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# The Challenge of Higher Education

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## CHAPTER TEN

### *The Challenge of Higher Education*

STEVEN MICHELS

It appears that, if the trend in state expenditures is any indication, higher education is not a priority in Connecticut. As a percentage of the state budget for FY 2005, money going to our state's colleges and universities is 4.0%, which is down from 1989, when it enjoyed 6.6% of total state appropriations.<sup>1</sup> Although it is an increase in actual dollars—up by \$14.1 million—nearly 80% of the increase (\$11 million) went to salaries, which does nothing to address the affordability of a college degree in the state.<sup>2</sup> Other states have similar trends, however, and while some are spending more money on education, many states are holding fast or making cutbacks.

But state expenditures are not a measure of success. The spiraling cost of education, the spread of technology, and the competitive nature of the job market have changed the very notion of what education should be and who should pay for it. Simply put, if there is a challenge of higher education, it involves more than just a balancing of the books. We must begin by addressing current economic realities, but in the end, we cannot ignore the general direction and purpose of higher education.

This chapter proposes a series of practical reforms, designed to work within the existing structure of higher education. The underlying assumption is that higher education in Connecticut is best served by allowing the natural forces of the market to

determine the direction of growth and development. Minimal government interference will mean the greatest amount of choice and the highest quality of education for students in the state.

### Funding

When adjusted for inflation, tuition at public and private institutions nationwide has increased about 38% over the past decade.<sup>3</sup> While many point to state cutbacks as the reason for the increases, a recent Congressional report shows that "tuition increases have persisted regardless of circumstances such as the economy or state funding, and have far outpaced inflation year after year, regardless of whether the economy has been stumbling or thriving."<sup>4</sup> Tuition at public institutions has increased in all fifty states over the past year, even though thirty-eight states either held spending constant or increased appropriations.

With regard to average annual tuition at public institutions, Connecticut ranks near the top, at \$4,531, with the ninth highest average tuition, considerably higher than the national average of \$3,718.<sup>5</sup> Connecticut is more modest when it comes to tuition at two-year colleges, ranking twentieth, while neighboring New Hampshire and Vermont are near the top. No one can deny that the rapid increase in tuition is unprecedented and problematic, but the overall cost of a degree from a public institution in Connecticut is not as high as some of the heated rhetoric suggests.

We should not be surprised, therefore, to discover that the changes in state funding have not affected enrollment. Loans are still readily available, particularly for those most in need, and nearly all schools offer a range of academic and athletic scholarships and need-based tuition waivers. Consider that the percentage of tuition actually paid by students was lower in the 2004-05 academic year than it was a decade earlier, as student aid topped \$122 billion, an 11% increase from the previous year.<sup>6</sup> And even though tuition has gone up, the percentage of students paying the full amount has dropped from 37%, as it was in 1990, to 19%.<sup>7</sup> Colleges might be raising tuition, but they are also covering more of the cost.

A recent national poll discovered that, for whatever reason, nearly 65% of students and 58% of their parents either could not estimate tuition costs or overestimated the costs by more than 25%.<sup>8</sup> In this sense, the economic crisis in higher education has been misunderstood and exaggerated. In reality, there are countless affordable opportunities for high school graduates who wish to continue their education. Because student loans are available to all, the decision not to incur debt has no bearing on the issue of access. While it is true that students from poorer backgrounds are more reluctant to take on debt, these students should find comfort in the fact that the difference in income between those with and without college degrees continues to increase.<sup>9</sup> In short, today's college education is a great investment.

This is not to say that the institutions themselves are economically sound. Many are making cuts in faculty, staff, and services. Faced with severe economic hardship and the danger of closing, the University of Hartford, for example, recently cut faculty by 5% and staff by 20%.<sup>10</sup> In addition, Hartford halted its across-the-board annual raises, closed an MBA program located in Paris, and sold some residential property. Since that alone would not have saved the University, Hartford followed these steps with a change in their admissions process. Instead of using the more common method of mass advertising and admissions decisions based on grades and test scores (the "shotgun approach"), Hartford identified the type of student that would thrive at the University and spent the bulk of its resources recruiting students that fit that profile. Through a targeted-admissions process and a sophisticated marketing strategy, Hartford was able to maximize its financial resources, without requiring a lengthy fund-raising campaign or resorting to tuition increases. From 1998-2002, not only has Hartford become fiscally solvent, but applications have doubled and the minimum SAT score for the entering classes has gone up 75 points. The current economic climate might make cuts necessary in many institutions, but it is also an opportunity for every institution to rethink its mission and to consider how efficiently it is serving its students.

In addition to following the Hartford model of admissions and marketing, public institutions should also consider cutting fees and tuition rates for out-of-state students. For prospective students, the

differences in out-of-state tuition can be outrageous. A resident of Connecticut attending the University of Connecticut in 2005-06, for example, paid \$15,760 (including room and board), while an out-of-state student paid \$28,264.<sup>11</sup> An out-of-state resident wishing to enroll in one of Connecticut's community colleges pays an even higher cost in tuition and fees. Penalizing potential customers on the basis of geography is not good policy under any circumstances, much less when budgets are tightened. By contrast, most private schools, which receive far less state funding, do not have out-of-state tuition. Private schools seem to better understand that healthy competition is the surest way for institutions to maximize revenue and improve the quality of education offered to students. This is particularly important in states such as Connecticut that face competition from many nearby states.

There have been steps in this direction. The New England Regional Student Program (RSP), established by the New England Board of Higher Education (NEBHE), allows students to cross state borders without paying out-of-state tuition. Although many of the region's public colleges and universities participate in this program, it is rather limited. The principle of the program should be extended, without qualification and prejudice, to students beyond New England. If legislators or tax-payers have a problem with providing an education to students from other states, then more need-based grants should be given directly to students, who would then be free to take them across state borders to the institution of their choice. This would also provide an opportunity to address the growing concern that the wealthy are receiving more financial support than the poor.<sup>12</sup> In any event, Connecticut needs more than a limited regional strategy if its institutions of higher learning are to succeed.

Increasingly, schools are looking to the corporate world to balance the books, an option not without controversy.<sup>13</sup> While this solution should be approached cautiously, it should not be summarily dismissed. Certainly, corporate monies should not be accepted if they come with overly burdensome stipulations, but the fear that intellectual independence is compromised by corporate influences is unfounded. Not only are academic matters typically isolated from financial decisions, but it is mistaken to think that faculty members would readily give up their autonomy.

And while corporations are more likely to fund areas that benefit industry, such as business schools and research laboratories, the money saved can easily be redirected to the humanities and departments ignored by corporate donations.

There are better reasons why universities should not be reluctant to work with the corporate world. First, if businesses have money to give, it will go somewhere, perhaps to a competing university. Microsoft's recent \$25 million grant for educational technologies research would have gone somewhere, if not to MIT. Moreover, forging a link between the business world and the academy will ease the transition for students as they enter the work force. A college education can only be enhanced by students having internships, working on research projects, and forming networks with would-be employers.

Somewhat surprisingly, not all institutions are cutting back to remain competitive. Many have chosen to expand the services and amenities available to students. The University of Wisconsin in Oshkosh, for example, offers students massages and manicures, and Washington State University has recently constructed a Jacuzzi that holds fifty-three people.<sup>14</sup> Although costly, institutions such as these are gambling on the notion that there is a market for such extravagance in education.

In any event, there are structural realities concerning funding. As Arthur M. Cohen notes concisely, "Colleges are *always* short of money."<sup>15</sup> They can either break even or run a deficit, but they can never show a profit. Private institutions have more flexibility, although they too are operating under conditions that are hardly ideal. "In sum, it is a no-win game," Cohen contends.<sup>16</sup> The number of recent closings (thirty-one since 1997) and mergers (about eleven since November 2000) only testifies to the competitive nature of higher education.<sup>17</sup> If economic hardship is the norm, then what higher education needs most is economic discipline.

## Technology

Faced with severe budgetary cutbacks, many institutions have turned to digital—some might even say virtual—solutions. Online instruction, for example, is a way to expand the student body

without spending money on buildings, classrooms, or permanent faculty members. It is particularly useful for institutions that experience rapid growth or an irregular ebb and flow of students. In addition to cutting costs and raising revenue, technology allows institutions to use their resources most efficiently. The Connecticut Distance Learning Consortium (CTDLC), created in the fall of 1996, organizes much of the distance learning in the state.

Yet technology does have its price. The pace of technological development has made computers virtually disposable. Institutions are in a permanent state of updating outmoded equipment, a feat undertaken under the discerning eyes of a generation unable to remember what life was like before the Internet. While making available a new source of revenue, technology also changes the nature of competition among schools, especially given the rise of online colleges, such as the University of Phoenix, which was the first to offer online degrees. Founded in 1976, Phoenix, the nation's largest private educational institution, has served over 171,600 students through its Web-based instruction, a number that is likely to grow exponentially since it cut the minimum age for admissions from 23 to 21. Recent studies have found nearly 2 million students are taking online courses, with about one-third of that number taking all of their courses online.<sup>18</sup> The fastest growing part of higher education, the number of students taking on-line courses is expected to soon hit 2.6 million.<sup>19</sup> Technology gives institutions flexibility, but it also gives students greater choice with regard to where they spend their tuition dollars.<sup>20</sup>

Of course this does not address the quality of online instruction. According to a recent report, 57% of instructors polled claim that an online education is as good as or even superior to more traditional "on-ground" course of study.<sup>21</sup> If technology is to be integrated into higher education successfully, we must at least be honest about what it can and cannot do. Technology has done much good for higher education, and even the most technologically incompetent instructor could benefit from using e-mail, developing a website, or using computer-generated lecture materials. But we should be wary that content will be displaced as the primary focus of education or that the

medium will define the message. Socrates, philosopher and teacher *par excellence*, did quite well without the aid of a computer.

Because public institutions have made the greatest forays into online education, there is a real and growing fear that online education will be limited only to those who cannot afford the standard university education. Nevertheless, it is likely that the increase in online education will continue, unless educators begin emphasizing the things that make the classroom an experience without equal.

Despite all of the recent attention paid to the cost of education, any comprehensive policy of reform must include some notion of quality, for cost should never be considered independent from quality. One of the more insightful comments on the cost of education comes from Alan Ryan, a professor of political science at Oxford University. The scandal, Ryan notes, is not that students are paying \$30,000 a year for a degree from an Ivy League university; it is that they are paying that much money for introductory language courses and other subjects they could study more cheaply elsewhere.<sup>22</sup> We must be on guard for increasing costs while allowing a decrease in quality, or, worse yet, intentionally sacrificing quality for the sake of convenience.

### Missions and Measures

When assessing the success or failure of our institutions of higher learning, it is misguided to consider them with regard to a shared mission or common purpose. The mission of a small liberal arts college, for example, is different from a large research institution, and both are different from a community college, as well they should be. While there are commonalities—such as the attention to writing and critical thinking skills—competition for students and diversity among missions can only work to improve the quality of higher education.<sup>23</sup> Understanding how missions differ will make admissions policies more targeted, the key element to Hartford's resurgence.

When all of the statistics from the various universities, colleges, and schools are compiled, Connecticut is serving a very low percentage (56%) of its high school graduates, with nearly half



choosing to study elsewhere.<sup>24</sup> While the number has grown in recent years, reversing a decade-long trend, it pales in comparison to the national figure of 81%. The state must recruit more out-of-state residents, to be sure, but it must also do a better job of serving Connecticut. Allowing institutions to develop their own particular identity is the only way our institutions can meet this challenge.

The fact that institutions will have varying missions means that state legislators should resist the urge to dictate the terms of education reform in the state. Centralized decision-making runs the risk of doing harm to all institutions, as policymakers disregard the particular needs of each institution. For instance, in order to meet state and federal regulations, many institutions have needed to add mid-level administrators to provide services to students, such as counseling and other health services which raises the cost of tuition and turns institutions of higher learning into what one observer has deemed a "sort of student-welfare state."<sup>25</sup> Stanford University estimates that federal and state regulations account for about 7.5 cents for every dollar spent on higher education.<sup>26</sup> Legislators should work to remove the restrictions that inhibit the natural development of higher education, especially if they continue the cuts in appropriations. As Stanley Fish, the former dean of the College of Liberal Arts and Sciences at the University of Illinois at Chicago, pleads to lawmakers, "Give us liberty or give us revenue."<sup>27</sup>

Authority and, with it, accountability should be placed in the hands of each institution's administrators—that is, those who are best able to make decisions consistent with the mission and interests of each institution. As Frank H.T. Rhodes contends, "Unlike the planned 'command' educational systems of Europe and elsewhere, the unplanned, opportunistic, pluralist 'system' of the United States has proved adaptable, flexible, and remarkably successful."<sup>28</sup> If institutions of higher learning are to weather the economic storm, they need to become less dependent on state aid and more independent of state policy and regulations. Several states, including Michigan, Texas, and Colorado, are taking steps in this direction.<sup>29</sup> Recently, the governor of South Carolina proposed letting some state public colleges become private, in order to let them have more autonomy from state governing boards.<sup>30</sup>

Other states have passed laws regulating tuition increases, which was the purpose of a recent Republican proposal in the U.S. Congress. While it makes perfect sense as a policy for certain institutions, it should not become federal law. Thankfully, the College Access & Opportunity Act (HR-3311) had little support, and it was withdrawn by its sponsor, Harold "Buck" McKeon (R-California).<sup>31</sup> Even worse is a Democratic proposal that would cut funding for states that reduce support for higher education.<sup>32</sup> While the intention is to penalize states, it is unimaginable that students would not suffer in the process. Not to be outdone, President Bush, in his 2004 State of the Union address, proposed \$250 million for job training at community colleges. While Bush is right in placing greater emphasis on community colleges, the nation would be better served were this money to be given directly to the students who need it. The plan will be an improvement, however, provided the colleges retain the authority to administer the funds as they see fit. At this time, the greatest threat to institutional autonomy is the reauthorization of the Higher Education Act, which, following in the wake of the controversial No Child Left Behind Act, will most likely expand the national government's interference in higher education.

Related to quality and mission is the issue of grade inflation. While much attention is paid to cheating and plagiarism, grade inflation is the most often overlooked component of academic integrity. It seems to be a problem without a solution, given the current climate in the academy. Harvard professor Harvey C. Mansfield—or "Harvey C. Minus," as he is referred to by students—has instituted an "ironic grading system," whereby students receive two grades: one noting their actual achievement and one inflated in accordance with what students are used to receiving at an institution where 50% of the grades are A or A-minus. While clever, it is not a complete solution; but it is at least a step in the right direction.<sup>33</sup>

Getting a degree and a job is one way to measure education, but it is not the best way. We do nothing for our students if we do not help them to discover their passion and realize their potential. Education is not the achievement of a singular goal; it is a never-ending process that requires dedication and candor on

all sides. Education should not be measured by state expenditures, but by the extent to which our students know the virtue of life-long learning and have the skills necessary to guide themselves in that endeavor.

### Conclusion: Discipline or Perish

In his soberly titled *As if Learning Mattered*, Richard E. Miller discusses how the criticism of higher education has been nearly constant since the middle of the nineteenth century.<sup>34</sup> For better or worse, whether it is a question of access, purpose, quality, or cost, there will always be talk of higher education reform. Yet the general perception of higher education is encouraging: a recent poll shows that a solid majority (about 60%) of Americans has faith in higher education, and 93% consider it one of our most valuable resources.<sup>35</sup>

The policies recommended in this essay are not intended to drastically alter the system of higher education; rather, they are designed to work within the existing structure. Economic discipline, targeted admissions, and an appreciation for the market are first steps to fiscal solvency. Certainly, tuition increases will be necessary, but if the education of our young people is truly a priority, then the increases should be used as a last resort. Our students deserve at least that much. For that reason alone, we cannot forget that the cost of education can never be determined independently of quality. Serious reflection on the uses of technology, grade inflation, and the mission of our institutions should be the foundation for any substantive reform. Whatever the direction, policy must be made by individuals at the lowest possible levels, and by those who will be held accountable for the decisions they make.

### Notes

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