Tuition and Fees in the West: 1999-2000

In 1999-2000, average resident undergraduate tuition and fees in the WICHE region grew moderately. The one-year rate of increase varied across institutional types from a 0.2 percent low at research universities to a high of 5.1 percent at two-year institutions. Although regional average tuition and fees levels for both four-year and two-year institutions were significantly below the national norm, financial aid will become more critical in broadening access in some of the poorer states where tuition and fees accounted for high percentages of median household income. In addition, many states will face tough challenges from projected enrollment growth combined with increased tuition and fees in most states and state appropriations below the national average.

This issue of Policy Insights summarizes current information and historical trends on resident undergraduate tuition and fees charged by public four-year and two-year institutions in the WICHE region. Policy implications are explored within the context of these data. The full report, Tuition and Fees in Public Higher Education in the West, 1999-2000, is available online (http://www.wiche.edu).

Public Four-Year Institutions

1999-2000 was the first time in at least 15 years when the one-year increase in undergraduate tuition and fees at public four-year institutions fell below the prior-year inflation rate (2.3 percent) and the increase in regional median household income (2.9 percent). Average in-state undergraduate tuition and fees at four-year public institutions in the Western states increased 2 percent from 1998-99. When California’s fee reduction is excluded, the one-year increase at institutions in the Western states averaged 4.2 percent. Tuition and fees for resident undergraduates at public four-year institutions reveal:

- Average in-state tuition and fees changes ranged from a 3.1 percent decline for the University of California system to a 9 percent increase at Idaho universities.
- Growth in median household income for 1998 in eight states outpaced the average resident undergraduate tuition and fees increase in 1999-2000. Four states, however, had lower median household incomes coupled with increased average tuition and fees during the same period.

Regionally, one-year percent changes in tuition and fees at public four-year institutions showed a continued pattern of decline (see Figure 1).

- The first five years of the decade saw yearly increases ranging from 8.4 to 13.4 percent. In the latter five years, the one-year increase rate followed a declining trend, with the lowest at 2 percent for the most recent year.
- In the last decade, average resident undergraduate tuition and fees rose over 93 percent in the WICHE region, compared to 51 percent for the nation.
- Yet baccalaureate students still pay less on average in the West, where tuition was $2,639 in 1999-2000, significantly lower than the national average of $3,356.
- The 10-year percentage increase in average tuition and fees for in-state undergraduates varied greatly, from less than 50 percent for some Colorado institutions to more than 140 percent at both the University of California system and the University of Wyoming. Three states had increases below 60 percent, while six others more than doubled their average tuition and fees.

Resident undergraduate tuition and fees rates in 1999-2000 varied significantly across different types of institutions, from $5,211 at the Colorado School of Mines to $1,634 at California State University, San Marcos. Baccalaureate institutions experienced the highest one-year tuition and fees increase at 4.5 percent and research universities saw the lowest increase at 0.2 percent (see Figure 2).
The region’s 17 research universities II on average raised tuition and fees to $3,323 from $3,317 a year ago, with a 10-year increase of over 102 percent. However, the high tuition and fees rates and high increases in the early part of the decade at the University of California system tipped the scale for the region. Excluding the University of California system, average tuition and fees for the region were up 3.4 percent, at $2,881 for 1999-2000, compared to $2,786 last year. The five- and 10-year growth rates were 25 percent and 75 percent.

In the 14 doctoral universities, average resident undergraduate tuition and fees grew by 3.9 percent last year, an increase of nearly 80 percent over the past decade.

The 41 comprehensive universities in the West raised tuition and fees for residents by 1.2 percent over the year before.

Among the 17 baccalaureate colleges II, average tuition and fees rose 4.5 percent last year and 86.2 percent in the past decade. The average for tuition and fees charged to in-state undergraduates was $2,535 in 1999-2000.

Historical trends for the region indicate that the highest 10-year increase in resident undergraduate tuition and fees, over 114 percent, occurred in research universities II in six states. Research institutions hiked their tuition and fees more than five years ago, and the comprehensive universities and baccalaureate colleges were catching up over the last five years. In comparison, doctoral universities had relatively moderate annual increases over the past decade.

**Public Two-Year Institutions**

Excluding California, the average in-district tuition and fees at public two-year institutions in 1999-2000 was $1,368, a 4.2 percent increase over the year before, while out-of-district residents paid $1,806, 3.1 percent more than 1998-99. This rate of increase was lower than the growth rate for four-year institutions (excluding California’s universities). However, tuition and fees increases for in-district and out-of-district residents outpaced the 2.3 percent annual rate of inflation.

- Average resident in-district tuition and fees ranged from $330 in California to $2,028 in Alaska. The one-year percent change varied from a decline of over 8 percent in California to an increase of 9 percent in Montana.
- Average resident out-of-district tuition and fees went from $360 in California to $3,934 in Arizona. Only three states had average rates over $2,000 while two states fell below $1,000. Arizona on average charged about $1,700 more than the next highest state, skewing the regional average upward (excluding California).

Meanwhile, it also had the lowest one-year increase rate of 0.2 percent this year in the region (excluding California).

Historical trends reveal that on average, resident in-district tuition and fees charged by the region’s public two-year institutions (excluding California) rose nearly 88 percent in the past decade. Similar to the pattern among the public four-year institutions, the annual increases were much higher in the first six years, though the decline was not as dramatic. Interestingly, in-district rates rose faster than resident out-of-district or nonresident rates in eight out of the past 10 years (see Figure 3), a trend very different from public four-year institutions where nonresident undergraduate tuition and fees outpaced those for residents every year in the past decade.
**Policy Implications**

**WICHE Tuition Levels in Context.** Institutions, higher education boards, and state policymakers face difficult decisions annually or biannually on setting tuition and fee levels. As a public policy issue, tuition and fees are not an isolated concern but influence other critical issues, including financial aid, access to higher education, and related financing decisions made by states and their institutions. From the perspective of students and their families, tuition and fees are seen in relation to their family income and expenditures, and tuition has continued to take a larger percentage of that income over the past decade.

The regional average real change in median household income in 1998 was 2.9 percent, slightly higher than the national average of 2.7 percent. The average median household income for the region, $38,988, was slightly higher than the national average of $38,885. 1999-2000 tuition and fees at public research/doctoral institutions on average accounted for 8.1 percent of household income in 1998-99, compared to 8.4 percent in 1999-99 and 6 percent 10 years ago. For students at baccalaureate/master’s institutions, the share of household income needed for tuition and fees was 5.9 percent in 1999-2000, compared to 5.8 percent five years ago and 4.5 percent a decade ago. In-district tuition and fees at public two-year colleges accounted for 2.3 percent of median household income in 1999-2000, 2.3 percent five years ago, and 1.6 percent 10 years ago.

The Consumer Price Index – Urban All Items (CPI) rose 2.3 percent from August 1998-August 1999. The average tuition and fees increase at four-year institutions in the region was below that of the prior year CPI. However, excluding institutions in California, where tuition and fees were reduced in 1999-2000, the rate of increase was 4.2 percent, almost double the CPI increase. The average increase of 5 percent in two-year college resident in-district tuition and fees also exceeded the CPI.

It is important to note that average tuition and fees in the West continued to stay below national averages for all institutional types. Because incomes in the West exceed national averages slightly, residents of the West face a slightly lower burden of paying for higher education than do other Americans. Nationally, in 1999-2000 resident undergraduate tuition and fees were $3,356 for four-year institutions and $1,627 for two-year institutions, compared to $2,639 and $896 in Western four- and two-year institutions. However, recent one-year increases (excluding California) were higher among Western states, where four-year colleges increased 4.2 percent on average versus an increase of 3.4 percent nationally and 5.1 percent for two-year colleges versus 4.7 percent across all states.

**Relationship of Tuition to State Appropriations.** The state appropriation for higher education is a major component of tuition-setting discussions. Among WICHE states in 1999-2000, higher education’s share of total state general fund appropriations ranged from 7.2 percent to over 25 percent; at nearly 13 percent, the regional average is 1 percentage point higher than the national average. On average, appropriations to higher education in Western states increased nearly 4 percent in 1999-2000, significantly lower than the national average of 6.8 percent. Because state appropriations are inadequate to fully fund higher education, tuition and fees have played an increasingly important role in subsidizing the cost of education.

**Tuition-Setting Policies.** Access is a widespread concern in the West. In a recent national survey by the State Higher Education Executive Officers (SHEEO) and WICHE, six Western states reported that their philosophy of tuition setting was to keep tuition “as low as possible,” while the remaining nine states attempted to set tuition at low to moderate levels. These policy strategies have resulted in average tuition-and-fees levels falling below the national average. Below-average tuition and fees in the region combined with higher than national average median household income should help increase access to public higher education.

However, the region also includes four of the “poorest states” at the bottom of the median household income ladder: Montana, New Mexico, North Dakota, and South Dakota. For example, in South Dakota, the share of household income needed for baccalaureate education was nearly 10 percent, compared to almost 7 percent for the region, and less than 9 percent for the nation. For poor states (with the exception of New Mexico), broad access to higher education may depend more on financial aid than it does in other states. However, with the exception of California and Washington, Western states offered need-based state grant awards that were significantly below the national average.

Tuition increases have outpaced inflation in the past decade (see Figure 4). Results from the national survey on state tuition policies partially explain the disconnect between tuition increases and inflation. Currently, only six WICHE states...
directly index undergraduate tuition at public four-year institutions to the CPI or the Higher Education Price Index (HEPI). The other states either did not factor in the CPI or HEPI or indirectly considered these indices when setting tuition. Tuition is directly indexed to other factors, such as the state appropriation, cost of instruction, tuition at peer institutions in the region, or the prior year tuition level. Interestingly, the amount of financial aid available does not affect tuition setting in five states and is only indirectly considered in other states.\(^{11}\)

**Conclusions**

For the first time in the past decade, resident undergraduate tuition and fees at public four-year institutions did not outpace inflation or the growth in median household income. In recent years, WICHE states revised their tuition-setting policies, yet the region retains low tuition levels and modest levels of financial support while creating programs to help residents save for college expenses. With college enrollments projected to rise significantly, regional tuition levels and rates of increase both below national averages, and state funding increases below the national norm, higher education in the WICHE region may face financial challenges tougher than in other regions.

**Endnotes**

1. California public two-year institutions were excluded from all calculations because their historically low matriculation fee structure distorts regional patterns.
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4. Ibid.

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**Figure 4**

Ten-Year Changes in CPI, Resident Undergraduates Tuition and Fees at Public Four-Year and Two-Year Institutions in the West, 1992-1999

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**Recent Tuition Policy Changes.** Nine WICHE states changed their tuition-setting policies in the past three years. In 1999-2000, California, and Oregon froze or cut public university tuition and fees, and institutions in Washington were given tuition-setting flexibility within an overall tuition increase cap set by the state legislature. Montana kept tuition at two-year colleges steady. New Mexico indexed annual tuition changes to the HEPI. The Dakotas and Utah dealt with tuition and fees for distance education courses and programs. Hawaii called for increased tuition for University of Hawaii, Manoa professional schools. Alaska changed its tuition-setting date from eight months in advance to 18 months in advance.

**Qualified State Tuition Programs.** The federal tax relief act of 1997 and Section 529 of the Internal Revenue Code passed by the 104\(^{th}\) Congress clarified the federal tax treatment of qualified state tuition plans. Since 1997, several WICHE states have started prepaid college tuition programs or college-savings programs. Only five states nationally had no state college savings plans in place or approved by 1999; three out of the five are in the WICHE region. Because these programs are new in most Western states, their impact in terms of college enrollment, higher education financing, access, and financial aid may not be evident any time soon.

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This issue of *Policy Insights* was prepared by Ying Ling, research associate at WICHE. She can be contacted at (303) 541-0255 or by e-mail at yling@wiche.edu.