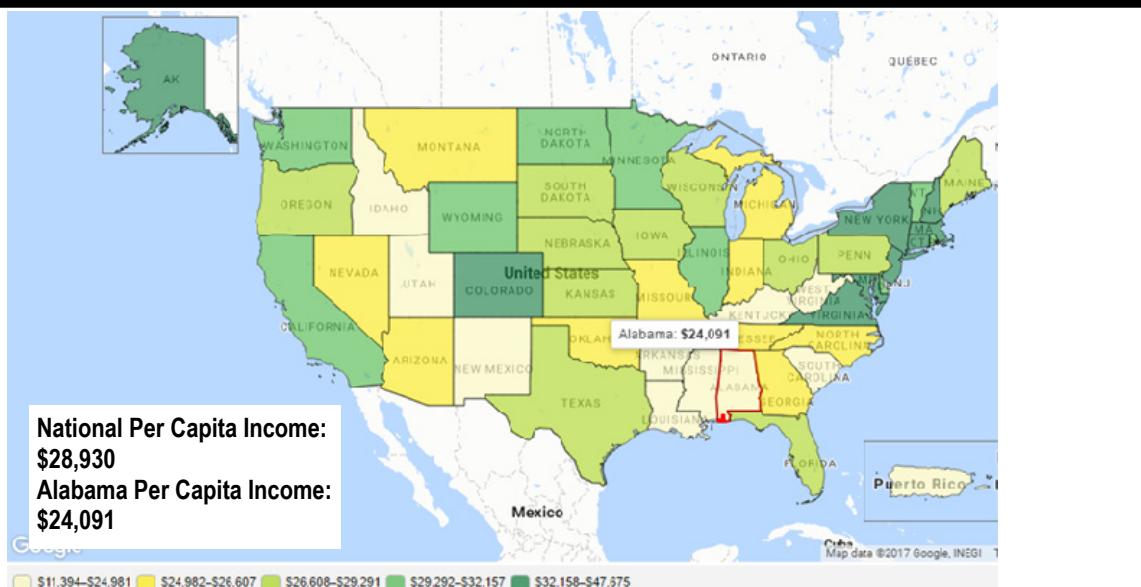


ALABAMA HIGHER EDUCATION PARTNERSHIP'S

# ***RESOURCE GUIDE***

## **A Case for Funding Higher Education**

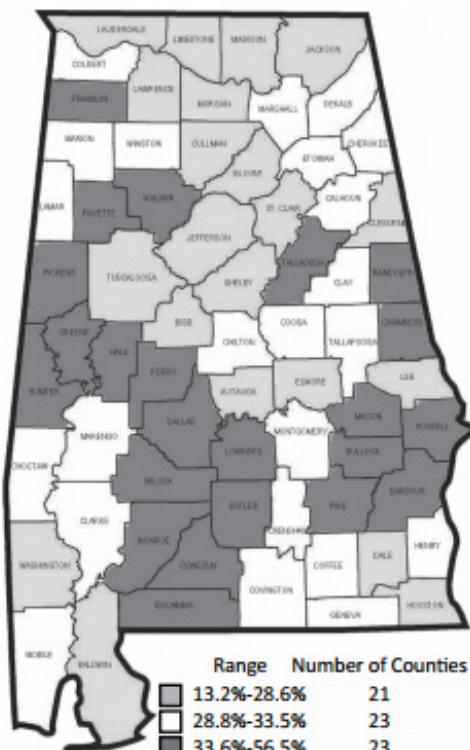




### Alabama's Per Capita Income Continues to Lag Behind

Per capita income in Alabama is \$24,091 compared to a national average of \$28,930. The median household income in Alabama is \$43,623. The per capita income of a state's residents serves as an accurate measure of economic health. The purchasing power of our state's citizens has not yet risen to pre-2008 recession levels, and this diminishes our citizen's capacity to be active consumers. Economic developers are working at a disadvantage when potential businesses see this statistic. The best and brightest talent of Alabama look elsewhere for employment without strong income competitiveness. As the average per capita income increases, Alabama's quality of life increases.

Source: [U.S. Census Bureau, 2015](#)



### High Numbers of Children in Poverty Indicate Social and Economic Challenges

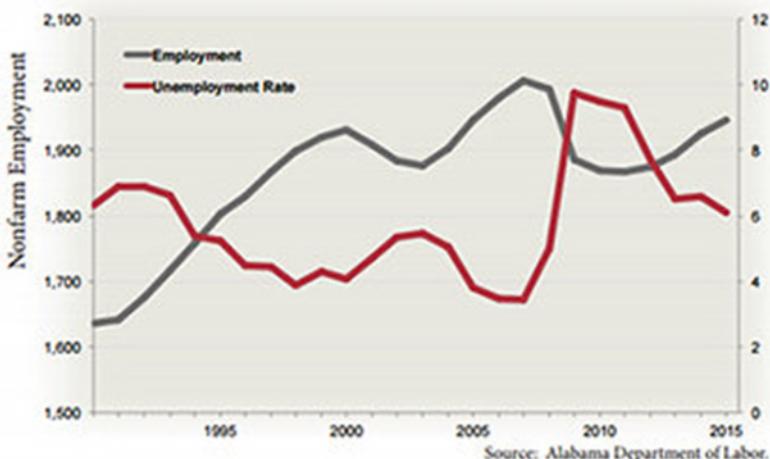
The number of children in poverty increased 5 percentage points nationally and in the southeastern region since the 2008 economic recession. Children make up 25.3 percent of the total state population. 27.5 percent, or 337,847, of Alabama children live in poverty. Nationally, 22 percent of children live in poverty. In terms of overall child well-being, focusing on factors of economic well-being, education, health, family and community, Alabama has dropped to 45th in the nation. Two out of three children living in poverty in Alabama live in high poverty areas, where the poverty rate is more than 30 percent. Children in high poverty areas are less likely to have access to high quality schools and early learning programs. 54 percent of the state's 3 and 4-year-olds aren't attending pre-kindergarten. "Early learning experiences can help close the achievement gaps resulting from inequities that begin during the first few years of a child's life. Equipping children early with the tools needed for success socially, emotionally and cognitively, improves school readiness. Addressing students' educational inequities early on and providing opportunities for all students to meet their optimum potential are critical for their long-term economic well-being and for building stronger, more financially stable families in the future."

Source: [2016 Alabama Kids Count Data Book](#)

## THE HIGHER EDUCATION RESOURCE GUIDE: Income and Poverty

## Total Annual Nonfarm Employment and Unemployment Rate

Employment (Thousands), Unemployment Rate (Percent), 1990-2015



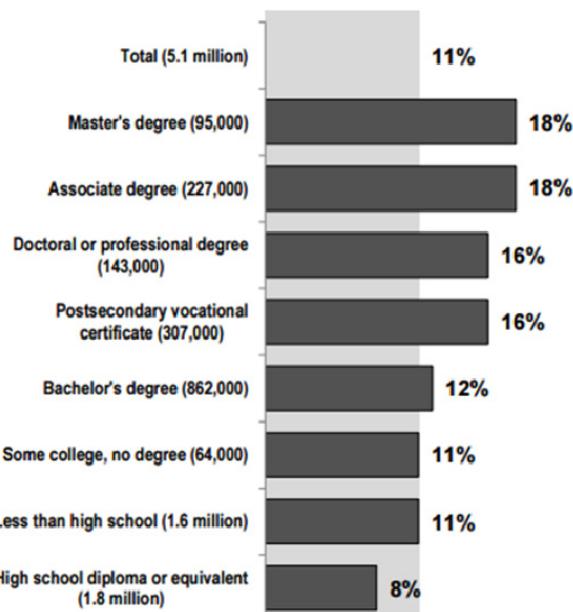
Source: Alabama Department of Labor.

### Employment Growth and Economic Recovery in Alabama

Recent numbers indicate that Alabama job growth continues its slow but solid pace. The state added 24,500 jobs between October 2015 and October 2016. Even with a weaker state economic growth expected in 2016, tax receipts should continue to rise. With the advancement of new automobile and aerospace industries in Alabama, the state has taken advantage of the opportunity to invest in local communities and increase job growth. A consistent upturn in economic progress will only continue with the state's investment in higher education and the job opportunities a college degree affords. Universities prepare tomorrow's leaders to explore creative and innovative solutions for today's problems.

Source: [University of Alabama Center for Business and Economic Research](#)

#### Projected Increase in Job Openings by Education or Training United States, 2012 to 2022



Note: Numbers in parentheses represent job openings, including employment increases and replacement needs.  
Source: U.S. Census Bureau.

### Challenges and Opportunities for Alabama's Workforce

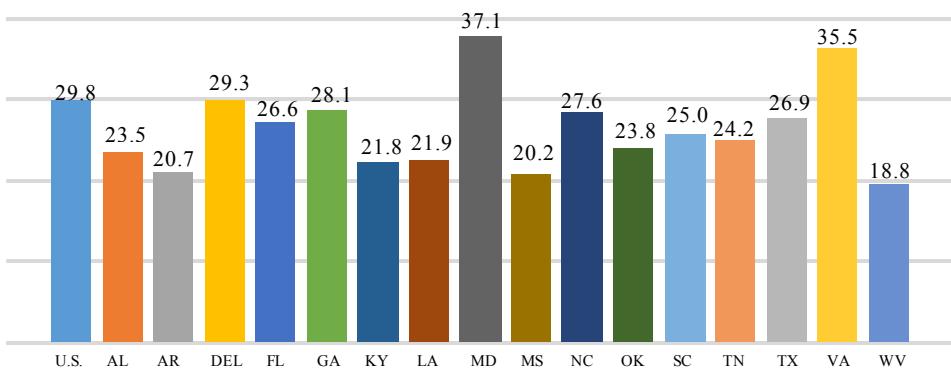
"In the 21st Century workplace, the demand for knowledge-equipped and high-skill workers is dramatically increasing, while the share of jobs available to those without educational credentials is rapidly shrinking. Experts say that by 2020, about two of every three jobs in America will require postsecondary education and training of some kind, from the certificate to the graduate level."

Alabama's most significant economic impact has been made in the regions where higher education exists. In order to attract, recruit, and retain a talented workforce for the jobs of tomorrow, we must invest in Alabama's public universities today. To supply the workforce needed to meet future demands and to build a state that can compete nationally and internationally, we must invest in higher education.

Source: [Business Education Alliance, 2014](#)

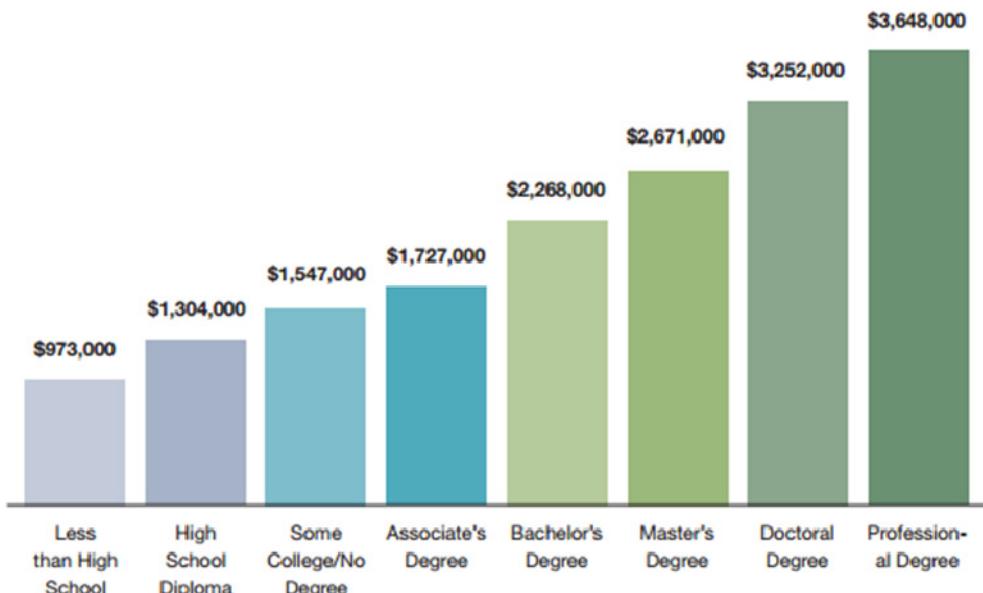
## THE HIGHER EDUCATION RESOURCE GUIDE: Employment and Income

## Education Attainment of Bachelor's Degree or Higher, Percent of the Adult Population, 2015



### Higher Education Attainment in Alabama

84.3% of Alabamians hold a high school graduate or higher compared to 86.7% in the United States. 23.5% of working adults over the age of 25 hold a Bachelor's degree or higher in Alabama, compared to 29.8% in the United States and 28% in the southeastern region.

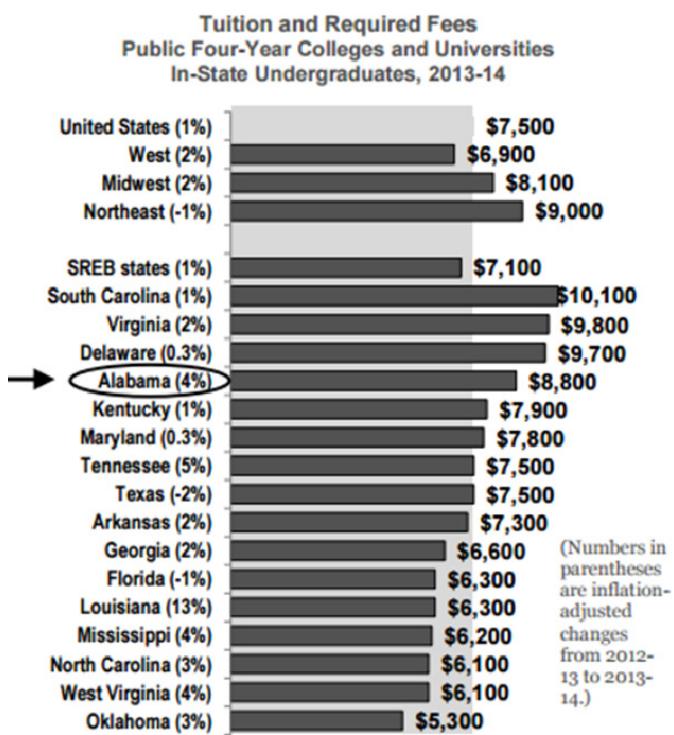


### Educational Attainment Impacts Lifetime Earnings

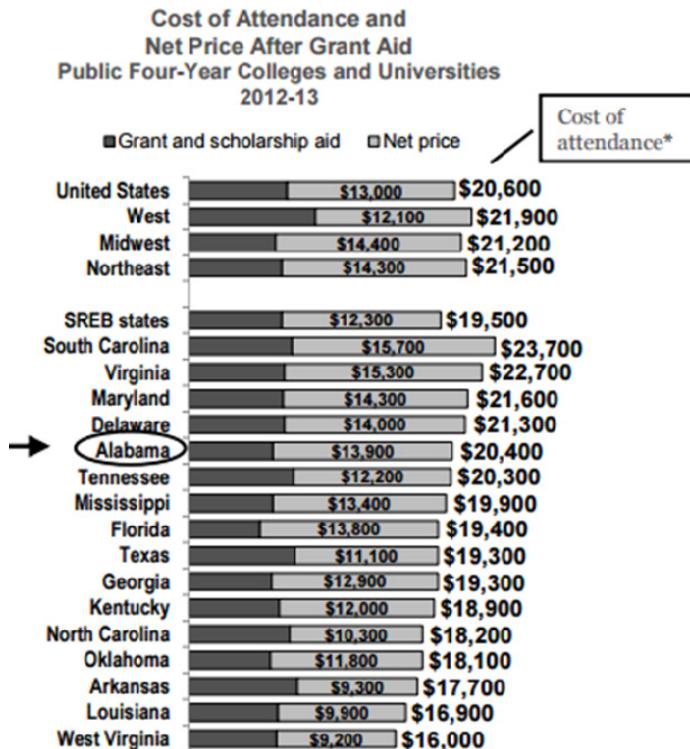
A college degree is key to economic opportunity, conferring substantially higher earnings on those with credentials than those without. With median earnings of \$56,700, or \$2.3 million over a lifetime, Bachelor's degree holders earn 31 percent more than workers with an Associate's degree and 74 percent more than those with just a high school diploma. More education equates to higher earnings, not just yearly, but over a lifetime. An adult's working life, high school graduates can expect, on average, to earn \$1.2 million, while those with a bachelor's degree will earn, \$2.1 million; and people with a master's degree will earn \$2.5 million.

Source: [Georgetown University Center on Education and the Workforce](#)

## THE HIGHER EDUCATION RESOURCE GUIDE: Attainment and Earnings



Note: Based on the academic-year Consumer Price Index, which rose 3.6 percent over the period.  
Source: Table 63, SREB-State Data Exchange and National Center for Education Statistics.



\*Cost of attendance consists of tuition/fees, books/supplies, room/board and other expenses. Figures are for full-time, degree-/certificate-seeking undergraduates who paid in-state or in-district tuition and received government or institutional scholarships or grants.  
Source: Table 72, National Center for Education Statistics.

## Tuition and Fees Consume More Personal Income in Alabama Than in Other States

The median annual cost for tuition and required fees, often called “sticker price,” was \$7,100 for public four-year colleges in the southeastern region in 2013-14. This was 1 percent more than in 2012-13 after adjusting for inflation. In Alabama, the average tuition and fees at public four-year colleges were \$8,800 — an increase of 4 percent from 2012-13.

For the 2016-2017 school year, the average tuition rose again to \$9,500, a projected increase of more than 7 percent.

## Alabama Ranks 4th Highest Among the 16 Southeastern States for Tuition and Fees

The net price of college – cost of attendance minus grant and scholarship aid – for full-time, in-state undergraduates at public four-year colleges and universities in the southeastern region in 2012-13 was \$12,300. In Alabama, the net price at public four-year colleges was \$13,900. Public university tuition in Alabama increased 67 percent between 2005-2006 and 2015-2016, about three times the rate of inflation.

The level of income that Alabama families must personally invest in college costs is greater than both the regional and national averages. The danger of this scenario is compounded when it is noted that Alabama’s per capita income is so much lower than that of other states, as well. A high percentage of household and individual income is being consumed by tuition and fees at public universities, in an economy where a college degree is a necessity for the modern workforce. Alabama is placing an unfair burden on families who are forced to make a decision between investing in the long-term benefits of college or entering the workforce immediately to offset lost wages for this opportunity cost.

Source: [Southern Regional Education Board Fact Book, 2015](#)

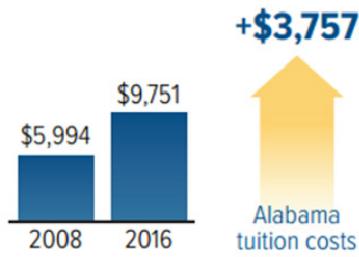
## THE HIGHER EDUCATION RESOURCE GUIDE: Tuition

1 Per-student funding for Alabama's public colleges and universities is 36% below 2008 levels.



-36%

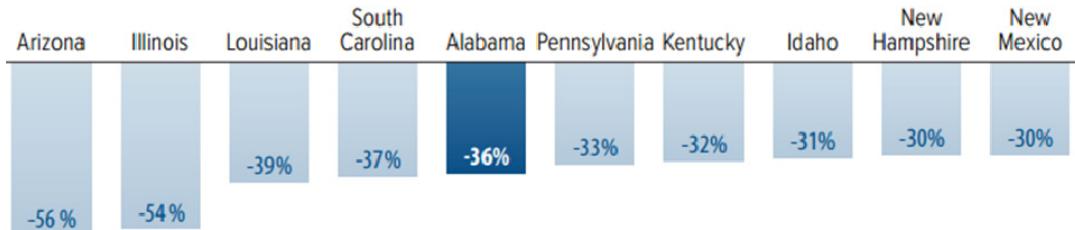
2 Since 2008, average tuition in Alabama is up by \$3,757 for four-year public colleges and universities.



3 The \$4,337 reduction in per-student funding and tuition increases have made college less affordable, shifting costs from Alabama to students and jeopardizing quality at public universities.



Only 4 states have reduced higher education funding more than Alabama.



## Decline in Public University Funding

State and local appropriations accounted for 53 percent of higher education revenues nationwide in 2013. The 2008 recession led to decreased public higher education funding as college enrollment increased. While there have been moderate increases in state allocations between 2012 and 2015, the average amount of spending "is still 15 percent less, per student, than before the economic downturn," according to a study by the State Higher Education Executive Offices. According to [Grapevine](#), published by Illinois State University's Center for the Study of Education Policy and SHEEO, financial support for public higher education in Alabama totaled \$1.5 billion in fiscal year 2015, a 4.2 percent increase over fiscal year 2013.

Source: [The Chronicle of Higher Education](#)

State Support for Alabama's Public Colleges			
Institution	Share of Revenue Coming from State Support: 1987	Share of Revenue Coming from State Support: 2012	Percent Change
Alabama A&M University	42.4%	55.0%	29.7%
Alabama State University	51.7%	50.6%	-2.0%
Athens State University	62.0%	44.4%	-28.4%
Auburn University	55.5%	34.8%	-37.3%
Auburn University Montgomery	67.6%	47.7%	-29.4%
Jacksonville State University	61.3%	43.0%	-29.8%
Troy University	58.6%	27.9%	-52.4%
University of Alabama, Tuscaloosa	55.3%	27.0%	-51.2%
University of Alabama, Birmingham	38.0%	33.0%	-13.2%
University of Alabama, Huntsville	43.9%	24.7%	-43.7%
University of Montevallo	61.9%	54.2%	-12.4%
University of North Alabama	62.0%	44.6%	-28.1%
University of South Alabama	50.6%	37.6%	-25.7%
University of West Alabama	57.7%	28.1%	-51.3%

## THE HIGHER EDUCATION RESOURCE GUIDE: Appropriations

## Educational Appropriations per FTE Enrollment: State Higher Education Finance FY 2015

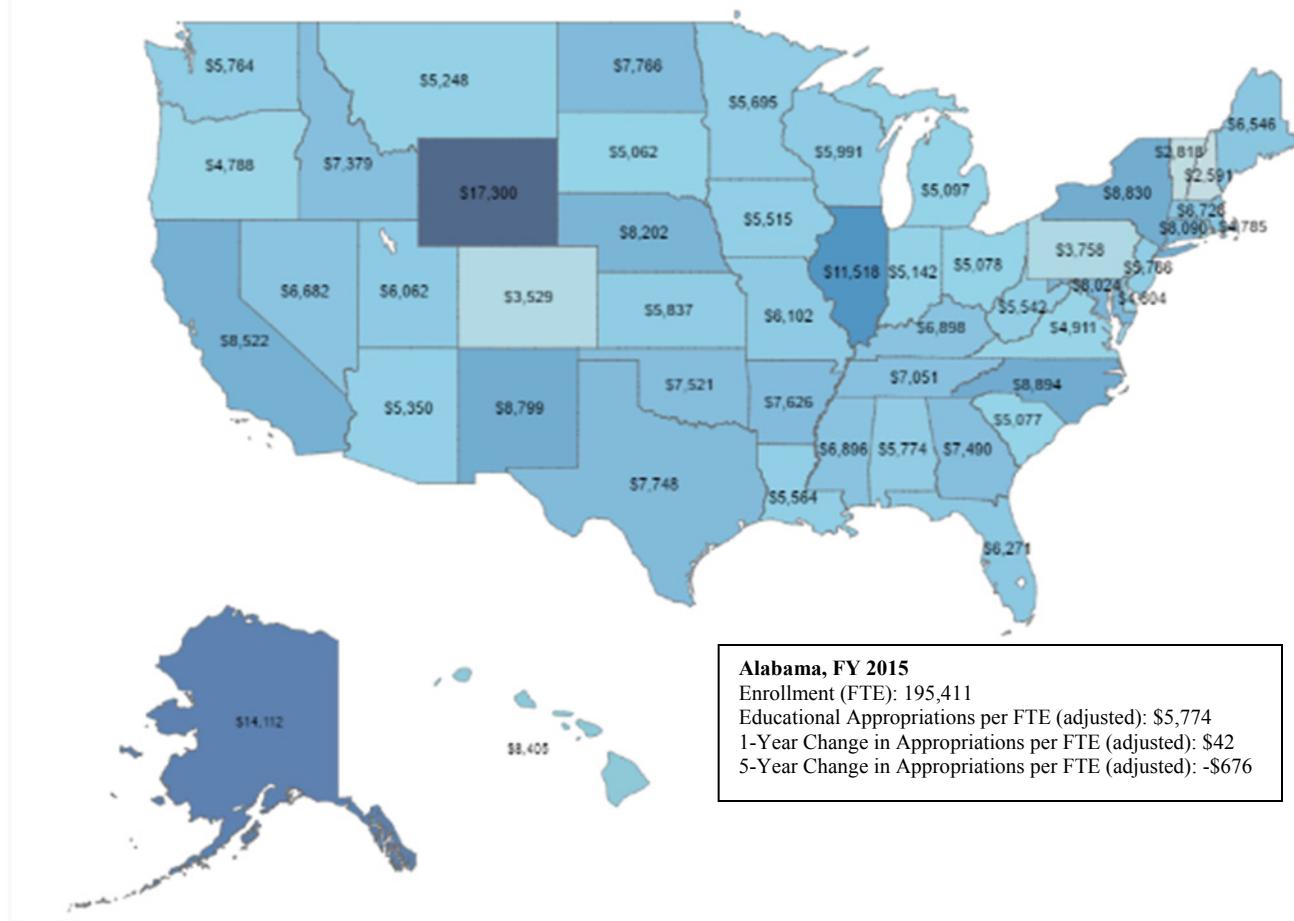
2015 U.S. Average: \$6,966

2015 U.S. One year Change: \$346

2015 U.S. Five year Change: -\$170

2014 U.S. FTE Enrollment: 11,136,560

Data are adjusted by HECA, COLA, and EMI. Refer to the 'Data Adjustments' tab for more information.

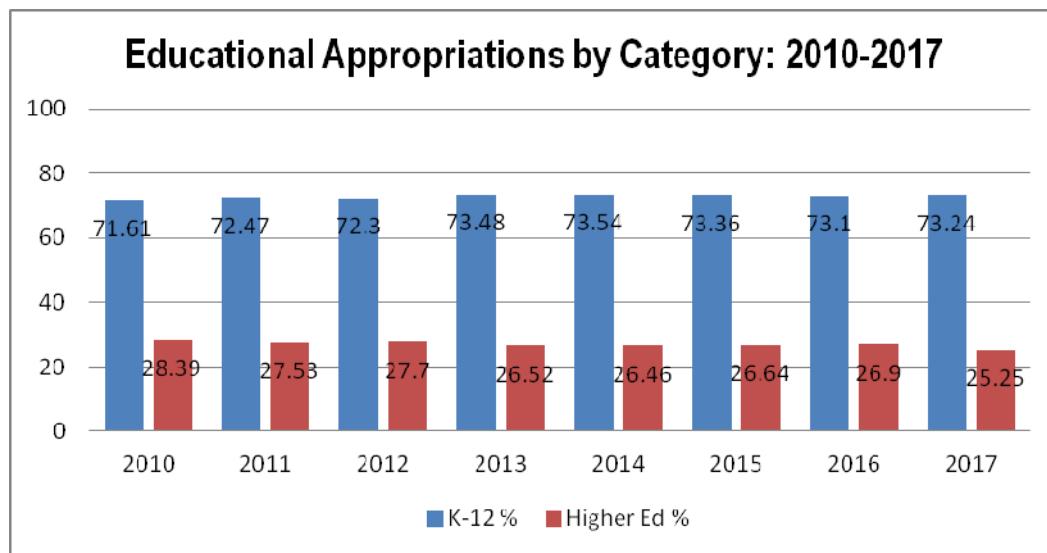
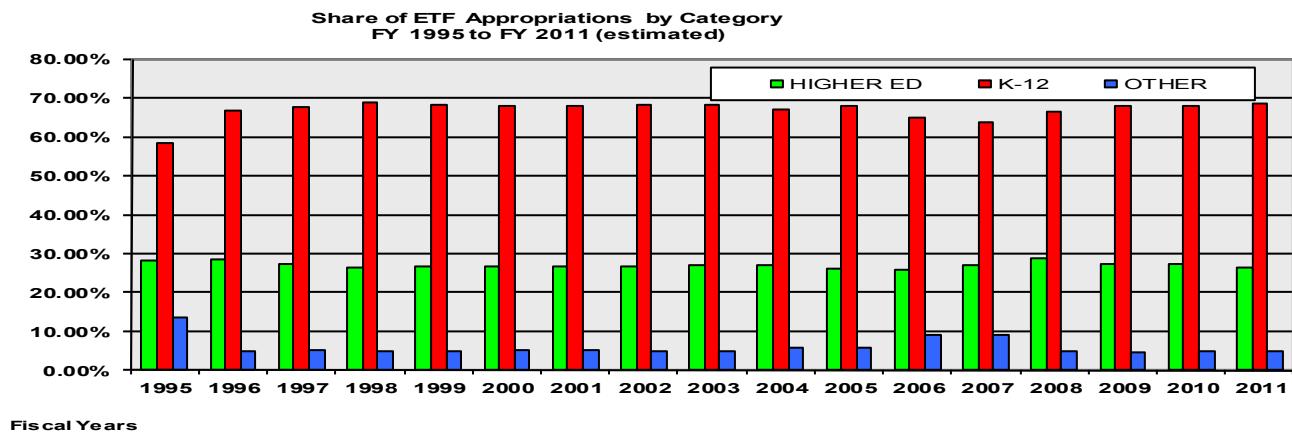


Public Higher Education Appropriations Per Full Time Equivalent Student (FY 2014)						
State	FY 2009	FY 2013	FY 2014	1-Year change	5-Year change	Percent Change since 2008
Alabama	\$6,888	\$5,694	\$5,673	-0.4%	-17.6%	-38.9%
Florida	\$7,320	\$4,879	\$5,798	18.9%	-20.8%	-31.7%
Georgia	\$8,497	\$6,836	\$7,297	6.7%	-14.1%	-23.2%
Mississippi	\$7,775	\$6,274	\$6,514	3.8%	-16.2%	-23.7%
United States	\$7,553	\$6,215	\$6,552	5.4%	-13.3%	-18.9%

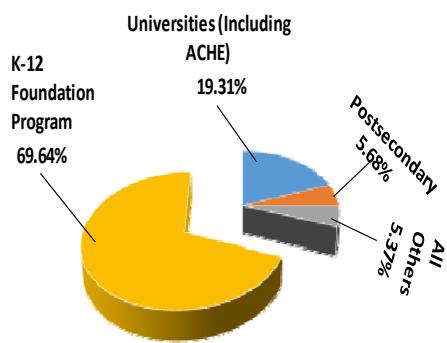
Source: [Higher Education Executive Officers Association](#)

### THE HIGHER EDUCATION RESOURCE GUIDE: Appropriations

Higher Education Partnership • 2 N. Jackson St. Montgomery, AL 36104 • (334) 832-9911 • [www.higheredpartners.org](http://www.higheredpartners.org)



Appropriation of Education Trust Fund for FY 2014



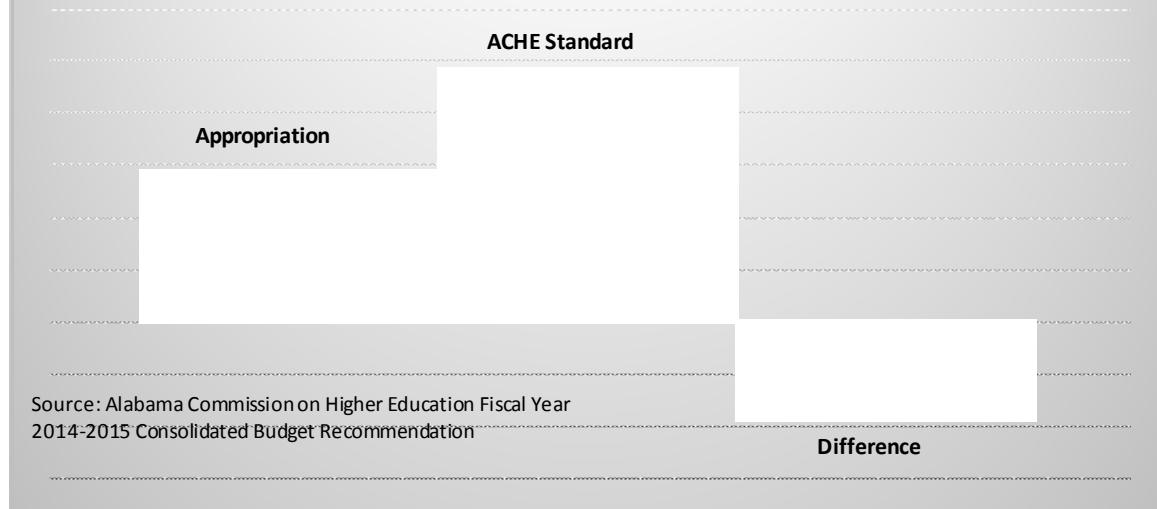
### Gaps in Funding Distribution Between Higher Education and K-12

Since the early 1990s, Alabama's public universities have suffered from a change in the funding formula. Prior to 1995, state funding for public education was split: one-third to Higher Ed, two-thirds to K-12. By moving away from that distribution, the state has created a void that has resulted in Alabama's universities falling behind their other states. The lack of competitive in-state appropriations has had a negative impact on salaries, tuition and accessibility. This points to the need to base funding decisions on a sound formula like the one-third to two-thirds distribution.

Source: ALABAMA LEGISLATIVE FISCAL OFFICE

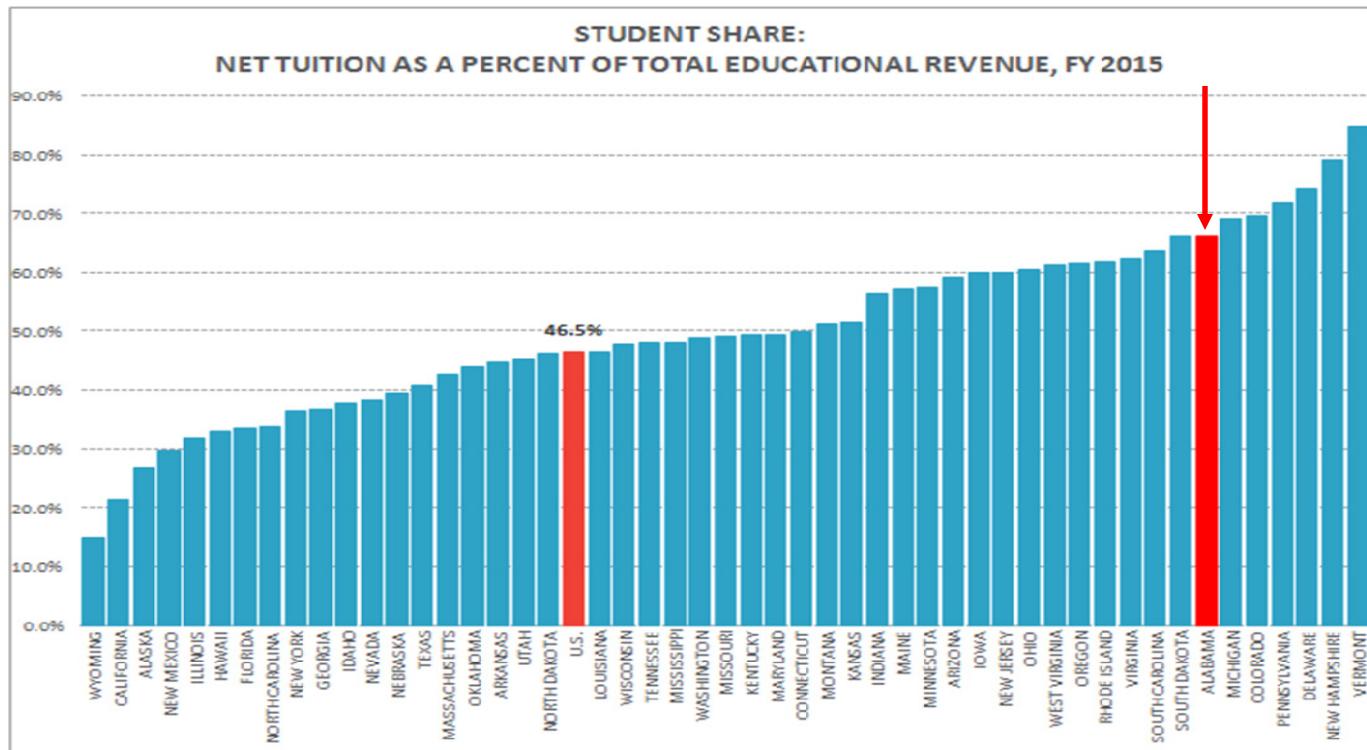
## THE HIGHER EDUCATION RESOURCE GUIDE: Appropriations

## Comparison of ACHE Standard for FY 2013 - 2014 to 2014 - 2015



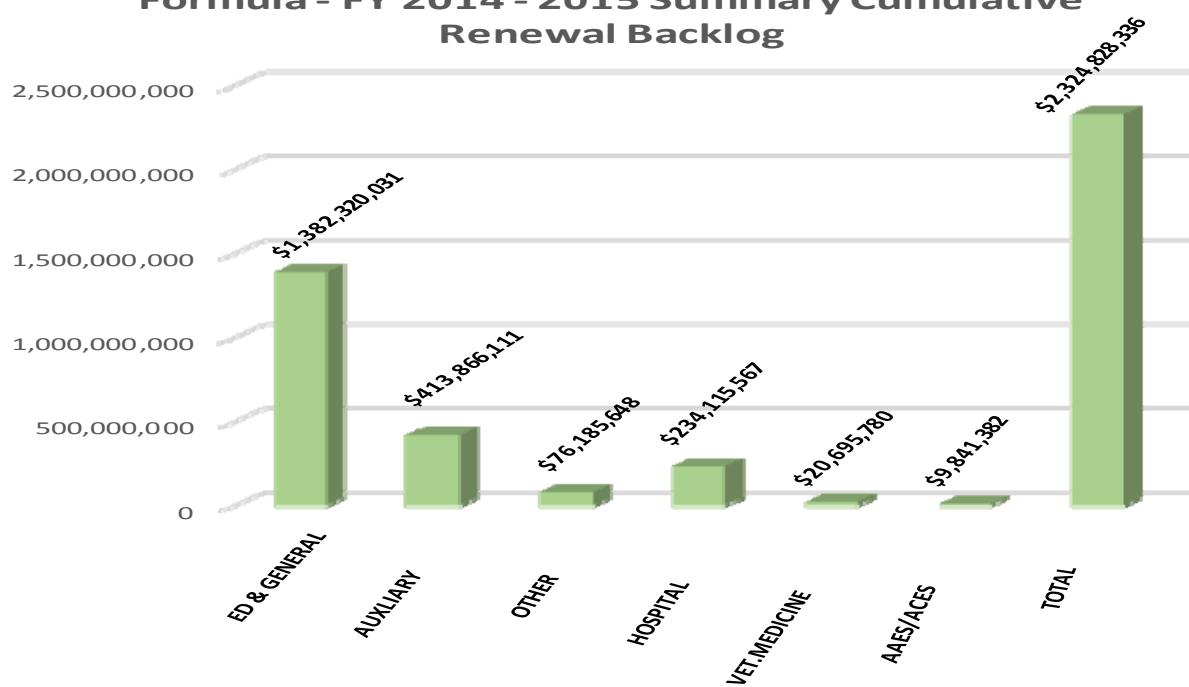
### Funding Comparisons Show Impact of Lost Revenue

The universities have seen their funding level decrease to the point that they are more than \$2 billion behind the standard measurement used by the Alabama Commission on Higher Education. Statistics like these illustrate a direct and statistically significant negative impact. For instance, the funding decisions leave the universities with a need to increase tuition which limits access and, ultimately, hinders economic development because this impacts salaries.



### THE HIGHER EDUCATION RESOURCE GUIDE: Salaries

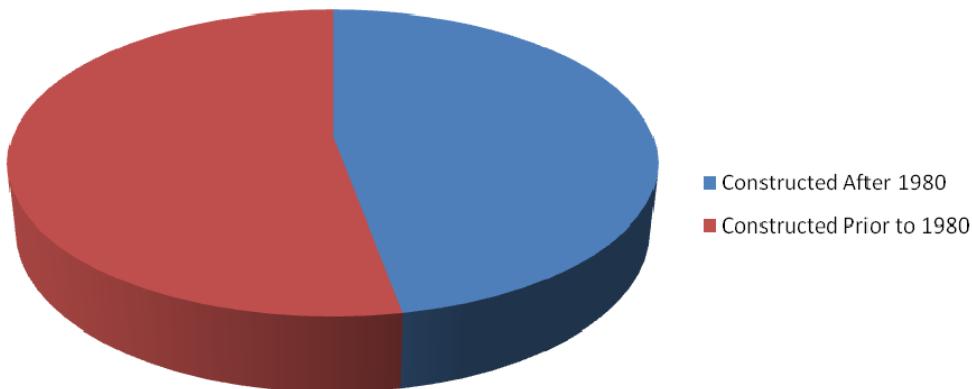
### **Alabama Higher Education Facilities Renewal Formula - FY 2014 - 2015 Summary Cumulative Renewal Backlog**



### **Facility Needs at Alabama's Public Universities**

On Alabama's campuses, buildings originate from two different sources: private dollars and state revenue. The universities have a specific need to address the gap that has developed between public and private sources for capital needs. Currently, the amount of capital support that the state is providing is not sufficient to meet the needs. While private involvement will always be encouraged, it must be complimented by sufficient state support to provide appropriate maintenance and care. Moreover, private support must be complimented by the necessary public support to make sure each capital investment is providing maximum value.

### **Percent of Higher Education Buildings by Age, ACHE Data, 2009**



### **THE HIGHER EDUCATION RESOURCE GUIDE: Facilities**