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A Brief History of Tuition in Higher Education:

The Student and Institutional Impacts of Rising Cost

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Introduction

One of the most concerning issues for families, individual students, state policymakers, legislators, and many others, including the President Barack Obama, has been the rapid rise of college costs (Doyle, 2012; Archibald & Feldman, 2008; Zumeta, Breneman, Callan & Finney, 2012). With the average student graduating in 2012 with an average of $26,000 in debt, the debate over the costs of higher education is a hot topic as of late (Hillman, 2014). Additionally, institutions pursue quality while trying to produce competent graduates and keep up with the changing times (Zumeta, et. al., 2012).

Tuition is a multifaceted subject that spans discourses of state and federal politics, economics as well as higher education systems. This literature review will seek to give an overview of some of the prevailing issues related to the rising cost of tuition. The first section will outline literature that attempts to explain a few factors of rising cost. Some of the reasoning behind the rising cost includes decreasing state support, rising cost of higher education, cultural shift from higher education as a societal benefit to a personal benefit, and issues as with other industries with the economy. But I will focus on state support and the political factors. This discussion will include historical and contemporary issues. Next, I will provide literature that addresses the effects on students of the rapid increase in tuition at public universities. And the last section will discuss the topic broadly and highlight any gaps in research.

Potential causes

State Support

The primary cause that rising tuition is attributed to, is the steady divestment of states in higher education. Zumeta, et. al. (2012) describe that the states hold constitutional responsibility for administering higher education. Historically, some institutions have provided very low tuition or even no tuition, such as the case of California (Bowen, Kurzweil, & Tobin, 2006; Thelin, 2010). However, the federal government has played an active role in funding both institutions and individual students through grant and loan programs. These programs funded property and funds for research to public and private institutions via the Morrill Acts of 1862 and 1890 respectively. On the whole, public higher education from this time up until the late 1970's, was perceived as a public good (St. John, Daun-Bartnett, & Moronski-Chapman, 2013). In addition, there are some states that provide their own grant programs as well. In the early part of the 20th century, the student demographics started to change to include African Americans, women, and a large group of returning veterans, at the same time enrollment and institutional revenue increased (Thelin, 2010).

In the 1970's, a period of "stagflation," a term referring to slow growth and high inflation, plagued the United States and 71% of institutions were approaching financial trouble (Zumeta, et. al, 2012). This led to Carnegie Commission and Committee on Economic Development reports that called for increase of tuition as a share in higher education revenue. In 1973, tuition was covering only 17%, at initial estimates, of public four-year institution costs and the reports called for a gradual increase over ten years to 33%. As the federal government continued to create more financial aid programs to address this rising sticker price for higher education through the Pell grant program created in the late 1970's and the Parent PLUS Loan and states like Georgia created the HOPE scholarship, institutions became more accustomed to the idea of continually raising tuition and fees (Zumeta, et. al., 2012).

Trends in a given state are very much linked to the aforementioned issues of stakeholders but also the structures related to access, success, and academic preparation for college work for students from varying socioeconomic and ethnic backgrounds within the state, play a large role in the price of higher education (St. John, Daun-Bartnett, & Moronski-Chapman, 2013). While states like North Carolina, which has a tuition 36% lower than the national average, successfully operate under low tuition, high need-based aid, states like Michigan, which has a tuition 44.2% higher than the national average, operates on high tuition, low aid with not as positive outcomes. As Doyle wondered, why is there such a large difference state to state? Specifically with the two states mentioned, the flagship institution of North Carolina is the oldest public university in the United States. The University of North Carolina historically has a positive relationship with their state legislature and take great care to provide need-based aid to underrepresented groups to limit borrowing (St. John, Daun-Bartnett, & Moronski-Chapman, 2013).

On the other hand, the University of Michigan has constitutional autonomy from the state government in order to prevent legislators from challenging academic freedom. There is no governing or coordinating board between the 15 public institutions in the state and no formal locus of control to resolve contentious issues. The universities have seen a loss of 9%, then 15% cuts in appropriations from the state. From 2009 to 2011, tuition at Michigan universities rose 25% and the last remnant of a state scholarship program dissolved in 2009. This illustrates how important the state subsidy, and even the political environment and governance structures are to tuition policies (St. John, Daun-Bartnett, & Moronski-Chapman, 2013).

Politics of Tuition

Doyle (2012) illustrates very succinctly that the process by which institutions and states set tuition is a political one. In many states tuition-setting is very much determined by how the higher education system is structured, the preferences of legislators and policymakers, the state economy, and the predominant political party. Some states have systems where the legislator sets tuition in public colleges and others where they can only influence tuition and aid decisions made by the governing board or institution. Also, private institutions appear to favor high tuition for both their own structures but also for the publics in the state. So that when public institutions, who are often unable to provide high aid to compensate for the high tuition, competing private institutions can offer large financial aid packages to offset their high tuition. This scenario then drives students and families to choose the private as opposed to the public school (Doyle, 2012).

Political parties play into the environment in their ability to either set or influence tuition policies that are in concert with their ideological beliefs (Doyle, 2012). States with strong conservative politicians construct more market models of privatization of higher education while liberals often provide more taxpayer funds to support the personal and societal benefits of college. The conservative view reflects a cultural change, an integration of the economic theory of neoliberalism into the higher education context.

Effects

There are many effects to the rising cost of higher education and the price of tuition. I will address a few here that relate directly to the student and his/her family. Leaders at public institutions have to make very difficult decisions. Students and families must make difficult decisions as well and, for some families from low socioeconomic backgrounds, without comprehensive information about what the costs truly means. (Ziskin, Fischer, Torres, Pellicciotti, & Player-Sanders, 2014). Price-conscious and privileged consumers of higher education understand education to be a worthwhile investment into the future but to many low-income and first-generation students and their families, college seems impossible. Even if these students do enroll and attend college, because of institutional and societal barriers they may need to work full or part-time or take out large loans. The impact of working long hours or barely being able to cover costs will result in negative educational outcomes. Students shoulder huge amounts of debt after they graduate. Two thirds of the class of 2012 had a student loan. On average, these students had $26, 000 in college loan debt. Between 2005 and 2009, more than one in four students who left college without a degree defaulted on their loans and in 2012, according to the Federal National Reserve Bank, the national student debt was reaching $1 trillion among 38.8 million borrowers.

Conclusion

Many scholars and policymakers are offering potential solutions to the challenges described in the literature about tuition. There are many gaps in research about tuition and fees. There are scattered piece of literature on tuition, its effects but there is no comprehensive history of tuition in higher education. When did institutions first start charging tuition? What were the costs? In relation to other salaries what were the administrative costs of faculty and the institution as a whole in the colonial colleges? We can assume that a major shift occurred but there is no data readily available. In addition, there are no studies related to fees, these are expenses for the student that are mandatory or voluntary that are paid to the institution for health, recreation, involvement, academic support, technology or other student services. As students are seen more and more as customers, and students and parents seeing themselves that way as well, we need to learn more in order to do more.

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