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The Real Reason College Tuition Costs So Much

By PAUL F. CAMPOS APRIL 4, 2015

BOULDER, Colo. — ONCE upon a time in America, baby boomers paid for college with the money they made from their summer jobs. Then, over the course of the next few decades, public funding for higher education was slashed. These radical cuts forced universities to raise tuition year after year, which in turn forced the millennial generation to take on crushing educational debt loads, and everyone lived unhappily ever after.

This is the story college administrators like to tell when they're asked to explain why, over the past 35 years, college tuition at public universities has nearly quadrupled, to \$9,139 in 2014 dollars. It is a fairy tale in the worst sense, in that it is not merely false, but rather almost the inverse of the truth.

The conventional wisdom was reflected in a recent National Public Radio series on the cost of college. "So it's not that colleges are spending more money to educate students," Sandy Baum of the Urban Institute told NPR. "It's that they have to get that money from someplace to replace their lost state funding — and that's from tuition and fees from students and families."

In fact, public investment in higher education in America is vastly larger today, in inflation-adjusted dollars, than it was during the supposed golden age of public funding in the 1960s. Such spending has increased at a much faster rate than government spending in general. For example, the military's budget is about 1.8 times higher today than it was in 1960, while legislative appropriations to higher education are more than 10 times higher.

In other words, far from being caused by funding cuts, the astonishing rise in college tuition correlates closely with a huge increase in public subsidies for higher education. If over the past three decades car prices had gone up as fast as tuition, the average new car would cost more than \$80,000.

Some of this increased spending in education has been driven by a sharp rise in the percentage of Americans who go to college. While the college-age population has not increased since the tail end of the baby boom, the percentage of the population enrolled in college has risen significantly, especially in the last 20 years. Enrollment in undergraduate, graduate and professional programs has increased by almost 50 percent since 1995. As a consequence, while state legislative appropriations for higher education have risen much faster than inflation, total state appropriations per student are somewhat lower than they were at their peak in 1990. (Appropriations per student are much higher now than they were in the 1960s and 1970s, when tuition was a small fraction of what it is today.)

As the baby boomers reached college age, state appropriations to higher education skyrocketed, increasing more than fourfold in today's dollars, from \$11.1 billion in 1960 to \$48.2 billion in 1975. By 1980, state funding for higher education had increased a mind-boggling 390 percent in real terms over the previous 20 years. This tsunami of public money did not reduce tuition: quite the contrary.

For example, when I was an undergraduate at the University of Michigan in 1980, my parents were paying more than double the resident tuition that undergraduates had been charged in 1960, again in inflation-adjusted terms. And of course tuition has kept rising far faster than inflation in the years since: Resident tuition at Michigan this year is, in today's dollars, nearly four times higher than it was in 1980.

State appropriations reached a record inflation-adjusted high of \$86.6 billion in 2009. They declined as a consequence of the Great Recession, but have since risen to \$81 billion. And these totals do not include the enormous expansion of the federal Pell Grant program, which has grown, in today's dollars, to \$34.3 billion per year from \$10.3 billion in 2000.

It is disingenuous to call a large increase in public spending a “cut,” as some university administrators do, because a huge programmatic expansion features somewhat lower per capita subsidies. Suppose that since 1990 the government had doubled the number of military bases, while spending slightly less per base. A claim that funding for military bases was down, even though in fact such funding had nearly doubled, would properly be met with derision.

Interestingly, increased spending has not been going into the pockets of the typical professor. Salaries of full-time faculty members are, on average, barely higher than they were in 1970. Moreover, while 45 years ago 78 percent of college and university professors were full time, today half of postsecondary faculty members are lower-paid part-time employees, meaning that the average salaries of the people who do the teaching in American higher education are actually quite a bit lower than they were in 1970.

By contrast, a major factor driving increasing costs is the constant expansion of university administration. According to the Department of Education data, administrative positions at colleges and universities grew by 60 percent between 1993 and 2009, which Bloomberg reported was 10 times the rate of growth of tenured faculty positions.

Even more strikingly, an analysis by a professor at California Polytechnic University, Pomona, found that, while the total number of full-time faculty members in the C.S.U. system grew from 11,614 to 12,019 between 1975 and 2008, the total number of administrators grew from 3,800 to 12,183 — a 221 percent increase.

The rapid increase in college enrollment can be defended by intellectually respectable arguments. Even the explosion in administrative personnel is, at least in theory, defensible. On the other hand, there are no valid arguments to support the recent trend toward seven-figure salaries for high-ranking university administrators, unless one considers evidence-free assertions about “the market” to be intellectually rigorous.

What cannot be defended, however, is the claim that tuition has risen because public funding for higher education has been cut. Despite its ubiquity, this claim flies directly in the face of the facts.

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