US colleges and universities increase tuition again

Naomi Spencer
27 October 2005

On October 18, the College Board released its two annual reports on the rising expense of higher education in the US. *Trends in Student Aid* is based on data from the 2004-2005 academic year, while *Trends in College Pricing* includes data from this year. Both reports reveal that the cost of postsecondary education in the US continues to outstrip inflation and lower-income students are being shut out of universities as a result.

Tuition and fees at four-year public institutions rose to $5,491 this year, an increase of more than 7 percent. Including room and board, the average annual cost of attendance rose to $12,127. When textbook costs, transportation, and additional fees for full-time, in-state public university students are added, the average total is more than $15,500 nationwide. These charges have risen an average of 6 percent every year for the past 10 years, although this year's increase is smaller than last year's.

At private four-year institutions, tuition and fees averaged $21,235 for the 2005 academic year, an increase of $1,190, or 5.9 percent, over the previous year. Including room and board, the average cost of attendance is $29,026.

Although universities nationwide increased their tuition, the states experiencing the highest increases in public tuition were Colorado (17 percent), Kentucky (14 percent), and Michigan (12 percent). Michigan public university tuition is currently $7,100, significantly higher than the national average.

The College Board pricing report states that for dependent students from the lowest income quartile, the average net cost of attendance at a four-year public school was an astonishing 47 percent of the average family income in 2003-2004, up from 41 percent in 1992-1993.

At the same time, government aid benefiting working class students, such as the student work-study program and grants contingent on financial need, have grown more slowly than tuition. Tax credits and non-need-based scholarships, which disproportionately benefit those students of families in the highest income bracket, have grown significantly.

The decline in aid means that low-income students are increasingly resorting to borrowing. According to the College Board, since 2001-2002, total borrowing by students has grown faster than total grant aid. "Average aid per student increased by 3 percent between 2003-04 and 2004-05, after adjusting for inflation," the *Trends in Student Aid* notes. "Between 1996-97 and 2001-02, total grant aid for undergraduates grew twice as fast as total borrowing, but since 2001-02, that pattern has reversed. In 2004-05, the percentage of total undergraduate aid in the form of grants declined for the third year in a row."

The federal Pell Grant program is the largest source of student aid that does not have to be repaid. It is awarded on the basis of financial need to millions of undergraduate students. The number of recipients grew by 3 percent last year, while the constant dollar value of the average Pell Grant declined for the second year in a row, to less than $2,500. Four years ago, the maximum Pell Grant paid 42 percent of tuition and fees at the average four-year public university, but by 2004-2005, only 36 percent was covered.

On Tuesday, the Senate rejected a proposal that would have raised the maximum Pell Grant to $4,250 in 2006. Currently, Congress is considering reducing the Pell Grant budget along with other federal student aid and loan programs by billions of dollars as part of the massive spending reconciliation that could amount to $50 billion in cuts, mainly from social programs.

Millions of students already rely on private loans after drawing the limit on grants and federal loans. Sallie Mae, the nation’s largest private educational loan company, currently manages $121 billion in student loans for 8 million borrowers. The company, a government-sponsored entity until it was privatized last year, announced record growth in the third quarter, including 23 percent growth in its student loan division over last year.

The College Board cites separate data indicating that a quarter of college students may be financing their educations using credit cards.

Last year, more than two thirds of low- and middle-income undergraduates completed school with federal loan debt. The median for undergraduate debt was more than $16,400. Statistics from the US Department of Education indicate that nearly three fourths of all independent students with annual incomes under $20,000 left college in debt. Their median debt was $19,130, higher than any other income group. Increasing interest rates and a stagnant job market present a serious dilemma, with many falling back upon yet more debt to finance their monthly bills.

The College Board notes that education expenses are linked to a widening difference in graduation rates between high- and low-income students. Sandy Baum, an analyst for the board, told the *Los Angeles Times* October 19 that the latest data suggested college completion was “not about academic preparation; it’s about money.” *Education Pays 2005*, a supplement to last year’s pricing and aid reports, documented significant disparities in enrollment and graduation rates between high- and low-income students.

Academic institutions are becoming more and more inaccessible to the great majority of working class people. The increases in tuition, particularly at public schools, are in part linked to declining funding from the states. State funding of public universities in the form of per-student appropriations declined by an average of 4.6 percent each academic year from 2001 to 2003-2004.

These cuts have been generally justified on the grounds that they are necessary to offset budget shortfalls; however, they come at the same time as sharp tax cuts for the rich and corporations, both at the state and federal level. The growing cost of higher education is part of a general shift of resources out of social programs that benefit the working class and into the hands of a small section of the wealthy.