

College Affordability

**Higher Education Subcommittee
of Arkansas Legislative Council**

Interim Study Proposal 2015-0139

Student Debt: Review

Student Debt

- **Student debt in the US is more than \$1.3 trillion**
- **Student grows by about \$2,762.72 each second**
- **Arkansans owe an estimated \$9 billion**

MarketWatch, January 2016

\$25,344

**Fifty-five percent of Arkansas grads left campus
with an average student debt of \$25,344 in 2014**

Economic Consequences

- **Too much debt hinders basic economic activity**
- **Debt affects the ability to make large purchases, buy and sell homes, save for retirement, and invest**
- **Debt delays marriage, families, entrepreneurship**

College Affordability

College Affordability

- **College is less affordable than it was in 2008**
- **All states have lost ground in affordability**
- **States with the highest concentrations of poverty (like Arkansas) are particularly affected**

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

Unaffordable Costs

- Higher costs can lead to greater student debt
- More low- and middle-income Arkansans can't afford higher education
- Fewer college grads mean a smaller economy

“More low-income students will have to attend college than ever before in order to create a more educated and productive workforce.”

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

“Reducing the price for low-income students can create the largest enrollment effects for a given amount of funding.”

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

Affordability Issues

- **Much state aid isn't based on financial need**
- **Most full-time students can't work their way through school**
- **Debt is often the only option for low- and middle-income students**

Educational Attainment...

- **Arkansas (48) leads only Mississippi (49) and West Virginia (50) in adults with bachelor's degrees**
- **Just 21.8 percent of Arkansan adults—only about one in five—hold a bachelor's degree**

...Affects Median Income

- **With a median household income of \$41,995, Arkansas (49) leads only Mississippi (50)**
- **This is about \$14,000 less than the national median income**

Eight of the 10 states with the lowest median household incomes also have the fewest college-educated adults.

If Arkansas is to increase its median household income in a meaningful way, it must increase its number of college-educated adults.

“Even the most enlightened educational policies will not succeed for students who cannot afford to enroll or complete college programs.”

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

State Funding & Tuition

“Decline in state support accounts for about three-quarters of the rising cost of college [since 2000].”

Let's Look at Arkansas

- **Average tuition is \$5,100—up \$2,300 since 2000**
- **State funding per student is down \$1,200**
- **52.4 percent—more than half—of the increase in tuition is a result of state funding cuts**

**The University of Arkansas, ASU, UCA
and UALR accounted for 45 percent of
student loans in 2015.**

Arkansas Student Loan Authority

A Closer Look: U of A

- **In-State Tuition and Fees: \$8,522**
- **Books: \$1,000**
- **On-Campus Living Expenses: \$13,984**
- **Total: \$23,506 (x 4.16 = \$97,784.96)**

A Closer Look: ASU

- **In-State Tuition and Fees: \$8,050**
- **Books: \$1,000**
- **On-Campus Living Expenses: \$13,053**
- **Total: \$22,103 (x 4.29 = \$94,821.87)**

US DOE Integrated Post-Secondary Education Data System and Bureau of Legislative Research

A Closer Look: UCA

- **In-State Tuition and Fees: \$7,889**
- **Books: \$1,100**
- **On-Campus Living Expenses: \$11,453**
- **Total: \$20,442 (x 4.22 = \$86,265.24)**

A Closer Look: UALR

- **In-State Tuition and Fees: \$7,624**
- **Books: \$1,715**
- **On-Campus Living Expenses: \$13,254**
- **Total: \$22,593 (x 4.30 = \$97,149.90)**

US DOE Integrated Post-Secondary Education Data System and Bureau of Legislative Research

Percent of Median Income

- **U of A: \$23,506 (57 percent of \$41,995)**
- **ASU: \$22,103 (53 percent)**
- **UCA: \$20,442 (49 percent)**
- **UALR: \$22,593 (54 percent)**

Arkansas is one of 15 states where roughly a third of families earn less than \$30,000 a year.

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

Families Earning \$30,000

- **U of A: \$23,506 (78 percent \$30,000)**
- **ASU: \$22,103 (74 percent)**
- **UCA: \$20,442 (68 percent)**
- **UALR: \$22,593 (75 percent)**

Working Through College

Working Through College

- **Full-time students can no longer work their way through college**
- **Students who work off-campus more than 15 to 20 hours a week risk their academic performance—and their chances of completing**

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

Working Through College

- **In all states, students must work more than 20 hours a week to pay educational expenses at four-year schools**
- **Students can cover expenses at two-year schools by working less than 20 hours in just 12 states**

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

Working to Support Family

- **Nearly a third (29 percent) of Arkansan families earn \$30,000 or less**
- **Public two-year colleges cost 38.5 percent of the income of these families in Arkansas**

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

In addition to risking their education, students who work are more likely to miss engagement opportunities that could help them compete for jobs.

For the Final

- **College is out of reach for many today**
- **Tuition in Arkansas is up 82 percent since 2000**
- **52.4 percent of that increase is due to state cuts**
- **Fewer grads means a smaller economy**

For the Final (Continued)

- **Only 21.8 percent of Arkansans have a bachelor's degree—good for 48th nationally**
- **Arkansas ranks 49th in household median income**
- **Eight of the 10 states with the lowest median incomes have the fewest college-educated adults**

For the Final (Continued)

- **Students can't work their way through college**
- **Low-income students are more price-sensitive**
- **Reducing tuition for low- and middle-income students can have the biggest effect on enrollment**

“Unless we make college affordable for people of all financial means, opportunity through higher education will be a false promise.”

Institute for Research on Higher Education. (2016.) College Affordability Diagnosis: National Report.

Thank You

#StudentDebt