Tuition and Fees in the West 2016-17: Trends and Implications

This issue of Policy Insights reviews the results of the Western Interstate Commission for Higher Education’s annual survey of tuition and fees at public colleges and universities in the WICHE region and discusses related policy implications. (Data from the survey were published in November 2016.) Overall, tuition and fees in the WICHE region increased relatively little in 2016-17, slightly less than the national average rate of change – and even decreased in the state of Washington. State appropriations to higher education in the West have generally stabilized in the past several years, although support for higher education in several WICHE states was impacted by the fall in energy prices. But even with the relatively modest increase in tuition and fees, families and students continue to struggle with the rising costs of a college education and affordability remains a key issue for states and individuals.


Tuition Changes at Four-Year Institutions

The WICHE region averages throughout this brief are weighted by full-time equivalent (FTE) student enrollment; the full data report provides averages for both weighted and unweighted tuition and fees. Weighted averages provide a truer estimate of the published price a typical student faces, reflecting overall enrollment levels (although this weighting does not reflect patterns for in-state and out-of-state enrollments).

The average tuition and fees for resident undergraduates at public four-year institutions in the WICHE region were $8,931 in 2016-17, which was an increase of 1.0 percent ($91 in current dollars) compared to the 2015-16 rate, and a five-year increase of 11.4 percent ($915 in current dollars) from 2011-12. By comparison, the national average four-year tuition and fees were up 1.6 percent from 2015-16 to $9,648 (in constant 2016 dollars). But there is substantial variation in tuition prices at four-year institutions within the WICHE region. The lowest statewide average tuition and fees for four-year resident undergraduates was in Wyoming ($5,055) and the highest was in Arizona ($11,060) (Figure 1). Average 2016-17 tuition and fees at four-year institutions in high-price states like Arizona and Colorado were almost double the tuition and fees in low-price states like Wyoming and Montana. There is further variation in price among institutions; for example, in 2016-17, prices at four-year institutions ranged from $4,284 at the University of Montana Western, to $17,868 at the Colorado School of Mines, followed by the University of California campuses at $12,920 or more.

Policy Insights examines current issues in higher education from the perspective of policymakers at the state level and on campus.
Tuition Changes at Two-Year Institutions

The West’s average 2016-17 tuition and fees for resident, in-district students at public two-year institutions was $3,468, excluding Alaska and California (Figure 4). In current dollars, this was just a $3 increase compared to 2015-16 rates, and an increase of $472 (15.8 percent) from five years earlier in 2011-12. In inflation-adjusted terms, the WICHE average in-district
tuition decreased $60 (1.7 percent) from 2015-16, and increased $187 (5.7 percent) from five years prior in 2011-12. Nationally in 2016-17, two-year tuition and fees averaged $3,520, which was 1.6 percent higher than the previous year ($3,514, in constant 2016 dollars) and $52 more than the WICHE average.8

Among WICHE states, community colleges in California continue to charge the lowest rates for in-district two-year college students ($1,380), followed by New Mexico ($1,712). The highest state average was for South Dakota’s public technical colleges ($6,775), almost twice the WICHE average. The highest increase was in the Commonwealth of the Northern Mariana Islands, where resident, in-district two-year college students experienced a 41.8 percent increase ($1,418 in current dollars) followed by Wyoming, which experienced a 7.5 percent increase in tuition and fees between 2015-16 and 2016-17 (Figure 5). However, Wyoming’s average two-year tuition and fees remain below the WICHE average tuition. On the other hand, in-district two-year students in Washington experienced a 10.3 percent decrease ($431 in current dollars) in tuition and fees from 2015-16 to 2016-17.

Ten-Year Change

Tuition and fees at public two-year institutions in the WICHE region increased an average of 27.7 percent between 2006-07 and 2016-17, excluding Alaska and California, in inflation adjusted terms (Figure 6). Hawai’i’s average two-year tuition and fees increased the most in percentage terms (81 percent), and South Dakota’s average two-year tuition and fees increased the most in dollar terms ($2,938). As with four-year institution rates, Montana was the only state to have lower tuition and fees in 2016-17 than in 2006-07, when adjusted for inflation.9

Overall Positive News about State Support for Higher Education in the WICHE West

Data suggest that, overall, higher education continues to experience restoration to funding and enrollment demand has subsided for the fifth consecutive year. Data from the annual Grapevine survey of state
appropriations to higher education indicate that 39 of the 49 reporting U.S. states increased funding for public higher education in FY17, amounting to an average increase of four percent.\textsuperscript{11} In the WICHE region, overall, state appropriations for higher education increased for the fifth year in a row. The WICHE regional average change in state appropriations to higher education from FY16 to FY17 was 2.8 percent (Figure 7). However, there are some states, particularly those with economies closely tied to the energy sector, that are struggling to keep pace with the regional trend.

California factors heavily in the national average rate of change. It has accounted for more than 55 percent of all state higher-education spending in the WICHE region over the last five years and 41 percent and 67 percent of four-year and two-year student enrollments, respectively.\textsuperscript{12} The WICHE one-year average increase in state appropriations to higher education without California was 3.2 percent in FY17. Twelve of the 15 WICHE members included in \textit{Grapevine} experienced growth in funding levels over the last fiscal year, and three states had increases above 7.0 percent – Hawai‘i, Idaho, and South Dakota.\textsuperscript{13} The three states with declines in state support for higher education from FY16 to FY17 – Alaska, New Mexico, and Wyoming – were presumably impacted by the global fall in energy prices.\textsuperscript{14} Fourteen of the 15 states in the WICHE region increased state support for higher education over the past five years, between FY12 and FY17. Only Alaska appropriated less in FY17 than in FY12.

The \textit{Grapevine} data provide estimated state appropriations for the \textit{current} fiscal year (FY17), but the State Higher Education Executive Officers annual finance survey (\textit{SHEF}) provides state appropriations for the most recent \textit{prior} completed fiscal year (FY16). The \textit{SHEF} data also indicate per-FTE appropriations, or state appropriations relative to student enrollment levels. According to \textit{SHEF} data, WICHE region per-student state appropriations increased for a fourth consecutive year, with most of the WICHE states posting increases between FY15 and FY16 (Figure 8).\textsuperscript{15}

Eleven of the WICHE states had increases in per-student funding in FY16. Six states had above-average per-student funding increases, and three states had increases above 11 percent. Arizona has struggled to reinstate pre-recession levels of funding per-student, and in FY16 had the largest percent decrease in per-student funding in the region. Two of the WICHE states whose economies have been hit hard by low energy prices, Alaska and North Dakota, lost ground between FY15 and FY16, after years in which they provided some of the greatest per-student funding. South Dakota also had a slight year-over-year decline in funding per student.

While per-student funding levels reflect states’ efforts to restore funding to higher education, they can also reflect enrollment declines. According to \textit{SHEF}, overall FTEs for the region were flat between FY15 and FY16, and down in Wyoming (1 percent), Washington (1 percent), and Oregon (3 percent), the states which
also had the greatest one-year increases in per-student funding. Figure 8 also shows per-student funding compared with FY08, when per-student funding was typically at a high level. Most of the WICHE states were well short of having fully restored per-student support in FY16. Only three states had higher per-student appropriations in FY16 than in FY08 – North Dakota, Wyoming, and Montana.

Figure 9 shows WICHE state FY16 per-student educational appropriations in dollar terms, ranging from $3,769 in Colorado to $17,620 in Wyoming. It also indicates how widely varied states’ higher education finance strategies are in the West, in terms of the share of per-student support that is either state appropriations or tuition revenue. Regionally, educational appropriations accounted for 64 percent of revenues per student in FY16, but ranged from 31 percent in Colorado to 88 percent in Wyoming.

State appropriations per FTE decreased by 7 percent in the WICHE region over the last decade (Figure 10). Most of the decrease in state support accumulated during the Great Recession, and there have been modest increases in appropriations per FTE over the past five years. Over the same decade, between 2006-07 and 2016-17, average tuition and fees for the WICHE region increased 52 percent. The largest increases in tuition and fees occurred in the years with greatest decreases in state higher education appropriations, also during the Great Recession, and tuition and fees have stayed relatively flat in the years since.

**Implications**

Stabilization of tuition and fees for the WICHE region over the past several years combined with the recent increases in overall state support for higher education present a positive fiscal outlook for higher education in the WICHE region. However, over the past several decades, the overall increase in tuition and fees and total college costs have outpaced inflation and income, making college unaffordable for many students – and even more unaffordable for low-income students.17 Acknowledging that future workforces will require higher levels of education, states have articulated postsecondary completion goals detailing the economic imperative of increasing attainment levels.18 Addressing issues of college affordability plays a central role in meeting education goals – in particular, because of the role that affordability presents as a barrier to access to postsecondary education.19

**Affordability**

While college affordability has emerged as a central topic, defining affordability in the context of higher education continues to be a challenge.20 Lumina Foundation’s “Rule of 10” was issued as one benchmark for postsecondary affordability and seeks to connect postsecondary price to the ability of an individual and family to contribute to college costs, in light of the wide variation in student and family resources.21 Case in point, tuition and fees in the WICHE region far outpaced stagnant, median household incomes over the past decade. In inflation-adjusted terms, between 2005 and 2015, the average four-year tuition and fees in the WICHE region increased by 55 percent at public doctoral-granting and baccalaureate/master’s institutions and 32 percent at associate’s institutions, while the median household income in the region
increased by only three percent. Figure 11 shows the relatively minor change in median household income in the WICHE region between 2005 and 2015 compared to the dramatic increases in tuition and fees. Tuition and fees as a proportion of the median household income increased by 6 percent at public doctoral institutions from 11 percent to 17 percent of household income. The ratio of tuition and fees to median household income varies significantly across the region. Four-year tuition and fees in 2015 represented 21 percent of Arizona’s median household income, while in Wyoming tuition and fees were 8 percent of the median household income. The rising portion of household income that tuition and fees represents indicates the burden that is placed on students and families in financing higher education. And this presents a significant affordability issue when taking into account that tuition rates represent only a portion of all college costs, and due to rising tuition and increases in other education related expenses, overall net prices have increased across all institution types.

These increases present a particularly large affordability concern for underrepresented minorities, since the average tuition and fees in the WICHE region in 2015 represented a much higher proportion of Hispanic, Black, and American Indian/Alaska Native households’ median income compared to White and Asian households. As such, virtually all states can expect to see an increasing demand for college financial aid as minority student populations grow in number over the next decade.

Financial Aid

In order for states to achieve economic and workforce goals, state finance policy should be aligned, such that state financial aid policy should be made in an aligned way with state appropriations and tuition to maintain affordability for students and families and mitigate economic barriers to a postsecondary education. Throughout the WICHE region there is variation among members in how they distribute state aid dollars to students. According to data from the National Association of State Student Grant and Aid Programs, the average state financial aid per undergraduate in 2014-15 was $467 in the WICHE region compared to $752 nationally (the latest year for which these data were available). California and Washington typically provide substantially more grant aid per undergraduate than the national average – $1,062 and $1,368, respectively, in 2014-15 – and recent strong increases in New Mexico pushed it above the national average for the second year in a row. But, without these three high-aid states, the WICHE average state aid per undergraduate was $258, about a third of the national average.

Beyond the total dollar amount provided to students, there is further variation among members in the region in how they determine state aid. In 2014-15, 76 percent of state grant aid to undergraduates was in the form of need-based aid, nationally. In the WICHE region, 95 percent of all state grant aid to undergraduates was through grants that include a need-based component; however, there is significant variation among WICHE member’s inclusion of financial circumstances in state aid eligibility. While some WICHE members provide state grant aid almost exclusively based on financial need, other members awarded a third or less based on need.

Lack of affordable higher education can act as a barrier for a state’s ability to develop the educational capacity necessary to meet future workforce needs. This is particularly true in the context of changing demographics, and the need to provide educational opportunities for low-income students becomes more apparent. According to the National Center for Children in Poverty, in 2015, 43 percent of all children under the age of 18 lived in low-income families, with significantly higher rates of Hispanic, black, and American Indian/Alaska Native youth living in low-income families. The high percentage of underrepresented youth populations living in poverty presents potential challenges to states in developing financial aid policy to help offset the growing costs of postsecondary education. This is especially true for the West, as most of the addition to the youth population is expected to come from Hispanic youth. Those states with high tuition rates and little need-based aid per student may be posing...
further barriers for low-income students to attain a postsecondary degree, which impacts both the individual’s ability to attain higher wage premiums associated with a postsecondary degree and the state’s ability to meet future workforce needs.

For the neediest students, federal financial aid continues to be a more substantial form of support compared to state aid; however, the current uncertainty of federal funding levels, both short- and long-term, may impact low-income students’ ability to afford college. The intersection between federal and state financial aid policy is central to the discussion on increasing affordability for students, and any changes to federal aid policy will impact state financial aid as well.

**Student Debt**

Over the past several years there has been increasing national attention to the rising total educational debt in the United States, and there have been federal and state proposals to address the rising debt loads. There are several reasons for the mounting total debt, including rising tuition, increased living expenses for college students, and stagnant household income, not to mention variation in borrowing. The relationship between student borrowing and other postsecondary economic factors makes educational borrowing a central part of the discussion of increasing affordability.

According to The Institute for College Access and Success, in 2015, 68 percent of graduates from public and private nonprofit colleges in the U.S. had student loan debt. Although the percentage of graduates with debt remained relatively the same from 2014, the average debt level at graduation increased 4 percent (to $30,100) from 2014 to 2015. Among the 10 states with the lowest per-student average debt, eight states were in the WICHE region. In fact, Utah, New Mexico, California, and Wyoming, were the four states with the lowest debt levels in the country.

The increasing debt level and average borrowing of bachelor’s degree earners is an indication of affordability. But, averages for four-year graduates’ masks substantial variation in student borrowing. And data for graduates does not illuminate affordability issues for those who borrow and do not graduate and may face negative consequences from educational borrowing. Bachelor’s degree earners benefit from higher wages and more employment opportunities, which support repayment. On the other hand, those who borrow and do not complete their degree are not indicated to receive similar payoff in the labor market and are more likely to default on their loans. The variance in student repayment and default among completers and non-completers suggests that there is no single, blanket finance policy such as simply decreasing tuition or increasing aid. States will have to consider variation in the population’s ability to pay, need, and availability of higher education opportunities that result more universally in degree completion.

**Budget Impacts**

Across the WICHE region, state support for higher education has continued to recover from the Great Recession; however, there are several WICHE members – Alaska, North Dakota, New Mexico, and Wyoming – that are facing substantial budget challenges as a result of the global fall in oil and gas prices. History indicates that reduced state support could further shift postsecondary costs onto students and families through tuition increases or decreases in state aid. For example, in Alaska in 2016, $80 million was cut from a deposit into the state’s Higher Education Investment Fund, which provides long-term funding for the Alaska Performance Scholarships and the Alaska Education Grant program. In recent years in New Mexico, tuition and demand have outpaced the revenues that support the New Mexico Legislative Lottery Scholarship. Unable to fund the program at previous levels, the legislature introduced a proposal this year to adjust the lottery scholarship to support only low-income students. After that proposal failed to pass, there is uncertainty about funding levels for the scholarship during the upcoming fiscal year. How states respond to current budget challenges could potentially impact their long-term economic and workforce development as reducing affordability could diminish pursuit of higher education.

**Conclusion**

Overall, tuition and fees in the WICHE region have moderated for the past few years and state funding is being restored to pre-recession levels in most states. However, several WICHE states – particularly those reliant on the energy sector – are facing significant budget challenges and have seen recent decreases in state support for higher education. And while the recent trend in tuition and fees is good news, tuition and fees increases have outpaced inflation and income over the past decade, making higher education unaffordable for many students and families. States continue to utilize state-aid policy to remove some of the costs of attaining a postsecondary credential or degree, but gaps in affordability persist and students are graduating with more debt than in previous years. Across the WICHE region, regardless of the current fiscal outlook, addressing issues of affordability must play a significant role in how states seek to meet future workforce and educational goals.
Endnotes

1 WICHE’s newest member is the U.S. Pacific Territories and Freely Associated States, currently represented by the Commonwealth of the Northern Mariana Islands and Guam. WICHE average tuition and fees includes the Commonwealth of the Northern Mariana Islands, but Guam is not included in the 2016-17 data collection. Many data sources do not cover these territories etc, e.g., Grapevine and SHEF.

2 Three of the five WICHE institutions categorized as baccalaureate/associate’s colleges according to Carnegie Classifications are included among the four-year institutions for the purposes of the Tuition & Fees report – Dixie State College (Utah), Northern New Mexico College and Colorado Mountain College. But, the other two such institutions – Great Basin College (Nevada) and Northern Marianas College (Commonwealth of Northern Mariana Islands) – are included with two-year institutions because their undergraduate instructional programs are associate’s dominant.

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


5 According to WICHE’s tuition and fees survey respondent in Washington, the state’s biennial 2015-2017 operating budget provided for tuition reductions, beginning with a 5 percent reduction of the operating fee the first year of the biennium for all college and universities and additional reductions in 2016 for the universities. Tuition is statutorily defined as operating fees plus building fees, and building fees were not reduced so some reductions in tuition for four-year institutions are less than 5 percent.

6 In current dollar terms, the Montana state average tuition and fees for resident, undergraduates at four-year institutions increased 19 percent between 2006-07 and 2016-17.

7 The average for the two-year institutions excludes California and Alaska institutions. Including California with its large number of students and historically low rates reduces the average resident tuition and fees for two-year institutions in the West to $2,109 for 2016-17. Alaska is not included in the average for two-year institutions, because since 2014-15, no campuses are separately accredited; they now all exist as independent community college campuses under the University of Alaska Anchorage umbrella. Students within the University of Alaska system are all charged the same rate, regardless if they are in a baccalaureate or associate’s program, which is $192 per credit hour for lower division courses and $232 per credit hour for upper division courses- but Prince William Sound Community College and Kodiak College tuition rates have been increased. The WICHE region also includes the University of Alaska Anchorage, which is not included in this analysis.


9 Ibid, College Board.

10 In current dollar terms, Montana’s state average tuition and fees for resident, in-district/county students at two-year institutions increased 19.7 percent between 2006-07 and 2016-17.


12 Illinois State University Center for the Study of Education Policy and the State Higher Education Executive Officers, Grapevine, An Annual Compilation of Data on State Fiscal Support for Higher Education: Fiscal Year 2016-17 (Normal, IL: Illinois State University, 2017). FY17 figures for Illinois not included, because by the time of publication, Illinois had not yet enacted a FY17 state budget; in recent years Illinois has accounted for 5 percent of state funding for higher education. Grapevine data also do not cover the Northern Marianas Islands nor Guam.


14 The data are not available for the Commonwealth of the Northern Mariana Islands nor Guam.


19 Ibid, WICHE, Knocking at the College Door.


23 Ibid, Grapevine.


19 Ibid.


24 Ibid, Lumina Foundation.

25 Ibid, WICHE, Knocking at the College Door.


26 Ibid, WICHE, Knocking at the College Door.


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Publication Number 2A40017A

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