

EDUCATION REPORTER

NUMBER 299

THE NEWSPAPER OF EDUCATION RIGHTS

DECEMBER 2010



Feds Overreach Into Higher Education

The K-12 public school system isn't the only education arena the Obama administration has set its sights on.

Though less publicized, the Department

of Education has enacted major changes in higher education over the past year, most of which expand government's reach and punish for-profit competitors, say critics.

Student Loan Takeover

In the biggest change to the federal student loan program since it began in 1965, the federal government eliminated its private sector competition. Previously, students and their colleges could choose to borrow through a local lender or the U.S. Department of Education (ED). In 2008, 15 million students opted for non-governmental lenders while only 4 million chose to borrow directly from Washington. Since July, the ED is the sole originator of government-backed student loans.

President Obama and congressional Democrats claim that cutting out the fees paid to banks will save the government more than \$61 billion that can be spent on expanding Pell Grants and other government programs. Senator Lamar Alexander (R-TN), former U.S. education secretary under George H.W. Bush, said the government bureaucracy was unlikely to realize such dramatic cost savings, and would in any case offer students inferior service as compared to private lenders. He suggested that if the Obama administration's only motive was to save student borrowers money, it would have simply reduced the interest rate by 1.5%.

America's Student Loan Providers (ASLP), a trade group representing leading providers of higher education loans, claims that the federal Direct Loan program has historically not saved the taxpayer "a single dime," but instead has spent \$10.7 billion more on interest payments than it has collected from students in interest and fees. In contrast, private lenders who participated in the Federal Family Education Loan (FFEL) program — now eliminated by the new law — returned more than \$12 billion to the U.S. Treasury because the government significantly overestimated costs of the program. ASLP's website also notes that more than 500 schools left the federal Direct Loan program in order to return to the FFEL program, providing a clear indication that schools and students preferred FFEL lenders over the government-administered option.

The new law also tries to steer students into government and other public sector employment by providing substantial financial incentives. All borrowers who keep up their payments for 20 years will have their remaining principal forgiven,

but those who choose fields such as teaching, nursing or military service will have their loans forgiven five years earlier. Moreover, under the College Cost Reduction and Access Act of 2007, students who go to work for federal, state or local governments can have their loans forgiven after only 10 years, a compensation perk the private sector is unlikely to be able to match. (*New York Times*, 3-21-10; *Washington Post*, 3-7-10; *Heritage.org*, 10-11-10)

Onerous New Regulations Restrict Competition and Harm Students

As bad as the takeover of student loans may be, that law was at least considered and passed by the legislative branch. In contrast, the Department of Education (ED) has proposed to subject every college and university in America to 14 new rules through its regulatory powers. Two of the regulations that have generated the most resistance from education stakeholders are outlined below.

State Authorization of Higher Ed Institutions

One regulation would require schools to obtain operational authorization from state governments in order to participate in federal financial aid programs. Very few postsecondary institutions could maintain financial viability if not permitted to enroll students who utilize federal grants and loans, so they will have no choice but to comply.

The ED's rationale for this drastic increase of government intervention ostensibly stems from allegations of unethical marketing and the falsification of loan applications at some institutions. Critics point out that there are

already laws in place to prosecute such bad actors, and it is therefore unreasonable to subject thousands of reputable schools to state authorization because of the unscrupulous behavior of a very few.

Historically, independent regional



(See *Feds Overreach*, page 4)

CA Upholds In-State Tuition for Illegal Immigrants

In November, the California Supreme Court unanimously affirmed the state law that permits "undocumented students" to pay in-state tuition at public colleges and universities. The law was challenged by 42 out-of-state students who contended that lower tuition should not be offered to illegal students while denied to some United States citizens. Tuition for out-of-state students at University of California campuses is currently \$33,181, while in-state students pay only \$10,302.

The attorney for the plaintiffs, Michael J. Brady, argued that the California law is in conflict with the federal statute that prohibits



illegal immigrants from receiving benefits based on residency or unavailable to citizens. California Supreme Court Justice Ming W. Chin said that the law is not based on residency, and therefore does not conflict with federal law. "Every non-resident who meets [the law's] requirements — whether a United States citizen, a lawful alien or an unlawful alien — is entitled to the nonresident tuition exemption," he wrote. The state's nonresident tuition exemption, passed in 2001, offers in-state tuition to those who attended California high schools for at least three years.

Kris Kobach, senior counsel with the Immigration Re-

form Law Institute, characterized the ruling as "superficial" and charged the California Supreme Court with "bending over backwards to defeat the intent of Congress." His organization asserts that there are more than 25,000 illegal immigrants attending the state's public universities and that the lower tuition rate costs the state more than \$200 million annually.

California is one of ten states that grant in-state tuition rates to illegal immigrants; lawsuits challenging those laws are currently pending in lower courts in Texas and Nebraska. California attorney Brady says he has every intention of appealing his state's Supreme Court ruling to the U.S. Supreme Court. (*npr.org*, 11-17-10; *Los Angeles Times*, 11-15-10)

Will Higher Ed Be the Next Bubble to Burst?

The cost of attending college has increased 439% since 1982, more than four times the rate of inflation. (For comparison, health care costs rose around 250% over the same period.) Still, students and parents have thus far continued forking over ever-increasing amounts of cash, expecting their investment to pay off in the long-term.

But with an average graduation debt of \$24,000 and unemployment running at 10% for 20-to-24-year-old college graduates, higher ed may be set to go the way of the housing market. If consumers

decide college education isn't worth the money, they will stop investing in it and the higher education bubble will burst.

How did college degrees get to be so expensive? Just as with the housing market, government has injected huge subsidies into the market, driving up costs. These funding supports come in the form of directly subsidizing university budgets, guaranteeing student loans, and giving grants to students, all of which inflate student purchasing power and allow institutions to evade accountability for spiraling costs.

Exhibit one is Pell grant subsidies, which have nearly doubled during the first two years of Obama's presidency at a cost of more than \$32 billion. Since 1980, Pell grant spending has increased 475%. In conjunction with veteran's benefits, Pell grants now account for 44% of the \$94 billion in grants awarded

to students during the 2009-2010 school year, up from 34% the year before. "The balance is shifting more toward the federal government," noted Sandy Baum, co-author of a report on college costs from the College Board.

Economist Richard Vedder explains that, "When someone else is paying the bills, people want to buy more of the good or service in question. . . . Just as third-party payments in medicine have led to escalating health care costs, so increased student financial payments have contributed to soaring tuition costs." Vedder estimates that every dollar in grant aid leads to tuition increases that are 35 cents higher than they would be otherwise. Patrick Callan, president of the National Center for Public Policy and Higher Education, likens the trends in federal aid and costs to a treadmill — prices rise, the feds pump

(See *Bubble Burst*, page 4)



EDUCATION BRIEFS

A group called "Save Ethnic Studies" has filed suit challenging a new Arizona law that prohibits public schools from offering courses that promote ethnic resentment or the overthrow of the U.S. government. Ten of the eleven founders of the group are Tucson Unified School District faculty who teach the ethnic and Mexican studies classes that could be eliminated when the law takes effect in 2011. (saveethnicstudies.org)

Alabama is the 42nd state to adopt Common Core Standards in math and English/language arts. Governor-elect Robert Bentley dispatched a state senator to request delay of the vote until he takes office, but the school board rejected his request and adopted the standards 7-2. A state board of education vote made Idaho the 43rd state to adopt the standards, at least provisionally. The measure will not be finalized until the education committee of at least one chamber of the state legislature approves it. (blogs.edweek.org, 11-18-10 and 11-22-10)

More women than men earned doctoral degrees last year for the first time, according to a report from the Council of Graduate Schools. The report's author, Nathan Bell, said it was simply the culmination of a decades-long trend. Doctorates were the one academic arena where men retained the lead over women until last year, largely due to their dominance in the fields of engineering, math and physical sciences. (Washington Post, 9-14-10)

According to the College Board, the U.S. now ranks 12th among 36 countries in the number of 25- to 34-year-olds with a college degree. The U.S. led the world in degree-earners in the 1980s with 40% earning at least an associate's degree, but the ratio has remained stagnant since then. In Canada, now the top country in educational attainment, 56% of 25- to 34-year-olds have at least a two-year degree. (cbsnews.com, 7-23-10)

Education Reporter (ISSN 0887-0608) is published monthly by Eagle Forum Education & Legal Defense Fund with editorial offices at 7800 Bonhomme Ave., St. Louis, MO 63105, (314) 721-1213, fax (314) 721-3373. Editor: Kim Andrews. The views expressed in this newsletter are those of the persons quoted and should not be attributed to Eagle Forum Education & Legal Defense Fund. Annual subscription \$25. Back issues available @ \$2. Periodicals postage paid at Alton, Illinois.

Web site: <http://www.eagleforum.org>
E-mail: education@eagleforum.org

Dropouts Cost Taxpayers Billions

Nationwide, taxpayers shelled out more than \$9 billion from 2003 to 2008 on college students who did not return to four-year schools after their freshman year, according to an analysis by the American Institutes for Research (AIR). "When students enroll in a college or university and drop out before the second year, they have invested time and money only to see their hopes and dreams of a college degree dashed," said Dr. Mark Schneider, former commissioner of the federal National Center for Education Statistics and a vice president with AIR. "These costs can be heartbreaking for students and their families, but the financial costs to states are enormous."

The 30% of students who didn't return for their sophomore year over the five-year period accounted for \$6.2 billion in state subsidies for colleges and universities, and more than \$1.4 billion in state grants that students generally do not have to repay. The federal government provided an additional \$1.5 billion in grants to these students. Nationwide, these financial supports amounted to nearly \$10,000 per student.

The analysis comes at a time when President Obama and some members of Congress are calling for another \$5.7 billion in Pell Grant funding, but states are

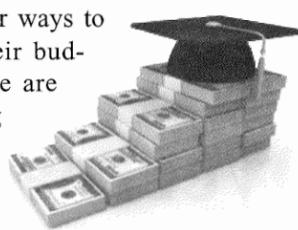
looking for ways to reduce their budgets. Some are asking whether much of the money

taxpayers are already spending to support these students is wasted. While the AIR report suggests that it is, some educators and administrators have found fault with the report's conclusions.

Leroy Wade, assistant commissioner of Missouri higher education, said money spent on dropout students is not wasted. "It's a long-term investment" and many students "follow a path that leads them in and out of higher education," he said. "And I think there is value in providing opportunity for those students."

A spokeswoman for the Missouri Department of Education, Kathy Love, noted that the study "doesn't track whether or not students who leave after a year eventually return to college." She views the single year of education as a building block rather than money lost. Patrick Riccards, executive director of AIR conceded that all non-returning students are reported as dropouts because data about why students leave or if they

(See *Dropout Costs*, page 4)



Book of the Month



Reforming Our Universities: The Campaign for an Academic Bill of Rights, David Horowitz, Regnery Publishing 2010, 285 pages, \$27.95.



It's no secret that America's universities have become safe havens for radical professors who conflate political activism with scholarship and teaching with indoctrination. While several of David Horowitz's previous books document the radical politicization of the classroom, *Reforming Our Universities* focuses on his campaign to restore academic integrity to liberal arts programs.

His central goal was to persuade universities to adopt an Academic Bill of Rights. The Bill was, in Horowitz's words, "a very modest proposal" designed to ensure that instructors "1) provide students . . . with both sides of controversial issues; 2) do not present opinions as facts; and 3) allow students to think for themselves."

The overwhelming response of the academy was to deny the problem, and point out that most universities already have strong statements of support for academic freedom. This assertion, while technically true, fails to recognize that these policies are exclusively directed toward protecting faculty — not students.

Horowitz, himself a former leftist, is tenacious and no stranger to the tactics of his intellectually illiberal opponents. Though dismissed, demonized and mischaracterized by faculty unions and their Democrat allies, Horowitz continually adapted his strategy to call attention to the problem and induce some substantive response.

One of the biggest surprises in the book is the lack of support from conservative allies. Despite being grossly outnumbered, underfunded, and subject to relentless unprincipled attacks, Horowitz and two staff members did win some important victories: the Pennsylvania legislature held the first academic freedom hearings in the nation and two major universities adopted academic freedom policies. Most importantly, the author's six-year battle brought much-needed attention to the issue in faculty organizations and university administrations, even if most continued to deny the problem.

Even the campaign's successes demonstrate the need for its continuation, however. Although Pennsylvania State University enacted an academic freedom policy coupled with grievance procedures, the first student complaint filed under the new policy was summarily dismissed, demonstrating a lack of institutional will to enforce real academic freedom for students. Never one to give up, Horowitz is currently working with students to petition their professors to add dissenting texts to required reading lists.

MALLARD FILLMORE / by Bruce Tinsley



Court Decision a 'Handy Tool' for Political Correctness on Campus

A recent Supreme Court decision could lead to restrictive speech regulations on public university and college campuses, say some civil rights groups. In June, the Supreme Court upheld an odd university policy that compels student groups to allow outsiders who disagree with their core beliefs to become voting members and hold leadership positions.

The case, *Christian Legal Society v. Martinez*, was filed in 2004 when California's Hastings College of Law refused to recognize the Christian Legal Society (CLS) as an official student organization with student fee funding privileges. CLS required members to agree with basic Christian beliefs and to renounce "unrepentant participation in or advocacy of a sexually immoral lifestyle."

Hastings officials initially claimed the group's requirements violated the cam-

pus non-discrimination policy, but later charged the group was violating a school policy requiring student organizations to accept "all comers." Writing for the 5-4 majority, Justice Ruth Bader Ginsburg agreed, arguing that CLS was seeking a "state subsidy" in the form of student organization funding. She wrote that CLS could exclude anyone they wanted for any reason, if they were willing to forgo recognition and funding. "No Hastings student is forced to fund a group that would reject her as a member," concluded Ginsburg.

In his dissent, Justice Samuel Alito called the all-comers policy a "pretext to justify viewpoint discrimination," and said the majority opinion provided universities with a "handy weapon" for getting rid of student groups that offend "prevailing standards of political correctness." George Leef, director of research for the

(See *Political Correctness*, page 4)

NO OPINIONS
TOLERATED,
BUT OURS!



FOCUS: Obama Continues Pushing Absurd College Agenda

By George Leef

Americans who weren't fooled by the slick advertising and deceptive posturing of his campaign realized that Barack Obama was going to be a dogmatic authoritarian in office. One thing you can count on with such people is that they won't abandon their pet ideas, no matter the evidence against them.

Barack Obama's notion that the way to increase employment and output is through government "stimulus" spending is one such idea. There never was any reason to believe that, and only die-hard Keynesians persist in this wishful thinking.

Another such idea is that the United States is "falling behind" other nations with regard to college graduation rates, and it's necessary for us to regain "leadership." Obama first raised that idea back in February 2009, and on August 9 of this year, he said exactly the same thing in a speech at the University of Texas.

"In a single generation, we've fallen from first place to 12th place in college graduation rates for young adults," Obama said, a situation he declared to be "unacceptable." To deal with this supposed problem, he has set a national goal of "retaking the lead" by 2020—that is, having "a higher share of graduates than any other nation on Earth."

Congress has already given Obama the policies he wants to reach that goal, by increasing Pell Grants and making it easier for students to repay their federal loans. I have argued elsewhere that those changes will have bad consequences; here, I'll show that the core idea, that the country needs more college graduates, is nonsensical.

The first point to observe is that "our" college graduation rate is just a statistical artifact, like "our" home ownership rate and "our" voting rate. To people imbued with a central planning mindset, such statistics betoken *national* success or failure. In fact, the nation isn't doing anything. Millions of *individuals* are deciding whether or not to go to college and complete the course of study. Students and parents make those decisions with good (but not necessarily perfect) knowledge of the student's capabilities, the costs of college, and the prospective benefits of doing so.

Therefore, when Obama pronounces America's college graduation rate "unacceptable," he's saying that many of us are making the wrong decision. In an unguarded moment, he might even say that some Americans are behaving "stupidly" (like the Cambridge police) in not

choosing to get their college degrees and thereby preventing us from "retaking the lead." On the contrary, there are strong reasons to believe that college education has already been greatly oversold and many of those who have "invested" in it are going to regret their decision.

Obama and his education establishment allies note that on average, people who have college degrees earn a lot more than people who don't. True, but irrelevant. Individuals can't make decisions based on what the *average* person has experienced; they must make decisions based on *what they expect will happen to them*.

Some students—those who are well-prepared for college and intent on learning—will gain a lot of knowledge from their coursework, knowledge that might turn into a high-paying career. Unfortunately, a large number of young Americans are poorly prepared for college, disengaged from academic work, and mainly interested in college because it can be, as the title of a new book puts it, *The Five Year Party*.

Even before the current recession, many of those kids wound up employed in low-skill, low-pay "high school" jobs such as cashiers, waiters, theater ushers, postal workers, and so on. Now that we're seemingly stuck in recession, stories about young people with college degrees and big debts, but mediocre to poor jobs, are commonplace.

It's important to stress that the phenomenon of college graduates working in jobs that call for only basic skills and trainability is nothing new. In their 1999 book entitled *Who's Not Working and Why*, economists Frederic Pryor and David Schaffer noted that since 1971, there has been an increasing

trend of college graduates taking "high school" jobs. They blamed that on the low standards that prevail at many colleges and universities.

If we already are graduating many young people from college who learn little and will wind up in jobs that most high school kids could do, why should we want more of them?

Many young Americans, especially those who are academically marginal students, correctly see college as a nearly worthless boondoggle costing a lot of scarce time and money. That explains why college enrollment rates are not going up. And if observers like Professor Glenn Harlan Reynolds who say that higher education is our next "bubble" are right, the Obama administration's policy of getting more people through college looks a lot like the last-gasp efforts by

Fannie Mae to lure more low-income people into mortgages.

But shouldn't we worry about "falling behind" other countries? No. We can't magically transform our anemic economy into a powerhouse by scraping the bottom of the barrel to find more disengaged kids to process through our credential factories. The truth is that there is no direct connection between national prosperity and "educational attainment."

That is the crucial point Professor Alison Wolf makes in her eye-opening book *Does Education Matter?* She demonstrates that it's neither necessary nor sufficient for a growing, prosperous economy for a country to get the maximum number of its citizens through college.

Dragooning more people into college won't give us a better workforce or better jobs. It will only give us more credential inflation as employers demand college degrees for mundane jobs.

It does, however, have some political advantages for the president and his party. Our higher education establishment is one of the most loyal and vigorous supporters of the Democrats and their "progressive" agenda. Putting more kids through college means more money in the

pockets of the overwhelmingly leftist administrators and professors. Furthermore, since the intellectual influence on college students is much more apt to drive them toward statism than toward individual liberty and free markets, the more young people go to college, the bigger the voting bloc for leftist candidates.

Just like the notion that federal deficit spending will revive the economy, the idea that getting more young Americans through college will make the country more competitive and prosperous is utterly mistaken. Of course, Obama will never abandon it.

George Leef is Director of Research at the John W. Pope Center for Higher Education Policy. This article is reprinted with permission of the author and American Thinker, where it first appeared on 8-18-10 at AmericanThinker.com.



George Leef

A Closer Look at Higher Ed

University students learn less than many people think.

1. Only 29% of college graduates achieve a score of "proficient" on national literacy tests. (National Assessment of Adult Literacy)
2. American colleges fail to significantly increase students' civic knowledge; in a multiple-choice exam on America's history and institutions, the average freshman scored 50.4% and the average senior scored 54.2%. (The Intercollegiate Studies Institute)

A college degree is no guarantee of success.

1. 29% of college grads work in high school-level jobs, including ticket-taker, barista, and flight attendant. (Carnevale, Smith, and Strohl. "Help Wanted: Projections of Jobs and Education Requirements Through 2018")
2. 20% of individuals making less than \$20,000 per year have bachelor's or master's degrees. (U.S. Census Bureau, Current Population Survey, 2009)
3. After factoring in forgone wages and the cost of a college education, the average lifetime earnings advantage for college graduates ranges from \$150,000 to \$500,000—not the million dollar figure that is often cited. (The American Enterprise Institute)

Many college professors teach one-sided courses.

1. In some university departments, the ratio of registered Democrats to Republicans is as high as 21.1 to 1. (Klein and Stern. "Professors and Their Politics: The Policy Views of Social Scientists")
2. In a survey at 50 selective colleges, 46% of students said that some professors use the classroom to present their personal political views. (The American Council of Trustees and Alumni)
3. Earning a bachelor's degree significantly changes a person's opinions on the issues of same-sex marriage, prayer in schools, abortion-on-demand, the "American Dream," and the Bible. (The Intercollegiate Studies Institute)

(Source: www.popecenter.org, 10-27-10)



Feds Overreach *(Continued from page 1)*

agencies have been entrusted with ensuring that schools that receive federal funds meet at least minimal standards of educational quality. Though this system has significant shortcomings, the proposed state regulatory scheme would not address current failures and would cause additional problems, according to Heritage Foundation analyst Matthew Denhart.

According to Denhart, mandating state licensing would raise institutional costs without providing commensurate benefits, restrict competition, discourage innovation, and ultimately raise education costs for students. Most troubling perhaps, authorization could easily become politicized, and could lead to state control of course curricula.

The specter of politicization is of particular concern to private and religious institutions, because they often have unique educational missions. Former U.S. Senator Bill Armstrong, now president of Colorado Christian University, told WorldNetDaily that this regulation is “the greatest threat to academic freedom in our lifetime.” In a letter to Education Secretary Arne Duncan, Armstrong warned of an “all-out politicization of American higher education, endangering academic freedom, due process and First Amendment rights.”

Two Colorado Republican Congressmen also sent letters to the ED with similar concerns. Representative Doug Lamborn said the new rule would undermine “long-established independent accrediting agencies.” Representative Mike Coffman said it would potentially give government unwarranted authority to set “course requirements, quality measures, faculty qualifications and various mandates about how and what to teach.” (Tribune Media, 9-22-10; wnd.com, 10-3-10; Heritage.org, 11-4-10)

Gainful Employment Regulations

Another regulation targets for-profit institutions only, and will harm employment prospects for minority and low-income students in particular, say critics. The rule is supposed to protect students from incurring heavy debt loads for educational programs that don’t prepare them for “gainful employment.” It attempts to meet that goal by restricting or eliminating federal aid to for-profit institutions whose student populations don’t meet specified loan repayment rates, or whose debt ratios are greater than 8% of their estimated annual earnings. Never mind the fact that a philosophy major at a pricey nonprofit institution may leave school with dismal job prospects and average debt of \$24,000; nonprofit schools are exempt from this regulation.

For-profit educational institutions generally teach specific job skills instead of offering a liberal arts education, and their students are more likely to be low-income, racial minorities, high school dropouts with GEDs, or first-generation college students. If allowed to stand, this regulation will eliminate approximately 67 associate’s programs for medical assistants, 22 culinary arts programs, 21 health technician programs, and 18 programs in accounting and bookkeeping, according to an analysis by education think tank Education Sector. According to the Bu-

reau of Labor Statistics, these are the very fields expected to experience the largest job growth between 2008 and 2018. These careers, and others like mechanic and electrician, are also the fields most non-profit colleges and universities don’t include in their educational offerings.

Independent analysts such as the Parthenon Group assert that the regulations could cause 400,000 students to leave post-secondary schools each year, resulting in a 15% average loss in lifetime earnings, \$400 million in lost tax revenue, and additional taxpayer burdens for that population. All told, Parthenon estimates that this regulation would lead to an annual net loss of \$3.4 billion for taxpayers, despite a possible \$1.9 billion reduction in federal student loan defaults.

Operators of for-profit schools say they are being unfairly singled out. It is true that tuition and therefore loan balances are generally higher at these schools than at community colleges. This is so in large part because for-profit schools are not heavily subsidized by taxpayers as nonprofit schools are, and because they must pay taxes, unlike their nonprofit counterparts. Both of these factors increase tuition rates, but they also reduce the overall taxpayer burden for this student population.

Despite charging higher tuition, private education companies appear to be filling a need for concrete job skill training, because enrollment has tripled to around 1.8 million in the past decade, far outpacing that of nonprofit rivals. If graduation rates are any indication, private education companies also deliver superior outcomes, with 65% of students completing their degree programs as compared to only 44% at community colleges. (Heritage.org, 11-4-10; Wall Street Journal, 8-27-10)

Congress Could Overturn ‘Final’ Rules

The finalized rules for higher ed institutions, released by the ED in late October, appeared to offer some concessions in response to strong public and congressional criticisms of the original proposal. Bill Armstrong told WorldNetDaily that “religious and tribal institutions’ will be exempted from state oversight . . . according to a report from *The Chronicle of Higher Education*.” Nonetheless, Armstrong was cautious about declaring victory until he had a chance to digest the 82 rule changes scattered throughout the nearly 900-pages of fine print. “It’s too soon to declare victory because, as always, the devil is in the details,” he said. “It will take awhile to sift through this massive document and understand exactly what has happened. However, one thing is sure — more control over students, faculty, staff and nation’s colleges and universities. What a pity!”

Though the ED considers these rules “final” — except for the “gainful employment” rule, which will not be published in its final form until early 2011 — the new Congress has the authority to overturn the ED regulations if it so chooses. According to Armstrong, at least three members of the Senate committee that oversees the ED are “as upset as we are about what’s going on.” (wnd.com, 10-30-10)

Bubble Burst *(Continued from page 1)*

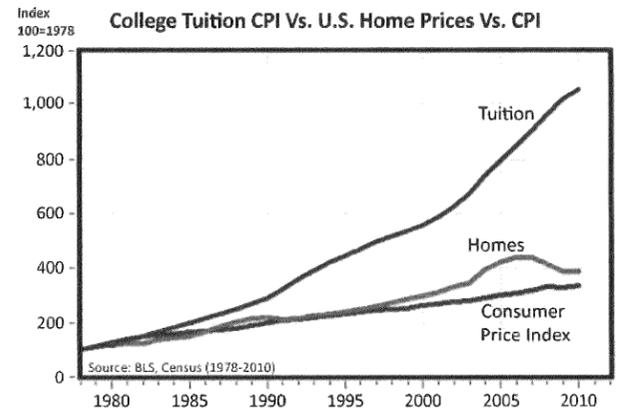
in more cash, and prices rise again in a never-ending cycle.

Another complaint gaining traction is that the more taxpayer money is funneled into higher ed, the more colleges and universities resemble bloated government bureaucracies. Most money isn’t even going toward academics, say Andrew Hacker and Claudia Dreifus, authors of *Higher Education? How Colleges Are Wasting Our Money and Failing Our Kids and What We Can Do*.

They point out that the number of administrators per student has almost doubled over the past 30 years.

And compensation for college presidents now rivals corporate CEO salaries. Vanderbilt University, for example, pays its president \$1.2 million per year. (Though a private university, Vanderbilt still benefits from government loan subsidies and grants to its students.) “College loans and grants are another example of well-intentioned government programs that [have] been captured by an organized political constituency, the higher-ed lobby, and punishes those whom it is intended to benefit [by raising costs],” said James A. Bacon, writing in *The Washington Times*.

The National Center for Education Statistics offers more evidence in its finding that operating expenses for all U.S. postsecondary institutions increased 16% between 2003 and 2007. Where did that money go? The categories that saw the biggest increases were institutional support (19%), academic support (19.9%), student services (20%), and operations and maintenance (25.4%). Instructional salaries and wages rose a generous 16.8%. What



Professor of economics and finance Mark J. Perry created this graph to compare the higher-ed bubble to the housing bubble in relationship to the Consumer Price Index. “The college tuition bubble makes the housing bubble seem pretty lame by comparison,” he wrote on his blog. (mjperry.blogspot.com, 6-7-10)

about money spent for student scholarships and fellowships? A comparatively paltry 9.6%.

With more and more government money pouring in and no profit motive or accountability to shareholders, public colleges have no pressure to use resources efficiently. The result, according to higher education financing expert Andrew Gillen, is a virtual “arms race” where schools direct vast resources toward non-academic areas such as athletics, building improvements, and administrative overhead costs in an attempt to compete for students.

Lindsey Burke, education policy analyst at the Heritage Foundation, said transferring the costs of college from the students who directly benefit to taxpayers-at-large raises questions of equity. “Transferring the burden of student loan financing [and other taxpayer subsidies] from university graduates — who earn on average twice that of someone with a high school diploma — to the three-quarters of taxpayers who did not attend college is unjust.” (*The Wall Street Journal*, 10-28-10; *The Washington Times*, 10-29-10; RealClearPolitics.com, 9-21-10; Heritage.org, 11-16-10)

Dropout Costs *(Continued from page 2)*

enroll at another school are unavailable. “This is one of the problems with the data — it is the best and worst data we have.”

Nonetheless, the losses would have looked even bigger, said the researchers, if they had included students who leave during their sophomore year or later without a degree. Nationally, only 60% of students enrolled in a four-year school gradu-

ate within six years. The study also excluded community colleges, which have an even more dismal attrition rate for first-year students.

Taxpayers can visit CollegeMeasures.org to find graduation rates and expenditure data for over 1500 schools in all 50 states. (air.org, 10-11-10; *Kansas City Star*, 10-26-10)

Political Correctness *(Continued from page 2)*

Pope Center for Higher Education Policy agreed, and said the court erred in ruling that student fees equate to state subsidies. “There are sound reasons why organizations, whether it’s the CLS, College Socialists, the Chess Club, or any other, would want to have membership requirements.”

The practical result, predicts Greg Lukianoff, is that universities “will read the decision as giving administrators a green light to impose more restrictive speech

regulations on students and student-led organizations.” Lukianoff, president of the Foundation for Individual Rights in Education, stressed that the decision does not require schools to adopt “all-comers” policies, but believes many schools will either claim they’ve always had such a policy or will pass one. He also thinks schools will use the ruling move to “derecognize” unpopular student groups, particularly evangelical Christian groups. (*School Reform News*, September 2010).