



Public Higher Education Affordability in the South: Regional Trends

October 2016

This document appears as Appendix A in the final report of the Commission on College Affordability in the South

To support the work of member states and the SREB Commission on College Affordability, SREB commissioned the Higher Education Policy Institute to prepare a regional affordability profile, as well as individual state profiles. This regional profile appears as an appendix in the Commission's final report and details college affordability to assist policymakers in assessing the dimensions of the affordability issue and the need for state policy initiatives or interventions.

In addition to this regional profile, other affordability resources from SREB include:

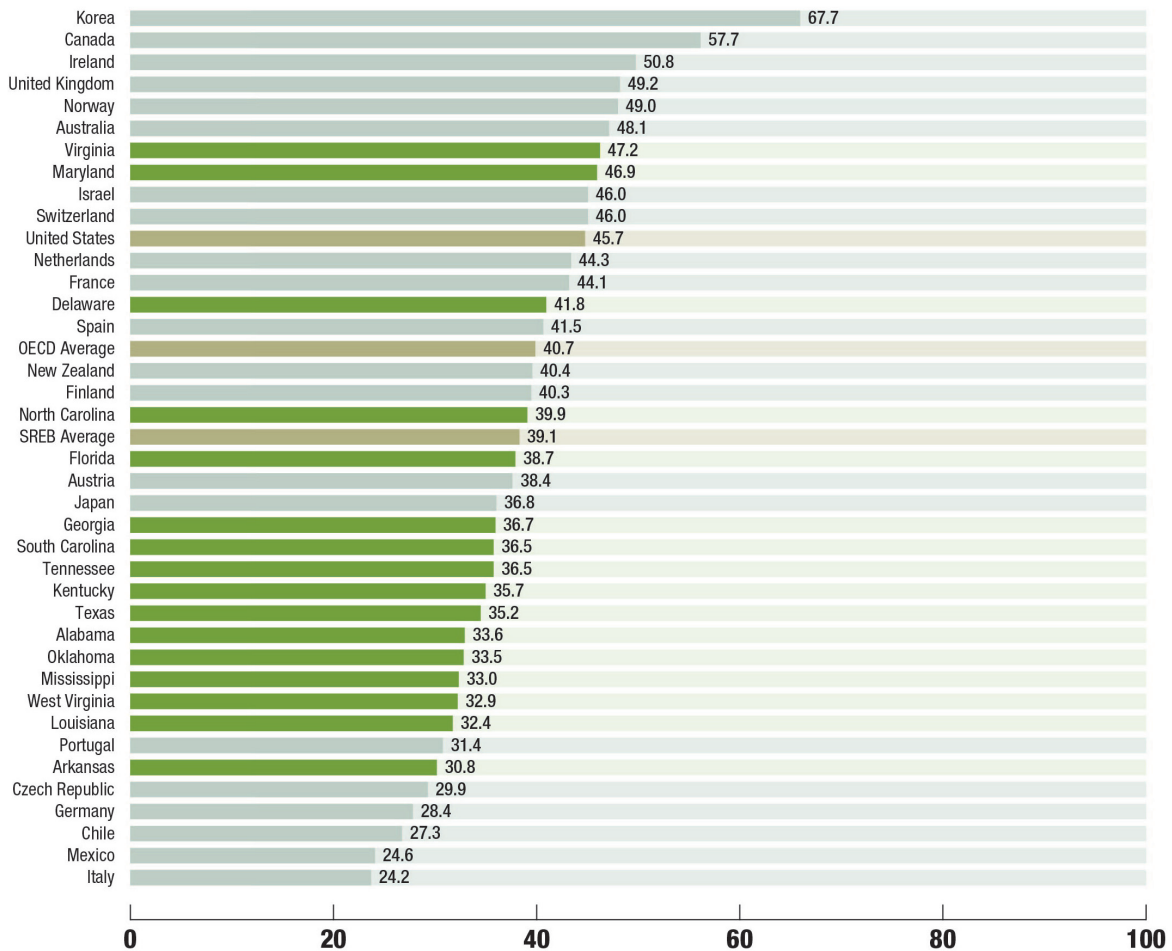
- *Shared Responsibility for College Affordability*, the report of the SREB Commission on College Affordability in the South.
- An individual *College Affordability Profile* for each SREB state
- *College Affordability: SREB Technical Report*
- *College Affordability Policy and Practice Review: A Statewide Framework*
- *College Affordability: Promising State Policies and Practices*
- *SREB Fact Book on Higher Education*

Each of these documents is available at SREB.org/Affordability.

International Educational Attainment

The majority of Southern states perform below the national average and the average of Organisation for Economic Co-operation and Development countries in terms of the percent of young adults who have attained an associate degree or higher. On average, 39 percent of the young adult population in SREB states hold an associate degree or higher compared to 46 percent in the United States and 41 percent in OECD countries.

SREB States and Other Nations Adults 25-34 with an associate degree or higher



OECD, *Education at a Glance 2015*; U.S. Census Bureau American Community Survey, 2012, 2013, 2014. Data and analysis by the National Center for Higher Education Management Systems.

More Jobs Require Postsecondary Education

As in the rest of the nation, economies in SREB states will generate more jobs that require postsecondary education. In all Southern states, the proportion of the workforce with at least an associate's degree is substantially lower than the proportion of the population that will be required to have some level of postsecondary education. While most states have set aggressive goals for higher levels of educational attainment, many states have yet to reach them.

Workforce Demand in Southern States

Percentage of jobs that will require postsecondary education and training by 2020

Alabama	62%	Maryland	69%
Arkansas	59%	North Carolina	67%
Delaware	63%	Oklahoma	64%
Florida	65%	South Carolina	62%
Georgia	65%	Tennessee	58%
Kentucky	62%	Texas	62%
Louisiana	56%	Virginia	67%
Mississippi	51%	West Virginia	55%
SREB Average			62%
US Average			65%

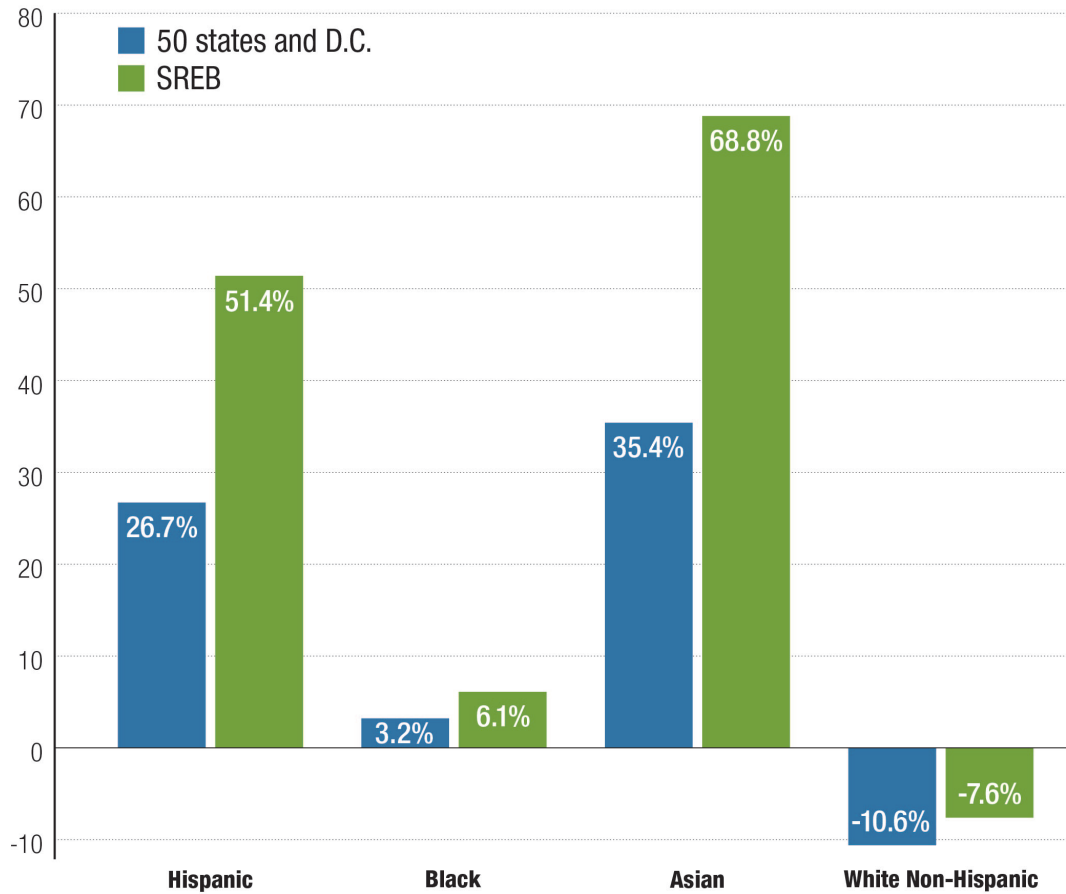
Georgetown Center on Education and the Workforce, 2012. *A Decade Behind: Breaking out of the Low-Skill Trap in the Southern Economy.*

Growing Racial Diversity

In the Southern region as a whole, the largest percentage growth in the number of high school graduates will come from Hispanic, black, and Asian students. Black and Hispanic students will have the largest numeric growth. Changes in the demographics of young people in these states will mean that institutions of higher education will need to achieve higher levels of performance in both enrollment and graduation for these populations if aggressive degree attainment goals are to be met.

Student Diversity

Projected growth in high school graduates by race, 2014-2027



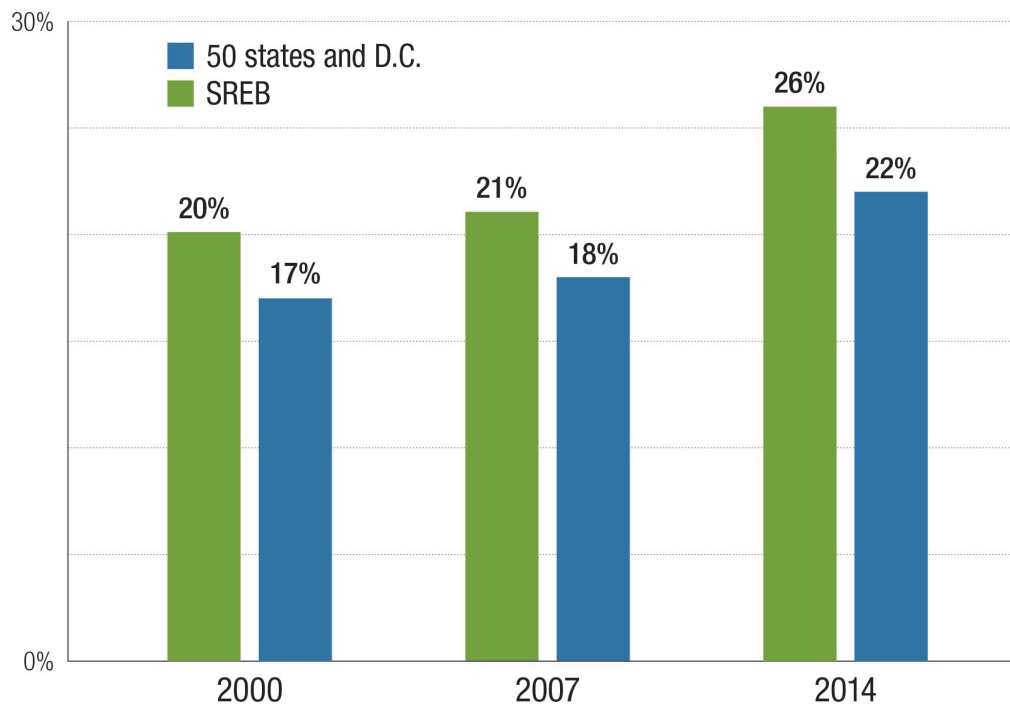
Western Interstate Commission for Higher Education, 2012. *Knocking at the College Door: Projections of High School Graduates*.

More Children in Poverty

The percent of children living in impoverished conditions is increasing in Southern states faster than in the nation as a whole. The rate of childhood poverty in the South is above national levels. From 2000 to 2014, the percent of children living in poverty increased from 17 to 22 percent nationally and from 20 to 26 percent in the SREB region. If poverty rates persist into young adulthood this means that college students in the South will have fewer financial resources available to pay for college.

Children in Poverty

Change in percentage of children living in poverty



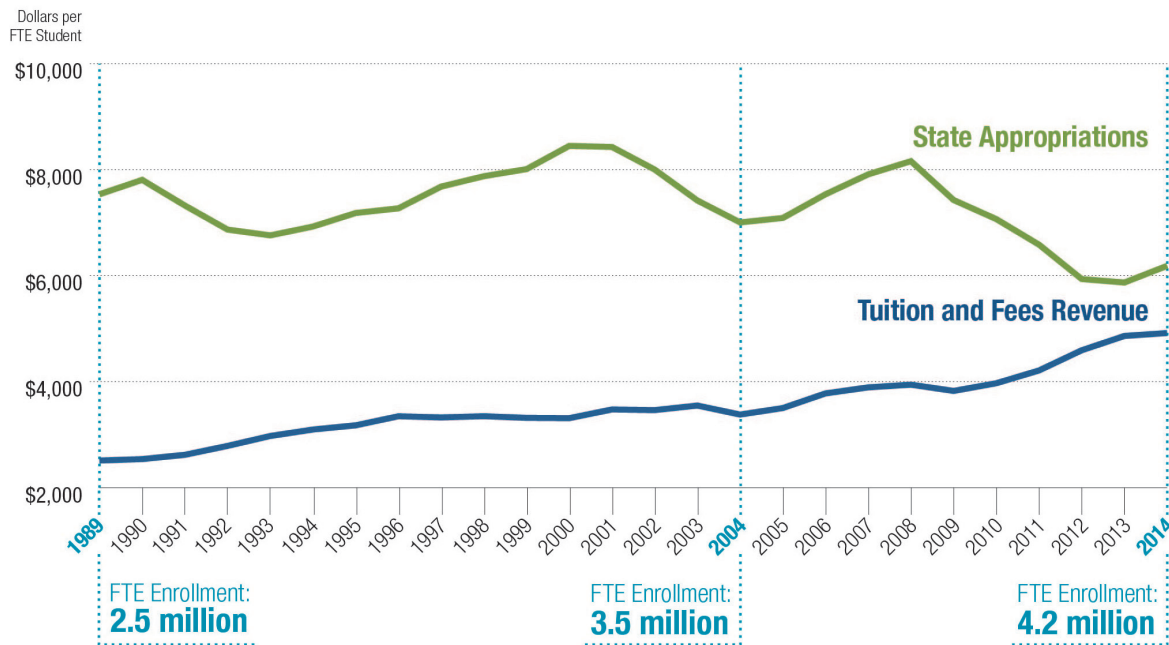
Annie E. Casey Foundation, 2016. *Kids Count Data Book*.

Higher Education Funding Shifts

While college costs during and before the Great Recession increased, state appropriations for colleges decreased. State appropriations have fallen from \$7,535 per-full-time equivalent (FTE) student in the late 1980s to \$6,186 per-student in 2014 (in constant dollars). Over that same time period, net tuition and fees per student have increased from \$2,513 to \$4,986. Taken together, funding per student has remained about the same but has shifted from the states to students and their families. Also notable is the growing enrollment during this time period, with a slight decline since 2012.

Covering Public Higher Ed Costs In SREB States

Tuition, fees and state appropriations
FTE enrollment and dollars per FTE student

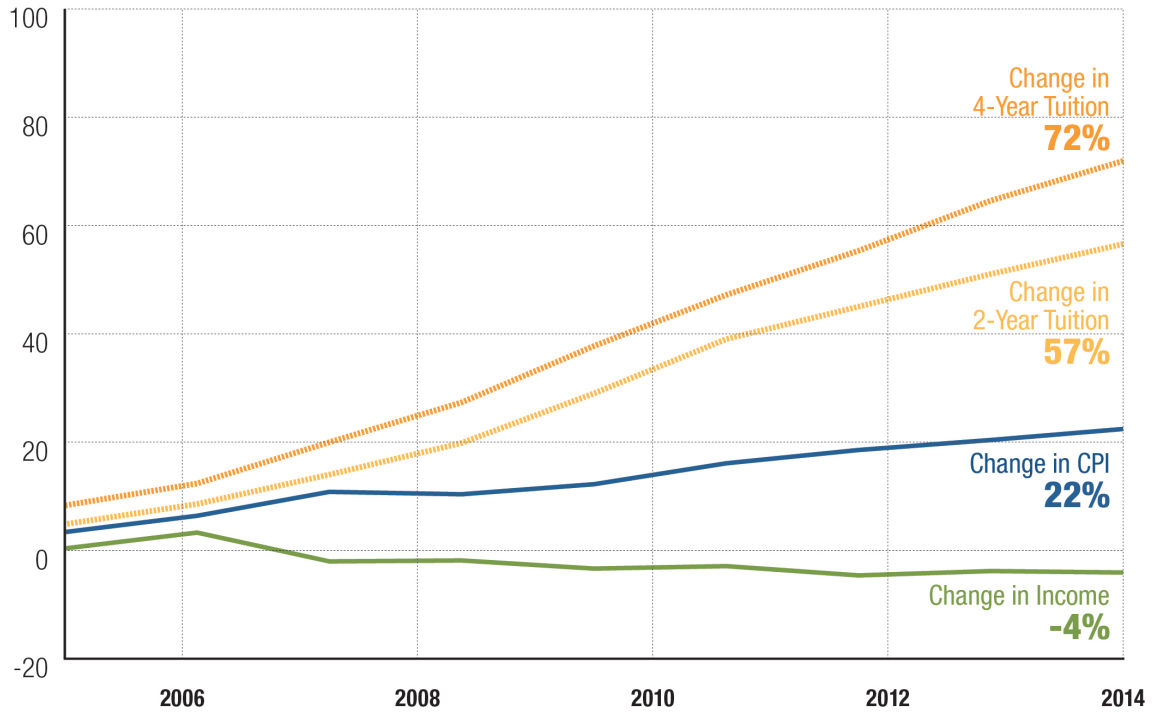


State Higher Education Executive Officers Association, State Higher Education Finance FY 2015. SREB calculation by William Doyle, Higher Education Policy Institute.

Rising Tuition and Fees

Tuition and fees at public four-year and two-year institutions in the South have increased faster than income, inflation and almost all other consumer goods and services. Between 2005 and 2014, tuition and fees at public four-year institutions increased by 72 percent, while family income declined by 4 percent.

Tuition and Fee Increases Compared to Income, CPI SREB States



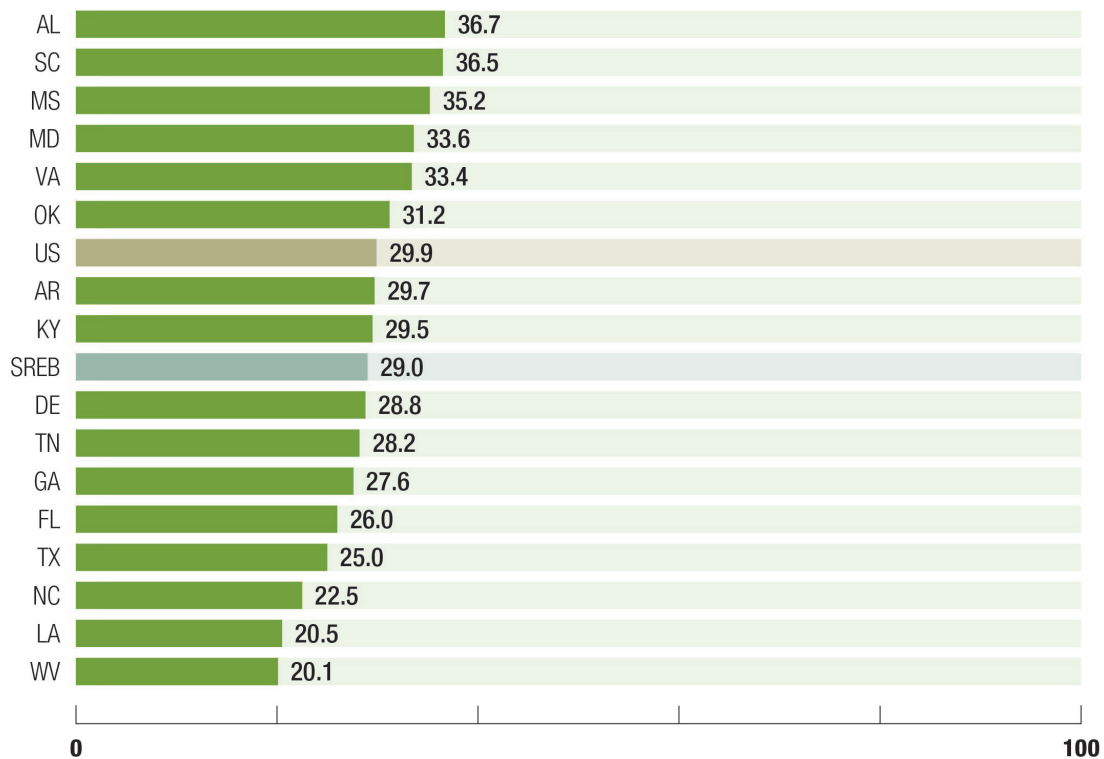
Tuition and fees: U.S. Department of Education, 2016. Median family income: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement. Consumer Price Index: U. S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers.

Net Price and Income at Public Four-Year Category 1 Institutions

Public four-year category 1 institutions are primarily research institutions. At these institutions, students and families would have to pay, on average, 29 percent of their income to cover educational expenses even after taking into account all federal, state and institutional financial aid. This amount varies widely across SREB states, from nearly 37 percent in Alabama to 20 percent in West Virginia.

Income to Cover Costs Category 1 Public 4-Year Colleges

Percentage of family income needed to cover net price



Net price: tuition, fees and room and board, minus federal and state grants to students

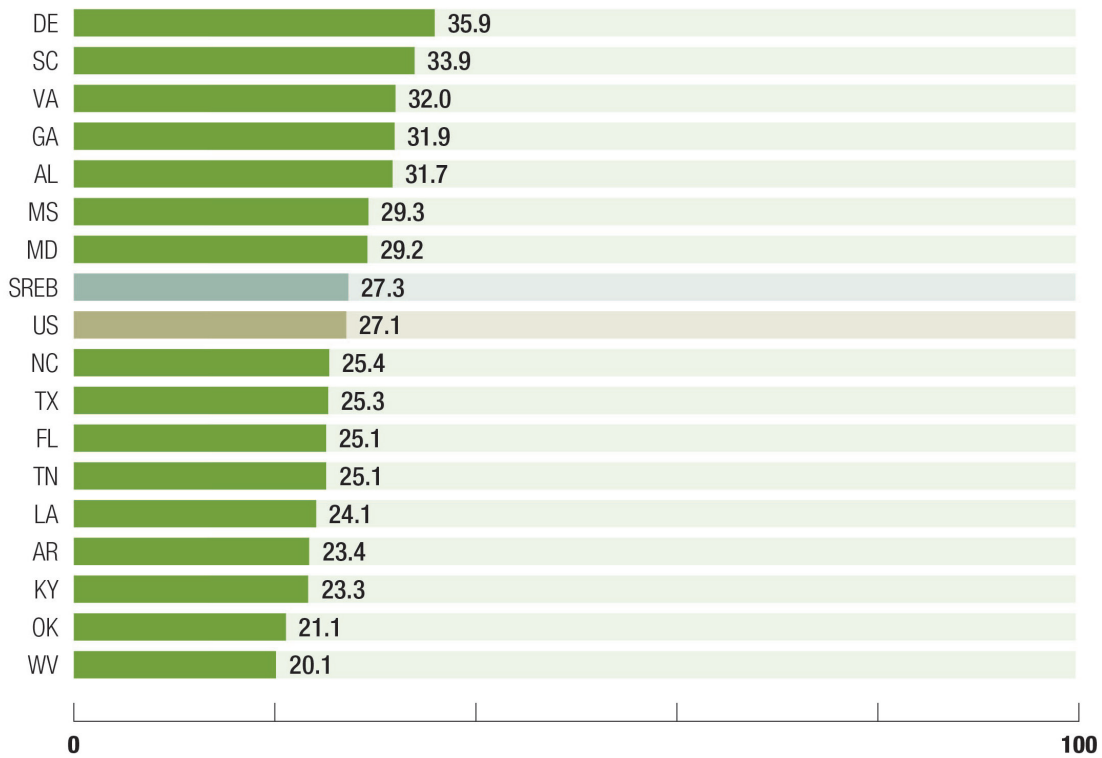
U.S. Department of Education, 2006. Student Financial Aid Survey; U.S. Census Bureau, 2016. American Community Survey.

Net Price and Income at Public Four-Year Category 2 Institutions

Public four-year category 2 institutions are primarily open-access or widely accessible four-year institutions. At these institutions, students and families in SREB states would have to pay about 27 percent of family income in order to cover educational expenses, even after taking into account all types of financial aid: federal, state and institutional. This is similar to the national average. The amount required from families varies from 36 percent of income in Delaware to 20 percent in West Virginia.

Income to Cover Costs Category 2 Public 4-Year Colleges

Percentage of family income needed to cover net price



Net price: tuition, fees and room and board, minus federal and state grants to students

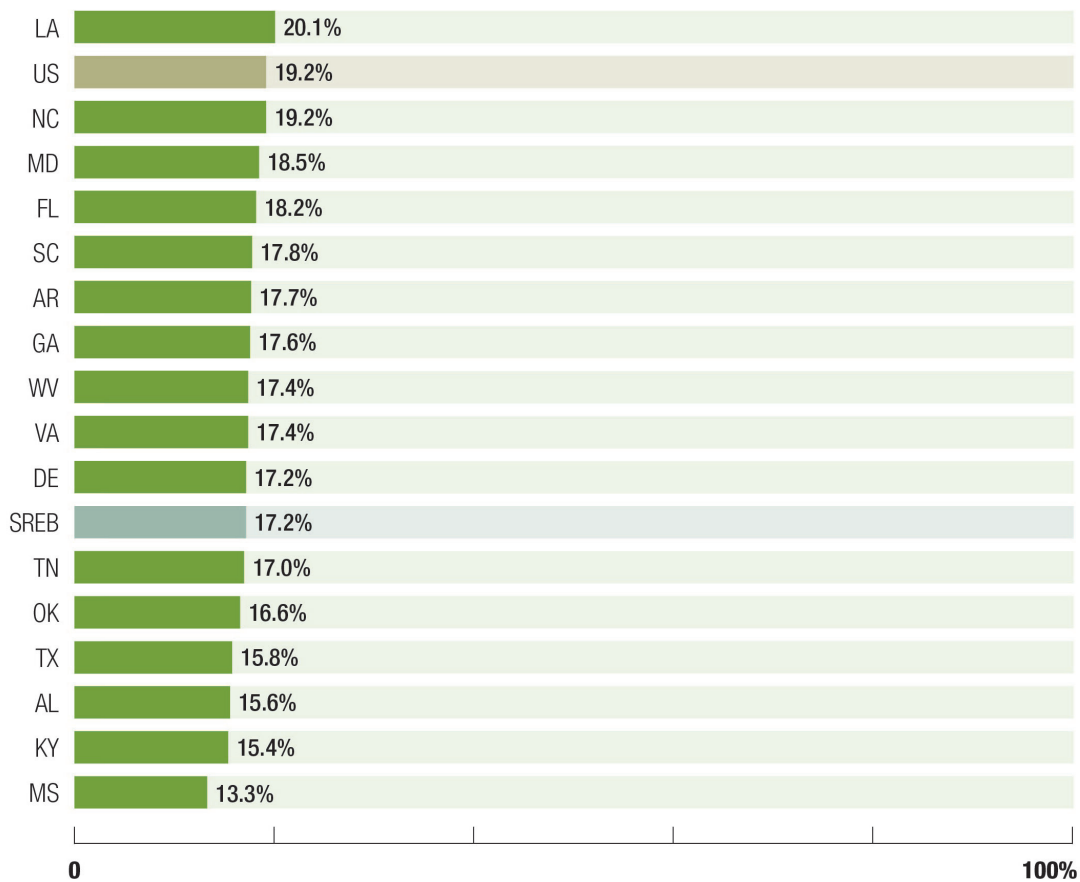
U.S. Department of Education, 2006. Student Financial Aid Survey; U.S. Census Bureau, 2016. American Community Survey.

Net Price and Income at Public Two-Year Institutions

At public two-year colleges, the net price of attendance is generally lower — and in SREB states, net prices are considerably lower — than the national average. Students and families in SREB states would have to pay 17 percent of their income to attend public two-year colleges, compared with 19 percent for families nationally. In Louisiana, 20 percent of income would be required — making it the most expensive among SREB states for public two-year colleges. In Mississippi, in contrast, students and families would need to pay 13 percent of their income to attend this type of institution.

Income to Cover Costs Public Community Colleges

Percentage of family income needed to cover net price



Net price: tuition, fees and room and board, minus federal and state grants to students

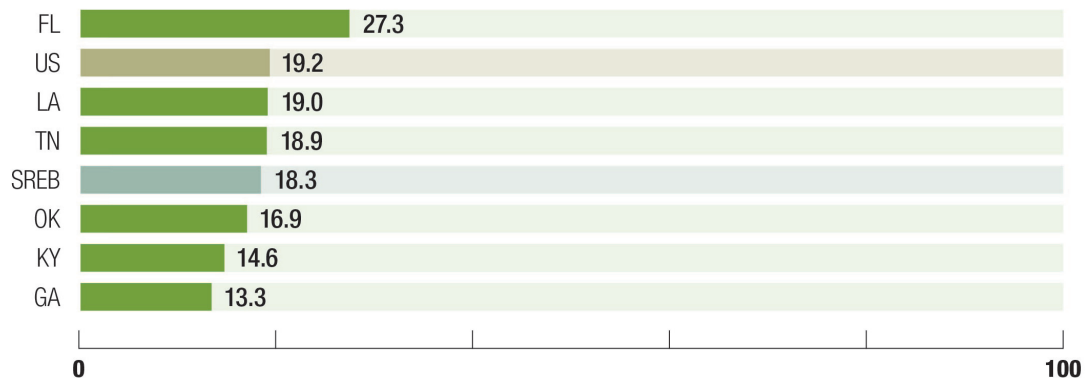
U.S. Department of Education, 2006. Student Financial Aid Survey; U.S. Census Bureau, 2016. American Community Survey.

Net Price and Income at Public Technical Colleges

Among SREB states with technical colleges, about 18 percent of family income would be required to cover educational expenses, even after taking into account institutional, state and federal aid provided to students. In Georgia, the percent of family income required to attend stands at 13 percent, while in Florida, more than 27 percent of family income would be required to attend.

Income to Cover Costs Technical Colleges

Percentage of family income needed to cover net price



Net price: tuition, fees and room and board, minus federal and state grants to students

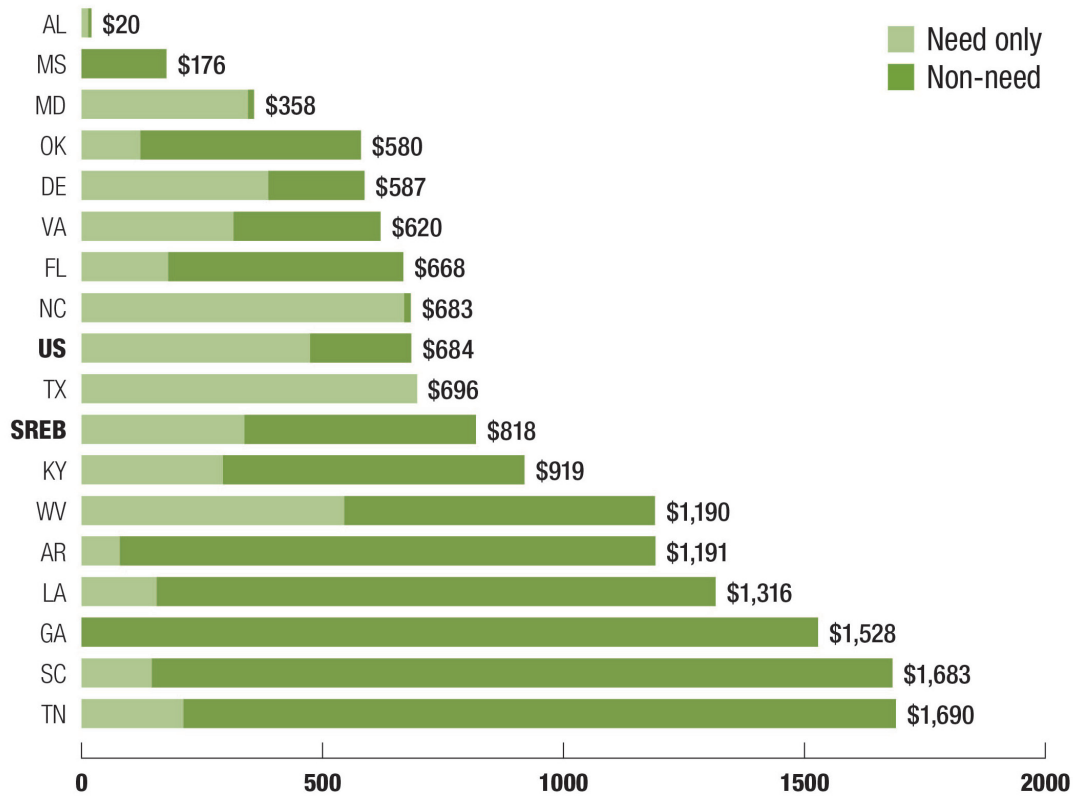
U.S. Department of Education, 2006. Student Financial Aid Survey; U.S. Census Bureau, 2016. American Community Survey.

State Financial Aid in the SREB Region

In the SREB region, state spending per student is higher than the national average, but most of this aid is awarded on a basis other than need. In Louisiana and Tennessee, the state spends about \$1,300 per student on all types of state financial aid, on a per student basis. Among SREB states, North Carolina and Texas spend the most on need-based financial aid per student.

State Financial Aid Awards

Per FTE, 2014



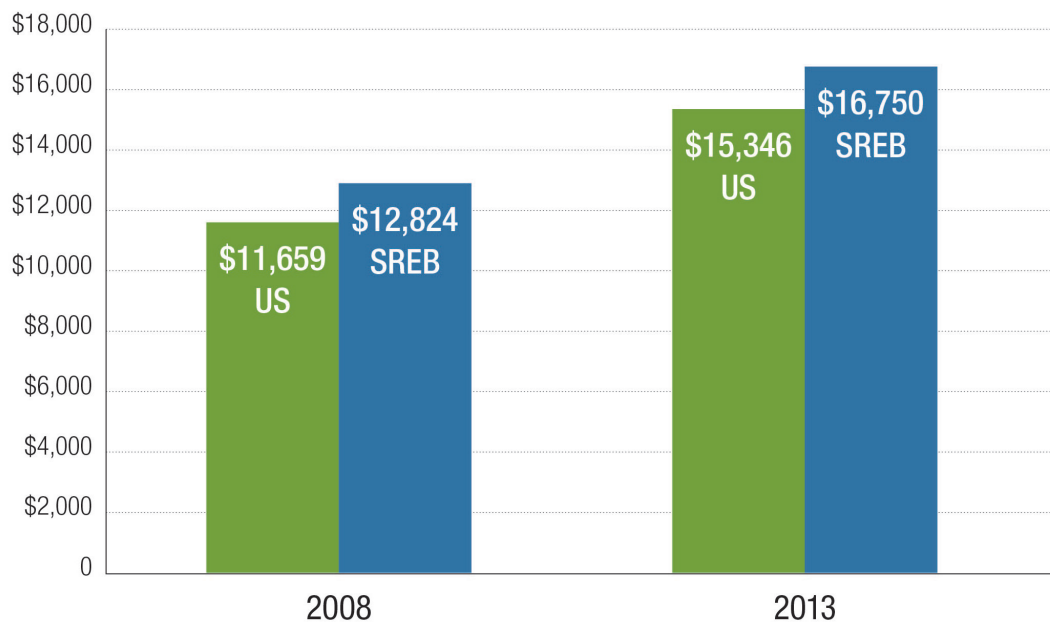
National Association of State Student Grant and Aid Programs, 2014.

Undergraduate Student Debt

Graduates with associate and bachelor's degrees from public four-year and two-year institutions in SREB states typically borrow \$16,750, which is higher than the national average of \$15,346. Research shows that as prices go up, many students who wish to stay enrolled must reduce credit hours, increase their work hours or borrow more. The amount borrowed by students at public institutions in SREB states increased by 31 percent between 2008 and 2013, demonstrating that many students borrowed more as prices increased.

Growth in Debt

Median dollars owed by graduates of 2- and 4-year institutions
2008 and 2013



U.S. Department of Education. College Scorecard data.