

Whither Higher Education in the Trump Era?

By William Zumeta

William Zumeta is professor in the Daniel J. Evans School of Public Policy and Governance and the College of Education at the University of Washington in Seattle. He has served as Associate Dean of the Evans School and director of its PhD program. He was also co-director of the University of Washington's Department of Education-sponsored PhD training program in education sciences from 2009 to 2014. Earlier, he taught at the University of British Columbia and at UCLA. His Ph.D. is in public policy from the University of California, Berkeley.

*Zumeta, a TIAA Institute fellow, was a senior fellow at the National Center for Public Policy and Higher Education from 2005 to 2011, and president of the Association for the Study of Higher Education in 2009–10. He teaches, researches, and writes about finance, accountability policies, and labor market linkages in higher education sectors ranging from community colleges to private institutions to public research universities. In 2012, he published *Financing American Higher Education: The Era of Globalization*, co-authored with David W. Breneman, Patrick M. Callan, and Joni E. Finney (Harvard Education Press).*

In early 2016, few observers of U.S. national affairs expected that the highly unorthodox Republican candidate, Donald J. Trump, then just making his presence felt in the pre-primary jostling, would be elected President of the United States. But, so he was on November 8, 2016, albeit without even a plurality of the popular vote. Higher education—and the rest of the nation's economy and institutions—must now learn to deal with the new leader's policies and their effects. Candidate Trump promised large changes in the economic realm from recent policy directions. The powerful effects of economic policy on the fortunes of public higher education made this prospect fraught

with more than the usual new regime uncertainties. In the short run, the political prospects of some of his proposals were not clear, even with Republican majorities in both houses of Congress. Their long-term economic effects were even more difficult to foresee.

The final year of the eight-year Obama presidency was a mixed bag for the economy, but it fared better than middling. The economy grew by just under two percent by the Federal Reserve's latest estimate for 2016.¹ This growth exceeded the rate for nearly all other developed nations' economies. Meanwhile, unemployment kept falling. The official unemployment rate reached pre-Great Recession levels by November 2016,

standing at just 4.6 percent of the active labor force (Figure 1). Counting discouraged workers and part-timers seeking full-time employment, the rate more than doubled but this is a typical ratio between these two measures. Even the long-standing weakness in wage growth showed marked improvement in late 2016.² But these gains did not dampen Mr. Trump's ability to exploit long term, basic concerns about structural economic change.

Higher education is relevant in this context, though the president elect said little about it during the campaign. The structural shifts in good paying jobs away from manufacturing work requiring little postsecondary education toward technology and high-end services jobs imply that displaced workers and their children will need more higher education. That is, unless browbeating employers and trading partners and reversing automation trends somehow undo these shifts. Whether or how this fact of modern economic life benefits higher education in the new regime remains to be seen.

VIEWS ON THE ECONOMY AND FEDERAL BUDGET

Right after the November election, the stock market soared to record heights on expectations that the new Republican administration would slash taxes, reduce business regulations, and stimulate increases in infrastructure spending and resource extraction. Meanwhile, bonds lost value in anticipation of rising interest rates and inflation that would accompany any economic boom. A key move by the Federal Reserve Board in early December ratified that anticipation. Responding to signs of less desultory inflation, the Fed increased interest rates a bit from their rock bottom levels—for only the second time since the onset of the Great Recession. It suggested that it would continue modest upward moves in 2017.³

Dr. Janet Yellen, the board's chair, expressed some confidence in the economy's growth going forward, although the Fed projected only a modest two percent in GDP growth in 2017.⁴ The Fed's projection—and most others that

Figure 1. Seasonally Adjusted U.S. Unemployment Rate, October, 2007 to Present



Source: U.S. Bureau of Labor Statistics, www.bls.gov.

were in the same range—could not fully incorporate the implications of Trump’s calls for annual GDP growth rates of upwards of four percent. Such rates would substantially exceed the long-term performance of the U.S. economy and would exceed the rates recently seen in most of the developed world.⁵ Sluggish global economic conditions, and the unusually high exchange rate of the U.S. dollar, are widely seen as drags on American growth prospects.⁶

It is thus hard to foresee how the economy will fare in the Trump years. In addition to the usual global uncertainties, Congress may oppose some of his ideas for dramatic policy shifts in taxes, spending, and regulation if moderate Republicans join with Democrats. Many legislators would oppose large tax cuts and big increases in defense and infrastructure spending that portended huge budget deficits. In any case, Trump’s policies are likely to put strong downward pressure on federal expenditures in the “domestic discretionary” area, the category that includes most education and related programs.

FISCAL CONDITIONS IN THE STATES

National developments strongly affect state economies and fiscal conditions, and, in turn, the condition of public higher education. Economic prospects for the states under the new administration are thus hard to foresee. A boom could be advantageous for the states for a time. On the other hand, the recent fiscal experience for most states has been on the weak side, especially relative to expectations. “Revenues came in less than budgeted in 25 states in fiscal 2016—the most since the Great Recession,” notes a recent survey, “and many states are seeing these weaker revenue conditions carrying into fiscal 2017.”⁷ The shortfall led 19 states, a historic high for a non-recession period, to make \$2.8 billion in mid-year budget reductions in FY 2016.⁸ In early fall 2016, the survey report added, about 24 states saw revenues coming in below forecast for FY 2017. This was “the highest number of states expecting revenue

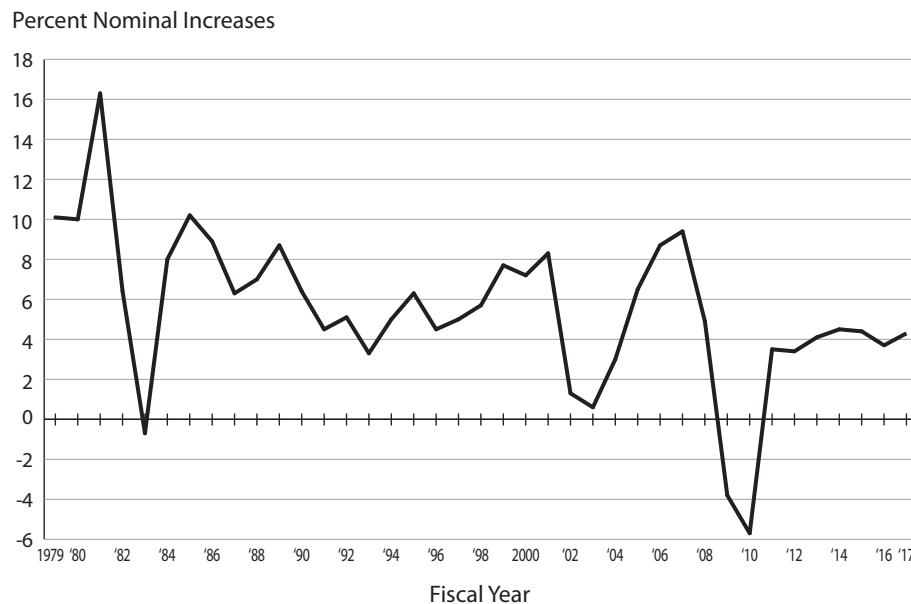
shortfalls at this time since fiscal 2010,” near the nadir of the Great Recession fiscal cataclysm.⁹

State general fund revenues grew just 1.8 percent in FY 2016, after a 5.0 percent gain in FY 2015, reflecting weak growth in personal income and sales tax receipts—the two largest revenue sources.¹⁰ Revenues decreased from energy-related sources—critical for a few states—and from corporate tax receipts. Budgets enacted for FY 2017 assumed revenue growth for the year of 3.6 percent. But this figure looks too optimistic, suggested the survey, so more mid-year cuts may be in store.¹¹

Most states adopted budgets for FY 2017 in the spring and summer of 2016. In aggregate, these budgets called for general fund spending 4.3 percent higher than in FY 2016—lower than the historic average gain but within the norm of recent years (Figure 2). But the surveyors expressed doubts that this target would be met, given the likelihood of mid-year reductions.¹² Just 11 states adopted FY 2017 budgets calling for more than a six percent increase in spending from the prior year. Eight states budgeted for decreased spending while the rest planned for small to moderate budget growth.¹³

State spending increased by 3.7 percent between FY 2015 and FY 2016.¹⁴ When enacted, planned increases were expected to enable FY 2016 budgets to surpass the spending level of FY 2008, the last pre-recession year, after adjustment for inflation. This milestone was not reached as aggregate state spending fell short of FY 2008 by some \$8 billion. Thirty-two states spent less, in inflation-adjusted terms, in FY 2016 than in FY 2008. Most likely, FY 2017 spending will surpass the FY 2008 benchmark for the 50 states in aggregate, albeit after nine years and with a significantly larger population served. Fiscal catch up for the states has taken a long time.

As usual, the major program areas gaining the most additional resources in states’ FY 2017 general fund budgets were K–12 education and Medicaid, budgeted for \$9.4 billion and \$5.5 billion increases, respectively. Some states faced growing K–12 enrollments, while others dealt

Figure 2. Annual Percentage Changes in State General Fund Budgets, FY 1979 to FY 2017.

Source: National Association of State Budget Officers, 2016a, 3-4.

with court-ordered finance reforms.¹⁵ Higher education was third among the major program areas, with a very modest budgeted increase of \$1.7 billion in general fund support across the 50 states.¹⁶ Experience shows that higher education suffers disproportionately when state budgets are reduced, though, which could happen this year.¹⁷

States in aggregate increased their “rainy day” fund balances slightly in FY 2016, despite revenue shortfalls and withdrawals by states facing serious revenue declines from energy-related sources.¹⁸ To avoid the effects of large rainy day funds in Alaska and Texas that distort the totals and averages, the survey reported trends in *median*, not mean, state rainy day balances. The median balance climbed steadily from just 2.0 percent of general fund expenditures in FY 2010 to 5.1 percent at the end of FY 2016. The latter figure compared favorably to the 4.9 percent median balance for FY 2008. A broader measure of state fiscal balances, which takes account of official rainy day funds and

ordinary general fund year-end balances as well, also increased as a percentage of expenditures for the median state, though it decreased markedly in the energy-producing states.¹⁹

State fiscal officials have learned from previous sudden downturns in revenues, and many are trying to prepare for the next time. As a result, several states have “stress tested” their budgets to assess vulnerability to economic scenarios that could affect specific, or multiple, revenue sources.²⁰

The 2016 election produced further gains for Republicans in state capitol influence.²¹ The party now has 33 governorships—a net gain of two in 2016—to just 16 held by Democrats. Republicans now control 69 state legislative chambers to 28 for Democrats. Republicans control the governorship and both houses of the legislature in 24 states, compared to just six for Democrats. This political trend will likely lead to a more conservative environment for state taxation and spending policies over the next few years, independent of economic conditions.

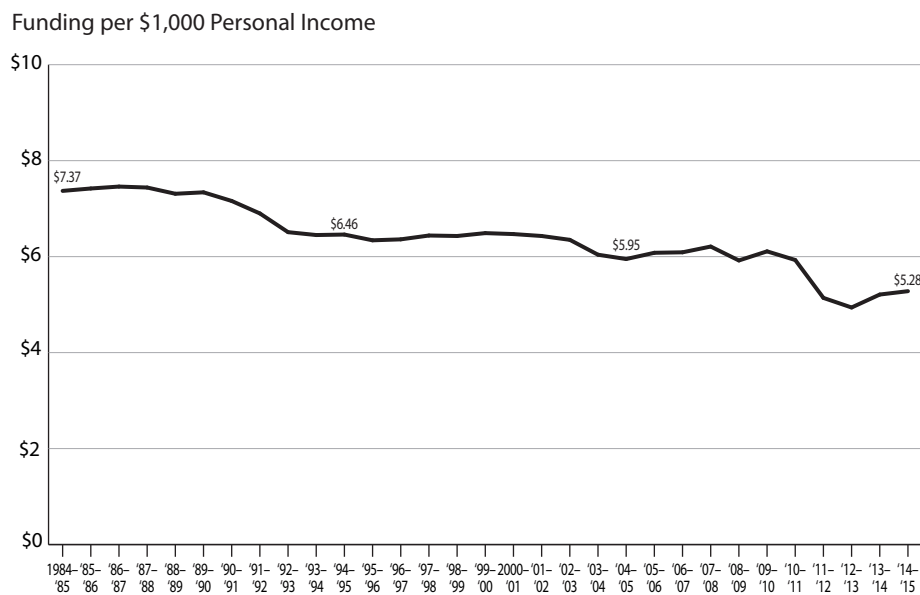
STATE SUPPORT FOR HIGHER EDUCATION

Reductions in state support for higher education during the Great Recession and its aftermath were unprecedented in the post-World War II period. Nationally, state and local operating support per student dropped nearly 25 percent in just four years—from \$8,220 in FY 2008 to \$6,177 in FY 2012, in 2015 dollars.²² Yet, this deep cut only exacerbated a much longer trend of reduced state support. The deepest cuts usually occur in recession periods and the years immediately following; times when states' revenues are weak and demands for other government services are urgent. Seen as a more discretionary area of expenditure, higher education also has the unique ability to charge its “customers” more to compensate for some of the lost funds. After an economic recovery is in place for a few years and policymakers have rebuilt rainy day funds and feel more secure about revenues, they may reinvest in higher education.²³ Public resistance to state taxation and spending, combined with this recurrent

pattern, produced a lengthy decline in the proportion of state personal income spent on higher education (Figure 3). This figure exceeded \$10 per \$1,000 of personal income in the late 1970s but fell to around \$7.40 by the mid-1980s and to a low of \$4.94 in 2012-13 before recovering to \$5.28 by 2014-15. The country now chooses to invest much less of its wealth in higher education than did previous generations.

Current data on state support to higher education for FY 2017 should be seen within this context.²⁴ The national total of state support has now increased modestly for five straight years between the FY 2012 low point and FY 2017, before accounting for inflation or enrollment changes. Table 1 shows one-year (from FY 2016 to FY 2017) and five-year changes (from FY 2012 to FY 2017) in state support for all fifty states and the national total in percentage terms.²⁵ State appropriations increased by just over 20 percent over these five years, excluding inflation and enrollment changes.²⁶ The increase likely exceeded the effects of these factors only slightly,

Figure 3. Average State and Local Funding for Higher Education per \$1,000 in Personal Income, 1984–85 to 2014–15



Source: The College Board, *Trends in College Pricing 2016*, 25, figure 15A.

Table 1. One Year and Five-Year (FY 2016-FY2017) Percent Changes in State Fiscal Support for Higher Education, by State

States	One-Year % Change, FY16–FY17	Five-Year % Change, FY12–FY17 State \$ Plus Federal ARRA Funds	States	One-Year % Change, FY16–FY17	Five-Year % Change, FY12–FY17 State \$ Plus Federal ARRA Funds
Alabama	11.0%	4.5%	Nebraska	3.4%	18.9%
Alaska	-6.9	-6.7	Nevada	6.0	20.7
Arizona	4.7	2.1	New Hampshire	-2.1	51.4
Arkansas	1.1	-1.8	New Jersey	0.7	4.3
California	2.5	48.5	New Mexico	-4.8	7.0
Colorado	0.2	34.4	New York	2.8	18.8
Connecticut	-4.1	21.6	North Carolina	3.9	11.2
Delaware	2.1	10.1	North Dakota	3.4	22.0
Florida	4.8	26.4	Ohio	3.5	14.4
Georgia	5.2	18.2	Oklahoma	-7.6	-17.8
Hawaii	10.5	27.8	Oregon	5.0	43.9
Idaho	9.9	38.0	Pennsylvania	2.8	3.3
Illinois*	—	—	Rhode Island	5.3	4.1
Indiana	0.3	13.4	South Carolina	6.7	27.4
Iowa	0.7	15.5	South Dakota	9.3	31.8
Kansas	0.3	-1.8	Tennessee	5.6	22.4
Kentucky	-0.5	-5.2	Texas	2.5	17.6
Louisiana	-7.2	-11.5	Utah	4.9	34.3
Maine	4.8	10.6	Vermont	1.7	2.5
Maryland	5.5	22.3	Virginia	10.3	26.5
Massachusetts	3.4	27.8	Washington	6.1	37.9
Michigan	2.8	21.1	West Virginia	-0.4	-10.9
Minnesota	0.7	20.1	Wisconsin	0.2	33.1
Mississippi	-2.4	6.2	Wyoming	-8.8	13.1
Missouri	5.2	16.7			
Montana	1.6	25.3	Total (excluding IL)	2.7	20.2

Source: Center for the Study of Education Policy, Illinois State University, *Grapevine, Fiscal Year 2016–17 (2017)*. <http://education.illinoisstate.edu/grapevine/>.

* Percent changes are not reported here, because FY2017 funding for Illinois has not yet been finalized. The FY2017 budget passed by the Illinois legislature allocated monies to higher education through December 2016 only. These stopgap funds may or may not be augmented by future legislative actions.

so, on a national basis, state support gained little in real, per-student terms from its post-recession nadir. New Hampshire's meager state support grew the most, by 51.4 percent, California gained 48.5 percent, and Oregon added 43.9 percent. These were the leading states, but all had cut deeply during the Great Recession and its immediate aftermath. Six states—Colorado, Idaho, South Dakota, Utah, Wisconsin, and Washington—added more than 30 but less than 40 percent to their state support of academe over the half-decade, and another 13 states added between 20 and 30 percent. In total then, just 22 of the 49 reporting states provided increases near to or above the modest national growth figure. With a few exceptions, most of the states with larger increases were Western states. Seven states showed reduced state support compared to five years ago; Oklahoma, the worst case, had a 17.8 percent decline.²⁷ Enrollment and price changes varied from state to state over this period but 15 percent is a rough benchmark for a five-year gain in support that just kept up with these factors. By this benchmark, only ²⁸ states offer more support to higher education in real per-student terms now than during the worst days of the Great Recession's effects.

Perhaps worse, the 2.7 percent one-year, 49-state gain in state support, reflected in states' adopted budgets for FY 2017, at best barely exceeds the joint effects of inflation and enrollment in the latest year.²⁸ Only Hawaii and Virginia show double-digit increases—just slightly above ten percent—in state support. Another 11 states, largely in the South and West, show gains between five and ten percent. Nearly the same number, ten states, report modest FY 2017 gains of three to five percent. The budgeted increases of 2.8 percent and below in 16 states are unlikely to exceed inflation and enrollment growth. Ten additional states budgeted actual decreases in higher education spending for FY 2017: Alaska (–6.9 percent); Connecticut (–4.1 percent); Kentucky (–0.5 percent, with –5.2 percent since FY 2012); Louisiana (–7.2 percent and –11.2 percent since 2012); Mississippi (–2.4 percent); New

Hampshire (–2.1 percent); New Mexico (–4.8 percent); Oklahoma (–7.8 percent and –17.8 percent since 2012); West Virginia (–0.4 percent and –10.9 percent since 2012); and Wyoming (–8.8 percent). Low energy prices affect many of these states.

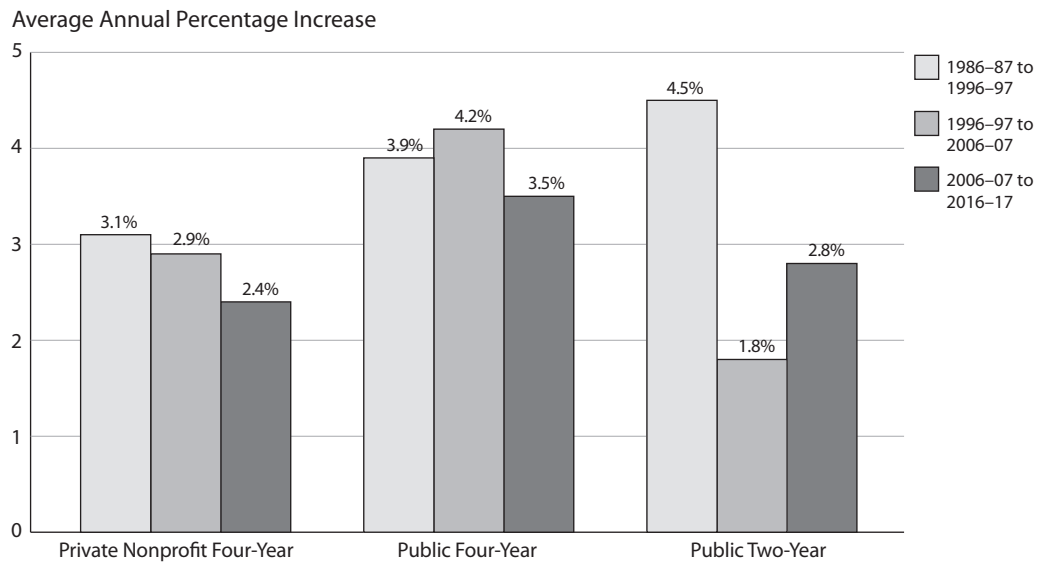
The nation's modest economic recovery from the Great Recession gives higher education little to cheer about—a sobering conclusion, given the near record length of the recovery. Indeed, talk has begun about preparing for the next downturn.

TUITION AND STUDENT AID TRENDS

Public colleges and universities significantly moderated annual tuition increases once the worst aftereffects from the Great Recession's drastic state budget cuts cleared for most states. Tuition increases in 2012–13—the last year of fairly large hikes in published tuition prices—averaged 4.5 and 6.1 percent for state residents attending public four-year and two-year colleges, respectively. Since that year, annual tuition hikes slowed to 2.8 percent, 2.9 percent, 3.0 percent, and, in 2016–17, 2.5 percent in the public four-year sector; and to 2.8 percent, 2.9 percent, 3.0 percent, and, in 2016–17, 2.5 percent in the public two-year sector.²⁹

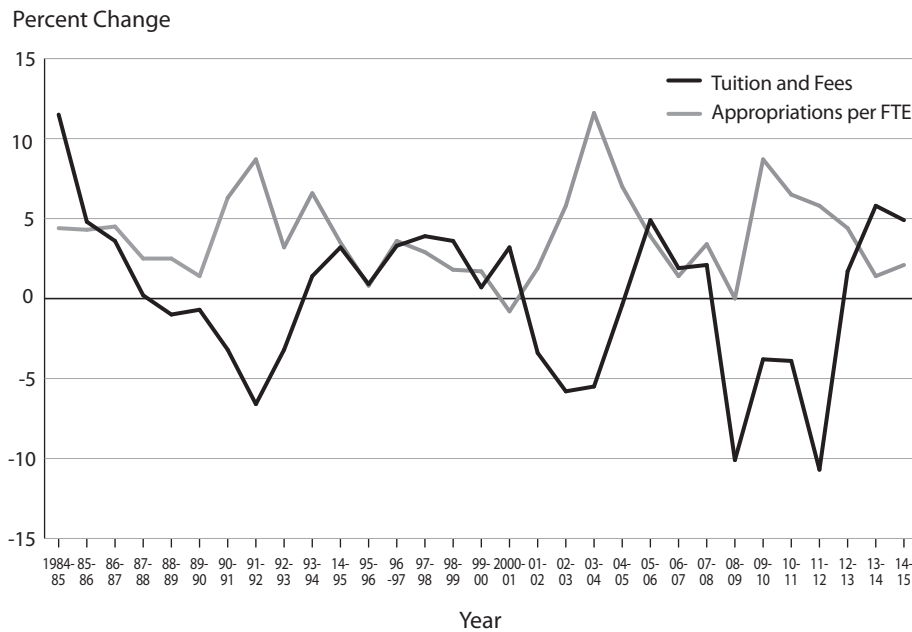
These apparently modest recent price increases must be placed in context. First, they consistently exceed the very low recent rate of general price inflation—growth in the Consumer Price Index. Second, many students must pay living costs while living on campus, often a large, new item in the family budget.³⁰ Third, incomes of all but those families in the upper income brackets have been nearly stagnant for a long time.³¹ Finally, college prices have grown faster than inflation and family incomes for decades (Figure 4), just when obtaining a college education has become more urgent. It is inevitable that the pinch of still rising college prices is felt painfully. Published tuition and fees in public four-year institutions are more than three times higher now than thirty years ago, *after adjusting for inflation*, and are 2.4 times higher in public two-year colleges.³²

Figure 4. Average Annual Percentage Increase in Inflation-Adjusted Published Prices by Decade, 1986–87 to 2016–17



Source: The College Board, *Trends in College Pricing 2016*, 14, figure 4.

Figure 5. Annual Percentage Change in Inflation-Adjusted Per-Student State Funding for Higher Education, and in Tuition and Fees, Public Institutions, 1984–85 to 2014–15



Source: The College Board, *Trends in College Pricing 2016*, 24, Figure 14A.

College affordability was a salient issue in the 2016 presidential election, and the issue now plays a significant role in state level politics. Policymakers and public colleges and universities will likely rely less on the ability to hike tuition when states next decide to reduce support for higher education. [Figure 5](#) shows the close links between these two fiscal pillars of higher education. Public colleges have raised tuition sharply when states reduced appropriations. This pattern seems unlikely to be politically palatable in the future; institutions must think hard about how to cope financially during the next recession.

The College Board, the compiler of authoritative national data on tuition prices and student aid, has in recent years published data on the average *net* price paid by college students to supplement its data on published tuition prices. This more complete figure provides a clearer picture of the true price paid by students as a group. The calculation subtracts from published tuition and fees the major known sources of student grant aid and tax benefits.³³ It then averages these totals across each institution's full-time students.³⁴ By this calculation, average net prices fell in a few years during the Great Recession when Congress added large amounts to the Pell grant program. Since 2010–11, the average net price, excluding room and board, in the public four-year sector climbed from \$2,290 to \$3,770 in 2016–17 in 2016 dollars, a nearly 65 percent inflation-adjusted increase.³⁵ Tuition increases have thus outstripped the growth in student aid over this period. The comparable average net price figures for the public two-year sector are –\$860 for 2010–11 and –\$500 for 2016–17.³⁶ Average aid received therefore exceeded average tuition paid by \$360 *less* in 2016–17 than six years earlier. Aid grew less rapidly than tuition over this period, but relatively low tuition allows students, on average, to use aid to defray other college or living expenses.

Viewing student aid trends from a programmatic perspective provides a consistent view of

the pattern. Pell Grants, by far the largest federal grant program, declined significantly from a peak in 2010–11 at just over \$39 billion, in 2015 dollars, to \$28.2 billion in 2015–16, a nearly 28 percent real decline ([Table 2](#)).³⁷ The much smaller federal FSEOG and Work-Study programs also experienced decreases; so has the value of tax benefits. Perhaps surprising to some, the total of annual federal loans to students and parents also declined since 2010–11, by more than \$20 billion (in 2015 dollars), or 17.6 percent. Only aid to military and veteran students has increased significantly and steadily; this amount stood at more than \$14 billion in 2015–16. The total of annual federal grants, loans and tax benefits fell by 17.6 percent, nearly \$34 billion in constant 2015 dollars, between 2010–11 and 2015–16.

State grants to students increased by a few hundred million dollars over this period, and private and employer grants grew by nearly \$3 billion. Institutional aid is now the largest source of increases in student aid. Private colleges and universities offer the bulk of this aid, essentially discounting tuition. This category grew by nearly \$13 billion between 2010–11 and 2015–16. Total aid, including loans, to students over these five years fell by nearly \$15 billion, or about 5.6 percent.

This overall negative trend in student aid is related to the recent decrease in student enrollments. Enrollments declined by four percent between autumn 2010 and autumn, 2014, the latest period for which enrollment data is available.³⁸ The decline of the for-profit sector accounts for some of this decline. Enrollments in that sector fell by around 23 percent over this short period. Yet, public two-year sector enrollments also fell by around three quarters of a million students (9.5 percent), largely attributed to an improved job market. Public four-year colleges and universities and private nonprofit institutions each added modest numbers of students during this period. But total enrollments fell significantly at a time when the nation needs to increase its postsecondary attainments.

Table 2. Student Aid and Nonfederal Loans in 2015 Dollars (in Millions), 2005–06 to 2015–16

	Academic Year										Preliminary 2015–16
	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	
FEDERAL AID											
Grants											
Pell Grants	\$ 15,503	\$ 15,031	\$ 16,815	\$ 19,845	\$ 33,238	\$ 39,055	\$ 35,467	\$ 33,397	\$ 32,158	\$ 30,678	\$ 28,232
FSEOG	951	904	883	822	815	829	777	764	749	734	737
LEAP	79	76	74	69	70	67	—	—	—	—	—
Academic Competitiveness Grants	—	284	354	368	531	606	—	—	—	—	—
SMART Grants	—	240	235	217	398	474	—	—	—	—	—
Veterans and Military	4,501	4,565	4,694	5,165	9,959	12,138	11,924	13,503	13,554	13,737	14,281
Total Federal Grants	\$ 21,034	\$ 21,100	\$ 23,055	\$ 26,487	\$ 45,011	\$ 53,169	\$ 48,169	\$ 47,664	\$ 46,461	\$ 45,150	\$ 43,250
Loans											
Perkins Loans	\$ 1,946	\$ 1,898	\$ 1,585	\$ 1,043	\$ 907	\$ 938	\$ 1,002	\$ 1,052	\$ 1,197	\$ 1,162	\$ 1,166
Subsidized Stafford	29,850	29,335	33,338	35,835	42,190	44,457	42,861	28,960	27,015	24,704	22,981
Unsubsidized Stafford	28,835	28,555	31,381	43,859	51,607	51,649	49,604	58,849	56,523	52,820	50,795
Parent PLUS	9,995	9,535	8,816	8,341	9,866	11,594	11,701	10,231	10,506	10,735	11,999
Grad PLUS	—	2,452	3,528	4,694	6,299	7,618	7,901	7,921	8,283	8,363	8,886
Total Federal Loans	\$ 70,626	\$ 71,775	\$ 78,648	\$ 93,772	\$ 110,868	\$ 116,256	\$ 113,068	\$ 107,012	\$ 103,525	\$ 97,785	\$ 95,826
Federal Work-Study	\$ 1,202	\$ 1,142	\$ 1,116	\$ 1,057	\$ 1,078	\$ 1,067	\$ 1,027	\$ 1,005	\$ 1,002	\$ 983	\$ 982
Education Tax Benefits	7,814	7,721	7,650	11,623	18,191	21,689	20,543	18,435	18,477	18,255	18,226
TOTAL FEDERAL AID	\$ 100,675	\$ 101,738	\$ 110,469	\$ 132,939	\$ 175,148	\$ 192,180	\$ 182,807	\$ 174,117	\$ 169,464	\$ 162,172	\$ 158,284
State Grants	\$ 8,602	\$ 8,963	\$ 9,220	\$ 9,188	\$ 9,834	\$ 10,117	\$ 9,929	\$ 9,991	\$ 10,153	\$ 10,526	\$ 10,526
Institutional Grants	29,082	30,683	32,703	34,374	38,844	41,954	44,009	47,151	49,368	51,502	54,705
Private and Employer Grants	11,517	12,243	13,199	13,486	13,786	14,548	14,884	15,188	16,398	16,801	17,426
Total Federal, State, Institutional, and Other Aid	\$ 149,877	\$ 153,627	\$ 165,591	\$ 189,987	\$ 237,613	\$ 258,799	\$ 251,629	\$ 246,446	\$ 245,384	\$ 241,001	\$ 240,941
Nonfederal Loans											
State- and Institution-Sponsored	\$ 1,331	\$ 1,442	\$ 1,432	\$ 1,378	\$ 1,441	\$ 1,346	\$ 1,276	\$ 1,198	\$ 1,165	\$ 1,132	\$ 1,080
Private Sector	19,542	22,282	24,175	11,175	7,536	6,601	6,708	8,271	8,561	9,144	9,890
Total Nonfederal Loans	20,873	23,725	25,606	12,553	8,976	\$ 7,947	7,984	9,469	9,726	10,276	10,970
Total Student Aid and Nonfederal Loans	\$ 170,750	\$ 177,352	\$ 191,197	\$ 202,540	\$ 246,589	\$ 266,747	\$ 259,613	\$ 255,915	\$ 255,110	\$ 251,276	\$ 251,911

Source: Adapted from The College Board, *Trends in Student Aid 2016*, 9, Table 1.

Notes: Table 2 excludes a variety of small federal grant and loan programs. The latest available data for education tax benefits are for calendar year 2014. Later figures are estimates. Federal Supplemental Educational Opportunity Grant (FSEOG) and Federal Work-Study (FWS) funds reflect federal allocations and do not include the required matching funds from institutions. Components may not sum to totals because of rounding.

CONCLUSION

Headed into 2017, higher education, along with the rest of the nation's institutions, faced more than the usual uncertainty. The new president differs significantly from his predecessors, and has said little about higher education. Increased scrutiny of student aid spending seems likely, and for-profit institutions may again compete for a larger share. Federal fiscal stringencies could adversely affect state support of higher education simply by virtue of the pressures created on state budgets.

Energy states excepted, state economies and budgets seemed in decent shape, if conservatively managed. The strongest state support for higher education usually comes in the later parts of the business cycle, if academe's advocates can take advantage. Higher education is a good investment for long-term state economic health and prosperity. As the population diversifies, increased educational attainment could benefit citizens of all ages. These points should resonate with both political parties, so hope may spring eternal.

NOTES

¹ Government figures for the third quarter of 2016 showed a solid 3.5 percent annual growth rate (U.S. Department of Commerce, 2016). Still, estimates for 2017 were in the two percent growth rate range.

² Rugaber, 2016.

³ "The Fed Raises Rates," 2016.

⁴ Derby, 2016.

⁵ Such growth rates also entailed substantial risk of producing a "bust" following the boom.

⁶ Wiseman and Boak, 2016.

⁷ National Association, 2016b, 1. The fiscal years of most states begin on July 1 of the prior calendar year and end on June 30 of the named year. Thus, FY 2016 ran from July 1, 2015 through June 30, 2016 and FY 2017 began on July 1, 2016. Just four states have different fiscal year calendars.

⁸ Ibid, 3. By comparison, 41 states made such mid-year cuts in fiscal 2009.

⁹ Ibid, 1.

¹⁰ Ibid, 2.

¹¹ Ibid, 2-3.

¹² Ibid, 3.

¹³ Ibid, 1. Note that these figures do not account for inflation or population growth.

¹⁴ Ibid, 3.

¹⁵ National Association, 2016a, vii.

¹⁶ These figures are from National Association, 2016b, 4. The other major general fund budget categories are corrections, budgeted for a \$1.1 billion increase, transportation—mostly funded from non-general fund sources—with \$700 million in expected GF growth, and public assistance at \$500 million in additional support. A residual category, "All Other," is budgeted to receive a substantial \$7 billion in additional general funds across the states. Prominent items within this category included non-Medicaid health care costs, pension funding obligations, and the need to upgrade "legacy" technology systems.

¹⁷ Doyle and Delaney, 2007; Zumeta, 2012.

¹⁸ The data in this paragraph come from National Association, 2016b, 6.

¹⁹ National Association, 2016a, ix.

²⁰ Farmer, 2016.

²¹ The data in this paragraph come from AASCU, 2016.

²² State Higher Education Executive Officers, 2016, 20.

²³ For example, SHEEO reported that state and local support per student had recovered somewhat by FY 2015 (the latest year for which this data is available), to \$6,966 (Ibid).

²⁴ Grapevine, a long-standing program, based at Illinois State University, compiles the most authoritative data on state support of higher education. It recently joined forces with the similar data collection effort of the State Higher Education Executive Officers.

²⁵ A few states still used federal funds available for higher education support under the American Reinvestment and Recovery Act (ARRA) in FY 2012. The figures shown include these funds, but their effects are minor.

²⁶ This figure is based on 49 states excluding Illinois, which had not completed final action on its FY 2017 budget for higher education at the time of writing.

²⁷ Several states showing declines in higher education support since FY 2012 are energy producers. These states were among the few doing well at the time due to high energy prices. Their relatively high support for higher education might or might not make recent decreases less painful.

²⁸ Enrollments are declining in some states, especially at community colleges.

²⁹ Calculated from College Board, 2016b, Table 4. These figures are not adjusted for inflation.

³⁰ In 2016-17, annual room and board charges at public four-year colleges ranged from \$9,680 to \$10,840 depending on the type of institution, according to the College Board, 2016a, 10.

³¹ The College Board reports that, between 1985 and 2015, mean real family incomes for the lowest quintile of the income distribution grew by just five percent, for the second-lowest quintile by 13 percent, and for the middle quintile by only 20 percent. Mean incomes of the top five percent gained 73 percent (Ibid, 29).

³² Ibid, 14, Figure 5.

³³ Veteran's benefits are excluded since they are not broadly available to all students. Nor are loans considered since the student is obligated to repay.

³⁴ This approach is mathematically accurate. Yet, it produces an average net price that is more than aided students pay but less than those who do not receive aid pay. Thus it is an abstraction, for virtually no one pays this average net price.

³⁵ Data are from College Board, 2016a, 20.

³⁶ Ibid, 19. The negative sign means that aid exceeded tuition on average.

³⁷ Data are from College Board, 2016c, 9. These are latest available, preliminary figures for 2015-16.

³⁸ Data are from College Board, 2016a, 30.

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