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Tuition hikes smaller than in past years

By Pauline Vu, Stateline.org Staff Writer

With state revenues on an upswing, public college and university students saw an average tuition and fee increase of 7.1 percent during the 2005-06 academic year, a College Board [survey](#) showed. This was an improvement over the double-digit increases in the recent past, but still faster than the rate of inflation.

Increases appear about the same for the upcoming school year. On one end of the spectrum are states like Maryland and California, which will freeze state college tuition this year; and Florida, which this year raised tuition only 3 percent, its lowest increase in a decade.

At the other end of the spectrum are states like Virginia, which will have a 9.3 percent tuition increase despite a 15 percent boost in higher education spending; and New Jersey, where the state's largest university, Rutgers, would have increased tuition 10 percent if the legislature hadn't forced colleges to cap hikes at 8 percent.

"The long-term trend is pretty clear – tuition is increasing faster than inflation, faster than family income, faster than student aid," said Pat Callan the president of the National Center for Public Policy and Higher Education in San Jose, Calif. "It is, in many ways, out of control."

States underwent one of their worst budget crises ever from 2000 to 2005, and massive cuts in funding to higher education spawned dramatic tuition increases at colleges and universities. From the 2000-01 to the 2004-05 school year, tuition, fees and room and board at public universities increased the most in Iowa (52 percent), Massachusetts (48.7 percent) and Minnesota (46.8 percent), according to a report compiled by U.S. Senate Democratic staff. Nationwide, fees at public institutions rose 32.3 percent.

Tuition at the University of North Carolina system has increased so much – 71 percent from 1999 to 2004 – that a recent report said it is inviting a lawsuit for possibly violating the state's constitution, which mandates free tuition "as far as practicable," according to the North Carolina Center for Public Policy Research.

"(States) had to make tremendous cuts and unfortunately higher education took more than its fair share of lumps in many states," said Bruce Vandal, the director of postsecondary education and workforce development for the Education Commission of the States.

The higher tuition has led to more borrowing. The Project on Student Debt says the number of students who graduate with at least \$40,000 in debt has jumped from about 7,000 in 1993 to about 77,500 in 2004. Undergraduates who borrow leave school with an average debt of \$15,500, the College Board reported last year.

Over the last decade grants to undergrads and graduate students increased 86 percent and state grants rose 78 percent, according to the College Board. But rising tuition is quickly “absorbing” the increased aid, Callan said.

State legislatures and governors are confronting the increase in a variety of ways. Starting this year Georgia state colleges will guarantee the same tuition for four years, a move to encourage students to graduate in four years.

The New Jersey legislature wrote language into the budget allowing the state to cut a college’s funding by 5 percent for every percentage tuition increase over 8 percent. Both Maryland and California's state systems were slated for tuition increases before the governors and legislatures found extra money in the budget.

This year 20 states increased funding for higher education for the upcoming school year, 11 of them by 10 percent or more. The largest increases were in Mississippi (28.6 percent) and Alabama (18.7 percent), according to a report by the National Conference of State Legislatures.

Some of that money went to new grant and scholarship programs. Montana set aside \$3.3 million for its new Best and Brightest scholarship program, which more than doubles the state’s financial aid for higher education. In New Jersey state funds for grants, loans and scholarships will increase despite a 2.5 percent decrease in higher education spending.

States also added tax benefits to their 529 contribution plans, which are tax-free college savings accounts available in all states. This year Maine, Pennsylvania, Kansas, Indiana, North Carolina and Connecticut passed laws to allow residents a tax deduction or credit for contributions into the state 529 plans.

Callan says states have abdicated their responsibility to hold the line on tuition because they have not set policies to guide annual changes, such as tying tuition increases to an index like family income. Instead, states rely on the budget picture from year to year to determine fees.

“They use higher education as a fairly easy source for budget cuts in tough years and then let colleges and universities take the heat,” he said. “What we need are some guidelines that will work in good years and bad years.”

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