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Our University – Sticker Price

Walter V. Wendler

Southern Illinois University Carbondale, wendler@siu.edu

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Our University – Sticker Price

High quality at low cost is the desire of every organization known, even in communist and socialist societies. The willingness to take the action to keep costs low and quality high is rare.

Capitalism's inelastic bedrock is simply this: people vote with their feet.

Many universities are running on fumes. Great university leadership blossomed nationally after World War II. Dorothy Morris intimated to me one day that her husband and former president of SIU Delyte Morris had few challenges. "Delyte had it easy; it was different then, and money grew on trees". Too modest for the vision and ability this dynamic duo possessed, but the observation contains some truth.

Our university charged what it cost to provide a first-rate education.

This is sticker price.

That price was offset by, among other things, vouchers from the taxpayers in the hands of motivated GIs. They voted with their feet, and a back pocket appropriately stuffed with government funds. Initially, the 1944 G.I. Bill paid universities directly for the cost of tuition and fees for veterans. A few university bureaucrats artificially inflated fees to get a bigger government handout so the 1952 version of the G.I. Bill gave funds directly to the GIs. The GIs did what people do and got the most "bang for the buck", and they put a man on the moon too!

Sticker price is the cost of attending a university. Less than twenty percent of students pay it. Sticker price is subsidized, or discounted depending on your perspective, by the G.I. Bill, loans, federal and state grants, student work opportunities, academic and athletic scholarships, assistantships, MAP funding in Illinois and a bucket-full of other mechanisms to bring the price in line with ability to pay.

Many universities continue to give pay raises to faculty and staff, stuck in the vice of not wanting to increase fees for the political costs, and simultaneously wanting to give all university employees pay increases for the political benefits. That vice puts a squeeze on the system. The first victim in the jaws of that vice is quality. Nothing will reduce demand more quickly than reducing quality: another piece of inelastic bedrock, impossible to explain away or spin politically, on which capitalism is constructed.

In order to meet the demand for quality, a University of California study group recommended a 32 percent fee hike. People were not happy.

"Our fees have risen 160 percent since 2001," said Victor Sanchez, president of the UC Students Association. "When will enough be enough?"

One blogger pointed out that "even with the 32 % fee hike, UC Berkeley, UCLA and really all the UCs are still a total bargain. For example, UC Berkeley is ranked in the top 25 universities in the U.S. Guess how much the fees are at the other 24 universities? The average is around \$35k per year. How much is UC Berkeley? Around \$8k per year. So the tuition will increase above \$10k? That still looks like quite a bargain to me!"(sic)

Dave Frohnmayer, the recently retired president of the University of Oregon, suggested that universities be made into public corporations and be responsible for specific performance, graduation rates, retention and other indicators of success, but also grant institutions the authority to do what they know how to do.

Universities need leadership with vision and ideas, people who are willing to take risks and test concepts in a free market environment.

At our universities, quality is at stake, and the cost of its dismissal is one nobody wants to pay.

A sticker price too high - with or without subsidies and discounts.