The Higher Cost of Education

Date: Monday, November 5, 2012 5:30 p.m.
Location: NAU Green Scene Café
Facilitated by: Dr. Stephen Lenhart, NAU Philosophy Department

5:30 p.m. Welcome and Introduction
Dr. Heidi Wayment, Director of NAU’s Compassion Project and Psychology Department Chair

Hot Topics Overview
Andrea Houchard, Director, Philosophy in the Public Interest

5:45: Dr. Stephen Lenhart, NAU Department of Philosophy
- Costs: How and what we pay for
- Ethical and Social Issues:

6:50: Recap of discussion

Additional support provided by NAU’s College of Arts and Letters, Compassion Project,
Who Pays For It?

Federal Funding

Federal funding is crucial for providing financial support for higher education. Federal funding can be provided in two ways: through institutional grants (which is typically determined by student attendance) and indirectly through student financial aid. However, the majority of federal spending on higher education comes in the form of student-based financial aid. Federal aid is usually directed at the financially neediest students, but recently efforts have been made to make financial aid more accessible to middle class families. In 2012, the federal government allocated approximately $160 billion dollars for student-based financial aid.

The Rising Cost of Tuition

From 1973, tuition rates have increased at an average rate that is twice the rate of inflation. Typically, tuition tends to increase about 8% per year—which means that the cost of college doubles every nine years. For a baby born today, this means that college costs will be more than three times current rates when the child matriculates in college.

Key Points

- Average published tuition and fees at public four-year colleges and universities increased by 31% beyond the rate of inflation over the five years from 2002-03 to 2007-08, and by another 27% between 2007-08 and 2012-13.
- The 13% real increase in average published tuition and fees at private nonprofit four-year institutions from 2007-08 to 2012-13 was similar to that in the previous five years.
- Average published tuition and fees at public two-year colleges increased by 18% in inflation-adjusted dollars, from $2,129 (in 2012 dollars) in 2002-03 to $2,523 in 2007-08, and by another 24%, to $3,131 in 2012-13.

Student Debt

As of this March, the Consumer Financial Protection Bureau found that student loan debt had passed $1 trillion. The average student loan debt among graduating seniors in 2007-08 was $23,186, (this figure excludes PLUS Loans, but includes Stafford, Perkins, state, college and private loans).

Federal Higher Education Aid, Fiscal Year 2012

- Work Study: $9.8 billion
- Tax Benefits: $27.7 billion
- Grants: $42.5 billion
- Loans: $115.6 billion

The Rising Cost of Tuition

From 2011 to 2012, the total funding allocated to higher education in Arizona went from approximately $1.08 billion to $814 million. A general trend of lowering state funding has been mitigated through rising tuitions, beginning in 1980 and accelerating through 1990.

The consequences of low and falling funding for public education in Arizona hold, regardless of the source of data on education funding or of the measure used to analyze the funding data. In 2006, per student spending in Arizona was the lowest in the nation; the state was ranked 49th in 1993. In late spring of this year, Arizona lawmakers approved the state budget, which would allocate $3.3 million in extra funding for NAU.
Scholarships and fellowship: Does not include federal aid, tuition waivers, or tuition discounts (since 1998 have been reported as waivers). It is a residual measure that captures any remaining aid after it is applied to tuition and auxiliaries.

Student services: Noninstructional, student related activities such as admissions, registrar services, career counseling, financial aid administration, student organizations, and intramural athletics. Costs of recruitment, for instance, are typically embedded within student services.

Auxiliary enterprises, hospitals and clinics, and independent and other operations: User fee activities that do not receive general support. Auxiliary enterprises include dormitories, bookstores, and meal services.

Why Should We Pay?

One way to establish whether or not funding higher education should be a principal concern for society is to determine what exactly we take the value of having a higher education (or any education, for that matter) to be. The value of higher education can be evaluated in a few ways (though not exhaustive by any means): what about higher education an individual and society finds valuable; whether higher education is valuable instrumentally (as a means to some end—i.e. money in this case), intrinsically (as valuable in itself), or both. Furthermore, even if a higher value is placed on education by society, whether funding for higher education should be delegated to the private or public endeavors remains an additional question.

Questions to Consider:
- Is a market solution to the education problem a feasible one?
- Should everyone receive a higher education?
- Is a market solution to the education problem a feasible one?
- Is there a mismatch between what we value in education and how we are spending money? If not, what can we do?

SOURCES
http://www.deltacostproject.org/data/national/
http://www.azsos.gov/election/2012/General/ballotmeasures.htm
http://knau.org/post/nau-sees-modest-budget-boost
http://grapevine.illinoisstate.edu/tables/index.htm
http://www.finaid.org/loans/
http://fetbp.newamerica.net/background-analysis/federal-higher-education-programs-overview
http://edmoney.newamerica.net/
http://trends.collegeboard.org/college-pricing/figures-tables
Friedman, Milton. On the Role of Government in Education.
Hot Topics Café Community Committee

The “hot topics” in the Hot Topics Café are selected by NAU students that represent diverse constituencies and viewpoints. We thank our committee for their participation.

NAU Students on the Campus Committee

Zac Abrams, President- American-Israeli Alliance
Nolan Bade, Green Jacks
*Tara Butler, Associated Students for Women's Issues/Teal Ribbon coordinator
Daniel Daw, The Lumberjack newspaper
Kaitlin Dodge, President- NAU Young Democrats
Alexis Edmonds, To Write Love on Her Arms
Glenn Garner, President of PRISM
*Zachary Gerber, Math major/physics major, Philosophy minor/Computer Science minor
Jared Gooshe, President- College Republicans

*Voted to select “hot topics” for the Fall of 2012.

Faculty advisors

Andrea Houchard, Philosophy in the Public Interest
Heidi Wayment, Compassion Project, Psychology Department

NAU's Philosophy in the Public Interest is non partisan, and does not endorse any position with respect to the issues we discuss. Philosophy in the Public Interest is a neutral convener for civil discourse.

Next Flagstaff Hot Topics Café

Climate Change

Facilitated by: Dr. John Devlin, W.A. Franke College of Business
Date: Wednesday, November 7, 2012 5:30p.m.
Location: The Museum of Northern Arizona

You are also invited to attend Hot Topics Café at the Museum of Arizona and at NAU's Green Scene Café and in Sedona. Visit nau.edu/ppi for a schedule.

This informational handout was prepared by the Kyle Beloin and Coren Frankel, NAU Hot Topics Café Student Research Directors. Both Kyle and Coren have double majors in philosophy and political science at Northern Arizona University.
NAU Total Expenditure Budget by Program
(in thousands)

- Scholarship and Fellowship: $99,117.20 (13%)
- Auxiliary Enterprises: $48,315.20 (10%)
- Instruction: $152,642.70 (33%)
- Organized Research: $10,167.70 (6%)
- Public Service: $30,827.60 (7%)
- Institutional Support: $84,261.00 (13%)
- Academic Support: $29,956.40 (6%)
- Student Services: $34,091.90 (7%)

NAU Revenue Compared 2011
(in thousands)

Revenue Compared

- State Funds: $129,227.82
- Federal Funds: $74,008.16
- Tuition and Fees: $133,118.09

Source: Northern Arizona University FY 2011 Operating Budget