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Coming this fall: big tuition hikes

By John Gramlich, Stateline Staff Writer

For a telling example of the money troubles facing public colleges and universities, consider Pennsylvania. On June 30, Governor Tom Corbett signed a state budget that slashes funding for higher education by 19 percent, and school officials smiled with relief.

For universities, it could have been much worse. In March, Corbett introduced a budget proposal that called for a 50-percent cut to higher education. But improving state revenues and a public backlash against the proposal led lawmakers to pare back the governor's plan. In the end, Pennsylvania's 14 state-owned universities walked away with a painful but manageable cut that will result in tuition increases of 7.5 percent this fall.



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Students elsewhere will not be so fortunate. Double-digit tuition increases await public university students in Louisiana, Tennessee and Nevada, all as a result of reduced state funds. In New Hampshire, lawmakers followed through on what Pennsylvania only talked about doing: cutting higher education funding in half. A 48-percent funding reduction has the University System of New Hampshire warning that it will face its most challenging academic year ever, and students and parents will feel the pain in the form of tuition hikes of up to 9.7 percent.

New Hampshire's cut came as a "major and unanticipated shock," says Matt Cookson, a spokesman for the university system, "especially in light of the traditionally low level of financial commitment to higher education" that the state has shown in the past.

At least half the states cut funding for higher education in their recently concluded legislative sessions, according to the National Conference of State Legislatures. In most cases, higher tuition will be the inevitable result. Some of the most dramatic increases will come in the biggest states. The 240,000 undergraduates in the Florida public university system will see 15 percent tuition hikes for the third consecutive year. In California, where 530,000 undergraduate students attend public universities, tuition hikes of up to 12 percent are coming after state funding reductions of more than 20 percent. This follows a 32-percent tuition hike at the University of California system just two years ago, which produced such discord that administrators had to be escorted onto campus by security personnel.

But the year's most dramatic example of collegiate sticker shock will likely come in

Washington State. There, the budget that lawmakers approved this year imposes a 24-percent cut in state funding. Tuition will go up 20 percent as a result.

Why higher education?

Lawmakers do not like cutting money for higher education. Voters depend on it and the private sector wants an educated workforce. But higher education is a target because it is one of the few discretionary program areas left for state lawmakers to cut.

After K-12 schools and health care, higher education is the largest item in state budgets. It is usually easier to cut than the others because funding is not enshrined in state constitutions or complicated by matching federal grants, as is the case for public schools and Medicaid, respectively. Deep cuts to corrections, another major category of state spending, can carry public safety implications that lawmakers often want to avoid.

Higher education, notes Patrick Callan, president of the National Center for Public Policy and Higher Education, is a common target for another reason. Because a university can raise tuition, "it has a revenue source of its own. You can't charge people on public assistance and you can't charge people in prison." The added political benefit, he says, is that students and the public often don't connect tuition increases with what happens in state legislatures. Instead, they fault the universities themselves.

"State legislatures and governors," Callan says, "can do this in a way that doesn't leave their fingerprints on it."

Alternative approaches

Big tuition increases at public universities are nothing new. According to The College Board, in-state tuition has risen at 5.9 percent above the rate of inflation over the last decade, and that trend has grown more pronounced during the last few years of economic stagnation. In the 2010-2011 academic year, the average tuition at public, four-year schools increased by 7.9 percent.

While state support for higher education has been declining during the recession and its aftermath, enrollment continues to rise. More people — many of them unemployed — are attending public universities, which are usually far cheaper than their private counterparts. Yet another strain is the expiration this month of about \$23 billion in federal stimulus funds for higher education. The combination of pressures has left many universities with few alternatives but to raise tuition substantially.

Some states are trying to blunt the effects of tuition sticker-shock. New York's recently passed budget includes a significant cut to higher education, but it has also resulted in a five-year plan in which the State University of New York will raise tuition by a steady 5.5 percent each year. While students and parents are unlikely to celebrate a consistent hike in tuition, predictable funding is important for university administrators, and Wall Street likes it, too. An analysis by Moody's Investors Service this month hailed the move as "game-changing" legislation that will "free the state's public universities from a history of erratic tuition setting and political control."

In Michigan, Governor Rick Snyder has taken a tougher approach, signing a budget that cuts higher education by 15 percent and threatens bigger cuts if universities raise tuition by more

than 7.1 percent. In effect, Michigan is ordering universities to find savings without calling on students and parents for extra revenue, forcing schools to tighten their belts even more than they have. In Missouri, Governor Jay Nixon used a similar tactic, cutting funds for some universities more than expected because they exceeded the 5-percent cap on tuition increases that he wanted.

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Lawmakers elsewhere are cutting back on scholarships and grant programs they created during good times, hoping to avoid more generalized cuts that would affect the entire student population.

Public university students in Georgia will see only a modest 3-percent increase in tuition this fall, but that doesn't mean lawmakers didn't aim the budget knife at higher education. They just aimed it at a specific part of higher education: the HOPE scholarship program, which previously allowed any Georgia high school student with a B average to attend a four-year public university in the state for free. This year, Georgia lawmakers cut back the program by reducing the state grant to about 90 percent of the costs of a four-year education.

John Millsaps, a spokesman for the Georgia Board of Regents, says his state's support for higher education has declined by \$1 billion over the last decade, forcing some colleges into huge tuition increases. Georgia State University, for example, raised tuition by 46 percent between 2007 and 2010, according to a [tuition tracking website](#) recently developed by the U.S. Department of Education.

This year, Millsaps says, lawmakers simply made an extremely generous state scholarship program a little less generous. "Had HOPE never existed before and the governor announced a plan to provide 90 percent of college costs (to any eligible high school student in the state)," he says, "there would have been parades in every town in Georgia."

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