



Heard On The “Grapevine”: Expenditures Are Rising. Will We Stop Hearing About Cheap States?

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The latest Grapevine report on state funding for higher education is out, and it suggests that, nationally, for the last six years we have seen rising expenditures. Will this be enough to mute the complaint that states have been ever-more cheap about funding college, and it is a trend we will likely not see appreciably reversed?

To be fair, the *Grapevine* data are too incomplete to get a fully accurate and meaningful picture of how state and local funding is growing or shrinking. Most immediately, the report does not include Illinois or Pennsylvania, which have not completed their FY2016 budgets. It also does not include local funds, which are an important revenue source for community colleges. Perhaps most important, the totals aren't broken down on a per-pupil basis, which will eventually come with the State Higher Education Executive Officers' State Higher Education Finance report. That said, what is likely to happen when the expenditures are calculated on a per-student basis is that spending will have risen more than in total. As the economy improves, people tend to eschew higher education for the workforce, and we have already seen a few years of declining enrollment (though roughly stagnant numbers at four-year public schools). The question is how big will the increase be?

Alas, barring a very large boost we are likely to continue to hear gnashing of teeth over cheap states, and how they have forced colleges to raise prices. After all, while there is likely some truth to the idea that public institutions up their prices to recoup lost state and local revenue, we have good data showing that those schools tend to raise their prices in both flush and flimsy funding times. Also, the longer-term trend has been one of bumpy-but-rising aggregate state and local spending. But we rarely hear about either of those realities when people are decrying cheap states, so there is little hope that anything less than large boosts in spending will change the cheap-states narrative.

But here's hoping.