

Why the Heck Does College Cost So Much, Anyway?

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The annual cost of a typical private college increased nearly tenfold between 1975 and 2009. [Andrew Ferguson](#), author of *[Crazy U: One Dad's Crash Course in Getting His Kid Into College](#)*, sets out to learn why.

I heard about Richard Vedder, distinguished professor of economics at Ohio University, who's studied college tuition so long, so thoroughly, and so honestly that college administrators can't stand him.

I made an appointment to see him at an office he uses parttime in Washington. That morning the Chronicle of Higher Education ran an article about the steady increase in college costs; most mornings the Chronicle runs an article about the steady increase in college costs. "For the nation's elite private colleges," the article began, "\$50,000 is fast becoming the new normal." At least fifty-eight schools were now charging more than the magic fifty for tuition, fees, room and board. The year before, in 2008–2009, only five schools had cost more than fifty thousand a year. And six years ago, when my son was in middle school, only two schools cost more than forty thousand a year; now 224 colleges and universities charged more than that.

In a hundred different ways my heart was breaking at the thought of my son leaving home, and yet . . . at this rate, if I didn't shove him out the door soon I was going to be looking at sixty, seventy thousand dollars a year. And my daughter wasn't far behind. I hated to see the kids go, really, but now it was a race against time.

Richard Vedder once did a calculation along similar lines, using his alma mater as a test case. He matriculated at Northwestern University in 1958, when the annual tuition was \$795. That sum represented about 15 percent of the annual median family income at the time. By 2003, forty-five years later, annual tuition was \$28,000, or 53 percent of median family income. If the rate of increase in tuition and family income holds steady, by 2048, Northwestern's tuition will be priced at nearly double the median family income — meaning that the average family would have to work two years to pay one year of tuition at a selective university.

Vedder is always tossing out calculations like this, finding new ways to make plain what parents know in their bones and feel in their bank accounts, the mind-boggling, impoverishing rise in the price of going to college. One historical study shows that college tuition, adjusted for inflation, increased between 2 and 3 percent a year from the beginning of the last century till the mid-1970s.

Back then, the old wheeze among college presidents was that a year of college shouldn't cost more than the price of a midsize Chevrolet. Around 1975, however, something happened. College costs detached themselves from the rest of the economy and, like a dirigible unloosed

from its mooring, angled sharply skyward. Annual increases of 5 and 6 percent above inflation have been common ever since. In one year alone, 2003, average tuition rose 14 percent. The annual cost of a typical private college went — studies show — from \$3,663 in 1975 to \$34,132 in 2009, nearly a tenfold increase. Add in another eight or ten thousand for room and board, and a parent could buy a couple Chevys with what he was paying for college, with enough left over for a Harley.

Through boom years or bust, it doesn't matter, health care and higher ed are the two growth sectors of the American economy, in size and cost. In the meantime, though, health care has made great advances in quality — in technology, in drugs, in types of care. No one could claim similar improvements in the quality of higher education. The campuses are very nice, as we saw on our college tours, the landscapes exquisite, the food courts dazzling, the climbing walls sturdy and challenging. But improvements to the physical plant alone can't account for the huge increases: the price of construction and food service in the general economy hasn't risen as fast as the cost of college room and board. So why does it cost so much?

It's odd: the question of rising health-care costs has generated a vast industry of econometricians and other number jockeys who make a living studying its causes and effects — the experts get hired by every interested party, from hospitals to insurance companies, from nurses' unions to Congress itself. By comparison the same question about college has gone relatively unexamined. It's a rock that experts seem reluctant to kick over, probably because so many of the experts are protected by the rock, clinging to tenure. Vedder is the most prominent exception. So when I went to see him, I asked him the unavoidable question that never gets answered.

"You want my short answer?" he said. "This is my simple, one-sentence answer to why colleges keep raising their tuition: because they can!" He let out a short laugh, a high and wild sound. "I mean, who's going to stop them? Parents? The government? There's nothing stopping them — literally nothing."

He gripped the sides of his chair and half lifted himself in the air — a theatrical gesture that I came to expect when some point of intellectual contention roused him, which was often. He was dressed in a short-sleeved white dress shirt stretched a bit too tight across his frame, with a tie knotted indifferently a quarter inch below his collar button. His hair was thinning and scattered across his forehead like loose straw. His reading glasses were in constant motion, falling from the top of his head to the tip of his nose as he leaned back and grabbed his wrists behind his head, pulling figures and anecdotes out of the air. He once called himself "the original absentminded professor," and he looks every inch the part. We were sitting with Dan, one of the graduate students who trails in his wake to ensure he has whatever papers he needs and is headed in the right direction. "Sometimes," he told me, "I need help getting from Point A to Point B."

"Think of the question in terms of incentives," he said. "There's no incentive to save money and keep costs down. All the incentives run the other way. Look at the way a school operates. They call it 'shared governance.' What that means is, everyone thinks they run the place. The trustees think they run it, the alumni think they run it, the state legislature thinks they run it, if it's a public university. At some schools they have student trustees and various boards filled with students — and they think they run it.

“And then there’s the poor president. His job actually is to run it. To do this he has to buy off all these various groups and make them reasonably happy. You buy off the alums by having a good football team. A good football team costs money. You buy off the faculty by giving them good salaries. You let them teach whatever they want, keep their course loads low. You buy off the students by not making them work too hard. I’m serious about that: there’s grade inflation, there’s not too much course work, the reading assignments given to students are much less than they were forty years ago. You make sure the food is good and the facilities are nice. And you buy off the legislators and trustees in various ways: tickets to the big football games, admit their kids if they apply, get a good ranking from *U.S. News*. All this costs huge amounts of money. No wonder universities are expensive!”

ABOUT THE AUTHOR

Andrew Ferguson, author of [*Crazy U: One Dad's Crash Course in Getting His Kid Into College*](#) (Copyright © 2011 by Andrew Ferguson), is a senior editor at *The Weekly Standard* and author of *Fools' Names, Fools' Faces*, a collection of essays, and *Land of Lincoln*, named by *The Wall Street Journal* and *The Chicago Tribune* as a Favorite Book of the Year.