

## Tuition and Fees in the West 2012-13

Average resident undergraduate tuition and fees for the academic year 2012-13 at public two-year institutions in the WICHE states (excluding California) increased by 6.4 percent (\$200) from the previous year, while published prices at public four-year institutions grew by 4.1 percent (\$296). By comparison, nationally, the one-year increase was 5.8 percent for two-year and 4.8 percent for four-year institutions.

This issue of *Policy Insights* reviews the results from an annual survey, conducted by the Western Interstate Commission for Higher Education (WICHE), of tuition and fees at public colleges and universities in the WICHE region, which includes 15 states – Alaska, Arizona, California, Colorado, Hawai'i, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming – and as of November 2012, the Pacific island U.S. territories and freely associated states (the Commonwealth of the Northern Mariana Islands is the first to participate). Complete data are available in *Tuition and Fees in Public Higher Education in the West, 2012-13: Detailed Tuition and Fees Tables* ([www.wiche.edu/pub/16527](http://www.wiche.edu/pub/16527)), published by WICHE in November 2012. The survey on which the report and this policy brief are based was administered to state higher education executive offices or system offices in the Western states.<sup>1</sup>

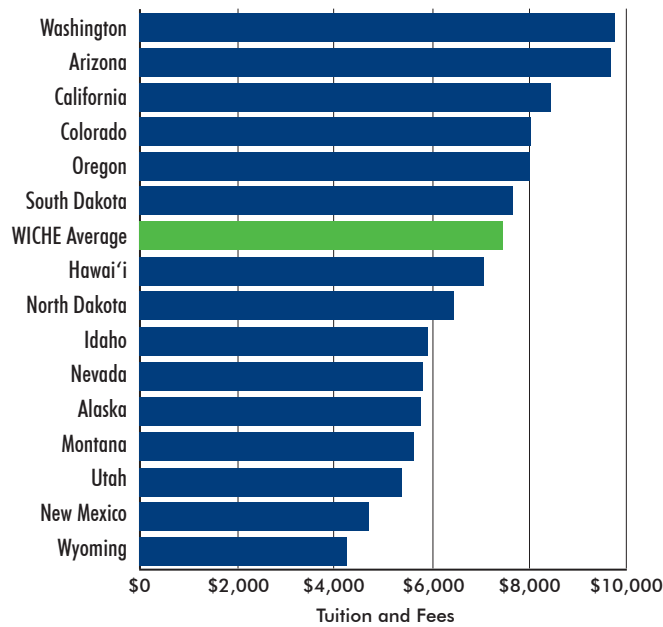
### Four-Year Institutions

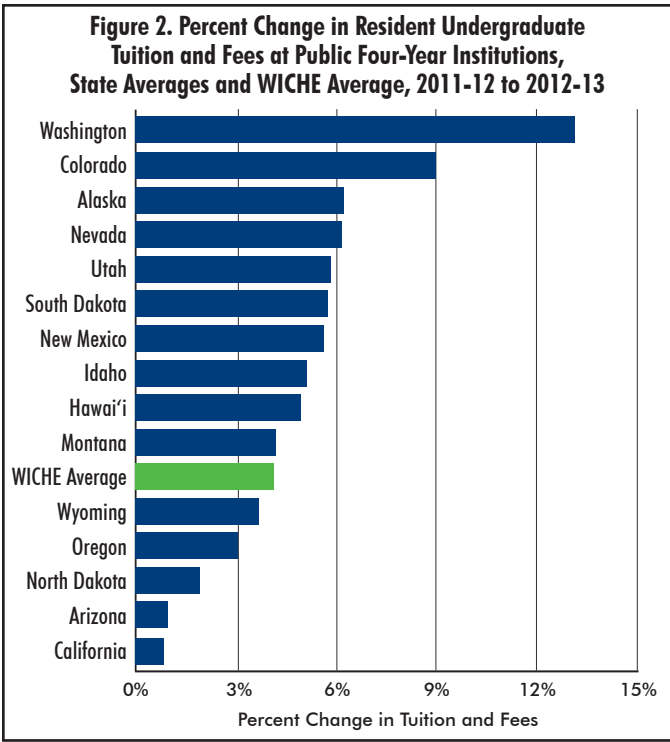
Average tuition and fees for resident undergraduates in 2012-13 at public four-year institutions in the WICHE region were \$7,465, an increase over the previous year of \$296 (4.1 percent). By comparison, the national average was \$8,655, which was up \$399 (4.8 percent).<sup>2</sup> After adjusting for inflation, the change in average resident undergraduate tuition in the region was 2.3 percent over 2011-12; the five-year increase, over 2007-08, was 41.6 percent.<sup>3</sup>

Within the WICHE West, there was substantial variation in tuition prices at four-year institutions. Prices ranged from \$3,504 at New Mexico Highlands University to \$15,654 at the Colorado School of Mines.<sup>4</sup> The statewide

average price in this sector was lowest in Wyoming, at \$4,278, and highest in Washington, at \$9,766 (Figure 1). The gap between high-price states like Washington and Arizona and low-price states like Wyoming and New Mexico has widened considerably over recent years. The largest one-year increase in percentage terms occurred in Washington, where average statewide tuition and fees climbed 13.2 percent; the smallest rates of growth were in California and Arizona, 0.9 percent and 1.0 percent, respectively (Figure 2).<sup>5</sup> California also had the lowest average increase in dollar terms, \$72; while students in Washington paid the highest average dollar increase, \$1,136.

**Figure 1. Resident Undergraduate Tuition and Fees at Public Four-Year Institutions, State Averages and WICHE Average, 2012-13**



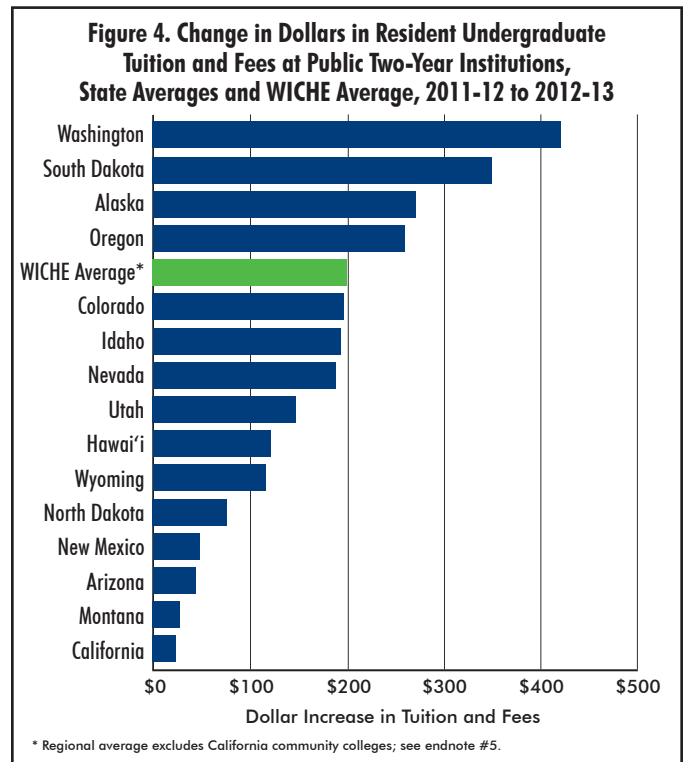
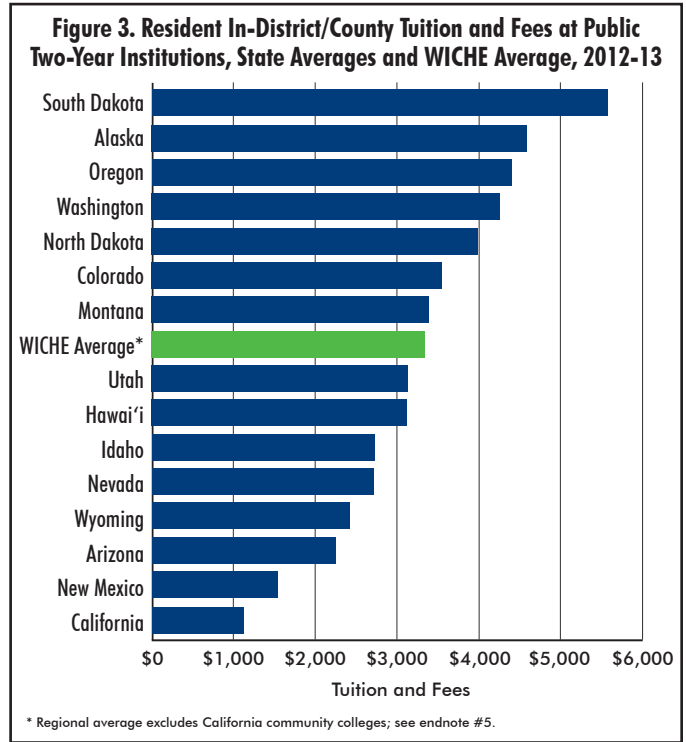


The average nonresident undergraduate tuition and fees at public four-year institutions in the region were \$19,315, up 4.0 percent from 2011-12, essentially the same rate of increase as for residents. But in dollar terms, the \$745 average increase for nonresident tuition across the region was two-and-a-half times the average increase for residents. New Mexico Highlands University charged nonresidents the lowest tuition, at \$5,672; while the most expensive institution for nonresidents was the University of California, Davis, at \$36,755.

**Two-Year Institutions**

The West’s average tuition rate at two-year institutions, excluding those in California, exceeded the national figure for the seventh consecutive year. Tuition and fees for resident, in-district students at public two-year colleges in the WICHE states, excluding California, averaged \$3,319 in 2012-13, an increase of \$200 (6.4 percent) over the previous year and \$905 (37.5 percent) over 2007-08.<sup>6</sup> The national average for tuition and fees, \$3,131, and the increase over the previous year, \$172 (5.8 percent), were both lower than the WICHE averages.<sup>7</sup> Excluding California, the West’s inflation-adjusted growth was \$144 (4.5 percent) in the past year.

Within the WICHE states, the two-year institutions in California continue to charge the lowest rates for in-district students, at \$1,104. The next lowest rate was New Mexico’s, at \$1,506; and the highest was South Dakota’s, where the average was \$5,555 (Figure 3). The state with the largest increase when measured in dollars was Washington, where published prices went up by



\$421; the state also saw the biggest one-year percent increase, 11.0 percent (Figure 4).

**Price Pressures Still Rising**

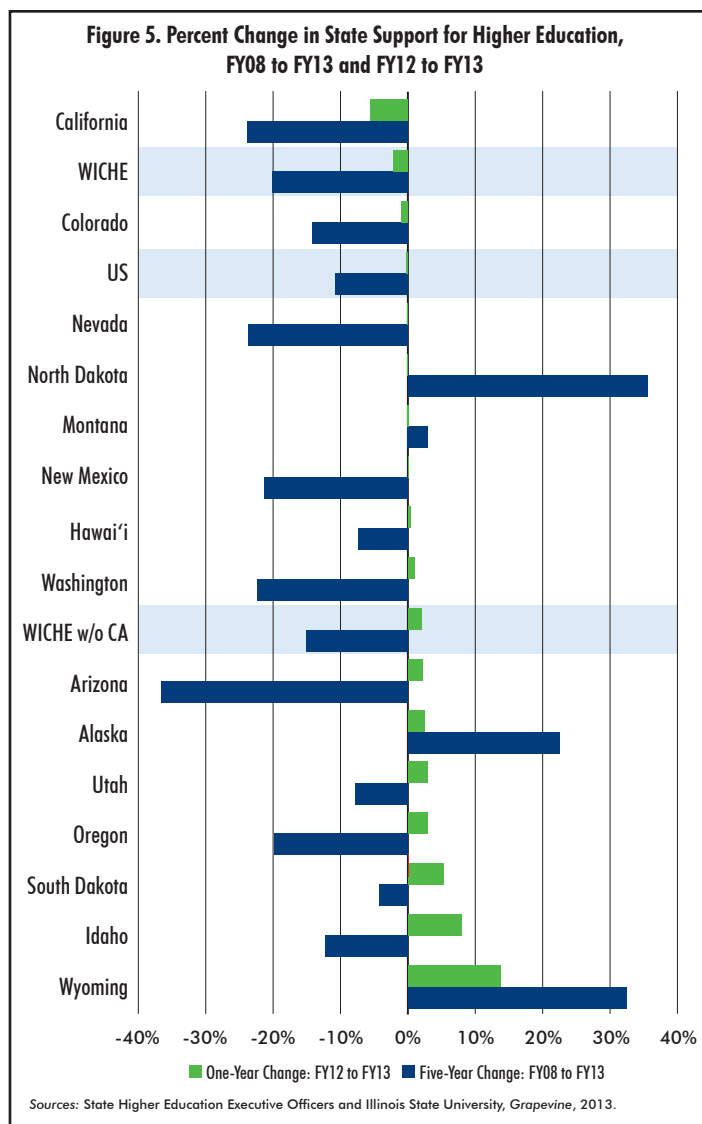
Over the last few decades, Americans have come increasingly to view a higher education as necessary to individual success and widespread prosperity. Yet they harbor grave concerns over accelerating growth in published tuition prices, even as they acknowledge how essential higher education has become. Most recently,

the 2008 economic collapse and declines in family resources have substantially affected families' ability to pay for higher education, while states' continuing budget struggles have affected financial aid.

There has been consistently better news on the state of state revenue collections in the years since the official end of the recession. But those growing revenues are only starting to make their way into increased higher education investments in FY 2013 – and not in all states. Meanwhile, the combined effect of decreases in state appropriations to higher education between 2008 and 2012 and enrollment growth have left public institutions in most states to make do with far fewer dollars than before the recession.

Data from the annual *Grapevine* survey of state appropriations to higher education indicate that 19 states continued to see declines in the dollars directed to higher education in FY 2013, with decreases averaging 3 percent.<sup>8</sup> Among states that saw a rise in funding, increases averaged 3 percent. As shown in Figure 5, state appropriations for higher education in FY 2013 were down 2.3 percent for the WICHE region as a whole. This was notably better than last year's regional decline of 13.7 percent. If California, whose appropriations dropped 5.7 percent in FY 2012, is taken out of the picture, there is a slight increase in state appropriations to higher education for the WICHE region, 1.9 percent. (California made up 47 percent of all state higher education spending in the WICHE region in FY 2013. Its four-year enrollments comprised 37 percent of the regional total, while its two-year enrollments made up 65 percent of the region's total, in fall 2011, the most recent data available.) Eleven of the 15 states in the WICHE region experienced growth in funding levels from the prior year, averaging 3.4 percent and ranging from less than 1 percent in four states to as high as 13.7 in Wyoming. In addition to California's larger decline, three other states experienced declines of 1 percent or less from FY 2012.

Figure 5 also shows how state funding levels have shifted in the WICHE states since FY 2008, the last full fiscal year prior to the recession. In spite of hopeful increases in state appropriations in FY 2013, the figure shows how far behind states remain as they continue to claw their way back from the recessionary cuts – cuts that would have been far worse without the federal stimulus funding. Eleven Western states appropriated less in FY 2013 than in FY 2008. Eight states are down 10 percent or more – and in five of these, funding is down by 20 percent or more (by magnitude of decline: Arizona, California, Nevada, Washington, and New Mexico). Only Alaska, Montana, and Wyoming were



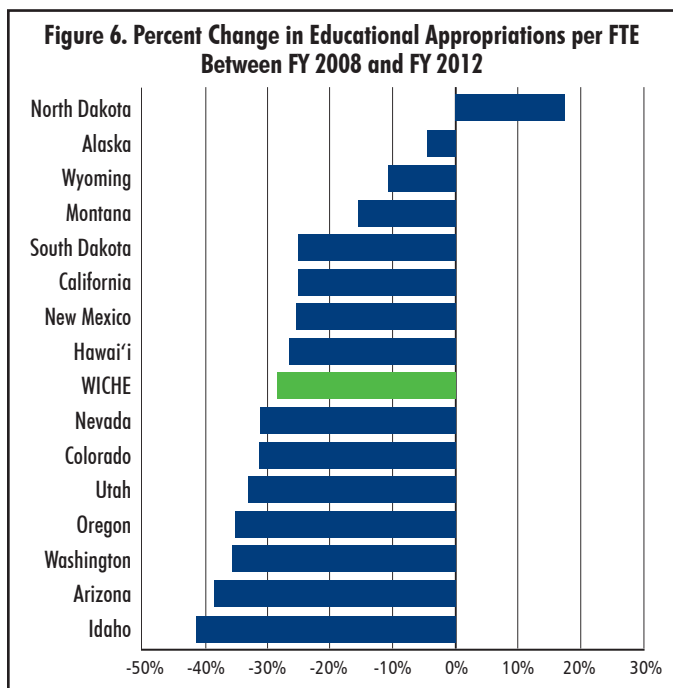
able to provide increases in funding over both the one-year and five-year periods; North Dakota increased funding by 35 percent since FY 2008, but had a negligible decrease over the last year.

Also, even though states are working to restore cuts to higher education in FY 2013, state appropriations are spread much more thinly, due to significant enrollment growth during the recession. Between 2007-2008 and 2010-2011, enrollment levels shot up by 9.7 percent in the West, before sliding back 1.9 percent in 2011-2012.

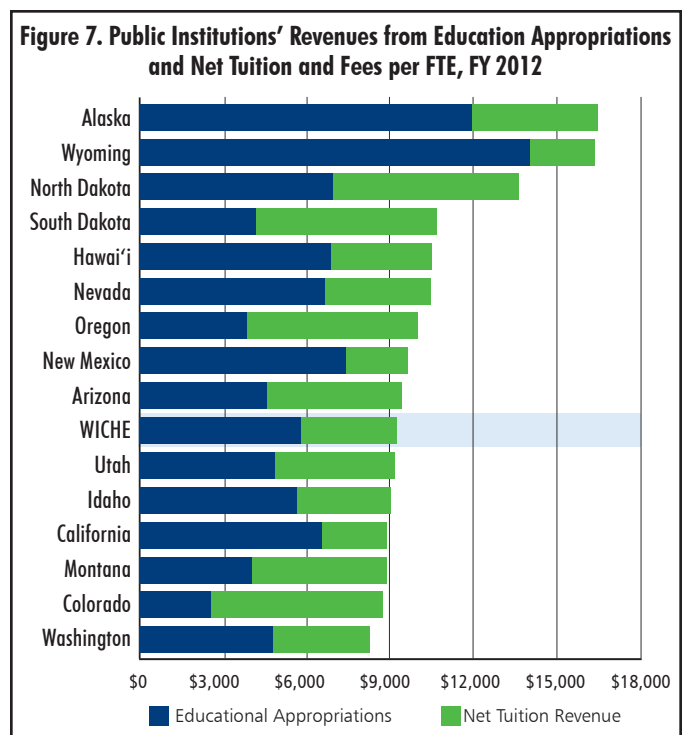
Results from the State Higher Education Executive Officers annual finance survey, which provides state appropriations per student (as opposed to total appropriations overall, as *Grapevine* does), show that state support for higher education across the WICHE region continued to slump in FY 2012, falling to \$5,543 from a high of \$7,886 in FY 2008, a drop of 29.7 percent (Figure 6).<sup>9</sup> Idaho's decline was the largest among the WICHE states, with per student (FTE) support falling by 41.7 percent. Higher education

investments in mineral-rich states like Alaska and North Dakota weathered the economic downturn much better – and North Dakota was even able to support an increase. In FY 2012 per student educational appropriations ranged from \$2,551 in Colorado to \$14,105 in Wyoming (Figure 7). The West demonstrates how widely varied states’ higher education finance strategies are, with the share of operating revenues accounted for by educational appropriations ranging from 29.2 percent in Colorado to 86.2 percent in Wyoming.

State financial aid also plays a critical role in access and affordability. Many states were able to increase



state aid appropriations even as the economy was still recovering, due in large part to funding from the American Recovery and Reinvestment Act. But as federal stimulus dollars ran out, states found their financial aid programs squeezed, thanks to swelling numbers of eligible applicants and competition for finite resources. The average state financial aid per student in FY 2012 was \$520 in the U.S. and \$320 in the WICHE region (Figure 7). Five WICHE states provided aid above the regional average, ranging from \$431 in Colorado to \$1,262 in Wyoming. Ten states provided aid below the regional average, with seven of them coming in at less than \$100 per student. State aid per student increased since FY 2008 in six Western states, despite the recession and the end of stimulus funding, but it decreased in seven states (Alaska and Nevada did not report any state aid).



This year’s report shows that the substantial increases in sticker prices that characterized the recession appear to have moderated in 2012-13, although pressures on tuition are unlikely to abate in the foreseeable future. The budget-balancing task in many states is also becoming somewhat easier, due to rising tax revenues. And the improving economy may offer crowded institutions some relief, as more individuals enter the workforce due to a rising opportunity cost of attending college instead (though if that trend continues, it could slow national progress toward developing the highly educated workforce projected to be needed for economic growth).<sup>10</sup> However, there remain significant hazards on the horizon, and pressures on tuition are unlikely to abate in the foreseeable future. Public institutions are at a point of fiscal weakness, increasingly reliant on tuition payments to cover expanded operating costs. It is not clear how long a rapidly diversifying, less financially secure population can support a high-quality higher education enterprise through user fees.

Meanwhile, prospects for a substantial recovery in higher education funding are dampened by unpredictability at the federal level about debt reduction, borrowing limits, spending, and sequestration. While the Pell Grant program is exempt from the budget sequestration for 2013, other student aid programs could be impacted, and the highest-need students may be affected the most. On top of that, certain institutions could be particularly affected by cuts in federal research funds.<sup>11</sup> Finally, higher education must compete for any increases in tax revenue with

other services and programs that continue to face high levels of demand.

## **Policy Implications**

As state tax revenues climb, policymakers will face loud calls to restore prior years' cuts to higher education institutions' direct appropriations. Such restorations are critical when cuts have seriously undermined institutions' ability to fulfill their basic missions: in California – as just one example – the community college system has been forced to turn away hundreds of thousands of students.<sup>12</sup>

But policymakers will also have the opportunity to consider how to distribute new dollars to promote changes that better serve the public good. And amidst all the grim news that has washed over the higher education industry during the recession, in some states such changes are being made or seriously considered. While the debate rages on about how our nation should pay for public goods and services, the actions and strategies of those states may provide a model for constructive change.

**Revenue enhancement.** Nowadays, budgets must be kept balanced by constitution in most states – and too often that means “balancing” the budget on the back of higher education. Because of this the higher education industry may have the most to gain from policies that feature revenue enhancement (even if those policies only yield less draconian cuts and not actual funding increases).

That is why California's decision to raise taxes to support higher education as it works its way out of the hole created by the recession is notable (especially considering the fact that increasing taxes in the state requires a super majority of two-thirds in the Legislature). California's funding to higher education has been slashed by \$2.25 billion since 2008 (19.3 percent). The FY 2013 budget included agreements with the University of California not to raise tuition and with the California State University system to keep tuition at 2011-12 levels. In exchange, the systems got a boost in appropriations, made possible by new revenue from an income tax increase on top earners, which was approved by voters through Proposition 30 in the November 2012 election.

**Outcomes-based performance funding.** States continue to show growing interest in outcomes-based performance funding policies that are aimed at explicitly aligning state payments to institutions with goals for improved productivity and degree completion. Outcomes-based and performance-funding models

have gained significant momentum, spurred on by efforts by the National Governors Association and Complete College America, substantial foundation backing, and increasing bipartisan support from federal legislators and leaders in the nonprofit world. Such efforts are also bolstered by the increasing feasibility of tracking student achievements, as demonstrated by statewide longitudinal data systems (SLDS).<sup>13</sup>

This type of model may help ensure that limited resources are used as efficiently as possible and to benefit as many students as possible. It may also provide options for targeting financial support to needier students without losing sight of success and completion. Nine Western states considered productivity- and performance-enhancing measures during the 2011 and 2012 legislative sessions, but most of the activity related to planning, commissions, and studies. Only Colorado, New Mexico, South Dakota, and Washington passed legislation on some aspect of outcomes-based funding.<sup>14</sup> Other states have implemented some aspects of outcomes-based performance funding through their governance structures, without legislation.

**State-funded financial aid.** Another promising experiment on the state financial aid side is underway in Colorado. Recognizing that basically flat levels of state-based aid were, amidst rising costs and growing numbers of needy students, having less and less impact, Colorado introduced a system for FY 2014 onward that targets undergraduate need-based aid based on student progression and completion. The new approach will replace the state's longstanding policy of distributing aid in different amounts to institutions based on their price levels and instead make allocations to them under a new approach aimed at creating incentives to produce higher rates of completion. Institutions will receive allocations based on the Pell-eligible students they enroll, with amounts increasing for students closer to completing their programs. Amounts start at \$610 for freshmen and climb by \$200 for every 30 credit hours completed, up to 90 credit hours, adding up to \$1,210 for seniors.

Additionally, South Dakota announced that it would create a state-funded need-based grant aid program, meaning that all 50 states now have some kind of need-based grant program. South Dakota's new program will be relatively modest at first. It adopts a novel strategy, requiring participating institutions to put \$3 of their own money towards need-based support for every \$1 of state funding they receive from the program. The program will also insure that the funds are concentrated



among institutions that serve needy populations by distributing aid dollars to institutions based on the proportion of Pell Grant-eligible students they enroll.

## Conclusion

The continued shifting of the cost burden onto students is a potentially troubling trend that should be monitored carefully by policymakers. Whether by expressed intention or not, the quest for net tuition revenue as the critical source of operating funds will drive institutional decisions in unpredictable ways. At the same time that the pool of traditional-age potential college students starts to dip,<sup>15</sup> colleges will have incentives to test just how far they can penetrate that market – whether it means they are reaching for students in other states or overseas, investing scarce institutional aid dollars on students with sufficient financial means, or using other tactics, some of which could crowd out deserving students in their own states, especially those from a growing population of underrepresented minorities.

If institutions are encouraged to adopt more intentionally market-oriented practices by state disinvestment in higher education, state policymakers should be aware that market dynamics increasingly will determine who gets served, and when, and how. And they must be prepared to offer policy solutions that can balance this alternative market-based method of financing while also countering the ways in which the market sometimes fails to ensure equitable access to higher education.

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## Endnotes

<sup>1</sup> The averages reported for the WICHE region throughout this brief are unweighted averages; the report itself presents both unweighted averages and averages weighted by full-time equivalent (FTE) enrollment. A complete list of respondents is available in *Tuition and Fees in Public Higher Education in the West, 2012-13* ([www.wiche.edu/pub/16527](http://www.wiche.edu/pub/16527)). The Pacific island U.S. territories and freely associated states joined WICHE as a member in November 2012; the Commonwealth of the Northern Mariana Islands is the first to participate. It is therefore not included in the data collection for 2012-13 tuition and fees. According to IPEDS, tuition and fees for Northern Marianas College were approximately \$2,200 for 2011-12.

<sup>2</sup> College Board, "Trends in College Pricing" (Washington, D.C.: College Board, 2012), Table 1a.

<sup>3</sup> Inflation adjustments used the Higher Education Cost Adjustment, calculated by the State Higher Education Executive Officers.

<sup>4</sup> Three 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 *Tuition & Fees* report, Great Basin College (Nevada) was considered a two-year institution at the request of the institution and because its undergraduate instructional program is primarily an associate's program.

<sup>5</sup> For all California State University campuses, 2011-12 tuition rates remained in effect for 2012-13, based on California voter approval of Proposition 30 in November 2012.

<sup>6</sup> The average for the two-year institutions excludes California institutions because their large student numbers and historically low fees distort regional patterns. Including them changes the average resident tuition and fees to \$2,364 for 2012-13.

<sup>7</sup> College Board, "Trends in College Pricing."

<sup>8</sup> Illinois State University Center for the Study of Education Policy and the State Higher Education Executive Officers (SHEEO), "Grapevine: An Annual Compilation of Data on State Fiscal Support for Higher Education: FY 2012-13," accessed 18 February 2013 at <<http://grapevine.illinoisstate.edu/index.shtml>>.

<sup>9</sup> State Higher Education Executive Officers, state higher education finance data provided to WICHE, 20 February 2013. Figures are adjusted for inflation (using the Higher Education Cost Adjustment), enrollment mix, and cost of living differences among states.

<sup>10</sup> William Selway, "State Tax Revenue Rebounds as Post-Recession Spending Rises," *Bloomberg* (14 December 2012), accessed 11 February 2013 at <[www.bloomberg.com/news/print/2012-12-14/state-tax-revenue-rebounds-as-post-recession-spending-increases.html](http://www.bloomberg.com/news/print/2012-12-14/state-tax-revenue-rebounds-as-post-recession-spending-increases.html)>; and National Association of State Budget Officers, "Fiscal Survey of States, Fall 2012," accessed 15 February 2013 at <[www.nasbo.org/publications-data/fiscal-survey-states/fiscal-survey-states-fall-2012](http://www.nasbo.org/publications-data/fiscal-survey-states/fiscal-survey-states-fall-2012)>.

<sup>11</sup> American Council on Education, "The Likely Impact of Sequestration on Higher Education" (14 January 2013), accessed 15 February 2013 at <[www.acenet.edu/news-room/Documents/Sequestration-Paper-013013-Revised.pdf](http://www.acenet.edu/news-room/Documents/Sequestration-Paper-013013-Revised.pdf)>.

<sup>12</sup> Sarah Bohn, Belinda Reyes, and Hans Johnson, "The Impact of Budget Cuts on California's Community Colleges" (San Francisco: Public Policy Institute of California, 2013), 26 accessed March 2013 at <[www.ppic.org/content/pubs/report/R\\_313SBR.pdf](http://www.ppic.org/content/pubs/report/R_313SBR.pdf)>.

<sup>13</sup> Libby Nelson, "Transparency Consensus" *Inside Higher Education* (12 February 2013), accessed 18 February 2013 at <[www.insidehighered.com/news/2013/02/12/cantor-support-bill-graduates-salaries-rare-example-policy-bipartisanship#ixzz2LNnO6VdJ](http://www.insidehighered.com/news/2013/02/12/cantor-support-bill-graduates-salaries-rare-example-policy-bipartisanship#ixzz2LNnO6VdJ)>.

<sup>14</sup> WICHE, "Policy Insights: New Approaches to the New Normal: Recapping 2012 Higher Education Legislative Activity in the West," Table 1 (2012), accessed March 26, 2013 at <[www.wiche.edu/info/publications/PI-2012PolicyInsights-LegislativeUpdate.pdf](http://www.wiche.edu/info/publications/PI-2012PolicyInsights-LegislativeUpdate.pdf)>. The five states are Arizona, Nevada, North Dakota, South Dakota, Oregon and Utah.

<sup>15</sup> Brian T. Prescott and Peace Bransberger, *Knocking at the College Door: Projections of High School Graduates* (Boulder, CO: Western Interstate Commission for Higher Education, 2012).