

# Rising college costs: Stepping back from polemics

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[Dennis G. Stevens](#)

At a time when the gulf between liberals and conservatives seems to be wider than ever, there is one topic about which they agree: the reasons for the rising cost of a college education. Why do colleges and universities keep raising tuition, asks Timothy Noah in *The New Republic*? Because they can. And Allysia Finley writes in the *Wall Street Journal* that colleges keep raising tuition because the government continues to increase subsidies to match the rising tuition. Once again, the point seems to be that colleges and universities have been getting more expensive because they can get away with it. They don't have to think creatively, and they don't have to innovate. They can cater to their demanding constituencies and cling to outmoded forms of governance because the government will always bail them out. This is an attractive diagnosis of the problem, because it lends itself to easy solutions. The only problem is that it is dead wrong. There are two basic reasons for the dramatic increase in the cost of a college education: external pressures and fear.

Colleges face an increasing number of powerful external pressures, the first of which is the need to provide sophisticated technology. When people my age were in college, there were no computers, and the internet did not exist. I remember that my college had a couple of manual typewriters available for loan if students needed to borrow one. Remember carbon paper? It was what most students used to make copies. And the main expense for classrooms was making sure that chalk was available for the blackboards. All this has changed. There is no getting around it. Behind the scenes, this involves not only purchasing computers for faculty and classrooms and providing wifi on campus, but it requires purchasing bandwidth to accommodate dramatic growth in the use of technology. Colleges cannot maintain the systems needed to support this level of technology without a technology office. And because this area is so complex, colleges and universities need to employ a wide variety of computer experts, including database administrators, software developers, network analysts, hardware specialists, webmasters, and helpdesk employees.

Teaching now involves the use of technology, so classrooms have to be renovated, with new technology added. College libraries now provide a significant number of services online, so they need special technology as well. And the technology needed for science labs now is so expensive that many small, private colleges have trouble equipping them. Upper level mathematics classes also need computers with

a high level of complexity to serve advanced students. And all colleges are moving toward making at least some classes available online, so new online programs have to be purchased. And college records are now almost exclusively kept in electronic files, which need to be protected from hackers, so all systems need to be backed up on site and off site. As the world changes, colleges have had to adjust, but this has come at substantial cost.

A hidden cost for colleges today is accreditation, which must be maintained in order for colleges to be eligible to distribute federal loans to students. In order to keep their accreditation, colleges must create offices of assessment, which means hiring new people. These offices didn't exist twenty years ago. Often, faculty need to be offered course releases in order to have the time they need to complete their assessments, which means that adjuncts must be hired to cover their courses. An enormous amount of time is spent learning about the standards set by the agencies and developing ways to meet them. And time is money. Every department needs to be assessed, which often means paying for external reviewers of every program. Air fare. Meals. Hotels. Stipends. Consultants need to be hired in order to find ways of meeting these standards. Software companies have sprung up ex nihilo to offer computer programs to organize assessment projects, but these are all expensive. And then there are the conferences. Accrediting agencies expect colleges to send teams—not just representatives—from every institution to their many conferences and workshops, in order to learn the ins and outs of how to complete the lengthy reports that are due at regular intervals. Registration fees. Air fare. Meals. Hotels. And then there are the on-site visits from the agencies. Once again, colleges must pay. In addition to all of this, accrediting agencies often require that colleges develop a major, long-term project in order to keep accreditation and that they commit a substantial amount of money to carrying out the project. This project is done only because it is required, and it turns out to be really expensive. The costs for all of these things are then passed on to the students. The problem is that colleges cannot decide that they do not want to launch a major project of this kind. It is mandated, whether or not they can afford it.

A similar pressure comes from state and federal regulations, which are increasing constantly. In order to respond to the rise in regulations, colleges and universities have had to create offices of institutional research, so that compliance reports can be filed. State and federal regulations affect every level of a college's operations, including financial aid, sports, finances, and investments. In 2010, the National Association of Student Financial Aid Administrators (NASFAA) reported that "increased regulatory or compliance workloads [were] the reason for resource shortages experienced in institutional offices." And the Advisory Committee on Student Financial Assistance (chartered by Congress) concluded its 2011 study by stating that "the higher education community perceives the regulations under the Higher Education Act to be unnecessarily burdensome." Consider the example of retirement plans administered by colleges. The government now requires an investment committee, a policy committee, a co-fiduciary

group, a charter, and a formal audit from an outside firm. All of these things take time and money. Just as government regulations have increased costs for businesses, they have increased costs for colleges as well.

Another external pressure is the threat of lawsuits. In an increasingly litigious society, everything needs to be vetted by lawyers. Everybody sues, and colleges must protect themselves. Even in student conduct cases, lawsuits are possible when the punishment for misconduct is suspension for a semester. Twenty years ago, students who got drunk and damaged property accepted their punishment and sometimes felt a sense of shame, but today, everything is challenged. Even minor mistakes in disciplinary procedure are an invitation to lawsuits, so colleges spend a significant amount of money consulting lawyers. And lawsuits from faculty and staff are always a possibility. Every attempt to censure or deny reappointment to a faculty member has to be cleared with college lawyers, and the threat of lawsuits looms over every staff evaluation and firing. But it doesn't stop there. Every college policy needs to be reviewed by lawyers, from the sexual harassment policy to the intellectual property policy.

Another kind of external pressure on colleges comes from social changes in society. Physical and mental health issues play a much larger role in college costs than is generally understood. Rising healthcare costs have affected colleges and universities just as they have affected businesses. And according to the College and University Professional Association for Human Resources, 60 percent of colleges and universities expect healthcare costs to increase because of the Affordable Care Act. In addition, more students than ever before have addictions to prescription drugs and alcohol, as well as illegal drugs. The National Center on Addiction and Substance Abuse reports that nearly half of college students binge drink or abuse prescription or illegal drugs. And problems related to depression, suicide, and personality disorders play a much larger role at colleges than they once did. A study by the National Alliance on Mental Illness indicates that more than 25 percent of college students have been treated for a mental health condition in the last year. The quaint health centers of the past that used to be staffed by a friendly part-time nurse or two have had to expand to complex organizations that include full-time psychologists and drug counselors. Students need more care than ever before, and colleges have to be able to offer assistance to them. In addition to wanting to do the right thing, colleges and universities also don't want to be sued for not providing adequate services for the mental health needs of their students.

One of the most significant changes on college campuses over the last decade has been the increase in safety and security measures. Not too long ago, security on college campuses consisted of a few pleasant people, retired from earlier professions, whose main responsibility was letting students into their rooms when they forgot their keys. Today's world is much more dangerous, and colleges have had to adapt. This has been expensive, and it is another reason that tuition has gone up. Most colleges have

had to install emergency poles and camera systems, and many colleges have had to pay for a transition from old-style keys to electronic key cards, which generate reports of what rooms have been entered, by whom, and when. In addition, colleges have had to develop emergency plans for the possibility of having a shooter on campus or a terrorist attack. These plans include purchasing new computer programs so that emergency alerts can be sent out instantly to computers and cell phones in the event of a crisis. This has meant that consultants have to be hired, and it means that old-style security guards are no longer sufficient. Colleges need specialists with training in these new areas. No college can afford to be unprepared.

The external pressures on colleges are significant, and these go a long way toward explaining the rising cost of tuition over the last several decades. But colleges are also afraid, and this means that they spend money to avoid what they understand to be threats to their survival. And there is a great deal to fear.

Enrollment decline is one of the main concerns of colleges. The first problem is this: how does a college bring in a freshman class every year? All over the country enrollment is declining. According to a recent Wall Street Journal study, from 2010 to 2012, freshman enrollment at over a quarter of private colleges fell by 10 percent. At St. John's College in Annapolis, one of the most respected liberal arts colleges in the country, enrollment fell 17 percent between 2011 and 2013. Admissions offices have to develop complex plans, which include the following: entering into contracts with enrollment management companies, purchasing lists of prospective students, sending staff members to their assigned territories around the country, and holding a series of welcome weekends. This is all labor-intensive and expensive, but with the competition colleges are facing today, colleges do not believe it can be avoided. But even more important than this is what is known as the discount rate. Private colleges routinely draw from their own funds to offer scholarships to students. There are, of course, some scholarships which are endowed and therefore don't come from the operating budget, and there are loans that students can seek. But private colleges feel they must offer their own scholarships in order to attract students. They offer discounts and call them scholarships. It is common for the discounts offered to students to be between 50 percent and 60 percent of tuition at private colleges today. Almost no one attending private colleges in America today pays more than half of his or her tuition. For many private colleges, this means that today as much as 30 percent of a college's entire budget is devoted to paying for these discounts, whereas discounts only accounted for around 15 percent of their yearly budgets ten years ago. Even taking inflation and increases in tuition into account, this is a dramatic change. The debate about the rising cost of a college education has to take this into consideration.

While the primary concern of admissions offices is recruitment, an increasing amount of attention is now devoted to retention. Once you bring a student to campus, how do you keep him or her from transferring

to a different college? Every college spends an enormous amount of time and money working on retention. Studies are done on campus and commissioned from retention organizations off campus. Consultants are hired to do year-long studies. The studies are expensive, and the actions taken in response to the studies are expensive. Computer programs that monitor student success and provide information about students at risk to advisors and counselors are often purchased. In addition, colleges have created director of retention positions or offices to take control of the complicated processes that are created out of the fear of losing students. Is all this spending really necessary? Probably not. But since most small colleges are tuition driven, an enrollment drop of as few as 20 students could lead to a devastating budget deficit.

One expensive recruitment and retention tool is sports. You can't recruit students to teams unless you have the proper facilities for the sports. Colleges and universities need soccer fields, basketball courts, and football stadiums, and if these facilities are shabby, it often happens that students will go to other colleges where things are better. So you need good facilities and the money to maintain them. In addition to facilities, colleges need coaches, trainers, and equipment. And once you have done all the recruiting you can for the teams that you have, the next step is often to start a new sport, for which you need the same support. Do many students really go to colleges just to play sports? This is probably more true for Division I schools, where students can get athletic scholarships. At Division II and III schools, their reasons for choosing one college over another are complex. But sports undoubtedly play a role in the decisions that many students make about college. Few go to college with the idea that they will do nothing but study, and it makes sense that colleges respond to this.

However, colleges and universities often make serious mistakes in the way that they handle sports. In the push to bring in students, they will often spend more than they will get back from the tuition of those they recruit or the donors who give to colleges because of their teams. The fact is that promoting sports does not always pay off. And the fear-inspired promotion of sports sometimes leads colleges to forget that they are, first and foremost, academic institutions. It is disturbing, for example, that at many private colleges, there are more coaches for the football team than there are professors of biology or mathematics. Sports are supposed to be a means to an end, but it is all too easy for them to become ends in themselves.

Fear also leads colleges to put up new buildings on their campuses or to renovate the buildings they already have. Most college administrators believe that new buildings will help with recruitment and retention. Prospective students respond well to seeing nice, new buildings when they are on admissions tours. It is very easy to condemn colleges for putting up new buildings. Aren't many of these new buildings just cushy, lavish indulgences? Do students really need student centers with rock climbing walls and large-screen televisions? Do students really need dormitories that are fancier than many apartments

out in the real world? Well, no. The educational process could take place without these things. But it is a fact of life that many students will not choose colleges unless they have attractive, fun facilities. What are administrators to do? How are boards of trustees to respond? The answer is that you cannot recruit or retain students if your buildings are not attractive and even trendy. On the other hand, college administrators can make very bad decisions out of fear of losing students. In the rush to begin building projects, college administrators are sometimes tempted to move ahead with construction before they really know where they will get the money to pay for it. As it is with sports, that which should be a means can, unintentionally, become an end in itself. Building projects are often contemplated as a way to increase enrollment or retain students already enrolled, but along the way the projects can take on a life of their own.

Colleges and universities share an important tendency with government: the inability to cut well-established programs. Colleges are always creating new offices, academic programs, and services for very good reasons, but they have a tendency to grow and become more complex and expensive over time. The number of administrators and staff has grown significantly in recent years. While the student/faculty ratio at some small, private colleges can be anywhere from 9-1 to 14-1, the student/staff ratio can be as low as 4-1. In many ways these problems come to resemble our nation's entitlement programs—Social Security, Medicare, and Medicaid. Like the federal programs, college programs were established with the best of intentions. The problem is that times change, demographics change, and the programs become unsustainable. Even after it is clear that change is needed, it is difficult to figure out what should be done. And fear of eliminating what are perceived to be crucial services makes it difficult for faculty and administrators to cut them or even modify them. Whenever anyone comes forward with a plan to eliminate or transform a major academic program or college service, he or she is attacked for being reckless or heartless. Some colleges end up closing rather than making the changes that need to be made.

It would be comforting to both liberals and conservatives if the reasons for the increase in college tuition over the last decade were easy to see and easy to solve. But it is almost impossible to curb rising costs that result from the external pressures I have described. And while some of the costs that result from fear could be reduced, many of the increases are quite legitimate. Could colleges and universities do a better job of handling their finances? Of course. Could they take stronger steps to reduce or eliminate the entitlement programs that have grown up over the years? Of course. But the most important challenges facing higher education cannot be solved by threats from politicians or the imposition of arbitrary standards tied to reduction of federal funds. Serious problems require serious attention. Thoughtless rhetoric coming from either the left or the right can only make things worse.

*--Dennis G. Stevens is provost and dean of faculty at Hampden-Sydney College*