

Date: June 7, 2017

Subject: National Trends in Resident Undergraduate Tuition and Policy

Every year, the College Board releases a “[Trends in College Pricing](#)” report that summarizes the cost of attendance and state funding environments across the United States. Included in this report is a state-by-state comparison of resident undergraduate (RUG) tuition and fee changes over the past five years, as well as tuition rate trends specific to each state’s flagship university. **This brief uses the most recent report (from 2016) as a starting point to identify trends in RUG tuition rates across the United States and to discuss those trends in the context of Washington state tuition policy.**

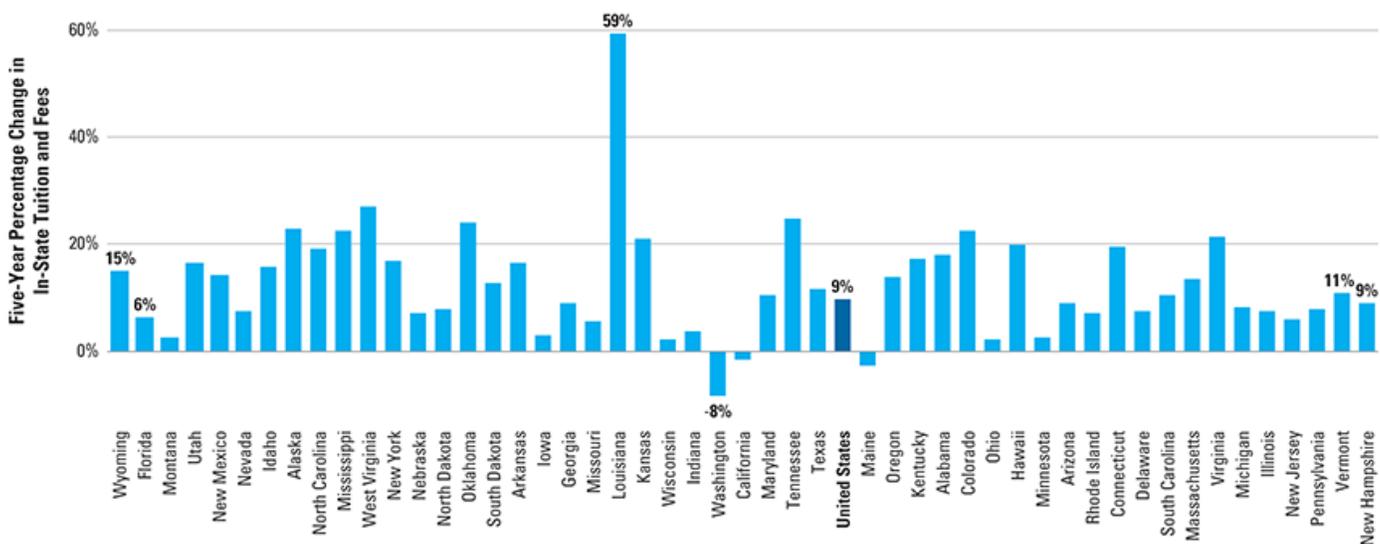
Key Takeaways:

- Washington is the only state in the country to have RUG tuition and fee rates that are lower now than they were five years ago. However, two other states show a decrease due to inflation-adjusted tuition freezes.
- Legislatures in only four states have retained the authority to set RUG tuition rates. The ways in which those legislatures have set RUG tuition rates varies widely.

Trends in United States RUG Tuition Rates

As shown in Figure 1 below, RUG tuition and fees have increased by an average of 9 percent across public four-year institutions in all 50 states, after adjusting for inflation. While Maine and California both show a RUG tuition and fee reduction, the reality is **Washington is the only state to have lower RUG tuition and fee rates than it did five years ago.** California and Maine show a reduction due to an inflation adjustment, as both states kept tuition frozen over the five-year period.

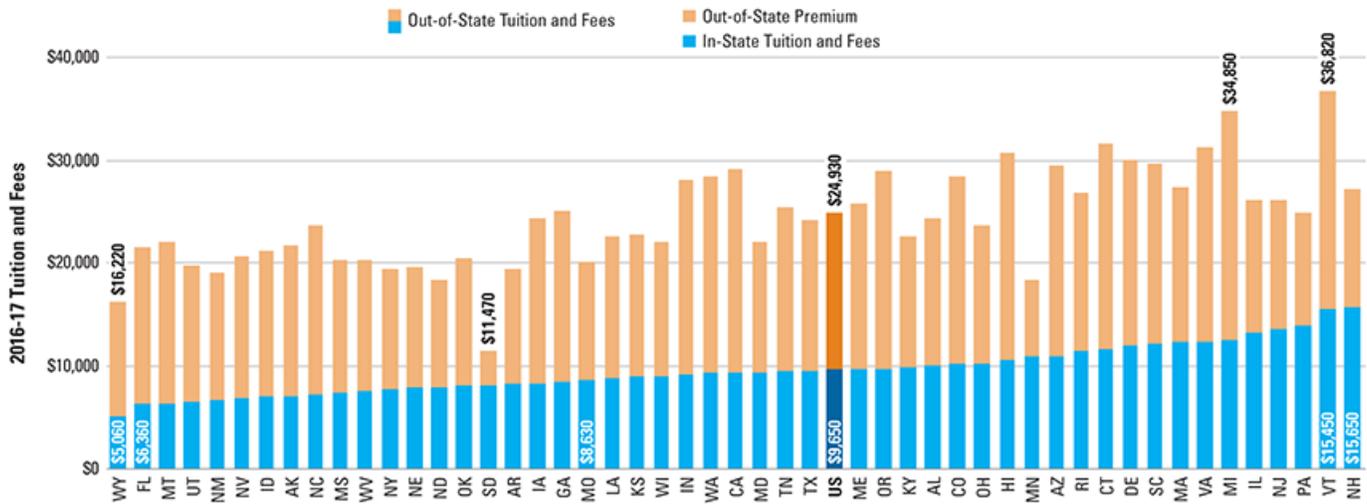
Figure 1: Five-Year Percentage Change in Inflation Adjusted In-State Tuition and Fees by State



(Source: Figure 7. The College Board, Trends in College Pricing 2016. Page 17.)

Figure 1 does not tell the whole story. In addition to the *change* in RUG tuition and fees over time, it is also important to consider average RUG tuition *rates*, which are shown in Figure 2 below. For example, although Louisiana’s RUG tuition increase over time is significantly higher than all other states, Louisiana’s average RUG tuition and fee rate is still in the middle of the pack.

Figure 2: 2016-2017 Tuition and Fees at Public Four-Year Institutions by State



(Source: Figure 7. The College Board, Trends in College Pricing 2016. Page 17.)

Please note that limited conclusions can be drawn from Figure 2 alone, because it shows the average across all four year institutions in each state. Those institutions often have very different missions and student populations (in terms of size, demographics, etc.). Further, each state has different economic environments (e.g. median family income and cost of living) and political environments; thus it is difficult to make comparisons between states.

Washington RUG Tuition Policy

As Figure 1 shows, the RUG tuition and fee rates at Washington’s public four-year institutions have decreased by 8 percent over the last five years. The decrease in Washington’s RUG tuition rate is the result of two things:

- The legislature froze RUG tuition at 2012-13 level in the 2013-14 and 2014-15 academic years; and
- In 2015, the legislature passed [2ESSB 5954](#), which reduced the RUG **operating fee** to 5 percent below 2014-15 levels for the 2015-16 academic year.

Due to the timing of College Board’s report, the second mandatory tuition reduction required by 2ESSB 5954, which occurred in 2016-17, does not appear to be reflected in Figure 1.¹ For future years, 2ESSB 5954 limited RUG tuition increases to the 14-year rolling average of Washington’s median hourly wage (approximately 2 percent per year). As of 2016-17, the UW would need to increase its resident undergraduate tuition and fees by \$2,085 to match the peer average of [our U.S. News Top 25 public research institution peers](#).

¹ 2ESSB 5954 reduced the RUG operating fee to 15 percent below 2015-16 for UW and WSU and 20 percent below for regional institutions for 2016-2017

Case Studies

Below is a selection of case studies that look at the tuition environments of five other states: Louisiana, Florida, Ohio, California, and Maine. Louisiana, Florida, and Ohio provide unique comparisons, as they are the only other states in the country (aside from Washington) in which the state legislature has retained RUG tuition setting authority, according to this [2012-13 SHEEO report](#). California and Maine also provide interesting case studies, as they are the other two states in which RUG tuition is lower than it was five years ago, after the inflation adjustment.

Louisiana

Although Louisiana's legislature has tuition setting authority, like Washington's, Louisiana's RUG tuition rates have moved in the opposite direction of Washington's. Louisiana had the greatest increase in RUG tuition in the country at 59 percent, more than double the next closest state, West Virginia (27 percent). Louisiana is facing a statewide budget crisis that saw [state spending per student decrease](#) more than anywhere else in the country between 2008 and 2016. In 2016, [Louisiana voters rejected](#) a constitutional amendment that would have shifted tuition setting authority to the universities' governing boards.

Florida

Florida is another state in which the legislature sets RUG tuition; however, the story in this state has been quite different. Over the last five years, the Florida legislature has increased the tuition and fees at all public institutions by only 6 percent. According to Figure 2, public four-year universities in Florida have, on average, the second lowest RUG tuition, while the flagship University of Florida (U of F) has the third lowest RUG tuition and fee rate of all flagship universities in the country (page 18 of the College Board Report).

U of F's comparatively low RUG tuition rate is partially due to the state's contentious requirement that tuition rates be consistent across all Florida public universities. For more than a decade, the State University System of Florida Board of Governors and the state's top research institutions have asserted that the [legislature's RUG tuition policies](#) have hurt their ability to stay competitive nationally. In 2007, certain lawmakers and higher education leaders filed a lawsuit arguing that the Board of Governors should have tuition-setting authority, rather than the legislature. The state Supreme Court ended the suit in 2013, ruling that the [legislature retains the authority to set RUG tuition](#). As of the 2016-17 school year, the legislature has maintained the policy requiring that tuition be constant across all four year universities in the state, with tuition increase an inflation adjusted 6 percent over the last five years.

Ohio

Ohio's tuition policy is similar to Washington's in that each biennial budget cycle provides the chance for the legislature of assembly to change its tuition policy. These budget items can freeze tuition, cap the amount a school can raise tuition and fees, or give no directive at all, which empowers the respective governing boards with fee setting authority. In Ohio, the past several biennial budgets have stated that schools should maintain a tuition freeze. However, this appears to not have been applied to all schools, as Figure 1 shows a slight overall increase over the last five years. This upcoming year, the Ohio University (OU) Board of Trustees appears to have [approved a 3.3 percent RUG tuition increase](#) for the 2017 cohort, however the proposed budget calls for another freeze. In this case, it is likely that the university will have to rescind their tuition increase due to legislative directive.

California & Maine

California and Maine are unique case studies because they are the only states, aside from Washington, in which inflation-adjusted RUG tuition rates decreased over the last five years. As a reminder, however, the decrease in these states is a result of inflation-adjusted tuition freezes, rather than real rate reductions. Unlike Washington, governing boards set RUG tuition rates for California and Maine's public universities, rather than the legislature.

The University of California (UC) Board of Regents and the California State University (CSU) Board of Trustees retain RUG tuition setting authority for their respective university systems. However, both entities have been amenable to the tuition requests of the state. Over the last five years, both systems have accommodated the Governor's requests to freeze RUG tuition in exchange for [substantial state appropriations](#). Looking ahead, the [UC Board of Regents have agreed to a 2.5 percent tuition increase](#) for 2017-18 and the Cal State Board of Trustees are currently debating a similar increase.

Similarly, the University of Maine System's Board of Trustees froze RUG tuition rates for the six years prior to the 2017-2018 school year. Most recently, in 2016 the Board agreed to [maintain the freeze rather than impose a 2.3 percent increase](#) after the Governor promised an extra \$4.65 million in state funding. However, it is expected that the [Board will raise RUG tuition](#) by 2.9 percent in 2017-18. Under that policy, the University plans to increase tuition annually at the rate of inflation.

Conclusion

Due largely to significant tuition increases during and after the Great Recession, nationwide, RUG tuition rates and affordability have come to the forefront of today's national policy discussions. During the presidential election, we saw debate on a completely free model for public higher education. At the state level, places such as New York, Tennessee and Oregon have pursued [a free tuition model for their community colleges](#). Institutions have continued to lobby for greater tuition setting autonomy in places such as Florida and Louisiana because current revenues are not able to meet the rising costs of delivering a college education. However, if the improved financial position of states results in greater investment in higher education, we could see legislatures take greater control in an effort to improve affordability for students.

These trends demonstrate that Washington state is unique: it is the only state in the country to have RUG tuition and fee rates that are lower now than they were five years ago, and it is one of only four states in which the legislature retains tuition setting authority for resident undergraduate students. Moving forward, as recovery from the Great Recession continues, it will be interesting to monitor how Washington and other states' policies regarding RUG tuition change.