

Higher Education Act Reauthorization - ATTACHMENT

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EDITORIAL COMMENTARY

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The Price of an Education

Can we really afford to make it cheaper?

"Compared to what?" Perhaps this is the most important question in economics. It is certainly one of the simplest, and one too infrequently asked. A gallon of gasoline seems expensive. Compared to what? Compared to the price a few years ago, but not compared to a gallon of milk or a gallon of soda. A year of college

seems expensive, too. Compared to what? It's considerably more expensive than it was last year, especially at public colleges, where the average bill for tuition and fees rose 14%, according to the College Board. Some schools, such as the University of Massachusetts and the University of Virginia, raised charges 30%. That's a lot more than inflation, and it's been going on for years. The level of state support for state schools has fallen almost everywhere, and the average public college bill has risen 47% in a decade.

U.S. Secretary of Education Roderick R. Paige says something's "out of whack." So why isn't he asking, "Compared to what?"

Students should ask: Compared to the cost of not going to college? Lifetime incomes of college grads far exceed those of people with high school diplomas. Is tuition an expense or an investment?

Parents might ask: Compared to the cost of private colleges? The average student attending a public university in his home state pays \$4,694 for tuition and fees, compared to the \$19,710 cost of a year at an average private college or university—and more than \$25,000 at the most selective schools. Is public tuition a burden or a bargain?

To Rep. Howard P. "Buck" McKeon, a Republican of California, the rising cost of education is an expense and a burden, plain and simple; costs have little to do

with it, and there oughta be a law against excessive tuition increases. McKeon's idea of the right law is to pull federal funds away from any institution that increases tuition at more than twice the inflation rate over a five-year period.

Coming as he does from the home of Proposition 13—which capped property taxes—McKeon's enthusiasm for price controls has a recognizable cultural foundation, and we can't be surprised at his refusal to learn the lessons of economics. But his bill is worrisome because Rep. John Boehner, chairman of the House Committee on Education and the Workforce, is a co-sponsor. The committee is due to take up reauthorization of the federal Higher Education Act, so almost any idea the chairman likes could end up in the bill. The issue, said the Ohio Republican last week, is "whether institutions are accountable enough to parents, students and taxpayers—and clearly they are not."

We may safely assume that most universities and colleges could operate at lower cost and charge lower fees, just as they could improve the quality of the education they purvey, or raise academic standards. Many have chosen instead to raise tuition and recycle some of the money back to low-income students in the form of scholarships and other aid, increasing the progressivity of the tuition system. We might not operate

this way, but we don't run a college. Neither does McKeon. College administrators, trustees, donors and state legislators decide how to position their institutions in the market, and their students respond. Congressmen trying to force choices aren't helpful.

It's disturbing to realize that lawmakers such as McKeon and Boehner would contemplate turning any competitive marketplace into a public utility, but higher education? The marketplace for higher education is one of the most fragmented and most diverse markets in the country, which probably has something to do with the success of American higher education.

From Yale University, scene of almost annual janitors' strikes, to McKeon's alma mater Brigham Young University, where below-average \$3,100 annual tuition is supplemented heavily by the Mormon Church, administrators are struggling to make ends meet. If they are wise, they are also struggling to keep the feds from helping. They should know, if lawmakers do not, that a particularly unproductive factor is the cost of complying with federal mandates and reporting requirements.

McKeon's bill would make public and private institutions accountable to the federal Department of Education in a whole new way. They would all file annual reports on their tuition and fees, adjusted somehow for scholarships, loans and other student aid. If an institution's charges increased by more than twice the CPI in any three-year period, it would have to file detailed plans for slowing the tuition growth. If the increases continued for two more years, it would have to file more reports, and if the new words did not soothe the Education Department, the department would eliminate federal funding for the school—including federal student aid.

Is this progress? Is this good for students? Is it good for higher education? Compared to what? ■