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INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION



VANDERBILT
PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

ARKANSAS



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ARKANSAS

COLLEGE
AFFORDABILITY
RANKING

33

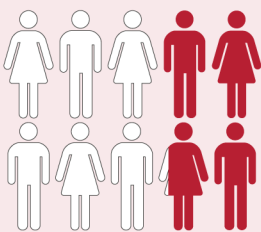
Despite widespread poverty among Arkansas families, the state provides very little need-based financial aid. This means that even the state's least expensive path to a postsecondary degree—its public two-year colleges—poses a significant financial burden to low-income families. These families would need to spend 39 percent of their annual income to attend such institutions full time.

The state does have its successes. For example, Arkansas's public four-year nondoctoral institutions rank among the top half of states in affordability. To attend these institutions full time, students would have to work 29 hours a week. But the state's strong performance in this sector has little effect on students from lower income families, who would need to spend more than half of their income to cover the cost of attending these institutions full time.

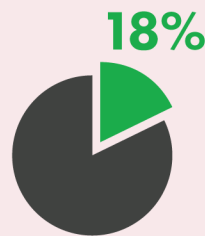
Affordability is also among the complex array of factors leading to disparities in college attainment between the Blacks and Whites in the state. Unless the state takes measures now to address college affordability, the substantial gaps in higher education attainment will likely persist.

- ▶ The percent of family income needed to attend college full time in Arkansas has increased at all types of colleges and universities from 2008, with the exception of a slight decrease in public two-year institutions.
- ▶ Arkansas educates nearly 38 percent of its students in public two-year institutions. Students would have to work 20 hours per week to pay for annual costs to attend these institutions full time.
- ▶ Arkansas contributes only \$79 per student in need-based financial aid for students to attend public institutions, compared to the national average of \$474.
- ▶ By 2020, the percentage of Black public high school graduates are projected to be relatively constant at 19 percent and Hispanic high school graduates are projected to be 13 percent.
- ▶ Nearly one in three children in Arkansas lives in poverty. The percent of children in poverty has increased by 3 percent since 2005 and is now at 28 percent.

More Arkansas students attend **public two-year institutions** than any other kind of institution, with **38 percent enrolled**. Families would spend, on average, **18 percent of annual income** to pay for full-time attendance.

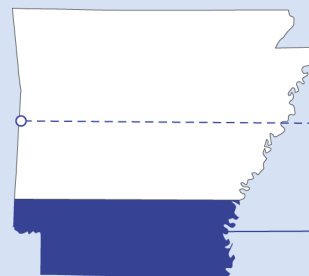


Percentage of students attending public two-year institutions



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

On average, **29 percent** of working-age Arkansas state residents (age 25-64) have an associate's degree or higher. By 2020, **59 percent of jobs will require an associate's degree or higher**.



59%

Jobs requiring associate's degree or higher by 2020

29%

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 (38 percent of enrollment) **	20	18	27
Public Four-Year Nondoctoral (30 percent of enrollment)	22	24	17
Public Research (22 percent of enrollment)	29	30	27
Private Four-Year Nondoctoral (10 percent of enrollment)	30	42	20
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

\$17,422

Families in Group

29%

Income

\$30,000 —48,000

Average Income in Group

\$38,869

Families in Group

20%

Income

\$48,000—75,000

Average Income in Group

\$60,330

Families in Group

22%

Income

\$75,000—110,000

Average Income in Group

\$91,021

Families in Group

16%

Income

\$110,000 and above

Average Income in Group

\$178,275

Families in Group

13%

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	6,714	39
\$30,000—48,000	6,970	18
\$48,000—75,000	8,908	15
\$75,000—110,000	10,602	12
\$110,000 and above	10,650	6

Students would have to work 20 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	9,574	55
\$30,000—48,000	9,650	25
\$48,000—75,000	11,499	19
\$75,000—110,000	13,145	14
\$110,000 and above	13,366	7

Students would have to work 29 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	11,220	64
\$30,000—48,000	12,020	31
\$48,000—75,000	15,170	25
\$75,000—110,000	16,887	19
\$110,000 and above	16,613	9

Students would have to work 38 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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Income

\$110,000 and above

Average Income in Group

\$178,275

Families in Group

13%

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	16,961	97
\$30,000–48,000	17,440	45
\$48,000–75,000	20,020	33
\$75,000–110,000	21,795	24
\$110,000 and above	22,454	13

Students would have to work 44 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	21	36	79	474
Other Aid	222	226	1112	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	18	15	38	644
Other Aid	419	322	1239	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 \$3,296 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,117 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,420 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$2,652 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, 59 percent of jobs in Arkansas will require a postsecondary credential.
- ▶ Arkansas is 48th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 31 percent of young adults in Arkansas (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 29 percent of working age adults in Arkansas (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 29 percent of working age Arkansas state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 32 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 21 percent and 12 percent respectively.

Educational Pipeline in Arkansas

- ▶ In 2020, Arkansas's public high school graduates are projected to be 19 percent Black and 13 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Arkansas are projected to grow by 2 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Arkansas is projected to decline by 1 percent and the percent of graduates that are White is projected to decline by 2 percent while the percent of graduates that are Hispanic is projected to grow by 4 percent over the same time period.
- ▶ While the decline in White graduates is similar but less pronounced than projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Hispanic graduates in Arkansas is above national patterns (Hispanics are only projected to increase by 2 percent of national high school graduates between 2020 and 2028) and the decline in Black graduates in Arkansas is in the opposite direction of national trends (Black high school graduates are projected to increase by 1 percent nationally).

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.

Children in Poverty

- ▶ The percent of children living in poverty in Arkansas increased between 2005 and 2013, from 25 percent to 28 percent.
- ▶ In 2013 Arkansas was ranked 42nd 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 Arkansas, total student share of state and net tuition revenues per full time student was 27 percent in 1989, 23 percent in 2000, and 42 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were decreasing as a share of higher education funding from 1989 to 2000 but after the 2007-08 recession net tuition revenues increased rapidly.



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.

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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