

HIGHER EDUCATION FUNDING STABILIZES OVERALL BUT ENROLLMENT STILL FALLING

After trailing the national average for five years, funding per student at public colleges and universities in Wisconsin overtook it in 2021. State and local tax and tuition funding per student dropped nationally after adjusting for inflation and rose in Wisconsin, though it remains lower here for four-year campuses. The state's colleges have shed students at an alarming rate, however, leaving their future and that of our workforce murky.

State and local tax and tuition funding for public colleges and universities in Wisconsin has caught up with the national average, with the latest figures showing the state exceeded that average by \$354 per student in fiscal year 2021 after trailing it by \$308 per pupil in the previous year.

In fiscal year 2021 (running from July 2020 to June 2021), public higher education institutions in Wisconsin received operating funds of \$15,979 per full-time equivalent (FTE) student in state and local tax and net tuition revenues. That amount, which does not include federal pandemic aid, was 2.3% more than the U.S. average of \$15,625 per pupil (see Figure 1).

The shift in combined funding for two-year and four-year schools reflected both a 2% increase in Wisconsin's per student funding after adjusting for inflation and a 2.2% decrease in average funding nationally. However, the roughly middle of the pack funding for all public campuses in Wisconsin obscures the fact that per student funding for two-year colleges here is among the top 10 states nationally and four-year campus funding is in the bottom 10 states.

In addition, enrollment declines at Wisconsin's public institutions outpace those seen nationally, particularly for two-year campuses. That raises concerns about the future of the state's colleges as well as its labor force.

The funding and enrollment data are published by the State Higher Education Executive Officers Association (SHEEO) and were used in our [2020 report](#) examining challenges to state higher education institutions. This brief updates key data from that report and looks at the issues facing the University of Wisconsin System and

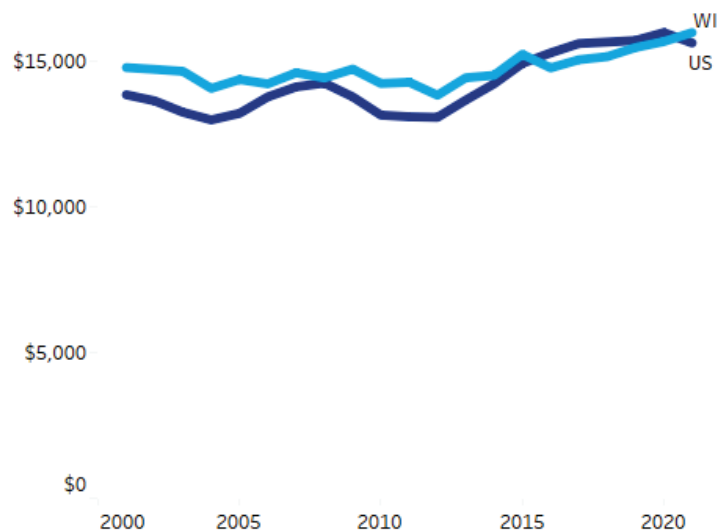
Wisconsin Technical College System (WTCS) as lawmakers draft the 2023-25 state budget.

A LOOK AT HIGHER ED FUNDING

The [SHEEO data](#) presented here look at tax and tuition funding used for operations and exclude revenues used for capital projects and debt payments, research, medical education, hospitals, and financial aid and tuition discounts. SHEEO allows the numbers to be adjusted for inflation using the Consumer Price Index as well as regional cost of living differences.

Newly revised data show Wisconsin ranked 24th-highest nationally in higher education funding per full-time student in 2021, up from 31st the prior year (see Figure

Fig. 1: State Overtakes National Average in Revised Data
State-local tax and net tuition revenue* per full-time student (2021\$)

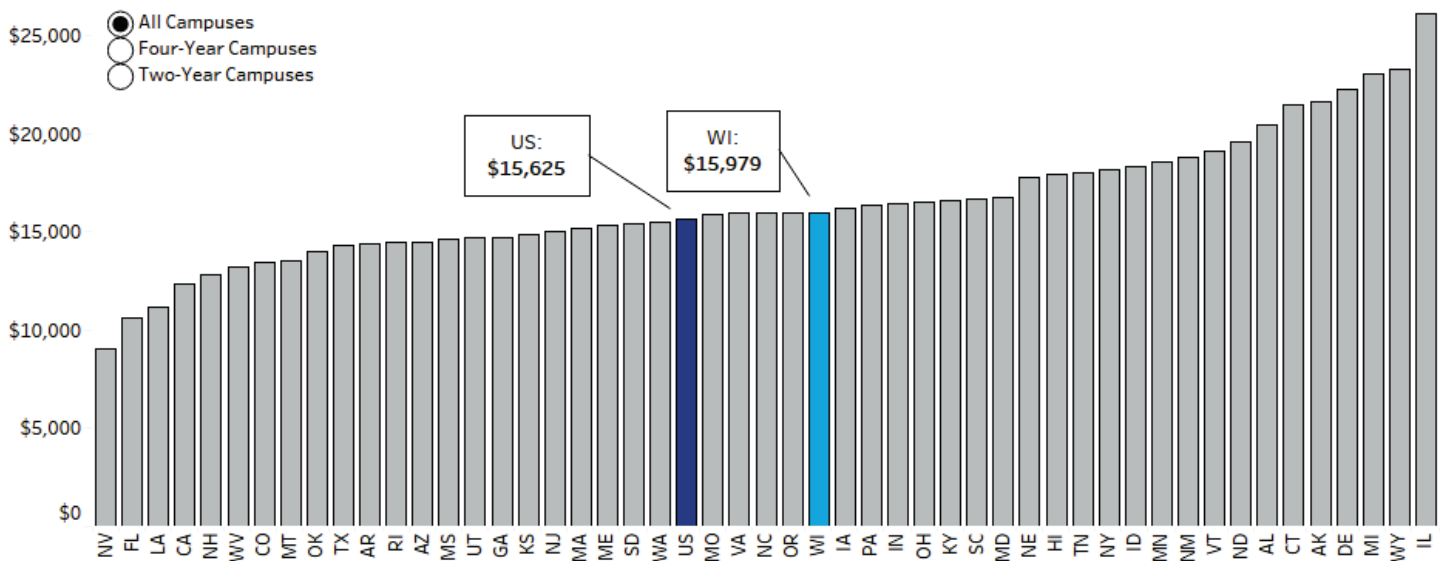


Source: State Higher Education Executive Officers Association; *does not include federal pandemic aid.



Figure 2: Overall Wisconsin Funding Sits Just Above National Average in Revised Data

State-local tax funding and net tuition revenue per full-time equivalent student in 2021



Source: State Higher Education Executive Officers Association. Amounts do not include federal pandemic aid.

2). The improvement likely reflects a variety of factors, including Wisconsin’s relatively strong budget and tax collections, particularly in the [early months of the pandemic](#). As we will see, however, another key factor was the more rapid drop in enrollment in Wisconsin, which meant that the existing state tax and other general funding were spread across fewer students. If Wisconsin’s higher education enrollments had decreased at the same rate as the nation overall from 2019 to 2021, its per pupil funding would be only slightly above the U.S. average.

Growth in overall tax and tuition funding per pupil in Wisconsin also lagged the U.S. average from 2011 to 2021 (11.9% versus 19.4%) and from 2001 to 2021 (8.1% versus 12.8%). The slower growth reflects in part a freeze on in-state UW System tuition, greater emphasis on other state priorities such as Medicaid health coverage and tax cuts, and the impact of 2011 Wisconsin Act 10, which lowered spending on UW System and WTCS workers’ pension and health benefits.

Wisconsin’s funding levels also vary sharply by type of campus. Two-year public colleges in the state – essentially the WTCS campuses – received \$17,153 per pupil in state and local tax and tuition funding in 2021. That was fifth-highest in the nation and was well above the U.S. average of \$11,714. Funding for four-year campuses in Wisconsin, however, was \$15,079 per

pupil, which ranked 43rd nationally and was well below the U.S. average of \$17,733.

A major reason for the difference is the local property tax funding available to help support WTCS campuses. However, it’s worth noting Wisconsin law requires WTCS colleges to provide certain services to students free of tuition, including adult high school, adult basic education, English as a second language classes, and firefighting schools. Last, the SHEEO two-year college data do not appear to include the campuses formerly known as the UW Colleges, though the impact of this omission is likely to be modest given the limited enrollment at these UW campuses.

A LOOK AT FEDERAL AID

The figures given so far do not include federal pandemic aid but SHEEO does separately list the amounts of COVID-19 relief funds provided to states that were in turn passed on to public colleges and universities. The numbers do not include funds provided directly to public institutions or their students by the federal government or any funds that went to private institutions.

In 2020 and 2021 combined, the state of Wisconsin passed on \$84.4 million in pandemic aid to public colleges and universities in the state, or \$426 per FTE student. That was somewhat less than the national average of \$468 per student over those two years.



Notably, the Wisconsin figures presented throughout this brief have changed from the SHEEO data presented in our 2020 report. That study noted the group's figures on Wisconsin's state and local tax support for higher education did not include any local property tax levies going toward technical college operations. At the time, the Forum calculated adjusted figures to account for the missing funds and now SHEEO has done the same.

The data has been revised to include the missing revenues, which totaled \$270.6 million in Wisconsin in 2021, or roughly \$1,400 per student. Without these funds, Wisconsin would rank 37th-highest in tax and tuition revenues for two- and four-year campuses combined.

New data that will be released by SHEEO by this summer may further clarify the picture but for now the revised figures confirm our observation in 2020 that Wisconsin ranked better nationally in higher education funding than previous SHEEO data showed. However, the updated data doesn't change the state's ranking for its four-year UW campuses, since the missing taxes only go to the two-year campuses within WTCS.

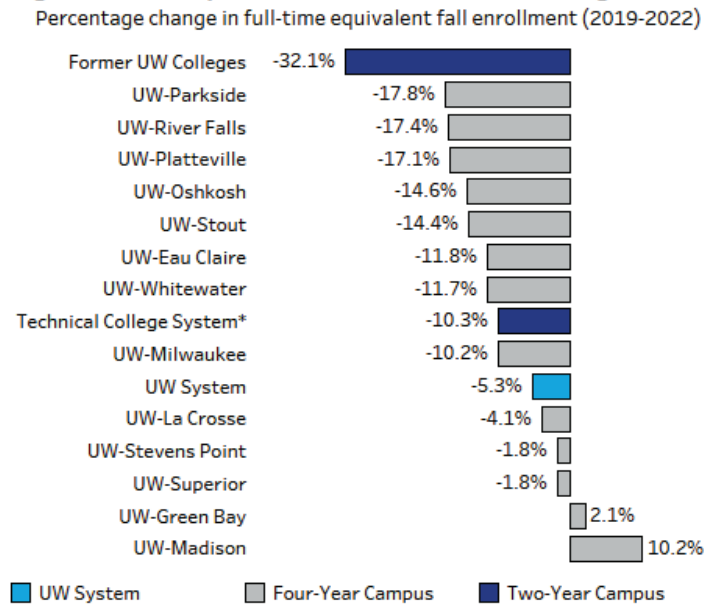
ENROLLMENT SLUMPS FURTHER

The partly positive findings on funding for Wisconsin's public colleges and universities are tempered by a look at their enrollment challenges. In our prior report, we noted FTE enrollment within the UW System had fallen by 8.4% from its 2010 peak to 2019. Technical college FTE enrollment fell 22.5% between 2011 and 2019.

During the pandemic, enrollment declined even more rapidly at public colleges and universities in the state. Overall, [UW System figures show](#) its FTE enrollment fell 5.3% between the fall of 2019 and 2022, dropping from 142,906 to 135,276 (see Figure 3). Enrollment at UW-Parkside dropped 17.8% over that period – the most of any four-year UW campus – and enrollment at the two-year campuses of the former UW Colleges dropped by 32.1%. Only UW-Madison and UW-Green Bay increased enrollment over the period (10.2% and 2.1% respectively). UW System enrollment is now at its lowest point since 2000.

WTCS FTE enrollments also fell from 65,317 in 2018-19 to 58,595 in 2021-22, a decrease of 10.3%, according to the Legislative Fiscal Bureau. In one bright spot, enrollments in 2021-22 did rise 0.6% over the previous year, suggesting that the situation may have stabilized.

Fig. 3: Most Campuses Besides UW-Madison Losing Students



Source: University of Wisconsin System; *WCTS data is for 2018-19 to 2021-22.

Readers also should note the headcount enrollment for technical colleges in the state is much higher at 274,203 since most of their students are part-time. Yet with the exception of last year, WTCS enrollments are also at their lowest since 2000.

One bright spot for Wisconsin colleges and universities is [dual enrollment](#), or programs in which high school students enroll in college courses for credit. Those programs have grown rapidly in recent years.

A NATIONAL COMPARISON

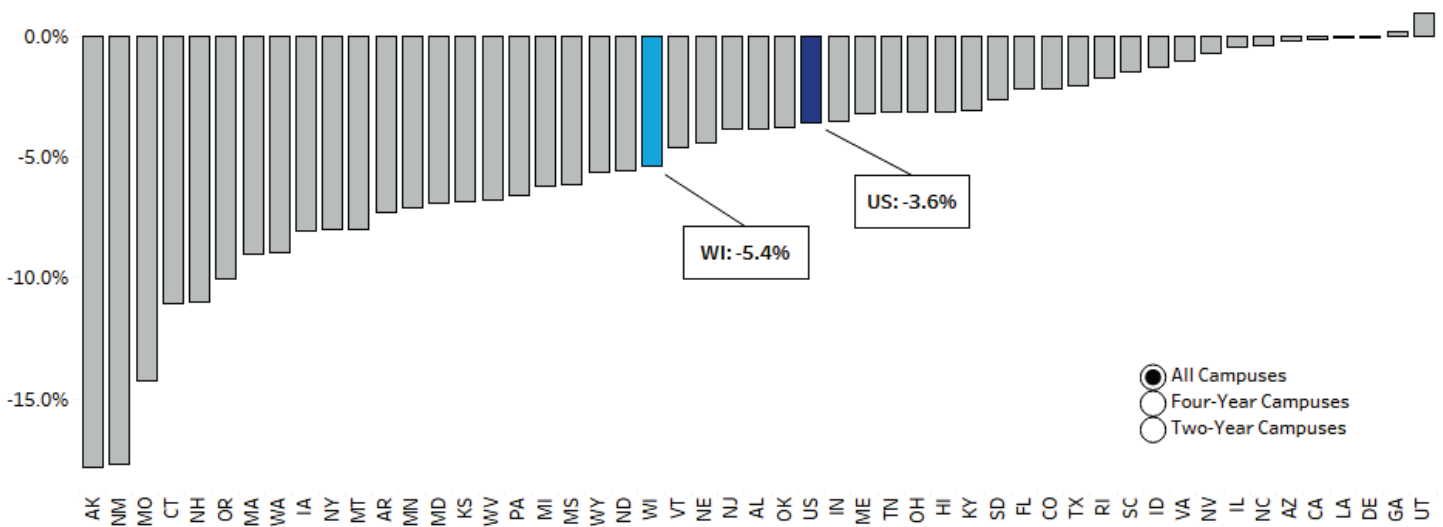
Admittedly, the enrollment picture is gloomy across the country and not just in Wisconsin. SHEEO data for public two-year and four-year colleges show only two states in the country – Georgia and Utah – increased their net FTE enrollments from fiscal year 2019 to 2021 (the most recent year available). Alaska shed 17.8% of its higher education enrollments over that period.

Wisconsin suffered worse than average losses, with overall enrollment here falling 5.4% from 2019 to 2021 but only 3.6% nationally (see Figure 4 on page 4). The drop in 2021 alone was the worst in the SHEEO data going back to 1980 for both the nation (-3%) and Wisconsin (-4%). The difference partly reflects the demographics of the Midwest – from 2019 to 2021 the region suffered an almost identical 5.3% decline across its 12 states. Enrollment dropped in all of those states:



Figure 4: Enrollment Falls in Nearly Every State, Wisconsin's Overall Drop is Somewhat Worse Than Average

Percentage change in net full-time equivalent student enrollment in public higher education institutions, 2019-2021



Source: State Higher Education Executive Officers Association; two-year campus data has no figures for Alaska.

Wisconsin, Ohio, Indiana, Illinois, Minnesota, Michigan, Iowa, Missouri, Kansas, Nebraska, and the Dakotas.

However, four-year campuses performed relatively well in Wisconsin, with a 1.8% increase in FTE enrollment from 2019 to 2021 that bested the 0.6% decline nationally and ranked eight-best nationally. Wisconsin's 19.2% drop in two-year enrollment over those years, however, was third-worst of any state and was more than twice as large as the U.S. average of 8.1%.

In the case of Wisconsin, many observers have noted the state's [falling birth rates](#) over time as well as its lackluster net migration figures. As we have noted, fewer students are completing high school today than a decade ago and more of those who do complete high school belong to a racial or ethnic group that has long faced barriers to enrolling and succeeding in college.

Post-secondary enrollment rates for those finishing high school [have also fallen](#), compounding the problem of declining high school completions. These challenges have been particularly acute for low-income students and students of color, two groups who are more likely to attend two-year schools. In addition, two-year schools may have been more affected by recent low unemployment rates and rising wages for entry-level workers. A strong labor market has traditionally been a headwind for two-year colleges as students may see less need to seek a credential to find an adequate job.

THE COST OF COLLEGE

A look at funding and enrollment in higher education is not complete without a review of college tuition, which can affect both college revenues as well as whether students are able to enroll. In part because of a state law that has now sunset, Wisconsin largely froze in-state undergraduate tuition at UW System campuses at 2013 levels over the past decade. Four-year campuses in Wisconsin only increased tuition and fees by 6.2% overall between the 2012-13 and 2022-23 academic years, according to [data from the College Board](#). That was the third-lowest of any state in the country and was bested only by Washington and Florida – two states that provided additional state funding over that period to help limit tuition increases.

Tuition growth at UW-Madison has likewise lagged that of other large public universities. To compare, we used data from the [Integrated Postsecondary Education Data System](#) for the same peer group of 35 top research institutions we used in our 2020 research. Among them, UW-Madison's 3.3% increase in published in-state tuition and required fees from 2012-13 to 2021-22 was the third-lowest and was larger than only Purdue University and the University of Washington-Seattle.

Though this approach has held down prices for families, UW officials say frozen tuition and limited state funding have taken a toll on their campuses. On March 30, the UW System Board of Regents approved the [first tuition](#)



[increase](#) for resident undergraduates in 10 years, increasing tuition and fees for its campuses by an average of 4.9%, or \$404, for 2023-24.

THE UPCOMING STATE BUDGET

Together with the pandemic dip in enrollment, the coming tuition increase at UW System schools highlights the importance of student financial aid. In a [report last year](#), we noted that unmet need has been growing for Wisconsin college and university students despite the UW tuition freeze and pointed out that over the past decade, state financial aid spending has grown more slowly here than nationally. That study noted a “growing disparity between those who attend institutions with the means to address the financial challenges of their students and those who do not.” That disparity could be exacerbated with the end of federal pandemic aid that both supported colleges and universities and helped fund emergency aid and mental health services for students.

In response to these challenges, the UW System is expanding to every campus a UW-Madison program providing enough grants and scholarships to cover tuition and fees for students with household adjusted gross income of \$62,000 or less. The UW System is allocating \$13.8 million toward the plan in the first year and Gov. Tony Evers included an additional \$24.5 million for the program in [his 2023-25 budget bill](#) plus \$66.4 million more for general UW operations. So far, GOP lawmakers have been cool to those proposals. The [governor would also provide](#) \$65.8 million over the two years for general state support for WTCS plus additional funds for specific training and education programs.

In the meantime, the state’s campuses are coping with their enrollment declines, particularly the former UW Colleges. The UW System is closing in-person classes in July at the two-year UW-Platteville at Richland campus, where FTE [enrollment dropped 64.6%](#) between 2019 and 2022. Local leaders have also discussed the [possibility of a merger](#) between Moraine Park Technical College and UW-Milwaukee at Washington County – FTE enrollment at the latter has dropped 46.3% since 2019.

With Wisconsin facing frequent warnings about labor shortages from a variety of employers, higher education represents a possible solution to at least some of those challenges. From nurses to trades workers, the state’s workforce needs are likely to remain pressing and the

current state budget surplus provides an opportunity to at least partly address them. To do so, lawmakers may wish to consider steps such as financial aid as well as new approaches to student transfers and services to both K-12 and higher education students that might help to boost college enrollment and graduation rates.

