Are College Tuition Increases Linked to Student Financial Stress?

Sara Ray, Iowa State University[1]
Rebecca Ray, Iowa State University[2]
Clinton Gudmunson, Iowa State University[3]
Megan Gilligan, Iowa State University[4]
Suzanne Bartholomae, Iowa State University[5]

Discussion about the price of attending college occurs within and outside the university setting. Tuition increases are an important topic in political debates and on the floors of state legislatures; however, little is known empirically about the impact of tuition increases on college students' well-being. This study examines the impact of college tuition increases on enrolled college students' financial stress.

Tuition has increased dramatically across a large share of U.S. public universities over the past decade which has led to concerns about affordability and access.[1] While higher tuition costs may discourage some individuals from pursuing college, research indicates that price responsiveness to tuition costs is greater for college students that are already enrolled than for prospective freshmen.[2] Thus, it is important to evaluate the relationship between tuition increases and well-being of students enrolled in college.

Individual data was drawn from the 2014 National Student Financial Wellness Study and was linked with institutional tuition data from the Integrated Post-secondary Education Data System (IPEDS). The sample for this study is 5,693 emerging adult undergraduate students from 38 public colleges and universities. The sample included all students in their second year or later in a degree program. 62.5% of the sample is female, 33.6% is male, and 1.2% listed their gender as other.

The first step in the analysis process was to test for how much variation in student financial stress was due to institution. The intraclass correlation coefficient was small at .015, so OLS regression rather than multilevel regression was used to model the relationship between tuition increases and student financial stress. Cumulative tuition increases across student's years enrolled in school were dichotomized by cutting it above and below expected tuition inflation of 5%. Although tuition increases were initially associated with financial stress (Model 1), the effect was explained away by covariates measuring financial literacy (Model 2), individual differences, and family socioeconomic status (Model 3). Additional findings include that students who engaged in more positive financial behaviors and demonstrated higher levels of financial knowledge were less likely to experience financial stress. Also, GPA, parent education

[1] Sara Ray, (skray@iastate.edu), Graduate Teaching Assistant, Human Development and Family Studies
[2] Rebecca Ray, (ray.rebecca.ann@gmail.com), Student, Human Development and Family Studies
[3] Clinton Gudmunson, (cgudmuns@iastate.edu), Associate Professor, Human Development and Family Studies
[4] Megan Gilligan, (mgilliga@iastate.edu), Assistant Professor, Human Development and Family Studies
[5] Suzanne Bartholomae, (suzanneb@iastate.edu), Assistant Professor, Human Development and Family Studies

level, being male, and being a student athlete were associated with lower financial stress scores.

The findings of this study regarding tuition increase are not conclusive. The three financial stress questions that make up the financial stress scale have not been fully tested for reliability and validity. Different findings could result with a more established measure of financial pressure or a more general psychological stress variable. Furthermore, because institutional data was used to calculate the cumulative tuition increase variable, it is not fully representative of the actual costs students may face when attending college. Future research should gather data about the actual sticker price that students and their families see each semester and the amount of financial support they receive to offset these costs. Therefore, we suggest further exploration of the impact of tuition increases on college student experiences and well-being.

References

Mitchel, M., Leachman, M., Masterson, K. & Waxman, S. (2018). *Unkempt promises: State cuts to higher education threaten access and equity.* Washington, D. C.: Center on Budget and Policy Priorities. Retrieved from https://www.cbpp.org/sites/default/files/atoms/files/10-4-18sfp.pdf

See Adams, D. R., Meyers, S. A., & Beidas, R. S. (2016). The relationship between financial strain, perceived stress, psychological symptoms, and academic and social integration in undergraduate students. *Journal of American College Health, 64*(5), 362-370. doi: 10.1080/07448481.2016.1154559;

Deasy, C., Coughlan, B., Pironom, J., Jourdan, D., & Mannix-McNamara, P. (2014). Psychological distress and coping amongst higher education students: A mixed method inquiry. *PLoS One, 9*(12), e115193. doi: 10.1371/journal.pone.0115193;

Heller, D. E. (1998, November). *A comparison of the tuition price and financial aid responsiveness of first-time enrollees and continuing college students*. Paper presented at the Annual Meeting of the Association for the study of Higher Education, Miami, FL.;

Robotham, J., & Julian, C. (2006). Stress and the higher education student: A critical review of the literature. *Journal of Higher Education, 30*(2), 107-117. doi: 10.1080/03098770600617513