

Priced Out: Higher Education in Pennsylvania

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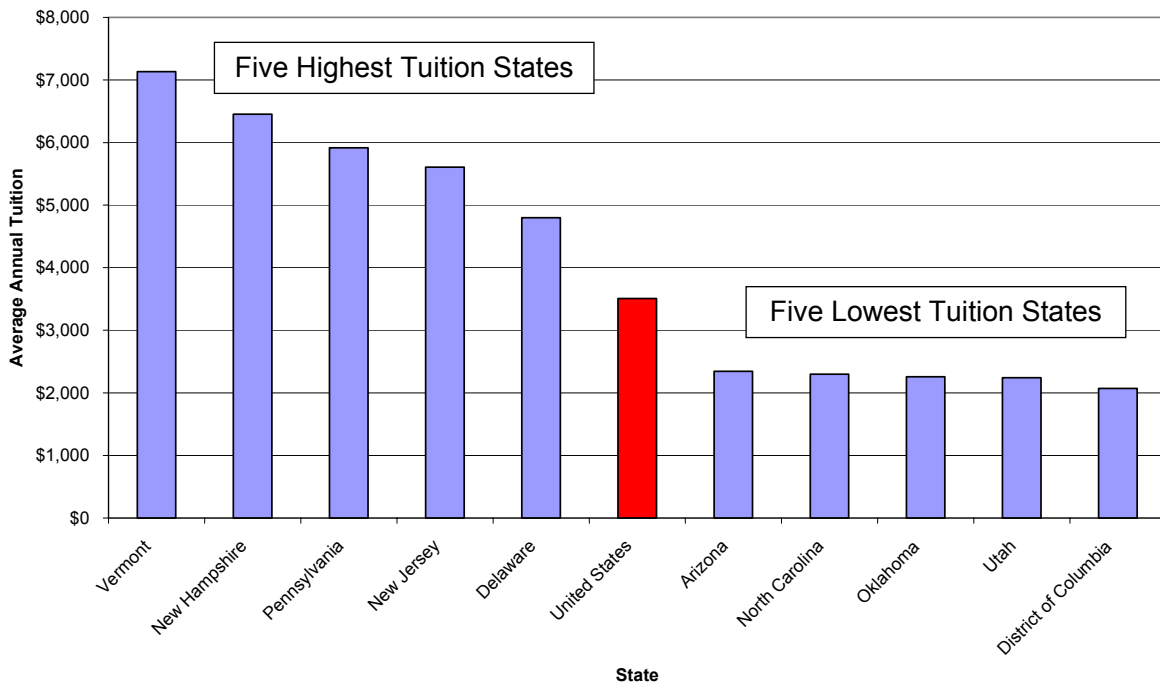
Priced Out: Higher Education in Pennsylvania

By Lena Andrews

Are we competing?

While the value of an education is apparent in lifetime earnings, there is also little doubt that postsecondary public education in Pennsylvania is expensive. According to data published by the National Center for Educational Statistics, four-year public universities in Pennsylvania charged the 3rd highest tuition of all states in the country in 2000-01, 69% higher than the national average. The only states charging higher tuition at public four-year universities were Vermont and New Hampshire.

Tuition at 4-year, public universities for states with highest and lowest tuition, AY 2000-01



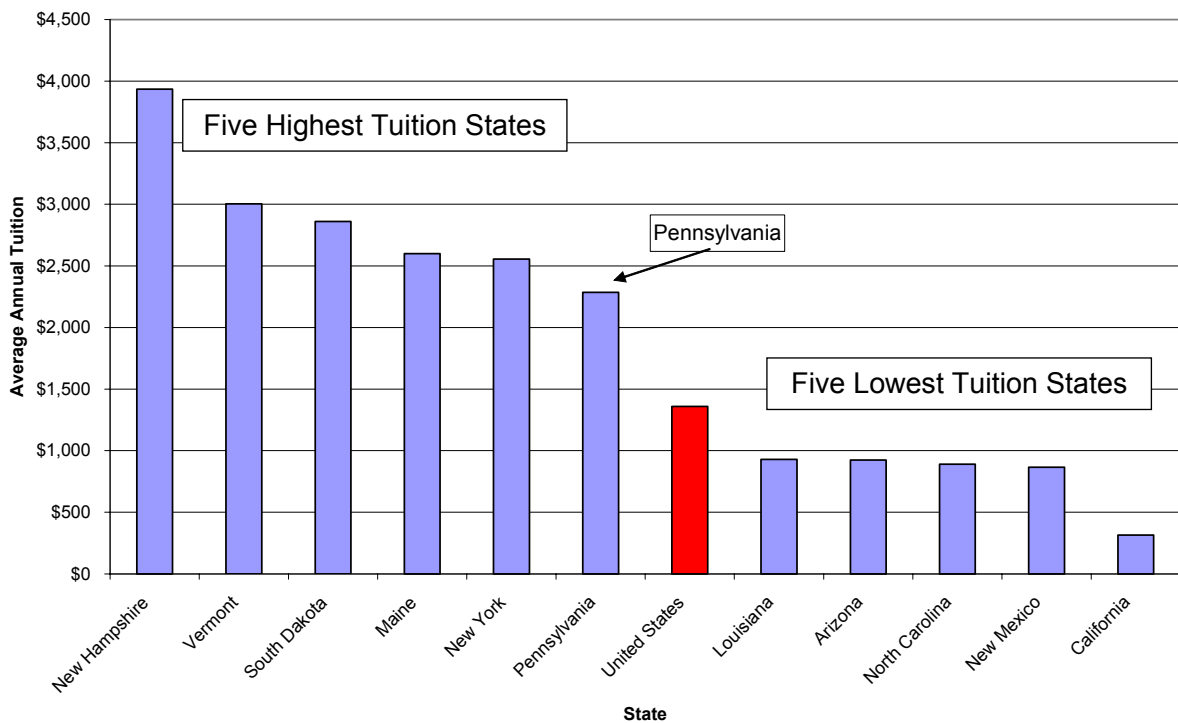
Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), "Fall Enrollment" and "Institutional Characteristics" surveys.

A recent study released by the National Center for Public Policy and Higher Education found that tuition in Pennsylvania grew at a slower rate than the country for the 2001-02

academic year.¹ However, Pennsylvania’s total tuition is already substantially higher than many other states, and these increases are significant because of our higher initial costs. Furthermore if tuition increases slowed in 2001-02, this occurred after a hike of 5.4% between the 99-00 and 00-01 school years, a significantly faster pace than the 4.7% national average growth.

Tuition at Pennsylvania’s 2 year public universities is also high – 68% higher than the national average. However, eight other states have higher tuition than Pennsylvania in this category. New Hampshire, the state with the highest tuition at 2-year public institutions, charges tuition that is 189% higher than the national rate.

Tuition at 2-year public institutions for select states, AY 2000-01



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), "Fall Enrollment" and "Institutional Characteristics" surveys.

¹ Trombley, William. "The Rising Price of Higher Education," The National Center for Public Policy and Education, Winter 2003. Accessed March 10, 2003.

<http://www.highereducation.org/reports/affordability_supplement/index.shtml>. This study did not weight enrollment calculating state averages, thus it represents the average cost across institutions that assumes equal access whether the institution enrolls 100 students or 10,000 students. Weighting with enrollment reflects the opportunity to pay a given tuition level.

...is it affordable?

Higher education costs can be offset by higher incomes, but this is not the case for Pennsylvania. Pennsylvania's tuition at four-year public institutions is 14.8% of median household income. This is higher than all states except for Vermont, and substantially higher than the 8.4% national average.

Table 1: Tuition and Median Income²

| | <i>Median House Income, 2001</i> | <i>Two-Year Public Tuition</i> | <i>Two-Year Tuition as % of Median Income</i> | <i>Four-Year Public Tuition</i> | <i>Four-Year Tuition as % of Median Income</i> |
|---------------|----------------------------------|--------------------------------|---|---------------------------------|--|
| United States | \$41,994 | \$1,359 | 3.2% | \$3,506 | 8.4% |
| Pennsylvania | \$40,106 | \$2,285 | 5.7% | \$5,918 | 14.8% |
| Pittsburgh | \$37,467 | \$2,064 | 5.5% | \$5,559 | 14.8% |

Tuition rates in Pittsburgh are similar to those in the state, and these high tuitions lead to a two-fold problem for the city. Pittsburgh is not competitive in attracting students to the region to attend public universities. In Pittsburgh, average tuition for four-year public institutions in the 2000-01 school year was \$5,559; this is 59% higher than the national average.

Students who apply to and attend public universities are often more price-sensitive than those who attend private universities; small differences in tuition costs could have large effects on where prospective students choose to attend school. Also, students who attend public universities are more likely to establish residency in the state of their institution in order to bring down tuition costs. This lack of cost competitiveness is a major issue in a city that is trying to attract more young people from outside of the region, in part through its universities.

These high tuition rates may also limit access to postsecondary education for Pittsburgh residents. While tuition rates in the region are substantially higher than the national average, median household income is lower. Tuition for four-year public institutions in Pittsburgh is 14.8% of median income, which is higher than all states except for Vermont. Tuition for two-year programs is 5.5% of median household income, 2.3% higher than the national average. Some Pittsburgh residents may decide not to pursue postsecondary education because it is not affordable, limiting their professional options, and lowering the average level of training and education in the regional workforce.

² Tuition rates are for the 2000-2001 academic year from the U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), "Fall Enrollment" and "Institutional Characteristics" surveys. Median Household income is from US Census Bureau, American Factfinder. Table P53, "Median Household Income in 1999 (dollars)", Census 2000 Summary File 3. Accessed March 14, 2003. <<http://factfinder.census.gov>>.