

Tuition and Fees in the West 2010-11

Average resident undergraduate tuition and fees for the academic year 2010-11 at public two-year institutions in the WICHE states (excluding California) increased by 7.1 percent (\$189) from the previous year, while published prices at public four-year institutions grew by 7.7 percent (\$444). By comparison, nationally, the one-year increase was 6.0 percent for two-year and 7.9 percent for four-year institutions. The increase in the regional average price for two-year institutions in the West (excluding California) was just above the national average increase. The increase in the regional average price for the West was slightly below the national average for four-year institutions.

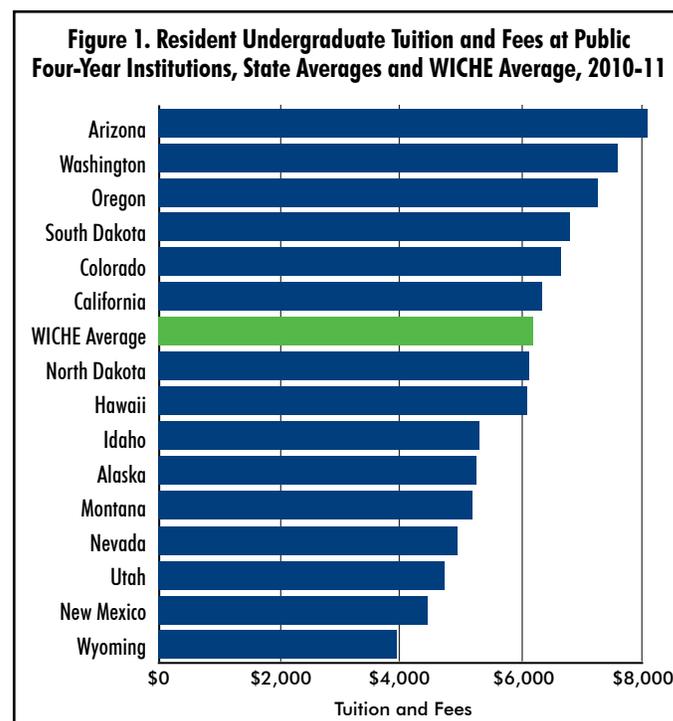
This issue of *Policy Insights* reviews the results from an annual survey, conducted by the Western Interstate Commission for Higher Education (WICHE), of tuition and fees at public colleges and universities in the WICHE region (which includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming). Complete data are available in *Tuition and Fees in Public Higher Education in the West, 2010-11: Detailed Tuition and Fees Tables* (www.wiche.edu/pub/14531), published by WICHE in November 2010. 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.¹

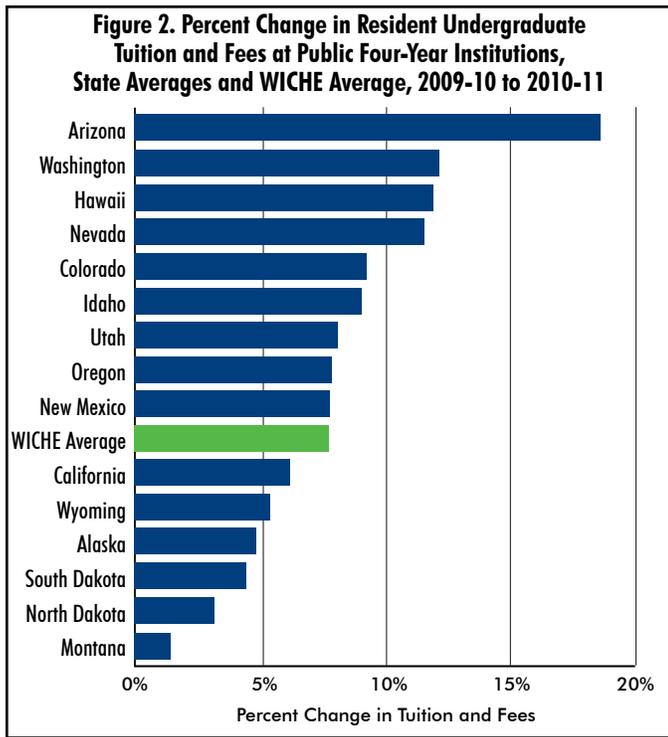
Four-Year Institutions

Average tuition and fees for resident undergraduates in 2010-11 at public four-year institutions in the region were \$6,186, an increase over the previous year of \$444 (7.7 percent). By comparison, the national average was \$7,605, which was up \$555 (7.9 percent).² After adjusting for inflation, the change in average resident undergraduate tuition in the region was 6.3 percent over 2009-10; the five-year increase, from 2005-06, was 32 percent.³

Within the WICHE West, there was substantial variation in tuition prices at four-year institutions, ranging from \$2,952 at New Mexico Highlands University to \$13,404 at the Colorado School of Mines. The statewide average price in this sector was lowest in Wyoming, at \$3,927, and highest in Arizona, at \$8,058 (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. The largest one-year increase in percentage terms also occurred in Arizona, where average statewide tuition and fees climbed 18.5 percent; the smallest rate of growth was in Montana at 1.5 percent (Figure 2). Montana had the lowest average increase in dollar terms, \$75, while students in Arizona paid the highest average increase, \$1,260.





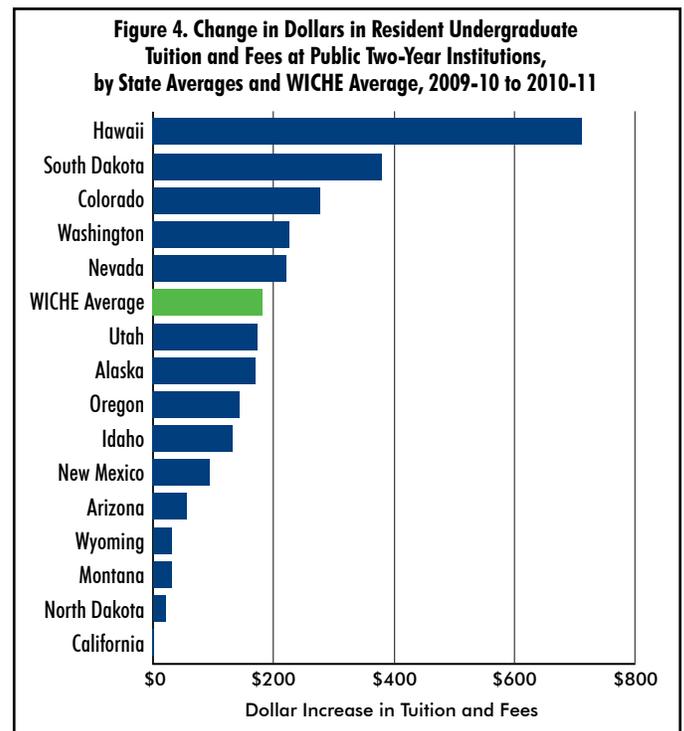
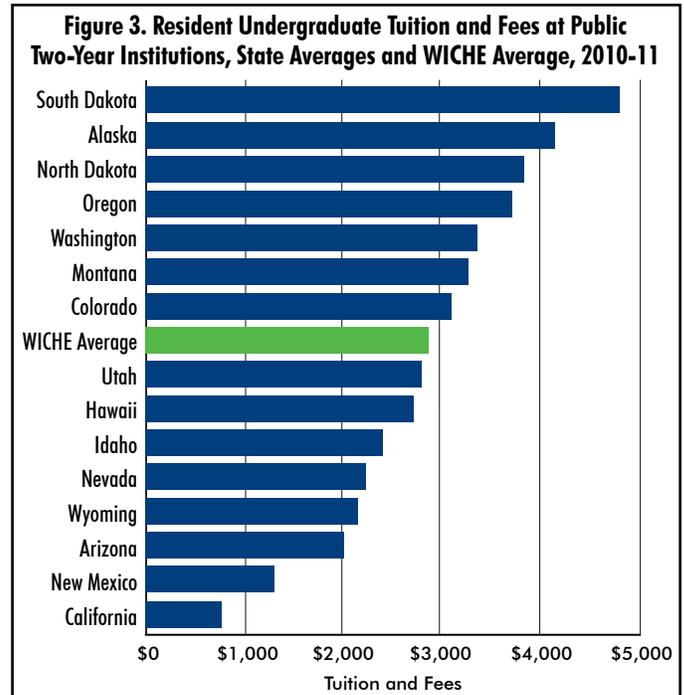
The rate of growth in nonresident undergraduate tuition and fees at public four-year institutions in the region did not climb as quickly this year as the resident rates did. The average nonresident undergraduate rate was \$17,658, up 5.3 percent from 2009-10, compared to a 7.7 percent jump for residents. But when measured in dollars, the \$883 average increase for non-resident tuition across the region was twice as high as the \$444 average increase for residents. New Mexico Highlands University charged nonresidents the lowest tuition, at \$4,632, while the most expensive institution for nonresidents was the University of California, Davis, at \$34,837.

Two-Year Institutions

The West’s average two-year tuition rate, excluding California, exceeded the national figure for the fifth consecutive year. Tuition and fees for resident, in-district students at public two-year colleges in the WICHE states averaged \$2,834 in 2010-11, an increase of \$189 (7.1 percent) over the previous year and \$659 (30.3 percent) over 2005-06.⁴ By comparison, the national average was lower, at \$2,713, and the increase over the previous year was also lower than the West’s, at \$155 or 6.0 percent.⁵ The West’s inflation-adjusted growth was \$153 (5.7 percent) in the past year.

Within the WICHE states, the community colleges in California continue to charge the lowest rates for in-district students, at \$780. The next lowest rate was New Mexico’s, at \$1,308; and the highest was South Dakota’s, where the average was \$4,791 (Figure 3).

The biggest one-year increase in both percentage and dollar amount occurred in Hawaii, where the average price went up \$744, or 37.8 percent (Figure 4) though tuition for Hawaii community colleges still remains below the WICHE average. California community colleges, which had no increase from last year, were the only set of community colleges within the West that did not increase their published prices.



Policy Implications

The effects of the economic recession are still very present during the 2011 fiscal year, as policymakers in almost every state continue to struggle to close gaps totaling almost \$111 billion nationally.⁶ From the recession's start in 2007 through fiscal year 2011, states have closed budget gaps totaling \$425 billion.⁷ While state tax revenues have grown for three straight quarters,⁸ state budget gaps are projected to persist at least through fiscal year 2013 and perhaps beyond. In the wake of these unprecedented fiscal challenges, higher education institutions in the West and elsewhere will continue to struggle to preserve equitable postsecondary access and encourage degree completion.

State Budgets: Impact on Tuition and Fees

Traditionally, tuition and fee pricing in the West has remained relatively low in comparison to the national average. However, in recent years this historic commitment has begun to erode. WICHE states have experienced some of the largest hikes in tuition and fees in their history, and this has occurred during a time when unemployment is at its highest in decades, income levels have fallen, and resources for the poorer segments of the population are growing scarcer. This year four-year tuition and fees pricing in the West fell just under the national average and two-year pricing, outside of California, exceeded national pricing for a fifth consecutive year. Western institutions, like others across the country, are responding to state budget shortfalls resulting in substantial cuts to state services, higher education funding among them.

Meanwhile, the recession has provoked many to enroll in and return to higher education. The resulting enrollment surge has exerted added pressure on institutions that are struggling to deal with budget cuts, especially community colleges. Many returning students who are displaced workers, though eligible for most federal financial aid programs, are often not eligible to take advantage of state and institutional financial aid programs, which often focus resources on traditional-age students and recent high school graduates. Climbing prices at community colleges and broad access institutions in particular breed concern, as these institutions tend to have the most limited institutional financial aid budgets and are unable to mitigate the impact of rising prices on the neediest students.

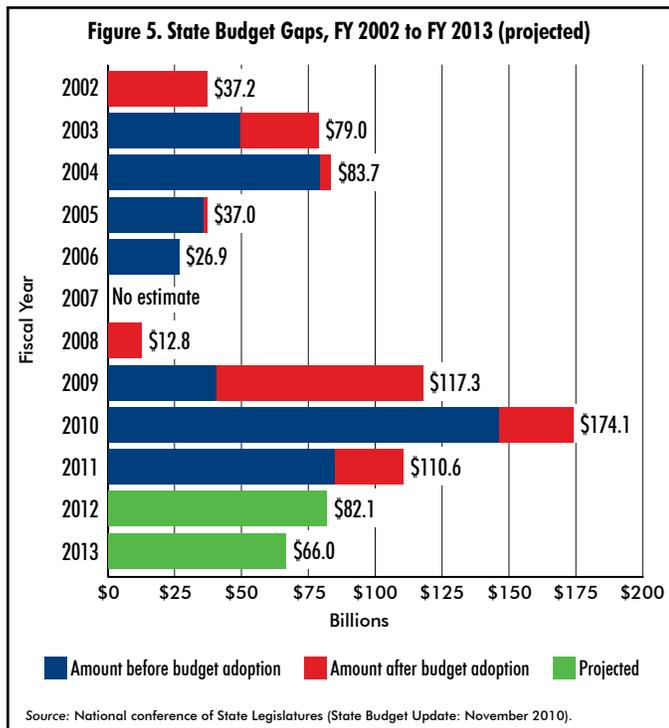
During fiscal year 2011, at least 10 of the 15 WICHE states (and 43 states nationally) have either made funding cuts to public colleges and universities or instituted substantial increases in

tuition to compensate for insufficient state funding.⁹ Institutions of higher education are responding to cuts in funding with familiar measures, ones that are not especially strategic in nature. As in past years, states and higher education institutions, in addition to hiking tuition prices, have suspended hiring; administered furloughs and layoffs; eliminated programs; and suspended or eliminated financial aid funding. For instance, New Mexico eliminated over 80 percent of its support for its College Affordability Endowment Fund, which provided over 2,300 students with need-based scholarships.¹⁰ In Washington state funding for the University of Washington was reduced by 26 percent for the current biennium, while Washington State University increased its tuition by almost 30 percent. The state also cut support for work-study and suspended funding for a number of financial aid programs. In California midyear tuition and fee increases are underway: California State University approved a 5 percent midyear increase at the start of 2011 and a 10 percent tuition increase for 2011-12, resulting in a 60 percent tuition increase from two years prior.¹¹

While fiscal 2011 state budgets saw slight improvements over last year due to increases in tax revenues, significant fiscal challenges lie ahead and are likely to lead to further budget cuts for higher education. Federal financial relief for states by way of the American Recovery and Reinvestment Act of 2009 (ARRA) has substantially reduced the severity of budget cuts to many state services. Some \$53.6 billion of the \$789 billion ARRA funding package was allocated to the State Fiscal Stabilization Fund (SFSF) which invested in K-12 and postsecondary education programs for fiscal years 2009, 2010, and 2011. In fiscal years 2010 and 2011, higher education was spared cuts it may otherwise have suffered as a result of the SFSF, both in terms of the dollars the fund made available to shore up direct funding to institutions and through the law's maintenance of effort requirement, which required states to maintain funding at least at the level they provided in fiscal year 2006.

Moving forward, states will have substantially less ARRA funding allocated for fiscal year 2012, when funding for this program is set to expire. As the economy slowly recovers from a recession of historic proportions, the absence of federal stimulus funding is likely to result in more budgetary pressure on higher education and other state services. Projections suggest that budget gaps will persist through at least 2013 (Figure 5). As states with budget gaps and expiring ARRA funding look to balance their budgets, higher education will be continue to be a

likely target, requiring postsecondary leaders to be even more creative and strategic in their planning, as well as mindful of how their response to budget cuts might impact postsecondary access, equity, and quality.



Fiscal Challenges and College Completion Goals

The current fiscal challenges facing state leaders and the changing landscape of higher education funding presents new dilemmas for higher education leaders – and requires targeted policies that do not lose sight of equitable educational outcomes. Considering the sweeping demographic changes underway in our country, such policies are imperative if we are to fulfill the ambitious goals for postsecondary attainment set forth by the Obama administration and others. This new agenda is, in some ways, a response to projected workforce demands – demands that will not be met if current college degree production rates persist. Common responses by states and higher education institutions to budget cuts (increasing tuition without appropriately adjusting financial aid or eliminating need-based funding altogether, for instance) have reduced affordability and accessibility and could potentially undermine the college completion efforts underway.

Typically the processes through which states make decisions regarding higher education appropriations, tuition, and financial aid (ATFA) are not integrated. When such policies are not linked, there is potential for increases in tuition pricing that far exceed that

of state appropriations and financial aid funding. Syncing policy considerations and decisions surrounding higher education appropriations, tuition, and financial aid could help states avoid situations where tuition increases, financial aid funding diminishes or remains stagnant, and completion rates lag farther behind. States can be more strategic in their approach to higher education, even when compelled to cut funding, by focusing on the intersection between these three ATFA elements. Given that tuition hikes are a common institutional response in times of budget cutting, states would be wise to recognize and protect the unique and critical role their own need-based financial aid programs play in offsetting those increases and preserving access to postsecondary education.

Another strategy for states to consider is how new models for formulas that count completions, in addition to enrollments, can strategically reposition state resources in a way that rewards institutions for the success of their students. Activity in this area has sped up considerably in recent years, with states such as Tennessee and Ohio helping to blaze a trail toward performance-based formula funding. Also promising are efforts that encourage states to use data-driven metrics to promote equitable educational outcomes, such as those being advocated by Complete College America and the National Governor’s Association. These initiatives include metrics for postsecondary success and disaggregate state data by race/ethnicity to promote approaches that more precisely target the student populations that are the fastest-growing and have experienced the least postsecondary success.

Finally, states that articulate goals for educational attainment that account for their own unique demographic and economic circumstances are best positioned for long-term success. In tracking progress toward such goals, states should carefully monitor the alignment of institutional role and mission with state goals for educational attainment and, in so doing, help institutions resist the urge of mission creep. This is especially true for those broad-access institutions with a historic commitment to serving the most vulnerable students. Prominent higher education policy thinkers Pat Callan, Jane Wellman, and Dennis Jones denoted the importance of such institutions, and the danger of mission creep, in a recent editorial, stating that “broad access institutions must be relied upon to meet most of the increased enrollment demand. Mission creep must be constrained to preserve capacity and contain costs in the institutions that have the access and success of undergraduate students as their primary, if not sole, mission.”¹²

Summary

The effect of the economic recession will likely continue to put strain on state budgets, resulting in more budget cuts to higher education. At the same time, projected workforce demands require increases in postsecondary attainment above and beyond current levels. State and institutional responses in the form of short-term fixes have not been effective at preserving equitable postsecondary access and attainment. Nor have these fixes been sufficiently strategic in terms of considering their potentially serious long-term implications.

Innovative strategies that lead to increased postsecondary enrollment and completion, particularly for adult, low-income, and minority students, are necessary not only to meet the future workforce demands vital to states' economic health, but also to strengthen the social fabric of the states and enhance civic life within the states. Integrated ATFA policies, data-driven decision-making, and aligned state and institutional goals can lead to increased effectiveness and efficiency, enabling higher education institutions to serve more students while preserving educational quality and reducing pressure on tuition pricing. Such strategies can best enable state higher education institutions to endure the effects of volatile state budgets while helping them to better preserve postsecondary access and ultimately success for all students.

Endnotes

¹ A complete list of respondents is available in the *Tuition and Fees in Public Higher Education in the West, 2010-11* report at <www.wiche.edu/pub/14531>.

² College Board, "Trends in College Pricing" (Washington, D.C.: College Board, 2010), Table 1a.

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

⁴ The average for the two-year institutions excludes California institutions because their large number and historically low fees distort regional patterns. Including them changes the average resident tuition and fees to \$1,952 for 2010-11.

⁵ College Board, "Trends in College Pricing."

⁶ National Conference of State Legislatures, "State Budget Update: November 2010," December 2010 report at <http://www.ncsl.org/documents/fiscal/november2010sbu_free.pdf>.

⁷ Center on Budget and Policy Priorities, "An Update on State Budget Cuts," November 2010 report at <<http://www.cbpp.org/files/3-13-08sfp.pdf>>.

⁸ The Nelson A. Rockefeller Institute of Government, "State Tax Revenues Rebound Further, Growing for Third Straight Quarter," November 2010 report at <http://www.rockinst.org/pdf/government_finance/state_revenue_report/2010-11-30-State_Revenue_Flash.pdf>.

⁹ National Conference of State Legislatures, "State Budget Update: November 2010".

¹⁰ Center on Budget and Policy Priorities, "An Update on State Budget Cuts."

¹¹ American Association of State Colleges and Universities, "Fiscal and State Policy Issues Affecting Postsecondary Education: State Outlook," November 2010 report at <<http://www.congressweb.com/aascu/docfiles/StateOutlook-Nov2010.pdf>>.

¹² The Delta Cost Project, National Center for Higher Education Management Systems, and the National Center for Public Policy and Higher Education, "Strengthening College Opportunity and Performance," December 2010 report at <<http://www.highereducation.org/crosstalk/ct1210/CrossTalk-online-Insert.pdf>>.

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