

8-28-2012

Our Universities: Cost and Competition

Walter V. Wendler

Southern Illinois University Carbondale, wendler@siu.edu

Follow this and additional works at: http://opensiuc.lib.siu.edu/arch_hepc

Recommended Citation

Wendler, Walter V., "Our Universities: Cost and Competition" (2012). *Higher Education Policy Commentary*. Paper 164.
http://opensiuc.lib.siu.edu/arch_hepc/164

This Article is brought to you for free and open access by the School of Architecture at OpenSIUC. It has been accepted for inclusion in Higher Education Policy Commentary by an authorized administrator of OpenSIUC. For more information, please contact opensiuc@lib.siu.edu.

Our Universities: Cost and Competition

The idea of colleges raising tuition based on the willingness of families to pay is poorly conceived. Cost and quality must fit together. Any other viewpoint is wrong academically. And equally important, it makes bad business: It may work, but only for a season.

"The theory of it was, basically, we will raise the tuition as much as the market will bear."

William Massy, Stanford University

Reginald Stuart, in an August 24, 2012, post on the *Diversity* website, showcases universities serving traditionally underserved populations as bastions of insight and wisdom in addressing the cost/quality equation in higher education. The strategies he identifies should be heralded as an affirmation of what makes higher education work.

The price of university attendance is going up. It is wrongly feared that increased costs are responsible for decreased enrollments. Mr. Stuart takes issue with this perspective. Discussions with university leadership from institutions where molds are being broken are revealing – fees are going up, but so are enrollment and quality. Competitive entry and challenging performance standards increase enrollment and value. That's good business.

He points out that efforts to boost enrollment through relaxed standards have a negative impact. Institutions that raise standards and simultaneously increase fees often gain ground, but only when fee increases are used to heighten the educational experience - better teachers and scholars who are rewarded for excellence for example. The University of Texas at San Antonio posted increases in tuition and fees and increases in the expectations of students in academic performance. While the number of students enrolled has gone down marginally, the student credit hours produced at UTSA have increased. Connecting the dots suggests that higher standards attracting fewer and better students will have a positive impact on cash flow at the university, and likewise, a positive impact on time to graduation. Fewer, more able students, paying more, finish sooner. Value increases, and that's good business.

North Carolina Central University reports a similar "problem." Increased standards for admission and double digit tuition increases have driven enrollment up, not down because issues related to educational opportunity quality were front and center. When tuition increases are coupled with increased admission standards and expectations, enrollment grows and time to graduation shrinks.

This is befuddling to university and state leadership who want to treat university enrollment as a retail experience. Leaders who believe increased enrollment alone will solve financial problems don't understand the issues or the dynamics.

A powerful commitment to cost efficiencies is required. Increasing costs because federal loan money is available might sound good from the immediate perspective; however, it is debilitating to students, devastating to universities, and deceitful to the greater public in the long run. Charging students more for the same or inferior academic "products" will not work.

Students and their families are smarter than that, and if you fool them on the way in, they will be lost forever on the way out.

It's possible to slip down the slope that says such thinking applies only in academic environments with high degrees of intellectualism and exclusivity. But that would be naïve. These principles hold true at places engaged in vocational training.

The downside of treating the university as a business is the idea that universities deliver packaged goods to students. The upside of treating the university as a business suggests students, when confronted with purposeful instruction and meaningful experiences, gain valuable insight.

The University of North Texas at Dallas recently implemented a self-study carried out by Bain & Company with the goal to "design a new model for the university." Kevin Kiley reported it on April 24, 2012, in *Inside Higher Ed*. Notwithstanding a bundle of specific apprehensions regarding the consultant's report, the concerns of faculty, staff and community leaders resonate with Mr. Stuart's findings. Cost and quality are related and people are willing to pay more when they perceive they receive more. Double-entry bookkeeping is a means, not an end.

A collection of sharpshooters is no substitute for engaged faculty members teaching capable students on subjects of intellectual and pragmatic value. To be sure, consultants and efficiency aficionados all have something to add in making a university more effective in its service to students, but exacting leadership vision focused on the student experience is required.

Our universities would be well advised to remember their roots in the purpose of the university experience. Enthusiastic capable students will sense the value and run to, not away from, excellence.