

New York's Great Cost Shift:

How Higher Education Cuts Undermine the State's Future Middle Class

by Robert Hiltonsmith

Just as postsecondary education is becoming increasingly vital to getting a good job and entering the middle class, college costs are rising beyond the reach of many New Yorkers. State policy decisions have played a significant role in this rise by shifting costs onto students and families though declining state support. New York's investment in higher education has decreased considerably over the past twenty years, and its financial aid programs, though still some of the country's most expansive, fail to reach many students with financial need. Students and their families now pay—or borrow—much more than they can afford to get a higher education, a trend which will have grave consequences for New York's future economy.

THE GREAT COST SHIFT: HOW HIGHER EDUCATION CUTS UNDERMINE THE FUTURE MIDDLE CLASS.

This brief is based on the Dēmos report “The Great Cost Shift”, which examines how nationwide disinvestment in public higher education over the past two decades has shifted costs to students and their families. The report outlines how such disinvestment is magnified by rapidly rising enrollments, and its effects are felt particularly acutely as student bodies become more economically, racially, and ethnically diverse.

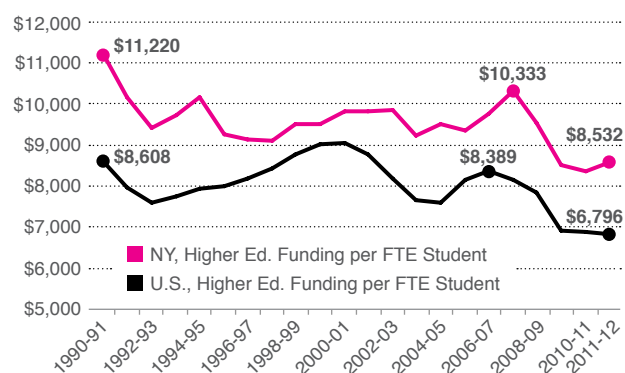
This fact sheet focuses on New York, highlighting the trends in the state's higher education funding over the last twenty years.

STATE HIGHER EDUCATION FUNDING IS DRAMATICALLY DECLINING

New York's overall funding for higher education has declined precipitously since its recent peak in 2007.¹ Funding per student has fallen even more dramatically, since enrollments have risen significantly even as total funding fell.

- Overall, New York's higher education funding fell from its peak of \$5.43 billion in 2007 to \$4.72 billion in 2011, a 13 percent decline.²
- Funding per full-time equivalent (FTE) student has fallen 17 percent since 2007.
- Despite this significant decline, New York's funding per FTE student—\$8,532 in 2011—remains the 8th highest level in the nation

figure 1. NEW YORK HAS DISINVESTED IN HIGHER EDUCATION IN STEP WITH THE NATION



GRANT AID HAS BECOME MUCH LESS GENEROUS

In addition to the decline in overall appropriations, funding for New York's main grant financial aid program, the Tuition Assistance Program (TAP), has dropped substantially in the past decade. Since this funding decline occurred while the number of eligible students rose significantly, the average grant awarded in 2010 was the smallest in the past decade.

- Total New York State TAP grant aid has fallen from its 2004 peak by 12% to \$920 million in 2011.
- The average award fell to \$2,967 in 2011, 4% less than in 2004.³
- However, this rebound in the average TAP award was primarily due to the decrease in the number of grants awarded in 2011. TAP grants were awarded to just 54% of students in 2011; in the past decade, the average share of students receiving TAP grants was 65%.

SKYROCKETING TUITIONS

New York's declining state financial support for its public colleges and universities has translated into higher tuition and fees, making college increasingly unaffordable for the state's students.

- Over the past two decades, average yearly tuition and fees at public four-year institutions in New York have risen by \$3,462, a 127 percent increase.
- Tuition and fees have risen much more slowly, however, at 2-year institutions, rising 70 percent, or \$1,703, over the same period.
- Despite these significant increases, tuition in New York has nonetheless risen more slowly than the national average increases of 137 percent and 87 per-

cent at 4-year and 2-year institutions, respectively.

figure 2. FUNDING FOR NEW YORK'S TUITION ASSISTANCE PROGRAM HAS SHARPLY DECLINED

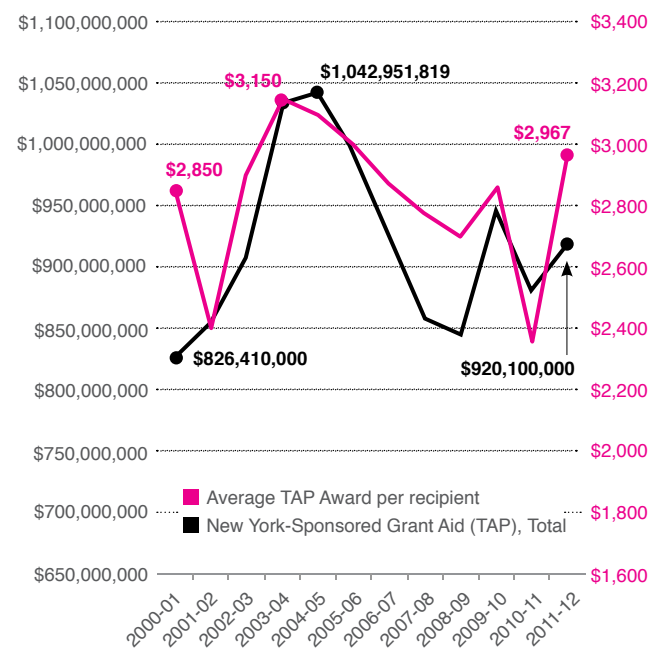
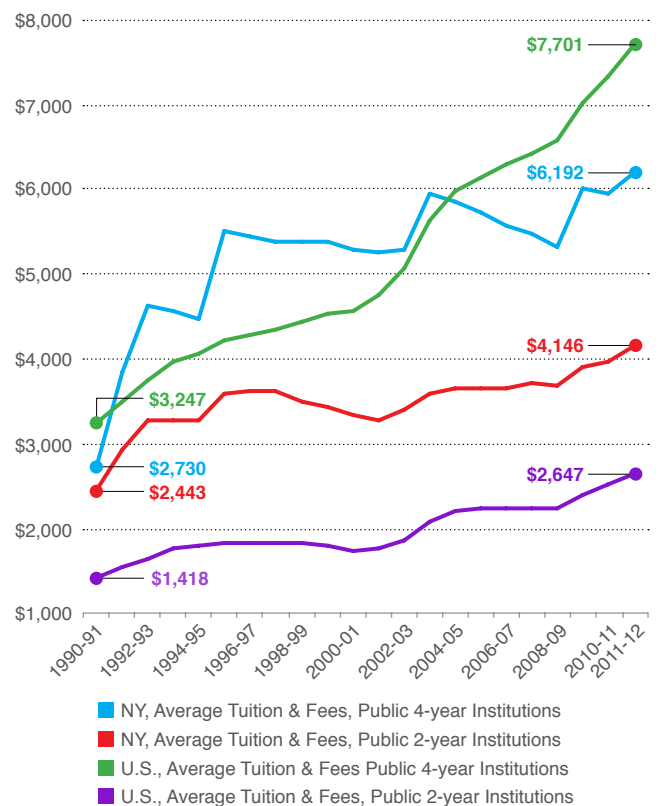


figure 3. NEW YORK STATE TUITION HAS RISEN SHARPLY OVER THE PAST TWO DECADES



SHIFTING COSTS TO STUDENTS AND FAMILIES

Tuitions have been rising far more rapidly than family incomes, causing the tuition costs to take an increasingly large bite out of family budgets. The increasing unaffordability of a college education in the state has in turn forced students to borrow more to pay for school.

- In 1990, average tuition, fees, room and board at a public four-year institution in New York cost 18 percent of a median household's income; by 2009 this share had reached more than 32 percent.
- Fifty-four percent of students graduating from public four-year colleges in New York in 2011 left with debt averaging, a slight decline from the 61 percent share who left indebted in 2003.
- However, the average debt of indebted graduates has risen by 19 percent since 2003; students borrowed an average of \$20,561 in 2011.⁴

INCREASING ENROLLMENTS, HIGH ENROLLMENT AND COMPLETION RATES

Despite the increasing cost of a higher education, enrollments at New York's colleges and universities have risen steadily over the past two decades, in part due to the very high share of New York high school graduates enrolling in college. However, one blot on New York's higher education outcomes is its graduation rate from 2-year institutions, which is below the national average. Graduation rates at the state's 4-year schools, however, continue to outpace those of the country as a whole.

- Total FTE enrollments in New York's colleges and universities have risen steadily, increasing 28 percent from 446,379 FTE students in 1990 to 570,770 in 2011.

figure 4. THE SHARE OF NY STATE GRADUATES WITH DEBT HAS FALLEN, BUT AVERAGE DEBT HAS RISEN

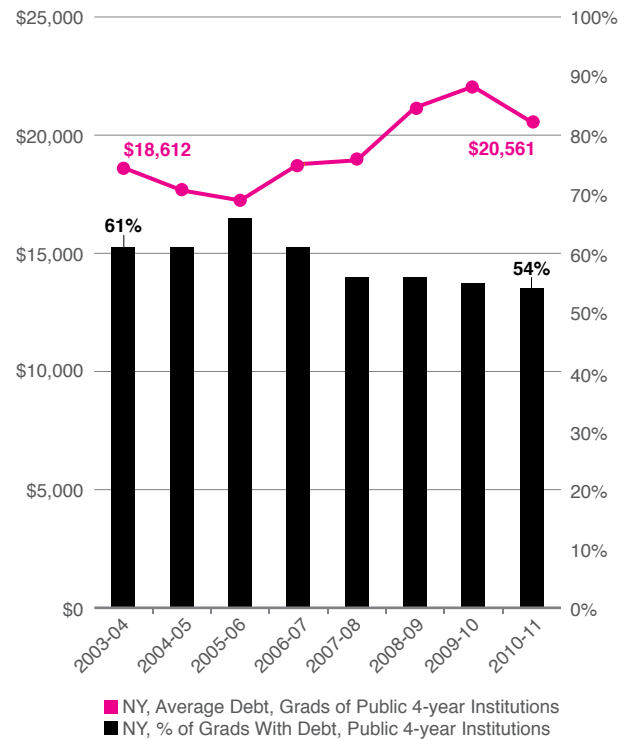
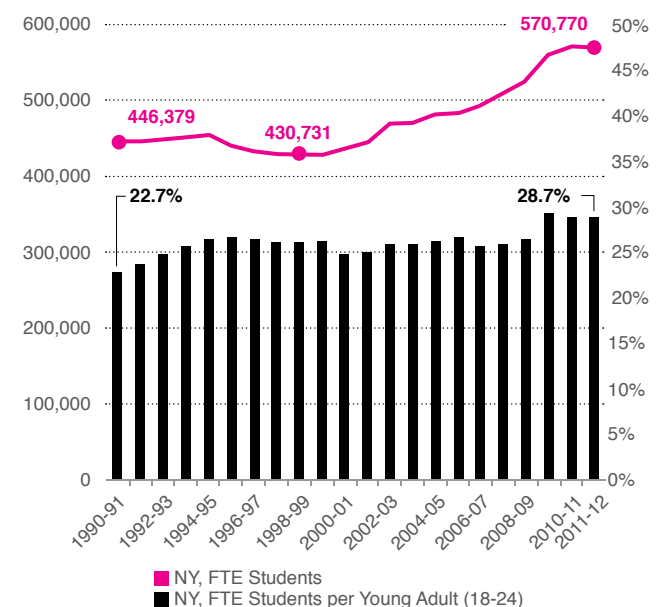


figure 5. ENROLLMENTS AT NEW YORK COLLEGES AND UNIVERSITIES HAVE RISEN



- New York also has a high enrollment rate: 74.2 percent of New York's high school graduates enrolled in higher education in 2008. This is the third-highest share of any state in the country, and far above the national average of 64 percent.⁵
- The graduation rates at New York's 4-year colleges and universities are also above the national average. As of 2010, 58.1% of students at 4-year institutions graduated within 6 years, a rate 3.5 percentage points above the national average and in the top third of all states.
- However, the state's graduation rate from two-year institutions was just 24.1% in 2010, which is 5 percentage points below the national average and in the bottom third of all states.

WHAT NEEDS TO HAPPEN?

Even though New York's graduation rate from 4-year schools is higher than the national average, it is still too low to meet the future demands of the state's labor market, which will increasingly require a post-secondary credential. Sixty-three percent of all jobs in the Empire State are projected to require some sort of postsecondary education by 2018,⁶ yet just 50 percent of young New Yorkers (ages 25-34) currently have an associate's degree or higher.⁷ This share is not projected to improve much in the near future: by 2018, just 49 percent of New Yorkers are projected to hold a two-year degree or higher, leaving the state with a significant skills gap in its labor market.⁸ Fortunately, New York can still close this projected gap by taking advantage of our state's resources to invest in the current and future generations of New Yorkers aspiring to realize the American Dream through post-

secondary education.

With the recent cuts in higher education funding, New York is endangering the quality of its institutions of higher learning, threatening the state's economic competitiveness and the future of its young people. To reverse course, the state will need to commit to bold solutions that can strengthen and stabilize funding for New York's state universities and colleges, and provide greater financial support to deserving students.

ENDNOTES

1. All years in this brief have been shortened, but represent the year in which the school year began; thus, 2007 represents the 2007/2008 school year.
2. All dollar figures in this brief have been adjusted for inflation to allow a more accurate comparison between different years.
3. National Association of State Student Grant and Aid Programs, Annual Survey, <http://www.nassgap.org/viewrepository.aspx?categoryID=3#>
4. The Institute for College Access and Success (TICAS), "College Insight" data, <http://college-insight.org/#explore/go&h=af0f0e9a70bf890cdf0d3350e3a0c4b>
5. National Center for Education Statistics, "Digest of Education Statistics, 2011", Table 212, http://nces.ed.gov/programs/digest/d11/tables/dt11_212.asp
6. The Georgetown University Center on Education and the Work-force, "Help Wanted: Projections of Jobs and Education Requirements Through 2018: New York" 2010, <http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/newyork.pdf>
7. National Center for Higher Education Management Systems, "State Educational Attainment by Age Group and Degree Level," <http://www.higheredinfo.org/dbrowser/?level=nation&mode=map&state=0&submeasure=239>
8. The Lumina Foundation, "A Stronger Nation Through Higher Education: New York," http://www.luminafoundation.org/state/new_york/