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States Move to Limit Increases in Tuition

Colleges say raising fees is the only way they can make up for budget cuts

By ALYSON KLEIN

With tuition increases at public colleges reaching record highs, state lawmakers nationwide are feeling pressure from constituents to curtail rising costs by imposing caps on tuition increases or adopting other means of making increases predictable.

In many cases, the proposals pit legislators against public-college officials who say tuition is their only means of compensating for cuts in state aid that colleges have endured during the recent recession.

Although tuition-increase limits are popular with lawmakers, who say the policies force universities to look for efficiencies to keep spending in check, college officials say the caps lead to questionable budgeting techniques. For instance, institutions may raise tuition to the highest levels allowable even when times are flush to make up for possible future shortfalls.

The conflict is likely to play out in state legislatures across the country this spring. One proposal in Maryland, where tuition at public institutions has risen about 19 percent on average over the past year, would cap increases at the rate of inflation. Michigan is considering similar legislation. And at least five other states, including Indiana, Iowa, and Kentucky, are weighing bills similar to one that passed last year in Illinois, which would freeze tuition or allow only slight increases for each incoming class for the four years after its initial enrollment.

This is hardly the first time tuition rates have been the cause of friction between colleges and lawmakers. "It's a silly game that is utterly predictable," said David W. Breneman, dean of the Curry School of Education at the University of Virginia.

Governors and state legislators cut funds from state colleges knowing the cuts can be made up through tuition increases, he said, and "the public starts to squawk about affordability." Then a newly elected governor or legislature "comes in on a white horse and says, 'You awful universities; you're squeezing people. I'm going to turn around and cap you.'"

A Turnaround in Ohio

Ohio has visibly struggled with that pattern throughout the last decade. Public colleges there operated under a 6-percent cap on tuition increases for nearly a decade until 2002, when the General Assembly removed it.

The cap, said Robert B. Glidden, president of Ohio University, encouraged colleges to set tuition at the highest possible rate because they would be unable to make up for lost revenues if there were a sudden drop in state aid.

The same year the cap was eliminated, a shortfall in state revenues caused the legislature to make massive cuts in the university system's budget. Tuition at nearly every state institution rose about 10 percent. Lawmakers scolded university officials for the jump in costs, said Mr. Glidden, and restored the cap.

Although Mr. Glidden called the tuition limit "very reasonable," he said he was still concerned about how the lack of state funds would ultimately affect the quality of academic programs at Ohio University. In the late 1990s, when state funds to the university increased, Mr. Glidden said he did not raise tuition to the highest level allowable, and regrets that decision now.

"I learned my lesson the hard way: By keeping it down, we could never make it back up," Mr. Glidden said. If other states impose similar caps, "the tendency will be to raise tuition to whatever that cap will be," he said. "It's just human nature that you're going to look forward and see increases in cost."

That means caps will not necessarily spare undergraduates from having to pay higher tuition, even when states' finances bounce back, said D. Bruce Johnstone, a professor of higher education at the State University of New York at Buffalo.

Caps can lead to other kinds of "aberrant behavior," Mr. Johnstone said, including raising tuition before the cap takes effect, making up for lost revenue by raising part-time tuition and other fees, and admitting more students who are unaffected by the cap, such as those from other states.

"Anything immune from the cap will draw the attention of the university if they need the money," Mr. Glidden said.

Inflation Limits

Still, in the face of dramatic tuition increases, lawmakers in Michigan and Republicans in Maryland's lower house are proposing bills that would limit increases in student costs to the rate of inflation.

In both states, lawmakers point to a lack of efficiency within the universities, saying that administrators see raising tuition as an alternative to difficult budget choices.

"I don't think they've really worked to reduce employee-student ratios," said the Michigan bill's sponsor, State Rep. Leon Drolet, a Republican. He mentioned privatizing janitorial and food services as possible ways of cutting costs.

"Universities have become miniature cities that seem to not like interacting with the outside world," Mr. Drolet said. "They look at budgets with disdain, as if it's intellectually beneath them to budget."

However, seven of Michigan's fifteen universities have already accepted a proposal from Gov. Jennifer M. Granholm that would restore a substantial portion of funds cut in December in exchange for a pledge not to raise tuition beyond the rate of inflation this year.

"We're working very creatively and very efficiently to keep our costs down and our tuition increases well below the Midwest and national average," said Michael A. Boulus, executive director of the president's council for the State Universities of Michigan.

But not all proposals for capping tuition see wasteful spending as a primary area of concern.

In Maryland, a bill introduced by Democrats in the State Senate, would require the governor to finance

the public-college system at a fixed rate so that steep tuition increases were not necessary. Specifically, the proposal would require that appropriations for public universities increase 5 percent per year, while capping tuition increases at 4 percent annually.

A Guarantee in Illinois

Other states think Illinois has found a viable compromise in freezing tuition for each incoming class and plan to follow its lead. State university officials in Illinois supported the law, which provides predictability for students by guaranteeing that tuition will not rise during their four years at a public college in the state.

"The benefits to our students outweigh the issues for people like me," said Chester S. Gardner, vice president for academic affairs for the University of Illinois system.

Under the new law, the system will have to predict inflation rates and state support over a four-year period, Mr. Gardner said. He said he decided to "make this work" when he listened to students' enthusiastic responses to the proposal. "They talked about this providing them with the ability to plan carefully."

In Indiana, State Rep. Terry Goodin, a Democrat, used Illinois's law as a model for a bill he has introduced, which stipulates that tuition increases for current students should not exceed increases in the median state income. A similar bill has also been introduced in the State Senate.

"I don't think we question universities' efficiency," Mr. Goodin said. "We want to keep our universities open to everybody. We're about to price out some poorer folks."

Even so, some higher-education experts say that while such laws may ensure predictability, they can create the same kinds of problems as traditional caps. "If you're going to freeze a single cohort's tuition for four or five years when the underlying costs are going to go up inexplicitly, you've got to get enough tuition to bank two or three years' worth," Mr. Johnstone said. "You've got to bump tuition up for that first year higher than it otherwise would have to be."

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