

Doing More with Less

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As America enters the Age of Trump, its much vaunted system of higher education is in trouble. Until recently, I thought there were three big problems: excessive and still rising costs, dubious and possibly worsening learning outcomes, and overinvestment leading to graduates from our universities often getting only mediocre jobs. Now there is clearly a fourth, even more fundamental problem: many colleges are rapidly losing their pivotal role as intellectual oases where there is free, unfettered give-and-take on the issues of the day, fostered by free speech and a tolerance of divergent viewpoints. Colleges and universities historically have been “safe spaces” for the unconventional and heretical to express their views without fear of intimidation or physical harm; that is no longer the case on a growing number of campuses.

It is important to emphasize that American higher educational exceptionalism—relatively easy access to very high quality teaching and research institutions by Americans from all walks of life—evolved long *before* the federal government played a major role, and that the problems of contemporary universities developed mainly in the era of increasing federal involvement. In other words, *the federal government is vastly more the problem rather than the solution*. Memo to President Trump: constructive federal policy should involve reducing federal higher education involvement.

From 1636 to 1862, there was virtually no federal involvement in higher education, and the Morrill Acts of 1862 and 1890 were more of symbolic than real importance, so the federal role in American universities remained relatively small until after 1965. When the Higher Education Act was approved that year,

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American universities were already clearly the best in the world, and, indeed, by almost all indicators higher education was in its Golden Age.

Four mid- to late twentieth-century occurrences, however, led to increasing federal involvement. First, student financial aid programs began with the GI Bill (Serviceman's Adjustment Act of 1944), augmented by the Sputnik-inspired legislation of the late 1950s promoting training students in the sciences, and finally, especially from the 1970s onward, by today's Byzantine morass of student assistance programs. Second, there were the relatively successful programs that provided federal support for research, creating or greatly expanding agencies such as the National Institutes of Health, the National Science Foundation, and later, the National Endowments for the Arts and Humanities. Third, the civil rights legislation and subsequent judicial interpretations in the 1960s and 1970s started a wave of federal regulatory actions that had great impact on campus life. The last major encroachment came in 1979 with the creation of the U.S. Department of Education (DOE), a policy development promoted mainly to appease teachers unions that was narrowly adopted despite opposition from such liberal icons as Senator Daniel Patrick Moynihan, the *New York Times*, and the *Washington Post*.

Measuring success or failure in American universities is not easy because of a lack of a clearly defined, accepted, and measurable "bottom line." Nonetheless, I would say that by most criteria that I can think of American higher education has not improved since the DOE started operations in 1980, and that the federal government has on balance made things worse.

College has certainly become more costly and less affordable, and the evidence is becoming clear that federal student financial aid programs have contributed importantly to that. Studies by both the New York Federal Reserve Bank and the National Bureau of Economic Research confirm what then Education secretary Bill Bennett said three decades ago: the federal student loan and other programs incentivize colleges to raise tuition fees aggressively; the real gainers from student aid are less the students, especially low income ones, but rather the colleges, which have used new tuition dollars to fund an aggrandizement of university bureaucracies, downplaying the faculty role. The proportion of new college graduates from low-income families today is *lower* than it was in 1970—before the federal programs were substantial.

Similarly, two unintended effects of civil rights legislation and regulation have been higher costs and lower quality. Trying to achieve greater access for minorities, schools have given preferential admissions to some students whose high school performance, test scores, and course preparation indicate they are academically marginal prospects. To avoid cries of racial or ethnic bias, colleges

have ramped up expensive but ineffective remedial education programs, dumbed down the curriculum, and at least tacitly encouraged accelerating grade inflation. Several surveys show that American students spend far less time on their academic work than during the pre-federal higher education Golden Age (on average about twenty-seven hours weekly today versus forty hours then), for higher grades (averaging above a “B” average today instead of a “C+” around 1950 or 1960). Doing less for more. Rigorous survey courses in, say, Western civilization or English literature have been downplayed in favor of ideologically laden courses increasingly taught by individuals of dubious academic distinction. Intellectually less challenging majors such as “parks and recreation” have booming enrollments, while those in philosophy or history languish. The *Griggs v. Duke Power* 1971 Supreme Court decision (largely outlawing employer testing of job applicants on “disparate impact” grounds) enhanced the college diploma’s importance as a signaling device, accelerating tuition price inflation. Title IX athletic regulations increased college intercollegiate athletic costs.

While the growing federal presence has meant higher costs and quality reductions, it has also increased enrollments, adding to the credential inflation and underemployment problem recent college graduates face. One factoid: in 2010, the proportion of college graduates who were taxi cab drivers was more than *twenty-five times* higher than what it was four decades earlier. It may be only a matter of time before people will be taking out student loans to earn master degrees in janitorial science in order to get jobs sweeping floors.

Although it is harder to prove, I suspect that on balance the attacks on free speech and the rise in campus intolerance of divergent ideas has been significantly facilitated by federal policy. The problems are disproportionately occurring at expensive elite liberal arts colleges and universities and a few flagship public schools like Berkeley. Because of their selective admissions, these schools have been most flagrant in violating uniform academic standards and discriminating in favor of minorities in admissions to appear compliant with federal laws and regulations. Those favored individuals, once on campus, often feel frustrated and alienated by their predictably less-than-stellar academic performance. They have been used by the academic apparatchiks who accepted them in order to appease a federally mandated affirmative action police and a politically correct constituency. So they disproportionately riot and try to compel the university community to show them respect by suppressing those in disagreement.

Enter Donald Trump. Mr. Trump is a wealthy man with an Ivy League education but a populist bent, with a good deal of street smarts but little interest and arguably little aptitude for evaluating the nuances of public policy. He is no

Reagan conservative hell-bent on rolling back government. But he is a pragmatist who probably is not inclined to throw billions of public dollars at higher education when the results are so questionable and when he wants to fund infrastructure renewal and rebuild a military neglected by President Obama. What will he do, if anything, to change the current dysfunctionality of federal higher education policy? The related question: What *can* President Trump do, given that he really does not control Congress, as evidenced by its early actions on Obamacare?

The honest answer is, “I don’t really know.” But I can guess at what he might try to do, and, with some greater confidence, suggest what he *should* do. It all starts with student financial aid. Costly and labyrinthine in complexity, the system fails to achieve its objectives. It has funded a largely unproductive academic arms race, and has indirectly led to the crowding out of scholarly rigor and core academic values.

In a perfect world, Trump would move to get the Feds out of the financial aid business, leaving that to the private sector. A more moderate policy that might have some chance of success: Get rid of tuition tax credits as part of a bigger tax reform package, and reduce the number of other programs (e.g., Perkins loans, PLUS loans, and perhaps work study). Crack down on the rapidly growing problem of non-repayment on loans, and tighten eligibility requirements. To win some Democratic support, perhaps expand the Pell Grant program modestly but make it more student-centered and voucher-like, and allow students who demonstrate good academic progress to use the awards year-round. This should be very appealing to Education secretary Betsy DeVos, a strong advocate for school choice and student empowerment at the K–12 level.

Also, there seems to be some potential bipartisan consensus to require colleges to have some skin in the game. Schools that accept unusually large numbers of those who drop out and/or do not repay their loans should have to share the burden with taxpayers. Finally, on financial aid, the government should provide a legal environment that would permit purely private Income Share Agreements (ISAs) to exist, where students sell equity in themselves instead of issuing debt by taking out federal loans. Under ISAs, students would receive private investor assistance for college costs in return for a percentage of post-graduate earnings. Properly done, it can provide great information for students on which colleges and majors are most valued by investors, and even on the gains associated with high levels of academic performance.

All of this would accomplish several objectives. First, it would reduce federal outlays. Second, it would reduce enrollments modestly, which is actually good given the underemployment problem; the Federal Reserve Bank of New York

estimates that roughly 40 percent of recent graduates take jobs where most employees have less than a college degree (usually high school diplomas).¹ Moreover, the enrollment reduction would be concentrated among less qualified students, improving the environment for learning. Third, the softening in the demand for college would help stop tuition inflation. Fourth, if Pell Grants were made directly to students instead of university financial aid offices, it would empower them and make universities a bit more student-centered, on balance a good thing.

A second thing that should happen, of course, is the end of browbeating of schools by educrats at the DOE. That starts, of course, with the complete repudiation of the infamous 2011 “Dear Colleague” letter from the Office for Civil Rights that has caused massive injustice by abrogating basic American principles of fair play and due process for those accused of sexual misconduct.² Star-chamber justice has led to much injustice and has fundamentally weakened a key strength of American higher education: its real diversity, arising from an ability of literally thousands of schools to independently determine their own rules and standards in offering courses and degrees.

Indeed, a better-than-decent case can be made to eliminate the Office for Civil Rights altogether. The government is replete with such offices, along with a U.S. Civil Rights Commission. Isn’t there excessive duplication? Does anyone seriously believe, in a world where college admission and human resource offices often show favoritism toward racial minorities and where female students vastly outnumber men, that a serious problem of racial and gender discrimination exists? In a federal system, this is in any case a state government function. The implicit current assumption that Washington regulators are intrinsically more moral and competent than those at the state and local level is highly questionable.

A third needed change is an end to the war on for-profit institutions. To be sure, these schools have taken advantage of a dysfunctional federal student financial assistance program to admit large numbers of marginally qualified students, many of them first-generation students from minority racial or ethnic backgrounds. The real problem, of course, is that the progressives running things in the Obama era did not like the idea of for-profit schools, and neglected the often equally bad outcomes occurring at some publicly funded so-called

¹Jaison R. Abel and Richard Deitz, *Underemployment in the Early Careers of College Graduates Following the Great Recession*, Staff Report no. 749 (New York: Federal Reserve Bank of New York, 2015, rev. 2016), 14, https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr749.pdf?la=en.

²See “Rape Culture on Campus?” a special section of the Spring 2015 *Academic Questions* 28, no. 1 (Spring 2015), in particular, Robert Carle, “Assault by the DOE,” 11–21; KC Johnson, “The War on Due Process,” 22–31; and Peter Wood, “The Opposition,” 48–52; as well as Robert Carle, “The Strange Career of Title IX,” *Academic Questions* 29, no. 4 (Winter 2016): 443–53.

“higher education” hellholes. They attacked low “gainful employment” at some for-profit schools, when their own College Scorecard website reports average earnings of recent graduates to be under \$25,000 annually (about the median of high school graduates) for such public schools escaping serious scrutiny as Central State University (Ohio) or Mississippi Valley State. Recent decisions to delay Obama-era gainful employment regulations, along with rising share prices, are signals that a friendlier environment for for-profit educational entrepreneurs is at hand in the Trump era.

Fourth, in the context of tax reform it is highly likely that Congress will look at special tax preferences for university endowments. Should donors to schools with endowment resources sometimes exceeding a million dollars per student be allowed to lower their taxes by making gifts to an alma mater that still charges some of its students \$60,000 or more annually in fees? I once calculated that “private” Princeton University received at least ten times as much public financial assistance per student (counting tax breaks and research grants) as “public” College of New Jersey located only eleven miles away.

There are several campus problems that theoretically could be improved with some federal intervention, but the question, especially for those with conservative or libertarian inclinations, is whether the cure is worse than the disease. Take the issues of efforts by campus militants to suppress free speech through intimidation or shouting down speakers. In principle, withholding federal financial support for universities and their students when speakers are kept from speaking makes sense—the suppression of First Amendment rights should have adverse consequences on schools. But who enforces it, and does the enforcement open the door for more intrusive federal involvement in campus life? Do we want a federal Free Speech Czar?

Similarly, clearly commercialized intercollegiate athletics are in dire need of reform. The ball-throwing entertainments are increasingly costly, crowding out funds that could be used for core academic activities. Scandals abound—athletes taking phantom courses, nonconsensual sexual activity being condoned, coaches getting millions from the efforts of athletes who get only thousands in aid and risk getting debilitating long-term injuries. Academics are marginalized, sports are glorified. Attempts to police college athletics have failed, and university presidents valuing their job security are afraid to confront fanatic alumni Bubbas who love their team but do not know where the university library is. One possibility is to have a truly prestigious blue ribbon commission of highly respected Americans appointed by the president and Congress make recommendations on how to end the athletics arms race and restore some sanity to college sports without destroying its entertainment value.

There are several low-cost changes the Trump administration could make that might have a positive impact on higher education in the long run. Here are three examples. First, in a society that believes that success should not be determined by such attributes as race, gender, sexual orientation, etc., should it be even legal for colleges to obtain racial or ethnic information from students?

Second, the federal government could help employers assess the value of student education by promoting a National College Equivalence Examination of perhaps three hours in length, one half of which would be a knowledge-based multiple-choice test on material college graduates should know, including questions on American history, government, economics, literature, mathematics, the physical sciences, etc., with maybe ten questions on a foreign language of the test-taker's choice, and ten questions on the student's major subject. The other half of the examination could be a writing-based test of critical reasoning skills, perhaps the Critical Learning Assessment. It might even be required that all students getting degrees from federally funded institutions take the test and that average results by school be made available to everyone. Again, the specter of federal testing of students is justifiably loathsome for some, so there are trade-offs between trying to promote higher quality and consumer information on the one hand, and institutional independence and freedom from central directives on the other.

Third, one thing the DOE can usefully do is provide information. Yet it has not done a National Assessment of Adult Literacy (which previously revealed declining literacy among college graduates) in fourteen years. While it can probably tell you the number of disabled female anthropology faculty living in Alabama, the DOE does not systematically publish data on faculty teaching loads and, far more fundamentally, measures of student learning. And some important data—such as graduation rates or student post-attendance earnings by college—are flawed because they do not incorporate the results for all graduates. Higher priority needs to be placed on getting the facts about America's system of higher education.

I return to my initial note of caution. History suggests that progress will be mainly made not by increasing federal regulation or influence, but by reducing it. It may sound simplistic but it is mainly correct to say: Do more by doing less.