



EDUCATION POLICY CENTER
THE UNIVERSITY OF ALABAMA

KEY FINDINGS:

LAST YEAR...

- Fewer states took mid-year budget cuts last year, as the recovery continues.
- Among 11 key state priorities, Medicaid and K-12 Education were the top budget drivers in 2014 state legislative sessions. The Recession fell from top 3 for the first time since 2007.
- *Competition for scarce state tax dollars was and continues to be fierce.* In 2014, public Higher Education fell as a funding priority. New issues—Unfunded State Pensions and Health Care cost increases related to federal ACA—are rated higher this year.

NEXT YEAR...

- *State funding is improving, but does not make up for losses taken in the Great Recession*, when 11 states saw decreases of more than 30%, 17 states saw decreases of between 20 and 30%.
- *Institutions will be hard-pressed next year.* This year 31 states fail to fund operating budgets at the predicted 3% HEPI rate.
- *Students and families will be hard-pressed next year.* Even as institutions work to be responsible stewards by moderating predicted tuition increases, once again state student aid will not exceed inflation in most states.
- *Access is threatened in many states.* In FY2014-15, respondents from 21 states predict access threats flagship universities, regional universities, and/or community colleges.
- Within the community college sector, respondents from 37 states report their urban, sub-urban, and/or rural community colleges will face great fiscal strain in FY2014-15, with rural community colleges facing the highest levels in the history of our surveys.

EDUCATION POLICY CENTER

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Recovery Continues, But Competition Is Fierce

The 2014 National Survey of Access and Finance Issues

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INTRODUCTION

The University of Alabama's Education Policy Center has conducted national studies of access and funding issues facing public higher education in America for over a decade.¹ The 2014 survey of the National Council of State Directors of Community Colleges (NCSDDC)² provides an overview of key issues from 35,000 feet, from the perspectives of state-level higher education leaders. America's community colleges are the most common portal of entry into higher education for many if not most of the nation's academically-talented, first-generation, minority, and low-income high school graduates. They are primary providers of for-credit technical degrees in high-wage/high-demand areas such as allied health and nursing; science, technology, engineering, and mathematics, automotive technology; and, non-credit workforce training to help older nontraditional workers transition into new and better jobs. They also provide developmental education for both under-prepared high school graduates and non-graduates alike, while simultaneously serving older workers whose skills are not current.

Community colleges occupy the key middle ground between secondary education and public regional and flagship universities and private non-selective colleges to which their students transfer to complete baccalaureate degrees. Given their multiple missions, their fiscal health is central to delivering the access needed to improve national and state college completion rates and upgrading the skills needed for global competitiveness for those currently employed, unemployed, and underemployed. Furthermore, state community college agency directors' knowledge of access and finance issues extends well beyond their own sector. They have a deep understanding of the issues facing elementary and secondary education, regional and flagship university sectors and non-education funding streams such as federally-funded, state administered workforce training, welfare-to-work, and adult literacy programs. Community colleges are the only sector of American higher education that receives substantial funding from local tax appropriations—in 25 states, local tax appropriations constitute 10 percent or more of total revenues for community colleges.³ The fact that local tax appropriations approaches zero in most of the 25 other states speaks to the diversity of revenue streams for community colleges across the states. The broad knowledge NCSDDC members possess is a credible and unique, perspective to assess access and finance issues.

“Competition for state funds for public higher education was fierce last year. It will be even tougher in 2015.”

The 2014 Survey was conducted between July 5 and September 24, 2014.⁴ We thank the 50 NCS-DCC members for responding to our 2014 survey (all but one state).⁵ Since 2007, at least 49 of 51 NCS-DCC members have responded each year.⁶ We thank our survey advisory panel for their help in survey design.⁷ Responsibility for any errors is ours alone. The 2014 Survey included special sections on the college completion and capacity, Adult Basic Literacy Education, which will be topics of future EPC reports.⁸

We begin with an examination of access issues in the fiscal year just concluded (FY2013-14), and the budget drivers in the recently-concluded legislative session across the fifty states. This is followed by predicted changes in state tax appropriations and tuition for all three sectors of public higher education—community colleges, regional universities, and flagship universities—as well as for state-funded student financial aid. We specifically examine if policy alignment exists across state tax appropriations, tuition, and state student aid policies—the necessary precondition for the high tuition/high aid model of student financial assistance to work. Finally, we look at access threats and capacity issues faced by all three sectors, including enrollment caps at regional and flagship universities, and if state community and technical systems believe they have sufficient capacity to serve both newly graduated high school students and the population of older returning adults.

Part I: The Year Just Concluded (FY2013-14)

Mid-Year Cuts in Fewer States

Few states took mid-year budget cuts during the fiscal year just concluded, FY2013-14, as Figure 1 shows. In our 2013 report, we argued the worst of the mid-year budget cuts of the Great Recession had ended. Responses in 2014 reflect this trend, with virtually the same number reporting mid-year budget cuts in FY2013-14 as in FY2012-13. All of the states reporting mid-year cuts in FY2013-14 except one are *different* than those reporting cuts last year. This speaks to the fluid nature of public higher education funding. Connecticut reports a sixth straight year of mid-year appropriations cuts, at an average of 3.3% per year.

Among the 6 of the 50 respondents that took mid-year cuts last year for their community colleges, the average cut was just under two percent. Six also report taking mid-year budget cuts at their regional universities with an average cut of 1.86%. Flagship universities fared marginally better, with 4 out of 50 taking mid-year budget cuts, with an average cut of 1.29%.

While the same number of respondents report mid-year cuts in previously budgeted state appropriations for operating budgets this year as last, the average percentage size of that cut was roughly half of what was reported in FY2012-13. This was true for community colleges and regional universities, and about a third for flagship universities, and speaks to an improving budget climate.

Figure 1: Mid-Year Budgeted State Appropriations Cuts by Public Education Sector Last Year (FY2013-2014)

Elementary/Secondary Education	Community Colleges		Regional Universities		Flagship Universities	
North Carolina 1.25%	Connecticut	5%	Connecticut	5%	Indiana	2%
	Indiana	2%	Indiana	2%	Montana	1.9%
	Montana	2.4%	Montana	1.9%	North Carolina	1.25%
	North Carolina	1.25%	North Carolina	1.25%	Washington	0.02%
	Washington	0.02%	Washington	0.02%		
	West Virginia	0.98%	West Virginia	0.98%		
Average: 1.25%	Average: 1.94%		Average: 1.86%		Average: 1.29%	

Figure 2: The Number of States Reporting Mid-Year Budget Cuts Has Decreased Since the Great Recession
(but all sectors increasingly are being treated the same)

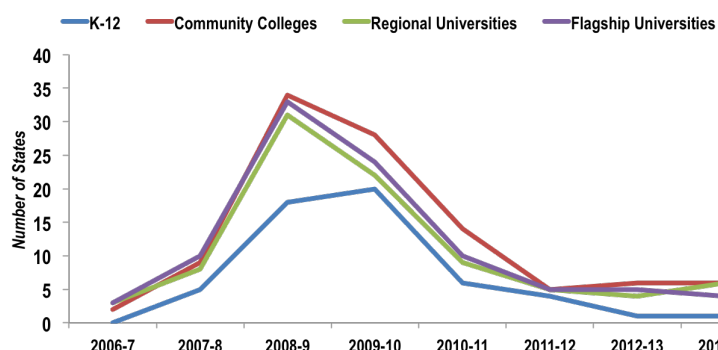


Figure 2 shows the number of respondents reporting mid-year cuts in state appropriations for operating budgets for each public education sector since FY2006-7. Clearly, the situation is better than in the Great Recession. The number of respondents taking mid-year budget cuts for each public education sector has remained basically flat since FY2011-12.

We again note the important trend of states treating all three sectors of public higher education the same in funding decisions.⁹ Often, this means “spreading the pain” equally by across-the-board treatment via cuts, flat-funding, or increases.¹⁰ Figure 2 shows states tried to protect elementary and secondary education in recessionary times, while the numbers taking cuts in each of the three postsecondary sectors are virtually the same over the past eight years. It is good

news that the number of respondents reporting mid-year cuts in budgeted state appropriations in FY2013-14 is lower than four years ago, but we note that if projected revenues and state appropriations fall short of covering the predicted inflation rate, institutions must either raise tuition, cut services, or both, in the middle of a budget year. When states face mid-year budget imbalances, public higher education operating budgets are a likely target, and an across-the-board mid-year cut in previously budgeted state appropriations is a common technique to address shortfalls.

Fierce Competition for Scarce State Funding Continues

Our surveys attempt to assess where public higher education fits as a state priority by asking respondents to specify their agreement or disagreement as to which were the key budget drivers in the recent legislative sessions among the following priorities: elementary and secondary cost increases, Medicaid cost increases, unfunded state retiree pension obligations, health care cost increases tied to federal health care legislation, recession, tax reductions and local property tax relief, corrections cost increases, transportation/highway cost increases, and higher education cost increases. Items have been added and removed over the years at the suggestion of NCSDDC members and our survey Advisory Committee. For example, the American Recovery and Reinvestment Act (ARRA) was added in FY2009-10 but discontinued after federal funds ran out. Tax cuts was added in FY2007-

Figure 3: Top 3 Key Budget Drivers in State Legislative Sessions, FY 2007-2014

	1st	2nd	3rd
2007	K-12 (45)	Medicaid (44)	Recession (36)
2008	K-12 (45)	Medicaid (43)	Recession (33)
2009	Recession (45)	K-12 (30)	ARRA (37)
2010	Recession (47)	Medicaid (38)	ARRA (38)
2011	Recession (46)	Medicaid (43)	ARRA (37)
2012	Medicaid (38)	Recession (37)	K-12 (33)
2013	Medicaid (39)	K-12 (39)	Recession (33)
2014	K-12 (38)	Medicaid (32)	Unfunded Pensions (28)

Notes: (1) If there was a tie between two drivers, the driver with the higher number of “Strongly Agree” answers was rated higher. (2) The number of responses obtained to this survey items is as follows: 49 in 2014, 50 in 2013, 48 in 2012 & 2011, 49 in 2010, 44 in 2009, 45 in 2008, and 47 in 2007.

08, and unfunded state retiree pension obligations (pensions) and health care cost increases tied to federal legislation were added in FY2011-12

Figure 3 shows the three highest ranked budget drivers the past eight years of legislative sessions in the states. Generally, our surveys find that in bad economic times, “Recession, producing a decline in state revenues,” is the top budget driver, and in better economic times, “elementary and secondary education” and “Medicaid cost increases” are the top two budget drivers.¹¹ In the 2014 state legislative sessions, for the first time since the Great Recession, “recession, producing a decline in state revenues,” has fallen from the top three key budget drivers and is tied for fifth, its lowest rank since 2007. This is good news, but as Figure 4 shows, respondents from 23 states were still in agreement that recession was a key budget driver in their most recent legislative sessions—and 13 indicated “strongly agree.” This speaks to the steady but uneven recovery, as state economies return to a situation that more closely resembles pre-recession rankings.

We asked respondents to rank the importance of 11 items as budget drivers, and there is a gap between the top three ranked budget drivers of K-12 education (38 responses), Medicaid cost increases (32 responses), and unfunded state retiree pension increases (28 responses), and a group of six items: health care cost increases tied to federal health care legislation (24); recession producing a decline in state revenue, tax reductions/local

property tax relief, higher education cost increases, and transportation/highway cost increases (23), and Corrections (22). Undoubtedly, in the 23 states where “Recession, producing a decline in revenues,” was a key budget driver in their state legislative sessions, competition for new higher education funding will likely be fierce next year. The presence of two new competing interests — unfunded state pensions and health care costs increases associated with the federal Affordable Care Act—and the reality that these new priorities are ranked *above* higher education does not bode well for public education advocates.

The written comments from the state directors confirm this fierce competition for state funds. “Everything pales in comparison to public employee (not just state employee) pension and health insurance (for current employees and retirees) costs,” noted one response from a Northeastern state, a response echoed by others from that region. A representative from a Western state indicated “The desire to fund higher education [was there] in the Legislature and Executive branch; however funding constraints (Affordable Care Act implementation and other forms of debt) did not allow additional support for public 4-year segments.” Higher education was level-funded in a Midwestern state for FY2014-15, and “That is considered a good budget considering the state has a \$6 billion backlog in unfunded bills and the current personal income tax and corporate tax rates will decrease on January 1, 2015. The state

Figure 4: Key Budget Drivers in State Legislative Sessions in 2014

Rank	Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	K-12	11	27	7	4	0
2	Medicaid	13	19	15	2	0
3	Unfunded Pensions	12	16	12	9	0
4	Health Care Costs	7	17	20	4	0
	Recession	13	10	7	13	5
5T	Tax Cuts	7	16	11	6	6
	Higher Ed.	3	20	13	12	1
	Transportation Costs	5	18	15	9	2
9	Corrections Costs	6	16	20	7	0
10	Increase in Revenue	0	17	10	10	12
11	Unemployment Ins.	2	6	25	15	1

Notes: (1) If there was a tie between two drivers, the driver with the higher number of “Strongly Agree” answers was rated higher. (2) The number of responses obtained to this survey items is as follows: 49 in 2014, 50 in 2013, 48 in 2012 & 2011, 49 in 2010, 44 in 2009, 45 in 2008, and 47 in 2007.

is projecting a \$2 billion reduction in revenues in FY2015.” A Southeastern state reports “Excise tax revenue was below expectations, with the result that the funding formula was not funded.” One state in the Northeast notes that “Significant cuts in state appropriations made for the FY2011-12 and FY2012-13 budget years were restored for the community college system, and were partially restored for the university system for FY2013-14 and FY2014-15.” Clearly many competing interests have been “waiting at the trough” for state coffers to recover, and public higher education will face fierce competition moving forward.

Part II: Predictions for the Year Ahead (FY2014-15)

Public Higher Education Sectors Treated Same as Recovery Continues

Historically, providing operating funds for public higher education at all levels is a primary function of state governments.¹² Drawing upon the broad experience of NCSDECC members to assess fiscal conditions facing higher education, Figure 5 shows predicted average changes in state appropriations for community college, regional university, and flagship university operating budgets from FY2008-9 to FY2013-14 (last year), and predicted support for next year (FY2014-15). As Figure 5 shows, the Great Recession produced deep cuts in state tax appropriations for public higher education – the cuts crossed the zero line in predicted state appropriations. *As the nation headed into the Great Recession and as it emerges on the other*

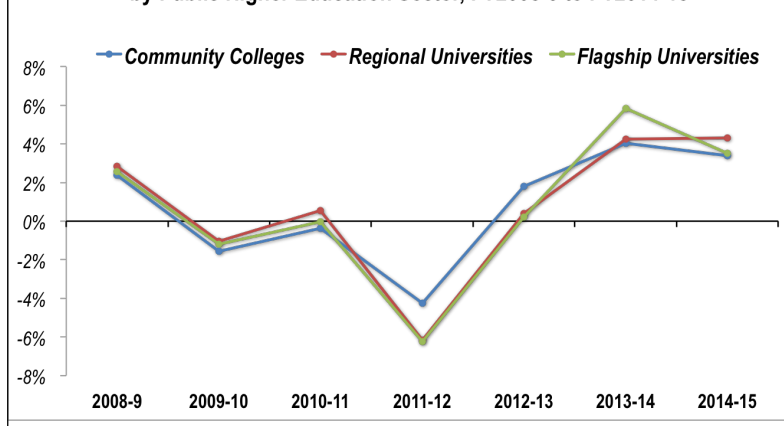
side, the trend of treating all three public higher education sectors the same is unmistakable. These cuts occurred at the precise time that the numbers of traditional, college-aged Americans ages 18 to 24 was growing from 23.4 to 24.3 million from 2009 to 2012. Figure 5 also shows that the deepest cuts occurred in FY2011-12, the year immediately after federal ARRA funds ended. As one respondent told us in 2010, “the ARRA funds saved our bacon this year, but what about when they run out. What happens if state revenues don’t recover?” The clear answer is across-the-board cuts.

By sector, the average predicted increases in state appropriations for operating budgets of community colleges, regional universities, and flagship universities for FY2014-15 are 3.4%, 4.3%, and 3.5%, respectively. Among the 49 responses providing a prediction for their community college sector, 35 predict an increase, 11 no change, and 3 predict a decrease. Among the 41 responses providing a prediction for their regional universities, 28 predict an increase, 12 predict no change, and 1 predicts a decrease. Among the 42 responses providing a prediction for their flagship universities, 28 predict an increase, 13 predict no change, and 1 predicts a decrease. Respondents from just three states predict cuts for their community colleges, and just one predicts cuts for all three sectors.

The Rate of Tuition Increases Slows as State Appropriations Recover

For 2014-15, the average predicted changes in tuition are the lowest of any year since we began our surveys in 2003. This good news likely fails to acknowledge the large amounts of state funding removed from higher education through the reduction of state operating budgets over time. Recent years have seen a spate of reports documenting the decline in state investments in public higher education, and the use of tuition to supplant state funding cuts.¹³ Louisiana saw six straight years of across-the-board budget cuts. California lost over half a million community college students in the Great Recession due to state funding cuts. Since the Great Recession, Alabama’s community colleges have seen state funding cuts of more than 40% while tuition has increased just 9%. Since Alabama’s community colleges receive no local tax appropriations, these cuts mean that the state is

Figure 5: Predicted Changes (increases or decreases) in State Appropriations for Operating Budgets by Public Higher Education Sector, FY2008-9 to FY2014-15



asking community colleges to fund even more workforce training on a much smaller base budget.

For FY2014-15, more than half of the states are not increasing their appropriations at a sufficient rate to keep up with the rate of inflation. Not surprisingly, as we have stated in past reports, raising tuition has become the principal method to mitigate the funding shortfalls in state tax appropriations for public higher education operating budgets.¹⁴ Figure 6 displays the predicted average changes in tuition for community colleges, regional universities, and flagship universities for FY2007-08 to FY2014-15. It is important to note that predicted tuition percentage increases across all three sectors have declined since last year.

For community colleges, among 49 respondents, 38 predict tuition increases in FY2014-15, 8

for community colleges, regional universities, and flagship universities are 2.9%, 2.2%, and 2.5%, respectively. Notably, each of these predicted means is below the Higher Education Price Index (HEPI) of 3%.

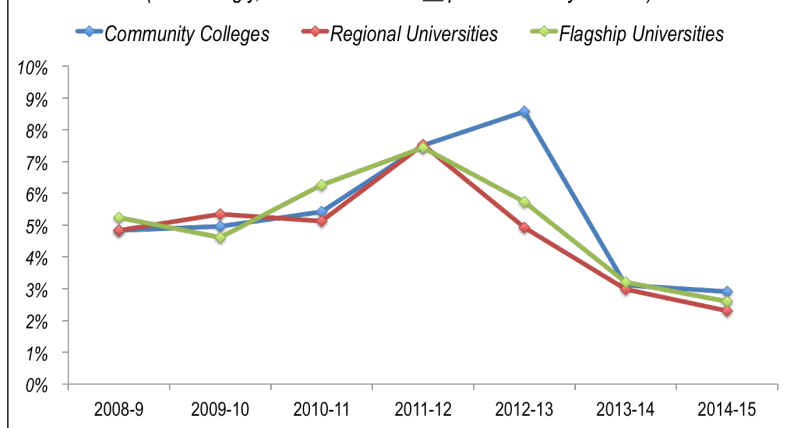
For each sector of higher education, average predicted tuition increases in FY2014-15 are less than the year before (FY2013-14). The data for FY2014-15 indicate tuition increases seem to be stabilizing, which may reflect the relative recovery in state tax appropriations, as well as increasing political pressure to control so-called “sticker price shock” tuition increases. Perhaps state revenues are recovering, lowering pressure for states to balance budget shortfalls on the back of public higher education through the combination of below inflation-level appropriations and tuition increases.

State Student Aid Fails to Keep Up

Among the 33 respondents that provided specific predictions regarding their states’ funding of student grant aid in FY2014-15, 13 predict increases, 15 predict no change, and 5 predict cuts. But when 3% predicted rate of inflation (HEPI) is taken into account, respondents from just 7 states report an increase in state-funded student aid above the inflation rate. Put differently, three of four predict cuts in real dollars. Figure 7 shows respondents from just 7 states predict increases in state-funded student aid at or above the predicted 3% inflation rate, 6 predict increases from 2.9% to 0.1%, 15 report no change, and 5 predict cuts. Therefore, 26 out of 33 (79%) are not funding their state student aid programs to cover the inflation rate. This can be predicted to place greater burdens on students and their families. Additionally, institutions hard pressed to find state revenues following the Great Recession, may have an even harder time helping needy students find the last dollars needed to complete their degrees. This does not bode well for increasing college degree completion.

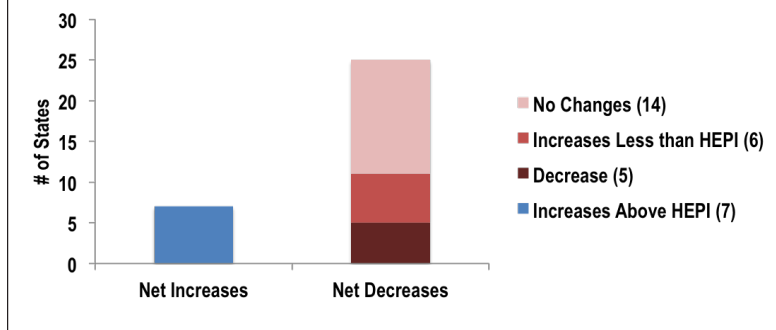
However, looking at percentages does not tell the whole story. Since state student aid programs can vary greatly in total size, in many states relatively small total dollar increases in state student aid can produce large percentage gains. For example, in FY2013-14 Texas and Louisiana

Figure 6: Predicted Tuition Increases by Public Higher Education Sector, FY2008-9 to FY2014-15
(increasingly, similar results for all postsecondary sectors)



predict no change, and 2 predict decreases (Maryland and New Hampshire, at 2.7% and 5%, respectively). This is the first time in our surveys that tuition decreases have been predicted in any state since we began our surveys in 2003. For regional universities, 24 respondents predict tuition increases, 14 predict no change, and 1 state predicts a decrease (Maryland, at -3.1%). For flagship universities, 24 respondents predict tuition increases, 16 predict no change, and 1 predicts a decrease (Maryland, at -2.8%). By sector, for FY2014-15 the average predicted tuition increases

Figure 7: Predicted State Student Financial Aid Changes, FY2013-14



predicted increases of 26% and 22% respectively. According to the National Association of State Student Grant Assistance Programs, in FY2011-12, Texas contributed \$286 million and Louisiana contributed \$26 million toward their need-based state student aid programs.¹⁵ This means that in FY2013-14, it cost Louisiana about \$6.8 million to obtain a 26% increase in state-funded student aid, a figure likely to fall well short of covering the 10% predicted tuition increase.

Increases are Below the Rate of Inflation in Most States

How do predicted changes for next year (FY2014-15) in state appropriations for higher education operating budget compare to the rate of inflation? When comparing the 2014 Higher Education Price Index (HEPI) of 3.0%¹⁶ to the predicted changes in state tax appropriations for public higher education operating budgets for next year (FY2014-15) provided by the 49 survey respondents, many are not projected to keep pace with inflation. This means they will not likely restore lost funding that occurred during the Great Recession. Among the 49 responses for community colleges, 35 predict increases, 11 predict no change or flat-funding, and 3 predict cuts. Among the 41 responses for regional universities, 29 predict increases, 11 predict no change/flat-funding, and 1 predicts a cut. Among the 42 responses for flagship universities, 28 predict increases, 13 predict no change/flat-funding, and 1 predicts a cut. The average predicted percentage increases are 2.72% for elementary and secondary education,

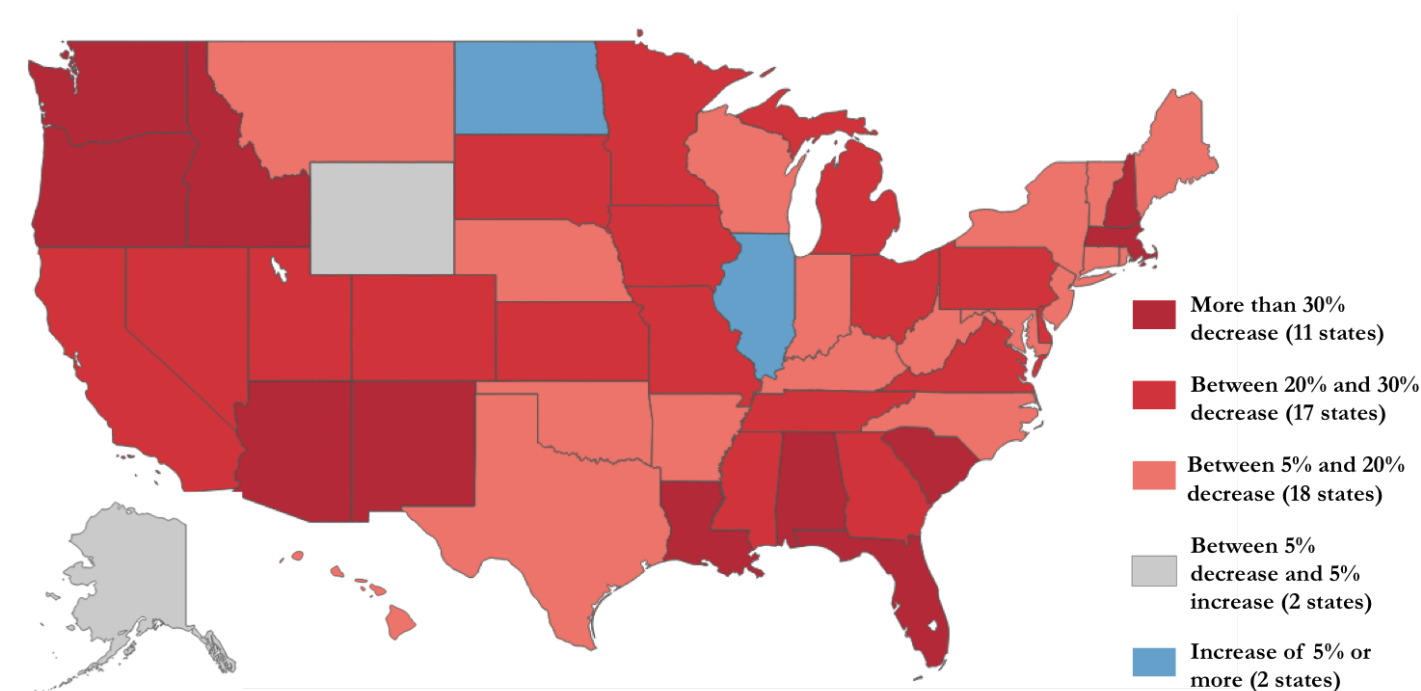
3.4% for community colleges, 4.3% for regional universities, and 3.5% for flagship universities, but these figures only tell part of the story.

Operating Budgets in Context

It is important to note the predictions for operating budgets in context. According to the State Higher Education Executive Officers' *State Higher Education Finance Fiscal Year 2014* report, state investments in higher education have not yet climbed out of the trough that was created by the last recession. Figure 8, "State Funding per Full-Time Equivalent Student by State, FY2008-FY2012," shows in constant 2012 dollars the impact of the Great Recession on public higher education operating budgets. Just two states reported an increase of 5% or more, and just two states reported between an increase of 5% and a decrease of 5%. The remaining 46 states report decreases above 5%, adjusted for inflation, with 18 reporting decreases of between 5% and 20%, 17 reporting decreases between 20% and 30%, and 11 reporting decreases greater than 30%.¹⁷ Other recent national reports reviewing these sharp state expenditure declines have shown similar findings.¹⁸

The decline in state investment in public higher education predates the Great Recession. According to Postsecondary Education Opportunity, if in 2013, had state appropriations per \$1,000 of personal income been maintained at the 1980 rate, states would have appropriated \$135 billion for public higher education, not the \$72 billion they did.¹⁹ Increased tuition over recent decades has only supplemented, but not replaced, declining state appropriations.²⁰ Within the community college sector, in FY1980-81 16 states provided 60% or more of total funding for their community colleges; by 2000-01, none did. Past National Surveys of Access and Finance Issues found 34 states reporting mid-year cuts in previously budgeted state appropriations during the FY2003 recession, and 34 in FY2010. At the institutional level, the cuts have been severe for all institutions, but particularly those serving large numbers of first-time-in-college students. Grambling State University saw its state funding fall from \$31 to \$13.5 million in six years, as Louisiana cut state funding six straight

Figure 8: Public Colleges in Almost All States Saw Steep Declines in Funding Per Student State
(Funding per Full-Time Equivalent student by state, FY2008–FY2012, in constant 2012 dollars)



Source: Education Policy Center, *The University of Alabama analysis of State Higher Education Executive Officers Association's Data*

years.²¹ A former Pennsylvania regional university president called the severe cuts to universities in his state “privatizing without a plan.” It hardly surprising that the American Association of State Colleges and Universities, among other organizations, are calling for new compacts between the states and institutions, to expand access and make public higher education a state priority.²²

Next Year

To simply *maintain* established service levels from FY2013-14 in FY2014-15, public higher education institutions operating budgets must be increased by a minimum of 3.0%. *In those states where state appropriation increases are less than the 3% inflation rate, public institutions are forced to either raise tuition, cut services, or a combination of both.* By sector, for community colleges 20 respondents predict percentage increases in operating budgets at or above 3%, and 29 predict increases below 3%; for regional universities, 21 predict increases at or above 3%, and 20 below; and for flagship universities, 20 predict

increases at or above 3%, and 22 predict increases below the 3% HEPI inflation rate. This means that in most states, predicted average percentage increases are below 3% for each sector of public higher education.

Every year, we ask respondents to provide predicted average changes in operating budgets, tuition, and state student aid, as well as to provide data on mid-year cuts by each of the three major public higher education sectors. As Figures 2, 5, and 6 show, in the Great Recession and its aftermath, states are increasingly treating each public higher education sector the same. Appendix A presents a computation of the relative alignment between state appropriations and tuition policies. This is pictorially shown in Figure 9, below. The first column of Appendix A shows the actual total dollars expended for public higher education operating budgets in each state, taken from the State Higher Education Finance report for 2013-14.²³ We then multiplied this figure by the predicted HEPI inflation rate of 3.0% to produce a calcu-

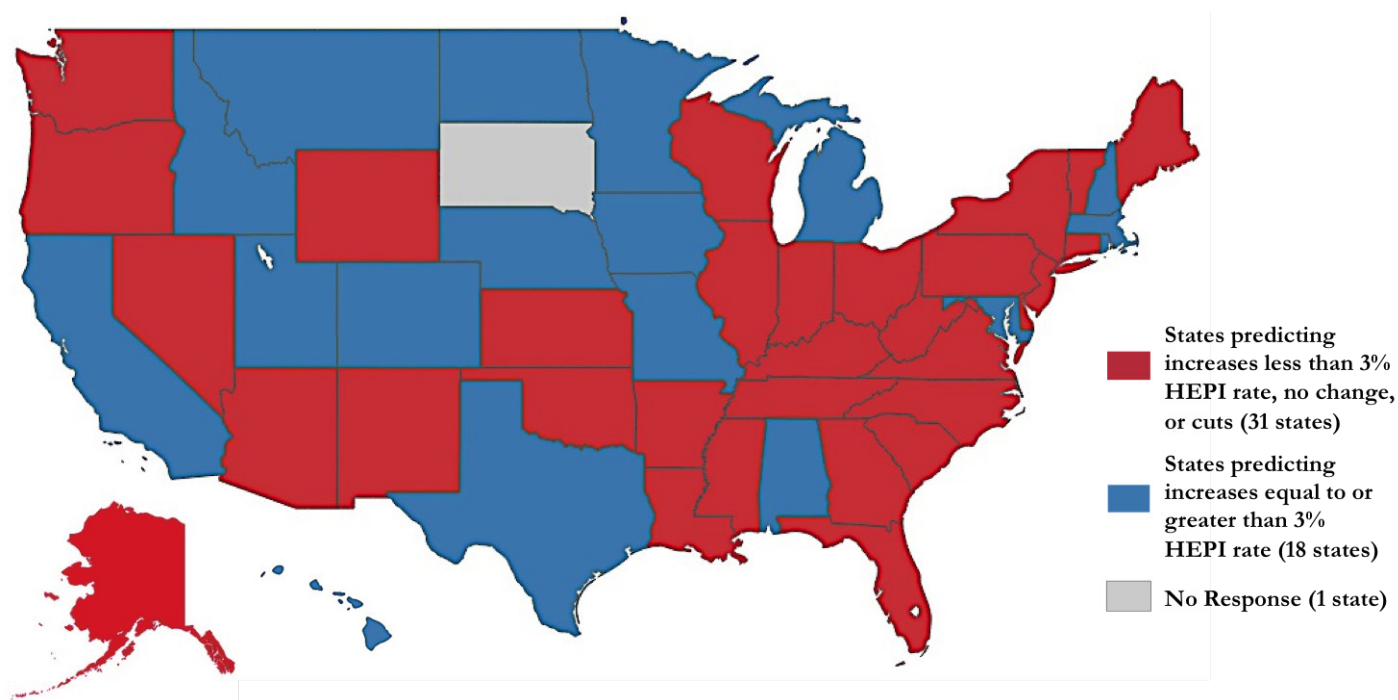
lation of the minimum needed to provide a 3% increase, just to cover inflation. We then compare the predicted average change provided by respondents to our survey and multiply that percentage by the actual dollars spent in each state for 2013-14 reported in the State Higher Education Finance 2014 report. In the few cases where there were missing data in one sector, we projected the data we did have to the other sectors; given how similar states treat public higher education sectors, the noise in the data is not likely to be deafening; one state, South Dakota, did not respond and no data are provided for that state. By these calculations, we can see how many states are above the 3% figure, are even with, or lie below it.

Figure 9 shows that among the 49 states for which we have predicted percentages for appropriations for FY2014-15, just 18 states will increase state appropriations at or above the 3% HEPI inflation rate, while the majority (31) lie below. *By a margin of better than 3 to 2, most states will not be increasing state appropriations for public higher education above the rate of inflation.* We note that among the 18 states predicting a surplus in their operating budget as opposed to the 31 states predicting a planned deficit, California and Texas comprise 50% and 22%,

respectively, of the total surplus dollars across all 50 states; or \$1.17 billion of the \$1.63 billion in new monies. We add an important caveat that this analysis does not account for changes in enrollment, and half of respondents predicted an enrollment decrease in FY2014-2015; however, the median change in enrollment among all states responding was only -0.25%.²⁴

The period from FY2009-10 to FY2012-13 was one of historically low inflation rates. Fears of deflation were used to justify both the Federal Government's fiscal stimulus through the ARRA from 2009 to 2011, as well as the Federal Reserve's quantitative easing (QE) long-running bond-purchase program. Citing, "sufficient underlying strength in the broader economy," on October 29, 2014, the Federal Reserve's Open Market Committee voted to end QE. In its press release, it noted "the likelihood of inflation running persistently below 2 percent has diminished somewhat since early this year," and that "...there has been substantial improvement in the outlook for the labor market since the inception of [the] current asset purchase program."²⁵ Jon Hilsenrath of The Wall Street Journal terms this "...a vote of confidence in the U.S. economy, which many economists peg

Figure 9: Predicted Changes in Operating Budgets, FY2014–15



to have grown at an annual pace near 3% or more in the third quarter.”²⁶ The 3.0% HEPI inflation rate thus represents the breadbasket of goods regularly purchased by institutions of higher education – which because of the nature of the work of higher education necessarily includes more faculty and staff salaries and fringe benefits—should be seen in this context.

Access Threatened in Many States

The capacity of a state’s public higher education institutions to serve students is a major focus of our survey. The late Clark Kerr in 1994 predicted a coming enrollment “tidal wave.”²⁷ In 1996, 19.3 million Americans fell within the 18 to 24 age bracket considered to be traditional college-going years. This number increased to 23.4 million in 2009 and to 24.5 million in 2012. While enrollment projections have the number falling to approximately 23 million by 2016, it never falls even close to the 1996 level of 19.3 million, and soon will be increasing through 2025 after this short trough ends in 2017.²⁸ Will our states be ready? This is why we consistently ask about enrollment caps and facilities in our annual surveys.

Enrollment Caps

Our reports ask senior state-level higher education leaders if their state’s public flagship and regional universities have instituted enrollment caps. As Figure 10 shows, in FY2010-11, respondents from 12 states reported enrollment caps at their flagship universities including 4 of nation’s 5

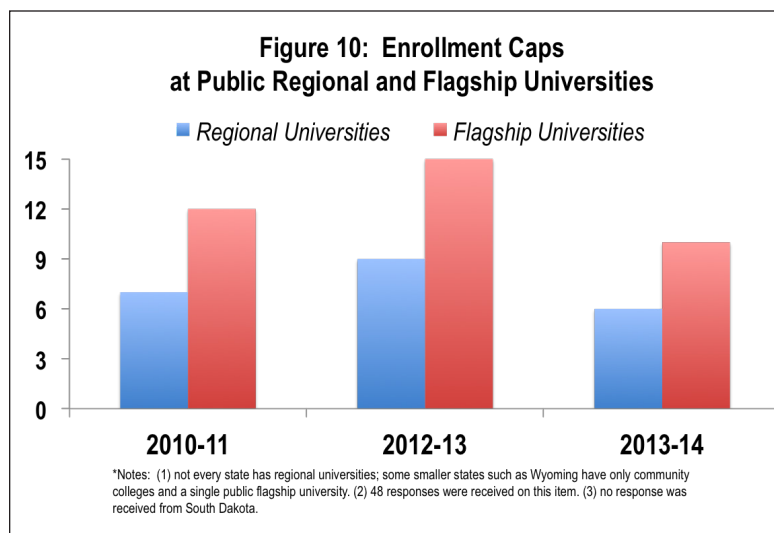
largest states (California, Florida, Illinois, and New York). When asked about regional universities, 7 reported capped enrollments, including 3 of the 5 largest (California, Florida, and Illinois). These numbers rose in 2012-13 and fell in 2013-14. Last year, 11 reported enrollment caps at their state’s public universities (California, Connecticut, Delaware, Florida, Georgia-University System of Georgia, Maryland, Massachusetts, Tennessee, Texas, Virginia, and Washington), and 6 at their regional universities (California, Connecticut, Delaware, Massachusetts, Virginia, and Washington). While we are happy to report that enrollment caps have dropped below the levels reported in FY2010-11, they are still a problem in many states.

In 2010, we argued enrollment caps at public regional and flagship institutions “pushed” students toward community colleges. We then began including capacity items specific to these open-access institutions. In 2014, when asked if some community colleges were turning away students, respondents from only 2 states indicate “Yes,” 3 indicate “Not Sure,” and 42 indicate “No.” When asked if “sufficient capacity exists within your state’s community and technical colleges to serve current and projected numbers of high school graduates,” respondents from 5 states indicated that their state lacked sufficient capacity; these five states served just over 5% of the nation’s total unduplicated headcount enrollment in FY2012-13. Furthermore, respondents from 7 states that represented 9% of the nation’s total community college unduplicated headcount enrollment in FY2012-13 indicate they have “insufficient capacity to serve current and projected numbers of older returning adults.”²⁹ Some states face particularly acute situations; for example Delaware responds that the state lacks sufficient capacity to handle incoming high school graduates *and* returning adult students, and reports enrollment caps at both flagship and regional universities.

Transfer Issues

Increasing numbers of the nation’s first-time, full-time freshmen students are beginning their college careers at community colleges. Given the interest among state leaders including governors and legislators, foundations, federal officials, and the general public to increase college degree completion, we examine aspects related to trans-

Figure 10: Enrollment Caps at Public Regional and Flagship Universities



fer. When asked to respond to the item, “Due to inability to meet the demand of growing transfer numbers, some or all of my state’s public regional universities raised admission standards to limit transfers,” respondents from 3 states indicate agreement, 38 indicate disagreement, and 8 are neutral. When asked to respond to the item, “To significantly increase numbers of community college transfers obtaining bachelor’s degrees requires expanding capacity of my state’s public universities,” respondents from 7 states indicate agreement. When asked, “Community colleges have limited the number of class sections resulting in *de facto* enrollment cap at all or some institutions in my state,” respondents from 7 states are in agreement, 40 are in disagreement, and 2 are neutral.

Figure 11 summarizes the access threats resulting from enrollment caps and capacity concerns. *We find access threatened at some level in 23 states.* Our analysis finds 3 states with access concerns across all three sectors of public higher education (community and technical colleges, regional, and flagship universities); 6 with access threats across two sectors; and 13 with access concerns in 1 sector.

In 2012-13, these 22 states enrolled 10.8 million of the 18.1 million total unduplicated headcount enrollments in the United States.³⁰

Facilities

It is not possible to run first-class education and training programs in third-rate facilities. This axiom rings especially true in a 21st century replete with smart boards, interactive video, and other technology-based software programs that enhance student learning. As Figure 12 shows, when asked to respond to the item, “Funding for facilities (new construction and renovation) is a major need in my state,” 42 indicate “strongly agree” or “agree,” 5 are neutral, and 2 indicate “disagree” or “strongly disagree.” When asked if federal aid for facilities is needed, 30 respondents are in agreement, 4 are in disagreement, and 14 are neutral. Our 2007 and 2013 reports included the item, “Over the past five years, how has total deferred maintenance at your state’s community colleges changed?” No respondent indicated a decrease from FY2002-3 to 2006-7, and 28 reported an increase from FY2007-8 to FY2012-13. Since deferring maintenance is a strategy

Figure 11: Access is Threatened in Many States, FY 2014-15

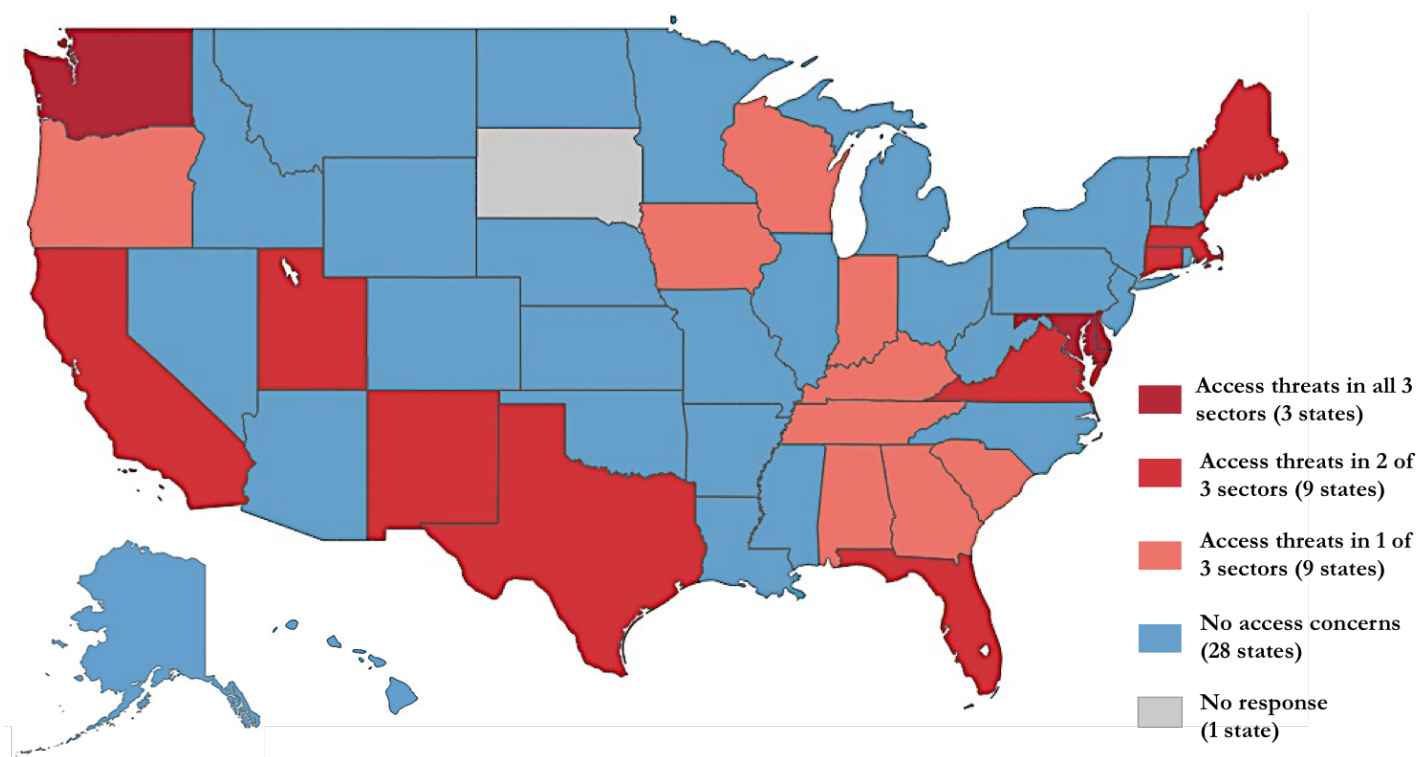
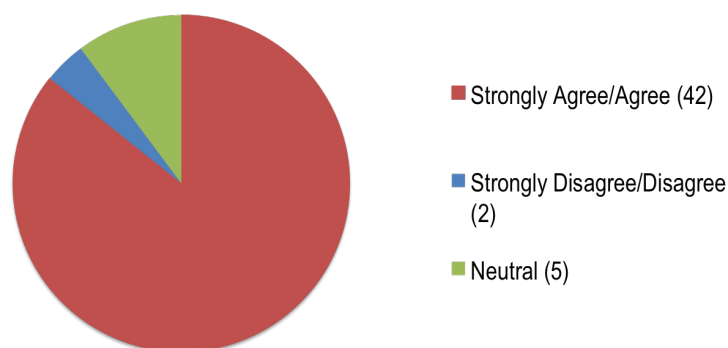


Figure 12: Funding for facilities (new construction and renovation) is a major need in my state

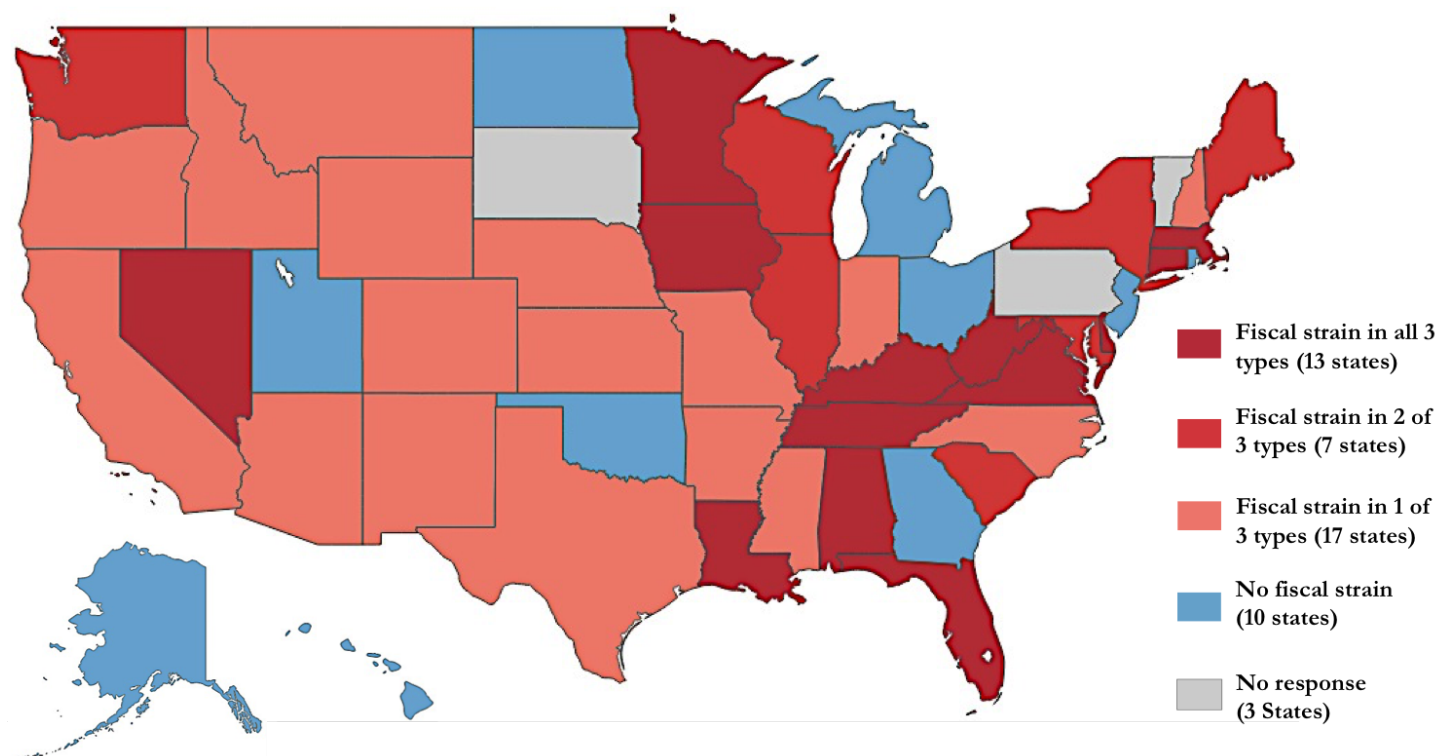


commonly practiced by states when in recession, as confirmed by various National Association of State Budget Officers studies, it is not surprising that each annual survey conducted since 2007 reveals strong majorities indicating facilities is a major need, and that federal funds for facilities would be helpful.

Geography Matters: Fiscal Strain at Community Colleges, Especially Rural

State-level community college leaders are responsible for delivering on the promise of the 1947 Truman Commission, to extend universal 13th and 14th years by delivering geographic access to all citizens. For this reason, each year we ask respondents “In the year ahead, which type of community college – rural, suburban, or urban – will face the greatest fiscal strain?” Figure 13 shows that in FY2014-15, 35, 21, and 13 respondents are in agreement, respectively, that their rural, urban, and suburban community colleges will face great fiscal strain. *State-level community college leaders have indicated rural community colleges will face higher levels of fiscal strain in each year since we have begun our surveys.* The levels reporting fiscal strain at rural and urban community colleges have risen since FY2012-13, when they were at 30 and 17, respectively, speaks to the uneven economic recovery in the states, problems with severance taxes in some rural states that previously were in good econom-

Figure 13: Rural Community Colleges Face the Greatest Fiscal Strain, FY 2014-15



ic shape, rural community colleges that serve low property tax wealth and cannot access a good base of local funding to make up for state shortfalls, and the general disinvestment over many years of state funding.

Part III: MAKING SENSE OF THE DATA

Aligning State Appropriations and Tuition is Still Problematic

Many higher education experts have been concerned that ever-higher flagship university, regional university, and community college tuition increases have pushed students and families away from considering postsecondary education altogether. Figure 14 compares the average change in tuition for all three sectors of higher education to the average change in state operating budget appropriations since FY2007-08. For the past two years, predicted increases in state operating budget appropriations to public higher education have outpaced predicted tuition increases by an average of 1.37%. If states can continue to allocate resources at or above the predicted rate of inflation, institutions have a better chance to obtain the breathing room needed to recover the deep losses in state funding absorbed during the Great Recession. If public postsecondary institutions are able to maintain their tuition increases below the inflation rate, it is likely that, going forward, appropriations and tuition policies among states and institutions may move toward better alignment.

But we again note that they are out of alignment in most states now. The small recovery ob-

served in the past two years do not begin to redress the funding deficits that forced higher education institutions to dramatically increase their tuition at rates far above the inflation rate. In FY2011-12, there was an average -5.55% reduction in state operating budget appropriations that led to an average 7.49% increase in higher education tuition. For states to allow the tuition rate to balance back out from the increases that occurred during Great Recession years with consistently low or reduced portions of state operating budget appropriations, they would have to fund operating budgets in well excess of tuition for a number of years. In FY2014-15, sadly, the operating budgets are predicted to increase above tuition by just 1.37%. Sadly, the fierce competition for limited state funding discussed above does not bode well for a sustained higher rate of funding for public higher education to be likely to occur.

High Tuition/High Aid: Great in Theory, Poor in Practice

Figure 15 presents the predicted average changes in state student need- and merit-based grant aid contributions from the FY2007-8 through FY2014-15. The lines overlaid across the chart represent the predicted average changes in tuition for community and technical colleges, regional universities, and flagship universities.

Tuition increases during the Great Recession were 3 to 5 times the rate of inflation for each public higher education sector. But they likely would have been higher had federal ARRA Maintenance of Effort (MOE) provisions not required states to maintain a level of state spending for higher education, which consists of operating budgets plus state student aid funding, at or above the FY2006 levels for the 2009, 2010, and 2011 fiscal years.³¹ Without the MOE provisions, it is highly likely that during the worst recession years, states would have forced even deeper cuts in public higher education operating budgets, necessitating much higher tuition hikes to offset the state funding cuts. Had this occurred, the substantial federal increases in Pell Grant aid—which grew by \$15.3 billion as total recipients grew from 6 to 9 million between 2009 and 2012³² that helped low-income students access higher education would have been offset by steep tuition increases. Additionally, while predict-

Figure 14: Predicted State Appropriations and Tuition Increases, FY 2007-08 to FY2014-15

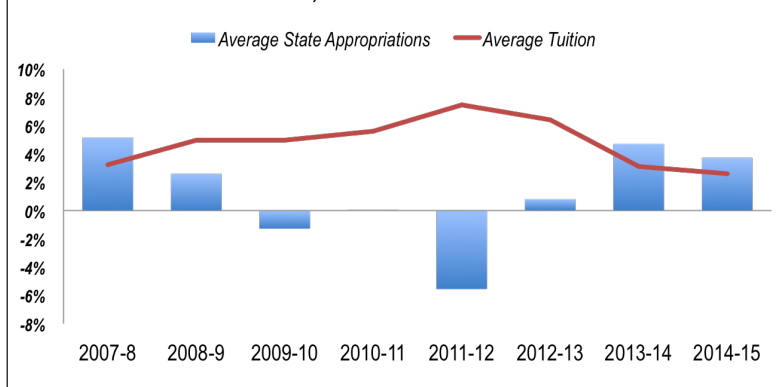
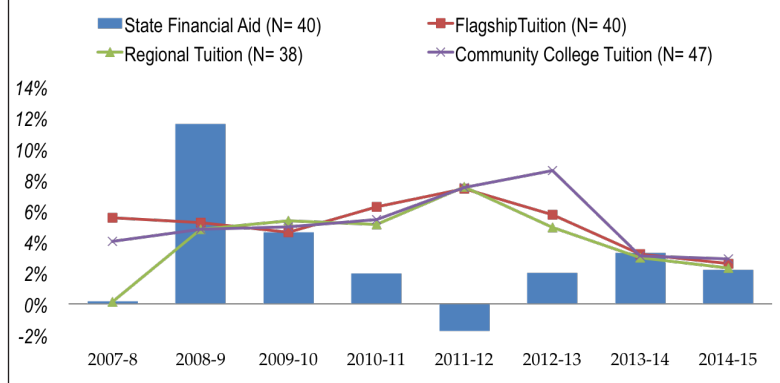


Figure 15: Predicted Changes in Tuition and State Student Aid, FY2007-08 to FY2014-15



ed increases in state student aid exceeded tuition prior to the Great Recession, these increases fell below the predicted tuition increases for 2010 and 2011 (state student aid was actually cut in 2011), as well as in the 2012, 2013, and 2014 fiscal years.

Unless or until states increase resources for state-funded need-based student aid every time tuition is increased, policy alignment will not exist, and students will likely be pushed to loan programs. The trend of states not prioritizing state student aid during recessions is disheartening because enrollment tends to trend upward in difficult economic periods. This is a significant, if not fatal, flaw in high-tuition/high-aid funding model. With little to no difference in the estimated percentage increase between tuition and state student aid in the past two years, state student aid increases will need to significantly outpace any tuition increases going forward to correct imbalances created by the gap between aid and tuition during the Great Recession years.

Public Higher Education Must Be Involved in Solving State Problems

Approximately 40 years ago, public higher education comprised between 17 and 20 percent of total state expenditures. This percentage has dwindled to between 9 and 12 percent. Elementary and secondary education and Medicaid are consistently the top two budget drivers in good economic times, with the first priority enjoying a preferred constitutional status in most states, and with federal matching funds for Medicaid is typically taken “off the top” in the state budgeting process.

Public higher education operating budgets re-

main an easy target for state legislatures and policymakers to trim, because they are not a mandated function of state government and do not yield a federal-to-state funding match. With 23 states still indicating recession, producing a decline in state revenues existing in nearly half the states, and with inflation exceeding state appropriations increases for community colleges in 31 states, it is clear that recovery is slow, and that so far we have not seen significant traction on efforts to address state funding reductions enacted during the Great Recession.

State funding for public higher education does not occur in a vacuum. All too often, national studies of state higher education funding act as if the legislative processes in the states are hermetically sealed. For example, one recent study provided excellent data on how state investment in public higher education fell, adjusted for inflation, during the Great Recession, but made no mention at all as to how revenue patterns for the major expenditure categories of state governments had changed dramatically over the past forty years in the states. Instead it suggests more federal regulations over institutional credits and the like. In our view, this interaction of revenue and expenditure patterns is necessary to understand the complex higher education funding environment.

For example, Medicaid cost increases have skyrocketed at rates double and triple the inflation rates over the past forty years. It would be overly simplistic to not note that enhanced drug benefits have helped millions of seniors have more productive, higher quality pain free lives. That said, when 40, 50, or 60 percent of all Medicaid expenses are going to end-of-life costs in the last year or two of life, there is a problem. Similarly, if the Deep South is ground zero of the nation’s obesity epidemic, again, people who are educated to eat healthier and have good exercise habits are people more likely to live better, longer, more productive, happier lives. The “healthy choices” program, implemented by former Mississippi Governor Haley Barbour in 2007 now is showing promising, positive results to change on a mass scale eating habits in the Magnolia State.³³

Consider the State of Illinois. In 1970, there were 7,500 state prison inmates. By 2010, that number had grown to 49,500. In 1970, about 1

“Flagship universities, regional universities, and community colleges have been responsible stewards in holding the line to moderate tuition, but still this is not enough.”

population. The state faces a \$2 billion shortfall, including major problems associated with financing the pensions of state workers (likely including those working at the Departments of Corrections and Family Services). Higher education in Illinois was roughly 18 to 20 percent of state expenditure in 1970, and has declined to the 10 percent range today. Medicaid is now 26 percent of state expenditures.

The power of Medicaid and Corrections is consistently noted in our annual surveys when we ask state-level higher education leaders to evaluate the key budget drivers in the state legislative sessions just concluded.

Public higher education should be an integral part of solving the fiscal problems of our states. It is in our enlightened self-interest. *Every dollar saved in Medicaid and corrections cost increases is a dollar public higher education has a shot to receive.* One example of addressing this issue would be to convene local and regional leaders in a bipartisan effort to create additional non-incarceration alternatives, building upon the efforts of entities on both sides of the aisle. For example, the right-leaning Heritage Foundation has recently sponsored forums on cheaper, more cost-effective sentencing alternatives.³⁴

Conclusion: Recovery Continues, But Competition is Fierce

There are four key conclusions to our 2014 report: First, public higher education as a state priority is up against fierce competition for funding, even though the majority of state economies are improving. Second, although state funding is improving in most states, when compared to the 3.0% HEPI inflation rate with relatively flat enrollments in most states, public higher education has yet to have seen a correction to its recessionary losses in state revenues. Third, despite the widespread criticism of higher education for ac-

celerating increases in tuition, the data show that increases in state appropriations have coincided with tuition increases at levels below the inflation rate, indicating that public higher education is doing what it can to keep education affordable. Fourth, all sectors of higher education are in it together, as evidenced by the similar treatment they receive in the states as measured by those taking mid-year cuts last year, and by the similar treatment in predicted changes in FY2014-15 in state appropriations, tuition, and state-funded student financial aid. As Muriel A. Howard, President of the American Association of State Colleges and Universities said in 2013, “The inextricable link between the economic prosperity of our states and a well-educated populace demands that the leaders of both state government and higher education execute a strategy that ensures access to an affordable, high quality college education.”³⁵

celerating increases in tuition, the data show that increases in state appropriations have coincided with tuition increases at levels below the inflation rate, indicating that public higher education is doing what it can to keep education affordable. Fourth, all sectors of higher education are in it together, as evidenced by the similar treatment they receive in the states as measured by those taking mid-year cuts last year, and by the similar treatment in predicted changes in FY2014-15 in state appropriations, tuition, and state-funded student financial aid. As Muriel A. Howard, President of the American Association of State Colleges and Universities said in 2013, “The inextricable link between the economic prosperity of our states and a well-educated populace demands that the leaders of both state government and higher education execute a strategy that ensures access to an affordable, high quality college education.”³⁵

“Moving forward, public higher education must bring all sectors together to help their states solve the growing problems in Medicaid and corrections. It is important to remember that we are all in this together.”

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2. The National Council of State Directors of Community Colleges is one of more than 30 affiliated councils of the American Association of Community Colleges. This report was written independently; neither NCSDDC nor AACC endorsed this report.
3. We use the definition developed by Illinois State University's Grapevine, which has tracked state tax appropriations for public higher education since 1960. See Palmer, J.C. (Editor). Grapevine. Distribution of states, by size of the state tax appropriations for higher education, FY08 (Table 6). Retrieved April 16, 2008 from www.grapevine.ilstu.edu/tables/pdf/Table_6_08.pdf.
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5. Only South Dakota, which accounts for 0.27% of the nation's community college enrollments in 2013-2014, did not submit a response in 2014.
6. No fewer than 49 National Council of State Directors of Community College members have responded in any year since we began conducting these surveys.
7. We would like to thank the members of our 2014 advisory committee: Dr. Marilyn J. Amey, Michigan State University; Brent D. Cejda, University of Nebraska-Lincoln; Marc Cutright, University of North Texas; Pamela J. Eddy, College of William & Mary; Lynda B. Gilbert, Vice President for Financial Affairs and Treasurer, The University of Alabama; Linda Serra Hagedorn, Iowa State University; Arthur M. Hauptman, Washington, D.C.; Marshall A. Hill, Executive Director, National Council for State Authorization Reciprocity Agreements; Daniel J. Hurley, American Association of State Colleges and Universities; Cary A. Israel, President, Collin College (TX); Brian Johnson, Senior Fellow, Education Policy Center, Washington, D.C.; Thomas A. Konz, Toledo, Ohio; Derrick A. Manns, Vice President for Academics, Louisiana Technical and Community College System; R. Frank Mensel, Senior Fellow, Education Policy Center, The University of Alabama; Michael T. Miller, University of Arkansas at Fayetteville; Terrance A. Tollefson, Professor Emeritus, East Tennessee State University; and Anne R. Williamson, University of Alabama.
8. The authors thank Education Policy Center Research Associate Undre V. Phillips for his assistance in preparing this report.
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Appendix A: 31 respondents predict FY2014-15 operating budget deficits as compared to inflation							
	<i>FY2013-14 Operating Budget (Actual)</i>	<i>Operating Budget multiplied by HEPI (3%)</i>	<i>Operating Dollars needed to cover 2014 predicted inflation rate</i>	<i>2014 Access & Finance survey percentage predictions</i>	<i>Predicted change in Op. Budgets for FY2014-15 (in dollars)</i>	<i>FY2014-15 Predicted Operating Budget from 2014 survey (in dollars)</i>	<i>Difference of Columns 6 and 3</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
AL	\$1,440,862,304	\$43,225,869	\$1,484,088,173	3.5	\$50,430,181	\$1,491,292,485	\$7,204,312
AK	\$383,128,100	\$11,493,843	\$394,621,943	0.3	\$1,264,323	\$384,392,423	\$10,229,520
AZ	\$873,005,600	\$26,190,168	\$899,195,768	-1.0	\$8,730,056	\$864,275,544	\$34,920,224
AR	\$851,971,705	\$25,559,151	\$877,530,856	1.0	\$8,519,717	\$860,491,422	\$17,039,434
CA	\$10,535,904,000	\$316,077,120	\$10,851,981,120	10.8	\$1,133,663,270	\$11,669,567,270	\$817,586,150
CO	\$679,462,447	\$20,383,873	\$699,846,320	11.0	\$74,740,869	\$754,203,316	\$54,356,996
CT	\$1,010,125,722	\$30,303,772	\$1,040,429,494	2.7	\$26,263,269	\$1,036,388,991	\$4,040,503
DE	\$227,606,200	\$6,828,186	\$234,434,386	1.2	\$2,731,274	\$230,337,474	\$4,096,912
FL	\$3,927,204,407	\$117,816,132	\$4,045,020,539	0.9	\$36,523,001	\$3,963,727,408	\$81,293,131
GA	\$2,787,682,234	\$83,630,467	\$2,871,312,701	2.3	\$64,116,691	\$2,851,798,925	\$19,513,776
HI	\$517,818,637	\$15,534,559	\$533,353,196	5.7	\$29,360,317	\$547,178,954	\$13,825,758
ID	\$374,642,100	\$11,239,263	\$385,881,363	7.7	\$28,735,049	\$403,377,149	\$17,495,786
IL	\$4,082,978,500	\$122,489,355	\$4,205,467,855	0.0	\$0	\$4,082,978,500	\$122,489,355
IN	\$1,701,417,328	\$51,042,520	\$1,752,459,848	0.0	\$0	\$1,701,417,328	\$51,042,520
IA	\$823,333,019	\$24,699,991	\$848,033,010	4.0	\$32,933,321	\$856,266,340	\$8,233,330
KS	\$771,121,325	\$23,133,640	\$794,254,965	2.8	\$21,822,733	\$792,944,058	\$1,310,906
KY	\$1,180,322,100	\$35,409,663	\$1,215,731,763	-1.5	\$17,704,832	\$1,162,617,269	\$53,114,495
LA	\$1,119,337,996	\$33,580,140	\$1,152,918,136	1.5	\$16,790,070	\$1,136,128,066	\$16,790,070
ME	\$271,053,573	\$8,131,607	\$279,185,180	0.0	\$0	\$271,053,573	\$8,131,607
MD	\$1,742,661,563	\$52,279,847	\$1,794,941,410	6.8	\$119,023,785	\$1,861,685,348	\$66,743,938
MA	\$1,091,894,342	\$32,756,830	\$1,124,651,172	6.2	\$68,025,017	\$1,159,919,359	\$35,268,187
MI	\$1,669,524,700	\$50,085,741	\$1,719,610,441	6.9	\$113,527,680	\$1,783,052,380	\$63,441,939
MN	\$1,394,503,000	\$41,835,090	\$1,436,338,090	4.7	\$65,541,641	\$1,460,044,641	\$23,706,551
MS	\$973,846,876	\$29,215,406	\$1,003,062,282	2.8	\$27,267,713	\$1,001,114,589	\$1,947,694
MO	\$967,122,534	\$29,013,676	\$996,136,210	7.3	\$70,599,945	\$1,037,722,479	\$41,586,269
MT	\$226,961,354	\$6,808,841	\$233,770,195	6.0	\$13,617,681	\$240,579,035	\$6,808,841
NE	\$688,173,035	\$20,645,191	\$708,818,226	3.8	\$26,150,575	\$714,323,610	\$5,505,384
NV	\$487,184,042	\$14,615,521	\$501,799,563	2.5	\$12,179,601	\$499,363,643	\$2,435,920
NH	\$109,000,000	\$3,270,000	\$112,270,000	16.7	\$18,165,940	\$127,165,940	\$14,895,940
NJ	\$1,990,469,000	\$59,714,070	\$2,050,183,070	0.0	\$0	\$1,990,469,000	\$59,714,070

Appendix A: 31 respondents predict FY2014-15 operating budget deficits as compared to inflation

	<i>FY2013-14 Operating Budget (Actual)</i>	<i>Operating Budget multiplied by HEPI (3%)</i>	<i>Operating Dollars needed to cover 2014 predicted inflation rate</i>	<i>2014 Access & Finance survey percentage predictions</i>	<i>Predicted change in Op. Budgets for FY2014-15 (in dollars)</i>	<i>FY2014-15 Predicted Operating Budget from 2014 survey (in dollars)</i>	<i>Difference of Columns 6 and 3</i>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
NM	\$871,115,913	\$26,133,477	\$897,249,390	2.7	\$23,258,795	\$894,374,708	\$2,874,683
NY	\$5,192,935,373	\$155,788,061	\$5,348,723,434	1.0	\$51,929,354	\$5,244,864,727	\$103,858,707
NC	\$3,630,334,843	\$108,910,045	\$3,739,244,888	1.8	\$66,435,128	\$3,696,769,971	\$42,474,918
ND	\$409,693,640	\$12,290,809	\$421,984,449	3.5	\$14,474,476	\$424,168,116	\$2,183,667
OH	\$2,096,295,591	\$62,888,868	\$2,159,184,459	2.0	\$41,925,912	\$2,138,221,503	\$20,962,956
OK	\$1,042,049,007	\$31,261,470	\$1,073,310,477	0.0	\$0	\$1,042,049,007	\$31,261,470
OR	\$631,121,950	\$18,933,659	\$650,055,609	2.5	\$15,967,385	\$647,089,335	\$2,966,273
PA	\$1,770,967,000	\$53,129,010	\$1,824,096,010	0.6	\$9,740,319	\$1,780,707,319	\$43,388,692
RI	\$169,813,064	\$5,094,392	\$174,907,456	6.6	\$11,037,849	\$180,850,913	\$5,943,457
SC	\$905,324,455	\$27,159,734	\$932,484,189	0.8	\$7,514,193	\$912,838,648	\$19,645,541
SD	\$198,267,076	\$5,948,012	\$204,215,088	N/A	N/A	N/A	N/A
TN	\$1,587,786,604	\$47,633,598	\$1,635,420,202	0.0	\$0	\$1,587,786,604	\$47,633,598
TX	\$6,617,330,169	\$198,519,905	\$6,815,850,074	8.4	\$553,208,802	\$7,170,538,971	\$354,688,897
UT	\$798,346,200	\$23,950,386	\$822,296,586	15.3	\$122,412,818	\$920,759,018	\$98,462,432
VT	\$92,315,902	\$2,769,477	\$95,085,379	0.0	\$0	\$92,315,902	\$2,769,477
VA	\$1,771,251,361	\$53,137,541	\$1,824,388,902	0.0	\$0	\$1,771,251,361	\$53,137,541
WA	\$1,570,807,000	\$47,124,210	\$1,617,931,210	0.0	\$314,161	\$1,570,492,839	\$47,438,371
WV	\$515,656,320	\$15,469,690	\$531,126,010	1.6	\$8,147,370	\$523,803,690	\$7,322,320
WI	\$1,114,018,800	\$33,420,564	\$1,147,439,364	0.0	\$0	\$1,114,018,800	\$33,420,564
WY	\$352,419,041	\$10,572,571	\$362,991,612	0.0	\$0	\$352,419,041	\$10,572,571

**Data for each column are obtained as follows: (1) "FY2013-14 Operating Budget (actual)" is from State Higher Education Finance reports, Fiscal Years 2007-08 (FY08), 2010-11 (FY11), 2011-12 (FY12), 2012-13 (FY13), and 2013-14 (FY14), at State Higher Education Executive Officers' website, <http://www.sheeo.org/resources/publications/grapevine-compilation-state-fiscal-support-higher-education-results-fiscal>. (2) "Operating Budget multiplied by predicted Higher Education Price Index inflation rate for 2014 of 3%," at Commonfund Institute website at https://www.commonfund.org/CommonfundInstitute/HEPI/HEPI%20Documents/CF_HEPI_2014.pdf. (3) "Operating Dollars Needed to Cover 2014 predicted inflation rate," is the sum of columns 1 and 2; (4) "Access and Finance Survey Percentage Predictions" is based upon responses from 49 states from the 2014 National Survey of Access and Finance Issues Survey. (5) "Predicted change in Op Budgets for FY2014-15 (in dollars)" is derived from the sum of column 1 and 5. (6) "FY2014-15 Predicted Operating Budget from 2014 Survey (in dollars)" (7) "Difference" is the difference between columns 6 and 3.



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