

Squeezed in the States

With enrollment numbers skyrocketing and inflation keeping on a steady pace, a new study of state higher education finance indicates that state and local support per student is at a 25-year low point. Variations among states make it difficult to prescribe a nationwide answer to the problem, say policy experts, but students from low-income families appear most likely to feel the squeeze.

From 2001 to 2005, enrollment grew by 14.3 percent at public institutions and inflation grew by 14.2 percent, without corresponding increases in public funds, according to the annual study, which was [released today](#) by the association of State Higher Education Executive Officers. In the 2005 fiscal year, state and local support per full-time equivalent student was \$5,833. In 2001, that number was \$7,121, in constant 2005 dollars, [according to the study](#).

Still, state and local governments now contribute more than \$50 billion more in inflation-adjusted funds per year toward higher education than they did in 1981, the study found.

“The good news is that states have recovered from the tough times of the last four to five years and they have reinvested in higher education,” said Paul Lingenfelter, president of the association. “But there is still difficulty in keeping pace with the steady enrollment growth and inflation.”

Lingenfelter also indicated that institutions of higher education need to do a better job on financial aid issues to avoid discouraging the enrollment and graduation of low-income students. In recent years, some universities, [including Harvard](#), have had successes in reaching out to such students by restructuring their financial aid plans.

“The financial aid system needs to be simplified and made more transparent,” said Lingenfelter. “Pell Grants need to be supplemented and states should make this a priority. The federal government needs to do a better job at supporting low- and moderate- income students.”

He said, too, that it is important for institutions to provide meaningful incentives to students who need financial aid to prepare themselves for the academic challenges they’ll find in higher education. In this way, students and institutions, he says, would not have to pay as much for [remedial education costs](#). “Improving student preparation in high school should be a top priority for educators,” says Lingenfelter.

Results from the study indicate that there is no one prescription for coping with increasing enrollment and inflation for all the states. For instance, Nevada has one of the [fastest growing enrollment rates](#) in the country. Lawmakers there responded to the situation by increasing taxes and putting more revenues into the state’s higher education system.

Still, Lingenfelter says that increasing appropriations isn’t necessarily a magic bullet, especially in states that face less pronounced enrollments, like South Carolina. He says that policy makers should focus on a span of years to determine what’s going on in their states in order to negotiate the delicate balance between enrollment and public funding.

The study indicates that funding for higher education has not decreased dramatically as a state priority, but that total state tax revenues have decreased as a percentage of state wealth. “The stress on state budgets and state policy makers is unsurprising in the context of growing higher education enrollments, increasing demands for elementary and secondary funding, and growing Medicaid costs,” according to the report.

— [Rob Capriccioso](#)

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