

# College Education Crucial, Not Cheap

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Eighty is a number to remember. In America, that percentage marks how many the median earnings of Americans who have college degrees exceed those who have only a high school education. Interestingly, the number is even larger in San Angelo according to 2010 Census Bureau estimates. Here, people over age 24 with college degrees have median earnings that are 89 percent above those only having high school diplomas.

The earnings gap between high school educated workers and those who complete college is large. Importantly, the difference has been expanding for decades. Other numbers also reflect the powerful incentive this creates for students to go to college. According to a Georgetown University study on The Economic Value of College Majors, the proportion of workers with Bachelor's degrees in the US labor force grew from 28 percent in 1992 to 34 percent in 2009. San Angelo appears to lag on this. In 2010, according to Census estimates, only 20 percent of local workers in the 25-64 age-brackets have college degrees.

More than 9,000 San Angelo residents have enrolled in colleges or graduate schools. They constitute nearly 13 percent of the city's adult population and the vast majority of them (about 85%) are attending public universities. Most of them (about 7 out of every 10) are young adults in the traditional college-going age range between 18 and 24. Many of them attend ASU.

Along with some 23 million adults across the nation – including about 1.5 million Texans – these local residents know that access to college is important. Business and community leaders also know its significance for economic and social development.

Yet, college tuition costs today are higher than ever and continue to grow each year. In 2010, the majority of graduating students (57%) at Texas public universities left the hallowed halls with significant debt. The average debt reached as high as \$17,000 for students graduating from some Texas universities. At ASU, about 36 percent of the graduating class left with an average of \$10,712 in debt.

ASU traditionally keeps tuition and fees below the average level for other Texas public universities. Even with recent increases, ASU's \$3,750 tuition and fees for a full-time undergraduate student this fall semester is only \$52 dollars above the Texas average of \$3,698.

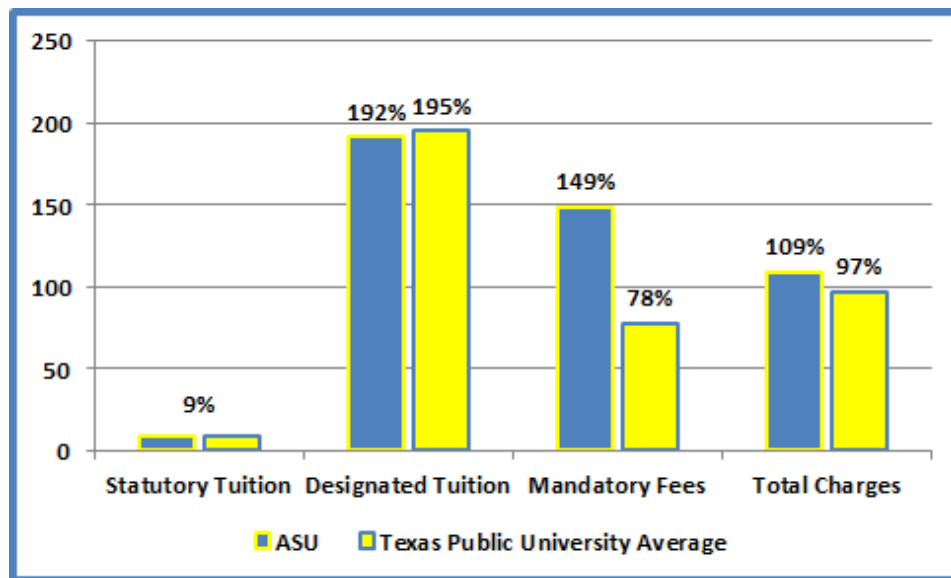
Still, increases at ASU are faster than other Texas schools. Since 2003, average tuition and fees at Texas public universities increased by 91 percent. ASU's charges more than doubled, climbing by 109 percent, in the same time. The year 2003 is significant in this picture because that fall was the first time university governing boards could directly change rates under the mandate of the Texas Legislature's deregulation of higher education tuition.

The chart shows the percentages of increase in the components of college charges from 2003 to 2012. Data comes from the Texas Higher Education Coordinating Board.

Three main components make up the standard charges that students pay. Each of these components is rising at a different pace. "Statutory tuition," is a charge set by the Legislature and paid uniformly by all public university students in the state, regardless of which school they

attend. Since 2003, statutory tuition increased by nine percent from \$690 to \$750 per semester for a full-time student.

**Percentages of increase in the Components of College Charges**



“Designated tuition” is the charge the Legislature deregulated in 2003. University governing boards determine it and it varies from one institution to another based on their internal analysis of differing needs. The average designated tuition in Texas climbed from \$625 per semester for a full-time student in 2003 to \$1,845 now, an increase of 195 percent. In the same time, designated tuition at ASU grew from \$600 to \$1,750 for a 192 percent increase.

“Mandatory fees” are the final set of charges to college students. Some of these are fixed at the state level (medical services fee, for example) while others are determined by institutions (library fee, for example). While fees are generally the smaller portion of total charges paid by university students, they have been rising rapidly nonetheless. At ASU, mandatory fees grew from \$503 in 2003 to \$1,250 now, a surge of 149 percent. The average increase at Texas schools during the same time is 78 percent (from \$619 in 2002 to \$1,103 now).

These are stunning numbers about rising costs, especially in light of the growing importance of a college education and its impact on earnings. The numbers are particularly disturbing in light of a growing number of reports about stagnation, even decline, of income in families.

Just this June, for example, the Federal Reserve Board reported that median income of families across the nation fell by almost eight percent between 2007 and 2010. San Angelo area families were somewhat steadier as Census estimates show a modest gain of 1.6 percent in median family income over that time.

In any case, the math shows a very challenging situation with local families having slow or stagnant income increases while facing rapidly rising costs at universities, including ASU. What it means for a local family of four with a median income of \$59,555 is that their son or daughter starting full time at ASU this fall – but living at home – could face bills mounting to \$15,000 for the school year. The student likely qualifies for grant or scholarship assistance arranged by the university for some \$1,500 to \$6,464.

That leaves a net cost ranging between \$8,536 and \$13,500. This amount, in turn, is the equivalent of 15-23 percent of the student's family income. To raise it, the student may work, take out student loans, or search for help from other scholarship-granting sources. The parents, too, might work extra or shell some out from savings or other assets. The family, probably, will do a combination of these moves. Then, they can all look forward to the next school year.

Beginning with the fall of 2009, ASU took steps to help alleviate the growing burden of college costs by implementing the Blue and Gold Guarantee financial aid program. The program is for Texans who enter the university as first-time freshmen from families with a gross income of \$40,000 or less. The program pays the full cost of tuition and fees.

Giving scholarships to college students is a favored activity of philanthropic entities ranging from neighborhood Lions Clubs to large trusts and foundations. In fact, there is a wave of so-called "college promise" programs striving to provide scholarships to all qualified young people in their respectively targeted states or local cities and towns. Many of these see the rapid rise of college costs as both a call to action for their programs and a challenge threatening to limit their ambitions.

The generosity of scholarship giving is a noble thing. It is true, as well, that ASU and other public universities must become more effective at taking actions to trim cost without compromising the essential higher education functions of preparing leaders and other skilled people needed to carry communities and society forward.

Still, all cost trimming and noble scholarship giving cannot reverse the basic problem posed by the underlying trend of college outstripping family and household income levels in the manner of the past years. The escalator of college costs puts a fundamental decision into motion. What is a college education worth to students and their families, as well as to communities and society?

One option for deciding is to continue down the familiar path set into motion by deregulation in 2003. This path leads shifting ever-greater portions of cost to students and their families in the form of rising tuition and fees while pushing to minimize public funding on the view that tax dollars merely subsidize benefits for students acting as private consumers of services. In fact, the 38 percent of all university operating budgets that Texas taxpayers funded in 2004 fell to 31 percent by 2011. The portion funded by students and parents grew in the same time from 24 to 29 percent.

John F. Kennedy highlighted the alternative in 1961 as a new President took a special message to Congress to garner support for his education plan. "Our progress as a nation can be no swifter than our progress in education," Kennedy said in opening. The alternative option restores public investment in higher education to provide a fair combination between public funding and private tuition or fee charges. The option appreciates Kennedy's further assertion that "our colleges and universities represent our ultimate educational resource" in a partnership, that benefits both the individual student and the public interest.

There will be no single "decider" on these options. Students, families, universities, legislators, and scholarship-givers will all play important roles. Nevertheless, these are the main options. What is decided will determine how widely the college door is kept open to aspiring students, as well as how effectively the universities perform their functions that are essential to communities and society.