

Eight

Keep college
affordable

WE RECOMMEND restraining growth in college costs and prices, using available aid and resources wisely, and insisting that state governments meet their obligations for funding higher education.

In *Coming to Our Senses*, the commission called for assuring college affordability by restraining increases in college prices. In order to make this a reality, the state governments must meet their obligations for funding higher education. State appropriations are not keeping pace with the increasing enrollments at colleges and universities, contributing to rapid increases in tuition and fees.⁶⁶ The lag in appropriations by states is leaving families and students with the burden of financing an increasing portion of the cost of higher education. However, state appropriations and tuition prices cannot be viewed in a vacuum. While state appropriations and tuition are indeed important, ensuring college affordability also depends on other factors, such as living expenses, family ability to pay and the availability of financial aid. Each of these factors affects the affordability of attending a college or university. All of these areas are reflected in the measures that have been chosen for this recommendation.

Indicators of progress on this recommendation include:

- State appropriations to fund public higher education;
- Tuition, fees and other costs of attendance at colleges and universities;
- Net price students pay for college;
- Change in family income levels; and
- Earnings of college graduates.

66. College Board. (2011). *Trends in College Pricing*. Retrieved October 26, 2011, from http://trends.collegeboard.org/college_pricing/

General Findings for This Recommendation

- As of 2010-11, total state appropriations to fund public higher education are \$78.9 billion.
- As of 2010-11, total state appropriations to fund public higher education per FTE are \$7,171.
- From 1980-81 to 2010-11, the change in total state appropriations for public higher education has increased from \$55.3 billion in 1980-81 to \$78.9 billion in 2010-11, or 42.7 percent.
- From 1980-81 to 2010-11, the change in total state appropriations for public higher education per FTE decreased from \$8,326 in 1980-81 to \$7,171 in 2010-11, or -13.9 percent.
- As of the 2011-12 academic year, the average estimated undergraduate budget for public two-year commuter students is \$15,286, including tuition and fees, room and board, books and supplies, transportation, and other expenses.
- As of the 2011-12 academic year, the average estimated undergraduate budget for public four-year in-state on-campus students is \$21,447, including tuition and fees, room and board, books and supplies, transportation, and other expenses.
- As of the 2011-12 academic year, the average estimated undergraduate budget for public four-year out-of-state on-campus students is \$33,973, including tuition and fees, room and board, books and supplies, transportation, and other expenses.
- As of the 2011-12 academic year, the average estimated undergraduate budget for private nonprofit four-year on-campus students is \$42,224, including tuition and fees, room and board, books and supplies, transportation, and other expenses.
- As of the 2011-12 academic year, at public two-year institutions, the net price students pay for tuition and fees is -\$810 (after subtracting grants and federal tax benefits).
- As of the 2011-12 academic year, at public four-year institutions, the net price students pay for tuition and fees is \$2,490 (after subtracting grants and federal tax benefits).
- As of the 2011-12 academic year, at private nonprofit four-year institutions, the net price students pay for tuition and fees is \$12,970 (after subtracting grants and federal tax benefits).
- From 2000 to 2010, the average family income has declined 16 percent (inflation adjusted) for low-income families.
- From 2000 to 2010, the average family income has declined 6 percent (inflation adjusted) for moderate-income families.
- As of 2009, the average amount of earnings for full-time workers ages 25 to 34 whose highest degree is a high school diploma is \$34,594.
- As of 2009, the average amount of earnings for full-time workers ages 25 to 34 whose highest degree is an associate degree is \$42,391.
- As of 2009, the average amount of earnings for full-time workers ages 25 to 34 whose highest degree is a bachelor's degree is \$53,483.



\$78.9 Billion

As of 2010-11, total public support for public higher education is \$78.9 billion.

▼ **\$1.6 billion**
FY2009–FY2010

\$7,171

As of 2010-11, total state appropriations to fund higher education per FTE is \$7,171.

▼ **\$319** FY2009–FY2010

State Appropriations to Fund Higher Education

What is this measure, and why is this measure important? This indicator measures the state appropriation dollars used to support higher education in both total dollars and per full-time equivalent (FTE) student in the United States. Revenues for public colleges and universities, where about 70 percent of students are enrolled, come primarily from a combination of state appropriations and the tuition and fees students pay. This measure is important because the inability of state appropriations to keep up with enrollment growth is a primary driver of rising tuition levels.

What are the policy issues associated with this measure? State funding levels depend on the interaction of state priorities and philosophies of educational funding with fiscal constraints. With the pressures on state budgets from declining revenues and competing demands, only a strong commitment to affordable, high-quality public higher education on the part of state legislatures can assure the funding levels required to restrain tuition increases and provide adequate need-based aid.

Where are we now? In the United States, state fiscal support for education has increased 42.7 percent from 1981-82 and 2010-11 (after adjusting for inflation). Figure 8.1a shows that this increase is despite the adjustment of these numbers for inflation. Figure 8.1b shows that after increasing by 6 percent in the 1980s and by 5 percent in the 1990s, state appropriations per FTE student declined by 23% in inflation-adjusted dollars over the decade from 2000-01 to 2010-11. This decline in fiscal support per FTE can be attributed largely to the recession that has crippled state and federal budgets in the time of increasing enrollments at public institutions. The 18 percent real decline in state appropriations per FTE student from 2007-08 to 2010-11 was the largest three-year decline in the 30 years of data reported here.

When the data are disaggregated by state, fiscal support for education ranges from \$66.9 million in Vermont to \$11.7 billion in California. Figure 8.1c shows that when states are placed in rank order, states with the highest fiscal support for education are California, Texas, New York, North Carolina and Florida. The states with the lowest fiscal support for education are Vermont, New Hampshire, South Dakota, Rhode Island and Montana.

42.7%

From 1980-81 to 2010-11 total public support for public higher education increased from \$55.3 billion (in 2010 constant dollars) in 1980-81 to \$78.9 billion in 2010-11, or 42.7 percent.

-13.9%

From 1980-81 to 2010-11 total public support for public higher education per FTE decreased from \$8,326 (in 2010 constant dollars) in 1980-81 to \$7,171 in 2010-11, or -13.9 percent.

When the data are disaggregated by state, state fiscal support for education per FTE ranges from \$2,754 in Vermont to \$13,090 in Wyoming. Figure 8.1d shows that when states are placed in rank order, states with the highest fiscal support for education per FTE are Wyoming, Alaska, North Carolina, Texas and Connecticut. The states with the lowest fiscal support for education per FTE are Vermont, New Hampshire, Colorado, Ohio and Montana.

When interpreting this measure, what should be kept in mind? State appropriation levels and patterns differ considerably across states. Both enrollment levels and economic circumstances must be understood to put appropriations into context. However, national appropriations do provide an important snapshot. It is much more important to understand the support in education per FTE because this value takes into account the enrollment of the state in addition to the allocation of education dollars. Further, this mitigates the advantage that larger states have in allocating more money to higher education.

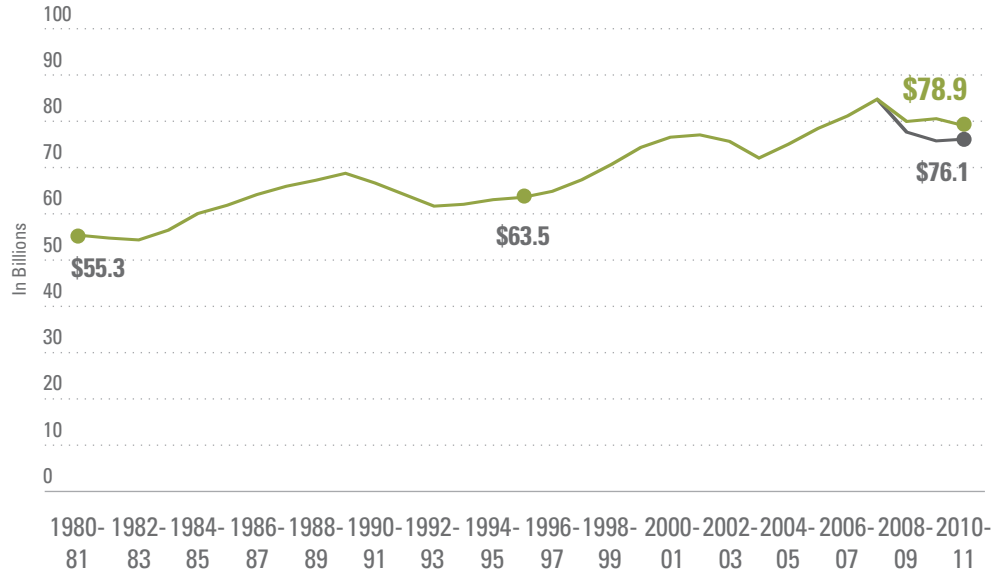
8.1a

Total Appropriations in Constant 2010 Dollars (in Billions), 1980-81 to 2010-11

New figure +

Sources: College Board, *Trends in College Pricing*, 2011
 Note: Fall 2010 FTE enrollment was based on preliminary IPEDS numbers. Appropriations reported here are for institutional operating expenses, not for capital expenditures. Funding includes both tax revenues and other state funds allocated to higher education.

- Appropriations
- Appropriations Excluding Federal Stimulus



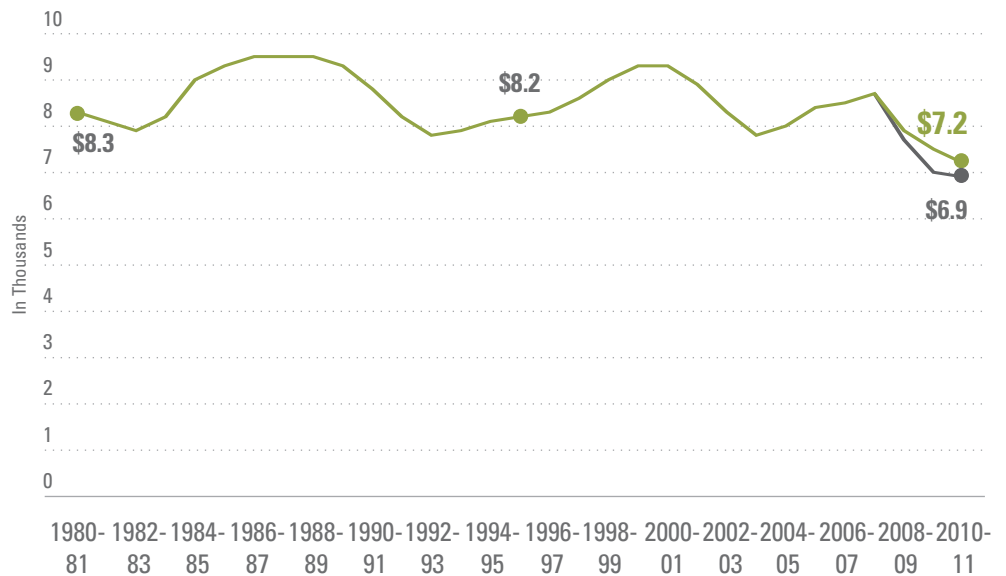
8.1b

Appropriations per Public FTE Student in Constant 2010 Dollars (in Thousands), 1980-81 to 2010-11

New figure +

Sources: College Board, *Trends in College Pricing*, 2011
 Note: Fall 2010 FTE enrollment was based on preliminary IPEDS numbers. Appropriations reported here are for institutional operating expenses, not for capital expenditures. Funding includes both tax revenues and other state funds allocated to higher education.

- Appropriations per FTE
- Appropriations per FTE Excluding Federal Stimulus

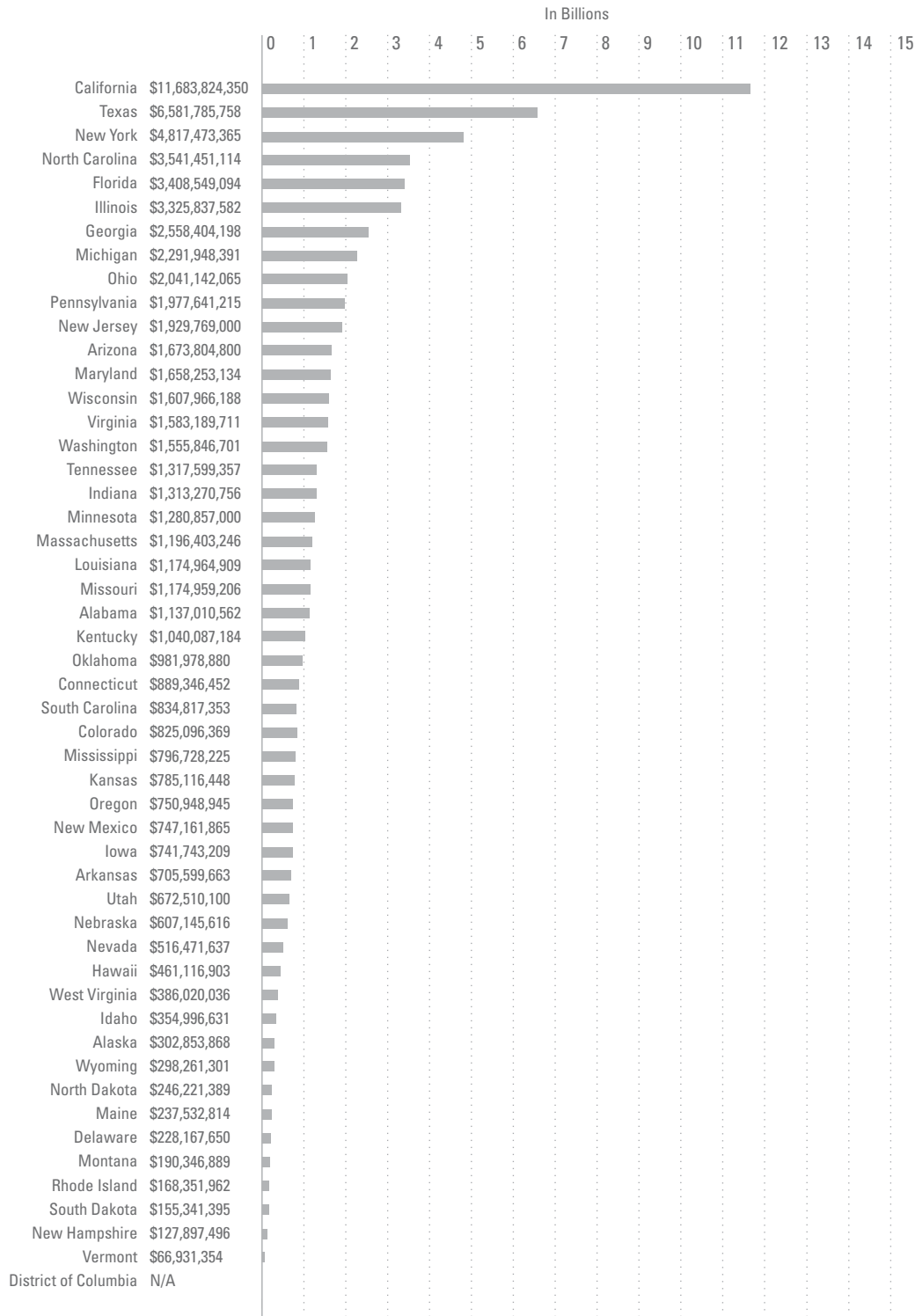


8.1c

Educational Fiscal Support by State Rank, FY 2010–2011

New figure +

Source: State Higher Education Finance, State Higher Education, Executive Officers, 2011

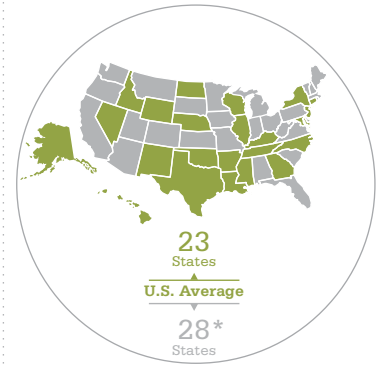
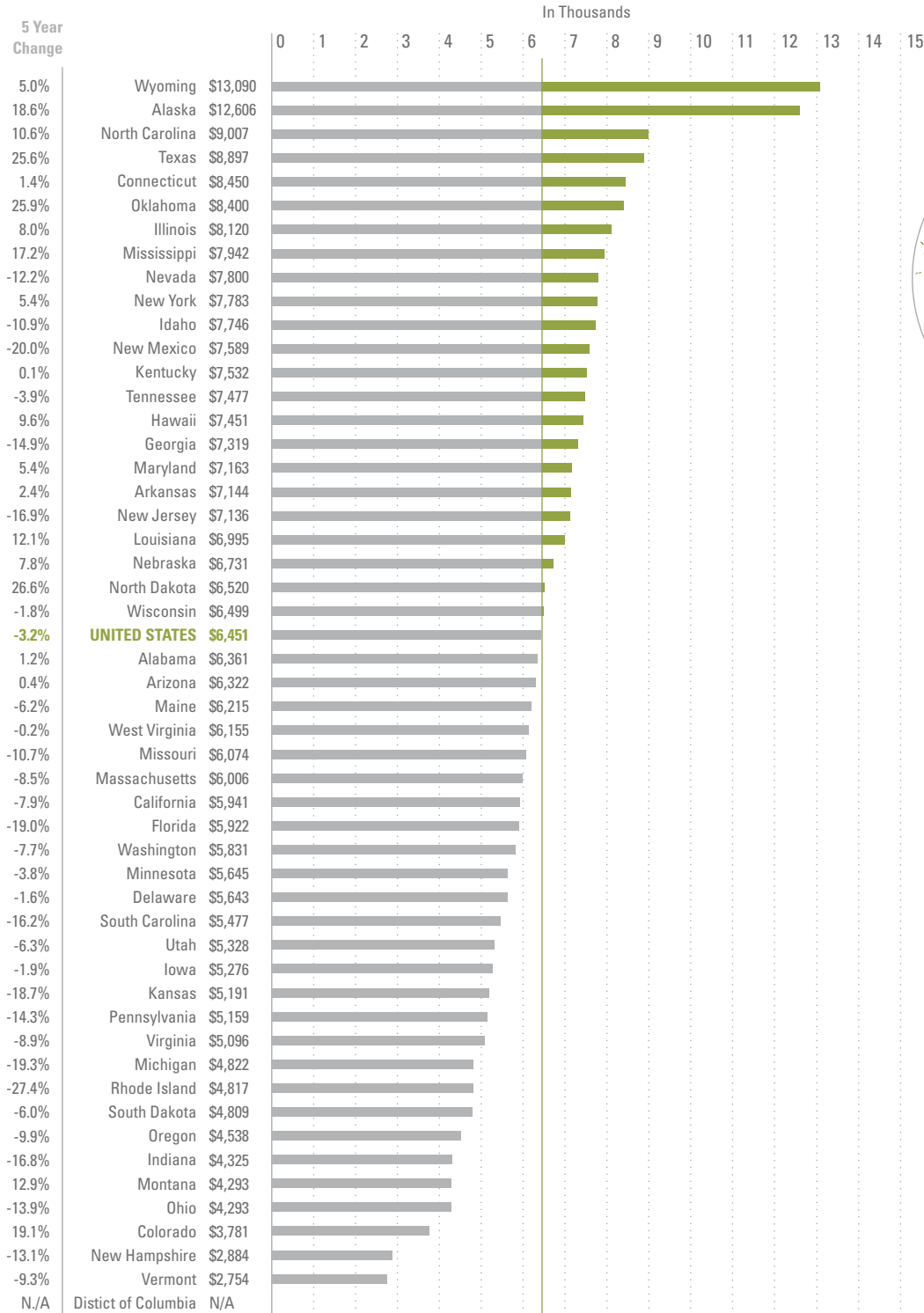


8.1d

Educational Fiscal Support per FTE by State Rank, FY 2010–2011

New figure +

Source: State Higher Education Finance, State Higher Education, Executive Officers, 2011



AVG
6,451
\$

\$15,286

As of the 2011-12 academic year, the average estimated undergraduate budget for public two-year commuter students is \$15,286, including tuition and fees, room and board, books and supplies, transportation, and other expenses.

\$21,447

As of the 2011-12 academic year, the average estimated undergraduate budget for public four-year in-state on-campus students is \$21,447, including tuition and fees, room and board, books and supplies, transportation, and other expenses.

Tuition, Fees and Other Costs of Attendance at Colleges and Universities

What is this measure, and why is this measure important? This indicator shows the tuition, fees and other costs of attendance at colleges and universities, the published tuition price by state and the average annual percentage increase in inflation-adjusted published prices by decade. Although published prices can be deceptive because many students receive grant aid that reduces the price they actually pay, other students do pay the full price. Moreover, because of incomplete knowledge about the complex system of financial aid, many students are unaware of the subsidies available to them and make decisions based on the published prices. Other costs, including room, board, books and other expenses are larger than tuition for many students and must also be considered in evaluating financial barriers to college participation.

What are the policy issues associated with this measure? Prices are sometimes set by institutions and sometimes by state legislatures or other public bodies. While it is tempting to push for small tuition increases in order to promote affordability, the provision of quality education requires adequate resources, and educational expenditures per student continue to rise across all postsecondary sectors. Moderate increases in tuition and fees may allow for an increased commitment to aid for low-income students without disadvantaging the higher-income students for whom these increases would not pose any substantial financial barriers. Annual changes in tuition and fees cannot be viewed in isolation from changes in state appropriations, federal aid programs, educational expenditures, and strategic priorities with respect to redistributing educational subsidies across the enrolling students.

Where are we now? In the United States, the average published charges for undergraduates have continued to increase. Figure 8.2a shows that the average estimated undergraduate budget, including tuition and fees, room and board, books and supplies, transportation, and other expenses, is \$15,286 for commuter students at public two-year institutions, \$21,447 for in-state on-campus students at public four-year institutions, \$33,973 for out-of-state on-campus students at public four-year institutions, and \$42,224 for on-campus students at private nonprofit four-year institutions. On average, tuition and fees at public four-year colleges are 2.8 times as high as at public two-year colleges. However, the total budget for a public four-year college student, including housing, food, transportation, books and supplies, and other expenses, is only about 40 percent higher than the total budget for a public two-year college student. Tuition and fees constitute 67 percent of the average total budget for full-time students at private nonprofit four-year colleges and universities.

\$33,973

As of the 2011-12 academic year, the average estimated undergraduate budget for public four-year out-of-state on-campus students is \$33,973, including tuition and fees, room and board, books and supplies, transportation, and other expenses.

\$42,224

As of the 2011-12 academic year, the average estimated undergraduate budget for private nonprofit four-year on-campus students is \$42,224, including tuition and fees, room and board, books and supplies, transportation, and other expenses.

Figure 8.2b shows that both tuition and fees and room and board differ by the Carnegie classification of the school. Figure 8.2c shows the annual percentage increase in inflation-adjusted tuition and fees by decade. In 2011-12, the average published tuition and fees at public four-year institutions are 29 percent of the average published tuition and fees at private nonprofit four-year institutions, up from 22 percent a decade earlier.

Figure 8.2d shows that from 1981-82 to 1991-92, average published tuition and fees increased slightly more rapidly at private than at public four-year colleges and universities. Over the most recent decade, the average public four-year price rose more than twice as fast as the average private four-year price.

When the data are disaggregated by state, in-state published tuition prices at public two-year institutions range from \$1,119 in California to \$6,741 in New Hampshire. Figure 8.2e shows that when states are placed in rank order, the states with the lowest in-state published tuition prices at public two-year institutions are California, New Mexico, Texas, North Carolina and Arizona. The states with the highest in-state published tuition prices at public two-year institutions are New Hampshire, Vermont, Minnesota, South Dakota and Massachusetts.

When the data are disaggregated by state, in-state published tuition prices at public four-year institutions range from \$4,125 in Wyoming to \$13,507 in New Hampshire. Figure 8.2f shows that when states are placed in rank order, the states with the lowest in-state published tuition prices at public four-year institutions are Wyoming, Louisiana, Utah, Alaska, New Mexico and West Virginia. The states with the highest in-state published tuition prices at public four-year institutions are New Hampshire, Vermont, Pennsylvania, New Jersey and Illinois.

When the data are disaggregated by state, published tuition prices at private not-for-profit four-year institutions range from \$6,198 in Utah to \$36,724 in Massachusetts. Figure 8.2g shows that when states are placed in rank order, the states with the lowest published tuition prices at private not-for-profit four-year institutions are Utah, Idaho, Hawaii, Delaware and Mississippi. The states with the highest published tuition prices at private not-for-profit four-year institutions are Massachusetts, Connecticut, California, the District of Columbia and Maryland.

When interpreting this measure, what should be kept in mind?

Focusing on published prices without also considering student aid can give an exaggerated picture of the financial hurdles facing students. Moreover, there is considerable variation in the prices charged by colleges and universities in the United States. Typically, two-year public colleges charge less than four-year public institutions, which have lower prices than for-profit institutions and the highest published prices are in the private not-for-profit sector. However, there are also sizable differences within these sectors, particularly by state or region and among doctoral universities, master's universities and baccalaureate colleges. Increasingly, there are also multiple tuition levels within institutions, depending on program and/or year of study.

8.2a

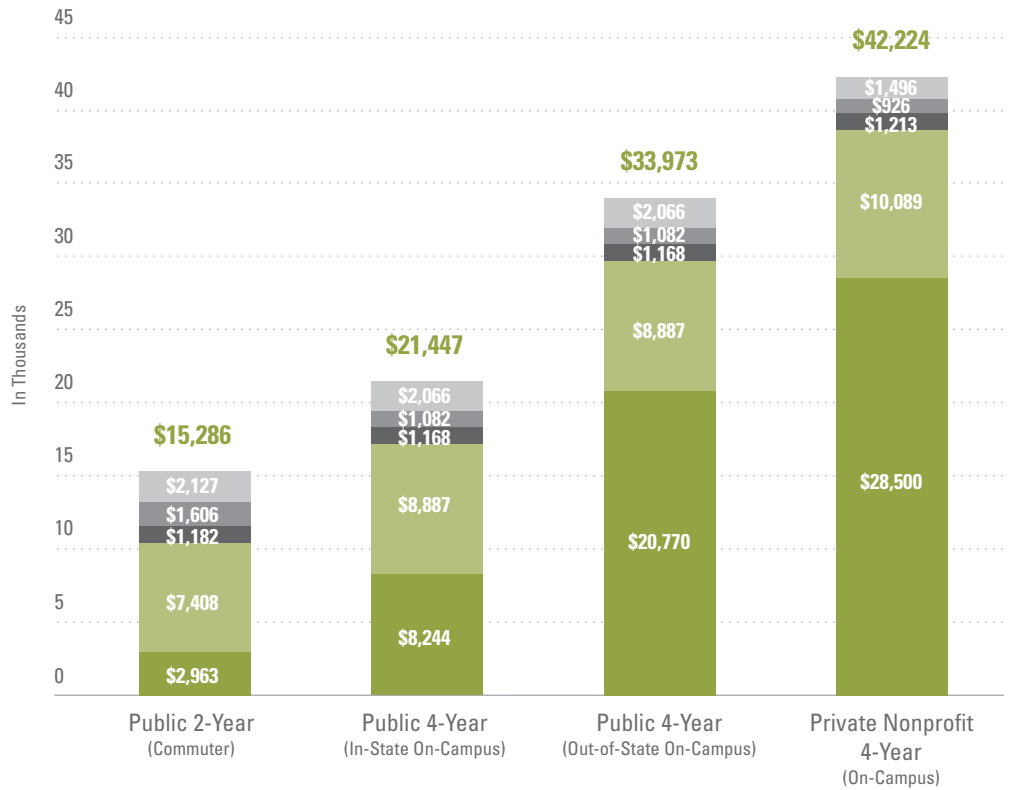
Average Estimated Undergraduate Budgets by Type and Control of Institution, 2011–12 (Enrollment Weighted)

New figure +

- Tuition and Fees
- Room and Board
- Books and Supplies
- Transportation
- Other Expenses

Source: The College Board, *Trends in College Pricing*, 2011

Note: Average total expenses include room and board costs for commuter students, which are average estimated living expenses for students living off campus but not with parents. Expense categories are based on institutional budgets for students as reported by colleges and universities in the *Annual Survey of Colleges*. They do not necessarily reflect actual student expenditures.



8.2b

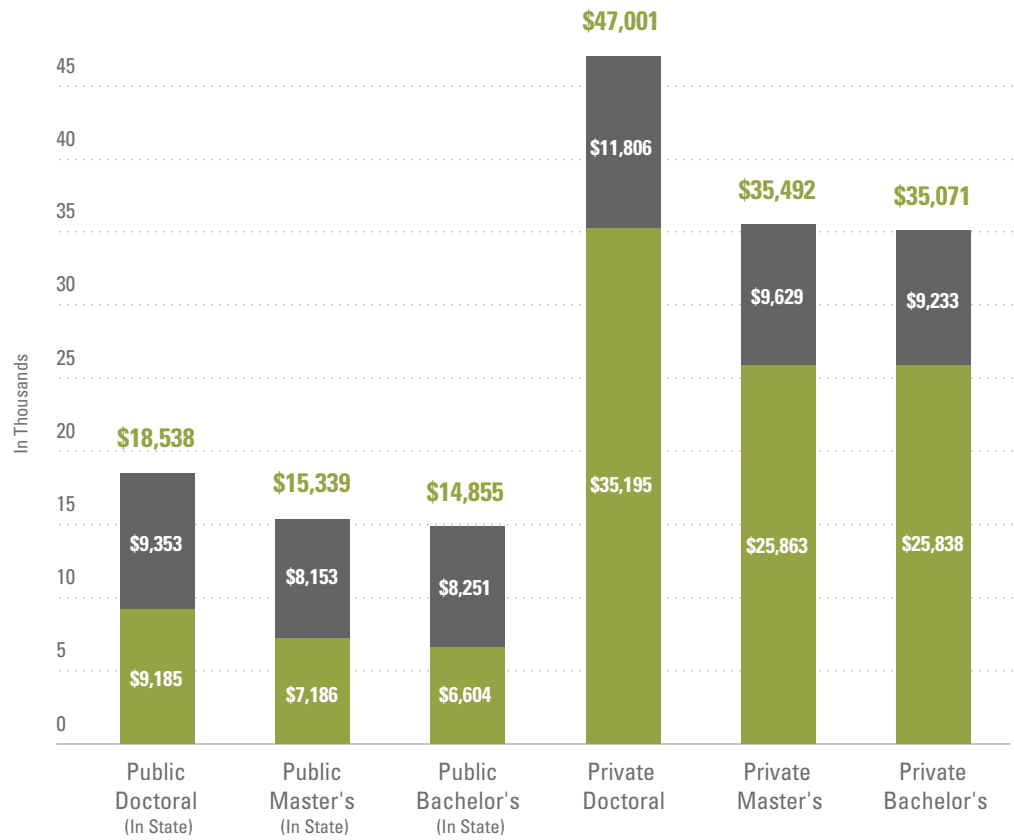
Average Published Charges for Undergraduates by Carnegie Classification, 2011-12 (Enrollment Weighted)

New figure +

- Tuition and Fees
- Room and Board

Source: The College Board, *Trends in College Pricing*, 2011

Note: Enrollment-weighted tuition and fees are derived by weighting the price charged by each institution by the number of full-time students enrolled in fall 2010. Public four-year in-state charges are weighted by total fall 2010 full-time enrollment in each institution. Out-of-state tuition and fees are computed by adding the average in-state price to the out-of-state premium weighted by the number of full-time out-of-state students enrolled at each institution. Room and board charges are weighted by the number of students residing on campus.



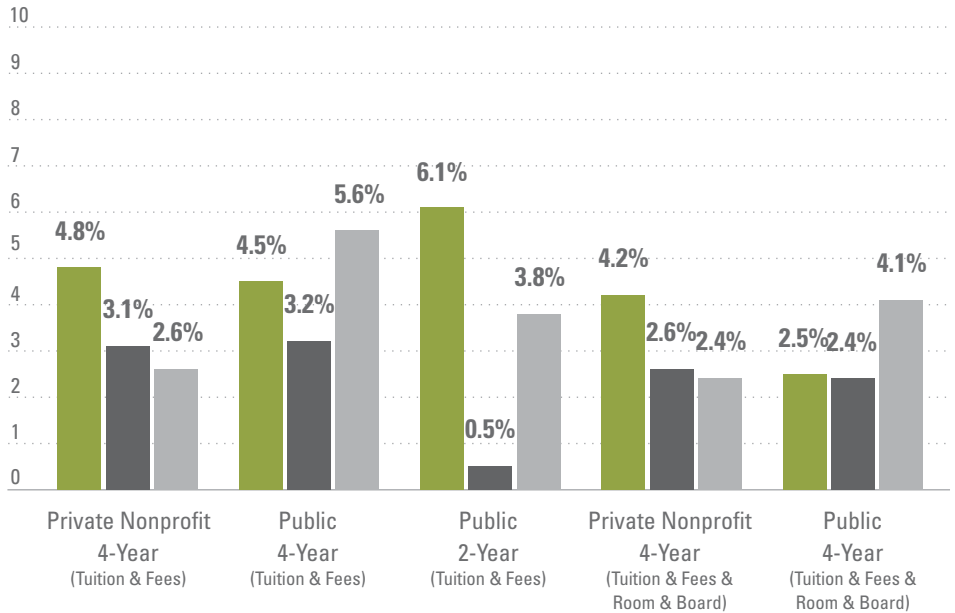
8.2c

Average Annual Percentage Increases in Inflation-Adjusted Published Prices by Decade, 1981-82 to 2011-12

New figure +

Source: The College Board, *Trends in College Pricing*, 2011

- 1981-82 to 1991-92
- 1991-92 to 2001-02
- 2001-02 to 2011-12



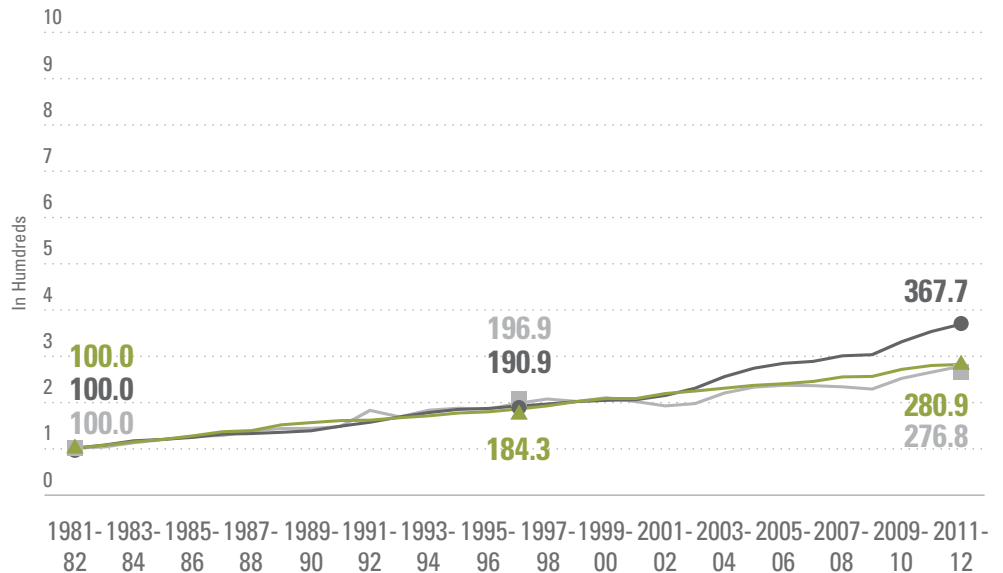
8.2d

Inflation-Adjusted Published Tuition and Fees Relative to 1981-82, 1981-82 to 2011-12 (1981-82 = 100)

New figure +

Source: The College Board, *Trends in College Pricing*, 2011

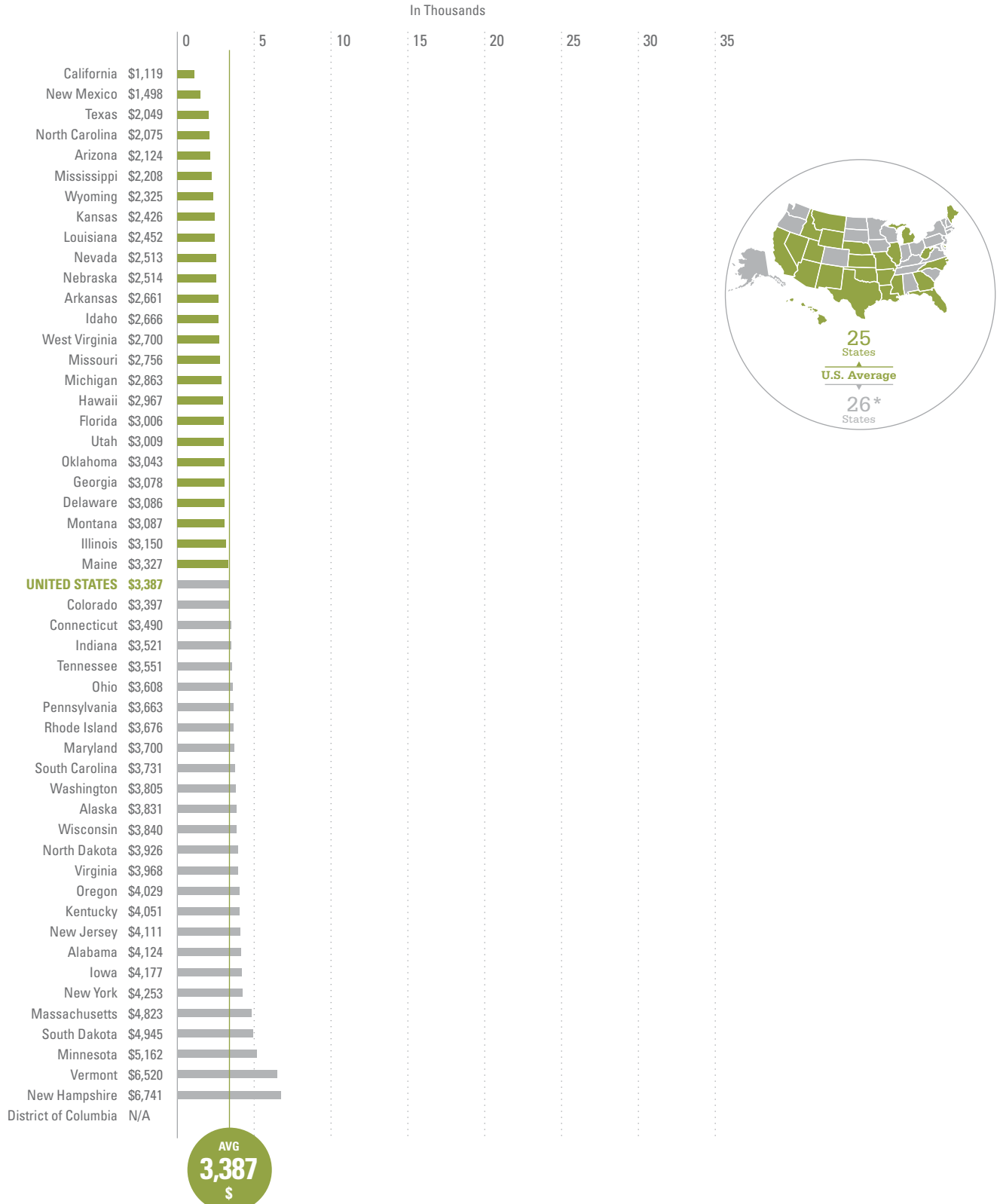
- ▲ Private Not-for-Profit 4-Year
- Public 4-Year
- Public 2-Year



8.2e

In-State Tuition Prices at Public Two-Year Institutions by State Rank, 2011–2012

Source: The College Board, *Trends in College Pricing*, 2011

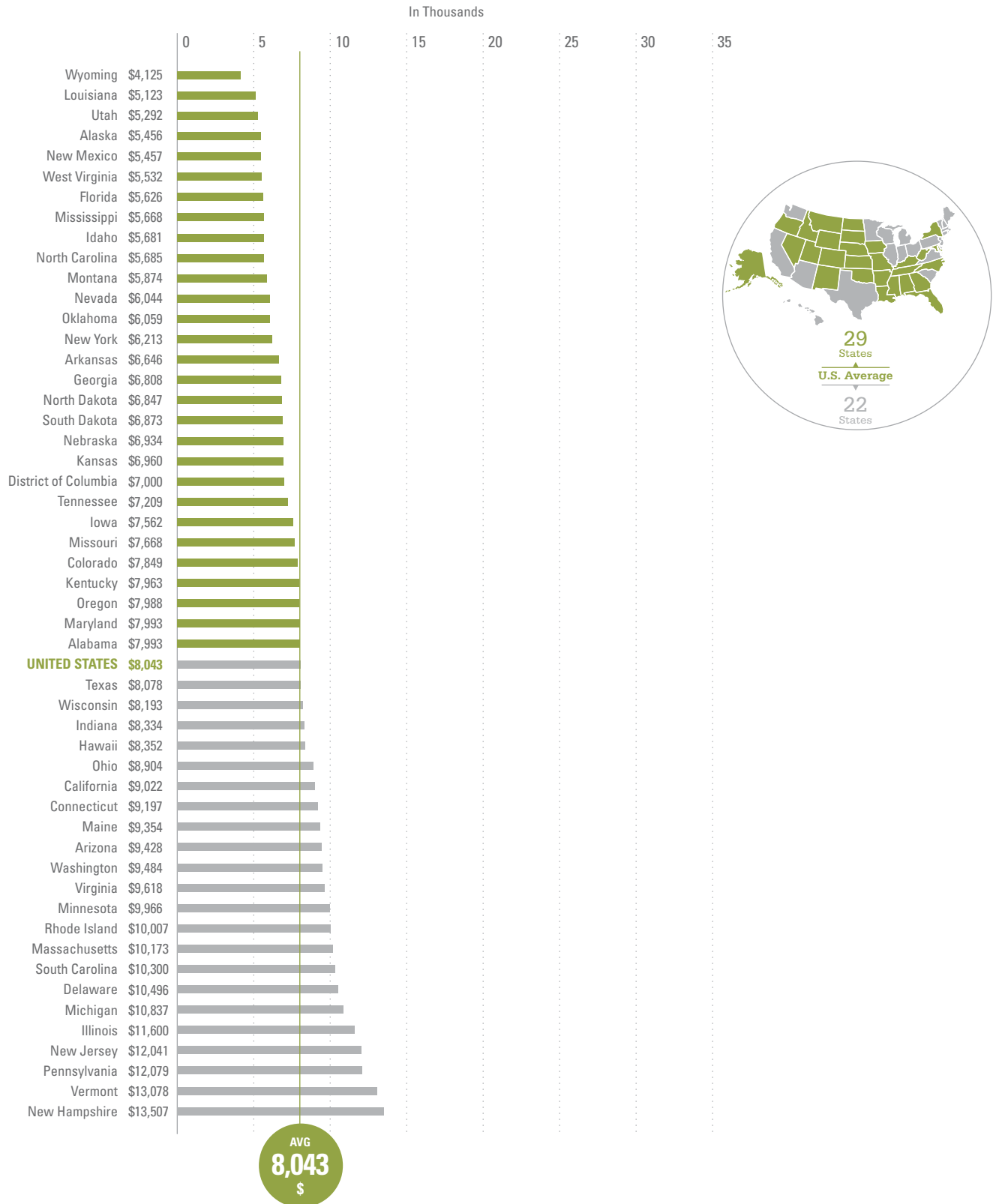


* Indicator data not available for all states.

8.2f

In-State Tuition Prices at Public Four-Year Institutions by State Rank, 2011–2012

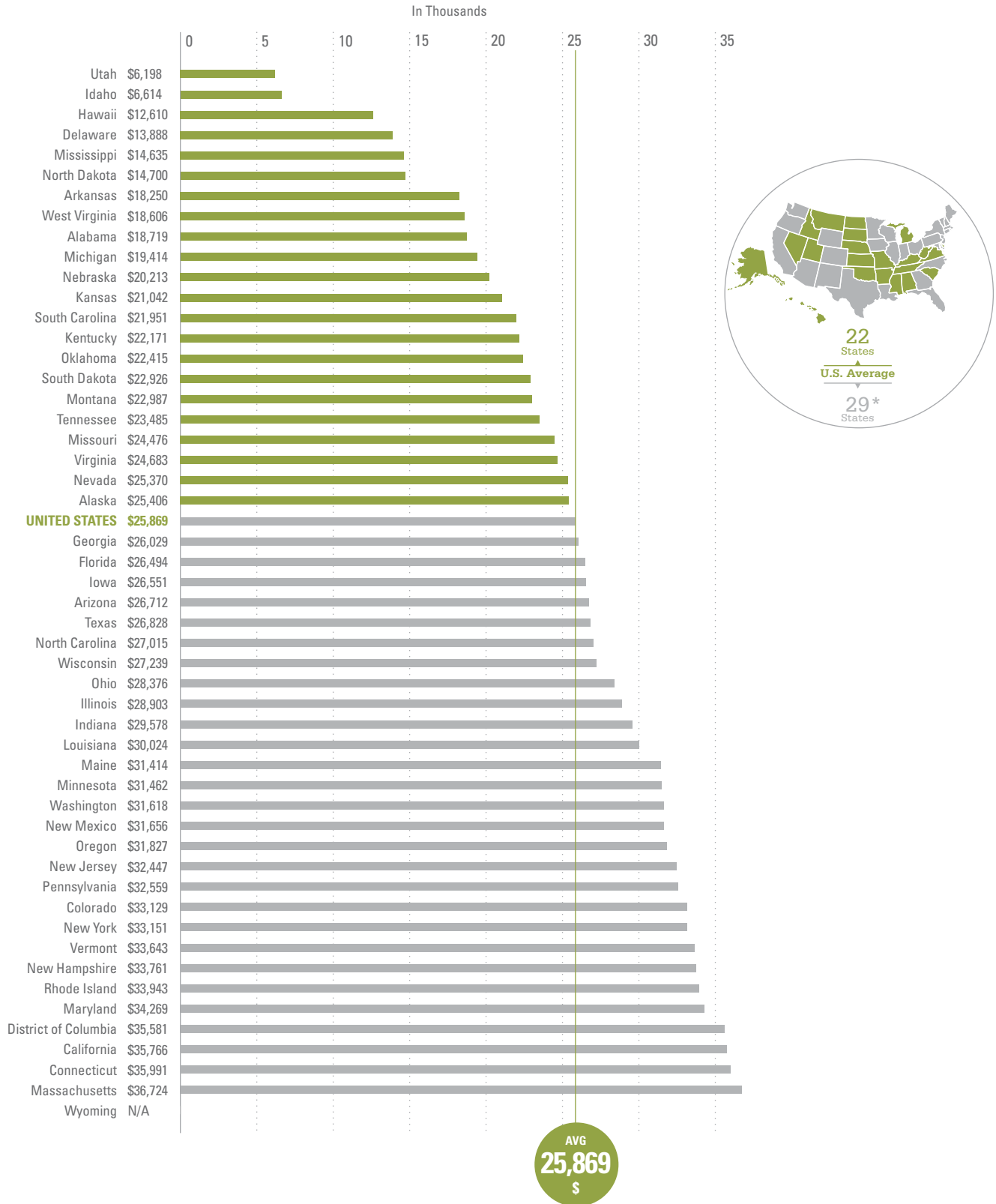
Source: The College Board, *Trends in College Pricing*, 2011



8.2g

Tuition Prices at Private Four-Year Institutions by State Rank, 2011–2012

Source: The College Board, *Trends in College Pricing*, 2011



* Indicator data not available for all states.



-\$810

As of the 2011-12 academic year, at public two-year institutions, the average net price students pay for tuition and fees is -\$810 (after subtracting grants and federal tax benefits).

\$2,490

As of the 2011-12 academic year, at public four-year institutions, the average net price students pay for tuition and fees is \$2,490 (after subtracting grants and federal tax benefits).

Net Price Students Pay for College

What is this measure, and why is this measure important?

This indicator measures the net price students pay for college after subtracting average financial aid received from average cost of attendance. This measure is important because increases in need-based grant aid frequently provide better-targeted improvements in college affordability than across-the-board tuition restraint.

What are the policy issues associated with this measure? Net prices are the result of the interaction of tuition and fee levels, the other expenses students face (e.g., room and board), and student aid availability. Policymakers must focus on both published prices and financial aid to monitor growth in net prices.

Where are we now? As of the 2011-12 academic year, the average net tuition and fees for full-time students is -\$810 at public two-year institutions, \$2,490 at public four-year institutions and \$12,970 at private four-year institutions.

Between 2006-07 and 2011-12, average published tuition and fees at public four-year colleges and universities increased by about \$1,800 in 2011 dollars, an annual rate of growth of 5.1 percent beyond inflation. The average net tuition and fees in-state students pay after taking grant aid from all sources and federal education tax credits and deductions into consideration increased by about \$170 in 2011 dollars, an annual rate of growth of 1.4 percent beyond inflation.

When interpreting this measure, what should be kept in mind?

Average net prices within sectors provide a clear view of the contrast between published prices and the amount typical students actually pay. However, it is the distribution of net prices across income levels that provide the most insight into affordability.

Price increases have a much larger impact on low- and moderate-income students than on those with greater resources. In recent years, net prices have risen most rapidly at public four-year colleges for students from families in the upper-half of the income distribution.

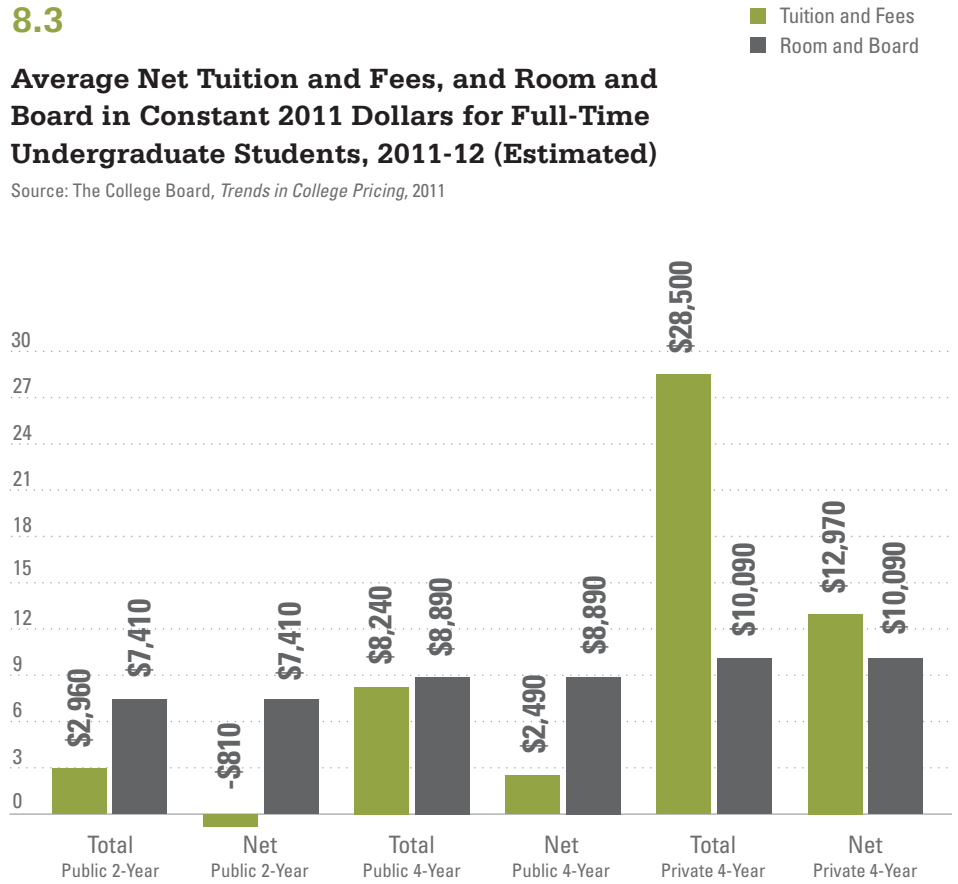
\$12,970

As of the 2011-12 academic year, at private four-year institutions, the average net price students pay for tuition and fees is \$12,970 (after subtracting grants and federal tax benefits).

8.3

Average Net Tuition and Fees, and Room and Board in Constant 2011 Dollars for Full-Time Undergraduate Students, 2011-12 (Estimated)

Source: The College Board, *Trends in College Pricing, 2011*



-16.0%

From 2000 to 2010, average family income has declined 16 percent (inflation adjusted) for low-income families.

-6.0%

From 2000 to 2010, average family income has declined 6 percent (inflation adjusted) for moderate-income families.

Changes in Family Income Levels

What is this measure, and why is this measure important? This indicator measures the percentage growth in mean family income by quintile in constant inflation-adjusted dollars. This measure is important because college affordability depends on family financial capacity and on the prices of other major goods and services. Much of the current difficulty families and students face in financing postsecondary education arises from widespread unemployment, increased income inequality and general economic weakness.

What are the policy issues associated with this measure? Income levels are not directly correlated to education policy, but changes in incomes must be kept in mind in evaluating reasonable education financing policies.

Where are we now? In the United States, average family income for low-income families declined 16 percent from 2000 to 2010. Figure 8.4 shows that the percentage growth in mean family income also declined for the second lowest quintile by 9 percent, and the percentage growth in mean family income for middle-income families declined by 6 percent. Income levels decreased by 3 percent for the second highest quintile, declined by 6 percent for the highest quintile, and declined 11 percent for the top 5 percent (which is a subset of the highest quintile). Over the entire income distribution in the United States, average family incomes in 2010 were lower in inflation-adjusted dollars than they were a decade earlier. The largest declines were for the families in the lowest 20 percentage of the population and for those in the highest 5 percentage.

When interpreting this measure, what should be kept in mind?

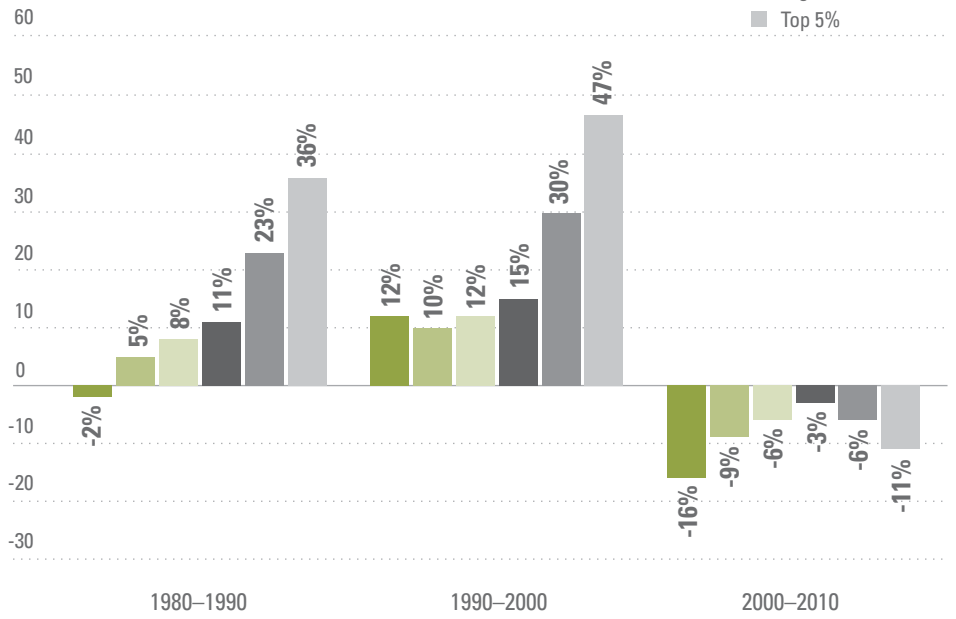
The distribution of income and changes in that distribution over time highlight the extent to which college affordability problems are concentrated in certain segments of the population.

8.4

Percentage Change in Inflation-Adjusted Mean Family Income by Quintile, 1980–1990, 1990–2000 and 2000–2010

New figure +

Source: The College Board, *Trends in College Pricing*, 2011



\$34,594

As of 2009, the average earnings for full-time workers ages 25 to 34 whose highest degree is a high school diploma or a GED is \$34,594.

\$42,391

As of 2009, the average earnings for full-time workers ages 25 to 34 whose highest degree is an associate degree is \$42,391.

\$53,483

As of 2009, the average earnings for full-time workers ages 25 to 34 whose highest degree is a bachelor's degree is \$53,483.

Earnings of College Graduates

What is this measure, and why is this measure important? This indicator measures the average earnings of full-time workers ages 25 to 34 in the United States. This measure is important because postsecondary education is an investment in the future that pays off in a variety of ways, including higher lifetime earnings. It is reasonable for students to borrow and repay their debts out of future earnings, yet the earnings premium for college education determines how feasible it is to repay these debts.

What are the policy issues associated with this measure? The earnings of recent college graduates determine the ease with which they can repay their student debt. Slow growth and instability in these earnings levels make the need for income-based repayment and other protections for borrowers in repayment more urgent.

Where are we now? As of 2009, the inflation adjusted average earnings for full-time workers ages 25 to 34 in the United States is \$34,594 for high school graduates and GED recipients, compared with \$53,483 for those with a bachelor's degree (Figure 8.5). The inflation adjusted average earnings for full-time workers ages 25 to 34 in the United States are \$42,391 for those with an associate degree.

When interpreting this measure, what should be kept in mind? Earnings for 25- to 34-year-olds have not grown measurably in recent years — even without adjusting for inflation — for workers at any level of educational attainment. Those with no college education and those with associate degrees have seen the largest declines. The gap in mean earnings between those who have earned bachelor's degrees and those with no college experience was \$18,889 in 2009.

8.5

Average Earnings of Full-Time Workers Ages 25–34, 2009

Source: U.S. Census Bureau, Current Population Survey, 2010

