

# Top 10 Reasons for Massachusetts to Invest in Public Higher Education

## Introduction

Everyone agrees that higher education is the key to personal success and economic growth in the 21<sup>st</sup> century. Two-thirds of Massachusetts high school graduates who attend college in state go to a public college or university. We need these schools to be accessible to the largest possible number of Massachusetts residents, provide the best possible education, and be designed to help students graduate and succeed.

Funds to support this critical enterprise come almost entirely from two main sources: 1) the state and 2) students and their families. Historically, the state portion has been around two-thirds. In recent years, this number has dropped well below 50% and is still falling. Between FY2001 and FY2010, state support per full-time student fell 37% ([http://www.sheeo.org/finance/shef/shef\\_data10.htm](http://www.sheeo.org/finance/shef/shef_data10.htm)). Since then, enrollment has continued to increase, state support has dropped further, administrators have made more painful choices, and the student debt crisis has exploded.

As the Legislature prepares to debate the Fiscal Year 2013 budget, a coalition of college administrators, student leaders, unions, legislators and others working with the Public Higher Education Network of Massachusetts highlights the **Top 10 Reasons for Massachusetts to Invest in Public Higher Education**.

One page is all it takes to summarize key data and powerful arguments for each of the Reasons. They demonstrate the overwhelming need and opportunity we face in Massachusetts.

- 1. Keep Costs Affordable for all Massachusetts Residents**
- 2. Create Jobs, Generate Tax Revenue and Cut Spending on Social Programs**
- 3. Provide the Best Education by Hiring More Full-Time Faculty and Staff**
- 4. Lower the Achievement Gap**
- 5. A Well-Educated Population is Healthier and Happier**
- 6. Help our Businesses Fill Positions Needing Educated Workers**
- 7. Create Jobs by Modernizing Campus Buildings**
- 8. Help Our Campuses Help Our Communities**
- 9. Provide Enhanced Support Services so our Students Succeed and Graduate**
- 10. Decrease the Debt Burden for Hard-Working Students and Their Families**

**We expect you will share our conclusion: Investing in Public Higher Education Pays Off!**

Please contact your legislators to urge them to invest in public higher education.

Go to [www.mass.gov/legis](http://www.mass.gov/legis) to find your legislator.

# Top 10 Reasons for Massachusetts to Invest in Public Higher Education

## 1. Keep Costs Affordable for all Massachusetts Residents

**Investing in public higher education makes it possible for all of our young people to attend and graduate from college, and become productive citizens without the burden of massive debt.**

Attending a public college or university in Massachusetts costs more than in most other states. Average tuition and fees at public 4-year institutions was \$8,201, 30% above the national average of \$6,319 (FY 2010). Average tuition and fees at public 2-year institutions was \$3,255, 52% above the national average of \$2,137 (FY 2010). 30 years ago, a student could pay for a UMass Amherst education by working 10 hours per week at a minimum wage job, and have money left over. Today, that same student would have to work over 30 hours, which is not compatible with academic success.

High school counselors and college-qualified students who did not enroll in college point to college cost and the availability of aid as primary obstacles to college enrollment. Nationally, the same percentage of high-ability eighth-graders from low-income families later completed college as low-scoring children from high-income families. A recent study by Public Agenda showed that about 7 in 10 dropouts said they had no scholarship or loan aid. Among those who got degrees, only about four in 10 went without such aid.

We are shortchanging a large segment of our population by erecting massive financial barriers to enrolling in, and succeeding at, college. The total unmet need for students in our public institutions who completed a FAFSA and were eligible to receive financial aid was approximately \$193 million in 2008-09. This figure is much higher today. According to the Department of Higher Education, "Clearly, the Commonwealth's ability to increase degree production is directly tied to students' ability to pay for their education."

State investment in public higher education can address this problem in several ways. The state could increase funding to MassGrant, the main need-based aid program which once covered 80% of tuition and fees and which now covers about 8%. The state could re-invest in the campuses so that fees could be frozen or reduced. A recent estimate is that a \$270 million investment could reduce student costs about 20% or be used to subsidize a significant increase in enrollment at current costs.

### **Investing in Public Higher Education Pays Off!**

*chronicle.com/article/Massachusetts-Almanac-2010/124037/* *www.teri.org/pdf/research-studies/Promise%20Lost%20report.pdf*  
*http://www.publicagenda.org/files/pdf/theirwholivesaheadofthem.pdf* *http://nces.ed.gov/pubs2005/2005050.pdf*  
*Michael Ash, 2012, Economic Impact of Investment on Public Higher Education in Massachusetts*  
*Department of Higher Education financial aid database*

# Top 10 Reasons for Massachusetts to Invest in Public Higher Education

## 2. Create Jobs, Generate Tax Revenue and Cut Spending on Social Programs

**The connection is crystal clear: college educated people have higher incomes, pay more in taxes, demand fewer social services, and create more businesses.**

Getting a degree pays. In Massachusetts, an associate's degree on average adds \$7,700 (or almost ¼) to the annual earnings of someone who only has a high school diploma. A bachelor's degree adds over \$30,000 per year, almost doubling the earnings of the high school graduate. Even someone who only attends some college and gets no degree, increases his or her earnings by almost 15%. This effect on earnings is largely causal and not merely a reflection of the type and family background of people who are currently likely to receive more schooling.

College educated citizens mean more tax revenue for all of us. Using net average tax rates for Massachusetts, we find that the person with a bachelor's degree pays \$3,176 more each year in income, sales and property taxes. This additional money can then be used by the state in ways that create jobs and further stimulate the economy -- repairing infrastructure, investing further in education or health care, staffing our state parks....

Investment in higher education is a job-creator. For every hundred million dollars added to campus operating budgets, 1,683 jobs would be created. This combines direct employment on the campuses, additional jobs created at in-state suppliers, and jobs created as a result of increased spending by the new wage earners. And these are relatively high wage jobs. The average annual wage in higher education is \$39,313, more than in health care or most other industries.

There is another, less obvious, economic return on investment in higher education: decreased state spending on other programs. College graduates are substantially less likely to draw on a variety of public and social insurance programs, including welfare, Medicaid and other public health care, Unemployment Compensation, or Worker's Compensation. They are also less likely to have encounters with the penal system or to incur costs of incarceration.

The short story is that a college degree holder not only pays on average \$111,096 more in taxes but also costs \$60,542 less in public expenditure than does a high-school graduate (over a lifetime). Add these together and you get a \$171,638 post-college fiscal benefit which easily covers the estimated \$72,389 cost of a public degree. Roughly, for every additional college graduate, the state gets an additional \$100,000 in revenue. Adding just 1,000 more college grads, and the state gets an additional \$100 million.

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*Oreopoulos, Philip, and Kjell G. Salvanes. 2011. "Priceless: The Nonpecuniary Benefits of Schooling." Journal of Economic Perspectives, 25(1): 159–84.*

*Michael Ash, 2012, Economic Impact of Investment on Public Higher Education in Massachusetts*

## Top 10 Reasons for Massachusetts to Invest in Public Higher Education

### 3. Provide the Best Education by Hiring More Full-Time Faculty and Staff

**Cuts have meant that the majority of students are taught by part-time faculty; investing in public higher education means that the quality of teaching, research, and public service will go up.**

In 1975, only 30 percent of faculty were employed part time; by 2005, part-time faculty represented approximately 48 percent of all faculty members in the United States. In community colleges, where most of our students get their education, the situation is far worse. In Massachusetts, 74% of community college teachers are part-time.

Community college graduation rates decrease as the proportion of part-time faculty increases. The same was found to be true at 4-year colleges where a 10 percent increase in part-time faculty is associated with about a 3 percentage point reduction in the graduation rate.

The reasons quickly become clear. Many community college students need extra help and attention but are constrained by their work schedules – in other words, they need teachers who are readily available at a variety of times. Part-timers tend to teach larger classes than full-timers, so students have a very high probability of walking into a classroom and finding a part-timer at the head of the class. Part-timers are much less accessible since they often don't have offices or phones. Because they generally work at other jobs, often commuting among several campuses, they spend little non-teaching time on campus. They have less time to advise students, develop curriculum, and do important extra-curricular activities like work with student clubs and staff department committees.

Part-timers also have little job security and so have less commitment to their college or university. Mostly non-benefitted and (under)paid by the course, they are often looking for greener pastures. Students who need recommendations for prospective employers or graduate school are sorely disappointed when their favorite teacher is no longer employed and can't be found.

Part-timers are often excellent teachers but are not afforded time for professional development or time for discussion with other teachers. Part-timers are generally not on the tenure track. Besides the fact that tenured faculty tend to be leading scholars in their fields, tenure is an important safeguard for academic freedom. Students deserve to hear a variety of opinions and teachers need to feel unconstrained by fear of discussing unpopular ideas.

**College administrators are in a bind: they know that hiring full-time, tenure-system faculty is better, but they are constrained by ever-declining budgets. Increased investment in public higher education would allow our administrators to do what they know is best for students.**

### Investing in Public Higher Education Pays Off!

[www.aaup.org/AAUP/pubsres/academe/2009/JA/Feat/monk.htm](http://www.aaup.org/AAUP/pubsres/academe/2009/JA/Feat/monk.htm)

[www.jstor.org/stable/info/4122368](http://www.jstor.org/stable/info/4122368)

[www.nber.org/papers/w10695.pdf](http://www.nber.org/papers/w10695.pdf) [http://www.sheeo.org/finance/shef/SHEF\\_FY10.pdf](http://www.sheeo.org/finance/shef/SHEF_FY10.pdf)

[http://projectonstudentdebt.org/state\\_by\\_state-data.php](http://projectonstudentdebt.org/state_by_state-data.php) <http://www.nytimes.com/2011/09/13/education/13loans.html>

## Top 10 Reasons for Massachusetts to Invest in Public Higher Education

### 4. Lower the Achievement Gap

**Cuts, and consequent tuition and fee hikes, have perpetuated a long-standing achievement gap between white students and students of color. Investing in public higher education will help overcome one of the most troubling inequities in our Commonwealth.**

Data from the Massachusetts Department of Higher Education shows that your chance of completing a degree at a public college depends on your race and gender. 72% of White students graduate from college within 6 years of enrolling at UMass, but only 56% of Black students and 58% of Hispanic students do so. The discrepancies are similar at state universities (66%, 50%, and 49%). Community college graduation rates after 3 years are low overall because so many students transfer before graduating or are only able to attend part-time or on an interrupted basis. But again, Black students (7%) and Hispanic students (10%) trail White students (18%). There is also a significant gap between women and men (women graduating at a higher rate).

Massachusetts prides itself on its history and culture of equality and fairness. Public higher education should help erase vestiges of race- and ethnicity-based inequality in our society by leveling the playing field. By providing access to higher education, our colleges are doing their part. But we have to recognize that access and success are not identical.

The ethnic groups that are faring least well are the most rapidly growing segments of our population. These disparities deepen social and economic inequities that are at odds with our basic commitment to social justice and equal opportunity. Eliminating these disparities is one of the most powerful steps we can take to raise Massachusetts to national leadership in the overall educational attainment of our citizenry.

A serious commitment is needed, and this requires funding. First, while race has its own and different impact than class, there is significant overlap between minority status and low income. So significantly boosting funding for need-based financial aid will help retention rates of minority students. Second, it is well-documented that many students, especially at community colleges where 32% are ethnic minorities, need remedial help as well as ongoing support – mentoring, tutoring, mental health services, child care, and so forth. These are often the programs that are vulnerable in a time of budget-cutting. Increased investment in public higher education will allow our campuses to enhance these programs and decrease the achievement gap.

### Investing in Public Higher Education Pays Off!

# Top 10 Reasons for Massachusetts to Invest in Public Higher Education

## 5. A Well-Educated Population Leads to a Healthier Commonwealth

**When we invest in public higher education, we are doing far more than helping people have high-paying, more productive careers which promote our general economic development. We are also increasing the overall health of our society.**

Compared to high-school graduates, college graduates have higher job satisfaction and lead healthier lifestyles. In fact, the fraction of people who say they are “happy about life” is 5 percentage points higher for college graduates than for those with a high-school diploma. Studies show that only a quarter of this additional happiness can be attributed to simply having a higher income.

Almost 50 percent of college graduates report very good health, compared to only 30 percent of high-school graduates. The rate of smoking among college graduates is almost 20 percentage points lower, and divorce rates are less than half as high among the college educated compared with those who have not attended college. Very little of these extra benefits is attributable to the higher incomes that the college educated earn. It has been shown that many of the effects are causal and not merely a reflection of the type and family background of people who are currently likely to receive more schooling.

In addition, the data shows that a college education improves patience, make people more goal-oriented, less likely to engage in risky behavior, and more trusting.

These seem like personal benefits but they lead to important public benefits that save the Commonwealth money. For example, lower smoking and better health reduce overall health-care costs; less criminality increases public safety and decreases the cost of the penal system. Fewer smokers mean there is less secondhand smoke, known to be a health hazard, especially for children. Some of these public benefits can be quantified and accounted in higher taxes and lower public expenditures; others, while more difficult to quantify, are nonetheless real.

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## 6. Help our Businesses Fill Positions Needing Educated Workers

**Massachusetts has always thrived because of its well-educated population. Cuts to public higher education have meant that now we are not graduating enough qualified students to fill the jobs Massachusetts businesses need. Investing in public higher education will give Massachusetts the edge it has enjoyed in the past.**

In the next few years, three quarter of the job openings in Massachusetts will require the completion of some level of postsecondary education. One study shows that 38 percent of jobs will soon require more than a high school diploma but less than a four-year degree, and 39% will require a four-year college degree. Only 23 percent of jobs will be available to those with only a high school diploma or less.

Another study shows that in 2008, jobs that required more than a high school diploma, but not necessarily a four-year degree, represented 45 percent, of the state's job base. At the same time, only 32 percent of the state's workers were deemed likely to have the appropriate training for these jobs.

The fastest growing demand is for people with high-level skills, particularly those requiring 4-year degrees. The Crittenton Women's Union compiles a list of "Hot Jobs", careers that require two years or less of post-secondary education or training, currently post high-vacancy rates, and lead to economic self-sufficiency. In 2007 there were 26 such career paths. In 2010 there were just 11.

While Massachusetts has invested heavily in K-12 education and some forms of worker training, it has under-invested in public higher education, which can provide the training vital to an ever-growing majority of jobs in our state. Businesses have consistently cited an educated workforce as one of the most important factors in deciding where to locate. Massachusetts risks losing the advantage it has always had in that area.

The skills required to fill the job openings in the next few decades will include both specific mid-level skills like those needed by workers in health services and the growing green industries, as well as general widely-applicable skills like writing and critical reasoning that can be applied to jobs that don't even yet exist. It is our public higher education system, whose graduates overwhelmingly remain in Massachusetts, who must train these workers. This can only happen if we make a substantial investment in public higher education.

### **Investing in Public Higher Education Pays Off!**

# Top 10 Reasons for Massachusetts to Invest in Public Higher Education

## 7. Create Jobs by Modernizing Campus Buildings

**Our students and faculty cannot succeed without adequate facilities in which to learn. Investing in public higher education generates jobs in the short-run, and strong graduates and faculty research in the long run.**

There are currently over \$1.5 billion in deferred maintenance projects on the campuses of the state universities and community colleges waiting for appropriation. An additional \$3 billion in deferred maintenance projects await funding on the campuses of UMass. Some of these projects represent critical health and safety concerns. Investing in modernization projects pay for themselves since aging and inefficient infrastructure on our campuses leads to annual capital expenditures that drain operating budgets.

Construction and renovation projects create jobs, vital to our economic recovery. Casinos were approved in our state largely on the promise of job-creation. Investing in higher education infrastructure does the same, but at a higher rate and with social benefits rather than social problems. \$100 million in new construction on our campuses would create about 1,250 jobs.

Building trades jobs pay relatively well (\$41,214 average annual salary) and these wages are primarily spent in Massachusetts to further stimulate the economy. Unlike many jobs created in Massachusetts, construction jobs cannot be outsourced to other states or countries.

Repairing existing buildings produces about 50 percent more jobs than building new ones. Nationally, about 41 percent of the cost of residential repair goes to labor. For new construction, that number is just 28 percent.

Modernizing campus buildings can and should also contribute to the green economy. Not only can energy costs be reduced, and working conditions improved, but our campuses are ideal locations for demonstration projects that tap into faculty expertise to drive innovation. Green campus buildings can become models for exciting development in our communities, leading to further job growth. Increasing the energy efficiency of buildings through retrofitting requires roofers, insulators, electricians, building inspectors, carpenters and more.

### **Investing in Public Higher Education Pays Off!**

*Research of Heidi Garrett-Peltier, Political Economy Research Institute, quoted in Atlantic Cities, [Another Reason to Stop Building New Homes: Job Creation](http://www.theatlanticcities.com/housing/2011/11/another-reason-stop-building-new-homes-jobs/447/)* <http://www.theatlanticcities.com/housing/2011/11/another-reason-stop-building-new-homes-jobs/447/>

# Top 10 Reasons for Massachusetts to Invest in Public Higher Education

## 8. Help Our Campuses Help Our Communities

**Our campuses support our communities economically and culturally. By strengthening our campuses, funding public higher education helps strengthen our communities.**

The higher education system of Massachusetts plays an important role in the future of the Commonwealth, as its 29 institutions drive the creative economy and forge new connections within their respective communities.

Employing almost 40,000 people and spending over two billion dollars annually, our state's colleges and universities are making significant contributions to the economic life of Massachusetts by generating billions of dollars in economic activity. Not only are our schools major employers, but our students are "permanent tourists" and consumers, who also bring their parents and other visitors to our cities and towns. In addition, developers and entrepreneurs find neighborhoods adjacent to colleges and universities attractive spaces for restaurants, bookstores, museums, stores, theatres and other commercial businesses.

Colleges and universities also enhance the quality of life by offering free and low-cost arts activities and cultural offerings. In our more rural areas, these may be among the only cultural activities. Our institutions also offer opportunities for volunteerism and service learning. Through academic requirements for coursework as well as campus clubs and organizations, our students act as interns for area businesses and volunteers for non-profits. Administrators and staff also serve as elected officials, volunteers and board members in their respective communities.

Our colleges and universities are often partners in the futures of our communities, the revitalization of neighborhoods, and the re-imagining of our city centers. Westfield State University, to cite just one example, is an active partner in the resurgence of Westfield, collaborating with city government, business and local non-profits to inspire development and to energize a depressed downtown corridor. Accomplishments include a downtown residence that houses 215 students; an attractive Downtown Art Gallery; a popular series of noontime concerts at the Westfield Athenaeum and on-campus lectures and theatrical performances. Working with the Westfield Business Improvement District and Westfield on Weekends, the University is also a major sponsor and co-producer of the city's four seasonal calendars of events. Future plans include additional student housing, a community radio station, a bookstore, and a downtown television studio. Westfield State is hardly unique.

The colleges and universities of Massachusetts are indeed making a difference in their respective communities.

**Investing in Public Higher Education Pays Off!**

# Top 10 Reasons for Massachusetts to Invest in Public Higher Education

## 9. Provide Enhanced Support Services so our Students Succeed and Graduate

**Properly funding the programs that support the diverse populations on our campuses will increase retention and graduation rates.**

Support services play a vital role today in helping students complete college, find employment, and pursue life-long learning. They augment and enable the teaching and learning occurring in classrooms. Each campus has a wide array of services to help students succeed, but these are often the first to be cut when campus appropriations are reduced. Especially as we increase the diversity on our campuses, we need to increase, not cut, support programs.

Many students are the first in their families to attend college. Some students still face discrimination based on ethnicity, age, gender or sexual orientation. English is not the native language for immigrant students and many others. Students with learning or physical disabilities and parents with young children are two groups who face particular obstacles to success. Challenges facing returning adult students are often overlooked. And of course, many students find themselves working several jobs to afford a college education. Our campuses have shown that with appropriate support, all these students can succeed. If our state is to maximize graduation rates and job success, we have to support students in a wide variety of ways.

Our campus support professionals work to create out-of-classroom experiences designed to enable student success. Support services include counseling programs, academic tutoring centers, career placement and planning offices, and services for veterans, students with disabilities, first year students, and members of historically underrepresented groups. All of these services help students succeed while they are enrolled as a student and when they enter the workforce. So does having a range of clubs and extra-curricular programs which are important informal places for students to find support and motivation.

In addition to helping overcome obstacles, our campuses also provide important opportunities that can often lead to full time employment upon graduation. Internship programs allow students to work within their field of study, but many are offered without compensation and many students simply cannot afford to pursue these opportunities. Increased state support could allow campuses to pay students for their internships while they are enrolled as a student, so students would not be forced to work many jobs outside their field of study.

Improving retention rates is critical. In addition to making public higher education more affordable, the best way to do this is by providing the campuses with sufficient resources to offer services and programs designed to ensure the success of all students in general and underrepresented students in particular.

**Investing in Public Higher Education Pays Off!**

## Top 10 Reasons for Massachusetts to Invest in Public Higher Education

### 10. Decrease the Debt Burden for Hard-Working Students and Their Families

**Funding our state colleges and universities can stabilize tuition and fees, and help Massachusetts students escape a lifelong debt burden.**

Student debt has ballooned 511% since 1999. Not only has the debt burden been rising for each successive graduating class, but the hostile legal environment makes paying back student debt extraordinarily difficult, especially if the loans go into default. One of the principle reasons for rising student debt nationally is the persistent budget cuts that public colleges have endured. The correlation between inadequate funding for public higher education and increasing debt burdens for students and families becomes clear when looking at several key data trends regarding public higher education in Massachusetts in the past decade: enrollment rates, tuition and fees, average debt upon graduation, and the tuition-wage gap.

From FY2001-2011, enrollment in Massachusetts public colleges has increased by 23%, while state appropriations have fallen by over 30%, putting pressure on the budgets of our institutions, and tuition and fees continue to increase year after year. In the absence of state investment in public colleges and universities, the burden of payment has been shifted onto students via student loans. Previously, students could pay for tuition and fees by working a part-time job, these days however student loans have become a necessary evil.

Nationally, total outstanding student debt has surged, recently surpassing outstanding credit card debt at approximately \$960 billion. Meanwhile, tuition and fees continue to increase astronomically. Massachusetts has been no exception. Our state ranks towards the bottom at #45 for per capita state appropriations for public higher education, yet stands closer to the top of the list at #12 for average student loan debt upon graduation.

In 2010, students at state universities in Massachusetts graduated with an average debt of \$22,733. At UMass the average was \$25,531. Besides financial strain, there are many consequences to increasing student debt. Default rates have continued to climb, increasing debtors' risk of bad credit and losing professional licensure. Further, money spent repaying debt is money not spent on things that would stimulate the Massachusetts economy.

Directly investing state funds into our public colleges and universities can help to ameliorate these large debt burdens faced by students and families. Funding our state colleges and universities can reduce tuition and fees, and lower Massachusetts students' reliance on loans. Direct investment to make tuition and fees more affordable is a financially safe and economically sustainable way to fund higher education in the Commonwealth.

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<http://www.theatlantic.com/business/archive/2011/08/chart-of-the-day-student-loans-have-grown-511-since-1999/243821/>

<http://www.mass.edu/downloads/documents/2011-12-06CommitteeandBoardMaterials.pdf>

<http://phenomonline.org/wp-content/uploads/2011/11/Key-Data-12-11.pdf>

<http://www.finaid.org/loans/studentloandebtclock.phtml>