

# “Truth in Tuition”

## Illinois’ novel answer to skyrocketing rates

By Susan C. Thomson

URBANA-CHAMPAIGN, ILLINOIS

**C**OLLEEN AND MARK Schloemann marveled at how much more stuff it took to send their first-born, Greta, off to college this fall than they had required a generation ago. The computer! The refrigerator!

The money! Greta is a freshman at the University of Illinois at Urbana-Champaign, where the going tuition for her class is \$7,042. “It makes my stomach hurt to think how we’re going to afford it,” her mother said, noting that as social workers she and her husband “don’t have a big income.”

The Schloemanns, of downstate Herrin, have one reason to take heart: If Greta graduates in four years, her tuition bills will never rise. For her and the university’s other in-state freshmen, the first-year rate is nailed down for the next three years as well. The same goes at Illinois’ 11 other public university campuses, all now in their second year of guaranteeing incoming Illinois undergraduates the same tuition for four straight years, or more for bachelors degrees that take full-time students longer to complete.

It’s the law, passed by the General Assembly two years ago, one state’s novel reaction to eye-popping tuition hikes seen in many recession-battered states as they slashed spending for public higher education in recent years.

In Illinois, between 2002 and 2004, lawmakers cut the appropriation for university operations by 13.3 percent. Suddenly tuition increases that had been bumping along at about the inflation rate breached the ten-percent barrier and, in a couple of extreme cases, exceeded 30 percent.

Doubling the whammy on the neediest students, the state simultaneously clipped the budget of its Student Assistance Commission. This is the agency that, among other things, administers the state’s Monetary Assistance Program (MAP), one of the nation’s most generous programs of need-based grants, available to state residents attending any Illinois college or university, two- or four-year, public or private.

The agency’s maximum grants, for the lowest-income students, had long been enough to pay the state’s average public university tuition. But by 2002 tuition had pulled ahead. And then, over the next two years, the state cut MAP money by 7.7 percent, and the average yearly grant fell by 11 percent to \$2,355 from \$2,646.

In Illinois neither the governor nor the legislature has any say over how much tuition the universities charge or how they and the student aid commission spend the state money parceled out to them. But politicians had plenty to say about the tuition run-up. Campaigning for governor in 2002, U.S. Representative Rod Blagojevich vowed, if elected, to do something about the situation. At the same time, Kevin Joyce, then an assistant football coach at Chicago’s St. Xavier University, was making his first run for the state House of

Photos by Larry Evans, Black Star, for CrossTalk



**Mark and Colleen Schloemann are pleased that daughter Greta, a freshman at the University of Illinois at Urbana-Champaign, will pay the same tuition for four years. Others dislike the policy.**

Representatives. Joyce says he made the same promise to college students working in his campaign.

Both men, Chicago-area Democrats, won.

The next legislative session produced a variety of proposals—to cap annual tuition increases at, for instance, five percent or the rate of inflation, or to give legislators veto power over proposed increases.

Joyce advanced the competing notion of a four-year lock on tuition, room, board and fees. Although he didn’t realize it at the time, a plan along those broad lines had been in place at Western Illinois University since 2000. The universities were initially put off by his idea, Joyce said, but a turning point came when the University of Illinois—with roughly half the state’s public university students and half its appropriation for university operations—bought in. Chester S. Gardner, the university’s vice president for academic affairs, said he was persuaded by students’ enthusiasm for the plan and by Joyce’s willingness to be talked out of including room, board and fees in the fix.

When the plan went into effect a year ago, Illinois became the first state to embrace a type of pricing system then in effect at only a handful of U.S. colleges, most of them small and private. The law bore a politically appealing and grandiose name—“Truth in Tuition.”

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***“We’re trying to build a research university,” and “Truth in Tuition” is not helpful, says Walter V. Wendler, chancellor of Southern Illinois University in Carbondale.***

“As if we were lying before!” scoffed Walter V. Wendler, chancellor of Southern Illinois University-Carbondale. His assessment of the law is brief and blunt: “I do not like it.” He described the plan as, to some extent, an overreaction to tuition increases that, at SIU-Carbondale anyway, were made all the more necessary by years of keeping the lid on. “We’re trying to build a research university,” he said. “The costs are rising. We have lost ground, and one of the reasons is we’ve been so conscious of keeping the costs low.”

David Breneman, dean of the Curry School of Education at the University of Virginia, says the Illinois plan has the effect of transferring the tuition risk from students and their families to the universities. W. Randall Kangas, the University of Illinois’ assistant vice president for administration and budget, conceded it’s “a big risk” for the university. Wendler cited the recent blind-siding spike in gasoline prices to illustrate just how risky the new, longer-range forecasts can be. “Anybody that provides a good or service wants to set costs as close as possible to the time the good or service is delivered,” he explained.

Wendler is also concerned that, because the universities’ wiggle room on tuition increasingly comes down to freshmen, they will have to pay “a disproportionate share” of unforeseen budget shortfalls. Nobody disputes that assertion or denies that guaranteed tuition is, almost of necessity, front-loaded, with underclassmen paying more than their fair share of costs.

Any such plan “generally means there’s going to be a bigger increase up-front,” said Paul Lingenfelter, executive director of the State Higher Education Executive Officers association. But, he added, “Just like with an insurance policy, you pay for risk protection.”

The University of Illinois’ Gardner also used the insurance analogy, saying students are paying a premium for their

educations in their first couple of years so that they’ll never have to pay more, and the university “can be certain we have the money to pay for their education in the last two years.” Gardner admitted that students who drop out of school after just two years or less will have overpaid. And they won’t get refunds.

Sylvia Manning, chancellor of the University of Illinois at Chicago, likens guaranteed tuition to a fixed-rate mortgage, costlier than the variable-rate kind at the outset but with the attractive advantage of predictability. “I think the primary benefit of it is peace of mind,” she said. For President Al Goldfarb of Western Illinois University, now in its seventh year of guaranteeing student costs, the beauty of the plan is the certainty it provides parents. “They would like to know what they have to pay,” he said. “They don’t want to be surprised later.”

That is exactly the point, according to parent Colleen Schloemann, who said the guarantee is “really nice for parents,” making it easier for them to budget for college expenses.

With its four-year time horizon, the tuition plan is tailor-made for students like Greta Schloemann at places like Urbana-Champaign, where most students live on campus, study full-time and have a shot at graduating in four years. But for those who stretch out their college careers, sticker shock awaits. “Once the guarantee expires, you pay the non-guaranteed rate, which increases year to year,” said Gardner. “That could discourage students from continuing. On the other hand it could also encourage some students to finish in four years.”

Therein lies an eventual dilemma for the 45 percent of the 12,000 students at Northeastern Illinois University, in Chicago, who take classes part-time. They, too, get the four-year tuition pledge, as do transfer students. Katrina Berry, 46, falls into both categories. An administrative assistant in an architect’s office, she enrolled at Northeastern part-time last year after a 25-year break from college.

Because she entered with an associate’s degree that gave her a leg up in credits, Berry expects to be able to finish her bachelor’s degree before her guarantee expires in 2008. As for students who can’t beat their tuition-guarantee time clocks, “We hope they see that education is a great enough benefit that they will keep coming,” said Mark Wilcockson, vice president for administration and finance at the non-residential campus in Chicago.

Residential campuses, meanwhile, continue to have a free hand to raise room and board, which already costs as much as, or more than, tuition in many cases. Fees—those miscellaneous add-ons for items like healthcare, on-campus

**“We’re coming through (financial hard times) with minimal impact on students, except for tuition.”**

**—James L. Kaplan, chairman of the Illinois Board of Higher Education**

## Trends in Tuition at Illinois Public Universities\*

(1) 2001-02 single tuition; (2) 2005-06 continuing rate; (3) 2005-06 four-year fixed rate

	(1)	(2)	(3)
Chicago State University	\$2,364	\$4,560	\$5,220
Eastern Illinois University	\$2,906	\$4,118	\$4,629
Governors State University	\$2,280	\$4,080	\$4,470
Illinois State University	\$3,219	\$4,123	\$5,400
Northeastern Illinois University	\$2,340	\$3,780	\$4,800
Northern Illinois University	\$3,150	\$4,813	\$5,261
Western Illinois University	**	**	\$4,968
Southern Illinois University-Carbondale	\$3,011	\$4,920	\$5,310
Southern Illinois University-Edwardsville	\$2,388	\$3,900	\$4,350
University of Illinois-Chicago	\$3,232	\$5,660	\$6,194
University of Illinois-Springfield	\$2,873	\$3,953	\$4,575
University of Illinois-Urbana-Champaign	\$3,724	\$6,436	\$7,042

\* for an in-state undergraduate taking 30 credit hours a year

\*\*All students at Western Illinois University have been on a guaranteed rate without a time limit since 2000.

Source: Illinois Board of Higher Education

transportation and recreation—are also beyond the law's reach, automatically adding anywhere from a few hundred to a couple of thousand dollars to students' bills.

Special fees for any number of special-case programs and courses further serve to up students' ante. These extra charges peeve Pam Duffield, a 21-year-old senior art student at Southern Illinois University-Carbondale. She offers the example of a silk screening class, which, besides an \$85 signup fee, cost her \$140 for supplies.

As for tuition, what used to be singular is becoming more and more confusingly plural at Illinois' state universities. In complying with the law, all have moved, airline-like, to differential pricing—different rates for different students, depending on when they first enrolled. This year all of the campuses are posting at least two fixed rates for in-state undergraduates—one for brand new students and one for last year's entrants.

As Colleen Schloemann noted somewhat wistfully, her family's sophomore goddaughter at Urbana-Champaign is locked into an annual rate hundreds of dollars lower than daughter Greta's—\$6,460 to be exact.

Lastly, all of the universities now post a separate rate for those generally referred to as "continuing" students, the ones who enrolled before the tuition law went into effect. In time, students who have overstayed their guarantees will be lumped into this catch-all tuition category.

For two years now, continuing students have been paying the least, the newest students the most, their premiums this year ranging from eight to 31 percent. But being subject to annual increases, continuing students are projected to eventually lose their advantage to upperclassmen on flat rates.

Time—specifically another two years—will tell. By then, the law will be fully phased in and today's freshmen and sophomores will be juniors and seniors. All of the universities' schedules will look something like Western

Illinois, with different prices for each of the last four years for new students. Western even goes so far as to maintain all of its fixed rates for continuously enrolled students all the way back to the 2000 rate—\$2,730, compared with \$4,968 for this year's freshmen.

Whether the other universities will keep their fixed rates in effect beyond the requisite four years remains to be seen.

The politicians who settled for Truth in Tuition never claimed it satisfied their original goal of reining in tuition. Even Blagojevich, signing the law as governor in 2003, hailed it as a boon for parents, "a binding contract that locks in the cost of tuition." That same year he

signed a state budget that cut higher education spending by \$147 million, or 5.5 percent.

Truth to tell, while insulating successive classes of new students against tuition-bill trauma, the law has done nothing to brake the long-term tuition trend, which continues upward without letup.

Even with the new four-year rates clouding what used to be a transparent tuition picture, it is still possible to track the trend in something like the old-fashioned way. Just look at what has been happening to the universities' prices for those continuing students, the equivalent of the one-size-fits-all tuitions of old.

Data from the Illinois Board of Higher Education show



**James L. Kaplan, chairman of the Illinois Board of Higher Education, thinks prospects for more funding are "semi-favorable."**

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that, typically, the universities have raised those charges for full-time students by seven or eight percent both this year and last. By far the largest jump was last year's 29 percent at Chicago State University, the result of an increase in its per-hour rate and a decision to start charging students for credit hours up to 15 instead of 12.

For those same reasons, while the other state universities pegged their first guaranteed tuition at a median of 16 percent over their previous single-year rates, Chicago State's jumped 45 percent.

This year all of the universities raised guaranteed rates over last year's, generally between eight and ten percent. Northeastern Illinois University set the pace with a jump of 29 percent.

Vice President Wilcockson describes this as an anomaly, reflecting the university's needs to make up for underpricing itself last year and to replenish a "resource base" eroded by years of striving to charge the lowest public university tuition in the state. Now eighth out of 12 statewide, Northeastern remains the lowest-tuition public university in the Chicago area.

The University of Illinois' Urbana-Champaign and Chicago campuses remain the price leaders, first and second,

respectively, among the state's 12 university campuses. While tuition percentage increases on both campuses have been middling these last couple of years, they have come on top of bases swollen by a \$1,000-a-year tuition surcharge the university imposed on each undergraduate on the two campuses in 2002 and then made permanent. The university earmarked a portion of the proceeds for redistribution to low-income students whose MAP grants were coming up ever shorter of tuition costs.

The university's budget for need-based aid has continued to grow— to \$24 million this year from \$2 million in 2000— as the university deliberately has shifted to what Kangas described as a high-tuition/high-aid policy. Just as at private universities, he said, "Increasingly, the tuition you're paying out of pocket (at the University of Illinois) is based on your ability to pay." Despite a sheaf of national studies in recent years suggesting that skyrocketing tuitions are pricing lower-income students out of college, Kangas said he's always on the lookout for evidence of that happening at the University of Illinois but has yet to find it.

The proof, Kangas believes, is in Pell grants. "If you look at the number of Pell recipients versus the total number of undergraduates, it hasn't changed in 20 years," he said. Though those numbers bounce around from year to year, they stay within a "pretty predictable range" of, for instance, 17 percent at the Urbana-Champaign campus.

Clearly, the tuition hasn't discouraged applicants overall. This fall the flagship campus overshot its 7,000 target by

## **UPDATE** **Tuitions and Fees Rising in Illinois** **February 2008**

**S**INCE THE GUARANTEED four-year tuition, or "Truth in Tuition," plan was adopted four years ago, undergraduate costs at Illinois' 12 public universities have been increasing steadily.

"The only 'truth' is that tuition keeps rising," a former state education official said.

Charges (tuition plus mandatory fees) for entering freshmen at the University of Illinois flagship campus in Urbana-Champaign jumped from \$7,010 in the 2004-05 academic year to \$11,130 in 2007-08, the Illinois Board of Higher Education reported. At Southern Illinois University-Carbondale, the price increased from \$5,521 to \$8,893.

Resident undergraduate tuition at Urbana-Champaign is fifth highest among the 50 state flagship campuses, according to the annual survey by the Washington (state) Higher Education Coordinating Board. Charges at Illinois comprehensive colleges and universities are fourth highest in the nation.

Community college tuition and mandatory fee charges remain modest, averaging slightly more than \$2,300 per year.

A student who enrolled at the Urbana-Champaign campus in fall 2004, when the "truth" plan began, paid \$6,460 per year, a rate that would remain the same for eight semesters. But the same student, entering in fall 2007, paid \$8,440, or \$7,290 more over four years.

The plan guarantees that tuition is fixed for eight consecutive semesters. But many entering freshmen at Illinois public institutions do not graduate in four years or even in five or six. The four-year

graduation rate at Urbana-Champaign is 62.5 percent, according to campus officials. The five-year graduation rate is 79.2 percent; the six-year rate is 81.9 percent. The six-year graduation rate at Illinois State University is 63.3 percent. At Chicago State University it is only 15.8 percent.

Each campus decides how much to charge students for an extra year or two. Many have chosen to charge students at the same rate they would have paid had they entered in 2005-06, the second year of the new policy.

In addition, there have been sharp increases in mandatory fees, which are not covered by Truth in Tuition, which now run as high as \$1,987 at Carbondale and \$2,962 at the University of Illinois-Chicago.

**Charges for entering freshmen at the University of Illinois flagship campus in Urbana-Champaign jumped from \$7,010 in the 2004-05 academic year to \$11,130 in 2007-08.**

At Urbana-Champaign there are seven mandatory fees for all undergraduates, even more for those majoring in agriculture, business, engineering and some other fields. These include not only the usual charges for health services and the student union but also an "academic facilities maintenance fund assessment," to repair and maintain academic buildings. Campus officials say this is needed because the state has provided no capital budget for several years.

The tuition and fee increases

enrolling a record 7,600 freshmen.

This fall also has brought a little relief for all of the state's college students, especially the needier among them: a MAP grant pot that the state has sweetened by two percent, or \$8 million. The move has had the serendipitous side effect of making the program eligible again for \$3.7 million in federal funds that it lost as a result of previous MAP cutbacks.

With a grand total of \$349.7 million in MAP money this year, the Illinois Student Assistance Commission expects to help 145,000 students with grants averaging about \$2,400, roughly the same amount as five years ago. Even with this infusion of funds, however, the commission will continue the rationing that hard times have forced. Besides striking some students from the eligibility rolls, last year the agency trimmed all grants by ten or 11 percent of what they would otherwise have been. This year's reduction will be an across-the-board nine percent.

However diminished, the MAP program is still big. Illinois, long second or third among the states in total need-based student aid, slipped to fifth place—behind California, New York, Pennsylvania and Texas—in the most recent survey of the National Association of State Student Grant and Aid Programs.

The public universities, meanwhile, remain under the state's budget gun, most of them with an appropriation identical to last year's. The best that officials can say about the situation is that at least they didn't take another hit. Northeastern's Wilcockson spoke wearily of "a commitment

at the state level not to increase income taxes or sales taxes... a climate where they're not enhancing revenue."

Appropriations are not the whole problem, he added. The state now requires public universities to pay a greater share of their employees' retirement and health insurance costs. And Wilcockson said he has heard talk of dumping some workers compensation costs on the universities next year.

This stepchild treatment has taken some getting used to by the universities. From the mid-1990s to 2002, they had been the state's fair-haired, basking in annual state funding increases that always beat inflation by a few points. When a legislature that had been so predictably giving began abruptly to take away, it was a particularly stinging slap in the face.

An embarrassment, too. This was the state that sat at the head of the class in *Measuring Up 2000*, a state-by-state report card for higher education produced by the National Center for Public Policy and Higher Education (which also publishes *National CrossTalk*). It didn't get much better than Illinois' A's in three of five categories, including one of only three nationwide for affordability. But come *Measuring Up 2004*, Illinois had slipped back a few rows, with a still-

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have caused grumbling among parents and others who pay college bills. When Greta Schloemann of Herrin, in downstate Illinois, entered Urbana-Champaign as a freshman in fall 2005, her parents paid tuition of \$6,460—a rate that has remained the same. Had she entered in fall 2007, the charge would have been \$7,708. However, required fees have increased from \$1,442 to \$2,174 in the same time period.

Colleen Schloemann, Greta's mother, said, "I still think it (Truth in Tuition) is a good idea because it helps families with their budgeting, but the fees are quite high and they keep going up."

After one semester at Urbana-Champaign, Greta's younger brother Max transferred to Southern Illinois University-Carbondale, where fees increased from \$1,276 in 2004-05 to \$2,551 in 2007-08. "Max's total cost is higher now than if he had stayed at Urbana," Colleen Schloemann said.

But Campus administrators say they have received few complaints about the rising costs. "I don't hear lots of noise about tuition," said W. Randall Kangas, assistant vice president for budgeting and planning for the three-campus University of Illinois system. "What I hear is complaining that 'I can't get my kid in.'"

**At Urbana-Champaign there are seven mandatory fees for all undergraduates, even more for those majoring in agriculture, business, engineering and some other fields.**

Kangas and other campus officials argue that sharp tuition and fee increases are needed because of the decline in state support. Since the 2004 fiscal year, state appropriations for public higher education have increased only one or two percent a year, well below the rate of inflation.

So far, the steep tuition and fee increases have encountered little opposition from Illinois legislators. "They know they haven't been funding the institutions adequately, and they hope by letting the campuses raise tuition as much as they want, that will keep them happy," said a veteran observer of the state's educational politics.

Truth in Tuition is proving to be a headache for campus budget officers, who must decide how much to charge students, depending on the year they enrolled, their academic program, whether they are covered by "truth" or not, and other factors.

"This has been something of a nightmare for our student accounts office," said Barbara Blake, budget officer at Illinois State University. "What is the retention rate going to be? How many students are taking five or six years to finish? Projecting what student rates should be, and what our revenues are going to be, is proving to be very difficult."

Said a budget officer at Northern Illinois University, "It's very difficult, but it's the law and we're trying to follow it."

Despite the problems, Truth in Tuition is not likely to disappear, not unless the state's fiscal condition improves markedly.

"I do think they (those who pay college bills) wind up paying more than they would have under the old tuition approach," said Sue Kleeman, director of research, planning and policy analysis at the Illinois Student Assistance Commission. "But people are willing to pay for certainty."

—William Trombley

respectable B average but a lowly D for affordability. In a report that awarded no A's in that department and two-thirds of the states a flat-out F, it could have been far worse.

Nobody is predicting that Illinois will regain its gold star for affordability any time soon. Certainly not Thomas Lamont. A lawyer by profession now filling in as executive director of the Illinois Board of Higher Education, he takes a dim view of the situation. It is also a relatively long and inside view, the result of his having served five years on the higher education board and 13 as a trustee of the University of Illinois, some of those years simultaneously, before agreeing a year ago to take this job on a temporary basis.

To Lamont's thinking, this year's level state funding is just another take-away in sheep's clothing. "It's not level funding for the institutions," he said. "In reality their fixed costs certainly haven't remained level. Be it energy, be it salary, be it administrative costs, they creep up. To suggest this can continue much longer, and you won't eventually affect the quality (of education) doesn't stand to reason." Illinois public higher education is "on a precipice," he added. "We've got to be careful we don't fall off."

James L. Kaplan, a Chicago lawyer and chairman of the Illinois Board of Higher Education, said Lamont overstates the case, that the state's seeming fall from public higher education grace is "not that dramatic." He said the state board and the universities have significantly reduced overhead and improved productivity, and that the prospects for funding are "semi-favorable." "We're coming through (financial hard times) with minimal impact on students, except for tuition," he said.

Lamont's contract is due to run out in November. His successor will be the fourth person to sit in the board's executive director's chair in less than four years.

Representative Joyce said he and all members, both Democrats and Republicans, of the House higher education committee add up to a determined pro-higher education coalition. "You're not going to get the cuts you got before," he said. Senator Ed Maloney—another Chicago-area Democrat, who shares home office space with Joyce and is the new chairman of the Senate higher education committee—can also be counted on, Joyce added.

Two years after passing the tuition law, Illinois still is the only state to legislate against escalating tuition bills in this way. Joyce is not rushing to judgment. "Five years from when this became law, that's when we have to look at it to see if it's successful,"

he said. "If nothing else, we've created an awareness that universities can't just throw their costs onto the student. [The law] has also created an awareness in the legislature that if the schools aren't funded properly, they have to raise tuition."

In time, universities and students alike will be able to gauge the law's success by whether they made or lost money on it, with one side's gain likely to be the other's loss. Sandy Baum, professor of economics at Skidmore College in



**Northwestern Illinois University's tuition jumped 29 percent this year to make up for several years of underfinancing, says Vice President Mark Wilcockson.**

Saratoga, New York, and an expert on college costs, sees the universities as having the upper hand. "It's hard to imagine that students would be paying less than they ordinarily would," she said. For a rough idea, she said, students could compare their four years of identical tuition payments with what students on the continuing rate paid during that same time.

For now, the Schloemanns are grateful that daughter Greta's rate is safely locked in, along with loans to ease some of the immediate fiscal pain. But there's more to come—son Max, a high school senior, also is eyeing the University of Illinois. This much the family can count on: His tuition will be higher than his sister's. ♦

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Susan C. Thomson is a former higher education reporter for the *St. Louis Post-Dispatch*.

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