

Texas Public Policy Foundation

Keeping Texas Competitive

A Legislator's Guide to the Issues 2013-2014



Higher Education Affordability

The Issue

In Texas, and nationwide, college tuition and student-loan debt are escalating at unsustainable rates. Between 2003 and 2009, the cost of attending Texas public universities rose 72% in constant dollars. Yet median family income in the state declined 1.5% from 1999–2009. To pay for tuition, students and their parents have taken on historic levels of debt. At one trillion dollars, total student-loan debt is now greater than credit-card debt. 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. Lower-income students have access to scholarships, grants, and other need-based aid. Higher-income parents can afford tuition for their students. But families in between are being increasingly squeezed.

Two factors play a large role in the explosion of college tuition. According to research conducted by the Center for College Affordability and Productivity, “at research universities in the U.S. between 1988 and 2004, it is estimated that teaching loads fell 42%. Even in private liberal arts colleges that pride themselves on their attention to instruction, those loads fell 32%.” Falling teaching loads are the natural response to the incentives currently operating in higher education. Faculty promotion and prestige are based in large part on publications, which enhance a school’s national reputation. Faculty publications play a role in a college’s ranking in *U.S. News Best Colleges*, the holy grail of academic status. In contrast, excellent teachers are known by a comparative few. Aside from perhaps a once-in-a-career teaching award, they are less likely to be rewarded than are their more-research-oriented peers. Small wonder that, under the current system, both faculty and administrators see lower teaching loads as a verification of excellence.

Along with decreased teaching productivity, increased administrative staffing raises the price of college. As documented in Benjamin Ginsberg’s *The Fall of the Faculty*, “forty years ago, the efforts of 446,830 professors were supported by 268,952 administrators and staff. Since then, the number of full-time professors increased slightly more than 50%, while the number of administrators and administrative staffers increased 85% and 240%, respectively.” Adjusting for inflation, from 1947 to 1995, “overall university spending increased 148%. Administrative spending, though, increased by a whopping 235%. Instructional spending, by contrast, increased only 128%, 20 points less than the overall rate of spending increase.” Senior administrators have done particularly well under the new regime. From 1998 to 2003, deans and vice presidents saw their salaries increase as much as 50%, and “by 2007, the median salary paid to a president of a doctoral degree-granting institution was \$325,000.”

The Facts

- THECB reports that from 2003–09, statewide average academic charges for a student taking 15 semester credit hours at a public university increased 72%.
- According to a recent Pew Research Center study, 57% of potential students say that the higher education system fails to provide good value for the cost, and 75% say college is unaffordable.
- “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 public institutions to increase aggregate credit hours taught by tenured and tenure-track faculty by 10%.
- Reduce the administrative staff budget for all colleges and universities by 10%.
- Expand the online-degree rider, 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.
- Require all public institutions of higher education 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.
- Place a two-year moratorium on all new building projects, to take advantage 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. A three-semester calendar will allow for a more efficient use of university resources. Employing campus facilities year-round will reduce the relative per-student cost.

Resources

Higher Education Facts at a Glance by Thomas K. Lindsay, Texas Public Policy Foundation (Jan. 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).

25 Ways to Reduce the Cost of College by R. Vedder, et al., Center for College Affordability and Productivity (Sept. 2010).

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

