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# 2016 COLLEGE AFFORDABILITY DIAGNOSIS

## NEBRASKA



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# NEBRASKA

COLLEGE  
AFFORDABILITY  
RANKING

18

Nebraskans benefit from low tuition at the state's public two-year colleges, which are some of the most affordable in the nation. But the amount families would be required to pay to attend the state's colleges and universities continues to increase, putting the future of affordable higher education at risk. This is particularly worrisome given that Nebraska contributes little need-based aid for students attending public institutions.

Full-time attendance at a public two-year college would require, on average, just 16 percent of family income. Twenty-eight percent of Nebraska's undergraduates enroll in these colleges, and they could cover their full-time attendance costs by working 23 hours a week.

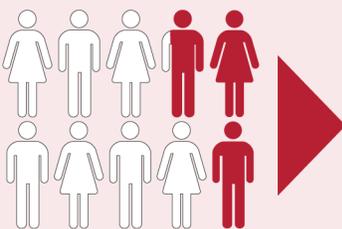
Families in Nebraska face a much tougher financial challenge when sending their children to the state's four-year colleges and universities. Public four-year nondoctoral colleges, which enroll 27 percent of undergraduates, would eat up more than a quarter of family income, on average, for full-time attendance. Full-time students at these institutions would have to work an average of 35 hours to pay their own way.

The workforce needs in this historically agricultural state are changing. By 2020, 71

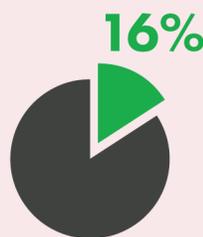
percent of jobs in Nebraska will require a postsecondary credential. But as of 2014, only 49 percent of young adults (age 25–34) had an associate's degree or higher. Nebraska will need to address the percent of family income needed to cover college costs if it is to sustain affordable higher education and meet future workforce needs.

- ▶ Since 2008, families must contribute a larger percent of family income at all types of institutions.
- ▶ Low-income families would have to spend 54 percent of family income to attend the state's public four-year nondoctoral institutions full time. Upper-income families would have to pay just 9 percent of family income to attend these institutions full time.
- ▶ The state invests \$155 in need-based financial aid per student at public institutions. The national average is \$474.
- ▶ Degree attainment by race and ethnicity varies considerably. On average, 48 percent of Whites have an associate's degree or higher, compared to only 15 percent of Hispanics.
- ▶ In Nebraska, 17 percent of children live in poverty, an increase since 2005.

More Nebraska students attend **public two-year institutions** than any other kind of institution, with **28 percent enrolled**. Families would spend, on average, **16 percent of annual income** to pay for full-time attendance.



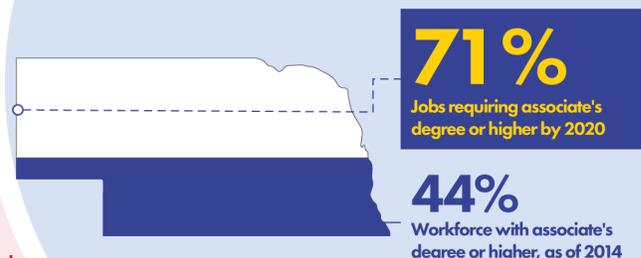
Percentage of students attending public two-year institutions



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

On average, **44 percent** of working-age Nebraska state residents (age 25–64) have an associate's degree or higher.

By 2020, **71 percent of jobs will require an associate's degree or higher**.



71%

Jobs requiring associate's degree or higher by 2020

44%

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<br>Income 2008 | Percent of<br>Income 2013 | Ranking*  |
|--|---------------------------|---------------------------|-----------|
| <b>Public Two-Year</b><br>(28 percent of enrollment)* *            | <b>15</b>                 | <b>16</b>                 | <b>8</b>  |
| <b>Public Four-Year Nondoctoral</b><br>(27 percent of enrollment)  | <b>23</b>                 | <b>26</b>                 | <b>24</b> |
| <b>Public Research</b><br>(21 percent of enrollment)               | <b>23</b>                 | <b>30</b>                 | <b>28</b> |
| <b>Private Four-Year Nondoctoral</b><br>(24 percent of enrollment) | <b>30</b>                 | <b>40</b>                 | <b>11</b> |
| <b>Private Research</b><br>(NA percent of enrollment)              | <b>NA</b>                 | <b>NA</b>                 | <b>NA</b> |

\* 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

**\$18,264**

Families in Group

**18%**

Income

**\$30,000 —48,000**

Average Income in Group

**\$39,454**

Families in Group

**17%**

Income

**\$48,000—75,000**

Average Income in Group

**\$60,940**

Families in Group

**25%**

Income

**\$75,000—110,000**

Average Income in Group

**\$91,491**

Families in Group

**21%**

Income

**\$110,000 and above**

Average Income in Group

**\$180,532**

Families in Group

**19%**

# 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          | 6,075     | <b>33</b>                           |
| \$30,000—48,000     | 6,209     | <b>16</b>                           |
| \$48,000—75,000     | 7,952     | <b>13</b>                           |
| \$75,000—110,000    | 9,950     | <b>11</b>                           |
| \$110,000 and above | 8,856     | <b>5</b>                            |

Students would have to work 23 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          | 9,909     | <b>54</b>                           |
| \$30,000—48,000     | 10,678    | <b>27</b>                           |
| \$48,000—75,000     | 13,153    | <b>22</b>                           |
| \$75,000—110,000    | 15,591    | <b>17</b>                           |
| \$110,000 and above | 16,156    | <b>9</b>                            |

Students would have to work 35 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          | 11,395    | <b>62</b>                           |
| \$30,000—48,000     | 12,149    | <b>31</b>                           |
| \$48,000—75,000     | 15,016    | <b>25</b>                           |
| \$75,000—110,000    | 19,067    | <b>21</b>                           |
| \$110,000 and above | 19,869    | <b>11</b>                           |

Students would have to work 41 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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Families in Group

**21%**

Income

**\$110,000 and above**

Average Income in Group

**\$180,532**

Families in Group

**19%**

# 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          | 15,936    | <b>87</b>                           |
| \$30,000–48,000     | 16,796    | <b>43</b>                           |
| \$48,000–75,000     | 18,970    | <b>31</b>                           |
| \$75,000–110,000    | 21,101    | <b>23</b>                           |
| \$110,000 and above | 24,660    | <b>14</b>                           |

Students would have to work 50 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> | 0    | 97   | 155  | 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> | 0    | 186  | 238  | 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 \$2,466 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$3,661 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,675 annually.
- ▶ In contrast, students who enroll at public two-year institutions borrow \$1,668 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, 71 percent of jobs in Nebraska will require a postsecondary credential.
- ▶ Nebraska is 8th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

## Educational Attainment

- ▶ As of 2014, 49 percent of young adults in Nebraska (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 42 percent of working age adults in Nebraska (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 44 percent of working age Nebraska state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 48 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Hispanics and Blacks) have attainment of only 15 percent and 29 percent respectively.

## Educational Pipeline in Nebraska

- ▶ In 2020, Nebraska's public high school graduates are projected to be 16 percent Hispanic and 5 percent Black.
- ▶ The total number of high school graduates at public institutions in Nebraska is projected to grow by only 2 percent between 2020 and 2028.
- ▶ The percent of graduates that are Hispanic in Nebraska is projected to grow by 2 percent and the percent of graduates that are White is projected to decline by 4 percent while the percent of graduates that are Black is projected to grow by 2 percent over the same time period.
- ▶ The decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028) as is the growth in Hispanics in Nebraska (Hispanics are projected to increase by 2 percent of national high school graduates by 2028). The growth in Blacks is slightly above national projections (Blacks are only projected to increase by 1 percent of national high school graduates by 2028).

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### **Children in Poverty**

- ▶ The percent of children living in poverty in Nebraska increased between 2005 and 2013, from 15 percent to 17 percent.
- ▶ In 2013 Nebraska was ranked 13th 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 Nebraska, total student share of state and net tuition revenues per full time student was 27 percent in 1989, 32 percent in 2000, and 41 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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