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Tuition dollars buy less Students pay larger share of UNC's income

By JOHN BARE
The Chapel Hill Herald

CHAPEL HILL — The University of North Carolina at Chapel Hill may offer students a better bargain than other schools around the country, but today's Tar Heel students are getting less bang for their tuition buck than their counterparts did in past years.

In fact, considering the effects of inflation, UNC students' return on their tuition dollar dropped to an eight-year low in 1990-91, the latest year for which complete expenditure records are available.

Primarily because their tuition has jumped 54 percent in the last four years, from \$252 to \$387 per semester, even students with prized in-state status are receiving less for their tuition dollar.

Out-of-state students always have paid significantly more to attend UNC, but now their tuition charges are galloping ahead of inflation faster than ever, leaping 27 percent this year to \$3,321 per semester.

Still, increasing out-of-state tuition has generated little or no political opposition because it's often cheaper for residents of

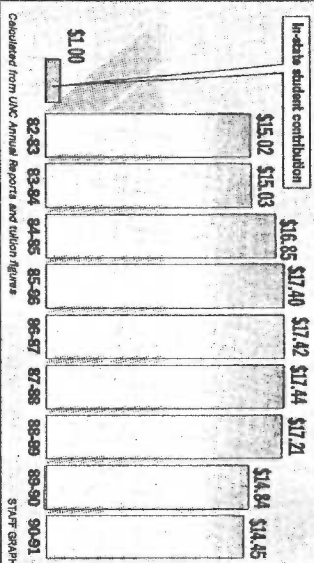
New York, New Jersey and other states to leave home to attend college in North Carolina. Lt. Gov. Jim Gardner, a Republican candidate for governor, has discussed doubling or tripling out-of-state tuition.

However, increasing tuition for students who live in North Carolina — whose families have paid state taxes for years — is a touchier political issue. In-state students account for roughly 78 percent of all undergraduate students at UNC, and North Carolina residents have come to expect a first-

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LESS BANG FOR THE BUCK AT UNC


For every tuition dollar an in-state UNC student spends, the state appropriates many more to help pay for his or her education. Throughout most of the 1980s, in-state students received a little more each year for every dollar they put in. In fiscal year 1989-90, however, that trend reversed, with students receiving a lower return on the dollar.



Housing project in the red



Worker to face second



Eve Olive entertains a group of children by telling them the story of "The Elf with the Golden Beard" at the 5th Annual Holiday

and Toy Fair at Emerson Waldorf School on New Jericho Road. Olive is on the school's board, and she teaches. The toy fair lasted

all day Saturday, featuring crafts and toys handmade by parents. Crafts were made of natural fabrics and wood.

Chapel Hill Herald/Star Orrell

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rate education at exceedingly low prices.

But even more important, bargain tuition rates are mandated by the state's constitution, which requires lawmakers to hold in-state tuition to as close to zero as is "practicable." So for students whose families live in North Carolina, the spending changes that began in the fall of 1989 signalled a dramatic shift in tradition as well as policy at UNC.

One result has been that students and their families have been forced to provide a larger share of UNC's total income. Tuition and fees now account for 7 to 8 percent of the university's overall revenue, up from 6 percent in 1982-83, according to UNC's annual financial statements.

With UNC's annual revenue approaching \$700 million, shifting just a small percentage of the burden to students translates into tuition increases totaling millions of dollars.

Ruffin Hall, a UNC senior who works with student government on budget issues, said the increased reliance on tuition and fees, instead of tax revenue collected statewide, is a disturbing trend.

"As soon as you begin to rely on tuition and fees to finance Carolina," Hall said, "it will literally shoot (tuition) right through the roof."

The university's tuition and fees have remained low, relative to public universities such as Cal-Berkeley and Rutgers, which charge students thousands of dollars per semester. This fall a national news magazine named UNC as the nation's best education bargain.

UNC's financial situation, however, has grown gloomier in recent years. Today's students are not getting the

same bargain Tar Heel students received in 1986 or 1982.

An analysis of UNC enrollment, tuition and spending confirms the conventional wisdom regarding the effects of three years worth of state budget cutbacks: Today's UNC students are paying more and receiving less. In the fall of 1989, tuition started rising faster than university spending. That mixture, combined with inflationary pressures that reduced the amount of software, paper and pencils the university can buy with the same dollar each year, caused the UNC bargain to sour for the first time in more than seven years.

Wayne Jones, associate vice chancellor for business and finance at UNC, said the university still offers students a much better educational bargain than other universities but is "not quite as good a bargain as it was five years ago."

The problem, university officials argue, is that tuition dollars are funneled directly into the state's general fund, along with income taxes and sales taxes, not into university bank accounts. When legislators decide how to dole out the state's pool of cash, they have not always routed all extra tuition dollars back to the UNC campus.

"We've consistently taken the position that we have not benefited dollar-for-dollar from increased tuition," Jones said.

Whatever the cause, the end result is that in-state students began paying more and receiving less in 1989. One measure of the quality of education at UNC is the average amount the university is able to spend on "instruction and student support" per student. "Instruction and stu-

dent support" is a line item in the university's budget that annually accounts for more than 40 percent of total expenditures. It includes funding for faculty salaries, libraries, student services, registration systems and other fundamental aspects of a student's education.

In 1982-83, for example, an in-state student received an average of \$15.52 worth of "instruction and student" support for every tuition dollar he or she paid. The university grew throughout most of the 1980s, with revenue rising and tuition remaining low. By the fall semester of 1987, UNC was spending nearly \$17.50, with inflation held constant, for every tuition dollar an in-state student paid.

Though the university has continued to spend a little more each year on "instruction and student support," tuition has recently increased at a faster rate. In 1989-90, with inflation held constant, an in-state student received just \$14.84 worth of "instruction and student support" for every tuition dollar paid.

Last year the amount fell to \$14.44, a 2 percent drop from the peak bargain year of 1987.

There are many intangible factors that help determine the value of a student's education, from the passion a professor puts into her lectures to the interpersonal networks a student uses to find a job, so it's difficult to measure the exact worth of today's UNC education.

Hall said the university's recent troubles have not adversely affected his education, though future students may not be as fortunate.

"It's the trend that is more frightening right now," Hall said. "Chapel Hill is not

committing the finances and the resources it takes to keep pace with other universities."

Even if the state's budget situation stabilizes, however, it is unlikely that the university will soon fill all the gaps. Cutbacks have affected every corner of the UNC campus. In addition to lean faculty benefit packages and skimpy graduate stipends, the cost of renewing periodicals has risen faster than library appropriations, and funding for basic operational needs such as copier paper and new filing cabinets has lagged behind inflation.

Considering UNC's current enrollment and tuition rates, the university would have to increase spending on "instruction and student support" this year by 42 percent just to provide in-state students with the same bargain that in-state students enjoyed back in 1982-83. That will not happen, this year or next, considering the state's budget limitations and the financial needs of virtually every state agency.

Recent positive news regarding the state budget did little to ease the financial pain in Chapel Hill. University officials said surpluses in the state budget will only allow them to maintain the status quo, not replace the jobs and services that were eliminated in past months.

Hall believes lawmakers in Raleigh must reverse the trend of stagnant appropriations and rising tuition. Unless something changes, he said, the university will face "major academic problems. Then our diplomas won't mean as much."