



## Higher Education Facts at a Glance

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### Key Facts

- 57 percent of potential students say the higher education system fails to provide good value for the cost; 75 percent say college is unaffordable.
- Average taxpayers provide more in subsidies to elite public and private schools than to the less competitive schools where their own children are likely being educated.
- Tuition has increased four times faster than the consumer price index and outstripped growth in health care spending.
- Total student loan debt is higher than credit card debt, and in 2012, will have reached \$1 trillion.
- Non-traditional students now form the majority of college students with more than half of students enrolled over age 25.
- Less than half of first-time, full-time students complete their four-year degrees within six years or two-year degrees within three years.
- Forty years ago, U.S. colleges employed more faculty than administrators. Today, teachers make up less than half of college employees.

**Editor’s Note:** While Texas’ debate over public higher education’s cost and value garnered a great deal of press coverage in 2011, this is far from a Texas issue alone. As the statistics compiled below demonstrate, rising tuitions and student debt, as well as declining student performance, have become subjects of truly national concern. At the same time, this sourcebook also reports on a number of developments that promise solutions to our higher education crisis.

### Vox Populi: Public Opinion Data on Higher Education in Texas

*According to a recent Pew Research Center study, 57 percent of potential students say that the higher education system fails to provide good value for the cost, and 75 percent say college is unaffordable.<sup>1</sup>*

A public opinion survey, commissioned by the Texas Public Policy Foundation, was conducted last year by Baseline and Associates.<sup>2</sup> The survey found that Texas voters think the state’s public colleges and universities can reduce their operating costs while improving teaching.

The survey found:

- Eighty percent of Texas voters think Texas colleges and universities can be run more efficiently, with 50 percent strongly believing so.
- Seventy-one percent of voters—44 percent strongly—believe that Texas colleges and universities can improve teaching while reducing operating costs.

- Eighty-seven percent of Texans believe that the most important purpose of a university is to educate students, while only 6 percent say it is to conduct research.
- By a margin of 81 percent to 14 percent, respondents believe that tuition dollars should be used to teach students and not be used to subsidize research.
- Eighty-seven percent of voters believe college professors should be required to teach in the classroom at least six hours per week (9 percent disagree).
- When asked how universities should deal with budget shortfall, the **top three choices** of voters were:
  - (1) Reduce administrative overhead;
  - (2) Delay new facilities; and
  - (3) Require professors to teach more students and do less research.

Raising tuition or taxes were the **least favorable options**, at 6 percent and 10 percent respectively.

- Eighty-one percent believe that colleges and universities can be run more efficiently.
- Ninety percent of voters believe there should be measurements in place to determine the effectiveness of the education delivered and material learned by students at colleges and universities, while only 7 percent disagreed.

- Eighty-five percent of voters believe if they were students that they could effectively evaluate the job the professor did at teaching them. Only 10 percent felt they could not.

## The Class Divide in Higher Education Funding

*The American Enterprise Institute issued a study in October of 2011, titled, “Cheap for Whom? How Much Higher Education Costs Taxpayers.”*

Among its findings:

- “Average taxpayers provide more in subsidies to elite public and private schools than to the less competitive schools where their own children are likely being educated.”<sup>3</sup>
- “Among not-for-profit institutions, the amount of taxpayer subsidies hovers between \$1,000 and \$2,000 per student per year until we turn to the most selective institutions. ... Among these already well-endowed institutions, the taxpayer subsidy jumps substantially to more than \$13,000 per student per year.”<sup>4</sup>
- Stated differently: **“the lowest levels of taxpayer support [go] to the institutions that enroll the highest percentage of low-income, nontraditional, and minority students—the fastest growing segments of the population.”**<sup>5</sup>

## The Cost of College, Past and Present

*College costs have skyrocketed, increasing faster than both inflation and health care costs.*

Below are the average in-state costs for undergraduate tuition and fees in Texas, and the average in-state tuition and fees in the United States for the school years 1994-95 and 2009-10.

**Table 1: Average In-State Undergraduate Tuition and Fees (4-Year Public Schools)**

Year	Texas	United States
1994-95	\$5,177	\$6,670
2009-10	\$13,764	\$15,014

Sources: National Center for Education Statistics, 1994-95 and 2009-10

The Texas Higher Education Coordinating Board states: “From fall of 2003 through 2009 the statewide average total academic charges for a student taking 15 semester credit hours at a public university has increased by 72 percent.”<sup>6</sup>

According to a recently published piece by Dr. Richard Vedder, economist from Ohio University, “In 2009, spending by Americans for post-secondary education totaled \$461 billion, an amount 42 percent greater than in 2000, after accounting for inflation.<sup>7</sup> This \$461 billion is the equivalent of 3.3 percent of total U.S. gross domestic product (GDP) and an amount greater than the total GDP of countries such as Sweden, Norway and Portugal.”<sup>8</sup>

Tuition has increased four times faster than the consumer price index and outstripped growth in health care spending.<sup>9</sup>

Over a 20 year period—1990 to 2010—the cost of tobacco products rose 378 percent and college tuition and fees were up 286 percent, the American Institute for Economic Research found in a study.<sup>10</sup>

Beginning in the 1980s, college funding shifted from a high-appropriation, low-tuition model to a high tuition, high student aid model. In 2010-11, public four year, in-state tuition and fees averaged \$7,605 and total academic expenses for one year averaged \$16,140. At private four year schools that average was \$36,993. Families can now expect to pay about \$65,000 for a public four-year degree and nearly \$150,000 for a private four year degree.<sup>11</sup> The median and average price of new homes sold in the United States as of October 2011 was \$212,300 and \$242,300 respectively.<sup>12</sup>

## Tracking the Explosion in Student Debt

*Total student-loan debt is higher than credit-card debt, and in 2012, will have reached one trillion dollars.*<sup>13</sup>

The class of 2010 graduated with an average of \$25,250 of debt, and faced an unemployment rate of 9.1 percent.<sup>14</sup> According to the Project on Student Debt, students graduating in 2012 will average \$29,000 in outstanding loans, which, with interest, will approach \$40,000.

The Educational Credit Management Corporation reports that about 72,000 federal student-loan borrowers filed for bankruptcy in 2008.

“Two-thirds of bachelor’s degree recipients graduated with debt in 2008, compared with less than half in 1993.”<sup>15</sup>

The buying power of students with high student loan debt is diminished upon graduation, “If you have a lot of people finishing or leaving school with a lot of debt, their choices may be very different than the generation before them. Things like buying a home, starting a family, starting a business, saving for their own kids’ education may not be options for people who are paying off a lot of student debt.”<sup>16</sup>

### Enrollment Demographics

*Non-traditional students now form the majority of college students. More than half of students enrolled are over 25, and about one-third of students are working full time while pursuing their education.*<sup>17</sup>

American higher education today educates more than 18 million students in more than 4,300 degree granting institutions. Educational expectations have been on the rise with more than 90 percent of high school students expecting to attend college.<sup>18</sup>

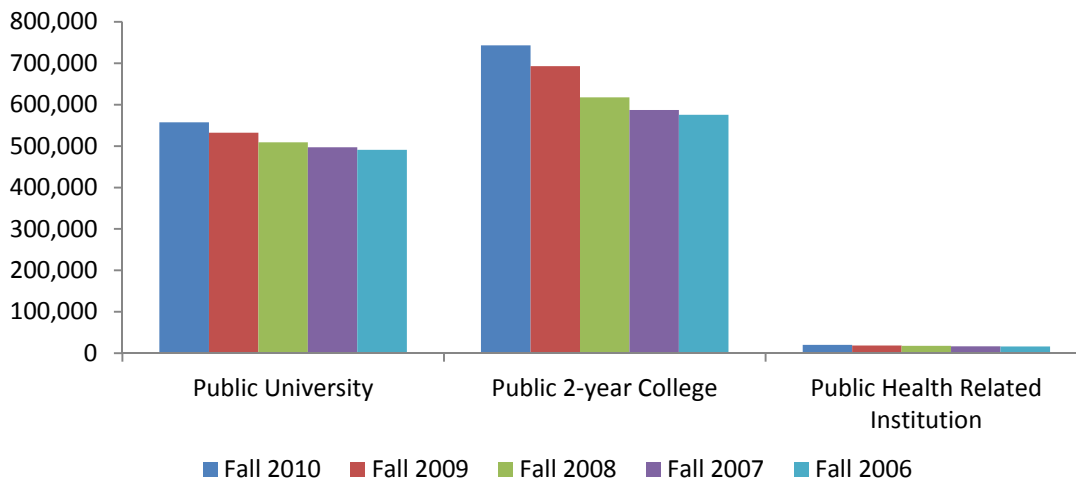
Public institutions of higher education (two-year, four-year, and health-related) serve roughly 91 percent of the approximately 1.4 million students pursuing higher education in Texas presently.<sup>19</sup>

In spite of rising costs, enrollment at Texas universities has increased from the fall of 2006 to the fall of 2010—at both four-year public universities and two-year public community colleges.

According to a report issued in 2006, of the nation’s nearly 14 million undergraduates, “more than 4 in 10 attend two-year community colleges. Nearly one-third are older than 24 years old. Forty percent are enrolled part time.”<sup>20</sup>

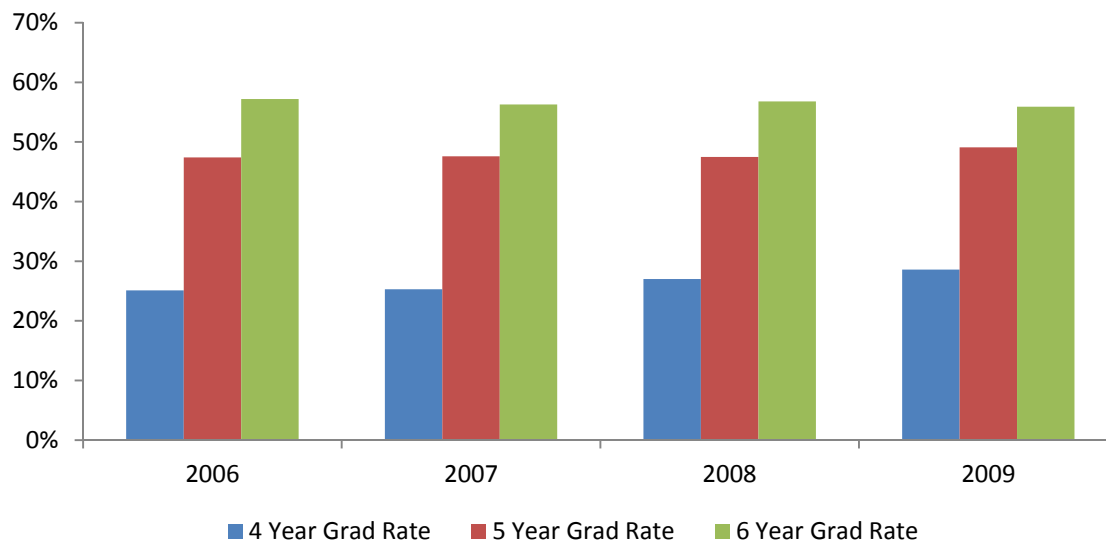
Students with a bachelor degree will see greater income in their lifetime. According to a study published by Georgetown University “individuals with a bachelor’s degree now make 84 percent more over a lifetime than those with only a high school diploma, up from 75 percent in 1999. Today, bachelor’s degree holders can expect median lifetime earnings approaching \$2.3 million. By comparison, workers with just a high school diploma average roughly \$1.3 million, or about \$15 an hour.”<sup>21</sup>

Figure 1: Enrollment Information at Statewide Public Colleges and Universities



Sources: Texas Higher Education Coordinating Board: Statewide Enrollments

**Figure 2: Texas Statewide Graduation Rates 2006-09**  
(Four, Five, and Six Years)



Sources: Texas Higher Education Coordinating Board, Accountability System

In the United States since 1990, the average earnings of a high school graduate actually fell in real terms by 2 percent, while those of college graduates rose by 10 percent. Currently in the United States, individuals who hold an associate degree earn 20-30 percent more than those who only have a high school diploma. A bachelor degree holder earns 70-75 percent more.<sup>22</sup>

## College Completion

*Less than half of first-time, full-time students complete their four-year degrees within six years or two-year degrees within three years. Completion rates for minority students are still lower.*<sup>23</sup>

According to the U.S. Department of Education, the average full-time student in public universities in Texas takes 5.3 years to graduate.

A recent survey conducted by *Complete College America* found the following:<sup>24</sup>

- By 2020, 60 percent of jobs will require a career certificate or college degree.
- Thirty-one percent of Texas adults currently have an associate degree or higher.

- Based on the above, there is a skills gap of 29 percent in Texas.

## How Well Are Students Learning?

*“Academically Adrift” reports that large numbers of U.S. college students are failing to develop the higher order cognitive skills that it is widely assumed they should master.*<sup>25</sup>

The 2011 study, *Academically Adrift*, employed the Collegiate Learning Assessment to measure what undergraduates were learning in college. The study’s findings include the following:

- “Growing numbers of students are sent to college at increasingly higher costs, but for a large proportion of them the gains in critical thinking, complex reasoning and written communication are either exceedingly small or empirically non-existent.”<sup>26</sup>
- “At least 45 percent of students in ... [the] sample did not demonstrate any statistically significant improvement in CLA performance during the first two years of college.”<sup>27</sup>
- Thirty-six percent of students did not demonstrate any significant improvement in learning over four years in college.<sup>28</sup>

- For many years, America led the way in higher education degree attainment. But recent data from the Organization of Economic Cooperation and Development (OECD) indicate that the U.S. is ranked 12th among major industrialized nations in higher education attainment.<sup>29</sup>

According to Harvard economists Lawrence Katz and Claudia Goldin, the average skill level of the U.S. workforce has stagnated since the mid 1970s. The median worker in the U.S. labor force today has a high school diploma plus just over one year of post-high school education.<sup>30</sup> They conclude that as the well-educated baby-boomer generation retires, the U.S. is in serious danger of losing its productivity edge.<sup>31</sup>

Patrick Callan, of the National Center for Higher Education and Public Policy, notes, “In the 1990s ... other nations began making the kinds of dramatic gains that had characterized American higher education earlier. In contrast ... [f]or most of the 1990s the U.S. ranked last among 14 nations in rising college participation rates. ...”<sup>32</sup>

The Accrediting Council for Independent Colleges and Schools recently surveyed 1,000 employers in various industries and more than half of the employers said “finding qualified applicants is difficult. ...”<sup>33</sup>

## The Explosive Growth in Administration

*Forty years ago, U.S. colleges employed more faculty than administrators. But today, teachers make up less than half of college employees.*<sup>34</sup>

“Forty years ago ... the efforts of 446,830 professors were supported by 268,952 administrators and staffers. Over the past four decades, though, as the number of full-time professors increased slightly more than 50 percent ... the number of administrators and administrative staffers employed by those schools increased by an astonishing 85 percent and 240 percent, respectively.”<sup>35</sup>

“Between 1975 and 2000, the number of administrators and managers employed by public institutions increased by 66 percent. During the same time period, though, the number of administrators employed by private colleges and universities grew by 135 percent.”<sup>36</sup>

Adjusting for inflation, from 1947 to 1995, “overall university spending increased 148 percent. Administrative spending, though, increased by a whopping 235 percent. Instructional spending, by contrast, increased only 128 percent, 20 points less than the overall rate of spending increase.”<sup>37</sup>

From 1998 and 2003, deans and vice presidents saw their salaries increase as much as 50 percent.<sup>38</sup> “By 2007, the median salary paid to a president of a doctoral degree-granting institution was \$325,000. Eighty-one presidents earned more than \$500,000 and 12 earned over \$1 million.”<sup>39</sup>

## The Future Face of Higher Education: Online Learning

*It is projected that, by 2015, 25 million postsecondary students will take online courses. The number of students studying on physical campuses alone will fall from 2010’s 14.4 million to 4.1 million in 2015.*<sup>40</sup>

For the past eight years, there has been a substantial growth in online learning programs and enrollment of students.

- Over 6.1 million students were taking at least one online course during the fall of 2010 term; an increase of 10 percent (560,000 students) over the number reported the previous year. This 10 percent growth rate for online enrollments far exceeds the less than one percent growth of the overall higher education student population.
- Thirty-one percent of all higher education students now take at least one course online.<sup>41</sup>

At universities where online course or degree programs are offered, they have seen their enrollment numbers dramatically increase. Some of the great examples of benefits of making courses and degree plans available online can be seen already in Texas and around the nation.

- UT-Arlington’s nursing program, RN to BSN online program, saw enrollment grow from 187 to 3,721 in 18 months.
- UT Arlington Graduate College of Education grew over 1,000 percent in 18 months to 1,748.

- Lamar University, Graduate College of Education, grew from 226 to over 4,200 in 18 months.
  - Arizona State University has been able to triple its enrollment by adding 100,000 online students.
  - Western Governors University is a not-for-profit accredited college that offers online degrees and courses. Students' ability to obtain a degree is determined by their competency in passing academic assessments that measure skills and knowledge of the subject matter. On this basis, *the average WGU graduate receives the bachelor's degree in two-and-a-half years. Moreover, WGU's annual tuition is below \$6,000.*
- Additionally, online degree programs have allowed students, largely in the middle class—who suffer the double blow of rising tuitions and ineligibility for grants or tuition assistance—to find an affordable option for their postsecondary education.
- From 1973 to 2008, the share of jobs in the U.S. economy requiring a postsecondary degree increased from 28 percent to 42 percent, and that number is expected to increase. ★

## Endnotes

<sup>1</sup> Pew Research Center "Is College Worth It? College Presidents, Public Assess, Value, Quality and Mission of Higher Education" (15 May 2011).

<sup>2</sup> Baseline & Associates, Inc., "A Tabulation of Survey Results Among Voters in Texas" (Nov. 30 - Dec. 2, 2010).

<sup>3</sup> Mark Schneider and Jorge Klor de Alva, American Enterprise Institute "Cheap for Whom? How Much Higher Education Costs Taxpayers" (Oct. 2011).

<sup>4</sup> Ibid.

<sup>5</sup> Ibid. Emphasis supplied.

<sup>6</sup> Texas Higher Education Coordinating Board, *Overview Tuition Deregulation* (Apr. 2010).

<sup>7</sup> National Center for Education Statistics, *Table 28: Expenditures of educational institutions related to the gross domestic product, by level of institution: Selected years, 1929-30 through 2009-10.*

<sup>8</sup> Richard Vedder and Matthew Denhart, CNN "Why Does College Cost so Much?" (Dec. 2011).

<sup>9</sup> Vance McMahan and Mario Loyola, U.S. Chamber of Commerce and Institute for a Competitive Workforce; "College 2.0: Transforming Higher Education through Greater Innovation and Smarter Regulation" (May 2011) 7.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> U.S. Census; Median and Average Home Price of New Homes Sold in the United States January 1963 through October 2011.

<sup>13</sup> Tamar Lewin, *The New York Times*, "Burden of College Loans on Graduates Grow" (Apr. 2011).

<sup>14</sup> The Institute for College Access and Success, *Student Debt and the Class of 2010.*

<sup>15</sup> Tamar Lewin, *The New York Times*, "Burden of College Loans on Graduates Grow" (Apr. 2011).

<sup>16</sup> Ibid.

<sup>17</sup> Vance McMahan and Mario Loyola, U.S. Chamber of Commerce and Institute for a Competitive Workforce; "College 2.0: Transforming Higher Education through Greater Innovation and Smarter Regulation" (May 2011).

<sup>18</sup> Richard Arum and Josipa Roska, *Academically Adrift* University of Chicago Press (2011) 33.

<sup>19</sup> Legislative Budget Board Staff Financing Higher Education in Texas (Jan. 2011) 1.

<sup>20</sup> U.S. Department of Education; *A Test of Leadership: Charting the Future of U.S. Higher Education* (2006).

<sup>21</sup> Lumina Foundation, "New study finds that earning power is increasingly tied to education: A college degree is critical to economic opportunity" (Aug. 2011).

<sup>22</sup> McKinsey and Company *Winning By Degrees* (Nov. 2010) 19.

<sup>23</sup> Bill and Melinda Gates Foundation "Top 10 Fast Facts About Postsecondary Education" Statistics from the National Center for Education Statistics, 2010 IPEDS Spring 2008: US Department of Education.

<sup>24</sup> *Complete College America* "Time is the Enemy" (Sept. 2011).

<sup>25</sup> Richard Arum and Josipa Roska, *Academically Adrift*, University of Chicago Press (2011) 121.

<sup>26</sup> Ibid, 121.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Vance McMahan and Mario Loyola, U.S. Chamber of Commerce and Institute for a Competitive Workforce; "College 2.0: Transforming Higher Education through Greater Innovation and Smarter Regulation" (May 2011).

<sup>31</sup> Ibid, 8.

<sup>32</sup> Ibid, 123.

<sup>33</sup> Lacey Johnson, *Chronicle of Higher Education* "Employers Say Graduates Lack Job Skills" (Dec. 2011).

<sup>34</sup> Benjamin Ginsberg, *Washington Monthly* "Administrators Ate My Tuition" (Sept./Oct. 2011).

<sup>35</sup> Benjamin Ginsberg, *The Fall of the Faculty: The Rise of the All-Administrative University and Why It Matters*.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> *Learning and Performance Technology Research Taxonomy . . .* Ambient Insight, Monroe, 2011.

<sup>41</sup> Elaine Allen and Jeff Seaman Babson Survey Research Group "Going the Distance Online Education in the United States, 2011" (Nov. 2011).

## Additional Resources

Business Roundtable, Roadmap for Growth, Preparing U.S. Students and Workers to Succeed: Fast Facts  
Bill and Melinda Gates Foundation, "Top 10 Fast Facts About Postsecondary Education"

## About the Author

**Thomas Lindsay, Ph.D.**, joined the Texas Public Policy Foundation in 2011 as director of the Foundation's Center for Higher Education. He has more than two decades' experience in education management and instruction, including serving as the thirteenth president of Shimer College, "the Great Books College of Chicago." He was named Deputy Chairman and COO of the National Endowment for the Humanities (NEH) in 2007. He joined the NEH staff in 2006, as director of the agency's signature initiative, We the People. When he became Deputy Chairman, he remained director of We the People, providing national leadership and support for the program's efforts to increase understanding of our country's history and founding principles.

In the preceding year, he sat on the National Council for the Humanities, a presidentially appointed board that oversees the NEH.

Prior to that, he served as the Provost and Vice President for Academic Affairs of the University of Dallas, where, as the chief academic officer of the university, he was responsible for the administration, direction, integrity and quality of its programs, for the recruitment and development of all faculty, and for the allocation of instructional and academic support resources. He supervised the deans of the University's three Texas-campus colleges (the College of Liberal Arts, the Graduate School of Liberal Arts, and the College of Business, which includes a graduate school of management) as well as the University's Rome, Italy, campus. Before becoming Vice President for Academic Affairs, Lindsay served as the University's Dean of its Braniff Graduate School of Liberal Arts and Director of its Institute of Philosophic Studies.

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