



Higher Education Affordability



The Issue

In Texas, and nationwide, we face a crisis in higher-education affordability. Over the past quarter-century, college tuition and student-loan debt have escalated at unsustainable rates: According to one study, average tuition over this period has jumped 440%—four times the increase in general inflation and twice that of health care costs. To pay for these historic price increases, students and their parents have amassed historic debt. Student-loan debt now stands at \$1.2 trillion, for the first time ever surpassing total national credit-card debt.

Between 2003 and 2009, the cost of attending Texas public universities rose 72% in constant dollars. Moreover, as reported by the Institute for Research on Higher Education, Texas “students and their families, already burdened by tuition hikes, have been forced to assume more responsibility for funding financial aid, too, through set-asides from tuition increases.” The surge in tuition is pricing our top public universities out of the reach of middle-class families.

Fueled by easy money in the form of federally-subsidized student loans, decreased teaching and increased administrative spending serve as cause and effect of the affordability crisis. Massy and Zemsky’s study finds the decline in teaching loads to be a natural response to incentives. Faculty promotion and prestige are based in large part on publications, which enhance a school’s place in the U.S. News Best Colleges rankings, the holy grail of academic status.

More virulent is the explosion in administrative budgets. Benjamin Ginsberg’s 2011 *The Fall of the Faculty* finds that “forty years ago, U.S. colleges employed more faculty than administrators. But today, teachers make up less than half of college employees.” From 1947 to 1995, “overall university spending increased 148%. Administrative spending, though, increased by a whopping 235%. Instructional spending, by contrast, increased only 128%.” Senior administrators have done particularly well. From 1998 to 2003, deans’ and vice presidents’ salaries increased as much as 50%, and “by 2007, the median salary paid to a president of a doctoral degree-granting institution was \$325,000.”

The public’s anger over the affordability crisis has grown keen. A national Pew survey finds 57% of prospective students believe a college degree no longer provides value equal to its cost, and 75% deem college simply unaffordable. Baseline and Associates conducted a survey of Texas voters that was commissioned by the Texas Public Policy Foundation. It finds 71% of voters believe universities can improve teaching while reducing costs. When asked how schools should address shortfalls, voters’ top three choices were reducing administrative overhead, delaying new facilities, and requiring professors to teach more. Raising tuition or taxes were the least favorable options, garnering 6 and 10% respectively.

The Facts

- In the last two years, a dozen Texas universities have launched \$10,000 Bachelor’s degrees. As a result, the governor of Florida recently called on his state’s universities to do likewise.
- THECB reports that from 2003-09, statewide average academic charges for a student taking 15 semester credit hours at a public university increased 72%.
- “Forty years ago,” reports Benjamin Ginsberg, “U.S. colleges employed more faculty than administrators. But today, teachers make up less than half of college employees.”

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- According to the Higher Education Employment Report, “colleges and universities continued to focus more on hiring administrators and executives over faculty in Q1 2012, although the rate of change has slowed.”

Recommendations

- Require all Texas public university systems to institute a 10% cut in their administrative budgets.
- Require all Texas public universities to submit to THECB feasibility studies for crafting \$10,000 degrees in their four most popular degree plans as well as for all degrees they offer in STEM subjects.
- Expand the online-degree rider that was added to HB 1 in 2011. The rider requires colleges and universities to submit cost studies of the four most popular degree plans that can be offered online. These studies should be expanded to include all STEM courses not covered by the first study, plus all lecture courses in all fields.
- Place a two-year moratorium on all new building projects in light of the increasing popularity of online courses.
- Require all non-Tier I public institutions to submit to THECB feasibility studies for changing the academic calendar to three semesters a year. Employing campus facilities year-round will reduce the relative per-student cost.

Resources

Anatomy of a Revolution? –The Rise of the \$10,000 Bachelor’s Degree by Thomas K. Lindsay, Texas Public Policy Foundation (Sept. 2012).

(Not) Cheaper by the Dozen: 12 Myths about Higher Education’s Cost and Value by Thomas K. Lindsay, Texas Public Policy Foundation (Dec. 2013).

Toward Strengthening Texas Public Higher Education: Ten Areas of Suggested Reform by Thomas K. Lindsay, Texas Public Policy Foundation (Dec. 2012).

Hard Choices Ahead: Performance and Policy in Texas Higher Education by J. Finney, L. Perna, and P. Callan, Institute for Research on Higher Education (Apr. 2012).

The Fall of the Faculty: The Rise of the All-Administrative University and Why it Matters by Benjamin Ginsberg, Oxford University Press (2011).

Tuition Deregulation Overview, Texas Higher Education Coordinating Board (Apr. 2010).

“Faculty Discretionary Time: Departments and the ‘Academic Ratchet,’” by W. Massy and R. Zemsky, *Journal of Higher Education* 65: 1 (1994).

