

Issue: AZ Education

Talking Points: Higher Education Funding

Unlike primary and secondary education, which is the subject of intense debate around funding, fairness, and quality, debate regarding post-secondary education is primarily concentrated on funding and affordability. This financial focus is largely the result of the staggering increase in the cost of a college education over the last thirty years. At public research universities today, students have to pay about 56% of the cost of their education as compared to only 25% in the 1980's.

Compounding this trend, states began reducing funding for state-supported colleges in the mid-2000's. By 2017, overall state funding for two- and four-year public colleges was nearly \$9 billion *below* the level in 2008, adjusted for inflation.

Arizona is not immune from this trend—quite the contrary. Arizona holds the unenviable position of being at the top of the lists for both *increases* in college tuition and *decreases* in state spending assistance for students. The result has been a relentless decline in affordability for lower-income students and an astronomical increase in debt taken on by those students who do enroll.

Escalating this untenable situation, the economic ramifications of the COVID-19 crisis are making this bad situation even worse.

Education Funding and the COVID-19 Pandemic

It is critically important that Arizona prioritize a strong and accessible public education system in order to secure its future economy and quality of life. Prior to the COVID-19 crisis, Arizona's higher education system faced significant challenges in enrollment and funding. These challenges have been exacerbated by the pandemic, as resulting cuts to the state budget, loss of college and university revenues, and new COVID-19 related costs will have an enormous, deleterious impact.

COVID-19 Impact and the CARES Act

Of the total \$4.2 billion in federal CARES Act emergency relief that Arizona is expected to receive, \$68 million is designated for an Education Relief Fund, \$286 million is earmarked for K-12 education, and another \$280 million is specifically for Higher Education Relief. This assistance will not go nearly far enough to offset the projected loss of up to \$500 million in tuition at the University of Arizona alone due to COVID-19 and a state budget cut to higher education funding of approximately \$50 million.

Arizona Falls Short on College Enrollment and Completion

Arizona's Republican-controlled legislature has chosen to cut personal and corporate taxes every year since the mid-1990s instead of investing in its public colleges and universities. As a result, Arizona is failing to adequately educate its citizenry, and ranks 40th *in the nation* for people age 25-34 holding bachelor's degrees or higher.

A lack of public funding and significant increases in tuition are the biggest obstacles to college enrollment and completion, particularly for Arizona's rural and low-income students. Between 2008 and 2018 Arizona cut per-student spending for higher education by 54.9%—the largest cut in the

nation, making Arizona one of just seven states that remain more than 30% below their pre-2008 recession education appropriations per full-time equivalent student.

As state aid has decreased, tuition has significantly increased. Although Arizona has a constitutional provision stating that higher education should be as close to free as possible, tuition, currently at \$11,218 per year for Arizona's four-year state universities, has in fact increased by \$5384 since 2008, the largest increase in the nation.

Higher tuition severely impacts Arizona's minority students. Reflecting the racial disparity in incomes, in 2019, white families paid 22% of their household income for tuition on average, while Latino families paid 30%, and African American families paid 31%. The legislature's continued resistance against funding financial aid for the state's poorest students has resulted in increased racial and socioeconomic inequality in its higher education system.

Need for an Inclusive State Financial Aid Program

Arizona is one of the only states in the country that does not have a state-funded financial aid program for low-income students. Virtually all of the \$2.4 billion spent on financial aid comes out of the total budget of the state's four-year universities; there is no institutional aid program for community college students.

Strategies to Increase College Enrollment and Completion

In the face of significant cuts to higher education, leading educators, community organizations, and businesses across Arizona have come together to create the Roadmap for P-20 Education, which sets out the investments needed in higher education by 2030.

Arizona legislators need to renew and expand existing programs that facilitate college enrollment and completion among low-income and minority students such as *Earn to Learn* and *The Arizona Teachers' Academy*. They also need to commit to programs that guarantee assistance over a number of years, such as the *Promise Programs*, implemented in many other states that provide free tuition or significant financial aid packages to students who meet certain academic and financial requirements.

As stated by the President of the State Higher Education Executive Officers Association, "A strong, vibrant, and accessible public higher education system is an absolute necessity in order to secure our country's future. Our economy and our democracy depend on it."

See www.localmajority.org/research-reports for our complete report: [Arizona Higher Education Funding](https://www.localmajority.org/research-reports/#AZ_HigherEd), (https://www.localmajority.org/research-reports/#AZ_HigherEd)