

High Tuition-  
High Financial Aid  
Why Not Fund Students,  
Instead of Institutions?

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Citizens League Higher Education  
Committee

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# Primary Arguments in Favor of High Tuition-High Financial Aid

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- Subsidizing students that can pay higher tuition is inefficient and wastes tax funds.
- Subsidizing higher income students in public higher education amounts to a transfer of wealth from lower- to higher-income taxpayers and is inequitable.
- When tuition is raised, high financial aid will equalize access for low-income students.

# Primary Arguments Against High Tuition-High Financial Aid

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- Society is the primary beneficiary of the state's investment in public higher education
- The state's investment in public higher education should be made equally available to all citizens.
- Tuition must be kept as low as possible to maintain access and affordability for low income citizens.

# The Case Against the High Tuition-High Financial Aid Model

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- Higher sticker price will discourage many students
- High tuition-high aid will lower the quality of public higher education
- High tuition-high aid will be unacceptable to middle- and upper-class taxpayers

D. Bruce Johnstone, 1996

# The Case Against the High Tuition-High Financial Aid Model

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- High tuition does not guarantee high aid
- High tuition-high aid is operationally complex and difficult to implement
- High tuition-high aid rejects public higher education as a public good

D. Bruce Johnstone, 1996

# Will High Tuition-High Aid Increase Access for Low-Income Students?

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- States with high public tuition levels have lower college entry rates
- The enrollment gap between low- and high-income students is wider in high-tuition states
- Within-state tuition increases lead to lower enrollment rates and widen the gap between high- and low-income youth

T.J. Kane, 1995

# Will High Tuition-High Aid Increase Access for Low-Income Students?

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- Across a wide range of studies, a tuition increase of \$100 is associated with a drop in enrollment of about .5 to 1.0 percentage points.
- The enrollment impact of a tuition increase may not be offset by an equivalent grant increase.

D.E. Heller, 1996

# Will High Tuition- High Aid Achieve Equity for Low Income Students?

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“Would cost-based tuition and targeted aid improve equity? Perhaps, perhaps not.”

Jenny B. Wahl, 2002

# Will Higher Public Tuition Cause A Shift in Enrollments?

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“Higher public tuition might cause some students to shift to private institutions. Yet we must think of this as undoing an existing distortion rather than creating a new one.”

J.B. Wahl, 2002

# Are Public Colleges and Universities Inefficient?

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Operating Expenditures Per Student, FY2000

State Colleges and Universities- \$9,026

Private College Council Colleges- \$14,598

# How is the State Grant Program Flawed?

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- The State Grant program is not targeted toward low-income students
- In the State Grant program, being “needy” does not mean being low-income
- The State Grant program does not adequately meet the needs of independent students and part-time students

# What are Alternatives to the Current State Grant Program Structure?

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- The Tuition Model- maximum state grant is based on public college tuition, eligibility based solely on family contribution from need analysis
- The Pell Pass-Through- a student's state grant is not reduced by the amount of a Pell Grant
- The Doermann Medium Cost Plan- maximum grant amount the same for public and private students, multiplier applied to parent contribution, student share lowered
- Splitting up the state grant program by sector

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