Tuition policy is interrelated with many issues addressed by state higher education executive officers (SHEEOs), including quality, access, choice, and funding. The central policy issue is how to set tuition levels in amounts and in a manner that support the state's substantive higher education policies, explicit or implicit. Tuition and financial aid are mutually supporting policies, not ends in themselves. Recent national surveys have provided information on related policies and practices. Tuition policies appear to belong to two general models, revenue-based and formula-driven. A variety of approaches to financial aid were found, with only 27 states indicating some form of policy. Links between student aid and tuition policies do not appear to be strong. Examination of states' relative tuition levels as they relate to student aid policies provides insights into the two tuition policy models. Policies appear to have changed in recent years due to reduced state revenues available to higher education. While each state's higher education funding system reflects its unique environment, state higher education agencies can apply similar tests to see if existing tuition and financial aid policies meet the state's needs and other policy objectives, and can begin to refine the connection. Selected questions from Part I of the SHEEO Survey on Tuition, Policy, Costs and Student Aid are appended. Contains 15 references. (MSE)
TUITION AND STUDENT AID POLICIES:
WHAT ROLE FOR SHEEOS?

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June 1988

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FOREWORD

The paper which follows was commissioned by the SHEEO Committee on College Costs, chaired by Gordon K. Davies, Director of the State Council of Higher Education for Virginia.

The committee, created by 1987-88 SHEEO President Kerry Romesburg, responded to the heightened public concern about the rising cost (or price, more precisely) of a college education. The committee set as its task to confront three important public policy questions facing the states: What factors affect the price paid by students for a college education? What factors affect the total cost of higher education, especially that portion borne by state taxpayers? And finally, how can states help insure that parents and students are able to pay the cost of going to college?

In addition to the paper on tuition and student aid policy by Denis Curry, the committee sponsored three other related activities: a 50-state survey of state finance and executive officers on tuition, student aid and cost issues; a paper by Paul Brinkman, "The Cost of Providing Higher Education: A Conceptual Overview," and a monograph by John Wittstruck and Steve Bragg, "Trends in Public Higher Education: Tuition and State Support." All three are available from the SHEEO Office. The summary committee report will be available in August 1988.

I welcome your comments and reactions to these papers and reports.

James R. Mingle
Executive Director
State Higher Education Executive Officers
STATE TUITION AND STUDENT AID POLICIES:
WHAT ROLE FOR SHEEOs?

State Higher Education Executive Officers (SHEEOs) are at the center of decision making on issues concerning the future of higher education in their states. Whether in a coordinating or governing role, the higher education agency is called upon to address the issues of quality, access, economic development, accountability, value, funding levels and price. Perhaps of greatest importance is the perspective the SHEEO agency brings to bear on the interaction of these issues. Tuition policy is linked to student financial aid policy and both are intrinsically linked with the issues of quality, access and funding. In addition, tuition is an emotional issue to students, parents and many legislators.

One of the hallmarks of SHEEO agencies has been the development of rational policies as the basis for long-range planning and development of higher education in their state. At the same time, every State Higher Education Executive Officer operates within a political environment that is unique to each state and the recommended courses of action and policies (particularly the latter) require political acceptance. Therefore, the traditions and the environment of each state play a major role in shaping the policies. This fact should be kept in mind as we discuss the various tuition and financial aid policies and models which have evolved in the United States.

Why Tuition?

It is no longer a question of whether publicly-supported higher education will charge tuition, but how much that tuition will be for which type of student. (The term "tuition" as used here means any required general fee providing direct or indirect support for the operation of the institution.) With the establishment of a $50 per semester fee for the California Community Colleges in the early 1980s, the last major "free" system moved
into the mixed funding environment. The question of why tuition has become the rule in public higher education has a direct bearing on the complexity of the policy issue.

The existence of tuition in public higher education is due to a combination of factors. Most important may be the mixed system of higher education in the United States with a large private sector. Prior to World War II, enrollments were approximately the same in public and independent colleges and universities and the major source of support for the latter institutions is tuition. Although state governments have made substantial commitments to extend the availability of public higher education, the mixed funding model continued even in a period of rapid growth in state appropriations. As Millett (1984) notes, state government support of public higher education increased from $445 million in 1950 to $18 billion in 1980. After adjusting for inflation, the growth in financial support was one and one-half times greater than the growth in enrollment.

Although the "Truman Commission" called for free tuition through grade 14 in 1947, the trend has been to extend tuition to all segments of postsecondary education. Governors and legislators have not been convinced that higher education should be considered a free public service. In addition, while state (and often local) taxes are the major source of funding for public higher education, tuition is an important balancing factor. Commitments made in times of plenty may not be sustainable in periods of reduced revenue. Tuition has therefore become a practical necessity in higher education funding.

The relevant policy issue then is how to set tuition levels in amounts and in a manner which support the substantive higher education policies of the state, whether explicit or implicit.
State Student Financial Aid Programs: A Pattern of Growth

Aside from a handful of state scholarship programs predating World War II, state entry into the field of student financial aid did not begin until the mid-1950s. California enacted its first major grant program in 1956 while Massachusetts and Illinois followed with major need-based programs in the next two years (Davis, 1988). The majority of states enacted some form of need-based grants in the 1960s and early '70s. However, it took congressional enactment and funding of the State Student Incentive Grant program in 1974 to encourage the remaining 20 states to enact programs.

State activity in the field of student financial aid is considerably less than the federal government's. Congress made a strategic decision in 1970 to direct assistance to students in the Higher Education Amendments of 1972 by enacting the Basic Educational Opportunity Grant program (subsequently renamed the Pell Grants). Between 1970-71 and 1980-81, federal assistance to students rose from $3.295 billion to $14.408 billion, an increase of 337% or a constant dollar growth of 200%. In the same period, state grant programs more than doubled in size, from $236 million to $801 million or a constant dollar growth of 55% (Gillespie and Carlson, 1983).

Although still a "junior partner" in the field, state grant programs have outstripped federal programs since 1980-81 growing to $1.5 billion in 1986-87, an increase of 88% (or 47% in constant dollars). Federal aid has grown only eight percent (to $15.3 billion) and has actually decreased in constant dollar terms (Lewis and Merisotis, 1987).

While recent years have seen substantial aggregate growth in state financial aid programs, the pattern of state activity is extremely diverse. As Davis (1988) points out, the 13 states* which award the most dollars, at least $20 million annually, consistently

*New York, Illinois, California, Pennsylvania, New Jersey, Michigan, Massachusetts, Minnesota, Ohio, Indiana, Iowa, Wisconsin and Texas
award about 85% of the total dollars. Three of those states (Indiana, Michigan and Minnesota) more than doubled their award dollars since 1982-83 and Massachusetts almost quadrupled, growing from $16.6 million in 1982-83 to an expected $61.6 million in 1987-88. Four of the eight states in the group appropriating more than $10 million (Tennessee, Washington, Kentucky and Connecticut) increased grant awards by over 90%. In contrast, the composite five-year growth was only 27.6% in the 29 states with small programs, compared to the 50% increase in appropriations in the 21 states with larger programs. It is clear that in over half the states, financial aid from state sources is not a major consideration in the pricing of public higher education.

The Interrelationship of the Issues

In considering pricing policy, particularly with respect to tuitions, it is important to keep in mind that there are several major policies which are directly related to, or are affected by, the decisions made. These include:

- **Access Policy** — How available should higher education be and to whom, e.g., residents, nonresidents, wealthy, poor, etc.?

- "Choice" Policy — To what extent should student choice among types of public institutions and between public and independent institutions be encouraged? A related policy question is the role of independent higher education in the state.

- Enhancement of Quality — What effect, if any, will tuition levels have on efforts to improve the quality of the instruction and research programs or to enhance the institution's or system's role in economic development? Also, will investments to improve institutional performance cause unintended changes in tuition levels?
Financial Support Policy — What role does tuition play in providing the resources needed to operate the institutions at appropriate levels, avoid deferred maintenance, establish reserves for capital expansion, etc.? A related aspect is the use of tuition to offset losses in state support.

Financial Aid Policy — How can financial aid assist in meeting access and/or choice objectives and possibly mitigate any unintended effects of tuition adjustments?

Ideally, a tuition policy will explore the ramifications of alternatives on the first four substantive policy concerns and related issues. Both tuition and financial aid are "supporting" policies and are not ends in themselves. In view of the difficulties often encountered in establishing tuition and aid policies, it is easy to lose sight of the fact that they exist to serve more basic higher education objectives. In the sections which follow, we will review some of the typical approaches to setting tuition and their relation to student aid and other policy objectives.

Current Issues and Practices

In early 1987, Secretary of Education William Bennett used his "bully pulpit" to castigate American higher education for higher than average tuition increases in the 1980s and charged that the increases were fueled by greed and federal student aid (New York Times, 1987). The Secretary's charges prompted an extensive debate on college costs and tuition levels which still continues. These concerns prompted the State Higher Education Executive Officers to establish a Committee on College Costs.

The work of the committee was directed toward gaining a better understanding of the following questions: (1) What factors drive the price of public higher education; (2) what
drives the costs; and (3) how can states help students pay for college? To assist in the study of these issues, a survey was prepared and sent to each state for completion by the chief executive officer (the opinion section) and the finance officer (the questions on tuition, financial aid and budgeting processes) (SHEEO, 1988). The completed surveys provide an up-to-date view of current issues and practices in these areas. In an unrelated although timely effort, the Washington Higher Education Coordinating Board surveyed the states in February 1988 to determine the extent that formula-driven student financial aid models were used to determine state appropriations. The results of that survey provided additional information on the financial aid questions.

**Tuition Policy**

In the area of tuition policy, the survey results indicate that two models predominate: The "Revenue Model" and the "Formula Model." As is often the case, the distinctions between the two are not always clear cut. For example, a state may use an informal approach containing the elements of a formula model and yet retain the flexibility to adjust tuition to respond to revenue needs without a stated change in official policy. For purposes of this discussion, a Formula Model is considered to be an approach where statutes, rules or budget procedures predict or set tuition rates or assumed revenues from tuition. A state is categorized as using a Formula Model if it has reported the existence of formal bench-marking criteria which determine either tuition rates or revenue expectations.

Of the 48 states responding to the SHEEO survey, 32 appear to fall in the Revenue Model category. Marks (1987) describes this approach as one in which tuition is set in the historical pattern — to generate all or most of the difference between what the institutions believed they needed and what state government appropriated.*

*This categorization is based on Respondents answers to questions 4, 5 and 7 of the SHEEO survey.
The geographic distribution of the 32 states encompasses all regions of the country and all ranges of tuition levels are included, including the states with the highest and lowest rates. There is, however, a definite indication that "low tuition" states are more inclined to use the Revenue Model approach with 80% of these states included in this category.

The tuition setting practices of the remaining 16 states can be categorized as falling within the Formula Model.* Aside from Kentucky's formal benchmarking to per capita personal income and peer comparisons, all of these states relate tuition (or tuition revenue expectations) to higher education expenditures or appropriations. The variations range from Ohio's statewide formula budget revenue assumption, which can be exceeded or reduced by the institution, to Washington's statutory system basing tuition rates on percentages of experienced costs.

Virginia is a state with one of the oldest formula-based systems. In 1976, the Virginia legislature created a policy that related tuition and fee revenue to percentages of adjusted Educational and General revenue. By 1982, all four-year institutions were phased to 30% and community colleges to 21%. In response to revenue problems and concerns about imbalances in nonresident enrollments, the policy was modified to apply different percentages of cost to different student categories. In 1985 the policy was modified to adjust the non-resident percentages. Although the policy has been modified and adjusted to meet revenue needs, the basic framework has continued.

Minnesota more recently moved to a formula system in 1984. As in Virginia, expected tuition revenue is established as percentages of "fully allocated instructional costs."

*Included in this group are the 12 states responding to Question 4 Part A and B (see appendix). Kentucky, Missouri, Ohio and South Carolina are included in this category based on responses to other questions.
Minnesota is particularly noteworthy in that it also established a formal system for calculating student financial aid which considers the effect of tuition adjustments and outlines a specific formula for state and student responsibility.

The survey results indicate no particular effect on policy based on where receipts are deposited (about 30% of the states deposit funds in the state treasury in both model categories) or based on which body sets the fees (Questions 3 and 1, Part I). As might be expected, there is more legislative oversight of fee levels in the Formula states since many of the formulas were established by or at the direction of the legislatures.

Overall, the distribution of the states among the two categories appears to be similar to the total reported by Viehland, Krauth and Kaufman in 1980 but are somewhat higher in the Revenue Model category than indicated in other studies reported by Wittstruck and Bragg (1988). One reason is that three of the states (Colorado, Oregon and Oklahoma) which previously calculated tuition as a percentage of per student cost moved to a Revenue Model approach in the 1980s. In the same period, however, California and Connecticut joined the ranks of the formula states. Another reason may be definitional. Oklahoma dropped the percentage of cost approach but is reported by Marks to be indexing to peer groups. In addition, two of the SREB states reported by Marks as using formulas (Arkansas and Louisiana) indicate the approaches he reported were dropped or never fully implemented. Another factor, as noted earlier, is that a state may use informal guidelines in lieu of a formal model. Utah is an example of a state which may move to a formula approach by adopting existing guidelines used to set tuition. Hawaii's policy on the use of peer states could also be considered to be a formula if it were more directive.
**Financial Aid Policies**

In the area of student financial aid formulas, the Washington Higher Education Coordinating Board reported that only one state (New York) funded its programs on the basis of a statutory population-driven entitlement (Ort, 1988).

Seven states (South Carolina, Minnesota, North Dakota, Missouri, Ohio, Connecticut and Arizona) are reported to employ or be considering a formula approach. Of these states, only three (Minnesota, Connecticut and South Carolina) are actually using a system which appears to be regularly accepted by their legislatures. In addition, the State of Washington has used a factor of 24% of net added tuition revenue to be appropriated for state student aid as a criterion accepted by their legislature.

Minnesota assumes that, for a needy student, the first 40% of the cost of attending a public or private college or university is a student or family responsibility. This responsibility may be met through savings, work or loans. The state then projects student eligibility for a Pell Grant and assumes the remaining need (up to established upper tuition limits) as a state responsibility. South Carolina funds aid for private college students at six percent of total appropriations for higher education. It bases its funding for students attending public schools as a percentage of peer state effort.

Connecticut funds student aid for public institution students as a percentage of public tuition revenues collected which is matched by an equal appropriation (most recently a total amount equal to 26% of tuition collections). Private college students are funded at an amount equal to a percentage of the average student subsidy at four-year public institutions. During 1986-87, this value was fixed at 12%. The aid agency then multiplies the calculated subsidy value times the number of Connecticut residents attending private colleges (Ort, 1988).
The small number of formulas for state student aid should not be interpreted as meaning that states do not have financial aid policies. The SHEEO survey reports 27 states indicating some form of a policy. Typical might be the legislation passed by California in 1985 which established a process for annual adjustments in student fees at the University of California and the State University and which directed that the state "shall provide sufficient student aid to offset the additional fees charged students determined to have financial need." In addition, those states with substantial financial aid programs, e.g. Illinois, New Jersey, Pennsylvania, etc., have developed budgetary approaches which come close to being "formulas."

On the other hand, only 17 chief executive officers believe that financial aid policy in their state is closely linked with tuition and state appropriations policy (Question 4, Part II). These results indicate a basic difference between tuition and student financial aid policies in pricing public higher education. Tuition or tuition policy continues unless changed and requires no appropriation. Student financial aid must be appropriated annually or biennially and is therefore more subject to fluctuations. In addition, the survey results indicate that state student financial aid programs lack a strong policy base in most states.

"Low" vs. "High" Tuition

It is not the purpose of this paper to discuss the relative merits of the High Tuition/High Financial Aid policy or the Low Tuition/Low Aid approach (or even the Low Tuition/High Aid Option). The literature is replete with numerous studies, research and discussion of the various alternatives (see Wittstruck and Bragg, 1988). However, examining these approaches within the context of the Revenue and Formula Models may provide some insights into the elements of those models.
As it clearly revealed in the amounts reported by Johnson (1972-87) and discussed by Wittstruck and Bragg, the range of price in American higher education is extreme. Among major universities, the highest state (Vermont) charges state residents nearly four and one-half times more than the lowest (Wyoming). Among community colleges, the highest nine states charge over ten times as much as California (the lowest). There are also substantial variations in the case of nonresidents.

Although a state may charge relatively high rates for one type of institution and relatively low for another, it is impossible to classify states as "High," "Moderate" or "Low" tuition states. In examining these groupings within the context of the Revenue and the Formula Models, each classification was represented although, as noted earlier, there was a tendency of the low tuition states to use the Revenue Model approach. As noted above, two of these states, Wyoming and North Carolina indicated low tuition as a specific state policy objective.

Of the fourteen high tuition states, all but three (Delaware, New Hampshire and Virginia) had large state student financial aid programs and a large independent sector.* The states were proportionately divided between the Formula Model (5) and the Revenue Model (9). Among the 23 moderate and low tuition states using the Revenue Model, only New York had a large financial aid grant program and only that state and Utah had large proportions of independent college enrollments. By contrast, of the 11 Formula Model states charging moderate or low tuitions, only two (Arizona and Georgia) could be said to have small financial aid programs and only Arizona had a small independent sector.

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*New Hampshire, which has a proportionately large independent sector, has a relatively small state financial aid program.
From this it can be gathered that those states likely to be most interested in a formula approach to tuition policy have (or have the capability to create) substantial financial aid programs and are likely to have strong independent sectors. A recognized system for setting tuition, coupled with adequate student aid, may be a positive element in reducing tension between public and private higher education.

**What Drives Price?**

One of the key objectives of the Committee on College Costs has been to gain additional insights into the question of what drives price. The SHEEO survey (Question 7, Part I) asked if at any time in the past ten years had there been a significant change in the policy on which tuition is based and/or a significant change in the percentage of cost or state appropriations borne by students. Over two-thirds of the states responded affirmatively. In nearly all of these states, the primary reason was related to reductions in the amount of state revenues which would normally have been available to higher education.

Most significantly, this pattern is not restricted to the states with the Revenue Model. Several states with formulas reported increased cost sharing assumptions, either in their formula assumptions or in statutory policy. Although in-depth information is not available, it is likely that some of the states which adopted a cost-sharing approach in the early 1980s did so in part to enhance revenues. It is also likely that those states which dropped a formula approach did so to eliminate the linkage to declining appropriations and raise the added funds needed to operate programs.

As the data developed by Wittstruck and Bragg indicate, during the years of the late 1970s appropriations rose at a faster rate than tuition levels. In the early 1980s, however, the severe economic recession greatly reduced the ability of states to maintain
the level of appropriation increases. It was during this period, 1981 through 1983, that resident undergraduate tuitions rose at double-digit rates. This pattern is clearly indicated in the survey responses.

Howard Bowen (1981) has outlined his "revenue theory of cost" in which he states: "The basic concept underlying the revenue theory of cost is that an institution's educational cost per student unit is determined by the revenues available for educational purposes." This means that colleges will spend as much as they can raise. However, a major qualifying factor pointed out by Greenberg (1987) and Davies (1988) is that a variety of factors, including political considerations and state policies, whether implicit or explicit, control the final price in public institutions of higher education.

It is evident that a number of factors affect the price of public higher education. The large range in the rates are the result of the state's environment and the decisions it has made over many years, decisions dealing with the balance of public and independent higher education, the availability of financial aid, etc. Changes in tuition levels are in part driven by cost factors and in part by appropriation levels and the willingness of the political system to accept the tuition increases. But in all cases, the overall factor which has the greatest influence is the state's policy.

An Integrated Tuition/Financial Aid Policy

A topic of concern to the SHEEO Committee on College Costs is how states can help students pay for college. A simplistic approach would be to just appropriate more funds for existing programs and/or develop new aid or long-term savings programs. While these steps could be taken, the most productive way to approach the question is for a state to carefully examine its policies concerning tuition and student financial aid. As was noted earlier, 40% of the respondents to Part I of the survey indicated that their states had no
financial aid policy and over 60% of the executive officers felt that financial aid was not closely linked with tuition and appropriation policies.

As a recent study in Massachusetts (Board of Regents, 1988) points out, each year state policy makers make three important sets of decisions concerning operating appropriations, tuition and fees and student financial aid levels. The Massachusetts report notes that no policy mechanism currently exists in Massachusetts that links these three critical financing decisions in any formal or systematic way. The report then makes specific recommendations linking costs, tuitions and financial aid.

The Massachusetts study is indicative of a growing interest in addressing the interrelated issues of tuition and financial aid and their relation to the policy areas of access, choice, quality, accountability and economic development. The State of Washington is currently developing recommendations for tuition and student aid policies. Perhaps the most comprehensive recent effort to date to link the two was that of the Minnesota Higher Education Coordinating Board which led to the "Shared Responsibility" program now in effect in that state.

A careful examination of current policies and processes should involve an assessment of whether they serve the state's substantive policy goals or work at cross purposes. For example, a system which encouraged tuitions to rise in times of a revenue shortage and also cut aid to needy students would not be considered as supporting access for qualified low-income students. Another problem would occur with a "cost-sharing" system when a state wished to enrich programs (to enhance quality) without a tuition increase which might deter access. (Some "off-budget" solutions to this problem have been developed in Virginia.)
A major problem to address is how to make financial aid as certain as tuition. It is often said that price is known but financial aid is a guess. In order to effectively link tuition and student financial aid (regardless of the level of tuition being considered) it is essential that changes in rates are compensated for by increasing student aid funds to help low-income students pursue their education. In view of standard appropriation practices, this is not an easy task. However, solutions should be pursued within the context of a state's funding system. Advance funding of student aid, so that amounts are known at the time of application, is one possibility which deserves consideration.

In summary, while each state's higher education funding system is a product of its unique environment, it is possible for state higher education agencies to apply similar tests to see if existing tuition and financial aid policies are meeting the state's needs and other policy objectives. Once this is done, work can begin to initiate or refine tuition and student financial aid policies and programs to best serve the substantive policy objectives of the state.
QUESTION 1

Which of the following agencies has the legal responsibility for establishing tuition rates for public institutions in your state? (If the legal responsibility only implements the decision of another body, or a statutory formula, please indicate and explain. Check as appropriate.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Research Universities</th>
<th>State Coll &amp; Universities</th>
<th>Community Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional or system governing boards</td>
<td>42</td>
<td>42</td>
<td>39</td>
</tr>
<tr>
<td>State coordinating board</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(Connecticut, Oklahoma, Kentucky)</td>
<td>(Connecticut, Oklahoma, Kentucky)</td>
<td>(Connecticut, Oklahoma, Kentucky)</td>
</tr>
<tr>
<td>Legislature</td>
<td>4</td>
<td>4</td>
<td>4</td>
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<tr>
<td></td>
<td>(Texas, Washington, Nebraska, California)</td>
<td></td>
<td>(Texas, Washington, Nebraska, California)</td>
</tr>
<tr>
<td>Other (Specify)</td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Manitoba)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>49</td>
<td>49</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>(less S. Dak)</td>
<td>(less Wyoming)</td>
<td>(less NH and SD)</td>
</tr>
</tbody>
</table>

Question 3

Which of the statements below best describes the treatment of tuition revenue available for operations in the budget process? Please check one and note important exceptions.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Tuition and fee revenues are controlled and retained by institutional and system governing boards. Estimates of this revenue are used by the state budget office and/or the coordinating board in developing budget requests and recommendations.</td>
</tr>
<tr>
<td>B.</td>
<td>Tuition and fee revenues are controlled and retained by institutions, but estimates of revenue are not considered in developing requests or appropriations.</td>
</tr>
<tr>
<td>C.</td>
<td>Tuition and fee revenues are deposited in the state treasury. Institutions receive an appropriation from these &quot;special revenue funds&quot; in addition to their tax revenue appropriation.</td>
</tr>
</tbody>
</table>
Question 4

Which of the following statements best describes the tuition policy in your state? Please check one.

8 A. Expected tuition and fee revenue is established by statute or regulation as a specified percentage of instructional cost or general state appropriations.

Connecticut New Jersey
Florida Tennessee
Georgia Virginia
Minnesota Wisconsin

4 B. Tuition and fee rates are established by statute or regulations as a specified percentage of per-student costs or general state appropriations.

Arizona California
Illinois Washington

25 C. Tuition and fee rates are established by institutional or system governing boards and are viewed as the difference between institutional needs and state appropriations. Tuition rates are often established after receiving indications of the level of state support to be provided.

12 D. Tuition and fee rates are established by institutional or system governing boards with little or no explicit consideration of state appropriations. Rather, these rates are more a matter of competitive forces and what the market will bear.

4 E. Tuition and fee rates are set by the legislature or the coordinating board.

Note: Three states gave two responses each; two states gave no responses; hence 53 responses total. New Mexico indicated response "C" for four-year institutions, response "D" for two-year.
**Question 5**

Do the tuition-setting bodies in your state use any of the following factors formally or informally in setting tuition levels? Check all that apply.

1. Consumer price index
2. Higher education price index
3. Personal income
4. Levels at peer or competing institutions
5. Other

Which of the above is most important?

1. Levels at peer or competing institutions = 15
2. Level of the state appropriation = 12 (write-ins to "other" category)
3. Consumer price index = 3
4. Higher education price index = 2
5. Personal income = 0

**Question 7**

At any time in the past ten years has there been a significant change in the policy on which tuition is based, for example, an extraordinary change in tuition rates, and/or a significant change in the percentage of cost or state appropriations borne by students?

33 = Yes
14 = No
REFERENCES


