



# Failure to invest in post-secondary education raises student costs, impacts access and completion

## BUDGET & TAX CENTER FACT SHEET

September 2013

North Carolina has been nationally recognized for its public university system and the innovative efforts to increase the skills training of workers through the community college system. Access to these systems is critical not only because post-secondary education is increasingly seen as one of the few pathways to the middle class but also because higher educational attainment of a state's workforce is highly related to productivity in the economy and higher wages for the median North Carolina worker.

In recent years, state investment in the supports to increase student access and completion has declined significantly. The result is significant pressure on students and families to assume a greater responsibility for paying for their educational programs that could translate into a failure to prepare North Carolinians for the jobs of the future and participation in a strong democracy.

### QUICK BY THE NUMBERS:

- **56.3 percent tuition increase at community colleges since Fiscal Year 2008**
- **\$4.8 million provided to the NC Back to Work program, which helps unemployed workers get training and credentials for jobs in high-growth industries**
- **8,400 fewer students will receive need-based financial aid through the UNC Need-Based Financial Aid program**

### MORE DETAIL:

#### **Funding for post-secondary institutions falls short in 2013-2015 state budget**

Spending for the University of North Carolina system falls \$126.5 million short of what was needed to continue last year's level of education services. This represents a 4.7 percent decrease for the system. The community college system falls \$16.1 million or 1.6 percent short of what was needed.

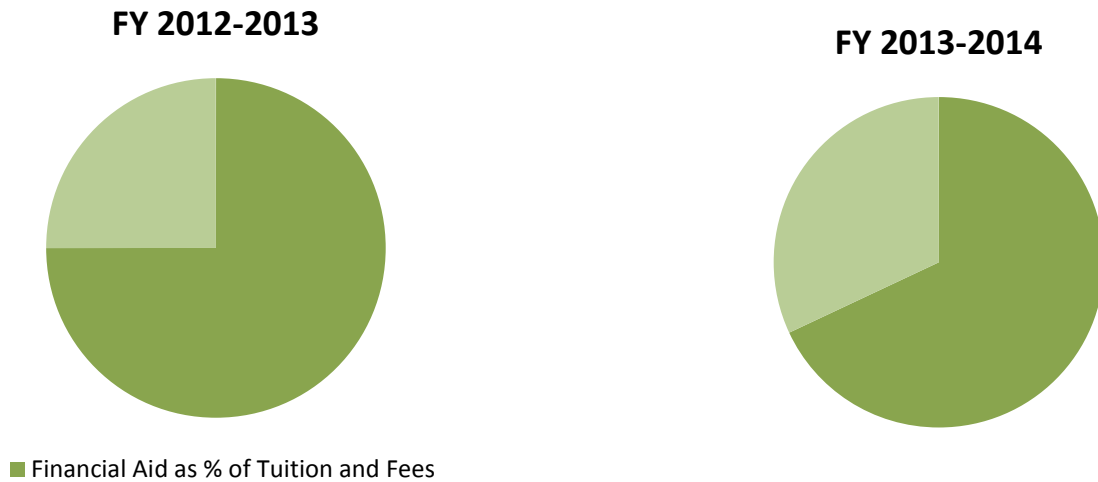
#### **Post-secondary education spending reductions drive higher tuition, which will impact access and completion**

Tuition has increased by nearly \$800 dollars at the UNC system since 2008 when adjusted for inflation. This represents a 38 percent increase for students who are North Carolina residents.<sup>i</sup> Out-of-state undergraduates will see their tuition increase at UNC. Lawmakers stipulated a 12.3 percent hike at four campuses, including Carolina. That means Carolina's non-resident undergraduates will see their tuition increase by \$3,469 – from \$28,205 this academic year to \$31,674 in 2014–15. The remaining 10 campuses will impose a 6 percent increase in 2014–15 (N.C. State and UNC-Charlotte are not required to raise out-of-state tuition).

The community college system will also implement an additional tuition increase, bringing the grand total over the course of the Great Recession and recovery to a 56 percent increase. In addition, various fees have been raised for continuing education courses and many of the populations that were provided tuition waivers previously—such as older adults—will now have to pay for their courses. Furthermore, the core formula used to determine state funding for community colleges is adjusted and will result in nearly \$20 million less in total funding by FY 2015.

Higher costs have been demonstrated to have a deterrent effect on students, limiting the number of students who are likely to pursue a post-secondary education. Paying for college has often been a deal-breaker for many individuals desiring to pursue a post-secondary education, with the need to work and make money as the number one reason students leave school before earning a degree or certificate.<sup>ii</sup> Prior to the Great Recession, post-secondary education costs already represented nearly a third of a low-income household's annual budget representing a significant barrier to enrollment and completion. Financial aid packages have eroded in terms of their ability to cover the costs of tuition.

**The costs of tuition and fees will continue to grow beyond the financial aid packages offered.**



Source: Special Data Request to UNC General Administration, 2013.

As costs increase, many students take on work to pay for their education and the evidence finds that 15 hours or more of work can decrease the likelihood of completion significantly.

**Lower educational attainment will harm broader economy**

North Carolina will need more workers with post-secondary credentials or degrees in the coming years. By 2020, it is estimated that 63 percent of jobs in the state will require some form of post-secondary education.<sup>iii</sup>

Research shows that higher educational attainment is not only associated with greater state productivity but with higher median wages for workers as well.<sup>iv</sup> Moreover, North Carolina is already faced with significant challenges in retaining faculty and competitors across the country are recruiting professors to move to their campuses in an effort to establish a public-private model like North Carolina's Research Triangle Park.<sup>v</sup>

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<sup>i</sup> Tuition rates for FY 2008 and FY 2013 obtained from official web site of the [University of North Carolina system](http://www.uncc.edu).

<sup>ii</sup> Cedric D. Johnson, "[HOPE on a Tightrope: Maximizing Lottery Funds to Yield the Best Education Returns](#)," Policy Report, Georgia Budget & Policy Institute, Atlanta, GA, February 2012.

<sup>iii</sup> See [Complete College America initiative](#); state profile for [North Carolina](#).

<sup>iv</sup> Noah Berger and Peter Fisher, "[A Well-Educated Workforce Is Key to State Prosperity](#)," Economic Analysis and Research Network, Washington, D.C., August 2013.

<sup>v</sup> <http://www.dailytarheel.com/article/2013/09/retention-0903>