

EXTREME HIGHER EDUCATION FUNDING CRISIS ACT

SB 2025-X

Date of Hearing: January 15, 2025
SENATE COMMITTEE ON EDUCATION
Senator Smith, Chair

SENATE VOTE: 31-9

SUBJECT: Emergency budget reconciliation: 25 percent funding reduction for higher education

SUMMARY: This bill implements emergency budget cuts requiring a 25 percent reduction in state appropriations to public universities, community colleges, and all higher education institutions. Additionally establishes a 2 percent tuition increase cap, increases minimum wage for student workers by \$8 per hour, and provides \$8,000 childcare subsidies for student parents.

KEY PROVISIONS:

- 1) FUNDING REDUCTION: Requires 25 percent cut to state funding for all public universities, public colleges, and community colleges. This is the largest education funding cut in state history.
- 2) TUITION CAP: Limits tuition increases to maximum 2 percent annually for all institutions receiving state or federal aid, including public universities, private universities, and community colleges.
- 3) MINIMUM WAGE INCREASE: Increases minimum wage for all student workers by \$8.00 per hour, from current \$12 to new \$20 per hour. Applies to campus employment, Federal Work-Study, and all student positions.
- 4) CHILDCARE SUBSIDY: Provides \$8,000 annual childcare subsidy for enrolled student-parents. Institutions must provide subsidized childcare or partner with childcare providers.

FISCAL IMPACT:

- State funding reduction: 25 percent cut (\$15 billion annually)
- Tuition revenue constrained by 2 percent cap
- Additional labor costs: \$8 per hour for all student workers
- Childcare subsidy costs: \$8,000 per student-parent

AFFECTED INSTITUTIONS:

- All public four-year universities
- All public two-year colleges and community colleges

- All private universities receiving state aid
- Approximately 4,000 institutions nationwide

ENROLLMENT IMPACT:

- Estimated 2-3 million students may be priced out
- Low-income students disproportionately affected
- Community colleges expect highest enrollment declines

EQUITY IMPACT:

- High equity risk for institutions serving low-income students
- Minority-serving institutions face severe budget constraints
- First-generation college students may be unable to afford college

This represents the most severe higher education funding crisis in modern history, with 25 percent funding cuts combined with constrained tuition revenue, increased labor costs, and new subsidy requirements.