



Differential college tuition based on degree program

Executive Summary

The cost of college instruction (tuition) and fees at public postsecondary institutions varies based on state, school and student characteristics. Most public institutions in the United States offer discounted tuition for state residents, and some institutions use differential tuition to vary costs based on degree program or program year. Missouri law ([RSMo 173.003](#)) currently limits tuition-setting authority for public higher education institutions by capping the extent to which they can raise tuition and required fees. [House Bill 856](#) proposes a five-year suspension of this law, which would make it possible for Missouri institutions to either uniformly raise tuition rates or implement differential tuition based on degree program. While differential tuition is considered a more transparent alternative to the existing student fee structure, it may limit access to certain fields (e.g., STEM) for minoritized groups, including women, low-income students and students of color.

Highlights

- In addition to state support for higher education, **tuition-setting often depends on instructional costs, tuition rates at peer institutions and degree value.** Differential tuition would allow institutions to charge competitive tuition rates that align more closely with the specific costs (e.g., faculty, lab equipment) associated with their degree programs.
- High student fees on top of tuition rates can reduce cost transparency. **Complete and accurate information about college costs can improve college enrollment, especially among low-income students.**
- **Differential tuition can limit the enrollment of women and students of color in more expensive degree programs** and therefore may limit access to certain career paths based on ability to pay for college.

Limitations

- Research about tuition setting behavior is typically based on self-reports by institutions and state agencies, and can be subject to bias and misreporting.
- Additional research is needed to understand how differential tuition policies impact student (e.g., degree completion, debt) and institutional (e.g., diversity, financial aid distribution) behavior.

Research Background

What factors influence tuition setting?

State policy & budget: State appropriations strongly influence tuition setting at public institutions.¹ Decreased state funding for higher education in the United States is often associated with increased tuition.^{2,3} When adjusted for inflation, funding for higher education in Missouri has decreased over the past decade.⁴ However, the [Missouri Higher Education Student Funding Act](#) establishes restrictions on the extent to which public higher education institutions can raise undergraduate tuition and required fees; this cap is based on the percent change of consumer price index and the amount by which state support was decreased in the previous fiscal year ([RSMo 173.003](#)). Some institutions (e.g., the University of Missouri System) have indicated that they would shift to a differential tuition structure (based on degree program) if the tuition cap were suspended or removed.

Peer institution tuition rates: Tuition-setting practices typically consider the costs of competitors-similar institutions within the region. Among the 52% of public four-year research institutions who use differential tuition based on degree program, differential tuition is most common among land grant institutions.⁵ Similarly, several flagship universities (e.g., University of Michigan, University of Iowa, University of Indiana) currently charge different tuition based on the program of study.

Costs & value of different degree programs: The costs of administering a degree program vary based on program enrollment, faculty salaries, and the cost of required materials (e.g., lab equipment, art supplies). Instructional cost differences between STEM fields depend primarily on class size, teaching load and the use of non-tenure track faculty.⁶ Under a uniform tuition model, the high costs of expensive programs tend to be subsidized less-costly programs and additional fees.

Additionally, some programs are more likely to produce high-earning graduates than others. Linking education costs to career outcomes may help match debt to future earnings and the ability to pay down student loans after graduation. However, this is difficult to do with some majors (e.g., math) and does not account for earning disparities between individuals with law or STEM degrees in the public vs. private sector.

What are the consequences of differential tuition?

Cost transparency: College websites do not always provide clear, accurate and easily accessible information about the costs of attendance; however, access to financial information has been shown to increase enrollment, especially for low-income students/families.⁷⁻⁹ After the passage of the original Higher Education Student Funding Act (FY09-FY15), supplemental fees not

covered by the law increased 138% across Missouri public institutions.¹⁰ Although not required as a part of HB 856, institutions have testified that differential tuition would allow schools to move away from fees and provide more transparent cost estimates based on differential tuition rates.

Affordability: Tuition increases, particularly at less-selective public institutions, are typically associated with reduced enrollment by minoritized students (e.g., racial and ethnic minorities).¹¹ Because some programs (e.g., English) would be cheaper than others (e.g., biology), differential tuition is considered an alternative to uniform raises in tuition that would increase costs for all students. However, there is some evidence that differential tuition policies lead to higher average tuition compared to those institutions without differential tuition.^{5,12} The high costs at state flagships have been linked to the reduced enrollment of low- and middle-income students at these institutions.¹³

Access to high value degrees & jobs: While some students choose their college major based on expected future earnings, this is less true for women, students of color and students with low test scores.¹⁴ Differential tuition can incentivize enrollment for certain degree programs and limit enrollment in others. High-cost degree programs disproportionately limit the enrollment of historically underserved populations (e.g., women, students of color) into these programs.^{11,15} Because women and minoritized groups are already underrepresented in STEM programs, differential tuition may increase this gap. In some cases, institutions have addressed cost differences using targeted financial aid, although this is a voluntary measure that is subject to change with future appropriations.^{16,17}

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