

# The Big Squeeze: College Students Dig Deeper as Idaho Higher Education Funding Falls

October, 2014

Idahoans have long valued public higher education, recognizing its importance to the economy and social fabric of the entire state. In fact, the territorial legislature founded the University of Idaho in 1889, before Idaho was admitted as a state. But over the past three decades, higher education funding from the legislature has declined relative to costs for public education. These cuts in state funding are a departure from Idaho's historic commitment to higher education.<sup>1</sup> The result has been steeply rising tuition and fees, a growing debt load for many students, and higher barriers to attending college for middle- and low-income Idahoans. This is a direct threat to Idaho's economy at a time when employers are demanding a more educated workforce, and when workers with a college degree command far higher salaries than those with just a high school diploma.

Idaho's prosperity depends on lawmakers reversing this trend and devoting necessary resources to the state's colleges and universities. They should also help ensure that postsecondary education is accessible to students from all economic backgrounds.

## Higher Education is Critical to Idaho's Future Economy

Idaho has disinvested in higher education despite the growing need for a well-educated, highly skilled workforce to strengthen our economy. In May 2014, Idaho Business for Education, a group of 80 businesses from across the state, sounded the alarm in a report highlighting the mismatch between the education level of Idaho's workforce and the types of skills that will be required for jobs in the future.<sup>2</sup> A Georgetown University study estimated that 68 percent of jobs in Idaho will require a postsecondary credential by 2018.<sup>3</sup> The Idaho State Board of



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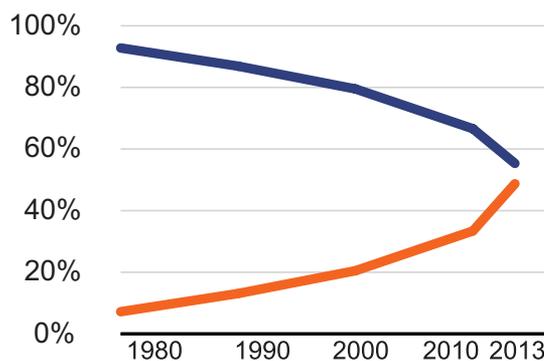
Education set a goal of having 60 percent of Idaho's 25-34 year olds earn a post-secondary education by 2020.<sup>4</sup> Currently only 35 percent have a degree, and it's hard to see how the state will meet its goals if we continue to invest less in higher education.<sup>5</sup>

Higher levels of education result in higher earnings. In 2012, the median annual salary for young adults with a bachelor's degree was \$46,900 in the United States, compared to \$30,000 for those who only completed high school.<sup>6</sup>

## As Costs Rise for Idaho Students, College Enrollment is at Risk

As a result of reduced state support, the cost of a college education has shifted dramatically, with students and their families shouldering a growing share of the burden. This makes higher education increasingly unaffordable, and forces students to take on bigger debts to fund their schooling. Students from lower-income households will continue

### State Support Declines as Student & Family Burdens Increase



State Support

Student & Family Burden

**Table 1: Idaho Colleges and Universities Source of Funding**

Share of Funding From:	1980	1990	2000	2010	2013
State Funding	92.8%	86.9%	79.5%	66.6%	53.3%
Tuition and Fees	7.2%	13.1%	20.5%	33.4%	46.7%

to face increasingly tough choices between getting a degree and taking on enormous debt, or not attending college. And while attending a four-year public institution in Idaho is still more affordable than in Nevada, Oregon and Washington, it is more expensive than Montana, Utah, and Wyoming.<sup>7</sup>

The portion of Idaho high school graduates who enroll directly in college is already low and that rate is declining, despite a robust effort by the J. A. and Kathryn Albertson Foundation to encourage enrollment.<sup>8</sup> Fifty-two percent of Idaho high school seniors enrolled in college in 2013, down from 54 percent in 2012. In two of Idaho's largest school districts, West Ada and Boise, rates declined by 9 percent and 3 percent, respectively.<sup>9</sup>

Once they enrolled, it is important that students are able to stay the course. Idaho's completion rate at four-year public institutions over a six-year period is 41 percent, compared to a national average of 63 percent.<sup>10</sup> With just over half of Idaho students going on to college and less than half completing four-year degrees, particular attention should be paid to making sure college is affordable.

### **Troubling New Trends in Higher Education Investment**

Over the past few decades, there has been a stark shift in how we support higher education. Tuition and fees now account for 47 percent of college and university funding, up from 7 percent in 1980. State funding dropped to 53 percent from 93 percent of the cost over the same period. (See Table 1.)

Idaho's tuition and fees have grown rapidly, even when adjusted for inflation. At \$5,932, the average

inflation-adjusted cost of a year of education was almost five times higher in 2013 than it was in 1980 at \$1,215. (See Table 2 for inflation-adjusted tuition and fees over time.)

### **Idaho Cut More Deeply Than Other States in Recent Years**

Idaho has cut funding to public colleges and universities by a greater percentage than all but five other states since the Great Recession (Arizona, Louisiana, South Carolina, Oregon, and Alabama). Funding is down by 36.8 percent in Idaho since 2008, a decrease of \$3,857 per student (adjusted for inflation). The average tuition at a public, four-year college in Idaho has increased by 28.5 percent during this period and students are paying \$1,401 more per year.<sup>11</sup> These tuition increases force students to take on more debt. Idaho's low four-year degree completion rates may reflect that the debt burden for many students is too high.

From a historical perspective, it is evident that Idaho's commitment to higher education funding has declined significantly, and this trend is occurring at a time when workers with college degrees or other form of post-secondary education are more in demand than ever. Companies looking to expand or relocate put a premium on how skilled a state's workforce is.

Over the past three-decades, the tuition and fees for students has increased by nearly five-fold, when adjusted for inflation. These trends may undermine our capacity to build a strong and sustainable economy in Idaho for the long-term. If Idaho doesn't want to fall further behind economically, stakeholders, including business leaders and associa-

## Table 2: Idaho Colleges and Universities Annual Tuition & Fees

Indexed to 2013 Dollars Using US CPI (Consumer Price Index)

	1980	1990	2000	2010	2013
Boise State University	\$1173	\$1987	\$3088	\$5196	\$5886
Idaho State University	\$1300	\$1336	\$3244	\$5307	\$6070
University of Idaho	\$1340	\$1957	\$3176	\$5269	\$6212
Lewis Clark State College	\$1046	\$1854	\$2982	\$4910	\$5562
Average	\$1215	\$1933	\$3123	\$5171	\$5932

tions, elected officials, researchers, and university leaders from across the state need to work to reverse this trend. Together we can develop a long-range plan to achieve the educational goals and funding approaches for the higher education of Idaho's future workforce to create the economic prosperity that Idaho deserves.

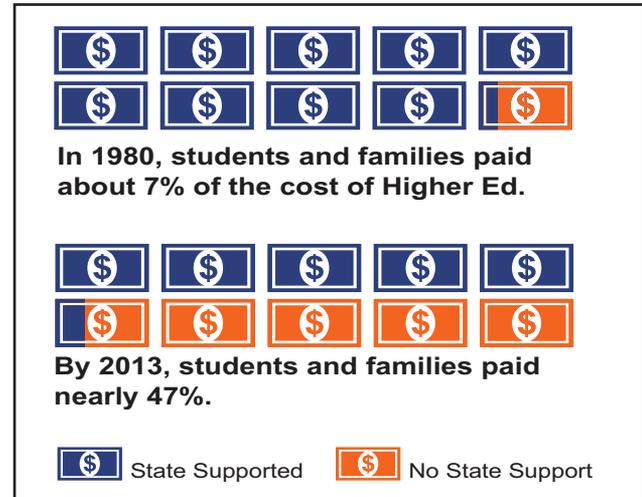
### Data Sources:

Tables 1 and Chart 1: Idaho State Board of Education, unpublished data

Table 2: Idaho State Board of Education, unpublished data and U.S. Department of Labor, Bureau of Labor Statistics

### Endnotes:

1. This report specifically examines the impact of state funding declines for four-year public institutions in Idaho. Certificates from two-year, community colleges provide an alternative option for higher education certification that can lead to a four-year degree.
2. Idaho Business for Education, "Educated Workforce: The Lifeblood of Idaho Business," May 2014. <http://www.idahobe.org/wp-content/uploads/2014/05/WORKFORCE-STUDY-FINAL.pdf>.



3. Carnevale, Anthony P., Smith, Nicole, Strohl, Jeff. "The College Advantage: Weathering the Economic Storm," The Georgetown Public Policy Institute, 2013, <http://www.idahobe.org/wp-content/uploads/2014/05/WORKFORCE-STUDY-FINAL.pdf>.
4. Idaho State Board of Education, "2013 Fact Sheet," [http://www.boardofed.idaho.gov/research\\_stats/documents/fact-sheet/2013/fact-book-2013-final-web.pdf](http://www.boardofed.idaho.gov/research_stats/documents/fact-sheet/2013/fact-book-2013-final-web.pdf).
5. KIDS COUNT Data Center: <http://datacenter.kidscount.org/data/tables/6294-educational-attainment-of-population-ages-25-to-34#detailed/2/14/fal>

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