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INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION



VANDERBILT
PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

MISSOURI



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MISSOURI

37

A quarter of Missouri undergraduates attend private four-year nondoctoral institutions, which would require 38 percent of family income to attend full time. And the state provides less than national average in need-based financial aid. This all makes earning a degree unaffordable for many in the Show Me State.

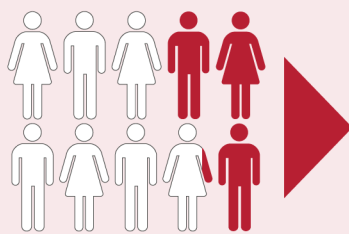
Missouri enrolls 32 percent of its undergraduates in public two-year colleges. To meet that cost, full-time students would have to work, on average, 26 hours a week. The state's private four-year nondoctoral institutions enroll 25 percent of the state's undergraduates. To pay for full-time attendance, students would have to work, on average, 48 hours a week.

Affordability is likely one factor in persistent racial and ethnic disparity in higher educational attainment in the state. Thirty-nine percent of Whites have an associate's degree or higher, compared to only 26 percent of Blacks and Hispanics.

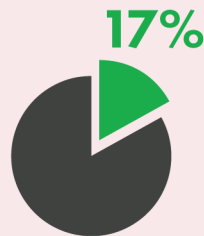
- ▶ The percent of family income that would be required to attend any type of public institution full time has increased since 2008.

- ▶ In Missouri, nearly a quarter of the state's families (23 percent) earn \$30,000 or less a year.
- ▶ For families earning \$30,000 or less per year, 38 percent of family income would be required to attend the state's public two-year institutions full time. For families earning \$110,000 or more per year, only 6 percent of family income would be required to attend these institutions full time.
- ▶ For families earning \$30,000 or less per year, 92 percent of family income would be required to attend the state's four-year nondoctoral institutions full time. For families earning \$110,000 or more per year, only 10 percent of family income would be required to attend these institutions full time.
- ▶ The state invests \$182 per student in need-based aid at public institutions, and \$381 per student at private institutions. The national average is \$474 and \$644, respectively.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,277 annually.
- ▶ In Missouri, 22 percent of children live in poverty.

More Missouri students attend **public two-year institutions** than any other kind of institution, with **32 percent enrolled**. Families would spend, on average, **17 percent of annual income** to pay for full-time attendance.

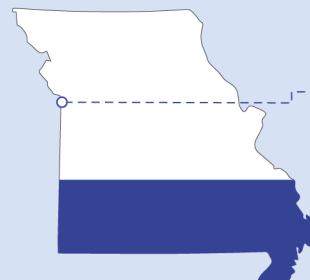


Percentage of students attending public two-year institutions



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

On average, **37 percent** of working-age Missouri 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

37%

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 (32 percent of enrollment) **	14	17	23
Public Four-Year Nondoctoral (20 percent of enrollment)	21	26	25
Public Research (17 percent of enrollment)	32	33	37
Private Four-Year Nondoctoral (25 percent of enrollment)	37	38	7
Private Research (5 percent of enrollment)	50	50	15

* 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
\$17,122
Families in Group
23%

Income
\$30,000 —48,000
Average Income in Group
\$39,072
Families in Group
18%

Income
\$48,000—75,000
Average Income in Group
\$60,783
Families in Group
23%

Income
\$75,000—110,000
Average Income in Group
\$90,773
Families in Group
18%

Income
\$110,000 and above
Average Income in Group
\$182,214
Families in Group
17%

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	6,506	38
\$30,000—48,000	7,097	18
\$48,000—75,000	8,698	14
\$75,000—110,000	10,035	11
\$110,000 and above	10,472	6

Students would have to work 26 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	9,737	57
\$30,000—48,000	10,518	27
\$48,000—75,000	13,098	22
\$75,000—110,000	14,882	16
\$110,000 and above	15,607	9

Students would have to work 32 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	12,784	75
\$30,000—48,000	13,544	35
\$48,000—75,000	16,080	26
\$75,000—110,000	18,653	21
\$110,000 and above	20,129	11

Students would have to work 42 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

Income

\$0—30,000

Average Income in Group

\$17,122

Families in Group

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Income

\$110,000 and above

Average Income in Group

\$182,214

Families in Group

17%

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	15,785	92
\$30,000—48,000	15,524	40
\$48,000—75,000	16,753	28
\$75,000—110,000	17,820	20
\$110,000 and above	18,137	10

Students would have to work 48 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

PRIVATE RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	19,168	112
\$30,000—48,000	19,004	49
\$48,000—75,000	22,504	37
\$75,000—110,000	29,282	32
\$110,000 and above	37,958	21

Students would have to work 67 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research 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	65	66	182	474
Other Aid	86	84	215	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	205	189	381	644
Other Aid	44	47	36	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 \$4,181 annually.
- ▶ Students who enroll at private research institutions typically borrow \$2,615 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,602 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,277 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,413 annually.

Data Source: U.S. Department of Education.

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.

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

Workforce Needs

- ▶ By 2020, 66 percent of jobs in Missouri will require a postsecondary credential.
- ▶ Missouri is 26th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 42 percent of young adults in Missouri (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 37 percent of working age adults in Missouri (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 37 percent of working age Missouri state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 39 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 26 percent each.

Educational Pipeline in Missouri

- ▶ In 2020, Missouri's public high school graduates are projected to be 14 percent Black and 5 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Missouri is projected to grow by only 1 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Missouri is projected to grow 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 2 percent over the same time period.
- ▶ 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 Blacks and Hispanic graduates in Missouri mirrors national patterns (Blacks are projected to increase by 1 percent and Hispanics are projected to increase by 2 percent of national high school graduates by 2028).

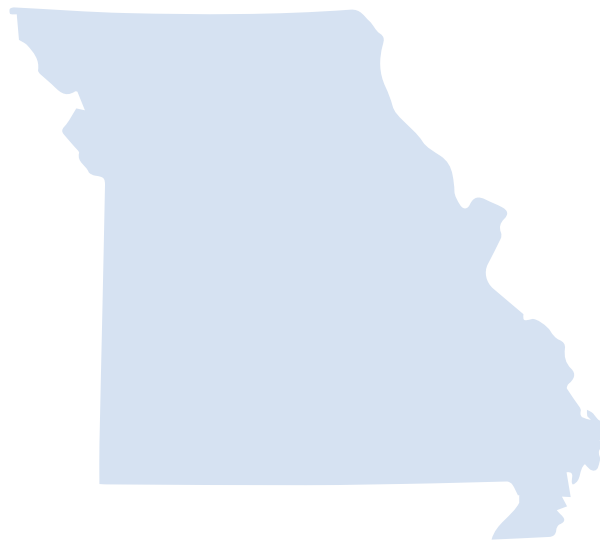
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Children in Poverty

- ▶ The percent of children living in poverty in Missouri increased between 2005 and 2013, from 19 percent to 22 percent.
- ▶ In 2013 Missouri was ranked 25th 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 Missouri, total student share of state and net tuition revenues per full time student was 30 percent in 1989, 27 percent in 2000, and 51 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.



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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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