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## AS WE SEE IT

# Higher ed's paying customers

*Spiraling college costs  
shutting out middle class*

In a survey released last week, the Public Policy Institute of California detailed the decline in the state's middle class.

A similar note also was sounded by President Barack Obama in a political speech aiming to build support for tax hikes on higher income earners.

The middle class that once differentiated our country and state from much of the rest of the world — where it's often a few haves and mostly have nots — is under assault. And nowhere is that clearer than in the rising cost of a college education.

In a Sentinel special report that began Saturday and concludes Monday, our reporters detail the challenges facing students and families in an era of rapidly spiraling college costs.

Although the value in terms of employment and lifetime earnings of a four-year degree have perhaps never been so pronounced, students at publicly supported state universities and colleges are struggling to find a way to pay for higher costs almost unimaginable a generation ago.

Tuition at University of California campuses has increased 56 percent in the past two years — from \$7,788 in 2009 to \$12,192 this year — and could go up again if legislators again cut state funding for UC. Add in room, board and fees, and the cost to attend a UC campus is about \$32,000 a year.

Tuition for CSU campuses was \$5,472 for 2011-2012, 23 percent higher than the previous school year and nearly double the rate of 2007-2008. The overall cost of attending CSU can hit \$25,000 annually.

Community colleges in California, considered a lower cost option for many students, raised fees \$10 this year, to \$36 per unit, and 140,000 students were turned away last year due to lack of space.

How do students cope? Some can't and drop out of school. Others find outside jobs, if such jobs are even available — and take out loans.

Total federal loans are up 57 percent over the last decade, and outstanding student loan volume has passed \$1 trillion. The average debt for students graduating from a public four year college today is \$22,000.

But the availability of loans is one reason that colleges and universities have no real market incentive to keep prices lower.

At the same time, the hiring and compensation practices at both UC and CSU have increasingly come under fire from students,

unions and legislators.

The main driver in higher public higher education costs, however, is declining state support. UC officials cite a \$650 million cut in state funding last year. Then there are higher costs in health care benefits, the price tag of keeping up with technology, salary increases, and restarting contributions to the pension system — with an overall impact of \$1 billion in cuts and new costs.

About a quarter of the loss in funding has been made up in tuition increases; the rest has to come elsewhere. College and university students and their parents are essentially now being seen as paying customers.

Nationwide, tuition has risen at a faster rate than costs have risen on any other major product or service, including gasoline and health care. If UC's fees had increased with the rate of inflation, students who paid \$776 in 1980 would be paying \$2,200 this year.

What are the options, beyond corporate donations and cutting administrative spending?

While local schools and the higher ed system are doing a better job of preparing K-12 students for college academics, there needs to be an emphasis as well on the financial challenges.

One way to cut costs is for students to finish in four years, though with class offerings reduced, this isn't easy. At UC Santa Cruz, about half the students currently graduate in four years. At Cal Poly San Luis Obispo, part of the CSU system, it's 26 percent.

Community colleges are another option — students can cut costs by attending a two-year school like Cabrillo College and then transfer. But community colleges are also under assault by legislative budgeteers.

If you're a parent, apply for need-based student financial aid by filing a free, and complicated, form known as FAFSA, which can be done as early as January of a student's senior year. There are also outside scholarships available.

For all this, public higher ed in California needs to find a guaranteed, and consistent source of funding. One way would be to ask voters to mandate money that would go to UC, CSU and community colleges.

Higher education needs to be affordable. The alternative is unaffordable for a state in need of an economic future based on innovation and entrepreneurship brought by a college educated workforce.