

Guaranteed-tuition laws inflating college costs, study finds

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Guaranteed-tuition laws such as the one enacted in Illinois are driving significant increases in tuition and fees at public colleges and universities, ultimately making higher education less affordable for resident and nonresident students, according to a new study by education professor Jennifer Delaney and Tyler Kearney, the director of planning and analysis in the Office for Planning and Budgeting, both of the University of Illinois. Credit: L. Brian Stauffer

Guaranteed-tuition laws, touted by lawmakers as protecting college affordability and ensuring access to higher education for low-income students, have received failing grades from two experts in higher education finance.

While guaranteed-tuition laws such as the one in Illinois may provide predictability for incoming in-state [students](#) for their first four years, these mandates inadvertently trigger substantial tuition and fee increases, making higher education more costly and possibly unaffordable for some students, say University of Illinois researchers Jennifer A. Delaney and Tyler D. Kearney.

Illinois is one of three states, along with Oklahoma and Texas, to implement guaranteed-tuition laws. The Illinois law requires all 12 of the state's public colleges and universities to freeze tuition rates for incoming resident freshmen for their first four years. However, public institutions in Oklahoma and Texas are required only to offer undergraduate students the option of fixed tuition rates, according to the researchers.

In the current study, published in the September/October issue of the *Journal of Higher Education*, Delaney and Kearney examined guaranteed-tuition laws' impact on mandatory student fees and out-of-state student enrollments, two alternative revenue streams that are not subject to the laws.

Between 2000 and 2012, public colleges and universities in the states that were subject to state guaranteed-tuition laws increased their mandatory student fees by 40 percent and their tuition rates for out-of-state students by 28 percent, Delaney and Kearney found.

During that time, enrollments of out-of-state students at these institutions dropped 23 percent, the researchers found.

The impact of flat-rate tuition was even more significant at doctoral/research universities, triggering 50 percent increases in required fees and 29 percent reductions in out-of-state student enrollments, according to the study.

Since Illinois enacted its truth-in-tuition law with the fall 2004 semester, tuition rates for nonresident students at Illinois' 12 public institutions jumped an average of \$3,645, or about 28 percent. Mandatory student fees also increased by \$610, or about 40 percent, the study indicated.

Since the law's implementation, out-of-state student enrollments at Illinois' public colleges and universities have dropped 23 percent, the data indicated.

"These findings suggest that guaranteed-tuition programs are not beneficial for either in-state or out-of-state students," said Delaney, a professor of education. "Institutions that are required to freeze in-state students' tuition rates for four years may use alternative revenue streams such as required fees and nonresident tuition to offset the loss of flexibility inherent in guaranteed-tuition programs."

These findings add to a growing body of work by Delaney and Kearney that indicates guaranteed-tuition laws make college less - rather than more - affordable.

In a study published last year in the journal *Economics of Education Review*, Delaney and Kearney found that since the Illinois law's implementation, the 12 public colleges and universities that are subject to the law increased their annual tuition rates by 28 percent to 30 percent - and their aggregate four-year tuition rates by 6 percent to 7 percent - compared with other institutions in Illinois.

"The tuition and fee increases triggered by the truth-in-tuition legislation

may be making Illinois' public colleges and universities less competitive with peer institutions and diminishing their abilities to attract and retain students," said Kearney, the director of planning and analysis in the Office for Planning and Budgeting.

"Lawmakers who are concerned about developing a highly skilled workforce in their state should balance this evidence against any perceived benefit of tuition guarantees," Delaney said. "This may be particularly important in states where [public institutions](#) comprise a large percentage of overall [higher education](#) enrollments."

More information: "Alternative Student-Based Revenue Streams for Higher Education Institutions: A Difference-in-Difference Analysis Using Guaranteed Tuition Policies," *The Journal of Higher Education*, muse.jhu.edu/article/628418

Provided by University of Illinois at Urbana-Champaign

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