

# How Well Has Stabilization Funding Stabilized the West?

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WICHE Commission Meeting  
Boulder, Colorado  
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WICHE



**Western Interstate Commission for Higher Education**

# Education-Related Funding Streams in ARRA

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- ◉ State Fiscal Stabilization Fund (SFSF) (\$48.6B)
- ◉ Race to the Top (R2T) (\$4.35B)
- ◉ School Improvement Grants (\$3.5B)
- ◉ Education Technology (\$650M)
- ◉ Investing in Innovation (\$650M)
- ◉ Teacher Incentive Fund (\$300M)
- ◉ Statewide Longitudinal Data Systems (\$250M)

# SFSF Four Reform Areas (“Assurances”)

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- Implementing standards and assessments
- Improving teacher effectiveness and equity in teacher distribution
- Improving collection and use of data
- Supporting struggling schools

“A substantial portion of these one-time [stimulus] funds can be used to reposition higher education strategically to protect access and quality and to stimulate the increased cost effectiveness and degree productivity required to meet future needs for higher education. If these resources are used only to sustain the status quo rather than to leverage and seed improvements, core problems – educational and financial – will only be deferred.”

- National Center for Public Policy and Higher Education, in *The Challenge to States: Preserving College Access and Affordability in a Time of Crisis*

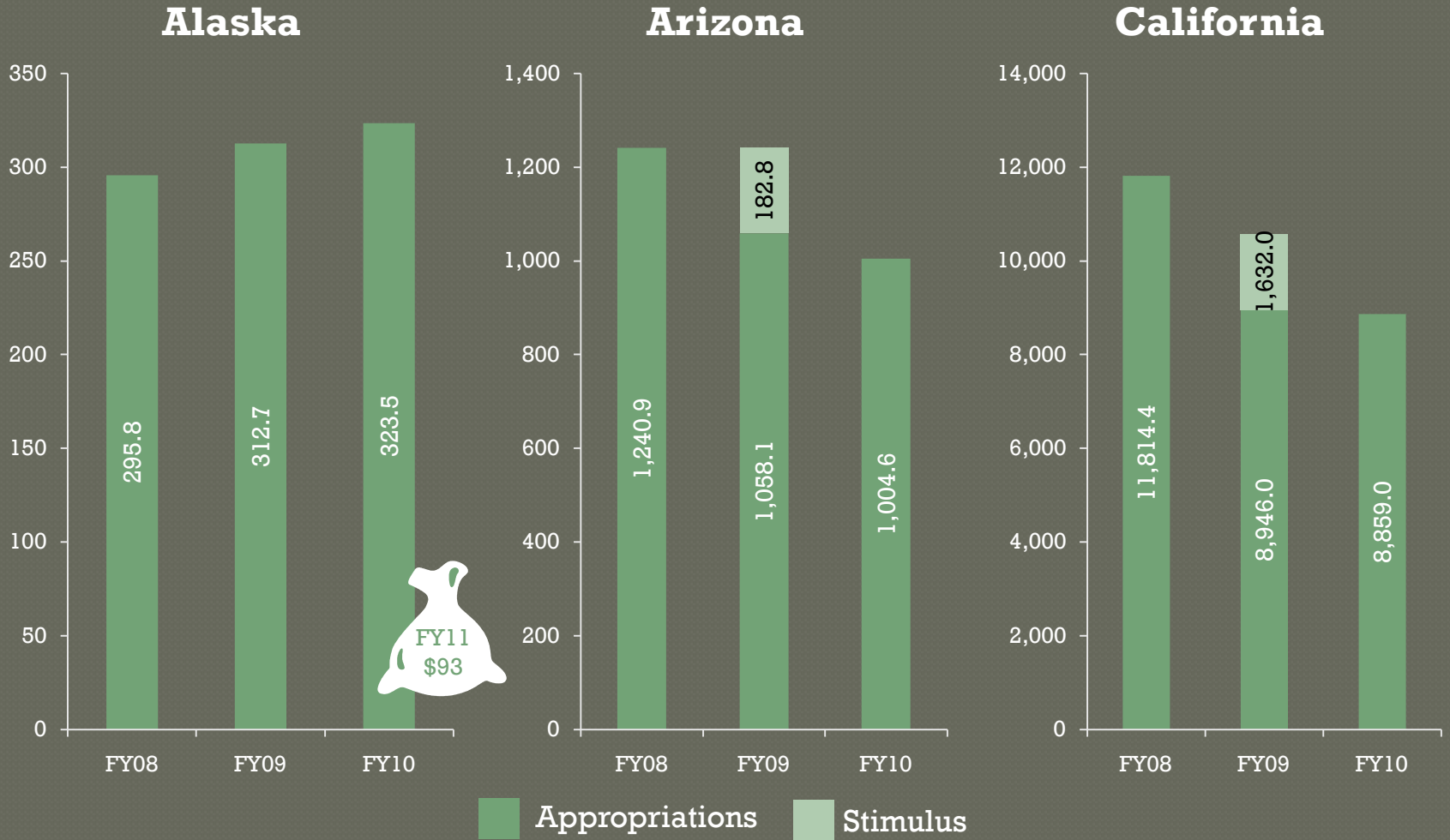
# **Backfilling Higher Education Funding with the Stimulus**

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# State Fiscal Stabilization Fund Approved Plans (in \$Millions)

| State        | Total   | FY09-10 Higher Ed Commitments | Higher Ed % over FY09-10 | Remaining for FY11 |
|--------------|---------|-------------------------------|--------------------------|--------------------|
| Alaska       | 93.0    | 0                             | 0.0%                     | 93.0               |
| Arizona      | 831.9   | 358.6                         | 43.1%                    | 0                  |
| California   | 4,875.5 | 1,632.0                       | 33.5%                    | 0                  |
| Colorado     | 621.9   | 301.4                         | 66.5%                    | 168.5              |
| Hawaii       | 157.2   | 46.8                          | 29.7%                    | 0                  |
| Idaho        | 201.7   | 22.5                          | 11.1%                    | 0                  |
| Montana      | 121.6   | 29.8                          | 54.0%                    | 66.5               |
| Nevada       | 324.4   | 114.9                         | 35.4%                    | 0                  |
| New Mexico   | 260.4   | 3.9                           | 2.3%                     | 91.4               |
| North Dakota | 85.6    | 0                             | 0.0%                     | 0                  |
| Oregon       | 466.4   | 121.3                         | 26.0%                    | 0                  |
| South Dakota | 104.3   | 23.7                          | 33.6%                    | 33.9               |
| Utah         | 392.6   | 112.7                         | 28.7%                    | 0                  |
| Washington   | 819.9   | 100.7                         | 12.3%                    | 0                  |
| Wyoming      | 67.6    | 8.4                           | 100.0%                   | 59.2               |

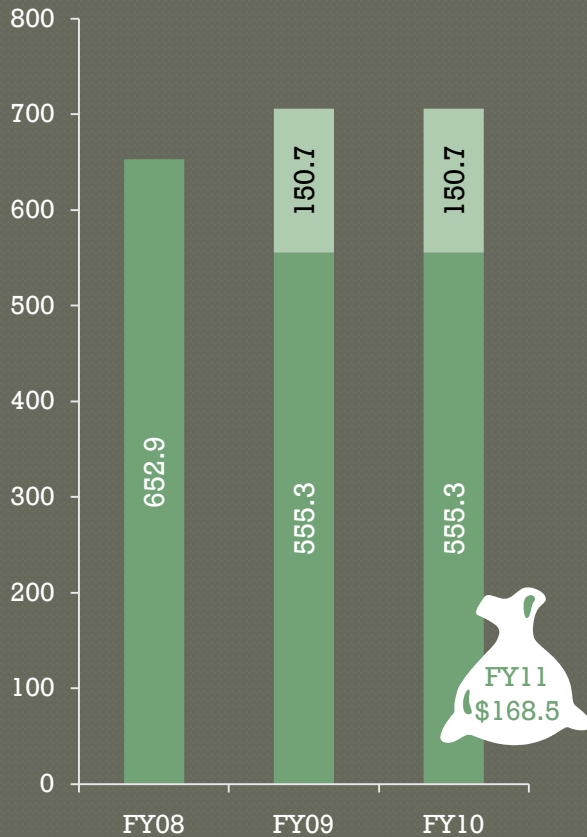
# Higher Education Appropriations and Stimulus Plans in WICHE States, FY08-10



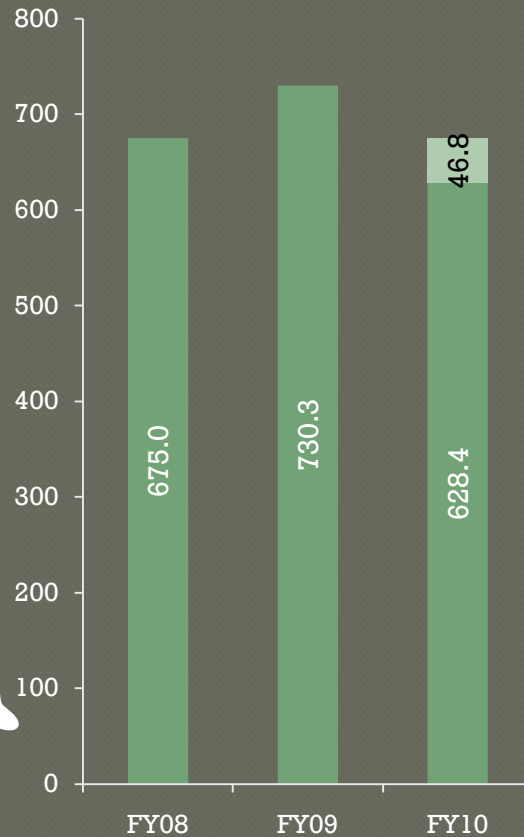
Note: Figures are in \$ millions; Source: Approved state SFSF applications

# Higher Education Appropriations and Stimulus Plans in WICHE States, FY08-10 (con't.)

## Colorado



## Hawaii



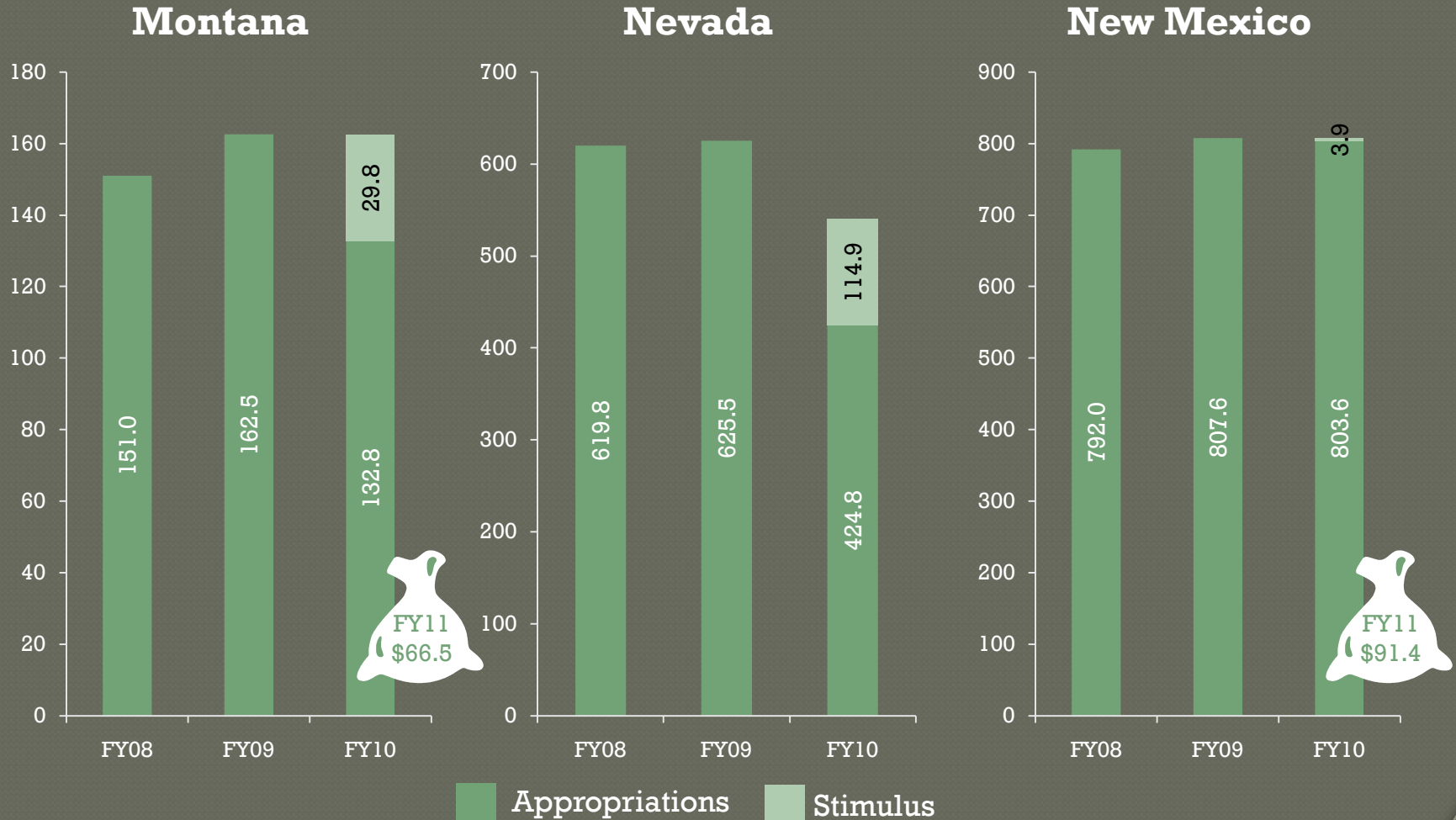
## Idaho



Appropriations
  Stimulus

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# Higher Education Appropriations and Stimulus Plans in WICHE States, FY08-10 (con't.)



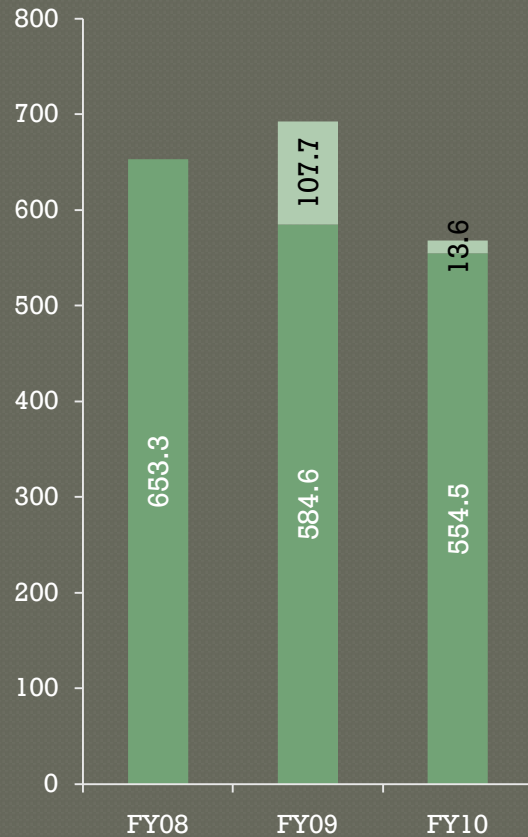
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# Higher Education Appropriations and Stimulus Plans in WICHE States, FY08-10 (con't.)

## North Dakota



## Oregon



## South Dakota

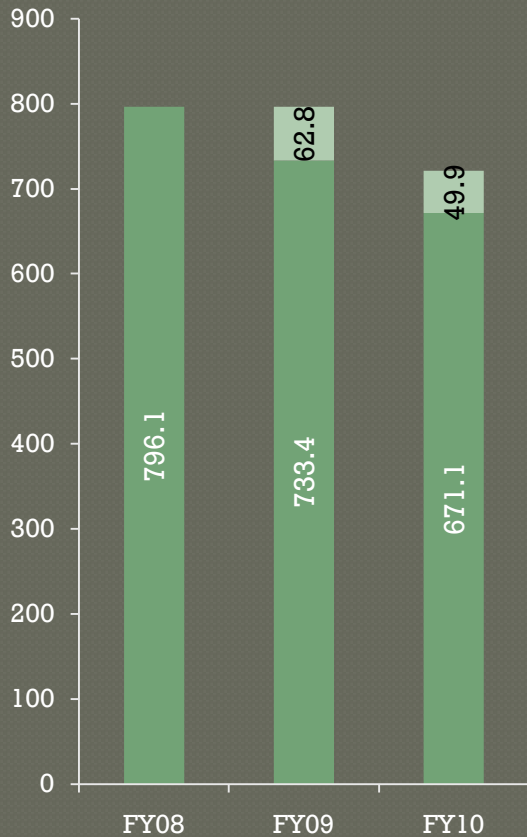


Appropriations
  Stimulus

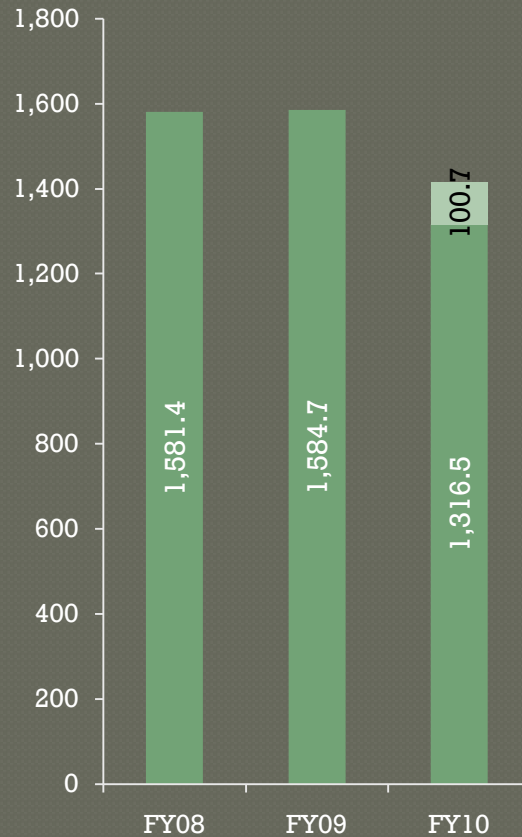
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# Higher Education Appropriations and Stimulus Plans in WICHE States, FY08-10 (con't.)

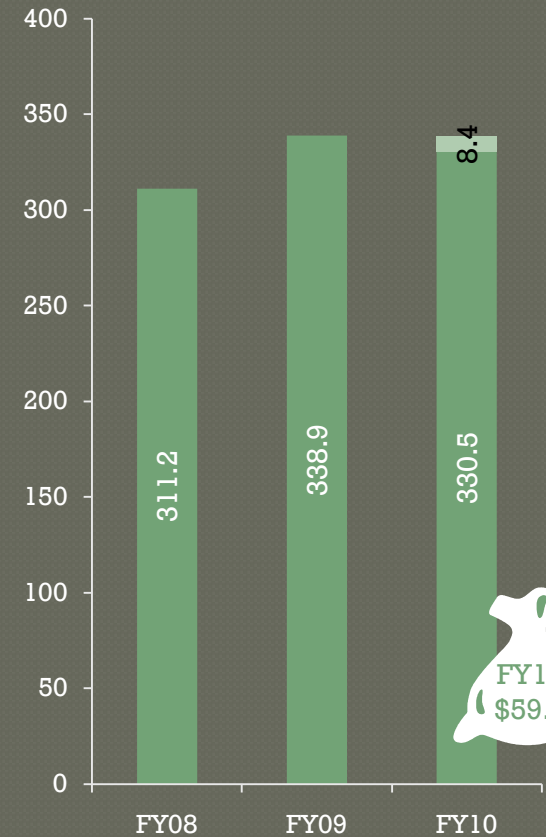
## Utah



## Washington



## Wyoming



Appropriations
  Stimulus

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# The Larger State Fiscal Picture

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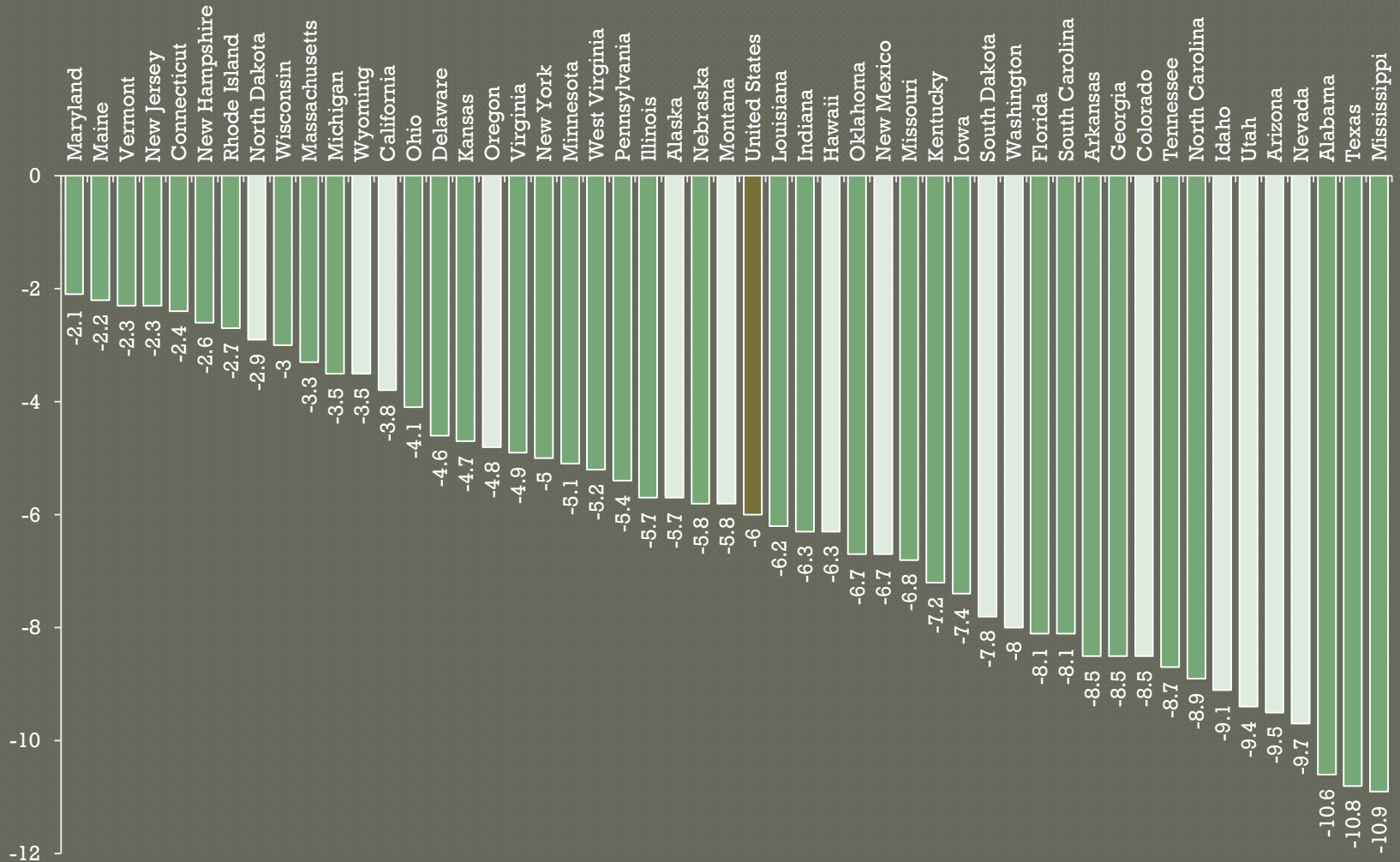
# WICHE states face a combined gap estimated at \$85.5 billion over FY10-11

| State        | Projected FY10 Budget Gap |         | Projected FY11 Budget Gap |         |
|--------------|---------------------------|---------|---------------------------|---------|
| Alaska       | \$1.3 B                   | (30.0%) | \$677 M                   | (15.3%) |
| Arizona      | \$4.7 B                   | (47.8%) | \$2.5 B                   | (25.7%) |
| California   | \$46.6 B                  | (50.5%) | \$7.4 B                   | (7.5%)  |
| Colorado     | \$1.6 B                   | (21.0%) | \$1.8 B                   | (24.1%) |
| Hawaii       | \$1.2 B                   | (23.7%) | \$529 M                   | (10.3%) |
| Idaho        | \$562 M                   | (22.4%) |                           | \$0     |
| Montana      |                           | \$0     |                           | \$0     |
| Nevada       | \$1.2 B                   | (37.8%) | \$1.3 B                   | (43.4%) |
| New Mexico   | \$1.0 B                   | (18.2%) | \$318 M                   | (5.8%)  |
| North Dakota |                           | \$0     |                           | \$0     |
| Oregon       | \$0                       | (0.0%)  | \$4.2 B                   | (29.0%) |
| South Dakota | \$32 M                    | (2.9%)  |                           | \$0     |
| Utah         | \$1.0 B                   | (19.8%) | \$700 M                   | (13.9%) |
| Washington   | \$3.6 B                   | (23.3%) | \$2.1 B                   | (13.3%) |
| Wyoming      | \$32 M                    | (1.7%)  | \$147 M                   | (8.0%)  |

Source: Center on Budget and Policy Priorities (updated Nov. 2, 2009)

Notes: Percents are relative to total FY2010 GF budget. Oregon has a two-year budget so its entire gap is reflected in its FY11 estimate. Nevada and Washington also use biennial budgets and have already addressed their FY11 gaps in that budget. FY11 estimates are after stimulus spending is factored in.

# Projected State and Local Budget Surplus (Gap) as a Percent of Revenues, 2016



Source: NCHEMS; Don Boyd (Rockefeller Institute of Government), 2009

# Enrollment and Demographics

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# Even More Pressure from Enrollment Trends

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- Enrollment is counter-cyclical as the opportunity costs of college decrease.
- In a winter 2009 survey of 120 community college presidents, 71% reported headcount growth of 5% or more over previous year. (League for Innovation in the Community College)
- As of October 2008, 11.5 million 18-24 year olds (39.6%) were enrolled, the highest level (and share) ever (Pew Research Center).
- Economic effects on enrollment at four-year institutions may be more pronounced in fall 2010, since the admissions cycle for this academic year was already well underway when the economy hit bottom. (Moody's report)

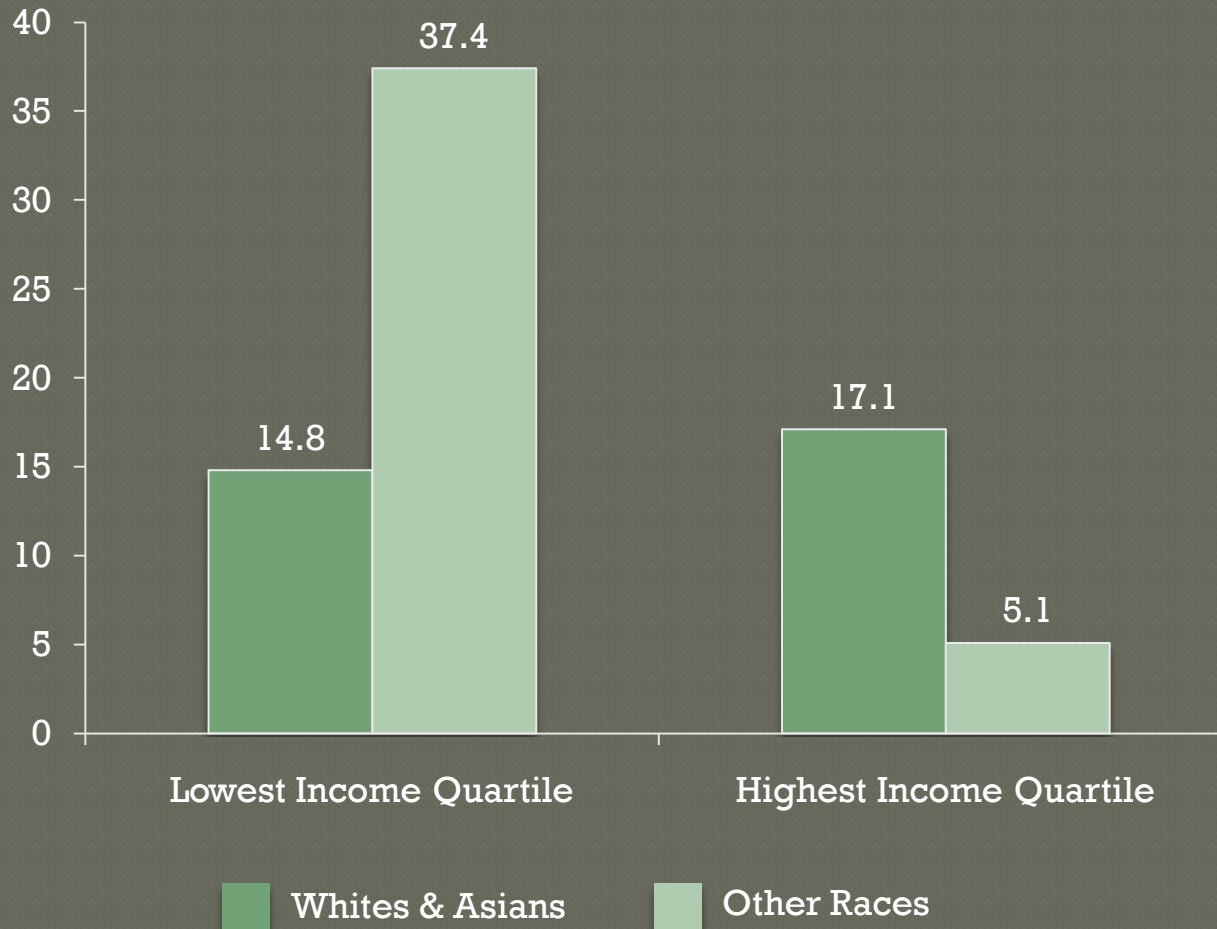
# Change (in Percentage Points) in the Share of Public High School Graduates Who Are Non-White, 2004-05 to 2014-15



Note: \* indicates states facing funding cliffs in FY10.

Source: WICHE, *Knocking at the College Door: Projections of High School Graduates by State and Race/Ethnicity*, 2008.

# Incomes of Families with School Age Children



**What to Do?**

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# Your Reactions?

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- What is the real story?
- Is this surprising?
- What plans have you put in place or are considering for FY11?
- What are the states facing big cliffs doing to mitigate the impact of that cliff?
- What about those states “hitting the wall” in FY11?

# So What is the West Doing?

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- ◉ State-level change related to stimulus: not much beyond bailing water
- ◉ But state-level activity predated ARRA:
  - New Mexico's 'bonuses'
  - Arizona's funding formula
- ◉ Institutional examples
  - Metro State
  - Others?
- ◉ But... do we "waste the crisis" if we rely on the sum of institutional efforts alone?

# Discussion

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- Institutional missions?
- Targeting state appropriations to institutions serving undergraduates?
- Appropriate levels of tuition vs. taxpayer support?
- State financial aid programs?
- Effective accountability approaches?