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Penn GSE

INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION



VANDERBILT
PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

MONTANA



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MONTANA

40

More than half of Montana’s undergraduates attend the state’s two public research institutions, Montana State University and the University of Montana. These universities’ relatively high costs—a family would have to dedicate 32 percent of its annual income, on average, to support full-time attendance—and the state’s dearth of financial aid leaves Montana near the bottom of the national college affordability rankings.

Only 16 percent of the state’s students attend community college, and these are relatively expensive. On average, 20 percent of family income would be required to cover the cost of attending these institutions full time. Students would have to work 21 hours a week, on average, to pay the costs of attending these institutions full time.

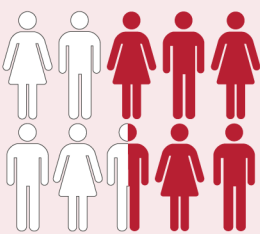
The state provides only \$111 per student in need-based financial aid to attend public colleges and universities, compared with the national average of \$474.

Montana has work to do to meet future demand for an educated workforce. By 2020, 69 percent of jobs in Montana will require a postsecondary

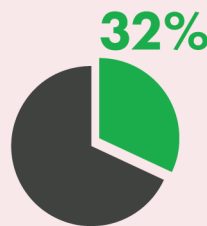
credential. But as of 2014, only 39 percent of young adults (ages 25–34) and 40 percent of working-age adults (ages 35–64) had an associate’s degree or higher.

- ▶ Since 2008, a larger percent of family income would be required to attend all institutions in the state full time, with the exception of the public four-year nondoctoral institutions.
- ▶ For families earning \$30,000 or less per year, 72 percent of family income would be required to attend the state’s public research institutions full time. For families earning \$110,000 or more per year, 10 percent of family income would be required to attend these institutions full time.
- ▶ Higher educational attainment by race and ethnicity varies considerably. On average, 40 percent of Whites have an associate’s degree or higher, compared to only 23 percent of Native Americans and 25 percent of Hispanics.
- ▶ In Montana, 20 percent of children live in poverty.

More Montana students attend **public research institutions** than any other kind of institution, with **55 percent enrolled**. Families would spend, on average, **32 percent of annual income** to pay for full-time attendance.

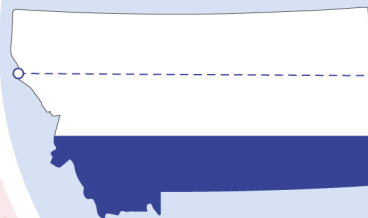


Percentage of students attending public research institutions



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

On average, **39 percent** of working-age Montana state residents (age 25-64) have an associate's degree or higher. By 2020, **69 percent of jobs will require an associate's degree or higher**.



69%

Jobs requiring associate's degree or higher by 2020

39%

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 (16 percent of enrollment) **	19	20	39
Public Four-Year Nondoctoral (20 percent of enrollment)	29	27	26
Public Research (55 percent of enrollment)	29	32	33
Private Four-Year Nondoctoral (9 percent of enrollment)	38	40	13
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

\$17,558

Families in Group

22%

Income

\$30,000 —48,000

Average Income in Group

\$39,057

Families in Group

18%

Income

\$48,000—75,000

Average Income in Group

\$ 61,268

Families in Group

25%

Income

\$75,000—110,000

Average Income in Group

\$90,937

Families in Group

19%

Income

\$110,000 and above

Average Income in Group

\$179,081

Families in Group

16%

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	7,281	41
\$30,000—48,000	7,969	20
\$48,000—75,000	9,586	16
\$75,000—110,000	11,953	13
\$110,000 and above	12,628	7

Students would have to work 21 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	10,609	60
\$30,000—48,000	10,545	27
\$48,000—75,000	13,395	22
\$75,000—110,000	14,868	16
\$110,000 and above	14,976	8

Students would have to work 33 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	12,570	72
\$30,000—48,000	13,354	34
\$48,000—75,000	15,491	25
\$75,000—110,000	17,277	19
\$110,000 and above	17,648	10

Students would have to work 40 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
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16%

**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	16,474	94
\$30,000–48,000	15,836	41
\$48,000–75,000	18,690	31
\$75,000–110,000	22,278	24
\$110,000 and above	23,150	13

Students would have to work 46 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	12	119	111	474
Other Aid	60	12	36	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	7	45	0	644
Other Aid	34	0	0	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 \$4,016 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$3,849 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,256 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$2,920 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, 69 percent of jobs in Montana will require a postsecondary credential.
- ▶ Montana is 15th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 39 percent of young adults in Montana (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 40 percent of working age adults in Montana (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

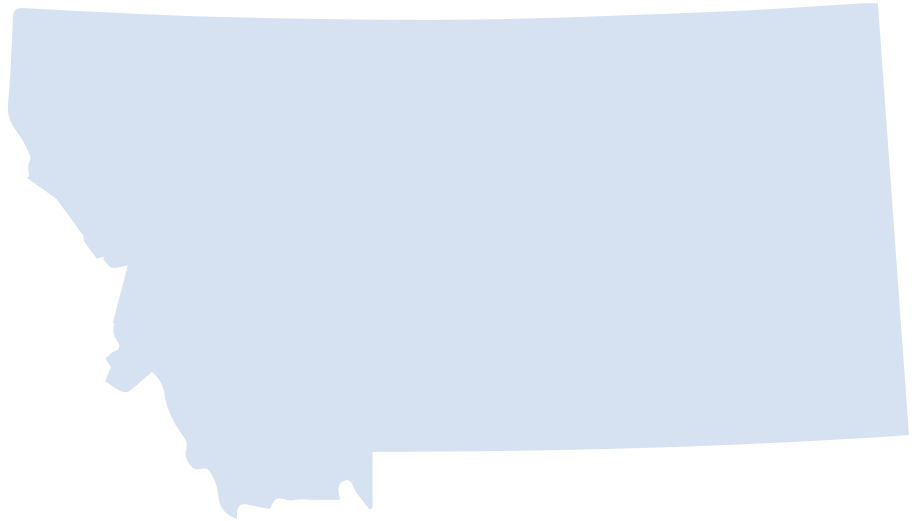
Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average 39 percent of working age Montana state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 40 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Native Americans and Hispanics) have attainment of only 23 percent and 25 percent respectively.

Educational Pipeline in Montana

- ▶ In 2020, Montana's public high school graduates are projected to be 9 percent Native American and 4 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Montana is projected to grow by only 8 percent between 2020 and 2028.
- ▶ The percent of graduates that are White, Native American, and Hispanic are all projected to remain constant between the period of 2020 and 2028.
- ▶ The flat number of projected White high school graduates for Montana is dissimilar to national projections (4 percent decline in White graduates between 2020 and 2028). However, the flat projected number of Native American graduates is similar to national patterns (nationally, Native Americans are projected to remain constant between 2020 and 2028). The flat projected number of Hispanic graduates is dissimilar to national patterns (Hispanics are projected to increase by 2 percent of national high school graduates by 2028).

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 Montana stayed the same between 2005 and 2013 at 20 percent.
- ▶ In 2013 Montana was ranked 4th 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 Montana, total student share of state and net tuition revenues per full time student was 19 percent in 1989, 44 percent in 2000, and 53 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 after the 2007-08 recession net tuition revenues continued to increase.

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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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