

# STATE HIGHER EDUCATION FUNDING CUTS HAVE PUSHED COSTS TO STUDENTS, WORSENERED RACIAL AND CLASS INEQUALITY

**D**eep state cuts in funding for higher education over the last decade have contributed to rapid, significant tuition increases and pushed more of the costs of college to students, making it harder for them to enroll and graduate. These cuts also have worsened racial and class inequality, since rising tuition can deter low-income students and students of color from college.



## About us:

**The State Priorities Partnership** shapes state policies that reduce poverty, advance equity, and promote inclusive economies that pave the way for widespread prosperity. It is coordinated by the Center on Budget and Policy Priorities.

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**To build an economy that works for more people** – one in which the benefits of higher education are broadly shared and felt by every community regardless of race or class – **state lawmakers need to invest in high-quality, affordable, and accessible public higher education.** By doing so, they can help build a stronger middle class and develop the entrepreneurs and skilled workers a strong state economy needs.

The potential benefits of a college degree are significant, with greater lifetime earnings for those who obtain a bachelor's degree relative to those who only receive a high school diploma. But **cuts to higher education, rising tuition, and stagnant household earnings make it difficult for today's students** – who are more racially and economically diverse – to secure those benefits.



**Between school years 2008 and 2018, after adjusting for inflation:**

41 states spent less per student.

On average, states spent \$1,220, or 13 percent, less per student.

Per-student funding fell by more than 30 percent in six states: Alabama, Arizona, Louisiana, Mississippi, Oklahoma, and Pennsylvania.



Overall state funding for public two- and four-year colleges in the school year ending in 2018 was more than \$6.6 billion below what it was in 2008 just before the Great Recession fully took hold, after adjusting for inflation. Funding has rebounded somewhat, but costs remain high and services in some places have not returned.

These deep cuts have had major consequences for public colleges and universities. States (and, to a lesser extent, localities) provide just over half of the costs of teaching and instruction at these schools. Over the last decade, higher education institutions have:

**Raised tuition.** Annual published tuition at four-year public colleges has risen by \$2,708, or 37 percent, since the 2008 school year.

**Reduced academic opportunities and student services.** In addition to increasing tuition, public colleges and universities have dealt with state funding cuts by cutting faculty positions, eliminating course offerings, closing campuses, reducing student services, and more.

## STATE DISINVESTMENT & RISING COSTS HAS HIT FAMILIES, PARTICULARLY FAMILIES OF COLOR, HARD

This cost shift from states to students has happened over a period when many families have had trouble absorbing additional expenses due to stagnant or declining incomes.

In the 1970s and early to mid-1980s, tuition and incomes both grew modestly faster than inflation, **but by the late 1980s, tuition began to rise much faster than incomes.** The sharp tuition increases since the recession have exacerbated the longer-term trend. In 2017, average net price (published tuition and fees, room and board, and books and supplies minus the average aid received for a student) of a public four-year institution accounted for 23 percent of a family's median household income.

This net price accounted for at least 25 percent of median household pay in 26 states. **But this measure of affordability has stark racial disparities, since Black and Latinx family members often face additional barriers to employment** and difficulty accessing better-paying jobs.

## STATE LAWMAKERS CAN MAKE COLLEGE MORE AFFORDABLE AND ACCESSIBLE

**Cuts to higher education funding threaten affordability, access, and quality at public colleges across the states.** States should direct additional resources into higher education to reverse this disinvestment. But sufficient **public investment can only occur if policymakers make sound tax and budget decisions and raise enough tax revenue in an equitable manner.** Lawmakers should also make sure that rainy day funds are well funded, to minimize drastic cuts to higher education in the event of another economic downturn.

### *States should also:*

**Craft smarter financial aid policies** by bolstering need-based aid programs, simplifying and consolidating programs to reduce confusion and encourage greater enrollment, and ensuring these programs not only encourage enrollment but also timely completion.



**FOR WHITE HOUSEHOLDS**, the net price accounted for at least 25 percent of median household income in just 16 states

**FOR BLACK HOUSEHOLDS**, it did in 36 states (of a total of 38 states with sufficient data)

**FOR LATINX HOUSEHOLDS**, it did in 36 states (of a total of 46 states with sufficient data)

**Ensure that dollars go to the schools that need it most.** Instead of creating funding models that benefit the most well-resourced schools at the expense of smaller regional institutions, as many states are doing, lawmakers should focus additional state funds on building the capacity of colleges that have fewer resources.