

## *SPECIAL REPORT*

### *SPEAKING OUT ABOUT THE RISING COST OF EDUCATION*

#### *MOUNTING DEBT TAKEN ON BY THE IHL APPROACHES \$1 BILLION DOLLARS*

Part 2 of *Speaking out about the Rising Cost of Education* investigates reasons the cost of a college education continues to climb, creating a massive, unsustainable burden for students and their families.

In Mississippi, “[since 2000](#), average tuition among the eight universities increased 96 percent, an average of 8 percent a year.” Why do these costs continue to mount faster than inflation? As [previously reported](#) construction has fueled much of these costs:

As borrowing soared, university presidents began a multibillion-dollar building boom across campuses, featuring private dorm rooms and network TV-ready football fields. Colleges themselves went into debt to pay for these extras. By the end of 2011, more than 500 colleges and universities rated by Moody’s Investors Service had \$211 billion of outstanding debt, compared with \$91 billion in 2002.

“The tendency of the colleges and universities at the undergraduate or the graduate level is to charge as much as they can, and continue to build and expand,” William Bennett, education secretary under Reagan, said in an interview.

What does this have to do with Mississippi and its universities? According to the [2010 audited financial statements](#) for the IHL,

Non-current liabilities are those liabilities due and payable more than twelve months from year-end (June 30th). Non-current liabilities equaled \$958.1 million at June 30, 2010 and \$862.9 million at June 30, 2009. These liabilities have increased 28.4% (or \$211.7 million) since June 30, 2008. The principal reason for this large increase was the incurrence of new bonded debt issues at many of the institutions. During recent years, the IHL System has experienced unparalleled levels of new construction and renovation to its existing facilities.

Let me point out the key numbers from the audit report. Long term debt taken on by the IHL has increased **nearly 30% in just two years**. As of June 30, 2010, the total long

term debt owed by the IHL was **\$958.1 million**. This nearly \$1 billion debt is a breathtakingly huge mortgage on the future of the university system. It is a debt that must be paid back with interest.

In 2011, the [University of Southern Mississippi's share of these total long term liabilities](#) (page 54 or page 64 if you are locating the page using the pdf toolbar) were nearly \$171,938,904. Total debt for bonds issued by the IHL for the University of Southern Mississippi in 2011 were \$122,035,000.

When State contributions do not increase fast enough to pay the debt, money has to come from somewhere. The IHL has shown [little concern](#) for rising costs. However, the IHL can increase tuition and fees. Therefore, the costs of education continue to climb, funded for many students by debt.

In the next report in this series, usmnews.net will take a look at “creative financing” used by state universities with the blessing of the IHL.