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VANDERBILT
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HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

ALABAMA



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ALABAMA

COLLEGE
AFFORDABILITY
RANKING

47

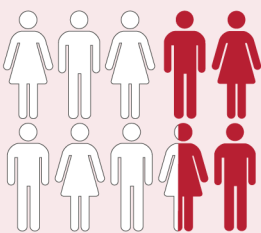
Policy and poverty collide in Alabama, whose poor showing in the college affordability rankings is influenced by the scant provision of state-based financial aid for college students despite widespread poverty among Alabama families. Affordability is further compromised by the high percentage of undergraduates enrolled in public research universities, which are the least affordable of all postsecondary options in the state. To pay the annual educational costs at these institutions, students would need to work nearly 50 hours a week while enrolled full time.

More affordable higher education options do exist for Alabamans. The state ranks in the top 15 in terms of the affordability of public community colleges—and 35 percent of Alabama undergraduates enroll in these institutions. Students would need to work fewer than 20 hours a week to cover the annual costs of attending a two-year college in the state.

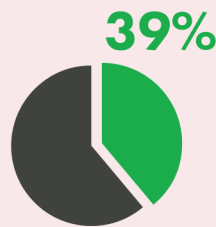
Alabama's performance on college affordability measures will make it challenging for it to close substantial gaps in educational attainment between Blacks and Whites in the state, to address one of the highest levels of childhood poverty in the nation, or to meet projected workforce needs by 2020.

- ▶ The percent of family income needed to cover the cost of attending college full time in Alabama has increased at all types of colleges and universities between 2008 and 2013.
- ▶ Alabama educates nearly 36 percent of its students in public research universities, which cost considerably more than public four-year nondoctoral institutions (39 percent of family income vs. 31 percent of family income).
- ▶ Alabama ranks 14th nationally in providing affordable higher education to students enrolled in public two-year institutions. Alabama students can work less than 20 hours per week and pay the annual costs of higher education at these institutions.
- ▶ Alabama contributes only \$14 per student for need-based financial aid for students to attend public institutions, compared to the national average of \$474.
- ▶ Nearly one third of high school students in Alabama are Black. Black college attainment lags behind White attainment substantially (25 percent vs. 37 percent).
- ▶ Nearly one in three children in Alabama live in poverty.

More Alabama students attend **public research institutions** than any other kind of institution, with **36 percent enrolled**. Families would spend, on average, **39 percent of annual income** to pay for full-time attendance.



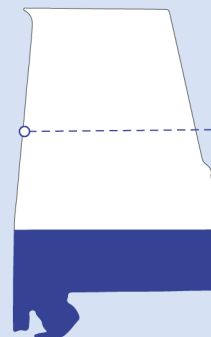
Percentage of students attending public research institutions



Percentage of family income required to pay for full-time attendance

On average, **33 percent** of working-age Alabama state residents (age 25-64) have an associate's degree or higher.

By 2020, **63 percent of jobs will require an associate's degree or higher.**



63%

Jobs requiring associate's degree or higher by 2020

33%

Workforce with associate's degree or higher, as of 2014

WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (35 percent of enrollment)**	13	16	14
Public Four-Year Nondoctoral (21 percent of enrollment)	23	31	37
Public Research (36 percent of enrollment)	28	39	48
Private Four-Year Nondoctoral (9 percent of enrollment)	39	48	34
Private Research (NA percent of enrollment)	NA	NA	NA

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$16,749

Families in Group

28%

Income

\$30,000 —48,000

Average Income in Group

\$38,950

Families in Group

17%

Income

\$48,000—75,000

Average Income in Group

\$60,746

Families in Group

22%

Income

\$75,000—110,000

Average Income in Group

\$91,160

Families in Group

17%

Income

\$110,000 and above

Average Income in Group

\$179,046

Families in Group

16%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	5,743	34
\$30,000—48,000	6,398	16
\$48,000—75,000	8,037	13
\$75,000—110,000	9,715	11
\$110,000 and above	10,386	6

Students would have to work 19 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	12,194	73
\$30,000—48,000	13,540	35
\$48,000—75,000	15,263	25
\$75,000—110,000	14,702	16
\$110,000 and above	15,168	8

Students would have to work 38 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	14,909	89
\$30,000—48,000	16,302	42
\$48,000—75,000	18,662	31
\$75,000—110,000	20,774	23
\$110,000 and above	21,112	12

Students would have to work 47 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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STATE INCOME PROFILE

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Average Income in Group

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Families in Group

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Income

\$110,000 and above

Average Income in Group

\$179,046

Families in Group

16%

PERCENT OF FAMILY INCOME needed to attend full time:

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0–30,000	18,717	112
\$30,000–48,000	20,504	53
\$48,000–75,000	22,458	37
\$75,000–110,000	23,247	26
\$110,000 and above	24,226	14

Students would have to work 46 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	5	10	14	474
Other Aid	3	10	7	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	13	17	22	644
Other Aid	85	135	83	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$3,629 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$6,023 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,686 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,033 annually.

Data Source: U.S. Department of Education.

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WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 63 percent of jobs in Alabama will require a postsecondary credential.
- ▶ Alabama is 40th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 34 percent of young adults in Alabama (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 34 percent of working age adults in Alabama (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average, 33 percent of working age Alabama state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 37 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Blacks and Hispanics) have attainment of only 25 percent and 20 percent respectively.

Educational Pipeline in Alabama

- ▶ In 2020, Alabama's public high school graduates are projected to be 29 percent Black and 6 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Alabama are projected to grow by only 1 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Alabama is projected to decline by 1 percent and the percent of graduates that are White is projected to decline by 4 percent while the percent of graduates that are Hispanic is projected to grow by 5 percent over the same time period.
- ▶ While the decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028), the decline in Black graduates is above national trends (Black high school graduates are projected to increase 4 percent nationally) and the growth in Hispanic graduates in Alabama is also above national patterns (Hispanics are only projected to increase by 2 percent of national high school graduates by 2028).

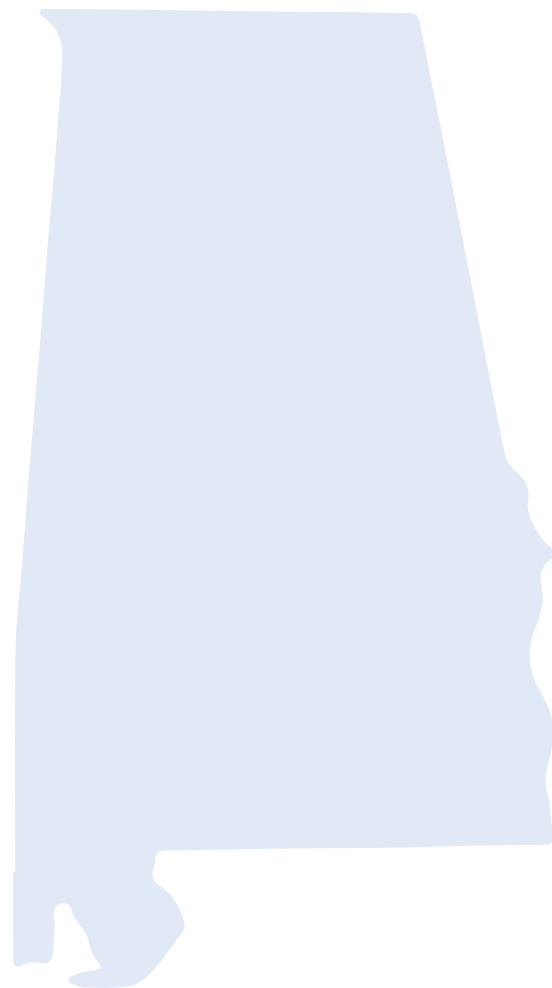
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Children in Poverty

- ▶ The percent of children living in poverty in Alabama increased between 2005 and 2013, from 25 percent to 27 percent.
- ▶ In 2013, Alabama was ranked 40th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Alabama, total student share of state and net tuition revenues per full time student was 28 percent in 1989, 39 percent in 2000, and 66 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased even more rapidly.



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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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