Graduate School of Education
Penn GSE
INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION

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PEABODY COLLEGE

HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

ALASKA

Suggested Citation:

Institute for Research on Higher Education. (2016). *College Affordability Diagnosis: Alaska*. Philadelphia, PA: Institute for Research on Higher Education, Graduate School of Education, University of Pennsylvania. http://www2.gse.upenn.edu/irhe/affordability-diagnosis

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ALASKA

COLLEGE AFFORDABILITY RANKING

01

Alaska is the most affordable state for pursuing higher education overall. But attending college poses a serious financial burden for the state's low-income families.

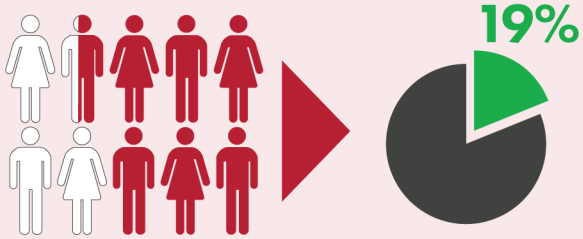
Consider, for example, the difference in share in family income required to attend the University of Alaska, which is the most affordable state public research institution in the country. For the nearly one third of Alaskan families earning $110,000 or more a year, full-time college costs would require 7 percent of their income, on average. Those same costs would eat up 39 percent of the annual income for families earning less than $30,000 a year.

Alaska's four-year nondoctoral research colleges are the second most affordable in the country. But to attend these schools, students borrow an average of $2,689 a year. These borrowing amounts are similar to other lower-ranked states.

While attending these public schools actually required a smaller percentage of a family's income in 2013 than it did in 2008, the state's policies have not been able to close the gap in degree attainment by race and ethnicity. By 2020, 17 percent of Alaska's high school students will be Native American or Alaskan Native. But, as of 2014, only 11 percent of Native American or Alaskan Natives have an associate's degree or higher, compared to 45 percent of Whites.

- The percent of family income that would be required to attend college full time in Alaska has decreased at public four-year nondoctoral and public research institutions.
- Nearly a third of Alaskan families earn $110,000 or more a year, making it the state's largest income group. The share of family income that would be required to attend the state's public four year nondoctoral and public research universities is 7 percent.
- Families earning less than $30,000 a year in Alaska face a similar burden when paying for higher education as many families in the lower 48 states. Full-time attendance at a public research institution, for example, would require 39 percent of a family's annual earnings.

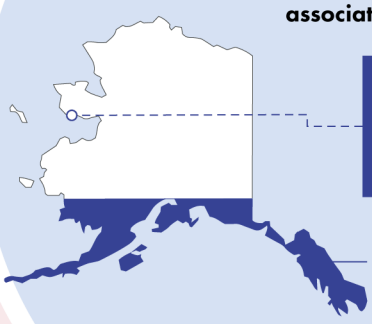
More Alaska students attend **public four-year nondoctoral institutions** than any other kind of institution, with **66 percent enrolled**. Families would spend, on average, **19 percent of annual income** to pay for full-time attendance.



Percentage of students attending public four-year nondoctoral institutions

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

On average, **38 percent** of working-age Alaska state residents (age 25-64) have an associate's degree or higher. By 2020, **66 percent of jobs will require an associate's degree or higher**.



66%
Jobs requiring associate's degree or higher by 2020

38%
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 (66 percent of enrollment)**	**22**	**19**	**2**
Public Four-Year Nondoctoral (26 percent of enrollment)	**26**	**19**	**1**
Public Research (2 percent of enrollment)	**53**	**57**	**46**
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
$17,669
Families in Group
14%

Income
$30,000 —48,000
Average Income in Group
$39,108
Families in Group
11%

Income
$48,000—75,000
Average Income in Group
$61,800
Families in Group
20%

Income
$75,000—110,000
Average Income in Group
$91,168
Families in Group
23%

Income
$110,000 and above
Average Income in Group
$174,470
Families in Group
32%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
$0—30,000	6,793	**38**
$30,000—48,000	7,997	**20**
$48,000—75,000	10,146	**16**
$75,000—110,000	11,534	**13**
$110,000 and above	11,704	**7**

Students would have to work 27 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	6,952	**39**
$30,000—48,000	8,165	**21**
$48,000—75,000	10,657	**17**
$75,000—110,000	11,726	**13**
$110,000 and above	12,368	**7**

Students would have to work 26 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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Families in Group
32%

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	23,599	**134**
$30,000—48,000	26,698	**68**
$48,000—75,000	25,193	**41**
$75,000—110,000	27,442	**30**
$110,000 and above	24,099	**14**

Students would have to work 52 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	0	30	198	474
Other Aid	0	0	299	210

	TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS			
	2004	2007	2013	National Average, 2013
Need-Based Aid	0	123	621	644
Other Aid	0	0	135	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 $2,648 annually.
- Students who enroll at public four-year nondoctoral institutions typically borrow $2,689 annually.
- Students who enroll at private four-year nondoctoral institutions typically borrow $5,173 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, 66 percent of jobs in Alaska will require a postsecondary credential.
- Alaska is 28th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- As of 2014, 33 percent of young adults in Alaska (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- As of 2014, 38 percent of working age adults in Alaska (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, 38 percent of working age Alaskan state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 45 percent of Whites have an associate's degree or higher but the other most populous racial groups (Native American and Alaskan Natives and then Asians and Hispanics without about equal share) have attainment of only 11 percent, 32 percent, and 33 percent respectively.

Educational Pipeline in Alaska

- In 2020, Alaska's public high school graduates are projected to be 17 percent Native American/Alaska Native, 12 percent Asian and 9 percent Hispanic.
- The total number of high school graduates at public institutions in Alaska are projected to grow by 15 percent between 2020 and 2028.
- However, the percent of graduates that are Native American or Alaskan Native in Alaska is projected to remain constant and the percent of graduates that are White is projected to decline by 3 percent. The percent of graduates that are Asian is projected to grow by 6 percent and the percent of graduates that are Hispanic is projected to decline by 2 percent over the same time period.
- While the decline in White graduates is similar to projections for the nation (nationally Whites are projected to decline by 4 percent between 2020 and 2028), the growth in Asian graduates is above national trends (Asian graduates are projected to increase by 1 percent). The flat growth in Native American graduates mirrors national trends (nationally, Native American graduates remain constant between 2020 and 2028) and the decline in Hispanics in Alaska is in the opposite direction of national patterns (Hispanics are projected to increase by 2 percent of national high school graduates between 2020 and 2028).

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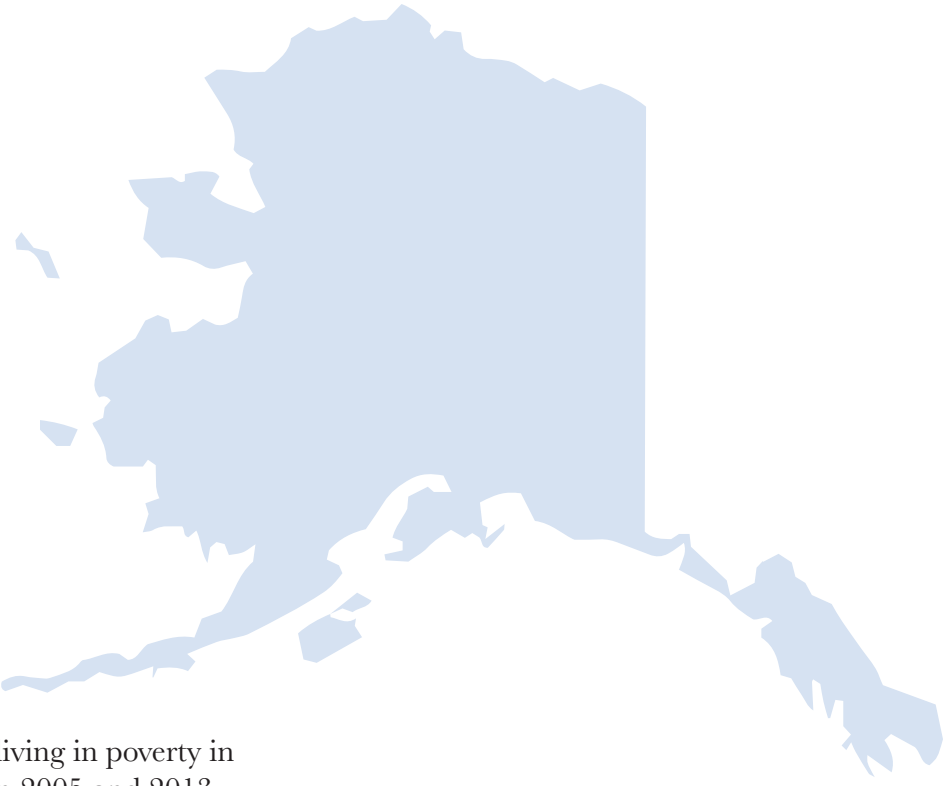

Children in Poverty

- The percent of children living in poverty in Alaska decreased between 2005 and 2013, from 15 percent to 13 percent.
- In 2013 Alaska was ranked 3rd in terms of the 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 Alaska, total student share of state and net tuition revenues per full time student was 13 percent in 1989, 22 percent in 2000, and 26 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 and continued to increase after the 2007-08 recession.

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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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