

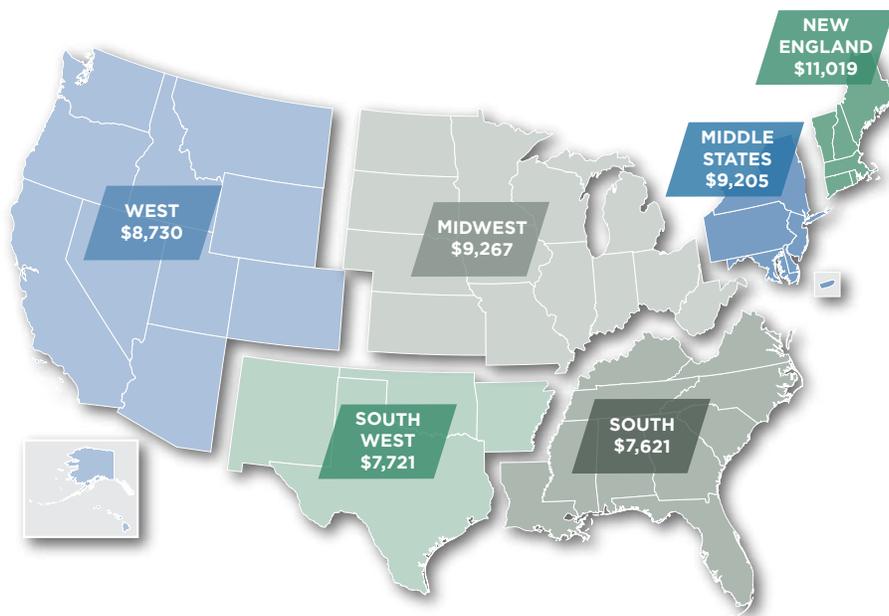
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QUESTION

Is tuition at public four-year universities really affordable?

REGIONAL VARIATION IN TUITION AND FEE STICKER PRICES (2012-13)

Public Four-year Universities



Source: College Board, *Trends in College Pricing*, 2012.

ANSWER

The amount a typical student pays to attend a public university has risen over the past decade, primarily due to the loss of state funding to campuses. However, public universities still offer a good value and are worth the investment by students and their families.

The published average annual tuition and fees for an in-state student at a four-year public university was \$8,655 in 2012-13. This is just over one-half the cost at a for-profit institution with an average tuition and fees of \$15,172 and about one-third of the cost at a private, non-profit institution of \$29,056. Public university tuition differs from region to region based on the historic levels of appropriations provided by each state.

Financial aid and student loans can reduce out-of-pocket costs to attend most universities. Taking into account grant aid from all sources, as well as federal

DID YOU KNOW?

The average list price at public universities is \$8,655. The average list price at for-profit institutions is \$15,172 while it is \$29,056 at private universities.

(College Board)

The national average net tuition cost to students and families at public universities is \$2,490.

(College Board)

68 percent of first-time students at public universities received a grant or scholarship—average award: \$6,900.

(U.S. Department of Education)

DID YOU KNOW?

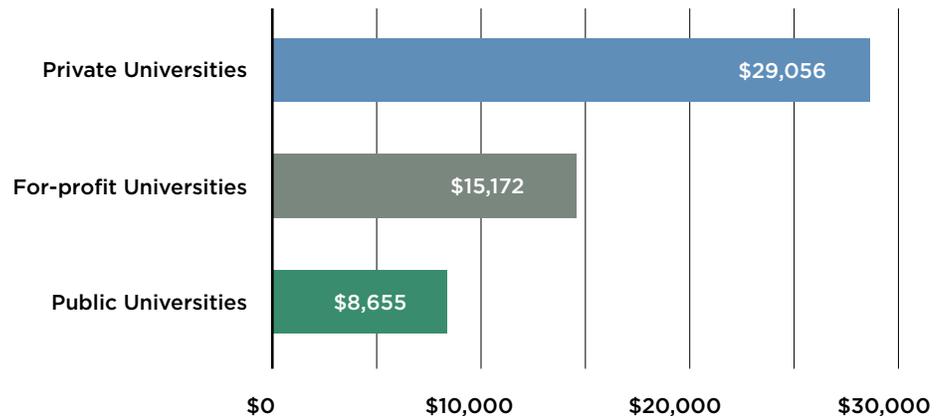
The average annual cost to care for an infant in a childcare center was higher than one year's in-state tuition and fees at a four-year public college in 35 states and the District of Columbia.

The average annual tuition and fees for an in-state student at a four-year public university in 2012-13 was just over one-half the cost at a for-profit institution and about one-third of the cost at a private, non-profit college.

Students and families can use Net Price Calculators located on university websites to obtain estimates of the individual cost to attend a college.

education tax credits and deductions, a full-time student at a public four-year institution received an estimated average of \$5,750 in grant aid and federal tax benefits in 2011-12, reducing the average cost by 70 percent to \$2,490—before including student loans. Grant aid includes federal programs such as Pell Grants and veteran's benefits as well as state and institutional grants and scholarships.

COMPARISON OF PUBLISHED COLLEGE TUITION AND FEES



Students are encouraged to use the “Net Price Calculator” located on the website of each public university to obtain an estimate of their individual cost to attend an institution. All students should complete a Free Application for Federal Student Aid (FAFSA) to ensure they are considered for federal, state and institutional aid programs as well as federal student loans. Students and families also should contact the Financial Aid Office for assistance as there are other costs associated with attending college such as housing, food, books/supplies and transportation. The total cost will vary by student and his/her family circumstances and choices.

To put college tuition in perspective, the average annual cost to care for an infant in a childcare center in 2011 was higher than one year's in-state tuition and related fees at a four-year public college in 35 states and the District of Columbia. The average annual cost of full-time childcare for an infant in a center ranged from about \$4,600 in Mississippi to nearly \$15,000 in Massachusetts. Nearly 11 million children under age 5 are in child care each week in the United States. [*Parents and the High Cost of Child Care: 2012 Report*, ChildCare Aware of America]

Higher education is a long-term investment in the nation's human capital. Many college graduates experience higher earnings, expanded career opportunities, and more flexible skill sets than high school graduates.

2

QUESTION

Student debt has been in the news lately. What are the facts?

ANSWER

Total student loan debt in the United States has been estimated at \$1 trillion, a figure that includes loans to parents and students from both the federal loan programs and private banks.

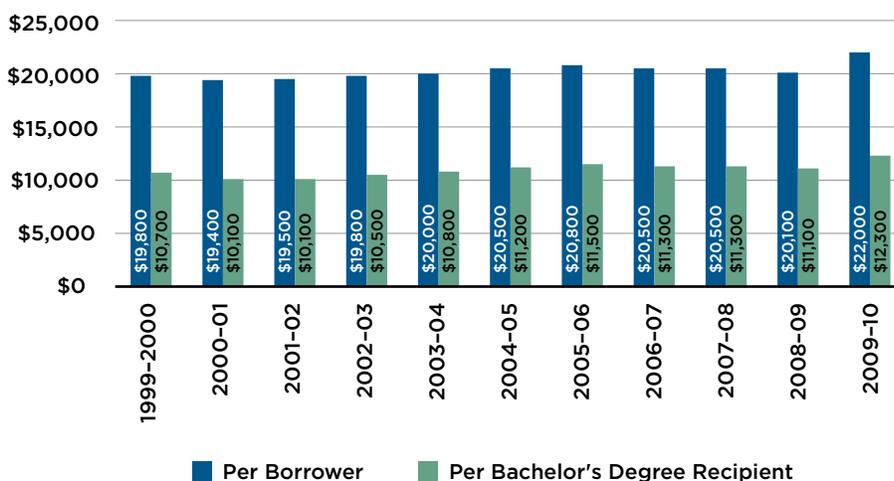
National figures from a U.S. Department of Education survey show that across all types of institutions approximately two-thirds of bachelor's degree recipients finance their education through some type of loan. At public four-year institutions, 56 percent of bachelor's degree recipients took on some debt, while 44 percent of students graduate with no debt. The average debt per bachelor's degree recipient was \$12,300 in 2009–10. [*National Postsecondary Aid Study; Trends in Student Aid 2011*, College Board, 2011]

For students who elect to borrow money to attend college, the average debt was \$22,000 at public universities and \$28,100 at private four-year institutions. [*Trends in Student Aid 2011*, College Board, 2011]

To put the average debt of public university graduates in context, if the \$22,000 was borrowed in the federal direct subsidized loan program, it would result in monthly payments of \$217 at the current repayment rate of 3.4 percent. If the \$22,000 was borrowed through the federal direct unsubsidized loan program, the monthly payment would be \$253 at the current repayment rate of 6.8 percent. And if a student is unable to get a job, they could opt into the income contingent repayment plan, which caps monthly student loan payments at no more than 10 percent of the borrower's income.

AVERAGE TOTAL DEBT LEVELS OF BACHELOR'S DEGREE RECIPIENTS (1999-00 THROUGH 2009-10)

Public Four-year Universities



DID YOU KNOW?

56 percent of bachelor's degree recipients took on some debt to attend a public university.

44 percent of students graduate from public universities with no debt.

The average debt per bachelor's degree recipient at public universities was \$12,300 in 2009-10.

For students who elect to borrow money to attend college, the average debt was \$22,000 at public universities and \$28,100 at private four-year institutions.

DID YOU KNOW?

State appropriations were cut 7.6 percent in 2011-12—the largest one-year cut in 30 years. (Center for Education Policy)

Per-student state funding for public universities fell by more than 20 percent in the 17 states with the largest cuts over the past 5 years. (SHEEO)

The eight states that comprise one-half of all public higher education spending slashed funding by \$2.5 billion in 2011-12. (Grapevine)

Historically, states paid two-thirds of educational costs; today students and families pay two-thirds. (College Board)

Educational expenditures per student increased modestly over the past decade—an average of 1.2 percent above the rate of inflation. (Delta Cost Project dataset)

Most students can borrow through one of two programs offered by the federal government: subsidized loans and unsubsidized loans. Subsidized loans are available to students with financial need and the interest is paid by the U.S. Department of Education while a student is enrolled at least half-time. Unsubsidized loans do not require demonstration of need, have a higher interest rate, and the student is responsible for paying the accrued interest.

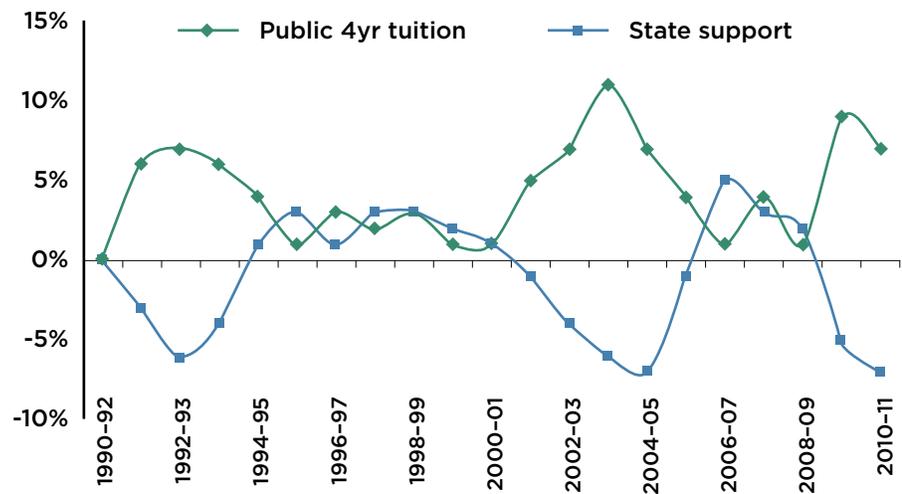
Students and parents should consult with the university's Financial Aid Office when considering using student loans.

3 QUESTION

Why is the cost of attending public universities rising faster than inflation?

ANNUAL PERCENT CHANGE IN PUBLIC FOUR-YEAR TUITION AND STATE SUPPORT

1990-91 to 2010-11; inflation adjusted



ANSWER

Steep declines in state support are the driving force behind the increases in tuition at public universities. In fact, over the past decade public university tuition has risen less than the decline in state funding per student funding in many states.

A decade ago, state governments paid about two-thirds of the cost of education at public universities per full-time student. Tuition paid by students and families, sometimes with the help of federal student aid, comprised the rest. But since then the revenue picture has flipped: the states now pay about one-third of the costs and students and families have assumed two-thirds of the costs.

In fact, the largest annual decline in state appropriations to colleges in 50 years, a 7.6 percent cut, occurred in 2011–12 according to a report from the Center for the Study of Education Policy at Illinois State University.

The magnitude of the cuts is illustrated by the eight states that account for half of the state fiscal support for higher education nationwide: Ohio, Florida, Georgia, Texas, Illinois, California, New York, and North Carolina. In 2011–12, total state support in these eight “mega-states” was slashed by \$2.5 billion dollars. [Grapevine, 2011]

The cuts are not a one-time phenomenon, during the last five years, per student support for public universities has been reduced by more than 20 percent in 17 states: Delaware, Florida, Georgia, Idaho, Indiana, Iowa, Massachusetts, Michigan, Minnesota, Nevada, Oregon, Utah, New Jersey, New Mexico, Rhode Island, South Carolina, and Washington. An additional 15 states experienced five year declines of more than 10 percent (SHEEO 2011) and 11 experienced declines of less than 10 percent.

4

QUESTION

What steps are university leaders taking to control costs in the short term?

ANSWER

University leaders have worked diligently to control educational costs and seek new sources of revenue. National data show public university educational expenditures per student have increased only modestly over the past decade—an average of 1.2 percent above the rate of inflation.

Faculty and staff healthcare and fuel are among the costs that have increased faster than inflation. Public university leaders, who must balance their budgets annually, absorbed much of the increases through cost reductions, donations, and new sources of revenue.

According to a 2011 survey by the Association of Public and Land-grant Universities (A•P•L•U), most institutions are implementing multiple strategies to control or reduce costs.

Institutions have focused on streamlining administrative processes and structures including outsourcing services such as bookstores, cafeterias, housekeeping and some maintenance services. In some states, universities have worked together to process admissions applications, purchase supplies, and manage information technology. While most universities attempt to protect the academic core, some necessary strategies directly affect academic programming such as consolidating classes, cutting instructors, and eliminating academic programs.

DID YOU KNOW?

A majority of public universities are reducing the number of staff at all levels as the result of budget cuts.

Public universities are making tough choices to defer maintenance on buildings and extending the life of equipment.

Public universities are eliminating courses, programs, and entire departments to control costs and operate more efficiently.

Public universities are implementing differential tuition and fees to help offset the costs of more expensive programs in engineering, the sciences, and the arts/music.

DID YOU KNOW?

Institutions are working to balance student educational needs with streamlined services.

Public universities are leveraging technology to more effectively deliver courses online and improve student outcomes.

More systematic tracking of expenditures helps universities better understand the true cost of programs and services.

Outsourcing operation such as food services, housing, and IT services are effective long-term strategies many public universities are pursuing.

Some choices are not immediately visible but have longer term implications such as deferring maintenance, reducing staff, and limiting technology and library expenditures.

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QUESTION

What are university leaders doing so universities operate more efficiently in the future?

ANSWER

“Tinkering around the edges” is no longer an option for addressing budget constraints and decreases in state appropriations for the vast majority of institutions, according to the respondents to a recent A•P•L•U survey on university finances.

Ninety-eight percent of university leaders are conducting strategic reviews to better manage costs, particularly the costs associated with academic programs and administrative structures.

Following strategic reviews, many university leaders are implementing strategies to reduce energy costs and restructure both service and academic units. Some are looking to develop private partnerships and new high demand programs. Others are investing in programs to help students successfully complete their degrees in a timely manner.

A review of the survey results in combination with interviews suggest a number of common approaches public universities are using to reduce costs, including:

- Emphasis on student retention and graduation through stronger student support services with students increasingly provided a greater voice in university decision making.
- Streamlining of departments, programs and administrative services to better manage costs while seeking to enhance the student educational experience or support the institutional mission.
- Encouraging and incentivizing entrepreneurship by faculty and staff to expand online course delivery options and seek grant and contract funding.
- Renewed focus on pursuing revenue producing activities such as investing in high demand programs and hiring faculty with specific skills who could strengthen a research team’s quest for funding.
- Increased tracking and analysis of expenditures to ferret out additional cost savings, such as outsourcing custodial work or purchasing, and more purposeful course sequencing for low enrollment classes.
- Phasing-in differential tuition and fees for select academic programs. Institutions are evaluating the costs of degree programs to more accurately reflect the true costs.

- Academic and research collaborations are increasing on many campuses. As one administrator noted, in times of budget reductions, there is less room for flexibility and collaborations are a necessity.

DID YOU KNOW?

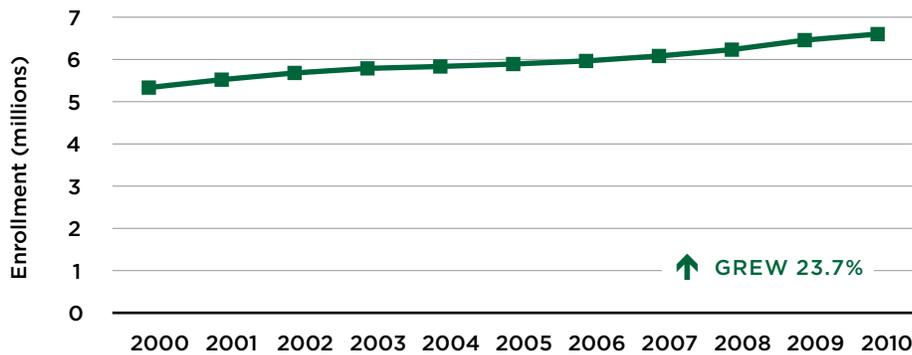
Public university enrollment has increased 23 percent since 2000.

6

QUESTION

Has it become more difficult to enroll at most public flagship universities?

ENROLLMENT AT PUBLIC UNIVERSITIES (2000-10)



7 million students attend more than 500 public colleges and universities across the United States.

ANSWER

Enrollment in public universities has increased by 23 percent to more than 7 million students during the past decade. Applications for admission have grown even more rapidly than enrollment. This growth has pushed many campuses to near capacity and led students and families to look at the range of educational opportunities available.

At the same time, public universities are committed to serving students from a wide variety of backgrounds. Public universities educate an increasingly diverse group of students—recent figures show 35 percent of low-income students receiving Pell Grants enroll at public universities. Only community colleges enroll more low income students (39 percent).

More students of color are attending public universities. For example, the number of Hispanic/Latino students has grown by 25 percent since 2005; making them the largest minority group among U.S. four-year university students. [College Board; The Pell Institute, IPEDS Enrollment Survey Fall 2005–09; Pew Hispanic Research Center]

The number of Latino students attending public universities has grown by more than 25 percent in the last five years.

35 percent of Pell Grant recipients attend public universities—15 percent attend private universities and 6 percent attend for-profit universities.

DID YOU KNOW?

Nearly 500 public universities have committed to boosting college attainment by 3.8 million student by 2025.

Public universities will seek to reduce the average time to degree for all students.

Public universities will develop programs to reach out to students who left school without a degree.

University leaders will seek to reinvigorate the federal-state-public university partnership to control the growth in tuition costs.



QUESTION

What can be done so that more students graduate in four years?

ANSWER

In October 2012, nearly 500 public universities and colleges joined A•P•L•U and the American Association of State Colleges and Universities in a new effort to boost college completion by 3.8 million students by 2025. The goal is to increase degree attainment by U.S. adults to 60 percent by 2025.

Through **Project Degree Completion: A Public University Initiative**, the institutions plan to increase the number of college degrees they award over the next 14 years from an estimated 14.6 million to 18.4 million.

Collectively, public colleges and universities currently award just over one million degrees annually. Nationally, students take an average of 51.6 months to earn a bachelor's degree or approximately 4.3 years, according to the U.S. Department of Education.



Members of the college class of 2025.

DID YOU KNOW?

Students take an average of 4.3 years to earn a bachelor's degree at public universities.

The majority of public universities have specialized programs and services to help students stay in school and graduate.

Through Project Degree Completion, the institutions have committed to:

- Strive for the “best in the world” degree status for America. Public colleges and universities will do our part to achieve 60 percent degree attainment by awarding an additional 3.8 million baccalaureate degrees by 2025. We will publicly track progress toward this goal.
- Make a concerted effort to reach out to former students who have attended our institutions but who have not earned a baccalaureate degree from any institution.
- Assure that educational quality is enhanced, not compromised, in the effort to increase degree attainment.
- Uphold the principles of student access, success and diversity in this pursuit.
- Reduce the average time to degree for our students.
- Constrain per-student educational expenditures while pursuing enhanced quality.
- Work closely with P-12 systems and community colleges, especially in the STEM fields and other areas of critical need.
- Support economic growth in our regions, states and country including research and innovation, commercialization of technologies, and economic development. For many institutions, this will include increasing graduates in areas of critical need including STEM fields.

These commitments will be achieved with a strong, renewed partnership among the states, the federal government and public colleges and universities, but there is significant work to be done. The full partnership between public colleges and universities, the states and the federal government needs to be reestablished with each partner fulfilling its responsibilities.

The states must provide sufficient appropriations to support students and the discovery of new knowledge while extending greater operational flexibility for public colleges and universities. The federal government must maintain its commitment to student financial aid; support for research and innovation; and encouragement of states to continue their support for public colleges and universities. Public colleges and universities must be more innovative in the performance of their essential roles while containing educational expenditures.

Education, including research, is a public investment that provides both a social and an economic return. Policymakers need tangible evidence that public higher education is transforming to meet economic and educational needs. Achieving these commitments will ensure greater economic security for America and the next generation of citizens.

DID YOU KNOW?

Unemployment rates are relatively low (5.4 percent) for recent graduates in engineering, the sciences, education, or healthcare related majors.

The earnings gap today between high school and college graduates is the highest since 1915.

(U.S. Department of Treasury)

Without a college degree, children born in poor families have a 45 percent chance of earning no more than their parents. With a college degree, the risk falls to 20 percent.

(U.S. Department of Treasury)



QUESTION

Can college graduates find employment in the current economy?

ANSWER

The job market has been tough for many job seekers since the recession began in late 2007. However, it has been hardest on those without a college education. According to the U.S. Bureau of Labor Statistics, the unemployment rate for college graduates in mid-2012 was 4.1 percent. In comparison, the unemployment rate for high school graduates was 8.7 percent. The unemployment rate for recent college graduates is higher at 6.8 percent but still substantially lower than the unemployment rate of 24 percent for recent high school graduates. The pattern is the same for underemployment: 1 out of every 7 new four-year college graduates was underemployed in mid-2012; while nearly half of the recent high school graduates were underemployed in 2012.

In sum, individuals with high school diplomas or less bore the brunt of the recession's job losses—losing nearly 5.6 million jobs. And, according to a recent study from the Georgetown Public Policy Institute, job gains during the economic recovery beginning in 2010 have been limited to those with a college education. Two million jobs were added during the recovery for individuals with at least a bachelor's degree—even though these workers make up less than one-third of the labor force. On the other hand, people with a high school diploma lost an additional 230,000 jobs during the recovery.

On average, college graduates still earn nearly twice as much as high school graduates according to estimates based on data from the U.S. Bureau of Labor Statistics.

UNEMPLOYMENT RATES AMONG COLLEGE GRADUATES, HIGH SCHOOL GRADUATES AND HIGH SCHOOL DROPOUTS



DID YOU KNOW?

Public universities award 1.1 million bachelor's and associate's degrees each year.

Public universities award 400,000 master's and doctoral degrees each year.

Over \$41 billion in basic and applied research is conducted at public universities each year.

Public universities perform nearly two-thirds of federally-funded academic research.

“Why have college graduates weathered the recession better than less-educated workers?” The Georgetown analysis attributes the resiliency of the college-educated in large part to the decline in low-skill jobs caused by advances in labor-saving technology—particularly computing technology. The result is an increasing demand for hard cognitive knowledge, skills, and abilities, as well as softer interpersonal skills and personality traits. In the U.S. labor market, this has meant a shift from jobs that require a high school diploma or less to jobs that require at least some college.

The bottom line is that college graduates will continue to experience increasing employment opportunities, enjoy substantial wage premiums, and be better equipped to survive any future economic downturns. [U.S. Bureau of Labor Statistics; *The College Advantage: Weathering the Economic Storm*, Georgetown Public Policy Institute, Georgetown University]

9

QUESTION

What is society's return on its investment in public higher education?

“America is driven by innovation—advances in ideas, products, and processes that create new jobs, contribute to our nation's health and security, and support a high standard of living. In the past half century, innovation itself has been increasingly driven by educated people and the knowledge they produce. Our nation's primary source of both new knowledge and graduates with advanced skills continues to be our research universities.”

Research Universities and the Future of America

Committee on Research Universities

Board on Higher Education and Workforce Policy and Global Affairs

National Research Council

ANSWER

For more than 150 years, public universities have pursued a three-part mission of learning, discovery and engagement, attracting and developing a significant portion of the talent that drives our economy and ensuring the nation remains competitive in the global marketplace.

- Public universities have enabled generations of middle- and low-income students to achieve the American dream of upward mobility and an improved quality of life.
- Public universities award 64 percent of all bachelor's degrees annually. [1.1 million undergraduate degrees, 400,000 graduate degrees, and 34,000 certificates annually—serving as the single largest source of trained and educated workers in the United States]
- Public universities award more than 200,000 degrees in science, technology, engineering, and mathematics (STEM) annually, including more than one-half of the advanced degrees in STEM.

DID YOU KNOW?

University and research institutes earned 4,700 new U.S. patents in 2011.

Universities and research institutes assisted 671 start-up companies in 2011.

In 2011, 591 new commercial products came to market with the help of university researchers.

- Public universities have undertaken the pioneering research that has increased economic growth and improved quality of life for mankind.
- Public universities perform more than \$41 billion worth of research annually and develop new knowledge and discoveries.
- University research has led to thousands of advancements in agricultural science, computer science, engineering, medicine and other disciplines such as: insect and drought resistant crops, the laser, magnetic-resonance imaging, the Google search algorithm, global positioning systems, microelectronics, and open heart surgery.
- During 2011 alone, university and research institutes supported or assisted 671 start-up companies and assisted in the development of 591 new commercial products.
- University and research institutes were issued 4,700 new U.S. patents in 2011 alone.
- Public university faculty and students perform thousands of hours of public service in their communities, states, and around the world. Much of this work involves applying new knowledge to solving community problems and improving the quality of life for residents.

ABOUT THE ASSOCIATION OF PUBLIC AND LAND-GRANT UNIVERSITIES

Founded in 1887, the Association of Public and Land-grant Universities (A•P•L•U) is a research and advocacy organization of public research universities, land-grant institutions, and state university systems. As the nation's oldest higher education association, A•P•L•U is dedicated to excellence in learning, discovery and engagement. Member campuses enroll more than 3.6 million undergraduate and 1.1 million graduate students, employ more than 670,000 faculty and administrators, and conduct nearly two-thirds of all university-based research, totaling more than \$34 billion annually. For more information, visit www.aplu.org.