Over the last eight years in Virginia, tuition at public colleges and universities has risen well over 100 percent. That’s a symptom of a larger problem, said Virginia Lt. Gov. Bill Bolling.

“I think what’s happened is the state was unable to provide the historic level of general fund support, therefore universities were forced to raise tuition, and to be honest, it’s just gotten out of control,” Bolling said.

“Not only has tuition gone up, but they’ve also admitted more out-of-state students, which means fewer spots for in-state students. So we just can’t continue on this trajectory—we’ve got to look for ways to reinvest in our colleges and universities.”

Bolling is involved in Gov. Bob McDonnell’s Commission on Higher Education Reform, Innovation and Investment—a fancy name for a commission charged with rescuing the state’s own public colleges and universities from more financial doom and gloom. Solutions to remedy the problem could be as simple as reprioritizing higher education in the state’s budget once again, or as complex as cutting bureaucratic strings the state has tied around its higher education system.

Those symptoms and remedies aren’t unique to Virginia. Public higher education, typically the only area among the largest state budget expenditures that has its own major revenue source—also known as tuition—has been sitting low on the budget totem pole for years.

“Higher education has just been sloughed off as a secondary responsibility or a responsibility not as important as say, public safety or health care or transportation or some of the other priorities in state government,” Bolling said.

The problem isn’t new.

“Across America state support for higher education has been declining for a long time,” William & Mary President Taylor Reveley said at the July meeting of the State Council of Higher Education for Virginia. “Of necessity, Virginia’s funding of higher education has come increasingly to rely on public-private partnerships. The operating budgets of the strongest state universities are now utterly dependent on the private side of the public-private partnerships.”

At William & Mary, the public college got 43 percent of its operating budget from state taxpayers 30 years ago, according to Reveley. Today, state dollars are approaching just 12 percent of the college’s funding, with the bulk of its funding coming from private sources such as tuition, grants and philanthropic gifts.

While states decrease funding for public higher education, state colleges and universities are forced to do more with less. Besides raising tuition to make up the difference, state schools in Wisconsin are calling for more latitude in how they operate. Put simply, schools such as the University of Wisconsin-Madison think they can run more efficiently and save money if they had a little more discrepancy in managing the school’s systems and budget.

“We are in fact asking the state to give us more discretion … and allow us to operate just a little more nimbly in ways that we’re constrained under the current system that force us to operate in a manner exactly like a state agency,” said Darrell Bazzell, vice chancellor for administration at University of Wisconsin-Madison.
1. Differential Tuition
A strategy in Wisconsin is charging students more for certain programs and also for students from certain income levels. For example, tuition would be higher for more expensive programs such as nursing. “Basically the universities are using these dollars to fund need-based financial aid when there aren’t any other dollars available,” said Wisconsin Sen. Kathleen Vinehout, chair of the Agriculture and Higher Education Committee. Vinehout said many constituents are middle income earners and don’t want to pay more in tuition costs, especially when they don’t qualify for financial aid. “It’s a somewhat controversial approach.”

2. Newest Teaching Technologies
Liberty University in Lynchburg, a private university in Virginia, is a stand-out example of technology-driven teaching methods, said Virginia Lt. Gov. Bill Bolling. Liberty currently has 50,000 online students and the virtual instruction at the university accounts for 85 percent of the university’s income, Bolling said. “There are a lot of those technologies that I think frankly, we’ve not been as successful at implementing at the college and university level—not just in Virginia, but all across the country.” Trading in $400 and $500 textbooks for their cheaper electronic counterparts is also another strategy, Bolling said.

3. Lotteries for Scholarships
A new Arkansas Scholarship Lottery started last September specifically fund a new scholarship program. By June, the new lottery has raised an estimated $380 million for 28,000 college scholarships. Scholarships and grants of varying amounts go to Arkansas residents to use at public and private nonprofit two-year and four-year colleges and universities within the state. “With the passage of the Arkansas Scholarship Lottery and legislation allowing more students than ever before to receive this scholarship, we are seeing a heightened interest in higher education that could be historic for this state,” Jim Purcell, Arkansas Department of Higher Education director, said in a press release. So far, the state received more than 50,000 applications for the Arkansas Academic Challenge Scholarship, 10 times more than previous years, according to the department.
For example, when it comes to construction at the university, state policies slow down the entire process, costing needless time and money, Bazzell said.

The school isn’t allowed to issue its own bonding; all projects are managed by the state not by campus or university officials, Bazzell said. Each construction project has a 4 percent tax added on to help cover the cost of others who provide oversight for the construction projects, he said.

“We’re not allowed to have prime vendors for our construction, which means we have to go out and separately bid with all the different entities that are part of the construction project,” Bazzell said.

That means the plumbing might be bid out to one entity and the electrical could be bid out to another entity.

“It’s just a very inefficient way to construct a building—ways that no one in the private sector would ever think of doing,” Bazzell said.

“The big picture that the chancellors really want to see is that the legislature gives the chancellors more flexibility in the way they move money around from one pot to another pot,” said Wisconsin Sen. Kathleen Vinehout, chair of the Agriculture and Higher Education Committee.

Bazzell would like to see a compact, or special agreement, between the public university system and the executive branch or legislature allowing the universities more latitude on certain processes in exchange for providing affordable education for in-state students, for example.

Virginia has that sort of agreement in place, while New York and Oregon have proposals on the table.

In Wisconsin, the compact could take the form of a bill in the legislature or simply an agreement between the governor and the public higher education system.

“It’s become kind of the approach in higher education to address this issue in a more fundamental manner,” Bazzell said.

As state funding to public colleges and universities shrinks and tuition costs rise to make up the difference, Kelli Stamper, UPS work force development manager, has an enticing proposition for students scraping by to pay the college bill.

“Our students obtain a four-year college degree and come up debt-free,” Stamper said.

That’s due to an innovative partnership UPS has with Kentucky, where its Worldport International air hub is located in Louisville. There, students can enroll in the company’s tuition assistance program called Metropolitan College and go to college while they work part-time at the UPS hub that packages a million packages a night. UPS chips in 50 percent of tuition costs while the state foots the other half of the bill.

Students can take classes at the University of Louisville or Jefferson Community College. Students are UPS employees and must work at the UPS hub; most work the night shift.

“Stamper thinks it’s a win-win. UPS gets a trained work force and is able to fill its night shift part-time positions, while the state gets a helping hand for college assistance to its residents. Students have college paid for and are earning money at the part-time job.

After this year, Kentucky will support the program with a 50 percent tax credit to UPS for Metropolitan College tuition—a change from the way it funded the program in recent years, Stamper said. The change “allows us to expand the draw of the program over time (and) it secures that funding for a longer period of time.”

Before, the state funded Metropolitan College on a yearly basis, paying 50 percent of the tuition costs. Now, “we don’t have to go back every year,” Stamper said.

In a tight economy and as more and more students struggle to pay for college, these programs at businesses across the nation, it would seem, would be a magnet for students seeking ways to pay for school. But, according to Stamper, UPS hasn’t seen an increase in enrollment in Metropolitan College.

Enrollment actually depends on how many people the company needs to hire, Stamper said, because individuals must first be UPS employees to be eligible for the program. There were 2,268 participants in 2009 and 2,236 in 2008.

“When we are not growing and not adding new people, it levels off,” Stamper said.