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Our Universities: Rising Tuition - Causes and Effects

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Second in a Series

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Our Universities: Rising Tuition - Causes and Effects

Second in a series on state funding for higher education

Historically, while state contributions to the total operating budgets of universities have increased as a percentage of all spending, tuition has remained a roughly stable percentage of all operating costs. Forty years ago, about 20% of the cost of operating a public university was paid for by tuition and that still holds. As enrollments grow, why aren't we getting greater economies of scale?

While housing went up 4x at its peak, college tuition has gone up over 10x.

Dr. Mark J. Perry, professor of economics and finance, University of Michigan, Flint.

On September 5, 2011, the New York Times ran a story about Texas Governor Rick Perry's proposal for a \$10,000 bachelor's degree. Increasingly, and detrimentally, higher education is seen as a civil right rather than an opportunity to devote several years to exploring and developing one's potential.

Since the average public university in the U.S. spends about 9 out of 10 dollars of its budget on salaries, as state funding decreases, schools must either increase the number of students paying tuition, or reduce faculty and staff, in either case decreasing the average amount of direct contact each student can have with members of the faculty.

State funding reductions clearly contribute to increasing costs to students, but that is only part of the story. An important development in recent years has been students' expectations of non-academic amenities. Dorms today look like luxury hotels, cafeteria food could not possibly be mistaken for the institutional fare of a generation ago, and extracurricular clubs and activities rival those of a destination resort. Providing the facilities to meet these expectations consumes significant amounts of operating funds. It's these amenities, and not faculty teaching English, history and math, that are changing the higher education calculus.

Richard Vedder, director of the Center of College Affordability and Productivity who teaches economics at Ohio University, has suggested that another contributor to rising educational costs is the availability of student loan money.

In fact, Sandy Baum, College Board economist, Jane V. Wellman, Delta Project on Postsecondary Education Costs, Patrick M. Callan, National Center for Public Policy and Higher Education, and Arthur M. Hauptman, education and public policy consultant all address how the increasing availability of Pell Grants has contributed to higher costs. But not a single one of the experts suggests that we should send away students who are not reasonably prepared to meet the challenges and attain success. It is an unpopular position, a little bit like telling a young married couple they cannot afford a home.

It is more comfortable to lie.

Universities produce more and more graduates. But, still, an astonishing low rate (lower than 35%) of those who start a degree in a field where reasonable employment expectations can be realized finish their studies, according to Wellman. And, according to Lynn O'Shaughnessy in a Thursday, August 12, 2010, CBS MoneyWatch piece, some popular degrees don't pay much, and it is not clear in all cases if students know this when they are borrowing money to deal with tuition increases. Child and Family Studies, Elementary Education, Social Work, Athletic Training, Culinary Arts, Horticulture, Paralegal Studies/Law, Theology, Recreation & Leisure and Special Education mark the ten lowest paying majors. Earning 35K per year, and hoping to repay the debt load incurred even at a state school yields an unwieldy equation.

Responsible universities seeking to reduce the cost of attendance should send away weak students, advise students in low possibility majors of the risk associated with a particular field of study, make sure that patronage is carefully managed at their institutions, dismiss staff who are not performing their jobs well, and reduce new hires that are not focused on academically tenable aspects of a specific university mission.

Many universities should be shrinking in headcount, as a means of growing in terms of quality. A smaller university may be better and more efficiently able to serve the students who choose to study there.

Students have been misled about what they should look for in a university. A sportscar may lack the smooth ride and perfect acoustics of a luxury sedan, but that's not why you buy a sportscar. By the same token, a college should not feel it has to offer all the comforts of home, if those funds could be more productively used to provide things that can't be gotten anywhere else.

A \$10,000 bachelor's degree may answer the wrong question. It is the value of the change in the student, not the cost of amenities unrelated to academic development that should be the issue for our universities.