# More Ways to Control College Costs in 2023 and Beyond

## Part two of a back-to-basics Martin Center symposium.

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*[Editor's note: Recently, the Martin Center asked some of our favorite contributors to write micro-essays on the prompt, "How can*

*the U.S. get college costs under control in 2023 and beyond?" Part two of the resulting symposium follows below. To read part one, please click here.]*

**STOP "FORGIVING" STUDENT DEBT**

Having graduated from an American private university just a few months ago, I know all too well the challenge my generation faces with rising tuition. While there are a number of factors contributing to these behemoth cost increases, one that is often ignored by left-wing voices is the continual push to "cancel" or "erase" student debt. As anyone with a basic understanding of economics knows, debt is not an arbitrary instrument that can simply be "erased." Despite the protests of my more liberal classmates, it is not "imaginary negative money"—an intangible that can simply be disregarded.

It is important to unpack what "canceling" student debt would actually do. To erase student debt would transfer the financial obligations of white-collar students to blue-collar workers, as well as to other students and former students who saved and sacrificed to avoid debt in the first place or pay it back early. Debt is real, and pretending that it's not simply shifts the associated burden to those who neither agreed to it nor reaped its benefits.

> If the assumption is that the government will intervene, there is no reason for anyone involved to be thrifty.

Recent BLS statistics indicate that nearly 40 percent of the nation's three million 2021 high-school graduates opted not to attend college. Such folks should not bear the brunt of debt incurred by other individuals.

Furthermore, proposals to categorically "cancel" student debt would inject approximately $1.8 trillion into the economy, unnecessarily overstimulating an already inflationary environment. From a policy standpoint, as well as from a moral one, "canceling" student debt is the wrong thing to do.

More pertinent to the rising costs of college, however, is the compounding effect on tuition prices that "canceling" outstanding loans would have. People make personal financial decisions in an overall economic environment. If student debt were to be wiped away, not only would the cost be passed on to taxpayers, but the action would incentivize others to take out new loans. The assumption would be that such "loans" are, in fact, free money.

Consequently, universities would have no reason not to charge all students full tuition. Students would be more than willing to pay full price via loans they would never have to pay back. If the assumption is that the government will intervene and transfer student-loan burdens to the taxpayer, there is no reason for anyone involved to be thrifty.

Let us hope that the White House soon catches on.

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**HALT DEI SPENDING**

As budgets tighten and colleges look to cut costs, they can do no better than to start with "diversity, equity, and inclusion" programs, which are not only expensive but fundamentally fraudulent. DEI has little to do with meaningful diversity, genuine equality, or any sort of beneficial inclusiveness. It contributes nothing worthwhile to the higher-education enterprise. And it comes at a price tag that would keep hundreds of legitimately needy students on full scholarship for years.

Indeed, "diversity, equity, and inclusion" are just high-sounding words meant to disguise the true aims of the DEI commissars. In reality, via faculty "diversity statements," de facto racial quotas, and onerous speech codes, they seek to enforce a strict intellectual conformity. Nor is "equity" the same as equality, however much the two words may sound alike. "Equity" refers to equal outcomes, which can be achieved only through forced *in*equality. And as for "inclusion"—well, the commissars and their Red Guards seem interested only in including more of the people they like while excluding people they dislike.

> What is all this dishonesty and failure costing us? We still don't know, precisely.

Yet for all its aggressive posturing, the DEI movement hasn't accomplished anything positive, not even its own putative goal of increasing minority participation. Just the opposite. According to a new white paper from McGraw-Hill, "enrollment for Black 18-24-year-olds fell from 38% to 26% in the last decade." The full extent of the scam was revealed just last month, when news outlets began reporting that Ibram X. Kendi's Center for Antiracism Research at Boston University—a leading proponent of DEI and its ideological sibling, Critical Race Theory—has produced no research to speak of, despite raising millions of dollars from donors.

What is all this dishonesty and failure costing us? We still don't know, precisely; when it comes to DEI spending, institutions strive to remain as opaque as possible. But some states have recently demanded an accounting. In Florida, for example, the tab for DEI was almost $35 million last year, most of that from taxpayers. Meanwhile, a Heritage Foundation study found that "DEI bloat" in Virginia results in about one highly-paid DEI staffer for every 15 faculty members at the state's public institutions.

If colleges want to save a few million bucks without cutting vital services, while at the same time preserving their academic integrity, they should eliminate DEI programs and their accompanying bureaucracies altogether. That would be the responsible thing to do, both fiscally and ethically.

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**EMBRACE PRIOR-LEARNING CREDITS**

Policymakers have significant differences on what the future of American higher education should look like, but there is consensus across the board that college costs too much. An oft-overlooked tool to ameliorate the sticker shock of the college diploma is Credit for Prior Learning (CPL), also referred to in some higher-ed circles as Prior Learning Assessment (PLA). By judiciously translating non-collegiate learning into credit hours, this approach cuts down on college costs by reducing the number of classroom credit hours—and thus the size of the tuition bill—a learner needs to graduate. Optimized appropriately, the savings can be significant.

Though the concept of CPL/PLA has been around since at least the post-WWII period, when the GI Bill opened up college education to the masses, its slow speed of adoption has been a real challenge. Much of the reluctance of universities and colleges to grant credits for prior learning stems from a lack of standardized processes, a false sense of gatekeeping responsibility, or simply ignorance about the depth of learning that happens outside of the ivory tower. Faced with frequently "confusing and time-consuming obstacles," many learners who would otherwise save time and money via CPL/PLA simply move on.

> Taking small, steady swings at college costs is quite within the wherewithal of states and institutions.

Such a mismatch of opportunity and possibility need not happen. Strong encouragement by state higher-education authorities, combined with practical guidance, can go a long way toward overcoming parochial obstacles to CPL/PLA at individual state flagships and land-grant universities. Institutionally, arming academic advisors with practical tools to navigate the thicket of non-traditional-learning assessment results in far less frustration. Consistently publicizing the concept of CPL/PLA *and* the institution's policies to implement it for certain specific populations (like veterans) could make a real difference in the cost and time-to-degree for many students.

The rapidly rising cost of higher education is too big of a problem to solve in one fell swoop; taking small, steady, and effective swings at the problem—like CPL/PLA—is quite within the wherewithal of states, institutions, and individuals working together. There simply needs to be a willingness to get over the "this is how we have always done it" mindset at institutions and state bureaucracies.

America cannot afford not to.

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**INCENTIVIZE EFFICIENCY**

Some states have already begun to use performance funding to incentivize good management. For example, in Illinois, some state funding is awarded to colleges that meet certain metrics for cost-per-credit-hour and cost-per-completion.

Michigan universities must meet four requirements in order to receive performance funding: limit resident tuition increases to 3.2 percent or less, participate in at least three reverse-transfer agreements with community colleges, maintain a dual-enrollment credit policy that does not consider whether credits were used toward high-school graduation, and participate in the Michigan Transfer Network.

In Minnesota, performance funding has been used to reward universities that cut administrative costs.

> By linking budgets to institutions' ability to spend wisely, performance funding can help break the costs spiral.

However, in states that employ performance funding, such dollars generally make up only 10 percent of university appropriations. With such a small share of funding determined by a university's performance, and with that funding spread over several performance indicators, not enough attention is paid to each metric.

Currently, most states use either incremental or enrollment funding to determine the bulk of university appropriations. (Incremental budgeting uses previous budgets as a baseline from which to build new budgets.) Neither method encourages colleges to restrict costs.

In fact, economist Howard Bowen theorized, in what is now described as *Bowen's Rule*, that costs at universities are "almost entirely a function of revenue: universities raise as much money as they possibly can and then spend nearly the entirety of it in an attempt to increase prestige. […] It follows from this that if universities are able to increase their revenue streams, costs will also rise, creating a revenue-to-cost spiral."

By linking university budgets to institutions' ability to spend money wisely, performance funding can help break the spiral.

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