

Higher Learning, Lower Funding

The Decline in Support for Higher Education in Massachusetts



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Introduction

Higher education is vital to economic prosperity, and it serves as the critical final step for students advancing through our state education system. The skills of a state workforce have grown increasingly important over the last thirty years, with educational attainment correlated strongly with higher wages¹.

The state, through the UMass system, state universities and community colleges, is charged primarily with educating Massachusetts residents. As a state with a skills-based economy, it is especially important that Massachusetts have highly educated workers for our community to thrive.

Massachusetts is considered a national leader on education, but does our state's support for public higher education match our reputation as a leader in education? Despite the important contributions of higher education, there has been a nationwide trend to cut higher education funding. Massachusetts, unfortunately, is one of the states that has cut most severely, allowing the out-of-pocket student costs to rise.

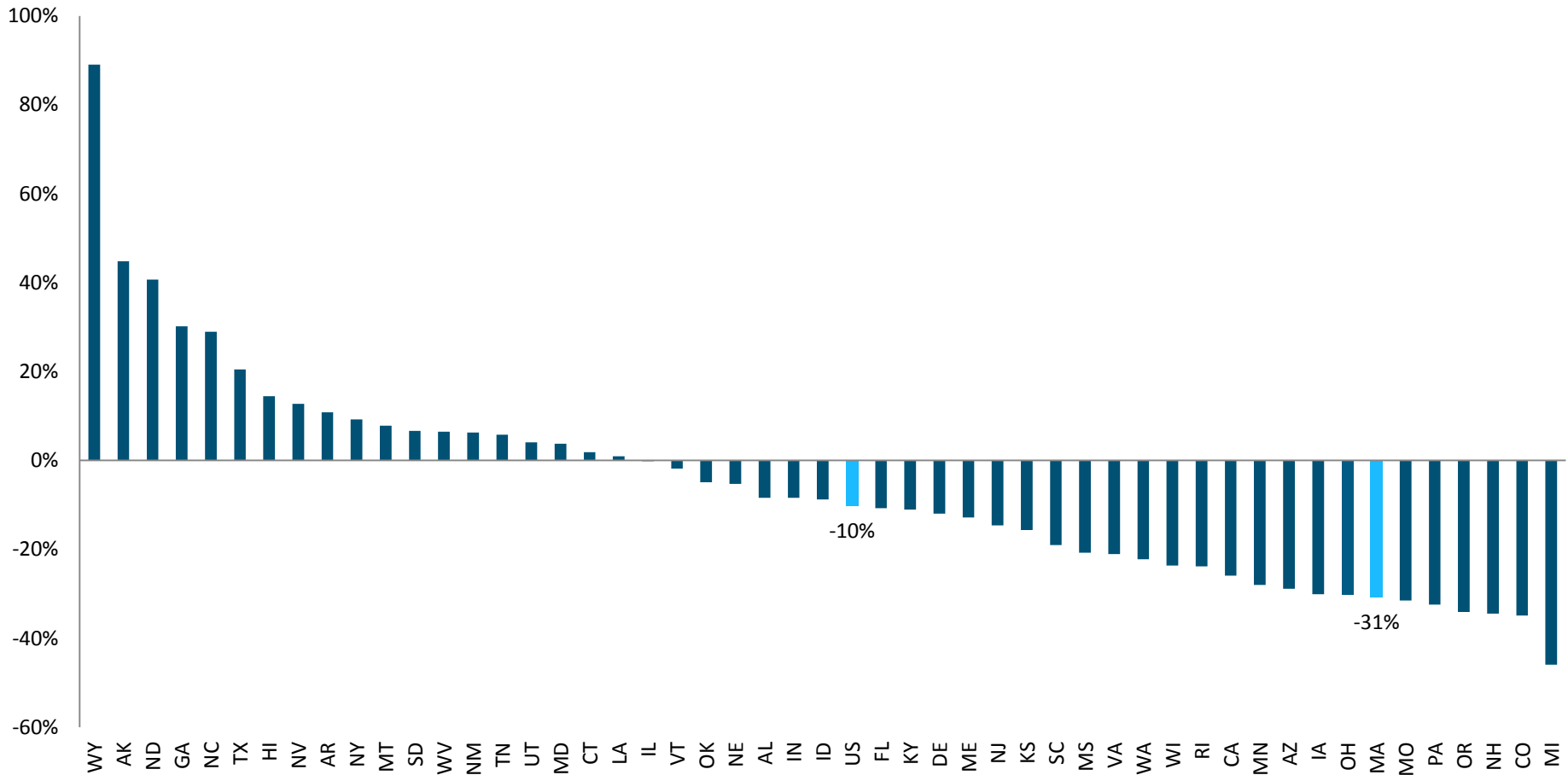
This chart pack analyzes trends in state funding over time, analyzes where Massachusetts students come from and where they go after graduation, and compares public higher education spending to other states.

1- See "A Well-Educated Workforce is Key to State Prosperity" published by the Massachusetts Budget and Policy Center [HERE](#).

Massachusetts Has Cut Higher Education More Than All But Six States

Cutting higher education has been a theme across many states. Massachusetts, however, has cut by a magnitude greater than all but six states between FY 2001 and FY 2013 (FY 2013 is the most recent year for which we have uniform 50-state spending data). Massachusetts cut higher education by 31% compared with a national average of 10%.

Change in funding for Higher Education by state between FY 2001 and FY 2013, adjusted for inflation

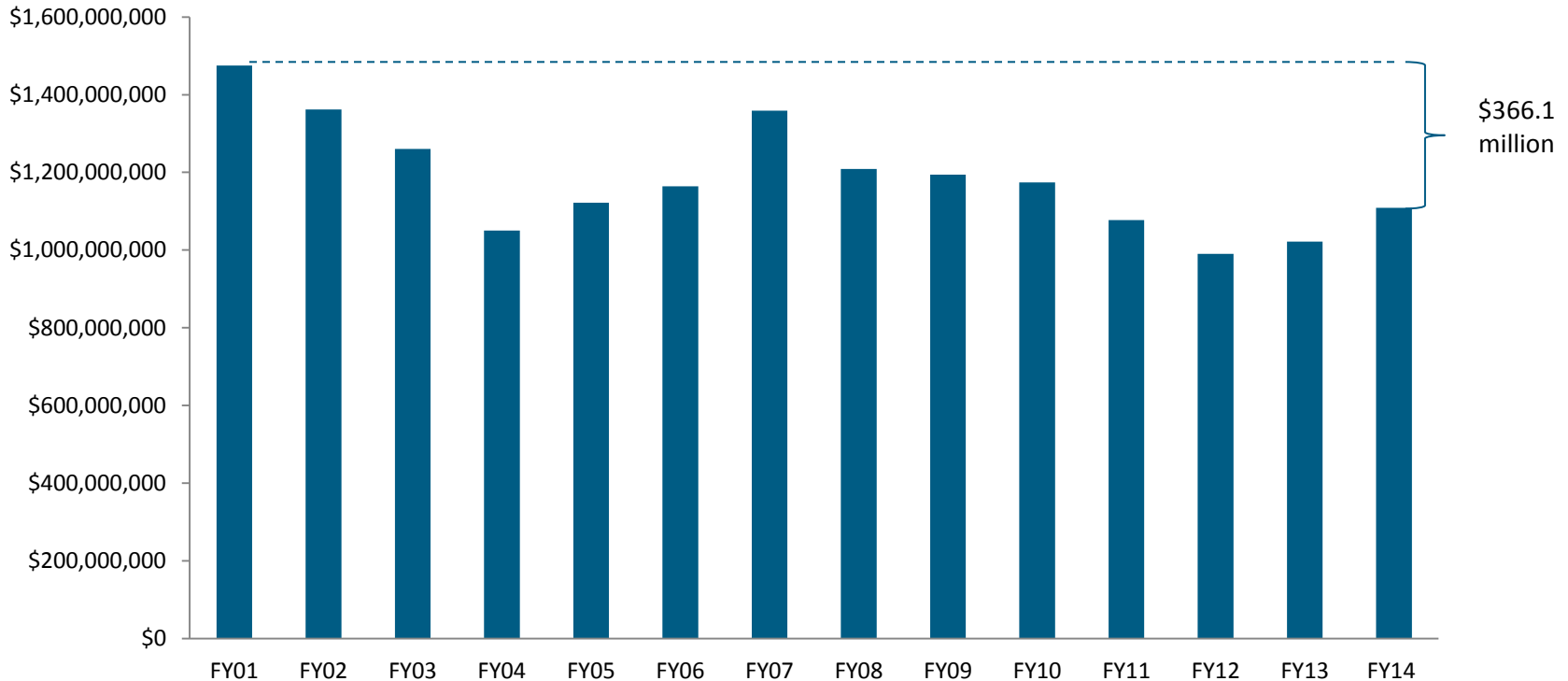


Source: Based on survey data from [Grapevine](#), the Center for the Study of Education Policy at the Illinois State University

Massachusetts Has Cut Higher Education Dramatically in Recent Years

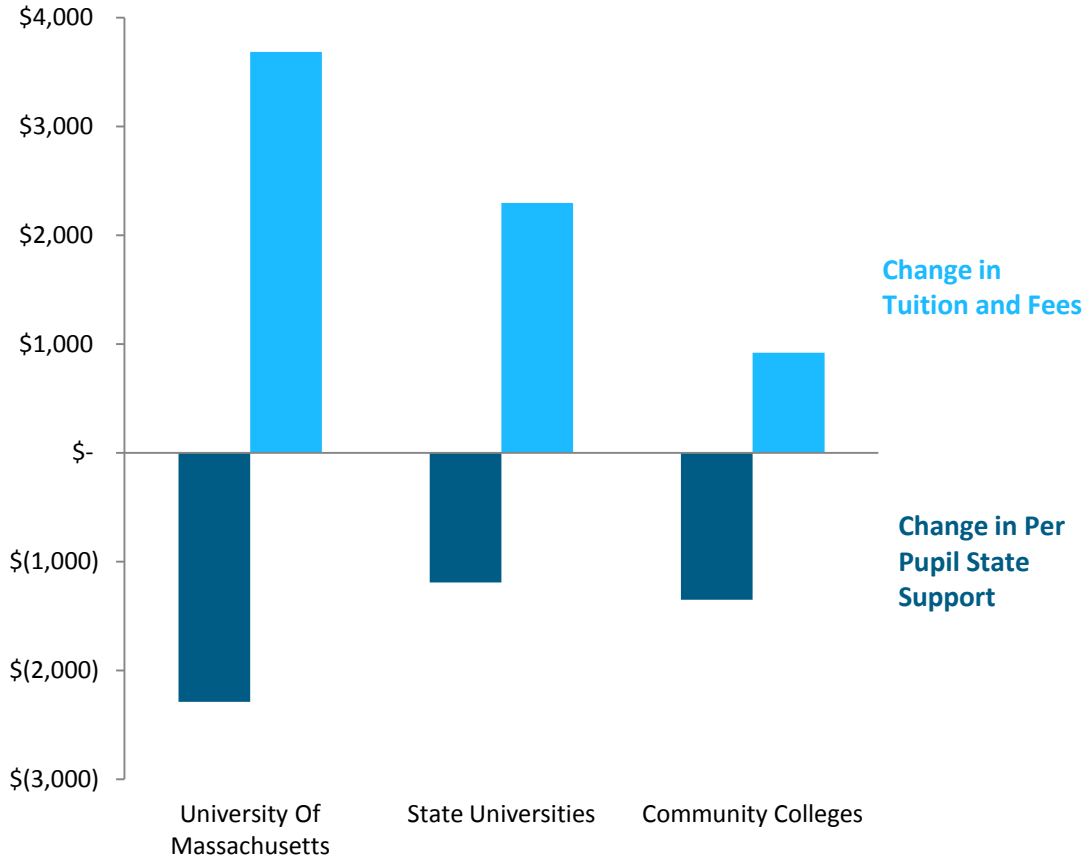
Since 2001, Massachusetts has cut higher education spending by \$366.1 million, or 25 percent. These cuts were largely driven by a number of significant changes made to the state tax code beginning in 1998. These included a series of phased cuts to the state personal income tax. These tax cuts cost roughly [\\$3 billion annually](#), restricting the state's ability to fund essential services. Further, the state's ability to fund programs has been hindered by the fact that the state's economy has still not recovered from the Great Recession of 2008. It is important to note, however, that in the current fiscal year, FY 2014, the state has increased investment in higher education by \$86.6 million, partially reversing deeper cuts from recent years.

Total state spending on public higher education, adjusted for inflation using FY 14 \$



Tuition/Fees Grew Sharply While State Support Declined

Per pupil FTE state support and tuition and fee change, FY 2004 to FY 2012 adjusted for inflation, FY 14 dollars



Source: Full time enrollment data for public colleges and universities from Integrated Post-Secondary Education Data System (IPEDS), U.S Department of Education FY 2012, spending data from MassBudget and tuition and fee rates, published by the Massachusetts Board of Higher Education.

As state spending on higher education declined –primarily direct funding for the UMass system, Community Colleges and State Universities—tuition and fees at public institutions increased. Between FY 2004 and FY 2012 state appropriations per full time student declined by \$2,291 at UMass, \$1,193 at state universities and \$1,352 at community colleges (adjusted for inflation). Meanwhile full time tuition and fees rose by an average of \$3,684 for UMass students, \$2,294 at state universities and \$918 at community colleges (adjusted for inflation). As student payments make up an increasingly large share of public university budgets, these institutions risk losing much of their public character. In fact, as late as last year, the Chancellor of the UMass system, Robert Caret, warned that cutbacks in state funds put the university system at risk of “becoming private.”

Please Note: Section 3 of this paper has been updated since it was released on October 2, 2013 in order to correct two errors made when calculating changes in tuition and fees and per pupil state support between FY 2004 and FY 2012

Private Higher Education is More Expensive Than Public

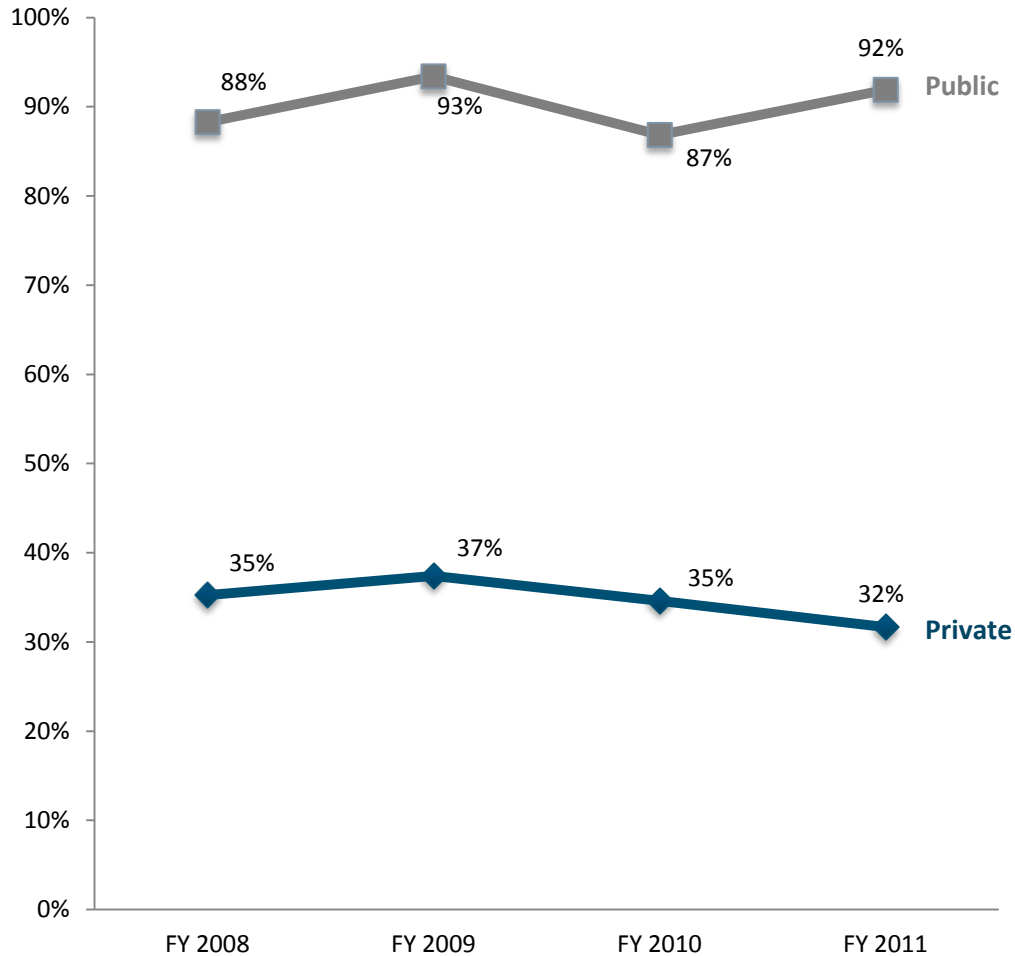
Tuition and fee increases affect the pocket book of students and their parents, many of whom are unable to afford the high cost of higher education. The total estimated average cost families pay (after financial aid) to attend a public institution—including tuition, fees, room and board, and other expenses—is much lower than what private schools charge for students at all income levels. The chart below shows the net cost of college for students eligible for some form of financial aid (excluding loans). For those at the lowest end of the income scale, private colleges and universities are almost double the cost of public ones, if they receive no further support from their college or university.

Average Net Cost for...	All Students	Family Income Below \$30K	Family Income Between \$30K-\$48K	Family Income Between \$48K-\$75K	Family Income Between \$75K-\$110K	Family Income Above \$110K
Private Universities and Colleges	\$25,459	\$18,764	\$19,755	\$23,350	\$26,591	\$33,306
Public Universities and Colleges	\$13,760	\$9,661	\$10,846	\$14,775	\$17,659	\$18,813
Difference	\$11,700	\$9,103	\$8,909	\$8,575	\$8,931	\$14,493

Source: IPEDS FY 2011 financial data comparing public 4 year colleges and universities to AICUM members.

MA Residents Make Up a Larger Share of Public Institutions

Average Massachusetts resident enrollment as a percent of total first year full time enrollment.

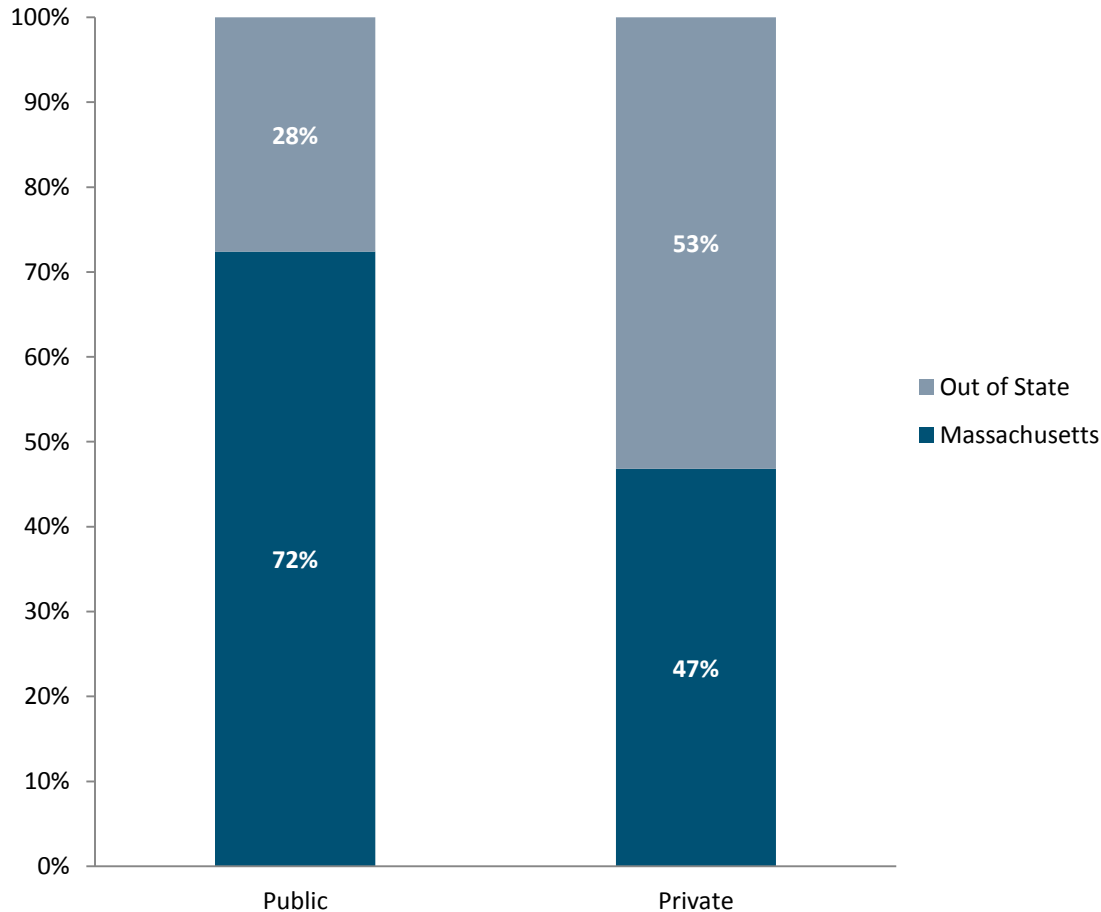


Cuts to public higher education mean cuts to Massachusetts students—Massachusetts residents make up the vast majority of first year enrollees at public institutions while making up roughly a third of all private school students in the state. Public colleges and universities are designed primarily to educate Massachusetts residents for successful and prosperous lives. In Massachusetts, while there are many excellent private schools, their mission is not necessarily to serve the Massachusetts public. In fact, private schools have seen a decline in enrollment of Massachusetts students since FY 2008.

Source: IPEDS FY 2008 to FY 2011 enrollment data for public 4 year colleges and universities and AICUM members first time enrollees.

Public Grads More Likely to Stay and Work in MA

Place of residence in 2009 for class of 2008 Massachusetts college graduates, public and private



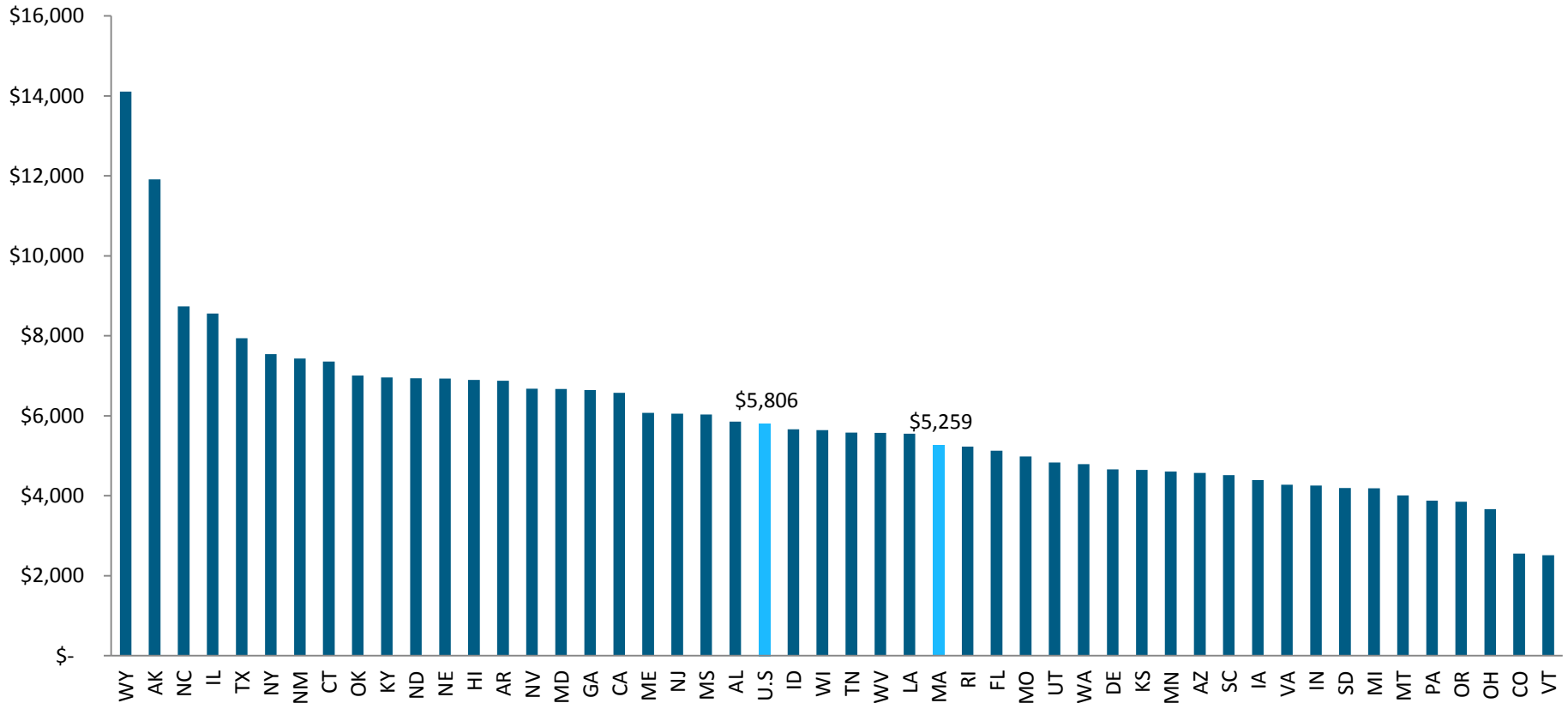
Furthermore, public graduates are much more likely to stay after graduation and contribute to the state's well being. According to the Baccalaureate and Beyond Longitudinal Study, 72% of all students who graduate from Massachusetts public institutions in 2008 stayed in the state the next year while only 47% of private school students stayed in Massachusetts. Massachusetts is actually slightly below the national average (75%) in retained public school students. Massachusetts private school graduates are more likely to leave the state after graduation (53%) when compared to the nation average (40%). It is important to recognize that while a greater percentage of public graduates stay in-state after graduating, a smaller total number of students attend public institutions in the first place.

Source: Data provided by the Baccalaureate and Beyond Longitudinal Survey, from the National Center for Education Statistics.

MA Below Average in Higher Education Spending Per Student

Even though Massachusetts is a high income state, public higher education spending per student in Massachusetts is somewhat below the national average. As the chart below shows, Massachusetts ranks 28th in state and local spending on higher education, or \$5,259 per student.

FY 2012 state appropriations per full time equivalent students, by full time enrolled students

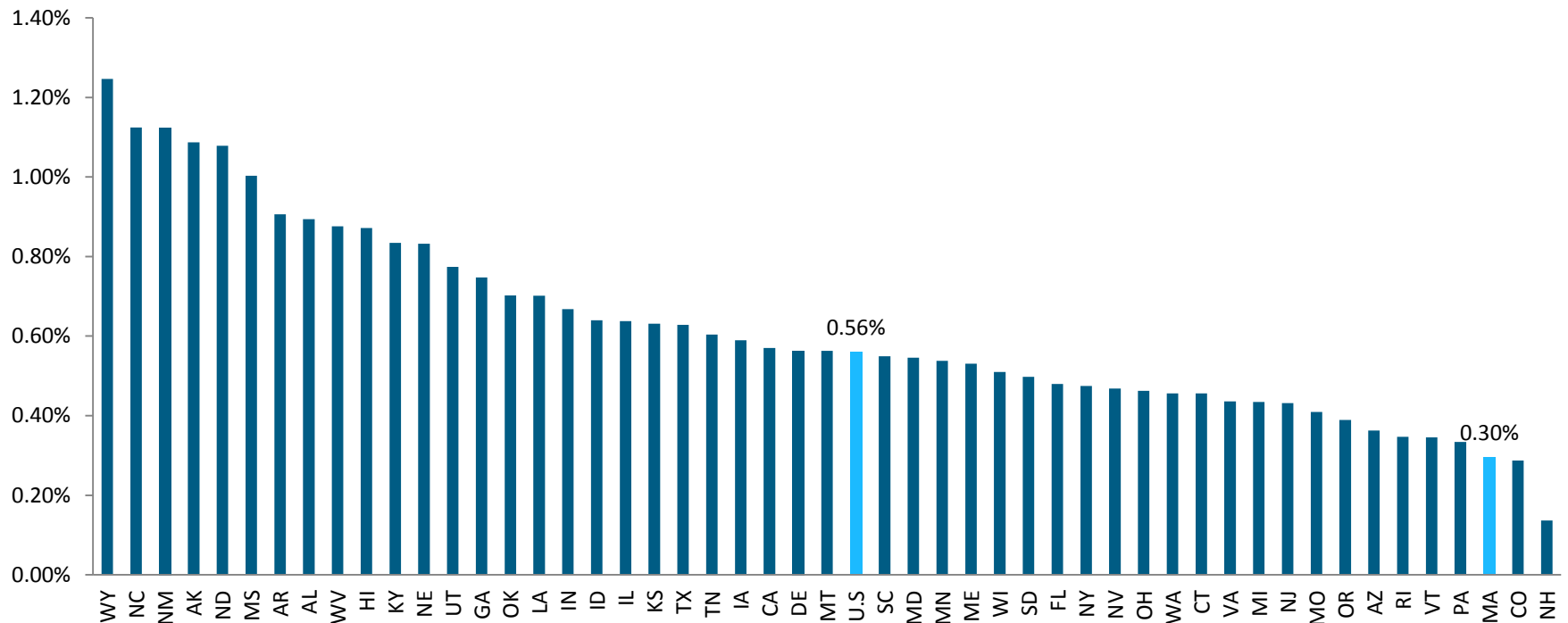


State Higher Education Executive Officers Association/State Higher Education Finance FY 2012 Report, Adjusted for Cost of Living and Enrollment Mix

MA Ranks Low in Higher Ed. Spending as a Percent of Economy

Massachusetts's low per pupil ranking however, is not driven by a lack of economic resources. Massachusetts ranks near the bottom in direct state investment as a percent of personal income, indicating that we have significant untapped capacity to invest more. Looking at spending as a percent of personal income is useful because it allows us to look at higher education spending as a share of our economic capacity. Massachusetts ranks 48th, spending only 0.30% of our state's economic resources on public higher education, whereas the national average is 0.56%.

State support for higher education in fiscal year 2012, as a share of personal income



Source: Based on survey data from [Grapevine](#), the Center for the Study of Education Policy at the Illinois State University data on higher education spending as a percent of personal income

In FY 12, State Investment Could Have Been Roughly \$940 Million Higher if at National Average

Higher Education Program	FY 12 Funding	FY 12 If MA at U.S Avg.	Difference
University of Massachusetts	\$434,319,082	\$823,469,812	\$389,150,730
Community Colleges	\$213,788,728	\$405,343,838	\$191,555,110
State Universities	\$195,008,769	\$369,737,000	\$174,728,231
Mass. State Scholarship Program	\$87,607,756	\$166,104,473	\$78,496,717

Ranking low in funding as a percent of personal income, Massachusetts has the capacity to expand its investment in higher education. In fact, in Fiscal Year 2012, if Massachusetts raised higher education funding to the national average, the state would increase funding by about \$940 million compared to what was spent. This chart shows how much additional funding might go to each of the state's primary higher education accounts in FY 2012 if spending were increased proportionally to meet of the national average.

Key Findings

- Only six other states cut higher education spending at a higher rate than Massachusetts between FY 2001 and FY 2013.
- Spending on higher education has declined by \$366.1 million, or 25 percent, between FY 2001 and FY 2014.
- Cuts to state spending in higher education have led to a growth in tuition and fees paid by students.
- Public colleges and universities cost much less than their private counterparts.
- Massachusetts public colleges and universities educate far more Massachusetts residents, as a percent of the student body, than their private school counterparts.
- Massachusetts public college and university students are more likely to stay in Massachusetts after graduation than students attending private colleges and universities.
- Massachusetts is somewhat below the national average in spending per pupil in public colleges and universities.
- Massachusetts ranks 48th amongst the states in the nation in state spending on higher education as a percent of personal income.
- If Massachusetts were spending at the national average, we would have roughly \$940 million more to support public higher education in FY 2012.