

Trends in Tuition at Idaho's Public Colleges and Universities: Critical Context for the State's Education Goals

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Idahoans have long valued public higher education, recognizing its importance to the economy and social fabric of the entire state. In fact, the territorial legislature founded the University of Idaho in 1889, before Idaho was admitted as a state. Over the past three decades, there has been a departure from the state's historic commitment to higher education, as funding from the legislature has declined relative to the costs of providing education.

The result has been steeply rising tuition and fees, a growing debt load for many students, and higher barriers to attending college for middle- and low-income Idahoans. This is a threat to Idaho's economy at a time when employers are demanding a more educated workforce, and when workers with a college degree command far higher salaries than those with just a high school diploma.

Idaho's ability to meet the needs of a modern economy will depend on state investments in colleges and universities. According to the state's public schools agency, 49 percent of Idaho students are eligible for a free or reduced lunch, meaning they live in families close to or below the poverty level.

Higher Education is Critical to Idaho's Future Economy

Idaho is investing less per student in higher education despite the growing need for a well-educated, highly skilled workforce to strengthen the state's economy (see chart). In May 2014, Idaho Business for Education, a group of 180 business leaders from across the state, sounded the alarm

in a report highlighting the mismatch between the education level of Idaho's workforce and the types of skills that will be required for jobs in the future.¹ A Georgetown University study estimated that 68 percent of jobs in Idaho would require a postsecondary credential by 2018.² The Idaho State Board of Education has set a goal of having 60 percent of Idaho's 25-34 year olds earn a postsecondary degree by 2020.³

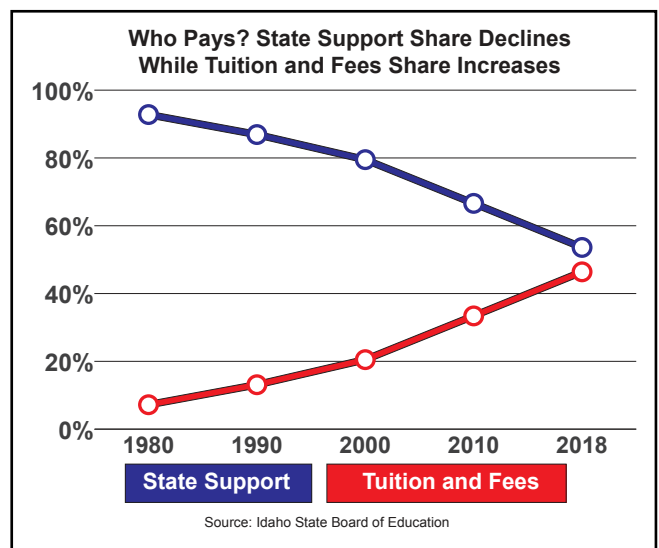
While current state goals are unlikely to be met in the specified timeframe, higher education is at the top of the state policy agenda and Governor Otter has convened a task force to assess and develop policy options. Idaho has

sustained a high rate of high school (or equivalency) completion over the past 10 years, nevertheless the share of Idahoans with an associate's degree or

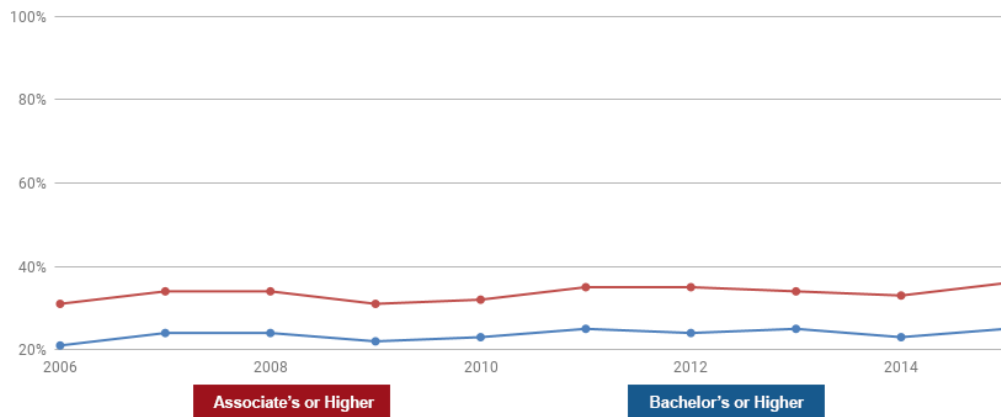
"Past generations are familiar with the idea of working one's way through college, but the math looks much different today."

- Sue Lovelace, Idaho educational consultant

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Educational Attainment of Idahoans Aged 24 to 35



Source: U.S Census Bureau, American Community Survey, 2006-2015, Table B15001

higher has remained stagnant (see chart). Currently only 36 percent of young adults in Idaho have an associate's degree or higher.⁴

Higher levels of education result in higher earnings, in particular for four-year degrees and beyond. In 2015, the median annual salary for adults in Idaho with a bachelor's degree was \$42,661, compared to \$26,002 for those who only completed high school or equivalency (see chart).

As Costs Rise for Idaho Students, College Enrollment is at Risk

Idaho is seventh in the nation for so-called "sticker price" affordability for public four-year institutions, and has earned a reputation as a low-tuition state.⁵ But four of the states that beat out Idaho on this indicator are neighboring states. Attending a four-year public institution in Idaho is more expensive than in Montana, Utah, Wyoming, and Nevada (and less expensive compared with Oregon and Washington). Nevada surpassed Idaho in sticker price affordability just in the last two years. Further, Montana, Utah, and Nevada all invest more state dollars in grant aid to low-income students as a share of Pell grant volume (see chart).

The cost of a college education has shifted dramatically, with students and their families shouldering a growing share of the expenses as state support declines. Federal higher education proposals signal potential for more cost to be shouldered by states and students. The President's

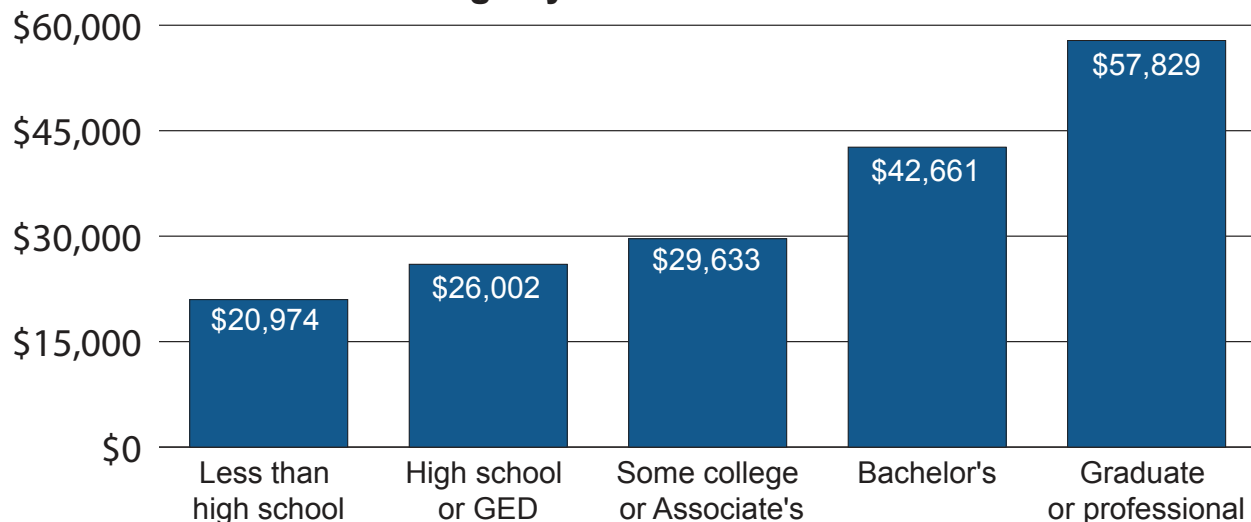
FY2018 budget proposes halving the work-study program, which helps low-income students pay their way through college. It does not index Pell grants to inflation, which means this source of need-based grant aid would diminish in value as tuition increases over time. Programs such as TRIO that help students of all ages access and succeed in college would be reduced. Career and technical education programs, which are operated both by two and four-year institutions, would also see a significant cut. Taken in parts or as a whole, these proposals may dampen state efforts to increase postsecondary educational attainment.

Disinvestment has made higher education increasingly unaffordable, forcing students to take on bigger debts to fund their schooling. Students from lower-income households will continue to face increasingly tough choices between getting a degree and taking on enormous debt, or not attending college.

The share of Idaho high school graduates who enroll directly in college is low and has been in decline for several years, despite a robust effort by the J. A. and Kathryn Albertson Foundation to encourage enrollment.⁶ Forty-six percent of Idaho high school seniors enrolled in college in 2016, compared with 52 percent in 2013 and 54 percent in 2012.⁷

Once they enroll, it is important that students are able to stay the course and earn a degree or certificate. Idaho's completion rate at four-year

Median Earnings by Educational Attainment in Idaho



Source: U.S. Census Bureau, American Community Survey, 2015, Table S1501.

public institutions over a six-year period is 47 percent, compared with 58 percent nationally.⁸ With just over half of Idaho students going on to college and less than half completing four-year degrees, particular attention should be paid to making sure college is affordable.

Higher Education Investment Has Declined for Decades

Over the past few decades, there has been a stark shift in how Idaho supports higher education. Tuition and fees now account for 46 percent of college and university funding, up from 7 percent in 1980. State funding dropped to 54 percent from 93 percent of the cost over the same period. (See

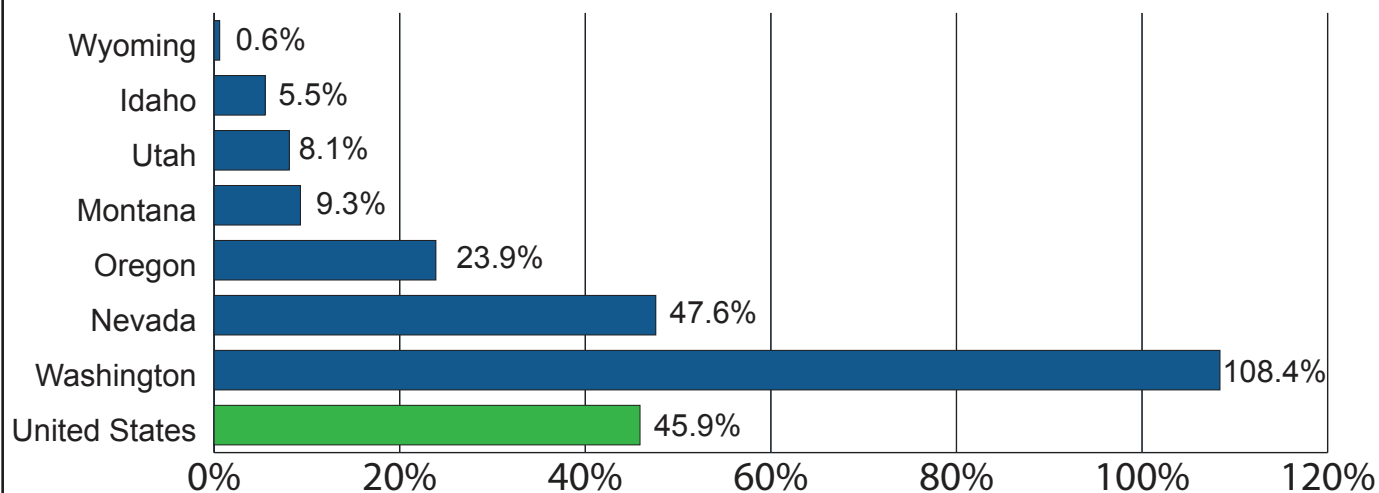
Table 1.)

Idaho's tuition and fees have grown rapidly, even when adjusted for inflation. At \$6,670, the average inflation-adjusted cost of a year of post-secondary education was more than five times higher in 2016 than it was in 1980 at \$1,252. (See chart and Table 2 for inflation-adjusted tuition and fees over time.)

Idaho Cut More Deeply Than Other States in Recent Years

Higher education is often subjected to cuts when states hit hard economic times. Idaho stands out in having cut funding to public colleges and universities by a greater percentage than all but

State Grant Aid as Share of Pell Grants

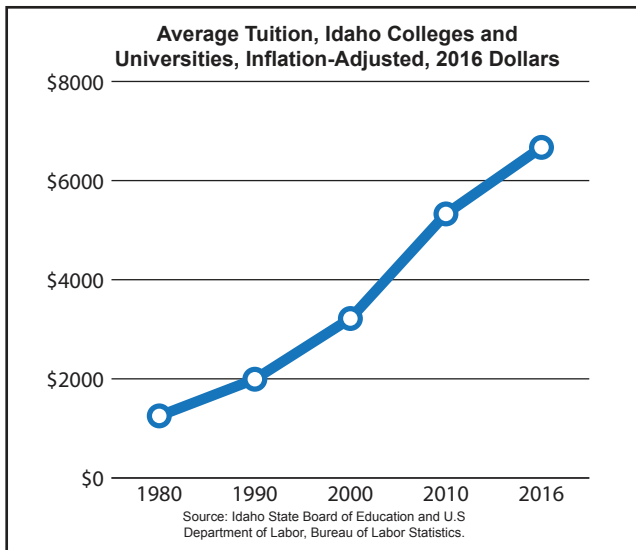


Source: National Center for Higher Education Management Systems, 2008.

Table 1: Idaho Colleges & Universities
Source of Funding (Share of Total Funding)

	1980	1990	2000	2010	2018
State Funding	93%	87%	89%	67%	54%
Tuition & Fees	7%	13%	21%	33%	46%

Source: Idaho State Board of Education



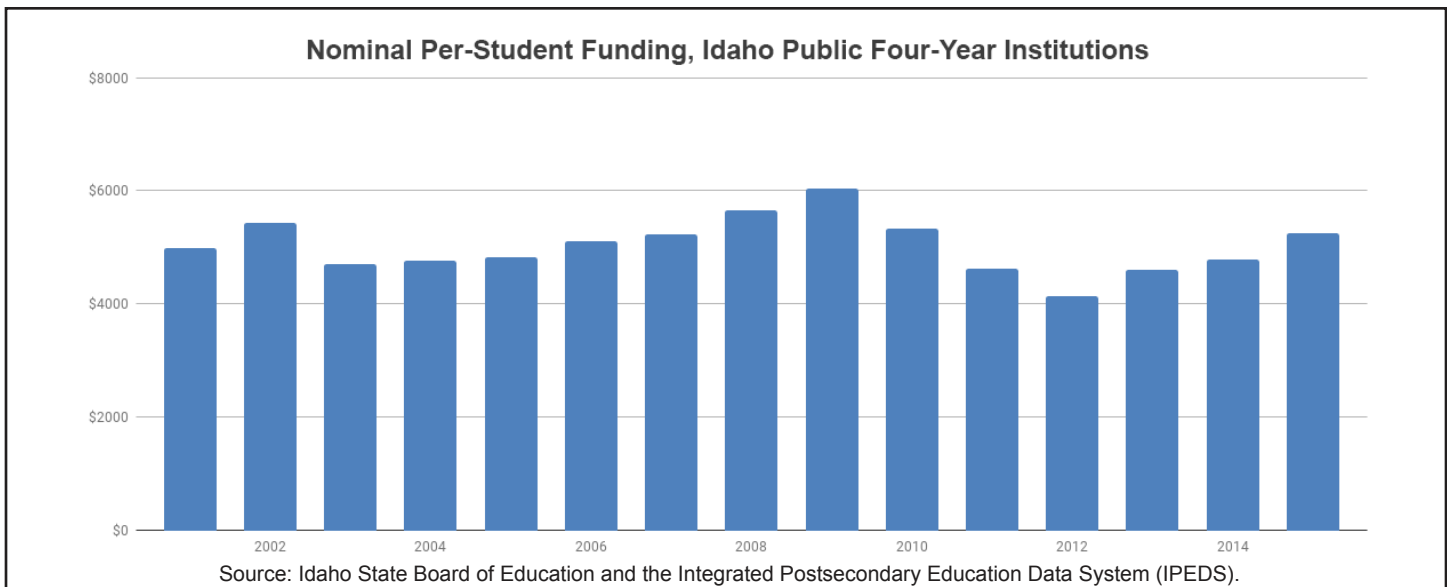
seven other states since the Great Recession: Arizona, Illinois, Louisiana, South Carolina, Alabama, Pennsylvania, and Kentucky.⁹

Prior to 2008, Idaho consistently invested more dollars in public higher education over time. Idaho also eventually restored that investment after an economic

downturn in 2003 caused reductions in state support for colleges and universities (see chart). The nature of the Great Recession, combined with tax policy decisions that reduced revenue overall, mean that – when not adjusting for inflation – per-student investment today has only caught up to 2010 (see chart). Yet when adjusted for inflation, it is clear state investment has fallen far behind, and may take much longer to restore. In 2008 total state investment was \$303 million compared with \$273 million in 2016.

Idaho Students More Likely to Be In Debt

Tuition increases force students to take on more debt. Idaho's relatively low four-year degree completion rate may be a reflection of the debt burden that students acquire. Idaho students are very likely to graduate with debt; 71 percent of graduates are indebted. Only one state has a higher percentage. The average amount of debt for graduates at Idaho's public four-year institutions is \$26,091.¹⁰



**Table 2: Idaho Colleges & Universities
Annual Tuition & Fees, Indexed to 2016 Dollars Using U.S. CPI**

	1980	1990	2000	2010	2016
Boise State University	\$1,209	\$2,047	\$3,181	\$5,354	\$6,874
Idaho State University	\$1,340	\$1,994	\$3,342	\$5,468	\$6,784
University of Idaho	\$1,381	\$2,016	\$3,273	\$5,428	\$7,020
Lewis Clark State College	\$1,078	\$1,910	\$3,072	\$5,059	\$6,000
Average	\$1,252	\$1,992	\$3,217	\$5,327	\$6,670

Source: Idaho State Board of Education and U.S. Bureau of Labor Statistics.

Outlook

From a historical perspective, Idaho's commitment to higher education funding has declined. Over the past 36 years, tuition and fees for students have increased by more than five-fold, when adjusted for inflation (see Table 2).

This trend is occurring at a time when workers with college degrees or other forms of post-secondary education are in higher demand than ever. Companies looking to expand or relocate put a premium on how skilled a state's workforce is. Underinvestment may weaken the state's ability

to build a strong and sustainable economy for the long-term.

Stakeholders, including business leaders and associations, elected officials, researchers, and university leaders from across the state can reverse this trend by working together to develop a long-range plan to achieve educational goals and funding approaches that improve accessibility and success rates for higher education in Idaho. Supporting the state's future workforce will enhance economic prosperity in Idaho.

How much is tuition squeezing Idaho students? *Insights from an Idaho college advisor*



Past generations are familiar with the idea of working one's way through college, but the math looks much different today. The true cost of college – tuition and fees, room and board, and miscellaneous expenses – come to upwards of \$20,000 per

year at Idaho public colleges and universities. In comparison, a student working full time at a minimum wage job takes home \$15,000 per year.

Students who must move away from home to go to college – rural students – face the highest expenses. Unable to save half the cost of college by living at home, they find it impossible to work full-time to pay tuition bills, attend classes, and study. Students and families know the value of a college education in long-term earnings, but the costs are daunting and compete with other financial pressures.

A recent national survey funded by the Bill and Melinda Gates Foundation found that among young adults who started but did not complete a postsecondary program, not being able to

afford the tuition and fees was a factor; for 31 percent it was a major factor and for 21 percent it was a contributing factor.

In Idaho, 41 percent of public high school students are economically disadvantaged. These families have no savings for college, and no ability to squeeze out the extra dollars for college from current earnings. Federal and state grants usually cover only about half of the cost of tuition and fees alone. The national media spotlight on the student loan crisis has made families averse to borrowing. Students feel discouraged and frightened by the high cost, and the impossibility of finding the money to attend. Thus, for many Idaho families, college feels like too big a risk to take.

-Sue Lovelace, an educational consultant at Step Ahead Idaho, a nonprofit dedicated to helping Idaho students find their best-fit college.

Sources and Notes: "Can I Get a Little Advice Here?" Bill and Melinda Gates Foundation (noncompletion) and Idaho State Department of Education (economically disadvantaged high school students). Economic disadvantage is determined by free and reduced lunch eligibility. Free lunch eligibility is 130 percent of the poverty level and reduced lunch eligibility is 185 percent of the poverty level. In 2015, qualifying income for a family of four ranged from \$0 to \$44,863.

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