

**The Academic Arms Race, New Individualism, and Deaning**  
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In 2011, the average tuition and fees at a private, nonprofit, four-year institution was just over \$28,000 and for a public, four-year institution, it was almost \$8,000. This compares with the average cost of tuition and fees at a four-year private college or university from 1995: about \$19,000 (in 2011 dollars) and \$4,000 for public colleges or universities. In other words, prices swelled by about 50% in constant dollars for privates and almost 85% for the publics. We can contrast these data with the increases in medical care costs during the same time period: the cost of medical care has increased only about 60% over the past fifteen years. On top of all this, the median income in the United States has declined by about 5% in constant dollars since the start of the recession.

These are the sorts of figures we hear about often in higher education. We hear, and we shake our collective heads and try to answer questions from the media and our neighbors about why higher education is so expensive.

But what is not discussed as much is the net price for a college education, that is, how much students actually pay out of pocket, once grants, deductions, and tax credits have been taken into account. In 1996, the net tuition and fees for a private four-year institution was almost \$11,000 (in 2011 dollars), but by 2011, they had only risen by about \$2,000, to almost \$13,000. In 1996, the net tuition and fees for a public four-year was just under \$2,000 (in 2011 dollars) and in 2011, they were \$2,500 – an increase of less than \$600. While there were increases in costs, these are not nearly as awful as what is routinely reported in the media. In fact, the average net tuition and fees paid by full-time students at private nonprofit four-year colleges and universities *declined* by \$550 in inflation-adjusted dollars over the past five years, even though the average published tuition and fees in this sector rose by \$3,700 (in 2011 dollars) over this same period. And between 2006 and 2011, the average published tuition and fees at public four-year colleges and universities increased by about \$1,800, but the average net tuition and fees in-state students paid after taking grant aid from all sources, federal education tax credits, and other deductions into consideration increased only about \$170.

If nothing else, these facts demonstrate the most fundamental financial truism of higher education today, that the products we provide – education and research – are routinely sold for significantly less than what they cost to produce. Higher education is increasingly deeply and steeply subsidized.

So what is going on here? It is the academic arms race, and it works like this.

By and large, institutions of higher education care most about prestige, and they measure this prestige in two ways: first and foremost, by the perceived quality of their incoming students and second by the dollar value of their external grant funding. Institutions, in the first instance, compete with one another for freshman pools that have the highest standardized test scores, high school grade point averages, and class ranks. And, I might add, they compete with each other using these metrics, even though what students, parents, professors, and administrators should

care most about are how students perform after they receive their degree. We can thank *US News and World Report* for this sweet little perversion. We compete for better inputs instead of competing on the basis of our outputs. That said, colleges and universities want ever increasing numbers of applications so that they can cull out and woo the top high-school performers. By definition, there are a limited number of these.

Students and their families, being rational, care about maximizing value. They want to pay as little as possible for each actual dollar spent on the educational experience.

A college's or university's access to high freshman performers depends upon its position relative to other colleges and universities. And this position largely depends on the size of its subsidy relative to that of other institutions. Of course, educational subsidies do not always go straight into a student's pocket. Instead, they also go to the institution's grounds, laboratories, recreational facilities, food courts, buildings, sports, instructional technology, elite faculty, special programs, counseling and career centers, and so forth. Not surprisingly, those with the most wealth, win.

The only way to change a relative position is by increasing how much an institution subsidizes its operations. It does not matter whether actual costs are rising or falling; it does not even matter whether subsidies are rising or falling, as long as the same thing is happening everywhere else. This is the essence of an arms race. The only thing that matters is how you change relative to your competitors.

And the only way to change your relative position in higher education is by improving your reputation, which means improving the qualifications of your freshman class, which requires increasing your subsidy (or, very rarely, by decreasing your price), relative to your nearest neighbors. As a result, while expenditures in higher education have gone up, the overall average price for consumers has not.

But wait, there is more. While engaging in this arms race might seem like a good deal for students and their parents, in fact, for most, it is not.

Undergraduate students received \$62 billion in grant aid in 2007. Colleges and universities themselves are the single largest source of this kind of funding, followed by federal, state, and private entities, in that order. While need-based aid on the nation's campuses increased 41% during the 1990s, merit aid jumped more than 200%. In 1995, 13% of the students in public four-year colleges received need-based aid and 8% received merit aid. By 2007, the relative distribution had reversed itself. The 18% share of students receiving merit aid in public four-year institutions outnumbered the mere 16% receiving need-based aid. Similarly, students in private nonprofit four-year institutions used to receive substantially more need-based grants than merit ones, but not any more. In 1995, 43% of students were provided institutional need-based grants and about half that number received merit aid, but by 2007, more students were receiving merit aid than were receiving need-based aid. Moreover, in 2007, across both institutional types, the average amount of merit aid exceeded the average need-based aid.

And states, too, have gotten in this game. By 2005, over 20% of the financial aid states gave out

was merit-based. Today, 30 states have merit-based aid systems, up from 16 in 2007. The public return on need-based aid is pretty obvious: States benefit more from the contributions of students who graduate from college than from those who do not. Therefore, it makes sense to invest in students would not be able to attend college with some financial assistance. However, the public benefit of state merit aid given to students who are likely to attend college anyway without any financial assistance is much more difficult to justify. While merit aid may push students to attend a particular institution, it does not significantly increase the total enrollment in higher education. (And it does very little to keep these students in a particular state after graduation.) Instead, merit aid is a tactic in the arms race among individual institutions in their competition for the relatively few high performing high school students, and it does not benefit our communities, either local or national. In other words, while merit aid might be rational for each individual institution to pursue in their academic arms race, it is not particularly rational for the system of higher education considered as a whole.

We can spin a similar tale for the research arms race. Colleges and universities want to move up the ranking for research productivity, but research costs more than what grants bring in. So as institutions strive to increase their research outputs, they also increase how much they are investing in the research enterprise.

For example, I read the following in *Harvard Magazine* this past April: “As Harvard pursues a commercial “‘enterprise business campus’ on 36 acres it owns in Allston near the Massachusetts Turnpike ..., competing sites are expanding. MIT’s Kendall Square properties are slated for \$700 million of investment, including offices, housing, retail space, and more laboratories, totaling 1.1 million square feet of new facilities. ... Closer to lower Massachusetts Avenue, Novartis has approved a \$600-million, three-building laboratory expansion.... And in the Longwood Medical Area, Brigham and Women’s Hospital has advanced plans for an adjacent \$450-million, 12-story clinical and research building and a separate 360,000-square-foot laboratory.”

As one trustee said, as his institution was planning on embarking on yet another massive capital campaign: “How much is enough?” The answer is that it will never be enough. Since research rankings are relative, and we are all competing with one another to increase our research expenditures, just to tread water, one has to increase investments continuously. Costs constantly go up, even though the relative return remains largely flat.

By their nature, arms races result in very little real change, for they are all how an organization stands in relation to its competitors. And it is a race with no finish line. It can only stop by stopping the process itself, by changing how colleges and universities measure prestige and success. But there is no indication that this is happening. Indeed, all indications point to increasing competition with more subsidies all around.

What do all these statistics mean? They mean that, even though the average net cost for attending college has not changed much over the past decade, the out-of-pocket expenses have in fact increased for most students. Undergraduates received an average of \$1,600 in federal loans in 1996; now they receive over \$5,000. Federal loans per FTE undergraduate student have grown alarmingly, at an average rate of growth of about 5.5% per year in inflation-adjusted

dollars from 1990 to 2010. Indeed, in 2010, federal loans constituted almost half of the \$230 billion spent in financial aid for postsecondary students.

About 60% of undergraduates get a loan to help pay for college. This figure has actually remained constant for past decade, but the amount these students borrow has changed. Today, the average debt for graduating seniors is close to \$27,000.

What has also changed is the proportion of full-time students who work. In 1961, only a quarter of students enrolled in college were employed. By 2003, that percentage had increased to well over half, with almost a fifth of our students working more than 20 hours a week now. Most students are borrowing more or working more or both, just to pay their bills. These are striking figures, considering that total grant aid for postsecondary students has more than doubled over the past decade after adjusting for inflation.

This is not to say, by the way, that the federal government has not been paying at least some of its fair share for higher education. There were 12.3 million applicants for Pell grants in 2007, with 5.3 million recipients, for a cost of \$14.7 billion. Last year, there were over 19 million applicants, and almost 10 million recipients, for a cost of \$37 billion (it would have been higher but the government eliminated year round support). We now spend more on the Pell grant than we do on the Departments of State, Labor, Commerce, Justice, or the Environmental Protection Agency.

Part of the explanation for the increase in Pell expenditures reflects the changing demographics of who is attending college, and part of the explanation reflects the increase in the sheer numbers of people who want to attend college. But even though the federal government is continuing to invest significantly in higher education, what they are doing has not kept pace with the expenses incurred by most students. Even with the increase in the Pell grants, students across the nation are having to borrow more and more to stay in college.

This is where the academic arms race runs headlong into the new individualism found in most of our states.

We all know that higher education is increasingly seen as a private good instead of a public benefit. This is particularly true for public higher education, which has seen a real and significant decrease in state funding. State support for colleges has decreased as a percentage of personal income since 1982, from just over 1% to just under three-fifths of a percent today. In the past five years, state enrollments in college have increased by 12.5%, but state and local appropriations have decreased by \$1.3 billion in the same time period. By 2010, state funding per student FTE had decreased to an average of \$6,300, the lowest level in 25 years. As a result, by 2010, public four-year institutions received only about 20% of their revenue from the state and 19% from tuition and fees. (You will notice that this totals to less than 40% of total funds required to run these institutions.) And state support declined an additional 7.6% from 2011 to 2012. New Hampshire wins the prize for the greatest reduction – a 41.3% cut in state support in one year! Needless to say, these are not sustainable trends.

States are not investing in the education of their youth, and more and more what they are giving is being dedicated to students who do not actually need the help. More and more, our system is set up to take money from the middle and the challenged to support the academically privileged. Indeed, *Time* magazine reported last week that only 3% of students enrolled in the top 148 universities come from the bottom income quartile.

The national consequences for us collectively losing sight of the public aim in higher education are both real and significant.

Right now, only 42% of Americans have an associates' degree or higher. While we are competing with each other over a relatively tiny pool of students, we are losing our competition with the rest of the world for an educated citizenry. Over the past few years, our educational attainment has held steady, while other countries' have climbed. Embarrassingly, we are now tied for ninth in world in terms of attainment, along with Israel, Belgium, and Australia, and we are behind Korea, Canada, Russia, Japan, New Zealand, Norway, Ireland, and Denmark. If we want to reclaim the top position again, we would need to produce eight million new college graduates above and beyond our current growth trends to become number one by 2020. Truly, given our country's wealth and all of our election-year bluster about American exceptionalism, we should be ashamed of ourselves.

We all know, I am sure, about our leaky pipeline: out of every 100 9<sup>th</sup> graders, 25 do not make it to graduation. Of the 75 who do graduate, only 51 were on a so-called college prep track. Fifty-six go on to college, but 38 of those need remediation. And only 33 out of every 100 high school students graduate with bachelor's degree. This is unfortunate for many reasons, not the least of which is that well over half of current jobs require some college, and it is estimated that by 2018 about 2/3rds of all jobs will. This mismatch between skills and jobs has risen sharply over the decades -- in 1973 less than a third of all jobs required some higher education. Cecilia Rouse estimates that each dropout costs our nation about \$260,000 over his or her lifetime. Over next decade, that would amount to a \$3 trillion in lost talent. What a waste!

We truly are a sorry lot. The Program for International Student Assessment (PISA) tests 15-year olds around the world on basic intellectual skills, content knowledge, higher-order reasoning, and problem solving. Our science scores place us 17<sup>th</sup> among the 34 developed countries that participate. We could not be more mediocre. Hungary, Slovenia, and Estonia rank ahead of us. In math, we are 25<sup>th</sup>, and have been 25<sup>th</sup> since 2003. Lots of our children are being left behind. In its April 2009 report, McKinsey and Company conclude that the economic impact of the gap in performance between America and the top-performing students from other countries on our gross domestic product was greater than effects of the current recession. Even if we consider education just as a private good, we can clearly see that we are failing our children and their futures. And this failure will impact all of America as we continue to participate in the ever-tightening global economy.

As depressing as all these facts, figures, and surmises are, what they have to do with being a dean of a college of arts and sciences? There is very little we can do to control the academic arms races in which our institutions insist upon participating. While we all engage in fund-raising, realistically, there is very little we can do to move the subsidy dial very far. While most

of us are partnering with PK-12 education, there is very little we can do to improve the academic preparedness of our students. And yet, as the guardians of general education and as the colleges who produce more graduates than the rest, the burden and onus of student retention and graduation largely falls on us. It is time for us to stand up and face these challenges and responsibilities squarely.

Arguably, the education our colleges provide has greater impact on students than the rest. We see them first; we help them acclimate; we remediate when we can; we push them to succeed. And yet, our colleges have a far greater percentage of contingent and adjunct faculty, our class sizes are generally larger, and our student-teacher ratios are greater. The latest estimate is that upwards of 75% of all our classes are taught by non-tenure track faculty. Our per FTE funding is less and our obligations more. At my institution, for example, in 2011, in our budget we received between \$1,500 and \$5,000 less per student FTE than the other colleges engaged in undergraduate education on our main campus, even though, in addition to virtually all general education, our own majors, our graduate programs, our outreach and service obligations, and our research programs, we are also responsible for all undeclared advising, a writing center, a math tutoring center....The list of services we provide the entire university goes on, and I'm sure your list is very similar. We are quickly reaching the tipping point, where we will no longer be able to do everything we are expected to do with the budgets we are being given. I fear that my college already passed that tipping point this year.

What can we do about this? I think that we can do a lot, but it will require changing how we think about ourselves as a collective. It will require engaging in some difficult discussions concerning what we intend by an education in the liberal arts. And it will require a willingness on our parts to police ourselves, which will have the larger effect of policing our institutions.

Here is what I have noticed our professional colleagues. Schools of education are accredited. Business schools are accredited. So are schools of architecture, nursing, pharmacy, engineering, medicine, ophthalmology, optometry, and law, as well as programs in allied health, social work, and the like. Their professional organizations dictate what counts as an acceptable program of study, a qualified faculty member, a satisfactory ratio between faculty and students, library and laboratory resources, and an adequate budget. We do not do this.

Other schools that are not accredited are ranked: music, for example. Their professional organizations set standards for excellence along many of these same dimensions for these programs. We do not do this either.

In fact, we pride ourselves on pursuing a more open and inclusive approach, recognizing that there might be many paths that arts and sciences could follow. While this may be true, I think we have embraced being eclectic to our detriment. For I have also noticed central administrations pay attention to accreditation demands and program-ranking metrics.

It is high time for us to band together to articulate some basic standards for quality and acceptable performance. We need to disrupt the larger forces that are squeezing our programs and doing harm to our people and their projects, and I believe we have the power to do so. Further, I believe that if we fail to do so, we fail at our own peril.

We need to focus attention on what really matters in a college education and expose how lopsided and strange our funding priorities have become. We need to rise above our institutional egos and speak of the larger good. We need to put our collective feet down and say that we will not sink below the bar of acceptability, for doing so harms our students and our missions.

I do not want to claim that I have all the answers, or even that accreditation for colleges of arts and sciences is an answer. But unless we articulate for ourselves what goes into a high quality educational experience and what is required to produce that, someone else will claim that ground and do it for us. Unless we define what reasonable research expectations are for our various types of institutions, someone else will claim that ground and do it for us. And it is entirely likely that we will not like what has been decided for us. In point of fact, I think that all this is already happening.

The financing structure for all of higher education needs to be revisited. We all know this. But being profoundly conservative organizations, colleges and universities will not be forced into fundamental change unless they simply cannot function otherwise. Insofar as increasing pressure and expectations on the liberal arts to do more with less continues as a strategy for managing our ever-increasing financial demands, and we continue to be complicit in this strategy, nothing will change. Insofar as colleges and universities bow to external pressures to redefine a college education as job training and as pure content delivery, and we are complicit in this deference, nothing will change. Insofar as the value of research is equated with job growth and business innovation, and we are complicit in this perversion, nothing will change.

Just as in health and in life, there is neither a magic pill nor an easy fix – no MOOC is going to save us. The only thing that approaches guaranteeing success in all these cases is changing one's lifestyle, refocusing one's priorities, and then aligning one's behavior with those priorities over the long term. In our case, this means we need to do a better job at delineating who we are, what we stand for, and what our contributions are to the world. Then, we need to figure out, collectively, what the best way or ways are to achieve those goals. Then, most importantly, we need to hold ourselves accountable and hold others accountable as well.

I realize that doing all this would take most of us far outside our comfort zones. Deans of colleges of arts and sciences are not normally the radical activists. We are a practical and pragmatic people. And most of us want to keep our jobs. Still, this is not a merely a PR task that should be left to political organizations, educational foundations, and the business world -- as good as they have been at speaking for us in our stead -- for these challenges speak to our fundamental identities and our life projects. And these are far too important to be left to others.

We need to give voice to our faculty, staff, and students. We are the right people to do this, since we are the ones charged with their care and prosperity. But this is a battle best fought together, united in our conviction that the liberal arts are worth more and differently than what the media, the politicians, and the parents think. That higher education is bigger and more significant than who has the highest average incoming SAT scores or the most grant dollars. That we have a sacred obligation to our communities to succeed in our tasks, and that we know how to succeed, if only given the chance.

If we speak as one, people will listen. If we move as one, people will follow. If we command as one, people will act. If we lead as one, people will applaud. And, if we can do all these things, the landscape of higher education will forever be altered for the better.



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