LOSING GROUND

A National Status Report on the Affordability of American Higher Education
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152 North Third Street, Suite 705, San Jose, California 95112
www.highereducation.org
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FIVE NATIONAL TRENDS

- Increases in tuition have made colleges and universities less affordable for most American families.
- Federal and state financial aid to students has not kept pace with increases in tuition.
- More students and families at all income levels are borrowing more than ever before to pay for college.
- The steepest increases in public college tuition have been imposed during times of greatest economic hardship.
- State financial support of public higher education has increased, but tuition has increased more.
INTRODUCTION

THE PASSAGE OF THE GI BILL after World War II opened higher education to hundreds of thousands of American families who previously had no direct experience with education beyond high school. For the first time in history, the children of people with average financial means—the sons and daughters of farmers and repairmen—could get a college degree or could complete vocational training. In one generation, higher education in America was being transformed from an organization for the few to a core institution of democracy, as well as economic progress. And ever since, Americans have understood that making college affordable is a key that opens the door to college opportunity.

In a world now shaped by information technologies and global economies, college opportunity is even more important today than it was just a decade ago. Education and training beyond high school is no longer discretionary for those who aspire to full social and economic participation in American life. Public understanding of this reality is reflected in public opinion surveys, broader college aspirations, and increased college attendance. Across the country and within states, however, Americans’ opportunities for higher education remain unevenly and often unfairly distributed, and fail to reflect the distribution of talent in American society.1 Family and personal financial resources still pay far too great a role—even among those who are well prepared—in determining college opportunity.

Within this context, Losing Ground, a special report from the National Center for Public Policy and Higher Education, examines the affordability of higher education in America today. Although Losing Ground takes a nationwide look at affordability, its policy implications primarily affect the states. This report includes information on both public and private higher education, but its emphasis is on public colleges and universities. As we write, the nation appears to be recovering from recession, yet many states are facing financial problems that have grave implications for public policy; these fiscal and policy challenges directly influence the affordability of public colleges and universities.

Our principal basis for assessing the affordability of a college education is to examine tuition and the other costs of attending college, in relation to family income. We believe that this perspective—that is, comparing tuition and other costs to income—best captures the reality of what it means to pay for college. Based on this analysis, Losing Ground finds that most families today, compared to those 20 years ago, must devote a larger share of their income to pay for college. This finding is, unfortunately, ironic: Just as college opportunity has become indispensable to those 20 years ago, must devote a larger share of their income to pay for college. This finding is, unfortunately, ironic: Just as college opportunity has become indispensable to those 20 years ago, most families today must devote a larger share of their income to pay for college.

Chapter 1 begins with this fundamental finding and describes four additional trends that, if they are allowed to unfold as currently expected, will have adverse consequences for broad college opportunity in America:

1. Increases in tuition have made colleges and universities less affordable for most American families.
2. Federal and state financial aid to students has not kept pace with increases in tuition.
3. More students and families at all income levels are borrowing more money than ever before to pay for college.
4. The steepest increases in public college and university tuition have been imposed during times of greatest economic hardship.
5. State financial support of public higher education has increased, but tuition has increased more.

In “State Policies for Affordable Higher Education” (chapter 2), we discuss several implications of these five trends for state policy. There is no single policy that can assure affordable public higher education in all 50 states, yet much can be learned from those states that have performed well in this area. For instance, every state can and should have its own strategy to enhance college affordability through public college tuition and student financial aid. Every state can consider family income levels in the state when establishing or approving tuition policies. Every state can assure that adequate student financial aid is provided to the neediest students, particularly when tuition is increased. Every state can ask:

- How much should families of various incomes be expected to contribute to tuition and college-related expenses?
- How much debt should be encouraged?
- How should student financial assistance be provided, and to whom?

Underlying these questions is an even more fundamental one: How much encouragement and incentive does each state wish to give its citizenry and workforce to raise their knowledge and skills beyond the high school level? Higher education resources vary widely among the states, and so do their histories, economies, demographics, and politics. A “one size fits all” approach is impractical—and this underscores the need for each state to develop its own policies for affordability.

State financial support for higher education, as measured in the aggregate, has increased over the past 20 years. In 1981, states appropriated $23 billion for higher education, $40 billion in 1991, and $64 billion in 2001.2 These national summaries do not account for state variations, which are quite significant, nor do they reveal whether past or current levels of state support for higher education are adequate. State-by-state information to assist in comparing state trends with national trends can be found in the appendix to Losing Ground.

The nationwide trend of increased state appropriations to higher education masks an important state responsibility for the erosion of affordability. In order to help balance their budgets during recessions, states often reduce their appropriations to higher education disproportionately, compared to other state spending categories. Chapter 4, “2002 Update for the States,” describes the series of budget cutbacks that currently are unfolding in several states. During periods of economic growth, on the other hand, states often increase their appropriations to higher education. These increased appropriations drive up the costs of college for taxpayers, although not always with commensurate improvements in access or educational effectiveness. During upswings and downturns in the economy, continued public investment in higher education is needed. But even in the best of times, emphasis should be placed on expenditures that are cost-effective, that improve educational outcomes, and that can be sustained in both high- and low-water years.

Why is affordability important?

Affordability is a key element of college opportunity, and education and training beyond high school have become the gateway to the middle class in America. Since the 1980s, the average real income of workers with high school diplomas or less has fallen, while the income advantage of those who had attended and graduated from college increased.

The gap in college attendance rates between high- and low-income Americans has widened, even among those who are prepared academically for college.

The education and skills of the population are increasingly central to the economic and civic success of communities, states, and the nation, as well as to the opportunities of individuals.

In chapter 5, Losing Ground turns to the most recent public opinion research in order to examine Americans’ opinions about the affordability of higher education. For most Americans, college has become an integral part of the American dream, and the issue of affordability continues to concern them. Americans also express skepticism that colleges and universities are doing all that they might to control costs.

The fundamental findings within the covers of this report serve to endorse and reinforce the concerns of many state and higher education leaders regarding the importance of need-based student financial assistance. Over the past decade, the nation and many states have turned their policy attention to the politically influential middle-income families who have felt the financial “squeeze” of increased college tuition—those families with children most likely to enroll in college. The impressive and expensive array of programs that have been created or enhanced as a result are described in chapter 6, “Taking Care of the Middle Class.” The creation and enhancement of these programs, and the public expenditures that support them, suggest that this agenda has been largely completed. College opportunity for low-income Americans, for whom affordability continues to be an impediment to college attendance and completion, remains the major unfinished national and state agenda.

In chapter 7, Profiles of American College Students,” the National Center offers a look at six students and the challenges they face in paying for college. These six stories, written by journalists, also illustrate the diversity of American college students today.

The National Center has benefited greatly from the guidance of an advisory committee and of reviewers and consultants who contributed to the development of Losing Ground. We also have learned and drawn from the work of others, particularly from recent reports that have explored aspects of the affordability of college (see sidebar, page 31). The information in this report is in the public domain; it is available to those who may wish to pursue further analysis or to verify its accuracy. The National Center, however, takes full responsibility for the interpretations, findings and conclusions of Losing Ground.

For endnotes, see page 31.
CHAPTER 1
FIVE NATIONAL TRENDS

I. INCREASES IN TUITION HAVE MADE COLLEGES AND UNIVERSITIES LESS AFFORDABLE FOR MOST AMERICAN FAMILIES

Most American families have lost ground in college affordability. Over the last two decades, the cost of attending two- and four-year public and private colleges (including tuition and other education-related expenses) has grown more rapidly than inflation, and faster than family income as well. As a result, the share of family income that is needed to pay for tuition and other college expenses has increased.

The principal driver of the increased cost of attending college is higher tuition, and only the wealthiest families have seen their incomes keep pace with increases in tuition (see figures 1 and 2). The lowest-income families have lost the most ground, and this is a major factor in their lower rates of college attendance. For example, for the lowest-income families in 1980, tuition at public two-year colleges represented 6% of their family income. For the lowest-income families in 2000, tuition at these colleges represented 12% of their income. Likewise, tuition at public four-year colleges and universities represented 13% of income for the lowest-income families in 1980. In 2000, tuition at these colleges and universities equaled 25% of their income.

Despite this decline in affordability, Americans, particularly those from middle- and high-income families, continue to attend college in record numbers. Based upon the experience of past recessions, enrollments will grow even faster in a weak economy. To enhance their opportunities and realize their educational aspirations, Americans work more hours than in the past, incur greater debt, and devote larger portions of their income to paying for college. They have lost ground—and they will lose more ground if the trends we describe continue.

Yet family income is seldom considered explicitly when colleges and universities advocate or approve tuition hikes, and when governors and legislatures approve or acquiesce in them. Instead, other comparisons usually dominate the policy discussion, such as tuition levels in similar institutions in other states (including states where family income is higher), and the needs of colleges and universities for revenues. These are important and relevant criteria, but the effect of tuition increases on families and the impact on college opportunity merit greater consideration than they usually receive.

From 1992 through 2001, tuition at four-year public colleges and universities rose faster than family income in 41 states. In 36 of these states, state appropriations to higher education also increased faster than enrollment and faster than inflation. Tuition at two-year public colleges increased faster than family income in 34 states.2

Figure 1
Share of Family Income Required to Pay for Tuition at Public Colleges Has Increased for Most Families

Figure 2
Share of Family Income Required to Pay for Tuition at Private Colleges Has Increased for Most Families
II. FEDERAL AND STATE FINANCIAL AID TO STUDENTS HAS NOT KEPT PACE WITH INCREASES IN TUITION

The second major component of affordability is financial aid for needy students. Traditionally, financial assistance has been offered to students who are eligible to enroll in college but are unable to afford it. Federal and state governments have provided most of this aid.

During the last two decades, federal and state governments have increased their support of student financial aid, but these increases have not kept pace with the increased costs of attending college, particularly those increased costs represented by tuition. From 1986 to 1999, for example, the purchasing power of the federal Pell Grant program, the nation’s largest need-based financial aid program for college students, decreased: Pell Grants now cover a smaller portion of tuition at public four-year colleges and universities than they did in 1986 (see figure 3). State financial aid programs to undergraduate students vary greatly, from none in some states, such as Alaska and South Dakota, to substantial ones in such states as California, Illinois, Minnesota, New York, and Pennsylvania. As with Pell Grants, the portion of tuition covered by state grants has declined (see figure 3). While Pell Grants are need-based, however, not all state grant programs are.

We emphasize the importance of federal and state financial aid to low-income undergraduate students, but there are other sources of such aid, including colleges and universities. The financial assistance that colleges and universities provide to their students—usually referred to as institutional aid—amounts to about $13 billion annually, and private colleges and universities account for about 61% of this amount. These figures include non-need-based as well as need-based aid. Much of the aid in both public and private institutions, in fact, supports functions other than affordable undergraduate education—including graduate and professional education, athletics, and other special programs. In addition, in both public and private institutions, these resources increasingly are used to recruit students who are attractive academically to the institution. There is no evidence that most of this aid targets low-income students in either the public or private sector.

Several states have adopted similar approaches—that is, funding grants for students who meet high academic standards yet do not demonstrate financial need. Some states use financial aid to encourage their highest-performing high school graduates to forego out-of-state college opportunities, and to attend college in-state. The federal government, through its income tax strategy, now allows federal income tax credits for tuition and other expenses, yet does not allow the most financially needy students to receive these benefits.

While need-based student financial aid has lost ground to tuition increases, programs for students without demonstrated financial need have proliferated. While need-based student financial aid has lost ground to tuition increases, programs for students without demonstrated financial need have proliferated. In 1981, 91% of state financial aid was allocated on the basis of need or a combination of need and academic qualifications. In 1999, 78% of state aid took need into account.
III. MORE STUDENTS AND FAMILIES AT ALL INCOME LEVELS ARE BORROWING MORE THAN EVER BEFORE TO PAY FOR COLLEGE

STUDENTS AND FAMILIES have been coping with higher college tuition and the increased demands on family income in a variety of ways. Some students work more hours; some reduce their course loads, lengthening time to graduation; and others attend less expensive colleges and universities. Our third finding, however, is that the most widespread response to increases in the cost of higher education involves debt—more students are borrowing more money than ever before.

Since 1980, federal financial aid has been transformed—with little explicit policy debate—from a system characterized mainly by need-based grants to one dominated by loans. In 1981, loans accounted for 45% and grants for 52% of federal student financial aid. In 2000, loans represented 58% of federal student financial aid, and grants represented 41% (see figure 4).

The rich as well as the poor borrow money to attend college, but a higher percentage of low-income students borrow (see figure 5), and borrowing is a much greater burden on low-income students and parents. From 1989 to 1999, average cumulative debt by seniors at public colleges and universities increased substantially for all income groups (see figure 6). For those in the lowest income quartile, such debt grew from $7,629 to $12,888 (in constant dollars).

Borrowing is a legitimate and important aspect of paying for college for many students, but it also raises several policy issues. Equitable opportunity is one: Prospective students from low-income families, and those who would be the first in their families to attend college, may be inhibited from enrolling by fear of high debt. In most cases, families of the lowest income students cannot help repay loans. And low-income college students are more likely than other students to be contributing to the support of their families while attending college.

Another important issue involves the financial consequences of high debt for students’ later lives, particularly their ability to purchase a home and to save for retirement. But this issue extends beyond individuals; society has a stake in the impact of student debt. Students’ professional and career choices may be skewed by heavy debt and the responsibilities of repayment. Efforts to attract college graduates into needed but not necessarily high-paying careers, such as teaching, may be undermined by substantial debt burdens.

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**Figure 4**
**Federal Financial Aid Shifted from Grants to Loans in the Last Decade**

**Figure 5**
**More Students at All Income Levels are Borrowing**

**Figure 6**
**Students at All Income Levels are Borrowing More**
IV. THE STEEPEST INCREASES IN PUBLIC COLLEGE TUITION HAVE BEEN IMPOSED DURING TIMES OF GREATEST ECONOMIC HARDSHIP

ECONOMIC RECESSIONS have an adverse impact on both a state’s public services and on individuals’ finances: A decline in tax revenues results in lower funding of public services, and higher rates of unemployment translate, on aggregate, into smaller increases—or actual decreases—in family income. For college and university students and their families over the last 20 years, however, the impact of recession has been compounded: The steepest tuition increases in public higher education have been imposed during recessions (see figure 7), when students and families (particularly those from the lowest income groups) are least able to pay.

During good economic times, state appropriations to colleges and universities tend to rise “disproportionate to appropriations for other (state) functions,” in the words of Harold Hovey, a prominent expert of public finance. During economic downturns, on the other hand, appropriations to higher education are often the “balance wheel in state finance,” absorbing disproportionately larger cuts than other state-funded services.5

Steven Gold, in his study of state responses to the recession of the early 1990s, found that as the economy worsened and state revenues declined, state budgetary flexibility was reduced. A greater proportion of state revenues shifted to non-discretionary spending items, such as public assistance caseloads, Medicaid costs, federal mandates in health care, and formula-driven increases in public school and corrections budgets. According to Gold, “Higher education took the worst beating of any major spending category… Appropriations in 1992–1993 were less than one percent higher than in 1989–1990.”6 Early indications point to similar trends in the current recession.

During recessions, state leaders and public colleges and universities confront difficult policy questions: When state budgets must be cut, how much of the reduction should colleges and universities absorb? How much should be passed along to students and families? When tuition is increased, how can student financial aid for the most needy families be supported when budgets are already tight? During recent recessions, the answer to these policy questions has been alarmingly consistent: compensate for state budget cuts to higher education by precipitously increasing tuition for students and families.

It is unlikely that higher education or any other major area of state expenditure will be exempted from the impact of state budget cuts during recessions. However, excessive reductions in state support for higher education make dramatic tuition hikes and their consequent hardships for families practically inevitable. Over the past two decades, college students and their families have seen relatively stable tuition in good times, have enjoyed tuition freezes and even reductions in the most prosperous times, and have suffered steep price increases during recessions. This pattern—a cycle of eroding affordability—raises prices when students and families can least afford it, and is a windfall to those fortunate enough to attend college when the economy is strong.

Figure 7
Tuition at Public Colleges Has Increased Most During Recessions

Percentage Change Since Previous Year in Average Tuition at Public Four-Year Colleges and in Median Family Income
V. STATE FINANCIAL SUPPORT OF PUBLIC HIGHER EDUCATION HAS INCREASED, BUT TUITION HAS INCREASED MORE

For the nation as a whole, state appropriations to public colleges and universities increased by 13% from 1980 to 1998 (in constant dollars per student). During the same period, total institutional revenues (likewise in constant dollars per student) rose by 41%, from $10,265 to $14,502 (see figure 8). Given the 13% increase in appropriations from states, how did public colleges and universities increase their revenues by 41%? One answer is tuition. From 1980 to 1998, tuition revenues at public institutions of higher education increased by 107%, from $1,696 to $3,512 (in constant dollars per student).

As state appropriations for higher education were increasing per student, even as enrollment grows, the proportion of state budgets devoted to higher education declined nationally. This decreasing share of state budgets devoted to higher education is sometimes cited as indicative of decreasing state support of public colleges, and as an explanation or justification for increasing tuition. Yet appropriations to higher education often have increased while higher education’s overall share of state budgets has decreased. This has been a nationwide pattern as states have taken on greater responsibilities for public schools, Medicaid, and public assistance. In the face of these multiple competing demands, the states in the aggregate have not reduced their support of higher education—just the opposite. State budgets as a whole have grown faster than the portion allotted to higher education, but state appropriations to higher education have increased.

We do not know of any accepted measure of the adequacy of financial support of higher education. At present, there is no credible methodology for determining whether the increased costs of providing higher education, including those costs supported by state appropriations and tuition, are essential for the quality and accessibility of public higher education. Nor is there an accepted way to determine whether the same or higher levels of accessibility and quality could have been reached with less state expenditure or with lower tuition levels.

Regarding affordability, we know that state support of public colleges and universities has increased; that these increases have not been commensurate with the rising costs of providing higher education; that the largest portion of these costs has been borne by students and families through increases in tuition; and that tuition is increasingly financed by student borrowing. Our conclusion regarding the affordability of a college or university education is this: Americans are losing ground.

For endnotes and for complete sources for figures, see page 31.
CHAPTER 2

STATE POLICIES FOR AFFORDABLE HIGHER EDUCATION

By Patrick M. Callan and Joni E. Finney

AFFORDABILITY IS A KEY ELEMENT of college opportunity. Public policies—at the federal level and in all states—recognize its importance. Since the passage of the G.I. Bill after World War II, Americans have been increasingly committed to the idea that talent and motivation—rather than financial resources, ethnicity, or geography—should govern college opportunity. College students in public and private institutions are subsidized generously to foster their talent. Yet family wealth and income remain the best predictors—better even than academic preparation—of who will enroll in college and which colleges they will attend. For the country and the states, as well as individuals, barriers that make higher education unaffordable serve to erode our economic well-being, our civic values, and our democratic ideals.

The nation cannot close this gap in educational opportunity without addressing the public policies that influence affordability. In the first section below, we examine policies for affordable higher education in five states. In the second, we extend our view to include the impact of cyclical state and national economic conditions, and offer examples of state and institutional policies to stem the apparently endless cycle of rising costs and declining affordability.

Affordable Higher Education: A Snapshot

Five states received “A” grades in the affordability category of Measuring Up 2000: the national report card on state performance in higher education. Each of these best-performing states—California, Illinois, Minnesota, North Carolina, and Utah—developed its own policies to assure students and families of an affordable education. State policies, not just a state’s wealth, make a difference in the affordability of higher education: Of the five “A” states, only California and Illinois are in the top ten states in terms of Gross State Product, and two states are at or below the national average in terms of their population’s income.

The criteria used to measure affordability in Measuring Up 2000 were designed to help states examine the relationship between family income and tuition and other costs of attending college. The indicators also were designed to help states examine the effectiveness of their strategies for affordable higher education. (For example, how effective are high-tuition/high-aid policies vs. low-tuition policies?)

Our analysis of indicators in Measuring Up 2000 shows that no one policy assures affordability—there is no panacea. For example, states with very generous financial aid programs for low-income students, but without tuition policies that take into account family income, rarely perform well on affordability measures. Similarly, low tuition does not assure an overall college price that is affordable for all. Rather, affordable higher education in most states is achieved through the combination of tuition policies that take into account family income; in that particular state, support for need-based financial aid; and, in some cases, colleges that charge low tuition. Specifically, states that were rated most affordable share at least two of three characteristics:

- State spending for need-based financial aid matches or even exceeds the total amount that low-income families in the state receive from the federal Pell Grant program.
- Low-priced colleges provide educational options for even the lowest-income residents, who may perceive they are unable to pay tuition, even after financial aid.

Tuition

States use many methods to set tuition policy. Explicit long-term policies are rare. When they exist they often focus more on institutional criteria than on the impact of tuition on students and families.

A common practice is to review the tuition levels of similar colleges in other states. Historically, the effect of this method is to raise tuition upward.

A second practice is to set tuition as a fixed share of total educational costs. This results in higher tuition levels when revenues from other sources, such as state appropriations, are growing most rapidly. On the other hand, if fully implemented, this policy would reduce tuition when other sources of revenues are cut.

A third method, which in difficult economic times often becomes the default policy, is to “back-fill” state revenue shortfalls with tuition increases.

Each of these methods overlooks one important aspect in establishing tuition: actual family income in the state and the portion of income families should be expected to devote to college tuition. State tuition policies should consider both institutional needs and the ability of students and families to pay.

Tuition is a primary factor in the increased cost of college attendance. In the best-performing states, as identified by Measuring Up 2000, tuition levels are within reach for the families living in those states. These states achieve reasonable tuition levels by policies that: (1) maintain low tuition (for example, Utah and North Carolina); or (2) combine higher tuition with generous financial aid (for example, Minnesota). Because family income varies fairly widely by state, accounting for tuition’s impact on students and families in each state is critical to assessing the affordability of college.

State Financial Aid

The combination of state need-based financial aid and Pell Grants (the major federal need-based financial aid program) substantially reduces the net price of higher education for the bottom two or, in some states, three income quintiles (40 to 60% of a state’s families). A good example of this combined effort is Illinois, which offers more need-based financial aid to students who are eligible for the Pell Grant than any other state.

Low-Priced Colleges and Universities

Some states perform well on affordability by assuring that one sector of higher education—most often community colleges—has low prices, and is available to almost all motivated applicants. California is the best example of this policy. Its community colleges are the least expensive in the nation, and enroll more than 65% of the state’s post-secondary students. North Carolina employs a similar policy approach with its low-priced community colleges.

Affordable Higher Education: A Longer Term View

The decline in the affordability of higher education can be a policy issue in any state in any year. A much broader problem arises as we look at rising costs over several years, and at appropriate policies to mitigate them.

The Cycle of Erosion

The erosion of affordability of higher education described in this report is felt by all but the wealthiest. In the 1990s, as the share of family income that was needed to pay for college increased and debt burdens escalated, public concern about college affordability became more widespread. After the steep tuition increases that accompanied the recession of the early 1990s, college affordability became a more prominent issue for the middle class—those families and students not eligible for traditional means-tested student financial assistance. States and the federal government, and colleges and universities, responded by shifting the emphasis of financial aid from low-income students who might otherwise not enroll in college, to relief for those more affluent groups who were attending college. These benefits took the form of federal income tax credits and deductions for educational costs, tax-sheltered savings plans, state merit aid programs, and institutionally funded scholarships and discounts (for more information about federal tax credits, federal tax deductions, and tax-sheltered savings plans, see chapter 6).

Public higher education is highly regarded in most states. When states are prosperous, as in the late 1990s, many invest generously in public colleges and universities, often without regard to the long-term cost implications of these investments. Under such circumstances, tuition may be frozen (in effect, reduced in constant dollars) or even cut. Students whose college careers coincide with these periods of prosperity benefit from stable, even declining, levels of tuition. However, when the inevitable recession occurs, states often are unable or unwilling to sustain these levels of expenditure, and higher education budgets are reduced. Public colleges then usually seek to recapture lost state funds through tuition increases. Regardless of where the legal authority for setting tuition may reside in a state, political and educational leaders go along with this response because: (1) the new revenues from tuition buffer the colleges and universities from the full impact of state cuts, and cutting higher education becomes more acceptable than cutting state programs that lack an alternative revenue source; and (2) college and university leaders assert that their budgets cannot accommodate reductions without a significant decline of quality or accessibility.

For students and families, this cyclical pattern results in significant and unplanned tuition hikes for those who enroll or aspire to enroll during recessions—when growth in personal income is sluggish at best, when unemployment is high, and when states are least likely to increase commitments to student financial aid, for the very reasons that caused the budget cuts and tuition increases in the first place. And because almost all students and their families are affected, the demand for relief is widespread. As we have seen, the precipitous tuition increases of the early 1990s were followed, as the economy recovered, by tuition freezes and rollbacks and various forms of middle-class relief. The stage then is set for the next cycle: generous appropriations, higher expenditures that cannot be sustained, another economic downturn, and then a repetition of the standard recessionary responses.

In 2001 and 2002, many states and public colleges embarked on this cycle for the third time in little more than two decades. The most predictable outcome is a further erosion of affordability of higher education for most Americans, and an increase in the number of people in all income categories who demand financial relief.
CHAPTER 3

QUESTIONS AND ANSWERS ABOUT LOSING GROUND

How is college affordability determined?
Losing Ground assesses the affordability of college from the perspective of families and students. College affordability is the proportion of annual family income that is required to pay for a year of college.

Student enrollment increases every year. How can there be a problem with college affordability?
For most Americans, higher education—that is, education and training beyond high school—has become virtually mandatory, rather than optional, for a middle-class life. Students and families must do what they find necessary to pay for college.

The ways Americans pay for college has changed as prices and costs have risen faster than inflation and family income. Students are accumulating significant debt and are borrowing in record amounts. Many students work more hours than ever before to pay college expenses, spending less time on their studies. Some students select lower-priced institutions rather than those that better suit their intellectual interests and educational goals. And some students decide to attend college part-time rather than enroll full-time, often substantially prolonging their time in college.

Most critically, however, even though more students are attending college, gaps in college attendance between affluent and low-income Americans—even between those most qualified—have not been significantly narrowed over the last two decades. One reason is that the price of college discourages many low-income students from enrolling, regardless of their talent or eligibility. It may also discourage some students from preparing for college academically.

The decline in college affordability is a broad national concern, but its most pernicious effects are on the lowest-income Americans—those who attend colleges in lower numbers and, when they do enroll, must borrow more in relation to their incomes. The shift in emphasis of financial aid in the 1990s—by the federal government, by some states, and by many colleges and universities—away from those students with greatest need has not addressed the income gap in college attendance. Nor has it lessened the nation’s need to develop the talent of all Americans who are motivated and able to benefit from education and training beyond high school.

State Policy: Breaking the Cycle
States and higher education can no longer afford to be “Shocked! Shocked!” by each unexpected recession. Economic times are either good or bad—never normal—and their succession is inevitable. It is this recurrence, not any single recession, that threatens college opportunity. The annual costs of a student’s higher education have increased faster than family income, and, absent mitigating public policies, states, institutions, and families will continue to stumble through cycles of eroding affordability. Can these cycles be broken? We believe they can, but doing so will require different approaches during good as well as bad economic conditions.

Breaking the Cycle in Hard Economic Times
When states confront budget shortfalls—the common condition as we write—it is unlikely that public colleges and universities will be exempt from cuts. For state policymakers, avoiding disproportionately large budget cuts during hard economic conditions is the first step in preserving college affordability. When higher education reductions are significantly larger than those required of other state programs, large and precipitous tuition increases almost invariably follow.

When budgets are cut, we favor a principle of shared responsibility. Students should expect to pay higher—but not excessively higher—tuition. Colleges and universities should expect to absorb the lion’s share of budget shortfalls, and do so by allocating reductions in ways that are least detrimental to accessibility and educational effectiveness.

College presidents and trustees should have flexibility in allocating reductions within these parameters. Those considering tuition increases should take into account the economic circumstances of state residents and the relationship of tuition levels to family income. When tuition is increased, states should exempt need-based student financial aid programs from reductions in state appropriations, and should augment these programs to mitigate the effect of tuition increases on the neediest students. Finally, states that are experiencing or anticipating enrollment increases should work with colleges and universities to allocate budget cuts to protect educational opportunity over the long-term.

Breaking the Cycle in Prosperous Times
The cycle of eroding affordability begins with the escalation of costs in times of prosperity—costs that are then transferred to students in recessions. Over the long-term, statewide and national needs for educational opportunity, affordable higher education, and economic growth will...

(continued on page 13)
CHAPTER 4

2002 UPDATE FOR THE STATES: “A DIRE SITUATION”

STATE BUDGET SHORTFALLS TRIGGER ESCALATING TUITION

By William Trombley

HIGHER TUITION, more fees, fewer and larger classes—these changes await the students who will enroll at many of the nation’s 3,500 colleges and universities next fall. The national recession, made worse by the September 11 terrorist attacks, has forced almost every state to make sharp budget cuts. As this report is written, governors and legislatures in some states are still wrestling with the details, but it is clear there will be significant cuts in support for public higher education and, as a result, there will be substantial increases in tuition. If American families are anxious about their ability to pay for their children’s college educations, as John Immenvahr suggests in chapter 5 of this report, they have every reason to be.

Scott Pattison, executive director of the National Association of State Budget Officers, said at least 41 states face budget deficits, ranging from a few hundred thousand dollars in small states to California’s astronomical $15 billion. In the last national economic downturn, a decade ago, only half as many states were facing red ink. This is “a dire situation,” Pattison said.

Nor is it likely to improve any time soon. Most campus and state officials interviewed for this article expect 2003 to be worse than this year. Even if the national economy recovers, it will be 12 to 18 months before the benefits are felt in the states, they believe.

Some private colleges and universities also face serious financial problems. Endowments have been hurt by the sluggish stock market, corporate giving has declined, and high tuition rates have scared off many students and their families. While it is at the public institutions, which enroll 83% of the nation’s college students, that budget cuts, and the price increases that inevitably follow, have gained the most attention.

Faced with rising medical care costs, increased spending for public schools, welfare, courts, and prisons, and now asked to pay for “homeland security,” governors and legislatures are hard-pressed to find the money to make up budget shortfalls. The problem is made worse by antiquated tax structures in most states. “We don’t tax the things that people are buying,” said David Longanecker, executive director of the Western Interstate Commission for Higher Education (WICHE).

Governors and legislatures could raise taxes, of course, but few have been willing to do so. Instead, they look for places to cut the budget, and their eyes quickly fall on higher education, which is the largest discretionary spending item in most state budgets. Some of the cuts have been stunning. Facing a projected two-year budget deficit of about $1 billion, the Virginia legislature whacked $290 million, or 12.5%, from the higher education appropriation. The state’s most prestigious institutions—the University of Virginia, Virginia Tech, George Mason University, and the College of William and Mary—received the biggest reductions.

The schools have responded with substantial undergraduate tuition increases—16.5% at George Mason, 9% at Virginia Tech, and 8.8% at the University of Virginia.

In addition, the University of Virginia will step up efforts to increase its $2 billion endowment and probably will privatize more of the university. The business and law schools already have largely divorced themselves from state support, setting their own tuition and faculty salary levels and raising their own money for new buildings.

“Bigger classes and fewer classes are in the offering” as a result of the budget cuts, a spokesman for the College of William and Mary said.

When the Wisconsin legislature, looking for ways to bridge an estimated two-year revenue gap of $1.1 billion, proposed slicing 12% from the University of Wisconsin system’s budget, it triggered a dispute that made its way into the pages of The New York Times.

The university’s Board of Regents reacted to the proposal by suspending undergraduate admissions, saying they could not continue to accept students because they were not sure there would be enough money to run the system’s 26 campuses next year. This is more than 11,000 applications in limbo. Angry Republican legislators then proposed $44 million in additional cuts, prompting the university to impose a hiring freeze.

Assured by Republican Governor Scott McCallum and by Democratic lawmakers that the additional cuts would not be made, the Board of Regents ended the freeze on admissions but retained the hiring ban.

Massachusetts reduced its higher education spending in the current year (2001-02) by 6.2%, the largest percentage cut in the nation, according to the annual “Grapevine” report published by the Center for the Study of Education Policy, at Illinois State University. More cuts are planned for next year.

The state’s campuses have taken many other severe measures. Classes were dropped, and many remaining classes grew larger. In some cases, majors were eliminated. Intercollegiate teams that were taken. Classes were dropped, and many remaining

“Twenty or 25 years ago the feeling around the country was that the big state universities were unstoppable…Now all that has changed, and there is significant slippage between the top publics and the top privates, especially in faculty salaries.” —David W. Breneman, Dean, Curry School of Education, University of Virginia

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"I don’t think there’s any question that 20 or 25 years ago the feeling around the country was that the big state universities were unstoppable, and the privates would suffer as a result," said David W. Breneman, dean of the Curry School of Education at the University of Virginia. "Now all that has changed, and there is significant slippage between the top publics and the top privates, especially in faculty salaries." Administrators at most public colleges and universities claim they have trimmed costs as much as possible and are left with only three ways to deal with sharp budget cuts: privatize, raise tuition and fees, or limit enrollment.

Only a few states, among them Iowa and Wisconsin, have talked openly about reducing access. "If you spend less on education, you’re going to get less of it," said President Robert Koob of the University of Northern Iowa. "So the question is, what does ‘less of it’ mean? Poorer quality or fewer students? You take your choice." Katherine Lyall, president of the University of Wisconsin system, "We either have to turn to tuition or downsize our enrollment. We’re really at a fork in the road." Many higher education observers believe some states already are moving quietly to curtail enrollment—by moving up application deadlines, tightening transfer requirements, and using a variety of other bureaucratic devices. This is how California limited enrollment at public campuses by about 200,000 during the last major recession, a decade ago. "I’d be surprised if other states don’t copy what California did then," said Donald E. Heller, associate professor of higher education at Pennsylvania State University.

But Sandra Baum, chair of the economics department at Skidmore College, disagrees. "Public perception has changed," she said. "There is wider understanding of the need for a college degree. I don’t think there will be the same kind of acceptance of reducing enrollment" as there was ten years ago.

In most states, public campuses have sought the usual remedy for budget cuts—higher tuition. In the current academic year (2001–02), tuition increases at public colleges and universities averaged 7.7%, while increases at private schools averaged 5.5%. Both figures were well above the national inflation rate of 2.6%, and both are expected to rise next year.

Under pressure from governors and legislators, most public institutions are keeping tuition and mandatory fee increases under 10%, but there are some startling exceptions. When Clemson University, South Carolina’s land-grant institution, raised tuition by 42%, there were such howls of protest that the university agreed to rebate $600 to each student, reducing the increase to 27%. The University of North Carolina, Chapel Hill, and North Carolina State both plan 21% hikes. In the state of Washington, the legislature has agreed to increases of up to 16% at the University of Washington and at Washington State University, up to 14% at other four-year schools, and up to 12% at community and technical colleges. "Public policy is clearly shifting," said Warren Madden, vice president for business and finance at Iowa State University. "From low tuition to expecting students to provide for a larger share."

Still, in some states, big tuition increases have encountered stiff resistance. The University of Illinois, seeking to close a $43 million revenue gap, has proposed raising tuition by 10% next year, on top of a two-year, 37% increase for incoming freshmen and other new students. This would bring total charges to $16,928. The report called this level of increase an "unsustainable," warning David Longanecker, WICHE’s executive director. "Tuition increases will cause more students to borrow more money to pay for college. This year, 58% of all student financial aid was in the form of loans. The College Board reported, and borrowing is expected to increase next year. A recent State Public Interest Research Groups’ report said average student debt has doubled in the past eight years—to $16,928. The report called this level of debt "unmanageable."

Only a few states plan to increase their need-based financial aid programs to account for higher prices. Some states are even considering scaling back merit-based aid programs. "Access is at risk," warned David Longanecker, WICHE’s executive director. "Tuition will have to go up—the budget cuts require it—but many states have inadequate, need-based financial aid programs, or no programs at all, which means that many low-income students will be left out."}

William Trombley is senior editor at the National Center for Public Policy and Higher Education.

CHAPTER 2
(from page 11)

require more, not less, public investments by states. And “more” has qualitative, as well as quantitative, dimensions. In times of prosperity, state investments should be made with greater emphasis on cost-effectiveness than often has been the case in the past. For example:

- States should systematically and rigorously explore the potentials of information technology to improve the educational effectiveness and cost-effectiveness of on-campus and off-campus instruction. While technology often requires significant investment, some portion of these investments should reduce other costs.

- Programs that enable qualified high school students to gain college credit, through testing or while taking college courses in high school, should be more widely available. Students should be encouraged and supported to enroll in them. And colleges should be expected to credit this work toward graduation when it meets the standards expected of regularly enrolled students.

- States should expand capacity in cost-effective undergraduate education. They should avoid creating new capacity for research and graduate education—an expensive form of “mission creep”—in the absence of clear evidence of national and state needs.

- The creation of new colleges and universities in isolated regions usually assures low enrollments and high costs per student, even though these institutions may represent “economic development” in the communities in which they are located. Alternatives to full-service campuses, such as learning centers and distance education, can often provide more responsive, flexible, and cost-effective education to underserved communities.

- Tuition increases should be moderate, gradual, and predictable, and should take family income in each state into account. In both prosperous and declining economies, financial assistance for low-income families should be increased whenever tuition is increased.

- Financial aid and tuition reductions that primarily benefit higher-income students are usually an inefficient use of public dollars, for the students who benefit are those most likely to attend college anyway, and often already are receiving the largest public subsidies at highly selective and highly subsidized state universities. Focusing student financial aid programs on college-eligible students with financial need is a more efficient use of state resources. The most efficient and effective programs are means-tested; some include academic requirements; they provide aid to students attending public and private colleges and universities.

These are examples, not comprehensive recommendations. They illustrate how states as well as colleges can and must act if they are to stem the cycle of higher costs and eroding affordability.
CHAPTER 5
PUBLIC CONCERNS ABOUT THE PRICE OF COLLEGE

By John Immerwahr

How important is a college education, in the eyes of the American public?

When Americans reflect on their hopes and desires for themselves and their families, they consistently talk about the familiar ideals of “the American dream”: a decent-paying job, a home, a secure retirement, and the promise of a better life for their children. To most Americans today, a college education for their children is an essential part of this vision. More than eight out of ten Americans say that having a college degree is important to getting ahead and that a college education has become as important as a high school diploma used to be (see table 1). A college education, in other words, is now seen as essential to achieving a comfortable middle-class lifestyle. This vision is shared across all segments of the American public; for instance, Hispanic and African-American parents are even more likely than others to stress the importance of higher education for their children, even though current college participation rates among these groups is lower than for the population as a whole.

<table>
<thead>
<tr>
<th>How Important is Higher Education?</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>A college education has become as important as a high school education used to be. Do you agree or disagree? Is that strongly or somewhat?</td>
<td>Strongly agree 68%</td>
<td>Somewhat agree 19%</td>
<td>Somewhat disagree 8%</td>
<td>Strongly disagree 4%</td>
<td>Don’t know 2%</td>
</tr>
</tbody>
</table>


How concerned are people about the affordability of a college education?

Growing concerns about the importance of a college education coincide with increasing anxiety about the price of college. People read news stories about high tuition at elite private colleges and they start to worry that they won’t be able to afford a college education for their children—and that this, in turn, will mean that their children will be shut out of the middle class. Indeed, Americans are more concerned about escalating college prices than they are about the price tags of some other elements of the American dream. One study found that 70% think that higher education is being priced beyond the income of the average family, as compared to only 44% who feel that the cost of a house is being priced out of reach, 36% who feel this way about the cost of a secure retirement, and 24% who feel this way about the cost of a car (see table 2). Some of our state-specific studies have shown that concerns about the cost of college may intensify during an economic downturn, when the states try to make up for declining tax revenues by raising the tuition fees and tax payments for public higher education.

<table>
<thead>
<tr>
<th>Public Concerns About Price</th>
<th>Cost of children’s college education</th>
<th>Cost of a house</th>
<th>Cost of a secure retirement</th>
<th>Cost of a car</th>
<th>None (volunteered)</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Which of the following items do you worry is being priced beyond the income of the average family: cost of children’s college education, cost of a house, cost of a secure retirement, cost of a car?</td>
<td>Cost of children’s college education 70%</td>
<td>Cost of a house 44%</td>
<td>Cost of a secure retirement 36%</td>
<td>Cost of a car 24%</td>
<td>None (volunteered) 2%</td>
<td>Not sure 2%</td>
</tr>
</tbody>
</table>

Despite these concerns, other studies have suggested that people don’t really know very much about the price of a college education. Public estimates of college tuition are especially inaccurate; one study found that the public’s estimate of in-state tuition at a public college can be as much as three times the actual price tag.

Are the high prices preventing people from getting an education?

Although they are anxious about the rising cost of a college education, most Americans agree that, by one means or another, anyone who really wants a college education can obtain one. Eighty-seven percent agree that if someone really wants to go to college, he or she can find a way to pay for it, though that may require working while going to school (see table 3). Parents of high school children are more concerned than other adults about escalating tuition bills, but most of these parents believe that they can make college happen for their children. Three-quarters of the parents of high school students say that it is highly likely that their oldest child will attend college and, of these parents, nearly all (93%) say they will “find a way to work out the costs.”

<table>
<thead>
<tr>
<th>Finding a Way to Pay</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>If someone really wants to go to college, they can find a way to pay for it, even if they have to go to school and work at the same time. Do you agree or disagree? Is that strongly or somewhat?</td>
<td>Strongly agree 63%</td>
<td>Somewhat agree 24%</td>
<td>Somewhat disagree 8%</td>
<td>Strongly disagree 5%</td>
<td>Don’t know 1%</td>
</tr>
</tbody>
</table>

Sample: National parent (1 parent in a household). Sample Size: 1,015.


On the surface, there seems to be a contradiction: People think that college costs are rising beyond the reach of the average family, and yet they believe that anyone who really wants a college education can get one. In focus groups, people quickly explain themselves: College is still affordable but only if students are willing to scramble, perhaps by going to a community college rather than a four-year school, taking out more loans, living at home, working part-time, or, if all else fails, working full-time and going to school part-time. When people say that any motivated person can go to college, they don’t mean that it is easy to do so. In fact, the obstacles can overwhelm people. In our surveys the public is divided on whether most qualified and motivated people have an opportunity to attend college: 45% say that the vast majority have the opportunity, and 47% say that there are many who do not have the opportunity. When the question is asked this way, people seem to be thinking about the obstacles, as well as the possibilities.

What can be done to help?

Many Americans seem to fear that they will be caught in a “squeeze play.” In their view, a college education is becoming both more important and more expensive. Although they are coping now, they are worried that higher education will be priced out of reach for people like themselves. One outcome is clearly unacceptable to the public: People do not want to see fewer students going to college. In the early 1990s, when we first started studying public opinion on this topic, people were worried that the nation could have too many college graduates and not enough people to work in the trades. Today, however, a large majority (75%) feel that society can never have too many college graduates. And less than 10% think that colleges should solve potential financial shortages by admitting fewer students or by charging higher fees.

Although cutting enrollments and raising fees are highly unpopular, the public does feel that colleges and universities can do more to control costs. Eighty-three percent agree that colleges should be doing a much better job in keeping their costs down (see table 4).

Table 4

<table>
<thead>
<tr>
<th>Keeping Costs Down</th>
<th>Today’s colleges should be doing a much better job of keeping their costs down. Do you agree or disagree? Is that strongly or somewhat?</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Strongly agree 69%</td>
<td>Somewhat agree 23%</td>
<td>Somewhat disagree 7%</td>
<td>Strongly disagree 4%</td>
<td>Don’t know 6%</td>
</tr>
</tbody>
</table>


In addition, a large majority believe that government can and should help make college affordable. Eighty-seven percent say that the federal government should play a role by creating tax breaks to help parents pay for the cost of college and post-high school training. The public also supports other forms of financial assistance, especially those that reward student initiative and motivation (such as work-study).

But the public’s enthusiasm for government support for higher education drops when tradeoffs are discussed. National security, health care, retirement, and the environment—all are viewed as deserving a higher priority on the federal agenda than higher education. In these other areas, there is no effective actor other than the federal government, and, not surprisingly, the public gives federal action in these areas a higher priority. Regarding higher education, in contrast, people think that for the time being, motivated students and their families are still able to fend for themselves.
TAKING CARE OF THE MIDDLE CLASS

By Laura Greene Knapp

THE TRADITIONAL FORMS of student financial aid provide assistance directly to students through grants, loans, and work-study. Most of this financial aid is need-based; that is, it goes to students from low-income families who do not have sufficient income and assets to pay for college. Since the enactment of the Taxpayer Relief Act of 1997, however, the government has also offered a fundamentally different method of financial assistance that is not need-based. Students and their families with incomes too high to qualify for the traditional forms of need-based financial aid are the primary beneficiaries of these new forms of aid.

This article outlines three kinds of government-sponsored assistance available to students who do not qualify for need-based financial aid: education savings plans, federal income tax credits, and federal income tax deductions. Education savings plans, such asCoverdell Education Savings Accounts, are the property of the student and are not subject to income tax if they are used for qualified education expenses (which include elementary and secondary school expenses, as well as college expenses). Once the student owns the account, the assets must be included on the student’s application for need-based financial aid, thereby reducing any such award (though not on a one-to-one basis). Parents who fund a Coverdell account also may contribute to a 529 plan.

529 Plans

State-sponsored 529 plans (named for the tax code section that created them in 1996) are available to college savers regardless of annual income. The accountholder can designate one or more student beneficiaries and can change beneficiaries at any time. If a beneficiary decides not to attend college or earns a scholarship and doesn’t spend all the 529 plan funds, the accountholder simply names a new beneficiary. There are no annual limits on contributions to a 529 plan, and some plans allow accounts to exceed $250,000. Investment options are limited to those provided by the individual plan.

The assets of a 529 plan belong to the parent (or other accountholder), and the withdrawals belong to the student. Although contributions are not tax deductible, withdrawals used for college expenses, as of 2002, are not subject to federal income taxes. (Through 2001, withdrawals were taxed at the student’s tax rate.) If Congress does not extend the current rules, however, withdrawals from 529 plans will once again be taxable at the student’s rate after 2011.

Many states offer additional tax incentives for state residents who participate in their 529 plans, such as state tax deductions for plan contributions. Most states offer their plans to nonresidents, minus the state tax benefits.

Because withdrawals from 529 plans belong to the student, they reduce the student’s need-based financial aid award. For instance, if a student withdrew $10,000 from a 529 plan, his or her prospective financial aid award would be reduced by $5,000.

2. Federal Income Tax Credits

Two federal income tax credits were created by the Taxpayer Relief Act of 1997: the HOPE Scholarship tax credit and the Lifetime Learning tax credit. The HOPE Scholarship tax credit is limited to students who are enrolled at least half-time and are in their first or second year of college. A HOPE Scholarship tax credit is for students who have completed two years of college (including graduate students) or who are in their first or second year and are enrolled less than half-time. These tax credits may be claimed by students who file their own taxes and by parents who claim an eligible student as a dependent on their tax forms. However, the credits cannot be taken by single tax filers whose adjusted gross income exceeds $100,000. These programs also exclude the lowest-income students and families, because the tax credit can be taken only by those who earn enough to owe federal income taxes.

In addition, taxpayers claiming either the HOPE or Lifetime Learning tax credit must subtract any grant or scholarship that the student receives (regardless of its source and award rules) from the tuition and required fees paid by the student. For example, if tuition is $4,000 a year and the student receives a $1,000 scholarship, the student is deemed to have paid only $3,000 in tuition. Students at low-cost institutions may find that receiving a grant or scholarship disqualifies them from taking an education tax credit or reduces the size of the credit they can take.

HOPE Scholarship Tax Credit

Available to students in their first or second year of college who are enrolled at least half-time. To be eligible for the maximum tax credit ($1,500) for the 2001 tax year:

1. The student must pay $2,000 or more in tuition and required fees.
2. Grants or scholarships received by the student must not reduce total tuition and fee expenses to less than $2,000.
3. The student (or the student’s family if they claim the student as a dependent) must owe at least $1,500 in federal income taxes.
4. The student (or the student’s family if they claim the student as a dependent) must earn no more than $50,000 if single or $100,000 if a joint tax filer.

Lifetime Learning Tax Credit

Available to students who have completed two years of college, in their first or second year of college who are enrolled less than half-time, and graduate students. To be eligible for the maximum tax credit ($1,000) for the 2001 tax year:

1. The student must pay $5,000 or more in tuition and fees.
2. Grants or scholarships received by the student must not reduce total tuition and fee expenses to less than $1,000.
3. The student (or the student’s family if they claim the student as a dependent) must owe at least $1,000 in federal income taxes.
4. The student (or the student’s family if they claim the student as a dependent) must earn no more than $50,000 if single or $100,000 if a joint tax filer.

A qualifying student’s HOPE Scholarship consists of a tax credit of up to 100% of the first $1,000 of tuition and required fees paid by the student plus up to 50% of the second $1,000 of tuition and required fees paid by the student. Thus, the maximum HOPE Scholarship is a $1,500 tax credit, which can be taken only if the student (or family) paid at least $2,000 in tuition and required fees and owes at least $1,500 in federal income taxes. Many students attending community college do not receive the full benefit of the HOPE Scholarship because their tuition bill is less than $2,000.

For tax years 2001 and 2002, students who qualify for the Lifetime Learning tax credit can take a federal income tax credit for up to 20% of the first $5,000 of tuition expenses and required fees. The maximum Lifetime Learning tax credit ($1,000) can be taken only if the student owes at least $1,000 in federal income taxes and paid at least $5,000 in tuition and required fees.

In tax year 2003, the maximum Lifetime Learning credit is scheduled to increase.

3. Federal Income Tax Deduction

As a result of the Tax Relief Act of 2001, taxpayers can claim a federal income tax deduction for tuition and fees they pay for their own education or for the education of their spouse or dependent children. In 2002 and 2003, the maximum deduction of $3,000 is available to single tax filers whose adjusted gross income does not exceed $65,000, and to joint tax filers whose adjusted gross income does not exceed $130,000. In 2004, the maximum deduction and the income limits will increase. Taxpayers are not allowed to claim the new deduction and a HOPE or Lifetime Learning tax credit in the same year for the same student. The deduction is scheduled to lapse in 2006.

For bibliography, see page 31.

Laura Greene Knapp is an educational consultant in North Carolina.
CHAPTER 7

PROFILES OF AMERICAN COLLEGE STUDENTS

College students in the United States defy a single stereotype. About 13 million undergraduate students attend many types of colleges and universities: public, private, two-year, four-year, for-profit, and not-for-profit.

- About a third of undergraduates are older than 24 years of age.
- Almost 40% are enrolled part-time.
- About 42% attend public two-year colleges, 38% attend public four-year colleges and universities, and 20% attend private colleges and universities.
- About 84% live off-campus.
- About 30% are non-white.

This chapter presents six students and the challenges they face in paying for college. These student profiles, written by journalists in November and December 2001, help to illustrate the diversity of American college students. These articles also reveal the complexities of students’ lives as they work, study, and find their own path through a maze of financial aid forms, part-time jobs, and credit card debt.

The students highlighted in this chapter were identified with the help of financial aid administrators, who were given sample student financial aid profiles derived from nationwide data. Based on actual award packages, the National Center searched for and found students who were willing to share their stories. These students represent some, though certainly not all, of the students who seek financial aid.


STUDENT PROFILE: BETTY LUZ MORALES

By Pamela Burdman

IT IS THREE O’CLOCK on a Thursday afternoon, and Betty Luz Morales is taking a break from her $7.50-an-hour job in the Y-Building at City College of New York. She has another two hours of work, and then a little time to grab dinner and finish preparing for a test on research methodology in her Psych 103 class, Science of Behavior.

After that class, Betty heads straight to Psych 247, Social Psychology, which ends by 9:15. With any luck, Betty can walk ten blocks north through Harlem to the number 19 bus stop and make the journey home to the South Bronx by 10:00 PM.

In addition to her psychology-packed Tuesdays and Thursdays, Betty takes two sociology classes every Monday and Wednesday night and a three-hour philosophy class on Saturday mornings.

That full workload has been the norm for Betty since she started at City College in 1999. Her quiet determination has helped her stay several units ahead of the junior-year requirements. For now, however, Betty’s attention is not on academics, but on the 20-hour-a-week work-study job that supports her studies—processing paperwork to assign students to on-campus work assignments.

In addition to being her employer now, the work-study program helped support her even before she started college: Her mother (also named Betty) preceded her in a two-year, four-year, for-profit, and not-for-profit.

Almost 40% are enrolled part-time.

About 42% attend public two-year colleges, 38% attend public four-year colleges and universities, and 20% attend private colleges and universities.

About 84% live off-campus.

About 30% are non-white.

Total Debt Burden, 2.5 years of college:

Betty Luz Morales
Junior, City College of New York
Primary Income Sources: Work-Study (20 hrs./wk.), Pell Grants, Federal Supplemental Grants, State Tuition Assistance Program

Helps pay for books and other living expenses. She also receives a Supplemental Educational Opportunity Grant of $225 each semester.

Betty’s work-study allowance is $1,625 per semester, but because her need is great, she is eligible to appeal for an additional $1,250. During the summer, when the other forms of aid are not available, Betty received $1,842 in loans.

Without that assistance, Betty said, it is doubtful that either she or her mother would have had the opportunity to go to college. “It would be a struggle to come up with the money,” she said. “I don’t think it should be that hard. And this is cheaper than other colleges.”

Struggle was familiar to Betty as she was growing up. An only child, she was raised mainly by her mother from the age of three, when her father moved out.

By the time she was 16, she lost contact with her father. Often Betty would have to call him to remind him to send her child support. Several times her mother threatened to take him to court, but Betty asked her not to. “He was my father, and I felt bad,” Betty recalled.

For awhile, her stepfather helped support the family. But most of the time, Betty’s mom cobbled together a living by working for various employers in the area, including Montefiore Hospital, a U-Haul office in Westchester, and an elementary school in the Bronx. At one particularly difficult point, Betty recalls, her mother held four jobs.

At first, Betty’s aspiration to attend college arose mainly from a desire to make her mother proud, but gradually it became her own goal. “I realized you have to go to college to survive in New York,” Betty said. “I figured I had to, because of being Puerto Rican, and being a girl, and having a defect,” said Betty, who, from a very young age has had to contend with having only one hand. “A high school diploma will get you somewhere, but it’s not going to get you where you want.”

To help ensure that Betty got a good educational foundation, her mother sent her to a private Catholic school, even though it was not easy to afford the monthly tuition of nearly $400. By the time she was a sophomore, however, the family could no longer afford the cost, and Betty transferred to South Bronx High School.

To make sure that Betty didn’t get sidetracked on her way to college, her mother disencouraged her from working during high school, even though the family could have used the money. “She always was afraid I would slack on my studies,” Betty said. Her mother’s single-mindedness seemed to pay off: Betty’s solid B grades netted her a spot at City College, where admissions requirements have been tightened in recent years.

She said the workload is not as difficult as she had feared: “I was raised going to a Catholic school, so I was used to getting extra work. I was used to having homework.”

At first, Betty went to school during the day and squeezed in her work-study job between classes, but more recently she settled into the routine of taking night and weekend classes.

She has many interests, including photography and creative writing. Before choosing City College, she considered an arts school in Philadelphia. But like her mother, she decided to major in psychology. After graduation, she hopes to continue her education and become a physical therapist—a desire that is motivated by her own physical disability. Though Betty never let her disability stand in her way, she was always aware that she could face discrimination.

“I realized when I was a child that I was different,” she said. “But I don’t consider myself handicapped.” As a physical therapist, she hopes to help children cope with their disabilities.
It is no surprise that Betty followed in her mother’s footsteps, both in choosing her major and in finding her work-study job. She and her mother are close, and many studies have shown that parents’ college attendance is one of the best predictors of whether a student will attend, and succeed in, college.

In having a parental role model, Betty is in the minority at City College, a school well known in its 154-year history as a magnet for immigrants. Here, students are more likely than not to be in their family’s first generation to attend college—as well as their family’s first generation to live in America.

Her mother’s encouragement has strengthened Betty’s resolve to take a full course load and complete college as quickly as she can. By the time she started her junior year, she already had completed 67 units.

“I’m happy now, because I’m almost graduating,” Betty said with a smile, determined that no obstacle—financial, academic, or physical—will get in her way.

Pamela Burdman is a freelance journalist and former higher education writer for The San Francisco Chronicle. She can be reached at burdmanp@pacbell.net.

**STUDENT PROFILE: LINDA GONZALEZ**

By Lori Valigra

FOR LINDA GONZALEZ, 22, the dream of becoming a paralegal assistant was seeded in childhood, when her brothers brushed up against the wrong side of the law. Because her family, with nine children, was too poor to hire a lawyer, she hoped one day to enter the legal profession.

Linda, the single mother of two children, now has great ambitions. She is determined not only to work for a corporate law firm, but also to become the first in her family to graduate from college and break a generational cycle of poverty. And, after a few years as a paralegal, she wants to return to school and earn a law degree.

But the road to the new lifestyle has been steep for Linda, who is in her second year at Massachusetts Bay Community College, and likely will require a third year to finish her associate’s degree. She has received little help from her family, and many times has felt overwhelmed by a schedule jammed with classes, child care, and a part-time job. At times, she simply wants to give up.

“But I want my kids to have a better life than I have,” said Linda. “I want to be successful. My dad didn’t graduate from high school, and my mom didn’t finish grammar school.”

Linda, who is petite, with long, curly hair, didn’t graduate from high school until she was 20 years old. She had her first child, Ashley, at the age of 14, and had to delay finishing eighth grade. Her son Joshua came two years later, further delaying her completion of high school.

But the experience of having children made her more mature, she says, and she kept pushing on to get her diploma. It was tough to make friends in high school as a young single mother, so she focused on her studies instead, forsaking social events and parties.

“Sometimes I feel like I’m all alone in this world,” said Linda. “But my kids keep me going. I’m determined to go to school. I don’t like the feeling of not doing anything for myself.”

Along the way, she did have some help from those around her. Her cousin, Maria, went to school with her to register for high school after her children were born. And Miss Wieder, her English teacher at Newton North High School, along with her counselor Miss Byers, offered support and encouragement. The career center at the high school pointed her toward MassBay, where she could get the financial aid she needed to pursue a college education.

“They kept me going when I wanted to give up. And Miss Byers gave me money at one point because I didn’t have enough to get milk for the kids,” Linda recalled. “I felt bad about taking it, but she gave me money when I made the honor roll.”

Linda was on welfare during high school, and received government egg and milk vouchers until her children were five years old. She also made the rounds of local food pantries to cobble together meals for the family.

Linda still shares an affordable-housing apartment with her father, who is on social security. She contributes $100 toward the $267 monthly rent, and she pays for the phone, some utilities, food and clothing for the children. She receives $239 every two weeks from the Aid to Families with Dependent Children welfare program, and makes another $115.50 per week from her work study job in the financial aid office at MassBay. That job, which averages 14 hours a week, gives her a maximum of $1,000 per semester, as she is not allowed to work during final exams.

She is receiving $1,875 per semester in the 2001–02 school year in federal Pell Grant money and $100 per semester in federal Supplemental Grant money, neither of which requires repayment. She also has been awarded $425 per semester from the Massachusetts Assistance for Student Success (MASS) grant program.

On average, MassBay charges $1,692 per semester for tuition, fees, and books for a liberal arts major like Linda. That means about 40 percent of her monthly income and grants goes to school fees. The rest is for living and miscellaneous expenses.

On a typical day, Linda awakens at 7:00 AM, makes breakfast for her five-year-old son Joshua and seven-year-old daughter Ashley, and gets them to school by 8:20. Then her father drives her 45 minutes to the MassBay campus in the Boston suburb of Wellesley. She takes one or two classes, and then it’s off to her work study job at MassBay’s office of financial aid till about 4:00 PM. Afterward, she picks up her children at school.

Evenings, Linda’s work continues. She makes dinner for her kids and her father, cleans the house, helps the children with homework and puts them to bed, and then finally gets around to her own homework.

Despite her seemingly tireless enthusiasm, Linda admits her hectic schedule sometimes takes its toll. One semester she enrolled in five classes, but had to drop one because she did not have enough time for her children. And since her academic progress did not quite meet the standards for financial aid, she was on financial aid probation last fall semester. While she continues to receive the promised aid, she needs to improve her academic performance for it to continue.

Still, Linda says life is easier these days than when she was in high school. Her children are old enough to understand her situation, and they support her efforts to earn a college degree. Linda herself looks to music for inspiration. “I listen to R&B, rap and other music, and the older songs remind me of how far I’ve come, and how my life could be much worse,” she said.

“My kids want to go to college, so I’ve started a new trend in the family. I want to break the cycle of poverty.”

—Linda Gonzalez

Drawing on her own experience, Linda offered some advice to states seeking to help open college attendance is one of the best predictors of whether a
door for people like herself. “The state could give high-school kids an incentive to go to college by offering after-school programs,” she said. “And they could encourage teen moms to keep going.”

Freelance writer Lori Valigra lives in Boston.

**Total Debt Burden, 1.5 years of college:**

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CRYSTAL FONSECA, 24, knew from the start that the only way she could go to college would be to hold down several jobs. At $35,000, her family’s income was too high for Crystal to get any meaningful amount of financial aid, but too low for a family of four to contribute to their daughter’s tuition. Her parents helped the only way they could: by giving her free room and board at home, an easy drive from the University of Rhode Island’s main campus in Kingston.

Crystal found herself caught in the vise well-known to many students of working-class families: Even though the family was scraping by, they were making just enough to prevent her from receiving much-needed funds for education. Her only ticket to school was to work and study, and apply for bits and pieces of any financial aid she could find. She is now a first-year graduate student at the same university, which also is known as URI.

Crystal’s undergraduate degree was a double major in environmental management and communications studies that took her four and a half years to complete. The diploma came at a dear price: She had to forsake the social clubs and other school activities she enjoyed in high school, where her work in the drama and debate clubs led to her interest in communications.

“This was the only college I could afford,” she said. “Living in state, it was a lot cheaper than other schools, and the academic standard is high. I wanted the best school I could get for the money.” URI charges full-time undergraduates who are Rhode Island residents $5,386 per year for tuition and fees, and full-time graduate students $5,342 per year. Books can run another $500 per semester.

The guidance counselors at Crystal’s high school were not helpful, she said. So she and her mother pored over scholarship books at the local public library, and applied for about 50 scholarships her freshman year. She managed to get scholarships totaling $800 from five different organizations: her home town of Jamestown’s Rotary, Portuguese-American and Women’s clubs, the Fraternal Order of Police of North Kingstown and North Kingstown High School.

She also received $200 per semester in federal Pell Grants during her first three years of undergraduate work, and a total of $22,408 in Stafford Subsidized Loans for the first four years of college. For the last half year of her undergraduate work she received no loans or aid, so she used her credit card to pay for books and fees.

During her first three years of college Crystal worked 40 hours a week. She worked three 13-hour shifts as a manager at a local farm stand, and attended classes on Tuesdays and Thursdays. She also worked at the Department of Environmental Management.

“I made out better at those jobs than I would have in work study, which was barely minimum wage,” she said. Crystal’s job at the farm stand at first paid $7 per hour, and she eventually worked her way up to $8.50. In the summer she also stepped up her hours at the Department of Environmental Management, where she earned $6.90 per hour. All totaled, her income as an undergraduate was $16,000 per year—about 40 percent of which went toward college.

A person juggling work and school learns many practical skills, and Crystal managed to get some college course credits for the work at both of her jobs. However, the strain of work and school was difficult at times. Crystal’s family and friends did not understand why she locked herself in her room with her books when she was at home, and why she rarely had time to socialize like other young adults.

As a result of her tough work load, in her first year of college Crystal found herself on probation when her grade point average fell below the 2.0 required by the Pell Grant. That’s why she chose the second major in communications: to pull up her grades, which were suffering because she couldn’t spend enough time on her science courses in the environmental management program.

“I got A’s in communications, so I used it to bring up my GPA,” she said. She ended up with two degrees: a Bachelor of Science in environmental management and a Bachelor of Arts in communications studies. Her parents were proud of the first college graduate in the family, and threw a large party for Crystal. “They really didn’t understand a lot of the studying and school work, but my parents were very proud,” she said. “My dad wished he could have contributed more.”

In the fall of 2001 Crystal started a two-year master’s degree program in communications studies. She aims to get her Ph.D. and then teach or consult. She is paying her tuition and fees with a charge card and income from two jobs, one as a lecturer at URI that pays $3,000 per course. Currently she is teaching three courses, but that will drop to two next semester. She also is working 20 hours a week, and getting health benefits, as a research assistant at Bradley Hospital’s sleep laboratory in East Providence.

She shares an apartment with her boyfriend, paying rent of $500 a month, plus $300 for her car loan. Her tuition and fees are now a bit more affordable, consuming about 25 percent of her $22,000 income.

Crystal’s graduate course load is a little lighter—two to three courses a semester—and she now has a little more time to engage in some outside activities. She is chairperson of a tree preservation committee in Jamestown, which is about a 20-minute drive east of Kingston, where she managed to get a $4,000 state grant. She also is on a local parking committee.

“As an undergraduate, I resented having to work. A lot of kids here are rich,” she said. “I couldn’t party, and I missed out on social events as a result. But now I’m in an excellent position at my age because of my sacrifices. I’m a 24-year-old who acts like a 32-year-old.”

—Crystal Fonseca

“...and school was difficult at times. Crystal’s family and friends did not understand why she locked herself in her room with her books when she was at home, and why she rarely had time to socialize like other young adults. As a result of her tough work load, in her first year of college Crystal found herself on probation when her grade point average fell below the 2.0 required by the Pell Grant. That’s why she chose the second major in communications: to pull up her grades, which were suffering because she couldn’t spend enough time on her science courses in the environmental management program. “I got A’s in communications, so I used it to bring up my GPA,” she said. She ended up with two degrees: a Bachelor of Science in environmental management and a Bachelor of Arts in communications studies. Her parents were proud of the first college graduate in the family, and threw a large party for Crystal. “They really didn’t understand a lot of the studying and school work, but my parents were very proud,” she said. “My dad wished he could have contributed more.”

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Looking back, however, she said she wouldn’t have worked as much. “My grades, especially in science, could have been better, and I would have been able to have joined clubs.”

Crystal has come a long way since high school, learning the ins and outs of getting a college education and paying for it, and doing it under her own steam. “I wish funding would be available for a wider range of income levels,” she said. “Perhaps they should have more intensive essays on applications describing your needs, and what you plan to do with your education.”

Freelance writer Lori Valigra lives in Boston.
STUDENT PROFILE: DEMETRIO JOHNSON

By Alexander Russo

Demetrio Johnson
Senior, University of Illinois, Chicago
Primary Income Sources:
Various Jobs (25-31 hrs./wk.)
Pell Grants
State Grants
Institutional Grants and Scholarships
Total Debt Burden, 4 years of college: $10,000

DEMETRIO JOHNSON is becoming an expert in negotiating the world of college finance. And along the way, he’s becoming pretty accomplished at academics too.

Demetrio, a senior at the University of Illinois, Chicago (UIC), is an honors pre-law student. He’s on the dean’s list (with a grade point average of 4.57 on a five-point scale). And he’s president of the criminal justice society. To make ends meet as he’s earning these college credentials, Demetrio works two jobs and receives a wide range of grants, scholarships, and loans. He visits the financial aid office so frequently that he has become a familiar face there. He networks with professors to find out about new scholarships. And he knows the university’s loan limits and how direct lending works.

But still it is not enough. "The financial pressure is overwhelming," he said. "But as I get older I am able to handle it better. I expect it. I know I’m going to be faced with it." At this point, he has about a year left to graduate and he has high hopes of going to law school.

Born and raised on Chicago’s impoverished West Side, Demetrio was an All-State running back in high school. He got used to seeing his name in the Saturday papers, and he received scholarships from two community college athletic powerhouses. After earning his associate’s degree in 1999, he was searching for a full scholarship at a four-year university that could lead, he hoped, to a career in the National Football League.

In November of that year, however, as Demetrio was driving home from a bowling party with his girlfriend, another driver smashed into Demetrio’s car. “Me and my girlfriend had to be cut out of the car,” said Demetrio, who suffered multiple broken ribs and injured his lungs. The accident ended his football career, and he chose UIC in part because it has no football team. “So what I didn’t make it to the NFL?” he said. “I am here to break the cycle.”

His parents split up several years ago, and since then his mother and younger sister have been living with his grandmother and several other family members in a three-bedroom house. His mother is a clerk and his sister attends nearby Northeastern Illinois University.

Demetrio is the first male member of his family to graduate from high school, and the first family member to get an associate’s degree. But not everyone supports his college aspirations. He said that many in his family are critical of his decision to pursue a four-year degree, which is one of the reasons he is not living at home.

So Demetrio, who turned 24 in December, is on his own. His expected family contribution for the 2001-02 school year is zero. He receives an occasional meal and some toiletries from his mother, who would like to give him more, he said, but she can’t afford to.

To pay for his college expenses, he’s amassed a range of grants, scholarships, and loans. For the 2001-02 school year, he is receiving $3,750 in federal Pell Grants (UIC’s maximum) and the full state grant of nearly $5,000. With the help of his department advisor Dwayne Alexander, Demetrio keeps an ear to the ground for special opportunities. This year, he was awarded a $2,000 Martin Luther King scholarship for his high grades. “I apply for as many scholarships as possible,” he said last fall. “I can’t wait for the spring term so I can apply again.”

Like many college students, Demetrio takes out the maximum allowed in subsidized loans: a little more than $3,500 per year. But it is not enough to cover his expenses, he said, so in addition to taking a full load of classes and serving as a youth mentor, he finds time to work 25 hours a week at a downtown law firm where he earns about $560 a month.

In November he began waiting tables two shifts a week at a restaurant in Marshall Fields department store. He was told the job would bring in about $400 a month, but it really pays only about half that much. “If I didn’t work, there’s no way that I could cover my living expenses,” he said.

Demetrio does the kind of things many students do to keep their costs down: He has no cell phone, he eats a lot of noodles, and he takes the bus. But his current housing arrangement—$600 a month for a one-bedroom apartment—exceeds the university’s estimated housing costs by $250 per month (UIC estimates total student expenses at just over $15,000 this year). Even though Demetrio has no car, he pays $200 monthly for the car that was totaled in the accident two years ago—a cost that further distances his expenses from the university’s estimate.

“I don’t have cable and all the luxury stuff,” he said. “A lot of time I don’t have groceries. The only luxury I have is a phone.”

Yet as of last Thanksgiving, Demetrio was behind in his rent. Already more than $10,000 in debt from loans taken out during community college and his first three semesters at UIC, he knows he has to find ways to spend less and bring in more.

He considered moving back on campus as a way to reduce expenses. But a meeting with a financial aid officer revealed that it would not help. “It was going to cost more to stay on campus,” Demetrio said.

On the income front, Demetrio’s only real hope is to increase his maximum subsidized loan amount. He feels that the nearly $1,800 a semester that he currently is allowed is not enough, and he already has petitioned to have his budget re-evaluated. The maximum level for seniors is roughly $2,000 higher per year, and Demetrio thinks he has the need.

However, the only way for Demetrio to qualify is to get the university to increase his estimated budget, which determines his maximum loan amount. But there are strict limits. “The loans are based on limits that we can’t play with,” said Maureen Amos, associate director of the Financial Aid Office. Even if he thinks he needs more loans, she explained, “He may not have the need.”

Indeed, financial aid counselor Kelly Merker was not encouraging. “With your EFC (expected family contribution) at zero,” she told him, “there’s not much more you can do.” The only way she could think of to get his package re-evaluated would be to reject a $733 a year federal work-study grant for which he was eligible but had not yet been awarded.

The idea did not sit well with Demetrio, but after thinking it over, he decided to reject the federal work-study award, hoping that it would increase his loan amount next semester. The financial aid office responded that he had to come up with a good reason why he could not work an on-campus job. In the meantime, Demetrio juggles payments and tries to balance his college expenses.

Trying to balance studying with paying for college has been especially hard, he said, but now “I know how to handle it with a smile. I smile and use it to motivate me. . . . Nothing is given to you.”

Alexander Russo is a Chicago-based freelance writer. He can be reached at AlexanderRusso@aol.com.
Kristy can hope to earn only about $19,000 at Eastside Neighborhood Services, the nonprofit that she hopes to pay back within nine months of graduating, before the government starts thousand dollars each to her sister and mother, and $8,000 in federal Perkins Student Loans to cover the remainder of her tuition and her housing, plus another two (for her participation in band) of $750; and a $157 Edwin Yattaw Memorial Scholarship (her sister is an alumna) of $2,000; an Augsburg Performing Arts Scholarship Opportunity Grant of $2,000; a Minnesota State Grant of $2,443; an Augsburg Legacy scholarship; and a freshman at University of Wisconsin-River Falls—learned early on how to make their way in the world. Kristy’s parents encouraged their daughters to take responsibility for themselves, so they didn’t become afflicted with what Steve called “affluenza”—a sense of entitlement he saw in some other kids.

Steve and Susan have always emphasized personal fulfillment over money. Which is not to say that they don’t wish they could contribute more than the $2,000 a year they generally provide for Kristy’s education. But they just don’t have much disposable income—especially because family health costs continue to run about $8,000 annually, and they are trying to help their third daughter with her education as well. Not surprisingly, money was one of the main reasons Kristy chose Augsburg. Of the three schools she considered, Augsburg gave her the best scholarship package. Augsburg also had a strong social-work program, and Kristy already knew that was going to be her field. She had been deeply touched by the support her family received from the community when her father had gotten ill. “I think it gave me an idea of what it’s like to have other people take care of you,” Kristy explained.

Nearly all of Kristy’s time outside of class is spent helping other people. She works an average of 11 hours a week in a work-study job as an office assistant at Augsburg’s Center for Learning and Adaptive Student Services. She also puts in five hours a week at the school’s Tutor Center. She works another five to ten hours a week at her personal-care attendant job. But that’s not all: Kristy spends ten hours a week at her internship at Eastside Neighborhood Services, and continues to volunteer another 10 hours a week there facilitating a men’s anger management group. Even at home in her campus apartment, Kristy often plays the role of helpmate: One of her three roommates is confined to a wheelchair, the result of cerebral palsy. She works there until 5 or 6 PM, then heads to her job as a personal-care attendant for a fellow Augsburg student who suffers from short-term memory loss and a lack of fine-motor skills. She stays at his apartment for a couple of hours, then goes back to the college to practice her French Horn for half an hour. She gets home about 10 PM, when she hits the books until midnight or beyond.

In a lot of stress, Kristy said Kristy, who maintains a 3.2 grade point average. “I’ve seen friends whose parents are footing the entire bill, and they don’t take it seriously. Because I have to pay for it, I want to show up. If I don’t come to class, that was a good chunk of money I just threw out the window.”

—Kristy Bleicher

Kathy Witkowsky is a freelance writer who lives in Missoula, Montana.
STUDENT PROFILE: TRACY FAULKNER

By Pamela Burdman

Tracy Faulkner
Senior, San Francisco State University

Primary Income Sources:
Various Jobs (20-30 hrs./wk.)
Federal Pell Grants
Federal Supplemental Grants
Additional Educational Opportunity Grants
Institutional Grants and Scholarships
Fee Waivers (during community college)
Total Debt Burden: 6 years of college:
$10,000 (credit cards)
$7,000 (subsidized loans)

AFTER SIX YEARS OF COLLEGE, Tracy Faulkner is just one class shy of completing her undergraduate degree at San Francisco State University. That and her 3.78 grade point average are reasons to celebrate for a single mom who spent years on welfare and lived her first 30 years convinced she wasn’t smart enough for college.

Now 37, Tracy plans to continue for another two or three semesters—either to earn a teaching credential or to complete a program in special education. It will not be an easy choice, said Tracy on a recent morning at San Francisco State’s Family Resource Center (FRC), a support organization for students who are raising a family while attending college.

She has to consider whether she wants to teach mainstream elementary school classes or focus on helping kids who struggle with learning disabilities.

But, as she discussed her plans, Tracy said she was dreading an even more difficult decision: whether to go back on welfare when her childcare benefits expire in 2002. “I’m trying to avoid it, but it’s looking inevitable,” said Tracy, noting that her daughter’s after-school program costs $400 a month. “I’d have to be making a lot of money to afford that.”

After seven years, Tracy finally got off welfare about a year ago. At the time, in addition to an $8.50 an hour work-study position at the FRC, she was earning $225 a month as an assistant manager of her apartment building, and another $450 a month working for the Coalition for Ethical Welfare Reform (CERW).

It had been a relief to get out of the welfare system, she said, because welfare recipients often are given the feeling that they are stupid or incompetent—something Tracy had taken years to shed. When she was 15, she dropped out of school, never expecting to return. It had been a whole process in self-esteem, “It was a whole process in self-esteem.”

In 1999, she transferred to State, where tuition is much lower—$200 less than she was when she went off welfare.

In her experience, educational pursuits were so discouraged by Cal-WORKS staff that when she was preparing to transfer from City College to State in 1999, she disguised her plan from the counselors, out of fear they would veto it.

Tracy and other students raised money to set up a family resource center at City College: In addition to the grants they received from several corporations, a nonprofit group called “Christmas in April” helped them build the facility, and an electrician and architect donated services.

At the time, Tracy was receiving $500 per month in welfare. She collected $1,500 per semester in Pell Grants, and City College waived her course fees.

In addition to providing a support network she could tap into, the center also offered Tracy a work-study job—boosting her income by $300 a month, which was not deducted from her welfare grant. But work-study was available mainly in the spring and fall. “Summers were hard,” said Tracy. “It was hard to save. Children need clothes.”

In 1996, she transferred to State, where tuition is much higher—$1,826 per year—and fee waivers are not available. Instead, Tracy receives more financial aid: Each semester she receives a $1,562 Pell Grant, a $714 State University Grant, a $325 federal Supplemental Educational Opportunity Grant, and a $150 Educational Opportunity Grant.

Together with the income from her various jobs, that just covers Tracy’s monthly expenses—and allows her to make minimum payments on her credit card bills. She owes more than $18,000 on credit cards she was offered by Wells Fargo Bank when she started at City College. In addition, she has borrowed $7,000 in unsubsidized student loans.

“In 1999, she transferred to State, where tuition is much higher—$1,826 per year—and fee waivers are not available. Instead, Tracy receives more financial aid: Each semester she receives a $1,562 Pell Grant, a $714 State University Grant, a $325 federal Supplemental Educational Opportunity Grant, and a $150 Educational Opportunity Grant.

Together with the income from her various jobs, that just covers Tracy’s monthly expenses—and allows her to make minimum payments on her credit card bills. She owes more than $18,000 on credit cards she was offered by Wells Fargo Bank when she started at City College. In addition, she has borrowed $7,000 in unsubsidized student loans.

“Why they would give someone on welfare a credit card, I don’t know,” she quipped. “I really regret that now, but at the time I was so desperate. I had no money for clothes. I had no money for shoes. Christmas would come along.”

Still, she’s pleased that she has successfully navigated the financial—and educational—thicket, and can look forward to earning at least $35,000 a year when she graduates. “That’s a huge step up for me,” said Tracy. “If I can live within $20,000 a year, I could start paying off my debt.”

She faces several obstacles in getting there. Since leaving welfare last year, Tracy lost her ten-hour-a-week outreach job with CERW because of funding cuts. Even with two new jobs—a position on the San Francisco Health Plan’s Beneficiary Committee, which pays $80 in various stipends, and a $45-a-week job with an asthma advocacy group—she is earning $200 less than she was when she went off welfare.

Starting next fall, she also will have to come up with an additional $400 for her daughter’s after-school program. Though she dreads going back on welfare, so far Tracy’s calculations show that may be the only way she can keep her daughter in the program. To pick her daughter up after school and care for her, Tracy would have to quit some of her jobs—and also return to welfare. Still, even if she has to go back into the welfare system, Tracy knows it will be a temporary stop, largely because of her education.

“It was a whole process in self-esteem,” she said. “It would really benefit a lot of Cal-WORKS parents to go through that process of getting a degree.”

Pamela Burdman is a freelance journalist and former higher education writer for The San Francisco Chronicle. She can be reached at burdman@pacbell.net.

In financial aid each semester, Tracy receives a $1,562 Pell Grant, a $714 State University Grant, a $325 federal Supplemental Educational Opportunity Grant, and a $150 Educational Opportunity Grant.
Appendix: STATE TRENDS

The state information provided in this appendix to Losing Ground mirrors, as closely as possible, the national trends highlighted in chapter 1 of this report. The primary purpose of this appendix is to assess state trends in relation to nationwide trends on the affordability of higher education.

For the most part, this section focuses on state trends over the past decade. In every case, the data used are the most recent available for all 50 states.


ALABAMA

Trends over the last ten years in Alabama:

Tuition and Fees
- Tuition at public two-year institutions increased 54% (from $1,277 to $1,964).
- Tuition at public four-year institutions increased 41% (from $2,313 to $3,261).
- Tuition at private four-year institutions increased 17% (from $8,263 to $9,698).

Income
- Median family income increased 8% (from $48,940 to $52,915).

Appropriations
- Appropriations per student increased 18% (from $5,700 to $6,751).

Student Financial Aid
- State grant aid per student decreased 46% (from $34 to $14).
- State spending on aid to low-income students equals 1% of federal Pell Grant aid distributed in the state.

ALASKA

Trends over the last ten years in Alaska:

Tuition and Fees
- Tuition at public two-year institutions increased 32% (from $1,626 to $2,148).
- Tuition at public four-year institutions increased 35% (from $2,598 to $3,495).
- Tuition at private four-year institutions increased 23% (from $7,630 to $9,363).

Income
- Median family income increased 6% (from $64,652 to $68,777).

Appropriations
- Appropriations per student decreased 6% (from $11,210 to $10,541).

Student Financial Aid
- State grant aid per student decreased 6% (from $28 to $24).
- State spending on aid to low-income students equals 2% of federal Pell Grant aid distributed in the state.

ARIZONA

Trends over the last ten years in Arizona:

Tuition and Fees
- Tuition at public two-year institutions increased 13% (from $823 to $930).
- Tuition at public four-year institutions increased 24% (from $2,007 to $2,486).
- Tuition at private four-year institutions increased 35% (from $7,012 to $9,446).

Income
- Median family income increased 12% (from $51,185 to $57,247).

Appropriations
- Appropriations per student increased 3% (from $5,634 to $5,826).

Student Financial Aid
- State grant aid per student decreased 49% (from $34 to $0).
- State spending on aid to low-income students equals 2% of federal Pell Grant aid distributed in the state.

ALL DOLLAR AMOUNTS ARE ADJUSTED FOR INFLATION.

For complete source information, see page 30.

Tuition and Fees. Figures for annual tuition and fees at public two- and four-year colleges and universities are for 1992 and 2001. Figures for annual tuition and fees at private four-year colleges and universities are for 1991 and 2000.

Income. Figures for annual median family income are for four-person families and are for 1991 and 2000.

Appropriations. Figures for annual per-student state and local appropriations for higher education are for 1992 and 2000.

Student Financial Aid. Figures for state financial aid per student are for 1999 and 1999. Figures for total state financial aid as a percentage of Pell Grant aid are for 1999.
Trends over the last ten years in Arkansas:

Tuition and Fees
- Tuition at public two-year institutions increased 56% (from $962 to $1,503).
- Tuition at public four-year institutions increased 77% (from $1,962 to $3,477).
- Tuition at private four-year institutions increased 43% (from $6,556 to $9,360).

Income
- Median family income increased 2% (from $44,946 to $45,804).

Appropriations
- Appropriations per student increased 4% (from $6,543 to $6,778).

Student Financial Aid
- State grant aid per student increased 302% (from $90 to $360).
- State spending on aid to low-income students equals 31% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in California:

Tuition and Fees
- Tuition at public two-year institutions increased 24% (from $265 to $330).
- Tuition at public four-year institutions increased 2% (from $1,858 to $1,897).
- Tuition at private four-year institutions increased 18% (from $15,301 to $18,091).

Income
- Median family income increased 7% (from $60,650 to $65,005).

Appropriations
- Appropriations per student increased 38% (from $5,916 to $8,156).

Student Financial Aid
- State grant aid per student increased 56% (from $190 to $295).
- State spending on aid to low-income students equals 41% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Colorado:

Tuition and Fees
- Tuition at public two-year institutions increased 25% (from $1,604 to $1,999).
- Tuition at public four-year institutions increased 17% (from $2,142 to $2,511).
- Tuition at private four-year institutions increased 24% (from $13,283 to $16,416).

Income
- Median family income increased 22% (from $56,089 to $68,520).

Appropriations
- Appropriations per student increased 9% (from $4,105 to $4,085).

Student Financial Aid
- State grant aid per student increased 73% (from $178 to $307).
- State spending on aid to low-income students equals 47% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Connecticut:

Tuition and Fees
- Tuition at public two-year institutions increased 17% (from $1,611 to $1,888).
- Tuition at public four-year institutions increased 21% (from $3,436 to $4,165).
- Tuition at private four-year institutions increased 20% (from $17,250 to $20,724).

Income
- Median family income increased 20% (from $70,839 to $85,055).

Appropriations
- Appropriations per student increased 22% (from $5,412 to $6,618).

Student Financial Aid
- State grant aid per student increased 48% (from $243 to $361).
- State spending on aid to low-income students equals 92% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Delaware:

Tuition and Fees
- Tuition at public two-year institutions increased 24% (from $1,226 to $1,525).
- Tuition at public four-year institutions increased 18% (from $2,153 to $2,551).
- Tuition at private four-year institutions increased 27% (from $11,118 to $14,113).

Income
- Median family income increased 8% (from $52,641 to $56,926).

Appropriations
- Appropriations per student increased 40% (from $4,342 to $6,077).

Student Financial Aid
- State grant aid per student increased 116% (from $239 to $516).
- State spending on aid to low-income students equals 12% of federal Pell Grant aid distributed in the state.
### Georgia

**Trends over the last ten years in Georgia:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 13% (from $1,397 to $1,580).
- Tuition at public four-year institutions increased 27% (from $3,326 to $4,215).
- Tuition at private four-year institutions increased 31% (from $12,193 to $15,917).

**Income**
- Median family income increased 15% (from $47,837 to $55,251).

**Appropriations**
- Appropriations per student increased 6% (from $5,531 to $5,906).

**Student Financial Aid**
- State grant aid per student increased 60% (from $5,200 to $6,449).

- Georgia provided no financial aid to Pell Grant recipients. (In 2001, Georgia changed its HOPE Scholarship criteria to include those receiving Pell Grants. In prior years, low-income students were not eligible for Pell Grants.)

### Hawaii

**Trends over the last ten years in Hawaii:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 83% (from $581 to $1,064).
- Tuition at public four-year institutions increased 79% (from $1,814 to $3,253).
- Tuition at private four-year institutions increased 35% (from $6,115 to $8,252).

**Income**
- Median family income increased 6% (from $64,192 to $67,746).

**Appropriations**
- Appropriations per student decreased 25% (from $9,914 to $7,440).

**Student Financial Aid**
- State grant aid per student decreased 44% (from $20 to $11).
- State spending on aid to low-income students equals 2% of federal Pell Grant aid distributed in the state.

### Idaho

**Trends over the last ten years in Idaho:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 23% (from $1,139 to $1,406).
- Tuition at public four-year institutions increased 63% (from $1,671 to $2,732).
- Tuition at private four-year institutions increased 36% (from $10,339 to $14,050).

**Income**
- Median family income increased 15% (from $47,837 to $55,251).

**Appropriations**
- Appropriations per student increased 6% (from $5,531 to $5,906).

**Student Financial Aid**
- State grant aid per student increased 19% (from $19 to $23).
- State spending on aid to low-income students equals 2% of federal Pell Grant aid distributed in the state.

### Illinois

**Trends over the last ten years in Illinois:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 13% (from $1,397 to $1,580).
- Tuition at public four-year institutions increased 27% (from $3,326 to $4,215).
- Tuition at private four-year institutions increased 31% (from $12,193 to $15,917).

**Income**
- Median family income increased 18% (from $59,417 to $70,055).

**Appropriations**
- Appropriations per student increased 26% (from $5,144 to $6,463).

**Student Financial Aid**
- State grant aid per student increased 37% (from $546 to $747).
- State spending on aid to low-income students equals 136% of federal Pell Grant aid distributed in the state.

### Indiana

**Trends over the last ten years in Indiana:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 4% (from $2,439 to $2,540).
- Tuition at public four-year institutions increased 27% (from $3,103 to $3,947).
- Tuition at private four-year institutions increased 48% (from $11,138 to $16,538).

**Income**
- Median family income increased 17% (from $54,417 to $63,845).

**Appropriations**
- Appropriations per student increased 10% (from $4,839 to $5,335).

**Student Financial Aid**
- State grant aid per student increased 61% (from $289 to $463).
- State spending on aid to low-income students equals 83% of federal Pell Grant aid distributed in the state.

### Iowa

**Trends over the last ten years in Iowa:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 33% (from $1,828 to $2,422).
- Tuition at public four-year institutions increased 22% (from $2,812 to $3,440).
- Tuition at private four-year institutions increased 23% (from $12,250 to $15,086).

**Income**
- Median family income increased 15% (from $51,704 to $59,569).

**Appropriations**
- Appropriations per student increased 9% (from $5,600 to $6,129).

**Student Financial Aid**
- State grant aid per student increased less than 1% (from $373 to $374).
- State spending on aid to low-income students equals 66% of federal Pell Grant aid distributed in the state.

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For complete source information, see page 30.

*Tuition and Fees.* Figures for annual tuition and fees at public two- and four-year colleges and universities are for 1992 and 2001. Figures for annual tuition and fees at private four-year colleges and universities are for 1991 and 2000.

*Income.* Figures for annual median family income are for four-person families and are for 1991 and 2000.

*Appropriations.* Figures for annual per-student state and local appropriations are for 1992 and 2000.

*Student Financial Aid.* Figures for state financial aid per student are for 1999 and 1999. Figures for total state financial aid as a percentage of Pell Grant aid are for 1999.
Trends over the last ten years in Kansas:

Tuition and Fees
- Tuition at public two-year institutions increased 32% (from $1,098 to $1,446).
- Tuition at public four-year institutions increased 15% (from $2,111 to $2,424).
- Tuition at private four-year institutions increased 35% (from $8,500 to $11,497).

Income
- Median family income increased 10% (from $52,899 to $58,400).

Appropriations
- Appropriations per student increased 11% (from $5,757 to $6,370).

Student Financial Aid
- State grant aid per student increased 36% (from $75 to $103).
- State spending on aid to low-income students equals 18% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Kentucky:

Tuition and Fees
- Tuition at public two-year institutions increased 64% (from $884 to $1,450).
- Tuition at public four-year institutions increased 44% (from $2,018 to $2,897).
- Tuition at private four-year institutions increased 43% (from $7,371 to $10,558).

Income
- Median family income increased 12% (from $47,142 to $52,707).

Appropriations
- Appropriations per student increased 28% (from $5,376 to $6,854).

Student Financial Aid
- State grant aid per student increased 83% (from $191 to $350).
- State spending on aid to low-income students equals 35% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Louisiana:

Tuition and Fees
- Tuition at public two-year institutions decreased 4% (from $1,346 to $1,403).
- Tuition at public four-year institutions increased 11% (from $2,320 to $2,578).
- Tuition at private four-year institutions increased 20% (from $13,489 to $16,233).

Income
- Median family income increased 4% (from $46,947 to $48,711).

Appropriations
- Appropriations per student increased 2% (from $4,701 to $4,791).

Student Financial Aid
- State grant aid per student increased 1% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Maine:

Tuition and Fees
- Tuition at public two-year institutions increased 12% (from $1,818 to $2,040).
- Tuition at public four-year institutions increased 12% (from $3,305 to $3,690).
- Tuition at private four-year institutions increased 17% (from $14,497 to $16,901).

Income
- Median family income increased 10% (from $52,338 to $57,785).

Appropriations
- Appropriations per student increased 7% (from $5,168 to $5,504).

Student Financial Aid
- State grant aid per student increased 58% (from $164 to $260).
- State spending on aid to low-income students equals 36% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Maryland:

Tuition and Fees
- Tuition at public two-year institutions increased 24% (from $1,893 to $2,345).
- Tuition at public four-year institutions increased 43% (from $3,329 to $4,769).
- Tuition at private four-year institutions increased 31% (from $14,869 to $19,508).

Income
- Median family income increased 20% (from $66,449 to $79,769).

Appropriations
- Appropriations per student increased 15% (from $5,657 to $6,480).

Student Financial Aid
- State grant aid per student increased 65% (from $160 to $265).
- State spending on aid to low-income students equals 42% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Massachusetts:

Tuition and Fees
- Tuition at public two-year institutions decreased 15% (from $2,676 to $2,279).
- Tuition at public four-year institutions decreased 17% (from $3,986 to $3,295).
- Tuition at private four-year institutions increased 24% (from $17,130 to $21,172).

Income
- Median family income increased 21% (from $66,491 to $80,245).

Appropriations
- Appropriations per student increased 47% (from $2,478 to $3,650).

Student Financial Aid
- State grant aid per student increased 60% (from $213 to $340).
- State spending on aid to low-income students equals 85% of federal Pell Grant aid distributed in the state.
MICHIGAN

Trends over the last ten years in Michigan:

Tuition and Fees
- Tuition at public two-year institutions decreased 1% (from $1,638 to $1,616).
- Tuition at public four-year institutions increased 39% (from $3,244 to $4,501).
- Tuition at private four-year institutions increased 17% (from $9,796 to $11,506).

Income
- Median family income increased 22% (from $58,000 to $70,696).

Appropriations
- Appropriations per student increased 19% (from $5,653 to $6,699).

Student Financial Aid
- State grant aid per student increased 2% (from $243 to $247).
- State spending on aid to low-income students equals 48% of federal Pell Grant aid distributed in the state.

MINNESOTA

Trends over the last ten years in Minnesota:

Tuition and Fees
- Tuition at public two-year institutions increased 29% (from $2,131 to $2,750).
- Tuition at public four-year institutions increased 24% (from $2,873 to $3,561).
- Tuition at private four-year institutions increased 26% (from $13,453 to $16,924).

Income
- Median family income increased 25% (from $58,234 to $72,561).

Appropriations
- Appropriations per student increased 3% (from $6,039 to $6,242).

Student Financial Aid
- State grant aid per student increased 2% (from $541 to $554).
- State spending on aid to low-income students equals 11% of federal Pell Grant aid distributed in the state.

MISSISSIPPI

Trends over the last ten years in Mississippi:

Tuition and Fees
- Tuition at public two-year institutions increased 7% (from $1,189 to $1,278).
- Tuition at public four-year institutions increased 17% (from $2,732 to $3,207).
- Tuition at private four-year institutions increased 36% (from $7,273 to $9,886).

Income
- Median family income increased 8% (from $44,133 to $47,649).

Appropriations
- Appropriations per student increased 49% (from $5,275 to $7,872).

Student Financial Aid
- State grant aid per student increased 114% (from $15 to $190).
- State spending on aid to low-income students equals 1% of federal Pell Grant aid distributed in the state.

MISSOURI

Trends over the last ten years in Missouri:

Tuition and Fees
- Tuition at public two-year institutions increased 93% (from $1,150 to $2,214).
- Tuition at public four-year institutions increased 33% (from $2,576 to $3,436).
- Tuition at private four-year institutions increased 22% (from $10,636 to $12,962).

Income
- Median family income increased 20% (from $52,382 to $62,914).

Appropriations
- Appropriations per student increased 28% (from $3,805 to $4,857).

Student Financial Aid
- State grant aid per student increased 31% (from $137 to $180).
- State spending on aid to low-income students equals 18% of federal Pell Grant aid distributed in the state.

MONTANA

Trends over the last ten years in Montana:

Tuition and Fees
- Tuition at public two-year institutions increased 29% (from $1,440 to $1,818).
- Tuition at public four-year institutions increased 46% (from $2,200 to $3,222).
- Tuition at private four-year institutions increased 24% (from $7,873 to $9,759).

Income
- Median family income increased 1% (from $46,933 to $47,455).

Appropriations
- Appropriations per student decreased 22% (from $5,348 to $4,184).

Student Financial Aid
- State grant aid per student increased 370% (from $5,348 to $24,184).
- State spending on aid to low-income students equals 6% of federal Pell Grant aid distributed in the state.

NEBRASKA

Trends over the last ten years in Nebraska:

Tuition and Fees
- Tuition at public two-year institutions increased 39% (from $2,095 to $2,916).
- Tuition at public four-year institutions increased 28% (from $9,510 to $12,219).

Income
- Median family income increased 13% (from $51,810 to $58,663).

Appropriations
- Appropriations per student increased 13% (from $5,735 to $6,463).

Student Financial Aid
- State grant aid per student increased 91% (from $37 to $70).
- State spending on aid to low-income students equals 14% of federal Pell Grant aid distributed in the state.

ALL DOLLAR AMOUNTS ARE ADJUSTED FOR INFLATION.

For complete source information, see page 30.

Tuition and Fees. Figures for annual tuition and fees at public two- and four-year colleges and universities are for 1992 and 2001. Figures for annual tuition and fees at private four-year colleges and universities are for 1991 and 2000.

Income. Figures for annual median family income are for four-person families and are for 1991 and 2000.

Appropriations. Figures for annual per-student state and local appropriations for higher education are for 1992 and 2000.

Student Financial Aid. Figures for state financial aid per student are for 1990 and 1999. Figures for total state financial aid as a percentage of Pell Grant aid is for 1999.
### Nevada

**Trends over the last ten years in Nevada:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 24% (from $1,060 to $1,320).
- Tuition at public four-year institutions increased 9% (from $2,102 to $2,295).
- Tuition at private four-year institutions increased 25% (from $9,037 to $11,341).

**Income**
- Median family income increased 11% (from $55,156 to $61,310).

**Appropriations**
- Appropriations per student decreased 17% (from $7,219 to $5,977).

**Student Financial Aid**
- State grant aid per student increased 792% (from $14 to $126).
- State spending on aid to low-income students equals 27% of federal Pell Grant aid distributed in the state.

### New Hampshire

**Trends over the last ten years in New Hampshire:**

**Tuition and Fees**
- Tuition data for public two-year institutions in New Hampshire are unavailable.
- Tuition at public four-year institutions increased 52% (from $3,656 to $5,557).
- Tuition at private four-year institutions increased 17% (from $15,425 to $18,105).

**Income**
- Median family income increased 19% (from $61,954 to $73,700).

**Appropriations**
- Appropriations per student increased 11% (from $1,897 to $2,099).

**Student Financial Aid**
- State grant aid per student increased 44% (from $23 to $33).
- State spending on aid to low-income students equals 8% of federal Pell Grant aid distributed in the state.

### New Jersey

**Trends over the last ten years in New Jersey:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 21% (from $1,984 to $2,399).
- Tuition at public four-year institutions increased 47% (from $3,924 to $5,762).
- Tuition at private four-year institutions increased 20% (from $14,344 to $17,250).

**Income**
- Median family income increased 14% (from $70,702 to $80,795).

**Appropriations**
- Appropriations per student increased 10% (from $7,166 to $8,046).

**Student Financial Aid**
- State grant aid per student increased 37% (from $616 to $846).
- State spending on aid to low-income students equals 113% of federal Pell Grant aid distributed in the state.

### New Mexico

**Trends over the last ten years in New Mexico:**

**Tuition and Fees**
- Tuition at public two-year institutions increased less than 1% (from $747 to $750).
- Tuition at public four-year institutions increased 34% (from $1,520 to $2,042).
- Tuition at private four-year institutions increased 25% (from $11,619 to $14,474).

**Income**
- Median family income increased 8% (from $45,167 to $48,660).

**Appropriations**
- Appropriations per student increased 9% (from $7,153 to $7,808).

**Student Financial Aid**
- State grant aid per student increased 91% (from $240 to $459).
- State spending on aid to low-income students equals 27% of federal Pell Grant aid distributed in the state.

### New York

**Trends over the last ten years in New York:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 10% (from $2,415 to $2,657).
- Tuition at public four-year institutions increased 11% (from $3,662 to $4,081).
- Tuition at private four-year institutions increased 24% (from $14,148 to $17,930).

**Income**
- Median family income increased 9% (from $60,657 to $66,356).

**Appropriations**
- Appropriations per student increased 7% (from $4,510 to $4,809).

**Student Financial Aid**
- State grant aid per student increased 13% (from $713 to $806).
- State spending on aid to low-income students equals 91% of federal Pell Grant aid distributed in the state.

### North Carolina

**Trends over the last ten years in North Carolina:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 41% (from $703 to $992).
- Tuition at public four-year institutions increased 47% (from $1,536 to $2,255).
- Tuition at private four-year institutions increased 33% (from $11,041 to $14,683).

**Income**
- Median family income increased 13% (from $51,926 to $58,831).

**Appropriations**
- Appropriations per student increased 21% (from $7,062 to $8,526).

**Student Financial Aid**
- State grant aid per student increased 183% (from $137 to $387).
- State spending on aid to low-income students equals 30% of federal Pell Grant aid distributed in the state.
Trends over the last ten years in North Dakota:

Tuition and Fees
- Tuition at public two-year institutions decreased 2% (from $2,074 to $2,040).
- Tuition at public four-year institutions increased 34% (from $2,171 to $2,909).
- Tuition at private four-year institutions increased 11% (from $7,425 to $8,249).

Income
- Median family income increased 13% (from $48,353 to $54,652).

Appropriations
- Appropriations per student increased 3% (from $5,247 to $5,426).

Student Financial Aid
- State grant aid per student increased 22% (from $61 to $74).
- State spending on aid to low-income students equals 8% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Ohio:

Tuition and Fees
- Tuition at public two-year institutions increased 4% (from $2,204 to $2,300).
- Tuition at public four-year institutions increased 33% (from $3,845 to $5,058).
- Tuition at private four-year institutions increased 26% (from $12,987 to $15,915).

Income
- Median family income increased 17% (from $54,874 to $64,022).

Appropriations
- Appropriations per student increased 33% (from $4,198 to $5,590).

Student Financial Aid
- State grant aid per student increased 62% (from $257 to $415).
- State spending on aid to low-income students equals 40% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Oklahoma:

Tuition and Fees
- Tuition at public two-year institutions increased 25% (from $1,216 to $1,520).
- Tuition at public four-year institutions increased 27% (from $1,710 to $2,171).
- Tuition at private four-year institutions increased 38% (from $7,393 to $10,971).

Income
- Median family income increased 6% (from $47,181 to $49,638).

Appropriations
- Appropriations per student increased 20% (from $5,079 to $6,079).

Student Financial Aid
- State grant aid per student increased 35% (from $154 to $208).
- State spending on aid to low-income students equals 16% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Oregon:

Tuition and Fees
- Tuition at public two-year institutions increased 52% (from $1,272 to $1,934).
- Tuition at public four-year institutions increased 14% (from $3,214 to $3,650).
- Tuition at private four-year institutions increased 35% (from $13,500 to $18,215).

Income
- Median family income increased 15% (from $52,365 to $59,974).

Appropriations
- Appropriations per student decreased 2% (from $6,221 to $6,113).

Student Financial Aid
- State grant aid per student increased 15% (from $132 to $152).
- State spending on aid to low-income students equals 24% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Pennsylvania:

Tuition and Fees
- Tuition at public two-year institutions increased 2% (from $1,992 to $2,277).
- Tuition at public four-year institutions increased 22% (from $4,085 to $4,969).
- Tuition at private four-year institutions increased 28% (from $14,355 to $18,383).

Income
- Median family income increased 20% (from $56,190 to $67,272).

Appropriations
- Appropriations per student increased 14% (from $3,839 to $4,376).

Student Financial Aid
- State grant aid per student increased 44% (from $425 to $612).
- State spending on aid to low-income students equals 104% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Rhode Island:

Tuition and Fees
- Tuition at public two-year institutions decreased 2% (from $2,088 to $2,054).
- Tuition at public four-year institutions increased 12% (from $3,153 to $3,521).
- Tuition at private four-year institutions increased 24% (from $15,298 to $18,939).

Income
- Median family income increased 17% (from $60,061 to $70,365).

Appropriations
- Appropriations per student increased 15% (from $2,497 to $2,871).

Student Financial Aid
- State grant aid per student decreased 51% (from $229 to $112).
- State spending on aid to low-income students equals 21% of federal Pell Grant aid distributed in the state.

All dollar amounts are adjusted for inflation.

For complete source information, see page 30.

Tuition and Fees. Figures for annual tuition and fees at public two- and four-year colleges and universities are for 1992 and 2001. Figures for annual tuition and fees at private four-year colleges and universities are for 1991 and 2000.

Income. Figures for annual median family income are for four-person families and are for 1991 and 2000.

Appropriations. Figures for annual per-student state and local appropriations for higher education are for 1992 and 2000.

Student Financial Aid. Figures for state financial aid per student are for 1991 and 1999. Figures for total state financial aid as a percentage of Pell Grant aid are for 1999.
Trends over the last ten years in South Carolina:

**Tuition and Fees**
- Tuition at public two-year institutions increased 52% (from $1,221 to $1,856).
- Tuition at public four-year institutions increased 23% (from $3,080 to $3,790).
- Tuition at private four-year institutions increased 38% (from $9,561 to $13,152).

**Income**
- Median family income increased 14% (from $50,886 to $57,896).

**Appropriations**
- Appropriations per student increased 4% (from $6,248 to $6,495).

**Student Financial Aid**
- State grant aid per student increased 246% (from $193 to $666).
- State spending on aid to low-income students equals 34% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in South Dakota:

**Tuition and Fees**
- Tuition data for public two-year institutions in South Dakota are unavailable.
- Tuition at public four-year institutions increased 45% (from $2,557 to $3,702).
- Tuition at private four-year institutions increased 29% (from $8,981 to $11,570).

**Income**
- Median family income increased 20% (from $47,338 to $56,719).

**Appropriations**
- Appropriations per student decreased 9% (from $4,308 to $3,911).

**Student Financial Aid**
- State grant aid per student decreased 100% (from $27 to $0).
- State spending on aid to low-income students equals 0% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Tennessee:

**Tuition and Fees**
- Tuition at public two-year institutions increased 42% (from $1,149 to $1,626).
- Tuition at public four-year institutions increased 62% (from $2,002 to $3,246).
- Tuition at private four-year institutions increased 37% (from $9,722 to $13,269).

**Income**
- Median family income increased 13% (from $50,129 to $56,461).

**Appropriations**
- Appropriations per student increased 2% (from $5,022 to $5,135).

**Student Financial Aid**
- State grant aid per student increased 2% (from $113 to $116).
- State spending on aid to low-income students equals 17% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Texas:

**Tuition and Fees**
- Tuition at public two-year institutions increased 29% (from $871 to $1,122).
- Tuition at public four-year institutions increased 63% (from $1,747 to $2,841).
- Tuition at private four-year institutions increased 35% (from $9,076 to $12,284).

**Income**
- Median family income increased 8% (from $50,977 to $55,036).

**Appropriations**
- Appropriations per student increased 19% (from $5,331 to $6,328).

**Student Financial Aid**
- State grant aid per student increased 334% (from $53 to $229).
- State spending on aid to low-income students equals 30% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Utah:

**Tuition and Fees**
- Tuition at public two-year institutions increased 29% (from $1,524 to $1,626).
- Tuition at public four-year institutions increased 16% (from $1,946 to $2,252).
- Tuition at private four-year institutions increased 35% (from $9,076 to $12,284).

**Income**
- Median family income increased 14% (from $51,395 to $58,666).

**Appropriations**
- Appropriations per student increased 11% (from $4,101 to $4,570).

**Student Financial Aid**
- State grant aid per student increased 64% (from $27 to $43).
- State spending on aid to low-income students equals 34% of federal Pell Grant aid distributed in the state.

Trends over the last ten years in Vermont:

**Tuition and Fees**
- Tuition at public two-year institutions increased 29% (from $2,421 to $3,124).
- Tuition at public four-year institutions increased 15% (from $4,480 to $5,132).
- Tuition at private four-year institutions decreased 1% (from $16,263 to $16,125).

**Income**
- Median family income increased 12% (from $54,534 to $60,807).

**Appropriations**
- Appropriations per student decreased 3% (from $2,339 to $2,259).

**Student Financial Aid**
- State grant aid per student decreased 4% (from $504 to $482).
- State spending on aid to low-income students equals 91% of federal Pell Grant aid distributed in the state.
### Virginia

**Trends over the last ten years in Virginia:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 37% (from $1,914 to $2,619).
- Tuition at public four-year institutions increased 32% (from $2,477 to $3,272).
- Tuition at private four-year institutions increased 34% (from $11,597 to $15,421).

**Income**
- Median family income increased 23% (from $35,882 to $43,864).

**Appropriations**
- Appropriations per student increased 9% (from $6,214 to $6,794).

**Student Financial Aid**
- State grant aid per student decreased less than 1% (from $252 to $251).
- State spending on aid to low-income students equals 58% of federal Pell Grant aid distributed in the state.

### Washington

**Trends over the last ten years in Washington:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 38% (from $2,161 to $2,743).
- Tuition at public four-year institutions increased 36% (from $2,257 to $3,071).
- Tuition at private four-year institutions increased 24% (from $13,159 to $16,334).

**Income**
- Median family income increased 14% (from $57,190 to $65,377).

**Appropriations**
- Appropriations per student increased 2% (from $5,768 to $5,870).

**Student Financial Aid**
- State grant aid per student increased 147% (from $151 to $375).
- State spending on aid to low-income students equals 63% of federal Pell Grant aid distributed in the state.

### Wisconsin

**Trends over the last ten years in Wisconsin:**

**Tuition and Fees**
- Tuition at public two-year institutions increased 47% (from $1,019 to $1,501).
- Tuition at public four-year institutions increased 56% (from $1,805 to $2,807).

**Income**
- Median family income increased 10% (from $25,239 to $27,548).

**Appropriations**
- Appropriations per student increased 3% (from $7,652 to $7,877).

**Student Financial Aid**
- State grant aid per student decreased 49% (from $15 to $8).
- State spending on aid to low-income students equals 1% of federal Pell Grant aid distributed in the state.

### Wyoming

**Trends over the last ten years in Wyoming:**

**Tuition and Fees**
- Tuition at public two-year institutions decreased 7% (from $1,914 to $2,619).
- Tuition at public four-year institutions decreased 10% (from $2,477 to $3,072).
- Tuition at private four-year institutions decreased 27% (from $10,757 to $13,677).

**Income**
- Median family income increased 21% (from $67,847 to $86,990).

**Appropriations**
- Appropriations per student increased 29% (from $4,049 to $5,998).

**Student Financial Aid**
- State grant aid per student increased 202% (from $131 to $395).
- State spending on aid to low-income students equals 45% of federal Pell Grant aid distributed in the state.

### Data Sources for State Trends

CHAPTER 1 (from pages 5–9)

1 State Trends (the appendix of this report) for state-by-state information about state appropriations per student, changes in tuition and fees, and changes in median family income—all adjusted for inflation.


4 For a more in-depth look at how students are paying for college, see chapter 7, "Profiles of American College Students."


Figure 1

Tuition at public four-year and four-year colleges and universities as a percentage of family income, by income quintile, 1980–2000. Tuition at private four-year colleges and universities as a percentage of family income, by income quintile, 1980–2000.


CHAPTER 2 (from page 10)


3 For a more in-depth look at how students are paying for college, see chapter 7, "Profiles of American College Students."


Figure 2

Per student revenues of public institutions of higher education, 1960–1999, and as a percentage of per capita personal income, 1980–1999. Figures are rounded to the nearest dollar.


CHAPTER 3 (from page 14)

1 In your view, is it possible for the U.S. to reach a point where too many people have a college degree, or is this one area where there can never be too much of a good thing?


Figure 3

Percentage change since previous year in tuition at public four-year colleges and in median family income, 1981–2000. Percentage change since previous year in tuition is based on 50-state averages of percentage change in tuition from previous year.


Figure 4

Percentage of federal student aid devoted to grants vs. loans, 1981–99.


CHAPTER 5 (from page 15)

1 Do you think you will find a way to work out costs, or do you seriously doubt that college will be affordable for your child?

2 If the cost of college is too high, do you think that this will affect your plans to have children?

Figure 5


Figure 6

Is it possible to reach a point where too many people have a college degree, or is this one area where there can never be too much of a good thing?


CHAPTER 6 (from page 15)

1 Does the cost of college continue to rise (even if it is not too high)?

2 In your view, is it possible for the U.S. to reach a point where too many people have a college degree, or is this one area where there can never be too much of a good thing?

Figure 7

Table of student aid by income quartile.
