

# TIME U.S.

## Obama to Target Rising College Tuition

By AP / KIMBERLY HEFLING and JIM KUHNHENN

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(ROMULUS, Mich.) — President Barack Obama has put colleges and universities on notice to control tuition costs or face losing federal dollars. Now, schools are waiting to hear how big a stick he plans to wield to enforce his message.

Obama was expected to spell out his plan in a speech Friday at the University of Michigan in Ann Arbor focused on college affordability. His plan could set a new precedent in the federal government's role in controlling the rising costs of college — a move making people in higher education nervous. Obama's speech will cap a three-day post-State of the Union trip by the president to promote different components of his economic agenda in politically important states. ([See pictures of Barack Obama on Flickr.](#))

The president hinted at what's ahead in education during his State of the Union address Tuesday night, which coincided with the release of a White House "blueprint" that said he wants to shift federal aid away from colleges that don't keep net tuition down and provide a good value. But it's unclear exactly what pot of federal dollars Obama plans to target and how his plan would work.

The Obama administration already has taken a series of steps to expand the availability of grants and loans and to make loans easier to pay back, and Obama spelled out Tuesday other proposals to make college more affordable such as extending tuition tax breaks and asking Congress to keep loan interest rates from doubling on July. His administration has also targeted career college programs — primarily at for-profit institutions — with high loan default rates among graduates over multiple years by taking away their ability to participate in such programs.

But until now, it has done little to turn its attention to the rising cost of tuition at traditional colleges and universities. The average in-state tuition and fees at four-year public colleges last fall rose 8.3 percent and with room and board now exceed \$17,000 a year, according to the College Board. Rising tuition costs have been blamed on a variety of factors, including a decline in state dollars, an over-reliance on federal student loan dollars and competition for the best facilities and professors.

During Tuesday's speech, the president said he'd met with university presidents who described to him ways some universities through technology and redesigning courses were able to help students finish more quickly — efforts that helped curtail costs.

"The point is, it's possible. So let me put colleges and universities on notice: If you can't stop tuition from going up, the funding you get from taxpayers will go down. Higher education can't be a luxury — it's an economic imperative that every family in America should be able to afford," Obama said.

Barry Toiv, spokesman for the Association of American Universities, said some of its members participated in the meeting Obama referred to and agree that there are good examples of things that can be done to make colleges more efficient. But he said universities are concerned that any proposal by the president "doesn't hurt students" because anything that does is "obviously counterproductive."

Sen. Lamar Alexander, R-Tenn., a former education secretary, said the autonomy of U.S. higher education is what makes it the best of the world, and he questioned whether Obama could enforce any such plan without hurting students. Potentially, billions of dollars are at stake. In the 2010-2011 school year, the federal government awarded \$142 billion in federal student aid — most of it directly to students in the form of grants and loans, according to the Education Department.

"It's hard to do without hurting students and it's not appropriate to do," Alexander said. "The federal government has no business doing this."

Some public institutions worry about being unfairly blamed for state cuts that led to an increase in tuition prices. Neal McCluskey, an education analyst at the libertarian Cato Institute, said it's difficult for the federal government to dictate what is a reasonable increase because some colleges and universities might have legitimate reasons to raise tuition some years, such as the need to replace buildings in disrepair.

Obama's plan reflects that in the race between subsidizing tuition with student aid and rising tuition, student aid is going to lose, said Andrew P. Kelly, a research fellow at the American Enterprise Institute. Instead of redesigning their business model or using more online programs to save money, many colleges and universities have made small changes hoping to wait out the nation's fiscal crisis that don't solve the problem long term, Kelly said.

"This signals I think a sense of how acute that problem is and the fact that it can't just be about pouring money into federal student aid programs and hoping that affordability is maintained, that there has to be some kind of way, or at least a signal sent, to the institutions that benefit, and the states, frankly ... that they just can't continue to ratchet up prices and use federal aid to fill in the gaps," Kelly said.

Even though it's not politically popular, McCluskey said a good way to control rising tuition costs would be to cut federal aid to students, which would force colleges and universities to keep tuition low.

This isn't the first time a politician has sought to control tuition costs. In 2003, Rep. Howard "Buck" McKeon, R-Calif., proposed a plan to hold back aid to colleges and universities that raised tuition much faster than inflation. It met resistance from higher education and wasn't passed.

Come Friday, "we'll be watching and listening carefully," said Molly Corbett Broad, president of the American Council on Education.