



Graduate School of Education  
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# Is the Higher Education Finance Model Broken?

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# New Economy Demands More Educated Workers

## Projected Percentage of Jobs Expected to Require at Least Some Postsecondary Education by 2018

	Total % Requiring at Least Some College	Percentage of Jobs Requiring at Least:			
		Some College, No Degree	Associate's Degree	Bachelor's Degree	Master's Degree or Higher
<b>Nation</b>	63%	17%	12%	24%	10%
<b>California</b>	67%	18%	12%	26%	11%
<b>Florida</b>	63%	21%	11%	22%	9%
<b>Georgia</b>	61%	15%	12%	24%	10%
<b>Illinois</b>	67%	18%	12%	25%	11%
<b>Michigan</b>	65%	19%	14%	22%	10%
<b>New York</b>	67%	20%	9%	25%	14%
<b>North Carolina</b>	63%	19%	12%	23%	9%
<b>Ohio</b>	59%	16%	14%	21%	9%
<b>Pennsylvania</b>	60%	17%	10%	23%	11%
<b>Texas</b>	60%	14%	13%	23%	9%

Source: Carnevale, Smith, and Strohl, *Help Wanted: Projections of Jobs and Education Requirements through 2018*, 121-122.

# Young Population Growing More Diverse

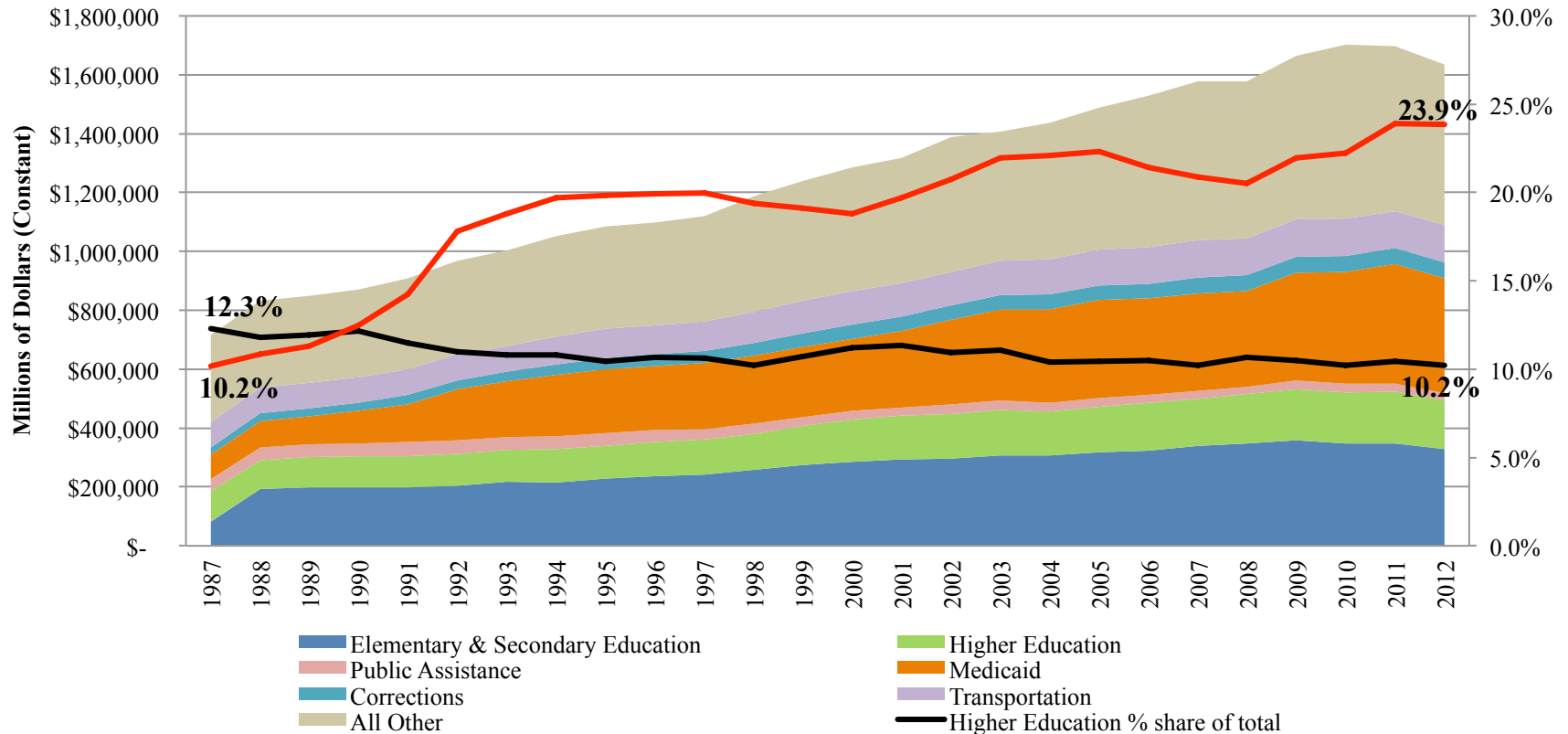
Racial and Ethnic Composition of High School Graduates in 10 most populous states

	2012			2027		
	Asian	Black	Hispanic	Asian	Black	Hispanic
<b>Nation</b>	6%	14%	19%	8%	14%	24%
<b>California</b>	15%	6%	44%	17%	5%	49%
<b>Florida</b>	3%	21%	25%	5%	20%	34%
<b>Georgia</b>	4%	36%	8%	8%	37%	15%
<b>Illinois</b>	5%	16%	18%	8%	13%	20%
<b>Michigan</b>	3%	18%	4%	4%	21%	5%
<b>New York</b>	9%	17%	18%	12%	11%	17%
<b>North Carolina</b>	3%	26%	9%	6%	33%	15%
<b>Ohio</b>	2%	13%	2%	3%	12%	4%
<b>Pennsylvania</b>	3%	13%	7%	6%	12%	12%
<b>Texas</b>	4%	12%	45%	6%	10%	57%

Source: Western Interstate Commission on Higher Education, Knocking at the College Door: Projections of High School Graduates, 8<sup>th</sup> Edition, Nov. 2013.

# State Financial Commitments are Growing: Higher Education Funding is Squeezed

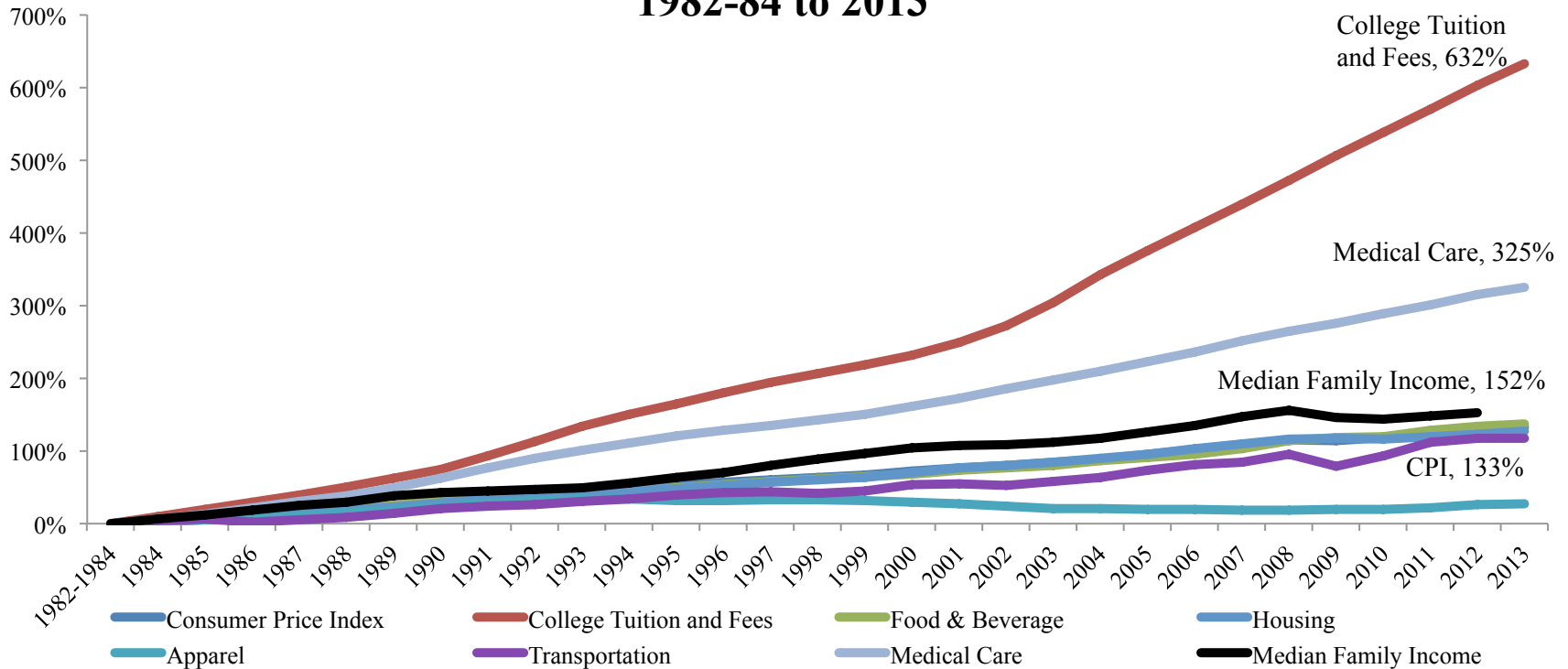
**Total State Expenditures by Function (2012 dollars): 1987-2012**



Source: National Association of State Budget Officers, *State Expenditure Report, 2011-2013*, Figure 5, inflation adjustments by author.

# Financial Pressures on Families are Growing

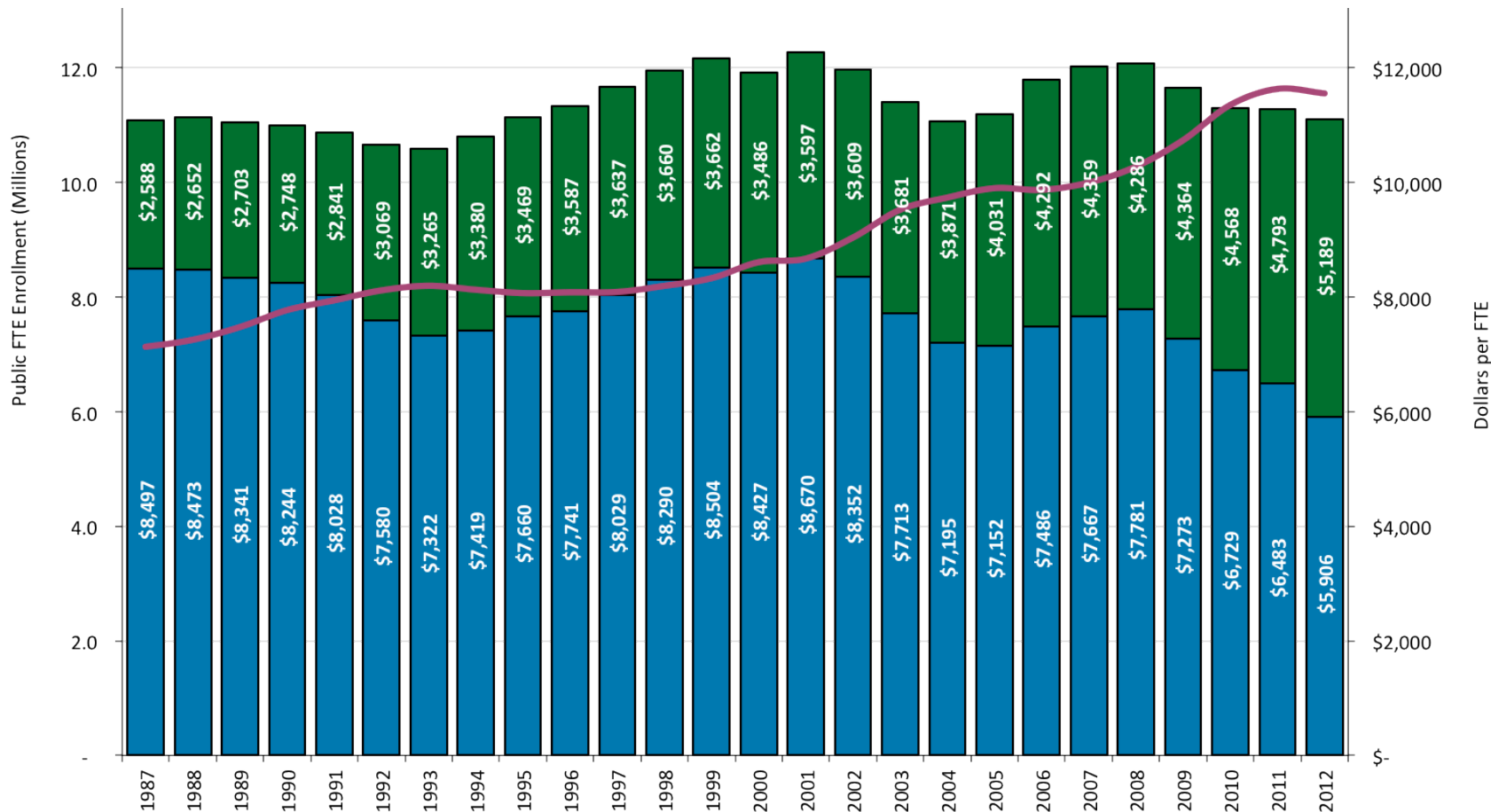
## Percent Growth in Higher Education and Other Goods 1982-84 to 2013



Sources: Bureau of Labor Statistics, Consumer Price Index, *All Urban Consumers*, Median Family Income is from U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, and American Community Survey.

# Increasing Burden on Students and Families for Costs of Higher Education

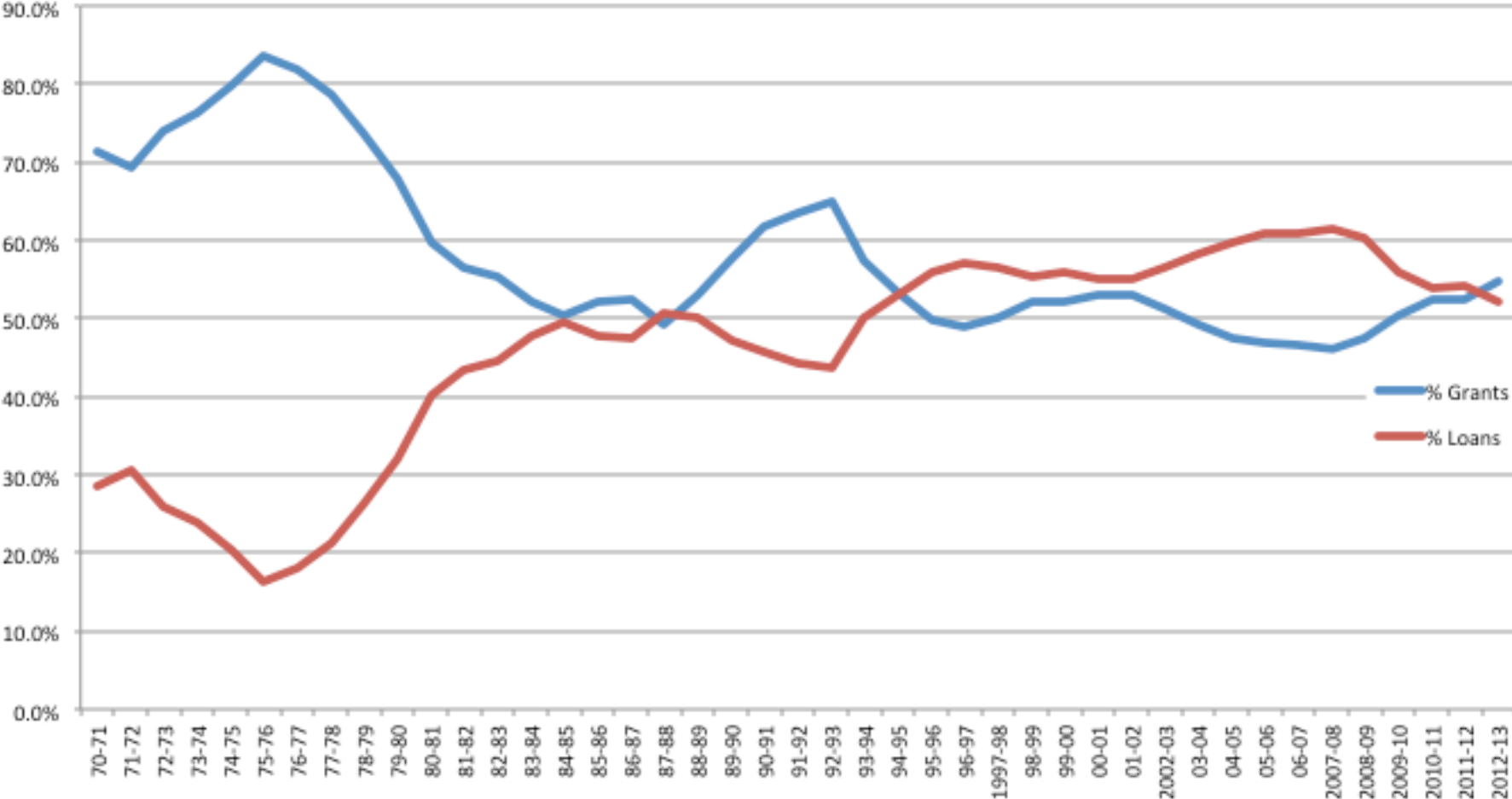
Public FTE Enrollment and State and Local Educational Appropriations per FTE, FY 1987-2012



Source: State Higher Education Executive Officers, *State Higher Education Finance 2012*, Figure 3.

# Shift in How Students are Paying for College

Percent Share Grants and Loans: 1970-2013



Source: College Board Trends in Student Aid, 2013.

# Six State Stories

**Illinois:** A Story of Decline

**Georgia:** Perpetuating Disparity

**Maryland:** Much Accomplished, Much at Stake

**Texas:** Hard Choices Ahead

**Washington:** State Leadership Vacuum

**California:** Too Big to Fail



# Conclusions

## Context:

- Higher education spending will continue to be squeezed at state level
- Families are paying more for many goods and services
- Population more diverse; many with modest economic means

## Higher Education Finance

- Costs of higher education are shifting from governments to individuals
- Students are relying on debt to pay for higher education

## State Stories in Finance (overall findings)

- States lack strategic investment strategy for higher education
- Tuition policy is decoupled from state appropriations and student aid policy
- Tuition increases first response to state budget cuts