# Charge: Universities Misrepresent Cause of Rising Tuitions

By Neal McCluskey
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If you ask higher education lobbyists, especially for public-sector schools, why college prices rise so quickly, they'll often deny that aid allows schools to raise prices, and say it is a need to make up for lost state and local appropriations. But as recently released data from the State Higher Education Executive Officers (SHEEO) again strongly suggests, that's not the full story.

Conducting some back-of-the-Excel calculations using SHEEO data on public institutions' operational funding, the 25-year trend shows inflation-adjusted state and local appropriations per full-time equivalent student dropping $64 per year, but revenue through tuition rising $93. In other words, for roughly every two dollars in state and local appropriations lost, public institutions raised per-pupil revenue through tuition and fees three dollars. The attached chart shows how this happened: When appropriations dropped, schools raised their per-student tuition-and-fee revenue. And when appropriations rose? Schools raised their per-student tuition-and-fee revenue.

Over the last quarter-century, this has added up handsomely for public institutions, in particular because of the nearly 56 percent increase in FTE enrollment. Inflation adjusted, total revenue from appropriations, tuition, and fees rose from $81.7 billion in 1988 to $130.6 billion in 2013, a 60 percent increase. Ultimately, the trend in revenue per-pupil has seen schools add $29 per student per year.

There is more to take into consideration to fully assess college finances than this, including numerous revenue streams outside of operating funds. But at least for public colleges' operating costs, price inflation is attributable to appreciably more than filling in holes.

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