

# Illinois' guaranteed-tuition law making college less affordable

June 1 2015

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Illinois' guaranteed-tuition law is making higher education less affordable for students who attend its public colleges and universities, according to analyses by University of Illinois education professor Jennifer A. Delaney and Tyler D. Kearney, an associate director of the Office for Planning and Budgeting. Credit: L. Brian Stauffer

Illinois' guaranteed-tuition law is causing tuition rates at the state's public colleges and universities to escalate faster than they would if schools were allowed to adjust tuition rates annually, say two experts in higher education finance from the University of Illinois.

Under Illinois' Truth-in-Tuition law, enacted with the fall 2004 semester,

the state's 12 public colleges and universities are required to charge incoming resident freshmen a fixed tuition rate for the first four years of college.

To gauge the policy's impact on tuition rates, education professor Jennifer A. Delaney and Tyler D. Kearney, an associate director of the Office for Planning and Budgeting, examined tuition trends from 2000 to 2012 at four-year public universities of similar sizes and missions across the U.S.

Since the Illinois law was enacted, annual tuition rates at the state's public schools increased by approximately 26 to 30 percent - or an average of \$1,479, the researchers found.

Aggregate four-year tuition rates also increased by about 6 to 7 percent above the trends predicted for other institutions, according to the researchers' analyses. A paper about their work, currently available online, will appear in the August edition of *Economics of Education Review*.

Guaranteed-tuition programs have gained popularity in recent years in response to mounting concerns about college affordability. In 2008, guaranteed-tuition programs were in place at 356 U.S. colleges and universities. By 2011, that number increased to 467 institutions, according to the study.

While Oklahoma and Texas also enacted guaranteed-tuition laws, schools in those states are required only to offer students the option of a fixed rate. Illinois' policy is novel in that it applies to all four-year public colleges and universities in the state, the researchers said.

Proponents of the Illinois law said it was intended to contain spiraling tuition costs and promote affordability for Illinois families by providing

predictable costs.

"There is growing interest and appeal in guaranteed tuition, as evidenced by the number of institutions that are electing to offer these programs," Delaney said. "But if the primary intent is to promote affordability, rather than predictability, our results suggest that state-level guaranteed-tuition laws may not be entirely effective."

Prior to the enactment of the Illinois law, average annual tuition rates at Illinois colleges and universities were trending similar to those in other states, the researchers found. In 2002, prior to the mandate, Illinois colleges ranked 13th nationally in tuition costs. However, by 2007, three years after the law was enacted, Illinois had risen to sixth place.

The researchers' analyses showed that annual tuition increases were largest at master's colleges and universities, such as Chicago State and Eastern Illinois universities, while increases were smaller at doctoral/research universities, such as Northern Illinois University and the U. of I.

The magnitude of the rate increases can be partially explained by tuition frontloading, the researchers said, which occurs when schools implement larger rate increases for incoming freshmen to ensure revenue stability and guard against projected inflationary risk during the latter years of fixed-rate plans.

Accordingly, the researchers said that frontloading complicates any comparisons of the annual rates charged by Illinois' public universities with those of other institutions that are not subject to guarantee policies.

In a related study, published in the *Journal of Education Finance*, Delaney and Kearney examined the impact of state-level guaranteed-tuition laws on state general appropriations for public higher education.

They found that since Illinois' Truth-in-Tuition legislation went into effect, state funding for Illinois' [public universities](#) declined by 20 percent, compared with schools in other states.

"It appears as though guaranteed-tuition policies have far-reaching effects, not only impacting how tuition rates are set within a state, but the overall financing environment for education as well, in terms of reduced state appropriations," Delaney said.

The researchers hope that their findings will inform future discussions of guaranteed-tuition policies.

"There is certainly value in the predictability ensured by these programs," Kearney said. "The evidence from our studies should be balanced against this value."

**More information:** *Economics of Education Review*,  
[www.sciencedirect.com/science/ ... ii/S0272775715000515](http://www.sciencedirect.com/science/.../ii/S0272775715000515)

Provided by University of Illinois at Urbana-Champaign

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