



# SHEEO

STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION

# SHEF

STATE HIGHER EDUCATION FINANCE

# 2020

## **ISSUE BRIEF:**

## STATE FUNDING FOR PRIVATE INSTITUTIONS

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## INTRODUCTION

Each year, states provide funding to independent (private) higher education institutions through both general operating appropriations and student financial aid. However, these funds are excluded from most SHEF analysis, which focuses on public institutions. This issue brief on state funding for private institutions provides an overview of how these funds vary across states and how they have changed over time. In general, state support for private institutions has declined at a steeper rate than state support for public institutions. While unadjusted total state funding for private institutions has increased by about \$600 million since 2001, this increase has not kept up with inflation or enrollment growth at private institutions.

## TRENDS IN FUNDING FOR PRIVATE INSTITUTIONS

In fiscal year 2020, state governments provided \$2.68 billion in support to private (independent) institutions or \$563 per full-time equivalent (FTE) enrolled student.<sup>1</sup> In comparison, state governments provided \$93.5 billion or \$8,436 per FTE in support to public institutions in 2020.<sup>2</sup> Funding for private institutions represents 2.8% of total state support for all higher education, down from 3.4% in 2001 (the earliest year for which these data are available).

*Table 1* shows the impact of inflation and enrollment on funding for private and public institutions separately. In unadjusted dollars, operating appropriations to private institutions declined 5.4% from 2001 to 2020, while increasing 53.0% at public institutions. State financial aid increased at both institution types, but the increase was much larger at public institutions (37.3% and 220.4%, respectively).

Financial aid makes up the vast majority of state support for private institutions (89.7%) but only 9.7% of state support for public institutions. Across the board, the proportion of state support allocated through student financial aid has increased since 2001.

After adjusting for inflation, *Table 1* shows that operating appropriations failed to keep up with inflation at both private and public institutions, although the decrease was much larger at private institutions (39.7%) than at public institutions (2.5%). State allocations to private student financial aid did not keep up with inflation, decreasing 12.5% from 2001 to 2020. On the other hand, state allocations to public student financial aid increased 104.2%.

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1. Private FTE includes students attending not-for-profit and for-profit degree-granting institutions, including medical students. SHEEO does not collect full-time equivalent (FTE) enrollment for private institutions. This analysis uses twelve-month FTE enrollment data from the Integrated Postsecondary Education Data System (IPEDS) for all private degree-granting institutions. However, IPEDS twelve-month FTE Enrollment is only available from 2004 through 2019. Twelve-month FTE for 2001 and 2020 are estimated using fall FTE enrollment adjusted by the average ratio of fall-to-twelve-month FTE in the two most recently available adjacent years.

2. Public FTE includes students attending public degree-granting institutions, including medical students.

The third section of *Table 1* shows changes in student FTE enrollment and their impact on state funding allocations. Enrollment at private institutions increased 60.7%, while enrollment at public institutions increased 28.4%. In 2020, public institutions enrolled about 2.3 times the FTE of private institutions. On a per student basis, states provided about \$58 in operating support to private institutions and \$505 per FTE in financial aid, decreases of 62.5% and 45.6%, respectively.<sup>3</sup> The decline in financial aid to students attending private institutions is notable because it happened despite increases in tuition rates and while states increased financial aid allocations to students attending public institutions.

TABLE 1

**IMPACT OF INFLATION AND ENROLLMENT ON STATE FUNDING FOR PRIVATE AND PUBLIC INSTITUTIONS, U.S., FY 2001-2020**

	PRIVATE INSTITUTIONS			PUBLIC INSTITUTIONS		
	2001	2020	% CHANGE	2001	2020	% CHANGE
<b>CURRENT UNADJUSTED DOLLARS</b>						
OPERATING APPROPRIATIONS	\$291,773,089	\$276,062,313	-5.4%	\$47,791,991,257	\$73,116,165,834	53.0%
STATE FINANCIAL AID	\$1,751,793,415	\$2,405,438,761	37.3%	\$2,833,804,823	\$9,078,515,798	220.4%
<b>TOTAL STATE SUPPORT</b>	<b>\$2,043,566,504</b>	<b>\$2,681,501,074</b>	<b>31.2%</b>	<b>\$59,821,262,351</b>	<b>\$93,515,250,140</b>	<b>56.3%</b>
% STATE FINANCIAL AID	85.7%	89.7%	4.6%	4.7%	9.7%	104.9%
<b>CONSTANT INFLATION ADJUSTED DOLLARS</b>						
HECA (INFLATION)	0.6372	1.0000	56.9%	0.6372	1.0000	56.9%
OPERATING APPROPRIATIONS	\$457,867,142	\$276,062,313	-39.7%	\$74,997,946,245	\$73,116,165,834	-2.5%
STATE FINANCIAL AID	\$2,749,015,157	\$2,405,438,761	-12.5%	\$4,446,969,800	\$9,078,515,798	104.2%
<b>TOTAL STATE SUPPORT</b>	<b>\$3,206,882,299</b>	<b>\$2,681,501,074</b>	<b>-16.4%</b>	<b>\$93,874,971,520</b>	<b>\$93,515,250,140</b>	<b>-0.4%</b>
<b>CONSTANT INFLATION ADJUSTED DOLLARS (PER FTE)</b>						
FTE ENROLLMENT	2,965,317	4,765,551	60.7%	8,636,154	11,085,489	28.4%
OPERATING APPROPRIATIONS	\$154	\$58	-62.5%	\$8,684	\$6,596	-24.0%
STATE FINANCIAL AID	\$927	\$505	-45.6%	\$515	\$819	59.0%
<b>TOTAL STATE SUPPORT</b>	<b>\$1,081</b>	<b>\$563</b>	<b>-48.0%</b>	<b>\$10,870</b>	<b>\$8,436</b>	<b>-22.4%</b>

**NOTES:**

1. Financial aid appropriations are the allocation of total state financial aid awarded to students attending in-state institutions, including conditional and non-conditional grant and scholarship programs, work-study, and tuition waivers, but excluding allocations to state loan programs.
2. Operating appropriations are state sums to institutions for operating expenses.
3. Total state support for public and private institutions is the sum of tax appropriations, non-tax support, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use and allocations for out-of-state aid and non-credit appropriations. Federal stimulus funding is not included. For public institutions, total state support includes research, agriculture, public health care, and medical school funds not included in operating appropriations.
4. Full-time equivalent (FTE) enrollment equates student credit hours to full-time, academic year students. In this analysis, FTE enrollment includes medical students. Twelve-month FTE enrollment for private institutions is only available from 2004-2019. Therefore, twelve-month FTE for 2001 and 2020 are estimated using fall FTE enrollment adjusted by the average ratio of fall-to-twelve-month FTE for adjacent years.
5. The Higher Education Cost Adjustment (HECA) estimates inflation in the costs paid by colleges and universities. HECA adjusts for inflation from the state perspective.

**SOURCES:** State Higher Education Executive Officers Association

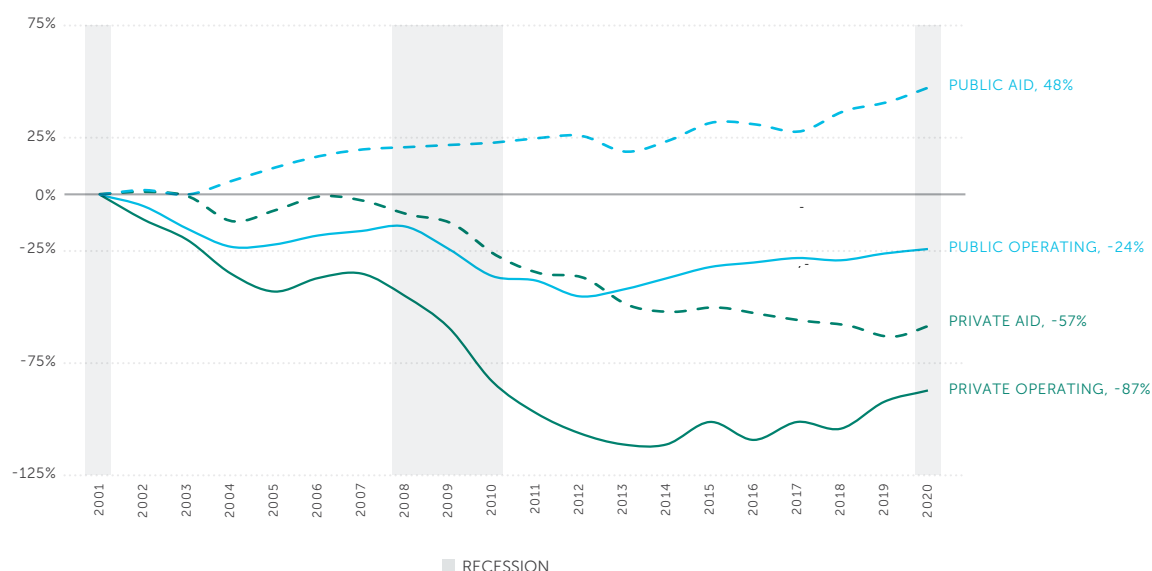
U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System: 2001-2019 full-time equivalent fall enrollment and twelve-month full-time equivalent enrollment.

3. Not all students receive state financial aid, and changes in financial aid awards presented on a per-FTE basis may be due to changing award criteria and the number of students receiving financial aid, changes in the number of award programs available, and/or changes in financial aid award size.

Figure 1 displays the inflation-adjusted cumulative annual percent change in student financial aid and operating appropriations per FTE at private and public institutions from 2001 through 2020. State financial aid to students attending public institutions is the only portion of state support to increase over this time period. Financial aid to students attending private institutions increased from 2004 to 2006 and has been declining ever since. The largest declines were seen during and following the Great Recession, and 2020 was the first year with a slight increase in private aid per FTE.

State operating appropriations declined on a per-FTE basis for both private and public institutions following the 2001 tech bust. After a few years of increases, appropriations to both institution types again declined during and following the Great Recession, but declines were far steeper for private institutions. In the last eight years, states have slowly reinvested in public operating appropriations, and there has been a partial recovery. On the other hand, state funding for private institutions remained near its all-time low until the last two years, when there was a slight increase.

**FIGURE 1**  
**CUMULATIVE ANNUAL PERCENT CHANGE IN STATE FUNDING PER FTE FOR PRIVATE AND PUBLIC INSTITUTIONS, U.S., FY 2001-2020**



**NOTES:**

1. Cumulative annual percent change for all metrics calculated on an inflation-adjusted per-FTE basis.
2. Financial aid appropriations are the allocation of total state financial aid awarded to students attending in-state institutions, including conditional and non-conditional grant and scholarship programs, work-study, and tuition waivers, but excluding allocations to state loan programs.
3. Operating appropriations are state sums to institutions for operating expenses.
4. Full-time equivalent (FTE) enrollment equates student credit hours to full-time, academic year students. In this analysis, FTE enrollment includes medical students. Twelve-month FTE enrollment for private institutions is only available from 2004-2019. Therefore, twelve-month FTE for 2001 and 2020 are estimated using fall FTE enrollment adjusted by the average ratio of fall-to-twelve-month FTE for adjacent years.
5. Constant 2020 dollars adjusted by the Higher Education Cost Adjustment (HECA).

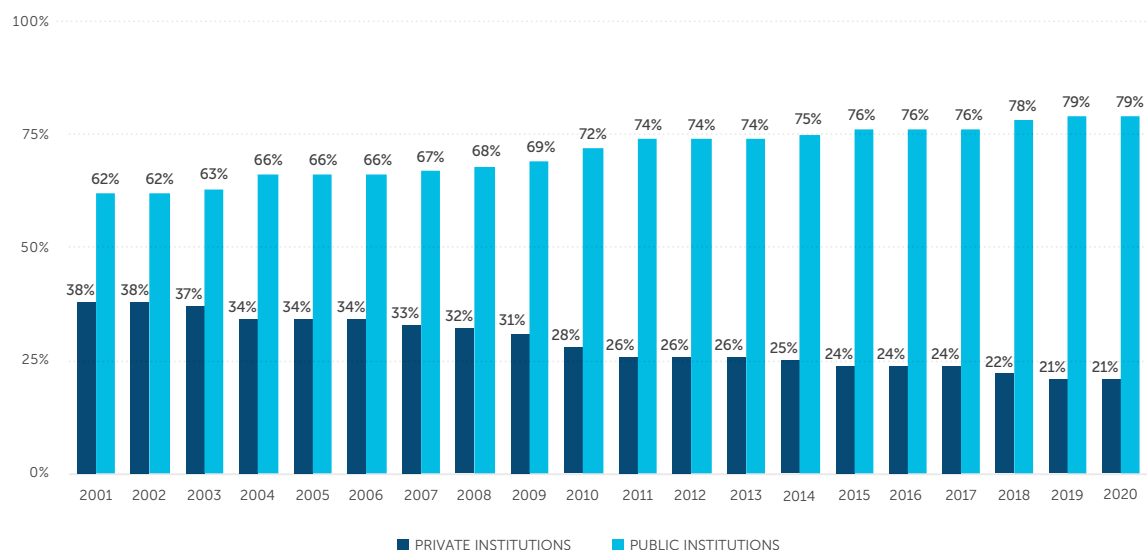
**SOURCES:** State Higher Education Executive Officers Association

U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System: 2001-2019 full-time equivalent fall enrollment and twelve-month full-time equivalent enrollment.

## TRENDS IN FINANCIAL AID

As previously mentioned, the vast majority of state funding for private institutions flows through student financial aid (89.7%). *Figure 2* turns to the allocation of student financial aid across private and public institutions. In 2001, 38% of state financial aid was awarded to students attending private institutions. This percentage has decreased every year since 2001, reaching an all-time low of 21% in 2020 (0.004% less than in 2019). This decrease is primarily due to diverging trends in how states have funded financial aid across the institution types since 2008: In unadjusted dollars, financial aid to students attending private institutions is roughly the same in 2020 and 2008 (\$2.4 billion), while financial aid to students attending public institutions has increased 73%, from \$5.2-\$9.1 billion.

**FIGURE 2**  
**PROPORTION OF STATE FINANCIAL AID TO PRIVATE AND PUBLIC INSTITUTIONS,**  
**U.S., 2001-2020**



**NOTE:**

1. Financial aid appropriations are the allocation of total state financial aid awarded to students attending in-state institutions, including conditional and non-conditional grant and scholarship programs, work-study, and tuition waivers, but excluding allocations to state loan programs.

**SOURCE:** State Higher Education Executive Officers Association

## STATE VARIATION IN FUNDING FOR PRIVATE INSTITUTIONS

In fiscal year 2020, 45 states allocated funding to private institutions. However, state support for private institutions is largely driven by large states in the eastern U.S., where six states (Florida, Illinois, New Jersey, New York, North Carolina, and Pennsylvania) account for almost half of all state support for private institutions. Five western states (Arizona, Hawaii, Montana, Nevada, and Wyoming) and Washington, D.C., provided no funding for private institutions in 2020.

Of the 45 states with at least some funding for private institutions, 30 only provide student financial aid, 15 provide funding for both student financial aid and general operating at private institutions, and no state provides only private operating appropriations (*Table 2*). Only two states (Alabama and Maryland) provide more funding for operating than financial aid at private institutions.

TABLE 2

### LIST OF STATES WITH FINANCIAL AID AND OPERATING APPROPRIATIONS FOR PRIVATE INSTITUTIONS IN FY 2020

PRIVATE INSTITUTION FUNDING	NUMBER	STATES
NONE	5 AND D.C.	ARIZONA, DISTRICT OF COLUMBIA, HAWAII, MONTANA, NEVADA, WYOMING
FINANCIAL AID ONLY	30	ALASKA, ARKANSAS, CALIFORNIA, COLORADO, CONNECTICUT, DELAWARE, IDAHO, ILLINOIS, INDIANA, IOWA, KANSAS, KENTUCKY, LOUISIANA, MAINE, MICHIGAN, MISSISSIPPI, MISSOURI, NEW HAMPSHIRE, NEW MEXICO, NORTH CAROLINA, OHIO, OKLAHOMA, OREGON, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, WASHINGTON, WEST VIRGINIA
OPERATING ONLY	0	
FINANCIAL AID AND OPERATING	15	ALABAMA, FLORIDA, GEORGIA, MARYLAND, MASSACHUSETTS, MINNESOTA, NEBRASKA, NEW JERSEY, NEW YORK, NORTH DAKOTA, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, VIRGINIA, WISCONSIN

#### NOTES:

1. Financial aid appropriations are the allocation of total state financial aid awarded to students attending in-state private (independent) institutions, including conditional and non-conditional grant and scholarship programs, work-study, and tuition waivers, but excluding allocations to state loan programs.
2. Operating appropriations are sums to private (independent) institutions for operating expenses.

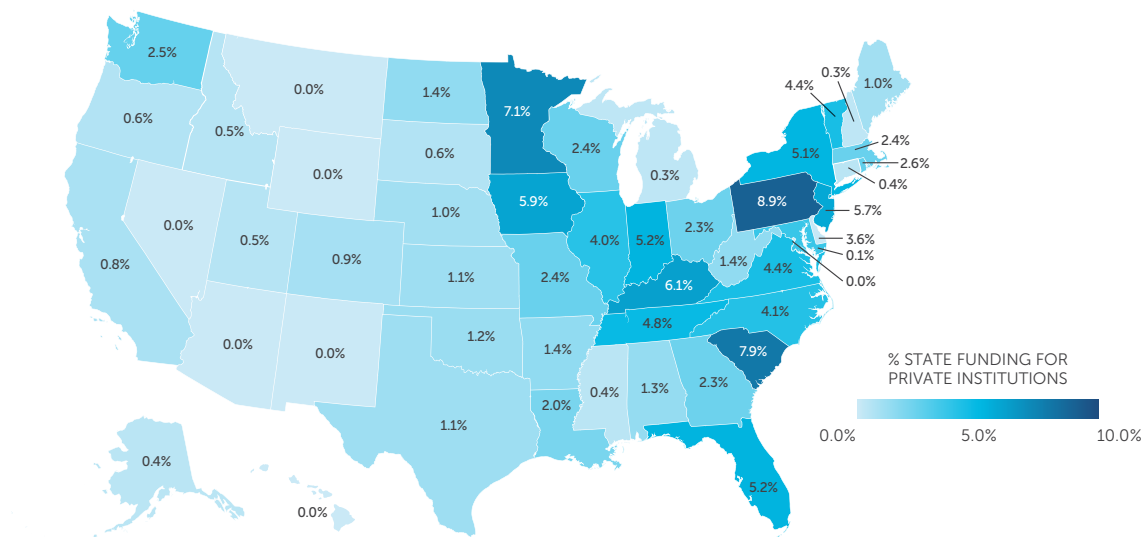
**SOURCE:** State Higher Education Executive Officers Association

*Figure 3* and *Table 3* show the percent of state support allocated to private institutions in 2020 for all states. This map clearly shows that states in the eastern half of the country generally provide higher levels of funding for private institutions. (These states also tend to have a higher concentration of private institutions.) No state allocates more than 10% of its state support to private institutions. The highest allocation is 8.9% in Pennsylvania.

- Even in Pennsylvania, which allocates the highest percentage of total state support to private institutions, their allocations have declined over time, from 11.2% in 2001 to 8.9% in 2020. Total state support (not considering enrollment) has declined an inflation-adjusted 41.4% in Pennsylvania, but funding for private institutions has declined 53.1%.
- South Carolina has the second-highest allocation to private institutions (7.9%). Unlike in Pennsylvania, this percentage has increased over time, more than doubling from 3.8% in 2001. While inflation-adjusted total state support has declined 7.3% in South Carolina, support for private institutions has actually increased 94.2%.

FIGURE 3

**PERCENT OF STATE SUPPORT ALLOCATED TO PRIVATE INSTITUTIONS BY STATE, FY 2020**



**NOTE:**

1. Total state support is the sum of tax appropriations, non-tax support, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Total state support in this figure includes general operating allocations, research and medical funding, student financial aid to in-state and out-of-state students, and non-credit appropriations. Federal stimulus funding is not included.

**SOURCE:** State Higher Education Executive Officers Association

As shown in *Table 3*, five states did not provide funding for private institutions in 2001 but did have allocations in 2020: Alaska, Arkansas, Delaware, Nebraska, and South Dakota. Only one state (Arizona) provided private institution support in 2001 but not in 2020. The largest inflation-adjusted increases in state support for private institutions were in North Dakota, Tennessee, and Utah, each with increases greater than 1,000%. The largest declines were 93.6% in New Mexico and 96.3% in Michigan.

Twenty-nine states increased the proportion of total state support allocated to private institutions between 2001 and 2020 (including Maine and Virginia, which technically had increases but were largely flat).

- The largest increases in the allocation of state support to private institutions were in Kentucky (5.2 percentage points), South Carolina (4.1 percentage points), and Tennessee (4.3 percentage points). In Kentucky and South Carolina, funding for private institutions increased while total state support declined. In Tennessee, funding increased across the board.
- The largest decreases in the allocation of state support to private institutions were in Illinois (4.1 percentage points), Michigan (4.3 percentage points), and New York (4.0 percentage points). In Michigan, funding decreased for both private institutions and all state support. In Illinois and New York, funding for private institutions decreased while allocations to total state support increased.

**TABLE 3**
**PRIVATE INSTITUTION SUPPORT AS A PERCENT OF TOTAL STATE SUPPORT BY STATE,  
FY 2001-2020 (CONSTANT DOLLARS)**

	PRIVATE INSTITUTION SUPPORT			TOTAL STATE SUPPORT			% PRIVATE SUPPORT		
	2001	2020	% CHANGE	2001	2020	% CHANGE	2001	2020	CHANGE
ALABAMA	\$18,952,745	\$23,594,155	24.5%	\$1,708,051,778	\$1,774,209,148	3.9%	1.1%	1.3%	0.2
ALASKA	\$-	\$1,181,690	N/A	\$301,444,815	\$327,057,268	8.5%	0.0%	0.4%	0.4
ARIZONA	\$627,703	\$-	-100.0%	\$1,410,509,946	\$1,003,140,158	-28.9%	0.0%	0.0%	0.0
ARKANSAS	\$-	\$14,226,995	N/A	\$970,000,502	\$1,020,891,230	5.2%	0.0%	1.4%	1.4
CALIFORNIA	\$355,094,689	\$131,786,484	-62.9%	\$13,974,178,729	\$16,322,518,826	16.8%	2.5%	0.8%	-1.7
COLORADO	\$11,782,496	\$10,416,008	-11.6%	\$1,119,815,865	\$1,106,024,226	-1.2%	1.1%	0.9%	-0.1
CONNECTICUT	\$32,157,064	\$5,789,983	-82.0%	\$1,348,996,355	\$1,476,374,581	9.4%	2.4%	0.4%	-2.0
DELAWARE	\$-	\$182,800	N/A	\$289,841,882	\$256,784,197	-11.4%	0.0%	0.1%	0.1
FLORIDA	\$171,983,653	\$290,043,159	68.6%	\$4,903,874,593	\$5,552,950,052	13.2%	3.5%	5.2%	1.7
GEORGIA	\$56,714,343	\$89,816,260	58.4%	\$3,599,419,397	\$3,849,017,428	6.9%	1.6%	2.3%	0.8
HAWAII	\$-	\$-	N/A	\$532,017,563	\$767,494,671	44.3%	0.0%	0.0%	0.0
IDAHO	\$313,655	\$2,690,169	757.7%	\$507,848,642	\$528,855,954	4.1%	0.1%	0.5%	0.4
ILLINOIS	\$348,514,555	\$184,441,100	-47.1%	\$4,267,962,350	\$4,564,727,839	7.0%	8.2%	4.0%	-4.1
INDIANA	\$81,231,051	\$95,456,031	17.5%	\$2,013,666,665	\$1,849,926,952	-8.1%	4.0%	5.2%	1.1
IOWA	\$79,986,773	\$49,955,158	-37.5%	\$1,335,727,084	\$851,804,674	-36.2%	6.0%	5.9%	-0.1
KANSAS	\$10,077,568	\$9,318,791	-7.5%	\$1,071,934,769	\$853,854,267	-20.3%	0.9%	1.1%	0.2
KENTUCKY	\$13,325,508	\$69,561,700	422.0%	\$1,571,807,659	\$1,146,020,600	-27.1%	0.8%	6.1%	5.2
LOUISIANA	\$20,361,210	\$24,620,569	20.9%	\$1,581,805,436	\$1,213,741,791	-23.3%	1.3%	2.0%	0.7
MAINE	\$3,395,106	\$3,183,545	-6.2%	\$355,573,925	\$318,756,584	-10.4%	1.0%	1.0%	0.0
MARYLAND	\$94,842,095	\$79,142,630	-16.6%	\$2,030,307,019	\$2,190,362,770	7.9%	4.7%	3.6%	-1.1
MASSACHUSETTS	\$40,317,572	\$41,414,480	2.7%	\$1,776,092,831	\$1,740,971,323	-2.0%	2.3%	2.4%	0.1
MICHIGAN	\$163,202,792	\$6,007,075	-96.3%	\$3,501,955,295	\$1,772,087,600	-49.4%	4.7%	0.3%	-4.3
MINNESOTA	\$95,344,600	\$120,259,545	26.1%	\$2,063,730,690	\$1,700,836,000	-17.6%	4.6%	7.1%	2.5
MISSISSIPPI	\$7,804,251	\$4,260,756	-45.4%	\$1,241,982,121	\$962,856,242	-22.5%	0.6%	0.4%	-0.2
MISSOURI	\$31,011,500	\$24,995,917	-19.4%	\$1,581,411,656	\$1,062,255,277	-32.8%	2.0%	2.4%	0.4
MONTANA	\$-	\$-	N/A	\$222,398,141	\$258,638,634	16.3%	0.0%	0.0%	0.0
NEBRASKA	\$-	\$7,725,724	N/A	\$768,151,603	\$784,804,484	2.2%	0.0%	1.0%	1.0
NEVADA	\$-	\$-	N/A	\$545,528,468	\$778,071,933	42.6%	0.0%	0.0%	0.0
NEW HAMPSHIRE	\$628,985	\$429,500	-31.7%	\$168,852,119	\$147,134,248	-12.9%	0.4%	0.3%	-0.1
NEW JERSEY	\$136,691,150	\$142,374,000	4.2%	\$2,663,318,205	\$2,478,777,461	-6.9%	5.1%	5.7%	0.6
NEW MEXICO	\$1,584,793	\$101,090	-93.6%	\$742,466,857	\$932,306,700	25.6%	0.2%	0.0%	-0.2
NEW YORK	\$463,445,878	\$311,730,584	-32.7%	\$5,087,587,524	\$6,112,841,083	20.2%	9.1%	5.1%	-4.0
NORTH CAROLINA	\$165,699,481	\$180,657,903	9.0%	\$3,763,847,129	\$4,357,237,839	15.8%	4.4%	4.1%	-0.3
NORTH DAKOTA	\$199,063	\$5,453,316	2639.5%	\$291,347,307	\$379,613,257	30.3%	0.1%	1.4%	1.4
OHIO	\$71,177,160	\$53,561,450	-24.7%	\$3,408,659,487	\$2,290,152,917	-32.8%	2.1%	2.3%	0.3
OKLAHOMA	\$4,080,216	\$10,041,794	146.1%	\$1,314,223,285	\$859,070,058	-34.6%	0.3%	1.2%	0.9
OREGON	\$3,632,507	\$6,168,944	69.8%	\$1,030,949,299	\$973,759,567	-5.5%	0.4%	0.6%	0.3
PENNSYLVANIA	\$351,971,929	\$164,917,441	-53.1%	\$3,146,934,298	\$1,845,268,234	-41.4%	11.2%	8.9%	-2.2
RHODE ISLAND	\$2,338,065	\$6,189,589	164.7%	\$265,214,554	\$241,719,112	-8.9%	0.9%	2.6%	1.7
SOUTH CAROLINA	\$51,242,027	\$99,515,953	94.2%	\$1,355,540,117	\$1,257,229,306	-7.3%	3.8%	7.9%	4.1
SOUTH DAKOTA	\$-	\$1,529,711	N/A	\$213,484,289	\$264,491,587	23.9%	0.0%	0.6%	0.6
TENNESSEE	\$9,650,934	\$106,438,240	1002.9%	\$1,640,731,651	\$2,196,874,973	33.9%	0.6%	4.8%	4.3
TEXAS	\$105,835,983	\$89,305,147	-15.6%	\$7,371,726,000	\$7,921,729,510	7.5%	1.4%	1.1%	-0.3
UTAH	\$313,806	\$6,353,690	1924.7%	\$869,412,134	\$1,226,462,000	41.1%	0.0%	0.5%	0.5
VERMONT	\$7,549,396	\$4,326,995	-42.7%	\$104,790,617	\$97,266,993	-7.2%	7.2%	4.4%	-2.8
VIRGINIA	\$112,744,883	\$101,772,328	-9.7%	\$2,557,538,400	\$2,300,804,098	-10.0%	4.4%	4.4%	0.0
WASHINGTON	\$30,501,660	\$55,521,468	82.0%	\$2,062,789,136	\$2,225,826,000	7.9%	1.5%	2.5%	1.0
WEST VIRGINIA	\$5,925,966	\$7,417,284	25.2%	\$642,514,213	\$518,388,132	-19.3%	0.9%	1.4%	0.5
WISCONSIN	\$44,627,490	\$37,623,923	-15.7%	\$1,836,188,336	\$1,575,876,734	-14.2%	2.4%	2.4%	0.0
WYOMING	\$-	\$-	N/A	\$235,910,703	\$383,599,482	62.6%	0.0%	0.0%	0.0
<b>U.S.</b>	<b>\$3,206,882,299</b>	<b>\$2,681,501,074</b>	<b>-16.4%</b>	<b>\$97,370,061,435</b>	<b>\$96,621,464,000</b>	<b>-0.8%</b>	<b>3.3%</b>	<b>2.8%</b>	<b>-0.5</b>
D.C.	N/A	\$-	N/A	N/A	\$101,222,215	N/A	N/A	0.0%	N/A

**NOTES:**

1. Total state support is the sum of tax appropriations, non-tax support, non-appropriated support, state-funded endowment earnings, and other state funds, net of any funds not available for use. Total state support in this table includes general operating allocations, research and medical funding, student financial aid to in-state and out-of-state students, and non-credit appropriations. Federal stimulus funding is not included.
2. The change column for % private support shows the percentage point increase or decrease, not percent change.
3. Constant 2020 dollars adjusted by the Higher Education Cost Adjustment (HECA).
4. Data for the District of Columbia are not available for 2001. The District of Columbia did not have appropriations for private institutions in 2020.

**SOURCE:** State Higher Education Executive Officers Association



## STATE VARIATION IN FINANCIAL AID FOR PRIVATE INSTITUTIONS

States vary in whether students attending private institutions are eligible for their financial aid programs. In 45 states, at least some financial aid dollars go to students attending private institutions. *Figure 4* shows how financial aid allocations to students attending private institutions vary by state. While there are generally higher proportions of state aid allocated to students at private institutions in the east and northeast, the regional disparity is less noticeable than in the overall support map (*Figure 3*).

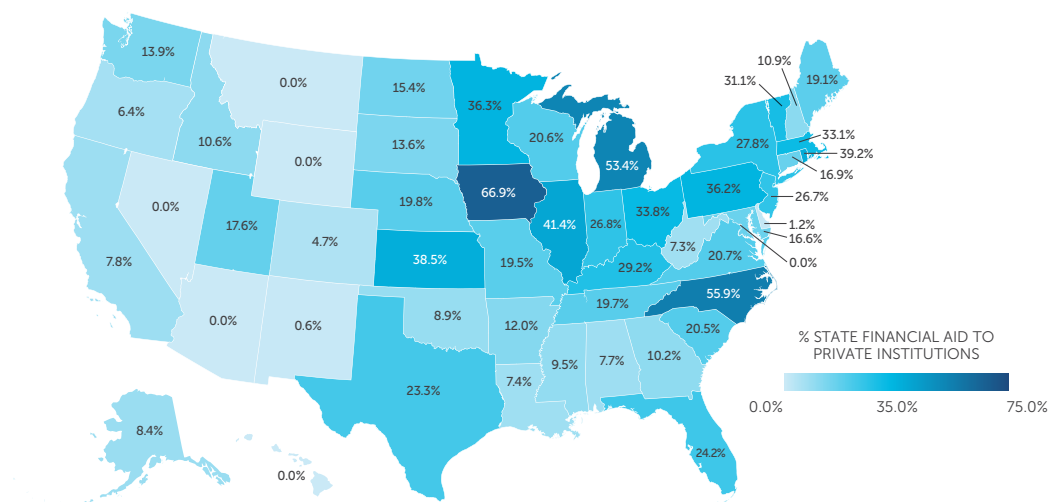
In 2020, three states allocated more than 50% of their state financial aid dollars to students attending private institutions: Iowa (66.9%), North Carolina (55.9%), and Michigan (53.4%). Most states (31) allocated between 10% and 49.9% of aid to students at private institutions. In 11 states with at least some financial aid for private institutions, the total made up less than 10% of all state financial aid.

In 13 states, the percent of state financial aid awarded to students attending private institutions increased between 2001 and 2020 (*Table 4*).<sup>4</sup> Five states had increases greater than five percentage points: Nebraska (19.8 percentage points), Utah (13.7 percentage points), South Dakota (13.6 percentage points), and Michigan (12.1 percentage points).

Of the 33 states with decreases in the proportion of aid allocated to students at private institutions, 16 had decreases greater than 10 percentage points. Five states had decreases greater than 25 percentage points: Texas (66.4), Connecticut (31.0), California (30.5), Iowa (26.9), and Missouri (25.2). Iowa and Texas are particularly notable because, in 2001, 93.9% and 89.7% of their state financial aid went to students at private institutions, respectively (*Table 4*).

**FIGURE 4**

### PERCENT OF STATE FINANCIAL AID AWARDED TO STUDENTS ATTENDING PRIVATE INSTITUTIONS BY STATE, FY 2020



**NOTE:**

- Financial aid appropriations are the allocation of total state financial aid awarded to students attending in-state institutions, including conditional and non-conditional grant and scholarship programs, work-study, and tuition waivers, but excluding allocations to state loan programs.

**SOURCE:** State Higher Education Executive Officers Association

4. This count includes Alaska, which had no funding for private institutions in 2001. In 2020, 8.4% of financial aid was awarded to students attending private institutions in Alaska.

**TABLE 4**
**STATE FINANCIAL AID TO STUDENTS ATTENDING PRIVATE INSTITUTIONS AS A PERCENT OF TOTAL STATE FINANCIAL AID BY STATE, FY 2001-2020 (CONSTANT DOLLARS)**

	PRIVATE INSTITUTION FINANCIAL AID			TOTAL STATE FINANCIAL AID			% FINANCIAL AID TO PRIVATE INSTITUTIONS		
	2001	2020	% CHANGE	2001	2020	% CHANGE	2001	2020	CHANGE
ALABAMA	\$9,253,440	\$7,888,617	-14.7%	\$32,012,124	\$102,368,257	219.8%	28.9%	7.7%	-21.2
ALASKA	\$-	\$1,181,690	N/A	\$-	\$14,113,394	N/A	N/A	8.4%	N/A
ARIZONA	\$627,703	\$-	N/A	\$6,168,752	\$11,312,000	83.4%	10.2%	0.0%	-10.2
ARKANSAS	\$-	\$14,226,995	N/A	\$47,394,185	\$118,182,088	149.4%	0.0%	12.0%	12.0
CALIFORNIA	\$355,094,689	\$131,786,484	-62.9%	\$927,318,264	\$1,698,779,000	83.2%	38.3%	7.8%	-30.5
COLORADO	\$11,782,496	\$10,416,008	-11.6%	\$115,355,109	\$219,813,848	90.6%	10.2%	4.7%	-5.5
CONNECTICUT	\$32,157,064	\$5,789,983	-82.0%	\$67,188,713	\$34,305,444	-48.9%	47.9%	16.9%	-31.0
DELAWARE	\$-	\$182,800	N/A	\$14,834,506	\$15,858,000	6.9%	0.0%	1.2%	1.2
FLORIDA	\$171,983,653	\$267,906,480	55.8%	\$512,544,490	\$1,108,639,990	116.3%	33.6%	24.2%	-9.4
GEORGIA	\$54,533,042	\$82,006,938	50.4%	\$436,684,673	\$805,267,833	84.4%	12.5%	10.2%	-2.3
HAWAII	\$-	\$-	N/A	\$448,808	\$5,529,000	1131.9%	0.0%	0.0%	0.0
IDAHO	\$313,655	\$2,690,169	757.7%	\$3,921,104	\$25,380,923	547.3%	8.0%	10.6%	2.6
ILLINOIS	\$284,967,311	\$184,441,100	-35.3%	\$595,129,671	\$445,110,114	-25.2%	47.9%	41.4%	-6.4
INDIANA	\$81,231,051	\$95,456,031	17.5%	\$187,352,097	\$355,545,547	89.8%	43.4%	26.8%	-16.5
IOWA	\$79,986,773	\$49,955,158	-37.5%	\$85,214,356	\$74,619,620	-12.4%	93.9%	66.9%	-26.9
KANSAS	\$10,077,568	\$9,318,791	-7.5%	\$20,826,165	\$24,214,787	16.3%	48.4%	38.5%	-9.9
KENTUCKY	\$13,325,508	\$69,561,700	422.0%	\$45,689,877	\$238,388,900	421.8%	29.2%	29.2%	0.0
LOUISIANA	\$13,676,173	\$24,620,569	80.0%	\$140,864,333	\$330,896,299	134.9%	9.7%	7.4%	-2.3
MAINE	\$3,395,106	\$3,183,545	-6.2%	\$16,376,393	\$16,627,004	1.5%	20.7%	19.1%	-1.6
MARYLAND	\$22,580,398	\$20,117,725	-10.9%	\$95,858,015	\$121,072,730	26.3%	23.6%	16.6%	-6.9
MASSACHUSETTS	\$32,118,201	\$35,914,480	11.8%	\$123,721,921	\$108,603,659	-12.2%	26.0%	33.1%	7.1
MICHIGAN	\$144,214,775	\$6,007,075	-95.8%	\$349,316,745	\$11,256,800	-96.8%	41.3%	53.4%	12.1
MINNESOTA	\$95,344,600	\$75,423,052	-20.9%	\$207,366,054	\$207,902,565	0.3%	46.0%	36.3%	-9.7
MISSISSIPPI	\$7,804,251	\$4,260,756	-45.4%	\$53,830,875	\$44,928,097	-16.5%	14.5%	9.5%	-5.0
MISSOURI	\$31,011,500	\$24,995,917	-19.4%	\$69,392,630	\$128,211,044	84.8%	44.7%	19.5%	-25.2
MONTANA	\$-	\$-	N/A	\$4,726,704	\$2,383,406	-49.6%	0.0%	0.0%	0.0
NEBRASKA	\$-	\$4,260,322	N/A	\$3,288,167	\$21,521,294	554.5%	0.0%	19.8%	19.8
NEVADA	\$-	\$-	N/A	\$48,717,421	\$102,984,690	111.4%	0.0%	0.0%	0.0
NEW HAMPSHIRE	\$628,985	\$429,500	-31.7%	\$1,777,690	\$3,940,825	121.7%	35.4%	10.9%	-24.5
NEW JERSEY	\$97,075,241	\$140,374,000	44.6%	\$273,094,052	\$526,230,461	92.7%	35.5%	26.7%	-8.9
NEW MEXICO	\$1,584,793	\$101,090	-93.6%	\$68,687,288	\$17,102,490	-75.1%	2.3%	0.6%	-1.7
NEW YORK	\$389,219,993	\$275,660,584	-29.2%	\$851,642,550	\$989,966,908	16.2%	45.7%	27.8%	-17.9
NORTH CAROLINA	\$165,699,481	\$180,657,903	9.0%	\$235,501,629	\$322,923,401	37.1%	70.4%	55.9%	-14.4
NORTH DAKOTA	\$199,063	\$3,114,984	1464.8%	\$1,774,575	\$20,261,316	1041.8%	11.2%	15.4%	4.2
OHIO	\$58,974,909	\$53,561,450	-9.2%	\$150,455,843	\$158,634,950	5.4%	39.2%	33.8%	-5.4
OKLAHOMA	\$4,080,216	\$10,041,794	146.1%	\$41,552,360	\$112,361,615	170.4%	9.8%	8.9%	-0.9
OREGON	\$3,632,507	\$6,168,944	69.8%	\$27,814,230	\$96,762,149	247.9%	13.1%	6.4%	-6.7
PENNSYLVANIA	\$257,912,197	\$132,962,441	-48.4%	\$498,904,460	\$367,273,410	-26.4%	51.7%	36.2%	-15.5
RHODE ISLAND	\$2,338,065	\$4,890,407	109.2%	\$7,203,897	\$12,461,326	73.0%	32.5%	39.2%	6.8
SOUTH CAROLINA	\$51,242,027	\$93,806,518	83.1%	\$114,530,318	\$458,259,593	300.1%	44.7%	20.5%	-24.3
SOUTH DAKOTA	\$-	\$1,529,711	N/A	\$139,821	\$11,232,307	7933.4%	0.0%	13.6%	13.6
TENNESSEE	\$9,650,934	\$106,438,240	1002.9%	\$49,678,930	\$541,324,300	989.6%	19.4%	19.7%	0.2
TEXAS	\$105,835,983	\$89,305,147	-15.6%	\$118,007,661	\$383,481,638	225.0%	89.7%	23.3%	-66.4
UTAH	\$313,806	\$6,353,690	1924.7%	\$8,211,409	\$36,174,604	340.5%	3.8%	17.6%	13.7
VERMONT	\$7,549,396	\$4,326,995	-42.7%	\$16,000,443	\$13,923,747	-13.0%	47.2%	31.1%	-16.1
VIRGINIA	\$68,155,997	\$71,098,303	4.3%	\$185,095,772	\$343,771,871	85.7%	36.8%	20.7%	-16.1
WASHINGTON	\$30,501,660	\$55,521,468	82.0%	\$176,139,752	\$398,776,965	126.4%	17.3%	13.9%	-3.4
WEST VIRGINIA	\$5,925,966	\$7,417,284	25.2%	\$29,817,913	\$101,629,184	240.8%	19.9%	7.3%	-12.6
WISCONSIN	\$33,014,983	\$30,085,923	-8.9%	\$109,794,521	\$146,346,290	33.3%	30.1%	20.6%	-9.5
WYOMING	\$-	\$-	N/A	\$18,617,693	\$27,298,876	46.6%	0.0%	0.0%	0.0
U.S.	\$2,749,015,157	\$2,405,438,761	-12.5%	\$7,195,984,957	\$11,483,954,559	59.6%	38.2%	20.9%	-17.3
D.C.	N/A	\$-	N/A	N/A	\$4,476,243	N/A	N/A	0.0%	N/A

**NOTES:**

- Financial aid appropriations are the allocation of total state financial aid awarded to students attending in-state institutions, including conditional and non-conditional grant and scholarship programs, work-study, and tuition waivers, but excluding allocations to state loan programs.
- The change column for % private support shows the percentage point increase or decrease, not percent change.
- Constant 2020 dollars adjusted by the Higher Education Cost Adjustment (HECA).
- Data for the District of Columbia are not available for 2001. The District of Columbia did not have appropriations for private institutions in 2020.

**SOURCE:** State Higher Education Executive Officers Association

## CONCLUSION

This issue brief focused on state funding for private institutions over time for the duration of the modern SHEF dataset (2001-2020). State funding for private institutions is largely excluded from the SHEF report, particularly on an inflation-adjusted or per-FTE basis, and is rarely discussed in higher education policy circles. Overall, state funding for private institutions has declined more steeply than state support at public institutions. Unlike funding for public institutions, private institutions have seen declines in both student financial aid and general operating appropriations. While states do not have the same kind of statutory obligation to fund private institutions as they do public institutions, continued declines in state funding for private institutions are an important consideration in conversations about financial pressures and enrollment declines facing private institutions in the wake of the COVID-19 pandemic and ensuing economic recession.

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