



# Testimony

## Restoring the Trust for Families and Working-Age Americans

*Presented before the U.S. House of Representatives Budget Committee*

by Thomas K. Lindsay, Director

### Key Points

- Over the past quarter-century average college tuition prices nationwide have jumped 440 percent. This rate of increase is nearly four times that of the C.P.I. over the same period.
- To attempt to pay for these historic increases, students and their parents have amassed historic debt. At roughly \$1.3 trillion, student-loan debt now exceeds even total national credit-card debt for the first time in our nation's history.
- Almost half of those who enroll in college fail to graduate.
- Of those who do graduate, 36 percent show little to no increase in the critical thinking and writing skills that a degree is supposed to signify.

Chairman Price and Members of the Committee:

My name is Thomas Lindsay and I'm the director of the Center for Higher Education at the Texas Public Policy Foundation, a free-market research institute based in Austin, Texas. Thank you for extending me the opportunity to present my research on the question of how we might increase opportunity for everyday Americans through higher education. My research conducted on this question points to the need to promote greater innovation in higher education delivery through fostering greater competition among higher education providers.

In addition to publishing research on this issue over the past five years, I also spent the quarter-century prior serving as, first, a university professor, and then, a college dean, provost, and president. I also had the opportunity to survey the national higher education landscape while serving as the deputy chairman of the National Endowment for the Humanities (2006-2008).

To summarize my views, this country has embarked on well-intentioned federal policies aiming to increase college access, for which all involved are to be commended for their earnestness.

Nevertheless, as with nearly all government policies, there have been some negative, unintended consequences. In my view, the work ahead of us must consist in no small part in moderating some of these policies in order to better align higher education demand with supply, as well as to better balance student access with success.



What follows is derived from my published research, all of which can be accessed at [www.texaspolicy.com](http://www.texaspolicy.com). For the sake of clarity, I have included a listing a number of my articles published in Forbes, for which I serve as a regular contributor, in the References section. All of these editorials stem from my published research.

## Outline of Problems and Solutions Discussed in Research

### Reforms:

- (Addressing Problems 1-2) **Affordable Baccalaureate Programs**
  - a. Online
  - b. Competency-based
  - c. Roughly half the price of traditional education
  - d. Target: nontraditional & veteran students
- (Addressing Problem 3) **10% across-the-board cut in administration:**
  - a. GWU's former president Trachtenberg: "20 percent administrative cuts plus 20 percent increase in teaching productivity"
  - b. Cuts achieved primarily through attrition
- (Addressing Problems 4-6) **Contextualized Grading:** makes transcripts more meaningful for prospective employers
- (Addressing Problems 4-6) **Required Collegiate Learning Assessments** in 1st & 4th years
- (Addressing Problems 4-6) **Informed Student Document:**
  - a. comparative graduation rates
  - b. comparative net tuition costs
  - c. comparative loan-debt (by major)
  - d. comparative starting salaries (by major)
- (Addressing Problems 4-6) **Performance Based Funding**
  - a. growing trend nationwide
  - b. emphasis has been on graduation and completion rates
  - c. *to prevent dilution of standards:* marry graduation rates with learning outcomes (through the CLA)

Here are the facts regarding public higher education in the United States today:

- Over the past quarter-century average college tuition prices nationwide have jumped 440 percent. This rate of increase is nearly four times that of the C.P.I. over the same period.
- To attempt to pay for these historic increases, students and their parents have amassed historic debt. At roughly \$1.3 trillion, student loan debt now exceeds even total national credit card debt for the first time in our nation's history.
- Almost half of those who enroll in college fail to graduate.
- Of those who do graduate, 36 percent show little to no increase in the critical-thinking and writing skills that a degree is supposed to signify.
- The two points immediately above ([1] only half of students graduate and, [2] of the graduating half, only 64 percent attain significant learning), the result is this: Only 32 percent of all students who enter college both graduate and do so having received the learning that a college degree is supposed to signify. This is a scandal.
- In the early 1960s, college students studied on average 24 hours a week, whereas today they spend only 14.
- Nearly half of recent college graduates are underemployed.
- Finally, grade inflation is real, rampant, and ravaging grading standards. In the 1960s, 15 percent of college grades nationwide were A's. Today, that percentage has tripled: 45 percent of all grades today are A's. In fact an A is now the most common grade given in college. Roughly three-quarters of all grades are now either A's or B's.



Higher education researchers read the statistics above as a warning sign, which we would do well to heed.

The irony here is that much of our crisis was not only caused by us but done with our best intentions. Moreover, as the crisis has grown, a number of elected officials and policymakers have begun championing various ideas designed to address higher education affordability. The proposals run the gamut—from federal measures to impose greater accountability on universities, to income-based repayment of student loans, to community college for free, and to four-year college for free.

But while the proposals differ, their differences are less important than what they share. What they all have in common is a fundamental misunderstanding of what's driving the crisis that all sides seek to solve.

Their proposals fail to understand that the factors composing the dilemma we face—tuition hyperinflation, burdensome student loan debt, and poor student learning—are to some extent branches of the same tree, whose roots are found in the well-intentioned but what has proved to be naïve assumption that virtually all high school graduates should go to a traditional four-year college.

We can see the destructive effects of the college-for-all agenda when we look more closely at each of the elements of our higher education crisis mentioned above—affordability, debt, and poor student learning.

When it comes to the increasing unaffordability of higher education (average tuitions have risen 440 percent in the past quarter-century, far outpacing contemporaneous increases in general inflation), there is a growing consensus that the policies of the federal government it-

self have caused a good deal of the unprecedented spike. How? A [recent study](#) by the Federal Reserve Bank has confirmed what former U.S. Secretary of Education William Bennett saw nearly 30 years ago; that increases in government subsidies to college students allow colleges and universities “blithely” to hike tuitions. The Federal Reserve Bank has found that every new dollar of Pell Grants or subsidized student loans results in universities raising tuitions between 55 and 65 cents.

What led the federal government to adopt and then repeatedly expand taxpayer subsidies for student loans? Without them, the country could not hope to reach its new goal of ensuring that all who want to go to college could afford to do so. This began as the more reasonable and defensible goal of subsidizing able students who were poor. But the subsequent iterations of the loan subsidy program have expanded it to include a good number of students from families who are not poor. In time, the flawed premise animating these programs metastasized to such an extent that the results have been no less than scandalous. A recent [report](#) on the practices of [Georgetown University](#) makes this point. The elite law school counsels its students on how to manipulate the Income-Based Repayment Plan to shift large portions of their student loan debt onto the backs of taxpayers.

Bearing this in mind, the crisis of crushing student loan debt comes better into focus as both a cause and an effect of tuition hyperinflation. It exists as an effect because would-be college students and their parents, struggling to keep pace with rising tuitions, have been forced to borrow at historic proportions. Today, for the first time in our history, total student loan debt, which stands at \$1.3 trillion, exceeds total national credit card debt, and this



in a country fairly addicted to credit cards. It exists as a cause for the reasons stated earlier: When more money is in the hands of consumers, they will buy more; when they buy more, sellers will raise prices. Yet this simple fact of economics appears lost on those who have criticized Bennett's hypothesis for nearly three decades—and appears still lost on those whose “solution” to the debt crisis is to quench the fire by dousing it with ever-greater quantities of inflammable student loan subsidies, paid for by federal taxpayers.

In short, when the national goal became college for virtually everybody, it sent millions more flocking to college campuses than had previously been the case. This increased demand, enabled by federal subsidies, could not help but to produce the sharp increases in tuitions—and with them, a concomitant increase in debt—that students and their parents have suffered under since.

But the drive to make college accessible for virtually all high school graduates has had an even more profound, and more destructive, consequence than the financial quagmire described above. The most tragic effect has been the decline in student learning. Sending millions more students to college has proved to cost more than mere money. A genuine liberal arts and sciences core curriculum—a staple of higher education institutions up until roughly 50 years ago—is too difficult for more than about 20 percent of high school graduates. What, then, to do when the goal became sending far more than this percentage to college? Inevitably, this could not be accomplished without lowering standards.

The heartbreaking results of this lowering of standards have been documented in Arum and Roksa's *Academically Adrift*, which should have stirred higher education more than it did when it revealed that 36 percent of college students nationwide show little or no increase in fundamental academic skills—critical thinking, complex reasoning, and clear writing—after four years invested in college.

Other national, longitudinal studies confirm the dramatic decline in university standards. For example, in the early '60s, college students studied an average of 24 hours a week alone. Today, that number has slipped to 14. Equally



alarming, these less diligent students receive historically high grades. Fifty years ago, “A” grades went to 15 percent of college students nationwide. Today, an A is the most common grade given in college (45 percent). Moreover, 75 percent of all grades awarded today are either A's or B's. Given these lax standards at universities, it is unsurprising that Arum and Roksa found what they did.

But even this massive, decades-long, watering down of college curricula and grading standards has not succeeded in fulfilling the unfulfillable vision of college for all. Consider these facts: Roughly half of all who enroll in college never graduate. Of the half who do, we know from *Academically Adrift* that 36 percent fail to demonstrate any substantive increase in learning. This means that, of all the students who enroll in college, only 32 percent succeed in acquiring both a degree and the knowledge that a degree is meant to signify.

As bad as these statistics are, they barely communicate the true human toll exacted by our utopian project. Today, those without college degrees feel like second-class citizens. With this has come a denigration of the mechanical and other talents needed to succeed at skilled trades, which, on average, can pay well.

Worse, those students who, contrary to their interests and aptitude, feel compelled by public pressure to attend college, only then to drop out, suffer a double blow. They are left not only demoralized by their “failure,” but also often find themselves burdened with student loan debt, which is all the more difficult for them to repay because they do not have a degree.

The good news is that there are solutions available to us now through which we can arrest tuition inflation and lower student loan debt. The first solution was born in my home state of Texas and can be easily replicated nationwide. Here I refer to the Texas Affordable Baccalaureate Program.

In 2014, three higher education partners—Texas A&M University-Commerce, South Texas College, and the Texas Higher Education Coordinating Board (THECB)—launched the “[Texas Affordable Baccalaureate](#)” (TAB) Program, Texas’ first public university bachelor’s degree combining online learning and competency-based standards. Its new degree in Organizational Leadership can cost as little as \$750 per term and allows students to receive credit for as many course competencies as they are able to master. Although the program aims first at returning adults, those entering with no previously earned credits can acquire their degree in three years at a total cost of between \$13,000 and \$15,000. At the other end of the spectrum, adults entering with 90 credit hours already earned can finish their degree in as little as a year and at a total cost of between \$4,500 and \$6,000.

Given the excitement over the first Affordable Baccalaureate Degree Program, it was only a question of time before it expanded beyond the campuses of A&M-Commerce and South Texas College.

That time came this January, when AT&T President Dave Nichols, Texas State Comptroller Glenn Hegar, and the THECB chairman, Bobby Jenkins, [announced](#) that AT&T would be contributing an additional \$400,000 to THECB’s College for All Texans Foundation. By funding the expansion of the TAB program from its current two campuses to ten, their intention is to enroll more than 21,000 students over its first five years.

Under the new AT&T grant, public institutions of higher education in the state will compete for start-up funding for a TAB program of their own. Commenting on the new funding initiative, THECB’s Jenkins noted, “Expansion of the TAB program is a key to achieving the state’s ‘[60x30TX](#)’ higher education goals for completion, marketable skills, managing student debt, and ensuring that at least 60 percent of Texans ages 25-34 will have a college degree or certificate by 2030.” Most importantly, Jenkins added, “the TAB program, with its competency-

based model, allows our institutions to serve the non-traditional students that are the new majority in higher education, such as military veterans, older, working students and Texans with some prior college credit but no degree.”

We still tend to think of college-going students as consisting predominantly of 18- to 22-year-olds who attend a residential campus full time, just as Jenkins points out. This is no longer the case. Today, the majority of those seeking some sort of postsecondary education—be it a two-year degree, a four-year degree, or a certificate—are nontraditional students. They are over the age of 25 and/or working full time and/or supporting families of their own. For this, the new majority, access to a traditional college education can be difficult if not well-nigh impossible.



In addition, the TAB program looks to be tailor-made for veterans, whose military training often satisfies a number of competency-based criteria. In short, under the TAB program, veterans will be able to get their degrees more quickly and universities will be able to lessen the financial burden they bear in teaching them.

On a number of fronts, then, the expansion of the TAB program is encouraging news for Texans. And as the program begins its expansion across Texas, it is reasonable to expect that the other 49 states will sit up and take notice.

## Eight Suggested Reforms in Higher Ed

1. The U.S. Congress should consider requiring all public universities to offer Affordable Baccalaureate Degrees as a certain percentage of their total course offerings. This should become a prerequisite for further federal funding for each school. *(See my article on the subject in the References section for greater detail.)*
2. The U.S. Congress should require all federally funded public universities to share “some skin in the game” when it comes to student success *(see my article on the subject in the References section for greater detail)*. Until this happens, schools will have little incentive to focus on anything more than what currently is the primary component of federal funding—the number of students enrolled.
3. To ensure transparency in grading standards, the U.S. Congress should require all federally funded public universities to introduce “contextualized transcripts.” These would give prospective employers a much clearer sense of where students excelled in college. *(See my article on the subject in the References section for greater detail.)*
4. To better inform students and their parents, Congress should require all federally funded public universities to provide “Informed Student Documents” on their applications. These documents would provide:
  - comparative graduation rates;
  - comparative net tuition costs;
  - comparative loan debt (by major); and
  - comparative starting salaries (by major).
5. Congress should consider eliminating or scaling back both Income-Based Repayment and student loan forgiveness, except in any case where the school has been convicted of fraudulent treatment of its students. *(See my article on the subject in the References section for greater detail.)*
6. Congress should craft legislation that redistributes some of its existing funding to community colleges, in order to encourage more students to attend community college.
7. Congress should revise the criteria by which regional accrediting boards rank schools. The current focus is on inputs, not outcomes. The outcomes listed above should be incorporated into the standards by which accrediting bodies judge schools.
8. In addition to the suggested reform immediately above, Congress should pass legislation making it easier for higher education innovations (especially online learning and competency-based programs) to enter the field. Currently, the accrediting bodies are acting too slowly (as is the U.S. Department of Education) to expedite these cost- and time-saving innovations. Accreditation should be a vehicle that fosters competition among schools. ★



**References**

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[Pricing Revolution: Texas Expands its Affordable Baccalaureate Degree Program](#)

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[The U.S. Senate Pushes To Give Universities More Skin in the Game'](#)

[The Future of an Illusion: The Higher-Ed 'Funding Cuts' Myth](#)

[Finally, Bipartisan Agreement on Why College Is So Expensive](#)

[How the 'College-For-Everybody' Agenda Harms both Students and the Economy](#)

[Higher Education's Faulty Economics: How We Got Here](#)

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