

Tuition and Fees in the West 2005-06

Resident undergraduate tuition and fees for the academic year 2005-06 at public two- and four-year institutions in the WICHE states increased by 8.6 percent from the previous year, more than twice the rate of inflation. This was more rapid than the national rates of increase – which averaged 7.1 percent for four-year institutions and 5.4 percent for two-year. However, actual levels of tuition and fees in the West relatively low: 24.5 percent lower than the national average for four-year institutions and slightly below the average for two-year institutions. Growth in financial aid reduced the net effect, but not sufficiently to offset these increases in tuition and fees. As a result, financial access eroded in the West.

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This issue of *Policy Insights* reviews the results from WICHE's annual survey of tuition and fees at public colleges and universities in the region. Complete data are available in *Tuition and Fees in Public Higher Education in the West, 2005-06: Detailed Tuition and Fees Tables*, published by WICHE in November 2005 and available at www.wiche.edu/policy.

For the first time this year, the report displays information about campus mandatory fees charged to undergraduates in its appendices. This added feature provides greater detail on how public institutions' prices are determined, but simple comparisons between the fees charged by institutions are not recommended due to the substantial variability in what "fees" consist of, what they pay for, and who determines their levels.

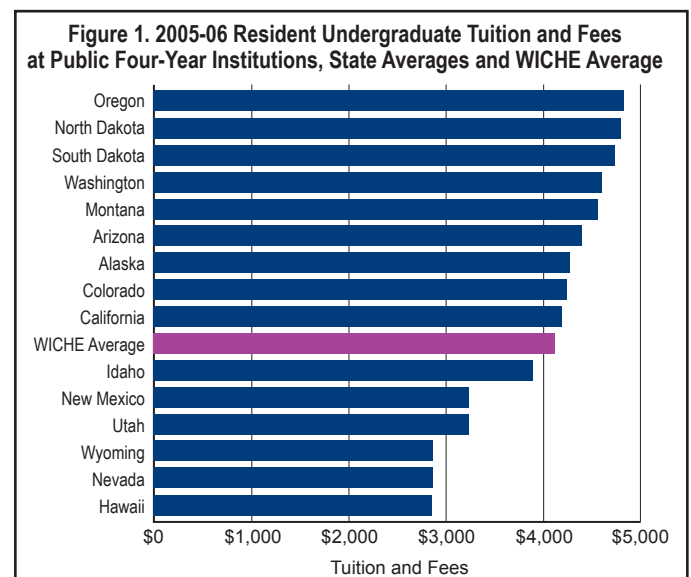
Four-Year Institutions

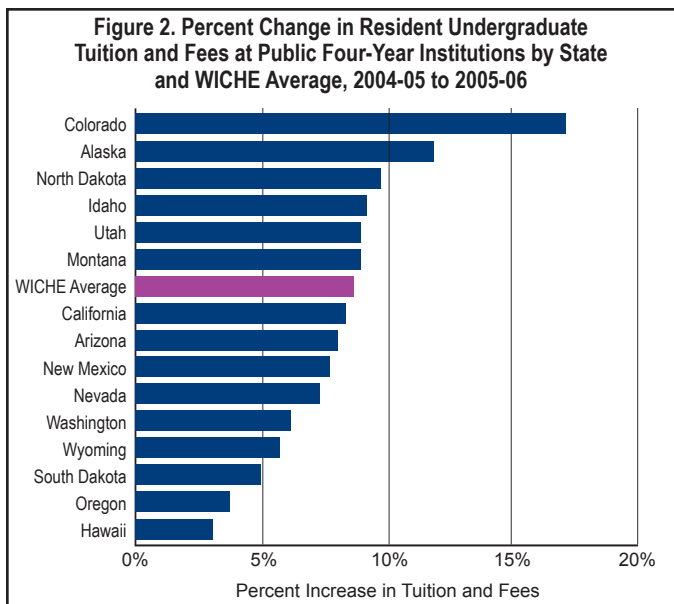
Average tuition and fees for resident undergraduates in 2005-06 at public four-year institutions in the region were \$4,143, an increase over the previous year of \$329 (8.6 percent).¹ By comparison, the national average was \$5,491, which was up \$365 (7.1 percent).² After adjusting for inflation, the change in average resident undergraduate tuition in the region was 5 percent over 2004-05 and 25.5 percent over the previous five years.³

The increase in the WICHE region was partially driven by unusually large tuition increases in Colorado, where all but three of the public four-year institutions showed percentage increases of greater than 13 percent. Tuition and fees at three institutions – Colorado State University-Pueblo; the University of Colorado, Boulder; and the University of Colorado, Denver – climbed more than 25 percent. Actually, due to a radical change in the way Colorado finances higher education, which took effect this academic year, the increase in tuition and fees was much greater. Not reflected is the additional \$2,400 each public institution in the state charged in tuition

for full-time students, which institutions had previously received from the state as a direct appropriation. This \$2,400 increase in tuition was rebated to students in a voucher-like form. For the purposes of this brief, however, we have considered only the net increase in tuition and fees in Colorado.

Within the region, there was substantial variation in tuition prices at four-year institutions, ranging from \$1,984 at Dixie State College in Utah to \$8,144 at the Colorado School of Mines. The statewide average price was lowest in Hawaii at \$2,855 and highest in Oregon at \$4,844 (Figure 1). The largest one-year increase occurred in Colorado, where average statewide tuition and fees climbed 17.1 percent; the smallest rate of growth was in Hawaii (Figure 2). Resident undergraduate tuition and fees at public research universities across the region averaged \$4,942 in 2005-06, while all other public four-year institutions charged an average price of \$3,526.

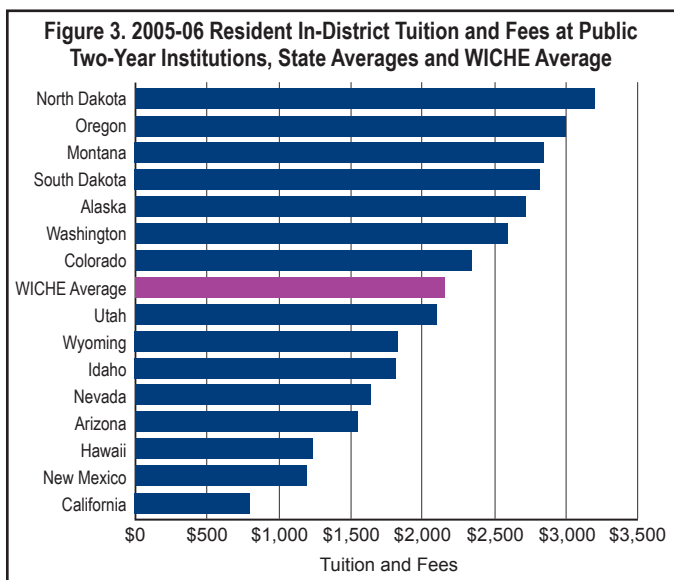




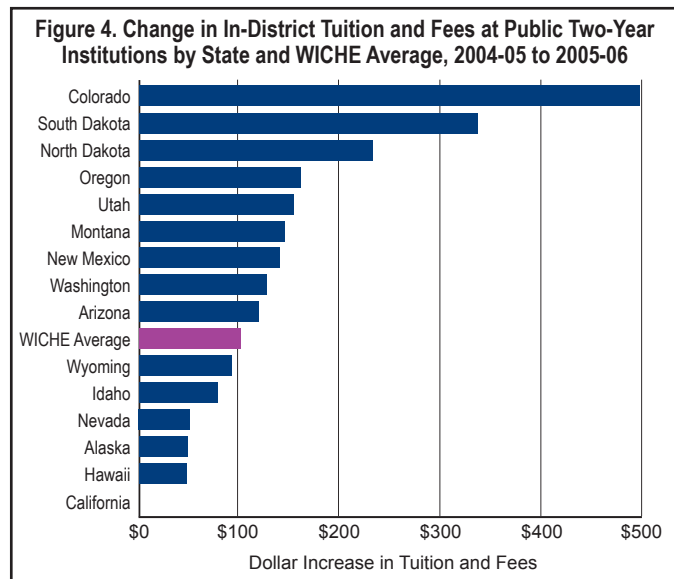
Changes in nonresident undergraduate tuition and fees at four-year institutions in the region did not climb as quickly as the resident rates. The average nonresident undergraduate rate was \$14,608, up 4.6 percent from 2004-05. After a steep reduction, New Mexico Highlands University charged nonresidents the lowest tuition at \$3,348, while the most expensive institution for nonresidents was the University of California, Davis, at \$25,277.

Two-Year Institutions

Tuition and fees for resident in-district students at public two-year colleges in the WICHE states averaged \$2,177 in 2005-06, an increase of \$172 (8.6 percent) over the previous year and \$744 (51.9 percent) over the past five years. By comparison, the national average was slightly higher at \$2,191, but it reflected a smaller rate of increase of \$112 (5.4 percent) since 2004-05 and \$549 (33.4 percent) since 2000-01.⁴ Inflation-adjusted growth was \$103 (5 percent) in the past year.



Within the WICHE states, the community colleges in California continued to charge the lowest rates after maintaining their fees for full-time in-district students at \$780. Not including California, the state charging the lowest average tuition and fees was New Mexico at \$1,191, while the highest was North Dakota, where the average was \$3,202 (Figure 3). The biggest increase occurred in Colorado, where the average price went up \$499 (27.2 percent); the \$50 increase (4.2 percent) in Hawaii was the smallest outside of California (Figure 4). Overall, the rate of growth in average two-year college tuition and fees over the past year exceeded the national average rate in eight of the 15 WICHE states.



Mandatory Fees

For the first time, WICHE included mandatory fees in its survey for the 2005-06 academic year data. The survey asked respondents to list the amount the majority of full-time students are required to pay in fees for each campus and for what purpose the fees were intended.

Mandatory fees are occasionally referred to as “hidden costs” because campuses often have greater freedom from the public policy process in setting them. Whereas state policymakers are able to exert considerable influence, if not control, over public institutions’ tuition policies, and whereas the tuition-setting process receives considerable media attention, changes in mandatory fees levels typically are determined within institutions’ governing board meetings, usually with little fanfare.

Typically, fees are assessed for specific institutional activities. However, direct comparisons between the amounts charged in mandatory fees across states, or even among individual institutions, would be misleading. Table 1 shows the fees charged to resident undergraduates at a sample of institutions. It clearly illustrates the complexities surrounding mandatory fees and why comparisons in the amounts charged to students may not be meaningful or useful for policymaking purposes. Amounts in this small group alone ranged from a low of \$45, charged to students at

Scottsdale Community College in Arizona, to \$7,457, charged to students at the University of California, Davis. Because the University of California is constitutionally prohibited from charging “tuition,” its entire sticker price consists of fees. Interestingly, the California State University system campuses (CSU Los Angeles is an example) reported far lower mandatory fees, even though they are subject to the same restrictions on charging tuition. But this lower amount does not include the “State University Fee” (equal to \$2,520 on each of CSU’s campuses).

Table 1. Mandatory Fees Charged to Resident Undergraduates at Selected Institutions

Scottsdale Community College (AZ)	\$45
University of Arizona (AZ)	\$93
California Community Colleges (CA)	\$780
California State University, Los Angeles (CA)	\$515
University of California, Davis (CA)	\$7,457
University of Colorado, Boulder (CO)	\$926
Boise State University (ID)	\$1,304
University of Idaho (ID)	\$3,968
Truckee Meadows Community College (NV)	\$120
Clatsop Community College (OR)	\$105
Rogue Community College (OR)	\$459
Lake Area Technical Institute (SD)	\$1,656
South Dakota School of Mines and Technology (SD)	\$2,466
University of Washington (WA)	\$402

The substantial variation between and within states evident in Table 1 is due to inconsistencies in the way states and institutions define “tuition” and “mandatory fees”; in the activities institutions support through mandatory fees, as opposed to tuition revenues; and in how much of a specific activity’s costs are borne by mandatory fees. Moreover, the entities which have authority for setting fees levels often differ between states and institutions. Even within institutions, different organizational entities may influence how specific fees levels are established. For example, it is possible that mandatory fees could be higher at one institution because its student government supports higher fees earmarked for student activities than the student body at another institution does.

Policy Implications

Tuition levels among public institutions in the West remain an important marker for policymakers to follow in their efforts to ensure that higher education opportunities are widely available. However, access and affordability are also affected by the distribution of financial aid, especially grant aid. The remainder of this brief first discusses the concept of net price, which accounts for the amount students and their parents pay after accounting for grant aid awards. Then it examines more closely how the public institutions distribute grant aid awards among dependent students with different financial circumstances.

Net Price

Rapid increases in published tuition, or “sticker price,” have received much attention in recent years, leading

policymakers to put forth considerable effort in seeking ways to contain that growth. However, most students and their families actually pay much less in “net price,” which is commonly defined as the sticker price minus the grant aid a student receives.⁵ Net prices are the subject of a recent report by the U.S. Department of Education’s National Center for Education Statistics.⁶ It suggests that the consequences of rapidly rising sticker prices may be less dire than they appear, since average net prices increased more slowly than sticker prices between 1999 and 2002 – though they still exceeded the inflation rate in all higher education sectors except public community colleges. Moreover, the report does not account for tuition tax credits, which also have had a substantial impact on the net price.

There are some important caveats, however. First, although state-funded financial aid has also increased since 2002, it has not grown as rapidly as tuition and fees. This gap has been further exacerbated by the failure of the federal government to increase the value of the Pell Grant, its major need-based aid program. As a result, the increase in net price has accelerated. Also, the report’s findings only apply to full-time, degree-seeking undergraduates, leaving out part-time students and many adult learners who tend to have greater difficulty obtaining grant aid. Finally, the report did not examine how net prices changed for students with different financial circumstances (though one detailed analysis presents results showing that net prices facing full-time, dependent undergraduates from the lowest income group attending public institutions fell between 1995-96 and 2003-04).⁷

Despite these limitations, net price offers a valuable lens through which to examine higher education finance policies. This measure implicitly accounts for the interaction between tuition and fees levels and grant aid amounts. It also enables an integrated view of how the aid policies of the federal government and individual institutions combine with state aid policies to affect the amount students and their families actually pay for college. But while aggregated net price information can shed light on a complicated policy issue, it should be measured for individual students to be most useful. Since financial aid packages are unique to individual students, overall averages obscure variation in the amounts that students with different backgrounds get. Information about this variation would be useful in examining the degree to which students are receiving equitable treatment in financial aid awards.

Differences in the Distribution of Grant Aid by Source

Factoring in how financial aid affects the actual cost of attendance is especially important when states turn to policy approaches that intentionally combine tuition increases with the availability of institutional aid. One way some states, such as Arizona, have addressed the problem of funding enrollment growth is to allow their public institutions more leeway in raising tuition rates while requiring that a certain percentage of the increase be used as grant aid for the financially needy. This approach may appear to preserve access to higher

education while addressing the institutions' need for more funding, without the state having to come up with larger institutional appropriations. But it also risks reducing the accessibility and affordability of state institutions.

A policy of allowing public institutions to raise tuition, under the condition that a portion of the additional revenue be used as institutional aid to needy students, comes with tradeoffs, and states need to be aware of and plan for them. First, a large increase in sticker prices may dissuade low-income students from seeing a postsecondary education as a realistic option if they are unaware that financial aid is available to them from institutions. Also, the enrollment at a state's flagship institution is typically wealthier and more traditionally aged than the enrollment of most other public institutions, especially community colleges, and the flagship institution has more of its own resources to support the financially needy students it does enroll. In addition, the same percentage increase in tuition creates more additional dollars for institutional aid at more expensive institutions, like research universities, than it does at community colleges; consequently, more institutional financial aid intended for needy students goes to students farther up the income distribution than would likely be the case if the state itself distributed those financial aid dollars. This is evident in Table 2, which shows the share of dependent students at public institutions who received grant aid in 2003-04 and recipients' average awards, by source and broken down by income quintiles.⁸

Income Quintile	Federal Government		State Government		Institutions	
	Percent Receiving Grant Aid	Average Award	Percent Receiving Grant Aid	Average Award	Percent Receiving Grant Aid	Average Award
Lowest	58.7	\$3,183	29.2	\$2,200	22.7	\$2,516
Second	35.9	\$1,993	24.6	\$1,935	21.9	\$2,556
Third	6.4	\$1,371	14.7	\$1,668	16.4	\$2,712
Fourth	1.0	\$2,054	10.7	\$2,798	16.0	\$3,107
Highest	0.8	\$1,658	6.6	\$2,292	11.1	\$3,903

The table illustrates that, while federal and state grant aid is well targeted toward students with demonstrated financial need, institutional grant aid awards – even in the public sector – are less likely to benefit the neediest students. Among dependent students from the poorest families, nearly 59 percent received an average of \$3,183 in grants from the federal government, yet only about 29 percent received an average of \$2,200 in state grants, and only 23 percent received an average of \$4,700 in institutional grants. However, 11 percent of students from the wealthiest families received

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institutional grants, compared to less than one percent who received federal grants and 6.6 percent who received state grants. Moreover, the average grant aid awarded by public institutions increased as dependent students' family resources increased, and the average institutional awards received by the wealthiest students totaled almost \$4,000.

These data suggest that states seeking to provide more funding to their public institutions through a policy combining tuition increases and institutional aid should pay careful attention to how their institutions distribute aid in order to preserve access for the most financially needy students. This includes the awareness that low-income students are typically concentrated among the less selective institutions in a state, especially community colleges, and that tuition increases have an especially adverse impact on access. Depending on the specific characteristics of a state's demographics and the structure of its higher education system, it may be that the goal of preserving access for the most financially needy students is better served by a policy that leaves the state in control of financial aid dollars, so that it can distribute grants among the students most in need of them, regardless of where they attend college.

Endnotes

¹ The West added one new four-year institution with the opening of the University of California, Merced, and its tuition and fees are calculated in the regional and statewide averages for the first time for 2005-06.

² College Board, "Trends in College Pricing" (Washington, D.C.: College Board, 2004), Tables 1 and 3b. The national average figures are enrollment weighted.

³ Inflation adjustments used the Higher Education Price Index (HEPI). Commonfund Institute, "Higher Education Price Index: 2005 Update" (Wilton, CT: Commonfund Institute, 2005), Table A.

⁴ College Board, "Trends in College Pricing."

⁵ Depending on the analysis, net price may also be defined to take into account the tax credits for which students are eligible (see the College Board's "Trends in Student Aid" series). Loans are not generally included in net price calculations.

⁶ National Center for Education Statistics (NCES), "Changes in Patterns of Prices and Financial Aid" (Washington, D.C.: NCES, 2005).

⁷ David S. Mundel, "The Changing Price of College from 1995/1996 to 2003/2004" (unpublished).

⁸ The data in Table 2 were obtained directly from the National Center for Education Statistics' "National Postsecondary Student Aid Study: 2004" (a table parameter file was created and run on 11/29/05 from <http://nces.ed.gov/dasol/tables/mainpage>), in order to focus on the patterns of grant aid awards at public institutions. NCES also released a report that provides similar data that show receipt of grant aid among students at public and private institutions. For the report, see National Center for Education Statistics, "2003-04 National Postsecondary Student Aid Study (NPSAS:04): Student Financial Aid Estimates for 2003-04" (Washington, D.C.: NCES, 2005), NCES Publication #2005-158.

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