

The Cost of College in Idaho

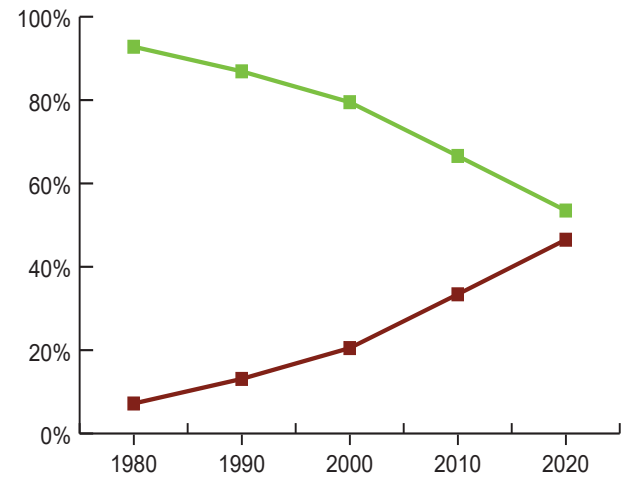
August 2019



Idahoans have long valued public higher education, recognizing its importance to the economy and to the desire of Idahoans to provide for their families and get ahead in life. In fact, the territorial legislature founded the University of Idaho in 1889, before Idaho was admitted as a state. Over the past three decades, policymakers wavered from the state’s historic commitment to higher education, as funding from the legislature 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 Idahoans from economically modest families and Idahoans of color. High college cost is a threat to Idaho’s economy at a time when employers are demanding a more educated workforce and when workers with college degrees command far higher salaries than those with only a high school diploma. Idaho’s ability to meet the needs of a modern economy will depend on state investments in higher education institutions and in students who seek a better future through advanced education. To increase the number of Idahoans with a postsecondary education, lawmakers should consider restoring investment in Idaho higher education and ensuring state scholarships keep pace with costs and are well-targeted at students facing financial barriers to higher education.

Figure 1: Who Pays? State Support Share Declines While Tuition and Fees Share Increases



Source: Idaho State Board of Education.

Higher Education is Critical to Idaho’s Future Economy

In May 2014, Idaho Business for Education - a group that now includes almost 200 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 would be required for jobs by 2020.¹ Soon after, the Idaho State Board of Education set a goal of having 60 percent of Idaho’s 25-34 year olds earn a college degree or professional certificate by 2025. Currently, only 35 percent of young adults in Idaho have an associate degree or higher, a figure that has remained stagnant for over a decade.² Forty-one percent of young people have a postsecondary certificate or higher.³

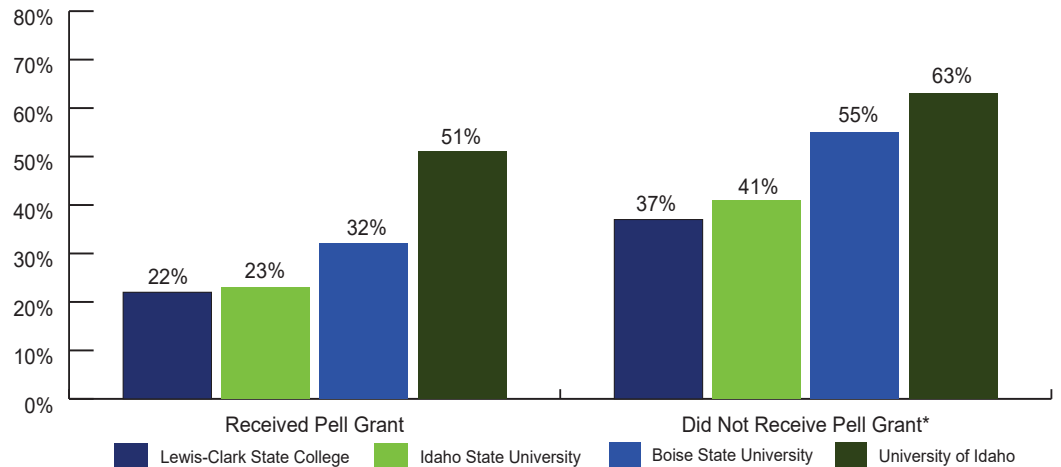
Removing Barriers Facing Students from Low-Income Households and Students of Color Would Help Meet Workforce Demands

To keep up with the demands of businesses in the state, Idaho must not only enroll people in postsecondary institutions, but also support their completion of a degree. About 5,300 students enrolled in Idaho’s public four-year institutions as first-time, full-time college freshmen in 2011. Yet, only 42 percent of these students graduated within 6 years, compared with 60 percent nationally.⁴ To keep up with workforce demands, policymakers should focus on solutions that improve graduation rates.

Students from low-income households would benefit most from strategies that reduce financial barriers from enrollment to graduation. These students are more likely to experience unequal education opportunities determined by family income. Financial obstacles hamstring even students from low-income households with the highest academic qualifications. Paying for tuition, fees, books, transportation, and living expenses while working, studying, and participating in college life creates barriers that reduce the likelihood that students with financial need will graduate.

Facing these barriers, Idaho students who qualify for the federal need-based Pell Grant graduate at rates between 12 and 23 percentage points lower than their counterparts who do not require Pell Grants. Half of all Pell Grant recipients have a family income of \$20,000 or less; and 30 percent have a family income between \$20,000 and \$40,000.⁵ Removing barriers to graduation for students from low-income households is one of the best ways to prepare Idaho's workforce to meet business needs.

Figure 2: Idaho Pell Grant Recipients Face Barriers to Completion
Graduation Rates By University and Pell Grant Status

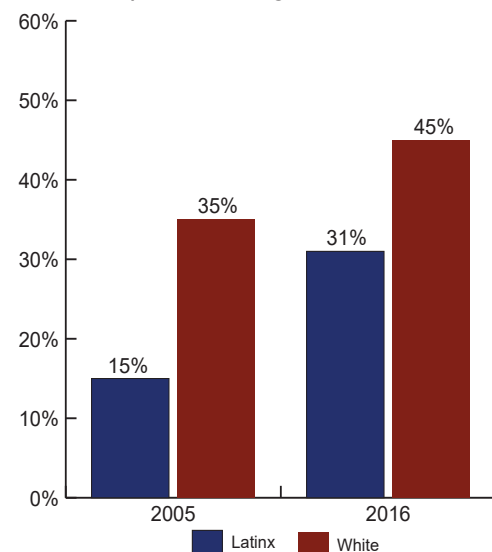


Source: National Center for Education Statistics.

* Also did not receive Stafford Loans.

Since 2008, first-time, full-time undergraduate enrollment by students who qualify for a Pell Grant increased by 14 percent.⁶ If state policy is targeted to better support the growing presence of low-income students, Idaho's economy will benefit and the potential of more young Idahoans will be realized.

Figure 3: Hurdles for Latinx Students Create Disparity in College Involvement
Share of Young Idahoans Who Are Enrolled In Or Completed College



Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau, 2005, 2008, 2010, 2013-2017 American Community Survey.

Similarly, Idaho must also succeed in graduating more students of color. Since 2005, numbers are up for young Latinx⁷ Idahoans and young white Idahoans who are enrolled in or have completed college. Unequal educational opportunities linked to family income are more likely to become obstacles for Latinx students and other students of color.⁸ Despite progress in college-involvement rates, young Latinx Idahoans are still far less likely to be enrolled in or have completed college, at 31 percent compared with 45 percent for young white Idahoans. Removing barriers that would allow the Latinx rate to rise to 45 percent would result in 4,050 more young Idahoans enrolled in college or who have completed college.

Obstacles faced by students of color mean that graduation rates at Idaho's public colleges differ by race and ethnicity: 32 percent for Latinx students, 22 percent for Native American students, 24 percent for Black students, and 42 percent for white students.⁹ Since 2010, enrollment by Latinx students in Idaho's four-year institutions has increased by an astonishing 101 percent, accounting for 90 percent of total enrollment growth across institutions.¹⁰ As Idaho's college students become more diverse by race, ethnicity, and economic circumstances, lawmakers should craft policies that eliminate barriers to success.

Rising Costs Put College Enrollment at Risk for Idaho Students

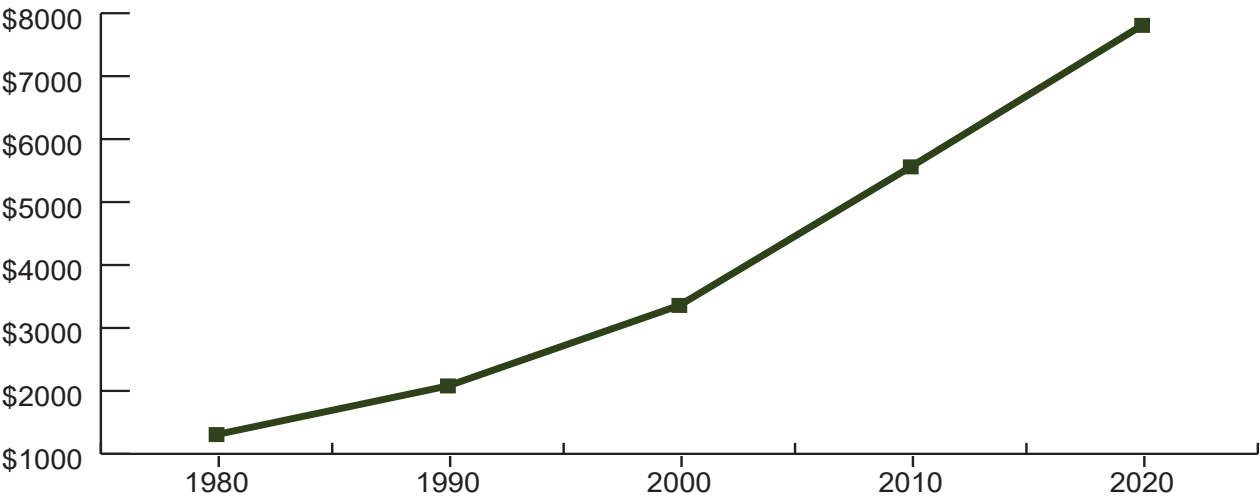
Idaho has sustained a high rate of high school (or equivalency) completion over the past 10 years. But this success has not translated into gains over time in educational attainment. The share of Idaho high school graduates who enroll directly in college is low and has been in decline for several years despite a robust effort by the J. A. and Kathryn Albertson Foundation to encourage enrollment.¹¹ Forty-five percent of Idaho's high school seniors enrolled in college in 2018, compared with 52 percent in 2013 and 54 percent in 2012.¹² While there may be several reasons why, it is important to consider that college in Idaho is still more expensive than in neighboring Montana, Utah, and Wyoming (and less expensive compared with Oregon and Washington), a factor that could impact immediate enrollment.¹³

Idaho Has Cut Higher Education Investment for Decades

The cost of a college education in Idaho has shifted dramatically, with students and their families shouldering a growing share of the expenses as state support declines, even as wages have stagnated. Students from low-income households will continue to face the increasingly tough choice between getting a degree by taking on enormous debt or not attending college.

Over the past few decades, there has been a stark shift in how Idaho supports higher education. Tuition and fees now account for 47 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. Idaho’s tuition and fees have grown rapidly, even when adjusted for inflation. At \$7,807, the inflation-adjusted average cost of a year of college education is now six times higher in 2020 than it was in 1980 at \$1,306.

Figure 4: **Average Tuition and Fees, Idaho Four-Year Institutions**
Inflation-Adjusted



Source: Idaho Center for Fiscal Policy Analysis of Idaho State Board of Education data.

Figure 5: **Annual Tuition and Fees by Institution**
Inflation-Adjusted

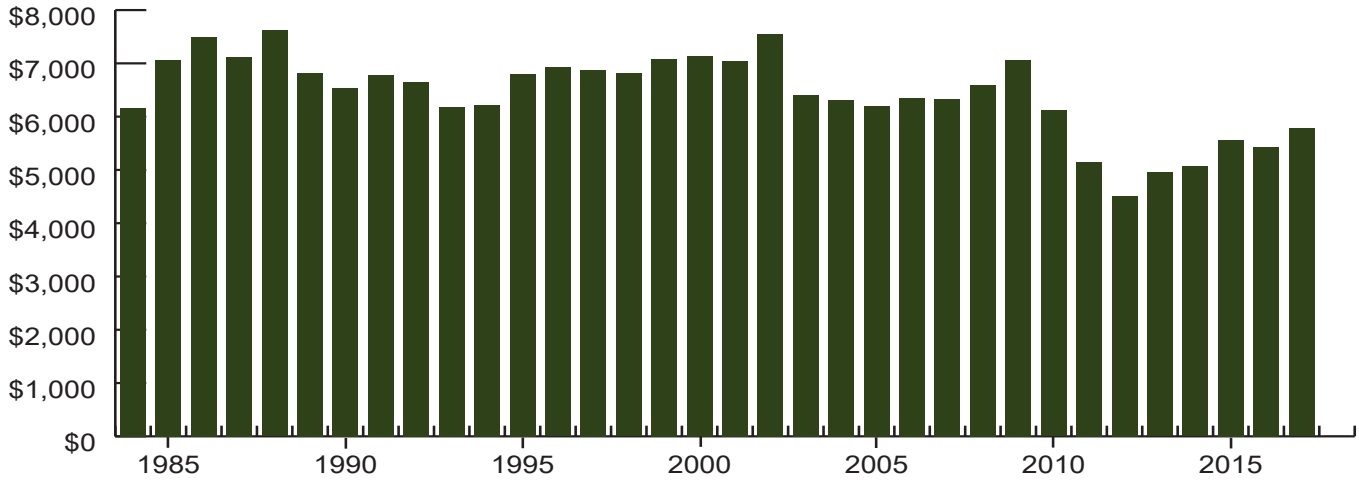
	1980	1990	2000	2010	2020
Lewis-Clark State College	\$1,125	\$1,993	\$3,206	\$5,279	\$6,982
Idaho State University	\$1,398	\$2,081	\$3,488	\$5,706	\$7,872
Boise State University	\$1,262	\$2,137	\$3,320	\$5,587	\$8,068
University of Idaho	\$1,441	\$2,104	\$3,416	\$5,665	\$8,304
State Average	\$1,306	\$2,079	\$3,358	\$5,559	\$7,807

Source: Idaho Center for Fiscal Policy Analysis of Idaho State Board of Education data.

Idaho Cut More Deeply Than Other States in Recent Years

Higher education is often subjected to cuts when states hit hard economic times. While Idaho’s economy has recovered in many aspects from the Great Recession, tax policy decisions that cut or diverted revenue have made it difficult to restore cuts to higher education. Per-student funding for higher education has not recovered ten years after the Great Recession and is at its lowest point since 1984. It is down by about 18 percent when adjusted for inflation.¹⁴ The \$2,015 cut in per-student funding since the recession, combined with tuition increases, have made college less affordable. Since 2008, average tuition in Idaho is up by \$2,069 at Idaho’s four-year public institutions.¹⁵

Figure 6: Per-Student Funding, Idaho Four-Year Institutions
Inflation-Adjusted



Source: The Integrated Postsecondary Education Data System and Idaho State Board of Education.

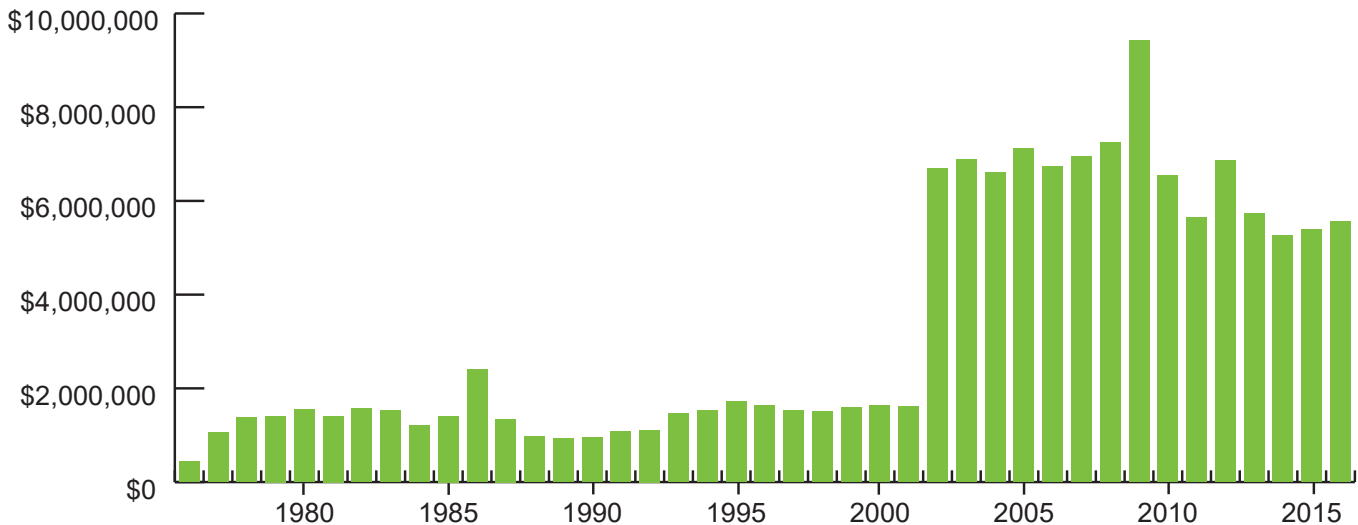
Idaho Student Financial Aid Falls Short

When tuition and fees, room and board, books, and other college costs increase, one of the ways policymakers can support students with financial need and other barriers to completion is to award state grant aid. But Idaho ranks 45th among the 50 states and the District of Columbia for state grant dollars allocated per Idahoan aged 18-24 at \$64.54.¹⁶ It ranks 44th for state grant aid per full-time undergraduate at \$130, while the national average is \$820.¹⁷

Total state grant aid in Idaho has steadily declined since rising sharply in 2002, even as the number of students has grown over the same period. Despite relatively elevated investment compared with previous decades, state grant awards do not reach all students who have a demonstrated financial need at Idaho’s public four-year institutions. The number of state or local grants awarded in the 2016-2017 academic year to first-time, full-time undergraduates make up just 40 percent of all first-time, full-time undergraduates who qualify for a Pell Grant.¹⁸

Though Pell Grants help many students, they do not always cover students’ demonstrated financial need, and they have declined in value. While the maximum Pell Grant covered 42 percent of the average cost to attend a public four-year institution in 2001, today it covers just 29 percent.¹⁹

Figure 7: Total Idaho State Grant Aid
Inflation-Adjusted



Source: National Association of State Student Grant Aid Programs.

Opportunity Scholarship Is Not Targeted Enough

In 2013, Idaho policymakers redirected funds from existing scholarship programs to the Idaho Opportunity Scholarship, now the largest pot of state grant aid. Recognizing the need for more Idahoans to pursue higher education, investment in this scholarship has increased ten-fold since its creation.²⁰ This scholarship is awarded on a combination of demonstrated financial need and grade-point average (GPA). At \$3,500, the maximum award covers almost half of in-state tuition and Idaho awards on average about \$3,350 to each new and returning scholarship recipient.²¹

Each year, depending on how much funding is available, students with certain combinations of GPA and expected family contribution²² to college expenses receive the award. For example, in 2017, students with a GPA of 3.0 received the award if their expected family contribution was below \$2,500 while students with a GPA of 4.0 received the award if their expected family contribution was below approximately \$10,000. Though a student's expected family contribution is weighted more heavily than their GPA for the award, racial disparities persist among first-time Idaho students who are placed on priority lists for the scholarship. Among the 2017 graduating class of Idaho public school students, 14.1 percent of white students were prioritized, compared with 11.7 percent of Native American students, 11.6 percent of Latinx students, and 9.4 percent of Black students.²³

Fluctuating state funding creates inequity across scholarship cohorts. In 2016, almost all first-time applicants prioritized for the Opportunity Scholarship were awarded regardless of their family income as long as they had a minimum qualifying GPA of 3.0. But in 2015, students with a GPA between 3.0 and about 3.3 with an expected family contribution of \$0 were not.²⁴

The Opportunity Scholarship will be critical in ensuring students enroll in and complete college. Students who receive the scholarship have a retention rate of 86 percent compared to 72 percent for all first year college students and 82 percent for first-year college students who applied for the Opportunity Scholarship but did not receive it.²⁵

Idaho Students More Likely to Be In Debt

Idahoans can expect to earn more with a postsecondary degree in order to tackle milestones such as buying a home, starting a family or business, and saving. In 2015, the median annual salary for adults in Idaho with a bachelor's degree was \$42,188, compared to \$28,642 for those who only completed high school or equivalency.²⁶

The high cost of higher education hampers students' ability to contribute to economic drivers by forcing them to take on bigger debts to fund their schooling. First-time, full-time undergraduates at Idaho's public four-year institutions took on an average student loan amount of \$4,004 to cover first year expenses in 2000. In 2017, the same student took on \$6,545 (inflation-adjusted).²⁷ Idaho students are very likely to graduate with debt; 61 percent of graduates are indebted, the 12th highest share in the nation. The average amount of debt for graduates at Idaho's public four-year institutions upon graduation is \$26,675.²⁸

Student loan debt harms students already at higher risk of not completing a degree, in particular, students of color. Inequity in overall wealth by race and ethnicity means families of color have fewer resources to invest in higher education. White family wealth is on average seven times greater than Black family wealth and five times greater than Latinx family wealth, a disparity that has existed more or less intact since 1963.²⁹ Even as a degree would transform economic prospects for students of color and help close the wealth divide, the cost of higher education itself poses even more risk for students of color. Black families are more likely to carry student loan debt and carry about \$3,000 more on average than white families.³⁰

Outlook

From a historical perspective, Idaho's commitment to higher education funding has declined. Over the past 40 years, tuition and fees for students increased six-fold when adjusted for inflation. This trend is occurring at a time when workers with college degrees or other forms of postsecondary 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 and keep too many Idahoans from fulfilling their potential.

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. In Wisconsin, researchers found that for every \$1,000 increase in total financial aid, retention between the first and second years of college rose by 3 to 4 percentage points.³¹ In Florida, it was found that an additional \$1,000 in grant aid increased bachelor's completion by 4 percentage points.³² A governor-appointed task force recommended in 2018 that Idaho increase scholarships as part of its effort to graduate more Idahoans with postsecondary education. Supporting Idaho's students - the state's future workforce - will enhance economic prosperity across Idaho communities.

This research was funded in part by the Annie E Casey Foundation. We thank them for their support but acknowledge that the findings and conclusions presented in this report are those of the authors alone, and do not necessarily reflect the opinions of the Foundation.

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3 Lumina Foundation (2019). A Stronger Nation.

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6 Idaho Center for Fiscal Policy analysis of National Center for Education Statistics data.

7 Latinx is a gender-neutral term, sometimes used in place of Latino or Latina, that refers to Latin American ethnic or racial identity in the United States.

8 For example, Idaho students of color are more likely to live in communities that have a harder time raising local dollars for public schools. Idaho Center for Fiscal Policy (2019). Public School Investment.

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19 Protopolis, S. and Parrott, S. (2017). Pell Grants.

20 McHugh, C. (2017). Idaho Opportunity Scholarship Evaluation.

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22 Expected family contribution (EFC) is a measure of a family's finances and is calculated according to a formula established by law that includes income, assets, family size and the number of family members who will attend college during the year.

23 Idaho Center for Fiscal Policy analysis of Idaho State Board of Education data.

24 McHugh, C. (2017). Idaho Opportunity Scholarship Evaluation.

25 Ibid. Because students who received the scholarship are more likely to have higher GPAs and incomes than those who did not, selection bias explains some portion of these findings.

26 U.S. Census.

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