

NEETU ARNOLD



Executive Summary

Priced Out:

What College Costs America

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College costs have more than doubled in the last 40 years. Students pay exorbitant tuition to attend college and far too many acquire crushing debt. Yet as American families struggle to pay their tuition bills, bloated university bureaucracies continue to increase the size of their staff and of their paychecks. The National Association of Scholars' (NAS) *Priced Out: What College Costs America*, a detailed analysis of 50 universities, presents extensive evidence that the federal student aid system has facilitated a massive transfer of wealth from American families to higher education bureaucracies, by way of rising tuition and student debt.

NAS's report also describes how these bureaucracies have decreased the educational quality of American universities by redirecting investment away from classroom teaching and toward non-instructional endeavors—many of them ideologically driven activities that actively degrade college students' education. *Priced Out* combines quantitative analysis of university financial data with extended interviews of students, parents, and college administrators that investigate the psychology behind students' choices to take on debt and administrators' fiscal decisions.

Americans loosely use “administrative bloat” to mean “paper-pushing bureaucrats and nosy human resources staffers.” *Priced Out* more precisely defines administrative bloat as *the wasteful expansion of spending on administrators and staff* and defines “wasteful” to mean *not directly relevant to instruction*. Our definition allows us to conduct a quantitative and comparative analysis of administrative bloat. We supplement this with a qualitative analysis of the new missions that the university has taken on, which justify this administrative bloat. These include student “wellness,” community investment, and “social justice.”

NAS's analysis of 50 colleges and universities found that:

- Tuition increases at public universities far exceeded their losses in state funding; in other words, state disinvestment cannot be the sole cause of rising tuition. Administrators mostly used tuition increases to pay for increased university expenditures.
- The total number of administrators and staff grew by roughly 50% between 1987 and 2018, driven by a 94% increase in Executives and Other Professionals.
- Universities devoted increasing amounts of their resources to government relations, marketing, and public relations, at the expense of undergraduate instruction.

Priced Out also provides a historical overview of the federal student aid system, analyzing the effects of relevant policy changes on rising tuition and overall levels of student debt. Our findings include:

- Economic crises usually precede and are used to justify hastily adopted policy changes to restructure higher education finances and accessibility. These policy changes frequently entail long-term deleterious consequences.

- While increased labor costs do contribute to rising tuition, the primary supply-side factor is the easy accessibility of student loans and other subsidized aid.

Priced Out includes an extensive series of interviews that NAS conducted to understand the psychology of how families make decisions about which college a student should attend and how much student debt to take on. Naturally, families differed in their circumstances and their decisions, but we discovered several patterns:

- Students and parents view college as an insurance policy against perennial unemployment or dead-end jobs.
- When choosing between colleges, parents care more about costs, while students pay more attention to the social and career benefits.
- Few people regret going to college—or not going. But many graduates regret *which* college they chose.
- Many of the students we interviewed spoke about their debts with emotionally detached resignation, but those who participated strongly in campus life were far more likely to say that the benefits of their time in college justified the costs.

Our interviews reveal that students and families make decisions out of fear: they view college as the sole route to happiness and vocational success. Government policies must give Americans the courage to make fiscally prudent decisions about higher education.

Priced Out also includes interviews with college presidents and administrators, to allow them to speak for themselves about their actions and priorities. NAS found that:

- Fear also motivates administrators' actions. They base their policies upon concerns that range from satisfying regulatory guidelines to maintaining a good public opinion of higher education, with an acute sense of the financial consequences if they fail to meet these external demands.
- Many administrators eagerly discussed the burdens of accreditation and federal regulations, but avoided mention, or minimized the effect, of other factors contributing to the growth of non-instructional costs.

Priced Out concludes with 14 recommendations to refocus higher education on undergraduate instruction, to reduce administrative bloat, and to provide families with incentives to make more fiscally responsible choices as they decide which college students should attend and how much debt they should incur.

These recommendations include:

- Universities should consolidate offices and departments to reduce duplicate roles.
- Universities, particularly public institutions, should create 2-3 year vocational tracks, with classes staffed by industry veterans.
- Universities should have “skin in the game” when students borrow loans and assume responsibility for a portion of loans when students default.
- Federal and state governments should cut funding to four-year universities that provide remedial education and related services.
- State governments should make public university employee salary information publicly available and easily accessible.

In the wake of the financially devastating coronavirus pandemic, universities can no longer ignore their profligate spending habits. Higher education's finances must be reformed.

In the last 40 years, college costs have more than doubled. Students pay exorbitant amounts of money to attend college, even going into crushing debt. Meanwhile, universities increase their administrative overhead and other non-instructional costs. *Priced Out: What College Costs America*, takes a personalized look into 50 universities and their spending habits and provides perspectives from students, parents, and college administrators. The report includes recommendations to cut down on costs, empower Americans to make better choices, and to increase information transparency. As universities are left at a crossroads following the coronavirus pandemic, they can no longer ignore their profligate spending habits nor the American people.

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