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# Who is to blame for the high cost of college?

A frequent topic of conversation, from families to politicians, is the issue of college cost. It is undeniable that the price tag for attending college has outpaced the rate of inflation in the last few years. Conventional wisdom has it that the culprits are the institutions of higher education themselves.

State legislators and boards of trustees of public institutions have complained about such costs and have even taken measures to reduce tuition and fee increases. But are the colleges and universities really the ones to blame for the problem? Not entirely.

Like any other societal problem, the issue is extremely complex.

For one thing, most people do not realize that what students pay for college is not the real price of the education that they receive. Virtually everyone pays only a fraction of the real cost because of subsidies by federal or state governments or by private donations.

This is what is called the discount rate: the college's aid dollars as a percentage of tuition and fees. In other words, the bigger the discount rate the more the cost of college is subsidized.

According to the National Association of College and University Business Officers, the average discount rate for full-time, first-year students at private colleges is about 46 percent, while for public colleges it is less

### Aldemaro Romero Jr. Letters from Academia

than that. Another issue is that the increase in public college tuition is largely the result of less public investment in education, which is largely a consequence of tax cuts promulgated under anti-tax populism by elected officials.

The consequences of these policies are many, from increasing debt among college graduates and the resulting widening gap in society between the haves and have not's, to the serious effects on the quality of higher education which deteriorates each time classes are given over to less-expensive adjunct instructors who rarely engage themselves in academic activities outside the classroom. The physical infrastructures of public university campuses are also at risk of deteriorating.

In a book by Suzanne Mettler titled "Degrees of Inequality," she makes a convincing argument that contrary to conventional wisdom, college education does not make better lives for low-income people, but actually reinforces the economic disparities among those who attend college. Unlike some critics of higher education in the U.S., her arguments for this stem not from "liber-

al" politics, but from the dysfunction of the federal government and the U.S. political system in general.

From the time of Sputnik the U.S. has lost its position of leadership to many other countries in the percentage of people with a bachelor's degree. Further, despite increasing enrollment in institutions of higher education, there is a bigger inequality in the proportion of people who graduate based on where they fall in the income spectrum. And this is something that every institution (particularly public ones) should be concerned about not only because most of their students are in the low-income spectrum, but also because more and more states are linking financial support to graduation rates.

To make things worse, people in the higher income brackets receive more financial assistance in tax dollars than the ones at the bottom. For the 20 percent at the top of the income spectrum the cost of attending a public college has increased by 6 to 9 percent of the total family income from 1971 to 2011. Yet, for the 20 percent at the bottom the cost of public education has gone from 42 to 114 percent of the family income during the same period. No wonder so many students in public universities drop out not necessarily because of academic issues but because they need to go back to the job market just to survive. And this situation exists despite

the fact that tuition for in-state residents is heavily subsidized.

Interestingly enough, the for-profit institutions of higher education are the ones that benefit the most from this financial structure. Their students are the ones taking more loans than anybody: \$33,000 of median debt vs. \$22,000 at public institutions and \$18,000 at private, non-profit ones. This, together with differential graduation rates, is probably the strongest data supporting the contention that higher education in this country – instead of serving as an equalizer – emphasizes economic inequalities.

Pell grants, designed to help low-income students, have gone from covering 80 percent of college costs in the 1970s to just 31 percent at the present time. The benefits of the grant are simply being outpaced by increasing college costs.

The end result is that public universities have adopted more and more the business model of private ones (where tuition revenue is the main source of income), leading them to become more and more privatized in reality.

Yet, the bottom line is that the loosening of regulations has allowed for-profit colleges to be, in fact, subsidized by federal dollars. These for-profits that enroll about 10 percent of higher education students use about 25 percent of federal student aid. Mettler

asserts that for-profit institutions have been extremely successful by making campaign contributions and by lobbying politicians to allow them to profit from federal policies. The very introduction of her book shows how even in the highly polarized U.S. Congress of today, somehow these for-profit enterprises are able to obtain bipartisan support for measures that help them to be even more profitable.

It is a clear and sad conclusion that any solutions to these problems go well beyond what most colleges and universities can do. Yet, the book gives us pause when thinking about a merit-based financial aid versus one based upon need. Certainly one of the factors leading colleges and universities to offer financial aid to good performing students, even those who don't need it, comes from external factors such as the "U.S. News & World Report" rankings. They know that better-prepared students are more likely to graduate on time, which, in turn, improves the schools' national rankings. Higher rankings translate into higher prestige and serves to attract more and better students in the highly competitive race for students.

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