



## Rising College Costs and an Illinois Effort to Control Them: A Preliminary Review

Teresa Lynn North

University of Phoenix, School of Advanced Studies

Rising college costs are of increasing concern. At the 12 public universities in Illinois, average increases in tuition were modest, generally in the 4% range, until 1999 when individual campuses begin to increase tuition at double digit rates. In 2002-2003, the overall average increase in tuition/fees more than doubled at 13.79%. In an effort to provide students/families with a more predictable college education cost and moderate the rising costs of a college education, WIU began a 4-year tuition, student fees, and room/board (all-costs) rate guarantee program in Fall 1999. Following the perceived success of this model, which is ascertained in this study, the State mandated that all public universities in Illinois offer a 4-year guarantee for tuition beginning Fall 2004.

*Keywords:* college tuition, controlling college costs, guaranteed tuition program

### The Problem

Toutkoushian (2001) noted the cost incurred by students attending both public and private U.S. colleges and universities increased at 2-3 times the rate of inflation during the 1980s. Harvey, Williams, Kirshstein, and Wellman (1998) likewise noted that tuition rates increased 400% between 1976 and 1996. Despite these increased costs, a college degree remains a wise investment. Lifetime earnings differentials of college graduates compared to high school graduates increased from 47% in 1963 to a stable 75% since 1990, with students having degrees in computers, engineering, and business experiencing even higher average earning differentials (Paulsen, 2001b). Yet, the public is understandably concerned about the rising cost of higher education. This is especially a concern as financial aid has turned largely to loan programs, with grants declining from 56% of aid in 1980 to only 40% in the mid-to-late 1990s (Paulsen, 2001b). As important as attaining a college degree is, its rising cost seems on the brink of excluding all but the wealthiest and brightest students, or requiring students to incur greater levels of financial debt.

### The Cause

Using empirical data combined with microeconomic theory, Paulsen (2001a) concluded that there are several factors behind college tuition increases that have exceeded the rate of inflation since 1980. These factors include: (a) decreased share of institutional revenue from state government appropriations, (b) increased administrative expenses, (c) increased student services, (d) increased instructional expenses, (e) increasing numbers of potential college-bound students, and (f) increased need for institutional-based financial aid. Of these factors, most seem to agree that the decrease in state funding has been the major cause of increased college tuition (Mumper, 2001; Pearson & Baldi, 1998; Winston, 1998). In 1974-75, society contributed 87% of the cost of a public 4-year college education, with students paying the remaining 13% in tuition expenses. Just 20 years later, society's contribution decreased to 80.7% (Paulsen, 2001b). The National Center for Education Statistics (1999) reported that 1980 state appropriations supplied 44% of public higher education institutional revenue. However, by the 1995-96 term, this

had fallen to 32.5%, forcing institutions to increase tuition to cover expenses. This direct link between decreased state support and higher tuition costs has resulted in less equitable opportunities to obtain a college education.

Declining state support of higher education does not ignore the public good of higher education that far exceeds the individual student benefit. For example, Leslie et al. (1992, as cited in Paulsen, 2001b) estimated

that each \$1 million of spending from a 4-year college budget generates \$1.8 million in business spending and 53 additional jobs in the community. Pencavel's 1993 study (as cited in Paulsen, 2001b), concluded that 14.6% of American economic growth between 1973 and 1984 was a direct result of investment in higher education. Paulsen's (2001b) own research found that each 1.0% increase in high school graduates who obtain

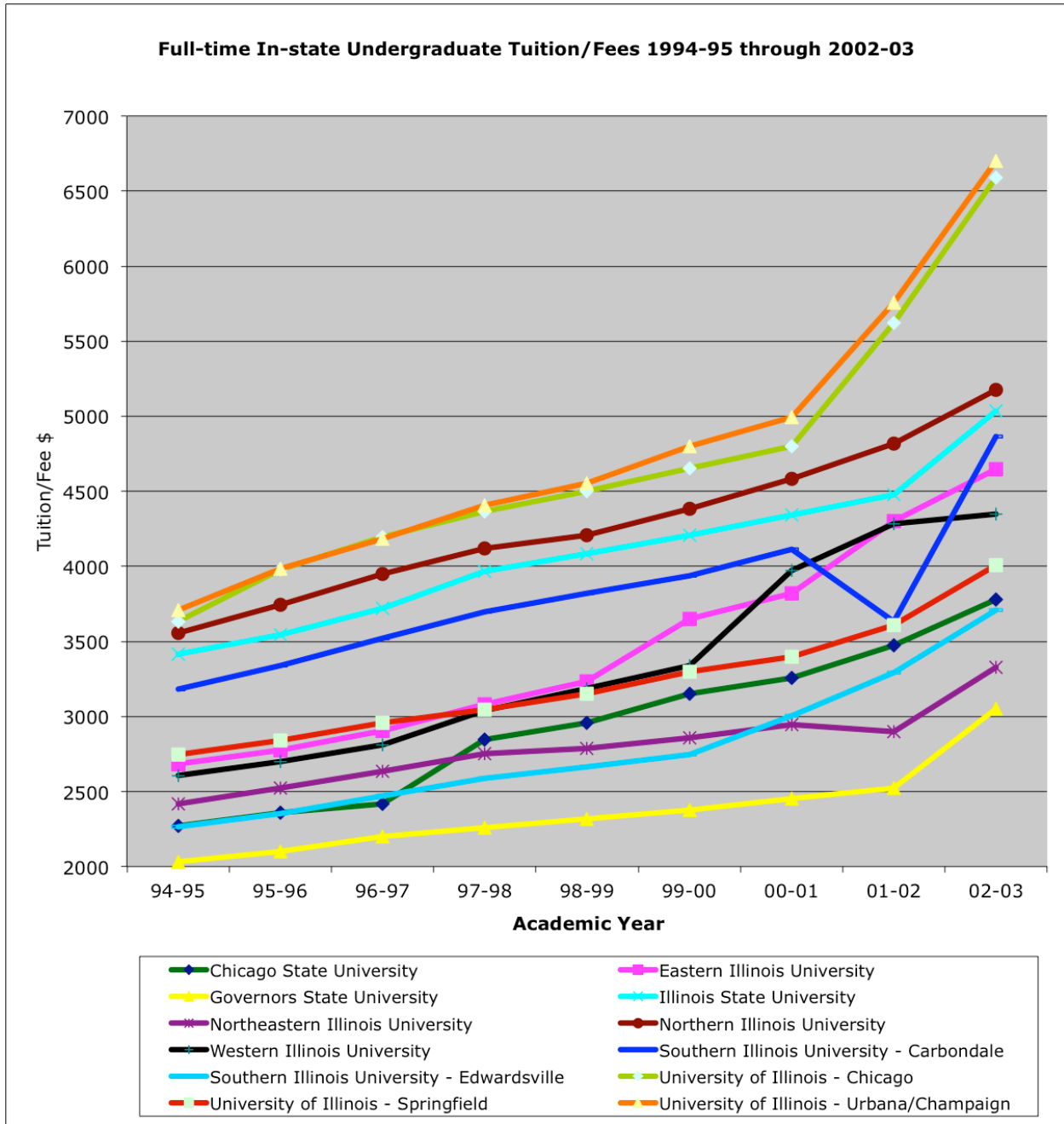


Figure 1. Tuition/Fees for full-time undergraduate students enrolled at each of the 12 public universities in Illinois from the 1994-95 through 2002-03 academic year (IBHE, 1995-2003).

college degrees contributes a 1.2% increase in the state's workforce productivity. Yet, the devolution of federal programs to state responsibility has placed states in a difficult fiscal position as they attempt to balance their budgets.

Since 1990 there were increases in all major state expenditure categories except higher education.... State policy makers were trapped between pressures to increase K-12 education, prisons, medical care, and welfare on one hand and pressures to hold down taxes and legal requirements to balance their state budgets on the other. Given these cross pressures, many policy makers felt as though higher education was the only place they could reduce spending. (Mumper, 2001, p. 329)

In fact, Mumper (2001) reports that between 1990 and 1995, state Medicaid expenditures increased 10% per year, expenditures for prisons increased 8.5% per year, K-12 expenditures increased 3.7% per year, and welfare and family support expenditures increased 1.6% per year, while state expenditures for higher education decreased 0.6% per year.

**Public University Tuition/Fees in Illinois**

Information provided by the Illinois Board of Higher Education (IBHE) in their annual reports of tuition and mandatory fee totals for full-time, in-state,

undergraduate students allow for comparisons at the 12 Illinois public universities (Illinois Board of Higher Education [IBHE], 1995-2003). As is apparent in Figure 1, for the most part each of the Illinois public universities exhibited fairly modest annual tuition/fee increases from 1994-95 to 2001-2002, but tuition/fees began a more rapid rise in 2002-03.

Table 1 provides a more detailed look at the relative size of these annual tuition/fee increases (IBHE, 1995-2003). While there were individual circumstances leading to some anomalies, the average rate of tuition/fee increase was very modest until 2002-03, with the annual increase in tuition/fees for all 12 public Illinois universities ranging from 3.27-6.10% between 1995-96 and 2001-02. However, for the 2002-2003 academic year, the average increase in tuition/fees more than doubled at 13.79%. Only four of the universities did not see double digit tuition/fee increases for the 2002-03 term, and only Western Illinois University (WIU) did not exceed the prior 6.10% threshold.

**A Western Illinois University Cost Guarantee Solution**

In Fall 1999, WIU debuted a unique and innovative cost guarantee program to simplify college expense budgeting and to help control the rising costs of higher education (Board of Trustees [BOT], 1998-1999). While this initially resulted in a higher than previous tuition/fee increase to provide amaturized 4-year tuition projections (IBHE, 1995-2003), each newly matriculating

Table 1  
*Annual Rate Change for Undergraduate Tuition/Fees 1995-95 through 2002-03*

University	Academic Year							
	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Chicago State University	3.79	2.72	17.60	3.90	6.56	3.30	6.73	8.78
Eastern Illinois University	3.46	4.61	5.96	5.00	12.96	4.57	12.65	8.07
Governors State University	3.25	4.77	2.73	2.66	2.59	3.20	2.93	20.90
Illinois State University	3.75	5.00	6.69	2.95	3.03	3.09	3.18	12.48
Northeastern Illinois University	4.39	4.40	4.48	1.34	2.47	3.08	-1.63	14.77
Northern Illinois University	5.34	5.42	4.41	2.13	4.13	4.54	5.06	7.48
Western Illinois University	3.64	4.00	8.08	4.87	4.77	19.06	7.78	1.61
Southern Illinois University Carbondale	4.90	5.51	4.88	3.44	3.01	4.52	-11.67	33.87
Southern Illinois University Edwardsville	3.89	4.93	4.78	3.02	2.96	9.58	9.44	12.70
University of Illinois Chicago	9.52	5.38	4.05	3.07	3.47	3.14	17.08	17.30
University of Illinois Springfield	3.42	4.12	3.01	3.45	4.76	2.88	6.36	11.02
University of Illinois Urbana/Champaign	7.50	4.99	5.28	3.36	5.45	4.00	15.22	16.51
Average	4.74	4.65	6.00	3.27	4.68	5.41	6.10	13.79

*Note.* Percentage tuition/fee increases for full-time undergraduates at each of the 12 public universities in Illinois from the 1995-96 academic year through the 2002-03 academic year (IBHE, 1995-2003).

WIU student was guaranteed no increase in tuition, fees, or room/board for the 4-year duration of their degree program, an all-costs guarantee (BOT, 1998-1999). Majors that required longer to complete, such as teacher education programs, had their cost guarantee extended to the normal length of their program. Billed as a one-of-a-kind program, it immediately attracted considerable student and family interest. A 2001 survey of new freshmen and their parents, with nearly 700 responding for a 34% response rate, found that 99.7% of respondents felt that WIU should continue to offer the all-costs (tuition, fee, and room/board) guarantee (North, 2002). Under the WIU all-costs guarantee program (BOT, 1998-1999), no longer are students met with yearly tuition, fee, and room/board increases as the institution tries to balance their declining state revenues with greater student-generated revenue. Rather, once students enroll, they know what the total cost of their degree program will be, making budgeting for college expenses a much easier proposition for students and their families (BOT, 1998-1999; North, 2002).

WIU's all-costs guarantee (BOT, 1998-1999) also attracted considerable attention from the state legislature which had taken notice of the public's concern about the rising cost of higher education. On July 22, 2003, Illinois Governor Rod Blagojevich signed Public Act 93-0228 into law, legislating a 4-year tuition guarantee for all new students entering Illinois public colleges and universities beginning with the Fall 2004 academic term. This new legislation did not, however, follow WIU's all-cost model that also prevented increases in fees and room/board during the student's normal degree completion timeframe (BOT, 1998-1999). Rather, Public Act 93-0228 limited only tuition increases, failing to protect students from increases in fees and room and board.

Sec. 25. Limitation on tuition increase.

This Section applies only to those students who first enroll after the 2003-2004 academic year. For 4 continuous academic years following initial enrollment (or for undergraduate programs that require more than 4 years to complete, for the normal time to complete the program, as determined by the University), the tuition charged an undergraduate student who is an Illinois resident shall not exceed the amount that the student was charged at the time he or she first enrolled in the University. However, if the student changes majors during this time period, the tuition charged the student shall equal the amount the student would have been charged had he or she been admitted to the changed major

when he or she first enrolled. (Illinois Public Act 93-0228, Illinois General Assembly, § 25, 2003)

**Has the Western Illinois University Cost Guarantee Worked?**

Given the preceding average tuition/fee rates and the annual increases at each of the 12 public universities in Illinois as shown in Figure 1 and Table 1 (IBHE, 1995-2003), attention can now turn to the special case of WIU to determine whether their unique all-costs guarantee has helped to moderate rate increases, or if the benefit resides solely in the opportunity it affords students and their families to determine the cost of a college degree at the outset of a student's initial enrollment. Historical data for this analysis were obtained directly from information provided by WIU in the 1994-1995 Board of Governors report and subsequent 1995-2004 Board of Trustee reports (institutional oversight changed from a statewide Board of Governors to a campus level Board of Trustees in 1995-96). Numbers may differ somewhat from those presented earlier that were based on IBHE information (1995-2003) because IBHE standardizes to full-time enrollment status to provide better cross-university comparison.

Prior to the Fall 1999 semester, all WIU students were subject to annual increases in tuition, fees, and room/board (BOT, 1998-1999). Consequently, a student's sophomore year expenses were higher than they had been their freshmen year, and so on. Beginning with new students who enrolled Fall 1999 or later, all costs (tuition, fees, and room/board) were guaranteed to remain constant during the conventional 4-year degree completion timeframe. Each year, annual tuition, fee, and room/board increases affected only new students, i.e., new freshmen or transfers, or those who had not finished their degree program in the 4-year normative degree time limit. Thus, by the time of the guarantee's full effect in the fourth year of the program, any published tuition, fee, and room/board rates would affect only about 30% of students, i.e., the new incoming class (BOT, 1998-1999). Figure 2 helps ascertain the effect these guaranteed rates had on annual increases.

As shown in Figure 2, when WIU moved to an all-costs rate guarantee beginning Fall 1999, there was not an increase in the rate at which either fees or room/board rates increased, with both continuing their same rate of growth. However, while tuition increases ranged from 3.47-3.88% between Fall 1994 and Fall 1997 and held steady in Fall 1998, the first year of the rate guarantee in Fall 1999 saw a major increase of 28.82% as the University adapted to realigned budgeting scenarios (Board of Governors [BOG], 1994; BOT, 1995-1999). However, the tuition increase for new students in Fall 2000 was back to 3.02% (BOT, 2000).

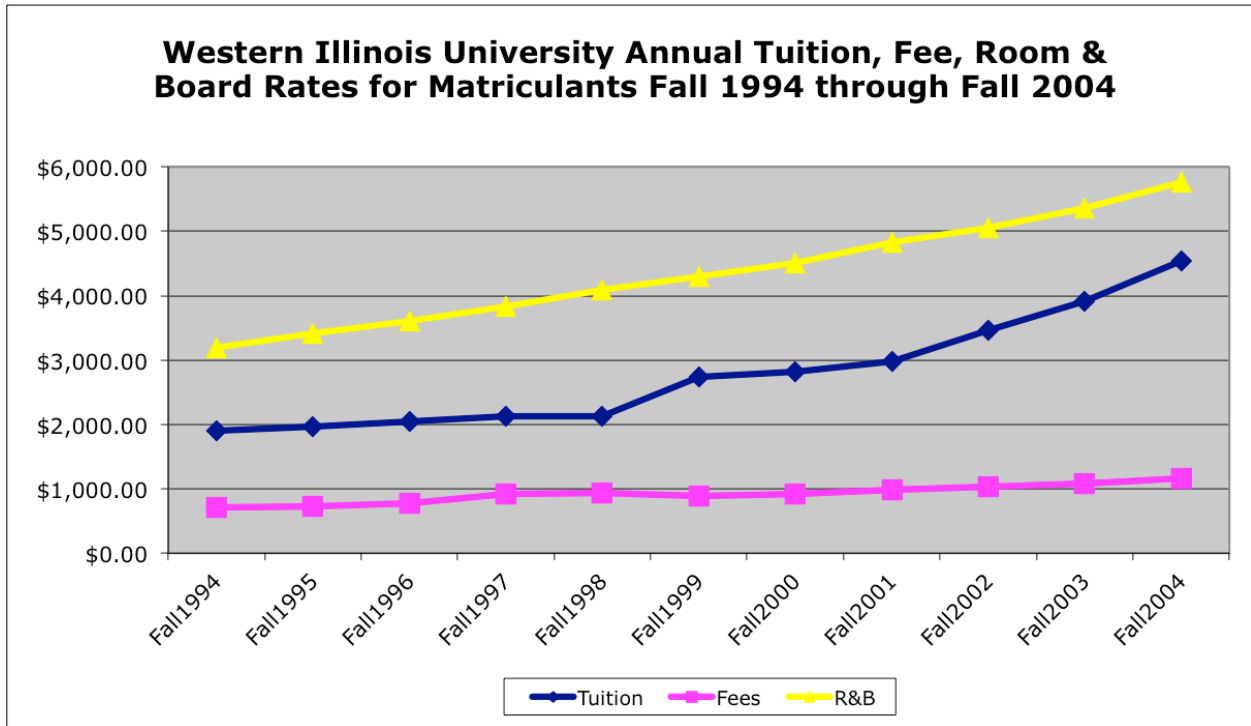


Figure 2. WIU tuition, fee, and room/board rates for the academic terms beginning Fall 1994 through Fall 2004 (BOG, 1994; BOT, 1995-2004).

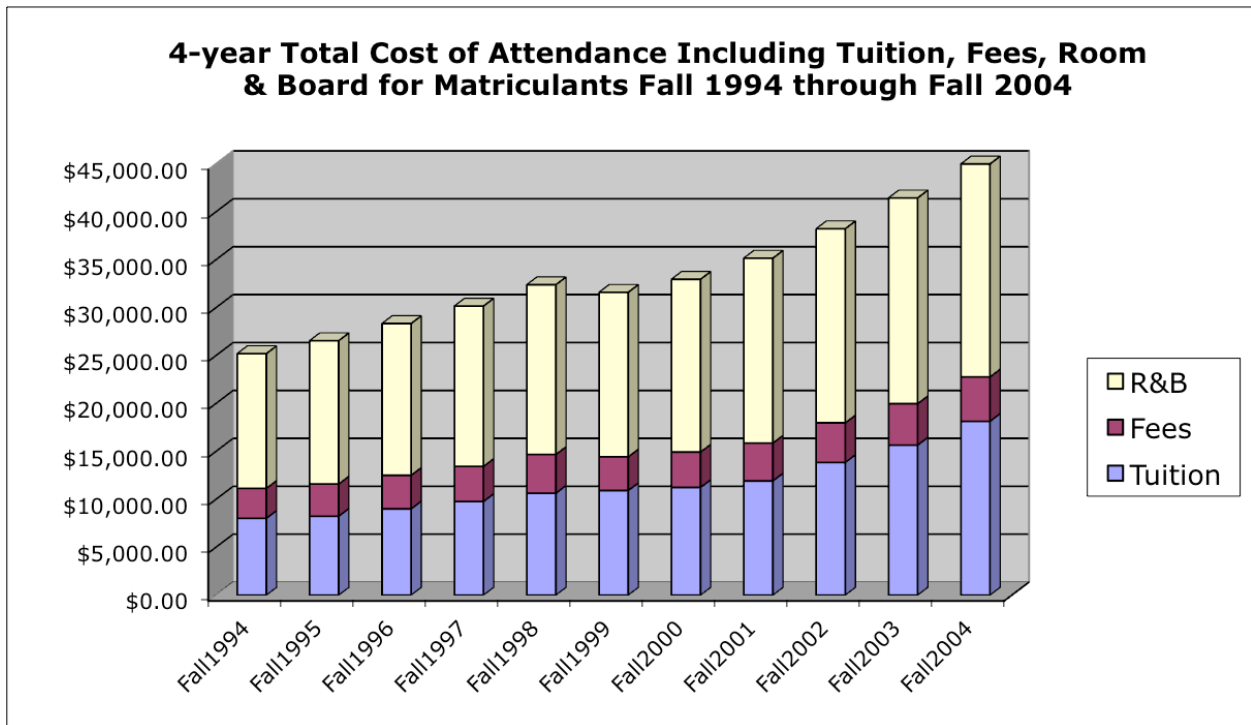


Figure 3. Cost of a 4-year degree at WIU, including tuition, fees, and room/board for students who began their degree in Fall 1994 through Fall 2004 (BOG, 1994; BOT, 1995-2004).

Unfortunately, Fall 2001 tuition rates coincided with the beginning of the statewide and national economic downturn, resulting in an emergency 6.03% increase compared to Fall 2000 rates (BOT, 2001). As the situation continued to affect the economy, WIU's share of state appropriations also began to decrease. Based on information reported by the IBHE (1995-2003), WIU's funding declined \$320,800, or 0.34%, for the 2002-03 academic year while total state public higher education appropriations increased almost \$3.2 billion, or 1.52%. For 2003-04, the total state appropriation to public higher education declined by more than \$4.1 billion or 1.97%, thus falling below the 2001-02 level (IBHE, 2002). WIU's loss was even greater, totaling almost \$3 million, or 3.14% (IBHE, 2002). Consequently, WIU began to see double digit tuition increases beginning with the 2002-03 academic term, as can be intuited from Figure 2. Fall 2002 tuition rates increased 16.20% over those in Fall 2001, Fall 2003 tuition rates increased 12.99%, and Fall 2004 tuition rates increased 15.90% (BOT, 2002-2004). However, one should keep in mind that these rate increases affected only new WIU students, because students were guaranteed their tuition, fee, and room/board rates at the time of their enrollment.

A major benefit of WIU's all-costs rate guarantee for tuition, fees, and room/board is that students and their families are assured of the total cost of their 4-year degree when they first enroll. Consequently, it is

perhaps most telling to look at what the cost of a degree program was for students who enrolled as freshmen from Fall 1994 to Fall 2004, as is shown in Figure 3.

Figure 3 shows that except for the beneficial decrease for the first class of students who entered under the initial year of the all-costs rate guarantee program in Fall 1999, the total cost of a degree program grew each year. However, the percentage increases approximated those prior to the rate guarantee program until Fall 2002 (BOG, 1994; BOT, 1995-2002). There were double digit tuition increases for the 2002-2003 and 2003-2004 academic terms, an aspect that resulted from the significant decreases in state appropriations mentioned above. This decline in state funding for public higher education in Illinois led to a more rapid increase in the total cost of obtaining a degree for those who began their program in Fall 2002 and after (BOT, 2002-2004).

As can be seen in Figure 4, using Fall 1994 as the initial base, WIU 4-year degree completion total costs, including tuition, fees, and room/board, increased between 5.36% and 7.39% for each year's new matriculants from Fall 1995 to Fall 1998 (BOG, 1994; BOT, 1995-1998). The inaugural class of the all costs guarantee program in Fall 1999 actually saw total degree completion costs decrease 2.44% (BOT, 1999). For new matriculants between Fall 2000 and Fall 2003, the 4-year degree completion total costs did continue to increase, but these increases of 4.31-8.73% were comparable to those

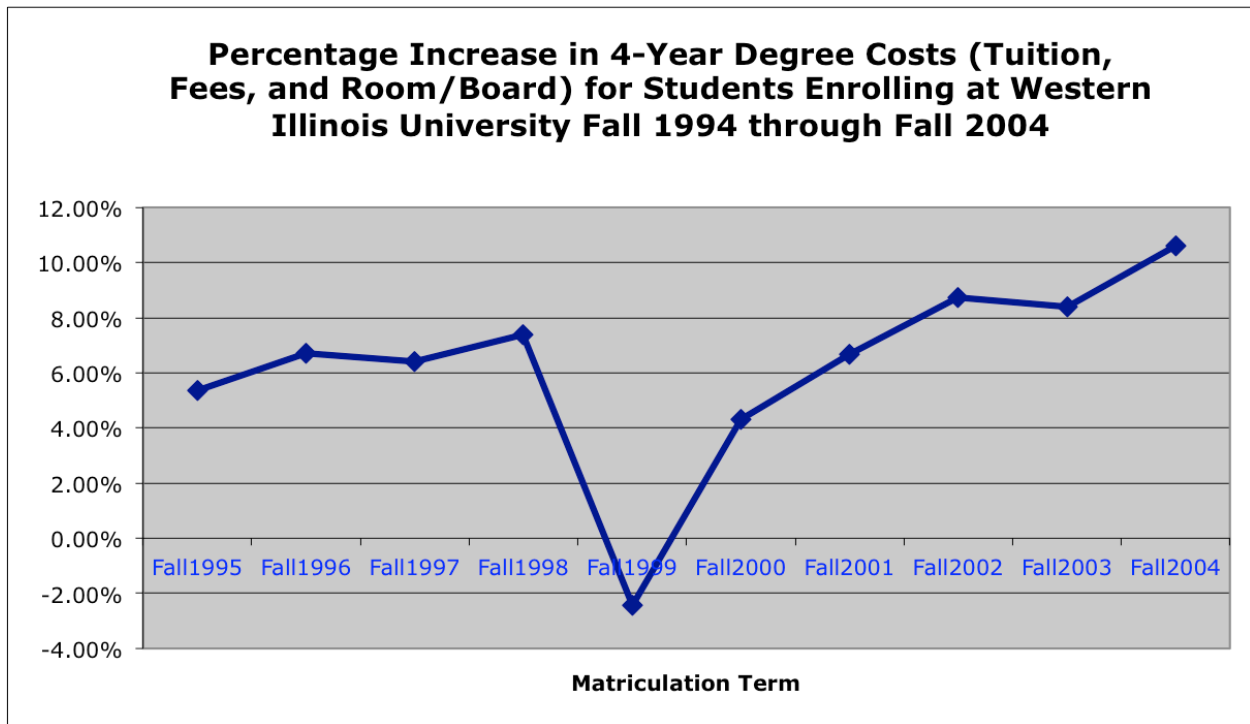


Figure 4. Percentage increase in the total cost of a 4-year degree for WIU students beginning their degree programs from Fall 1994 through Fall 2004 (BOG, 1994; BOT, 1995-2004).

seen prior to WIU's implementation of their all-costs rate guarantee program (BOT, 2000-2003). Only the incoming class in Fall 2004 saw a double digit increase of 10.61% in the combined tuition, fees, and room/board costs of their degree program (BOT, 2004).

### **The Future in Illinois**

WIU's all-costs 4-year tuition, fees, and room/board rate guarantee program has not only simplified student and family financial budgeting for degree completion, it has also helped to moderate degree completion increased costs. However, the ultimate effect of Public Act 93-0228 (2003) in legislating a 4-year tuition guarantee for all new students entering all Illinois public colleges and universities beginning with the Fall 2004 academic term remains to be seen. While officials at these newly affected institutions are notably concerned about having to accept a 4-year risk when establishing the fixed tuition rate new students will pay throughout their degree program, perhaps the greater risk is placed on the student. Although tuition rates are guaranteed at these other institutions as per Public Act 93-0228 (2003), there is no state mandate to control student fee and room/board rates. Thus, these other institutions can generate greater revenue while still observing the guidelines of Public Act 93-0228, by simply increasing student fees or room/board rates. If this happens, not only will the students and their families suffer, but the very intent of the Act in terms of moderating the increasing costs of higher education will have been blatantly disregarded. Certainly this issue and its ramifications deserve continued study by the IBHE and other interested parties.

### **References**

- Board of Governors. (1994). Meetings minutes. Springfield, IL: Illinois Board of Higher Education.
- Board of Trustees. (1995). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (1996). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (1997). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (1998). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (1999). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (2000). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (2001). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (2002). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (2003). Meetings minutes. Macomb, IL: Western Illinois University.
- Board of Trustees. (2004, March 5). Meeting agenda. Macomb, IL: Western Illinois University.
- Harvey, J., Williams, R. M., Kirshstein, R. J., & Wellman, J. V. (1998). Straight talk about college costs and prices. Washington, DC: National Commission on the Cost of Higher Education.
- Illinois Board of Higher Education. (1995). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (1996). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (1997). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (1998). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (1999). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (2000). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (2001). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (2002). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Board of Higher Education. (2003). Data book on Illinois higher education. Springfield, IL: Author.
- Illinois Public Act 93-0228, Illinois General Assembly, § 25. (2003).
- Mumper, M. (2001). State efforts to keep public colleges affordable in the face of fiscal stress. In M. B. Paulsen & J. C. Smart (Eds.), *The finance of higher education: Theory, research, policy and practice* (pp. 321-354). New York, NY: Agathon Press.
- National Center for Education Statistics. (1999). *Digest of education statistics*. Washington, DC: U.S. Department of Education.
- North, T. L. (2008, November). Major findings from the cost guarantee study. Paper presented and the Western Illinois University Board of Trustees meeting, Macomb, IL.
- Paulsen, M. B. (2001a). Economic perspectives on rising college tuition. In M. B. Paulsen & J. C. Smart (Eds.), *The finance of higher education: Theory, research, policy and practice* (pp. 183-254). New York, NY: Agathon Press.
- Paulsen, M. B. (2001b). The economics of the public sector. In M. B. Paulsen & J. C. Smart (Eds.), *The finance of higher education: Theory,*

- research, policy and practice (pp. 85-122). New York, NY: Agathon Press.
- Pearson R. J., & Baldi, S. (1998). Student aid and tuition: Toward a causal analysis. In J. Harvey, R. M. Williams, R. J. Kirshstein, & J. V. Wellman (Eds.), *Straight talk about college costs and prices* (pp. 93-101). Washington, DC: National Commission on the Cost of Higher Education.
- Touthoushian, R. K. (2001). Trends in revenues and expenditures for public and private universities. In M. B. Paulsen & J. C. Smart (Eds.), *The finance of higher education: Theory, Research, Policy and Practice* (1-28). New York, NY: Agathon Press.
- Winston, G. C. (1998). College costs: Subsidies, intuition, and policy. In J. Harvey, R. M. Williams, R. J. Kirshstein, & J. V. Wellman (Eds.), *Straight talk about college costs and prices* (pp. 117-127). Washington, DC: National Commission on the Cost of Higher Education.



**Article Citation**

North, T. L. (2013). Rising college costs and an Illinois effort to control them: A preliminary review. *Current Issues in Education*, 16(1). Retrieved from <http://cie.asu.edu/ojs/index.php/cieatasu/article/view/1102>

**Author Notes**

Teresa Lynn North, PhD  
University of Phoenix, School of Advanced Studies  
1713 W. Adams Rd.  
Macomb, IL 61455  
[teren1956@gmail.com](mailto:teren1956@gmail.com)

Dr. North earned a PhD in Nutrition from the University of California – Davis in 1984 and a PhD in Higher Education Leadership from Capella University in 2007. From 1984-2012, Dr. North served as a faculty member and later assessment coordinator at Western Illinois University where this research was conducted. Now an adjunct online doctoral faculty member for University of Phoenix, Dr. North is able to make the results of previous work at Western Illinois University public and will continue to review efforts in Illinois to rein in the escalating costs of public higher education.



**Current Issues in Education**

Mary Lou Fulton Teachers College • Arizona State University  
PO Box 37100, Phoenix, AZ 85069, USA

Manuscript received: 10/12/2012  
Revisions received: 12/27/2012  
Accepted: 12/29/2012



# Current Issues in Education

Mary Lou Fulton Teachers College • Arizona State University  
PO Box 37100, Phoenix, AZ 85069, USA

---

Volume 16, Number 1

January 26, 2013

ISSN 1099-839X

---

Authors hold the copyright to articles published in *Current Issues in Education*. Requests to reprint *CIE* articles in other journals should be addressed to the author. Reprints should credit *CIE* as the original publisher and include the URL of the *CIE* publication. Permission is hereby granted to copy any article, provided *CIE* is credited and copies are not sold.

---



## Editorial Team

### Executive Editors

**Melinda A. Hollis**  
**Rory Schmitt**

### Assistant Executive Editors

**Laura Busby**  
**Elizabeth Reyes**

### Layout Editors

**Bonnie Mazza**  
**Elizabeth Reyes**

### Recruitment Editor

**Hillary Andrelchik**

### Copy Editors/Proofreaders

**Lucinda Watson**

### Authentications Editor

**Lisa Lacy**

### Technical Consultant

**Andrew J. Thomas**

### Section Editors

**Hillary Andrelchik**  
**Michelle Crowley**  
**Ayfer Gokalp**  
**Darlene Michelle Gonzales**

**Courtney Hart**  
**David Isaac Hernandez-Saca**  
**Sultan Kilinc**  
**Yoonsu Kim**

**Linda S. Krecker**  
**Carol Masser**  
**Bonnie Mazza**  
**Constantin Schreiber**

### Faculty Advisors

**Dr. Gustavo E. Fischman**  
**Dr. Jeanne M. Powers**

---