Tuition Cuts: The Political Dynamics of Higher Education Finance

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Increasingly, states are restricting tuition growth through political pressure and statewide governing and coordinating boards. During the 1990s, California, Virginia, and New York all cut or restrained tuition, and recently Michigan, Florida, Illinois, and New Jersey have restricted tuition growth either through legislation or intense gubernatorial pressure. This case study examines the most extensive use of tuition cuts nationally, in the state of Massachusetts from 1995 to 2001. This case reveals the causes and effects of tuition cuts as a policy measure, and also the political dynamics underlying public higher education finance in increasingly politicized environments.

Each year, the College Board's *Trends in College Pricing* reveals substantial increases in public college tuition and fees. In 2004, tuition and fees increased by an average of 10% in four-year public college and 9% for two-year colleges (College Board, 2004). Over the past ten years, in constant 2004 dollars, tuition and fees increased 52% at four-year colleges and 26% at two-year colleges. These are undoubtedly major issues for parents and students, although scholars debate the causes of these increases and whether college prices are truly "out of control" (Ehrenberg, 2002; Johnstone, 2001; Mumper & Freeman, 2005). What is known is that college prices and costs have become a major political issue at both the state and national levels (Boehner and McKeon, 2003; Kane & Orszag, 2003; Wolanin, 2003).

More rarely noted is the increasing phenomenon of states that have restricted tuition growth or have even cut tuition over an extended period. During the 1990s, California, Virginia, and New York all cut or restrained tuition during extended periods of state revenue growth. In the past few years, Florida, Michigan, Illinois and New Jersey have restricted tuition growth, through either legislative acts or intense gubernatorial pressure. Illinois now guarantees four years of stable tuition and fees to incoming undergraduates, and similar proposals are moving forward in Indiana and at the State University of New York. It seems that every week during the legislative season there are new proposals to restrict tuition growth or centralize decision making for tuition charges in legislatures or statewide governing boards.

To date, the most extensive tuition cuts have occurred in the state of Massachusetts from 1995 to 2001. In 1995, the governor appointed a new chairman to the state's Board of Higher Education (BHE), James F. Carlin, who ensured that tuition at

public colleges would be cut for six consecutive years, for a total reduction of nearly one-third. In addition, the board enacted the Tuition Advantage Program, which lowered tuition prices by a third for students who transferred with a B average from a community college. The state combined this program with an initiative that made community colleges free of charge for students with family incomes below $36,000. As a result, the board was both lowering the price of college for many students while strongly encouraging students to enroll in community colleges (Bastedo & Gumport, 2003).

This article reports results from a qualitative research study of activist policymaking in Massachusetts. Activist governing boards are those that take an aggressive and independent role in higher education policymaking, compared to traditional state governing boards, which emphasize routine compliance and incremental policy change (Bastedo, 2005a). Over 20 interviews were conducted with state policymakers, campus presidents, and faculty union leaders to examine a wide range of changes in state policy, from academic standards to tuition financing. Each interview was taped and transcribed, verbatim. Hundreds of media reports and public interviews were collected from sources across the state, from the *Boston Globe* to the *Berkshire Eagle*. Internal documents, both public and confidential, were made available to the researcher, including memoranda, correspondence, and policy drafts. The quotations used throughout were drawn from these primary sources. The result is a rich description of the politics and policymaking of tuition setting in public higher education.

Massachusetts Enacts Tuition Cuts

Although Carlin's six-year record of tuition reductions was certainly unique in Massachusetts history—indeed, in the history of public colleges—the state had made prior efforts to rationalize tuition policy. Beginning in 1980, the state board had the power to set tuition rates at all public campuses, but each campus was authorized to establish and raise its own fees. In addition, all tuition reverted to the state's General Fund, while fees were retained on each campus. Tuition was then sent back to the campus by state appropriation. The result of these policies was a system of financing that circulated money through the public sector. The state board had no incentive to pass tuition increases that would simply be poured into the state coffers without any impact on campus appropriations. Fees set by the campus were unrestrained, meaning that there was no centralized control of student prices.

The result was severe increases in tuition and fees during years of state fiscal crisis (Bastedo, 2005b). During the flush fiscal years of the "Massachusetts Miracle," a period of strong economic growth from 1983 to 1988, tuition increased only 10% to 15% overall (Gold, 1995). But fees rose by 76%, six times the rate of tuition and twice the Higher Education Price Index. Once

the state's fiscal crisis began in 1988, the situation grew worse as state appropriations fell and student charges increased accordingly. Between fiscal year 1988 and fiscal year 1994, tuition rose an average of 48%, and fees, which often constituted more than half of student costs, rose 240% (Wallin, 1995).

In response to the fiscal crisis, the state board pursued a high-tuition policy. According to Chancellor Franklyn Jenifer, this was necessary to maintain a "margin of excellence" that would ensure academic quality (Gold, 1995). He stated,

> There are some who believe that a better way to assure accessibility is to keep tuitions low or to charge no tuition at all. The net effect of such a policy is to provide a substantial subsidy for everyone who attends a public college or university, regardless of income. In this scheme, the link between the ability to pay and financial aid is severed. Lower tuition is generally associated with a relatively low commitment to financial aid; this policy actually works against access for needier students who require affirmative financial assistance to meet costs beyond tuition. (p. 18)

Affirmative financial assistance was not forthcoming, however. From fiscal years 1990 to 1992, state scholarship aid was cut by more than half, from $77.6 million to $35.0 million (Bastedo, 2005b). The maximum award for the neediest students dropped from $3,800 to $1,900. State scholarship aid fell so low that the state was forced to return $2 million in financial aid to the U.S. Department of Education for failing to meet federal requirements for minimum support. As is typical in response to state economic cycles tuition and fee increases were not rolled back once state revenues had rebounded.

During the fiscal crisis, Carlin was a trustee of the University of Massachusetts (UMass), and chaired the board's finance committee. Year after year as he signed off on large increases in tuition and fees, these actions weighed on his mind. At his first BHE meeting as chair, in November 1995, Carlin characterized his complicity in the tuition and fee increases as "embarrassing" and called student charges "absolutely outrageous" (Dembner, 1995, p. 33). Community college tuition and fees were the highest in the country, and UMass-Amherst was one of the most expensive research universities, after the University of Vermont and the University of New Hampshire. From the beginning of his tenure as BHE chair, Carlin made it clear that he wholly rejected the high-tuition policy pursued by prior boards. "I'm an advocate for the kids, who are struggling and taking on loans, and for the parents, who are struggling to pay the bills," he said (Dembner, 1995, p. 33).

Carlin promised to put forward legislation, through a sympathetic legislator, that would give the board the power to set all student charges. In the meantime, he proposed a 5% cut in tuition for fiscal year 1997.

Initial legislative response was only somewhat favorable. The cut would reduce state revenues by $9.5 million, and some legislators were in favor of cutting campus appropriations accordingly. Carlin indicated that he could live with some budget cuts to get student charges reduced. "Students are paying too damn much money to go to a public institution," he said. "You've got to whack [charges] down and then go from there. The truth of the matter is kids are paying too much money." (Cornell, 1996a, p. 16). Ultimately, Carlin achieved a 10% cut in tuition at the community colleges and a 5% cut at the state colleges. And although Governor Weld recommended a 30% cut in state appropriations for fiscal year 1997, which he said was to encourage campuses to increase private funding, the legislature ensured that the campuses received a modest increase. (Cornell, 1996a).

UMass proved to be a stronger foe. According to statute, the BHE had the authority to approve UMass tuition charges, but not to set them. UMass president William Bulger announced in March 1996 that undergraduate tuition would remain stable, but fees would increase across the system. For UMass, this made sense politically, in that it did not irritate legislators by reducing revenue for the state, yet it increased campus resources. Bulger knew that his proposal would be unpopular with the BHE, however. "It's obvious to everyone what the popular thing to do would be," Bulger told his trustees. "Fasten your seat belts for a while, it's going to be a long ride" (Cornell, 1996c, p. 5). The UMass board voted to support his fee increases.

Carlin and the state board, however, insisted upon a cut by refusing to approve the UMass recommendation on tuition. "If we truly believe as a body that our university and state colleges are too expensive, then we need to do something about it," fiscal committee chair Tamara Davis said. "We are looking at the university as part of a system of higher education and there should be consistent policy" (Cornell, 1996c, p. 5).

UMass was forced to capitulate, but Carlin was conciliatory in victory. "I think the trustees have done an excellent job over the last three years leveling out tuition. But that still doesn't make up for the skyrocketing increase from 1990 to 1993" (Dembner, 1996b, p. B1).

That was not much of a salve to angry UMass trustees. "It's kind of degrading to the entire board," said one. "What good is it having a board of trustees if [the BHE] just overrules it?" (Dembner, 1996b, p. B1).

The following year, the BHE again proposed tuition cuts in the range of 5% to 6%. Carlin was furious that fee increases had undermined the previous year's tuition cut. "We're doing the tuition cuts and we're remaining even," he said. "It's crazy" (Dembner, 1996c, p. B7). His attempt at legislating his way around the problem—by placing authority to set campus fees with the BHE—was thwarted by the legislature. Instead, he coerced the

campuses into reducing fees by sheer force of will, by threatening and cajoling them. In public, he argued that public education was too expensive and charges had to be reduced. In private, he worked with board members and college presidents in a more conciliatory manner.

To Carlin, high student charges were connected to a host of other ills plaguing higher education. "I think parents and kids and taxpayers have had it with [students] leaving colleges burdened down with loans," he said in 1997. "They're tired of needing seven years to complete a four-year program because they have to work full time just to afford it" (Perlman, 1997, p. 1A).

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At the end of his term in 1999, Carlin was pushing the affordability issue just as hard. "If they were getting less and colleges were charging less, maybe people wouldn't care as much... But most people will agree, we're paying more and getting less. Parents are mortgaging their homes, dipping into their 401(k)s, deferring retirement so they can pay for these tuitions, and the colleges just stand there with a stack of loan forms" (Zernike, 1999, p. B1).

Carlin argued that the problem was management. "Clearly, the reason tuition is high is that college costs are high. Why are costs high? Nobody is in charge," he said. "The president is supposed to stay away from academic matters, which are the faculty's turf... Because presidents rarely are able to take charge, colleges and universities become top-heavy. Academic and administrative staffs have layer after layer of personnel" (Carlin, 1999, p. A76). The solution, he said, was to ensure that presidents and trustees had the power to make changes and to be accountable for those changes. Ultimately, though, the tuition issue was deeply personal for Carlin. He said,

> If not for that University of Florida $75 tuition, I would have gone into the U.S. Army, like a lot of my friends did. So when people ask me why I do these things, I do it for the kids and for the parents. What burns me is, every time you would raise a point to the faculty about teaching a few more hours... they would say, "Stop attacking higher education, stop being an enemy of the students." Well, thanks to what this board has done, kids are paying $30 million less to go to the University of Massachusetts, in the aggregate, and their degree is worth more. (Zernike, 1999, p. B1)

Carlin's populist message sold well with the public and the media, if not with the state's faculty. William Murphy, president of the state college union, suggested to The *Boston Globe* that reducing tuition would make the public believe that public higher education was not worth as much as it used to be (Dembner, 1996a, p. 1). The media rejected this analysis completely, editorializing that the cuts were perhaps Carlin's only

unmitigated success. "At a time when the costs of higher education continue to increase faster than inflation across the nation," the *MetroWest Daily News* said in 1999, "his 25% reduction is quite an accomplishment" ("Carlin's Legacy," p. A12). The *Worcester Telegram & Gazette* ("Keeping Commitment," 2000) was in enthusiastic agreement. "By maintaining tuition at a rate affordable to all," one editorial said, "the board is wisely investing in the long-term prosperity of the state as well as the personal and economic well-being of thousands of Massachusetts residents" (p. A10).

Considering his complete lack of legal authority to lower fees, Carlin's record was remarkable. Community colleges reduced fees for three consecutive years, UMass for three nonconsecutive years, and the state colleges for two (see Table 1). BHE fiscal director Dale Hamel was impressed by Carlin's ability to get fees reduced without statutory authority:

> You know, the first thing [Carlin] asked us to do was lay out the statute, what was black, what was white, what was gray. He said, we're taking all the gray, and let's go over here in to the white and take some of that too until somebody tells us we can't do that. Fees are an example. We were telling people what to do on fees. There's no statute that says that the BHE can even comment on fees. That's the pure responsibility of the institution. (D. Hamel, personal interview, 2005)

In part, Carlin was able to use his influence in the legislature to support his fee reduction policy. In arguing for increases in state appropriations, Carlin was able to "backfill" any decreases

Table 1
Tuition and Fees at Massachusetts Public Colleges, Fall 1995 to Fall 2003

	Fall 1995	Fall 2001	6-Year Change	Fall 2003	2-Year Change
University of Massachusetts					
Tuition	$2,106	$1,629	-22.6%		
Tuition and fees	$4,954	$4,699	-5.1%	$6,801	44.7%
State Colleges					
Tuition	$1,413	$954	-32.5%		
Tuition and fees	$3,334	$2,957	-11.3%	$4,590	55.2%
Community Colleges					
Tuition	$1,196	$735	-38.5%		
Tuition and fees	$2,520	$2,279	-9.6%	$3,265	43.3%
System Average					
Tuition	$1,571	$1,067	-32.1%		
Tuition and fees	$3,586	$3,246	-9.5%	$4,753	46.4%

Source: Board of Higher Education, 2006. Averages are weighted by enrollment.

Table 2
National Comparison of Change in Resident Tuition and Fee Rates, Fall 1997 to Fall 2001

	Massachusetts Average	National Average
Undergraduate		
University Campuses	-2.3%	+21.1%
All Four-year Colleges	-4.0%	+21.5%
Community Colleges	-6.8%	+24.2%
Graduate		
All Four-year Campuses	+5.7%	+24.2%

Source: Board of Higher Education, 2006; College Board, 2004.

in fees with increases in appropriations, ensuring that any fee cuts would be revenue neutral for campuses. Legislative support was thus even more salient to the board's tuition and fees policy than support from the executive office.

Carlin departed from the BHE in late 1999 due to illness, but his successor as chairman, Stephen Tocco, declared his intention to continue the board's tuition policy. He was backed up by the governor's office, a strong supporter of Carlin throughout his term, but the legislature was never quite as enthusiastic. Each tuition cut reduced state revenues by millions of dollars, and legislative support evaporated when revenues began to decline in 2000. The BHE was squeezed between an executive branch that insisted on tuition cuts and a legislative branch equally insistent that the cuts needed to stop. The board originally settled on a compromise position, where tuition would be held stable for all segments in the next year. In response to executive pressure, however, the board ultimately voted to cut tuition at the state colleges for fall 2001.

By 2002, the revenue situation in Massachusetts had become dire. Ten million dollars had been cut from scholarship programs mid-year, and campuses were ordered to make mid-year budget concessions as well, reminding many of the financial ills of the late 1980s and early 1990s. Tuition remained stable by BHE order, but fees increased dramatically. The average increase in student charges was 18.2% in just one year, and two campuses increased charges by half. The increase of 51.1% at Bridgewater State College was the second highest in the country that year, and the 29.6% hike at Salem State College was the eighth highest.

In retrospect, staff members questioned whether cutting tuition and fees over six years was a good idea. "For five years we had no increases and now, here we are with the first major budget cut and the first thing we do is go sock it to the students with a huge mid-year increase because we can't survive otherwise," UMass vice president Daphne Layton said. "Wouldn't it have

been easier on everybody and made more sense to just have modest increases over the years and not go from one extreme to the other?" (D. Layton, personal interview, 2005). BHE Vice Chancellor Jack Warner agreed:

> It makes better sense over time to incrementally do it. But [Carlin] had a belief that one of the ways you created efficiencies is to choke revenues. I think that's naïve. It may work in some aspects of business but we know it doesn't work well in higher ed. You can't simply choke the resources and expect it to work. It just postpones your need for revenue. (J. Warner, personal interview, 2005)

Board member Peter Nessen, on the other hand, thought that the policy "worked well" overall. Politically he was concerned about possible retribution from the legislature. "In retrospect, I wish we had credited the legislature as much as we did ourselves on the exercise, because it was the legislature that found the dollars that we had use of," he said. "I think after a while, they became very tired of us taking credit for the hard decisions they had to make on places that wouldn't get funded with the dollars that we took. I began to hear the Legislature saying, 'Enough's enough now. Try to figure out other ways of funding this affordability'" (P. Nessen, personal interview, 2005).

Carlin strongly disagreed with these criticisms, but was reluctant to discuss the decisions of his successors publicly. "I'm so upset about the fee increases, but unless you're going to go back in there and put the equipment on and get in the game and play, you've got to be careful commenting on, you know, what do you think of the board now?" he said. "I certainly wouldn't want a previous board commenting too publicly on what we were doing and I think that I shouldn't be commenting on this one" (J. Carlin, personal interview, 2005).

The Tuition Advantage Program

Although the tuition cuts were moving forward, the BHE wanted to develop new policy levers to reduce student costs. Beginning in 1996, the board enacted the Tuition Advantage Program (TAP), a policy designed to provide a financial incentive for community college students to finish their degrees and transfer to a four-year public college. The board's director of fiscal policy, Dale Hamel, wanted to smooth the transition between the two-year and four-year sectors, in part by compensating for the increased tuition charged by the four-year campuses. TAP would eliminate the financial disincentives associated with transfer, reduce state costs per FTE, and redistribute some of the savings back to students. Hamel and the board saw TAP as good public policy, creatively combining the academic and financial goals of the board within a single, easily understood program. According to Hamel,

> By identifying the cost to the student, now you can begin to look at it from a statewide perspective. What's the efficient way, from a state perspective? Once you start looking at the cost and you could see that the state subsidy as well as the price to students was less if they do the first two years in the community colleges and then transfer to the four-year colleges for the last years, everybody pays less and yet you still get to the same point of a number of bachelor's degrees. (D. Hamel, personal interview, 2005)

Although the conceptual foundation of TAP was straightforward, there were a number of requirements designed to meet BHE goals. Eligible students were required to earn an associate's degree in an approved transfer program with at least a 3.0 grade point average and continue that achievement after transfer. If students met these requirements, they would receive a one-third tuition waiver for the next two years, making community college and four-year tuition charges nearly equivalent. Over those next two years, students would save approximately $850 if they transferred to a state college, and $1,200 if they transferred to UMass.

Board members and staff unanimously hailed Hamel's idea as creative, even brilliant. It was innovative in combining financial aid with broader policy goals to build a system of higher education that efficiently produces graduates from the public sector. From the beginning, improving the status and enrollment of the community colleges was a clearly stated goal. "What we want to do," Carlin said, "is get more students thinking about going to community colleges to begin their careers in higher education" (Sukiennik, 1996, p. 1). The board's fiscal committee chair agreed. "It increases community college enrollment by promoting community colleges as an access point, it provides a reward for completing the first two years of education at a community college, and it decreases student cost" (Sukiennik, 1996).

UMass officials were more angry than jubilant. The UMass board did not act for six months, and then used the opportunity to blast the BHE for making policy without consultation. UMass officials were disturbed, they said, because the program might create a division between transfer and regular students. According to President Bulger, "It would result in the students already on campus having more of an obligation" ("Trustees Grudgingly Approve," 1997, p. 1). Trustee Michael Foley was irritated by the BHE's approach to this issue, among others. "This is not the first time that I, personally, have felt blind-sided by the Board of Higher Education" ("Trustees Grudgingly Approve," 1997). Nonetheless, the trustees endorsed the program with only one dissenting vote.

In the first year of the program (fall 1998), far more UMass students were able to take advantage of the tuition break than state college students, by a margin of nearly seven to one. (Board

of Higher Education, 2001) There was little growth in UMass enrollment over the next two years, however, and by fall 2001, almost 10 times as many students were enrolled in the program at the state colleges, nearly matching the number at UMass. At the state colleges, nearly half of all eligible students have been able to take advantage of the tuition discount (Board of Higher Education, 2001).

Community College Access Grants

Although TAP provided incentives for students to transfer from a community college, Carlin wanted to provide an incentive for students to enroll in community college in the first place. To Carlin, community colleges were the primary access point for poor and low-income students. In his second year as chairman of the higher education board, Carlin outlined his strategy at a meeting in the governor's office in 1997: he wanted to completely eliminate tuition and fees at all fifteen of the state's community colleges, irrespective of family income. In the beginning, he simply floated the concept as an idea. "Our priority has been to lower tuition and fees at state colleges and universities, and this plan is perfectly in line with that priority," he said. "The poorest students in the state go to community colleges, and these schools are a port for immigrant students" (Chacon & Zernike, 1997, p. A1). It was estimated that Carlin's original plan would cost $90 million in lost tuition revenue.

Initial response to the proposal was negative. Administrators at UMass and the other four-year colleges tended to be angry and fearful. The financial aid director at UMass Amherst said the result would be "a travesty of inequities." "What makes a community college student so special?" he argued. "That money would be better spent assisting all the low-income students in the public sector" (Healy, 1997, p. A41).

The strongest supporter was David Bartley, a former Speaker of the House and subsequently the president of Holyoke Community College. He noted that some students were so shocked by the sticker price of his college that they never enrolled. "When they find out that it is going to cost them about $2,500 before they buy books, they either drop the application or they enroll in one or two courses, which is all they can afford," he said. "I sure do not appreciate being among the most expensive three or four community colleges in the country" (Bartley, 1997).

Ambivalence on the campuses extended to the state's media as well. *The Boston Herald*—whose editorial pages had been firmly in Carlin's corner throughout his chairmanship—was virulently opposed. Students attending a free community college, they argued, would lack seriousness of purpose. "A completely free education will attract people quite unsuited for it. It will tempt others into wasting time while they try to figure out what to do with their lives, a species of student all too common on all kinds of campuses" ("You Get What You Pay For," 1997, p. 16).

Editorials in *The Boston Globe* similarly questioned the motivation of students who would attend a free college. The *Globe*'s most conservative columnist, Jeff Jacoby, called the idea "a disaster" that would destroy the state's private sector and benefit only "aimless freeloaders with no interest in academics" (Jacoby, 1997, p. A12). The *Globe* editorials also mentioned practical and political issues, including giving up millions in federal financial aid and tax credit programs, and the state's perennial lack of commitment to higher education during tight budget years ("Making College Affordable," 1997).

Carlin responded with a *Globe* editorial of his own. "This country is heading for unprecedented class and racial strife in the early 21st century. The rich are getting richer and the poor are staying poor," he said. "Only with education can those who live on the economic margins today reach for something better" (Carlin, 1997, p. A12). He noted that California's community college system, widely regarded as the best in the nation, was no cost for many years and remains low in cost today. "One can make a strong case that community colleges are the most vital link in our education system, the link that gets thousands of individuals from poverty or near-poverty to a more secure and fruitful economic life," he added. "As this happens throughout the United States, racial and class tensions will drastically diminish as millions realize the American dream" (Carlin, 1997, p. A12).

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By the following month, however, Carlin realized that he would need to scale back his plans. Although there was little enthusiasm for eliminating charges entirely, many supported making it easier for low- and middle-income students to attend community colleges. Integrating the Clinton Administration's higher education incentives—the HOPE Scholarship and Lifetime Learning tax credits—would accommodate middle-income families as well. Students with family incomes below $32,000 would attend community college at no net cost, and students from families making less than $80,000 would pay a net cost of only $500 per year. The cost of increasing the scholarship program was only $8.1 million, compared to the $90 million represented by Carlin's first proposal.

To an extent, the program was simply effective marketing. The state had no control over the Federal Pell Grant program or federal tax credits, but it could account for those funds when calculating student financial aid packages. Thus with only a modest increase in state scholarship funds, the state could advertise sweeping guarantees to students. An unpublished independent analysis conducted by the Institute for Higher Education Policy found that approximately 20,000 current community college students would qualify for the "no cost" guarantee (Merisotis & Phipps, 1997).

The BHE voted to approve the new policy in October 1997, but to be implemented, the program was dependent upon

legislative funding to be implemented. The House passed a plan identical to the board's, but the Senate decided to go one step further. The Senate Ways and Means Committee was chaired by Stanley C. Rosenberg of Amherst, a proud graduate of the University of Massachusetts. Rosenberg knew that eliminating tuition and fees was not politically palatable, but he liked Carlin's idea of establishing a simple policy that all potential students could understand. Thus, whereas the House version limited student charges to $780 per year for students with family incomes below $80,000, the Senate limited charges to $500 per year for all students, regardless of income. Rosenberg believed his idea had two major advantages. "First you make it clear that community college is accessible to people and that a college education is in your reach," he argued. "Number two, so many students have to spend three, four or five years to complete a two-year program because they have to work" (Carey, 1998, p. 1).

The matter was ultimately resolved in conference committee. For students with family incomes up to $80,000, charges would be limited to $500 per year. Students with family incomes exceeding $100,000 would pay full price. And students with family incomes below $36,000 would pay nothing.

The resulting program, known as the Community College Access Grant, nearly tripled scholarship aid in one year (Table 3). The only worry for campuses was accommodating the students. "Our enrollment could go through the roof and we could experience tremendous difficulty shoehorning people into the campus," one enrollment dean said. "It's a nice problem to have" (Estrin, 1998, p. 1). Mt. Wachusett Community College president Dan Asquino wasn't convinced. "Probably not," he replied. "The vast majority of our students are already getting some kind of aid, including loans. A cap would ease the burden of loans" (Melady, 1998, p. 1).

To a certain extent, Asquino turned out to be right. In fall 2001, the Community College Access Grant program was extended to the state colleges. Based on state data, Dale Hamel calculated that loan burden had fallen from $3.4 million in fiscal year 1998 to just over $1 million in fiscal year 2002, a decline

Table 3
Massachusetts Community College Access Grant Program, Fiscal Years 1998 to 2002

	FY98	FY99	FY00	FY01	FY02	%
Enrollment	38,564	41,498	43,232	44,098	44,892	16.4%
Tuition waivers	$2,422	$4,300	$4,915	$5,144	$5,753	138%
Cash grants	$2,813	$10,912	$13,999	$16,245	$16,245	477%
Total	$5,235	$15,212	$18,914	$21,388	$21,997	320%
Total grant per FTE student	$136	$367	$438	$485	$490	260%

Source: Board of Higher Education (2002b).

of 71%. Hamel was convinced that this was the real benefit of the Community College Access Grant program. "Forget price, forget financial aid," he said. "It's what's the impact on the students after they leave the college in terms of what the saddle on them is." Asquino turned out to be wrong about one thing: The community colleges experienced an FTE enrollment increase of 7.6% during the first year alone (Board of Higher Education, 2002a).

Consequences for Public Higher Education

This combination of financial incentives—the tuition cuts, TAP, and the Community College Access Grants—were seen by board staff as policies that linked together to produce an effective system of higher education finance. BHE Chancellor Judith I. Gill is fond of talking about her niece to illustrate how a real student would be affected by these policy changes:

> My niece finished her associate's degree at Greenfield Community College with a grade point average above 3.5, and immediately moved over to UMass Amherst at a reduced tuition rate so that she was able to save one full year's worth of college costs and then to reduce the cost of college for her junior and senior years at UMass Amherst… All of this had been possible as a result of the policies that the board has put in place and truly is something that enables individuals in the Commonwealth to afford an education that might not be possible otherwise. (J. I. Gill, personal interview, 2005)

These policies had enthusiastic support from board members and staff alike, if not always the institutions (Bastedo, 2005a). While most campuses believed that Carlin's main goal was cutting the cost of higher education to the state, he said his main concern was prices for students and families. According to Gill, Carlin confided in her one night, two years into his chairmanship, "Whether you believe it or not, Judy, there is not one night that I go to bed that I don't think about how to lower the cost of education for students" (J. I. Gill, personal interview, 2005).

The impact of these policies—TAP and the Community College Access Grants in particular—seem to have improved financial access. The state's performance on affordability has improved on the report card issued by the National Center for Public Policy and Higher Education (NCPPHE, 2004). Although the state's overall grade declined due to California's dramatic increase in scholarship aid in 2000, the indicators showed improvement. For example, the percentage of grant aid allocated to low-income students, as a percentage of Federal Pell Grant aid, grew from 72% in 2000 to 90% in 2002, ranking Massachusetts ninth among U.S. states. The board seems committed to continuing and even building upon these gains in the future.

This research also suggests that we should remain seriously concerned about stability in tuition pricing and the impact of tuition cuts on institutions (Bastedo, 2005b). In Massachusetts, the revenue costs of tuition cuts were borne almost exclusively by the state's General Fund. Increasingly, however, states are imposing tuition restraints *simultaneously* with reductions in state appropriations. By squeezing institutions at both ends, lawmakers expect institutions either to increase private and auxiliary sources of revenue or to increase efficiency. Although we should strive for increased financial efficiency, institutions cannot adapt in perpetuity; eventually, core services will have to be cut and quality will decline. This is not simply an issue of politics–the pressures of burgeoning Medicaid and other nondiscretionary spending in state budgets has created structural deficits that will be impossible to sustain without tax increases (Kane & Orszag, 2003).

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Policymakers should be equally concerned, if not more so, about the impact of tuition cuts on student access and affordability. Over the past two decades, the burden of college costs has shifted substantially from state appropriations and grants to parental resources and student loans (Ehrenberg, 2002; Mumper & Freeman, 2005). In Massachusetts, six years of tuition cuts were followed by a massive increase in both tuition and fees, stunning parents and students. A long line of research on the nexus between college costs and student persistence in higher education makes it clear that tuition charges have a vital impact on student access and attainment (Paulsen & St. John, 2002). Although the effects of this particular phenomenon have yet to be studied empirically, long periods of restrained tuition followed by sharp increases in a single year can be expected to have deleterious effects on the ability of students to enroll and persist.

A related issue is the concentration of low-income and minority students in the community college system (Bastedo, 2006; Bastedo & Gumport, 2003; Perna, et al., 2005). The financial policies pursued in Massachusetts each served to encourage students to enroll in community colleges rather than four-year colleges. Tuition reductions were greater at community colleges, and the TAP cut tuition by one-third for students who started at these institutions. Low-income students could attend state and community colleges at no cost to themselves or their families, but they did not have the same options at the University of Massachusetts. These changes are well intentioned and will help low-income students attend state and community colleges. But they will also result in a stratification of student opportunity by social class and a reduction in overall baccalaureate achievement and attainment (Bastedo & Gumport, 2003; Paulsen & St. John, 2002; St. John, Paulsen, & Carter, 2005). For the higher education system to meet its goals of true access and opportunity for all students, these equity issues must be addressed.

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