



ACTA on the High Cost of College

When it comes to controlling the cost of higher education, the **American Council of Trustees and Alumni** has led the charge for over two decades.

ACTA has provided guidance for trustees with publications and consulting services on strategies to keep tuition low while maintaining high academic standards. ACTA's state reports for the public and policymakers provide hard data about the growth in spending at individual institutions from Maine to California and inform policymakers on how they can work with trustees to lower costs and better utilize available resources. ACTA's recent publications on costs include *How Much is Too Much? Controlling Administrative Costs through Effective Oversight*; *Bold Leadership, Real Reform: Best Practices in University Governance*; *Bold Leadership, Real Reform 2.0: Improving Efficiency, Cutting Costs, and Expanding Opportunity*; *The Cost of Chaos in the Curriculum*; *Cutting Costs: A Trustee's Guide to Tough Economic Times*; and *Governance for a New Era: A Blueprint for Higher Education Trustees*. Here are some of the highlights from our reports:

Sky-High Tuition . . .

“The Organisation for Economic Co-operation and Development (OECD) shows that the United States far outspends every other developed nation per pupil in higher education . . . almost twice the average of other OECD nations. Yet our college outcomes are at best lackluster. The United States ranks 12th among OECD nations for the percentage of adults ages 25–34 holding college degrees, and our graduation rates hover near the bottom of the OECD charts.”

“Between 1985 and 2013, the sticker price of college tuition and fees increased 538%, almost 4½ times the consumer price index, which rose 121% during the same period. Even the inflation of medical care costs—286%—was modest in comparison.”

“Even with the maximum level of federal financial aid, the net price of college at 70% of universities is unaffordable for working- and middle-class students.”

“All nine [of the top liberal arts] colleges with endowments over \$1 billion increased tuition between 2008 and 2013.”

Crushing Student Debt . . .

“Many students incur high levels of student debt to pay for college or seek alternatives to college attendance. Borrowing and default rates grow, competition for tuition dollars increases, and the financial model underpinning higher education's effectiveness is imperiled.”

“The total amount of student debt held nationwide recently surpassed \$1 trillion and comprises 9% of all consumer debt.”

“The Federal Reserve Bank of New York reports that as of 2011 nationwide nearly 12 million individuals 40 or older still owed money on student loans. Astonishingly, approximately two million individuals 60 and over still owed money.”

Excessive Executive Compensation . . .

“Executive compensation in higher education has risen to a level far beyond justification. The *Chronicle of Higher Education’s* annual report on presidential pay at private and public institutions shows base pay for many chief executives that tops the salary of the President of the United States.”

“A 2017 survey found that the average salary for full professors was \$102,402, compared to an average salary of \$334,617 for college and university presidents and \$202,048 for chief financial officers.”

“An industry group representing trustees and alumni has published a pocket guide that may rub some college administrators the wrong way. It asserts that colleges should not lean on tuition increases to bail them out of tough times, but instead should find innovative ways to cut costs.”

— Daniel de Visé, *Washington Post*, on ACTA’s trustee guide *Cutting Costs*

Administrative Bloat . . .

“A 2014 report . . . found that the ratio of faculty and staff positions per administrator had declined at public research universities from 3.5 in 1990 to 2.7 in 2000, and all the way down to 2.2 in 2012.”

“A 2010 study of higher education costs at 198 leading public and private colleges and universities found a 39% increase between 1993 and 2007 in instructional spending per student, *but a 61% increase in administrative spending per student.*”

Athletics versus Academics . . .

“At least 33 of the top public universities have allowed their athletic spending to grow at a higher rate than did

“Fifteen years from now more than half of the universities will be in bankruptcy, including the state schools . . .”

—Clayton M. Christensen, professor, Harvard Business School; co-author of *The Innovative University: Changing the DNA of Higher Education from the Inside Out*

their instructional spending during the five-year period ending in 2010-11.”

“Public universities in Division I of the NCAA now spend three to six times as much on athletics per athlete than they spend on academics per student.”

Low Classroom Utilization . . .

“Buildings are maintained—at considerable cost—while often sitting empty, especially, as data show, on Friday afternoons and early mornings, to say nothing of long summer breaks. These operating costs are significant: typically over the lifetime of a building, 70% of its construction cost will be spent again on maintenance.”

“Of the [top public] institutions studied, very few actually met minimum state standards for classroom usage.”

Minimal Teaching Loads . . .

“Teaching load is a crucial metric for academic quality and cost-effectiveness. At today’s public universities, tenured and tenure-track faculty can be expected to teach as few as three classes per year.”

“While these recent findings are not so surprising to those who follow such studies, one can still be stunned by what can only be described as a breach of trust between colleges and the students they attract with diversions and amenities that have little bearing on education and that will be of little use in the job market. . . . Summed up: American students are paying too much for too little . . .”

— Kathleen Parker, *Washington Post*, on ACTA’s report *Education or Reputation? A Look at America’s Top-Ranked Liberal Arts Colleges*