A close-up photograph of a blue graduation cap. The cap is made of a textured fabric and has a gold coin pinned to the center of the tassel. The coin is a US quarter, showing the profile of George Washington. The background is dark, making the blue of the cap stand out.

NEETU ARNOLD

Priced Out:

What College *Costs* America

Priced

What College

A report by the

NATIONAL
ASSOCIATION
of SCHOLARS

420 Madison Avenue, 7th Floor
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Out

Costs America

Report by

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Research Fellow,
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Preface by

Peter W. Wood

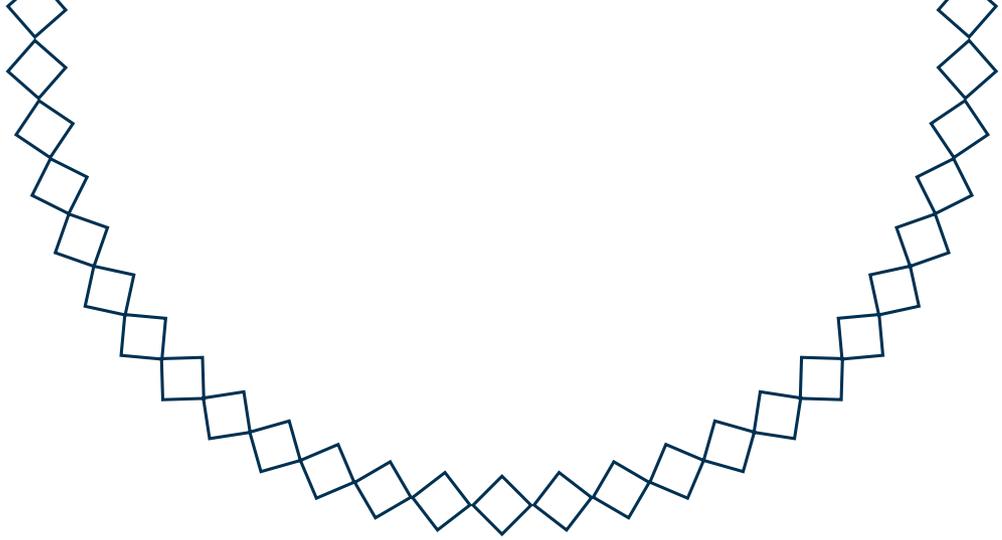
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National Association of Scholars

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About the National Association of Scholars

Mission

The National Association of Scholars is an independent membership association of academics and others working to sustain the tradition of reasoned scholarship and civil debate in America's colleges and universities. We uphold the standards of a liberal arts education that fosters intellectual freedom, searches for the truth, and promotes virtuous citizenship.

What We Do

We publish a quarterly journal, *Academic Questions*, which examines the intellectual controversies and the institutional challenges of contemporary higher education.

We publish studies of current higher education policy and practice with the aim of drawing attention to weaknesses and stimulating improvements.

Our website presents educated opinion and commentary on higher education, and archives our research reports for public access.



NAS engages in public advocacy to pass legislation to advance the cause of higher education reform. We file friend-of-the-court briefs in legal cases defending freedom of speech and conscience and the civil rights of educators and students. We give testimony before congressional and legislative committees and engage public support for worthy reforms.

NAS holds national and regional meetings that focus on important issues and public policy debates in higher education today.

Membership

NAS membership is open to all who share a commitment to its core principles of fostering intellectual freedom and academic excellence in American higher education. A large majority of our members are current and former faculty members. We also welcome graduate and undergraduate students, teachers, college administrators, and independent scholars, as well as non-academic citizens who care about the future of higher education.

NAS members receive a subscription to our journal *Academic Questions* and access to a network of people who share a commitment to academic freedom and excellence. We offer opportunities to influence key aspects of contemporary higher education.

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Corrupting the College Board: Confucius Insults and K-12 Education. 2020.

Critical Care. 2020.

The Lost History of Western Civilization. 2020.

Social Justice Education in America. 2019.

Separate but Equal, Again: Neo-Segregation in American Higher Education. 2019.

Beach Books 2010-2019. [NAS's annual study of college common reading programs].

The Irreproducibility Crisis of Modern Science. 2018.

Outsourced to China. 2017.

Making Citizens. 2017.

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Peter W. Wood

President,

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Neetu Arnold's *Priced Out* takes three major mal-developments in American higher education—skyrocketing tuition, bloated administration, and the vast and vastly debilitating growth in student debt—and shows how they join and reinforce one another. Taken individually, the tuition crisis, the college mismanagement crisis, and the debt crisis, have each received considerable attention in the mainstream press as well as among specialists. But rarely has anyone attempted to demonstrate that they are part of a single, fairly well integrated order. Their deep connections to one another, Ms. Arnold shows in this report, make each worse and more dangerous than it would be if it stood alone.

In 1961, on the eve of his stepping down from office, President Dwight D. Eisenhower gave a farewell speech in which he warned of the growing inter-dependency of the military establishment and the arms industry. He observed that the U.S. at that point had the largest peacetime military organization in the nation's history, and he pointed out that prior to World War II, "the United States had no armaments industry." Global challenges made these two things necessary. We could "no longer risk emergency improvisation of national defense; we have been compelled to create a permanent armaments industry of vast proportions."

But Eisenhower saw that this combination not only consumed enormous quantities of wealth. It was bound to change very character of the country. "The total influence" of the military establishment and arms industry together, he said, was "economic, political, even spiritual" and would be "felt in every city, every State house, every office of the Federal government." He feared that the people pursuing their own interests in the armed forces and the defense industries would become a lobby that would distort public policy and "the very structure of our society." The name Eisenhower gave to this ominous self-organizing force—and the name by which his speech became known—was "the military-industrial complex."

His warning proved prophetic: "We must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist."

“Unwarranted influence” is seldom “unsought.” Organized bodies arise to intensify and extend such influence. Moreover, in the sixty years since, America has learned that the military-industrial complex is not the only combination of powerful interest groups that bids to exert the kind of influence that distort public policy and change “the very structure of society.”

Ms. Arnold has traced the lineaments of a different complex that is no less a seeker of “total influence” under the guise of serving the national interest. In this case, what we might call the Edu-Geld Complex combines the financial and institutional self-regard of colleges and universities, with the ideological project of the progressive left, and—paradoxically—the aspirations of young people for financial security. Higher education beggars the middle class to provide sinecures for administrators whose tasks are to intensify identity group resentments and cultivate animosity toward America. The end game, sought or unsought, is to create generations of credentialed college graduates who are both ill-educated and dependent on the government.

I use stronger language here than Ms. Arnold does. She tells the story circumspectly and with immense care for both the fine details and for the human dimension. Her data is complemented by her interviews with students and recent graduates. She summarizes the general scholarship of the field, as well as presenting her own new research and analysis.

The complex she describes, like the military-industrial complex that Eisenhower called out, can be traced to the aftermath of World War II. For it was at that point that the mammoth expansion of American higher education began with the Servicemen’s Readjustment Act of 1944, a.k.a., the GI Bill. The legislation succeeded in opening the doors of college to millions of former soldiers, but it inadvertently did three other things as well. It showed colleges and universities how to extract large amounts of money from the federal government; it laid the basis for mass higher education with its built-in need for a new class of academic administrators; and it taught Americans to see college as a reliable route to personal prosperity. Over the decades that followed these durable elements were elaborated into the Edu-Geld Complex.

Other necessary elements came along in due course. One of these was the huge expansion in the number and size of colleges and their presence in cities, towns, and rural districts across the whole country. In 1962 the radical Students for a Democratic Society (SDS) took note in its manifesto, *The Port Huron Statement*, that the Military-Industrial Complex gained power by distributing its patronage through all fifty states. The SDS denounced the students of its time as apathetic, and the colleges as breeding in their students “inner powerlessness,” “resignation,” and “numbness to present and future catastrophes.” But the SDS saw the university as the right place to begin the work of radicalizing American society. Like the military contractors who distributed their patronage across the country, SDS activists

could take advantage of higher education's geographic diffusion: "From its schools and colleges across the nation, a militant left might awaken its allies, and by beginning the process towards peace, civil rights, and labor struggles, reinsert theory and idealism where too often reign confusion and political barter."¹ The SDS saw that "the university is located in a permanent position of social influence," and the perfect place for "the recruitment of younger people." Today's university, with few exceptions, is the full realization of the SDS's vision.

The National Association of Scholars (NAS) core mission includes defense of academic instruction in Western civilization, academic freedom, depoliticization—and college costs. We have favored lowering college costs since our founding in 1987—with an acute awareness that the system of federal grants, loans, and regulations that have exerted ever greater influence over our colleges and universities since the passage of the Higher Education Act in 1965 are primarily responsible for the increase in college costs, and that the best way to lower college costs would be to disentangle our universities from the spiderweb of federal subsidies and regulations. NAS has also leveled extensive critiques on the way that same spiderweb of federal subsidy and regulation has forwarded abrogations of liberty and due process on campus, politicization, homogenization, and the abandonment of Western civilization. We consider policy reform to condense and reduce federal regulation of higher education as urgent.

NAS staff have written and organized some of these critiques themselves.² Our strongest institutional connection to this issue has been the work of Richard K. Vedder, a longtime member of NAS's Board of Directors, who has written extensively on higher education costs.³ We have been sounding the alarm about higher education's economic dysfunction for a generation and more.

Ms. Arnold's report grew from our recognition that the landscape in higher education in the last generation has changed dramatically for the worse. First, many states reduced their aid to higher education, particularly in the wake of the Great Recession of 2008. This shift gave ammunition to a new generation of scholars who argued that the reason tuition was rising was to make up for lost assistance from the states. This argument could be rebutted, but I did not think it had been done properly.

Second, the painful effects of student debt have emerged ever more starkly in the last generation. The initial critiques of federal student aid focused on the sheer wastefulness of its subsidy to higher education, and its cost to the taxpayer. In the last twenty years, the total amount of student debt has risen extraordinarily—it is now \$1.7 trillion dollars, more than

1 *Port Huron Statement*. 1962. https://en.wikisource.org/wiki/Port_Huron_Statement.

2 E.g., Peter Wood, "Those Scandalous Student Loans," *Minding the Campus*, May 14, 2007, https://www.mindingthecampus.org/2007/05/14/those_scandalous_student_loans_3/; "The Changing Economic and Technical Landscape of Higher Education," Panel, National Association of Scholars Conference, 2009, https://www.nas.org/blogs/event/panel_2_the_changing_economic_and_technical_landscape_of_higher_education.

3 E.g., Richard K. Vedder, *Going Broke by Degree: Why College Costs Too Much* (American Enterprise Institute, 2004); Richard K. Vedder, *Restoring the Promise: Higher Education in America* (Independent Institute, 2019).

triple what it was 15 years before.⁴ Colleges are no longer balancing their books primarily at the expense of taxpayers; now it is at the expense of their own students, who to pay for their college tuition must go into long years, sometimes decades, of debt. Ms. Arnold's report provides chapter and verse on the effect of this debt—which includes the delay of house purchase, marriage, and children for millions of young Americans. Higher education's predatory pricing now blights the lives of a generation.

Third, higher education's administrative bloat has begun markedly to degrade the core functions of American higher education. It is no longer simply a question of money wasted on useless bureaucrats, or even of underpaid professors and adjuncts. The new bureaucratic class has begun to justify their existence by changing the mission of America's colleges and universities, toward research (minimally productive), student success (remedial support for unqualified students), community investment (exertion of neo-feudal influence upon surrounding localities), and social justice (radical propaganda, vocational training for activists, and university employment for activists).⁵ The changed mission has led colleges and universities increasingly to abandon their central mission—teaching undergraduates.

Finally, the passage of time now allows a proper longitudinal study of higher education costs. More than 55 years have passed since the passage of the Higher Education Act. Reasonably accurate and comparable data on colleges has been available since the 1980s. It is now possible to produce something more than a snapshot of American higher education in the modern era. We cannot yet write the *longue durée* of higher education since the passage of the Higher Education Act, but we can write a *conjuncture*.

Ms. Arnold's report succeeds in all these ambitions—and more. Her quantitative analysis of fiscal trends in higher education very sophisticatedly teases out the trends in state support and expenditure growth and establishes that universities' expenditure growth far outpaces any drops in government aid. Her study of debt includes many interviews of students, which add an individualized, psychological portrait that allows the reader to understand *why* students go into debt—an understanding that allows for more humane and more effective policy recommendations. Ms. Arnold has produced a report which is both an able summary of scholars' current understanding of higher education's administrative growth and student debt and, in both its quantitative and its qualitative dimensions, a contribution to the field. I am proud that NAS has been able to sponsor her work.

NAS now proffers its recommendations for policy reforms to fix higher education's costly structure of student aid with an acute awareness of just how cruel the status quo is to college students. The American taxpayer still suffers from the current system, and the American republic from our colleges' substitution of social justice for education. But we should be most

4 Abigail Johnson Hess, "U.S. student debt has increased by more than 100% over the past 10 years," CNBC, December 22, 2020, <https://www.cnbc.com/2020/12/22/us-student-debt-has-increased-by-more-than-100percent-over-past-10-years.html>.

5 See also David Randall, *Social Justice Education in America* (National Association of Scholars, 2019), <https://www.nas.org/reports/social-justice-education-in-america>.

outraged at how higher education bureaucrats fatten themselves at the expense of the students in their trust. It is a scandal of the age.

The Edu-Geld Complex is felt in every city, every state house, and every office of the federal government—and in every straitened home where a proud graduate of Gougem U prepares himself to pay again his pound of flesh. I hope that *Priced Out* will rouse the American people to confront the Edu-Geld Complex, in all its hideous strength.

Acknowledgments

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David Bryant

Introduction

Introduction

The COVID-19 pandemic disrupted American businesses and lives — and especially college operations. In March 2020, colleges and universities across the country required students to leave campus within a matter of days.⁶ Most had paid thousands or tens of thousands of dollars for spring semester tuition, room, and board, so as to receive both a good education and “the college experience” — only to receive a marginally adequate “distance” education. Few colleges bothered to give their students a rebate. Although students hoped that their colleges would be more prepared in the Fall 2020 semester than they had been in the spring, and that coronavirus restrictions would ease, America’s colleges and universities wavered uncertainly between “distance” and “hybrid” learning — and many colleges decided to stop in-person learning altogether toward the end of the semester.⁷ Few offered discounts to students to make up for their substandard fare.⁸ University finances flashed warning lights — but colleges made precious few substantive changes, such as firing a few of their superfluous administrators. Universities instead asked for state and federal bailouts, to carry on business as usual.

Higher education’s irresponsible behavior during the pandemic has brought home their fiscal irresponsibility to the students and families who pay the bills for a college education. If the bills kept going up when the education quality provided had clearly gone down, and students had lost the visible benefits of room, board, and access to college facilities such as laboratories, studios, and libraries, what exactly were they paying for?

It’s a long time since colleges and universities started diverting student tuition to pay for unnecessary administrative salaries and other fripperies, instead of actual education. It’s a long time since students began to slip into crippling debt to pay for their inflated bills. The pandemic made it clear how little value students have gotten for their money— not just in 2020, but in decades earlier.

The average price of college has more than doubled since 1980.⁹ Nearly 44 million Americans now owe more than \$1.5 trillion in student debt.¹⁰ In the 2018-2019 academic year, the average cost for attending a 4-year public university was nearly \$25,000, while attending

6 Sarah Mervosh and Vanessa Swales, “Colleges and Universities Cancel Classes and Move Online Amid Coronavirus Fear,” *The New York Times*, March 10, 2020, <https://www.nytimes.com/2020/03/10/us/coronavirus-closings.html>.

7 Lilah Burke, “Cutting the In-Person Semester Short,” *Inside Higher Ed*, November 17, 2020, https://www.insidehighered.com/news/2020/11/17/colleges-end-person-instruction-early-due-covid-19-spread?utm_source=Inside+Higher+Ed&utm_campaign=628a48519f-DNU_2020_COPY_02&utm_medium=email&utm_term=0_1fcbc04421-628a48519f-236274997&mc_cid=628a48519f&mc_eid=e40b9bb954.

8 Jessica Dickler, “Here’s the Very Short List of Colleges Offering Tuition Discounts for Distance Learning This Fall,” *CNBC*, July 21, 2020, <https://www.cnn.com/2020/07/21/these-colleges-offer-tuition-discounts-for-distance-learning-this-fall.html>.

9 Based on author’s calculations of NCES data for the 1979-1980 and 2016-2017 academic years for all institutions. “Table 330.10. Average Undergraduate Tuition and Fees and Room and Board Rates Charged for Full-Time Students in Degree-Granting Postsecondary Institutions, by Level and Control of Institution: Selected Years, 1963-64 Through 2016-17, *Digest of Education Statistics*, Department of Education, National Center for Education Statistics, November 2017, https://nces.ed.gov/programs/digest/d17/tables/dt17_330.10.asp.

10 Zack Friedman, “Student Loan Debt Statistics In 2020: A Record \$1.6 Trillion,” *Forbes*, February 3, 2020, <https://www.forbes.com/sites/zack-friedman/2020/02/03/student-loan-debt-statistics/#f07001a281fe>.

a 4-year private university cost around \$52,000.¹¹ In 2018, college students graduated with an average debt of more than \$35,000.¹² Most students take 20 years to pay off their loans.¹³

Various scholars have attempted to pinpoint the causes behind the increasing costs, proposing theories that include increased access to student loans, decreased government support, and increased hiring of college administrators.¹⁴

Our research aims to understand the relationship between rising tuition costs for students and the growth in the number of administrators in academia. The first part of the report introduces readers to student debt, administrative bloat, and their cascading consequences. The second part examines the psychological and cultural aspects of how students and families decide to take out student loans. The third part analyzes university revenue sources at our sample institutions. The fourth part investigates how universities spend the money they receive. The fifth part assesses the factors that drive these spending decisions. The sixth part examines how governmental policies and economic changes in these last two generations have contributed to rising college costs, and therefore to rising student debt. The final part suggests concrete policy solutions to reduce both administrative bloat and student debt in higher education.

Methods

Our case study analyzes 50 colleges and universities across the country. We sought to provide a representative sample of American higher education institutions by including public and private schools from around the country, with different religious affiliations, student body size, and *U.S. News* ranking.¹⁵

Our Sample Universities

University	State
Albright College	Pennsylvania
Alaska Pacific University	Alaska

11 "Price of Attending an Undergraduate Institution," *The Condition of Education*, Integrated Postsecondary Education Data System (IPEDS), updated May 2020, https://nces.ed.gov/programs/coe/indicator_cua.asp.

12 Daniel Kurt, "Student Loan Debt: 2019 Statistics and Outlook," Investopedia, November 15, 2019, <https://www.investopedia.com/student-loan-debt-2019-statistics-and-outlook-4772007>.

13 Abigail Hess, "College Grads Expect to Pay Off Student Debt In 6 years—This is How Long it Will Actually Take," *CNBC*, May 23, 2019, <https://www.cnbc.com/2019/05/23/cengage-how-long-it-takes-college-grads-to-pay-off-student-debt.html>.

14 See Douglas A. Webber, "State Divestment and Tuition at Public Institutions," *Economics of Education Review* 60, October 2017, pp. 1-4, <https://www.sciencedirect.com/science/article/abs/pii/S0272775717303618>; Jenna A. Robinson, *The Bennett Hypothesis Turns 30*, The James G. Martin Center for Academic Renewal, December 2017, <https://files.eric.ed.gov/fulltext/ED588382.pdf>.

15 Many schools are from the Northeast. The original intent was to have the author travel to some of these schools to interview administrators and students and get a personal sense of the campus environment. Schools therefore were chosen based on an institution's proximity to the author. Due to the coronavirus pandemic, travel restrictions and school closures did not make these efforts feasible in the timeframe of the project.

Our Sample Universities

University	State
Berea College	Kentucky
Black Hills State University	South Dakota
Bowdoin College	Maine
Brigham Young University	Utah
Brown University	Rhode Island
California State University-Los Angeles	California
Carnegie Mellon University	Pennsylvania
College of Charleston	South Carolina
Columbia University	New York
Cornell University	New York
Dickinson College	Pennsylvania
Drexel University	Pennsylvania
Duke University	North Carolina
Georgetown University	District of Columbia
George Mason University	Virginia
Harvard University	Massachusetts
Lincoln University	Pennsylvania
Maryville College	Tennessee
Michigan State University	Michigan
Montclair State University	New Jersey
Oberlin College	Ohio
Princeton University	New Jersey
Sierra Nevada University	Nevada
Stanford University	California
SUNY-Geneseo	New York
University of Pennsylvania	Pennsylvania
University of the Ozarks	Arkansas
Temple University	Pennsylvania
Texas A&M – College Station	Texas
The Evergreen State College	Washington
The University of Texas-Austin	Texas
University of California-Berkeley	California

Our Sample Universities

University	State
University of Colorado-Boulder	Colorado
University of Florida	Florida
University of Georgia	Georgia
University of Illinois-Urbana Champaign	Illinois
University of Kansas	Kansas
University of Maryland-College Park	Maryland
University of Nebraska-Lincoln	Nebraska
University of North Carolina-Chapel Hill	North Carolina
University of Pittsburgh	Pennsylvania
University of Vermont	Vermont
University of Virginia	Virginia
University of Wisconsin-Madison	Wisconsin
Vanderbilt University	Tennessee
Villanova University	Pennsylvania
West Virginia University	West Virginia
Yale University	Connecticut

Our case study excludes community colleges and for-profit institutions. We wanted to consider the schools American students generally attend and those are 4-year institutions.¹⁶ Around 70%, or 14 million, students attended 4-year colleges and universities in 2018.¹⁷ We also wanted to study universities whose reliance on government funding impacts taxpayers the most.

Community colleges don't usually charge high tuition, so their students typically don't acquire significant student loan debt. Nearly 60% of students who attend community college do not take out any loans at all.¹⁸

For-profit institutions serve a small portion of college-going students. In 2018, around 982,000 students attended 2- or 4-year for-profit institutions.¹⁹ Figure 1 estimates the

16 "Undergraduate Education," *The Condition of Education*, Integrated Postsecondary Education Data System (IPEDS), accessed September 14, 2020, https://nces.ed.gov/programs/coe/indicator_cha.asp#:~:text=Between%202018%20and%202029%2C%20undergraduate,million%20to%205.9%20million%20students.

17 "Table 303.30. Total Fall Enrollment in Degree-Granting Postsecondary Institutions, By Level and Control of Institution, Attendance Status, and Sex of Student: Selected Years, 1970 Through 2029," *Digest of Education Statistics*, Department of Education, National Center for Education Statistics, accessed September 8, 2020, https://nces.ed.gov/programs/digest/d19/tables/dt19_303.30.asp.

18 "Distribution of Undergraduate Degree Recipients by Cumulative Debt," College Board, accessed September 9, 2020, <https://research.collegeboard.org/trends/student-aid/figures-tables/distribution-undergraduate-degree-recipients-cumulative-debt>.

19 Based on author's calculation using NCES data. "Table 303.30," *Digest of Education*.

average federal loans students borrow at each kind of institution during the first year of college and the total contribution to the debt load by school type.

Figure 1: Student Loan Borrowing at Public, Private Non-Profit, and For-Profit Institutions During the 2016-2017 Academic Year²⁰

Type*	First-Year Student Total Enrollment	Percent who Borrow	Average Amount Borrowed, in Constant 2017-2018 Dollars	Average Amount Borrowed x Number of students who Borrowed
Public	1,752,357	38.2	\$6,584	\$4.4 billion
Private Non-Profit	569,212	62.3	\$8,188	\$2.9 billion
For-Profit	169,439	73.5	\$8,048	\$1.0 billion

* Includes all 2- and 4-year schools for each institutional control

Many articles and reports view for-profit colleges as predatory in nature, because of misleading marketing tactics, poor student outcomes, and expensive tuition.²¹ Few reports that examine the student debt issue investigate private not-for-profit and public institutions with the same critical eye. We believe not only that this is a gaping hole in the literature, but also that these institutions deserve extra scrutiny precisely because of the greater degree of public support they receive. Tax breaks and direct federal and state funding should come with the expectation of greater accountability to the public.²² Our report aims to fill this gap and lay the groundwork for a higher standard of accountability for these types of institutions.

“Few reports that examine the student debt issue investigate private not-for-profit and public institutions with the same critical eye.”

20 Data and calculations rely on the following NCES data. “Table 331.20. Full-time, First-time Degree/Certificate-Seeking Undergraduate Students Enrolled in Degree-Granting Postsecondary Institutions, by Participation and Average Amount Awarded in Financial Aid Programs, and Control and Level of Institution: 2000-01 through 2016-17, *Digest of Education Statistics*, Department of Education, National Center for Education Statistics, accessed September 8, 2020, https://nces.ed.gov/programs/digest/d18/tables/dt18_331.20.asp.

21 Jean-Philippe Ammeux, “For-Profit Education is the Leading Cause of America’s Student Debt Crisis,” *The Conversation*, June 10, 2019, <https://theconversation.com/for-profit-education-is-the-leading-cause-of-americas-student-debt-crisis-115023>; Howard R. Gold, “Who’s At Fault for Student-Loan Defaults?,” *Chicago Booth Review*, May 13, 2019, <https://review.chicagobooth.edu/public-policy/2019/article/who-s-fault-student-loan-defaults>; Robert Shireman and Kevin Miller, “Student Debt Is Surging at For-Profit Colleges,” The Century Foundation, May 28, 2020, <https://tcf.org/content/commentary/student-debt-surg-ing-profit-colleges/>; Luis Armona, Rajashri Chakrabarti, and Michael F. Lovenheim, “Student Debt and Default: The Role of For-Profit Colleges,” Federal Reserve Bank of New York, April 2017, [https://www.newyorkfed.org/research/staff_reports/sr811.html#:~:text=Students%20who%20attend%20for%2Dprofit,attending%20similarly%20selective%20public%20schools.&text=Two%2Dyear%20for%2Dprofit%20students,and%20have%20higher%20default%20rates](https://www.newyorkfed.org/research/staff_reports/sr811.html#:~:text=Students%20who%20attend%20for%2Dprofit,attending%20similarly%20selective%20public%20schools.&text=Two%2Dyear%20for%2Dprofit%20students,and%20have%20higher%20default%20rates;); Stephanie Riegg Cellini and Rajeev Darolia, “The For-Profit Student Debt Dilemma,” *Brown Center Chalkboard* (blog), Brookings Institute, June 23, 2016, [https://www.brookings.edu/blog/brown-center-chalkboard/2016/06/23/the-for-profit-student-debt-dilemma/#:~:text=Private%20nonprofits%20have%20average%20yearly,fees%20than%20public%20sector%20institutions](https://www.brookings.edu/blog/brown-center-chalkboard/2016/06/23/the-for-profit-student-debt-dilemma/#:~:text=Private%20nonprofits%20have%20average%20yearly,fees%20than%20public%20sector%20institutions;); Stephanie Riegg Cellini and Cory Koedel, “For-Profit College Policy at the Crossroads,” Urban Institute, September 2017, <https://www.urban.org/sites/default/files/publication/93366/for-profit-college-policy.pdf>.

22 For-profit colleges also receive federal financial support, but not to the extent that public and private non-profit universities do. “Postsecondary Institution Revenues,” *The Condition of Education*, IPEDS, updated as of May 2020, https://nces.ed.gov/programs/coe/indicator_cud.asp.

Our analysis uses data from the U.S. Department of Education's Integrated Postsecondary Education Data System (IPEDS), public information requests, and other publicly available sources. For private universities, we attempted to gain salary and administrative information by emailing schools in our sample. We start our analysis from the year 1980, the earliest year accessible through IPEDS, and conclude with 2018, the latest year available at the time of the study.²³

We also begin our analysis in the 1980s because American higher education institutions and the federal government, responding to the academy's economic and reputational crisis of the 1960s and 1970s, initiated radical and consequential changes during that decade that permanently altered the nature of higher education. The two most important transformations were the commercialization of research and the university marketing revolution.

The Bayh-Dole Act (1980) allowed American universities and other research institutions to acquire the rights to any intellectual property they created using federally funded research.²⁴ The Bayh-Dole Act was meant to reinvigorate American research and industry following the economic stagnation of the 1970s—and it had some success.²⁵ It had far greater, unanticipated success in refocusing universities' goals away from classroom instruction and toward research commercialization—a goal that would consume increasing amounts of their resources thereafter.

Colleges also began to take marketing seriously in the 1980s.²⁶ Universities' marketing responses to attract students and families included increased emphasis on expanding college amenities and popular programs. They engaged in focused brand management, especially by dedicated efforts to improve their placement in *U.S. News & World Report's* famous annual college ranking system, established in 1983.

These efforts transformed the incentives and priorities for universities — education became an afterthought. Universities today would rather make money from research and exert coercive influence on societies more than focus on educating students. We cannot understand rising student debt and administrative growth without understanding this fundamental shift in university priorities.

23 For more detailed explanation of our methods, please see Appendix A.

24 AUTM, "Landmark Law Helped Universities Lead the Way," <https://autm.net/about-tech-transfer/advocacy/legislation/bayh-dole-act>.

25 Ashley J. Stevens, The Enactment of Bayh-Dole, *Journal of Technology Transfer* 29, 2004, 94-96, <https://web.archive.org/web/20120526065514/http://www.bu.edu/otd/files/2011/02/The-Enactment-of-Bayh-Dole.pdf>.

26 Larry H. Litten, "Marketing Higher Education: Benefits and Risks for the American Academic System," *The Journal of Higher Education* 51, no. 1 (1980), 41-42, <https://www.jstor.org/stable/1981124>.

The Traumatic 1980s

The 1980s also witnessed an unheralded but influential shift to subjective psychological standards. Prior to 1980, the term “trauma” was used solely in reference to physical ailments. In that year, the American Psychiatric Association (APA) classified Post Traumatic Stress Disorder (PTSD) as trauma, the first time a non-physical ailment had been so classified. The APA justified this change by arguing that a seriously distressing event, such as war or rape, would cause significant and long-term negative psychological reactions. However, the APA stipulated that more common events that cause emotional pain, such as divorce, did not count as traumatic situations because such pain and “trauma” differed in both scale and consequence.

That stipulation has generally eroded in the decades since. Psychologists and mental health professionals increasingly have considered any negative “lived experiences” as traumatic events — and those employed by on-campus student services have applied this to an ever-wider range of student “lived experiences,” most significantly to expressions of principled disagreement. “Safe spaces” and “trigger warnings” are primarily engines of political repression, but they draw their justification from the APA’s unfortunate 1980 conflation of physical and psychological trauma.²⁷

The metastasizing therapeutic bureaucracies in higher education, well-paid to ensure that no college student risks suffering “trauma,” also derive their justification from this change. By 2020, the APA’s 1980 classification had imposed a heavy annual surcharge on American higher education — a surcharge that increased in weight each year.

Our report contains substantial analyses of aggregated financial data — but the abstract numbers of financial data obscure the human element. More precisely, they don’t explain how college and government policies interact with individual decision-making to produce ever larger amounts of student debt. After all, student debt can’t happen unless students and parents make the decision to take out a loan, and we need to understand how they come to make that decision. Our report therefore also aims to understand how individuals approach the question of taking on college debt. We spoke with 50 interviewees, including students, parents, recent graduates, and those who took non-traditional postsecondary paths. These interviews provided greater context surrounding the postsecondary choices of individuals and families and how their lives have been affected by both their own choices and the decisions of others.

We also interviewed seven college officials, to deepen our understanding of university priorities and what determines those priorities. Of the seven officials, two were public relations officials speaking on behalf of the university, three were college presidents, and the other two worked as college administrators. A few of the graduates and parents we spoke with also had some experience working in college administrations, so we have included those experiences as well.

Interviewees were recruited through our organization’s email, the author’s personal contacts, and a public request.²⁸ Interviewees had the opportunity to either respond to questions over the phone or by answering questions via Google Forms. Out of the students

27 Gregg Lukianoff and Jonathan Haidt, *The Coddling of the American Mind*, Chapter 1, 2019, https://48156919-c823-48bd-a34e-f15f9b6e20f2.filesusr.com/ugd/4bf9ff_aabc7aaa93264508b03c5ca04815aeb0.pdf; Matthew J. Friedman, “A Brief History of the PTSD Diagnosis,” U.S. Department of Veteran Affairs, accessed November 19, 2020, https://www.ptsd.va.gov/professional/treat/essentials/history_ptsd.asp.

28 We are grateful to Gail Heriot for publicizing our request for interview subjects. *Instapundit*, February 21, 2020, <https://pjmedia.com/instapundit/359003/>.

and parents, 35 spoke over the phone and 15 answered questions through the Google Forms. Out of the college officials, the two spokespeople answered questions via email while the other five administrators talked with the author over the phone. Interviewees could indicate whether they wanted their names mentioned in the report or to have it anonymized. We do not mention names for interviewees who requested to have their name anonymized.

Proposals

We make 14 recommendations, subdivided within 5 categories.

I. Cut Down on Administrative Costs/Use Funds Effectively

1. Universities should consolidate offices and departments to reduce duplicate roles.
2. Universities should reduce international student admissions and recruitment.
3. University budget cuts should target programs and departments centered around transitorily fashionable concepts such as “innovation,” “entrepreneurship,” or “transdisciplinarity.”
4. Federal and state governments should cut funding to 4-year universities that provide remedial education and related services.

II. Empower Students to Make Smart Financial Decisions

1. Congress should amend Title VII of the 1964 Civil Rights Act to allow employers to use alternates to a college credential as a way to assess job applicants’ work preparedness.
2. Universities, particularly public institutions, should create 2-3 year vocational tracks, with classes staffed by industry veterans.
3. Federal and state governments should provide students information about their eligibility for grants/aid significantly earlier in the application process.

III. Create Incentives to Make Schools Spend Responsibly

1. Federal and state governments should cut funding to institutions that fund ideological activism in areas such as globalism, social justice, and sustainability.

2. Federal and state governments should make higher education institutions financially responsible for a portion of the debt incurred by students who fail to graduate.

IV. Increase Information Transparency

1. IPEDS should redefine its expenditure categories to provide more accurate and relevant information for policymakers.
2. Congress should rescind the 2008 ban on the creation of a federal student unit-record data system and create such a data system.
3. State governments should make public university employee salary and benefits information publicly available and easily accessible.

V. Reform College Quality Evaluations

1. College rankings should be divided into two separate parts, which provide disaggregated assessments of a school's educational quality and its financial health.
2. The federal government should replace the existing accreditation system as a way to determine eligibility to receive federal funds.

The coronavirus pandemic and its aftermath leave American colleges at a crossroads. Higher education's profligate spending habits can no longer be concealed from students and parents. They will not go into life-long debt for a shoddy education. Universities can no longer ignore the blights of administrative bloat and student debt.

Debt Slaves and Bloated Bureaucrats

Debt Slaves and Bloated Bureaucrats

The Student Debt Crisis

Students who borrow money to go to college suffer the consequences well beyond the day they graduate. Student borrowers engage in a Sisyphean struggle against the boulder of compound interest — with the shaming brand of a poor credit rating waiting if they give up the fight.

Students who don't earn a bachelor's degree struggle desperately to find jobs that will pay enough for them to pay back their loans. Even students who do graduate frequently end up with jobs that barely make it possible to keep up with their loan repayments. Overeducated college graduates, dissatisfied with the prospect of blue-collar labor but not sufficiently trained to qualify for truly interesting jobs, often end up as demoralized, insignificant bureaucratic drudges — with no prospect for a change for the better.²⁹

Yennifer Martinez went to college thinking it would be a good investment for her career prospects. Yennifer (pronounced *Jennifer*) got her bachelor's degree from Cornell University and her master's from Columbia University. Prior to attending these prestigious schools, she worked as a waitress in New York City to get through community college. She saved her earnings for further education. She also received scholarships for her undergraduate education. But the scholarships weren't enough and she still needed to take out student loans in order to get her degree. Following graduation, Yennifer struggled to find a job in journalism and thought a graduate degree would make her more competitive. She attended Columbia's Journalism School — and took out more loans.

Yennifer did eventually get a job as a reporter in New York City. But she receives an annual salary significantly less than \$50,000. Cornell and Columbia didn't come cheap, and now she must pay off more than \$100,000 in student loans.

I'm making money to survive, to pay the gas, to pay the tolls, and the money I have to pay for insurance. That's it. Sometimes, I want to go to a good restaurant, so it feels depressing when you know how hard you've been working and then at the end of the day, you have all this money to pay. You wonder, *Where am I going to find all this money to pay when I am making money to survive?* That's why paying this debt takes forever, takes years.³⁰

29 See David Graeber, *Bullshit Jobs: A Theory* (New York: Simon & Schuster, 2018).

30 Yennifer Martinez, phone interview with author, January 18, 2020.

“Where am I going to find all this money to pay when I am making money to survive?”

Yennifer’s total debt burden is atypical. Americans who owe the most in student loans typically come from the richest 40% of households (>\$74,000/annual income).³¹ Only 6% of borrowers owe six-figure student loans — and, like Yennifer, they usually attended graduate school.³²

But Yennifer is typical enough in her basic situation — that she believed she needed a college degree to get a decent job. Her belief has a great deal of justification. Too many employers use college degrees as an arbitrary means to screen job applicants rather than as a detailed signal about job skills. Young Americans without a degree have a far harder time securing well-paid work.³³ A college degree has become the normal prerequisite for many service jobs that use virtually no knowledge acquired in college.

College degrees are expensive. Student loans have also become the norm for those who want to enter into, or stay within, the middle class.

Young Americans paying off student loans delay personal milestones such as buying a house, getting married, or having children.³⁴ The student debt burden also inhibits entrepreneurialism, as it reduces the amount of personal savings available to start a business or take a risk on a new career. Young Americans devote their talents to paying off debt rather than to creating a future for themselves and for their country. They’ve already used up their margin of error by going into debt for college.

Indebted parents already struggle with their own student debts. They don’t have enough money to pay their children’s college bills. That imposes an even greater financial burden on the children. Eva Egan was a senior at Brigham Young University-Idaho (BYU-Idaho) in February 2020. She explained that her parents struggled to pay back their own student debt and that she was primarily responsible for her college finances. Eva has been prudent. She started community college at age 14 and earned her associate’s degree by the time she was 17. A few years later, she transferred to BYU-Idaho to finish her bachelor’s. Eva is part of the Church of Jesus Christ of Latter-Day Saints, so BYU-Idaho charged her a reduced tuition. But it’s still been difficult for her to pay for her education. Eva scrubbed toilets before her morning classes, regularly donated her plasma, and worked as an online marketer to pay for her education.

31 Sandy Baum and Adam Looney, “Who Owes the Most in Student Loans: New Data from the Fed,” Brookings Institute, October 9, 2020, <https://www.brookings.edu/blog/up-front/2020/10/09/who-owes-the-most-in-student-loans-new-data-from-the-fed/#:~:text=Most%20news%20stories%20and%20reports,owe%20more%20than%20%241.5%20trillion.&text=The%20highest%2Dincome%2040%20percent,-three%2Dquarters%20of%20the%20payments>.

32 Adam Looney, David Wessel, & Kadija Yilla, “Who Owes All That Student Debt? And Who’d Benefit If It Were Forgiven?,” Brookings Institute, January 28, 2020, <https://www.brookings.edu/policy2020/votervital/who-owes-all-that-student-debt-and-whod-benefit-if-it-were-forgiven/>.

33 See Megan Arnold, “Money for Nothing: The Worst of Student Loan Debt Hits College Dropouts,” The James G. Martin Center for Academic Renewal, December 30, 2020, <https://www.jamesgmartin.center/2020/12/money-for-nothing-the-worst-of-student-loan-debt-hits-college-dropouts/>.

34 Hillary Hoffower, “61% of Millennials Said They’ve Delayed Buying a House Because of Student-Loan Debt, a New Study Found,” *Business Insider*, September 26, 2019, <https://www.businessinsider.com/millennials-delaying-homeownership-student-loan-debt-2019-9>.

Eva still had to take on some debt. Her health broke down and she couldn't work and study at the same time. Eva took out a loan to pay for her final year of college.³⁵

Parents make extraordinary sacrifices to keep their children debt-free. We've spoken with many parents who paid for their children's education or took out loans on their behalf. The financial burden weighs on all of them. Parents attempt to balance concerns about costs with concerns about educational quality, but they don't always succeed.

One father explained how he worked himself to the bone to pay for his children's education. He depleted his retirement savings, delayed replenishing them, and permanently delayed improving his home. Long hours at work broke his marriage. He paid a high price to keep his children out of debt.³⁶

Another parent, whose household income was between \$100,000-\$199,000, still struggled to put two children through Rice University in Texas and Reed College in Oregon.

The financial burden of the debt I acquired is heavy. I would have liked to be ready to say no to my wife and children. We all were happy with the prestige that comes with a degree from the institutions my children attended. But I feel that I should have been ready to make a better case for more affordable options.³⁷

Sometimes, extended family members help soften the burden. Gene Bryant borrowed close to \$100,000 to reduce student loans for two of his children. His wife's sister stepped in to help their daughter, who had wanted to be a veterinarian since she was 6 years old.

She sent my daughter for eight years all through undergraduate and graduate school, sent my daughter \$300 a month just so that she could help pay her food bill and her rent when she was in Ohio and kept a car on the road so she could get around. I'm sorry, that's a lot of money.³⁸ — Gene Bryant

But the burden of high costs and student debt doesn't just affect individual borrowers and families. The whole country suffers from the economic, social, and political consequences of cascading student debt.

Economic Consequences

Some commentators on the student debt crisis say that the struggles of students trapped under mountains of student debt are "not my problem."³⁹ They argue that individuals decided

35 Eva Egan, phone interview with author, February 18, 2020.

36 Confidential, email to author, February 20, 2020.

37 Confidential, Google Forms, February 25, 2020.

38 Gene Bryant, phone interview with author, March 3, 2020.

39 Margot Cleveland, "The Student Debt You Willingly Took On Is Not My Problem To Solve," *The Federalist*, August 15, 2019, <https://thefeder->

to borrow money for higher education, that those individuals must also bear individual responsibility for their debts, and it would be unfair and/or unethical to shuffle those costs off to the taxpayer. This argument resonates powerfully with many American taxpayers, who have seen their hard-earned money extracted to fund endless government handouts to irresponsible corporations and individuals.

These commentators are partly right. Individuals do bear responsibility for their own choices, and the taxpayer shouldn't just pay off foolishly acquired debts. But the commentators also seem to think that the American economy can simply forge ahead as our student loans pile ever higher, and that all will be well so long as the American taxpayer never has to pay back someone else's student loan.

But we can't sustain the status quo.

The student loan crisis already distorts the entire American economy. Every American lives in an economy shaped by ballooning student debt, regardless of whether he went to college or borrowed any student loans. American taxpayers face no moral obligation to pay back other people's voluntarily acquired student loans. But the American economy, and the taxpayers along with it, will suffer in the long-term if they passively allow the problem to continue.

Why?

Consider first an impoverished student who does well in high school and sees college as a way out of poverty. He applies for awards such as Pell Grants, which are dedicated to students "who display exceptional financial need."⁴⁰ He receives scholarships and excitedly uses them to pay for his first semester of college tuition. And his books. And his room and board. And his fees. The bills mount up and the scholarships and grants rarely suffice to cover them all. So, he begins to borrow.

And here is where the problems begin.

Maybe our low-income student ends up dropping out of college instead of graduating — an increasingly likely scenario.⁴¹ It could be because he isn't well enough prepared for college and he flunks out. Maybe he couldn't keep on paying for college. Maybe he had to return home and work to support his family. Whatever the reason, dropping out has disastrous consequences. Our cash-strapped student still has to pay back his loans, even as he tries to find work without a bachelor's degree.⁴² Decently paid jobs for Americans without a college degree are scarce outside of the skilled trades.⁴³ Even if a student managed to finagle his way into a skilled trades job, the student is still stuck repaying his loans, as well as the accruing

alist.com/2019/08/15/student-debt-willingly-took-not-problem-solve/#disqus_thread.

40 Friedman, "Student Loan Debt Statistics In 2020: A Record \$1.6 Trillion."

41 "College Drop Out Rates," November 6, 2019, <https://educationdata.org/college-dropout-rates/>.

42 Jill Barshay, "The New Low-Income Big Borrower of Student Loans," *Hechinger Report*, July 22, 2019, <https://hechingerreport.org/the-new-low-income-big-borrower-of-student-loans/>.

43 Sarah Chamberlain, "Addressing the Skilled Labor Shortage in America," *Forbes*, August 21, 2019, <https://www.forbes.com/sites/sarahchamberlain/2019/08/21/addressing-the-skilled-labor-shortage-in-america/#109a4da0181d>.

interest. Even relatively small loans under \$5,000 are hard to repay when living paycheck to paycheck. Impoverished college dropouts often default on their loan payments, which ruins their credit rating and makes it much harder for them to borrow money in the future.⁴⁴

Many low-income students drop out of college in just these circumstances and their decisions to do so impose substantial burdens on the economy. Most directly, the decision to drop out wastes the taxpayer-funded Pell Grants and scholarships those students receive — especially when their decision to drop out could reasonably have been predicted because of their lack of preparation for college-level study. More largely, America must now consider the interests of a substantial group of citizens who have the debt of a college graduate without the credential, and with no reasonable prospect of a well-paid job that will allow them to repay their debts. Some of these Americans will be able to escape from student debt by hard work and good luck. Many won't — and not because they're particularly feckless, but just because they didn't catch the breaks.

Now consider a middle-income American student. His parents and guidance counselors likely encouraged him to plan on attending college to “move up in the world.” He earned decent grades in high school and managed to gain admission to the college of his choice. He was pretty confident his proud parents would be able to support him, so he accepted his admissions offer.

Then the tuition bill arrived. His parents expected a reasonable charge, but a reasonable price in 2020 is nothing like what it was in the 1980s. The average cost of a 4-year school in the 1986-1987 academic year was \$13,580, inflation-adjusted in 2018-2019 dollars.⁴⁵ By 2018-2019, it had increased by 107%, to \$28,123.⁴⁶ His parents also thought they'd get some financial aid, but the college determined they were “too rich” to qualify—54% of families earning between \$50,000-\$99,000 pay the full cost.⁴⁷ Yet they're still too poor to pay for the tuition, much less the books, fees, and room and board. Our middle-income student also ends up taking out a student loan.

Middle-class students have 60% more debt than low-income students and 280% more debt than upper-middle-class students (households earning between \$100K-\$149K).⁴⁸ In fact, if you wanted a rule of thumb about what really divides the

“What really divides the haves from the have nots in America is whether you need to borrow money to go to college.”

44 According to federal data for fiscal year 2015, students at 4-year for-profit universities had higher default rates than 4-year public and private university attendees. “Table 332.50. Number of Postsecondary Students Who Entered the Student Loan Repayment Phase, Number of Students Who Defaulted Within a 3-Year Period, and 3-Year Student Loan Cohort Default Rate, by Level and Control of Institution: Fiscal Years 2010 Through 2015, *Digest of Education Statistics*, Department of Education, National Center for Education Statistics, November 2018, https://nces.ed.gov/programs/digest/d18/tables/dt18_332.50.asp.

45 “Table 330.10. Average Undergraduate Tuition and Fees and Room and Board Rates Charged for Full-Time Students in Degree-Granting Institutions, by Level and Control of Institution: Selected Years, 1963-64 through 2018-19,” *Digest of Education Statistics*, Department of Education, National Center for Education Statistics, December 2019, https://nces.ed.gov/programs/digest/d19/tables/dt19_330.10.asp.

46 Author's calculations. “Table 330.10. Average Undergraduate Tuition and Fees and Room and Board Rates Charged for Full-Time Students in Degree-Granting Institutions, by Level and Control of Institution: Selected Years, 1963-64 through 2018-19,” *Digest of Education Statistics*.

47 Mark Kantrowitz, “Who Pays the Full Sticker Price for a College Education?,” August 16, 2017, <http://studentaidpolicy.com/who-pays-full-sticker-price-for-a-college-education.html>.

48 Jason N. Houle, “Disparities in Debt: Parents' Socioeconomic Resources and Young Adult Student Loan Debt,” *Sociology of Education* 87, no. 1, (January 2014), 58, <https://doi.org/10.1177/0038040713512213>.

haves from the have nots in America in 2020, the dividing line runs between those who don't need to borrow to go to college and those who do.

The job prospects for middle-income students are also much bleaker than they were for previous generations. A generation ago, American employers were eager to hire college graduates for decent jobs. College grads therefore had a reasonable degree of confidence in their professional prospects. Today, employers have shifted to offer college graduates jobs that high school graduates used to do, and still can do. More than 40% of recent college graduates are *underemployed* — working part-time or working at jobs that don't use all their skills.⁴⁹ In most cases, this means they receive much lower wages than they expected when they took out their student loans.

Mass underemployment compounds America's student debt crisis. It hits middle-class American graduates especially hard.

The underemployment problem is larger than just a question of student debt. The rise of America's underemployment economy suggests that we now suffer from an inefficient, highly wasteful distribution of education investment in human capital — billions of dollars and millions of hours spent for little or no return.⁵⁰ Higher education is the nexus of this wasteful investment, and it would cry for reform even if students and their families weren't paying the tab. But they *are* paying the tab. America needs to fix its student debt crisis not only because of the suffering it inflicts on borrowers, but also because ballooning student debt is the mechanism that creates our underemployment problem, which prevents that larger issue from being solved. We cannot begin to solve underemployment until we solve student debt.

Another way to put this is that the underemployment economy is an economy that has misallocated resources from productive investment to an unproductive debt-cycle. Aggregate American student loan debt now totals more than \$1.5 trillion, incurred by 44 million borrowers. These 44 million borrowers have less disposable income, they consume less, and their savings are diverted to repaying their student loans. Would-be entrepreneurs must delay starting businesses, perhaps forever, while they pay back their student loans — and further potential small businessowners, made cautious by long years of debt, lose the taste for risk that is absolutely necessary for small business success. America loses the GDP stimulus from their consumption and any long-term gains from their investments — and largely gains relatively unproductive human capital.

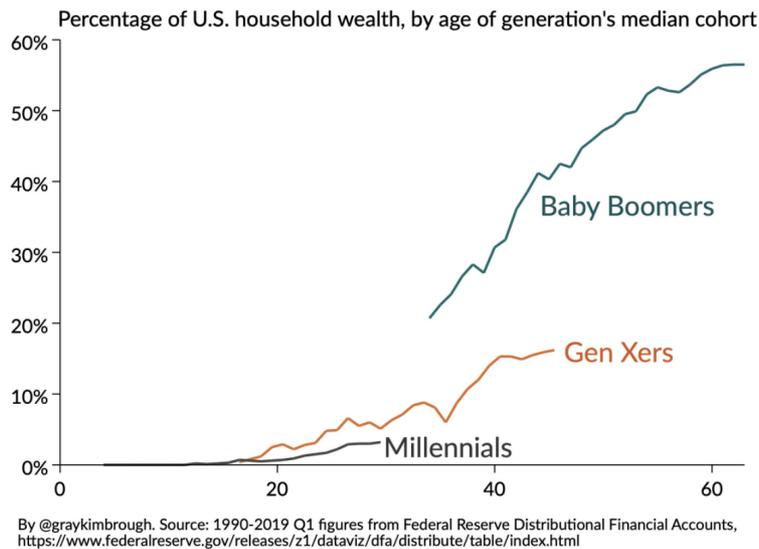
The hollowed-out American economy, shorn of a tithe of potential small businessmen, has fewer resources available either to hire college graduates at decent wages or to invest productively. The oligarchs and the old own ever more of America; the mass of America's young workers ever less. In 2020, the Baby Boomer generation owned about 53% of American

49 "The Labor Market for Recent College Graduates," Federal Reserve Bank of New York, July 17, 2020, https://www.newyorkfed.org/research/college-labor-market/college-labor-market_underemployment_rates.html.

50 Anil Kumar and Michael Weiss, "Underemployment Poses Long-Term Financial Risk to More Workers," *Southwest Economy*, Federal Reserve Bank of Dallas, 2011, <https://www.dallasfed.org/~media/documents/research/swe/2011/swe1103g.pdf>.

wealth while Millennials owned 5%.⁵¹ Older generations have had more time to build their wealth compared to younger generations. However, Figure 2 shows that Generation X and Millennials still lag in accumulated wealth compared with Baby Boomers at similar ages. At the median age of 35, Baby Boomers owned about 20% of American's wealth. Generations younger than Baby Boomers owned less than 10% of the wealth at the same median age, with Millennials worse off than Generation X. Our younger generations are poorer than their parents, with no prospect of making up the gap.

Figure 2: U.S. Generational Wealth⁵²



Rentier America suffers the compounded effects of underinvestment, underemployment, and underconsumption. Its economic power shrinks both in comparison with what it could have achieved on its own and against international rivals such as China.

Student debt plays a central role in this dismal, increasingly pernicious cycle.

America thrives when it lives up to the Jeffersonian dream, and a self-reliant mass of its citizens possess broadly distributed wealth. We are drifting rapidly away from the Jeffersonian model, and the impoverishment of the mass of Americans is impoverishing the nation as a whole. The student loan debts of 44 million Americans, which distort and shrink our economy, play a crucial role in our country's increasing destitution.

Individual choices produce student debt, but those individual choices, by their millions, now affect the economic future of every American. It's no longer enough to say that our graduates should "fix their own mess."

51 "Distribution of Household Wealth in the U.S. since 1989," Distribution Financial Accounts, Federal Reserve, <https://www.federalreserve.gov/releases/z1/dataviz/dfa/distribute/table/#quarter:119;series:Net%20worth;demographic:population;units:shares>.

52 Figure created by Gray Kimbrough.

Social Consequences

Student debt also contributes to the delay of marriages and family creation in America. It's harder to make marriage a paying proposition when you're paying off student loans. Student debt impedes the formation of a stable, family-friendly society.

Of course, people don't just calculate with dollar signs when they fall in love, decide to live together, or get married. Even the more self-interested calculators rarely decide only with an eye to the account books: they also count upon the establishment of mutual trust between husband and wife, better mental health, and the boons of sexual fidelity.⁵³ But money does matter. Couples considering marriage judge how combined incomes, tax breaks, and the ability to combine wealth benefit them financially.

Student debt makes marriage risky business. Consider a scenario where Partner A owes \$50,000 in student loans while Partner B doesn't have any debt. The couple decides to get married. In just one night, Partner B goes from owing nothing to the responsibility of membership in a family that owes \$50,000.

This is what happened to Gene Bryant's son-in-law, who had graduated college debt free. The son-in-law has been helping his wife (Gene's daughter) repay her remaining student loans that were not covered by her parents or other family members.⁵⁴

If husband and wife each owe \$50,000, now their family owes \$100,000.

Married couples reduce rent expenses by living in one residence — but the benefits of lower rent are more than counterweighed by the greater expenses that might come from having children. Indebted Americans, along with others who struggle to make ends meet, put off marriage because they are afraid it will be a fast ticket to the poorhouse.

America's marriage culture has been eroding for several generations. One study found the proportion of Americans who attended a postsecondary institution and were married at age 34 declined from 70% to 50% between the 1979 and 1997 cohorts.⁵⁵ Student debt plays an under-recognized role in weakening American marriages: student loan debt and delayed marriage are positively associated.⁵⁶

53 Maggie Gallagher, "Why Marriage is Good For You," *City Journal*, Manhattan Institute, 2000, <https://www.city-journal.org/html/why-marriage-good-you-12002.html>.

54 Bryant, phone interview.

55 Fenaba Addo, Jason N. Houle, and Sharon Sassler, "The Changing Nature of the Association Between Student Loan Debt and Marital Behavior in Young Adulthood," *Journal of Family and Economic Issues*, no. 40 (2019), 86-101, <https://doi.org/10.1007/s10834-018-9591-6>.

56 Addo, Houle, and Sassler, "The Changing Nature of the Association Between Student Loan Debt and Marital Behavior in Young Adulthood."

A Generation of Prufrocks

Men particularly suffer from the erosion of marriage culture. Stable marriages give men an incentive to provide for their family and reward them with a sense of self-worth; without that incentive, men have little to no reason to “grow up.”⁵⁷ This lack of purpose, combined with economic impotence, leads many men to retreat inwards and lose their masculine ambition (the proverbial incel video gamer in his parents’ basement). At the asocial extreme, some detached men turn to drugs, sexual perversions, and even rape.⁵⁸

The emasculating effects of the breakdown of American marriage culture creates conditions that foster a generation of lonely, sexually frustrated, weary men — in other words, Prufrocks.⁵⁹

Marriage delays caused by student debt, along with the general weakening of marriage culture, lead to broader social destabilization in two main ways. First, the increase in non-committal cohabitation scenarios, resulting from marriage delays and weaker marriage culture, induces destabilizing effects on family formation. In 2019, more American adults cohabited than married, and many of these adults have children together.⁶⁰ Unfortunately, two-thirds of cohabiting parents break up before the child is 12, as opposed to only 25% of married couples.⁶¹ Children from unstable homes themselves have greater trouble forming stable households. In America, this type of volatile family formation used to be limited to a relatively small underclass, generally suffering from economic uncertainty and stress.⁶² But student debt has spread the same economic uncertainty and stress to the middle class, and spread with it the culture of cohabitation.

Americans who delay marriage also put off having children — which means fewer children overall. In 1970, the average American woman had her first child at age 24.6; by 2016 the average age had risen to 28.⁶³ The average number of children has also fallen: the fertility rate for American women was 2.48 in 1970, but only 1.73 by 2018.⁶⁴

Having fewer children than the “replacement rate” poses a severe economic danger to our nation. As the proportion of older, retired people rises, greater strains will be placed on the working-age population to support the needs of the elderly.⁶⁵ Lower fertility provides short-term benefits for individuals, such as decrease in childcare costs, but imposes substantial long-term economic burdens on the nation as a whole.

57 Scott Stanley, “Why Men Resist Marriage Even Though They Benefit the Most From It,” Institute for Family Studies, May 14, 2014, <https://ifstudies.org/blog/why-men-resist-marriage-even-though-they-benefit-the-most-from-it/#:~:text=Both%20men%20and%20women%20benefit,more%20money%20and%20live%20longer.&text=Young%20men%20associate%20marriage%20with,greater%20possibility%20of%20financial%20loss.>

58 Dominique A. Simons, “Chapter 3: Sex Offender Typologies,” Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking, <https://smart.ojp.gov/somapi/chapter-3-sex-offender-typologies>.

59 See “The Love Song of J. Alfred Prufrock,” T.S. Eliot, 1915, <https://www.litcharts.com/poetry/t-s-eliot/the-love-song-of-j-alfred-prufrock>.

60 Juliana Menasce Horowitz, Nikki Graf, and Gretchen Livingston, “Marriage and Cohabitation in the U.S.,” Pew Research Center, November 6, 2019, <https://www.pewsocialtrends.org/2019/11/06/marriage-and-cohabitation-in-the-u-s/>.

61 Horowitz, Graf, and Livingston, “Marriage and Cohabitation in the U.S.”

62 Richard V. Reeves and Eleanor Krause, “Cohabiting Parents Differ from Married Ones In Three Big Ways,” Brookings Institute, April 5, 2017, <https://www.brookings.edu/research/cohabiting-parents-differ-from-married-ones-in-three-big-ways/>.

63 Maria LaMagna, “More American Women are Having Babies in Their 30s Than Their 20s,” *Marketplace*, October 16, 2018, <https://www.marketwatch.com/story/american-women-are-having-babies-later-and-are-still-conflicted-about-it-2017-05-19>.

64 “Fertility Rate, Total (Births Per Woman) - United States,” The World Bank, accessed April 28, 2020, <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=US>.

65 David E. Bloom, David Canning, Günther Fink, and Jocelyn E. Finlay, *The Cost of Low Fertility in Europe*, National Bureau of Economic Research, March 2009, <https://www.nber.org/papers/w14820.pdf>

We can already see the long-term consequences of low birthrates in other developed countries. In Japan, intense labor demands have reduced young people's available time to date, commit to a spouse, or care for children — and the number of marriages and children have both slumped.⁶⁶ Europe faces similar problems and could lose 40 million workers by 2070 if it continues in the direction of Japan.⁶⁷

America is already experiencing some of the side-effects of lower fertility rates and the degradation of marriage culture. Student debt is not solely responsible for divorces, cohabitation, or low fertility rates, but it is certainly a contributing factor. By addressing the student debt issue, we can begin to restore America's marriage culture and promote affordable family formation.

Political Consequences

The student debt crisis has come to occupy a central position in America's political debates, entangled with larger debates concerning redistributive economics, identity politics, and political polarization.

American creditors, whether they have repaid their debts, or never took on college debt in the first place, generally do not want their taxpayer dollars funding somebody else's debt. Creditors believe that those who took out student loans and made the personal decision to attend expensive colleges should be responsible for paying it back and resent being taxed to pay for others' poor decisions. Creditors skew to the older generations, fewer of whom went to college, and many fewer of whom acquired high levels of student debt.

Debtors think they have been trapped in a rigged system. College-educated younger Americans — American debtors — exhibit extraordinary levels of support for radically redistributive policies such as free college tuition or universal healthcare. They even express nominal support for socialism because of to their disillusionment with what they perceive to be the results of modern American capitalism — stagnant wages, wealth inequality, and sputtering social mobility.⁶⁸ College students lean left partly from indoctrination, but also because they have become a class of hopeless debtors who are not even allowed to discharge

66 Soojin Yim, "Gender Gap: Marriage and Birthrate in Japan," *Harvard International Review*, August 18, 2019, <https://hir.harvard.edu/gender-gap-marriage-and-birthrate-in-japan/>.

67 Sean Fleming, "Cash for Babies: How Europe is Tackling Its Falling Birthrate," World Economic Forum, February 27, 2020, <https://www.weforum.org/agenda/2020/02/europe-ageing-population-migration-birthrate/>; Some scholars argue that increasing immigration would counter the shortage in younger workers in a country. However, increasing immigration comes at the cost of lowering wages for the very workers you are trying to help (Borjas) and introducing ethnic and other kinds of tribal conflict that will result in long-term social instability (Putnam). George Borjas, *We Wanted Workers: Unraveling the Immigration Narrative*, (New York: W.W. Norton & Company, 2016); Robert D. Putnam, "E Pluribus Unum: Diversity and Community in the Twenty-first Century, The 2006 Johan Skytte Prize Lecture," *Scandinavian Political Studies* 30, no. 2 (2007), <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-9477.2007.00176.x>.

68 Jack Kelly, "Why Young Voters Are Embracing Bernie Sanders And Democratic Socialism," *Forbes*, February 5, 2020, <https://www.forbes.com/sites/jackkelly/2020/02/05/the-reasons-why-young-voters-are-embracing-bernie-sanders-and-socialism/#6881ea82f177>.

their debt into bankruptcy,⁶⁹ self-consciously hostile to older generations, whose prescriptions of responsibility and self-reliance are alienatingly irrelevant.⁷⁰

Young Americans know their own circumstances well enough — for them, the American dream has become a ticket to debt slavery and underemployment. They fail to realize that they suffer from higher education's particular economic dysfunction rather than from American capitalism as a whole, but the perilous erosion of mass political support for the American free-market economy — and, indeed, for the American political system as a whole — is no less dire for its erroneous foundation. Ineradicable student debt has created lasting division between those who have student debt and those who don't, between the debtors and the creditors, each of whom possesses enough justification for their beliefs to create poisonous resentment between the two classes.

In 2019, an Elizabeth Warren rally during the Democratic campaign for the presidential nomination exposed a perfect example of the division between America's debtors and creditors. A father of a college student expressed unhappiness about Senator Warren's debt forgiveness proposal, which would cancel up to \$50,000 of federal student loan debt for households earning under \$100,000 annually. But the plan offered no reward for families who already paid the full amount.

Father: I just wanted to ask one question. My daughter is getting out of school. I've saved all my money. She doesn't have any student loans. Am I going to get my money back?

Warren: Of course not.

Father: So you're going to pay for people who didn't save any money and those of us who did the right thing get screwed?"⁷¹

Student-loan debtors have become increasingly likely to vote in favor of solutions that ease their burden or remove them altogether. Even conservatives feel the pull. Mark Ewing has worked extremely hard since graduating in the 2000s to chip away at the \$175K+ he owes in student loans. While he generally identifies as a conservative, Mark is open to Senator Elizabeth Warren's debt forgiveness plan, as well as to similar proposals by Senator Bernie Sanders:

⁶⁹ Technically, borrowers can file for bankruptcy, but the process is extremely difficult. See Shannon Insler, "Can Your Debts Be Erased in Student Loan Bankruptcy? Yes, Here's How," Student Loan Hero, December 11, 2019, <https://studentloanhero.com/featured/student-loan-bankruptcy-discharge/>.

⁷⁰ "A Wider Ideological Gap Between More and Less Educated Adults," Pew Research Center, April 26, 2016, <https://www.pewresearch.org/politics/2016/04/26/a-wider-ideological-gap-between-more-and-less-educated-adults/>.

⁷¹ Morgan Phillips, "Elizabeth Warren Confronted by Iowa Dad Over Student Loan Plan, Saying People Paying for Tuition Would Get 'Screwed'," Fox News, January 23, 2020, <https://www.foxnews.com/politics/warren-confronted-iowa-dad>.

I think it would put a lot of money back into the economy.⁷²

Mark understands that repaying the loans is his responsibility. But he knows his life would be a lot easier if he could be relieved of even part of his student loan burden.

Mark is not the only conservative who holds these opinions. A growing number of younger conservatives are concerned about student loan debt, and perhaps open to more liberal policy solutions to address the burden of student debt and rising tuition. A 2020 Pew Research study found Republicans between the ages of 18 and 29 years old were more than twice as likely to support tuition-free college than those who were 65+.⁷³ Young conservatives, who possess greater debt and fewer opportunities to accumulate wealth than their forebears, decreasingly vote on the assumption that they will eventually join the creditor class. They might settle for solutions, such as free tuition and debt forgiveness, that they believe could help stimulate the economy and lead to job growth, even if those ideas do not align with the party line or with older generations' aversion to what they perceive as rewarding irresponsibility.⁷⁴

Certainly politicians seeking the younger generations' votes are willing to cater to the interests of the roughly 44 million American student loan debtors.⁷⁵ Some politicians have proposed not only free college tuition and student loan forgiveness, but also restructuring repayment programs⁷⁶ and allowing debtors to dip into their retirement accounts to repay their student loans.⁷⁷

“We’ve created a student debt crisis that people look to — political candidates in 2020 say just erase it for us so that everybody else pays all that money for somebody [else].”

— John Beatty⁸⁰

All these proposals risk exacerbating the student loan crisis. Debt forgiveness plans could encourage colleges to increase their already pricey tuition, since students could just take out more loans — which they could reasonably expect would be forgiven in turn, at the taxpayers' expense.⁷⁸ Debt forgiveness would also encourage yet more unprepared students to attend college, since they would not pay if they flunked out.⁷⁹

72 Mark Ewing, phone interview with author, January 16, 2020.

73 Hannah Hartig, “Democrats Overwhelmingly Favor Free College Tuition, While Republicans are Divided by Age, Education,” Pew Research Center, February 21, 2020, <https://www.pewresearch.org/fact-tank/2020/02/21/democrats-overwhelmingly-favor-free-college-tuition-while-republicans-are-divided-by-age-education/>.

74 Daniel Moritz-Rabson, “For These Young Republicans, Student Debt and Jobs are Top Priority,” PBS, July 24, 2016, <https://www.pbs.org/newshour/politics/young-republicans-student-debt-jobs-top-priority>.

75 Anthony Cilluffo and Richard Fry, “An Early Look at the 2020 Electorate,” Pew Research Center, January 30, 2019, <https://www.pewsocialtrends.org/essay/an-early-look-at-the-2020-electorate/>.

76 *Student Loan System Presents Repayment Challenges*, The Pew Charitable Trusts, November 6, 2019, <https://www.pewtrusts.org/en/research-and-analysis/reports/2019/11/student-loan-system-presents-repayment-challenges>.

77 Joseph Zeballos-Roig, “Sen. Rand Paul Unveils Plan for People to Pay Off Student Loans by Dipping Into Their Retirement Savings,” *Business Insider*, December 5, 2019, <https://markets.businessinsider.com/news/stocks/rand-paul-student-loan-plan-people-pay-with-retirement-savings-2019-12-1028742288>.

78 Preston Cooper, “Elizabeth Warren’s Bad Student-Debt Plan,” *National Review*, October 14, 2019, <https://www.nationalreview.com/magazine/2019/10/14/elizabeth-warrens-bad-student-debt-plan/>.

79 Robert Farrington, “The Moral Hazard Of Student Loan Forgiveness,” *Forbes*, June 25, 2019, <https://www.forbes.com/sites/robertfarrington/2019/06/25/the-moral-hazard-of-student-loan-forgiveness/#2d3e077c364c>.

Even debtors find some “solutions” implausible. Free tuition, for example, seems a fantasy. Bailee Russell graduated from Temple University with \$100,000 in student loans. She would like everybody who wants to attend college to have that opportunity and thinks that college costs make that a difficult endeavor for many. But she doesn’t think free college is the answer:

I don’t think it’s plausible to say all colleges should be free. That’s not really possible.⁸¹

The trouble with these solutions is that they don’t address *why* college has become so expensive. To answer that question, we must look at the extraordinary administrative bloat in higher education.

Why Does Administrative Bloat Matter?

Students pay an extraordinary amount for college tuition — so much that they frequently fall into decades of debt. They don’t pay for a superior education to what their parents received — indeed, frequently it is worse. The education they receive certainly no longer guarantees a decent income. College graduates learn less and earn less.

And colleges employ an extraordinarily larger workforce. College costs so much because students, parents, and taxpayers must foot the bill for ever-more salaries, for little or no educational benefit. America’s higher education costs are so crippling because its universities suffer from equally crippling *administrative bloat*.

Administrative bloat connotes paper-pushing bureaucrats and nosy human resources staffers. We provide a more specific definition, subject to quantitative and comparative analysis.

We define administrative bloat as *the wasteful expansion of spending on administrators and staff*. “Wasteful,” obviously, is a qualitative assessment.⁸² But we may further define “wasteful” as “peripheral” — not directly relevant to instruction. We recognize that some apparently peripheral spending can be useful, and some “instructional” spending no more than propaganda — and our analyses will take these complexities into account. Yet as a rule of thumb, the expansion of the number of administrators and staff not directly concerned with instruction approximates *administrative bloat*.

80 John Beatty, phone interview with author, February 20, 2020.

81 Bailee Russell, phone interview with author, January 13, 2020.

82 Note also that this assessment is devoid of any financial content: many administrators we characterize as wasteful are revenue generators for the university (e.g. marketers, public relations staff, etc.). In addition, while we will analyze compensation for administrators, we are more concerned with the growth in the number of positions as opposed to growth in compensation for existing ones. Salary growth can be justified by macroeconomic conditions (though it might not be); hiring an extra “innovation instigator” cannot.

When administrators outnumber professors, priorities naturally shift to ventures outside the scope of instruction. They have so shifted in American higher education. In 2018, at 4-year public and private universities there were 2.6 administrators for every full-time instructor.⁸³

What do all these administrators do, and how do they affect student learning and student outcomes?

In this report, we'll provide a plethora of examples: an influx of mental health centers that placate students without solving their problems; an increase in diversity initiatives, such as bias response teams, which chill the freedom of thought and speech; and many, many more strange and superfluous jobs. Where administrators are not actively pernicious, many are time wasters and deadweight. Administrators always impose an opportunity cost by absorbing resources that could have been directed to classroom instruction. Administrative bloat distorts priorities, corrupts institutions, and cheapens the quality of higher education.

Degraded Career Preparation

Students spend thousands of dollars on their education, but many do not graduate with the skills needed for success. Students possess great confidence about their workplace skills — far too great confidence, according to their employers, who find that a majority of college graduates lack communication, professional, and leadership skills.⁸⁴ For all of the education industry's emphasis on "skills," most college students graduate without the actual skills needed to thrive in the workplace.

Their education has been diluted. Far too much of their class time has been spent in "peer-led groups" and "intergroup dialogues" — exercises that are more therapeutic than educational, usually crafted to promote "diversity and inclusion," and generally inserted into the curriculum at the behest of administrators rather than faculty.⁸⁵ At the University of Michigan — Ann Arbor, which pioneered such exercises,⁸⁶ they are the product of a "partnership between Student Life and the College of Literature, Science, and the Arts." These exercises focus on students' sharing their personal experiences rather than on learning new material.⁸⁷ Peer-led groups in higher education mimic peer-support groups in the psychiatric

83 Author's calculations; "Number of Staff at Title IV Institutions and Administrative Offices, by Control and Level of Institution or Administrative Office, Medical School Staff Status, Occupational Category, and Employment Status: United States, Fall 2018," IPEDS Data Explorer, U.S. Department of Education, National Center for Education Statistics, IPEDS, <https://nces.ed.gov/ipeds/search/ViewTable?tableId=26397&returnUrl=%2Fipeds%2Fsearch%2FView%3FresultType%3Dtable%26page%3D1%26sortBy%3Drelevance%26surveyComponents%3DFall%2520Enrollment%2520%28EF%29%26surveyComponents%3DFinance%2520%28F%29%26surveyComponents%3DAcademic%2520Libraries%2520%28AL%29%26surveyComponents%3DHuman%2520Resources%2520%28HR%29%26collectionYears%3D2018-19%26sources%3DTables%2BLibrary%26sc-source%3DSpring>.

84 Jeremy Bauer-Wolf, "Overconfident Students, Dubious Employers," *Inside Higher Ed*, February 23, 2018, <https://www.insidehighered.com/news/2018/02/23/study-students-believe-they-are-prepared-workplace-employers-disagree>.

85 Tom Wood, "Slouching Toward the Therapeutic University, Part 2," National Association of Scholars, March 31, 2009, https://www.nas.org/blogs/article/slouching_toward_the_therapeutic_university_part_2.

86 Ximena Zúñiga, Biren A. Nagda, Mark Chesler, and Adena Cytron-Walker, "Intergroup Dialogue in Higher Education: Definition, Origins, and Practices," *ASHE Higher Education Report* 32, no. 4, 2007, <https://igr.umich.edu/files/igr/IntergroupDialogueHigherEducation.pdf>.

87 Wood, "Slouching Toward the Therapeutic University, Part 2."

and mental health fields, where the focus is on the care for and care of patients.⁸⁸ In the university, care is provided to those “grieving” over past “injustices” and cure is provided to those whose views contradict social justice orthodoxy.

The wonder is not that students subjected to an oppressive educational regime receive so little in the way of useful job skills, but that they are able to function at all in the workplace.

Actual career preparation is now frequently confined to graduate education — which is even more expensive. So far as workplace preparation goes, the modern college degree is a very pricey substitute for the old high school diploma.

Comfort, Not Education

Administrators obsessed with student recruitment, student retention, marketing, and public relations put students’ “well-being” before actual education. Several elite colleges offered solace to students distressed by Donald Trump’s victory in the 2016 presidential election: puppies, coloring books, hot chocolate, and other “self-care” activities.⁸⁹ Residential and student life offices offer housing for specific racial and ethnic groups, effectively promoting the segregation of students based on immutable characteristics — to promote a different sort of “comfort.”⁹⁰ Colleges pander to students’ desires for sex, made comfortable by lack of consequence, by stocking vending machines with emergency contraception pills.⁹¹ Administrators enforce speech codes in order to protect students from “offensive ideas.”⁹² Justifications for these accommodations are almost always couched in therapeutic notions of “wellness.”

Administrators’ desire to increase student comfort has also led them to abandon higher education’s traditional goals. Education is meant to elevate the mind by introducing students to new perspectives and unfamiliar ideas. Students should be exposed to uncomfortable ideas in the pursuit of truth. But administrators obsessed with student “comfort” have abandoned any defense of challenging ideas. Professors and students must walk on eggshells to avoid inciting anger among hyper-sensitive peers because administrators have placed an overriding priority on placating a consumer base that believes Bullying 101 is the core of the “college experience.” Administrators compound the resulting coercive ideological conformity by hiring administrative staff such as diversity deans, Title IX officers, and “specialists”

88 Patrick Tang, “A Brief History of Peer Support: Origins,” *Peers for Progress* (blog), University of North Carolina at Chapel Hill, June 7, 2013, http://peersforprogress.org/pfp_blog/a-brief-history-of-peer-support-origins/.

89 Robby Soave, “Elite Campuses Offer Students Coloring Books, Puppies to Get Over Trump,” *Daily Beast*, November 16, 2016, <https://www.thedailybeast.com/elite-campuses-offer-students-coloring-books-puppies-to-get-over-trump>.

90 Dion J. Pierre, *Separate but Equal, Again: Neo-Segregation in Higher Education*, National Association of Scholars, April 24, 2019, <https://www.nas.org/reports/separate-but-equal-again/full-report>.

91 Melissa Korn and Melanie Grayce West, “To Expand Access to Emergency Contraception, Some Colleges Try Vending Machines,” *The Wall Street Journal*, December 16, 2018, <https://www.wsj.com/articles/to-expand-access-to-emergency-contraception-some-colleges-try-vending-machines-11544961601>.

92 “What are Speech Codes?,” FIRE, <https://www.thefire.org/resources/spotlight/what-are-speech-codes/>.

for various activist-driven ideologies — sometimes on their own initiative, sometimes bending to the demands of accreditors or federal regulators.

The administrative imperative for comfort and familiarity extends into the classroom, where it interferes with the ability of instructional staff to carry out their educational duties — and violates academic freedom. Professors must offer “trigger warnings” when presenting readings that could distress students.⁹³ Administrators chill professors’ ability to teach by investigating “triggering” material in their classes — investigations which are themselves a punishment, and which give professors legitimate fear of being fired.⁹⁴ The campus environment is particularly hostile toward conservative professors, the great majority of whose colleagues possess liberal or radical beliefs.⁹⁵ Enforced ideological conformity further weakens higher education by allowing the dominant clique, liberated from the discomfort of critique, the freedom to produce pseudo-scholarship:⁹⁶ It is telling that scholarly journals can no longer tell parodies of scholarship from the real thing.⁹⁷

Administrators do not care that their preferences have increasingly hollowed out higher education, or that their graduates become “activists” — even rioters — as the natural consequence of an education that teaches students that violent intolerance to achieve “mental comfort” will always be rewarded. They prefer to guarantee students’ feelings of comfort than to guarantee students’ and professors’ right to speak and think freely, or to preserve America from a horde of credentialed thugs.⁹⁸

Administrators are not only beholden to their student customers. They must also cater to the desires of donors, grantors, legislators, and other sources of income. Administrators reshape the university as a whole into an efficient cash-attractor. Large research universities devote their attention toward acquiring research grants and hire professors to conduct research more than to teach.⁹⁹

Finally, university administrators prefer part-time faculty over full-time, tenured professors — partly because they are cheaper and partly because, lacking the protection of

93 Gregg Lukianoff and Jonathan Haidt, “The Coddling of the American Mind,” *The Atlantic*, September 2015, <https://www.theatlantic.com/magazine/archive/2015/09/the-coddling-of-the-american-mind/399356/>.

94 Lukianoff and Haidt, “The Coddling of the American Mind.”

95 Jon A. Shields, “The Disappearing Conservative Professor,” *National Affairs*, Fall 2018, <https://nationalaffairs.com/publications/detail/the-disappearing-conservative-professor>.

96 “Getting Started with Inclusive Teaching Strategies,” Center for Teaching Innovation, Cornell University, <https://teaching.cornell.edu/resource/getting-started-inclusive-teaching-strategies>; William Furey, “The Stubborn Myth of ‘Learning Styles,’” *Education Next*, April 7, 2020, <https://www.educationnext.org/stubborn-myth-learning-styles-state-teacher-license-prep-materials-debunked-theory/>.

97 Peter Boghossian, James Lindsay, and Helen Pluckrose, “Academic Grievance Studies and the Corruption of Scholarship,” *Areo*, February 10, 2018, <https://areomagazine.com/2018/10/02/academic-grievance-studies-and-the-corruption-of-scholarship/>.

98 The National Association of Scholars provides a running list of academic administrators, students, and professors who have been “cancelled” for expressing viewpoints outside the progressive Overton window. David Acevedo, “Tracking ‘Cancel Culture’ in Higher Education,” National Association of Scholars, September 15, 2020, <https://www.nas.org/blogs/article/tracking-cancel-culture-in-higher-education>. See also Eduardo M. Peñalver, “Statement on Prof. William Jacobson and Academic Freedom,” June 13, 2020, Cornell Law School, <https://www.law-school.cornell.edu/spotlights/Statement-on-Prof-William-Jacobson-and-Academic-Freedom.cfm>; Noah Carl, “The Doctors Will Cancel You Now. US Cardiologist Gets Demoted for Daring To Criticise Affirmative Action in Med School Admissions,” *RT*, September 8, 2020, <https://www.rt.com/op-ed/500172-doctor-cancel-cardiologist-affirmative-action/>.

99 Karen Kelsky, “The Professor is In: Research First or Teaching?,” *The Chronicle of Higher Education*, January 29, 2018, <https://www.chronicle.com/article/the-professor-is-in-research-first-or-teaching/>.

tenure, the administrators can push them around more easily.¹⁰⁰ Students' education suffers, of course, when they are taught by inexperienced professors who lack the security that allows them to teach freely and fearlessly. But administrators prefer their own comfort.

Why Tuition Costs So Much

The median household income in America is just above \$60,000.¹⁰¹ Americans are not made of money. 90% of students at private non-profit colleges receive grants, scholarships, and discounts that reduce the real cost — and even then, they are hard-pressed to pay the price.¹⁰² Between 1992-1993 and 2015-2016, the share of college graduates who took out student loans grew from 49% to 69%.¹⁰³ Most people who attend college cannot afford the costs without going into debt. With so many students attending college, how are average families able to foot the bill for the staggering prices?

Scholars have devoted substantial effort to explaining why university costs have increased so drastically over the last several decades. The price of consumer goods and services has decreased in most other economic sectors, with the notable exception of health-care.¹⁰⁴ If the American higher education industry were improving in efficiency and productivity, costs would also be going down. But that's not what has happened.

Before presenting our own argument in this report, we will briefly summarize the main scholarly explanations: decreases in public funding ("Cheap States"), Baumol's Cost Disease, Bowen's Revenue Theory, the rising college earnings premium, and the Bennett Hypothesis.

For decades these prominent theories have framed public discussion of the student loan crisis and of higher education's larger cost problem — and also informed suggested policy solutions to these crises, as well as the debate about which policy solution is best.¹⁰⁵ Our own report's policy recommendations derive from our assessment of this scholarly debate about the deeper causes of the linked crises of student debt and administrative bloat.

100 Doug Lederman, "The Faculty Shrinks, but Tilts to Full-Time," *Inside Higher Ed*, November 27, 2019, <https://www.insidehighered.com/news/2019/11/27/federal-data-show-proportion-instructors-who-work-full-time-rising>; "Data Snapshot: Contingent Faculty in US Higher Ed," AAUP, October 11, 2018, <https://www.aaup.org/news/data-snapshot-contingent-faculty-us-higher-ed#.X3N66GhKg2x>.

101 Gloria Guzman, "U.S. Median Household Income Up in 2018 From 2017," United State Census Bureau, September 26, 2019, <https://www.census.gov/library/stories/2019/09/30/median-household-income-up-in-2018-from-2017.html>.

102 Liz Knueven, "College is More Expensive Than Ever, But 'Almost No One' is Paying Sticker Price," *Business Insider*, September 16, 2019, <https://www.businessinsider.com/personal-finance/college-expensive-most-students-dont-pay-full-cost>; "Sources of Financial Aid," *The Condition of Education 2020 (NCES 2020-144)*, U.S. Department of Education, National Center for Education Statistics, 2020, <https://nces.ed.gov/fastfacts/display.asp?id=31>.

103 Samantha Fields, "70% of College Students Graduate with Debt. How Did We Get Here?," *Marketplace*, September 30, 2019, <https://www.marketplace.org/2019/09/30/70-of-college-students-graduate-with-debt-how-did-we-get-here/>; Richard Fry, "Cumulative Student Debt Among Recent College Graduates," Pew Research Center, October 7, 2014, <https://www.pewsocialtrends.org/2014/10/07/cumulative-student-debt-among-recent-college-graduates/>; *National Postsecondary Student Aid Study: 2016 Undergraduates*, Department of Education, NCES, <https://nces.ed.gov/datalab/index.aspx>.

104 Mark Perry, "Chart of the Day (Century?): Price Changes 1997 to 2017," AEI, February 2, 2018, <https://www.aei.org/carpe-diem/chart-of-the-day-century-price-changes-1997-to-2017/>.

105 Douglas A. Webber, "State Divestment and Tuition at Public Institutions," *Economics of Education Review* 60, October 2017, 1-4, <https://www.sciencedirect.com/science/article/abs/pii/S0272775717303618>; Eric Helland and Alexander Tabarrok, *Why Are the Prices So Damn High? Health, Education, and the Baumol Effect*, Mercatus Center, 2019, https://www.mercatus.org/system/files/helland-tabarrok_why-are-the-prices-so-damn-high_v2.pdf; Jenna A. Robinson, *The Bennett Hypothesis Turns 30*, The James G. Martin Center for Academic Renewal, December 2017, <https://files.eric.ed.gov/fulltext/ED588382.pdf>.

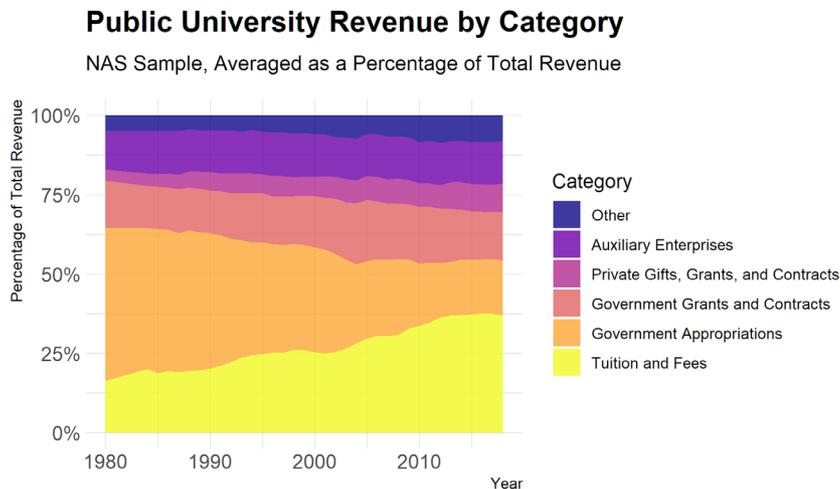
Decreases in Public Funding (“Cheap States”)

State Disinvestment, or Cheap States, is one of the more popular theories, and also one that is fiercely critiqued. Cheap States supporters are typically higher education administrators and other industry professionals.¹⁰⁶ Most critics of the Cheap States theory are conservative — although by no means all.¹⁰⁷

Higher education administrators and other industry professionals frequently expound the theory that college tuition has increased in tandem with decreases in state funding for higher education — that “cheap states” have offloaded the costs of college onto students and parents. Lachrymose administrators eagerly recount the tale: *Public colleges used to be affordable. But one day, the government cut our funding. Then, we had no choice but to increase tuition because we lack the government’s support for educating the next generation of Americans.*¹⁰⁸

Their story is self-serving, but not implausible. We examined 26 public colleges and universities from around the country, with widely varying demographic, historical, and geographical characteristics. Figure 3 averages the different sources of their revenues over the past four decades, as a proportion of total revenue:

Figure 3



Sources: National Center for Education Statistics; author's calculations

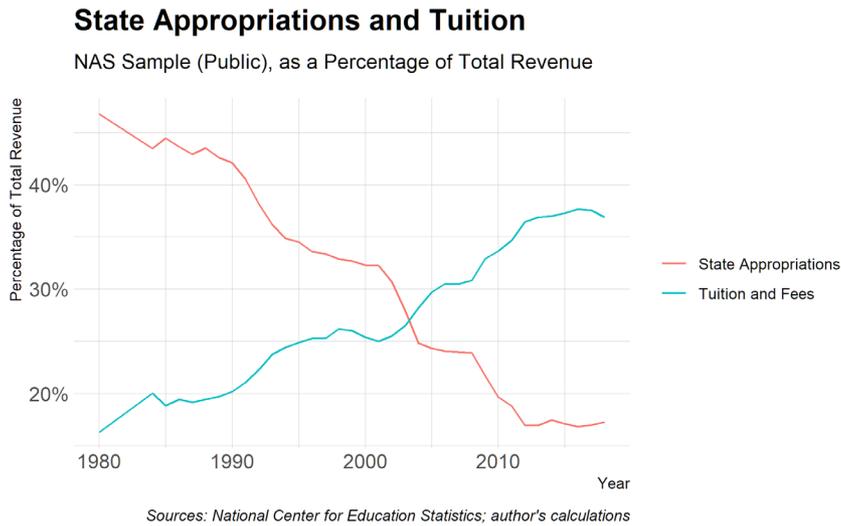
106 See Felicia Mello, “As UC and Cal State Seek New Chiefs, Here are Their Wish Lists,” *CalMatters*, February 26, 2020, <https://calmatters.org/education/higher-education/2020/02/uc-csu-california-university-leaders-search-priorities-chancellor-president/>; Jarrett Carter, “Divestment in Higher Ed Harms Many Students, Says Former College President,” *Education Dive*, April 19, 2018, <https://www.educationdive.com/news/divestment-in-higher-ed-harms-many-students-says-former-college-president/521699/>; Bruce Harreld, “President Harreld on the Generational Disinvestment in Public Higher Education,” *Iowa Now*, February 15, 2018, <https://now.uiowa.edu/2018/02/president-harreld-generational-disinvestment-public-higher-education>.

107 See Andrew Gillen, *The Myth of State Disinvestment in Higher Education*, Texas Public Policy Foundation, September 2019, <https://files.texaspolicy.com/uploads/2019/09/11141549/Gillen-The-Myth-of-State-Disinvestment-in-Higher-Education.pdf>; Jason Delisle, “The Disinvestment Hypothesis: Don’t Blame State Budget Cuts for Rising Tuition at Public Universities,” *The Brookings Institute*, June 1, 2017, <https://www.brookings.edu/research/the-disinvestment-hypothesis-dont-blame-state-budget-cuts-for-rising-tuition-at-public-universities/>; Arthur Hauptman, “Debunking the Myth of State Disinvestment in Public Higher Education,” *Medium*, December 31, 2019, <https://medium.com/@art.hauptman/many-say-states-have-disinvested-in-public-colleges-for-decades-pushing-costs-to-students-8b0aad04aa1>.

108 See F. King Alexander, “The Reality of State Disinvestment in Higher Education,” *Inside Higher Ed*, November 26, 2019, <https://www.inside-highered.com/views/2019/11/26/recent-studies-state-disinvestment-public-higher-education-are-misleading-opinion>.

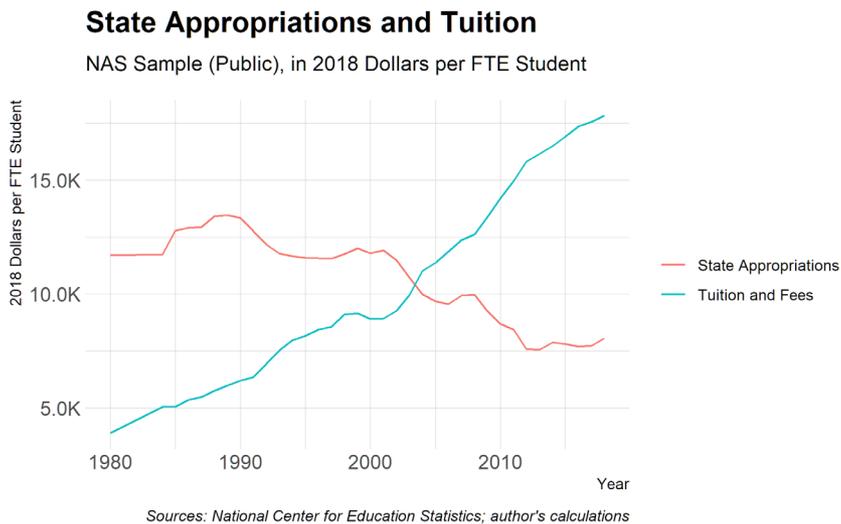
State appropriations have clearly shrunk proportionally as a revenue source for public universities. The contrast between state appropriations and tuition revenue becomes even more stark when we isolate their trends in Figure 4.

Figure 4



But a more detailed examination reveals information that does not fit so neatly into this story. Figure 5 also contrasts state appropriations and tuition revenue, but in real, inflation-adjusted dollars instead of in percentages.

Figure 5



“The rise in tuition revenue has been a constant for forty years, regardless of how much money states give to public universities.”

Figure 5 shows that between 1980 and 2018, state appropriations to the average public university in our dataset decreased by ~\$3,650 per student. During the same time period, however, tuition revenue increased by an extraordinary ~\$13,920 per student. Tuition has not simply offset revenue losses from state funding. Tuition revenue growth has been three times the decrease in state funding. Moreover, tuition revenue has increased steadily since 1980, while state funding only notably decreased between 2001 and 2012. The rise in tuition revenue has been a constant for forty years, regardless of how much money states give to public universities.

Some public universities, whose tuition increases roughly correlate with the decrease in state appropriations, may indeed have increased their tuition in response to reduced state financial support. California State University-Los Angeles has not even increased tuition revenue enough to compensate for decreased state appropriations. However, these universities are a small minority: only 2 out of the 26 colleges we examined confined their tuition increases even roughly to the decrease in state appropriations. The majority increased tuition revenue far beyond their losses in state funding.

The Cheap States theory insufficiently explains the astronomical rise in tuition at most public universities within our sample — and it provides no explanation at all for the tuition increases between 1980 and 2000, when state appropriations were stable. The university administrators who aggressively promote this theory also lobby for increased state funding for higher education — and this theory’s politically attractive corollary is that increased state aid will correspondingly lower tuition charges. Yet the data do not suggest that increased state aid will lower the rate of tuition increases.

Baumol’s Cost Disease

Economists William Baumol and William Bowen introduced the concept now referred to as *Baumol’s Cost Disease* in the 1960s. Baumol and Bowen suggested that in certain sectors of the economy, particularly those sectors in which customers prefer personal service, wages will rise even when productivity is stagnant or decreasing.¹⁰⁹ Their argument challenged the long-held belief that wages increase in tandem with productivity in most markets.

Scholars who apply the Baumol Cost Disease analysis to higher education argue that colleges must give raises to professors in order to prevent them from leaving academia for comparable jobs in fields that pay higher wages. For example, universities would need to keep up with the wages offered by the high-paying technology industry in order to prevent Computer

109 William Baumol, “Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crisis,” *The American Economic Review* 57, no. 3 (June 1967), pp. 415-26, <http://piketty.pse.ens.fr/files/Baumol1967.pdf>.

Science professors from getting “poached.”¹¹⁰ But such raises are not related to the quality of professors’ teaching or the quantity of their research — in other words, to their *productivity*. The cost disease analysis implies that universities must extract these higher wages by charging higher tuition.¹¹¹

Yet Baumol’s Cost Disease, as Cheap States theory, does not sufficiently explain rising tuition costs.¹¹² Proponents of the Cost Disease theory make it seem as if universities are slaves to external factors, and that such wage increases are inevitable.¹¹³ But this isn’t necessarily the case. Martin & Hill (2014) found that involuntary costs, which include expenditures affected by the Cost Disease, explain only 10-12% of the increasing prices. Universities’ voluntary decisions accounted for 58-71% of the higher costs.¹¹⁴ Yet full-time, inflation-adjusted faculty salaries at 2- and 4-year universities between 1981 and 2018 increased only by 30%. Full-time, inflation-adjusted faculty salaries at 4-year public and private universities increased by 26% and 48% respectively.¹¹⁵ This result aligns with the common-sense observation that the percentage of full-time faculty at higher education institutions has decreased over time, progressively replaced by cheaper part-time faculty.¹¹⁶ Yet tuition more than tripled during this period of time. Faculty wage increases cannot explain tuition increases.

Even the evidence that Cost Disease proponents cite is weaker than they believe. These proponents predict that faculty salaries should be driving higher education expenditures and tuition costs, and that instructional expenditures should increase faster than student expenditures.¹¹⁷ And indeed, instructional expenditures have increased at a fair clip. But the Cost Disease proponents do not consider that “instructional costs” include expenditures for research, public service, and other non-salary expenditures. Even if instructional expenditures were pushing the increase of total higher education expenditures, faculty salaries — and hence Cost Disease — could only be responsible for a relatively small portion of that increase.¹¹⁸

110 See Michael Gofman and Zhao Jin, *Artificial Intelligence, Education, and Entrepreneurship*, October 26, 2020, http://gofman.info/AI/AI_GofmanJin.pdf.

111 Andrew Gillen, *Why Does Tuition Keep Increasing?*, September 20, 2015, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2663073.

112 Robert Martin and R.Carter Hill, *Baumol and Bowen Cost Effects in Research Universities*, 2014, https://editorialexpress.com/cgi-bin/conference/download.cgi?db_name=ESAMACE2014&paper_id=104; Grey Gordon and Aaron Hedlund, *Accounting for the Rise in College Tuition*, National Bureau of Economic Research, February 2016, <https://www.nber.org/papers/w21967.pdf>.

113 Martin and Hill, *Baumol and Bowen Cost Effects in Research Universities*, p. 2.

114 Martin and Hill, *Baumol and Bowen Cost Effects in Research Universities*, p. 13.

115 “Average Salary of Full-Time Instructional Faculty on 9-Month Contracts in Degree-Granting Postsecondary Institutions, by Academic Rank, Control and Level of Institution, and Sex: Selected Years, 1970-71 Through 2018-19,” *Digest of Education Statistics*, November 2019, https://nces.ed.gov/programs/digest/d19/tables/dt19_316.10.asp; author’s calculations.

116 LaMont Jones, “Growing Proportion of Part-Time Faculty Portends Problems,” *Diverse*, July 11, 2019, [https://diverseeducation.com/article/150958/#:~:text=Tenure%2Dtrack%20faculty%20received%20salary,time%20faculty%2C%20department%20heads%20and](https://diverseeducation.com/article/150958/#:~:text=Tenure%2Dtrack%20faculty%20received%20salary,time%20faculty%2C%20department%20heads%20and;); “Number of Faculty in Degree-Granting Postsecondary Institutions, by Employment Status, Sex, Control, and Level of Institution: Selected Years, Fall 1970 Through Fall 2018,” *Digest of Education Statistics*, Department of Education, NCES, November 2019, https://nces.ed.gov/programs/digest/d19/tables/dt19_315.10.asp.

117 Helland and Tabarrok, *Why Are the Prices So Damn High?*, 20-23.

118 Faculty wages are considered in the cost disease because the higher education production function is assumed to be student education. Therefore, the primary labor costs, based by the institution under this production function, are faculty wages. Increases in administration and staff expense are typically considered to be Bowen effects as they relate to bureaucratic incentives.

Bowen's Revenue Theory (Colleges as Cookie Monsters)

Expositors of *Bowen's Revenue Theory*, first proposed in 1980 by economist and former college president Howard Bowen, describe higher education institutions as “cookie monsters” that can't resist the urge to “gobble up” more money.¹¹⁹ Bowen's Revenue Theory argues that universities will find a way to spend any money they receive; when revenues increase, so will expenditures. When revenues decrease, on the other hand, college expenditures and costs are inflexible downward. Colleges respond to financial crises by increasing their fundraising efforts rather than by eliminating jobs.¹²⁰

Higher education institutions are prone to cookie-monster behavior above all because they are non-profit organizations.¹²¹ Non-profits possess different incentives from private corporations; they are rewarded for spending as much of their revenue as they can in order to provide as many services as possible, rather than for investing in capital improvements or distributing profits to shareholders.¹²² Non-profits therefore inevitably increase costs in proportion to revenues. Colleges will spend new money somehow — and the bureaucratic organizations they establish to spend the money never disappear.

Second, higher education is an experiential good. This means consumers need to try the product before they can make a judgment about its quality. However, choosing which college to “buy” is very different from choosing which kind of apple to eat. People who choose to buy an apple can quickly tell whether a) it tastes good and b) whether they will buy it again. Trying an apple is also relatively cheap, so it doesn't deter the consumer from trying many different apples. College tuition costs a lot more than an apple: most students can't afford to sample colleges. Consumers look for signals that reliably indicate a college's quality, so they can make an educated decision before they take a bite.

Various popular rankings systems, *U.S. News and World Report's* the most prominent among them, communicate colleges' reputations — a strong, if imperfect, signal of educational quality. Accreditation status serves as another imperfect signal of educational quality. Yet both of these metrics are highly correlated with universities' per student expenditures.¹²³ Worse, colleges' accreditation status depends upon them spending to satisfy accreditors' demands, even against their own better judgment, to increase administrative staff and redress

119 Ronald Ehrenberg, *Tuition Rising: Why College Costs So Much, With a New Preface* (Cambridge, MA: Harvard University Press, 2002), p. 11, https://www.google.com/books/edition/_/SVworMRrw-AC?hl=en&gbpv=1&bsq=Bowen.

120 Richard Vedder, *Restoring the Promise: Higher Education in America*, (Oakland, CA: Independent Institute, 2019), 114; Dylan Matthews, “The Tuition is Too Damn High, Part VI — Why There's No Reason For Big Universities to Rein in Spending,” *The Washington Post*, September 2, 2013, <https://www.washingtonpost.com/news/wonk/wp/2013/09/02/the-tuition-is-too-damn-high-part-vi-why-theres-no-reason-for-big-universities-to-rein-in-spending>.

121 Josh Moody, “How Many Universities Are in the US and Why That Number is Changing,” *U.S. News & World Report*, February 15, 2019, <https://www.usnews.com/education/best-colleges/articles/2019-02-15/how-many-universities-are-in-the-us-and-why-that-number-is-changing#:~:text=Of%20the%204%2C298%20institutions%20listed,often%20known%20as%20community%20colleges>.

122 Matthews, “The Tuition is Too Damn High, Part VI.”

123 Robert Martin and Andrew Gillen, “Breaking the Cost Spiral,” *Inside Higher Ed*, August 7, 2009, <https://www.insidehighered.com/views/2009/08/07/breaking-cost-spiral>.

what the accreditors perceive as educational deficiencies.¹²⁴ Reputation signals establish perverse incentives for universities to increase their costs even beyond their natural cookie-monster tendencies.

Yet Bowen's Revenue Theory, like Baumol's Cost Disease and Cheap States theories, does not sufficiently explain rising tuition costs. Bowen's Revenue Theory does not allow for a *quantification* of "cookie monster" incentives.¹²⁵ Thus, while it may explain why colleges spend everything they receive, it does not fully explain why they seek to receive ever-more revenue. A "vicious cycle" of gluttonous fundraising, profligate spending, and revenue rent-seeking is intuitively persuasive — but Bowenites have yet to establish a causal mechanism. Some Bowenites have tested a simple model, in which increases in revenue and investment income predict increases in costs.¹²⁶ But this model ignores the other side of the cycle — why do colleges specifically increase tuition in order to increase their revenue? How are they able to increase tuition with relative impunity, when other industries experience demand losses when they increase prices? Bowen's Revenue Theory cannot provide a full explanation.

Earnings Premium

A seemingly obvious answer to the question "Why is college so expensive?" is, "College is just that valuable." This answer is the essence of the Earnings Premium theory of rising tuition.

The college earnings premium is the income gap between Americans who have a college degree and those who only have a high school education. It is meant to provide a rough estimate of the purely financial value that a college degree provides to the average American.

The higher education establishment finds the Earnings Premium theory persuasive — notably because it argues that higher education does provide financial success. Those who accept the Earnings Premium theory tend to focus on providing innovative ways to repay student loans, so as to provide cheaper means for young Americans to acquire the earnings premium a college degree affords.¹²⁷

The college earnings premium enjoyed a steady rise from the late 1980s through the 2000s. In the 2000s, American households headed by a bachelor's degree holder earned a median income (\$80,000) twice that of those headed by a high school diploma holder (\$40,000).¹²⁸

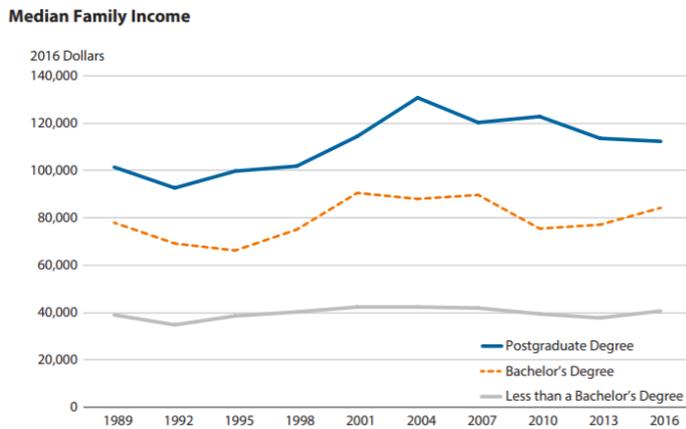
124 Vedder, *Restoring the Promise*, 257; David Randall, "Colleges Must Cut Administrative Costs to Survive This Crisis," *RealClearEducation*, April 17, 2020, https://www.realcleareducation.com/articles/2020/04/17/colleges_must_cut_administrative_costs_to_survive_this_crisis_110410.html.

125 Vedder, *Restoring the Promise*, 117-18.

126 Martin and Hill, *Baumol and Bowen Cost Effects in Research Universities*.

127 See *Student Loan System Presents Repayment Challenges*, The Pew Charitable Trusts, November 2019, <https://www.pewtrusts.org/en/research-and-analysis/reports/2019/11/student-loan-system-presents-repayment-challenges>.

128 William Emmons, Ana Kent, and Lowell Ricketts, "Is College Still Worth It? The New Calculus of Falling Returns," *Federal Reserve Bank of St. Louis Review*, Fourth Quarter 2019, 302, <https://files.stlouisfed.org/files/htdocs/publications/review/2019/10/15/is-college-still-worth-it-the-new-calculus-of-falling-returns.pdf>.

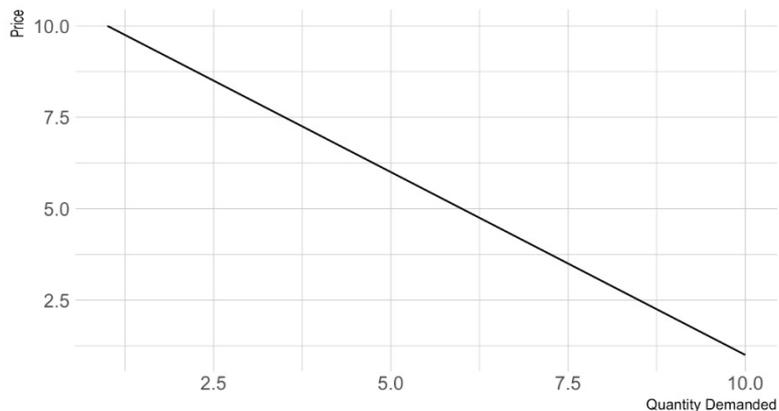
Figure 6¹²⁹

SOURCE: SCF and authors' calculations.

Proponents of this theory say that college education is like any other good in the economy: higher value increases demand and higher demand means a higher price.

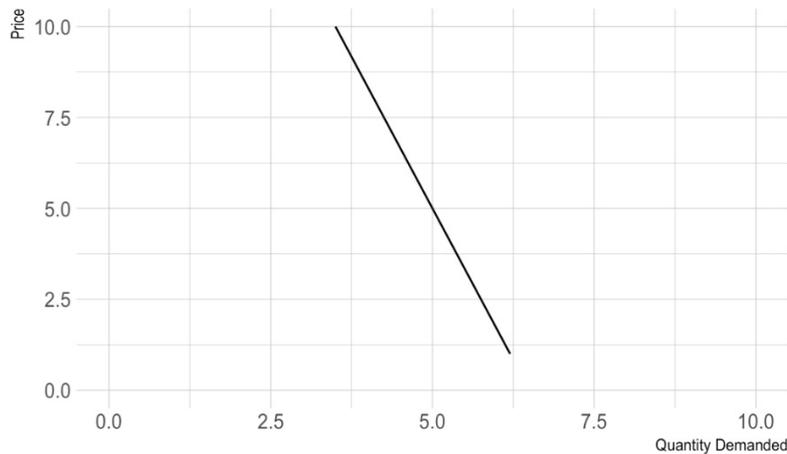
The Earnings Premium theory fills in many of the demand-side blanks left by the Baumol Cost Disease and Bowen's revenue theories. In other words, the Earnings Premium theory explains why consumers keep buying college educations even as tuition increased — the value of college increased as well.

The Earnings Premium theory also offers a partial explanation for the inelasticity of demand for higher education. This point is worth emphasizing in order to explain the industry's dynamics. For most goods, as price increases, the quantity consumers demand decreases. The inverse is also true — as price decreases, quantity demanded increases. This inverse relationship suggests the following typical demand curve:



129 Emmons, Kent, and Ricketts, "Is College Still Worth It?"

In the higher education market, the demand curve differs significantly from the typical demand curve.



Relatively few Americans avoid purchasing a college education when the price increases. The demand for higher education is *inelastic*: price changes do not induce proportionate changes in consumer demand. College Earnings Premium proponents argue that the size of the college Earnings Premium makes demand for college inelastic. A lifetime of higher earnings repays even exorbitant tuition costs.

The college Earnings Premium theory is simple and clear — but it also doesn't explain all the data. The college earnings premium has stagnated since the late 2000s, even as college tuition has continued to increase.¹³⁰ The earnings premium, moreover, varies greatly by race, socio-economic status, school type, and field of study. Students at elite schools earn far more than students who attend non-elite schools. STEM majors earn more than those who study humanities; future engineers more than future social workers.¹³¹ Blacks and Hispanics receive a higher financial benefit from college degrees than Asians or Whites.¹³² Yet tuition rises steadily at all institutions, for all students, regardless of the earnings premium they receive — an indiscriminate increase that the Earnings Premium theory cannot fully explain.

Then too, the college *earnings* premium may not matter as much as the college *wealth* premium — the ratio of the *wealth* of college degree holders to that of high school diploma holders. Earnings, after all, are only a means to acquire wealth, not goals in themselves. That ratio decreased extraordinarily between 2007 and 2010, and it still has not recovered to its 2007 level.¹³³ Indeed, the college wealth premium only increased consistently between 1995

¹³⁰ Emmons, Kent, and Ricketts, "Is College Still Worth It?"

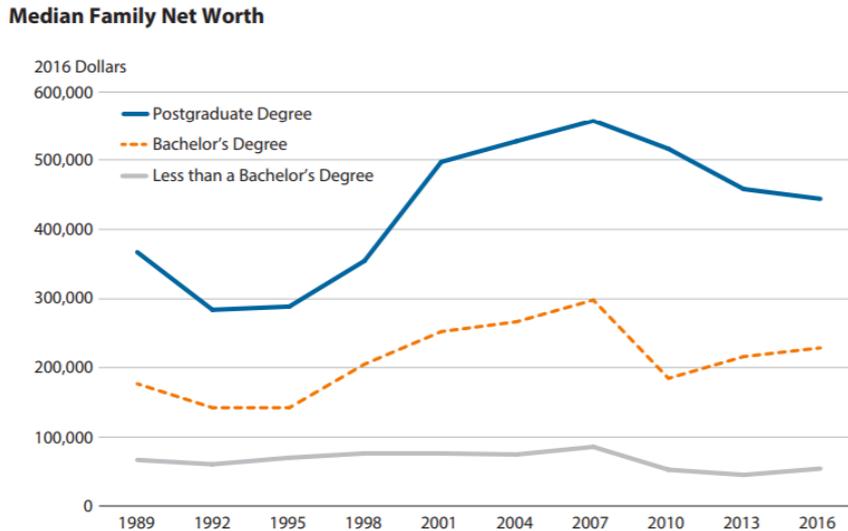
¹³¹ "The Economic Value Of College Majors," Center on Education and the Workforce, Georgetown University, accessed October 29, 2020, [https://cew.georgetown.edu/cew-reports/valueofcollegemajors/#:~:text=STEM%20\(science%2C%20technology%2C%20engineering,course%20of%20a%20recipient's%20career.](https://cew.georgetown.edu/cew-reports/valueofcollegemajors/#:~:text=STEM%20(science%2C%20technology%2C%20engineering,course%20of%20a%20recipient's%20career.)

¹³² Rich Vedder and Justin Strehle, "The Diminishing Returns of a College Degree," *Wall Street Journal*, June 4, 2017, [https://www.wsj.com/articles/the-diminishing-returns-of-a-college-degree-1496605241.](https://www.wsj.com/articles/the-diminishing-returns-of-a-college-degree-1496605241)

¹³³ Emmons, Kent, and Ricketts, "Is College Still Worth It?," 315.

and 2007. Yet tuition increases have continued unabated, no matter the change in the college wealth premium. The Earnings Premium theory cannot explain this steady rise.

Figure 7¹³⁴



Bennett Hypothesis

In a now-famous 1987 *New York Times* op-ed, then-Education Secretary William Bennett postulated that colleges increase tuition in response to increases in federal financial aid.¹³⁵ Soon dubbed the “Bennett Hypothesis,” this theory is perhaps the most controversial one we have discussed, since it subjects to criticism the federal student financial aid system — the central financial element in modern higher education.¹³⁶ This massive system includes Pell Grants, federally subsidized student loans, and other grants and scholarships. Nearly 85% of students at 4-year public universities and 90% at 4-year private universities receive some kind of financial aid and more than 40% of students, typically in the lower half of the income distribution, receive Pell Grants.¹³⁷ Pell Grants are the largest federal grant program available for undergraduate students.¹³⁸ If federal financial aid disappeared tomorrow, a vast proportion of students would be unable to pay their tuition. Enrollment would plummet. Colleges’ habitual tuition increases would become impracticable overnight.

Researchers in the 1990s and early 2000s only found mixed results when they attempted to find the causal link Bennett proposed between tuition and financial aid.¹³⁹ Researchers

¹³⁴ Emmons, Kent, and Ricketts, “Is College Still Worth It?”

¹³⁵ William Bennett, “Our Greedy Colleges,” *The New York Times*, February 19, 1987, <https://www.nytimes.com/1987/02/18/opinion/our-greedy-colleges.html>.

¹³⁶ Vedder, *Restoring the Promise*, 119.

¹³⁷ “Sources of Financial Aid,” *The Condition of Education*, May 2020, https://nces.ed.gov/programs/coe/indicator_cuc.asp; “Federal Grant Aid,” Urban Institute, accessed November 19, 2020, http://collegeaffordability.urban.org/financial-aid/federal/#pell_grants.

¹³⁸ “Sources of Financial Aid,” *The Condition of Education*, May 2020.

¹³⁹ Neal McCluskey, “These Reports Prove Aid Doesn’t Fuel Tuition Inflation Except They Don’t,” Cato Institute, June 1, 2012, <https://www.cato.org/blog/these-reports-prove-aid-doesnt-fuel-tuition-inflation-except-they-dont>.

who failed to find Bennett's causal link, usually analyzed only a limited number of years of student financial aid data — and from the early years of federal financial aid, before it had begun to exert its mature power on colleges' tuition policy.¹⁴⁰ More recent research, which examines longer periods of time and includes more recent data, finds stronger evidence in support of the Bennett Hypothesis. A 2017 Federal Reserve Bank of New York Staff Report found that a college's undiscounted price jumps by 58 cents for every dollar increase in government-subsidized loans. For each dollar increase in Pell Grants, the undiscounted price rises by 37 cents. This same study also showed that for-profit colleges eligible for federal student aid charged tuition at a rate 78% higher than comparable ineligible institutions.¹⁴¹ A 2015 study also found that demand-side theories, such as the Bennett Hypothesis, had a stronger predictive power than their rivals in accounting for rising net tuition between 1987 and 2010.¹⁴²

“In any other industry, a producer that offered a product beyond the means of two thirds of its customers would go out of business. Higher education only survives because of federally funded student aid.”

Conclusion

All these theories provide a partial explanation for the rising cost of tuition. Of them all, only the Bennett Hypothesis explains how colleges get away with increasing tuition without driving away their customer base. In any other industry, a producer that offered a product beyond the means of two-thirds of its customers would go out of business. Higher education survives because of federally funded student aid.

140 McCluskey, "These Reports Prove Aid Doesn't Fuel Tuition Inflation...Except They Don't."

141 David O' Lucca, Taylor Nadauld, and Karen Shen, "Credit Supply and the Rise in College Tuition: Evidence from the Expansion in Federal Student Aid Programs," Federal Reserve Bank of New York, July 2015; revised February 2017, https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr733.pdf.

142 Gordon and Hedlund, *Accounting for the Rise in College Tuition*.

The Psychology of Shopping for a Degree

The Psychology of Shopping for a Degree

Perennial headlines announce an ever-growing collective student debt — \$1.4 trillion, \$1.5 trillion, \$1.6 trillion. The stories underneath explain that students borrow more than ever before to pay for college.¹⁴³ College graduates struggle to make ends meet, much less to acquire assets.¹⁴⁴ Millions of Americans know that student debt is a huge problem. Why are students and families still willing to take out student loans?

“Why are so many people going to school? Because they are looking to hopefully improve their financial situation. It shouldn’t be a rare achievement that you graduate with college debt-free. But I don’t know many people who have pulled that off.” — Cornell University Graduate¹⁴⁵

The decision to take out a loan to attend college is always, ultimately, an individual one. We cannot understand the student debt problem without examining the precise reasons why students decided to borrow money. We therefore conducted an extensive series of interviews with students and families to gain greater insight into decisions regarding higher education and student loans. These interviews provide qualitative insights to complement the quantitative insights that statistics provide. We make no claim to have assembled a scientific sample that is somehow typical of America as a whole. We have, rather, made a good-faith effort to assemble a range of individual voices to enrich the reader’s insight into the psychology of student debt, and therefore into the student debt crisis as a whole. We encourage other researchers to conduct similar interviews, to further enrich Americans’ insight into why students take out loans.

In this chapter, we will first examine how students and parents decide whether to attend college. We will then study how students and parents who have decided on college then choose which institution the student will attend. Finally, we will explore student regrets — regrets about going to college at all and regrets about which sort of colleges they attended — and investigate *why* they regret those decisions.

These interviews allow us to make the following generalizations:

1. Students and parents view college as an insurance policy.
2. Some parents see college attendance as a necessary rite of passage.
3. When students choose between colleges, they are willing to pay dearly for “life opportunities.”

143 Samantha Fields, “70% of College Students Graduate with Debt. How Did We Get Here?,” *Marketplace*, September 30, 2019, <https://www.marketplace.org/2019/09/30/70-of-college-students-graduate-with-debt-how-did-we-get-here/>.

144 Jessica Dickler, “Due to Pandemic, More Than 13 Million College Students Are Worried About Their Financial Future: Study,” *CNBC*, August 31, 2020, <https://www.cnn.com/2020/08/31/majority-of-college-students-are-worried-about-money-due-to-covid-19.html>.

145 Confidential, phone interview with author, February 10, 2020.

4. When parents choose between colleges, they pay more attention to the financial costs of such “life opportunities.”
5. Few people regret going to college — or not going to college.
6. Greater numbers of students regret *which* college they chose, as the price tag becomes clear.

To Attend or Not to Attend

Most students decide to go to college out of fear and the desire to avoid risk. They tend to regard college more as an insurance policy than an investment, a way to avoid perennial unemployment or “flipping burgers at McDonald’s”— the proverbial dead-end job.

When I originally went back to school...I was just kind of looking for a job. —
Cornell University Graduate¹⁴⁶

That [Going to college] was what you did to get a job — or so I thought. I think I could have gone a different route. — Saginaw Valley State University and Central Michigan University Graduate¹⁴⁷

These students respond to messages that focus on the difference in *wages* between college graduates and high school graduates — the *earnings premium*. Uncontroversial data from the Bureau of Labor Statistics support the claim that a college degree provides a substantial earnings premium.¹⁴⁸

Marketers frame “College for Success” both positively and negatively. The positive messaging communicates that students who go to college are “ambitious,”¹⁴⁹ “leaders,”¹⁵⁰ and will “change the world.”¹⁵¹ The positive frame connects a college degree with financial success. Those who have a bachelor’s degree will earn more than those with only a high school diploma.

146 Confidential, phone interview with author, February 10, 2020.

147 Confidential, interview with author via Google Forms, February 27, 2020.

148 Elka Torpey, “Measuring the Value of an Education,” Bureau of Labor Statistics, April 2018, <https://www.bls.gov/careeroutlook/2018/data-on-display/education-pays.htm#:~:text=Median%20weekly%20earnings%20in%202017,weekly%20earnings%20for%20all%20workers.>

149 Alissa Falcone, “‘Ambition Can’t Wait’ at Drexel,” *Drexel Now*, November 16, 2016, <https://drexel.edu/now/archive/2016/November/Ambition-Cant-Wait/#:~:text=The%20campaign%20is%20meant%20to,determined%20students%20eager%20to%20gain.>

150 “Character Counts: What Are Colleges Looking For?,” Big Future, College Board, accessed September 4, 2020, <https://bigfuture.collegeboard.org/get-in/applying-101/character-counts-what-are-colleges-looking-for.>

151 “Why Harvard,” Admissions & Financial Aid, Harvard College, accessed September 4, 2020, <https://college.harvard.edu/admissions/why-harvard.>

On the other hand, the negative frame implies that those without a college education will be stuck flipping burgers at their local McDonald's.¹⁵² Conveniently for marketers, parents now echo that marketing in their advice to their children.

Our interviewees frequently mentioned both the positive and the negative messaging:

Positive messaging: You want to go to school because you want to be someone. — Jennifer Martinez¹⁵³

Negative messaging: My dad did a good job saying, *Well Mark, you can do that, but eventually your body is not going to be able to ski and eventually, you're going to meet somebody you will want to get married to and she is not going to marry some bartender who is off teaching ski lessons on the side.* That was the insight that made me start looking at colleges. — Mark Ewing¹⁵⁴

Both Jennifer and Mark's explanations point to the power of risk-aversion. Jennifer's words imply that students who tie their self-worth to a college degree also believe that they will not amount to anything if they don't attend a university. Mark, persuasively counseled by his parents, feared the economic and social consequences of not having a college degree. Without a college degree, he would not have a well-paid, respectable career. And without these attributes, it would be difficult to find a wife. As we'll discuss below, Mark's parents gave reasonable advice, given American society's overestimation of the value of a college education.

Ironically, the combination of both forms of messaging means Americans have high and low expectations of colleges at the same time. The high expectation is that a college education should prepare students for lucrative jobs and financial success. The low expectation is that students without a college degree would be lucky to work at a Starbucks or McDonald's because they would be so much worse off without a degree. When the low expectation depresses enthusiasm about college, colleges can easily revert to positive messaging to inspire hope in young students. If a college degree fails to fulfill the high expectation, disappointed graduates turn to the low expectation to cope with their circumstances. Colleges avoid the need to meet any solid expectations as a result.

Parents regard attending college as an American rite of passage. They also fear that their children will be unable to find jobs if they do not attend college — that they will be considered failures and lose the chance to acquire a reputable social status. Students register

¹⁵² Credentialism distorts the value of a college degree. Jobs that would not have required them in the past are requiring them today. This is not an indication of whether the knowledge a college degree provides is necessary for the job. A college degree has become the gatekeeper to an increasing number of opportunities.

¹⁵³ Martinez, phone interview.

¹⁵⁴ Ewing, phone interview.

parental worry as “family pressure” — which can indeed become a deciding factor in the decision of whether to attend college.

Young Americans have been told since childhood that the only path to success — to prestige, job prospects, and earning potentials — is through college. In 1980, fewer than half of

“**Affordability through scholarships, prestige, family pressure.**”

—Katrina Haydon¹⁵⁵

teachers and guidance counselors recommended *top-performing students* to apply for college. By 1990, more than half encouraged the *lowest-performing students* to apply.¹⁵⁵ Parents also strongly encourage their children to apply to college. Public school students in 2009 reported that parents had the most influence over whether they considered a college education.¹⁵⁶ Some do not want to go to a traditional 4-year university. But students are often pressured into attending — even *shamed* into college attendance.

AnnMarie Graziano was offered a full-time position at a bank upon graduating high school, where her employer would also pay for her education costs — but she was discouraged from pursuing this untraditional postsecondary path from teachers and family members.

Flat out, I had a teacher tell me, *You are wasting your life. You are wasting your potential by accepting this job and going to community college. You should go to a four-year school.*¹⁵⁷

AnnMarie was academically prepared to handle college-level coursework. She preferred gaining professional experience and avoiding student debt. But she had to make her decision while defying the advice of adult authorities.

Some parents may advise their children to attend college in order to improve their desirability in the dating and marriage markets. This may apply especially to men, since women apparently express sharp preferences for dating men with an equal or greater amount of education, and fewer men than women have received a college degree.¹⁵⁸

Colin Eddington recounted that his son wanted to be a welder. He was respectful of his son’s interest and was even ready to provide financial support for welding school. But he also mentioned that his son could come back to him about college later because the son might say, “the girls aren’t as interested in me,” for earning “15 bucks an hour” from welding.¹⁵⁹

155 Jorge Klor de Alva and Mark Schneider, *Apprenticeships and Community Colleges: Do They Have a Future Together?*, American Enterprise Institute, May 2018, <https://www.aei.org/wp-content/uploads/2018/05/Apprenticeships-and-Community-Colleges.pdf>.

156 Ceylan Oymak, “High School Students’ Views on Who Influences Their Thinking about Education and Careers,” Department of Education, National Center for Education Statistics, January 2018, <https://nces.ed.gov/pubs2018/2018088.pdf>.

157 AnnMarie Graziano, phone interview with author, February 27, 2020.

158 David J. Ayers, “The Gender Gap in Marriages Between College-Educated Partners,” Institute for Family Studies, October 23, 2019, <https://ifstudies.org/blog/the-gender-gap-in-marriages-between-college-educated-partners>.

159 Colin Eddington, phone interview with author, February 28, 2020.

These stories register how Americans have come to regard a college degree as a key to success in life. Many parents and educators advise young people, as a default choice, to go to college.

Some parents place less pressure on their children. One mother explained how one of her sons, while in high school, expressed interest in a career as a camera operator in the film industry. The mother encouraged her son to attend college anyway, since he was academically gifted. Her son still wished to pursue a film-industry career after two years of college and dropped out. His parents respected his wishes and have been supportive of their son ever since. But they still regard a college degree as a final step into adulthood, and his life without a degree as a postponement of maturity.

He doesn't think he wants to ever get a college degree, but we know that people grow up and change and maybe he can go back and finish that later.¹⁶⁰

Even those parents who give their children room to make their own decisions still view college as the better option, the one that helps children become adults.

A great many Americans now take a college degree not just as a rough proxy for maturity and job skills but as an almost infallible one. The nearly universal pressure on young Americans to get a degree, regardless of whether it is personally appropriate for them or a good use of their time and money, is a result of this excessive faith in college as a proxy for the prerequisites for personal and professional success.

“There is a cultural zeitgeist around the idea that everyone, no matter who they are, should go to college. That's really a problem and if that attitude changed, then we would see more kids going to school to be electrical engineers or plumbers or automotive techs instead of wasting their time in college for 4 years and get a degree that won't do anything for them.” — Colorado College Student¹⁶¹

Fear of Missing a “Life Opportunity”

When students and families choose between colleges, students care much more about the chance to get a “life opportunity” than they do about financial costs. Students deeply fear foreclosing the chance to receive such opportunities. Their mindset might be summed up so: *I have to go to the best school for {prestige, academic program quality, location, parties, sports,*

¹⁶⁰ Confidential, phone interview with author, February 21, 2020. Participant is a donor to National Association of Scholars.

¹⁶¹ Confidential, phone interview with author, February 24, 2020.

jobs, etc.}, otherwise I will regret it forever. Students are willing to pay a great deal to avoid such regrets.

Bailee Russell wanted a good college education, but she also wanted to fulfill her dream as a collegiate baton twirler.

I started off looking at schools based off of baton twirling programs. Since the beginning of high school, pretty much my life goal was to be a feature twirler for a Division I university...Also, when I was a senior in high school, I wanted to major in actuarial science.¹⁶²

Bailee ultimately narrowed her choices down to three schools that provided baton twirling opportunities: Temple University in Philadelphia, PA, North Carolina State University in Raleigh, NC, and Austin Peay State University in Clarksville, TN. She paid attention to the costs as she narrowed her choices, but other “life opportunities” also mattered. Bailee ultimately decided on Temple because of its location and declined an offer from Austin Peay State of a scholarship that would have paid all her tuition.

What made me choose Temple over both North Carolina State and Austin Peay State was that it was in a big city, they had the major I wanted. I was thinking *I will be living in a big city. I will have more opportunities than the middle of nowhere North Carolina and middle of nowhere Tennessee.*

Bailee feared missing out on the opportunities a big city offered. She was willing to pay more for that opportunity — even though she had to take out student loans.

Sydney Shea made her decision about which college to attend based on prestige and academic quality.

I was extremely competitive in high school. I really had my eyes on either an Ivy or small Ivy... I feel like I was extremely misinformed and extremely peer pressured because I was just going for the brand name.¹⁶³

Sydney went to Boston University, but emphatically not as her ideal choice.

¹⁶² Russell, phone interview.

¹⁶³ Sydney Shea, phone interview with author, February 14, 2020.

When I decided to go to Boston University, I judged it super hard. I thought it was some sort of safety school. I thought it was, you know, not for very smart people.

But she swiftly corrected her initial impression.

And as soon as I got there, I realized that wasn't the case. I didn't realize that they had insane opportunities and I had a lot of time to dedicate to doing newspaper, which obviously became my profession.

Sydney illustrates how students who value prestige and college rankings associate these factors with future success and opportunities — and fear that if they attend a lower-ranked, but affordable university, that they will miss out on the best opportunities available. Sydney also illustrates that these fears can be misplaced.

Some students are simply interested in college for “the experience.” Colin Eddington explained how his daughter was initially attracted by the college party scene.

We're not gonna spend tons of money so that [she] can basically go to a party school. As best I recall it, she was kind of hinting along the lines of, *Hey, some of my friends go there* and we're like, *Yeah, those are your party friends from high school.*¹⁶⁴

Students whose parents don't exert a veto often do decide to attend a college because the beer flows freely — which is a much-valued college “experience.”

Students often consider multiple factors as they choose between colleges. The price is often part of the mix — but not usually the most important one. Parents care considerably more about cost.

We give them the choice that we've picked and [they] pick out of this box, but we've put the pieces in the box that [they're] going to choose from...Instead of saying *Oh we can go anywhere*. No. I'm not paying for Harvard, sorry. Or Yale. Or something. Not at the undergraduate level. It's just the way we are.¹⁶⁵ — David Kohmescher

Franklin Harvey, who has taught at both community colleges and universities, straightforwardly informed his academically gifted daughter that he would pay for her education — but only if she attended community college before transferring to a 4-year university. He

¹⁶⁴ Eddington, phone interview.

¹⁶⁵ David Kohmescher, phone interview with author, March 6, 2020.

believed it would save money and that there wasn't a difference between the courses taught at community colleges and universities during the first two years. She agreed to the deal. Yet he and his daughter still faced the stigma against community college enrollment.¹⁶⁶

When I told the person who was in charge of these special classes that she [Franklin's daughter] was going to go to a community college, her jaw dropped. Like she couldn't believe that I was gonna make my daughter do such a terrible thing.

Of course, parents don't entirely discount "life opportunities."

You have this generation of young people and their families that say, *Well I applied to Harvard or I applied to NYU. So, I've got to go there because that's the best school.*¹⁶⁷

Parents certainly weigh costs far more highly than do students. After all, the parents are the ones paying the bills. But sometimes, parents also deliberately have their children make decisions without reference to finances. One student explained that he was concerned about loans, but when his father took over the financial decisions, the father also took over those worries.

I was thinking a lot about the debt that I would incur by the end of it. But in the end, because of some arrangements that my father made, I was sort of removed from my decision-making and I just chose the school that I thought I would do the best at academically.¹⁶⁸ — Colorado College Graduate

Of course, parents walk a fine line between treating their children as little kids and treating them as adults. Some parents take a relatively hands-off approach and let their children make the decisions.

We were involved, but we did not dictate so largely. Left it up to them to decide where they went and what their major was.¹⁶⁹

These parents could take a more hands-off approach because they were not so concerned about their ability to pay for the costs. But a parent's flexibility was not necessarily determined by household income.

166 Franklin Harvey, phone interview with author, February 25, 2020.

167 Confidential, phone interview with author, March 10, 2020.

168 Confidential, phone interview, February 24, 2020.

169 Confidential, phone interview with author, February 28, 2020.

David Kohmescher, who described his family as upper middle-class, recounted a conversation with his daughter while she was in college:

| She wanted a car and we held off on that...you don't need a car to go to college.¹⁷⁰

Sometimes, the line between child and adult can become a point of friction between both parents and their children.

A single mother of six children, who works as a teacher and has a household income between \$50,000-\$69,000, was able to discuss college expectations and finances with most of her children without difficulty. But, "One balked at my *interference in my life and my future*."¹⁷¹

Parents' ability to place clear expectations, financial conditions, and balancing the treatment of their children can affect how students choose between colleges.

In any case, students care more about the immediate gratification of what a college offers than they do about the long-term consequences of student debt.

| "An 18-year-old student who begins down a path of taking on hundreds of thousands of dollars of debt has absolutely no realization of the weight that will add to their normal life struggles...I think that the elite colleges/universities that allow/encourage/facilitate these kids to undertake crushing debt in the pursuit of an academic bachelor's degree at their institution (degrees that will not prepare those students to meet those obligations when they leave) are unethical at best."¹⁷²

Regrets

Whether students attended college, our interviewees generally didn't regret their individual decisions.

170 Kohmescher, phone interview.

171 Confidential, interview with author via Google Forms, February 25, 2020.

172 Confidential, interview with author via Google Forms, February 25, 2020.

I don't think it's [attending college or trade school] something I would ever do. — Taylor Elliot-Roggie¹⁷³

When I started out in my undergraduate program, I was just coming out of high school. I had lots of personal self-esteem issues. Bottom line is, I didn't think that I would amount to essentially where I am now. — Austen Brennan¹⁷⁴

Parents expressed — not precisely regret, but ambivalence about children who bridled at parental counsel while they made decisions of enormous financial importance.

One mother said while she was happy with her son's academic education in the end, she still wished he had attended the University of Florida.

[I]t still burns me. He would have gotten not only a full ride, but enough money to buy a car, to go back and forth from home, and to live in an apartment off campus. They wanted him so badly and he could have gone to their honors college, which is very good.

Students who attended college did express regrets over how they decided between colleges —and generally because they had made unwise financial choices.

One Boston University graduate is still paying off debts from her undergraduate education from nearly 20 years ago. This student attended Boston University between 2002 and 2006 and borrowed somewhere between \$60,000-\$80,000 for living expenses, despite receiving a scholarship that covered the tuition. This student did not qualify for a lot of federal loans and found it easier to apply for private student loans, especially since her parents were willing to be co-signers. But this student had underestimated the 2% annual percentage rate (APR) on her loans, which is interest charged to borrowers and paid to investors. She also had not realized that smaller costs, such as laundry and health insurance, would pile up in no time.

When it comes to the value of the education, the money I took out for that particular university [Boston University], I could have gotten at least as good of an education somewhere else.¹⁷⁵

There were a few factors that led this student to choose Boston University. First, she had performed academically well in high school and wanted to attend the best university she

173 Taylor Elliot-Roggie, phone interview with author, January 13, 2020.

174 Austen Brennan, phone interview with author, March 10, 2020.

175 Confidential, phone interview with author, February 26, 2020.

could get into. She applied to schools that provided full-ride scholarships. Boston University's offer seemed enticing at the time.

I got a full scholarship. I thought I should be able to just sort of live.

In this quest, she had disregarded other costs associated with a college education. When she was accepted to Boston University, she was excited to explore a new city, especially since she had never travelled outside of the Midwest. She also believed the “fancy private school” would offer a better education than a state school. However, her parents insisted on the University of Kansas.

That was kind of a point of tension. I think just ironically doing well in high school backfired and that my parents then thought, *Oh great, we don't have to pay anything for her college now.*

She perceived her parents' excitement over a local university with generous funding as a signal that she was being ripped off. In addition, it seemed the more her parents pushed her to attend locally, the more she wanted to move far away — a rebellious drive not uncommon to young people at that age. There seemed to be different expectations from both the Boston University graduate and her parents, and this lack of communication led to tension and misunderstanding between them.

Another graduate regretted how little attention she had paid to college costs until after graduation.

I was looking to be a little bit far away from home, that was my #1 thing. I didn't want to live at home. I did not look so much at price. I wish I would have now that I'm out.¹⁷⁶ — Ithaca College Graduate

Other graduates regretted underestimating the burden of student debt. Keith Buhler, who makes between \$70,000-\$90,000 as a teacher, finds his degree useful, but says that he underestimated the amount of time it would take to pay off his student loans. He borrowed somewhere between \$20,000 and \$39,000.

176 Confidential, phone interview with author, February 6, 2020.

I had no idea how long it would take (16 years and counting) to pay them back and would have borrowed less/worked more at the time.¹⁷⁷

Another graduate believed he made meaningful contacts at his university. But he did not find the return on investment as good over the actual education.

Experience was nice, but I don't know, did I get a good return on investment? I'm paying off my student loans so that's hard to say right now. And I'm going to be paying them off for a while. Like I have over \$200,000 that is just sizing.¹⁷⁸ —
Cornell University Graduate

Graduates regret their relative immaturity when they made decisions about which college to attend or whether to take out loans.

It was my first time encountering a financial issue of that magnitude. It wasn't a question of my parents being able to pay. I mean, we're from just a regular middle-to upper-class family. But obviously, I was an 18-year-old and the initial reaction is, *Hey, I have a half scholarship to BU [Boston University]!* and everybody is cheering for you and it's awesome.¹⁷⁹ — Sydney Shea

I remember her [grandmother] really urging me to go to the college near my house so I could live at home and get a full ride there. She was really trying to push for that financially, but I was a stubborn 18-year-old and did not listen.¹⁸⁰ —
Ithaca College Graduate

My mom always did a really good job telling me, *Marcus, you got to pay this back someday.* And I was like *Yeah, sure* like most 18-24-year-olds. That was someday. But right now, I was in college and didn't really care.¹⁸¹ — Mark Ewing

These different sorts of regrets frequently remain mixed with optimism about their ability to repay their debt relatively quickly.

Turning down a full scholarship, it was — you know, sometimes I think about it and think, *Oh my god, am I crazy?* But I definitely think it [attending Temple

177 Keith Buhler, interview with author via Google Forms, February 26, 2020.

178 Confidential, phone interview, February 10, 2020.

179 Shea, phone interview.

180 Confidential, phone interview with author, February 6, 2020.

181 Ewing, phone interview.

University] was the right decision for me. Ask me again in a year, when I'm paying them off, but right now, I think it is going to be worth it.¹⁸² — Bailee Russell

Students and recent graduates were confident that their degrees would get them well-paying jobs.

Austen Brennan, who was a second-year master's student in International Affairs at American University, hoped that his higher education would get him good jobs and expressed confidence in his ability to repay nearly \$200,000 in student loans.

I want to try and pay them off in 10 years, but that's probably not realistic. I'd say probably 20 to 25 years, realistically, especially with, you know, other large purchases that I've planned to make over the course of my working life. Obviously a house, car, hopefully a family, you know, all that kind of stuff that's going to be linked in that timeline.¹⁸³

But these recent graduates may still be too optimistic. Other students very much regretted how little return they had received on their investment in a college education. Heather Stonecipher, who earns between \$70,000-\$99,000 as an Online Learning Coordinator, said she will be "working forever" to repay her student loans because she's in a job that would not pay off her debt quickly.

I feel pigeon-holed due to my major specificity. Much of what I learn[ed] in my career thus far, I have learned on the job. I learned many valuable skills in school, but for the price, I learned more on the job.¹⁸⁴

Another interviewee had thought a degree was the only way to get a job. Yet after she had earned her MBA and worked as an accountant, she realized that she "hated it." She switched careers and became an English as a Second Language (ESL) teacher. She now wants to get off the "hamster wheel of career advancement"¹⁸⁵ — but cannot.

I'm stuck working though I would rather be a stay at home mom now.¹⁸⁶ — Saginaw Valley State University and Central Michigan University Graduate

These varied regrets illustrate at a personal level the consequences when students and their families make fiscally imprudent college decisions. Regret, of course, is about what

182 Russell, phone interview.

183 Brennan, phone interview.

184 Heather Stonecipher, interview with author via Google Forms, January 11, 2020.

185 See Casey Chalk, "America's Hamster Wheel Of 'Career Advancement'," *The American Conservative*, January 9, 2020, <https://www.theamericanconservative.com/articles/americas-hamster-wheel-of-career-advancement/>.

186 Confidential, Google Forms interview, February 27, 2020.

cannot be changed — the students and their families have already taken on debt. But these regrets do point the way toward useful policy and cultural changes, which can improve the choices future students and parents make.

These students' varied regrets all point to a too-narrow vision of how to succeed in life — and a too-narrow educational model. High school guidance counselors, parents, and students quickly assume that the only route to success in life is through higher education. Moreover, they assume that higher education must conform to the model that assumes a 4-year degree is the minimum requirement for academic success — and that students must spend those four years in college, even if the portion of college education required for vocational success only requires a small fraction of those four years. Higher education remains useful for some students.¹⁸⁷

The ideal job would be [working at a] think tank, writing and publishing scholarship, or university professor, or perhaps a judge...Everything I just listed, absolutely requires much more than a bachelor's degree.¹⁸⁸ — Colorado College Student

Law school is kind of unique because unlike other careers, you have to do it right... I am a practicing lawyer. It clearly paid off.¹⁸⁹ — Joseph Allgor

But far too many students we interviewed ended up paying for a college education that provided virtually no job training or education that was worth the return on investment.

I know people in my job that do the same thing I do and they have no college education. They probably have just high school, which sucks because you ask yourself, *Why did I go to school if you can do the same thing?*¹⁹⁰ — Yennifer Martinez

Parallel critiques of higher education have noted the progressive degradation of academic standards.¹⁹¹ This degradation has many causes, but one of them certainly results from the attempt to teach classrooms full of students who are only going to college to earn a credential for a job — and for whom college provides no useful on-the-job training.

187 Nowadays, graduation rates are measured in 6 years, rather than 4 years. Students who take longer to finish both increase university costs and delay their entrance into the job market.

188 Confidential, phone interview, February 24, 2020.

189 Joseph Allgor, phone interview with author, March 2, 2020.

190 Martinez, phone interview.

191 Miroslav Beblavý, Mariya Teteryatnikova, and Anna-Elisabeth Thum, *Does the Growth in Higher Education Mean a Decline in the Quality of Degrees?*, CEPS Working Document, March 2015, http://aei.pitt.edu/62197/1/WD_405_Growth_of_higher_education_decline_in_quality_of_degrees.pdf; Rich Vedder, "The Flight to Quality in College Admissions," *Forbes*, March 9, 2020, <https://www.forbes.com/sites/richard-vedder/2020/03/09/the-flight-to-quality-in-college-admissions/?sh=51a031b360f5>.

We got too many jobs that are asking for bachelor's degrees that really don't need it.¹⁹² —Joseph Allgor

Strictly speaking, my college education is not directly influencing the value of my career. So no, it's not paying off directly.¹⁹³ —Katrina Haydon

However, when classes cater to both serious students and students who are simply trying to fulfill a graduation requirement, the quality of classroom discussions are affected. It also limits the pace and difficulty level of instruction. Thus, in simultaneously catering to both types of students, colleges do not provide what students need.

High school guidance counseling needs to change. Students need to hear from professional authorities in their schools that college can be an expensive waste of money and time. The professional culture of guidance counseling needs to change. High schools institutionally need to take pride in (and acquire information about) the earnings of their graduates rather than just the number who go on to college. College attendance is no longer a useful proxy for educational success.

But policy changes cannot limit themselves to the words and actions of high school teachers and staff. These influence parents and students, but not decisively. We must change how parents and students themselves make decisions about colleges.

Making Better Decisions

There are two ways to ensure students and families make better decisions. First, policies should address the fact that students and families make their decisions out of fear: they consider college as an insurance policy and an essential route to vaguely defined “life opportunities.” Their fear is exaggerated — particularly because of a drumbeat of publicity from government and from colleges, which is not heard as *College is an opportunity for all* but as *College is a survival necessity for all*. This message is a half-truth, amplified above all by the higher education establishment's marketing machine.

America needs to institute policies that provide students and parents transparent information about which majors and careers provide a good return on investment — and which alternatives to the 4-year college provide a good preparation for a decent life. This information would be useful in all situations. But it is essential to pierce the cloud of fear that

“People need to think seriously about their earning potential . . . *before* deciding to take on student debt.”

—Chelsea Kenyon

¹⁹² Allgor, phone interview.

¹⁹³ Haydon, Google Forms interview.

envelops parents and students as they make decisions about whether to go to college, and which college to attend. Too much of the discussion about the student debt problem assumes that parents and students are rational actors, and that the point of increasing their information is to enable them to make better decisions. We must realize that fear precludes students and parents from acting rationally in the first place. Increased information is still the best remedy — but to make it possible for parents and students to be rational actors in the first place.

Some of our interviews provide information that might alleviate such fears.

Chelsea Kenyon, an aviation meteorologist, worked several part-time jobs during school in order to pay for her room, board, and other daily expenses. She still had to take out between \$60,000 and \$79,000 in student loans, but eventually paid them off by living within her means. She believes the investment was worth it:

I couldn't do my job without my degree in meteorology, and my second degree in aerospace allows me to perform my job at a very high level...I made sure to select degrees with good job prospects and earning potential, and I was able to find full time employment in my field after each degree.¹⁹⁴

Chelsea's advice for students is to thoroughly research their job options and earning potentials before borrowing student loans.

Michael Waller recounted that his two children had to borrow a combination of subsidized and unsubsidized student loans, but not to crippling levels.

I helped them decide which schools would be the best value for what they wanted to learn and pursue professionally, and then decide what was affordable and whether or how we should sacrifice to make it happen.¹⁹⁵

Yennifer Martinez learned that a school's prestige can only go so far. She wants future students to know that they shouldn't rely on a college's brand for success. Students can create their own success without being financially crippled.

I think [students should do] good research before they apply to schools and not just think about getting a good name when they go to school. Sometimes, a good

194 Chelsea Kenyon, interview with author via Google Forms, February 27, 2020.

195 Michael Waller, interview with author via Google Forms, February 20, 2020.

school has nothing to do with a recognized name. It's what you take out of that school that makes you different. It's not [the] school by itself.¹⁹⁶

Austen Brennan offered support for those who decide to pursue college later in life:

If you need to put off going to college for a few years to work instead and establish yourself and maybe grow and mature a little bit to the point where you can either pay for your school yourself, or by taking out loans, [and] you're not going to overly burden yourself, then that may need to be the right choice for you.¹⁹⁷

Doing Well Without a Degree

Taylor Elliot-Roggie works in prison security for the New York Department of Corrections, where he earns somewhere between \$70,000-\$99,999.¹⁹⁸ Taylor knew from high school that he wanted to work in law enforcement and made his career decisions accordingly. The New York Department of Corrections requires applicants to be a minimum of 21 years old — and does not require a college degree. To fill up the time after high school, Taylor worked for restaurants and sold insurance. While many Millennials struggle to accumulate wealth,¹⁹⁹ Taylor has already bought a truck and a boat, and he has begun to save for his retirement.²⁰⁰

Taylor's example is not completely generalizable. Jobs that hire those with less than a college education and pay well tend either to be in the medical field or to entail some physical risk.²⁰¹ Prison security is not for the faint of heart. But what *is* generalizable is that it is essential to align proper career planning with young Americans' interests and talents. Some should go to college. Others should go directly into the workforce.

These are only a few individual cases — but larger policy changes must build on such individual cases. We must provide *many* individual examples to students and parents about how other Americans have made prudent choices about college, without fear, and profited by it.

What our interviews reveal is that American policy cannot just give more information to students and parents. It must also embolden them and give them the courage to set aside their fears. Students and their families cannot make smart decisions about college when they are too frightened to think straight.

196 Martinez, phone interview.

197 Brennan, phone interview.

198 Elliot-Roggie, interview with author via phone and text message, January 13, 2020.

199 Information on the Economic Status of Millennial Households Compared to Previous Generations, United States Government Accountability Office, December 2019, <https://www.gao.gov/assets/710/703222.pdf>.

200 Elliot-Roggie, interview via text, September 2, 2020.

201 Rebecca Koenig and Whitney Blair Wyckoff, "The 25 Best Jobs That Don't Require a Bachelor's Degree," *U.S. News & World Report*, January 23, 2020, <https://money.usnews.com/money/careers/slideshow/25-best-jobs-that-dont-require-a-college-degree>.

Higher Education Revenue Sources

Higher Education Revenue Sources

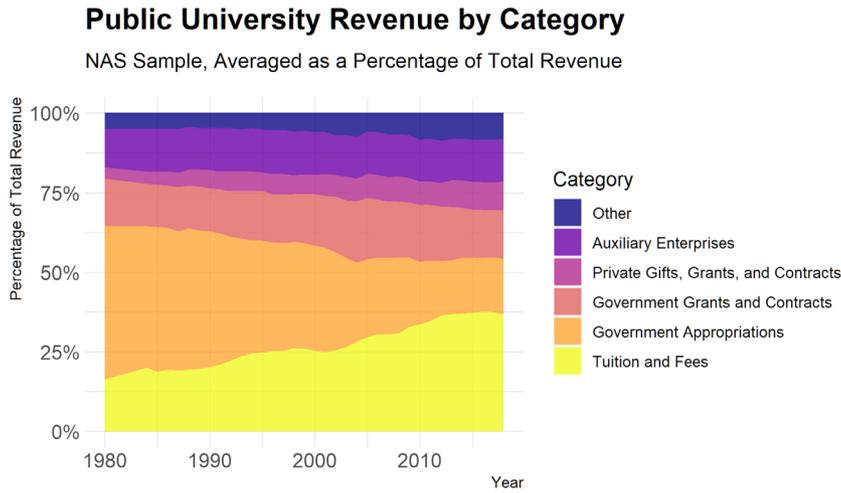
Most Americans think their own astronomical spending on tuition and fees — and taxes — foots the entire bill for higher education, but higher education institutions' varied revenue sources extend far beyond tuition and fees. We must take a closer look at the many ways in which universities fund their operations to understand fully their incentives to charge and to spend with equal abandon. In this chapter, we examine funding shifts between 1980 and 2018 at our sample 50 public and private universities. Our analysis reveals:

1. Universities' increasing reliance on government funds constitutes a major driver in both wasteful administrative spending and decreasing focus on student education.
2. A university's reliance on *Government Grants and Contracts* correlates strongly with the percentage of institutional expenditures devoted towards research.
3. Private donations and *Government Grants and Contracts* increased as proportions of revenue sources for public universities, while state appropriations as a proportion decreased.

We base most of our analysis on IPEDS data, which formally divide university revenue streams into *Tuition and Fees*; *Government Appropriations*; *Government Grants and Contracts*; *Private Gifts, Grants, and Contracts*; *Auxiliary Enterprises*; and *Other*.

The 26 public institutions in our sample depend heavily on *Tuition and Fees*, the single largest source of their funding. *Government Appropriations*, most provided by state taxes, provide the second-largest source at public universities (and some private). Federal, state, and local government agencies sponsor specific activities at universities through *Government Grants and Contracts*.

Figure 8



Government Appropriations have been the subject of intense political debates, since they generally provide a large portion of public institutions' funding. Many representatives of these institutions have complained for several decades about declining state support for higher education, and the effect that this has had on their institutions' operations. Indeed, after adjusting for inflation and enrollment changes, only 3 of the 26 public universities in our sample received increased real per-student state appropriations between 1980 and 2018 — University of Kansas, University of Maryland-College Park, and University of Nebraska-Lincoln.

However, these public institutions have more than made up for their losses in state funding through increases in other funding sources. We will discuss this issue further when we investigate the relationship between revenue and expenditure trends.

Government Appropriations for Private Universities

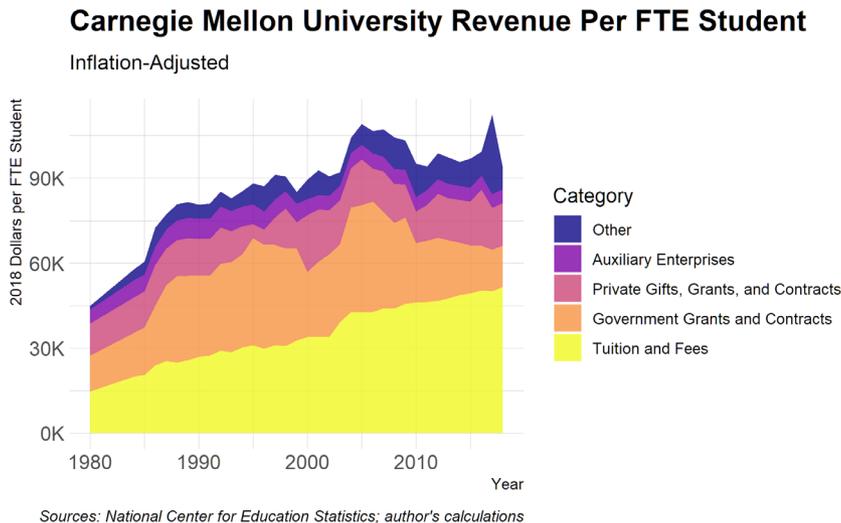
Half of the 24 private universities in our sample received federal, state, and/or local appropriations at some point between 1980 and 2018. These included the wealthy Ivy League institutions of Columbia University, Cornell University, and the University of Pennsylvania, which were among the largest private beneficiaries of state and federal *Government Appropriations*. These sources of revenue barely made a dent in these universities' budgets, but they received about as much in *Government Appropriations* as many public institutions in our sample. The private universities frequently benefitted from long-standing arrangements to support specific departments within the institution. Perhaps such arrangements should be re-evaluated, given that the beneficiary private institutions now frequently possess endowments well above one billion dollars.

Government Grants and Contracts provide a third, increasingly important source of revenue. Unlike *Government Appropriations*, this category funds both public and private schools in comparable quantities. *Government Grants and Contracts* are dedicated to specific endeavors

— above all, research. Major federal sources of *Government Grants and Contracts* include the National Science Foundation (NSF) and the National Institutes of Health (NIH), which distribute \$6 billion²⁰² and \$22 billion²⁰³ apiece. *Government Grants and Contracts* also includes significant numbers of federal, state, and local student aid programs.

In contrast to *Government Appropriations*, which generally declined between 1980 and 2018 for most of the institutions in our sample, *Government Grants and Contracts* increased between 1980 and 2018 for 42 of the 50 universities in our sample. *Government Grants and Contracts* increased, but they provided a stable proportion of overall institutional revenue — decreasing slightly at the private universities and increasing slightly at the public universities. Institutional reliance on *Government Grants and Contracts* usually varies in proportion with their focus on research. R1 institution Carnegie Mellon University receives a far greater proportion of its revenues from *Government Grants and Contracts* than does Oberlin College, a liberal-arts college and music conservatory.

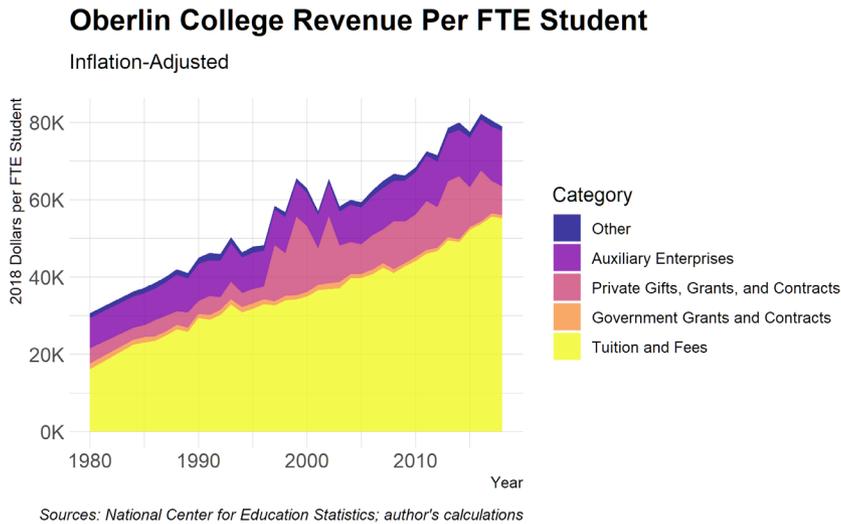
Figure 10



202 FY 2019 Agency Financial Report, National Science Foundation, November 19, 2019, MD&A-6, <https://www.nsf.gov/pubs/2020/nsf20002/pdf/nsf20002.pdf>.

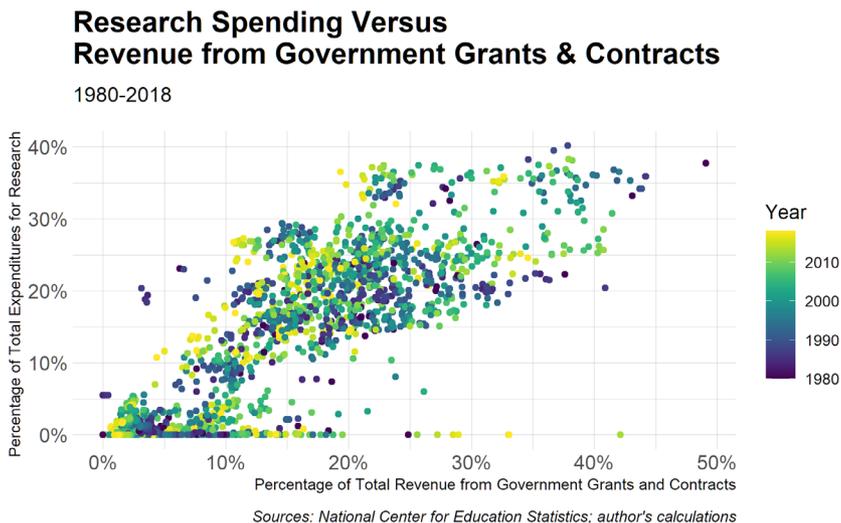
203 "Grants, Contracts, and Other Mechanisms: Awards, Total Funding, and Organizations Funded, by Organization Type," National Institutes of Health, accessed October 1, 2020, https://report.nih.gov/funded_organizations/index.aspx.

Figure 11



In our sample, liberal arts colleges and religious institutions generally spend very little on research — and therefore rely much less on *Government Grants and Contracts*. In Figure 12 below, institutional reliance on *Government Grants and Contracts* correlates strongly with the percentage of institutional expenditures devoted towards research between 1980 and 2018.

Figure 12



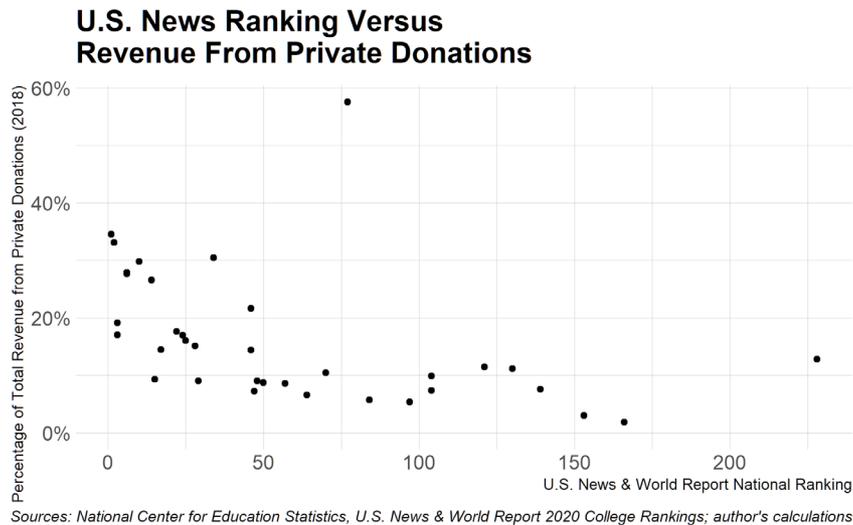
Note: Each dot represents a school-year pair. For example, the University of Colorado-Boulder is represented by 36 dots in this chart; 1 for each year for which we have data, which is denoted by its color. The lighter a dot's color, the more recent the year.

We will discuss below how research spending at public universities and increased reliance on *Government Grants and Contracts* have increased in tandem between 1980 and 2018.

Private Gifts, Grants, and Contracts provide a fourth source of revenue — and a particularly important one for some private universities. *Private Gifts, Grants, and Contracts* generally resemble *Government Grants and Contracts*, except that private donors provide them instead of the taxpayer. *Private Gifts, Grants, and Contracts* may be dedicated to fund research, student aid, other specific projects, or be used without restrictions.

For prestigious private universities, and some specialized private colleges, these donations provide a crucial source of income. Universities such as Harvard, Princeton, and Stanford can receive more than one quarter of their gargantuan annual revenue from *Private Gifts, Grants, and Contracts*. Institutional prestige correlates strongly with institutional reliance on *Private Gifts, Grants, and Contracts*. That correlation appears strongly among the 35 public and private universities in our sample to which *U.S. News & World Report* gave a national ranking in 2020.²⁰⁴

Figure 13

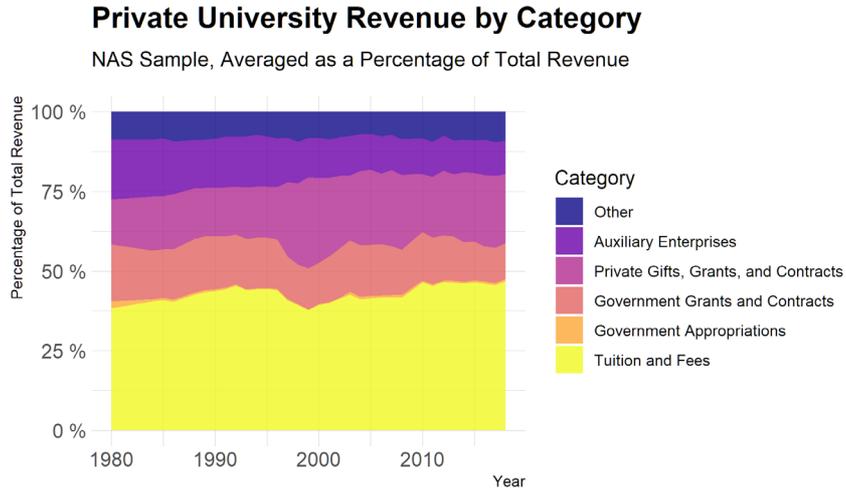


Note: One dot represents 1 school. This figure only includes schools from our sample which received a national ranking from U.S. News & World Report.

Higher-ranked universities tend to receive a greater proportion of their revenue from *Private Gifts, Grants, and Contracts*. The one outlier was Brigham Young University (ranked #77), whose unique mission we will discuss below.

²⁰⁴ *U.S. News & World Report* does not make rankings from past years like 2018 easily available. However, neither the rankings nor the spending proportions are particularly volatile over a 2-year time period, so we believe this comparison is a close approximation.

Figure 14



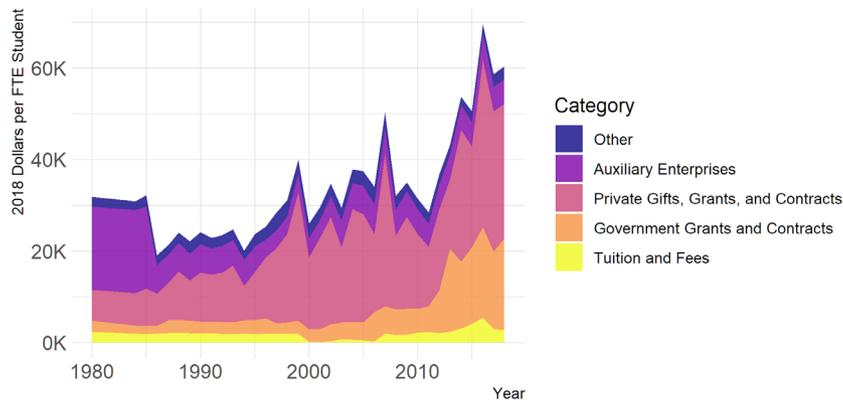
Between 1980 and 2018, *Private Gifts, Grants, and Contracts* increased as a proportion of overall revenue among the private universities in our sample, from 14% to 22%. During the same years, *Private Gifts, Grants, and Contracts* also increased by 420% for public universities in our sample, after controlling for enrollment changes. Public universities, however, rely far less on *Private Gifts, Grants, and Contracts* than do private ones. In 2018, the public universities received about 9% of their revenue from *Private Gifts, Grants, and Contracts* while private universities received nearly 22%.

Two Unique Funding Structures

Some universities with unique funding structures, such as Berea College in Kentucky and Brigham Young University in Utah, rely to an unusual extent on *Private Gifts, Grants, and Contracts*. These two universities rely on private donations to keep their tuition low — in the case of Berea College, effectively zero. Berea relies heavily on individual private donations to sustain their zero-tuition model.

Berea College Revenue Per FTE Student

Inflation-Adjusted

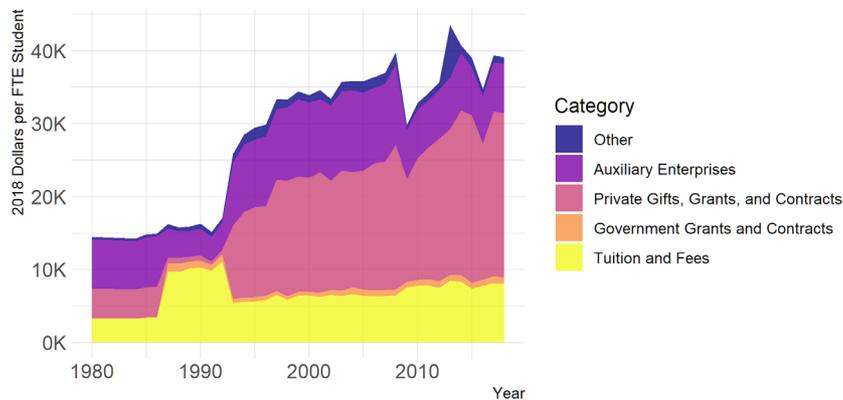


Sources: National Center for Education Statistics; author's calculations

Brigham Young University, affiliated with the Church of Jesus Christ of Latter-Day Saints, receives substantial donations both from the Church as an institution and from individual private donors.

Brigham Young University-Provo Revenue Per FTE Student

Inflation-Adjusted



Sources: National Center for Education Statistics; author's calculations

These two universities provide two models for a low- or zero-tuition university, which their peer institutions might wish to imitate. Their success in attracting private support, however, may depend precisely on the uniqueness of their missions. Berea College requires students to work at the school, in exchange for an education. Brigham Young University's low-tuition model is meant to help with costs for members of their church. Berea College and Brigham Young University's dependence on private donations may not be scalable to higher education as a whole.

Most brick-and-mortar universities in 2020 (pre-coronavirus) operate dining halls, dormitories, and athletic facilities. They charge fees both to students and to the general public for use of these facilities and attendance at sporting events. IPEDS classifies these fees as *Auxiliary Enterprises*. *Auxiliary Enterprises* generally provide a relatively small portion of institutional revenue of the institution, usually in the range of 10% to 15%.²⁰⁵ *Auxiliary Enterprises* revenue generally has provided a stable proportion of overall revenue at both private and public universities.

Universities usually also possess *Other* revenue, which varies greatly in source and importance from university to university. Some universities own and operate hospitals and medical centers; others possess autonomous research centers. Many universities can even generate revenue by selling their educational services, through endeavors such as film rentals and testing services.²⁰⁶ Finally, many well-endowed universities earn substantial income from dividends and capital gains.

The Ins and Outs of University Philanthropy

Alumni, individuals, corporations, and other formal organizations provide financial support to universities through charitable giving. Donors can provide either restricted or unrestricted gifts. Restricted gifts are earmarked for specific purposes. Donors can specify whether their restricted donations have perpetual limitations or whether the stipulations can be removed after a certain period of time. Unrestricted donations are used at the university's discretion.²⁰⁷

Between 1988 and 2018, donors have increasingly preferred to place restrictions on how universities can spend those gifts, from \$4 billion to \$12 billion+ in restricted donations. Meanwhile, unrestricted donations have remained steadily below \$2 billion over the 30-year period. Additionally, donors prefer to provide financial assistance with current operational costs over capital and endowment purposes. This indicates that 1) donors hold stricter expectations of universities of gift usage and 2) donors are more interested with immediate priorities instead of placing all their eggs in one basket.²⁰⁸

Endowments contain monetary and other financial assets donated to universities.²⁰⁹ They function much like trust funds, with the purpose of providing long-term financial stability for universities. A common question is why well-endowed universities such as Harvard and Yale can't off-set tuition costs for their students. Universities are often restricted in how they can spend their endowment funds; such restrictions constrain 50-80% of universities' endowment assets.²¹⁰ Unrestricted endowment funds can be re-invested to protect against inflation and provide resources for future expenditures.²¹¹ Universities' legal restrictions and financial strategies limit the amount they can spend annually from their endowment funds to about 4-5%.²¹²

205 U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), [1980-2018], [Finance], <https://nces.ed.gov/ipeds/use-the-data>; author's calculations.

206 See "Sales and Related Services of Educational Activities (Revenues)" in IPEDS glossary, <https://surveys.nces.ed.gov/ipeds/public/glossary>.

207 See IPEDS Glossary, <https://surveys.nces.ed.gov/ipeds/public/glossary>.

208 Genevieve G. Shaker and Victor M.H. Borden, *How Donors Give to Higher Education: Thirty Years of Supporting U.S. College and University Missions*, TIAA, March 2020, 18-40, https://www.tiaainstitute.org/sites/default/files/presentations/2020-03/TIAA%20Institute_How%20donors%20give%20to%20higher%20education_RD_Shaker_March%202020_1.pdf.

209 Albert Phung, "How Do University Endowments Work?," *Investopedia*, July 4, 2020, <https://www.investopedia.com/ask/answers/how-do-university-endowments-work/#:~:text=University%20endowments%20are%20comprised%20of,missions%20of%20colleges%20and%20universities.>

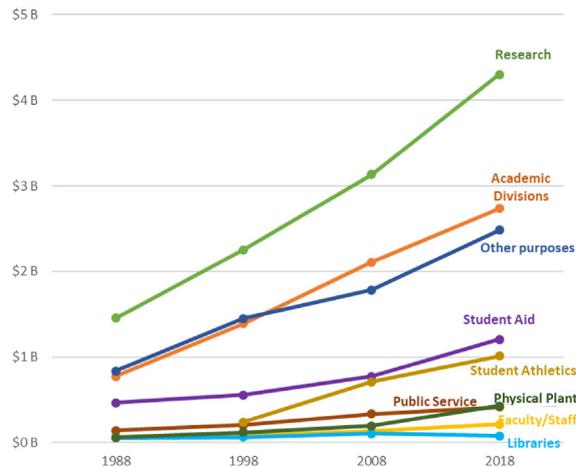
210 "Myths About College and University Endowments," AAU, January 2009, <https://www.aau.edu/sites/default/files/AAU%20Files/Key%20Issues/Taxation%20%26%20Finance/MythsandFacts.pdf>.

211 Phung, "How Do University Endowments Work?"

212 "Endowments," Urban Institute, accessed October 2, 2020, <http://collegeaffordability.urban.org/cost-of-educating/endowments/#/>.

When donors make charitable restricted donations to current operations of a university, most of their funding largely goes toward research (~\$4.3 billion), academic units (~\$2.7 billion), and other non-academic units such as hospitals (~\$2.5 billion).²¹³

Restricted Current Operations Donation, by Purpose 1988-2018



Source: TIAA

One caveat with academic units that receive restricted funding for current operations is that donors will often give the academic unit freedom as to how the funds are used within the department. This discretion is often left in the hands of academic administrators.²¹⁴ Depending upon how an administrator views academic activity, funding could go toward programs that are of actual educational benefit to students. Or, these monies may be spent on activities tangentially related to the department's mission that are uncondusive to a student's scholarship, workplace preparedness, or well-being.²¹⁵

Universities are also increasingly adopting donor-advised funds (DAFs), where donors deposit money into tax-free accounts run by the university. While DAFs sound like they would fall under the category of restricted gifts, they are actually unrestricted donations.²¹⁶ University-run DAFs generally require a portion of the funds to go to the institution (typically ~ 50%) while the rest goes to other charities. Donors can advise how the funds are spent, but they don't own the accounts. DAFs offer better tax benefits than private foundations, making them an attractive option to donors. But the benefits of DAFs may be exaggerated.²¹⁷ Concerns include donors who do not fully understand the funding structures in place and the delayed flow of funds to charities. Critics are also concerned that wealthy, irresponsible universities benefit greatly from DAFs,²¹⁸ and thereby increase their malign influence on higher education.

213 Shaker and Borden, *How Donors Give to Higher Education: Thirty Years of Supporting U.S. College and University Missions*, 31; author rounded the numbers provided in the report.

214 Shaker and Borden, *How Donors Give to Higher Education: Thirty Years of Supporting U.S. College and University Missions*, 40.

215 Lindsey M. Burke and Adam Kissel, "Leading the Way on Higher Education Reform Through Smart Giving: A Roadmap for Private Philanthropy," *Philanthropy Roundtable*, accessed October 30, 2020, <https://www.philanthropyroundtable.org/home/programs/civic-education/leading-the-way-on-higher-education-reform-through-smart-giving-a-roadmap-for-private-philanthropy>.

216 Colette Kamps, "What is the Difference Between Donor-Advised Funds and Restricted Donations?," *Henry+Horne* (blog post), June 3, 2014, <https://www.hhcpa.com/blogs/non-profit-accounting-services/what-is-the-difference-between-donor-advised-funds-and-restricted-donations/#:~:text=Donor%20advised%20funds%20are%20separately,has%20legal%20control%20over%20it>.

217 Louis Carlozo, "What's the Deal with Donor-Advised Funds?," *Council for Advancement and Support in Education*, January 1, 2015, <https://www.case.org/trending/whats-deal-donor-advised-funds#:~:text=A%20donor%20advised%20fund%2C%20or,colleges%20manage%20like%20their%20endowments>.

218 Janet Lorin, "Got \$5 Million? Yale Will Manage It, But You Won't Get It Back," *Bloomberg Businessweek*, December 12, 2018, <https://www.bloomberg.com/news/articles/2018-12-12/got-5-million-yale-will-manage-it-but-you-won-t-get-it-back>.

We have excluded hospitals and independent operations from our analysis, as they tend to operate on their own budgets even when they are legally part of the university. In addition, we exclude endowment and investment income from our charts for three reasons:

1. Irreconcilable changes in reporting standards for endowment income between 1980 and 2018;
2. The highly variable nature of endowment and investment income, which includes substantial losses during recessions; and
3. To increase comparability between universities with and without large endowments.

Well-endowed private universities such as Harvard and Princeton also suffer from rising tuition and bloated administrations. While we presume their endowment income affects their financial decisions, it does not appear to have more than a marginal effect.

Berea College: A Unique Mission²¹⁹

"Our third president, William G. Frost, decided to stop collecting tuition because students were not able to pay it anyway. They'd come first semester, then leave school first semester to work, and then they'd come back.

And he made the commitment at that point that there would be no more tuition. That all the students would work for the college, which was a way of controlling costs and that he would fundraise to cover the cost of their education. And he was successful in doing that by reaching out to wealthier folks, primarily in the Northeastern part of the country at the time.

We have continued that effort, even today, more than 120 years later. All the funding to replace student tuition comes directly from current donors and donors from the past who have given to our endowment. After more than a century of fundraising, in fact, the endowment earnings cover 75% of our operating budget.

So that's how we make that work. It's still an expensive business to offer a high-quality college education. But we just look to someone else to pay for it as opposed to the state or the family themselves."

—Lyle Roelofs, Berea College President

²¹⁹ Lyle Roelofs, phone interview with author, April 8, 2020.

The Anatomy of Bloat: Higher Education Expenditures

The Anatomy of Bloat: Higher Education Expenditures

Universities receive their funding from a variety of sources. But how do they use those funds? This chapter will analyze university expenditures between 1980 and 2018 at our sample institutions. Besides the fact that expenditures have increased, we find that:

1. Tuition increases are used partially to compensate for the loss in state funding, but mostly to cover increases in university expenditures.
2. Not only has the total number of administrators and staff in our sample grown over the past several decades, but the growth has been heavily concentrated in Executive and Other Professional (“the eyes and ears of the university”) hires.
3. Universities increasingly dedicate funding to external-facing departments, such as University Relations.

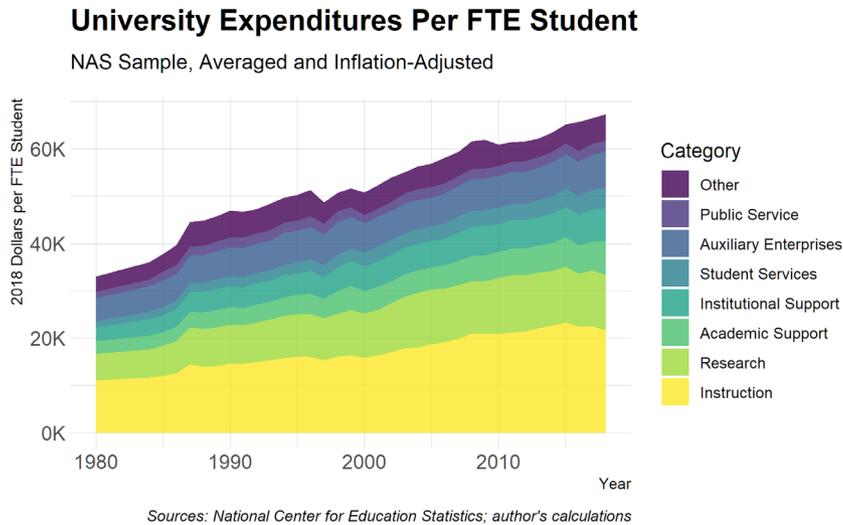
IPEDS instructs universities to classify their expenditures into 8 main functional categories: *Instruction*, *Research*, *Public Service*, *Academic Support*, *Institutional Support*, *Student Services*, and *Auxiliary Enterprises*. Some universities also report expenditures for *Hospitals and Independent Operations*. These categories are called “functional” categories because universities are instructed to report expenditures based on the function or purpose they have, rather than the accounting categories used in different economic sectors, such as salaries and wages, benefits, and depreciation.

IPEDS’ accounting system facilitates analysis of how much money universities allocate to their core educational mission — functions such as *Instruction* are core, while *Auxiliary Enterprises* are not. Unfortunately, the categories are also so broad that they obscure a considerable amount of detail. Indeed, universities can take advantage of these too-vague definitions to hide scandalous expenditures from the public.

Figure 15 below tracks the overall growth in expenditures of all functional categories at the 50 universities in our sample. Inflation-adjusted expenditures per full-time equivalent student roughly doubled over the past four decades, from \$33,000 to \$67,300.²²⁰

220 Rounded to the nearest hundred.

Figure 15



These expenditure categories are not entirely self-explanatory and require some explanation.²²¹

Instruction expenditures support a variety of activities involved with educating students, including general academic education, remedial instruction, and some departmental public service and research. *Instruction* usually is the largest single expenditure at a university, typically about one-third of the total. *Instruction* has increased slightly as a proportion of private universities' expenditures, but it has declined steadily at public universities — usually crowded out by research expenditures.

Research expenditures typically are second only to instruction — but they vary widely, depending on the type of university. Large public institutions such as Texas A&M University and research-focused private institutions such as Carnegie Mellon University spend substantial portions of their budgets on research. Smaller public universities such as Black Hills State University in South Dakota and liberal arts colleges such as Bowdoin College in Maine generally spend far less on research.

Public Service expenditures generally form a small portion of university budgets and consist of services for individuals and institutions outside of the university. Examples include conferences and advisory services.

Academic Support expenditures generally consist of services that support instruction. Universities usually direct a large portion of *Academic Support* expenditures to their libraries, and a substantial minority to academic administration.

221 See IPEDS glossary for expenditure category definitions: <https://surveys.nces.ed.gov/ipeds/public/glossary>.

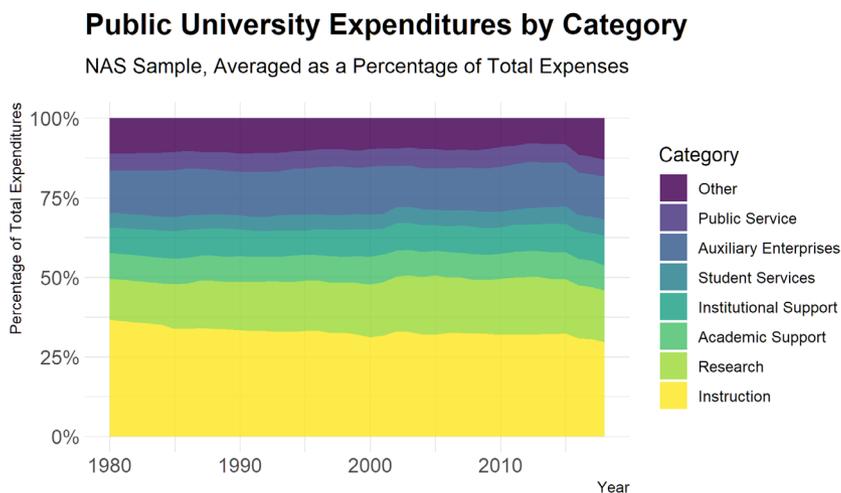
Institutional Support pays the salaries of many university administrators. These expenditures focus on executive, institution-level activities and bureaucracies focused on interactions with the larger world, such as marketing and public relations.

Student Services pays for administrators who work directly with and for students. These expenditures include support for a wide variety of activities, including counseling services, student organizations, and student-focused events like fairs and concerts.

Auxiliary Enterprises support the *Auxiliary Enterprises* discussed in the revenue section. These expenditures include dormitories, athletics, and dining halls.

On average, the distribution of university expenditures hasn't changed much between 1980 and 2018 at the 50 universities we examined.²²² But *overall* expenditure growth at these institutions has increased steadily, and often precipitously, even after accounting for enrollment increases. The growth in expenditure reflects the equally steady rise in revenues at these universities — and especially the rise in tuition revenue.

Figure 16



Sources: National Center for Education Statistics; author's calculations

Among IPEDS expenditure categories, between 1980 and 2018 the proportion of total expenditures at public universities increased the most for the categories *Research*, *Institutional Support*, and *Student Services*.

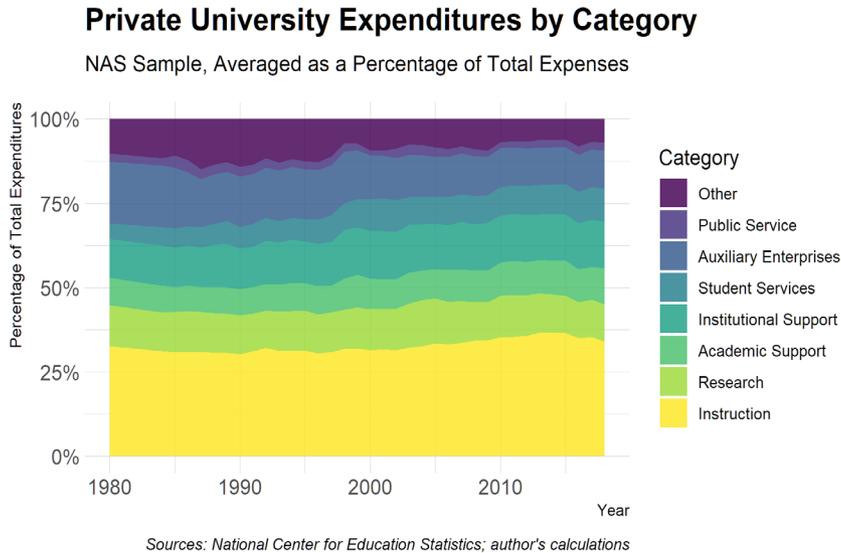
- *Research* increased from 13.0% to 16.3%.
- *Institutional Support* increased from 8.1% to 9.2%.
- *Student Services* increased from 4.6% to 5.1% as a percentage of total expenditures.

²²² Later in the report we will examine the phenomenon of administrative bloat. While some may wish to use *Institutional Support* as a proxy for administrative spending, this does not tell the full story. The distribution of expenditures across IPEDS functional categories tells us very little about administrative bloat: administrative expenses are present in almost every category.

Public universities' increasing focus on research drove their headline increase in research expenditures.

Meanwhile, the proportion of expenditures dedicated to *Instruction* decreased from 37% to 30%.

Figure 17



Between 1980 and 2018 the proportion of total expenditures at private universities increased the most for the categories of *Institutional Support*, *Student Services*, and *Academic Support*.

- *Institutional Support* increased from 11.5% to 13.9%.
- *Student Services* increased from 4.7% to 9.7%.
- *Academic Support* increased from 8.2% to 10.7%.

With private universities' increasing focus on providing a white-glove "college experience," it should come as no surprise that the largest expenditure growth happened to be in these categories.

How Do Universities Use Tuition and State Funding?

American students, parents, and taxpayers expect that universities will use tuition and state appropriations to pay largely for instructional and other directly education-related expenses. They don't think they're paying to subsidize research, public service, or a country-club of a dormitory. They are mistaken. The data suggest that universities divert

substantial portions of tuition and state appropriations toward educationally peripheral expenditures.

Our analysis below uses cost accountability metrics developed by the Delta Cost Project.²²³ We expand on an analysis conducted by Pennsylvania State University education professor John Cheslock. Cheslock analyzed financial accountability at more than 5,000 universities in the 2014-2015 academic year.²²⁴ Though we only consider the 50 colleges in our sample, we expand upon his analysis by performing the same calculations over a period of time — 1997-2018 for private universities, and 2002-2018 for public universities.²²⁵ This allows us to look at trends in these metrics and not just a cross-section.²²⁶

Definitions & Procedures

We use the following definitions and formulas to determine how much colleges spend on Instruction, and Education & Related expenses relative to their Tuition & Fees and State Appropriations revenue.²²⁷

INSTR = Instruction, an NCES-defined category which includes expenditures dedicated toward teaching.

ER = Education and Related (E&R) expenses, which includes not only Instruction but also a portion of expenses for academic support, student services, and institutional support. (E.g. libraries, administrators, and curriculum managers.)

CTFR = Collected Tuition and Fees Revenue, which is a measure of the total tuition and fees revenue received by the university, including revenue from student scholarships and grants directed towards tuition and fees, but excluding such scholarships that are funded by the university.

OSS = Operating Subsidies Share, a portion of both local appropriations and state appropriations.

We calculate four spending ratios:

ER/CTFR: measures the number of dollars spent on E&R for every dollar received through tuition and fees.

ER/CTFR+OSS: measures the number of dollars spent on E&R expenses for every dollar received through tuition and fees AND appropriations that would normally go toward educational expenses.

INSTR/CTFR: measures the number of dollars spent on instructional expenses for every dollar received through tuition and fees.

INSTR/CTFR+OSS: measures the number of dollars spent on instructional expenses for every dollar received through tuition and fees AND appropriations.

If the **ER/CTFR** ratio (orange line) is at 1, that means the university is spending exactly as much on education and related expenses as it is receiving in tuition and fees.

If the **ER/CTFR** ratio is above 1, the university is spending more on E&R expenses than it receives in tuition dollars alone. From this we can infer that E&R expenses must be subsidized through other revenue streams than tuition and fees alone.

223 Issue Brief #2: Metrics For Improving Cost Accountability, Delta Cost Project, February 2009, https://deltacostproject.org/sites/default/files/products/issuebrief_02.pdf.

224 John Cheslock. "Examining Instructional Spending for Accountability and Consumer Information Purposes," The Century Foundation, February 28, 2019, <https://tcf.org/content/report/examining-instructional-spending-accountability-consumer-information-purposes/>.

225 Private universities adopted the Financial Accounting Standards Board (FASB) reporting measures in 1997; public universities adopted the Governmental Accounting Standards Board (GASB) reporting measures in 2002. Our analyses of these two institutional categories begins when the institutions adopted these reporting standards, which provide substantially more data and allow for meaningful comparison.

226 See Appendix B, available at <https://www.nas.org/reports/priced-out> for more information pertinent to the Spending Ratios for all universities in our sample.

227 See Appendix A for more details on the Spending Ratios calculations.

If the **ER/CTFR** ratio is below 1, it means that the university is receiving more in tuition and fees than it is spending on education and related expenditures. We can infer from this that tuition and fees dollars are being used to subsidize other, presumably non-education related, expenditures at the university. In addition, if such a university is receiving state appropriations in addition to tuition, this implies that the university may also be using such appropriations to subsidize non-education related expenditures.

An **ER/CTFR** ratio below 1 indicates as a rule of thumb that students are spending far more than they should for tuition, since state appropriations are supposed to relieve the burden of operating education costs, and not simply be used as subsidy for further institutional expenditure.

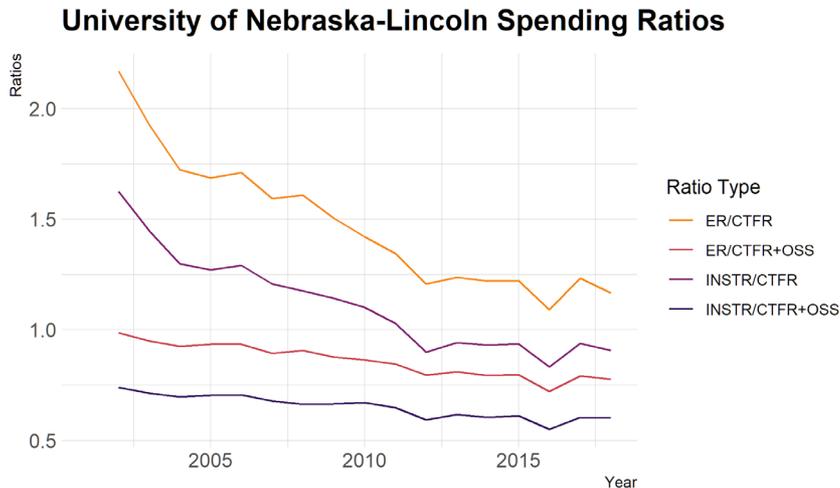
While an **ER/CTFR** ratio above 1 should be the bare minimum for a public university, we would ideally like to see an **ER/CTFR+OSS** ratio (red line) above 1. If this ratio is below 1, it implies that the university is using some combination of tuition and state appropriations revenue to subsidize non-education related expenditures at the university

ER/CTFR+OSS ratios (red line) that are above 1 indicates that the university is likely subsidizing excess educational expenditures through other revenue sources such as grants or private gifts. This is desirable, as it signals that students and taxpayers are getting more “bang for their buck.”

** Side Note: Our analysis emphasizes analyses of Education & Related expenses as universities often provide services beyond instruction, and we want to consider those factors. This means that our analysis gives universities some benefit of the doubt when they claim that non-instructional expenses such as student services, academic support, and institutional support provide an educational benefit. Readers who are more skeptical about the benefit of such non-instructional expenses can apply the concepts we use for E&R ratios to Instruction ratios — especially as the two ratios often move in parallel.

Figure 18 illustrates how the proportions of collected tuition revenues, state appropriations, and spending have shifted over time at the University of Nebraska-Lincoln (UNL):

Figure 18

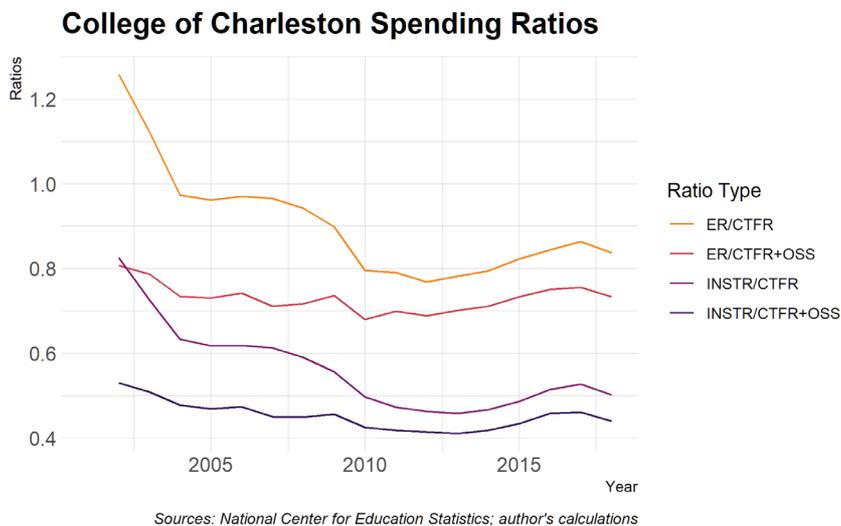


We see several notable patterns at the University of Nebraska-Lincoln:

1. UNL decreased the amount they spent on Education & Related expenses for every dollar they received in Tuition and Fees Revenue, as represented by the orange line.
2. Despite this decrease, UNL was still spending more on E&R expenses than they received in tuition and fees revenue in 2018, the last year of data.
3. Education & Related expenses, relative to both tuition and state appropriations decreased only slightly over time, as represented by the red line.
4. The E&R/CTFR+OSS ratio not only decreased, but also remained below 1 for the entire time period analyzed.

Over time, tuition and fees revenue has grown in importance for UNL as an educational funding source relative to state appropriations. A more speculative inference is that UNL is increasing their tuition so that their total educational support revenue, or CTFR+OSS, keeps pace with their E&R spending. This might be a rather strong conclusion to draw from just one piece of evidence — but it is not alone. Almost every other public university's spending ratios displayed a similar pattern.

Figure 19



The College of Charleston replicates many of UNL's patterns:

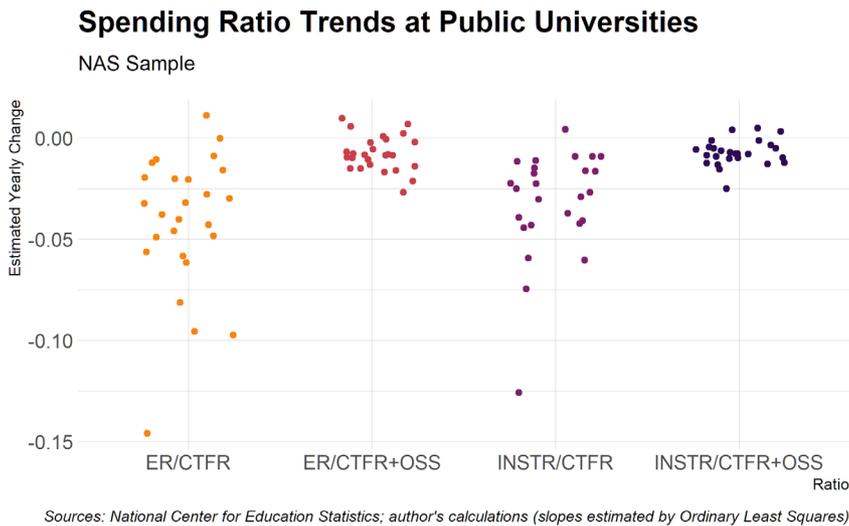
1. Charleston also decreased the amount spent on Education & Related expenses for every dollar received in Tuition and Fees Revenue, as represented by the orange line.

2. Unlike UNL, Charleston's E&R spending is, remarkably, less than what they received from student's tuition dollars by the end of the time period.
3. E&R expenses relative to both state appropriations and tuition revenue remain quite stable over the time period.

College of Charleston does not spend enough on E&R expenditures to use up their tuition revenue, let alone state appropriations. Presumably, this college should be able to lower their tuition significantly and still have sufficient funds to cover their educational expenses.

When we expand our analysis to our other sample public universities, we see that the ratio of collected tuition revenue to E&R expenditures decreases over time for almost all the public universities in our sample. This is demonstrated in Figure 20, which shows the direction and magnitude of each ratio's estimated yearly change at our public universities. Negative values mean a decreasing ratio, positive values mean increasing, and zero means stable. Ratios that only considered collected tuition revenue, the orange and light purple dots, tended to have a downward, or negative, trend over time.

Figure 20



Also, returning to our analyses of UNL and Charleston's ratios, we see that the ER/CTFR+OSS ratio is relatively stable across most public universities in our sample. This is represented in Figure 20 by the cluster of red and indigo dots close to zero.

This stability, combined with the downward trend of the ER/CTFR ratio at the same public universities, leads to important conclusions about public university funding in our sample. It first implies that universities have increased tuition in a way that keeps the total of tuition and state appropriations level with educational (E&R) expenditures. If E&R

expenditures had been stable during this time period for these schools, this would imply that schools are compensating for losses in state funding using tuition increases.

Except E&R expenditures haven't been stable — they've been increasing for almost all the universities in our sample. And tuition increases have more than compensated for any losses in state funding. What's truly happening is that tuition increases are being used partially to compensate for the loss in state funding, but mostly to cover increases in expenditures. While university administrators have been loudly complaining about state funding cuts, they have also been steadily increasing their spending.

We cannot generalize so easily about private universities, whose characteristics vary far more widely than do public universities. Institutions such as Stanford University and Brigham Young University, which receive substantial revenue from sources such as *Private Gifts, Grants, and Contracts*, spent more than \$2 on E&R for every dollar they received in tuition. Villanova and Albright, whose revenues depend heavily on tuition and fees, usually spent less than \$1 on E&R for every dollar they received in tuition. Generally speaking, we can say that larger, research-focused universities are able to subsidize E&R expenditures using other sources of funding besides tuition, while smaller liberal arts colleges sometimes use tuition to subsidize peripheral activities.

All universities, public and private, have generally used increasing tuition to subsidize substantial growth in expenditures. Universities will not be able to cut tuition until they are willing to cut their expenditures — or at least stop increasing them.

“Tuition increases are being used partially to compensate for the loss in state funding, but mostly to cover increases in expenditures.”

Things May Be Worse Than They Look: Accounting Issues

Far too many universities spend less on education and related expenditures than they receive in tuition and fees — and our figures probably understate the problem.

Categories such as *Instruction* are too broad and include activities that really shouldn't be included in “instructional spending,” such as expenditures for research and public service that are budgeted at the departmental level. The official category of *Instructional* spending really includes a large portion of ancillary activities — and that means that students are getting an even worse return in instruction for their tuition dollars than the official figures

reveal.²²⁸ University financial reporting standards should be revised so that *Instruction* only includes actual expenditures for teaching students.

Instruction also combines remedial education with college-level instruction. A university's real job is to provide a rigorous undergraduate education; money spent to bring students up to the standard they should have possessed before they were admitted to college is money wasted by a college that has failed to maintain proper admissions standards. University financial reporting standards should be revised so that *Instruction* excludes remedial courses. *Instruction* as a functional category should only include expenses used directly for teaching students.

Student Services is also too broad. Student admissions employees, for example, should be included under *Institutional Support*, since their services do not help current students at the school. By including such externally-facing categories in *Student Services*, universities inflate the direct return students appear to receive for their tuition. University financial reporting standards should be revised so that *Student Services* only includes only actual services for students.

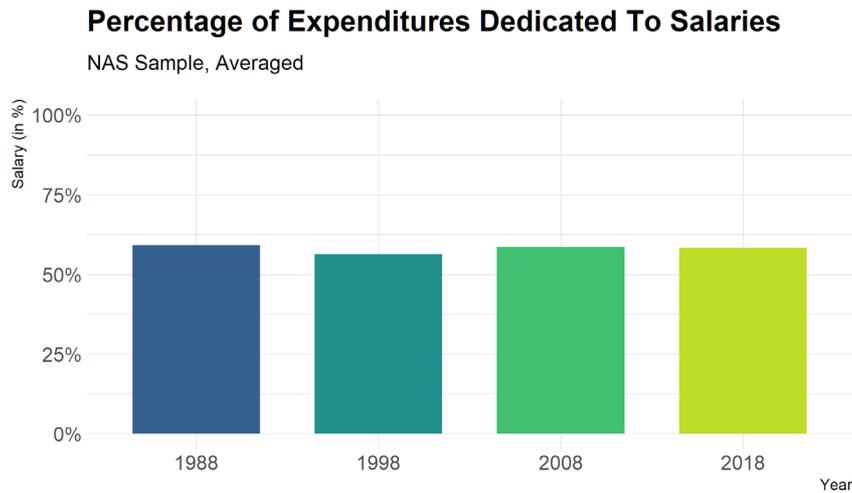
Broad categories such as *Instruction* and *Student Services* generally include far less instruction and student services than they claim to provide. Public institutions too frequently complain that they receive insufficient government support when students, taxpayers, and legislators have more reason to complain that public institutions are poor stewards of the money they receive.

Administrative Bloat

The majority of each of the 8 functional expenditure categories pays the salaries and wages of university employees. Figure 21 shows that in 2018, as for decades past, about 60% of these expenditures at our 50 universities went towards the salaries of professors, administrators, and staff. Expenditures on salaries generally have risen in tandem with overall university expenditures.

228 Andrew Kerr. "High College Costs Driven By Deceptive Accounting Practices," *Daily Caller News Foundation*, January 22, 2018, <https://daily-caller.com/2018/01/22/high-college-costs-deceptive-accounting/>.

Figure 21



Sources: National Center for Education Statistics; author's calculations

Higher education's critics frequently describe this kind of growth as *administrative bloat*.²²⁹ As stated in the introduction, we define administrative bloat as *the wasteful expansion of spending on administrators and staff*.

In order to identify administrative bloat empirically, we need to answer four questions:

1. How much has the number of administrators and staff increased over time?
2. Where has the growth been concentrated?
3. How much have expenditures on administrative and staff positions increased over time?
4. Where has the expenditure growth been concentrated?

IPEDS provides the main source of data we can use to answer these questions.²³⁰ IPEDS has reported the number of administrative and staff positions at universities since 1987. Prior to 2012, IPEDS assigned university administrators and staff to one of six categories: *Clerical and Secretarial*, *Executive and Managerial*, *Technical and Paraprofessional*, *Other Professionals*, *Service/Maintenance*, and *Skilled Crafts*. IPEDS also reported the number of employees in these categories that occupied various salary ranges. From 2012 onward, IPEDS assigned administrators and staff to more granular categories, such as “librarians, curators, and archivists” or “community service, legal, arts, and media.” Unfortunately, IPEDS also stopped

²²⁹ See Philip Hamburger, “Stop Feeding College Bureaucratic Bloat,” *The Wall Street Journal*, June 2, 2019, <https://www.wsj.com/articles/stop-feeding-college-bureaucratic-bloat-11559507310>.

²³⁰ IPEDS changed its staff reporting requirements to include specific occupational categories from 2012 onwards. In order to accommodate for this change to make a comparison between 1987 to 2018, we combined pre-2012 categories that were equivalent to the occupational categories currently used. The analysis excludes *Sales and Related* occupations, a new category added in the 2012-2013 collection year because it did not fit into any of the pre-2012 occupational categories. “2012-13 IPEDS Human Resources (HR) Occupational Categories Compared with 2011-12 IPEDS HR Primary Function/Occupational Activity Categories,” Department of Education, National Center for Education Statistics, https://nces.ed.gov/ipeds/resource/download/IPEDS_HR_2012-13_compared_to_IPEDS_HR_2011-12.pdf.

collecting salary data after 2012.²³¹ We can tell when there are too many administrators, but we have less ability to tell when they are paid too much.

IPEDS provides a standard category-mapping that allows us to combine data across the 2012 caesura — but with two caveats. We have to combine *Other Professionals* and *Technical* workers, and we have to combine *Service/Maintenance* and *Skilled Crafts*.²³² Nevertheless, we can generally track the growth in administrative positions over the entire time period from 1987 to 2018.

Figure 22

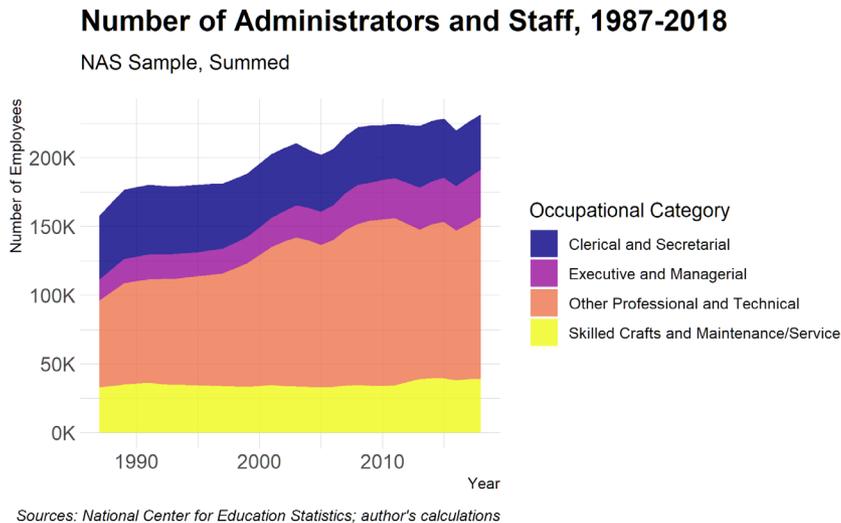


Figure 22 demonstrates that the total number of administrators and staff in our sample has grown over the past three decades — and the growth has been heavily concentrated in the *Other Professional and Technical* and *Executive and Managerial* categories. *Other Professional and Technical* has grown from 63,321 in 1987 to 117,910 employees in 2018, an 86% growth. *Executive and Managerial* has grown by 124%, from 15,342 in 1987 to 34,327 employees in 2018. We will discuss below the jobs and responsibilities included in these categories.

We have not been able to track salaries with equal precision. IPEDS does provide data on salary ranges, but the upper and lower ranges are unbounded (think “\$30,000 or below” or “\$100,000 and above”). This makes it impossible to calculate summary statistics such as averages and totals. In addition, the ranges change from year to year, and the bounds of the

231 See Aida Aliyeva, Christopher A. Cody, and Kathryn Low, *The History and Origins of Survey Items for the Integrated Postsecondary Education Data System (2016–17 Update)*, (NPEC 2018-023), Department of Education, March 2018, https://nces.ed.gov/ipeds/pdf/NPEC/data/NPEC_Paper_IPEDS_History_and_Origins_2018.pdf.

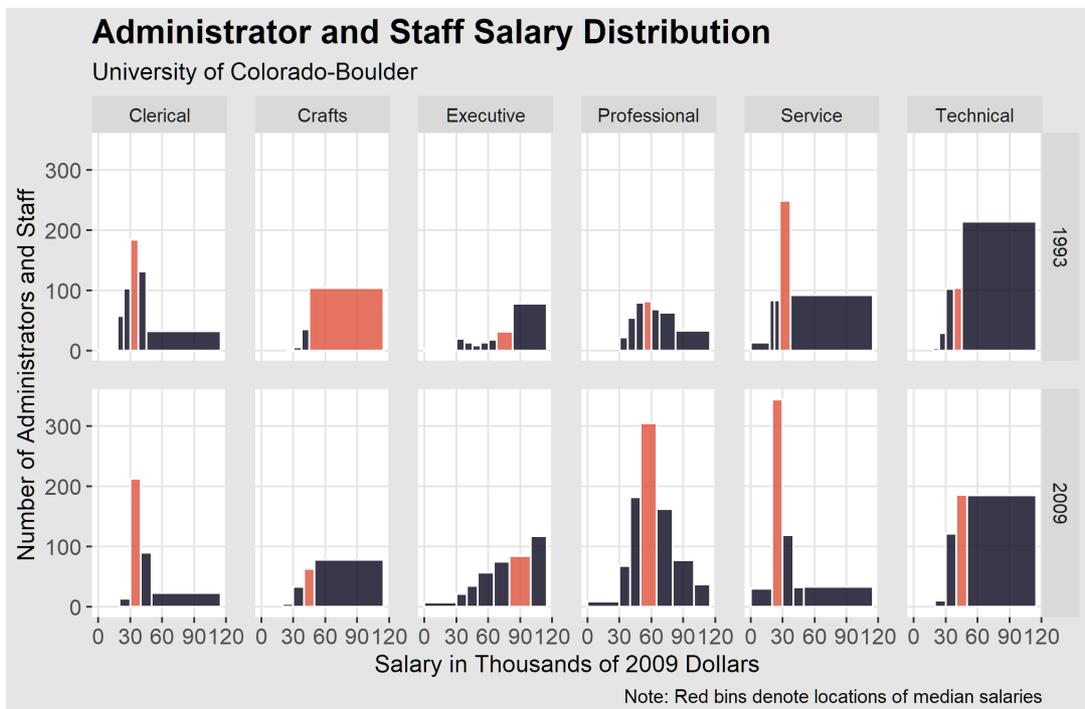
232 IPEDS Human Resources Occupational Category called *Service Occupations*, includes both *Technical* and *Service/Maintenance* workers. This means it cannot be cleanly mapped into one of the four staff categories in our analysis. We dealt with this by including service occupations in the *Skilled Crafts and Service/Maintenance* category, as the jobs included are primarily blue-collar, and the vast majority reasonably fall under *Service/Maintenance*.

ranges are not inflation adjusted. We were able, nevertheless, to use the available data to create a display that enables comparison between 1993 and 2009, the first and last years when universities provided consistent salary data. Even though the ranges do not have bounds, we were still able to track the range in which the median salary for that type of position falls. The range in which the median salary falls is shown in red. The width of each bin represents the salary range limits, where salaries are in thousands of 2009 dollars.

An example is shown below for the University of Colorado-Boulder. A couple of notes to aid in interpreting the figure:

1. Any bin which borders the left or right edge of its category's plot corresponds to an unbounded salary range in the data. In other words, bins on the left edge are encoded as "\$X and below," and bins on the right edge are encoded as "\$Y and above."
2. Even bins corresponding to bounded salary ranges have unequal widths. Thus, be cautious when interpreting the relative heights of the bins.
3. Because of both changes in reporting and our inflation adjustments, the bins' boundaries may not line up exactly between the years.

Figure 23



In order to measure salary growth or decline in each category, we can use shifts in the median salary range as an approximation. Here's what we can take away from Figure 23:

1. At the University of Colorado-Boulder, salaries for *Technical, Clerical, Crafts, and Service* workers remained relatively stable between the two years.
2. More people were hired in the upper end of the distribution for *Executives*.
3. More people were hired in the middle of the distribution for *Other Professionals*.
4. The median salary remained stable across most of the administrative categories, except for *Executives*. The median salary for *Executives* increased.
5. It remains unclear whether there was a shift in median salary for *Crafts and Services*, because of overlapping ranges.

This approach only provides limited information, so we will supplement this information with more detailed employment information from the institutions themselves to aid in analysis. In the next section, we will incorporate the above median salary analysis within a broader characterization of each staff category.

An Overview of the Staff Categories

Clerical and Secretarial employees generally perform lower-level administrative work and work in positions such as assistants, clerks, and computer operators. Clerical positions decreased at 32 of our schools between 1987 and 2011. This trend is likely due to increased technology, which allows administrators and other staff members to prepare their own documents.²³³ A corollary, however, is that a substantial amount of “administrative” employment disguises *Clerical and Secretarial* labor.

Median *Clerical and Secretarial* salaries remained the same for most schools between 1993 and 2009, approximately \$30,000 per year in 2009 dollars. We note that *Clerical and Secretarial* employees tend to be paid less than most other administrators and staff, and (as we shall see) have not seen salary increases to match their better-paid colleagues. Universities' administrative bloat seems disproportionate among the better paid.²³⁴

We received employee data for the University of Georgia (UGA) through Open Georgia.²³⁵ We have manually categorized each job title based on IPEDS reporting requirements.²³⁶ Figure 24 reveals the most common job titles for *Clerical and Secretarial* positions at UGA in 2018.

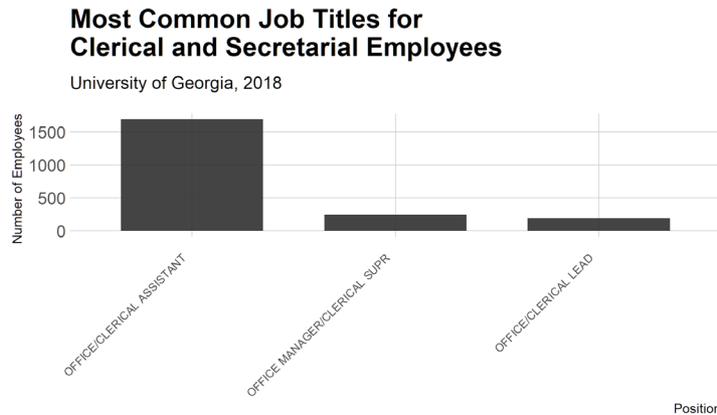
233 “Secretaries and Administrative Assistants.” Bureau of Labor Statistics. <https://www.bls.gov/ooh/office-and-administrative-support/secretaries-and-administrative-assistants.htm#tab-6>.

234 See Appendix B: University Profiles, for substantiating data for information throughout this section, available at <https://www.nas.org/reports/priced-out>.

235 Open Georgia, <http://www.open.georgia.gov/openga/salaryTravel/list>. Open Georgia's data do not differentiate between full- and part-time employees, or employees who were employed less than the full fiscal year.

236 IPEDS HR/SOC Browse Tool, U.S. Department of Education, NCES, <https://surveys.nces.ed.gov/ipeds/public/hrsoc-browse>.

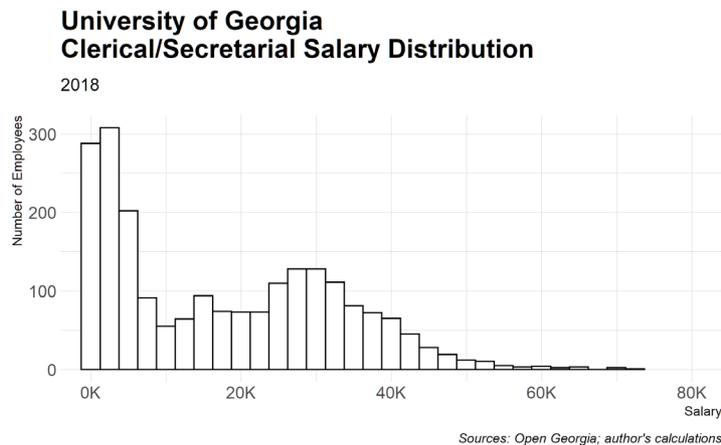
Figure 24



Sources: Open Georgia; author's calculations using IPEDS HR Occupational Categories

Considering the salary distributions of *Clerical and Secretarial* workers at UGA in 2018, we see that the trend is similar to the 1993 and 2009 data, with the majority of the salaries hovering between \$20,000-\$40,000;²³⁷

Figure 25



Sources: Open Georgia; author's calculations

Executive and Managerial employees are upper-level administrators such as presidents, deans, provosts, and managers, who oversee departments, offices, divisions, and schools. The number of *Executive and Managerial* employees increased at 40 of our schools — in tandem with the growth of entirely new administrative units within universities, each of which requires its own executives and managers.²³⁸

The median salaries for *Executive and Managerial* positions tended to shift upward for most schools, with the median salaries in 2009 ranging from \$60,000 to over \$100,000.

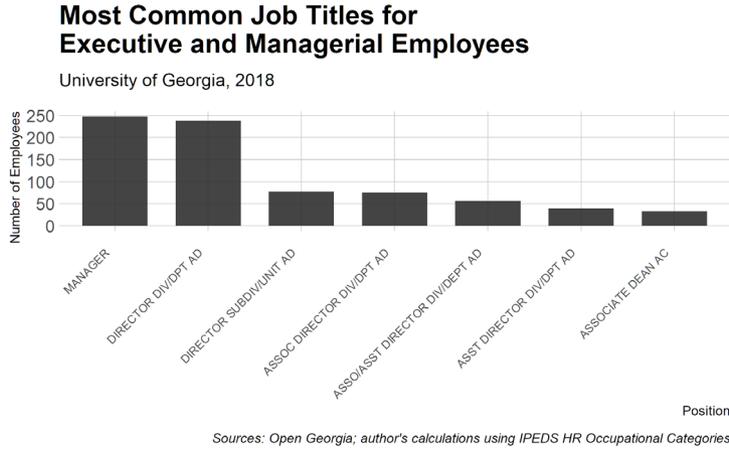
237 The reader should disregard the information for those earning below \$10,000. This category likely represents employees who were paid for less than a year, are part-time staff, or worked for only a short period of time before leaving the university.

238 "Top Executives." Bureau of Labor Statistics. <https://www.bls.gov/ooh/management/top-executives.htm#tab-6>.

29 schools also increased the number of executives and managers in the middle to upper ends of the category’s salary distribution.

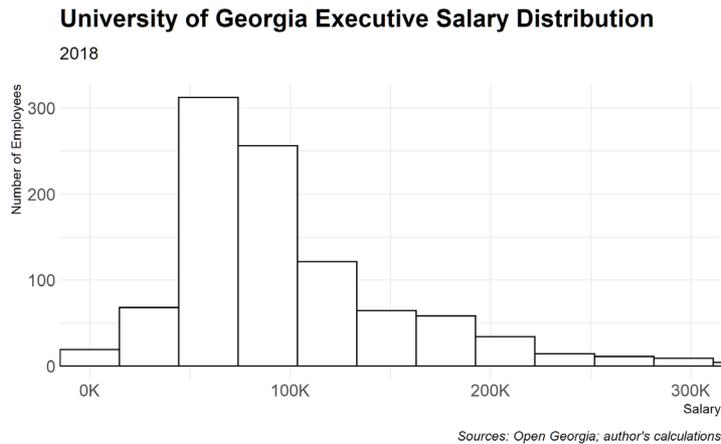
Figure 26 displays the most common *Executive and Managerial* positions at UGA.

Figure 26



Salary distributions of *Executive and Managerial* workers at UGA in 2018 were similar to the 1993 and 2009 distributions, with salaries skewing toward \$50,000-\$150,000;²³⁹

Figure 27



Other Professionals encompasses a variety of vocations, from engineering to business to social services. Most of these jobs require postgraduate education. 47 out of 50 schools increased the number of other professional workers.

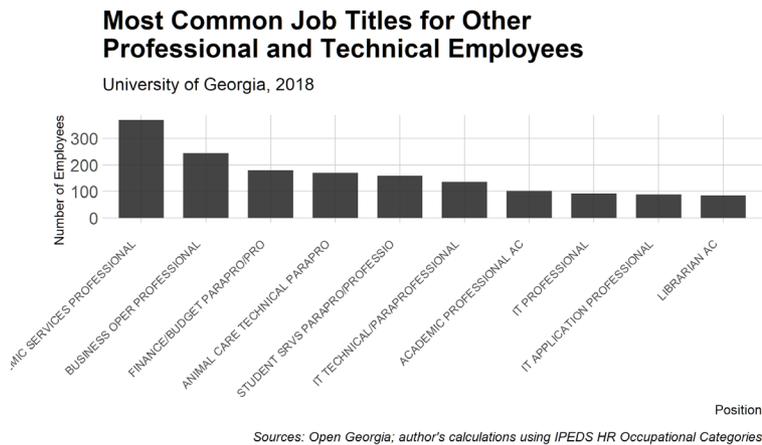
²³⁹ Disregard the information for those earning below \$10,000 because they likely represent employees who were paid for less than a year, are part-time staff, or could have worked for a short period of time before leaving the university.

Median salary generally remained stable over time for *Other Professionals*, between \$50,000 and \$60,000. 32 out of 50 schools, however, increased the number of *Other Professionals* in the middle to upper ends of the salary distribution.

Technical and Paraprofessional workers are generally skilled specialists who acquire their skills by on-the-job training or specialized education. There wasn't a clear trend for median salaries in this category between 1993 and 2009. *Technical and Paraprofessional* workers underwent highly variable changes during this time period. Between 1987 and 2011, the number of technical and paraprofessional workers decreased at 24 schools, increased at 19, and remained stable at 5. Of that final 5, 4 were small, private liberal arts colleges: Albright College, Berea College, Sierra Nevada University, and University of the Ozarks.

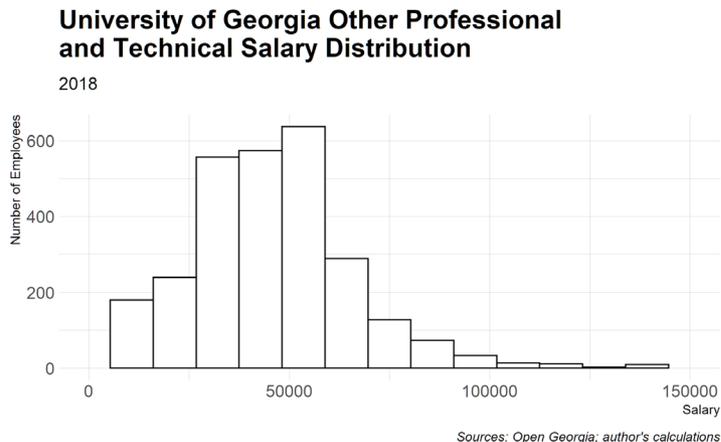
Figure 28 displays the most common professional and paraprofessional positions at UGA.

Figure 28



At UGA, the salary distribution for *Other Professionals and Technical* was:

Figure 29

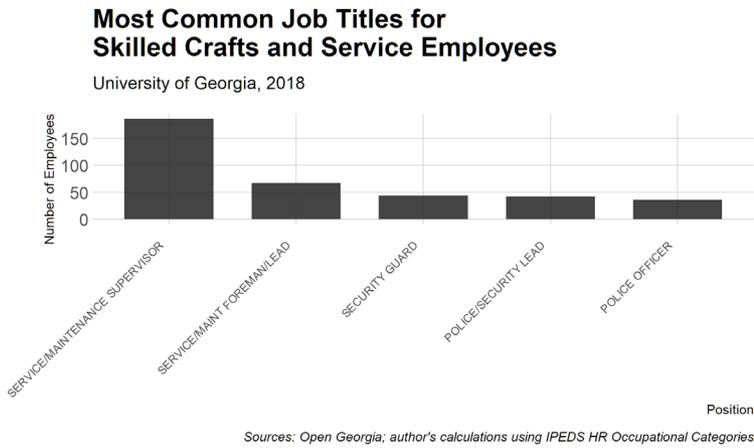


The final two categories are *Skilled Crafts* and *Service/Maintenance*. *Skilled Crafts* employees, such as tree surgeons, welders, and carpenters, rely on apprenticeships and work experience to develop specific manual skills. 27 schools increased the number of skilled crafts workers, but there were no clear salary trends.

Service/Maintenance workers keep campus property safe, clean, and comfortable — workers in this category include police officers, chefs, and housekeepers. *Service/Maintenance* workers experienced no clear hiring trend: 25 schools decreased the number of workers in this occupational category while 24 schools increased the number of *Service/Maintenance* workers. The median salaries for *Service/Maintenance* workers remained stable.

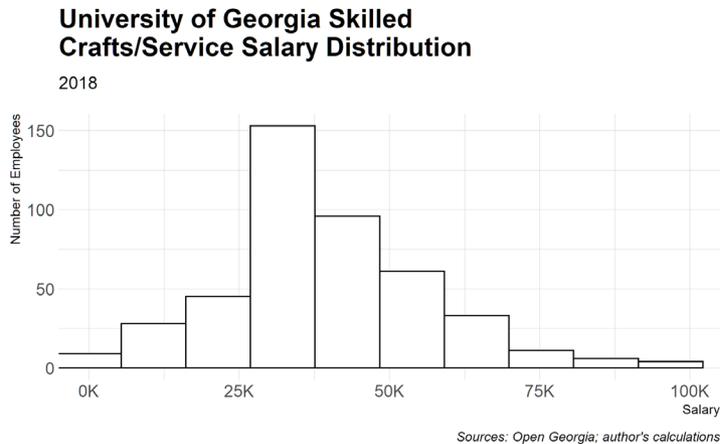
Figure 30 displays the most common *Skilled Crafts and Service* positions at UGA.

Figure 30



In 2018, *Skilled Crafts and Service/Maintenance* salaries at UGA were concentrated between \$25,000-\$50,000:

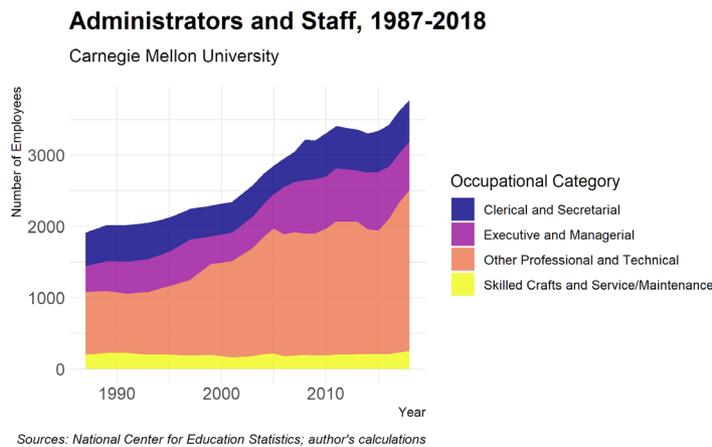
Figure 31



Judging by the salary data, universities allocated increasing financial resources between 1987 and 2018 toward *Other Professionals* and *Executives* relative to other staff categories. The overall number of administrators and staff has increased dramatically — and our analysis of the pre-2012 data clearly indicates that this growth has been driven by the growing employment of *Other Professionals* (even when separating *Other Professionals* and *Technical and Paraprofessionals*, growth in *Other Professionals* dominates).

Some measure administrative bloat relative to enrollment changes by considering administrators in relation to full-time equivalent (FTE) students, but not in raw numbers.²⁴⁰ In order to address whether this difference matters, let's have a look at an example: Carnegie Mellon University.

Figure 32

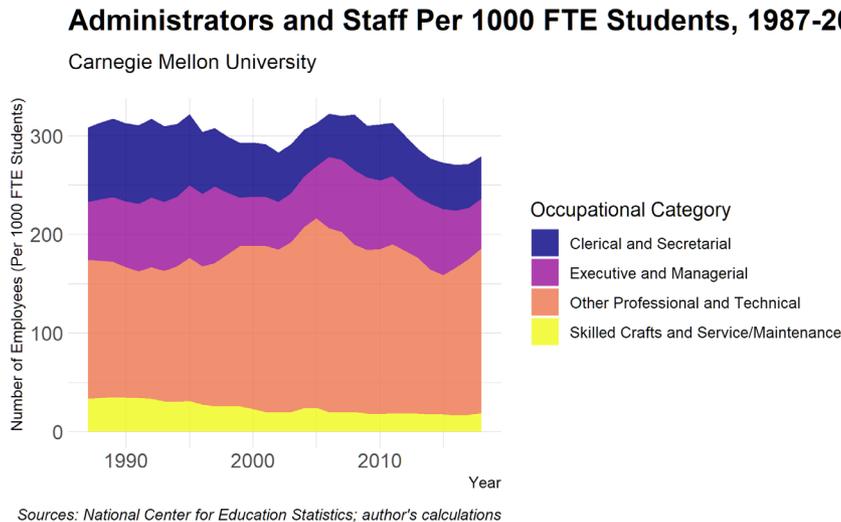


At Carnegie Mellon, the number of *Executive, Managerial, Other Professional, and Technical* administrators increased from 1,238 to 2,934 between 1987 and 2018 — an increase of 137%.

Carnegie Mellon also significantly increased its full-time student enrollment from 4,137 students in 1987 to 6,343 in 2018. Taking this into account, the ratio of administrators to students has remained relatively constant, as seen in Figure 33.

240 Robert Kelchen, "Is Administrative Bloat Really a Big Problem?," blog, May 10, 2018, <https://robertkelchen.com/2018/05/10/is-administrative-bloat-a-problem/>.

Figure 33



This suggests that the university increased its student enrollment over time and increased the number of administrators at a rate which kept the ratio constant over time.

This stability is deceptively reassuring. A larger, cost-minimizing institution ought to be able to take advantage of economies of scale to hire *fewer* administrators per student. Administrators' workloads rarely increase in one-to-one proportion to the increase in the number of students. Carnegie Mellon appears to have taken advantage of precisely these economies of scale for its *Clerical, Secretarial, Skilled Crafts, and Service/Maintenance* workers — its lowest-paid workers, and the ones who do the hard work that actually keeps the university running. In fact, one might be more likely to say that these employees' work increases in closer proportion to the increase in the number of students. The stability in the ratio of administrators per student indicates a tremendous opportunity cost of foregone economies of scale, and is not by itself a refutation of the administrative bloat hypothesis.²⁴¹

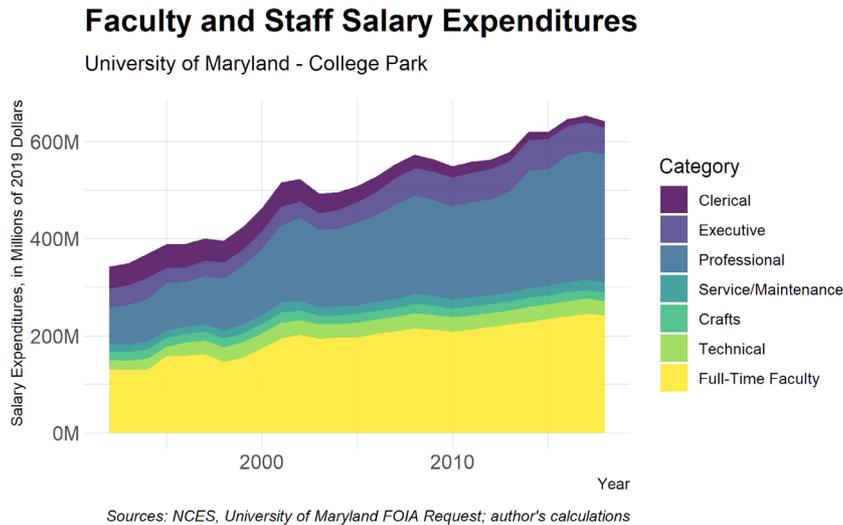
A Closer Look

The University of Maryland-College Park (UMCP) provided department-level data for the average salary and the number of employees for *Clerical, Other Professional, Executive, Service, and Technical* positions between 1992 and 2019.²⁴² When we combine these data with IPEDS faculty salaries data, we can assemble a remarkably complete portrait of UMCP's total salary expenditures for full-time faculty and staff.

²⁴¹ The fact that as enrollment increases, universities are investing in more costly employees rather than less costly employees, and foregoing possible efficiencies through economies of scale, aligns rather well with Bowen's theory of revenue (discussed elsewhere in this report). Essentially, bloated labor costs appear in universities because they are not cost minimizing.

²⁴² FOIA request to University of Maryland-College Park, received January 30, 2020.

Figure 34



Here as elsewhere, the growth in *Professionals* and *Executives* drove administrative salary expenditures growth. Full-time faculty salary expenditures grew as well, but it is astonishing to note that more funds are dedicated to *Professional* administrators than full-time faculty. In 1992, expenditures dedicated toward *Professionals* was \$74 million while expenditures dedicated to full-time faculty were \$131 million; by 2018, \$264 million was dedicated toward *Professionals*, outpacing the \$242 million spent on faculty.

UMCP's data also allows us to analyze salary data at a more granular level.

Figure 35 (in 2019 dollars)**Total Salary Expenditures by Division, University of Maryland - College Park**

Division	Total Salary Expenditures		
	1992	2019	Percentage Change
VP For University Relations	\$3.3M	\$21.5M	+560.2%
VP for Research	\$2.4M	\$15.3M	+543.3%
Robert H. Smith School of Business	\$3.3M	\$18.6M	+469.6%
Sr VP Academic Affairs & Provost	\$4.2M	\$22.1M	+432.0%
College of Information Studies	\$0.6M	\$2.7M	+388.8%
School of Public Policy	\$1.2M	\$3.8M	+204.3%
Office of the President	\$9.7M	\$27.9M	+188.8%
School of Architecture, Planning, & Preservation	\$0.8M	\$2.1M	+161.5%
School of Public Health	\$2.0M	\$5.2M	+160.7%
Division of Information Technology	\$12.2M	\$27.4M	+123.6%
College of Arts & Humanities	\$8.0M	\$17.2M	+114.5%
College of Behavioral & Social Sciences	\$5.9M	\$12.3M	+109.5%
College of Agriculture & Natural Resources	\$10.7M	\$21.9M	+105.9%
A. James Clark School of Engineering	\$12.0M	\$22.6M	+88.0%
VP Administration & Finance	\$23.3M	\$43.1M	+85.3%
VP for Student Affairs	\$30.6M	\$55.4M	+81.0%
Philip Merrill College of Journalism	\$1.0M	\$1.7M	+79.2%
Facilities Management	\$35.1M	\$48.0M	+36.5%
College of Computer, Math & Natural Sciences	\$21.3M	\$24.3M	+14.4%
Undergraduate Studies	\$8.3M	\$8.9M	+8.2%
College of Education	\$4.6M	\$4.6M	-2.0%
Libraries	\$10.6M	\$6.2M	-41.2%
Office of Professional Studies	\$0.7M	-	-
Graduate School	-	\$1.5M	-
Office of Extended Studies	-	\$1.6M	-
Shady Grove Center	-	\$6.7M	-

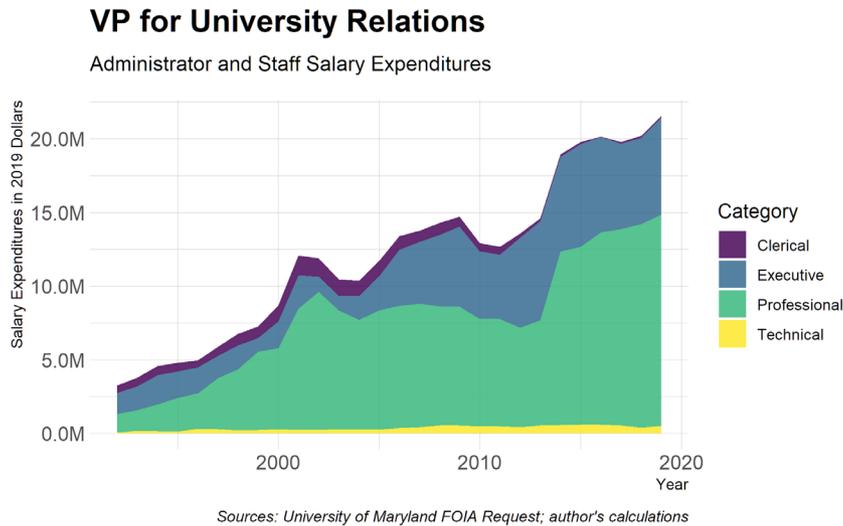
Figure 35 shows the largest increases in salary expenditures went to the VP for University Relations (+560%), the VP for Research (+543%), the Business School (+470%), the Senior VP Academic Affairs & Provost (+432%), and the College of Information Studies (+389%).

The VP for University Relations focuses on marketing, fundraising, and the associated web developments; its employees possess titles such as “Digital Content Strategist,” “Director, Brand Marketing,” and “Associate Vice President, Strategic Communications.”²⁴³

243 Division of University Relations, University of Maryland, accessed November 2, 2020, <https://urhome.umd.edu/about/directory/>.

Salary expenditures within the office of the VP for University Relations increased sharply from \$3.26 million in 1992 to \$21.55 million in 2019.

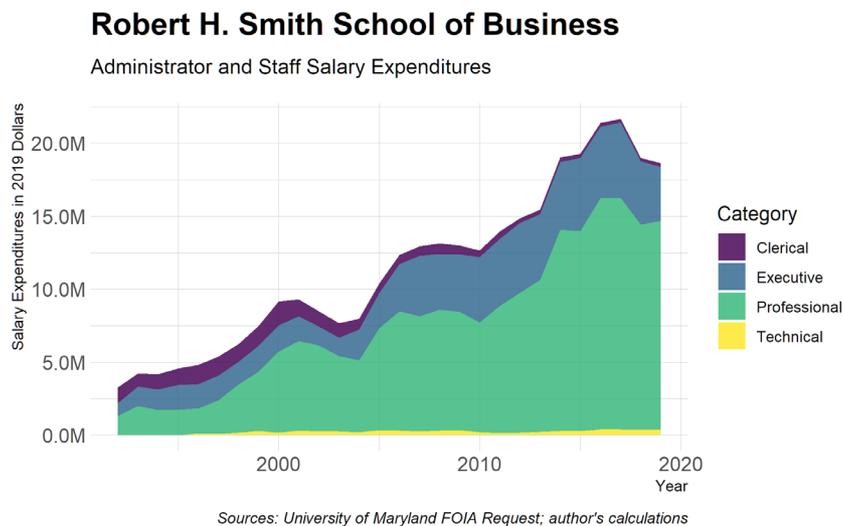
Figure 36



The VP for University Relations is a poster child for administrative bloat. *Clerical* salary expenditures virtually disappeared between 1992 and 2019. *Technical and Paraprofessional* salaries remained at a comparatively low level. *Executive and Administrative* salaries almost quintupled, and salary expenditures for *Other Professionals* increased by an astonishing 1,034% during the time period.

Salary expenditures increased in a remarkably similar fashion at University of Maryland's Business School, from \$3.27 million to \$21.55 million in the same time period.

Figure 37



Once more, *Clerical* salary expenditures virtually disappeared, *Technical and Paraprofessional* salaries remained at a low level, *Executive and Administrative* salaries quadrupled, and *Other Professional* expenditures increased by 971%.

We should recollect that these are not expenditures to pay instructors or teaching assistants. The Business School operates as a microcosm of the university as a whole, running its own Development and Alumni Relations office, an office of Marketing and Communications²⁴⁴, and niche academic units such as the “Center for Social Value Creation.”²⁴⁵ The growing number of administrators at the School of Business recapitulates administrative bloat at UMCP as a whole.

The VP for Research oversees the research operations of the university, manages several research centers, and sets the research agenda for the university.²⁴⁶ Research employees include “Director of Strategic Corporate Research Relationships,” “Chief Innovation Officer,” and “Export Compliance Officer.”²⁴⁷ Many of those who work in research initiate and manage politicized topics such as “Sustainability and Climate Adaptation” and “Language Sciences and Culture,”²⁴⁸ in addition to defense-related topics such as “Unmanned Autonomous Systems”²⁴⁹ and pure research topics such as “The Future of Information,” which explores “new, transdisciplinary ways of conducting research related to accessing data.”²⁵⁰

The New Buzzword on the Block

Maryland’s research units, along with research units across the country, incorporate a strange new word into their mission statements: *transdisciplinary*. This word is discussed in a publication from the UN’s Sustainable Development department:

Trans-disciplinary work moves beyond the bridging of divides within academia to engaging directly with the production and use of knowledge outside of the academy.... The radical roots of inter- and trans-disciplinary approaches are important for understanding that one of the original aims was that of ‘conscientization,’ defined as “a process wherein people develop critical consciousness through collective inquiry reflection, and action on the economic, political, and social contradictions they are embedded in.”²⁵¹

This jargon suggests that transdisciplinary expenditure is dedicated to social justice propaganda rather than to education.

244 Robert H. Smith School of Business, University of Maryland, <https://www.rhsmith.umd.edu/about-us/contact-us#Programs>.

245 Center for Social Value Creation, Robert H. Smith School of Business, University of Maryland, https://www.rhsmith.umd.edu/centers-excellence/social-value-creation#_ga=2.96473050.412484794.1597779932-1110532980.1597779932.

246 “Message from the Vice President,” Division of Research, University of Maryland, <https://research.umd.edu/about/vp-message>.

247 “Staff,” Division of Research, University of Maryland, <https://research.umd.edu/about/staff>.

248 “Key Areas and Themes,” Division of Research, University of Maryland, <https://research.umd.edu/capabilities/areas-themes>.

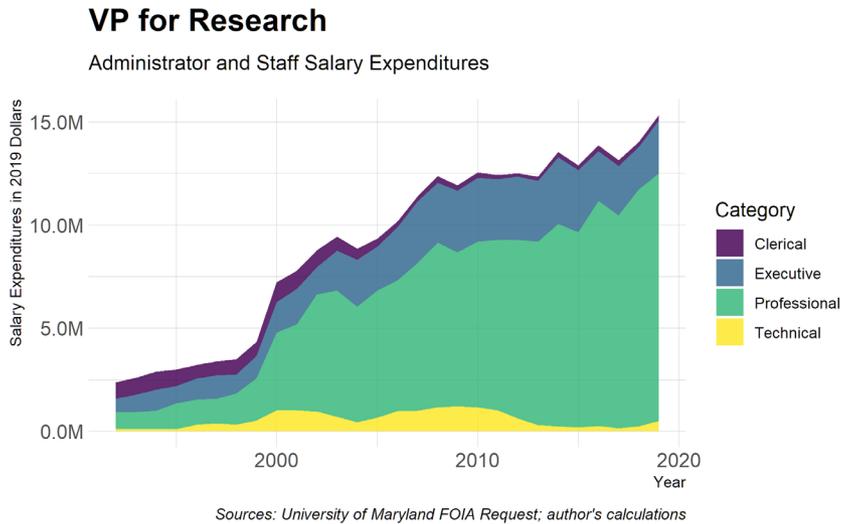
249 “Unmanned Autonomous Systems,” Division of Research, University of Maryland, <https://research.umd.edu/unmanned-autonomous-systems>.

250 “The Future of Information,” Division of Research, University of Maryland, <https://research.umd.edu/capabilities/areas-themes/future-information>.

251 Anne H. Toomey, Nils Markusson, Emily Adams, Beth Brockett. “Inter- and Trans-disciplinary Research: A Critical Perspective,” GSDR 2015 Brief, <https://sustainabledevelopment.un.org/content/documents/612558-Inter-%20and%20Trans-disciplinary%20Research%20-%20A%20Critical%20Perspective.pdf>.

Yet despite a very different set of responsibilities, changes in staff salary expenditures in VP for Research remarkably parallel those at University Relations and School for Business.

Figure 38



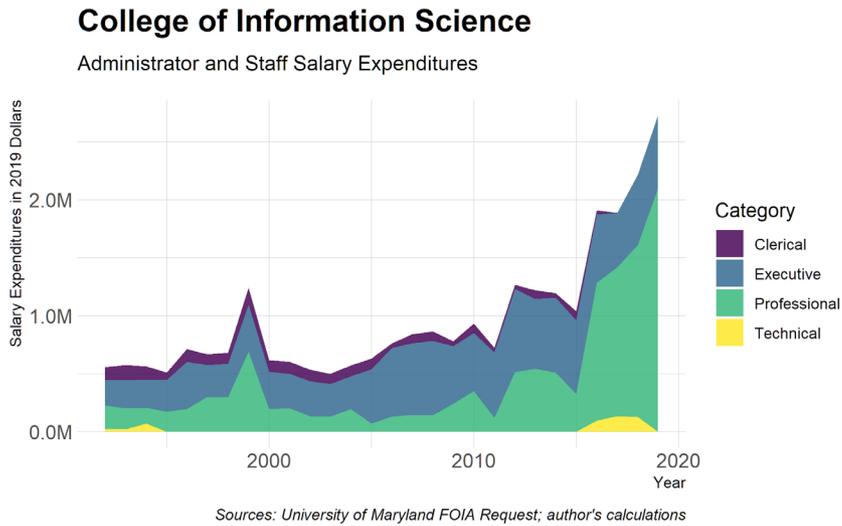
Once more, *Clerical* salary expenditures virtually disappeared, *Technical and Paraprofessional* salaries remained at a low level, *Executive and Administrative* salaries approximately quadrupled, and salary expenditures for professionals increased by an extraordinary 1,380%.

The College of Information Studies (UMD iSchool) underwent rapid staff growth in the past three decades. The iSchool combines computer science, library science, and associated activities that fit under the “information” rubric.²⁵² Staff titles include “Graphic Design and Media Coordinator,” “Assistant Director of Communications,” and “Educational Programming Coordinator.”²⁵³ The iSchool is a small division, which is sensitive to fairly small absolute increases. The division only hired 10 people across our occupational categories in 1992. By 2018, there were 35 people in the unit — 32 people in the other professional category and 3 people in executive roles.

252 “The Mission and History of the iSchool,” College of Information Studies, University of Maryland, <https://ischool.umd.edu/about/mission-history-ischool>.

253 “Directory, College of Information Studies, University of Maryland, <https://ischool.umd.edu/about/directory?jobtype=43&focus-area=All&keys=&nfilter=&page=0>.

Figure 39



Executive and Other Professional salary expenditures combined increased salary expenditures by 540% between 1992 and 2019.

The Senior VP Academic Affairs & Provost (AAP) division increased by 432% between 1992 and 2019. The Senior VP for Academic Affairs is responsible for setting the academic priorities of the university.²⁵⁴ As with UMCP's other divisions, *Other Professionals* and *Executives* drove the salary expenditure growth. Given the size of this division, it's worth taking a look at its component offices. Figure 40 shows the departments inside the AAP division, organized by total salary expenditures and average staff salary in 2019:

Figure 40

Average Salary Expenditures, Sr VP Academic Affairs & Provost (UMCP)

Department	Total Salary Expenditures	Average Salary
Sr VP Academic Affairs & Provost	\$5.63M	\$144,483
Enrollment Management	\$4.28M	\$67,917
Office of International Affairs	\$3.51M	\$77,917
Office of Registrar Main	\$2.55M	\$67,203
Institute for Bioscience & Biotechnology Research	\$2.37M	\$91,042
Office of Inst Research, Planning & Assessment	\$1.36M	\$84,963
Teaching and Learning Transformation Center	\$0.8M	\$88,683
Center for Leadership & Organizational Change	\$0.49M	\$82,429
Academy for Innovation & Entrepreneurship	\$0.33M	\$109,177

²⁵⁴ Division of Academic Affairs, University of Maryland, <https://academiccatalog.umd.edu/about-university/campus-administration-deans/academic-affairs/>.

Figure 40

Average Salary Expenditures, Sr VP Academic Affairs & Provost (UMCP)

Department	Total Salary Expenditures	Average Salary
University Senate	\$0.27M	\$68,338
University System of MD at Southern Maryland	\$0.26M	\$66,001
Academic Services Planning	\$0.25M	\$84,017

Within AAP, the Academy for Innovation & Entrepreneurship (I&E), founded in 2013, stands out for its anomalous salary structure and function. While the *Executive/Administrative*-focused department of the VP itself possesses the highest average salary, \$144,483, I&E has the second-highest, \$109,177. Its function is remarkably opaque at first glance,²⁵⁵ but further investigation reveals it to be a mixture of business-oriented internships and social justice activism disguised as “experiential learning.” Social justice activism courses cross-listed with I&E include “Strategy for Social Activism,” “Engineering for Social Change,” and “Cultural Themes in America: Food, Trauma and Sustainability.”²⁵⁶

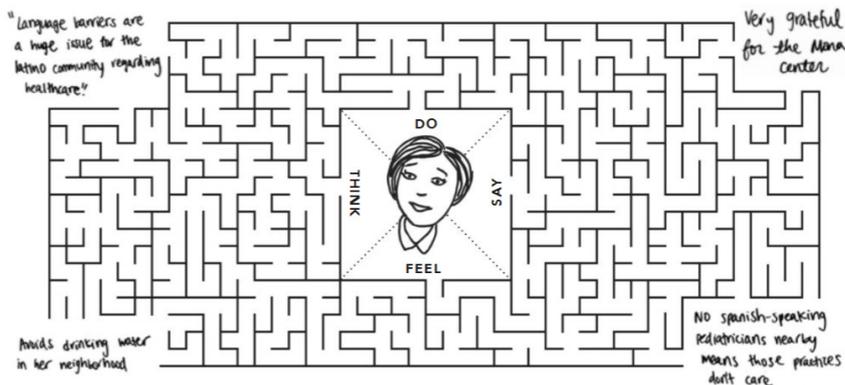
Fun-time Activities at the Academy for Innovation & Entrepreneurship

The activities advertised²⁵⁷ at I&E seem more appropriate for entertaining elementary school children than for educating grown college students. Their unchallenging simplicity renders even more inexplicable the high salaries received by I&E employees.

A-MAZING DATA

An Empathy Map is a tool that can be used to distill and process data from interviews. Interviewee data can be organized into the categories of: SAY, THINK, DO, and FEEL. Students in HLSA484: Redesigning Health Care conducted interviews in the community surrounding the Susan Denison Mona Center for Health and Wellness in Prince George's County.

TRY IT: Connect the HLSA484 interview data to the empathy map for “Erma,” a longtime resident of Temple Hills, Md., and mother of an elementary school-aged child.



255 Academy for Innovation & Entrepreneurship, University of Maryland, <http://innovation.umd.edu/learn/>.

256 UMD Undergraduate Innovation & Entrepreneurship Courses, http://innovation.umd.edu/wp-content/uploads/2018/01/UMD-IE-Courses-Full-Listing_Fall-2017.pdf.

257 “Lifting Off Into Space,” Academy for Innovation & Entrepreneurship, University of Maryland, December 13, 2018, https://issuu.com/innovationumd/docs/year_in_review_2017_ma11.2__dec10__.

The University of Texas at Austin (UTA) provides granular data roughly comparable to UMCP's, although only to the division level, not by individual department. At UTA, salary expenditures also grew at a rapid clip between 2000 and 2018.

Figure 41 (in 2018 dollars)

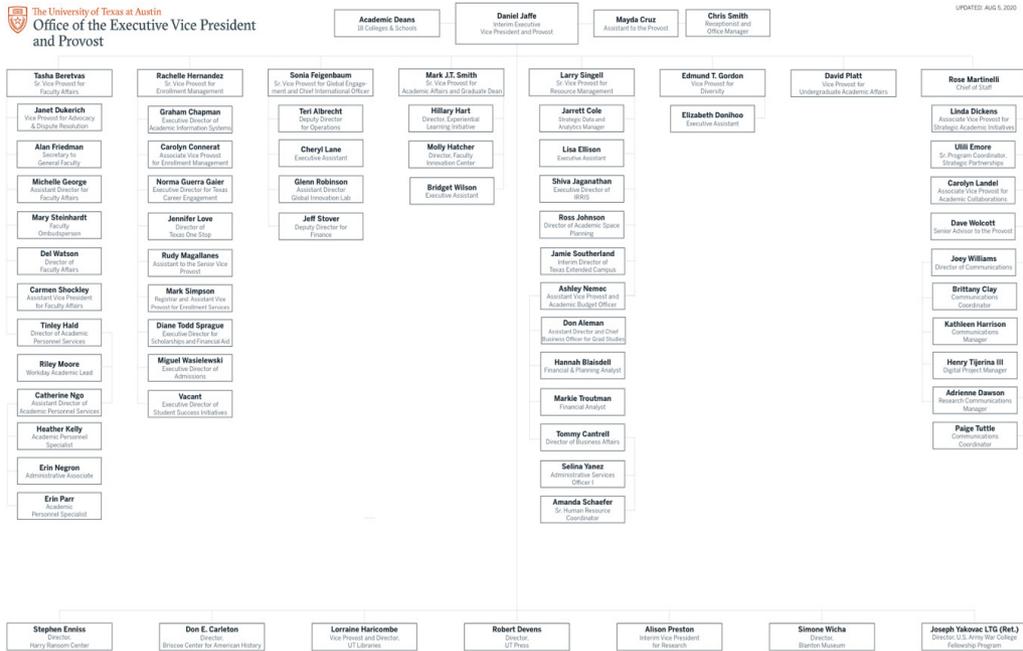
Total Salary Expenditures by Division, University of Texas - Austin

Department	Total Salary Expenditures		
	2000	2018	Percentage Change
Exec VP & Provost	\$18.7M	\$65.6M	+250.9%
Architecture	\$1.5M	\$5.0M	+243.2%
University Development	\$5.3M	\$15.8M	+196.2%
Communication	\$8.8M	\$16.7M	+89.8%
Office of the President	\$4.2M	\$8.0M	+89.1%
Financial & Administrative Services	\$69.5M	\$125.9M	+81.3%
Social Work	\$5.1M	\$8.9M	+73.1%
Education	\$14.9M	\$24.2M	+62.4%
Information	\$1.1M	\$1.6M	+44.7%
Fine Arts	\$10.0M	\$14.1M	+40.5%
VP-Research	\$80.2M	\$103.4M	+29.0%
Liberal Arts	\$25.3M	\$31.4M	+24.3%
Business	\$25.0M	\$27.1M	+8.6%
Nursing	\$5.6M	\$5.7M	+1.8%
VP-Student Affairs	\$48.4M	\$47.1M	-2.8%
LBJ Public Affairs	\$7.4M	\$7.2M	-3.5%
Engineering	\$70.9M	\$58.7M	-17.2%
Natural Sciences	\$89.7M	\$68.8M	-23.3%
Pharmacy	\$12.5M	\$8.3M	-33.3%
Law	\$24.7M	\$13.6M	-44.7%
Graduate Studies	\$28.6M	\$3.5M	-87.8%
VP-Legal Affairs	\$20.5M	\$1.5M	-92.8%
Financial & Administrative Services - Institution	\$17.7M	\$0.5M	-97.2%

UTA data shows a similar story to that of the University of Maryland when it comes to which divisions see the largest administrative growth. Aside from the small outlier of the Architecture school, it is Executive Vice President & Provost (+251%) and University Development (+196%) which see the largest percentage growth. UTA's Executive VP & Provost division contains many upper-level administrative employees.²⁵⁸

258 "Provost's Office Org. Chart," Office of the Executive Vice President and Provost, The University of Texas at Austin, <https://utexas.app.box.com/v/provost-org-chart>.

Figure 42: UT-Austin Office of the Executive VP and Provost Administrative Chart



The division is an unwieldy conglomerate, which possesses such varied components as its own internal communications team, an assistant director for a “Global Innovation Lab,” and a Vice Provost for Diversity. Many of these functions appear peripheral to the university’s core educational mission.

University Development can be thought of as the marketing and alumni relations portion of Maryland’s “VP for University Relations” division. The Executive VP & Provost division bears a close resemblance to Maryland’s “Senior VP for Academic Affairs & Provost.” In addition, similar patterns of staff type are present at UTA: administrative growth is driven by executives and other professionals.

UTA’s VP for Research division is also enormous, having the second highest salary expenditures at \$103.4 million in 2018. It possesses the same sorts of employees as UMCP’s Research division, such as proposal development specialists and government funding specialists, but in far larger numbers. UTA also operates its own interdisciplinary or transdisciplinary research centers, here called “organized research units.” IC2, once the “Institute for Constructive Capitalism,” now promotes the even more abstract buzzwords of “innovation, creativity, and capital,” apparently to channel university resources toward economic development of the Austin region — although collaboration with economic development programs in India, for example, seems at best marginally related to the development of Austin’s economy.²⁵⁹

259 “About the IC2 Institute.” The University of Texas at Austin, <https://ic2.utexas.edu/about/>; “GCG’s Glenn Robinson on the IC2 Institute’s Engagement with India,” IC2, The University of Texas at Austin, July 5, 2016. <https://ic2.utexas.edu/news/glenn-robinson-on-ic2-in-india/>.

We are also able to analyze detailed salary expenditure information from Temple University.²⁶⁰ Temple's trajectory broadly resembles those of UMCP and UTA.

Figure 43 (in 2018 dollars)

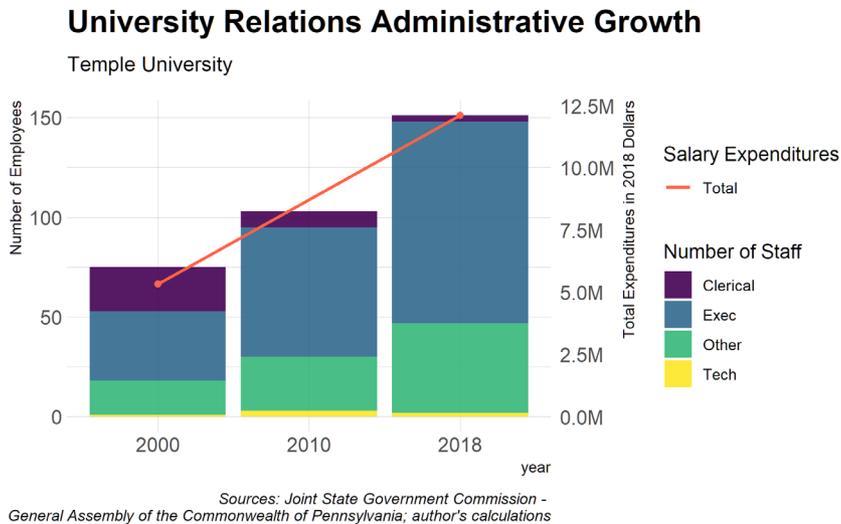
Total Salary Expenditures by Division, Temple University			
Total Salary Expenditures			
Department	2000	2018	Percentage Change
Tourism and Hospitality	\$0.3M	\$1.4M	+309.2%
Business School	\$3.9M	\$11.7M	+197.4%
Communication and Performing Arts	\$2.6M	\$7.1M	+169.6%
College of Public Health	\$3.5M	\$8.5M	+142.4%
Engineering, Science, and Technology	\$3.8M	\$8.8M	+132.5%
University Relations	\$5.3M	\$12.1M	+127.1%
Academic Affairs	\$10.5M	\$22.0M	+109.7%
Athletics	\$5.4M	\$10.9M	+100.3%
Graduate School	\$0.4M	\$0.8M	+83.5%
University College	\$3.0M	\$5.1M	+70.1%
Health Sciences	\$54.0M	\$86.5M	+60.2%
Facilities Management	\$33.9M	\$48.4M	+42.6%
Tyler School of Art	\$1.6M	\$2.2M	+39.7%
Student Affairs	\$13.4M	\$18.4M	+37.3%
College of Education	\$6.1M	\$7.5M	+21.3%
Computing and Information Services	\$17.0M	\$19.9M	+16.7%
Law School	\$4.7M	\$4.9M	+5.8%
President's Office	\$2.6M	\$2.7M	+1.4%
Liberal Arts	\$9.3M	\$8.0M	-14.0%
Business and Financial Services	\$19.2M	\$13.2M	-31.2%

University Relations is one department that increased considerably between 2000 and 2018. Many of the departments under University Relations were originally listed under the

²⁶⁰ Joint State Government Commission, General Assembly of the Commonwealth of Pennsylvania, Information Disclosure of the State-Related Universities: Publications, http://jsg.legis.state.pa.us/publications.cfm?JSPU_PUBLN_ID=63; Staff Analysis of 2009-10, Data Reported Under Section 2004-D of the Public School Code of 1949, February 2011, <http://jsg.legis.state.pa.us/resources/documents/ftp/publications/2011-190-2011%20INFORMATION%20DISCLOSURE.pdf>; Analysis of 2017-18, Data Reported Under Section 2004-D of the Public School Code of 1949, February 2019, <http://jsg.legis.state.pa.us/resources/documents/ftp/publications/2019-02-08%20Stairs%202019%202.4.19.pdf>. Temple's data are not entirely comparable with those from UMCP and UTA. We have recategorized their data to make them resemble the data from UMCP and UTA — and our recategorization inevitably required judgment calls which other researchers might dispute. For example, we combined the Communication and Performing Arts department so as make it possible to compare administrative growth over time. We also had to account for some missing values: to do so, we took the weighted average of the data that were reported within each recreated unit and imputed the missing values using these averages. The reader should take the Temple data with a grain of salt.

Office of the President. However, we wanted to separate categories that directly deal with big picture, presidential responsibilities from public engagement and outreach positions. We defined University Relations as roles that are concerned about building relations with the public, government, and alumni. Examples of such departments include the Office of Marketing, VP for Public Affairs, and Institutional Advancement.

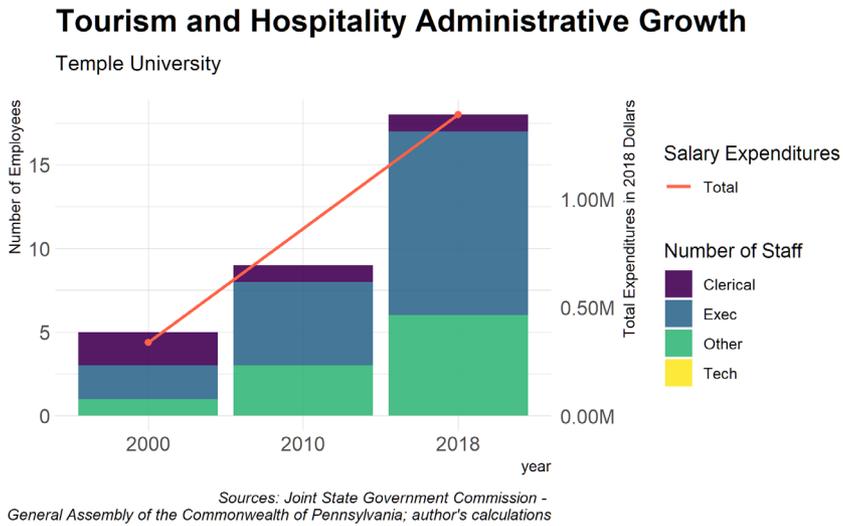
Figure 44



The growth in University Relations demonstrates the trend that higher education institutions are investing in more external-facing roles. For example, University Relations is smaller in size compared to the Business and Financial Services department, which facilitates the internal financial operations of the university. Yet, the Business and Financial Services group decreased salary expenditures by 31% over the years we explored whereas University Relations increased salary expenditures by 127%. Figure 44 shows that the growth in this division is primarily driven by *Executives*, from 35 in 2000 to 101 in 2018.

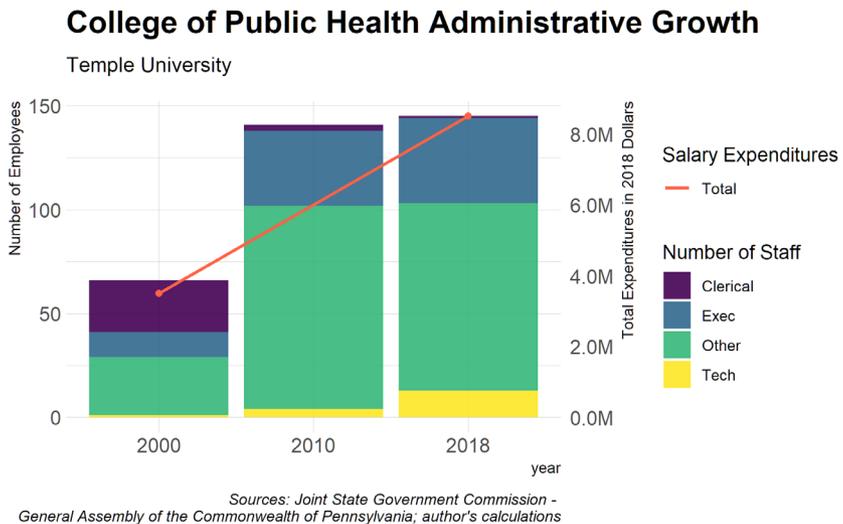
“Higher education institutions are investing in more external-facing roles.”

Figure 45



Newer majors and departments also saw dramatic increases between 2000 and 2018. The School of Sport, Tourism, and Hospitality Management experienced a 309% increase in salary expenditures, the fastest growth in our dataset. This college, founded in 1998, prepares students for careers in the tourism, dining, and hotel industries.²⁶¹ This growth is not all that surprising, however. The hospitality school was already small, so it is sensitive to even minute increases. According to our data, the department grew from only 5 employees to 18 employees between 2000 and 2018. Just like University Relations, the growth was driven by hiring more Executives.

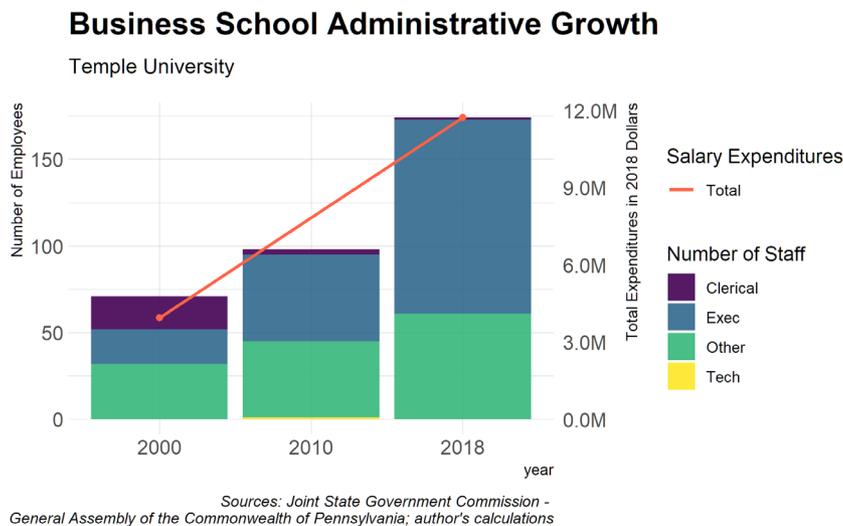
Figure 46



261 School of Sport, Tourism, and Hospitality Management. Temple University. <https://sthm.temple.edu/about-sthm/>.

The College of Public Health also increased considerably, by 142%, between the two academic years. This college was created and accredited in the 2010s. As Figure 46 demonstrates, the primary growth is in the *Other Professionals* category. Temple's main motivation to create the Public Health school was for increased eligibility for grants.²⁶² Unlike previous years where they had programs which dabbled in public health topics, Temple decided to combine various fields of study into a unified department. The school contains more traditional fields such as nursing and epidemiology. It also houses Temple's School of Social Work, which promotes social justice.²⁶³

Figure 47



The Business School's increase in salary expenditures was more surprising in the context of these newer departments because it is neither a new field, nor a new school at the university when compared to public health and hotel management. Temple established a business school in 1918.²⁶⁴ However, the business school did not follow the administrative expenditure trends of other established fields at Temple, such as the schools for law and liberal arts. Temple established both the law and liberal arts schools in the late 1800s.²⁶⁵ The Law School experienced just a 6% growth in salary expenditures between 2000 and 2018 while the School of Liberal Arts decreased their spending on salary by 14% in the same time period. Meanwhile, the business school increased its salary expenditures by nearly 200%.

The story of Temple's Fox School of Business during the era of rapid growth is an interesting one, and we will dive deeper into it later in the report. For now, it suffices to say

²⁶² Bob Steward, College of Health Professions and Social Work Faces Transition, *The Temple News*, October 14, 2014. <https://temple-news.com/college-health-professions-social-work-faces-transition/>.

²⁶³ School of Social Work, Temple University, <https://cph.temple.edu/departments-research/departments/school-social-work>.

²⁶⁴ Fox School of Business, Temple University, <https://www.fox.temple.edu/about-fox/>.

²⁶⁵ Beasley School of Law, Temple University, <https://www.law.temple.edu/about/mission-and-history/>; College of Liberal Arts, Temple University, <https://bulletin.temple.edu/undergraduate/liberal-arts/>.

that Temple had a few reasons for expanding the department: business schools can be effective revenue generators for grants and donations, and Temple was determined to raise the ranking of their business school during this time in order to improve its reputation and profitability.²⁶⁶

Conclusion

Over the past four decades, higher education revenue has doubled for public universities in our sample, and far more than doubled at private universities in our sample. *Tuition and Fees* remains the most important source of funding for both public and private universities, and has increased in its importance relative to government appropriations at public universities. This is no surprise to anyone who has seen the rapidly rising tuition for most universities over this time period.

Other sources of revenue reveal different aspects of each institution's purpose. In our sample, we saw that the research focus of a university was highly correlated with the importance of government grants and contracts as a revenue source. Small liberal arts colleges, rely more heavily on tuition and private donations. Private donations were strongly correlated with university rankings.

Comparing tuition and government appropriations revenue with expenditures reveals information on the possible reasons for rising tuition at these universities. Our analysis of certain spending ratios demonstrated that public universities tend to increase tuition to keep pace with their rapidly rising expenditures, thus more than compensating for mild losses in state appropriations. We also noted the concerning result that some of the public universities in our sample spent less on educational expenses — even broadly defined — than what they received in tuition and government appropriations.

A majority of these ballooning expenditures at these universities are used to pay for the salaries and wages of their employees. However, most of these salary expenditures aren't being used for faculty; instead, they pay growing numbers of administrators and staff. For instance, by 2018 the University of Maryland was spending \$264 million on their *Other Professionals* alone, exceeding the \$242 million they spent on faculty.

Most of this administrative growth is accounted for by two categories of employees: *Executives* and *Other Professionals*. From 1987 to 2018, the number of *Executives* at universities in our sample grew by 124%, and the number of *Other Professionals* grew by 86%. While we

²⁶⁶ See Seb Murray, "Why Big-Name Donors Give Cash to Business Schools," *Financial Times*, April 1, 2018, <https://www.ft.com/content/d41d9ede-2941-11e8-9274-2b13fccdc744>; Business Schools & Entrepreneurship, *Inside Philanthropy*, accessed November 3, 2020, <https://www.insidephilanthropy.com/campus-cash/business-schools>.

didn't see strong evidence for broad salary increases of *Other Professionals*, we did see salary expenditures increase for *Executives*.

A closer look at administrative bloat for certain schools reveals that these patterns are not evenly distributed across each university's institutional units. Our analysis of University of Maryland, The University of Texas at Austin, and Temple University showed that departments like University Relations, Academic Affairs or Provost, Research, and certain niche academic departments experienced the most administrative growth. This demonstrates a growing focus on external obligations like marketing, government relations, alumni outreach, and business strategy, along with internal obligations being redirected away from instruction and towards research. In addition, some of the newer departments being heavily staffed have a thinly veiled common purpose: promoting social justice and advancing progressive ideological goals.

The Academic Ecosystem: Shaping University Expenditures

The Academic Ecosystem: Shaping University Expenditures

A university's fundamental purpose is to educate its students. But modern American colleges and universities no longer think education alone justifies their existence. They increasingly divert their attention and their expenditures to non-instructional endeavors — and away from their core mission of instruction. Higher education's spending priorities are shaped and operate within complex institutional and cultural environments. In this chapter, we will consider the factors that drive universities to spend on non-instructional costs, which drain universities of resources that ought to be directed toward their students' education. These factors include:

1. Accreditation and Federal Regulations
2. Consumer Demands
3. University Ranking Systems
4. Administrators' Ideologies
5. Influential Power
6. Marketing & Business Priorities

Accreditation and Federal Regulations

The current college accreditation system is a morass of confusing regulations, bureaucracies, and reporting mechanisms that colleges must keep up with each year. Bureaucratic practices entwine federal and state regulatory agencies and quasi-governmental organizations. Accrediting organizations such as the Higher Learning Commission (HLC) check if a college meets a set of accrediting standards, ranging from fiscal probity to their commitment to “diversity.”²⁶⁷ Colleges and universities face extensive burdens to provide detailed documentation over the course of several years.²⁶⁸

The accrediting bodies gain their authority to impose this burden from the Department of Education. Colleges and universities submit to this ordeal because their eligibility to receive federal funds — research grants, federal student loans, and Pell Grants — hangs in the balance.²⁶⁹ Accreditors serve as both gatekeepers of federal aid and inspectors of educational quality. But these roles have clashing priorities. A college that loses eligibility for federal funding will likely become defunct. Accreditors cannot be too harsh, for fear of killing their accretees.

267 “Current Criteria for Accreditation,” Higher Learning Commission, accessed June 15, 2020, <https://www.hlcommission.org/Policies/criteria-through-august-31-2020.html>.

268 Assurance Argument University of Wisconsin-Madison (Word Document), February 15, 2019, https://reaccreditation.wiscweb.wisc.edu/wp-content/uploads/sites/72/2019/03/2019.02.15_assurance_argument_FINAL_Linked-to-BoxProject_Read-Only.docx.

269 Overview of Accreditation in the United States, Department of Education, accessed June 18, 2020, <https://www2.ed.gov/admins/finaid/accred/accreditation.html>.

Besides accreditation, colleges must abide by other federal and state requirements. This includes everything from tracking and disclosing crimes on or near campus (Clery Act) to establishing programs to preserve students and staff from drug abuse (Drug Free Schools and Communities Act) to ensuring both sexes receive the same athletic opportunities (Equity in Athletics Disclosure Act). Federal and state governments also impose several reporting requirements related to research compliance and federal grants and contracts management.²⁷⁰

Figure 48: Compliance Officers, Sample Salaries²⁷¹

School	Job	Salary	Description
University of North Carolina-Chapel Hill	Associate Vice Chancellor, Equal Opportunity and Compliance Office	\$175,000	"Leads the University's efforts to adhere to federal and state anti-discrimination laws, including but not limited to, Titles VI and VII of the Civil Rights Act of 1964, Sections 503 and 504 of the Rehabilitation Act of 1973, the Age Discrimination in Employment Act of 1973 and the Americans with Disabilities Act of 1990"
University of Vermont	Director of Compliance Services and Chief Privacy Officer	\$145,656	Handles various compliance issues including those related to whistleblower protection, records retention, and the privacy program
University of Virginia	Senior Analyst for Academic Compliance	\$80,000	"UVA and SCHEV [State Council of Higher Education for Virginia] Academic Compliance Policy and Processes (new credentials)"
University of Kansas	Compliance Officer, Office of Research	\$66,630	NA
West Virginia University	International Students & Scholar Services Assistant Director, Compliance	\$54,067	NA

These reporting procedures require colleges to be transparent about their expenses and their administrative practices — at the cost of an enormous increase in administrative expenditure, to ensure compliance with every government requirement. Many of the administrators we spoke with said that reporting requirements imposed far too much red tape on

270 *The Cost of Federal Regulatory Compliance in Higher Education: A Multi-Institutional Study*, Vanderbilt University, October 2015, <https://cdn.vanderbilt.edu/vu-news/files/20190417223557/Regulatory-Compliance-Report-Final.pdf>.

271 See Appendix A, Figure 48: Compliance Officers, Sample Salaries.

their institutions. Texas A&M President Michael Young stated that colleges must often provide duplicate information to the various agencies that require reports. Some researchers at Young's campus spend a considerable portion of their time simply filing the paperwork required to receive a grant.

The notion that 40% of the time of a researcher is not spent on discovering a cure for a virus, but it's spent on something silly as filling out a damn form for some bureaucrat who files it away and never does anything with it, just seems to me silly.²⁷²

Dear Colleague: I Don't Really Want to Hire You

Government regulations may cause greater changes at small, poor colleges than at large, wealthy universities. A president at a small liberal arts college explained that many regulations pushed institutions to spend more and change policy without making allowances for an institution's individual circumstances. The 2011 Dear Colleague letter, for example, an Obama-era directive that demanded campus Title IX offices to investigate and punish alleged sex offenders without due process protections for the accused, also required a great increase in the college's Title IX bureaucracy.²⁷³ Aside from the financial burden Dear Colleague imposed, the president disliked imposing unclear adjudication rules — an injustice, and one which placed the college in potential legal jeopardy. The president felt that the Dear Colleague letter weaponized Title IX, transforming it from a means to help students into a weapon to forward an ideological agenda.

You know, when essentially, the response on the Dear Colleague letter is *We'll just hire in diversity, we'll hire a Title IX person*. Ok, I could do that. But that's a professor I don't get to hire. That's not what I want to do.²⁷⁴

So far the educational establishment has resisted initiatives to eliminate duplicative reporting requirements and ideological regulations, on the grounds that they weaken protections for students or serve an "anti-regulatory agenda."²⁷⁵ Yet if accreditation and federal regulations increase the number and the power of higher education administrators, they also impose burdensome labors that vitiate the pleasure of power. The college administrators we interviewed were eager to discuss the burdens of accreditation and federal regulations, and open to reducing them.

But accreditor and federal requirements are not the only areas contributing to the growth of non-instructional costs.

272 Michael Young, phone interview with author, March 26, 2020.

273 Russlynn Ali, "Dear Colleague Letter," Office for Civil Rights, Department of Education, April 4, 2011, <https://www2.ed.gov/about/offices/list/ocr/letters/colleague-201104.html>.

274 Confidential interview with a university president, phone interview with author, March 18, 2020.

275 Antoinette Flores, "How the Trump Administration Is Undoing College Accreditation," American Progress, April 18, 2019, <https://www.americanprogress.org/issues/education-postsecondary/reports/2019/04/18/468840/trump-administration-undoing-college-accreditation/>; Michael Stratford, "Vandy Takes On Federal Regs, Redux," *Inside Higher Ed*, October 19, 2015, <https://www.insidehighered.com/news/2015/10/19/vanderbilt-study-again-highlights-what-colleges-view-burdensome-federal-regulations>.

Consumer Demands

The modern American university is run like a business, and consumer demands, in part, determine businesses priorities. In the higher education industry, the consumers demand a luxurious student experience.

College campus dining facilities, for example, have improved in the last generations — socializing hubs, filled with eclectic decor, bright colors, and tasty food, rather than purveyors of cubes of frozen beef from Australia and ice cream labeled by color rather than by flavor.²⁷⁶ Dining halls now offer cuisine from all over the world, with menu options that appeal to every kind of diet preference — keto, vegan, and so much more. At some schools, such as Cornell, students can watch the chefs prepare meals right before their eyes.²⁷⁷ These sorts of accommodations appeal to picky eaters and parents who worry about their children not getting the right food.²⁷⁸ Higher quality food generally attracts students — and makes money for colleges, who pass the bill on to their students.²⁷⁹ Board rates at 4-year universities have increased by 60% between 1986 and 2018.²⁸⁰

Colleges also lavish expenditures on student housing. Dorms now boast a wide range of new amenities. Some are practical, such as electronic check-in systems to ensure security. But others are astonishingly extravagant luxuries. Temple University’s Morgan Hall includes a flat-screen TV in every room.²⁸¹ MIT’s Simmons Hall features a giant ball pit for students to play in.²⁸² Louisiana State University, infamously, provided its students a “lazy river.”²⁸³ Administrators seem to think students regard a simple combination of bed, desk, and basement laundry machine as unacceptable. Colleges are willing to cater to these expectations — and charge students accordingly.

Universities are formally non-profits, but they function just like for-profit, commercial enterprises. University officials that pay close attention to consumer demand end up making decisions that are concerned mainly with extracting revenue from students, rather than with improving educational quality. Such officials have assimilated the corporate marketing culture disseminated by public relations and marketing firms, which focuses more on psychological techniques to stimulate consumer demand than on product quality improvements. Such a focus presumes an undiscerning body of customers, who buy for flash rather

276 Vedder, *Restoring the Promise*, 199-200; NAS Director of Research David Randall recalls the details of beef and ice cream from Swarthmore College, 1989-90.

277 Author’s own experience.

278 “Not Your Parent’s Dining Experience: Trends in On-Campus Dining,” *Progressive AE*, October 24, 2016, <https://www.progressiveae.com/not-parents-dining-experience/>.

279 Zlati Meyer, “Universities Increasingly Cater to Students’ Diets with Customizable Menus,” *USA Today*, August 20, 2018, <https://www.usatoday.com/story/money/2018/08/20/tapas-vegan-pasta-bars-college-menus-trend-customizable/774713002/>.

280 https://nces.ed.gov/programs/digest/d19/tables/dt19_330.10.asp.

281 “Morgan Hall,” University Housing and Residential Life, Temple University, accessed June 22, 2020, <https://housing.temple.edu/campus-living/residence-halls/morgan-hall>.

282 “Simmons Hall,” The Guide to Residences, MIT, accessed June 22, 2020, <https://mitguidetoresidences.mit.edu/map/simmons-hall>.

283 Naomi Schaefer Riley, “LSU’s ‘Lazy River’ and the Student-Fee Sham,” *Wall Street Journal*, December 15, 2017, <https://www.wsj.com/articles/lsu-lazy-river-and-the-student-fee-sham-1513381917>.

than substance. While this is not universally true of Americans, universities' consumer base consists of young, impressionable, well-off students, who expect college to maintain them in the comfort to which they have grown accustomed.

(These students also skew politically and socially liberal. Some collegiate “political correctness” is the equivalent of a flat-screen TV, a consumer luxury good provided to students whose comfort requires left-wing virtue signaling as well as high-end electronics.)

Universities must hire administrators not only to provide plush dining and sleeping experiences, but also to act as the equivalent of cruise directors for their demanding undergraduates.

Figure 49: Extra Services Administrators & Staff, Sample Salaries²⁸⁴

School	Job	Salary	Job Description
West Virginia University	Office of Student Wellness Executive Director/Adventure WV Director	\$100,166	“Enhance WVU’s mission through creatively partnering Adventure WV’s resources and talent with departments across the institution” Facilitates “learning experiences through a variety of outdoor activities, but has spent the most time working within the aerial adventure industry including Challenge Courses and Zip Line installations”
University of Wisconsin-Madison	Associate Counselor	\$63,630	“Facilitate the ability for students to create connections in their life beyond the therapeutic space”
University of North Carolina-Chapel Hill	Assistant Director of Climbing Programs	\$51,098	NA

Differentiating the Clienteles

University officials have appealed to at least two overlapping categories of students over the past couple of decades: wealthy students and Millennials/Generation Z.

Universities want wealthy students, who pay full tuition. Colleges aggressively use a non-transparent system of *price discrimination*. Price discrimination allows colleges to charge high tuition to wealthy students so as to subsidize (insufficiently) the tuition of impoverished

²⁸⁴ See Appendix A, Figure 49: Extra Services Administrators & Staff, Sample Salaries.

students.²⁸⁵ These wealthy students frequently come from out-of-state, or abroad; colleges that chase wealthy students also increasingly ignore local students — whose education is usually informally or formally part of their mission.

Public universities frequently rationalize their pursuit of wealthy students by invoking the Cheap States theory: *Our state governments are cheapskates for cutting our funding, so we have to chase rich students to make up for the lost revenue.* In order to attract wealthy students, universities believe they need to offer luxury services, such as the infamous lazy river at Louisiana State University. However, this reasoning still doesn't explain why universities pay for luxuries *instead* of core educational expenditures — why they build and maintain lazy rivers while they fail to update their libraries.²⁸⁶

Universities must also woo Millennials (students born between *ca.* 1980 and *ca.* 1995) and members of Generation Z (students born between *ca.* 1995 and *ca.* 2010). Even non-wealthy Millennial and Generation Z students don't mind going along with the heavy pampering in their college education — and who could blame them? Students raised by over-protective “helicopter parents” prefer risk-free education²⁸⁷ — and a great deal of “participation trophy” praise and reward just for showing up. A remarkable number of Millennial and Generation Z students, in other words, believe they are *entitled* to a remarkable range of university services and amenities as a just reward for having gotten into college. They don't go to college to learn how to be free, responsible adults, but to have universities provide an institutional substitute for the helicopter-parenting they now believe is normal.

“I think it's probably true that a 17-year-old in 2020 knows more about the world but may not be as mature as a 17-year-old that I was in 1970, 50 years ago.

I think that's probably because there's a lot more distraction and it's a different world that we live in now. When I was 17, it was assumed that I was going to be taking care of myself. Now a days I think a lot of kids leave high school...I don't think they have that assumption. They have the government that tells them they're going to take care of them. Their parents have been helicopter parents in some cases, overly protective.” — Gene Bryant²⁸⁸

Millennial and Generation Z students include mental health care high on their list of expected white-glove services, as American adolescents exhibit rising rates of anxiety,

285 Delisle, *The Surprising Role of High-Income Families in Student Debt Trends*.

286 “As States Cut Funding For Higher Education, Universities Use Lavish Perks to Compete for Students,” CBS News, October 14, 2019, <https://www.cbsnews.com/amp/news/as-states-cut-funding-for-higher-education-universities-use-lavish-perks-to-compete-for-students/>.

287 Cory Stieg, “Kids With ‘Helicopter Parents’ More Likely to Burn Out, Have a Harder Time Transitioning to ‘Real World,’” CNBC, November 22, 2019, <https://www.cnbc.com/2019/11/22/study-kids-who-have-helicopter-parents-experience-burnout-in-school.html>.

288 Bryant, phone interview.

depression, and suicide.²⁸⁹ Unfortunately, universities would rather “listen” than act. Cornell University’s EARS (Empathy, Assistance, and Referral Service), for example, is a student-led mental health program which doesn’t offer traditional psychotherapy, meant to heal and solve psychological issues. Instead it provides a palliative — soothing students by providing “ears” to listen to student complaints and problems.²⁹⁰ Higher education more largely offers marketing techniques that promote products and ideas that “feel good” as ineffective but lucrative substitutes for proper mental health care.²⁹¹

Universities spend on luxuries to soothe and placate mentally unstable students — and these luxuries include the careful muffling of all unsettling ideas. Universities’ investments in political activism and feel-good propaganda are not just ideological commitments; they are also ways to cater to student bodies comprised too largely of the entitled and the mentally unstable, who, conflating *comfort* and *safety*, want universities to restrict the information they receive and the opinions that they hear. Universities therefore not only invest in additional dorms, varied cuisines, and luxury amenities, but also in the entire panoply of “multicultural services.” When administrators distribute letters which acknowledge the importance of diversity or any other progressive ideology, or make statements about purported “hate crimes” without waiting for the results of the investigation, the purpose is purportedly therapeutic.²⁹² Significantly, political activists themselves demand “diverse” therapy as a right:

Activist students at Sarah Lawrence demanded “at least” one new black, Asian and Latino/a therapist, “unlimited therapy sessions” on campus and free transportation for students to attend therapy sessions off campus. Those at Williams demanding the College “hire additional therapists, with a focus on trans therapists and therapists of color” are simply the latest instance of this pattern.²⁹³

College administrators’ emphasis on “equity” also sublimates the participation-trophy ethos. Every student must receive an “equal” college experience to their peers, down to receiving the donut of their choice — or they will be upset. Universities must cater to students consumed not only by a taste for luxury, but also by envy of any peer whose luxuries are more gold-plated.

289 Jonathan Haidt and Jean Twenge, “Is There an Increase in Adolescent Mood Disorders, Self-Harm, and Suicide Since 2010 in the USA and UK? A Review,” Unpublished manuscript, New York University, 2019, https://docs.google.com/document/d/1diMvsMeRphUH7E6D1d_J7R-6WbDdgnzFHDHPx9HXzR5o/edit.

290 EARS, Cornell University, <https://www.earscornell.org/>.

291 Allan McGroarty and Heather Thomson, “Negative Emotional States, Life Adversity, and Interrogative Suggestibility,” *Legal and Criminal Psychology* 18, no. 2 (2012), 287-299, <https://onlinelibrary.wiley.com/doi/abs/10.1111/j.2044-8333.2012.02046.x>.

292 Jennifer Kabbany, “Here are 50 Campus Hate-Crime Hoaxes The College Fix Has Covered Since 2012,” *The College Fix*, February 18, 2019, https://www.thecollegefix.com/here-are-50-campus-hate-crime-hoaxes-the-college-fix-has-covered-since-2012/?fbclid=IwAR3wvWeEX-a6OIZVkrYnzZ3_LuXg7rwe4AtEL5fHJ3SzwgH0cqNcNp6HexDI.

293 Darel E. Paul, “Listening at the Great Awakening,” *Areo*, April 17, 2019, <https://areomagazine.com/2019/04/17/listening-at-the-great-awakening/>.

Soothing students comes at a high price. Students' tuitions and college endowments cannot cover all these luxuries — especially when colleges must still pay for an actual education as well. Universities can only offer therapeutic luxuries so long as they receive government aid — and so long as students are willing to go into debt.

University Ranking Systems

Colleges use ranking systems as a tool to aid in their marketing efforts. They pay special attention to the *U.S. News & World Report's* (*USNWR*) rankings, which have become the most widely acknowledged authority on the value of higher education institutions. First released in 1983, *USNWR* provided the first college ranking system directed primarily toward high school students and their parents rather than toward higher education professionals. The current *USNWR* report's evaluations weigh average spending per student, graduation and retention rates, average alumni giving rate, expenditures per faculty member, social mobility, student selectivity, and undergraduate academic reputation.²⁹⁴ Millions of college students and parents make decisions about which college to attend with the *USNWR* report in mind. A school's *USNWR* ranking profoundly affects every aspect of a university — including its own decisions about what tuition to charge, how to structure its admissions process, and which kinds of students to seek out.²⁹⁵

Schools that move into the top 50 in the *USNWR* rankings strike gold. The number of applicants increases, especially students who graduated in the top 10% of their high school class. Their acceptance rates decrease. Public university president salaries increase by 1.1%–1.3% for moving up the *USNWR* ranks by one position.²⁹⁶

Schools outside that charmed circle must struggle to keep from sinking into a downward spiral. Every negative in the ranking drives away students, and the more negatives, the more students flee. Public universities that don't fare well in the rankings have to offer larger financial aid packages to attract better students, and that decreases their available resources for direct educational expenditures. Even the best students they can attract rarely equal the high-performing students who flock to the top schools.

Colleges understand that their future reputations are intertwined with their rankings. Some colleges become so obsessed with the rankings that they lie about their qualifications. As Campbell's Law states:

294 Robert Morse and Eric Brooks, "A More Detailed Look at the Ranking Factors," *U.S. News & World Report*, September 8, 2019, <https://www.usnews.com/education/best-colleges/articles/ranking-criteria-and-weights>.

295 Luke Myers and Jonathan Robe, *College Rankings: History, Criticism and Reform*, Center for College Affordability and Productivity, March 2009, <https://files.eric.ed.gov/fulltext/ED536277.pdf>.

296 Ryan Yeung, Philip Gigliotti, & Phuong Nguyen-Hoang, "The Impact of U.S. News College Rankings on the Compensation of College and University Presidents," *Research in Higher Education* 60, 2019, 1–17, <https://doi.org/10.1007/s11162-018-9501-7>.

The more any quantitative social indicator is used for social decision-making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social pressures it is intended to monitor.²⁹⁷

Temple University's business school provided false data to *USNWR* in order to boost its rankings. For 4 years, Temple's online MBA program was ranked at #1. Following the scandal, when the true data emerged, the program fell to #88.²⁹⁸ The University of Oklahoma also provided false information between 1999 and 2019.²⁹⁹

Schools also manipulate their information and provide misleading information without technically cheating. For example, schools can encourage unqualified students to apply so as to reject them, lower the school's acceptance rate, and make the school look "competitive."³⁰⁰ Some highly selective schools send fliers and emails to students they will hardly ever admit — deceptive gestures that encourage ill-informed, hopelessly unqualified students to apply.³⁰¹ The university accepts the same number of students, but the increased rejection rate increases their "selectivity" for *USNWR*.

Schools seeking top rankings also try to game the admissions system by luring top students to their schools through perks such as merit aid.³⁰² They do so more to score higher on *USNWR*'s student selectivity category, which takes high-performing students to contribute to a rigorous academic environment, than actually to improve the academic environment. Their recruitment tactics come at a high price — not only extraordinarily generous financial aid packages but also ongoing expenditure on recruitment officers and marketing specialists, in order to reach the students they want.³⁰³

More broadly, universities alter their spending priorities to improve their place in the *USNWR* ranking system — even when these incentives discourage colleges from spending efficiently. So *USNWR*'s "Financial Resources" categories give universities a higher ranking for increasing per student spending on instruction, public service, research, student services, institutional support, and academic support — without considering whether increased student spending actually increases student outcomes. In effect, *USNWR* judges *inputs* rather

297 Donald Campbell, "Assessing the Impact of Planned Social Change," *Evaluation and Program Planning* 2, no. 1 (1979), 85, [https://doi.org/10.1016/0149-7189\(79\)90048-X](https://doi.org/10.1016/0149-7189(79)90048-X).

298 Susan Snyder, "Temple Returns to U.S. News' Online MBA Rankings, Far Below Where it Was Before False-Data Scandal," *The Philadelphia Inquirer*, January 14, 2020, <https://www.inquirer.com/education/temple-mba-online-rankings-us-news-20200114.html>.

299 Eric Levenson, "University of Oklahoma Gave False Data to U.S. News College Rankings for 20 Years," *CNN*, May 24, 2019, <https://www.cnn.com/2019/05/23/us/university-oklahoma-best-colleges-ranking/index.html>.

300 "How Colleges Manipulate the Rankings," <https://www.ivycoach.com/the-ivy-coach-blog/the-rankings/colleges-manipulate-rankings/>.

301 Amanda Graves, "Dear Elite Colleges, Please Stop Recruiting Students Like Me if You Know We Won't Get In," *The Washington Post*, November 17, 2014, <https://www.washingtonpost.com/posteverything/wp/2014/11/17/dear-elite-colleges-please-stop-recruiting-students-like-me-if-you-know-we-wont-get-in/>; Jay Mathews, "Dear Prospective College Student: We Love You. But That Doesn't Mean You are Getting In," *The Washington Post*, October 11, 2019, https://www.washingtonpost.com/local/education/dear-prospective-college-student-we-love-you-but-that-doesnt-mean-youre-getting-in/2019/10/10/c8f97230-eaec-11e9-85c0-85a098e47b37_story.html.

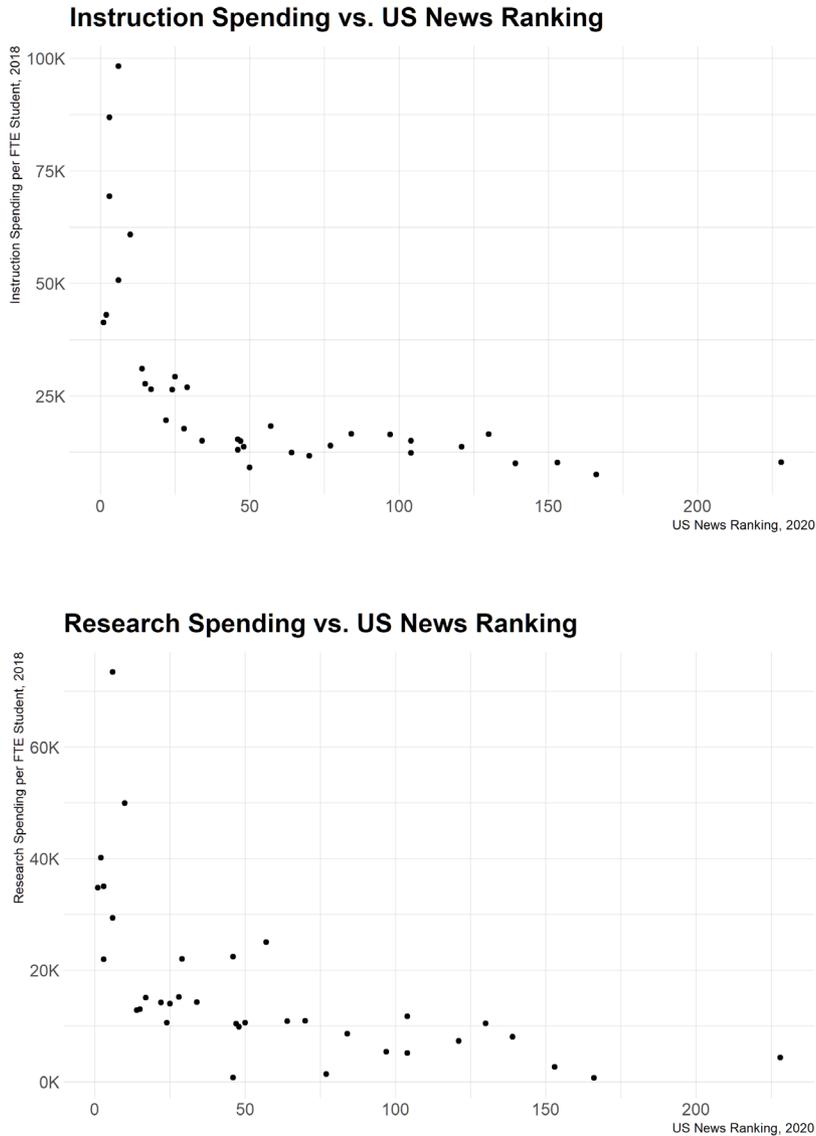
302 Melissa Korn, "Prizes for Everyone: How Colleges Use Scholarships to Lure Students," *The Wall Street Journal*, April 17, 2018, <https://www.wsj.com/articles/prizes-for-everyone-how-colleges-use-scholarships-to-lure-students-1523957400>.

303 See *2018 Cost of Recruiting an Undergraduate Student Report*, RNL, 2018, http://learn.ruffalonl.com/rs/395-EOG-977/images/RNL_2018_Cost_of_Recruiting_Report_EM-005.pdf; John Katzman, "The Spending War on Student Recruitment," *Inside Higher Ed*, April 18, 2016, <https://www.insidehighered.com/views/2016/04/18/too-much-being-spent-higher-education-marketing-assault-essay>;

than *outputs*, and therefore encourages colleges to indulge in wasteful spending so as to game the *USNWR* system.

Figure 50 demonstrates that instruction and research spending within our sample were highest at institutions that ranked in the top 25 for the 2020 rankings. Instructional and research spending decreased as the rankings decreased.

Figure 50: Instruction and Research Spending Based on *U.S. News* Ranking



However, expenditures per student does not “measure the extent to which schools are spending wisely to create a top-quality education.” Several universities and liberal

arts colleges that operated more efficiently, such as Brigham Young University, the University of Georgia, and George Mason University, failed to achieve top-50 ranking in their respective surveys for 2020. In fact, many of the schools that operated efficiently were given scores in the 100-200 range when it came to their overall financial resources.³⁰⁴ Former University of Maryland (UMD) System Chancellor Brit Kirwan said to *Politico* that, “If you could deliver the same quality at lower cost, you’d go down in the rankings.”³⁰⁵

“If you could deliver the same quality at lower cost, you’d go down in the rankings.”

—Former UMD System Chancellor Brit Kirwan, *Politico*

Administrators’ Ideologies

Administrators’ ideologies also drive university priorities. Administrators lean even further toward the political left than do faculty members: while liberal faculty outnumber conservative faculty by 6:1, liberal administrators outnumber conservative administrators by 12:1.³⁰⁶ Some administrators are open about their views, which they express by actions such as participating in student protests.³⁰⁷ More forward their activism through committee work, organizations such as bias response teams,³⁰⁸ and groups such as the “Task Force on Building Names and Institutional History.”³⁰⁹ Some administrators acquiesce to radical initiatives, whether from indifference or from fear of speaking openly, and do not fight back against initiatives they strongly oppose. Four categories generally describe how administrators regard progressive ideology:

1. True Believers
2. Bandwagoners
3. Skeptics
4. Salesmen

These “personality types” are based on interviews and the author’s own observations. As with any sociological ideal-typing, this categorization is imperfect. As Weber noted:

304 Robert Morse and Eric Brooks, “Learn Which Top-Ranked Colleges Operate Most Efficiently,” *U.S. News & World Report*, November 27, 2017, <https://www.usnews.com/education/blogs/college-rankings-blog/articles/2017-11-27/learn-which-top-ranked-colleges-operate-most-efficiently>.

305 Benjamin Wermund, “How U.S. News College Rankings Promote Economic Inequality on Campus,” *Politico*, September 10, 2017, <https://www.politico.com/interactives/2017/top-college-rankings-list-2017-us-news-investigation/>.

306 Samuel J. Abrams, “One of the Most Liberal Groups in America,” *Inside Higher Ed*, November 8, 2018, <https://www.insidehighered.com/views/2018/11/08/college-administrators-are-more-liberal-other-groups-including-faculty-members>.

307 Anu Subramaniam, “Hundreds of Cornellians Walk Out of Class, Protesting Election’s ‘Hate Speech,’” *The Cornell Daily Sun*, November 11, 2016, <https://cornellsun.com/2016/11/11/hundreds-of-cornellians-walk-out-of-class-protesting-elections-hate-speech/>.

308 Vice Provost and Dean of Students, “Bias Response Program,” University of Vermont, accessed November 24, 2020, https://www.uvm.edu/deanofstudents/bias_response_program.

309 *Report of the Task Force on Building Names and Institutional History*, University of Minnesota, February 25, 2019, http://university-history.dl.umn.edu/sites/university-history.dl.umn.edu/files/report_of_the_task_force_on_building_names_and_institutional_history.pdf.

“An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct.”³¹⁰

Many administrators do not neatly fit within one category — but these ideal types adequately describe the essentials of administrative ideology in higher education.

The *True Believers* wholeheartedly believe in progressive ideals such as social justice, globalism, and diversity. They are most often found in the lower levels of the administrator job ladder. They work in roles like Resident Hall Directors, program assistants, and other staff positions. They hold some influence over their immediate co-workers and students, and they do the groundwork for the enforcement of political orthodoxy on campus.

The *Bandwagoners* do not care much about politics, but they will go along with the True Believers, whether administrators or students, in order to fit in with the system. They may disagree with actions taken at the university to placate students, but the bandwagoners do not want to rock the boat. They don’t even necessarily pay much attention to politics in the education industry. They may have political opinions, but they want to focus on doing their jobs.

The *Skeptics* are not impressed with the current ideology in higher education and are reluctant to go along with it. Unlike the Bandwagoners, who acquiesce to radical initiatives, Skeptics are more active in pushing back. It might be because they are in secure or more influential positions. For instance, Purdue University’s President Mitch Daniels froze tuition at his university for nine consecutive years from 2012 to 2021.³¹¹ He worked on establishing relationships with other organizations and cut down on unnecessary costs rather than asking the state for more financial help.³¹² President Daniels is openly friendly with certain politically conservative organizations, and politely but firmly resists the excesses of the political left.³¹³

The *Salesmen* carefully emphasize topics that are of interest to the people they speak with in order to appeal to all kinds of groups. They tailor their speech in order to maximize the amount of money flowing into their institutions. They see their mission as increasing the resources of higher education, regardless of how higher education then uses those resources.

310 Max Weber, *Methodology of Social Sciences*, trans. and ed. Edward A. Shils and Henry A. Finch (New Brunswick and London: Transaction Publishers, 2011), 90.

311 “Purdue Announces 9th Consecutive Tuition Freeze,” Purdue University, February 16, 2020, <https://www.purdue.edu/newsroom/releases/2020/Q1/purdue-announces-9th-consecutive-tuition-freeze.html#:~:text=WEST%20LAFAYETTE%2C%20Ind.,year%20of%20no%20tuition%20increase>.

312 Andrew Ferguson, “The College President Who Simply Won’t Raise Tuition,” *The Atlantic*, April 2020, <https://www.theatlantic.com/magazine/archive/2020/04/mitch-daniels-purdue/606772/>.

313 Mitch Daniels, interview by Peter Robinson, *Uncommon Knowledge with Peter Robinson*, Hoover Institution, June 5, 2020, <https://www.hoover.org/research/mitch-daniels-plain-talk-president-purdue>.

University presidents, whose office requires them to raise substantial amounts of funds for their universities, are frequently Salesmen.

Texas A&M University President Michael Young was kind enough to allow us to interview him,³¹⁴ and we would judge him to be a Salesman in the highest sense — one who conceives his office as primarily directed toward securing resources for Texas A&M.³¹⁵

When President Young was asked what he would recommend to state and federal policymakers in order to improve public higher education, he said they needed more funding and resources. He added that while the Texas legislature has been more generous in funding compared to many other states, no state gives enough resources to universities.

In his closing remarks, President Young emphasized the following in support of robust federal support for research:

Very soon, China will pass us in the amount of money given to its research universities. That is an existential threat to the United States.

China is a rising peer competitor to the United States, which has exerted soft-power influence in the United States' higher-education system via its on-campus, party-controlled Confucius Institutes³¹⁶ and coordinated espionage.³¹⁷ President Young avoided mention of Texas A&M's extensive entanglement with China, via student admissions,³¹⁸ Confucius Institutes,³¹⁹ and joint research.³²⁰

President Young carefully avoided mention of anything that Texas A&M would *do* to guard against Chinese influence, however. Instead, Young provided another justification for Americans to give more money to Texas A&M — with no strings attached. President Young is a very fine Salesman, who has benefitted Texas A&M extraordinarily purely by the measure of the dollars he attracts to the institution. But America cannot look to Salesmen to reform their universities. Administrative bloat, student debt, politicized administrators, foreign influence — Salesmen have no answers for these challenges. They will simply provide more money for the True Believers.

314 Young, phone interview.

315 See also Emily Parkhurst and Rachel Lerman, "UW President Michael Young Builds Companies — That's Why Texas A&M Poached Him," *Puget Sound Business Journal*, February 4, 2015, <https://www.bizjournals.com/seattle/blog/health-care-inc/2015/02/uw-president-michael-young-builds-companies-thats.html>.

316 Rachelle Peterson, *Outsourced to China: Confucius Institutes and Soft Power in American Higher Education*, National Association of Scholars, April 9, 2017, <https://www.nas.org/reports/outsourced-to-china/full-report>.

317 David Bowdich, "The Importance of Partnerships in Responding to the Chinese Economic Espionage Threat to Academia," (speech, Academic Security and Counter Exploitation Annual Seminar, Texas A&M University, College Station, Texas, March 4, 2020), <https://www.fbi.gov/news/speeches/the-importance-of-partnerships-in-responding-to-the-chinese-economic-espionage-threat-to-academia>.

318 International Student Services, "Student Headcount by Nationality – Fall 2018," Texas A&M University, https://iss.tamu.edu/ISS/media/ISS-Files/ISS-PDF/ISS%20Information/Fall_2018_Headcount-final.pdf.

319 Elizabeth Redden, "Closing a Confucius Institute, at Congressmen's Request," *Inside Higher Ed*, April 9, 2018, <https://www.insidehighered.com/news/2018/04/09/texas-am-cuts-ties-confucius-institutes-response-congressmens-concerns>.

320 Josh Ninke, "About 200 Students Impacted as Texas A&M Suspends Travel to China," *KBTX-TV 13*, January 9, 2020, <https://www.kbtx.com/content/news/About-200-students-impacted-as-Texas-AM-suspends-travel-to-China-567392281.html>.

Administrators promote a broad range of progressive ideologies. Three important ideological drains on university resources are *globalism*, *social justice*, and *sustainability*.

Globalism

Globalism is a utopian, progressive ideology that promotes commitment to a liberal international community and discourages loyalty to one's country.³²¹ Universities use specific programs and projects to make the case that national borders are arbitrary and cause unnecessary division among peoples. These projects include service-learning ventures such as study-abroad programs, encouraging students from foreign countries to study in the U.S. through international education programs, and directly taking stances on political issues related to promoting globalism. Any attempt to pursue a national interest is taken as by definition backwards and reflects an irrational prejudice, racism, and/or xenophobia.³²² Higher education, as it promotes globalist ideology, destroys American patriotism and national identity in its students both by malign neglect and by open hostility.³²³

The globalism ideology overlaps with other progressive ideologies such as social justice and sustainability. College administrators who promote the globalism agenda can be found particularly frequently in student affairs, civic engagement programs, and international student recruitment departments.

Figure 51: Administrators & Staff Involved with Globalism, Sample Salaries³²⁴

School	Job	Salary	Job Description
University of Nebraska-Lincoln	Associate Vice Chancellor for Global Strategies	\$200,000	<p>"Responsible for all aspects of campus internationalization and leads the university's cross-campus efforts to strategically expand its global reach and impact</p> <p>Coordinates with the Confucius Institute to ensure broader integration between the Institute and the University*</p> <p>Develops and implements institutional initiatives for students and faculty; builds strategic international partnerships across the higher education, government, and private sectors, and oversees all global risk management operations</p> <p>Oversees the Office of Global Strategies the Education Abroad Office, Programs in English as a Second Language (PIESL), the International Students and Scholars Office (ISSO), and the Partnership Degree Program at Zhejiang University City College"</p>

321 David Randall, *Making Citizens: How American Universities Teach Civics*, National Association of Scholars, January 2017, https://www.nas.org/storage/app/media/Reports/Making%20Citizens/NAS_makingCitizens_fullReport.pdf.

322 Randall, *Making Citizens: How American Universities Teach Civics*, 111.

323 Randall, *Making Citizens: How American Universities Teach Civics*, 108-115.

324 See Appendix A, Figure 51: Administrators & Staff Involved with Globalism, Sample Salaries.

Figure 51: Administrators & Staff Involved with Globalism, Sample Salaries³²⁵

School	Job	Salary	Post Description
University of North Carolina-Chapel Hill	Director, International Student and Scholar Services	\$120,000	“Advises international faculty scholars, and the campus community and handles complex employment-based non immigrant petitions” “Manages the online study abroad application system”
University of Kansas	Associate Director, Study Abroad & Global Engagement	\$71,087	Oversees all student services functions (admissions, enrollment, financial aid, payments), serves as liaison to select student affairs and enrollment management offices (Admissions, Bursar, Financial Aid and Scholarships and Registrar) Coordinates Graduate level study abroad and the Graduate Direct Exchange programs in Germany Assists the Director with daily office management”
West Virginia University	Assistant Director, Student Services and International Student Advocate	\$40,564.	NA

* In September 2020, the University of Nebraska-Lincoln announced it would close its Confucius Institute because of budget cuts. However, the University of Nebraska-Lincoln will continue its relationship with Xi’an Jiaotong University, which is connected to the Confucius Institute at Nebraska.³²⁶

We may note that international education programs attempt to make Americans better “global citizens” by exposing college students to people from different countries and backgrounds. Yet because American colleges heavily recruit international students from wealthy foreign families, they actually recruit a foreign student body who have already been substantially Westernized in international schools modeled on American education.³²⁷ Such recruitment at least educates Americans as to the nature of “global citizenship” — another progressive ideal that thinly disguises a series of giveaways to an international elite educated around the parochial norms of American progressivism. But it hardly lives up to its stated goal of educating Americans about foreign cultures.

325 See Appendix A, Figure 51: Administrators & Staff Involved with Globalism, Sample Salaries.

326 Chris Dunker, “UNL to Close Confucius Institute As Part of Cuts,” *Lincoln Journal Star*, September 4, 2020, https://journalstar.com/news/local/education/unl-to-close-confucius-institute-as-part-of-cuts/article_01d7c173-8d30-5ebc-8b6c-759014e6a5e1.html; “International Partnerships-China,” Global Nebraska, University of Nebraska-Lincoln, accessed October 15, 2020, <https://globalnebraska.unl.edu/international-partnerships-china>.

327 Zachary Ritter, “International Students’ Perceptions of Race and Socio-Economic Status in an American Higher Education Landscape,” *Journal of International Students* 6, 2 (2016): 367-93. <https://files.eric.ed.gov/fulltext/EJ1094879.pdf>.

“Many East Asian international students came from racially homogenous, yet ethnically diverse countries. However, they were often not exposed to the ethnic diversity in their home countries because they lived in metropolitan areas, were raised by affluent families, and identified with the majority ethnic groups in their countries.” — *International Students’ Perceptions of Race and Socio-Economic Status in an American Higher Education Landscape*³²⁸

Universities seek out wealthy international students not least to serve as cash cows. International students pay the full cost of tuition and fees, with no discounts. Universities seek out international students with such avidity that, at some universities, they have replaced American students as the core constituency. Schools such as Carnegie Mellon University, Columbia University, and the University of Illinois-Urbana Champaign by 2017-2018 enrolled majorities, pluralities, and substantial minorities of international students.³²⁹

School	Percent of Fall Enrollment of International Students, 2017-2018
Carnegie Mellon University	56.4%
Columbia University	44.6%
University of Illinois-Urbana Champaign	25.4%

University study abroad programs likewise purport to educate American students about foreign countries — but even given the limited time available, they provide a remarkably superficial education. Dickinson College offers semester-long programs where students spend a majority of their time in a classroom learning about various global theories. Students are abroad for less than a month, but they are encouraged to make broad assumptions based on what they learned in the classroom.³³⁰ Others provide “service-learning study abroad,” which simply integrates time abroad into American progressive activism.³³¹ Students study abroad to learn that American progressivism is true everywhere.

Universities sometimes take more direct action to promote their globalist agenda. Following President Donald Trump’s election in 2016, students and university employees at over 100 college campuses demanded that their schools protect illegal immigrants from American immigration laws by becoming “sanctuary campuses.”³³² This aspect of

328 Ritter, “International Students’ Perceptions of Race and Socio-Economic Status in an American Higher Education Landscape,” 377.

329 Jacquelyn Elias, “A New Policy Would Upend International Enrollments. Here Are Which Colleges Could Be Most Affected,” *The Chronicle of Higher Education*, July 9, 2020, <https://www.chronicle.com/article/a-new-policy-would-upend-international-enrollments-here-are-which-colleges-could-be-most-affected>.

330 “Mosaics,” Community Studies and Mosaics, Dickinson College, <https://www.dickinson.edu/homepage/603/mosaics>, accessed May 15, 2020.

331 Randall, *Social Justice Education in America*, 204-208.

332 “Yale Joins Nationwide Campus Walkouts Demanding ‘Sanctuary Campus’ Policy Cooperation,” *New Haven Registrar*, November 16, 2016, <https://www.nhregister.com/connecticut/article/Yale-joins-nationwide-campus-walkouts-demanding-11319123.php>; Glenn M. Ricketts, The Campus Sanctuary Movement, *Academic Questions* 32, 2019, 81-93, <https://doi.org/10.1007/s12129-018-9767-4>.

universities' globalism imposes ever-more severe restrictions on students' everyday speech and actions. Colleges "encourage" students, with increasingly coercive severity, to call illegal aliens "undocumented immigrants" — even the previous euphemism, "illegal immigrants," now ritually condemned as offensive and "dehumanizing."³³³ This aspect of globalism amounts to an institutional endorsement of a mass amnesty of illegal immigrants, and increasingly an endorsement of an "open borders" immigration policy. Students who resist this administrative imposition of a political policy preference face university-sanctioned ostracism or worse.

Universities' globalism entails substantial expenditures not only to recruit wealthy, westernized foreign students and to provide a social-justice simulacrum of study abroad; it also involves increasing institutional investment in an Orwellian push to brainwash students to support open borders and mass amnesty for illegal immigrants.

Social Justice

Social justice activists seek to enforce a "fair" distribution of wealth, opportunities, and privileges in order to right perceived historical injustice. In America, social justice advocates argue that identity groups such as blacks, women, homosexuals, and illegal immigrants have been historically oppressed and deserve "equity" for their wrongs, by financial, political, social, and cultural restitution. Social justice advocates desire every person and institution to dedicate their time and attention toward "liberating" these oppressed groups and repairing historical wrongs. They grant no moral or political legitimacy to any opposition to their goals and take the suppression of such opposition to be a primary goal of social justice activism.³³⁴

Social justice activists have taken over much of higher education administration and possess a stranglehold on offices such as Student Affairs, First-Year Experience, Community Engagement, Equity and Inclusion, Title IX, Sustainability, and other miscellaneous offices.³³⁵ There they dedicate themselves to *overcoming privilege*, fighting "normality" (*heteronormativity, cisnormativity, Eurocentrism, etc.*), "anti-racism" efforts, and transforming students into career activists.³³⁶ Universities allocate substantial financial resources to fund social justice activities — and even just to provide salaries for social justice administrators.

333 Zachary Petrizzo, "Marquette Begg Students Not to use 'The I-Word' for Illegals," *Campus Reform*, May 21, 2018, <https://www.campusreform.org/?ID=10929>.

334 Randall, *Social Justice Education in America*, 176.

335 Randall, *Social Justice Education in America*.

336 Randall, *Social Justice Education in America*, 20.

Figure 52: Social Justice Administrators & Staff, Sample Salaries³³⁷

School	Job	Salary	Job Description
Michigan State University	Title IX Coordinator- Executive Management	\$160,008	NA
University of North Carolina-Chapel Hill	Senior Director of Education, Operations & Initiatives	\$137,500	"Leads diversity & inclusion strategies"
University of Illinois-Urbana Champaign	Minority Student Affairs Director	\$109,000	NA
University of Florida	Associate Director of University Housing & Residential Life	\$77,100	NA
University of Wisconsin-Madison	Assistant Director of International Student Engagement	\$60,552	"Leads the International Student Engagement Team to support international students through social justice education and inclusive advising practices"
University of Virginia	Executive Assistant to the Assistant Vice President for Title IX Compliance/ Title IX Coordinator	\$58,760	"The Executive Assistant to the Assistant Vice President for Title IX Compliance/Title IX Coordinator is responsible for providing executive level administrative and operational support to the Assistant Vice President for Title IX Compliance/Title IX Coordinator and Title IX team, including coordinating and implementing sensitive processes that support the mission of the Title IX team"

Oberlin College encapsulates what social justice administrators do. In November 2016, Jonathan Aladin attempted to steal two bottles of wine from Gibson's Bakery, a local Oberlin establishment heavily patronized by Oberlin College students. Allyn Gibson, a member of the family that owns the bakery, pursued the thief as he fled the store. Aladin and two other Oberlin students then violently assaulted Gibson. The three students were charged and eventually pled guilty to the assault. They affirmed that Gibson's pursuit was not racially motivated.

That matters, because Aladin was black and Gibson was white — and social justice activists only care about identity groups, not individual responsibility. In the immediate aftermath of the arrest of Aladin and his friends, Oberlin College administrators such as the Dean of Students and the Vice President of Communications actively helped Oberlin students to boycott Gibson's Bakery for what they slanderously framed as a racially motivated attack.³³⁸

³³⁷ See Appendix A, Figure 52: Social Justice Administrators & Staff, Sample Salaries.

³³⁸ Abraham Socher, "O Oberlin, My Oberlin," *Commentary Magazine*, September 2019, <https://www.commentarymagazine.com/articles/abraham-socher/o-oberlin-my-oberlin/>; Gibson Bros., Inc., et al. v. Oberlin College, et al., <http://www.lawlion.com/wp-content/uploads/2019/08/UPDATED-FAQs-re-Gibsons-Bakery-v.-Oberlin-College.pdf>, accessed May 26, 2020.

We should note that these events occurred immediately after the 2016 election at a moment when many Americans were on edge, especially at institutions such as Oberlin College. Oberlin students' attitudes toward Gibson's Bakery may have been inflamed by the election results. To the extent they were, Oberlin administrators bear blame for further negligence. It was their responsibility to inculcate mature self-control in Oberlin students, not to encourage rage against a convenient scapegoat.

Whether or not the 2016 election contributed to the emotional atmosphere at Oberlin, as the controversy with Gibson's Bakery spiraled toward boycott, Oberlin's administrators' actions rendered Oberlin College liable for \$33 million in damages — but neither the administrators directly responsible, nor the college as a whole, have yet admitted error.³³⁹

“American universities spend more than \$1 billion on remedial education.”

Social justice activists specialize in libel and hate hoaxes, and they can cost their host colleges millions of dollars in litigation. Aside from the direct waste of expenditures for their salaries, and the programs they direct, activities designed to increase colleges' legal liability do not seem a good return on investment.

And the direct waste of salaries and expenditures is substantial. Social justice activists divert higher education expenditures to social activism and identity group administrative centers,³⁴⁰ promote segregated events for different identity groups,³⁴¹ enforce race and sex discrimination in admissions and staffing,³⁴² and impose “diversity” and “social justice” statements that restrict employment to the minority of Americans who share their views — or to the larger number willing to violate their conscience to secure a job in higher education.³⁴³ Social justice activism also prompts colleges to lower admissions standards so as to increase the number of students from favored identity groups. Colleges must then place large numbers of academically unprepared students in remedial education courses — courses which now drain universities of vast amounts of money that ought to be spent on rigorous undergraduate education. Every year, American universities spend more than \$1 billion on remedial education.³⁴⁴

At SUNY-Geneseo, officials frame their mission as academic support via the Access Opportunity Program (AOP).

339 “Oberlin College President Responds To \$44 Million Defamation Lawsuit,” CBS News, June 26, 2019, https://www.youtube.com/watch?v=vV_yzL-S1ms&t=398s.

340 “To The Root: Feminist Issue.” Forty Years: The History of Women at Bowdoin, accessed May 27, 2020, <https://research.bowdoin.edu/forty-years-the-history-of-women-at-bowdoin/womens-resource-center/to-the-root-feminist-issue/>.

341 Dion Pierre, *Separate but Equal, Again*, National Association of Scholars, April 24, 2019, <https://www.nas.org/reports/separate-but-equal-again/full-report/>; Daniel Payne, “Harvard Hosts ‘UndocuGraduation’ for Students in the Country Illegally,” *The College Fix*, May 13, 2019, <https://www.thecollegefix.com/harvard-hosts-undocugraduation-for-students-in-the-country-illegally/>.

342 Neetu Chandak, “Harvard Dean Defends Race-Based Admissions on First Day of Trial,” *Daily Caller News Foundation*, October 16, 2018, <https://dailycaller.com/2018/10/16/harvard-dean-defends-admissions-process/>.

343 Sarah R. Gordon, Precious Elmore-Sanders, & Delton R. Gordon, “Everyday Practices of Social Justice: Examples and Suggestions for Administrators and Practitioners in Higher Education,” *Journal of Critical Thought and Praxis* 6, no. 1 (2017), 68–63, <https://lib.dr.iastate.edu/cgi/viewcontent.cgi?article=1125&context=jctp>.

344 Laura Jimenez, Scott Sargard, Jessica Morales, and Maggie Thompson, *Remedial Education: The Cost of Catching Up*, Center for American Progress, September 2016, <https://www.scribd.com/document/323744409/Remedial-Education-The-Cost-of-Catching-Up>.

When I applied to Geneseo, the first round, I applied and they said, *Well, sorry, you're not accepted. However, you can get in through this program [AOP], just apply to the program. We see that you are a first-generation college student.*³⁴⁵

AOP admits students who fall below the academic requirements from the rest of the school and would not have been admitted otherwise.³⁴⁶ There are two programs within AOP at Geneseo: Education Opportunity Program (EOP) and Transition Opportunity Program (TOP). EOP is sponsored by the state and therefore found at various SUNY schools. TOP is a program designed by SUNY-Geneseo to further increase the “ethnic/racial, economic, and age diversity” of its student body.³⁴⁷ The average high school GPA for regular admitted students was between 90 and 95.³⁴⁸ Students admitted via AOP only need to have a minimum high school GPA of 80.³⁴⁹ The average high school GPA for EOP students is between 83 and 89.³⁵⁰

Figure 53: SUNY-Geneseo Freshmen Admitted Students Profile, by AOP status

Enrollment Type	Average High School GPA (middle 50%)	SAT Scores (middle 50%)*
General Admissions	90-95	1170-1300
EOP	83-89	970-1080
TOP	NA	NA

*As of June 2020, SUNY-Geneseo went test-optional.³⁵¹

AOP students receive special treatment and free amenities unavailable to their peers, such as additional tutors, peer mentors, and academic advisors. Aside from the injustice and the inefficacy of such disparate treatment, such efforts divert further substantial sums from what ought to be the core mission of a college — rigorous education of qualified students.

345 Confidential SUNY-Geneseo graduate, phone interview with author, January 10, 2020.

346 Education Opportunity Program, SUNY Geneseo, accessed June 3, 2020, <https://www.geneseo.edu/aop/educational-opportunity-program>.

347 “The Programs,” SUNY-Geneseo, accessed October 21, 2020, <https://www.geneseo.edu/aop/programs>.

348 “Class of 2022 Profile,” SUNY-Geneseo, accessed October 21, 2020, <https://www.geneseo.edu/admissions/freshman-profile>.

349 Education Opportunity Program, SUNY Geneseo, accessed September 1, 2020, <https://www.geneseo.edu/aop/educational-opportunity-program>.

350 “Educational Opportunity Program (EOP) Information Summary – 2020,” State University of New York, accessed October 21, 2020, https://www.suny.edu/media/suny/content-assets/documents/summary-sheets/EOP_profile.pdf.

351 Monique Patenaude, “Geneseo Eliminates Need for SAT/ACT Scores,” The State University of New York Geneseo, June 8, 2020, <https://www.geneseo.edu/news/geneseo-eliminates-need-satact-scores>.

Anti-racism: The New Religion on Campus

Anti-racism initiatives are the latest trend in campus activism, but it isn't just a transitory academic fashion that will soon be forgotten.

The term came to prominence in the wake of George Floyd's death and the subsequent civil unrest in 2020, though it had previously been used in Ibram X. Kendi's well-known 2019 book, *How To Be An Antiracist*.³⁵² Anti-racism is in many ways part of diversity and social justice efforts, but it takes the racial aspect of these ideologies a step further. Proponents of anti-racism suggest that it isn't enough to simply not be racist;³⁵³ instead, truly "good" people must be anti-racist. What this translates to is the destruction of institutions that are deemed to perpetuate racial inequities, and active reversal of racial inequalities of outcome through policies like affirmative action.³⁵⁴

Anti-racism stands out from other social justice initiatives because of its strong ritualistic and religious elements. To be an anti-racist, you are required to: atone for your "sins" and those of your ancestors (particularly the "sin" of being white),³⁵⁵ kneel before people of color (POC) and particularly Black Lives Matter activists,³⁵⁶ and pay tithes to your black acquaintances as part of reparations for slavery.³⁵⁷ Not participating in these rituals results in severe social consequences and the damning label of "racist."

It may be too soon to analyze the total effect anti-racism will have on higher education. But even after only a year of its active presence on campus, the push for anti-racism has already resulted in forced "anti-racist" and bias training among students, faculty, and staff.³⁵⁸ Universities do not allow debate upon anti-racism's merits. Administrators are using the enthusiasm for anti-racism to expand diversity positions within their ranks — even during a historic pandemic and economic downturn that has resulted in the firing of tenured faculty.³⁵⁹

Sustainability

Sustainability is an ideology that aims to alter mankind's relationship with the environment, in addition to incorporating radical political goals. It combines environmental activism, social justice, and anti-capitalism to achieve its goals of environmental conservation through extreme measures disguised as science. These include the redistribution of wealth from rich countries to poorer ones, prohibiting or severely restricting the use of industrial resources, mass propaganda and regulation to "encourage" as great a shift as possible to a pre-industrial lifestyle; and a shift of power toward global authorities, so as to enforce sustainability policy on recalcitrant localities. The United Nations adopted the concept of

352 Ibram X. Kendi, *How To Be An Antiracist*, (New York: One World, 2019).

353 "Anti-racist Resources," Borough of Manhattan Community College, The City University of New York, accessed January 8, 2021, <https://www.bmcc.cuny.edu/student-affairs/counseling/anti-racist-resources/>.

354 See Ben Shapiro, "The Problem of 'Anti-racism,'" *Creators Syndicate*, July 1, 2020, <https://www.creators.com/read/ben-shapiro/06/20/the-problem-of-anti-racism>.

355 Brando Simeo Starkey, "This is What White People Can Do to End Racism," *The Undeclared*, July 2, 2020, <https://theundefeated.com/features/this-is-what-white-people-can-do/>.

356 "'Surreal' PHOTOS of FBI Employees Kneeling Amid Protests in DC Spark Confusion & Calls for 'Disciplinary Action,'" *RT*, June 6, 2020, <https://www.rt.com/usa/491009-fbi-kneeling-dc-protests/>.

357 Jose A. Del Real, "Some White People Are Pouring Out Their Hearts — And Sending Money — To Their Black Acquaintances," *The Washington Post*, June 6, 2020, https://www.washingtonpost.com/national/well-meaning-white-people-are-pouring-out-their-hearts--and-sending-money--to-their-black-friends/2020/06/06/05abc402-a67d-11ea-bb20-ebf0921f3bbd_story.html.

358 Vincent Price, "Statement to the Community Regarding Anti-Racism," Office of the President, Duke University, June 17, 2020, <https://president.duke.edu/2020/06/17/statement-to-the-community-regarding-anti-racism/>; "Anti-Black Racism Course FAQs," Office of the Provost, University of Pittsburgh, <https://www.provost.pitt.edu/anti-black-racism-course-faqs>.

359 Neetu Arnold, "University Administrators' Pandemic Power Grab," *The James Martin Center for Academic Renewal*, November 27, 2020, <https://www.jamesmartin.center/2020/11/university-administrators-pandemic-power-grab/>; "Higher Ed Takes On Racism," *National Association of Scholars*, October 28, 2020, <https://www.nas.org/blogs/article/higher-ed-leadership-takes-on-racism>.

sustainability as far back as 1987, but the sustainability movement’s dynamic core in 2020 lies on college campuses, where sustainability activists use colleges’ institutional resources to impose sustainability policies and propagandize students.³⁶⁰

Sustainability doubles as a rationale for colleges to spend more on administration. Colleges frequently dedicate new offices and departments just to study and promote sustainability — with all the attendant commitment to salaries and other expenses.

Figure 54: Sustainability Administrators & Staff, Sample Salaries³⁶¹

School	Job	Salary	Job Description
University of Virginia	Office for Sustainability Director	\$145,000	NA
University of Wisconsin-Madison	Sustainability Analyst	\$ 75,678	“Provide data and analysis to support decision-making on programs that improve campus sustainability”
University of Vermont	Office of Sustainability Director	\$87,696	<p>“Responsible for tracking the institution’s environmental performance</p> <p>Recommending environmentally responsible practices</p> <p>Working with students, faculty members, and staff members on projects</p> <p>Connecting with the Vermont and higher education communities”</p>

10 of the 50 colleges we studied possess an *interdisciplinary* sustainability department, reporting directly to the President or Vice President of their respective universities, which extends the sustainability cadres throughout the administration. A 2017 University of Michigan report on such interdisciplinary sustainability institutes found that the average number of staff is 22, and an average annual expenditure of \$7 million. A majority of these institutes already offer degrees or certificates; the remainder spend their time and money on projects such as “climate action plans.” These institutes rely not only on government grants and private donations but also on university appropriations — which provide a plurality of their revenues. On average, almost 20% of this revenue pays for administrative expenses.³⁶²

Some schools impose “green fees” to support sustainability initiatives. In the 2017-2018 academic year, the University of Georgia received \$239,000 from green fees.³⁶³ The University of Texas-Austin has received more than \$3.5 million in green fees since 2010 to

360 Rachele Peterson, *Sustainability — Higher Education’s New Fundamentalism*, National Association of Scholars, March 2015, <https://www.nas.org/storage/app/media/Reports/Sustainability/NAS-Sustainability-Digital.pdf>.

361 See Appendix A, Figure 54: Sustainability Administrators & Staff, Sample Salaries.

362 Andrew Hoffman and Jessica Axson, *Examining Interdisciplinary Sustainability Institutes at Major Research Universities: Innovations in Cross-Campus and Cross-Disciplinary Models* (Ann Arbor, MI: University of Michigan, 2017), <http://graham.umich.edu/media/pubs/Mitchell%20Report%20Final.pdf>.

363 “Green Fee,” University of Georgia, accessed May 29, 2020, https://busfin.uga.edu/bursar/tuition_green_fee_fact_sheet.pdf.

support projects such as beautifying campus parking garages,³⁶⁴ creating a mobile game that tracks environment impact,³⁶⁵ and replacing equipment on a solar-powered smoothie cart.³⁶⁶

Influence U

Universities use their authority, knowledge, position, and relationships with their local communities to shape Americans' moral, social, and political decisions. More bluntly, they divert substantial portions of their vast financial resources from educating students to transforming America. They exert outsize influence on their local communities, especially in small towns where they are among the largest employers.

Figure 55: University Employment Size, Relative to Local Community³⁶⁷

University	City or County/State	Rank
Albright College	Reading/PA	Outside top employers
Alaska Pacific University	Anchorage Borough/AK	Inconclusive
Berea College	Madison County/KY	Inconclusive
Black Hills State University	Spearfish/SD	2
Bowdoin College	Brunswick/ME	3
Brigham Young University	Provo/UT	1
Brown University	Providence/RI	1
California State University-Los Angeles	Los Angeles County/CA	40*
Carnegie Mellon University	Allegheny County/PA	8*
College of Charleston	Charleston/SC	9
Columbia University	New York County/NY	Inconclusive
Cornell University	Tompkins County/NY	1*
Dickinson College	Cumberland County/PA	11*
Drexel University	Philadelphia County/PA	12*
Duke University	Durham/NC	1
Georgetown University	District of Columbia	1
George Mason University	Fairfax County/VA	5*

364 "2015-16 Green Fund Awards," Office of Sustainability, University of Texas at Austin, accessed May 29, 2020, <https://sustainability.utexas.edu/2015-16-green-fund-awards>.

365 "2012-13 Green Fund Awards," Office of Sustainability, University of Texas at Austin, accessed May 29, 2020, <https://sustainability.utexas.edu/2012-13-green-fund-awards>.

366 "2019-20 Green Fund Awards," Office of Sustainability, University of Texas at Austin, accessed May 29, 2020, <https://sustainability.utexas.edu/2019-20-green-fund-awards>.

367 See Appendix A, Figure 55: University Employment Size, Relative to Local Community.

Figure 55: University Employment Size, Relative to Local Community³⁶⁸

University	City or County/State	Rank
Harvard University	Cambridge/MA	1
Lincoln University	Chester County/PA	Outside top employers*
Maryville College	Maryville/TN	20
Michigan State University	East Lansing/MI	2
Montclair State University	Essex County/NJ	Inconclusive
Oberlin College	Lorain County/OH	7*
Princeton University	Mercer County/NJ	Inconclusive
Sierra Nevada University	Incline Village/NV	5
Stanford University	Santa Clara County/CA	4*
SUNY-Geneseo	Livingston County/NY	1*
University of Pennsylvania	Philadelphia County/PA	1*
University of the Ozarks	Johnson County/AR	7*
Temple University	Philadelphia County/PA	6*
Texas A&M – College Station	Brazos County/TX	1*
The Evergreen State College	Thurston County/WA	Inconclusive
The University of Texas-Austin	Austin/TX	2
University of California-Berkeley	Berkeley/CA	1
University of Colorado-Boulder	Boulder/CO	1
University of Florida	Gainesville/FL	1
University of Georgia	Athens-Clarke County/GA	1*
University of Illinois-Urbana Champaign	Champaign/IL	1
University of Kansas	Lawrence/KS	1
University of Maryland-College Park	College Park/MD	1
University of Nebraska-Lincoln	Lincoln/NE	3
University of North Carolina-Chapel Hill	Chapel Hill/NC	1
University of Pittsburgh	Allegheny County/PA	2*
University of Vermont	Burlington/VT	1
University of Virginia	Albemarle County/VA	1*
University of Wisconsin-Madison	Madison/WI	2
Vanderbilt University	Nashville/TN	1
Villanova University	Delaware County/PA	3*

368 See Appendix A, Figure 55: University Employment Size, Relative to Local Community.

Figure 55: University Employment Size, Relative to Local Community³⁶⁹

University	City or County/State	Rank
West Virginia University	Monongalia County/WV	2*
Yale University	New Haven/CT	2

*Rank within host county rather than within host town or city.

32 out of our 50 sample universities are among the 10 largest employers within their local communities. Yale is the second-largest employer in New Haven, a city of approximately 130,000 that is the second most populous in the entire state of Connecticut.³⁷⁰ Universities speak with even louder voices in smaller towns. Universities provide essential customers to small communities, above all the thousands of students who spend money for lodging, food, and entertainment. Some 24,000 Cornell University students collectively contribute \$225 million per year, or \$4 million a week, to the Tompkins County economy simply by eating at restaurants and shopping at stores.³⁷¹ Brunswick, Maine is essentially a company town, whose local restaurants and businesses rely on the \$2 million they receive annually from the 1,800 students at Bowdoin College.³⁷²

“Cornell University is the county’s largest employer and, along with Ithaca College, forms the foundation for a creative economy that has helped the county bounce back from recent recessions.”³⁷³

Many towns also depend on universities for their entertainment and, indeed, their cultural identity. The University of Wisconsin-Madison receives close to \$11 million in net revenue from its athletic programs.³⁷⁴ UW Athletics, specifically, plays a major role in the Madison tourism industry, attracting nearly 1.8 million visitors, mostly from within the state and surrounding areas, for sporting and other events at the facilities.³⁷⁵ The name of the Four Corners bar in Chapel Hill, North Carolina, honors a winning game strategy implemented by former University North Carolina-Chapel Hill basketball coach Dean Smith.³⁷⁶ Universities also offer a range of activities including movies, concerts, lectures, and debates.

369 See Appendix A, Figure 55: University Employment Size, Relative to Local Community.

370 Rankings of Population: Cities in Connecticut, Data Commons, accessed December 4, 2020, https://datacommons.org/ranking/Count_Person/City/geold/09?h=geold%2F0952000.

371 “2019 Local Economic Impact Snapshot,” Economic Impact & Entrepreneurship, Cornell University, accessed August 27, 2020, <https://economicimpact.cornell.edu/local/>.

372 Hannah LaClaire, “Local Businesses ‘Reeling’ After Bowdoin College Announces Students Won’t Return to Campus,” *Portland Press Herald*, March 11, 2020, <https://www.pressherald.com/2020/03/11/local-businesses-reeling-after-bowdoin-college-announces-students-wont-return-to-campus-this-semester/>; “Economic Impact Report,” Bowdoin College, accessed August 28, 2020, <https://www.bowdoin.edu/finance/pdf/economic-impact-report-2019.pdf>.

373 *Tompkins County Comprehensive Plan* (2015), Tompkins County Planning Department, 22, <https://tompkinscountyny.gov/files2/planning/ComprehensivePlan/FINAL-March%2012-low%20res.pdf>.

374 Equity in Athletics Data Analysis, United State Department of Education, <https://ope.ed.gov/athletics/#/institution/search>.

375 *Economic Impact of the University of Wisconsin-Madison Athletics Department*, Econsult Solutions Inc., June 10, 2019, https://uwbadgers.com/documents/2019/9/11/Wisconsin_Athletics_Economic_Impact_Study_2019_full_report.pdf.

376 Four Corners, accessed August 29, 2020, <http://www.fourcornersgrille.com/>.

College Athletics

College sports are a unique cultural phenomenon in America. They are very popular among students, alumni, and sports fans more generally, and they require considerable financial support from colleges. The topic of college sports in the context of higher education finance is so extensive that it would probably require a report of its own to cover properly. This is why we do not include a full analysis of the subject in this report. However, we will provide a brief summary of relevant information to provide context for our discussions of influence-related expenditures at American universities.

More than 1,100 universities across the three National Collegiate Athletic Association (NCAA) divisions spent nearly \$19 billion on college sports in 2019.³⁷⁷ Division I colleges devote the most financial resources toward their sports programs.³⁷⁸

The largest athletic expenses across all three divisions included:

- Coach Compensation (19.4%)
- Athletic Student Aid (19.2%)
- Facility Expenses (17.3%)

The largest revenue sources are those generated from:

- Institution & Government Support (36.2%)
- Media Rights (18.2%)
- Donor Contributions & Endowments (15.2%)

Universities without a football program, especially those outside Division I, depend more on revenue generated from Institution & Government Support and Student Fees than they do on Media Rights and Donor Contributions. Institution & Government Support alone frequently provides more than 70% of revenue of these universities with no football program and no Division I status.³⁷⁹

These athletic programs' profitability is a matter of fierce debate. College sports can and do generate revenue — not only by allowing colleges to sell media rights but also by attracting donations.³⁸⁰ But most collegiate athletics programs run at a net loss: only 25 schools generated a profit from their athletic programs in 2019. Most of these universities were in Division I of the NCAA and had a football program.³⁸¹

Athletics programs that run at a net loss are usually subsidized by the government and the university's own budget, and frequently through student fees as well. Athletics programs' defenders justify these subsidies by arguing that college sports provide long-term benefits: they keep alumni engaged, they increase the school's national profile, and they enhance "school spirit" and campus life for all students.³⁸² Opponents are skeptical that these benefits are significant, and argue that athletics programs' facilitate profligate spending while doing little more than distract universities from their educational missions.

377 "Finances of Intercollegiate Athletics," NCAA, accessed January 26, 2021, <https://www.ncaa.org/about/resources/research/finances-inter-collegiate-athletics#:~:text=At%20the%20more%20than%201%2C100,was%20spent%20on%20coaches%20compensation..>

378 Division I has nearly 350 colleges, Division 2 has more than 300 colleges, and Division 3 has 446 higher education institutions. "NCAA Division I," NCAA, accessed January 26, 2021, <https://www.ncaa.org/about?division=d1>.

379 National Collegiate Athletic Association, NCAA Financial Database, September 2020, <https://www.ncaa.org/about/resources/research/finances-intercollegiate-athletics-database>.

380 Linda Emma, "The Importance of College Athletic Programs to Universities," *Seattle Pi*, accessed January 26, 2021, <https://education.seattlepi.com/importance-college-athletic-programs-universities-1749.html>.

381 National Collegiate Athletic Association, NCAA Financial Database, September 2020.

382 Brian Burnsed, "Athletics Departments That Make More Than They Spend Still a Minority," NCAA, September 18, 2015, <https://www.ncaa.org/about/resources/media-center/news/athletics-departments-make-more-they-spend-still-minority>.

We should examine in more detail the financial effect of athletics programs. First, universities spend liberally on recruiting and other services for student athletes. During the 2018-19 academic year, the University of North Carolina at Chapel Hill stood out for lavish expenditure: Chapel Hill spent \$125,000 on private planes for student-athlete recruitment.³⁸³

Second, universities frequently provide expensive support for student-athletes. The University of Illinois at Urbana-Champaign spent \$6 million on renovations for a tutoring center that only serves student-athletes.³⁸⁴ Student-athletes need such tutoring because many are admitted to universities with GPAs and test scores far below the student body's average.³⁸⁵ Some universities have even admitted athletes who struggle to read at an elementary or middle school level.³⁸⁶ The presence of such students necessarily leads to an expansion in expenditures on remedial education and other "student support" programs, peripheral (at best) to universities' core mission of teaching academically qualified undergraduates.

Finally, many higher education institutions charge athletic fees to all students, which cover expenses such as scholarships for athletes and salaries for coaches and administrators. The College of Charleston charges students nearly \$1,300 per year in athletic fees, which generates 62% of the revenue of their athletic department.³⁸⁷ These fees are not only burdensome but also deceptive, since universities frequently advertise their tuition but relegate the fees to the fine print.

While it's fairly easy to spot serious issues with college athletics programs, they are difficult to eliminate: college sports are well-established and immensely popular among the American public.³⁸⁸ The NCAA, the main institution organizing collegiate athletic standards and intercollegiate competition, dates to 1911: it is almost half as old as the country. Realistically, college athletics can only be reformed. Effective reforms might include mandating fiscal transparency, including ancillary costs such as tutoring centers, stiffening academic requirements for student athletes, and a concerted effort to reduce spectacular examples of profligacy such as private planes for student-athlete recruitment.

Yet most major universities are unsatisfied with exerting influence by these means and take costly steps to extend their sphere of influence still further. They build on a long American tradition of university initiatives to promote economic growth and social reform. A century ago, the University of Wisconsin pioneered *The Wisconsin Idea*, which dedicated the university to active, autonomous public service, such as policy advice to state legislators or extension education.³⁸⁹

The Wisconsin Idea

"I shall never be content until the beneficent influence of the University reaches every family of the state."

— Charles Van Hise, Former University of Wisconsin-Madison President³⁹⁰

383 Anthony Hennen, "Sky-High Athletics: UNC Spends \$125,000 on Private Planes for Recruiting," The James G. Martin Center for Academic Renewal, December 30, 2019, <https://www.jamesgmartin.center/2019/12/sky-high-athletics-unc-spends-125000-on-private-planes-for-recruiting/>.

384 Ron Grossman, "\$6 Million Center Tutors Jocks Only," *The Chicago Tribune*, November 28, 2008, <https://www.chicagotribune.com/news/ct-xpm-2008-11-28-0811270570-story.html>.

385 Julia Forster, "Student-Athletes & Academic Success: A Comparison of the Graduation Rates, GPA and After College Success of Student-Athletes and Regular Students," *Business/Business Administration* 11, 2012, https://scholarsarchive.library.albany.edu/cgi/viewcontent.cgi?article=1010&context=honorscollege_business; Madeline Barker, "Did You Know? Student-Athletes Can Be Admitted to UNC Schools Despite Low Academic Success," The James G. Martin Center for Academic Renewal, October 10, 2019, <https://www.jamesgmartin.center/2019/10/did-you-know-student-athletes-can-be-admitted-to-unc-schools-despite-low-academic-success/>.

386 Sara Ganim, "CNN Analysis: Some College Athletes Play Like Adults, Read Like 5th-Graders," *CNN*, January 8, 2014, <https://www.cnn.com/2014/01/07/us/ncaa-athletes-reading-scores/index.html>.

387 Merrit Enright, Andrew W. Lehren, & Jaime Longoria, "Hidden Figures: College Students May Be Paying Thousands in Athletic Fees and Not Know It," *NBC News*, March 8, 2020, <https://www.nbcnews.com/news/education/hidden-figures-college-students-may-be-paying-thousands-athletic-fees-n1145171>.

388 Gerard Baker, "To Understand America, Look to Its College Sports," *The Wall Street Journal*, January 17, 2020, <https://www.wsj.com/articles/to-understand-america-look-to-its-college-sports-11579294201>.

389 "The Wisconsin Idea," University of Wisconsin-Madison, <https://www.wisc.edu/wisconsin-idea/>, accessed September 1, 2020.

390 "The Wisconsin Idea," University of Wisconsin-Madison, <https://www.wisc.edu/wisconsin-idea/>, accessed August 30, 2020.

In the 21st century, universities have added to their educational roles direct intervention in the private sector as they accumulate influence and power. They act particularly frequently through Innovation & Entrepreneurship (I&E) institutes and “public service” projects.

Universities use I&E institutes to develop commercial applications for academic research. Universities have focused on developing such commercial application with particular intensity in the past several decades. Universities have been acquiring extra revenue through licensing research since the advent of technology transfer offices (TTOs) in the 1980s.³⁹¹ The technology boom at the turn of the millennium and the associated growth of a start-up entrepreneurial culture led universities to create I&E institutes as a complement to TTOs.³⁹²

History of Technology Transfer

The Bayh-Dole Act (1980) authorized American universities and other research institutions to acquire rights to any intellectual property they created using federally funded research.³⁹³ Congress passed the Act in the wake of the economically stagnant 1970s, with the hope of galvanizing research and industrial activity.³⁹⁴ Bayh-Dole led universities to establish technology transfer offices (TTOs) and technology licensing offices (TLOs) to carry out the legal and economic functions of patent protection and commercial licensing.³⁹⁵

University-directed technology transfer has aroused considerable debate. Proponents argue that research commercialization benefits all Americans by releasing inventions from the ivory tower. Opponents rejoin that research commercialization compromises universities’ fundamental mission to provide education and to promote the search for truth.³⁹⁶ Both of these contentions are true; the question is how much weight to assign to each truth, and whether research commercialization ultimately is mutually exclusive with education and the search for truth.

Most universities fail to profit at first from TTOs — and even long-established TTO’s may remain unprofitable. Yet some universities’ success continues to attract imitators: 16% of university TTOs are profitable. Most of these profitable TTOs are well-established operations at large research institutions, which are best positioned to take advantage of technology transfer.³⁹⁷

391 Before Bayh-Dole, many universities relied on external patent management programs. Some universities set up their own research foundations that were separate but affiliated with the actual institution. The Wisconsin Alumni Research Foundation (WARF) is said to be one of the first university intellectual property organizations. In 1948, WARF made a fortune off its discovery of warfarin, a common medication used as a blood thinner for heart disease. WARF’s success caught the attention of many universities. Other universities that were involved with licensing prior to 1980 include MIT, the University of California system, and Stanford University. David C. Mowery, Richard R. Nelson, Bhaven N. Sampat & Arvids A. Ziedonis, “The Growth of Patenting and Licensing By U.S. Universities: An Assessment of the Effects of the Bayh–Dole Act of 1980,” *Research Policy* 30, no.1 (2001), [https://doi.org/10.1016/S0048-7333\(99\)00100-6](https://doi.org/10.1016/S0048-7333(99)00100-6); “The Winding Story of Warfarin,” University of Wisconsin–Madison, accessed November 25, 2020, <https://www.allwaysforward.org/feature/thank-you-saint-croix-county/>; “WARF & The Bayh-Dole Act,” WARF, accessed November 25, 2020, <https://www.warf.org/about-warf/history/warf-the-bayh-dole-act/>.

392 “The Innovative and Entrepreneurial University: Higher Education, Innovation & Entrepreneurship in Focus,” U.S. Department of Commerce, October 2013, https://www.eda.gov/pdf/The_Innovative_and_Entrepreneurial_University_Report.pdf.

393 AUTM, “Landmark Law Helped Universities Lead the Way,” <https://autm.net/about-tech-transfer/advocacy/legislation/bayh-dole-act>.

394 Ashley J. Stevens, The Enactment of Bayh-Dole, *Journal of Technology Transfer* 29, 2004, 94–96, <https://web.archive.org/web/20120526065514/http://www.bu.edu/otd/files/2011/02/The-Enactment-of-Bayh-Dole.pdf>.

395 AUTM, “Landmark Law Helped Universities Lead the Way.”

396 Joanna Hughes, “Should You Commercialize Your Research,” *PHDSTUDIES*, June 6, 2016, <https://www.phdstudies.com/article/Should-You-Commercialize-Your-Research/>.

397 Irene Abrams, Grace Leung, and Ashley Stevens, *Is It All About The Money? How are US Academic Licensing Offices Tasked and Motivated?*, Worcester Polytechnic Institute, January 2009, 1–34, https://www.wpi.edu/sites/default/files/docs/Offices/Intellectual-Property/How_are_US_Academic_Licensing_Offices_Organized_Task_Financed_and_Motivated_-_Final.pdf.

Universities like to describe I&E institutes as invigorating economic activity, inspiring connections, and creating start-ups.³⁹⁸ Most importantly, they boast of their job-creating successes — with some justification, as forming start-ups does tend to lead to job creation, at least temporarily. However, it seems that critical evaluation of these programs usually stops with unthinking praise of “economic development” and “job creation.”³⁹⁹ A deeper look at these institutes reveals a much less prepossessing picture.

I&E institutes contribute little to student education: their course offerings tend to be tacked-on cross-listing of existing classes in the business, communications, finance, and engineering departments, and a few unique classes that could be offered in those departments anyway: “Social Marketing,”⁴⁰⁰ “Hip Hop Entrepreneurship,”⁴⁰¹ “Managing New Ventures and Family Business.”⁴⁰² Where I&E courses overlap with social justice, globalism, and sustainability initiatives, they propagandize rather than educate. The educational side of these institutes grants them academic legitimacy and deflects criticism — but is thin gruel.

I&E institutes also tout the economic development opportunities that they putatively provide, and universities claim that both the university and the surrounding community benefit from research linked to economic development.⁴⁰³ But most TTOs, including I&E institutes, are not profitable. What I&E institutes do most reliably is provide employment for yet more higher education administrators who don’t actually have anything to do with teaching.

Figure 56: Innovation & Entrepreneurship Administrators, Sample Salaries⁴⁰⁴

School	Job	Salary	Description
University of North Carolina-Chapel Hill	Director, Innovate Carolina	\$114,376	“Leads external relations and engages with alumni, faculty, staff and students from across campus to influence and impact university innovation at UNC-Chapel Hill”
University of Illinois-Urbana Champaign	Executive Director, Technology Entrepreneur Center	\$140,000	NA
University of Nebraska-Lincoln	Executive Director, Nebraska Innovation Campus	\$192,071	NA

Universities also endeavor to acquire local power through “public service” initiatives — which invariably require hiring new bureaucracies to implement. In Philadelphia, Drexel

398 “The Innovative and Entrepreneurial University: Higher Education, Innovation & Entrepreneurship in Focus,” U.S. Department of Commerce.

399 “The Innovative and Entrepreneurial University: Higher Education, Innovation & Entrepreneurship in Focus,” U.S. Department of Commerce;

400 “Choose Your Innovation Adventure,” Duke University, accessed October 26, 2020, <https://entrepreneurship.duke.edu/undergrad-courses/>.

401 “Academic,” University of Illinois-Urbana Champaign, accessed October 26, 2020, <https://entrepreneurship.illinois.edu/academics>.

402 “Managing New Ventures and Family Business,” BYU, accessed October 26, 2020, <https://catalog.byu.edu/business/management/managing-new-ventures-and-family-business>.

403 “The Innovative and Entrepreneurial University: Higher Education, Innovation & Entrepreneurship in Focus,” U.S. Department of Commerce.

404 See Appendix A, Figure 56: Innovation & Entrepreneurship Administrators, Sample Salaries.

University and the University of Pennsylvania, cooperating with various non-profit organizations and corporations, formed the University City District (UCD), a quasi-business improvement district (BID) within the city limits.⁴⁰⁵ UCD, like normal BIDs, provides services such as street cleaning, public safety officers, and community meetings to improve the livability of the district and to make it more business-friendly. Services are funded by voluntary donations from UCD's board, which is comprised of merchants and property owners within the district.⁴⁰⁶

University of Pennsylvania's Executive Vice President Craig Carnaroli serves as the current chairman of UCD's board — and thereby articulates the University's policy within the UCD.⁴⁰⁷ Carnaroli is only one of six higher education administrators on the 27-member board. In 2019, UCD had an \$11 million budget, directed increasingly toward building infrastructure rather than toward its traditional goals of street cleaning and crime reduction. UCD now hopes to “reshape the regional economy” — and will conduct the attendant transformations with due consideration of the universities' interests.⁴⁰⁸

Not every university has acquired such quasi-feudal power within their locales — but Drexel University and the University of Pennsylvania provide a striking illustration of how aggressive university ambitions have become.

Universities' influence also extends to electoral politics. At times, this influence is explicit. In 2011, then-President Barry Mills of Bowdoin College used his bully pulpit in an op-ed to encourage students to vote for gay marriage in a statewide referendum.⁴⁰⁹ In 2017, University of Pennsylvania President Amy Gutmann, Provost Wendell Pritchett, and Executive Vice President Craig Carnaroli encouraged students to voice their opinions on proposed federal taxes on university endowments through social media and to various elected officials after the administrators expressed opposition to the “regressive” changes.⁴¹⁰

But universities usually conceal their political advocacy. In September 2020, Columbia University President Lee Bollinger's message to the university community included a not-so-subtle swipe against the Trump administration:

I cannot close without expressing a larger concern about the wellbeing of America's constitutional democracy. I have said many times over the past several years that, while the University takes no position on political issues, no

405 *University City District: Inclusive Infrastructure and the 21st Century BID*, University City District, March 5, 2019, <https://www.universitycity.org/blog/inclusive-infrastructure-and-21st-century-bid>.

406 UCD is technically a special services district (SSD), which means it relies on voluntary donations rather than funding levied through taxes. Thomas J. Vicino, “New Boundaries of Urban Governance: An Analysis of Philadelphia's University City Improvement District,” *Drexel Law Review* 3, no. 339 (2010), 345, <http://www.mpa.org.cn/upload/20130821/5865414.pdf>; *University City District: Inclusive Infrastructure and the 21st Century BID*, University City District.

407 Board, University City District, accessed June 6, 2020, <https://www.universitycity.org/board>.

408 *University City District: Inclusive Infrastructure and the 21st Century BID*, University City District.

409 Peter Wood and Michael Toscano, *What Does Bowdoin Teach?*, National Association of Scholars, April 3, 2013, https://www.nas.org/storage/app/media/images/documents/What_Does_Bowdoin_Teach.pdf.

410 Amy Gutmann, Wendell Pritchett, and Craig Carnaroli, “A Message to the Penn Community On Proposed Changes in Tax Policy,” November 9, 2017, <https://penntoday.upenn.edu/news/message-penn-community-proposed-changes-tax-policy>.

matter how serious or even grave, a university cannot survive in a society that does not take seriously the basic elements of civic life — respect for truth, respect for reason as a means to truth, and the embrace of a foundational principle of human equality. In those, we have as much at stake as anyone and can, indeed must, devote our resources to their preservation. So, one priority we have as an institution is to assist students with voting, no matter where they are located in the United States or beyond, and you will be hearing more about this issue in the coming weeks.⁴¹¹

American college students vote overwhelmingly for Democrats, so Bollinger’s call for Columbia “as an institution to assist students with voting” is obviously partisan in effect, although it preserves formal partisan neutrality. But Bollinger’s formal denial at least provided plausible deniability — the usual means by which universities intervene in the larger political world.

After the Young

Universities also try to influence the impressionable youth. The University of Colorado-Boulder sponsors a Youth Council for Public Policy, which exposes people as young as 13 years old to social justice propaganda. The institution also uses undergraduate students to expose K-12 students to progressive activist causes through the Public Achievement program.⁴¹² Local middle and high school students engage with topics such as “Immigration - Family Separation,” “Immigration + Stereotypes,” and “Diversity in AP/IB.”⁴¹³ Such programs form young people’s public opinion, and turn substantial numbers of them into progressive activists, even before they step foot on campus.

Other political messages, such as those relating to “diversity”⁴¹⁴ and social justice,⁴¹⁵ condition students to understand political and social issues from primarily a progressive worldview, even though they eschew direct endorsements of candidates. Such conditioning has its effect: a significant proportion of students become more liberal during college.⁴¹⁶

Much of the university’s administration is not only a distraction from education but also ineffective. By contrast, we may judge that higher education administrators are all too effective at influencing the politics of the world beyond the ivory tower. But the essential point is that the university must employ a great many administrators to be capable of exerting

411 Lee Bollinger, “Message from President Bollinger on the Start of this Academic Year,” Columbia University, September 4, 2020, <https://president.columbia.edu/news/message-president-bollinger-start-academic-year>.

412 Randall, *Making Citizens*, 183, 185.

413 “Current Projects 2018-2019,” Public Achievement, School of Education, University of Colorado-Boulder, <https://www.colorado.edu/public-achievement/current-projects#centaurus-54>, accessed August 28, 2020.

414 Ronnie Green, “Update on Our Journey on Anti-Racism and Racial Equity,” University of Nebraska-Lincoln, July 7, 2020, <https://www.unl.edu/chancellor/update-on-our-journey-on-anti-racism-and-racial-equity>.

415 Samuel L. Stanley, “Aug. 27: Living Our Values of Inclusion and Respect,” Michigan State University, August 27, 2020, https://president.msu.edu/communications/messages-statements/2020_statements/2020-08-27-living-dei-values.html.

416 Matthew Mayhew and Kevin Singer, “Do Conservative Students Turn Liberal When They Go To College? It’s Complicated,” *Independent*, September 11, 2020, <https://www.independent.co.uk/voices/conservative-college-students-liberal-defund-trump-biden-election-b423824.html>.

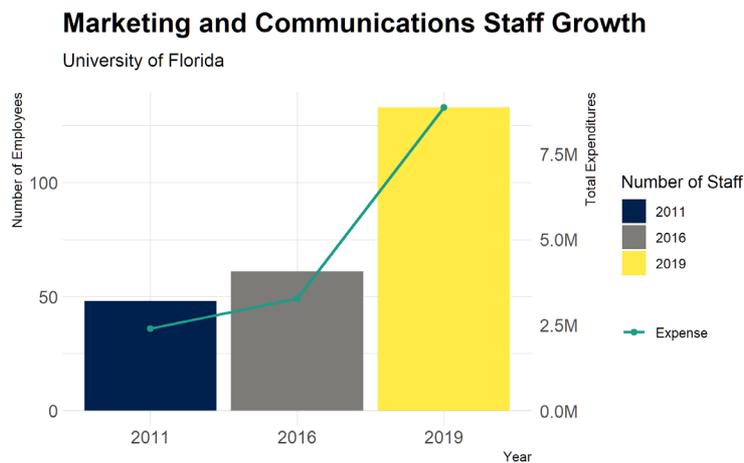
so much influence on the outside world. The university ought not to devote so much of its resources to changing the outside world — and that is so regardless of the efficacy of its campaign to change the larger world. But the point we wish to emphasize here is that the university’s success as Influence U has come at the expense of its original mission — Educate U. The most successful exertion of university influence in the outside world is a poor substitute for teaching — which is what universities ought to do.

Business Strategy

Universities spend substantial sums on marketing and public relations to recruit more students, exert greater influence, and increase their revenues. Examples of marketing and communications roles include, but are not limited to: Marketing Analysts, Recruiters, Communications Specialists, Public Relations Managers, and Strategic Communications.

We have obtained detailed staffing information for a few of the universities in our dataset through FOIA requests. These data reveals that the marketing revolution continues to gather strength at American colleges. The University of Florida employed 48 marketing and communications professionals during the 2010-2011 fiscal year. By 2018-2019, within a decade, the number of these professionals increased to an astounding 133.⁴¹⁷ The marketing staff’s salaries alone almost quadrupled in less than a decade, to almost \$9 million. Furthermore, it more than tripled as a proportion of total staff and operations salary expenditures, increasing from 0.4% to 1.3%.

Figure 57: Marketing and Communications Staff Growth at the University of Florida⁴¹⁸



⁴¹⁷ These are raw numbers of employees, not full-time equivalent. however, the corresponding full-time equivalent numbers are very similar: 47 in 2011 and 131.55 in 2019.

⁴¹⁸ FOIA request received from University of Florida Public Records Request Center on November 21, 2019. Analysis refers to salary and employee information for the 2011-2012, 2015-2016, and 2018-2019 academic years.

Temple University exhibits a similar trend. In fiscal year 2000, their offices of marketing and communications together employed only 12 people. By 2018, “University Marketing” employed 50 people. These numbers likely underestimate the total number of marketing and communications professionals employed at Temple, as individual colleges also employ marketers and public relations staff.⁴¹⁹

Figure 58: Offices Involving Marketing or Communications, Sample Salaries⁴²⁰

School	Position	Salary	Description
West Virginia University	Multimedia Specialist, Adventure WV	\$56,711	“Uses multimedia storytelling to help spread the powerful stories of positive and inspiring programs, individuals, and events”
University of Florida	Senior Director of Digital/ Social Engagement and Innovation	\$109,418	“Provides campus-wide strategic leadership and coordination of digital and social media initiatives”
University of North Carolina-Chapel Hill	Marketing Communications Manager, Innovate Carolina	\$87,720	“Works with faculty, students, and staff to tell the story of innovation and entrepreneurship at UNC-Chapel Hill across many channels: executive communications and messaging, website and social media platforms, email and newsletter promotions, news stories and collateral materials”
University of Nebraska-Lincoln	Nebraska Extension Communications Coordinator	\$53,230	NA

Marketing and business strategy continue to influence spending decisions once students are on campus. One of the key indicators of success that colleges focus on with newly matriculated students is the retention rate — the percentage of new students who stay at the college after each year mark.⁴²¹ Universities’ business plans depend on student retention — regardless of whether the student is learning anything, or whether the student profits from prolonging his stay in college.

Mark Ewing, who worked as a higher education administrator for almost a decade, emphasizes that colleges especially focus on freshman student retention rates.⁴²² First-year students may not be prepared emotionally or intellectually for college, and are particularly likely to drop out — taking with them three or more years of expected tuition revenue.

419 Information was compiled using *Information Disclosure of the State-Related Universities* from Pennsylvania’s Joint State Government Commission. http://jsg.legis.state.pa.us/publications.cfm?JSPU_PUBLN_ID=63.

420 See Appendix A, Figure 58: Sample of Salaries for Offices Involving Marketing or Communications.

421 Nathaniel L. Wade, *Measuring, Manipulating, and Predicting Student Success: A 10-Year Assessment of Carnegie R1 Doctoral Universities Between 2004 and 2013*, *Journal of College Student Retention: Research, Theory & Practice* 21, no. 1, (May 2019), <https://journals.sagepub.com/doi/10.1177/1521025119831456>.

422 Ewing, phone interview.

Universities are eager to avoid losing students and tuition revenues, so they work hard to keep first-year students in college. They offer various writing and academic services to students who are struggling to keep up with the curriculum. Many force students to live on campus for at least a year, with residential programs that are geared toward integrating students into the college culture.⁴²³ With self-interest very much in mind, colleges work to assimilate first-year students into their communities.

If you get involved your freshman year and persist in those activities, you begin to build friend groups and make connections with your university and hold pride.⁴²⁴

Academically serious students don't need help holding their own in university. Among those who are academically unprepared, marketers prize most the "leaders," the "activists,"⁴²⁵ the ones who want to "change the world" — these students are more likely to form social connections, to remain in college, and to provide the college their full four years of tuition. University marketers esteem student activists the way farmers esteem fat livestock.

We should not underestimate the psychological effect social organizations and activities have on students. Many of the students we interviewed spoke with emotionally detached resignation of their debts — 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.

Student A:

I had an amazing experience at Ithaca [College] and on the cheerleading team and I wouldn't trade any of that for the world. If I had to make the decision again, I would go to Ithaca. But that is my emotional attachment. Financially, I would have gone either to a state school or to a school with lower tuition.⁴²⁶

Student B was active in SUNY-Geneseo's AOP program and a Greek Life organization. Despite graduating with \$23,000 in debt, and finding that the school did not do enough to provide support in her major, this is what Student B had to say about the SUNY-Geneseo experience:

I think the education I received I feel like was valuable. I have direction. Even if I don't, I feel like I have a backup forever. And more so, the lessons learned about going to college, just the skills you get by having that kind of responsibility, time management, organization, to be persistent at something, and the social skills — one of the main things I learned — collaboration, living with someone, made it feel like it was very worth it.⁴²⁷

423 Zeller, W. J. (Ed.), *Residence Life and the New Student Experience (Monograph No. 5, 3rd ed.)*, National Resource Center for The First-Year Experience and Students in Transition, (Columbia, SC: University of South Carolina, 2008), <https://files.eric.ed.gov/fulltext/ED558984.pdf>.

424 Ewing, phone interview.

425 Jacob Shamsian, "Parkland Shooting Survivor David Hogg is Going to Harvard After Getting a Reported 1270 on the SAT — It Shows Test Scores Aren't Everything," *Business Insider*, December 23, 2018, <http://assets.businessinsider.com/david-hogg-attend-harvard-university-1270-sat-score-reactions-2018-12>.

426 Confidential, phone interview, February 6, 2020.

427 Confidential, phone interview, January 10, 2020.

Students who had a good social experience spoke in a startlingly schizophrenic way about college's costs and benefits. In the same conversation, just minutes apart, the same students would discuss their disappointing outcomes post-graduation, but then say that their time in college was unquestionably worthwhile. It is no wonder that colleges focus on assimilating first-year students. Such students act as if happiness were priceless — and colleges are very willing to sell them joy.

Wellness and Safety

Some of the motivations for the trends in this section are simple to understand: desires to increase power, influence, and financial strength are common and perhaps even assumed in many circumstances. But some of the trends, particularly in the way students are treated on college campuses in non-educational settings, may seem a bit arbitrary. They are, in fact, responses to certain cultural shifts both in higher education and in American society more generally.

Broadly, these cultural shifts revolve around a concept called “safetyism,”⁴²⁸ a trend which has its roots in the 1980s. It began with the strategic redefinition and repurposing of two key words: “trauma” and “wellness.”

Trauma used to refer to physical afflictions. But in 1980, the American Psychiatric Association expanded the term to include non-physical conditions when they listed Post Traumatic Stress Disorder (PTSD) as a trauma.⁴²⁹ At the time, trauma was still held to rather objective standards. But over time, trauma began to include more subjective matters, such as experiences that triggered painful memories.⁴³⁰ Trauma is now a term that is thrown around without much thought. Students expect that they will be protected from emotionally painful experiences that would cause them “trauma.” In response, administrators and professors impose trigger warnings and call for protections against speech deemed “hateful,” endangering free speech generally and academic freedom specifically. Tending to sensitive and “traumatized” students also leads to further expansion of administration and student services. Marketers and recruiters also tailor their messages to advertise to these sensitive students, touting their mental health services with far more enthusiasm than their laboratory equipment.

“Wellness” is a concept that has its root in medicinal and nutritional health, but now refers to a psychological and spiritual state of being. The idea of wellness began to be taken seriously in the academic, medical, and corporate spheres between 1980 and 2000.⁴³¹ At universities, wellness programs are more about hedonism and the avoidance of discomfort.

428 Lukianoff and Haidt, *The Coddling of the American Mind*.

429 Friedman, “A Brief History of the PTSD Diagnosis.”

430 Lukianoff and Haidt, *The Coddling of the American Mind*, Chapter 1.

431 “History of Wellness,” Global Wellness Institute, accessed November 25, 2020, <https://globalwellnessinstitute.org/industry-research/history-of-wellness/>.

University wellness programs offer massage services,⁴³² “multicultural competency” training,⁴³³ and “Wilderness Therapy Workshops.”⁴³⁴ These wasteful programs don’t actually help students become well-adjusted adults; they simply soothe their incidental and idiosyncratic fears and desires. And, of course, they are good excuses for their respective departments to expand their budgets.

Universities contribute to these cultural shifts by promoting safetyism among the younger generation. They create self-perpetuating programs that further increase university expenditures. These priorities needlessly drive up the cost of higher education for all students, while pretending to be in their best interest.

“I think the bureaucracy drives a lot of student services. You’re being polite to call a lot of it student services. [It should be called] social engineering liberal goofball crap. We’ve got a whole group of people during freshman orientation that talk to the students about the combination of [how] worried [they are] about sexual assault on campus. At the same time, they are explaining to them [students] in very explicit ways [of] how to have safe sex. They don’t seem to understand how these things could be connected to each other.”⁴³⁵

432 “Massage Services,” Division of Student Affairs, The University of Texas at Austin, accessed November 25, 2020, <https://www.utrecsports.org/fitness-and-wellness/massage>.

433 “Bam! Best Advocacy Movement,” Division of Student Affairs, University of Florida, accessed November 25, 2020, <https://counseling.ufl.edu/resources/bam/>.

434 Counseling & Wellness, Alaska Pacific University, accessed November 25, 2020, <https://www.alaskapacific.edu/counseling-wellness/workshops-retreats/>.

435 Confidential interview with a college administrator, phone interview with the author, March 25, 2020.

The Causes of the Student Debt Crisis: A Historical Overview

The Causes of the Student Debt Crisis: A Historical Overview

We have considered the effects of staggering college costs on individuals and on society as a whole while also looking into the bloat that bolsters costly decisions in higher education. It's important to understand what decisions have been made over the years in order to understand the foundations of the crisis and determine how to fix it properly. We consider the three main *causes* of the problem: 1) the growing number of college students; 2) easier access to student loans; and 3) rising tuition.

The Growing Number of College Students

Higher education enrollments have been growing for more than a century, as college enrollment steadily expanded to include poorer students, greater numbers of women, and black students — the latter at first heavily concentrated in historically black colleges and universities (HBCUs).⁴³⁶ The Servicemen's Readjustment Act (1944), also known as the GI Bill, jumpstarted the age of mass higher education by providing direct grants to millions of World War II veterans to attend college or a vocational program — assistance which made higher education affordable for the first time for vast numbers of the working class.⁴³⁷ The GI Bill provided the great precedent for federal subsidy of higher education tuition, which has since been distributed to ever larger numbers of Americans.

The number of students attending college has increased drastically since the 1940s. Around 2.5 million students were enrolled in college in 1949.⁴³⁸ More than 15 million students attended a postsecondary institution by 2000.⁴³⁹ By 2018, more than 19.5 million students attended postsecondary institutions.⁴⁴⁰ Higher education institutions have expanded enormously in response to ever-increasing demand.

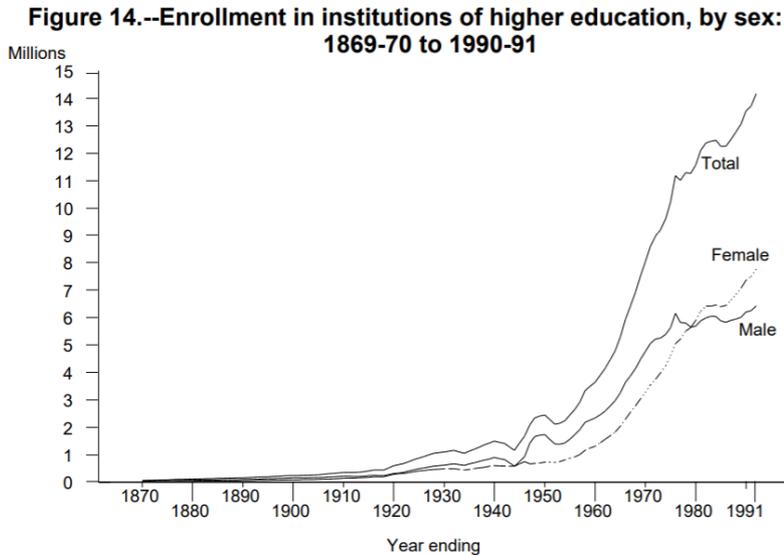
436 National Center for Education Statistics, *120 Years of American Education: A Statistical Portrait*, ed. Thomas D. Snyder, U.S. Department of Education, January 1993, 64-65, <https://nces.ed.gov/pubs93/93442.pdf>; Office for Civil Rights, "Historically Black Colleges and Universities and Higher Education Desegregation," U.S. Department of Education, March 1991, <https://www2.ed.gov/about/offices/list/ocr/docs/hq9511.html>.

437 "Education and Training," U.S. Department of Veteran Affairs, accessed December 9, 2019, <https://www.benefits.va.gov/gibill/history.asp>; Keith W. Olson, "The G. I. Bill and Higher Education: Success and Surprise," *American Quarterly* 25, no. 5 (1973), 596-610, <https://doi.org/10.2307/2711698>.

438 National Center for Education Statistics, "Table 303.10. Total Fall Enrollment in Degree-Granting Postsecondary Institutions, by Attendance Status, Sex of Student, and Control of Institution: Selected Years, 1947 Through 2029," *Digest of Education Statistics*, December 2019, https://nces.ed.gov/programs/digest/d19/tables/dt19_303.10.asp.

439 National Center for Education Statistics, "Total Fall Enrollment in Degree-Granting Postsecondary Institutions, by Attendance Status, Sex of Student, and Control of Institution: Selected Years, 1947 Through 2029."

440 Enrollment peaked in 2010.

Figure 59: Higher Education Enrollment, 1869-70 to 1990-91⁴⁴¹

Source: U.S. Department of Commerce, Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970*; and U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, various issues.

Government Promotion

American politicians and educators give an idealistic spin to the increase in college enrollments: every American, they argued, *ought* to go to college. President Harry Truman signally forwarded the nation's rhetorical commitment to "higher education for all" by establishing the first Commission on Higher Education in 1946.⁴⁴² The Commission made several audacious recommendations in its report, *Higher Education for American Democracy* (1947).⁴⁴³ Suggestions included:

1. Robust financial assistance to universities from the federal government; and
2. Nearly doubling college enrollment between 1947 and 1960.

The Commission possessed two main goals: 1) to provide access to higher education to all Americans, regardless of wealth, race, sex, or creed; and 2) to promote American engagement and cooperation with the nations of the world. Some of the Commission's recommendations were swiftly implemented, such as expanding America's system of community colleges. The broader recommendation to promote access to higher education later produced unexpected fruit, such as government-subsidized grants and loans to help Americans acquire a postsecondary education.⁴⁴⁴

441 National Center for Education Statistics, *120 Years of American Education: A Statistical Portrait*.

442 Claire Gilbert and Donald Heller, *The Truman Commission and its Impact on Federal Higher Education Policy from 1947 to 2010*, Center for the Study of Higher Education, The Pennsylvania State University, 2010, <https://ed.psu.edu/cshe/working-papers/wp-9>.

443 United States President's Commission on Higher Education, *Higher Education for American Democracy: A Report of the President's Commission on Higher Education*, 1947, <https://babel.hathitrust.org/cgi/pt?id=mdp.39015046793876&view=1up&seq=15>.

444 Gilbert and Heller, *Truman Commission*, 6.

The Commission's ideas remain broadly influential in higher education — notably as a marketing slogan.⁴⁴⁵ Even as college becomes a road to ruin rather than success, higher education's advocates and marketers (two overlapping categories) sustain colleges by telling each generation of students that “everyone must go to college” in order to be successful. President Lyndon Johnson set the modern note when he promoted higher education as a necessity rather than a luxury.⁴⁴⁶ Even as more and more people experience college as a pathway into constant debt instead of constant prosperity, “college for all” is still pushed. President Barack Obama likewise called higher education an “economic imperative.”⁴⁴⁷

The 1958 National Defense Education Act (NDEA), adding the rationale of national security to those of democratic universality and economic success, further increased the number of college students. The NDEA sought to strengthen American science and technology so as to improve its economic and military power vis-à-vis the Soviet Union and provided students financial assistance via government loans. Even more students could now attend college.⁴⁴⁸

The Higher Education Act (HEA) of 1965 cemented the federal government's dominant role in higher education by establishing a range of federal financial aid programs, such as Pell Grants and federal student loans, which made America's universities dependent on federal money. The HEA's legislative language governing financial assistance to students echoes and fulfills the recommendations of the Truman Commission's report.

Higher Education for American Democracy⁴⁴⁹

It is the responsibility of the community, at the local, State, and National levels, to guarantee that financial barriers do not prevent any able and otherwise qualified young person from receiving the opportunity for higher education.

Higher Education Act of 1965 (§401)⁴⁵⁰

It is the purpose of this part to provide, through institutions of higher education, educational opportunity grants to assist in making available the benefits of higher education to qualified high school graduates of exceptional financial need, who for lack of financial means of their own or of their families would be unable to obtain such benefits without such aid.

These new ideas and programs greatly increased student enrollments between the 1950s and the 1970s. The Higher Education Act of 1972 not only reauthorized the original aid programs in the 1965 Act, like Pell Grants, but also added regulatory structures focused on Civil Rights like Title IX. The Civil Rights and second-wave feminist movements also contributed to this rapid rise in enrollments — or at least redistributed the beneficiaries of that rise — by

445 Gilbert and Heller, *Truman Commission*, 1.

446 Karin Fischer, “The Barriers to Mobility: Why Higher Ed's Promise Remains Unfulfilled,” *The Chronicle of Higher Education*, December 31, 2019, <https://www.chronicle.com/interactives/20191231-barriers-to-mobility>; “Higher Education Act,” The Great Society Congress, Association of Centers for the Study of Congress, accessed June 8, 2020, <http://acsc.lib.udel.edu/exhibits/show/legislation/higher-education-act>.

447 The White House, <https://obamawhitehouse.archives.gov/issues/education/higher-education>.

448 “Sputnik Spurs Passage of the National Defense Education Act,” United States Senate, accessed December 9, 2019, https://www.senate.gov/artandhistory/history/minute/Sputnik_Spurs_Passage_of_National_Defense_Education_Act.htm?sk=organic; “A History of Federal Student Aid,” Lumina Foundation, accessed December 9, 2019, <https://lookingback.luminafoundation.org/chapter/1/>.

449 United States President's Commission on Higher Education, *Higher Education for American Democracy: A Report of the President's Commission on Higher Education*, Vol. 2, p. 23.

450 Higher Education Act of 1965. <https://www.govinfo.gov/content/pkg/STATUTE-79/pdf/STATUTE-79-Pg1219.pdf#page=37>.

prodding higher education institutions to adopt the race and sex admissions preferences of “affirmative action policies.” The Higher Education Act may have had a greater effect to increase female enrollments, by prohibiting financial aid to schools practicing sex-based discrimination. Female enrollments surpassed male enrollments in the early 1980s, and women have remained the majority of college students ever since.⁴⁵¹

The government came to adopt the gauzy aspiration that all Americans should possess higher education — but higher education really became a necessity for students once employers made a college degree a job requirement. In 1971, the Supreme Court ruled in the *Griggs vs. Duke Power Co.* case that Duke Power Company could not use its own educational or testing requirements to screen applicants; such requirements were now deemed discriminatory because they had a disparate impact on minority applicants.⁴⁵² *Griggs* discouraged businesses from administering any intelligence or aptitude test, for fear of legal liability if any test produced a “disparate impact.” But companies still needed a way to determine an applicant’s ability to do the job. They turned to the college degree as an imperfect signal of the aptitude and character needed for a job — an imperfect proxy for an aptitude test, but one which imposed no legal liability on business.⁴⁵³ Any young American who wanted a good job now needed a college degree — regardless of whether they were interested in a college education, or capable of completing a traditionally rigorous course of undergraduate study.

451 National Center for Education Statistics, *120 Years of American Education: A Statistical Portrait*.

452 Bryan O’Keefe and Richard Vedder, *Griggs v. Duke Power: Implications for College Credentialing*, John William Pope Center for Higher Education Policy and the Center for College Affordability and Productivity, 2008, <https://files.eric.ed.gov/fulltext/ED536488.pdf>; Bill Morris, “How the Supreme Court Created the Student Loan Bubble,” *The American Spectator*, October 23, 2014, <https://spectator.org/how-the-supreme-court-created-the-student-loan-bubble/>.

453 George Leef, “Thank (Or Blame) The Supreme Court For Credential Inflation,” *Forbes*, November 6, 2014, <https://www.forbes.com/sites/georgeleef/2014/11/06/thank-or-blame-the-supreme-court-for-credential-inflation/#5fa5c8fa5900>.

Is It Time to Get Rid of Disparate Impact?

Disparate impact is a legal theory which holds that differential effects of policies can constitute evidence of discrimination against protected classes (i.e. race, sex, age), particularly in areas such as employment and housing.⁴⁵⁴ Its roots can be traced to judicial interpretations of Title VII of the 1964 Civil Rights Act — particularly *Griggs vs. Duke Power Co.* Intention doesn't matter in cases argued on the basis of disparate impact — all that matters is whether one protected class is affected negatively relative to other groups.

This legal theory is rather controversial. Discrimination is popularly understood to be an intentional act. But under disparate impact, unintended consequences of policies can still be deemed to be discriminatory. Thus, rulings based on disparate impact assume intention based on unintended consequences.

But in many cases, disparities do not imply malicious or intentional discrimination. In college admissions, universities use many different criteria to select their incoming classes of students: test scores, GPAs, extracurricular activities, leadership experience, and so forth. There is no reason to expect that, on average, all possible groups of people will perform the same on all of these metrics. Thus, selection based on these criteria may result in unequal admissions rates between groups. However, if the criteria themselves are not racial, then discrimination has not occurred.

Given this, why did the Supreme Court rule the way it did in *Griggs*? Well, it comes down to the phrase “if the criteria themselves are not racial.” When the ruling took place in 1971, it had only been 17 years since schools were desegregated (in 1954). The resulting improvements for the educational status of blacks were not seen immediately, and so the educational requirement for employment considered in the ruling was viewed as a proxy for race. This type of reasoning was still somewhat difficult to justify based solely on the text of the Civil Rights Act, so disparate impact was used to allow this type of evidence to be considered.

1971 is far in the past now, but disparate impact is still being used to ban certain types of employment and housing criteria — even while explicit racial discrimination like affirmative action is given the stamp of approval. The *Griggs* decision in particular has led to the widespread use of college degrees as qualifications for jobs, instead of various aptitude tests. Ironically, minorities and low-income students, the very people who were supposed to be helped by *Griggs*, are hung out to dry when the primary way to get a well-paying job is to earn an expensive college degree.

Pressuring the Uninterested and Unprepared to Attend College

The increased pressure on young Americans to attend college did not simply increase the number of students on college campuses. This new pressure especially increased the number of students who were uninterested and/or unprepared for the demands of higher education. It is telling that in recent years, 33% of students have changed majors and 10% have switched majors multiple times — a species of indecision that prolongs the completion time and increases the cost of a bachelor's degree.⁴⁵⁵ A student who switches might have become exposed to new ideas and career options and profitably changed their educational goals — in which case, changing majors is beneficial. But switching majors, especially several times, may also mean that students lack a clear vision of what their education is for — except a credential. College is so loose and unfocused on job qualification that it encourages students to waste time and money on useless courses. There is a great opportunity cost to a

454 D. Frank Vinik, “Disparate Impact,” *Britannica*, January 27, 2017, <https://www.britannica.com/topic/disparate-impact>.

455 Katherine Leu, “Beginning College Students Who Change Their Majors Within 3 Years of Enrollment” National Center for Education Statistics Data Point, Department of Education, December 2017, <https://nces.ed.gov/pubs2018/2018434.pdf>.

college education, as compared to more focused forms of training, such as apprenticeships and on-the-job training.

College also exacts a high cost from students who lack sufficient academic preparation — but go to college anyway, because *college is for everyone*. Between 40% and 60% of high school graduates are placed into remedial courses during their first year of college.⁴⁵⁶ Students who take remedial education courses can receive financial aid for one year.⁴⁵⁷ Many of these students drop out and never earn bachelor's degrees — an even worse waste of time and money than aimless switching between majors.

Marketing

Young Americans *choose* to attend college—but for several generations, government and business have encouraged unprepared and/or uninterested students to go to college. Their advice echoes higher education's marketing slogans.

Drexel University has plastered advertisements all over Philadelphia that tell their readers, "Ambition can't wait."⁴⁵⁸ Marketers apparently want ambitious students rather than students who are studious or intellectually curious. Their focus registers how college has become a credential for success, a rite of passage for Americans eager to enter the socioeconomic elite — or even just to secure a decently-paid job. Colleges massage their curriculum to fit their marketing: they reduce their academic quality so as to matriculate and graduate as many ambitious students as possible, regardless of whether their talent matches their ambition. Colleges sell their standards for a mess of pottage.

Higher education began to adopt up-to-date marketing techniques in the 1970s, as economic hard times followed the post-war Golden Age.⁴⁵⁹ As many students either ceased to attend college at all, or chose to attend cheap community colleges, 4-year colleges and universities (especially the less prestigious) began to compete fiercely for the remaining students.⁴⁶⁰ Colleges focused increasingly on techniques to promote effective student recruitment, enrollment, and retention. They catered to students and families who valued social life or prestige. By 2020, higher education marketing had shifted to micro-targeted emotive

456 Jimenez, Sargard, Morales, and Thompson, *Remedial Education: The Cost of Catching Up*.

457 "Limitations on Remedial Coursework That is Eligible for Title IV, HEA Program Assistance," Electronic Code of Federal Regulations, accessed October 8, 2020, <https://www.ecfr.gov/cgi-bin/text-idx?node=34:3.1.3.1.34>.

458 Falcone, "'Ambition Can't Wait' at Drexel."

459 Dongbin Kim and John L. Rury, "The Changing Profile of College Access: The Truman Commission and Enrollment Patterns in the Postwar Era," *History of Education Quarterly* 47, no.3 (2007), 302-27, <http://www.jstor.com/stable/20462176>; Larry H. Litten, "Marketing Higher Education: Benefits and Risks for the American Academic System," *The Journal of Higher Education* 51, no.1 (1980), 41-42, <http://www.jstor.com/stable/1981124>; John R. Thelin, *A History of American Higher Education, Second Edition*, (Baltimore, MD: The Johns Hopkins University Press, 2011), 260, 262.

460 Thelin, *A History of American Higher Education*, 317-23

appeals, such as sentimental stories,⁴⁶¹ rather than advertising educational rigor or bargain tuition rates.⁴⁶²

Access to Student Loans

The increased availability of student loans — money borrowed specifically to pay for higher education expenses — also contributes to the student debt crisis. More precisely, it is the combination of increased availability with no check as to a student’s ability to repay the loan, and no encouragement for students to think twice before taking out a student loan, that contributes to the student debt crisis. Student loans in an ideal world might not contribute to a student debt crisis — but the existing structure of student loan programs and the dominant culture in America make widespread availability of student loans an easy road to student debt.

Figure 60: Student Loans by the Numbers⁴⁶³

Loan Type	Eligibility	Aggregate Loan Limit	Number of Borrowers	Borrowed
Subsidized	Available to undergraduate students	Independent & Dependent Undergrads: \$23,000	29.6 million	\$279.6 billion
	Must demonstrate financial need			
Unsubsidized	Available to undergraduate and graduate students	Dependent Students: \$8,000	28.9 million	\$516.3 billion
	Does not need to demonstrate financial need	Independent Undergrads: \$34,500		
Grad PLUS	Available to graduate or professional students enrolled at least half-time at an eligible school	Graduate Students: \$73,000	1.4 million	\$75.3 billion
	Cannot have poor credit history	Remaining costs that are not covered by other financial assistance the student receives		

461 Margot Whitney, “11 Strategies for A+ Higher Education Marketing,” *WordStream*, September 21, 2020, <https://www.wordstream.com/blog/ws/2019/09/30/higher-education-marketing>.

462 Tim Jones, “How Does It Feel? Getting Your Brand Beyond Facts and Figures,” *Inside Higher Ed*, April 16, 2019, <https://www.insidehighered.com/blogs/call-action-marketing-and-communications-higher-education/how-does-it-feel-getting-your-brand>.

463 See Appendix A, Figure 60: Student Loans by the Numbers.

Figure 60: Student Loans by the Numbers⁴⁶³

Loan Type	Eligibility	Aggregate Loan Limit	Number of Borrowers	Borrowed
Parent PLUS	Available to biological or adoptive parents of a dependent undergraduate student enrolled at least half-time at an eligible school Cannot have poor credit history	Remaining costs that are not covered by other financial assistance the child receives	3.6 million	\$95.6 billion
Private Loans	Lenders look at credit history, income, and debt-to-income ratio Typically, credit scores of 650+ are ideal, with higher scores opening up more lending options	Highly variable	Unclear	Unclear

There are two main kinds of student loans: federal and private. Federal loans are issued by the government. Students or their parents must apply through the Free Application for Federal Student Aid (FAFSA) in order to receive access to federal student loans. Typically, federal student loans have a borrowing limit based on dependency status and level of education the student is pursuing. Common federal student loans include direct subsidized, unsubsidized, and PLUS loans.

Direct subsidized loans are generally given to undergraduate students who demonstrate financial need. The Department of Education is responsible for paying the interest on these loans while the student is in school, during the first 6 months after a student leaves school, and during periods when the student defers payment.⁴⁶⁴ Subsidized loans have a fixed interest rate of 2.75%.⁴⁶⁵

Unsubsidized loans are not limited to just undergraduate students and applicants do not need to prove financial need. However, they are responsible for paying off the interests at all times.⁴⁶⁶ Unsubsidized loans have a fixed interest rate of 2.75% for undergraduate borrowers and 4.3% for graduate student borrowers.⁴⁶⁷ Both subsidized and unsubsidized loan borrowers are also charged a 1.057% loan fee.⁴⁶⁸

PLUS loans help graduate students and parents of dependent undergraduate students to pay for expenses not covered by other financial aid. PLUS loan recipients do not have to show financial need, but are required to have good credit.⁴⁶⁹

⁴⁶⁴ Federal Student Aid, Department of Education, <https://studentaid.gov/understand-aid/types/loans#types>.

⁴⁶⁵ Federal Student Aid, Department of Education.

⁴⁶⁶ Federal Student Aid, Department of Education.

⁴⁶⁷ Subsidized and Unsubsidized Loans, Department of Education, <https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>.

⁴⁶⁸ Subsidized and Unsubsidized Loans, Department of Education.

⁴⁶⁹ Federal Student Aid, Department of Education.

Undergraduate students can borrow a maximum of \$5,500 to \$12,500 in unsubsidized and subsidized loans annually, while graduate and professional students can borrow up to \$20,500 a year in unsubsidized loans.⁴⁷⁰

Private student loans are issued by lenders such as banks, credit unions, state agencies, or other institutions. Eligibility for private student loans requires either an established credit history or a co-signer. Unlike federal student loans, private lenders can allow higher borrowing limits. Private loans tend to have higher interest rates than public loans.⁴⁷¹

Private student loans supposedly restrict eligibility to those with high credit scores, but, practically, private lenders provide student loans more easily than they do other forms of loans, such as mortgages. They do so because private student loans are treated differently from other kinds of loans. Americans can declare bankruptcy to eliminate their mortgages, credit card debts, and auto loans — albeit at the cost of great damage to their ability to borrow in the future. Borrowers may also have to sell their homes, or any other assets, to repay their debts. Bankruptcy can also hurt future employment prospects.⁴⁷² Still, for some Americans it is the better financial choice.

Americans can no longer discharge student loan debt into bankruptcy. In 1976, Congress exempted federal student loans from bankruptcy, except in a few special cases. Since then, Congress has made several changes that further restrict Americans' ability to discharge student loans through bankruptcy. The 2005 Bankruptcy Abuse Prevention and Consumer Protection Act (BAPCPA), strongly promoted by private lender Sallie Mae, held private student loans to the same standards as federal student loans.⁴⁷³

Sallie Mae and other student loan companies depicted defaulters as prosperous, profligate students — although the average personal bankruptcy filer was a lower middle-class high school graduate who had a blue-collar job, and used a lot of credit, but who also had been confronted by an unexpected financial crisis such as divorce, job loss, or medical expenses.⁴⁷⁴

It is no wonder that private lenders extend student loans so freely. Not even death necessarily exorcises student loans. The government forgives federal student loans when the borrower dies; private lenders have a claim on a borrower's estate.⁴⁷⁵

Sallie Mae and other private student loan lending companies clearly benefit from this arrangement. Sallie Mae — originally the government-created, tax-exempt Student Loan Marketing Association (SLMA), but privatized between 1997 and 2004 — used both its

470 Federal Student Aid, Department of Education.

471 Katie Adams, "Private vs. Federal College Loans: What's the Difference?," *Investopedia*, March 13, 2020, <https://www.investopedia.com/articles/younginvestors/09/private-or-federal-student-loans.asp>.

472 Ben Luthi, "What Happens When You File Bankruptcy," *Experian*, April 7, 2019, <https://www.experian.com/blogs/ask-experian/what-happens-when-you-file-bankruptcy/>.

473 Scott Piazza and Victor Nava, *Sallie Mae and Uncle Sam: Cronyism in Higher Education Finance*, Reason Foundation, July 2013, https://reason.org/wp-content/uploads/files/sallie_mae_cronyism.pdf.

474 Thomas A. Garrett, "100 Years of Bankruptcy: Why More Americans Than Ever Are Filing," Federal Reserve Bank of St. Louis, April 1, 2006, <https://www.stlouisfed.org/publications/bridges/spring-2006/100-years-of-bankruptcy-why-more-americans-than-ever-are-filing>.

475 Bob Sullivan, "How to Deal With Student Loans After Death," *Credit.com*, November 12, 2013, <https://www.credit.com/blog/how-to-deal-with-student-loans-after-death/>.

longstanding government connections and adroit political donations to help secure passage of the BAPCPA.⁴⁷⁶

It makes sense that the government prevents federal student loans from being easily discharged.⁴⁷⁷ There are already caps on how much students can borrow, and the debt cannot be passed on to the next generation. But to make private student loans non-dischargeable has encouraged predatory lending. Private lenders, freed of the restraint imposed by bankruptcy, no longer possess an incentive to restrict their loans to what students can reasonably be expected to repay. They can provide sufficient loans for a student to pay for college — and be sure they will be repaid in the long run, no matter how the student suffers.

The analysis of the effects of student loans must take student psychology into account. Whether from ignorance or from the optimism of inexperience, students are extremely bad at assessing the implications of *massive loans that cannot be discharged into bankruptcy*. Students tend to regard such loans as enticing opportunities rather than as responsibilities, and to overestimate by a considerable amount their ability to repay. It is neither sensible nor just to take an attitude of *caveat emptor*, while at the same time removing students' one way to compensate for bad judgment — to seek the protection of bankruptcy, which we allow to every other sort of debtor.

The analysis of the effects of student loans also must take into account their effects on universities. Student loans facilitate tuition hikes: universities raise their prices knowing that students will take out loans to pay for the increased price — and secure also in the knowledge that the student will bear the consequences for their own bad judgment, but the university will escape scot-free with the borrowed tuition money. Easy student loans positively encourage university profligacy.

Rising Tuition

In 1980, an in-state student who attended the University of Kansas could pay the \$716 of tuition and fees (nominal dollars) by working full-time over the summer, 20 hours a week for 3 months, or 10 hours a week for half a year.⁴⁷⁸ It wasn't so easy in 1980 for a student attending a private school such as Vanderbilt University, but it was still feasible for a student to cover more than half the \$4,700 in tuition (nominal dollars) by working a full-time, minimum-wage summer job and then working part-time for 8 months.⁴⁷⁹

476 Piazza and Nava, *Sallie Mae and Uncle Sam*, 3.

477 Preston Mueller, "The Non-Dischargeability of Private Student Loans: A Looming Financial Crisis?," *Emory Bankruptcy Developments Journal*, Emory University, 2015, 237-238, https://law.emory.edu/ebdj/_documents/volumes/32/1/mueller.pdf.

478 "Tuition & Fees Historical Trends: AY 1970-AY 2021," Analytics & Institutional Research, University of Kansas, July 2020, https://air.ku.edu/interactive_factbook/tuition-and-required-fees. These and the following calculations all assume that the student in question is earning the federal minimum wage.

479 *When Congress Went to College: Comparing Tuition Then and Now At Our Elected Officials' Alma Maters*, Demos, February 15, 2018, 21, https://www.demos.org/sites/default/files/publications/DEMOS_DFC_Yearbook_FA_Optimized_0.pdf.

In 2020, a University of Kansas student would need to work full-time for 10 months, part-time for 19 months, or 10 hours a week for 39 months in order to pay the \$11,166 in tuition and fees. A combination of full-time work over the summer and part-time work over the school year would pay for only 73% of the tuition and fees. At Vanderbilt, where tuition was \$52,070 for the 2020 academic year, the same combination of full-time and part-time work would take care of 16% of the listed tuition and fees.⁴⁸⁰

A student today could pay full tuition, without any need-based financial aid, for the year if they attended a public university and found full-time work in an increasingly difficult job market.⁴⁸¹ Working while attending private school would scarcely make a dent in the bill. Whether at public or private school, the long hours of work seriously reduce the amount of time students can direct to their coursework — which likewise seriously reduces the educational return on their investment in college.

Financial aid packages do reduce the real tuition burden. At the University of Kansas, 46% of the entering freshman class receive an average of \$9,739 in aid,⁴⁸² while at Vanderbilt, 66% of freshman students can receive an average of \$43,796 in grants or scholarships — an astonishing 84% of the sticker price of tuition.⁴⁸³ Yet Vanderbilt reduces the number of aid recipients after the first year — a bait and switch tactic. In any case, college remains extraordinarily costly for all Vanderbilt students, even for those who do receive this aid. The rise in college tuition since 1980, even with discounts factored in, has imposed an extraordinary burden on all American socioeconomic classes.

Impoverished students are more likely to receive generous aid packages, but even these discounts frequently are not enough to pay entirely for college. More than 75% of students from low-income families have to take out student loans to pay for college.⁴⁸⁴ Unfortunately, more low-income students drop out of college than do middle-class or rich students. The generous aid packages for impoverished students, often at taxpayer expense, often serve to create a body of indebted drop-outs, who have great difficulty repaying even these relatively small student loans.

Even rich students have to borrow money in order to attend college. They usually can repay these loans with little trouble, but it's absurd that college is so expensive that even the "rich" can't pay for college up front.⁴⁸⁵ The rich, moreover, must plan their lives around

480 "Vanderbilt 2020 Tuition & Fees and COA," UnivStats, <https://www.univstats.com/colleges/vanderbilt-university/cost-of-attendance/#:~:text=For%20academic%20year%202019%2D2020,school%20tuition%20%26%20fees%20is%20%2449%2C124>.

481 Jonathan Berr, "Why Many Teens No Longer Even Look for a Summer Job," *CBS News*, May 7, 2018, <https://www.cbsnews.com/news/why-many-teens-no-longer-even-look-for-a-summer-job/>.

482 "Common Data Set," Analytics & Institutional Research, University of Kansas, November 1, 2019, https://air.ku.edu/sites/air.ku.edu/files/files/Common/CDS19_20/H.pdf.

483 "Vanderbilt Financial Aid," UnivStats, <https://www.univstats.com/colleges/vanderbilt-university/financial-aid/>.

484 Jason Delisle, *The Surprising Role of High-Income Families in Student Debt Trends: Examining Undergraduate Borrowing by Income, 1995–96 to 2015–16*, American Enterprise Institute, December 2019, <https://www.aei.org/research-products/report/the-surprising-role-of-high-income-families-in-student-debt-trends-examining-undergraduate-borrowing-by-income-1995-96-to-2015-16/>.

485 Another explanation for an increase in borrowing could be that students use it as a form of *arbitrage*. A student could use student loans, or other capital made available by having student loans, to invest in more profitable enterprises; they could then use the proceeds both to repay their loans and to make a small profit. Yet few students appear to know about this possibility, and even fewer would be in a position to take advantage of it. Ian Shelton, Kathryn Orovecz, & Taciana Faria, *Student Loans and the Opportunity for Arbitrage*, University of Florida, 2013,

“I have invested for both of my kids [since] before they were born. You know, once we went to a doctor and saw a little heartbeat picture, [I knew] that I wanted to save a certain amount a year to try to prevent them from having to take out loans.”

family skipped family vacations for several years in order to make regular payments into his children’s college savings.

Upper-class students pay more because colleges aggressively use a non-transparent system of *price discrimination*. Price discrimination allows colleges to charge high tuition to wealthy students — and to middle-class ones — so as to subsidize (insufficiently) the tuition of impoverished students.⁴⁸⁷

Middle-class students get caught in the middle. They don’t receive as much financial aid as low-income students, even though they come to college better prepared and are less likely to drop out.⁴⁸⁸ But colleges focus on the “diversity” low-income students provide, so they admit the impoverished — and the rich who can pay the bills for them.⁴⁸⁹ The stagnation in middle-class American incomes has exacerbated the pressure imposed by universities’ rising costs.⁴⁹⁰

Middle-class students have begun to disappear from college campuses.⁴⁹¹

securing college tuition for their children. One parent, whose household income was over \$300,000 at the time of the interview, started saving for his children’s college tuition before they were born.⁴⁸⁶ His

<https://ufdc.ufl.edu/AA00061086/00001>. Arbitrage in this case can be a risky tactic: see “Arbitrage, Miscalculation, And A Scarlet Letter – My Student Loan Story,” *Planting Our Pennies* [blog], accessed January 26, 2021, <https://www.plantingourpennies.com/arbitrage-miscalculation-and-a-scarlet-letter-my-student-loan-story/>.

486 Confidential, interview with author via phone, March 2, 2020.

487 Delisle, *The Surprising Role of High-Income Families in Student Debt Trends*.

488 Jon Marcus, “The Students Disappearing Fastest from Campuses? Middle-Class Ones,” *Hechinger Report*, October 2, 2019, <https://hechingerreport.org/the-students-disappearing-fastest-from-american-campuses-middle-class-ones/>.

489 Marcus, “The Students Disappearing Fastest from Campuses?”; Jason Delisle and Preston Cooper, *Low-Income Students at Selective Colleges: Disappearing or Holding Steady?*, American Enterprise Institute, July 2018, <https://www.aei.org/wp-content/uploads/2018/07/Low-Income-Students-at-Selective-Colleges.pdf>.

490 Eleanor Krause and Isabel Sawhill, “7 Reasons to Worry About the American Middle Class,” Brookings Institute, June 5, 2018, <https://www.brookings.edu/blog/social-mobility-memos/2018/06/05/seven-reasons-to-worry-about-the-american-middle-class/>.

491 Marcus, “The Students Disappearing Fastest from Campuses?”

Conclusion

Conclusion

It's clear that higher education cannot financially sustain itself with such profligate spending habits. It's also clear that higher education has increasingly moved away from its mission of educating students, which hurts students and society. We provide 14 recommendations across 5 categories in order to bring higher education back to its roots of education and to provide families with incentives to make smarter, long-term choices.

Recommendations

I. Cut Down on Administrative Costs/Use Funds Effectively

1. Universities should consolidate offices and departments to reduce duplicate roles.

Institutions should cut costs, eliminate duplicate administrative roles, and reduce the number of ideologically-driven positions by combining similar offices and departments. Purdue University would have decreased the number of directors in their School of Interdisciplinary Studies — which includes units in Comparative Literature, Women, Gender and Sexuality Studies, and Global Studies — from 16 to 6, had they followed through with their original consolidation plans in 2020.⁴⁹²

2. Universities should reduce international student admissions and recruitment.

Higher education institutions are increasingly moving away from prioritizing American students and their interests. But universities, even private ones, receive taxpayer dollars. These are meant to support American interests, and when they are used to assist foreign nationals their utility should be investigated carefully. Accordingly, universities need to downsize departments such as “International Affairs,” or “International Student Services,” which are dedicated to international student recruitment and typically promote globalist ideology. State and federal funding should be reduced for universities that continue to use American taxpayer dollars to advance international interests.

⁴⁹² Dave Bangert, “Purdue Reverses Cuts to African American, Women’s Studies, Among Others, on Eve of Creating Diversity Task Force,” *The Lafayette Journal & Courier*, August 6, 2020, <https://www.jconline.com/story/news/2020/08/06/purdue-reverses-cuts-african-american-women-studies-among-others-eve-creating-diversity-task-force/3307231001/>.

3. University budget cuts should target programs and departments centered around popular buzzwords such as “innovation,” “entrepreneurship,” and “transdisciplinarity.”

Many of the programs that are named or described with these trendy buzzwords offer courses that are questionable in educational value to students, even when they are not tied to ideological goals. Depending upon the university, some of these departments are externally focused. They often have missions related to public welfare, and they may even provide funding for international welfare projects. The spread of these departments is a waste of funds, as they must hire administrative staff for each new department, creating duplicate roles across departments. In addition, many of these departments provide very limited course offerings, but hide this fact by cross-listing with courses from larger departments. Thus, they provide little educational value to students.

4. Federal and state governments should cut funding to 4-year universities that provide remedial education and related services.

The purpose of higher education is to provide education to students who are competent in material from high school and are ready to build on those skills. It is a disservice to admit students who are not qualified to begin with and then make them pay for remedial courses. By discouraging 4-year universities from offering remedial courses and services through financial incentives, we can ensure public funding for higher education is used for its stated purpose: “higher” education. This provision would apply to vocational tracks offered by universities that also provide a traditional education.

We do not include 2-year universities, such as community colleges, because their purpose is different from 4-year institutions. Community colleges are meant to be more flexible, accommodating a student’s learning style and life experience. Four-year universities move at a faster pace and the expectations are more continuous compared to community college. Students, and members of the public, should be able to take a course at community college if they want to brush up on their skills. These could include basic high school courses.

II. Empower Students to Make Smart Financial Decisions

1. Congress should amend Title VII of the 1964 Civil Rights Act to allow employers to use alternates to a college credential as a way to assess job applicants' work preparedness.

Since the Supreme Court's 1971 ruling *Griggs v. Duke Power Co.*, businesses have found it safer and easier to require a college degree as an indicator of work-preparedness to avoid litigation. Universities have become gatekeepers for decently paid jobs. Young Americans who seek to prosper have no option but to go to college. But this credentialism has led to many students attending college for the wrong reasons, all while spending loads of money on a degree.

The 1971 decision's reasoning is also outdated and as college degrees become more expensive, the very people who were supposed to be helped are instead presented with another barrier.

The requirements need to be loosened for employers so that they can offer other means of measuring an applicant's ability to do the job, without having to go into crushing debt. Alternative means could include an intelligence test or a skills test. These tests could also provide a feedback of strengths and weaknesses for applicants. And, of course, these tests should serve some business purpose in the employment decision.

2. Universities, particularly public institutions, should create 2-3 year vocational tracks, with classes staffed by industry veterans.

There is currently a mismatch between the services colleges provide and the services students expect. Some students want the benefits of a traditional liberal arts education. Others want education beyond high school that can be applied in the workplace. Whatever the reason, education should be tailored to best match each student's goals and financial commitment.

The traditional track would remain 4 years in length, geared toward students who want a traditional liberal arts education or a research-focused education to prepare them for an academic career. The vocational track would be 2-3 years long, focused on students who need additional education or training for their specified fields. The traditional track should be taught by professors whereas the vocational track might turn to industry veterans.

We emphasize that this recommendation is adopted by public universities because these institutions have an innate mission to serve all students. However, this sort of model would also benefit private university students.

3. Federal and state governments should provide students information about their eligibility for grants/aid significantly earlier in the application process.

Many students find out about their financial aid package after receiving acceptance letters in March/April and must make their final decision by May. Colleges should provide a reference sheet that shows estimates on how much a student owes based on income, family size, and other variables related in financial reward decisions.

Additionally, students who plan to take out federal student loans should be required to pass a short exam, testing their understanding of terms and expectations of borrowing and repaying student loans.

III. Create Incentives to Make Schools Spend Responsibly

1. Federal and state governments should cut funding to institutions that fund ideological activism in areas such as globalism, social justice, and sustainability.

Ideologically-driven administrative components distract universities from their core educational mission and further increase costs. These administrative components also tear apart the fabric of American society. American taxpayer dollars should not go toward the destruction of the nation's interests. Departments driven by ideological activity include sustainability, student affairs, and wellness offices.

2. Federal and state governments should make higher education institutions financially responsible for a portion of the debt incurred by students who fail to graduate.

Higher education has no skin in the game when it comes to student outcomes. Colleges and universities should be required to accept a portion of the responsibility for loans (including accruing interest) defaulted on by students who dropped out from their institutions, to be repaid to lending institutions over a certain time

period.⁴⁹³ This provides an incentive for colleges to admit students based on their ability to succeed at the school over ideological aims, such as race and sex preferences (*affirmative action, diversity, inclusion, equity*).

IV. Increase Information Transparency

1. IPEDS should redefine its expenditure categories to provide more accurate and relevant information for policymakers.

Category	Proposed Changes	Purpose of Changes
Instruction	<ul style="list-style-type: none"> Exclude within-department research expenses Exclude within-department public service expenses Report expenses for remedial education and related activities as a sub-category of Instruction 	Remove expenditures that are unrelated to instruction. Improve transparency for expenditures that are outside the scope of higher education.
Research	<ul style="list-style-type: none"> Include within-department research expenses 	Fully report all research expenditures under one category.
Public Service	<ul style="list-style-type: none"> Include within-department public service expenses 	Fully report all public service expenditures under one category.
Academic Support	<ul style="list-style-type: none"> Report expenses for academic support into 3 sub-categories: Instruction, Research, and Public Service 	Improve transparency of academic support expenditures.
Institutional Support	<ul style="list-style-type: none"> Include admissions and recruitment expenses 	Report all positions based on roles that support the institution's operations.
Student Services	<ul style="list-style-type: none"> Exclude student admissions and recruitment expenses 	Remove expenditures that are unrelated to services that directly benefit the students already at the institution.

2. Congress should rescind the 2008 ban on the creation of a federal student unit-record data system and create such a data system.

This ban prevents the Department of Education from creating a comprehensive data set that could connect student-level data with other information such as income. The relevant information exists in separate databases, and is collected by various public and private agencies. Higher education information is reported by universities to IPEDS. The student unit record system was opposed by those

493 The Freedom to Learn Amendments 2.0, National Association of Scholars, February 22, 2017, https://www.nas.org/blogs/article/the_freedom_to_learn_amendments_2.0#:~:text=The%20freedom%20to%20learn%20is,and%20ill%2Dconceived%20public%20policies.

concerned over student privacy and data security—but de-identification can answer these concerns.⁴⁹⁴

Overturning the ban would reduce reporting requirements on institutions — especially smaller schools which struggle with the costs associated with the reporting requirements. It would also expand information on the full postsecondary education population instead of just those who receive federal financial aid, thereby improving the information provided in sources such as the College Score Card.⁴⁹⁵

3. State governments should make public university employee salary information publicly available and easily accessible.

Technically, these data are already available to the public. But in order to access them, members of the public must be willing to file public information requests, know the exact terminology and phrases to use in these requests, understand each state’s laws regarding public information request limitations, and be willing to finance these requests in many cases. These knowledge, time, and financial barriers effectively make the information unavailable. In addition, universities must employ information officers at significant expense to respond to these requests.

Universities and the public would benefit from the one-time investment of creating a centralized, accessible database of this information. The University of North Carolina System’s Salary Information Database is one proof-of-concept:

The screenshot displays the search interface for the UNC Salary Information Database. At the top, the logo for 'THE UNC SYSTEM' is visible, followed by the title 'UNC Salary Information Database' and a note that the salary data is current as of June 30, 2020. The search form includes input fields for 'Campus', 'First Name', 'Last Name', 'Department', 'Working Title', and 'Salary'. To the right of these fields are a search button with a magnifying glass icon, an 'Export' button with a document icon, and an information icon. Below the search form, a table header is shown with columns: 'Campus', 'First', 'Last', 'Department', 'Working Title', and 'Salary'.

Users can view each employee’s name and job title, where employees work by campus and department, and employee salary information. The website’s interface is user-friendly and people can view multiple employees at a time. The database also allows users to export the information as an Excel file.

One improvement we would suggest for the UNC System’s database is to provide accessibility for multiple years instead of just the current quarter. Otherwise, the UNC System’s salary database serves as an excellent model for other states/university systems to adopt.

494 Cf. T. S. Gal, et al., “A data recipient centered de-identification method to retain statistical attributes,” *Journal of Biomedical Informatics* 50 (2014): 32–45; C. A. Kushida, et al., “Strategies for de-identification and anonymization of electronic health record data for use in multicenter research studies,” *Medical Care* 50, Suppl (Suppl) (2012): S82–S101.

495 Beth Akers, A New Approach for Curbing College Tuition Inflation, Manhattan Institute, August 7, 2020, https://www.manhattan-institute.org/new-approach-curbing-college-tuition-inflation?utm_source=press_release&utm_medium=email.

V. Reform College Quality Evaluations

1. College rankings should be divided into two separate parts, which provide disaggregated assessments of a school's educational quality and its financial health.

Currently, *U.S. News & World Report's* Best Colleges rankings considers various criteria such as alumni donations, research reputation, and student retention rates. However, most families could care less about how many alumni donate to an institution, and instead are focused on the quality of faculty and programs.

It would be better to have two separate rankings. One should consider criteria such as graduation rates, student indebtedness, and high school class ranking. These kinds of criteria communicate messages such as the quality of students, the quality of the education, and how much of a financial burden students can expect to incur through attendance.

The second ranking considers a school's financial health. It should consider criteria such as alumni support and financial resources of the school. This sort of information is of interest to college administrators, policymakers, and those interested in higher education finances. This information should be separated from the information pertinent to families.

2. The federal government should replace the existing accreditation system as a way to determine eligibility to receive federal funds.

The accreditation system's original mission is outdated and imposes many regulations that contribute to increased costs. Accreditation was instituted in the nineteenth century with the purpose of providing information on a college's quality and legitimacy to its consumers during a time when information was not easily available. However, the information asymmetry present over 100 years ago is not the same today. Most families turn to ranking sites or college reference guides for much more detailed information on each university's quality.

Any remaining information asymmetry could be resolved through the creation of a centralized database with student outcome information for each university in the country. Dysfunctional universities could easily be identified and avoided by careful students and families.

The accreditation system has become a massive bureaucracy which imposes tremendous massive reporting burdens on schools and allows for the manipulation of colleges' decisions through questionable accreditation requirements. Getting rid of

it will immediately remove the perverse incentives the system produces and clear up a significant amount of waste.

Looking to the Future

Higher education faces as much economic uncertainty in 2021 as it did in the 1970s. Declining American birth rates had already put negative pressure on undergraduate enrollment when the coronavirus pandemic hit America. The pandemic's effects have accelerated the enrollment decrease — undergraduate enrollment at 4-year public and private non-profit universities fell by 4.4% between November 2019 and November 2020.⁴⁹⁶ Enrollment decreases were particularly driven by international students, whose undergraduate enrollments declined by 14.9%, likely because of travel restrictions.⁴⁹⁷ As a result, universities have lobbied for government bailouts, despite receiving \$14 billion via the CARES Act.⁴⁹⁸

Given this report's examination of universities' profligate spending habits and how these excesses lead to student debt and administrative bloat, it may seem that this sudden plunge in revenue could lead to some well-needed reforms. Perhaps it could spell the beginning of the end for administrative bloat, as universities are forced to cut non-essential positions. Maybe universities will cut their tuition in order to bring enrollment back up.

Unfortunately, the preliminary signs seem to show the opposite is true.⁴⁹⁹ Plenty of evidence supports this, but perhaps one simple question poses the strongest argument for why this is the case: If the coronavirus lockdowns and restrictions spelled the end for the administrative excesses at our universities, why do almost no university executives oppose the lockdowns?

Sensible responses to the economic pressures induced by coronavirus lockdowns would include cuts to campus-dependent positions and roles indirectly related to a university's mission. But when administrators are a growing proportion of employees, relative to academic faculty, university decisions skew more toward administrative interests. There haven't been substantial enough cuts to administrators, and in some cases, tenured-faculty and full-time instructional positions have been affected. Faculty cuts create a larger class of dispensable employees: adjunct professors, lecturers, part-time instructors, and so on. Each individual in this class of employees has less influence and interest in the long-term health

496 Todd Sedmak, "Fall 2020 Undergraduate Enrollment Down 4.4%; Graduate Enrollment Up 2.9%," National Student Clearinghouse Center, November 12, 2020, <https://www.studentclearinghouse.org/blog/fall-2020-undergraduate-enrollment-down-4-4-graduate-enrollment-up-2-9/>.

497 Sedmak, "Fall 2020 Undergraduate Enrollment Down 4.4%; Graduate Enrollment Up 2.9%."

498 Elissa Nadworny, "Congress Gave Colleges A \$14 Billion Lifeline. Here's Where It's Going," *NPR*, May 18, 2020, <https://www.npr.org/2020/05/18/853788067/congress-gave-colleges-a-14-billion-lifeline-heres-where-it-s-going>; "Need for Federal Relief for Colleges and Universities," American Council on Education, October 26, 2020, <https://www.acenet.edu/Documents/Need-for-Federal-Relief-for-Colleges-and-Universities.pdf>.

499 Neetu Arnold, "University Administrators' Pandemic Power Grab," The James G. Martin Center for Academic Renewal, November 27, 2020, <https://www.jamesgmartin.center/2020/11/university-administrators-pandemic-power-grab/>.

of the university. Even if universities recover their lost revenue, the precedent allows universities to continue to hire part-time and adjunct professors to fill instructional gaps.

This “hollowing out” of academia’s middle class ensures the only people who have long-term interests and influence in the university are administrators. And this in turn means that higher education’s continued departure from its instructional purpose will accelerate, unless drastic action is taken from the outside.

And let’s not forget the students — what does the future hold for them? As small businesses disappear from the economy, as power is centralized, and wealth is accumulated by international elites during the coronavirus pandemic, the students become ever more dependent upon the government for debt relief. Plans to bring an end to private property and traditional enterprise⁵⁰⁰ mean little to them as long as their debts are forgiven or mitigated. Yet their critics so far have not proposed any reforms more consequential than creative loan repayment plans — which amounts to a band-aid on a gaping gut wound.

University administrators are confident in their post-pandemic future. Their wealthy corporate donors and NGO collaborators are confident in theirs as well. But what about professors, the stewards of knowledge that universities are supposed to provide? And what about students and families, the much-fleeced customers of these institutions? For decades they have been shorn ever deeper by administrative bloat and exorbitant tuition — and they will be still, if the *status quo* continues.

We know what sort of thoroughgoing reforms will restore higher education to its proper dimensions — a university composed very largely of faculty and students and scarcely at all of administrators, devoted to education rather than indoctrination, and which does not impose decades of debt on its graduates. Higher education can be reformed — if we summon up the will.

500 Klaus Schwab, “Now is the Time For a ‘Great Reset,’” World Economic Forum, June 3, 2020, <https://www.weforum.org/agenda/2020/06/now-is-the-time-for-a-great-reset/>.

Appendix A

Appendix A

IPEDS Data

We based our analysis primarily upon data downloaded from the publicly available Integrated Postsecondary Education Data System (IPEDS), which is sponsored by the U.S. Department of Education. Higher education institutions annually report information about finances, staffing, and other areas of their operations to the Department of Education, which then collates the information and makes it available for public queries through IPEDS. Though some institutions of higher learning, both public and private, make their financial information publicly available, IPEDS is preferable for its exhaustive list of variables and consistent reporting standards across institutions. Thus, IPEDS was the ideal source of data for this report.

We extracted and compiled data from IPEDS pertaining to our 50 colleges and universities from the Finance, Human Resources, Fall Enrollment, and Student Financial Aid surveys. We drew these data from every collection year between 1980 and 2018, inclusive, or from whichever subset of those years the surveys were available.⁵⁰¹ We then performed the following operations:

1. **Data cleaning** – We corrected some errors that were present in the database, mainly consisting of variables which were switched in certain years for specific universities. Errors were relatively uncommon and addressed on a case-by-case basis.
2. **Imputations** – We performed our own imputations as opposed to using those provided by IPEDS, in order to maintain control over the process and to keep the imputation procedure as mild as possible. Some imputations were done for intermediate variables (variables we used to calculate certain aggregates), and some were done for variables directly used. For variables that were directly used, we only imputed a value if data were available for that same variable in the year immediately preceding and the year immediately following. We imputed using the average of these two values. Imputation procedures for intermediate variables will be described in more detail below.
3. **Aggregations** – To control for accounting changes and to shrink the number of variables, we aggregated certain variables reported by IPEDS. These procedures are described in more detail below.

⁵⁰¹ No data was available from 1981 to 1983. These years were ignored in all analyses.

4. Inflation adjustment – All variables measured in dollars were converted to 2018 dollars using the Bureau of Labor Statistics (BLS) monthly CPI-U series. To do this, we calculated an “academic year” price index by averaging the CPI values across the months of each academic year. For example, the CPI value we used for the 1980 academic year was the average of the monthly CPI values from July 1979 to June 1980. Then, we used these yearly CPI values to convert each variable into 2018 dollars.⁵⁰²
5. Per FTE student adjustment – All financial variables, except sticker price tuition and cost of attendance, were divided by the number of full-time equivalent (FTE) students enrolled at the institution to control for changes in enrollment.
6. Formatting – We formatted the cleaned and adjusted dataset in a table using a typical panel data arrangement: one school-year pair per row. The first two columns contain the school name and year, the third column identifies the school as public or private, and the remaining columns contain the data from each of the 326 variables we obtained and/or created from IPEDS.

We thus created the longitudinal dataset that was the main source for the analyses and charts in this report. The above steps, as well as the procedures needed to conduct the analyses and create the graphics, were performed using R.

In the remainder of this section, we will focus on the imputation and aggregation steps, and how they were performed in the contexts of revenue, expenditure, and enrollment data. Many of the alterations were done in response to changes in IPEDS reporting requirements, which occurred several times over the period we studied. In making such alterations, we used *The History and Origins of Survey Items for the Integrated Postsecondary Education Data System*⁵⁰³ as a primary reference. We also used information provided by the Delta Cost Project and based many of our aggregation decisions on their procedures.

Revenue

The set of revenue variables changed significantly when IPEDS reporting standards shifted around 2000, but sufficient aggregation along with some strategic exclusions make the data relatively comparable over time.

502 There are two other ways to measure inflation with specific reference to the higher education industry, the Higher Education Price Index [HEPI] and the Higher Education Cost Adjustment [HECA]. Both indices look at prices for education goods only. We use CPI to adjust for inflation because it is the best measurement for looking at pricing trends in relation to the whole economy. Read more here: Andrew Gillen and Jonathan Robe, *Stop Misusing Higher Education-Specific Price Indices*, Center for College Affordability and Productivity, March 2011, <https://files.eric.ed.gov/fulltext/ED536149.pdf>.

503 C. Fuller, *The History and Origins of Survey Items for the Integrated Postsecondary Education Data System*, U.S. Department of Education, National Postsecondary Education Cooperative, 2011, <https://nces.ed.gov/pubs2012/2012833.pdf>.

The first variables that we excluded were hospitals and independent operations, mainly because only some schools own and operate hospitals and/or independent operations (e.g., semi-autonomous research centers owned by the university). Also, some universities added or spun off hospitals and independent operations during the time period we studied. To maintain comparability between and within schools, we excluded these variables entirely.

Next, we excluded capital appropriations, capital gifts, additions to permanent endowments, investment return, endowment income, and any other endowment-related variables. These were all excluded because of irreconcilable accounting changes. When we examined endowment-related data in the report, we instead referred to each university's own financial reports for better between-year comparability.

The first aggregate variable we created was called "Government Grants and Contracts." We created this variable by summing federal, state, and local grants and contracts, including operating, non-operating, restricted, and unrestricted revenue from these sources. This was done mainly to shrink the number of variables, as we had no need for this aggregate variable to be broken down at the various jurisdictional levels.

Some of the component variables for this aggregate required amendments and imputation. First, federal grants and contracts include Pell Grants for all schools prior to the introduction of Financial Accounting Standards Board [FASB] reporting standards for private universities in 1997 and Governmental Accounting Standard Board [GASB] reporting standards for public universities in 2002. After these changes in reporting standards, most schools in our sample reported Pell Grants as "pass through" transactions, meaning that they were not included in federal grants and contracts. Exceptions were Yale, Stanford, Georgetown, and Lincoln, which continued to report Pell Grants as part of federal grants and contracts for the remainder of the sample period. Since Pell Grants are passed on to student recipients to then be used for tuition and other attendance costs, including them in federal grants and contracts results in a double-counting issue. Thus, whenever a university reported Pell Grants as part of federal grants and contracts, we subtracted the amount of Pell Grants to make the federal grants and contracts variable "net Pell."

Second, post-GASB (2002/03) and prior to the introduction of the new "Aligned Form" in 2008-10, most public colleges reported local and private grants and contracts as a combined, "local/private," category. After the Aligned Form was introduced, they returned to reporting them separately. In order to construct Government Grants and Contracts in the intervening period, we had to impute what portion of local/private grants and contracts was local, and what portion was private. To do this, we calculated the median share of local grants out of local/private grants for years in which they were reported separately, and then used this share to estimate the amount of local grants and contracts using the local/private variable.

The second aggregate variable we created was called “Private Gifts, Grants, and Contracts.” There is a variable with the same name that is sometimes reported through IPEDS, but not in all schools for all years. Thus, our variable is the sum of private gifts, private grants and contracts, and contributions from affiliated entities – the constituent parts of the eponymous IPEDS variable – whenever the variable is not directly reported through IPEDS (and whenever contributions from affiliated entities are excluded from the IPEDS-reported variable).

The third and final aggregate revenue variable was called “Other Revenue.” This variable is the sum of sales and services of educational activities and all IPEDS revenue variables that refer to “other revenue:” other, other operating revenue, other non-operating revenue, etc.

Expenditures

Though the set of expenditure categories is stable over our sample period in IPEDS, some significant amendments were necessary to control for accounting changes that occurred around the year 2000. As a caveat to the reader, these amendments required a significant amount of data imputation, and forced us to exclude certain types of expenditures (depreciation, interest on debt) from the totals. However, we believe that our methodology provides a much better approximation of actual trends in spending across these accounting changes than would be provided by ignoring these changes and using the raw IPEDS data.

First, we excluded a few functional categories from the analysis entirely: hospitals, independent operations, and scholarships/grant aid. Hospitals and independent operations were excluded for the same reasons as they were on the revenue side. Scholarships and grant aid were excluded due to accounting changes, and the fact that they do not neatly fit into either expenditures or revenue. Thus, we analyzed them separately using data provided by IPEDS on discounts and allowances.

Second, we only had one “aggregate” variable, which is called “Other Expenditures.” Other Expenditures consists of total expenditures, minus expenditures from all other functional categories (as amended by the method described below), hospitals, independent operations, scholarships, depreciation, and interest on debt. Depreciation and interest on debt were excluded since these types of expenditures were only reported to IPEDS starting in 1997 for private universities with the introduction of the FASB, and in 2002 for public universities when the GASB was introduced.

Finally, we performed some amendments to the data for the remaining functional categories because of accounting changes. The amendments in this section apply to the following

expenditure categories: instruction, research, public service, academic support, institutional support, student services, and auxiliary enterprises.

Prior to the introduction of the FASB and GASB, universities reported expenditures in the above functional categories in addition to a functional category called “operation and maintenance of plant.” After the FASB and GASB reporting standards were phased in, operation and maintenance of plant, along with newly introduced expenditure categories of depreciation and interest on debt, was spread out across the remaining functional categories instead of being reported separately. However, the breakdown of expenditure types within each functional category (operation and maintenance expenditures for instruction, depreciation expenditures for institutional support, etc.) was not reported until several years later. The way to normalize these variables across the accounting changes is to subtract operation, depreciation, and interest from each functional category, but doing so requires imputing the within-category expenditure breakdown during the years for which this breakdown is not reported.

Imputation for these within-category expenditure breakdowns partially followed the same “median share” procedure described earlier in the “Revenue” section. We calculated the median share within each functional category of each expenditure type over the years the breakdown was reported, and used that share to estimate the breakdown for the years in question. However, we then adjusted these preliminary estimates using one extra step. IPEDS provided the total expenditures on operation, depreciation, and interest for some of the years in question. Therefore, when this information was available, we scaled all of these preliminary estimates such that their sum across the functional categories exactly equaled the totals in the data.

Enrollment

Because we provided all financial variables in “per full-time equivalent (FTE) student” units, it was crucial that we have FTE student enrollment data in every year of our sample period for every school. However, IPEDS only reports an FTE enrollment variable from 2000 onwards. Thus, for years prior to 2000 we estimated FTE enrollment using the remaining enrollment data provided by IPEDS. To do this we used the “IPEDS Method:” sum full-time undergraduate and graduate enrollment with 0.392857 times part-time undergraduate enrollment and 0.382059 times part-time graduate enrollment.

Spending Ratios

This section contains a more detailed explanation of the calculations involved in the spending ratios analysis in the report. As a reminder, the goal of the analysis is to examine how revenue from tuition and state funding is being used to cover educational vs. non-educational expenses at our 50 colleges and universities.

On the revenue side, we need a metric of how much universities receive in revenue through tuition and fees. IPEDS reports this as “net tuition and fees” during the time period of interest, which excludes tuition and fees revenue coming through grants and scholarships. We add these back in to obtain gross tuition and fees, and then subtract a portion of institutional grants⁵⁰⁴ (grants the university administers out of its own budget) to obtain Cheslock’s “collected tuition and fees” (CTFR) metric:

CTFR = net tuition and fees + discount and allowances applied to tuition and fees – institutional grants from unrestricted sources

In addition, we require a metric of how much in state appropriations is directed to educational operations. State appropriations are meant to subsidize general operations of the university, so not all the funding may be going to educational activities. IPEDS doesn’t specify how much is going to what activity, so we use an approximation called the “Operating Subsidies Share” (OSS):

OSS = education share * (local appropriations + state appropriations)

- education share = (instruction + student services) / (instruction + student services + research + public service)

Loosely, what this formula is intended to do is to separate appropriations directed at research and public service (unrelated to education) from appropriations directed at instruction and student services (more closely related to education).

On the expenditure side, things are a little bit trickier. When it comes to expenses related to education, the obvious choice is instruction. However, some argue that this measure is too narrow, as instructional operations require some amount of academic support, student services, and institutional support to run properly. Libraries, administrators, and curriculum managers are required to run a higher education institution.

⁵⁰⁴ Cheslock subtracts all the institutional grants. We only subtract a portion of institutional grants because not all institutional grant money ends up being used for tuition and fees. Some go toward auxiliary expenses like dorms, and some go elsewhere. The proportion we subtract is equal to the proportion of total discounts and allowances that are applied to tuition and fees.

Unfortunately, IPEDS doesn't separate the categories in a manner conducive to this mode of analysis. Institutional support, for example, consists of administrators who manage instructional operations, research operations, and many other tasks. Student services includes many activities which one would be hard-pressed to categorize as educational. Thus, an approximate metric is necessary. We borrow a formula from the OSS metric to create the "Education and Related" (E&R) metric:

E&R expenditures = instruction + student services + {education share * (academic support + institutional support)}

- education share = (instruction + student services) / (instruction + student services + research + public service)

Again, the "education share" proportion is meant to separate out expenditures in academic and institutional support directed at research and public service from those directed toward instruction and student services. These metrics are imperfect and should be interpreted with caution.

Figures

This section provides sources for employment and salary related figures in our report that were not already cited. Sources include university websites and payroll information, made available either through government websites or reported articles.

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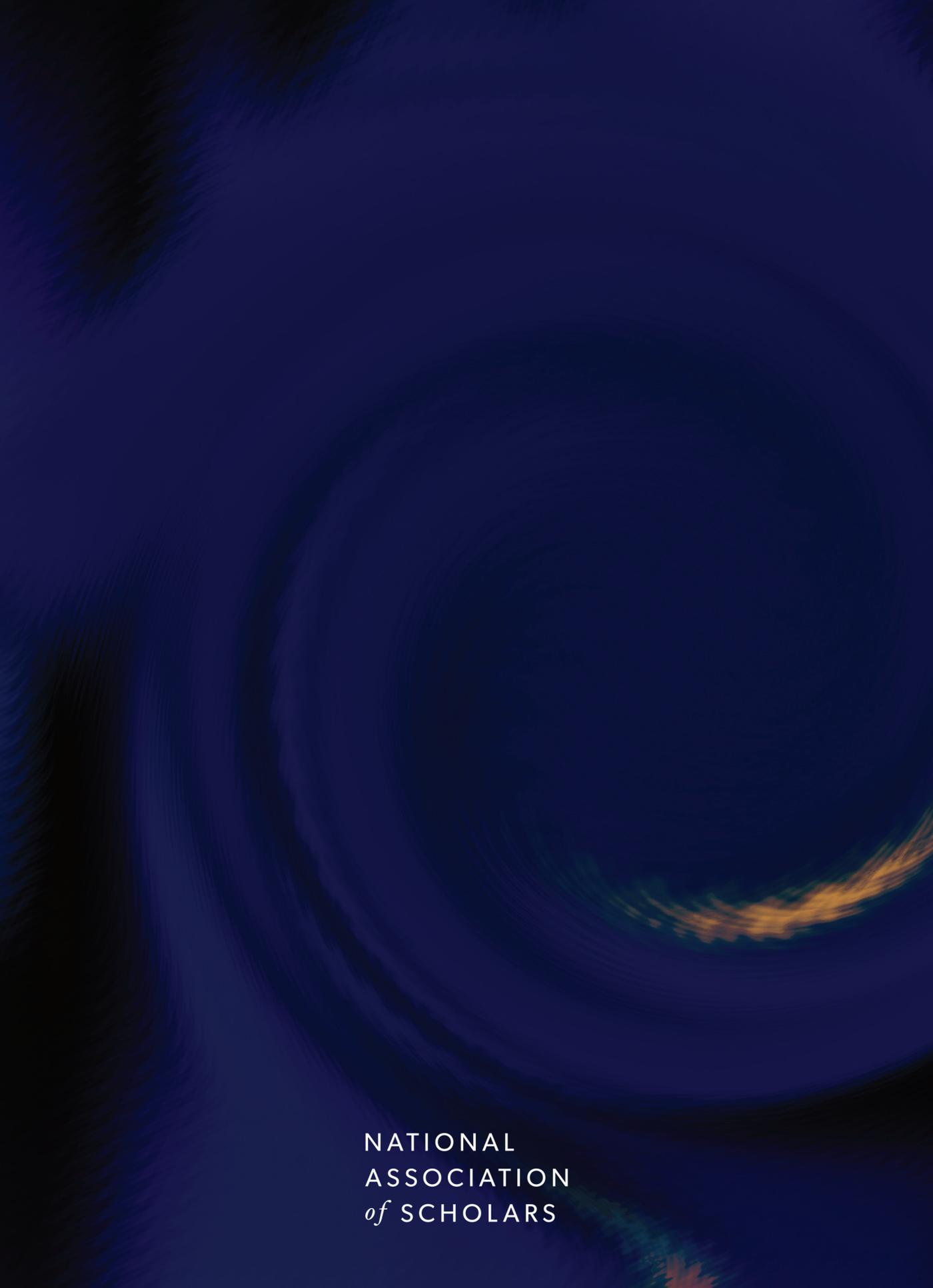
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