

Tuition Thoughts
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I hate to get political, but . . .

It's getting tougher for ordinary people to go to college. From 1993 to 2003 the cost of going to college rose 40% while the median incomes of "families most likely to send their children to college" rose only 8%. This rise in incomes does not reflect that of low- and middle-income families, and financial aid programs, originally meant to target these families, have changed their focus to that of preserving college affordability for the middle class.¹ As more funding is allocated to the middle class, less is allotted to the poor.² This is justified by all sorts of criteria: most typically is the "merit based" award which, if you think about it, is skewed toward kids with the greatest opportunity for education: private school students, "academy" students, those in resource-rich education environments. In Indiana, the percentage of Pell Grants given to low-income students vs. others is better than the national average, but this is begging the question: how important is education for Americans, as measured by the tax resources allotted to education? There are some powerful statistics in this paper, all indicating the outrageous growth in cost to the student (and his or her family) of higher education. But what is the hidden meaning of the statistics?

Indiana's share alone of the costs of the war in Iraq has surpassed \$8 Billion. According to the National Priorities Project, this money could fund the salaries of 36,000 elementary school teachers or health insurance coverage for 611,000 adults, or 1,073,405 Scholarships for university students for One Year.³ Current military spending consumes 29 cents of every tax dollar: total military spending, a big chunk of which is interest on the "military debt"—the money we've borrowed from our children to fight the useless war in Iraq—that amounts to another 10 cents. Another 3.2 cents, for "past military brings this up to 42.2 cents. Out of every federal tax dollar, **4 CENTS GOES TO EDUCATION!**

Implication: we are not fighting the I.U. bursar's office. In some respects we are fighting the tax structure of the state of Indiana, it's ability to raise revenues to be used for higher education. But our biggest opponent is the federal government spending on wars and the military. How can we dramatize this connection in

¹ Redd, Kenneth E. 2003. *Invited Commentary: The Gap Between College Costs and Student Resources*. Institute of Educational Sciences, U.S. Department of Education: National Center for Education Statistics. *Education Statistics Quarterly*. Vol. 5, #2.

² More than 30 percent of all Indiana tax returns reported income of \$10,000 or less, while 22.8 percent had income of more than \$50,000 in 2001.

<http://www.homepages.indiana.edu/121203/text/property.shtml>. Accessed 6/14/08

³ <http://nationalpriorities.org>. Accessed 6/13/08

ways that will build a movement for more affordable and accessible (higher) education?

Here are some observations excerpted from a report by the National Center for Higher Education Management Systems:⁴

- The U.S. population is becoming increasingly diverse. By the year 2020, the U.S. Census Bureau projects a 77% increase in the number of Hispanics, a 32% increase in African-Americans, a 69% increase in Asians, a 26% increase in Native Americans, and less than a one percentage point increase in the White population. The majority of the growth (in numbers) will occur among the populations that are the least educated.
- The U.S. has lost its leadership role as the most highly educated nation in the world. We are losing ground to several countries, particularly with respect to our younger population which represents the future workforce.
- History (from 1980 to 2000) shows that the educational attainment gaps between Whites and Hispanics, African-Americans, and Native Americans are widening. If these educational disparities are not addressed, anticipated demographic shifts will have a major impact on the educational attainment of the U.S. population.
- Minorities (Hispanics, African-Americans, Native-Americans, and Asians) earn substantially less than Whites at equivalent levels of education. These disparities, if unaddressed, will have a substantial impact on total personal income of the U.S.
- Hispanics, African-Americans, and Native Americans are underrepresented at each stage of the educational pipeline—indicating that most state systems of higher education are doing a poor job addressing these disparities.

These guys are not the Communist Party by a long shot, and their web site, <http://www.sheeo.org/> is worth a look

The following are excerpts from a report prepared by Senate Health, Education, Labor and Pensions Committee, Democratic Staff, and the Senate Democratic Policy Committee, released June 28, 2006. I remind you that this was before the 2006 congressional elections, when Democrats were fighting for control of congress. The Democratic Policy Committee is more a “middle-of-the-road” group.

Shift from grants to borrowing puts college students in heavy debt: (Include entire report.pdf)

The federal government has long recognized the personal and public benefits of

⁴ Kelly, Patrick J. 2005. *As America Becomes More Diverse: The Impact of State Higher Education Inequality*. National Center for Higher Education Management Systems, a policy making resource website. <http://www.higheredinfo.org/raceethnicity/>

making college affordable. The federal Pell Grant program, which is the nation's largest needbased grant program, has proven to be indispensable for millions of students who might not otherwise have had the financial resources to pursue a college degree. But the maximum federal Pell Grant award has not kept pace with the rising cost of attending college. While the maximum Pell Grant covered 51 percent of the cost of tuition, fees, room and board at a public four-year college during the 1986-1987 school year, it covered only 35 percent of those costs in 2004-2005.

Without adequate federal grants, students and their parents have had to rely increasingly on student loans to finance their college educations. More students are borrowing, and borrowing larger amounts, than ever before. The percentage of undergraduates at four-year colleges taking out loans has risen to over 60 percent, and the average amount of federal student loan debt upon graduation has increased from approximately \$7,650 in 1992-1993 to \$17,400 in 2003-2004. When private loans are factored in as well, average student loan debt in 2003-2004 was over \$19,000. (National Postsecondary Student Aid Study 1993 and 2004, National Center for Education Statistics†)

While the amount of student loans has grown over time, the impact has been moderated in recent years by historically low interest rates. Students have minimized the effects of high debt by consolidating loans at low, fixed rates. But interest rates for Stafford loans have risen substantially over the past two years, increasing from 3.4 to 5.3 percent last year and will be rising again on July 1 – to 7.14 percent for outstanding loans and 6.8 percent on new loans. (Congressional Research Service)

As a result, loan payments will be considerably higher for students taking out new loans and for those who did not consolidate their loans in recent years.⁵

Student Debt's Impact on Attending and Completing College:

Regrettably, the opportunity of a college education is not available to all qualified students. The high cost of attending college, combined with insufficient grant aid, can price students out of a college education. Even with student loans and work-study programs, students can be confronted with thousands of dollars of unmet financial need that they simply cannot afford to pay. After all aid, loans and work are taken into account, the lowest income students still face nearly

⁵ The College Cost Crunch: A State-by-State Analysis of Rising Tuition and Student Debt. 2006. A Report Prepared By Senate Health, Education, Labor and Pensions Committee Democratic Staff And Senate Democratic Policy Committee, June 28, 2006. kenedy.senate.gov/downloads/CostReport.pdf. Accessed 6/13/08.

\$5,800 in unmet need. (Business Higher Education Forum, 2005)
Consequently, each year, more than 400,000 low- and moderate-income high school graduates who are fully prepared to attend a four-year college do not do so because of financial barriers. About 170,000 of these students will attend no college at all. (Advisory Committee on Student Finance Assistance, June 2002)
The need to take out student loans can also cause students to delay starting school, prevent them from attending a more expensive college, or prevent students who begin college from graduating. Students who attempt college but leave without a degree can become burdened with an unmanageable student loan debt. About 18 percent of people who leave school without completing a degree borrow more than \$20,000. (Nellie Mae Corporation, February 2003)⁶

More important: tax breaks for the wealthy:

Republicans stripped \$12 billion from the student loan program and used it to offset more tax breaks for the wealthy instead of more aid for students. Only a very small amount of additional savings went to student aid. This new aid program is so restrictive that the Congressional Budget Office estimates that less than ten percent of Pell eligible students will receive additional grant aid this year. To make matters worse, in the same bill, Congress also increased interest rates for PLUS loans to parents, from the previously-scheduled fixed rate of 7.9 percent to 8.5 percent.

Debt also affects career decisions. Teaching and social work salaries are often not high enough to live on and pay back student debt. This debt also changed a host of other life decisions for graduates, such as marriage, buying a house, going to—and choice of—graduate school.

For in-state university four-year educations, the cost of tuition and required fees in the United States has risen from an average of \$298 in 1976-7 academic year to \$6,399 in the 2005-6 academic year. When Ronald Reagan left office in 1988 it had gone from \$915 to \$1,726. In 2000-1 year (the start of George W. Bush presidency) the cost stood at \$3,979.⁷

Compare to other states – where does Indiana fall in the nation, Midwest?

⁶ Ibid.

⁷ Digest of Education Statistics: Table 319. Average undergraduate tuition and fees and room and board rates charged for full-time students in degree-granting institutions, by type and control of institution: 1964–65 through 2005–06. Institute of Educational Sciences, U.S. Department of Education: National Center for Education Statistics.
http://nces.ed.gov/programs/digest/d06/tables/dt06_319.asp

- In 2005-2006, 41 states had cheaper tuition and required fees costs than Indiana. These ranged from the cheapest—District of Columbia at \$2,070—to Indiana, at \$5,892! The cost in 19 states was under \$4,000.⁸
- In 2005-2006, 37 states were cheaper than Indiana in tuition, room, and board costs. These ranged from the cheapest—Louisiana at \$8,506—to Indiana, at \$12,388! The cost in 21 states was under \$10,000.

IU has a regular trip to the legislature to lobby for education funding. When is it and can we pack it with activists?

It may be important to make contact with the two Indiana gubernatorial candidates and present them with our questions. These could cover the whole range of policy:

- Are they interested in lowering the burden on poor college students, period?
- Are they interested in shifting the focus from loans to grants? What are the assessment criteria, need or “merit”?
- If gambling revenues are a big source of funding it is safe to say that the poor are absorbing an inordinate percentage of the education costs. If the sales tax is a big source of funding, it is safe to say that the poor are absorbing an inordinate percentage of education costs. Graduated income taxes (tax the rich) and corporate taxes, in addition to the general robustness of the economy, become important considering that the taxable resources per capita (see pictograph below) of the state are on the low side.
- If they are “for” higher education, where do they stand on U.S. military funding and the “wars” against “terror,” Iraq and Afghanistan, and the many other “national security” questions?

Our natural allies are high school students, parents, and teachers. (How many seniors are headed for Indiana state schools? How does the income level of their families compare with previous years, with other states?)

The job market is rewarding higher education greater than ever before. If the pictograph below is any indication, a ninth grader in Indiana in 2002—who would be college-aged today—only has less than a 38.4 chance of going to college. This is a big number being left behind. This is a complex state and federal issue.

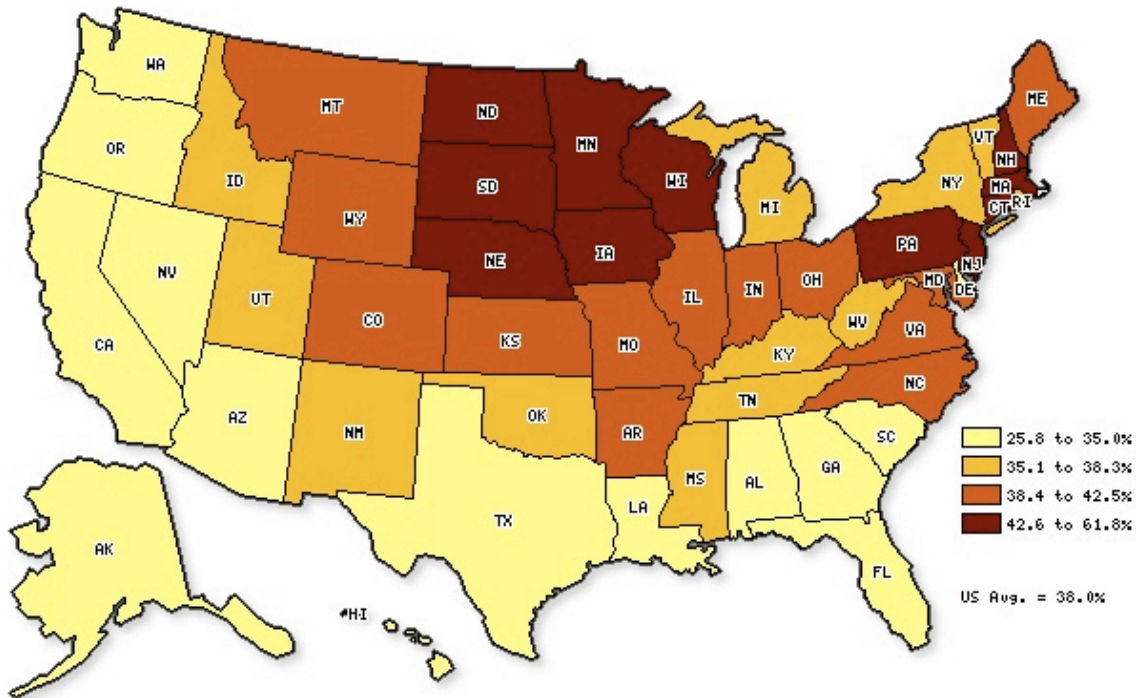
The U.S. is no longer the most educated work force in the world. Norway and Korea just passed us, and Canada (highest in the world) and Japan are 10 percentage points

⁸ Digest of Education Statistics: Table 320. Average undergraduate tuition and fees and room and board rates charged for full-time students in degree-granting institutions, by type and control of institution and state or jurisdiction: 2004–05 and 2005–06 (sorted by 2005-2006 in-state tuition and required fees, ranking). Institute of Educational Sciences, U.S. Department of Education: National Center for Education Statistics.

http://nces.ed.gov/programs/digest/d06/tables/dt06_320.asp. Accessed 6/13/08

ahead of us. Another problem is that the U.S. is unwilling to allocate the resources to pull black and Hispanic populations level with whites in the percentage of those possessing post-secondary degrees. Any indicator you'd care to query shows whites to have twice the percentage of higher-educated persons per capita than Hispanics and blacks.

9th Graders Chance for College by Age 19 - 2002



Source: Tom Mortenson, Postsecondary Opportunity

Look at all the graphs in *As America Becomes More Diverse: The Impact of State Higher Education Inequality*.⁹ These show whites outstripping African-Americans in the acquisition of college degrees by more than double for African-American women, and *quadruple* for African-American men. At each stage of the education pipeline, Whites and Asians represent greater and greater proportions of those who participate in and complete higher education, while Hispanics and African-Americans fall out at increasingly greater percentages along the way. Sixteen percent of all 18-year-olds in the U.S. are Hispanic and only 7% of the college degrees in the U.S. are awarded to Hispanics. African Americans represent 14% of 18-year-olds and only 10% of the college degrees awarded.

Possible way of approaching high school “allies:”

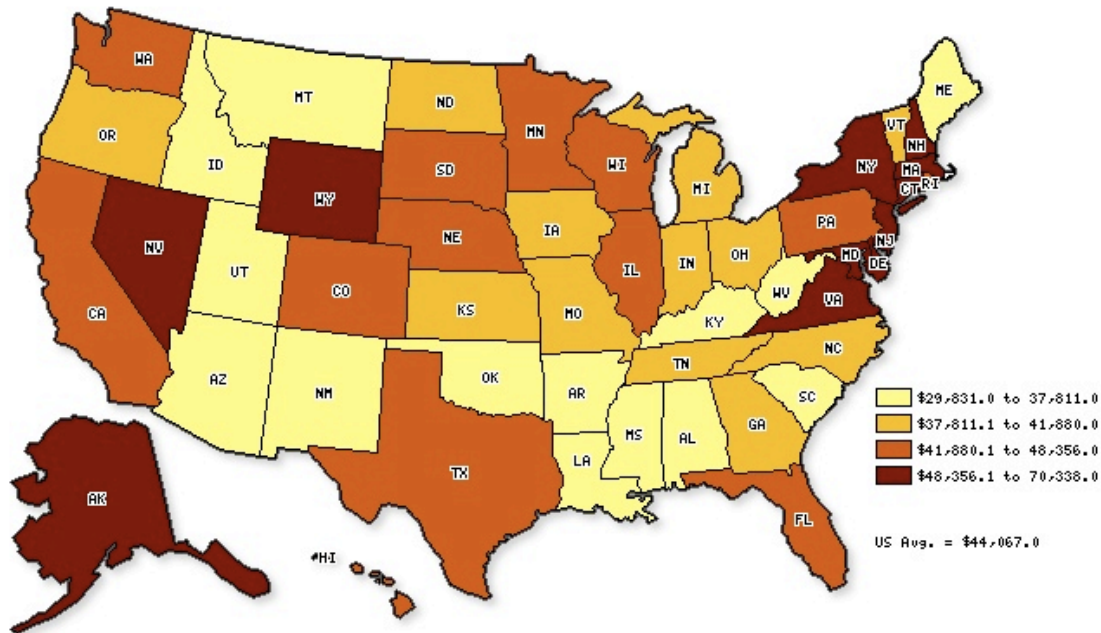
⁹ Ibid.

- Finishing high school and acquiring a higher degree are a requisite for success in the 21st century.
- At the very least, it is the right of every child to an education, according to the UN Universal Declaration of Human Rights, to which the U.S. is a signatory nation.
- Does this mean that our society has the obligation to create the environment that, at the very least, does not hinder the ability of a person to get an education? (Things such as freedom from hunger and fear, decent housing, etc.)
- Does this mean that our society has the obligation to remediate past omissions, such as unequal access, unequal opportunity, and prejudice?
- There are a host of other issues that relate to the prison system—what some are now calling the prison-industrial complex. Look at the Children’s Defense Fund Website, http://www.childrensdefense.org/site/PageServer?pagename=Programs_Cradle, for a start examining the “cradle to prison pipeline” issue. For example, in 1999, 52% of all black men in their early thirties who had dropped out of high school had prison records. See also: the Poverty & Race Research Action Council, http://www.prrac.org/topic_type.php?topic_id=6&type_group=10
- This from their newsletter: “At present rates, a significantly higher proportion of Black men will go to prison than will receive a college degree. Right now, over 580,000 Black males and over 250,000 Latino males are in prison; fewer than 40,000 Black males and 33,000 Latino males graduate from college each year. There is no single reason for these disturbing trends, but one thing is clear: The only guarantee our nation will provide for every child is detention or a prison cell after they get into trouble. At critical points in their development, from birth through adulthood, low-income children of color confront a multitude of disadvantages, which, when accumulated, make a successful transition to adulthood significantly less likely and involvement in the criminal justice system significantly more likely. Our society has done painfully little to address these disadvantages, and at times has helped perpetuate them by promoting policies that consistently have a disparate, negative impact on poor and minority children.”¹⁰

¹⁰ Murray, Morna. 2005 "The Cradle to Prison Pipeline Crisis." *Poverty & Race*, July/August 2005 issue. Poverty and Race Research Action Council. http://www.prrac.org/full_text.php?text_id=1043&item_id=9518&newsletter_id=82&header=Education. Accessed 6/14/08.

Some more graphs and observations:

State Tax Capacity - Total Taxable Resources Per Capita - 2004



Source: State Higher Education Executive Officers (SHEEO)

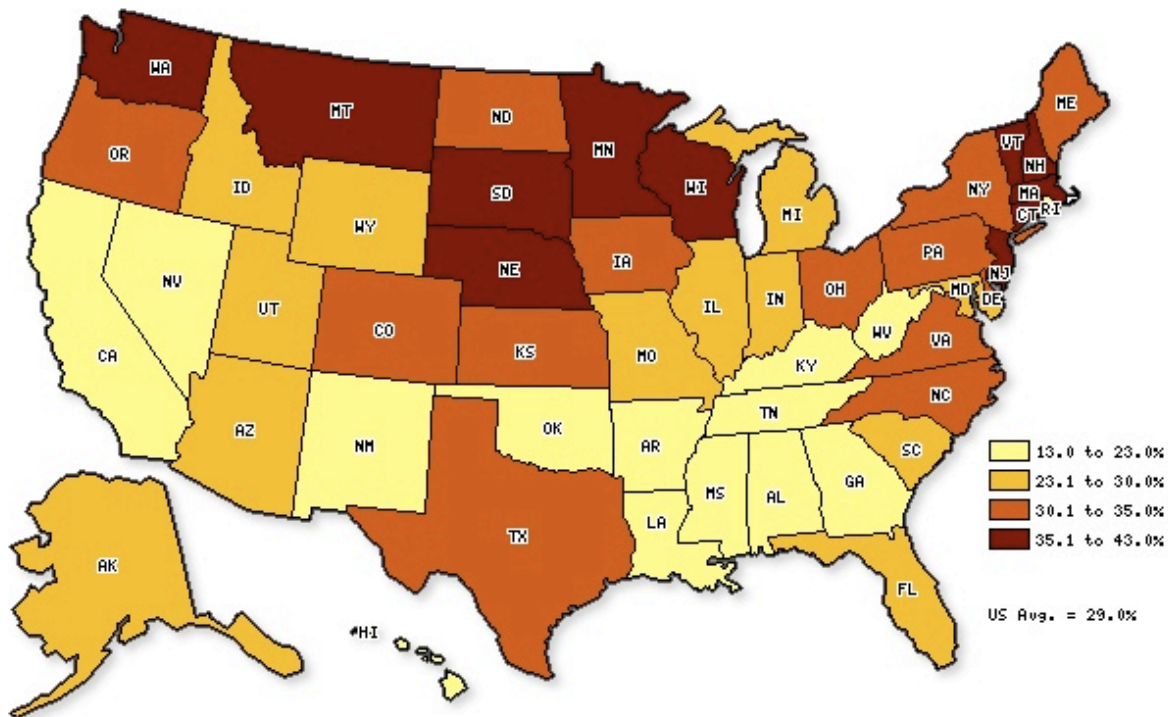
Why is this measure important?

This is a measure of the state's underlying ability to raise revenues that can be allocated to higher education and other public purposes. States with a strong and diverse economy typically have a high tax capacity. It is the state analogy to "student's ability to pay".

What are the policy issues associated with it?

This measure is one of the key variables in policy decisions regarding financing of higher education, especially decisions about the relative shares to be borne by students and the state.

Percent at or Above Proficient on the National Assessment of Educational Progress NAEP Math Scores at or Above Proficient - 2005



Source: US Department of Education

Why is this measure important?

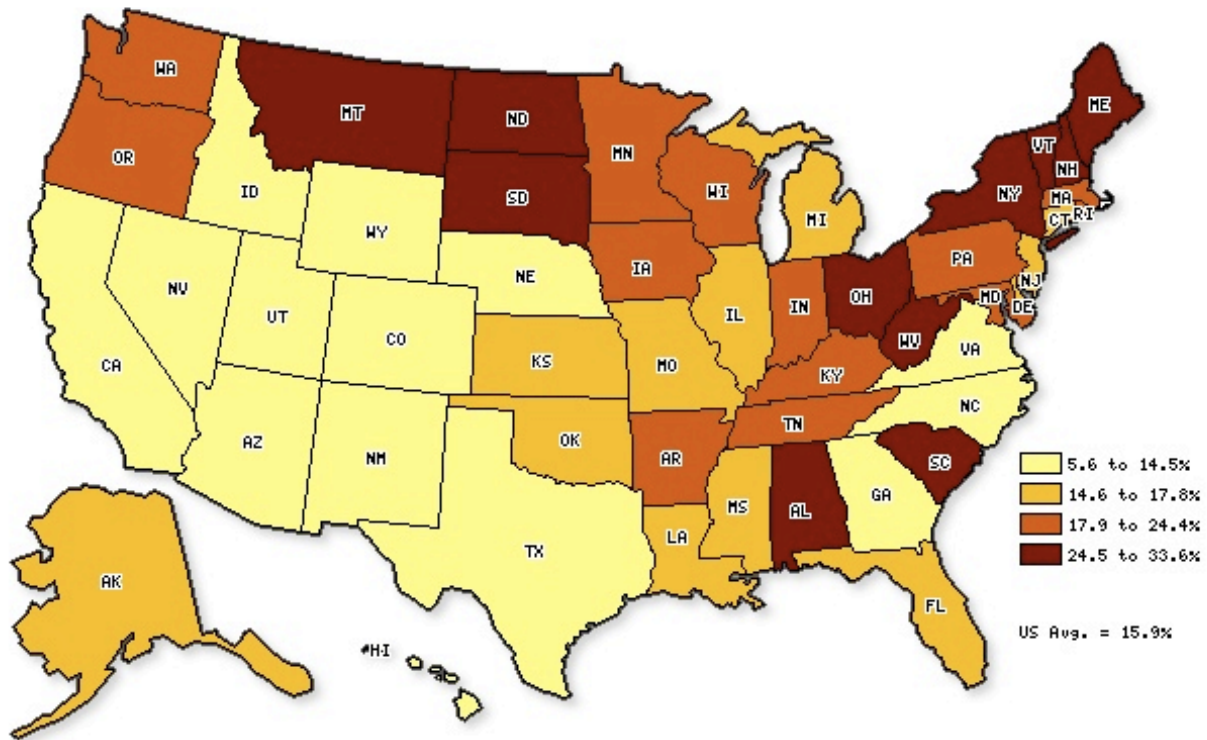
National Assessment of Educational Progress scores are good indicators of educational progress made through the 8th grade and also the preparation levels of students as they enter high school. Currently state-by-state coverage is available for 4th and 8th grade NAEP subject tests. For the purpose of measuring preparation for college, we've chosen to report the 8th grade NAEP scores "at or above proficient" levels by selected subject areas - which is the performance level typically needed to be successful in these subject areas as students transition into 9th - 12th grades.

NAEP scores also are provided for low-income students in the same subject areas.

What are the policy issues associated with it?

Analyses of NAEP scores show variability across states in the levels of learning through the 8th grade and preparation for more advanced courses offered in high school. If 8th

Share of Income Poorest Families Need to Pay for Tuition at Lowest Priced Colleges - 2005



Source: Measuring Up: The State-by-State Report Card for Higher Education

Why is this measure important?

This is a measure of the tuition and fees for full-time residents at the lowest priced colleges as a percent of the state median family income in the lowest income quintile.

What are the policy issues associated with it?

Tuition levels have been shown to affect whether low income students choose to go to college. Overall tuition levels are an important part of the concept of affordability” (Measuring Up: The State-by-State Report Card for Higher Education)

For more about this measure and how it is calculated, visit Measuring Up 2002: The State-by-State Report Card for Higher Education (<http://www.highereducation.org>) and the technical guide (<http://measuringup.highereducation.org/2002/technicalguide.htm>).