Costs rising, but college is still worth it

The people who are raising tomorrow’s workforce are worried. Last year, a Gallup Poll found that 73 percent of parents are anxious about how to pay college tuition — making college costs their No. 1 financial concern, ahead of retirement savings or unexpected medical bills.

How worried should they really be? Local data highlighted in “Fast Forward,” a report on workforce and education that we released jointly with KentuckianaWorks in December, underscored the challenge.

Since the beginning of the recession in 2008, the average in-state tuition and fees at Kentucky public institutions has risen by 32 percent. A direct factor in that increase are budget cuts from Frankfort, where higher education spending per student has declined by 28 percent in the same time period — one of the largest reductions in the nation. Now, with the governor’s proposed budget, Kentucky’s public institutions are facing significant cuts yet again, threatening to further increase tuition and fees.

But college is still worth it! People with higher levels of education are more likely to be employed and more likely to earn a family-sustaining wage. Moreover, the wage premium of a college credential has outpaced the cost, making higher education one of the best investments an individual can make. Also keep in mind, these statistics reflect the “sticker price” of college, while the net price — what students actually pay after grants and scholarships — has risen at a much slower pace.

Mary Gwen Wheeler is executive director of 55,000 Degrees.

College can still be affordable, especially at community colleges. In fact, the average net price has actually gone down since 2008 at local two-year colleges, thanks mostly to increases in federal Pell Grants.

But it is clear that rising costs — or at least the perception of them — has had an impact on college-going and college-completion rates. Since 2010, undergraduate enrollment at local postsecondary institutions has fallen by 12 percent. Particularly concerning is that the declines are steepest among populations who have the most to gain from the wage premium of a college degree.

In a time of rising inequality, postsecondary education is key to social mobility — any drop in enrollment means more families confined to the margins of the 21st century economy. So it’s extremely concerning, for example, to see that local African-American enrollment has dropped almost 19 percent since 2010.

Another way to look at it is that fewer people are going to college and technical schools to earn degrees and industry certifications precisely at the time when employers are saying that they can’t find enough skilled workers.

Louisville needs talent to compete in the innovation economy. Adding more hurdles to getting the skills needed to fill and create those jobs is an opportunity cost we cannot afford. Individuals weighing financial aid packages, legislators making state budget and policy decisions, and higher education administrators looking to reduce costs without sacrificing quality must make smart investment decisions.

We must keep our focus on our shared goals: strong self-sufficient families who can help fuel the 21st century economy. What is the real-world impact of budget cuts? Could continued increases mean more young people start life without the skills needed for jobs that pay a living wage? Will adult learners invest in upgrading their skills and helping our economy grow? Are certain groups being hit harder than others, or left out of the opportunity that comes from a college degree?

We must better understand the link between college affordability, state funding and enrollment and completion rates. To that end, 55,000 Degrees plans to issue a brief report soon that focuses exclusively on the issue of affordability — exploring these questions and data found on 55K’s data dashboard. If we come together around the data, we can find the best ways to support the hopes and dreams that people hold for themselves and want for their families. Our collective future depends on it.