

Government Support for Higher Education

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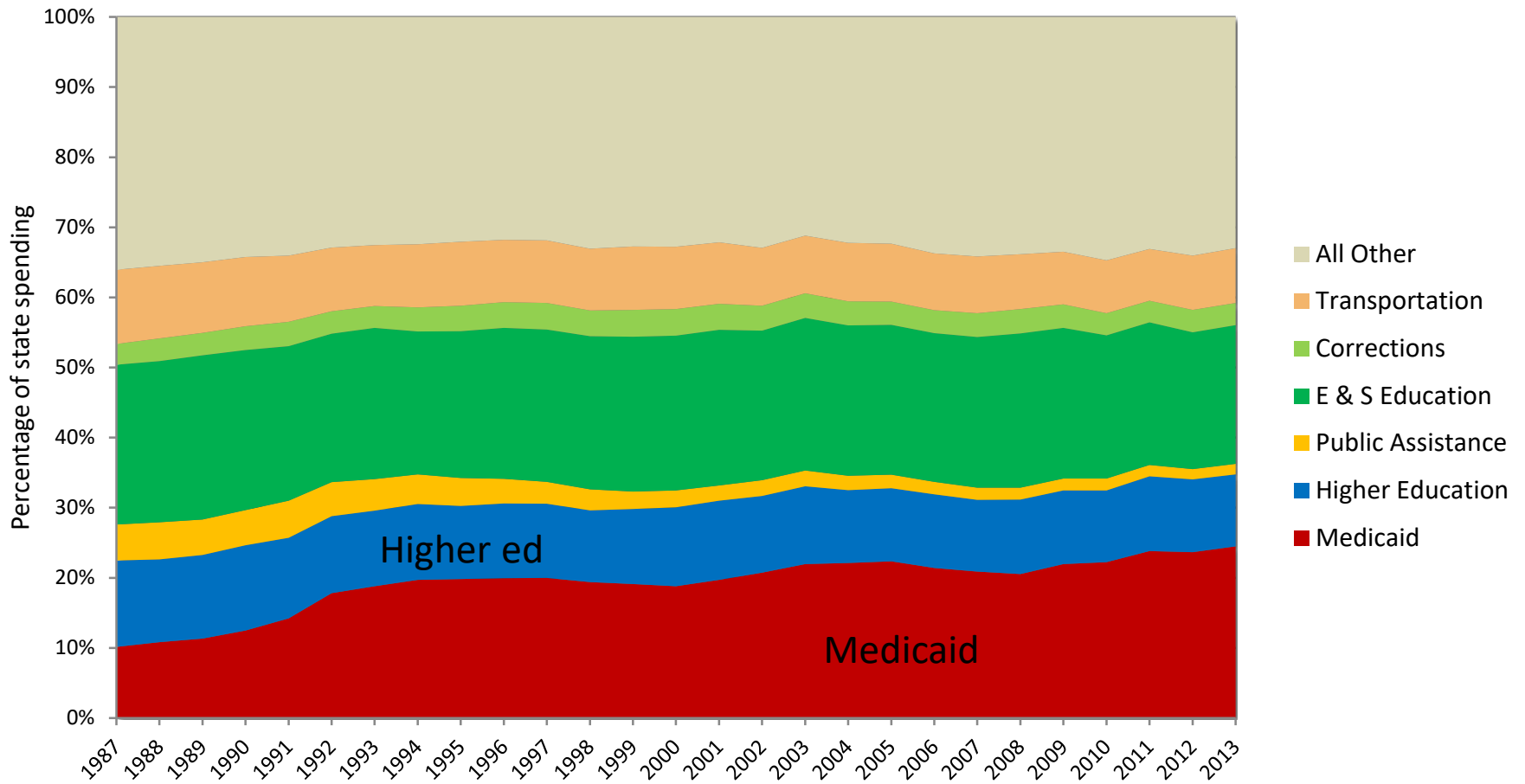
The crucial choice

Reagan's 1982 State of the Union Address proposes an "equal swap"

- Feds take Medicaid
- States take food stamps, welfare, AFDC

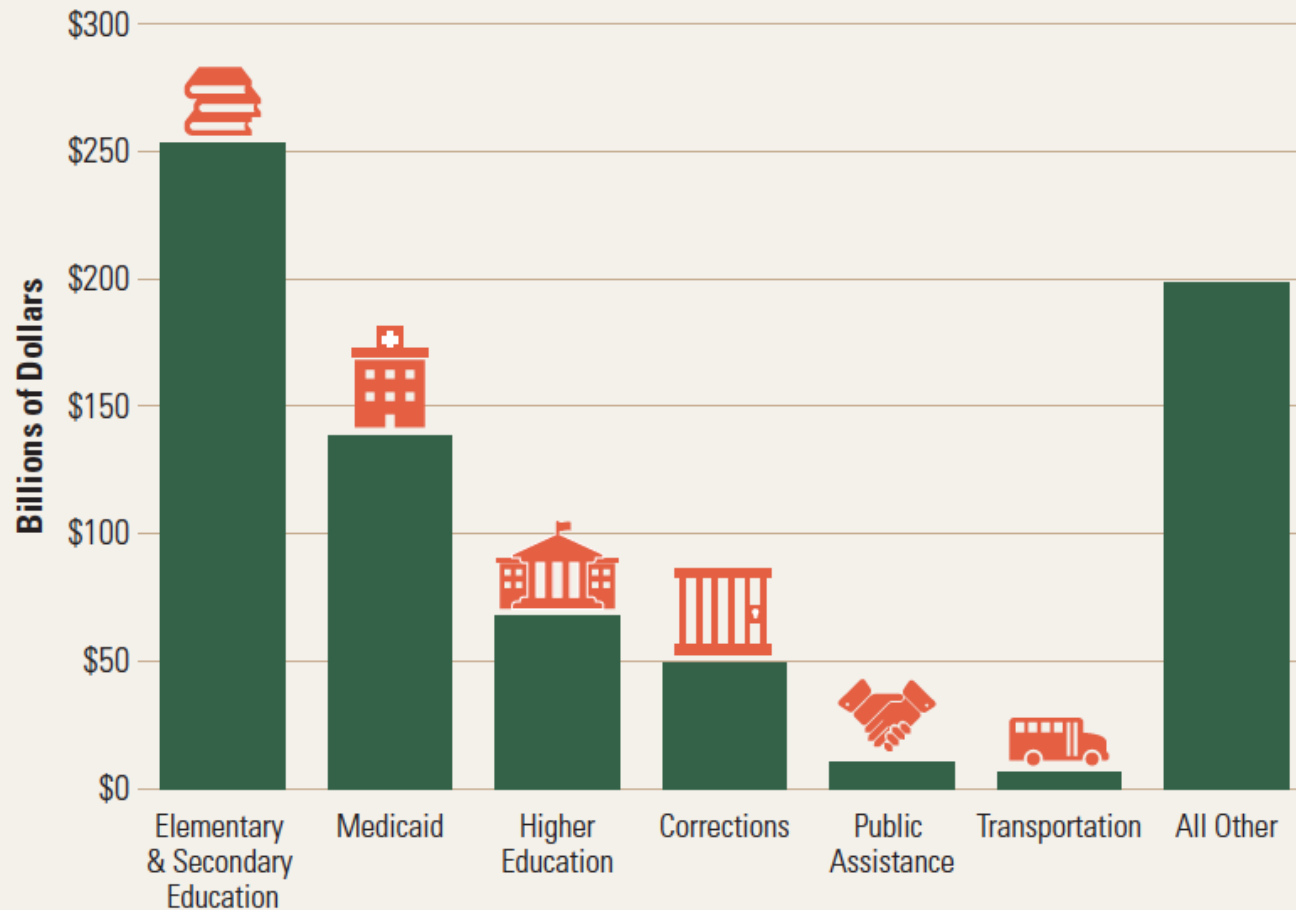


Medicaid squeezed states since



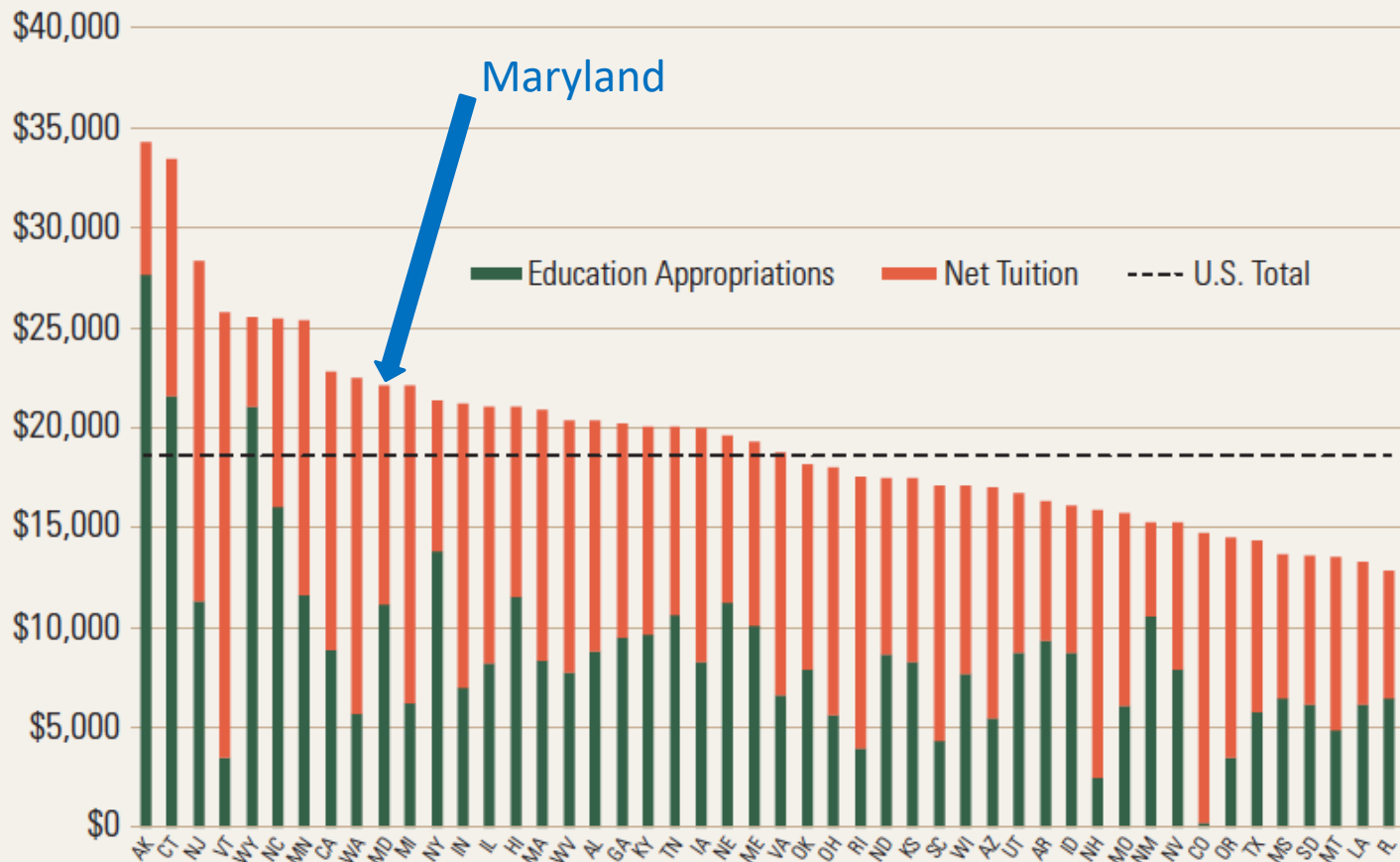
Higher ed: #3 in state budgets (including Maryland)

Figure 1: **State General Fund Expenditures in 2014 (Estimated), by Category**



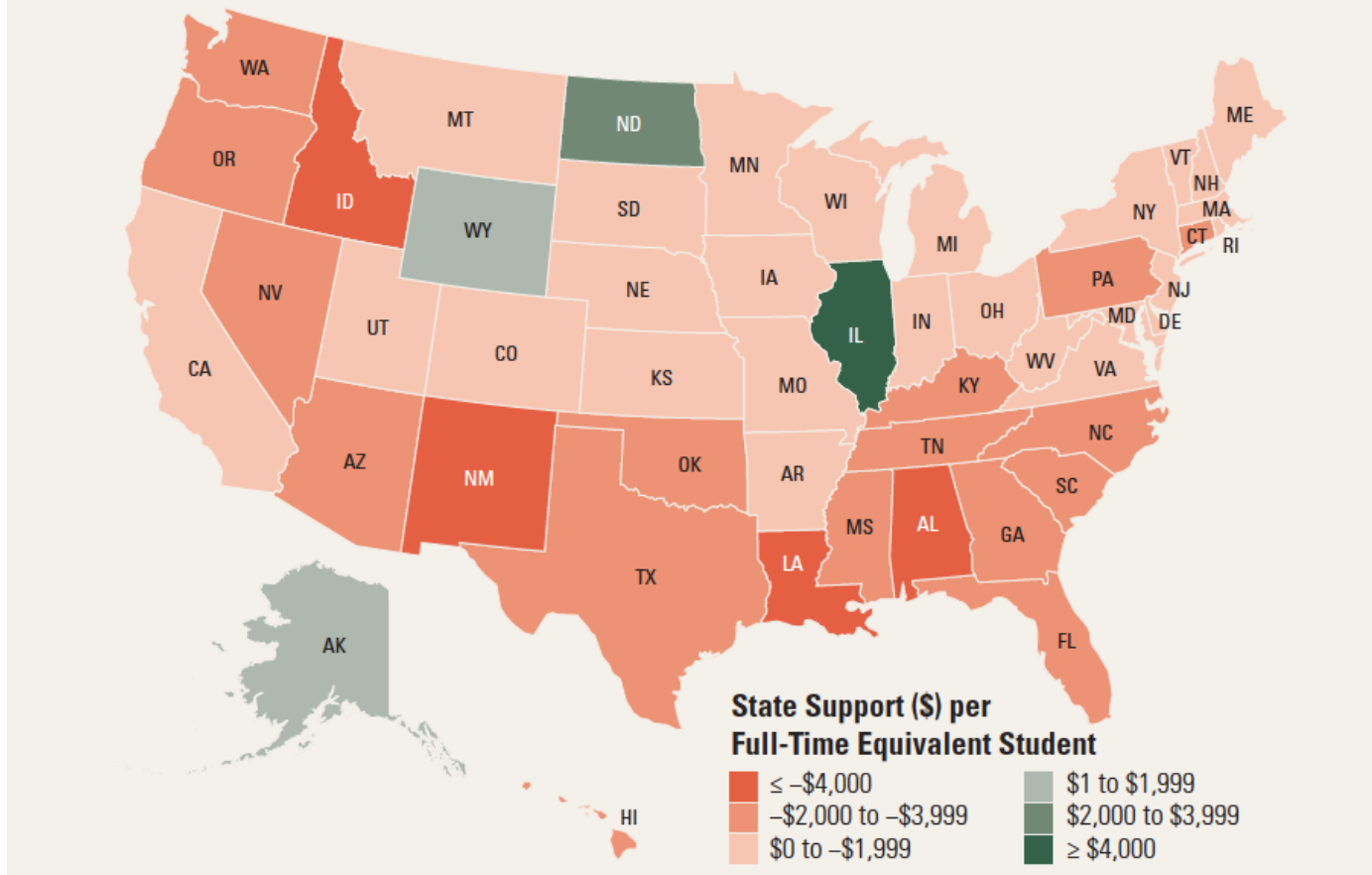
Maryland among most generous states toward higher ed

Figure 11: **Education Appropriations and Net Tuition at Public Research Universities per Full-Time Equivalent Student, 2013**



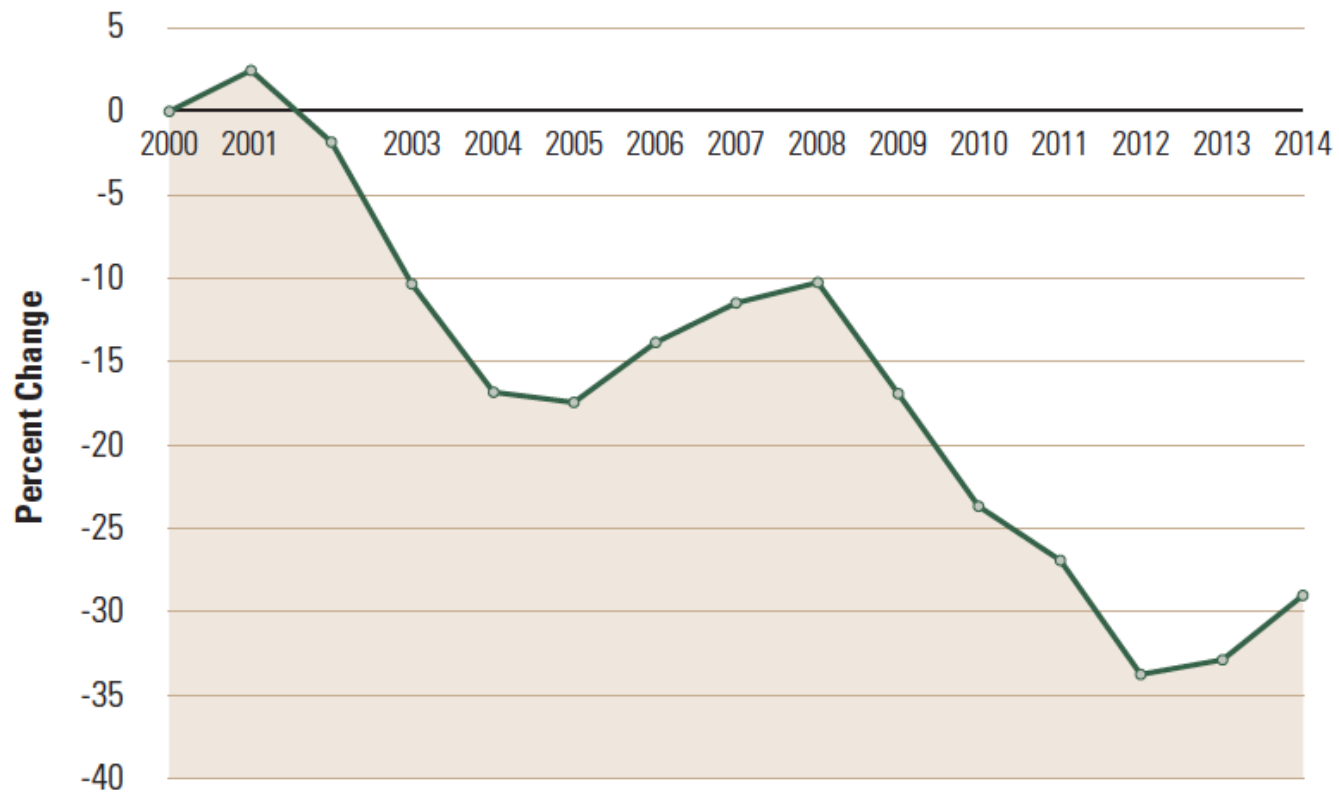
States' support for higher ed shrinking

Figure 6: **Change in State Support for Public Higher Education (All Public Colleges and Universities) per Full-Time Equivalent Student, 2008 to 2014**



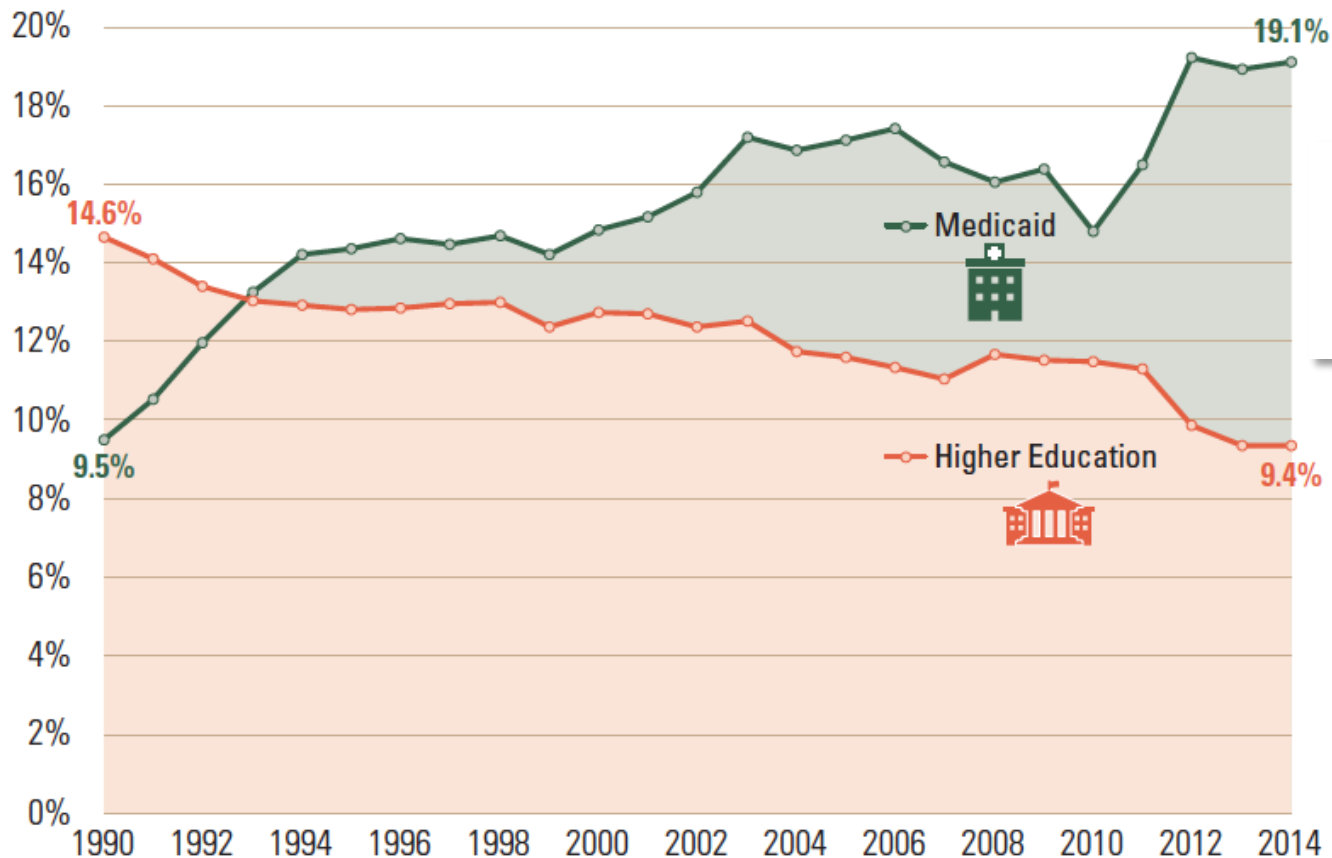
State higher ed support down 30% since 2000

Figure 4: **Percent Change in State Support for Public Higher Education (All Colleges and Universities) per Full-Time Equivalent Student, in Constant 2014 \$, since 2000**



Medicaid is squeezing higher ed

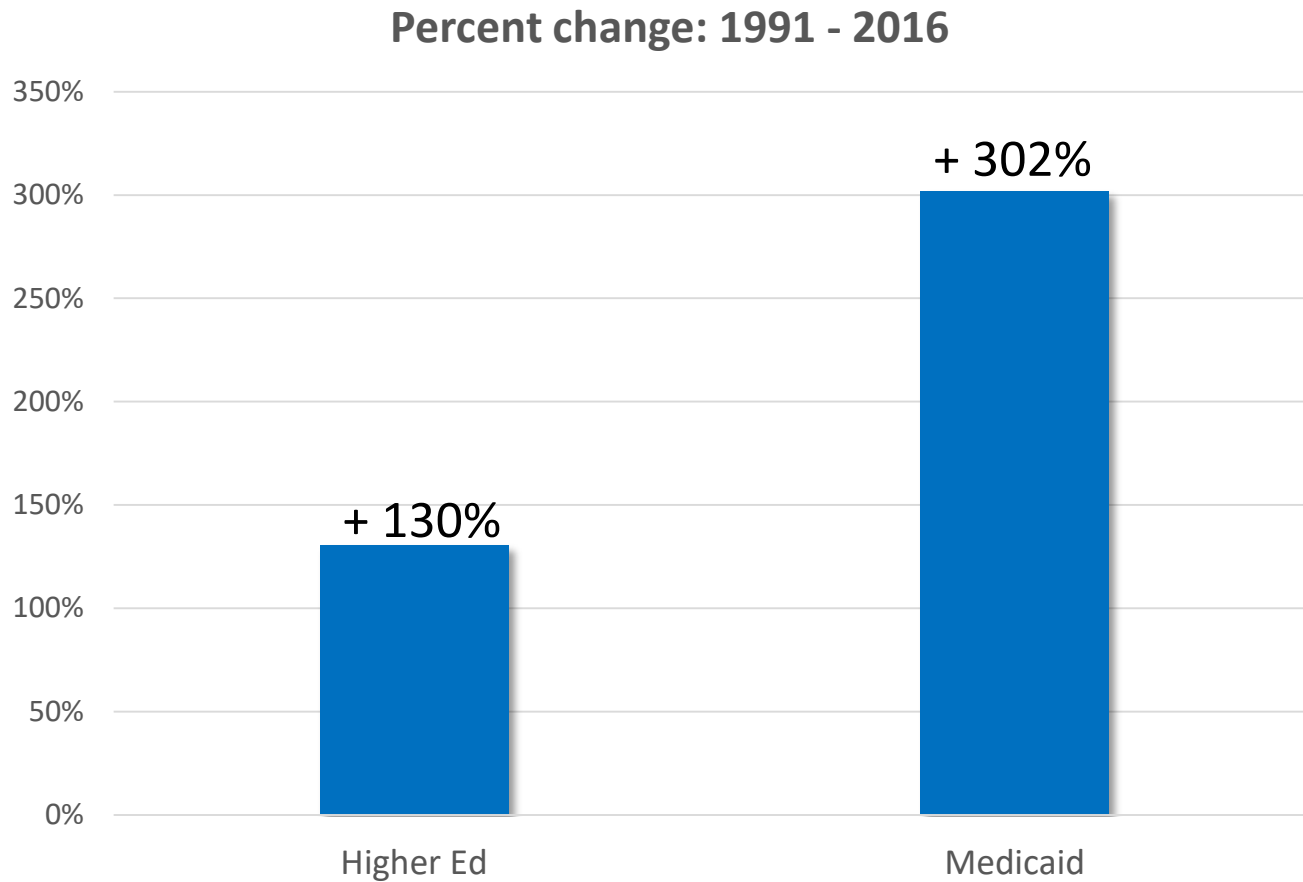
Figure 5: Higher Education (All Colleges and Universities) and Medicaid as Share of State General Fund Expenditures



MARYLAND

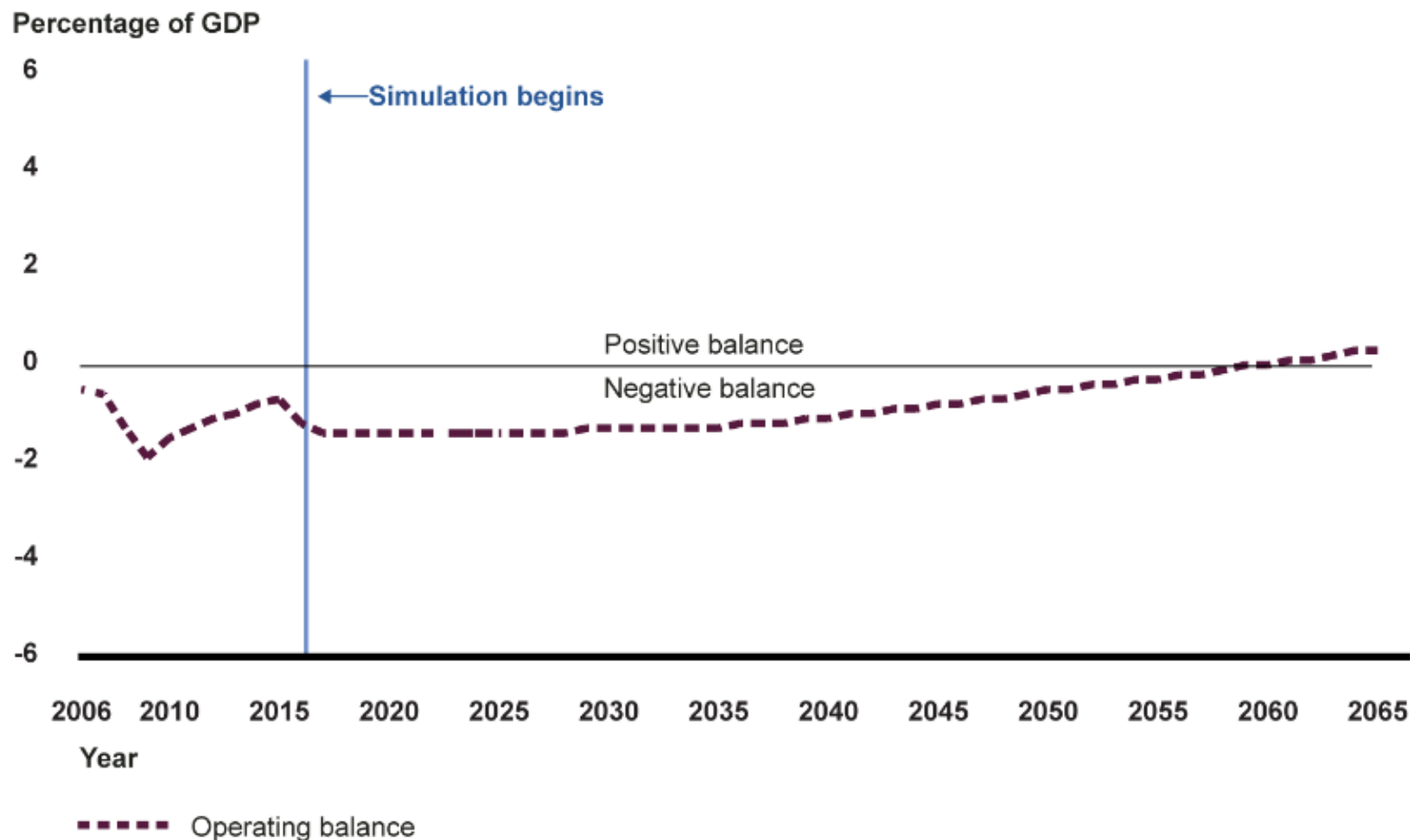
	Higher Ed	Medicaid
1991	13.1%	11.3%
2016	11.3%	16.9%

Maryland: general fund spending



Slim chance economic growth will
provide more support

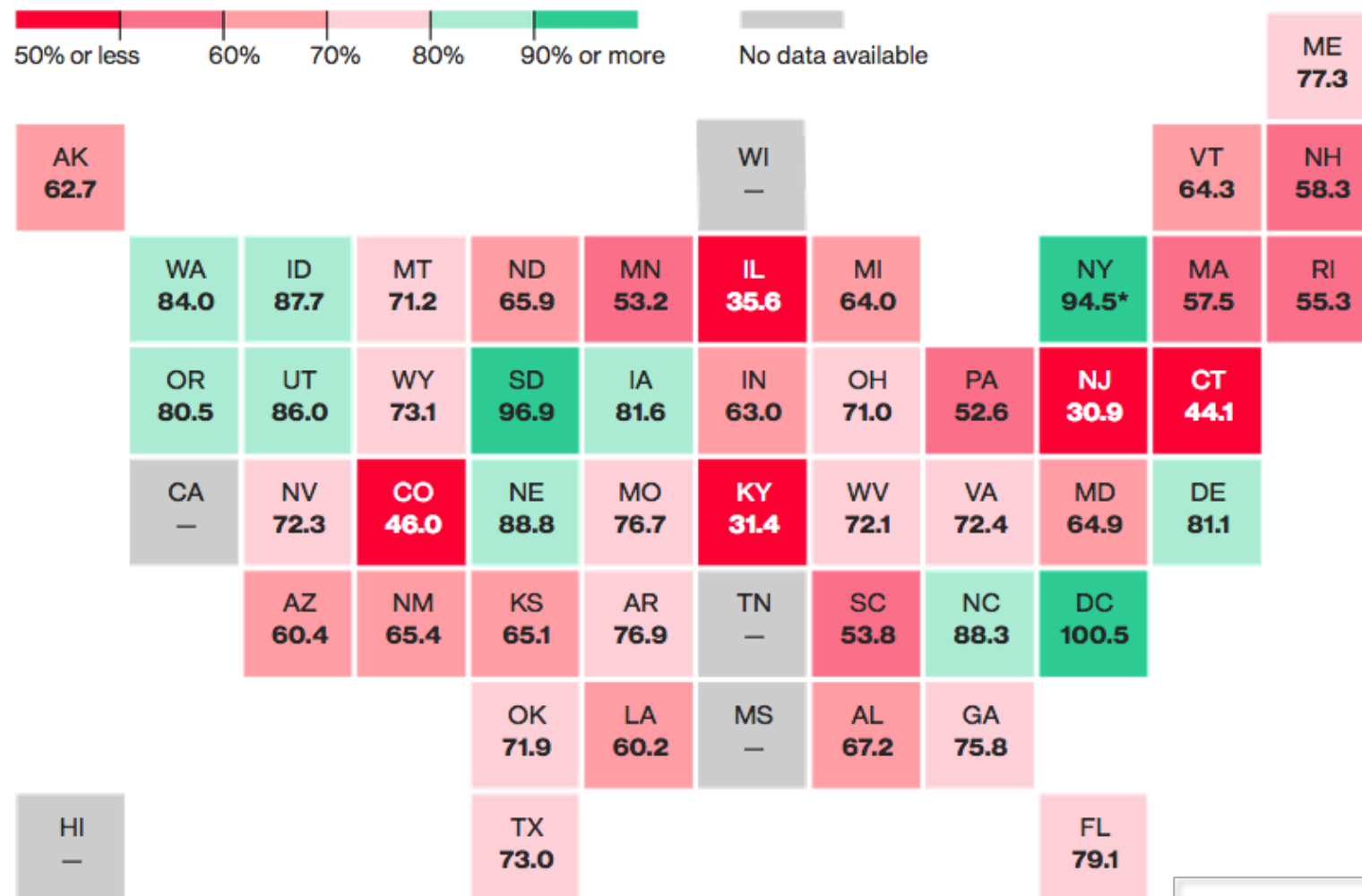
Figure 1: State and Local Operating Balance Measure as a Percentage of Gross Domestic Product (GDP)



Sources: GAO calculations using Bureau of Economic Analysis data and GAO simulations, updated December 2016. | GAO-17-213SP

Pensions add to the squeeze

Public employee pension funding ratio by state, 2016 figures



Maryland #31
(Tax Foundation)

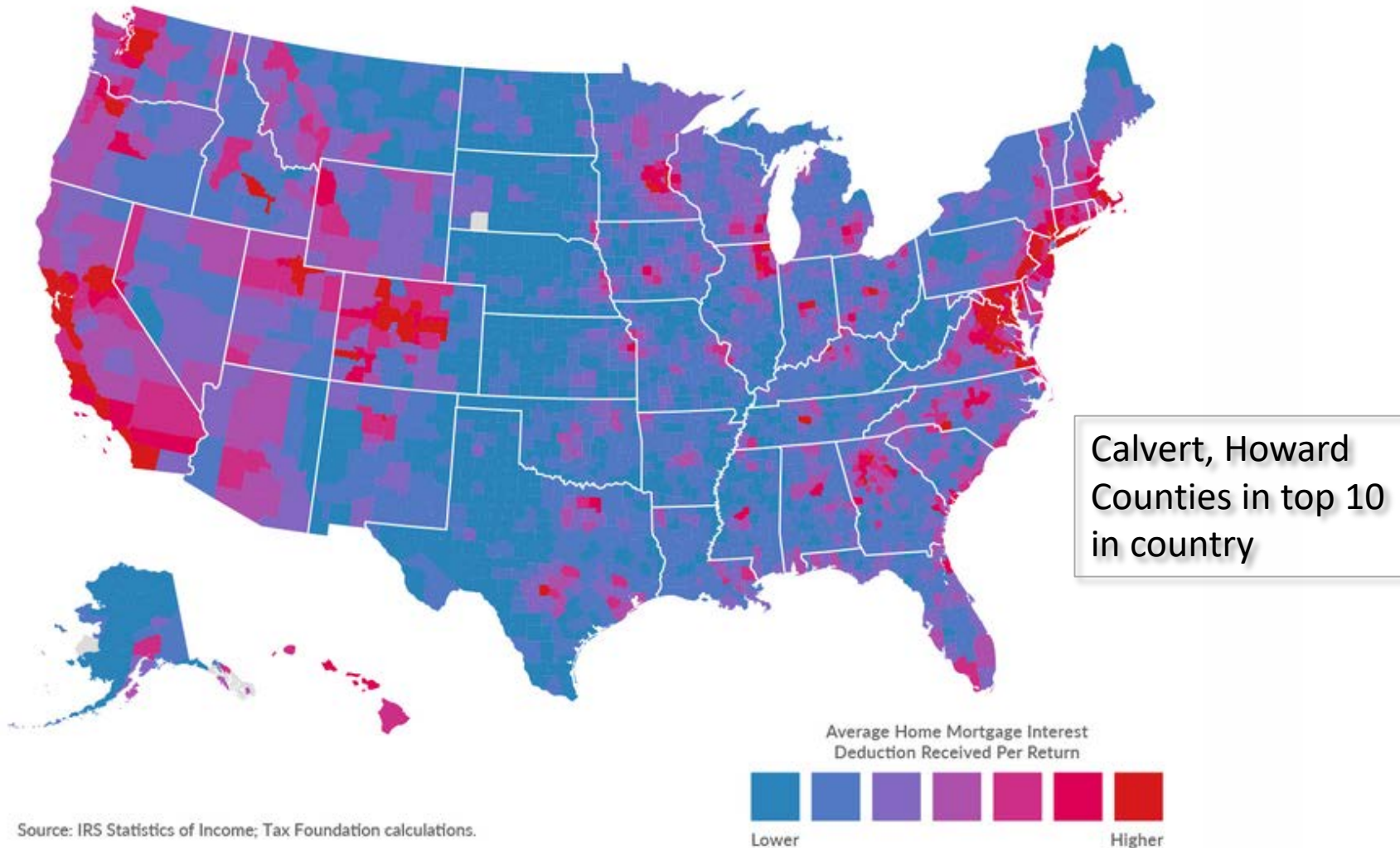
. . . and Maryland could be
significantly affected by tax reform

“Unrelated business income tax”

- House tax reform bill proposes to include state pension systems in UBIT, now applied to private and nonprofit organizations (\$1.1 billion in revenue needed to fund tax cuts)
- Could add new costs, administrative burdens to states
- Greatest impact on states with largest unfunded liabilities, since UBIT could eat into investment returns

Which Areas Benefit Most From the Home Mortgage Interest Deduction?

Average Home Mortgage Interest Deduction Received Per Return, 2014

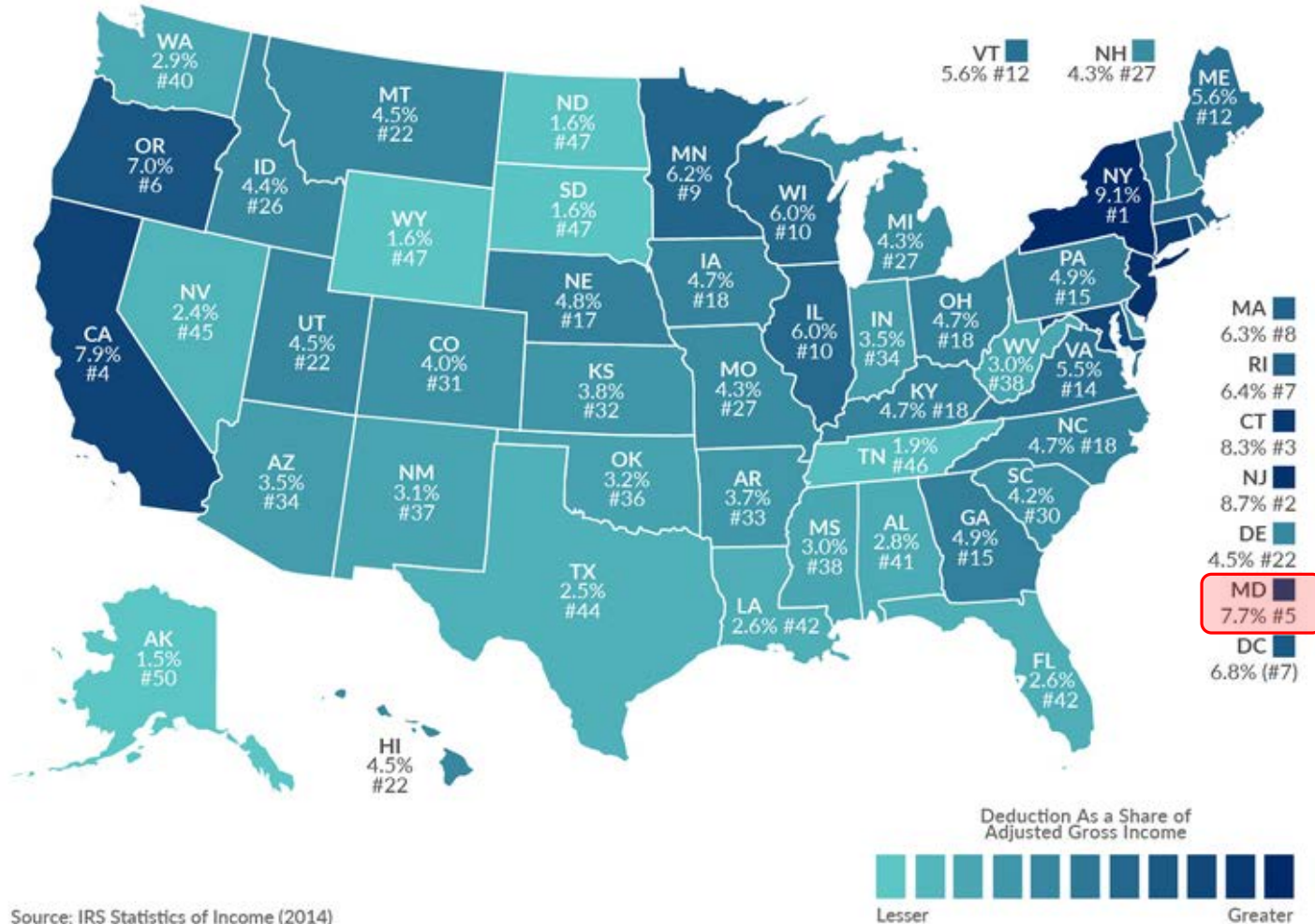


Source: IRS Statistics of Income; Tax Foundation calculations.

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State & Local Tax Deduction As a Share of Adjusted Gross Income by State



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