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HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

NORTH CAROLINA



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NORTH CAROLINA

COLLEGE
AFFORDABILITY
RANKING

24

Nearly half of North Carolina's students enroll in some of the most expensive community colleges in the country. Particularly hard hit are low-income families, who would have to pay over 40 percent of their annual income to cover the full-time cost of attendance at these institutions. So despite sitting just inside the top half of these rankings, North Carolina will need to make policy changes if college affordability—to use the state's motto—is “to be rather than to seem.”

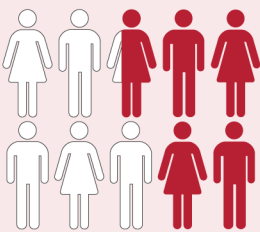
Twenty percent of North Carolina students attend public and private research institutions, which are among the least expensive in the nation. Families would be required to pay, on average, 24 percent of their income for the cost of full-time attendance at public research institutions, and 34 percent of their income for the cost of full-time attendance at private research institutions.

North Carolina has done a good job of increasing its need-based financial aid, which is well above the national average on a per-student basis for those attending either public or private colleges and universities.

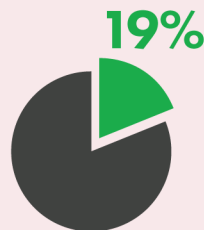
It has not done a good job of ensuring that everyone has equal access to a postsecondary degree. Sixty percent of Asians and 45 percent of Whites have at least an associate's degree, compared with only 28 percent of Blacks and 16 percent of Hispanics.

- ▶ Students attending any type of institution in the state would have to work, on average, between 22 and 59 hours a week to cover full-time costs of attendance.
- ▶ North Carolina's child poverty rate rose from 21 percent in 2005 to 25 percent in 2014.
- ▶ The percent of Black high school graduates is expected to grow 6 percent between 2020 and 2028.
- ▶ By 2020, 67 percent of jobs in North Carolina will require a postsecondary credential. As of 2014, 39 percent of adults (age 25-64) have an associate's degree or higher.

More North Carolina students attend **public two-year institutions** than any other kind of institution, with **47 percent enrolled**. Families would spend, on average, **19 percent of annual income** to pay for full-time attendance.

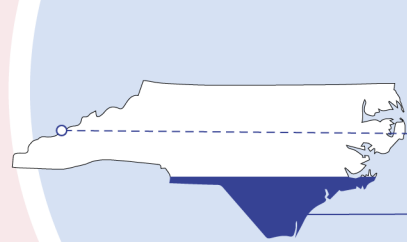


Percentage of students attending public two-year institutions



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

On average, **39 percent** of working-age North Carolina state residents (age 25-64) have an associate's degree or higher. By 2020, **67 percent of jobs will require an associate's degree or higher**.



67%

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 (47 percent of enrollment)**	15	19	37
Public Four-Year Nondoctoral (21 percent of enrollment)	15	24	16
Public Research (17 percent of enrollment)	13	24	8
Private Four-Year Nondoctoral (13 percent of enrollment)	39	48	33
Private Research (3 percent of enrollment)	41	34	8

* 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

\$17,162

Families in Group

26%

Income

\$30,000 —48,000

Average Income in Group

\$39,111

Families in Group

18%

Income

\$48,000—75,000

Average Income in Group

\$60,868

Families in Group

22%

Income

\$75,000—110,000

Average Income in Group

\$90,987

Families in Group

17%

Income

\$110,000 and above

Average Income in Group

\$187,498

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	7,449	43
\$30,000—48,000	7,825	20
\$48,000—75,000	8,755	14
\$75,000—110,000	10,290	11
\$110,000 and above	12,548	7

Students would have to work 22 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	8,218	48
\$30,000—48,000	9,525	24
\$48,000—75,000	12,872	21
\$75,000—110,000	16,424	18
\$110,000 and above	17,264	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	7,260	42
\$30,000—48,000	9,414	24
\$48,000—75,000	13,593	22
\$75,000—110,000	18,713	21
\$110,000 and above	20,684	11

Students would have to work 37 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.

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
\$17,162
Families in Group
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Income
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Income
\$75,000–110,000
Average Income in Group
\$90,987
Families in Group
17%

Income
\$110,000 and above
Average Income in Group
\$187,498
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	18,862	110
\$30,000–48,000	19,182	49
\$48,000–75,000	21,846	36
\$75,000–110,000	25,087	28
\$110,000 and above	28,419	15

Students would have to work 53 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	10,517	61
\$30,000–48,000	12,125	31
\$48,000–75,000	16,750	28
\$75,000–110,000	26,512	29
\$110,000 and above	43,797	23

Students would have to work 59 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.

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 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	207	358	669	474
Other Aid	2	14	14	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	536	579	1125	644
Other Aid	747	785	11	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 \$3,189 annually.
- ▶ Students who enroll at private research institutions typically borrow \$1,462 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,451 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,355 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,245 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, 67 percent of jobs in North Carolina will require a postsecondary credential.
- ▶ North Carolina is 24th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 40 percent of young adults in North Carolina (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 North Carolina (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 North Carolina 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 three most populous racial groups (Blacks, Hispanics and Asians) have attainment of 28 percent, 16 percent and 60 percent respectively.

Educational Pipeline in North Carolina

- ▶ In 2020, North Carolina's public high school graduates are projected to be 27 percent Black, 13 percent Hispanic, and 4 percent Asian.
- ▶ The total number of high school graduates at public institutions in North Carolina are projected to decline by 1 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in North Carolina is projected to grow by 6 percent and the percent of graduates that are White is projected to decline by 3 percent while the percent of graduates that are Hispanic is projected to grow by 2 percent over the same time period. The projected number of Asian graduates will increase by 2 percent between 2020 and 2028.
- ▶ While the decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Blacks graduates in North Carolina is above national patterns (Blacks are only projected to increase by 1 percent of national high school graduates by 2028). The growth in Hispanics is similar to national patterns (Hispanics are projected to increase by 2 percent of national high school graduates by 2028) while the growth in Asian graduates is slightly above national trends (nationally, Asian graduates are projected to increase by 1 percent).

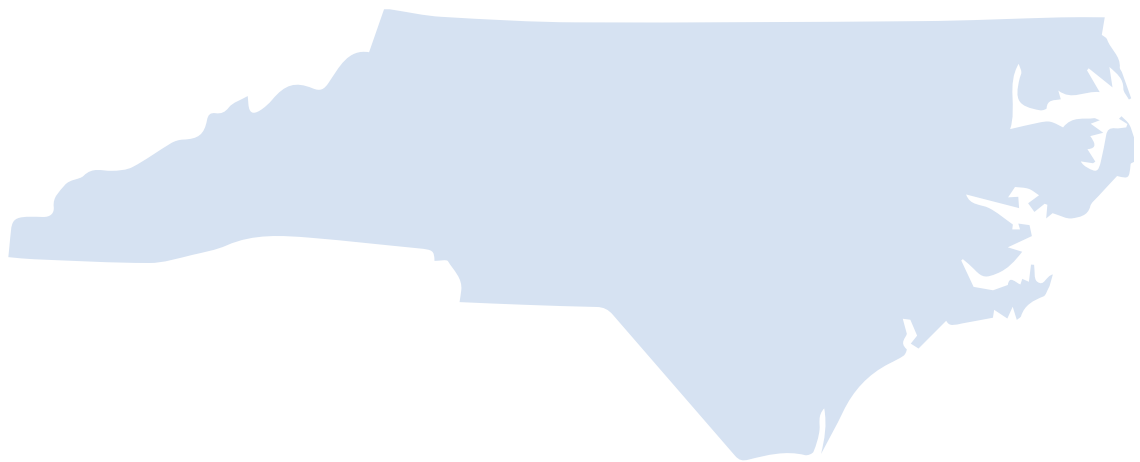
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Children in Poverty

- ▶ The percent of children living in poverty in North Carolina increased between 2005 and 2013, from 21 percent to 25 percent.
- ▶ In 2013 North Carolina was ranked 34th 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 North Carolina, total student share of state and net tuition revenues per full time student was 14 percent in 1989, 19 percent in 2000, and 34 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 but after the 2007-08 recession net tuition revenues increased even more 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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