

States Can Choose A Better Path for Higher Education Funding in COVID 19- Recession: A Pennsylvania Perspective

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Source of data

States Can Choose Better Path for Higher Education Funding in COVID-19 Recession by Victoria Jackson and Matt Saenz

Center on Budget and Policy Priorities, February 17, 2021

<https://www.cbpp.org/research/state-budget-and-tax/states-can-choose-better-path-for-higher-education-funding-in-covid>

Keystone Research Center-PA Budget and Policy Center Know the Issues: Higher Education,
<http://krc-pbpc.org>

Benefits of higher education to communities

1 year of additional schooling on
average in a region

 +17.4%
GDP per
capita = +17.8%
Wages per
capita 

Ross C. DeVol, I-Ling Shen, Armen Bedroussian, and Nan Zhang, A Matter of Degrees: The Effect of Educational Attainment on Regional Economic Prosperity, Milken Institute, February 2013, p. 1 and p. 10; online at <http://www.milkeninstitute.org/publications/view/564>

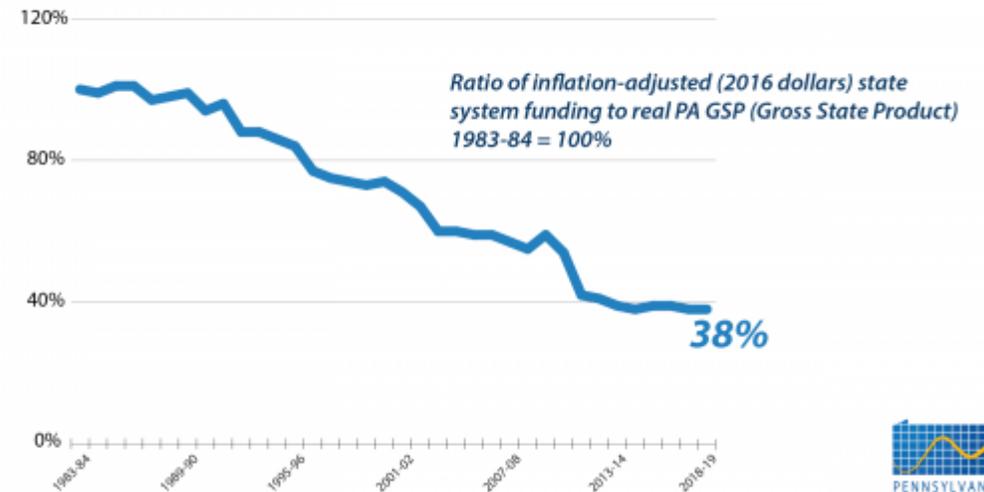
Benefits of higher education to individuals

People who complete a bachelor's degree have

- higher earnings
- lower rates of unemployment and underemployment
- lower rates of incarceration
- and higher rates of civic engagement.

PA has cut
funding for
Higher Ed

**STATE SYSTEM FUNDING RELATIVE TO GROSS STATE
PRODUCT FALLS TO **ONLY 38%** OF THE 1983-84 LEVEL**



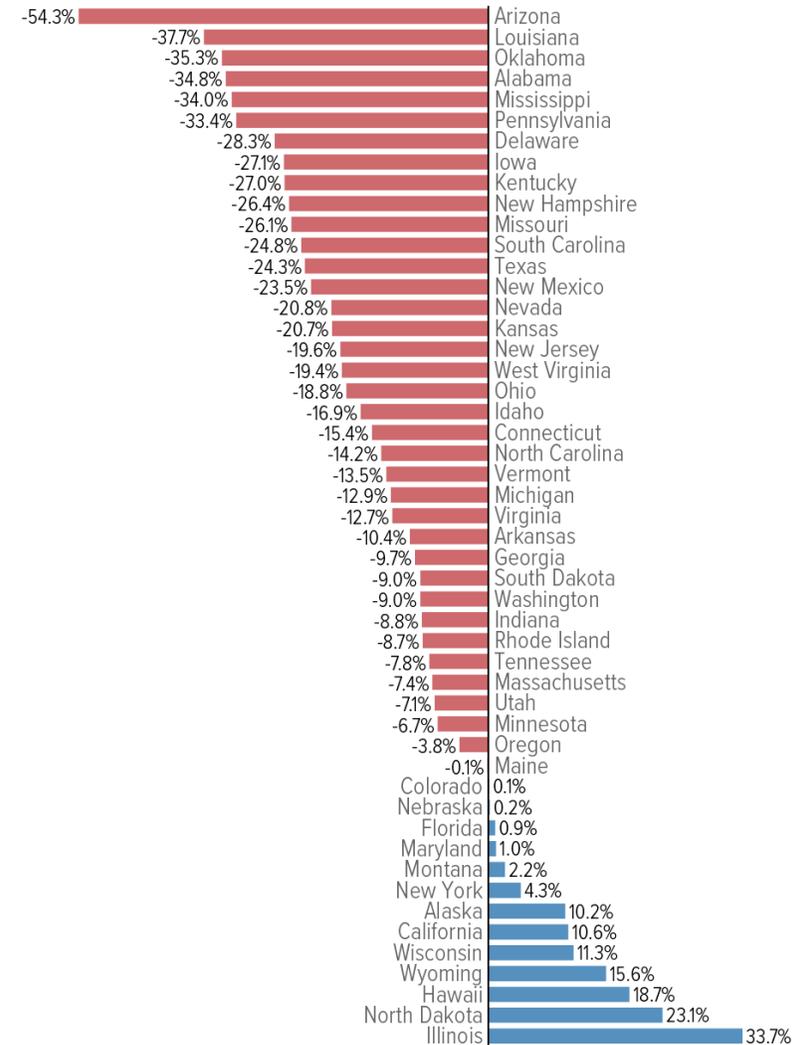
PA has cut funding for Higher Ed

Despite some recent increases in the last few years, PA has cut funding for higher education since the great recession. State spending per student has dropped by 33.4% between 2008 and 2019, the sixth worst decrease among the 50 states.

CBPP analysis using College Board, "Trends in College Pricing 2019," <https://research.collegeboard.org/pdf/trends-college-pricing-2019-full-report.pdf>.

State Funding for Higher Education far Below Pre-Recession Levels in Most States

Percent change in state spending per student, inflation adjusted, 2008-2019



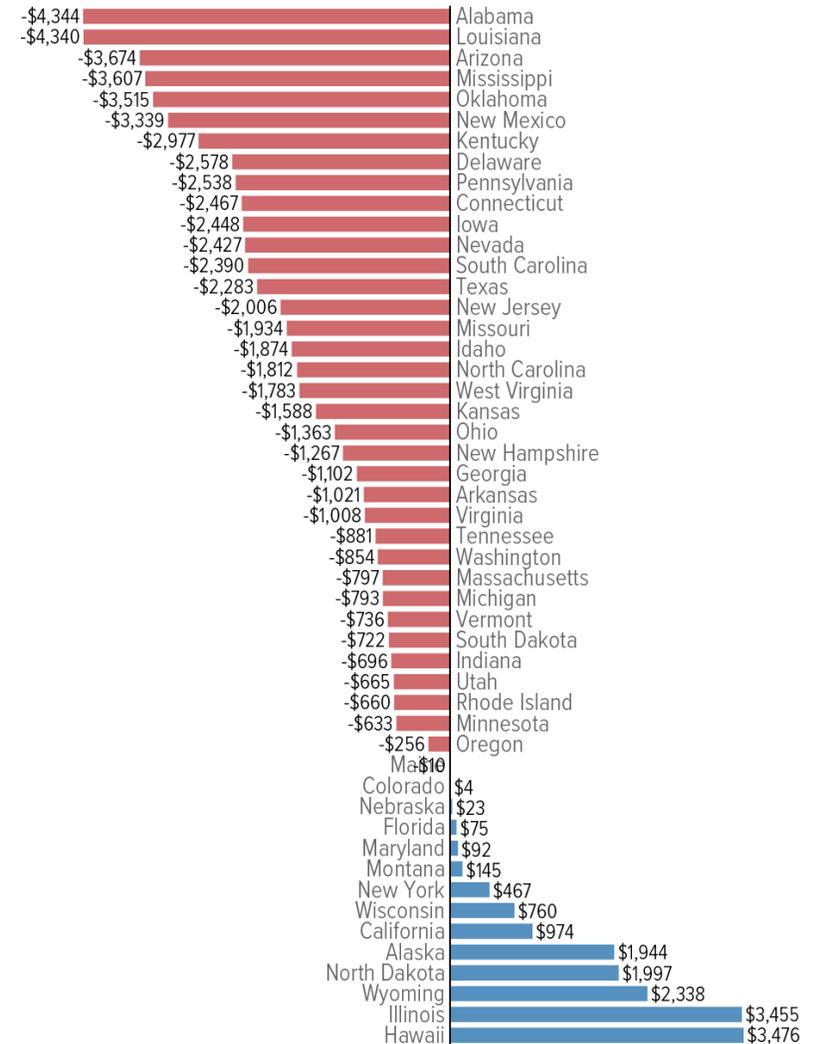
Source: CBPP analysis using SHEEO State Higher Education Finance report and Bureau of Labor Statistics Consumer Price Index Retroactive Series (CPI-U-RS)

PA has cut funding for higher Ed

On a per student basis, state spending has dropped by \$2,538 between 2008 and 2019, the 9th worst in the country.

State Funding for Higher Education Far Below Pre-Recession Levels in Most States

Dollar change in state spending per student, inflation adjusted, 2008-2019



Source: CBPP analysis using SHEEO State Higher Education Finance report and Bureau of Labor Statistics Consumer Price Index Retroactive Series (CPI-U-RS)

Tuition has increased at PA public four-year colleges

- **Tuition has increased by 20.3% in PA between 2008 and 2019**
- **Tuition has increased by an average of \$2,521 per student**

Tuition has increased at PA Community Colleges

- Tuition has increased by 41.3 in PA between 2008 and 2019
- Tuition has increased by an average of \$1,603 per student
 - (And the base was relatively high compared to other states)

College is less affordable in PA than most other states and is even more unaffordable for Black and brown families— Four-Year Colleges

Net price is published tuition fees, room and board and books and supplies minus the average aid received by a student

Average Net Price at Public Four-Year University as Share of Median Household Income of Families, 2018

- All Pennsylvania Families: 34%; Tied with Alabama for second from the bottom (of 50 states).
- White non-Hispanic Pennsylvania families: 32%; worst in the nation (of 50 states).
- Black Pennsylvania Families: 56%; worst in the nation (of 42 states).
- Hispanic Pennsylvania Families: 48% worst in the nation (of 42 states).
- Asian Pennsylvania Families: 27%; worst in the nation (of 37 states).

Source: CBBP analysis of American Community Survey 1-Year Estimates (Table B19013) and NCES Integrated Postsecondary Education Data System Association, "Data Downloads: State Higher Education Finance (SHEF) Report," SHEF, accessed January 26, 2021, <https://shef.sheeo.org/data-downloads/>.

College is less affordable in PA than most other states and is even more unaffordable for Black and brown families—Community Colleges

Net price is published tuition fees, room and board and books and supplies minus the average aid received by a student

Average Net Price at Community Colleges as Share of Median Household Income of Families, 2018

- All Pennsylvania Families: 13%; Tied with 3 other states for 17th from the bottom (of 49 states)
- White non-Hispanic Pennsylvania families: 12%; Tied with 2 others states for 15th from the bottom (of 49 states)
- Black Pennsylvania Families: 21%; Tied with 4 other states for 7th from the bottom (of 41 states)
- Hispanic Pennsylvania Families: 18% Tied with 2 others states for 5th from the bottom (of 43 states)
- Asian Pennsylvania Families: 10%; Tied with 2 other states for 5th from the bottom (of 37 states)

The impact of unaffordable higher education

- Students are deterred from enrolling.
- Students from low-income families are especially deterred. Higher education is less likely to serve as an engine of social mobility.
- Diversity in higher education is reduced.
- Low-income students may be pushed towards less-selective public institutions reducing their future earnings

Immediate solution: Nellie Bly Scholarship

- \$199 million program to provide financial assistance to targeted full time students enrolled in the PASSHE system.
- Priority to students pursuing careers in education
- Students must agree to stay in PA after graduation for the number of years they received the scholarship.
- Need-based program to fill the gap between financial aid and other assistance and the cost of tuition, fees, and a portion of the cost of campus housing, books, and supplies
- The scholarship converts to a loan if the student moves out of the commonwealth early.

Long-term solution: PA Promise Plan

PENNSYLVANIA'S PROMISE

WHAT IT DOES:

Covers **two years of tuition/fees** for any recent HS grad enrolled full-time at one of PA's **14 public community colleges**;

Covers **four years of tuition/fees** for recent HS grads with a family income less than \$110,000/year accepted at a **State System of Higher Education school**;

Provides an additional **four years of grants from \$2,000 up to \$11,000**, depending on family income, for students accepted into a **state-related university**;

Provides **grants to adults without a college degree**, with priority given to those seeking in-demand skills and industry-recognized credentials.

For more
information

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