



Alabama

Affordability Profile

from

Affordability of Public Higher Education in SREB States

prepared by

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INTRODUCTION

At the request of the SREB, the Higher Education Policy Institute has prepared a profile of college affordability for each SREB state as well as a synthesis of relevant trends in the SREB region. This project was designed to “take the temperature” of college affordability in the South in order to provide a policy tool that can assist state policy-makers in assessing the current and prospective dimensions of the affordability issue and the need for state policy initiatives or interventions.

The major finding of this analysis is that the SREB states have lost ground in college affordability. For most students and families in the South, the cost of paying for college has outstripped family income and inflation. Several promising initiatives have been put in place by individual states, but many are not directed at the students and families most adversely affected by declining affordability and none are commensurate with the magnitude of the problem. One consequence is greater reliance on loans to finance college and growing indebtedness of students and graduates.

Whatever its causes, the trend toward reduced college affordability undermines the efforts of SREB states and colleges and universities to address the changing demography of the region and undercuts progress towards educational attainment goals and economic development requirements of the SREB member states. It is mathematically impossible for most SREB states to reach national and international workforce competitiveness without improving college access and attainment rates of low-income groups and of ethnic groups with lagging college participation rates. However, if current trends continue, declining affordability will constrain the college enrollment of these potential students and prevent states from reaching educational levels needed to provide opportunity for individuals and a competitive work force in the knowledge-based global economy.

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Alabama

Public Higher Education Affordability Profile

- In order for students to enroll in community colleges in Alabama, they, or their families, would need to pay on average 15 percent of their annual income for college expenses, including living expenses, each year after taking into account all forms of grant aid. This is somewhat lower than the SREB average.
- On a per-student basis, Alabama’s need-based state grant program amount is less than the SREB and U.S. averages.
- The average amount of student loan aid received by full-time, first-time students in Alabama is less than the SREB average and less than the U.S. average; average loan aid per-borrower has increased over time.

	Alabama			SREB	U.S. Average
	Pre-Recession	Recession	Post-Recession	Post-Recession	Post-Recession
Family Ability to Pay					
Percent of income needed to pay for college expenses minus financial aid:					
at community colleges	N/A	12%	15%	16%	27%
at public 4-year colleges (category 1)	N/A	25%	33%	27%	41%
at public 4-year colleges (category 2)	N/A	21%	26%	25%	19%
Strategies for Affordability					
State Grant funding					
Need-Based grants per student	\$0	\$0	\$0	\$204	\$276
Grants that have a need and non-need based requirement per student*	\$5	\$7	\$22	\$98	\$142
Non-Need based grants per student	\$0	\$5	\$4	\$345	\$145
At lowest-priced colleges, the share of income that the families with the lowest income need to pay for tuition	27%	18%	26%	18%	20%
Reliance on Loans					
Average amount of student loan aid received by full-time, first-time students attending public institutions	\$3,678	\$3,533	\$4,984	\$5,094	\$5,361
*As defined by NASSGAP, see Technical Guide. Grant requirements in this category vary widely by state -- some have a substantial merit component and others have a modest merit component.					
Note: Pre-Recession year data is from 2003-04; Recession year data is from 2006-07 on all variables except Estimated cost of postsecondary education where data is from 2008-09 (2007 data was unavailable for this variable); Post-Recession year data is from 2011-12. All dollar amounts have been adjusted into Constant 2013 dollars.					
N/A: Data not available.					

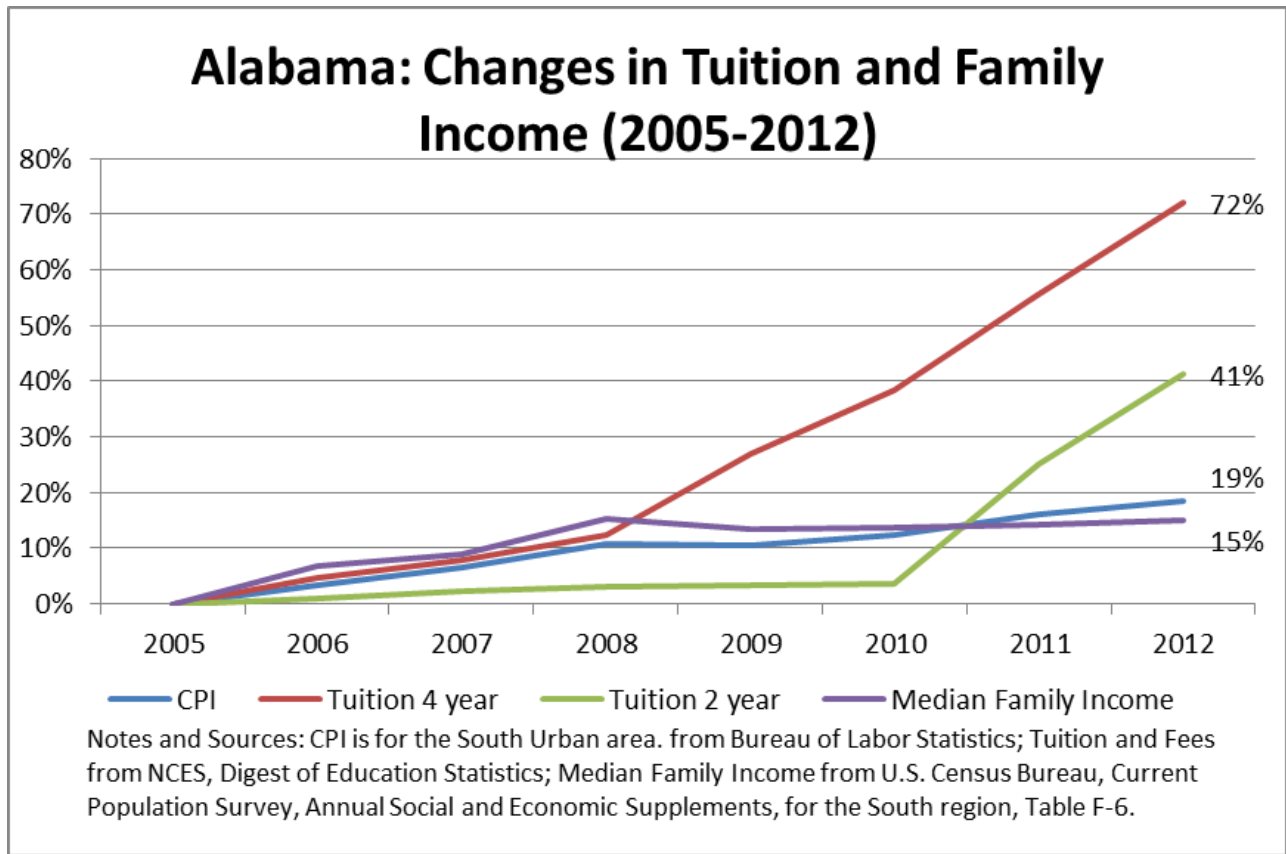
A Closer Look at Family Ability To Pay

	Average Income in Group	Community Colleges	
		Net Price	Percent of Income needed to pay net college Price
Income \$0-\$30,000	\$16,607	\$5,659	34%
Income \$30-\$48,000	\$38,708	\$6,459	17%
Income \$48,000-\$75,000	\$60,771	\$7,943	13%
Income \$75,000-\$110,000	\$90,912	\$5,475	6%
Income \$110,000 and Above	\$175,990	\$4,990	3%

	Average Income in Group	Public Four Year 1		Public Four Year 2	
		Net Price	Percent of Income needed to pay net college price	Net Price	Percent of Income needed to pay net college price
Income \$0-\$30,000	\$16,607	\$11,741	71%	\$10,298	62%
Income \$30-\$48,000	\$38,708	\$13,767	36%	\$11,284	29%
Income \$48,000-\$75,000	\$60,771	\$16,326	27%	\$12,156	20%
Income \$75,000-\$110,000	\$90,912	\$18,348	20%	\$9,808	11%
Income \$110,000 and Above	\$175,990	\$19,072	11%	\$9,919	6%

- Low-income families (those with incomes less than \$30,000 per-year) would need to pay on average 34 percent of their income to attend community colleges, even after taking into account all types of grant aid.
- Middle-income families (those earning between \$48,000 and \$75,000 per-year) would need to pay on average 13 percent of their income to attend community colleges, even after taking into account all types of grant aid.

Changes in Tuition



Since 2005, tuition at both public four-year and public two-year institutions in Alabama has been growing much more rapidly than either inflation or family income.

Other Contextual Information:

- By 2020, the Georgetown Center on Education and the Workforce predicts that 62 percent of jobs in the state will require a postsecondary education or above, higher than the Southern average (59 percent) and very similar to the U.S. average (65 percent).
- Nineteen percent of students in Alabama are enrolled in public four-year category 1 institutions, 38 percent at category 2 four-year institutions and 42 percent are enrolled in the community college sector.
- In 2012, 27 percent of children in Alabama were living in poverty. This is up slightly from 2004 when 21 percent were living in poverty.

- In 2012, state investment in need-based grant aid at public colleges in Alabama was 1 percent as compared to the federal investment (Pell Grants).

Note: Category 1 four-year institutions are those that award at least 30 doctoral degrees in 5 different areas. Category 2 includes all other four-year institutions.

List of Institutions by Type

SREB Category 1 Public Four-Year Institutions

Auburn University
 University of Alabama
 University of Alabama at Birmingham
 University of Alabama in Huntsville

SREB Category 2 Public Four-Year Institutions

Alabama Agricultural and Mechanical University
 Jacksonville State University
 Troy University
 University of South Alabama
 Alabama State University
 Auburn University at Montgomery
 University of North Alabama
 University of Montevallo
 University of West Alabama
 Athens State University

SREB Two-Year Colleges

Alabama Southern Community College
 Bevill State Community College
 Bishop State Community College
 Central Alabama Community College
 Chattahoochee Valley State Community College
 Enterprise State Community College
 Gadsden State Community College
 George C. Wallace State Community College- Selma
 George C. Wallace State Community College Dothan
 James H. Faulkner State Community College
 Jefferson Davis Community College
 Jefferson State Community College
 John C. Calhoun State Community College
 Lawson State Community College
 Lurleen B. Wallace Community College

Northeast Alabama State Community College
Northwest-Shoals Community College
Shelton State Community College
Snead State Community College
Southern Union State Community College
Wallace Community College Hanceville