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INSTITUTE *for* RESEARCH *on* HIGHER EDUCATION



VANDERBILT
PEABODY COLLEGE



HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

VIRGINIA



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VIRGINIA

COLLEGE
AFFORDABILITY
RANKING

26

Low-income undergraduates attempting to climb out of poverty in Virginia are greatly hindered by the state's below-average investment in need-based financial aid.

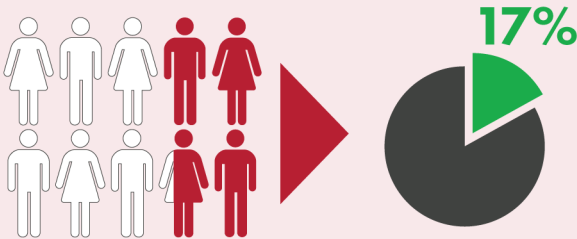
Over one-third of students in Virginia attend a public two-year institution. Low- and middle-income students attending these institutions would have to devote a large proportion of their family income to attend. Students would have to work, on average, 20 hours per week to cover the cost of attending these institutions full time.

Public research universities, typically the most expensive public option, enroll nearly twice as many students as public nondoctoral institutions. At these institutions, low- and middle-income families would have to devote a high proportion of their family income to pay for full-time enrollment. Students would have to work 44 hours per week to cover their expenses associated with attending full time.

The high percentage of jobs in Virginia that will require some postsecondary education, along with large gaps in higher education attainment between Whites and Blacks (50 percent vs. 31 percent) should compel Virginia to consider new state strategies to address these affordability challenges.

- ▶ At public two-year institutions, families earning less than \$30,000 per year would be required to pay 37 percent of their annual family income to attend full time; lower-middle-income families earning between \$30,000 and \$48,000 per year would be required to pay 17 percent of their family income to attend full time.
- ▶ Families earning less than \$30,000 per year would be required to pay 70 percent of their income to attend Virginia's public research universities full time; those families earning between \$30,000 and \$48,000 would be required to pay 35 percent of their income to cover the cost of attending full time.
- ▶ Virginia provides \$315 per student for need-based financial aid compared to \$474 per student nationally. The state provides \$305 per student for financial aid based on criteria other than financial need versus \$210 nationally.
- ▶ There are large gaps in college attainment by race and ethnicity. Half of White residents have an associate's degree or higher, but only 31 percent of Blacks and 29 percent of Hispanics obtain postsecondary degrees.

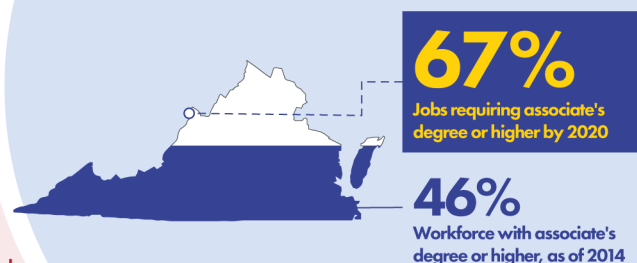
More Virginia students attend **public two-year institutions** than any other kind of institution, with **37 percent enrolled**. Families would spend, on average, **17 percent of annual income** to pay for full-time attendance.



Percentage of students attending public two-year institutions

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

On average, **46 percent** of working-age Virginia 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**.



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 (37 percent of enrollment)* *	14	17	18
Public Four-Year Nondoctoral (14 percent of enrollment)	23	32	38
Public Research (27 percent of enrollment)	25	33	36
Private Four-Year Nondoctoral (22 percent of enrollment)	44	49	36
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
\$17,311
Families in Group
17%

Income
\$30,000 —48,000
Average Income in Group
\$39,345
Families in Group
14%

Income
\$48,000—75,000
Average Income in Group
\$61,250
Families in Group
20%

Income
\$75,000—110,000
Average Income in Group
\$91,579
Families in Group
19%

Income
\$110,000 and above
Average Income in Group
\$197,142
Families in Group
30%

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	6,337	37
\$30,000—48,000	6,818	17
\$48,000—75,000	8,579	14
\$75,000—110,000	10,706	12
\$110,000 and above	11,664	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	11,555	67
\$30,000—48,000	13,260	34
\$48,000—75,000	16,436	27
\$75,000—110,000	19,852	22
\$110,000 and above	21,308	11

Students would have to work 43 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	12,094	70
\$30,000—48,000	13,695	35
\$48,000—75,000	17,214	28
\$75,000—110,000	20,711	23
\$110,000 and above	23,310	12

Students would have to work 44 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

\$17,311

Families in Group

17%

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Income

\$48,000–75,000

Average Income in Group

\$61,250

Families in Group

20%

Income

\$75,000–110,000

Average Income in Group

\$91,579

Families in Group

19%

Income

\$110,000 and above

Average Income in Group

\$197,142

Families in Group

30%

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	20,781	120
\$30,000–48,000	20,196	51
\$48,000–75,000	22,097	36
\$75,000–110,000	23,973	26
\$110,000 and above	26,237	13

Students would have to work 54 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	203	242	315	474
Other Aid	173	240	305	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	25	19	14	644
Other Aid	745	822	727	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 \$3,227 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,003 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$5,781 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,349 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, 67 percent of jobs in Virginia will require a postsecondary credential.
- ▶ Virginia is 25th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 47 percent of young adults in Virginia (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 46 percent of working age adults in Virginia (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, 46 percent of working age Virginia state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 50 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 31 percent, 29 percent and 68 percent respectively.

Educational Pipeline in Virginia

- ▶ In 2020, Virginia's public high school graduates are projected to be 21 percent Black, 13 percent Hispanic, and 10 percent Asian.
- ▶ The total number of high school graduates at public institutions in Virginia is projected to grow by only 2 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Virginia is projected to remain constant and the percent of graduates that are White is projected to decline by 4 percent while the percent of graduates that are Hispanic is projected to grow by 1 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 Hispanics in Virginia is slightly below national patterns (Hispanics are projected to increase by 2 percent of national high school graduates by 2028). The flat growth in Black graduates is slightly below national trends (Blacks are projected to increase by 1 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).

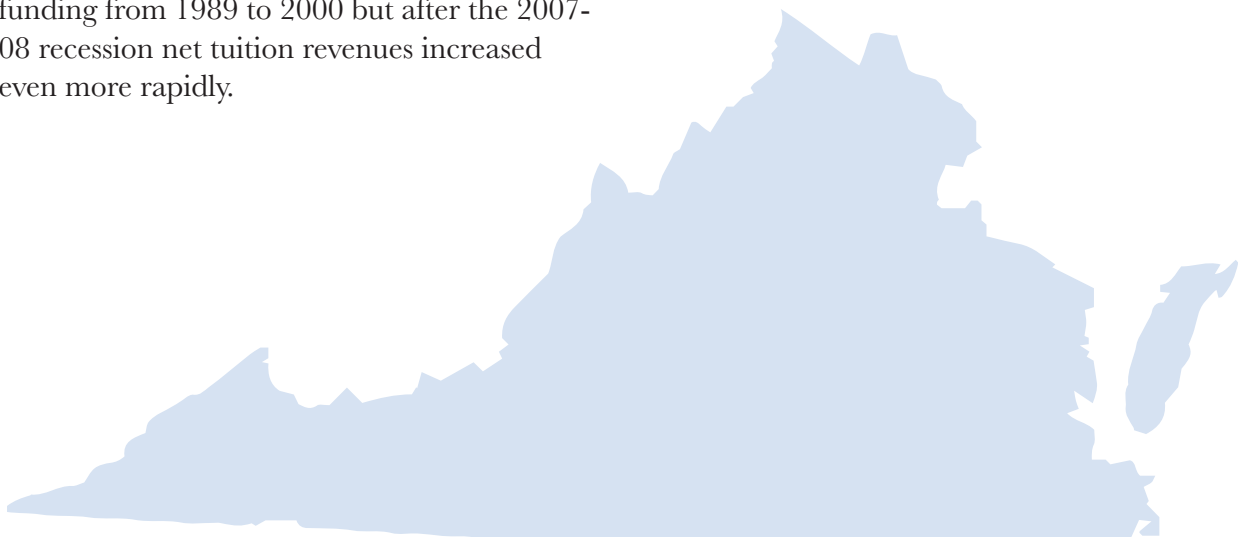
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Children in Poverty

- ▶ The percent of children living in poverty in Virginia increased percent between 2005 and 2013, from 13 percent to 15 percent.
- ▶ In 2013 Virginia was ranked 8th 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 Virginia, total student share of state and net tuition revenues per full time student was 31 percent in 1989, 34 percent in 2000, and 62 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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