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Why Tuition Has Skyrocketed at State Schools

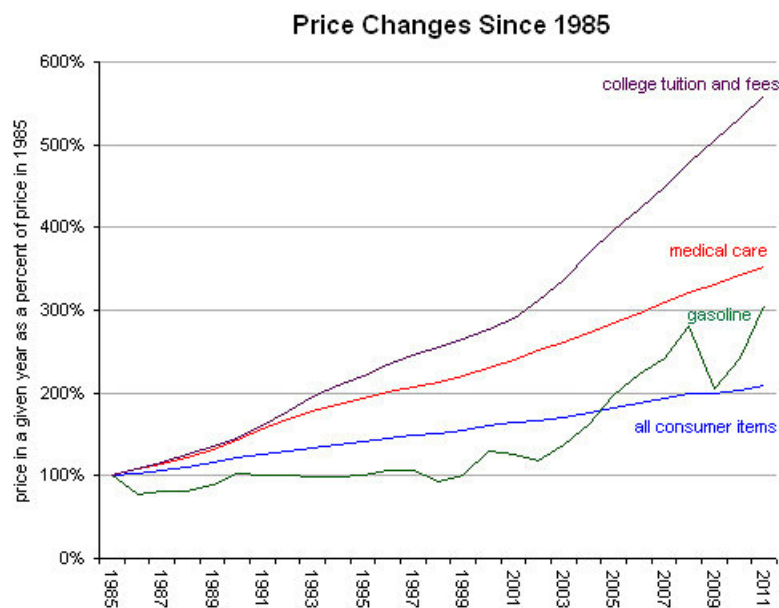
By [CATHERINE RAMPELL](#)

I have an [article](#) today about the states' long-term divestment from public higher education, and what that means for students.

Dollars to doughnuts.

As I'm sure you know, college tuitions have been skyrocketing for decades — with growth outpacing the Consumer Price Index, gasoline and even that great bugaboo of out-of-control costs, health care.

Here's a chart showing price changes in these categories. The lines represent the price in a given year, as a percent of the price in 1985. For example, if a line reaches 200, that means prices in that year were 200 percent of those in 1985, or twice as high.



Source: Bureau of Labor Statistics

College tuition and fees today are 559 percent of their cost in 1985. In other words, they have nearly sextupled (while consumer prices have roughly doubled).

There's a lot of debate about why college costs have risen so much. Many people assume that schools are spending too much money on frivolous things like climbing walls and Jacuzzis. That's true for a handful of elite schools, but not for a vast majority.

Some of the rising cost has to do with other services schools have been adding over the last few decades, like mental health counselors and emergency alert systems. And certainly there are other inefficiencies that have crept into the system as higher education has become more things to more people.

But at least at public colleges and universities — which enroll three out of every four American college students — the main cause of tuition growth has been huge state funding cuts.

Every recession, states face a budget squeeze as their tax revenue falls and demand for their services rises. They have to cut something, and higher education is often a prime target.

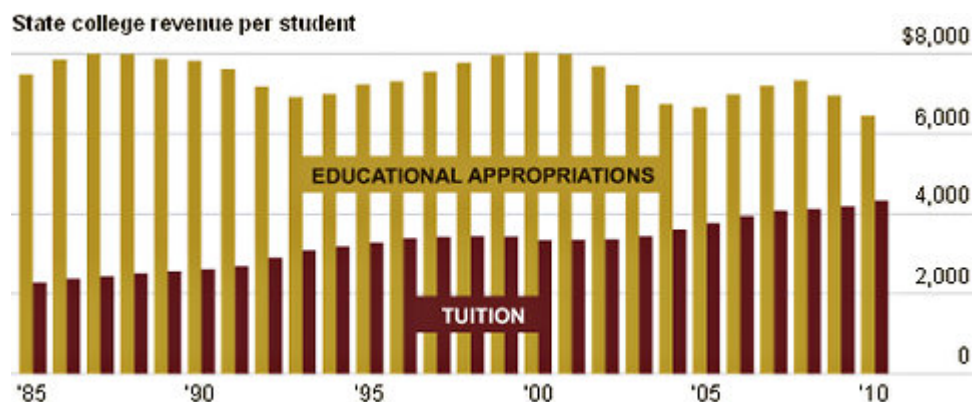
Why? Struggling states have to prioritize other mandatory spending, like Medicaid. Higher education usually falls under the “discretionary spending” part of the budget — and in fact is often one of the biggest programs, if not the biggest, in the discretionary category.

State legislators also know colleges have other sources of funds to turn to.

“If you're a state legislator, you look at all your state's programs and you say, ‘Well, we can't make prisoners pay, but we can make college students pay,’” said Ronald Ehrenberg, the director of the Cornell Higher Education Research Institute and a trustee of the State University of New York System.

College students do end up paying more. But in the past, after the economy recovered, most states did not fully restore the funds that were cut. As cuts accumulated in each business cycle, so did tuition increases.

Here's a chart showing what's happened to state support and actual tuition (what students pay after receiving financial aid, not sticker price) over the last 25 years. It presents just how much cost-shifting has been going on:



Sources: State Higher Education Executive Officers. Figures are per full-time equivalent student, in constant 2010 dollars adjusted by SHEEO Higher Education Cost Adjustment (HECA).

The trend does not look likely to reverse itself, either.

Sure, state tax revenues are growing again, but so are state spending obligations. States will soon have to pay out trillions in public pensions for the retiring baby boomer generation — squeezing the funds for training the next generation of workers even more.

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