

Do Tuition Hikes Lower Students' Performance?

Sudesh Mujumdar, University of Southern Indiana
Daniel Friesner, Gonzaga University
Timothy Schibik, University of Southern Indiana
Mohammed Khayum, University of Southern Indiana
Charles Harrington, University of North Carolina - Pembroke

ABSTRACT

This paper inquires more closely into the nature of the relationship between college tuition and students' performance at college studies. This results from:

- 1) The refining of the time allocation model that was built in Mujumdar, Schibik, Friesner and Khayum (2004) to conduct a first, formal exploration of the relationship. The refined model, again, reveals that tuition increases generally diminish performance, helping place our similar intuitive expectation on a firm footing. It also yields insights into how students' debt-service ratio, the strength of parental 'influence' in students' consumption financing and the opportunity cost of parental financial support impinge on the tuition-performance relationship.
- 2) More rigorous empirical support for the observation that tuition increases lower performance arising from Tobit analyses of a dataset of college students.