State Responses to Increases in Public College Prices: An Analysis of Developments Since 1990

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State Responses to Increases in Public College Prices:
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After more than a decade of relative stability, the price of
public colleges began to rise rapidly in the early 1980s (Hartle,
1986). Reductions in federal and state support, increases in
faculty salaries, rising energy prices, and a decline in the
number of traditional college-age students are all credited with
playing a role in those increases. While public college price
increases slowed somewhat in the last half of the 1980s, rapid
price increases returned after 1990. Today, after almost 15
years of sustained price increases, there is substantial public
pressure on campus leaders and state policy makers to take
actions to stabilize the price of public higher education.
Indeed, today few issues concern American families as much as the
spiraling price of public higher education (Quinn, 1990).

- Table One Here -

While public college prices have increased everywhere, those
increases have not occurred in a uniform fashion. Between 1990
and 1995, public college tuition and required fees for resident
undergraduates in Massachusetts, California, New York, Alaska,
and Wisconsin increased by more than 110 percent. But tuition
charges in Hawaii, Georgia, Illinois, and West Virginia increased
by only about 25 percent. Moreover, the price of a year at a
public college in Vermont, Massachusetts, and Michigan, and now
more than 350 percent higher than a year at a public college in
North Carolina, Idaho, or Hawaii.
Assessing State Responses: A Study

There have been a number of studies of the causes and consequences of college price increases. But they either focus broadly on the macro-developments which are driving the price increases in all states (Hauptman 1990), or they are based on the quantitative analysis of survey data supplied by a single source or individual in each state (Halstead 1992, Wittstruck and Bragg, 1988). The macro studies reveal a great deal about why college prices are rising, but say little about the substantial variation in both prices, and responses to price increases, among the states. The quantitative analysis of survey data can illustrate that variety among the states, but can only speculate about the causes of the differences.

This research attempts to describe and categorize the variety of state responses to growing public pressures to control college price increases. Specifically, it seeks to answer the following questions: How have different states responded to the pressures resulting from rising college prices? And do states which experienced rapid tuition inflation respond in different ways than those states with more modest price increases?

In order to answer these questions I conducted over 110 face-to-face interviews with state and campus higher education leaders in 11 states (North Carolina, Virginia, Louisiana, Texas, New Mexico, Colorado, Iowa, Ohio, New York, Vermont, and Connecticut) between January and April of 1995. These states were selected because they represent a range of high and low
public college tuition, large and small appropriations for higher education, generous student aid programs and virtually no student aid programs, and states which have a vibrant independent sector and states which have virtually no private colleges.

In each of the 11 states, I interviewed the chair of the State House and State Senate education committees (or the appropriations subcommittee for higher education), the appropriate legislative staff members, the state's higher education finance officer, the Director of the State's Scholarship and Grant Agency, and the vice president for finance and director of financial aid at two public colleges. I also interviewed leaders of multi-campus systems, and members of the governor's staff where appropriate.

Conducting such an analysis is made more difficult by the quite different structures used by states to govern and fund their public colleges. Moreover, some states have developed a comprehensive strategy to limit tuition, manage enrollments, or target funds more efficiently to the most needy students. In other states, however, appropriation and tuition decisions are made by a large number of relatively autonomous actors in an almost totally uncoordinated way.

The analysis presented here is preliminary and impressionistic. I have not, as yet, completed the systematic analysis of the interviews or the quantitative analysis of the responses to the closed ended questions. Still, after nearly three months of intensive field work, this paper represents a
first effort to develop a comprehensive understanding of an enormous variety of perceptions, procedures, and practices employed by state leaders to respond to increases in public college prices.

The Fiscal Condition of the States

The 1990s have been a difficult time for state governments. Indeed, Steven D. Gold (1995) recently termed the period "the fiscal crisis of the states". The most important cause of the fiscal problems faced by the states was the recession of the early part of the decade. This created a squeeze in which state tax revenues were reduced as the demand for welfare and higher education was increasing. Although the national recession ended in early 1991, many state's experienced its effects for a much longer time. A few appear to have not yet recovered.

While important, the recession was not the only cause of the fiscal problems faced by the states in the 1990s. The explosive growth of Medicaid and the increased impact of federal mandates required all states to spend more to spend more in these areas without generating any additional revenue to cover those costs. Many states experienced significant increases in public school enrollment or faced court orders to reduce disparities in spending among school districts. Similarly, mandatory sentencing requirements and tougher practices in the criminal justice system forced states to greatly increase their spending on corrections and prison construction.
In combination, these factors forced states to reallocate the shares within their annual budgets. As shown in Table Two, since 1990 there were increases in all of the major state expenditure categories except higher education. This is no accident. State policy makers were trapped between pressures to increase spending on K-12 education, prisons, medical care, and welfare on the one hand and pressures to hold down taxes and legal requirements to balance their state budgets on the other. Given these cross-pressures, many policy makers felt as though higher education was the only place they could reduce spending without producing a short term disaster. When they cut support for higher education, public colleges replace that lost revenue by increasing tuition charges to students. Other areas of state spending do not have the same flexibility to shift costs and still maintain services. As such, even when not accounting for inflation, state spending on higher education experienced an annual decline of 0.6 percent per year between 1990 and 1995.

Not only did higher education loose ground to other state spending priorities, it received a smaller share of total state appropriations. As shown in Table Three, between 1990 and 1995, appropriations of state tax funds for higher education per $1,000
of personal income declined by 20 percent in five years. While much of these declines were accounted for by large reductions in a few large states, it illustrates the overall movement away from generous state support of public higher education.

State Funding and Public Higher Education

State governments are the principle source of revenue for public colleges and universities. When viewed in aggregate, state spending on higher education dwarfs the combined efforts of federal and local governments. States provide most of these dollars directly to public colleges and universities as instructional subsidies, which colleges, in turn, use to keep their tuition charges considerably below the full cost of providing a higher education. Another large portion of those state dollars is allocated for need-based grants which are awarded directly to lower family income students. These grants are given with the express purpose of providing students with the resources necessary to attend the college of their choice.

State governments are thus major players in financing of American public higher education. But the relationship between state governments and public institutions of higher education is complex and multi-faceted. State governments provide more than half of the revenues currently used to operate public institutions of higher education. Nonetheless, public colleges retain substantial autonomy in their administrative and financial operations. In most states, it is the colleges themselves,
acting through boards of trustees, who determine the tuition they will charge. Of course states, acting through their legislatures, can mandate changes or limits in those tuition levels. In only a few states does the legislature actually set the tuition level charged at public colleges, and in most of those states it is set in careful consultation with the state's board and college presidents.

There is a clear relationship between levels of state support and tuition charges at a state's public colleges. Public colleges receive their funding from a combination of state support, tuition, private contributions, and sales and services. When state support declines, colleges plug the gap revenue gap by increasing tuition charges. That is exactly what happened in the 1990s. As Thomas Mortenson (1994) describes it:

As states governors and legislators have chosen to shift state appropriations away from higher education into more "important" budget priorities like corrections and Medicaid, public institutions have raised tuition charges to students to offset the loss of state appropriations.

While the link between state appropriations and tuition at public colleges is a real one, it is far from lock-step. Indeed, in the determination of the tuition level charged each year at public colleges is the product of countervailing pressures. Long traditions of institutional autonomy from direct government control mandate that campuses retain control over expenditure and pricing decisions. But growing public pressures for accountability in the use of public funds demand that state governments act to control or limit price increases. Whether or
not those public pressures are manifested in explicit governmental action, campus decision makers are certainly aware that rapidly rising tuition made them the target of increased scrutiny by governors and state legislatures. As such, public colleges must establish their own price levels within the context of limited state appropriations and the need to be responsive to broad public and political pressures (Ostar, 1990).

**States and Campuses: Diverging Viewpoints**

Historically, state governments and public colleges have shared a common interest in keeping public tuition charges low. States benefitted from the economic and social development which accrued from increased participation in higher education, and states saw low tuition as the most direct way to increase the levels of participation in public higher education. Moreover, because colleges are attended disproportionately by higher income residents, a low tuition policy was an easy way to distribute public benefits to well-to-do residents.

Public colleges also saw low tuition as advantageous. Low tuition gave them an advantage in the competition with private schools for the best students, and also allowed them to attract large numbers of first generation college students who might otherwise not have attended college. The increase in college participation thought to result from low tuition was seen as fueling economic development and generating new revenues for state governments.
More recently, however, the budgets of both state
governments and public colleges have been squeezed by rising
costs and falling revenues. As that happened, the interests of
states and public colleges began to diverge. Their different
views of how best to respond to this fiscal stress are the
natural result of the different constituencies that each serve.

Governors and state legislators focus their attention on the
big picture of state finance. They must generate sufficient
revenue to provide the services demanded by state tax payers and
still keep the state’s operating budget in balance. But the dual
pressures to expand public services and limit tax increases makes
balancing state budgets a political minefield. In order to
reconcile these conflicting demands, state policy makers have few
options. They can either raise taxes, cut state spending in
other areas, increase the efficiency of service delivery, or
develop alternative revenue sources. From the perspective of the
governor’s mansion and the statehouse, higher education looked
like a good place to cut.

Public college leaders saw the slowing of state
appropriations for higher education as the shortsighted and
misguided efforts of state governments to shift the
responsibility for funding higher education to students and their
families. On campus, this raised concerns that a disastrous
chain of events was being set in motion. Rising college costs
would lead to lower college participation rates, which would lead to
decreasing economic growth in the state, which would lead to
reduced state revenues, which would require further cuts in all types of state services. In the end, students, colleges, and states, would all end up in worse economic condition.

Thus the relationship between states and public colleges in the early 1990s were characterized by an unusually high degree of budgetary conflict. Both sides argued that the other did not understand the fundamental problem. But the differences of opinion were not simple misunderstandings. The college affordability problem, and the appropriate response to the problem, look quite different on the green at a public college than in the deliberations of a state appropriations committee.

Policy Responses of the States

There is little doubt that the principle reason for the increases in public college prices since 1990 was the declining levels of state budget support. But even as states were making budgetary decisions which were having the effect of driving college prices upward, they were also generating public pressures to limit those price increases. Put another way, regardless of who caused the problem, voters, taxpayers, parents, and students are demanding that state policy makers take action to keep public colleges affordable.

Policy makers in every state included in this study responded, in one way or another, to that public pressure. Those responses, however, were complex and multifaceted. Few states developed a comprehensive strategy or policy to control college
prices. Most undertook piecemeal, ad-hoc, incremental changes on several fronts. Moreover, in some states the response came directly from the state legislature or the governor's office. In others it came from the Board of Regents or the coordinating board. In others it came as informal pressure on campus leaders from state policy makers to change their behavior or policies.

In general, these state responses can be divided into five distinct categories. These responses seek either to force public colleges to limit prices, to make the provision of public higher education less expensive, or to reduce the impact of rising prices on the students and their families.

The type of response chosen by the state seems to be a function of two principle factors. The first is the severity of the fiscal constraint perceived by the state level policy makers. The more that policy makers viewed their position as approaching a crisis, the more aggressive the steps they were willing to take to restrain state spending regardless of the impact on public college tuition levels. In those states where fiscal conditions were seen as less severe, policy makers were much more concerned with the problem of rising tuition.

The second factor which seemed to be associated with state response was the perception of state policy makers regarding the causes of the tuition spiral. When policy makers saw the causes as the problem as insufficient resources available to campuses, they were open to solutions which give institutions additional resources or give them more flexibility in the allocation of
their resources. In those states where the problem was seen as wasteful or inefficient spending by campuses, state policy makers were more likely to seek to reduce appropriations or impose external controls on spending or tuition levels.

State Response #1: Mandated Price Controls

The most straightforward way for a state to limit public college price increases is to take formal legislative action to stop them. This approach is especially easy in states like Texas where public college tuition is actually set by the state legislature. By keeping tuition very low, Texas legislators feel that they maintain the widest possible access to their public colleges. But low tuition generates little revenue to cover educational costs and the legislature has provided colleges with little additional revenue to cover their rising costs. As a consequence, public college leaders in Texas have complained bitterly that they are being squeezed in such a way that they have little choice but to compromise program quality.

But the low tuition policy in Texas is more complex than it might appear. To insure that colleges have adequate revenues, and also maintain their policy of very low tuition, the state legislature and public colleges have reached an uneasy compromise. Colleges have been allowed to establish a number of student fees and charges which cover the cost of a specific activity or service. These fees are them used to supplement the campus budget and serve to replace the funds which are not
appropriated by the state. For many, perhaps most, Texas students, these fees are now larger each term than their total tuition bill.3

In states where tuition is set by a state board or by individual campuses, the process of state control is slightly more difficult. In Virginia and Ohio, the legislature has established annual tuition caps for all public institutions. These caps, which were set at the level of consumer inflation (CPI) in Virginia and slightly higher in Ohio, establish the maximum percentage of tuition increase that the state will accept each year. In both states frustrated legislators saw tuition caps as a way to show campus leaders they were serious about controlling costs. In the view of many legislators, this was the only way to force unresponsive campuses to limit their wasteful spending and set reasonable priorities. When coupled with reductions in state appropriations, legislators felt that such caps were the only way to insure that necessary belt-tightening took place on campus and the budget cuts were not simply passed on to students in the form of higher tuition.

Campus leaders had a mixed response to these state imposed tuition caps. In Ohio, where the tuition caps were set at a relatively high level and negotiated between the Board of Regents and legislative and campus leaders, the caps have been relatively non-controversial. The principle objection to them was that because they are set as a percent of last year's tuition, those campuses which already had high tuition were allowed to raise
their tuition more than lower priced institutions.

But in Virginia, where the tuition caps were set at very low levels and used by the legislature to force campuses to cut spending levels, the response was much more hostile. While every state campus abided by the caps, campus leaders organized aggressive efforts to mobilize public pressure to increase state support of higher education.

Response #2: Increasing Institutional Revenues

A second way that state policy makers can respond to increasing college prices is to make adjustments in the revenue streams available to campus leaders. This often takes the form of increased appropriations by state legislators to offset increases in campus expenditures. By providing colleges with larger subsidies, states reduce the fiscal squeeze facing campus leaders and lessen the need for tuition increases. Such a response makes sense if the root cause of tuition inflation is that colleges have insufficient resources to provide a quality education at a fixed price.

From a state’s perspective, increasing institutional revenues is a very costly solution to the problem of tuition inflation. Even in states where policy makers see insufficient state support as the cause of rising college prices, limited state resources and shifting state priorities make increasing instructional subsidies unrealistic. Further, increasing appropriations to higher education alone does not guarantee
stable college prices. In recent years, public college expenditures have increased rapidly. Thus unless state support increases more rapidly than campus spending, schools may still feel the need to raise tuition. This pattern was evident in Iowa in the early 1990s when a statewide effort was made to increase faculty salaries. This effort produced significant increases in state support of higher education at a time when public college tuition charges were also rising.

As the decade began, both North Carolina and New York offered public college tuition which were among the lowest in the nation. But as fiscal pressures of the 1990s mounted, New York slashed support for higher education and public college tuition increased by more than 110 percent. On the other hand, North Carolina was able to remain the lowest priced public college system in the nation in spite of a 57 percent increase in tuition charges. This was the result of a coordinated effort by state policy makers in North Carolina to maintain its low tuition tradition at the expense of other state priorities.

During the 1990s, the only state which has been successful at expanding instructional subsidies was New Mexico. Beginning in the 1980s, state policy makers in New Mexico undertook a massive increase in state spending on higher education which continued into the early 1990s. This was made easier by the relative health of the state's economy. But rather that reduce taxes or expand other state services, policy makers significantly increased instructional subsidies to public colleges and expanded
spending on need based student grants.

A second way that public colleges can raise additional revenues is to increase the tuition charged to nonresident students and use that money to subsidize resident students. Today almost every state charges non-resident students a tuition which approaches the full price of the education they receive. This is because state policy makers are generally unwilling to provide higher education, or any state service, to those who don’t pay taxes in the state. But in both Vermont and Colorado, some public colleges raised non-resident tuition rates to levels substantially higher than full cost. While such calculations are always difficult, some campuses estimate they charge from 125 to 140 percent of full cost to non-resident students.

Such an approach is unlikely to be successful in all states. Both Vermont and Colorado are popular destinations for prospective students. Public colleges which are located in less desirable places worry that raising tuition charges to such levels would reduce non-resident enrollments. This would limit diversity on campus and potentially produce a reduction in campus revenues.

Interestingly, some campuses in New Mexico are taking exactly the opposite approach. They have chosen to charge non-resident students substantially less than the full cost in order to attract out of state students to New Mexico in the hope that those students will eventually relocate in New Mexico and stimulate long term economic growth.
Response #3: Limiting Institutional Expenditures

The second type of state response is to alter the expenditure patterns of campus leaders. This is a more controversial approach because it can bring states into areas which had previously been under the autonomous control of campus administrators and governing boards. Legislators in some states have attempted to alter such things as faculty workloads and even the types and availability of courses. In other states, legislators have overhauled campus purchasing procedures and/or mandated reductions in specific spending categories. These efforts are designed to bring spending in line with available revenues and reduce the need for tuition increases.

Several of the states included in this study have undertaken statewide efforts to find ways to reduce educational spending. The most aggressive of these is taking place in Virginia. In 1994, the Governor and the General Assembly required all public colleges and universities in the state to submit extensive restructuring plans:

- to effect long term changes in the deployment of faculty, to insure the effectiveness of academic offerings, to minimize administrative and instructional costs, to prepare for the demands of enrollment increases, and to address funding priorities as approved by the General Assembly (Restructuring Criteria, 1994).

These plans were to follow strict criteria developed by the state’s Council on Higher Education.

As part of this process, each institution was required to conduct a comprehensive review with an eye towards reducing
programs, eliminating expenses, and saving money. While the language of the plan stresses quality enhancement, participants in the process viewed the focus of the plan as on improving efficiency and reducing the size and scope of the higher education system.

A similar study was conducted in Ohio between 1990 and 1993. Under orders from the state legislature, the Ohio Board of Regents examined ways to reduce costs and prepare for the future needs of Ohio students and taxpayers. The report focused on the need to reduce duplication of high cost programs, increase cooperation between sector as of the higher education system, and increase faculty productivity. Perhaps its most controversial recommendation was to require all public colleges to increase by 15 percent the amount that faculty were teaching. However, measurement of what constituted teaching, or how the requirement would be enforced, was left to campus officials.

Similarly, the University of Texas system undertook a massive study of cost savings and cost avoidance. In 1994, the University began implementing a plan which recommends a series of steps to reduce costs including: outsourcing, energy conservation, automation, natural gas vehicles, and streamlining of programs. While this plan was initiated by the Chancellor of the University, it was clearly in response to legislative concerns over perceived waste and inefficiencies by campuses.

Less ambitious studies of productivity and cost savings were conducted in North Carolina and Louisiana. Both of these studies
focused on the need to develop better measures of educational output and/or faculty productivity. But they carried the implicit message that if campus or state board leaders did not take actions to reduce their spending, the governor or state legislature would be forced to take more aggressive actions.

Response #4: Redesigning Delivery Systems

The fourth state response is to redesign the higher education delivery system in ways that produce the same output at a lower price. Such restructuring almost always involves efforts to reduce duplication of programs and consolidate smaller units into larger more efficient units. However, it can also include a new emphasis on distance learning programs or the use emerging technologies to reduce the labor costs of instruction. While none of the states in this study are seriously contemplating closing a campus, (and a few were actually planning to open new ones), nearly every state is in the process of rethinking the design of the delivery of higher education. Indeed, in 1995 both the Connecticut and the New York legislatures debated bills to eliminate the state’s Department of Higher Education. Neither of those bills was passed.

As a part of efforts to redesign and rationalize their higher education system, several of these states have passed legislation to streamline the articulation and transfer process between two and four year colleges. This is seen as a way of reducing net college prices by allowing more students to study at
less expensive community colleges for two years and then transferring to a four year college with no loss of credit. In some states this is being encouraged by enrollment caps at four year colleges which leave many students with little choice but to begin college at a two year campus.

In Ohio, for example, all public four year colleges are required to accept any "transfer module" which has been approved by the Board of Regents. In this way any student taking an approved module at a two year college can be assured that it will transfer to any four year college in the state.

Perhaps the state which has taken the most aggressive effort to redesign the provision of services is Colorado. In an effort to enhance enrollments at two year and smaller four year colleges, enrollments have been capped at both the University of Colorado at Boulder and at Colorado State University. While this has not yet produced the desired result, state policy makers continue to seek mechanisms to drive students from high cost institutions to lower cost institutions.

Response #5: Increasing Family/Student Resources

The final state response is to accept that college prices must inevitably rise and utilize scarce state resources to insure that families will have increased resources to meet those costs. This response can take two forms. One is to move from a low tuition funding model, which allocates state appropriations to campuses based on enrollments or spending needs, to a high
tuition/high aid model which shifts the focus of state appropriations to need-based student aid. In this way the most needy students find their college costs declining because of the larger grants they receive. But higher income students would find their college costs increasing as reduced subsidies led to higher tuition. This strategy, which was followed in Vermont for many years, is now under consideration in several other states as a way of maintaining access for disadvantaged students while dramatically reducing the state’s appropriation for higher education.

While the concept of high tuition/high aid funding has been around for more than three decades, it only emerged as a leading reform option in the early 1990s (Fisher, 1990). This rise to prominence was driven largely by the fiscal pressures facing state governments. As states searched for ways to reduce spending without producing negative social consequences, high tuition/high aid made sense. By expecting upper income students to pay more, states could reduce their spending on higher education without necessarily reducing college access for lower income students.

Supporters of this model argue that low tuition policies are both inefficient and ineffective ways to fund higher education (McPherson and Schapiro, 1991). State instructional subsidies allow public colleges to charge students the same low tuition regardless of their need. Students who can afford to pay the full cost of their education pay the same price as those who
cannot. Further, low tuition policies insulate public higher education from the discipline of the marketplace. Many students, especially low income students, have little choice but to attend a nearby public college. Thus public colleges do not face the competitive pressures which serve to increase performance and improve quality. They have a captive audience of lower income students who, even with federal financial aid, cannot afford to attend a private college or even another state institution.

Advocates of this approach see it as a way to simultaneously reduce government spending and increase educational quality. By reducing instructional subsidies state governments save money. By increasing student aid, lower income students experience no declines, or perhaps even increases, in college access. And public colleges are forced to raise standards to compete with private colleges based on quality of education and not price.

While there has been a great deal written about the theoretical advantages of the high tuition/high aid model, it was not academic arguments which seeks to be driving the shifting pricing strategies of the states. In no state other than Vermont did a legislator, legislative staff member, or governors staff member express support for this funding approach. Instead, they expressed regret about their inability to maintain low tuition and described the shift in strategy as an after-the-fact reaction to the budget crisis. Many expressed the hope that at some point in the future, funding could again be restored to full funding and the need for such large state grants would be reduced.
The other way states can increase the resources available to students and their families is to create state sponsored savings bond or pre-paid tuition programs. These programs offer benefits to state residents who are willing to save for their children's education. By offering tax free status to certain investments or a state match of funds placed in certain accounts, states can increase the pool of funds available to families and, in the long run, reduce the pressure to keep public college tuition low.

These programs fall into two categories; college prepayment programs and college savings bond programs. Tuition prepayment programs allow people to purchase contracts that are guaranteed to cover a percentage of the future costs of attending college. Parents, relatives, and family friends can pay now for a future student's education. College savings bond programs use public relations campaigns and financial incentives to encourage families to save for college by investing in tax exempt government bonds. While neither type of program has much impact on college affordability in the short term, they are designed to change family savings patterns in the long term and make it possible for parents to re-assume a greater responsibility for the college costs of their children.

Both types of college savings programs have proliferated since the mid-1980s, at least in part, because they gave state policy makers politically and economically acceptable alternatives to more costly and controversial responses to increasing college prices. By creating college savings programs,
policy makers could respond to public concerns that college was becoming unaffordable without having to appropriate new spending in the current year. Further, if they are successful, such programs have the potential to provide many families with an additional set of resources to pay for college without corresponding increases in direct government subsidies.

New York was the first state government to enact a program with the explicit intent of helping families to save for college. Under the parents and students savings program (PASS), state residents were allowed to deduct up to $750 every year from their taxable income for funds placed in a college savings account. Today, state savings programs are in full operation in seven states, including Ohio. But in the states included in this study there was substantial interest in such programs. In both Virginia and Louisiana, savings programs have been enacted by the legislature and should be operational in the next few years.

The Non-Response: Abandoning Public Higher Education

The final state response to rising college prices is to simply abdicate responsibility. Indeed, it seems as if some states are on the verge of abandoning their commitment to broad access to public higher education. This response is most evident in Connecticut where a first year student who is able to combine the maximum Pell grant, the maximum subsidized Stafford loan, and the maximum state grant will still need to produce more than $1,000 of additional funds to cover the cost of attendance in one
year. In short, the state has implicitly decided that it can no longer afford to provide access to the states public colleges for the most needy students.

Of all of the states included in this study, however, Virginia has experienced the most severe cuts in state support for higher education. But because they started from a better position, the situations facing students in Virginia are not quite as bad as those in Connecticut. Between 1990 and 1995, Virginia reduced spending on higher education by 26 percent and state support per student declined by a remarkable $1,200 per year. The result was a 65 percent increase in tuition charges in spite of a strict tuition cap imposed in 1994.

Assessing the Impact

This research is an effort to describe and analyze what states are doing. It is far to early to reach conclusions about which efforts are the most successful. Instead the analysis here was limited to the perceptions of the participants regarding their state’s response to pressures to limit public college prices.

While states have responded to rising college prices in a variety of ways, no one approach has produced much success. What is perhaps the most striking aspect of this examination is the lack of trust and communication between the participants. The suspicion was most evident between state policy makers (especially legislators, legislative staff, and governor’s staff)
and campus leaders. But in many states, either legislators or the campus officials expressed mistrust about the state board and their staff. Indeed it is not much of an exaggeration to say that no one seemed to have much confidence in the perceptions or judgements of anyone else. In this policy making environment, it is no surprise that there is little coordinated or comprehensive effort to respond to the problem of rising college prices.
References


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Endnotes

1. The interviews, which lasted from 20 minutes to 2 hours, were designed to allow each policy maker to paint their own picture of the affordability problem in their state, the causes of the problem, the efforts which had been taken so far, and the likely impact of those actions.

2. It is interesting to note that the legislature is required to approve these student fees and could keep them low just as they have keep tuition low. However, legislators have chosen to routinely approve these fee increases without the careful scrutiny given to requests for tuition increases. As such, the very low tuition at public colleges in Texas are often more an illusion than a reality.
Table #1
Resident Undergraduate Tuition and Required Fees
at State Flagship Universities: 1990-1995

<table>
<thead>
<tr>
<th>STATE</th>
<th>1990</th>
<th>1995</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vermont</td>
<td>$3,986</td>
<td>$6,652</td>
<td>67%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>$2,629</td>
<td>$5,574</td>
<td>112%</td>
</tr>
<tr>
<td>Michigan</td>
<td>$3,395</td>
<td>$5,472</td>
<td>61%</td>
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<td>Pennsylvania</td>
<td>$3,754</td>
<td>$5,036</td>
<td>34%</td>
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<tr>
<td>Connecticut</td>
<td>$2,631</td>
<td>$4,712</td>
<td>79%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$3,170</td>
<td>$4,591</td>
<td>45%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>$2,794</td>
<td>$4,559</td>
<td>63%</td>
</tr>
<tr>
<td>Virginia</td>
<td>$2,708</td>
<td>$4,480</td>
<td>65%</td>
</tr>
<tr>
<td>California</td>
<td>$1,673</td>
<td>$4,347</td>
<td>160%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>$2,323</td>
<td>$4,242</td>
<td>83%</td>
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<tr>
<td>Delaware</td>
<td>$2,960</td>
<td>$4,100</td>
<td>39%</td>
</tr>
<tr>
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<td>$2,929</td>
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<tr>
<td>Maine</td>
<td>$2,092</td>
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<td>75%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$2,527</td>
<td>$3,606</td>
<td>43%</td>
</tr>
<tr>
<td>Maryland</td>
<td>$2,097</td>
<td>$3,480</td>
<td>66%</td>
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<tr>
<td>Missouri</td>
<td>$1,906</td>
<td>$3,394</td>
<td>78%</td>
</tr>
<tr>
<td>Oregon</td>
<td>$1,782</td>
<td>$3,258</td>
<td>83%</td>
</tr>
<tr>
<td>South Carolina</td>
<td>$2,448</td>
<td>$3,196</td>
<td>31%</td>
</tr>
<tr>
<td>New York</td>
<td>$1,490</td>
<td>$3,144</td>
<td>111%</td>
</tr>
<tr>
<td>Indiana</td>
<td>$2,095</td>
<td>$3,114</td>
<td>49%</td>
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<tr>
<td>Alaska</td>
<td>$1,092</td>
<td>$3,100</td>
<td>184%</td>
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<tr>
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<td>$2,343</td>
<td>$3,087</td>
<td>32%</td>
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<tr>
<td>Washington</td>
<td>$1,827</td>
<td>$2,907</td>
<td>59%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$1,003</td>
<td>$2,735</td>
<td>173%</td>
</tr>
<tr>
<td>Colorado</td>
<td>$2,060</td>
<td>$2,714</td>
<td>32%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>$2,014</td>
<td>$2,645</td>
<td>31%</td>
</tr>
<tr>
<td>State</td>
<td>Average Pay Base</td>
<td>Average Pay Addon</td>
<td>Percent Change</td>
</tr>
<tr>
<td>--------------------</td>
<td>------------------</td>
<td>-------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Mississippi</td>
<td>$1,987</td>
<td>$2,549</td>
<td>28%</td>
</tr>
<tr>
<td>Kentucky</td>
<td>$1,580</td>
<td>$2,510</td>
<td>61%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$1,809</td>
<td>$2,492</td>
<td>38%</td>
</tr>
<tr>
<td>Iowa</td>
<td>$1,826</td>
<td>$2,455</td>
<td>34%</td>
</tr>
<tr>
<td>North Dakota</td>
<td>$1,724</td>
<td>$2,428</td>
<td>41%</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$1,810</td>
<td>$2,415</td>
<td>33%</td>
</tr>
<tr>
<td>Utah</td>
<td>$1,769</td>
<td>$2,381</td>
<td>35%</td>
</tr>
<tr>
<td>Georgia</td>
<td>$1,917</td>
<td>$2,381</td>
<td>24%</td>
</tr>
<tr>
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<td>$1,513</td>
<td>$2,279</td>
<td>51%</td>
</tr>
<tr>
<td>Alabama</td>
<td>$1,724</td>
<td>$2,260</td>
<td>31%</td>
</tr>
<tr>
<td>Montana</td>
<td>$1,448</td>
<td>$2,251</td>
<td>55%</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$1,692</td>
<td>$2,128</td>
<td>26%</td>
</tr>
<tr>
<td>Kansas</td>
<td>$1,450</td>
<td>$2,036</td>
<td>40%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$1,546</td>
<td>$2,016</td>
<td>30%</td>
</tr>
<tr>
<td>Arkansas</td>
<td>$1,493</td>
<td>$1,994</td>
<td>34%</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$1,003</td>
<td>$1,884</td>
<td>37%</td>
</tr>
<tr>
<td>Arizona</td>
<td>$1,424</td>
<td>$1,984</td>
<td>33%</td>
</tr>
<tr>
<td>New Mexico</td>
<td>$1,372</td>
<td>$1,884</td>
<td>37%</td>
</tr>
<tr>
<td>Florida</td>
<td>$1,195</td>
<td>$1,783</td>
<td>49%</td>
</tr>
<tr>
<td>Nevada</td>
<td>$1,200</td>
<td>$1,740</td>
<td>45%</td>
</tr>
<tr>
<td>Texas</td>
<td>$ 969</td>
<td>$1,710</td>
<td>76%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>$1,327</td>
<td>$1,557</td>
<td>17%</td>
</tr>
<tr>
<td>Idaho</td>
<td>$1,098</td>
<td>$1,548</td>
<td>41%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$ 983</td>
<td>$1,542</td>
<td>57%</td>
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</tbody>
</table>
### Table #2

Mean Annual Change in Major Expenditure Categories From State General Funds: 1990-1995

<table>
<thead>
<tr>
<th>MAJOR STATE EXPENDITURES</th>
<th>MEAN ANNUAL CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>10.0%</td>
</tr>
<tr>
<td>Prisons</td>
<td>8.5%</td>
</tr>
<tr>
<td>K-12 Education</td>
<td>3.7%</td>
</tr>
<tr>
<td>AFDC</td>
<td>1.6%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

### Table #3

Appropriations of State Tax Funds for Operating Expenses of Higher Education Per $1,000 of Personal Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>$9.74</td>
</tr>
<tr>
<td>1991</td>
<td>$9.39</td>
</tr>
<tr>
<td>1992</td>
<td>$8.62</td>
</tr>
<tr>
<td>1993</td>
<td>$8.21</td>
</tr>
<tr>
<td>1994</td>
<td>$7.96</td>
</tr>
<tr>
<td>1995</td>
<td>$7.99</td>
</tr>
</tbody>
</table>
Table #4
State Grant Appropriations as a Portion of State Appropriations for Higher Education

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>5.32%</td>
</tr>
<tr>
<td>1991</td>
<td>5.26%</td>
</tr>
<tr>
<td>1992</td>
<td>5.77%</td>
</tr>
<tr>
<td>1993</td>
<td>6.46%</td>
</tr>
<tr>
<td>1994</td>
<td>7.18%</td>
</tr>
<tr>
<td>1995</td>
<td>7.47%</td>
</tr>
</tbody>
</table>