Tuition and Fees in the West 2014-15

Average resident undergraduate tuition and fees for the academic year 2014-15 at public two-year institutions in the WICHE region (excluding California) increased by 2 percent ($67) from the previous year, while published prices at public four-year institutions grew by 2.3 percent ($180). By comparison, nationally, the one-year increase was 3.1 percent for both two-year and four-year institutions. In general, state appropriations to higher education have stabilized in the past several years, though some states are still facing a challenging funding environment, and states are tackling the issue of affordability from a variety of angles.

This issue of Policy Insights reviews the results from the Western Interstate Commission for Higher Education’s (WICHE) annual survey of tuition and fees at public colleges and universities in the WICHE region, and discusses related policy implications. The WICHE region includes 15 states – Alaska, Arizona, California, Colorado, Hawai’i, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming – and the Commonwealth of the Northern Mariana Islands, the first of the U.S. Pacific territories and freely associated states to participate as a WICHE member. The tuition and fees survey was administered in summer and fall of 2014 to state higher education executive offices or system offices in the Western states, and complete data from the survey are available in Tuition and Fees in Public Higher Education in the West, 2014-15: Detailed Tuition and Fees Tables (www.wiche.edu/pub/tf) published by WICHE in November 2014.

Four-Year Institutions

Average tuition and fees for resident undergraduates in 2014-15 at public four-year institutions in the WICHE region were $7,872, an increase over the previous year of $180 (2.3 percent). By comparison, the national average was $8,471, which was up $251 (3.1 percent). After adjusting for inflation, the regional average resident undergraduate tuition was 0.4 percent higher in 2014-15 than in 2013-14 (25.6 percent higher than in 2009-10). Within the WICHE West, there was substantial variation in tuition prices at four-year institutions. Aside from the four institutions categorized as baccalaureate/associate’s colleges under the Carnegie Classification, prices ranged from $4,152 at the University of Montana Western to $16,918 at the Colorado School of Mines. The statewide average price in this sector was lowest in Wyoming, at $4,646, and highest in Arizona, at $10,283 (Figure 1).

The gap between high-price states like Arizona and Washington and low-price states like Wyoming and New Mexico has widened considerably over recent years, with the highest tuition and fees now more than double that of tuition and fees in the lowest-price states. The largest one-year increase in percentage...
Two-year tuition and fees increased 30 percent over 2009-10 ($809). The national average for two-year tuition and fees of $3,508 was just above the WICHE average ($16 more), a 3.1 percent increase over the previous year ($106).\footnote{7}

Within the WICHE states, the community colleges in California continue to charge the lowest rates for in-district students, at $1,380. The next-lowest rate was New Mexico’s, at $1,603; and the highest was in South Dakota, where the average was $6,020 (Figure 3).

The state with the largest increase when measured in both dollar and percent terms was Hawai’i, where published prices went up $240 (7.4 percent). Utah and Colorado tied for the second-largest dollar increase, at $149 (Figure 4).

**Restored Support for Higher Education Still Lags Demand**

State budgets and fiscal trends continue to show hopeful signs of growth and increasing stability. In FY 2015, state budgets are generally continuing to regroup, although some states’ fiscal and budget situations remain below pre-recession highs. Restoration of state revenues translates into upticks in state higher education appropriations in the majority of states even though public institutions are still making do with essentially flat per-student support. Data from the annual Grapevine survey of state appropriations to higher education indicate that 39 states increased funding for public higher education – up 5.2 percent

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\footnote{Note: Alaska no longer has separately accredited two-year institutions (see endnote 6).}
overall in FY 2015 – but there was significant variability, and more than half of the overall increase was attributed to three states (California, Florida, and Illinois). State appropriations for higher education were up 8.5 percent for the WICHE region as a whole this year, the same rate of increase as from FY 2013 to FY 2014 (Figure 5).

The regional rate of increase in state appropriations to higher education is lower if California is not included, at 5.4 percent. California has accounted for 55 percent of all state higher education spending in the WICHE region, on average, since FY 2008. Its public four-year enrollments constituted 37 percent of the regional total, while its public two-year enrollments made up 66 percent of the region’s public postsecondary enrollments in fall 2013, the most recent data available. Thirteen of the 15 states in the WICHE region experienced growth in funding levels from the prior year, ranging from about 1 percent in Nevada and Washington, to double-digit increases in four states – California, Colorado, Oregon, and Utah. Only Alaska fell back slightly from FY 2014, about half a percent; North Dakota appropriated the same amount in FY 2015 as in FY 2014. These two states bucked the national trend since FY 2008, however, with both recording much greater appropriations over that longer time frame.

The Great Recession has been over for about five years in macroeconomic terms. But it remains a relevant reference point since economies in many states have not yet fully recovered, wage stagnation continues to affect tax revenues (not to mention families’ resources for investing in education), and demand for nondiscretionary programs is still high. Figure 5 shows how state higher education funding levels have shifted in the WICHE states since the beginning of the recession in FY 2008. In spite of the last couple of years’ increases in state appropriations, six of the WICHE states appropriated less in FY 2015 than in FY 2008. In Arizona and Nevada, funding continues to be down by 20 percent or more; it is down by about 10 percent in New Mexico and Washington. On the other hand, Alaska, Montana, and Wyoming provided increases to higher education of 20 percent or more over pre-recession levels. North Dakota’s FY 2015 appropriation to higher education is 60 percent higher than FY 2008. Despite some states’ better fortune recently, some states continue to struggle to restore funding and are facing tough decisions about spending, which could have long-term consequences. For example, in Arizona, which already saw the biggest cuts to higher education during the recession years, state officials have passed
a budget for FY 2016 that eliminates state funding for its two largest community college districts, and cuts funding to the state’s three public universities by about $100 million.\(^{10}\)

Enrollment demand and students’ financial need also factor into whether state support for higher education is sufficient. The State Higher Education Executive Officers’ State Higher Education Finance (SHEF) survey provides state appropriations per student (as opposed to total appropriations, as Grapevine does). SHEF data indicate that state support for higher education across the WICHE region generally continued to recover in FY 2014, but still amounts to 13 percent less per student than five years prior, in FY 2009 (Figure 6), and 20 percent less per student than prior to the recession in FY 2008.\(^{11}\)

FY 2014 appropriations per FTE were down 20 percent or more compared to FY 2009 in seven of the WICHE states. Only in states that are heavily into energy production like Alaska and North Dakota were higher education investments stable or up over the last five fiscal years (although, recent declines in oil prices forebode future declines in state revenues and thus appropriations to higher education). FY 2014 per-student educational appropriations ranged from about $3,000 in Colorado to more than $15,500 in Wyoming (Figure 7). The chart also demonstrates how widely Western states’ higher education finance strategies vary, with the share of public institutions’ chief sources of discretionary operating revenues (educational appropriations and tuition) accounted for by educational appropriations, ranging from 27 percent in Colorado to 85 percent in Wyoming.

Available funding was spread increasingly thin over much of the last decade due to enrollment increases, which were further amplified during the recession. But after climbing 5 percent in the West between 2008 and 2012 (and 11 percent higher than in 2006), overall enrollments have been flat or declining over the last three years in many states, particularly at two-year institutions. Enrollment at community colleges nationwide in fall 2014 was down 3.5 percent from the prior year after two years of similar declines.\(^{12}\) These recent enrollment reductions (in FTE terms) provide some marginal increases in per-student funding. While decreasing enrollments might be helpful for states straining to keep up support, they are on the other hand bad news for institutions that increasingly rely on tuition revenue as state support has declined over recent years.

Even amid generally flat or decreased enrollment demand, an increasing number of students need financial aid, and the available data paint a mixed picture about states’ efforts to address affordability through state aid. According to SHEF, the portion of total support allocated for financial aid to students attending public institutions in 2014 declined 0.3 percent to 7.7 percent nationally, even though funding was increased slightly in dollar terms and was up from 6.1 percent in 2009 as a portion of total state support.
But state aid programs are far less substantial than federal support for needy students. Across the nation in 2012-13, Pell Grant aid accounted for more than half of total need-based aid in all states, and 75 percent of need-based aid in three out of four states. The average state financial aid per undergraduate student in the U.S. was $678, and $380 in the WICHE region, in academic year 2012-13 (the latest available data). Four WICHE states exceeded the national average. California and Washington provided substantially more grant aid per undergraduate than the national average – $918 and $1,324, respectively. Excluding these two states reduced the WICHE average to $288 per undergraduate, less than half the national average.

Nationwide, the distribution of state aid between need- and non-need based grant aid is a mixed picture, with relatively small changes in average awards being a function of enrollment demand and need, as much as or more than absolute increases or decreases in funding support. Need-based aid has constituted between 71 percent and 75 percent of all state aid over the past decade, rebounding to 75 percent in 2012-13 – after having been as high as 91 percent in 1993-94. Nationwide, need-based awards have averaged between $480 and $540 in constant dollar terms over the previous decade. In 2012-13, seven of the 16 WICHE states (including the Commonwealth of the Northern Mariana Islands) exceeded the national average for the portion of state aid that is need-based (75 percent); in six WICHE states, state aid is entirely need-based.

Much of the recent news about support for higher education and tuition pricing shows hopeful signs and improved stability compared to the past seven to eight years, though such a conclusion must be qualified by how substantially financial support eroded and prices increased during the recession. So it is appropriate to think in terms of longer-term trends, needs, and approaches. On the upside, previous recessions have typically been followed by economic growth and funding resurgences, and there are indications that most Western states are heading in that direction, slowly.

But other trends that predate the recession are emerging as important factors, and suggest the need for caution about automatically resuming previous policies and practices apace. Tuition increases had substantially outpaced income gains for less affluent Americans for many years prior to the recession, and income inequality that was widening even before the recession was further reinforced by the recession and emergent macroeconomic shifts. And demographic patterns indicate coming increases in the number and portion of potential college students who will be of minority race/ethnicity or have limited financial resources, which will increase the overall need for financial assistance and other student supports. At the same time, the aging, more highly educated portion of the population will increase its draw on public resources as they stop participating in the workforce and bolstering tax revenues.

Last year’s edition of the tuition and fees discussed the increasing focus on student borrowing and debt, and it remains an important topic in the conversation about college financing, as state disinvestment contributes to increased costs to families and students and borrowing to close the gap. Several nuanced investigations of the available data over the last year have revealed wide variability in student borrowing, reiterating that even though borrowing has grown significantly over the last decade (from an average $15,000 in 2004 to $27,000 in 2014), the average is inflated by borrowers with extremely high loans, particularly among graduate students.

Existing data support only limited investigations of the impact of borrowing on access, completion, and outcomes for different types of students. But available data point to potentially troubling trends in some categories of borrowers. For example, data from the Federal Reserve indicate higher levels of default among low-balance borrowers, suggesting (but not confirming) that default is higher among those who do not complete a degree or who get lower-level credentials. This has the potential to be another limiting factor on access and success for traditionally underserved students, who disproportionately fall into these categories. On the other hand, higher levels of borrowing, if they increase the likelihood of completion of a four-year or graduate degree, may contribute to better employment outcomes and lower default. The increasing reliance on borrowing to finance unmet need, or to simply afford a college education regardless of income level, remains something for policymakers to monitor for its effects on young adults’ financial circumstances and its impacts on the broader economy.

**Policy Implications: Affordability Increasingly in Focus**

Policymakers are grappling with how to get out in front of these dilemmas that seem to keep piling up. Many approaches amount to relatively small adjustments to long-standing fiscal mechanisms, but in some cases relatively entrepreneurial or innovative approaches
are being taken. Governors included higher education affordability and linkages to economic development among their key messages for 2015, and legislators grappled with containing costs for students even as higher education appropriations levels continued to stabilize but remained low compared to years past.\textsuperscript{24} Tuition and state appropriations were top policy matters in 2015. Increases in state funding were for the most part explicitly tied to tuition freezes or limitations on increases. California, Colorado, New Mexico, Oregon, and South Dakota passed tuition caps related to funding increases. North Dakota drafted a tuition freeze in a committee special session, although the measure was ultimately defeated in the House. Utah and Arizona allowed small increases, while Hawai‘i proposed but failed to pass a tuition freeze – and instead posted some of the largest tuition increases among the WICHE states.\textsuperscript{25}

States have also attempted to make college more affordable through financial aid policies. Colorado’s Opportunity Scholarship initiative primarily provides tuition aid to in-state students, but also allows up to 10 percent of the scholarship funds to be used for student support services. Colorado Governor John Hickenlooper requested an additional $30 million for the program in his 2015 budget. In New Mexico, a liquor tax was instituted in 2014 to bolster the Legislative Lottery Scholarship, which has experienced underfunding as lottery proceeds have decreased. Nevada recently introduced a bill to create a new grant program for college-ready students taking at least 15 credit hours a semester who have financial need remaining after federal aid, their families’ ability to pay, and their own income from a reasonable work commitment. And, while its future is already uncertain, California’s Middle Class Scholarship program launched in 2014-15. The legislature previously provided $107 million for it, but the California Senate recently proposed a sharp reduction in funding for the program in order to divert funds to the universities to forestall planned tuition hikes and to also create a grant to incentivize California State University students to complete 30 units per year and progress towards graduation in four years.

State policies aimed at improved efficiency and completion may also serve as one tool to tackle college affordability if they end up encouraging institutions to do things differently to support student progress and completion. In the West, at least two states included performance factors in their higher education funding models in legislation passed in 2014. Colorado’s funding formula includes some ties to performance with underrepresented students, and Wyoming’s 2014-16 distribution to community colleges will be based on course completions. In 2015, Oregon’s Higher Education Coordinating Commission adopted an approach that will fund public universities based partly on success with underserved students and student graduations; outcome-based funding will gradually increase to 60 percent of public funding for universities, over a four-year phase-in.\textsuperscript{26} Additionally, performance-based funding was slated for legislative consideration in Wyoming and Utah in 2015, and Arizona’s enacted FY 2015 budget allowed for the transition to performance funding for higher education.\textsuperscript{27}

Some states are working to advance completion goals by focusing on K-12 and postsecondary alignment and college readiness. For example, 2014 legislation in Alaska, Idaho, Oregon, South Dakota, and Utah expanded and formalized dual-credit opportunities for high school students. While such efforts might be overtly focused on supporting college readiness and access, inasmuch as they provide a head start on accumulating college credit free-of-charge and support quicker completion, they also support college affordability. The extent to which such efforts will actually improve completion and reduce the time it takes to complete, will depend on how institutions implement related policies, such as whether they accept dual-enrollment credits or uniform policies for recognizing accelerated pathways.\textsuperscript{28} In a related vein, the Common Core State Standards and other similar efforts to raise and align academic standards have the potential to reduce costs for institutions and students if they decrease the need for remediation.

The last couple of years have also seen state policymakers more directly associating higher education with economic development goals. Of course, businesses doing contract training with community colleges is not new. But recent legislation and proposals are more broad-based and could lead to an expansion of this type of activity and potentially increase funding through private-public partnerships and other entrepreneurial approaches. In Colorado, for example, several recent bills mandated planning and policy alignment between the education, labor, and economic development departments in order to address skill needs in specific industry sectors. Idaho’s Industry Sector Grant program incentivizes industry-education partnerships around specific employee skill shortages. Outside the West, Arkansas’ Workforce Initiative directs higher education, K-12, and workforce/economic development entities to work across sectors in state and regional partnerships that employers lead, and to which education institutions are to respond. It sets up a fund...
for the origination of such public-private partnerships, including state general revenues and other nonfederal funds, and directs the department of higher education to manage the start-up grants. These types of policies, which are showing up around the nation in various forms and increasingly incentivizing higher education to respond more directly to business’ skills needs, could present opportunities to attract increased private-sector financing. Thus, the recent higher education policy landscape indicates a variety of approaches that may not represent wholesale changes to the traditional options for financing higher education – appropriations, tuition, and financial aid – but could potentially impact affordability through a combination of approaches including, for example, productivity, diversified options, and the attraction of new types of nongovernmental support.

Policy conversations at the federal level also strongly reflect concerns about affordability, and a recognition of the potential mismatch between long-standing higher education models and the increasing diversification of consumers and providers, especially leading into reauthorization of the Higher Education Act (HEA). President Obama’s focus on technical skills and training for nontraditional students and workers, among other things, culminated in his proposal for free community college. At the state and local levels, a number of organizations have proposed various formulations of federal-state partnerships as a way of addressing financing and affordability, including WICHE’s and SHEEO’s proposals aimed at federal support to address affordability for lower-income students and the American Association of State Colleges and Universities (AASCU) proposal aimed at incentivizing state support for public institutions. Several other proposals have championed the notion of institutional risk-sharing, through which institutions would have clear financial stakes in the success of students and some level of responsibility for higher education costs and repayment of student loans. For example, WICHE’s shared-responsibility model proposes defined levels of contribution to higher education costs by families, students, institutions, and the government, and offers mechanisms to incentivize institutions to control costs and increase completion. The New America Foundation has proposed bonuses for institutions with higher Pell enrollments and graduates, while lower Pell enrollment institutions would be required to match Pell dollars. And a recent white paper issued by the U.S. Senate Health, Education, Labor, and Pensions (HELP) Committee includes institutional risk-sharing among several proposed topics for consideration during HEA reauthorization.

## Conclusion

Higher education financing remains at a pivotal point and the tough policy and funding questions have not gone away. Tuition has stabilized and there has been modest restoration of some funding through state appropriations for the past three years. But students and families continue to bear roughly half the costs for higher education. And while their share may have stabilized at just under 50 percent, that is near its historical high rate and it is unlikely to fall back substantially. Efforts to increase and equalize educational attainment may be thwarted if they depend on families’ and students’ ability to invest a higher proportion of their own resources in ever-increasing education expenses. There is no shortage of discussion or activity in the states, but a shortage of funds remains. Some of the smaller-scale, incremental, innovative approaches mentioned above may be precisely the way for states to begin to tackle the increasingly varied needs of state economies and diverse student populations. Success on a smaller scale may help lay the groundwork for larger-scale, fundamental changes to how higher education is delivered and funded.

## Endnotes

1. The U.S. Pacific territories and freely associated states joined WICHE as a member in November 2012; the Commonwealth of the Northern Mariana Islands (CNMI) is the first to participate and is now included in our reporting. Data are available to report about CNMI’s tuition and fees but not state revenue and appropriations.

2. The WICHE region averages in this brief are unweighted averages; the full report provides averages both unweighted and weighted by full-time equivalent (FTE) enrollment. These additional data and the list of respondents are available in *Tuition and Fees in Public Higher Education in the West, 2014-15* (www.wiche.edu/pub/11).


4. Inflation adjustments used the Higher Education Cost Adjustment (HECA), calculated by the State Higher Education Executive Officers.

5. Four institutions in the West have Carnegie Classifications of baccalaureate/associate’s colleges. While Dixie State College (Utah) and Northern New Mexico College are considered four-year institutions for the purposes of the Tuition & Fees report, Great Basin College (Nevada) and Northern Marianas College (Commonwealth of the Northern Mariana Islands) were considered two-year institutions at the request of the institution and because their undergraduate instructional programs are associate’s-dominant.

6. The average for the two-year institutions excludes California and Alaska institutions. Including California with its large number of students and historically low fees reduces the average resident tuition and fees for two-year institutions in the West to $2,585 for 2014-15. Alaska is not included in the average for two-year institutions as of 2014-15, because no campuses are separately accredited; they now all exist as independent community college campuses under the University of Alaska Anchorage umbrella.

7. Ibid, College Board.

9. Data not available for the Commonwealth of the Northern Mariana Islands.


21. The Beginning Postsecondary Students longitudinal sample study includes data about persistence and attainment of Stafford loan recipients. The IPEDS student financial aid component supports various disaggregations, including income level, for student aid recipients, but this does not permit comparisons to students who do not receive aid. And enrollment and graduation rates for Pell Grant recipients will begin to be reported in Federal Student Aid data, beginning with the 2012-13 academic year; the data will likely not be available until 2019.


28. Caralee J. Adams, “Colleges Vary on Credit for AP, IB, Double Classes,” Education Week, December 9, 2014, at www.edweek.org, which also references studies by the College Board and National Student Clearinghouse about Advanced Placement students.


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