	4.4%	39
Texas	-5.0%	17	1.9%	20
Utah	-6.1%	25	2.1%	24
Vermont	-1.7%	5	5.3%	42
Virginia	-7.7%	36	4.2%	38
Washington	-7.5%	35	6.2%	47
West Virginia	-3.6%	11	0.7%	6
Wisconsin	-5.5%	24	1.1%	9
Wyoming	-0.1%	1	0.9%	8

Source: CAP analysis of U.S. Department of Education, "Integrated Postsecondary Education Data System," available at <http://nces.ed.gov/ipeds/datacenter> (last accessed August 2014).

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