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# 2016 COLLEGE AFFORDABILITY DIAGNOSIS

## ARIZONA



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# ARIZONA

Despite Arizona’s strong standing in the national College Affordability rankings, families in the state may struggle to pay for college expenses. More than half of Arizona undergraduates enroll in public community colleges, which have long been viewed as an affordable path to a college degree. But today this two-year postsecondary option is a significant financial burden for many in the state. Families earning less than \$30,000 per year would have to spend 38 percent of their income to send their children to community college full time.

The state does relatively little to minimize the financial strain for its undergraduates. It provides just \$87 in per-student financial aid to attend a public institution, compared with \$474 nationally.

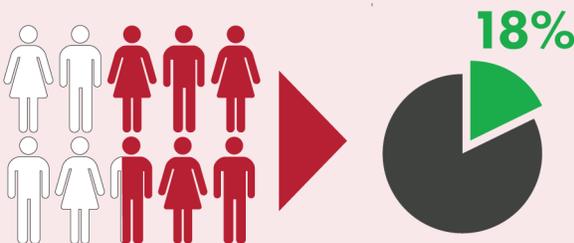
By 2020, 68 percent of jobs in Arizona will require a postsecondary credential, but only 35 percent of young adults (age 25–34) and 37 percent of working-age residents (age 35–64) have an associate’s degree or higher degree.

Affordability is likely a significant factor in the gaps in college attainment between Whites and minorities in the state. Forty-six percent of Whites

ages 24 to 65 have at least an associate’s degree, but just 18 percent of Hispanics and 19 percent of Native Americans in the same age group have earned degrees. This is a problem for a state where 40 percent of all high school graduates will be Hispanic by 2020.

- ▶ One third of Arizona students enroll in public research universities. For those families earning \$30,000 or less, more than half of their annual income would be required to cover the cost of attending college full time.
- ▶ Arizona provides only \$87 per student for need-based financial aid students attending public institutions compared to the national average of \$474.
- ▶ By 2020 nearly 40 percent of Arizona high school graduates will be Hispanic.
- ▶ The percent of children living in poverty in Arizona has increased by 6 percent between 2005 and 2013, from 20 percent to 26 percent.

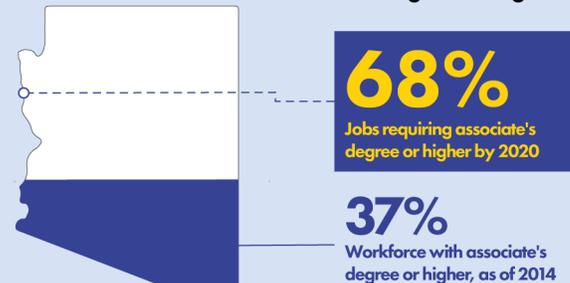
More Arizona students attend **public two-year institutions** than any other kind of institution, with **57 percent enrolled**. Families would spend, on average, **18 percent of annual income** to pay for full-time attendance.



Percentage of students attending public two-year institutions

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

On average, **37 percent** of working-age Arizona state residents (age 25–64) have an associate's degree or higher. By 2020, **68 percent of jobs will require an associate's degree or higher**.



**68%**

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*
<b>Public Two-Year</b> (57 percent of enrollment) **	18	18	24
<b>Public Four-Year Nondoctoral</b> (9 percent of enrollment)	NA	25	22
<b>Public Research</b> (33 percent of enrollment)	20	27	16
<b>Private Four-Year Nondoctoral</b> (1 percent of enrollment)	54	61	48
<b>Private Research</b> (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](http://www2.gse.upenn.edu/irhe/affordability-diagnosis).

## STATE INCOME PROFILE

Income

**\$0—30,000**

Average Income in Group

**\$16,859**

Families in Group

**25%**

Income

**\$30,000 —48,000**

Average Income in Group

**\$39,077**

Families in Group

**18%**

Income

**\$48,000—75,000**

Average Income in Group

**\$60,761**

Families in Group

**22%**

Income

**\$75,000—110,000**

Average Income in Group

**\$91,231**

Families in Group

**17%**

Income

**\$110,000 and above**

Average Income in Group

**\$183,244**

Families in Group

**18%**

# 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	6,486	<b>38</b>
\$30,000—48,000	7,108	<b>18</b>
\$48,000—75,000	8,842	<b>15</b>
\$75,000—110,000	10,245	<b>11</b>
\$110,000 and above	11,101	<b>6</b>

Students would have to work 24 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public community college full time.

## PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	8,736	<b>52</b>
\$30,000—48,000	9,085	<b>23</b>
\$48,000—75,000	13,491	<b>22</b>
\$75,000—110,000	16,109	<b>18</b>
\$110,000 and above	17,348	<b>9</b>

Students would have to work 31 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	9,492	<b>56</b>
\$30,000—48,000	10,415	<b>27</b>
\$48,000—75,000	14,309	<b>24</b>
\$75,000—110,000	16,878	<b>19</b>
\$110,000 and above	18,010	<b>10</b>

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.

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Income  
**\$110,000 and above**  
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**18%**

# 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	24,194	<b>144</b>
\$30,000–48,000	24,724	<b>63</b>
\$48,000–75,000	28,372	<b>47</b>
\$75,000–110,000	30,056	<b>33</b>
\$110,000 and above	31,441	<b>17</b>

Students would have to work 62 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
<b>Need-Based Aid</b>	12	62	87	474
<b>Other Aid</b>	0	0	0	210

### TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
<b>Need-Based Aid</b>	86	112	87	644
<b>Other Aid</b>	0	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 \$3,126 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$4,928 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,841 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,270 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, 68 percent of jobs in Arizona will require a postsecondary credential.
- ▶ Arizona is 18th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

## Educational Attainment

- ▶ As of 2014, 35 percent of young adults in Arizona (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 Arizona (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 Arizona state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 46 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Hispanic and then Native Americans and Blacks in equal share) have attainment of only 18 percent, 19 percent and 34 percent respectively.

## Educational Pipeline in Arizona

- ▶ In 2020, Arizona's public high school graduates are projected to be 39 percent Hispanic, 5 percent Native American and 8 percent Black.
- ▶ The total number of high school graduates at public institutions in Arizona are projected to decline by 3 percent between 2020 and 2028.
- ▶ The percent of graduates that are White is projected to increase by 2 percent over the same time period. However, the percent of Arizona graduates that are Hispanic is projected to decline by 1 percent, Native American graduates are projected to increase by 1 percent and Black graduates are projected to increase by 5 percent.
- ▶ Many of the demographic trends in Arizona are moving in the opposite direction of national trends. It will have more White high school graduates while the nation is projected to have 4 percent fewer between 2020 and 2028. It will have fewer Hispanic graduates, while the nation will have 2 percent more over the same timeframe. Meanwhile Arizona's projected 1 percent growth in Native American and Black graduates is expected to outpace the flat national trend line.

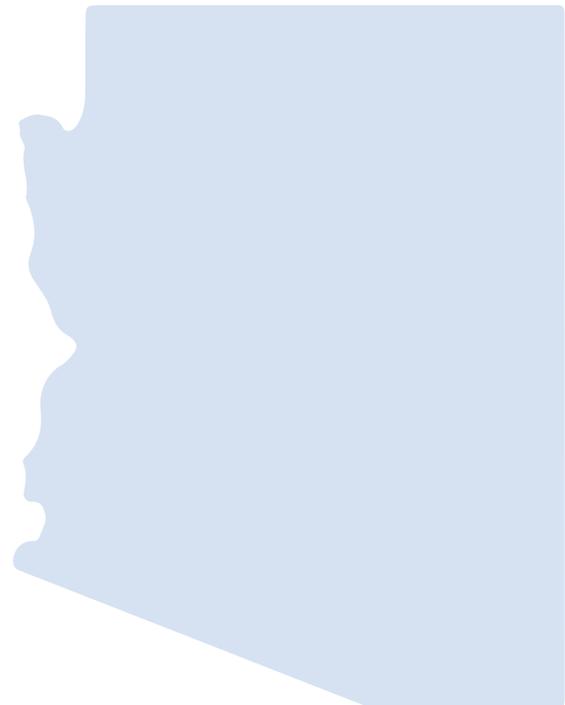
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## Children in Poverty

- ▶ The percent of children living in poverty in Arizona increased between 2005 and 2013, from 20 percent to 26 percent.
- ▶ In 2013 Arizona was ranked 37th 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 Arizona, total student share of state and net tuition revenues per full time student was 27 percent in 1989, 29 percent in 2000, and 57 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

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- ▶ 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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