

WHY DOES COLLEGE



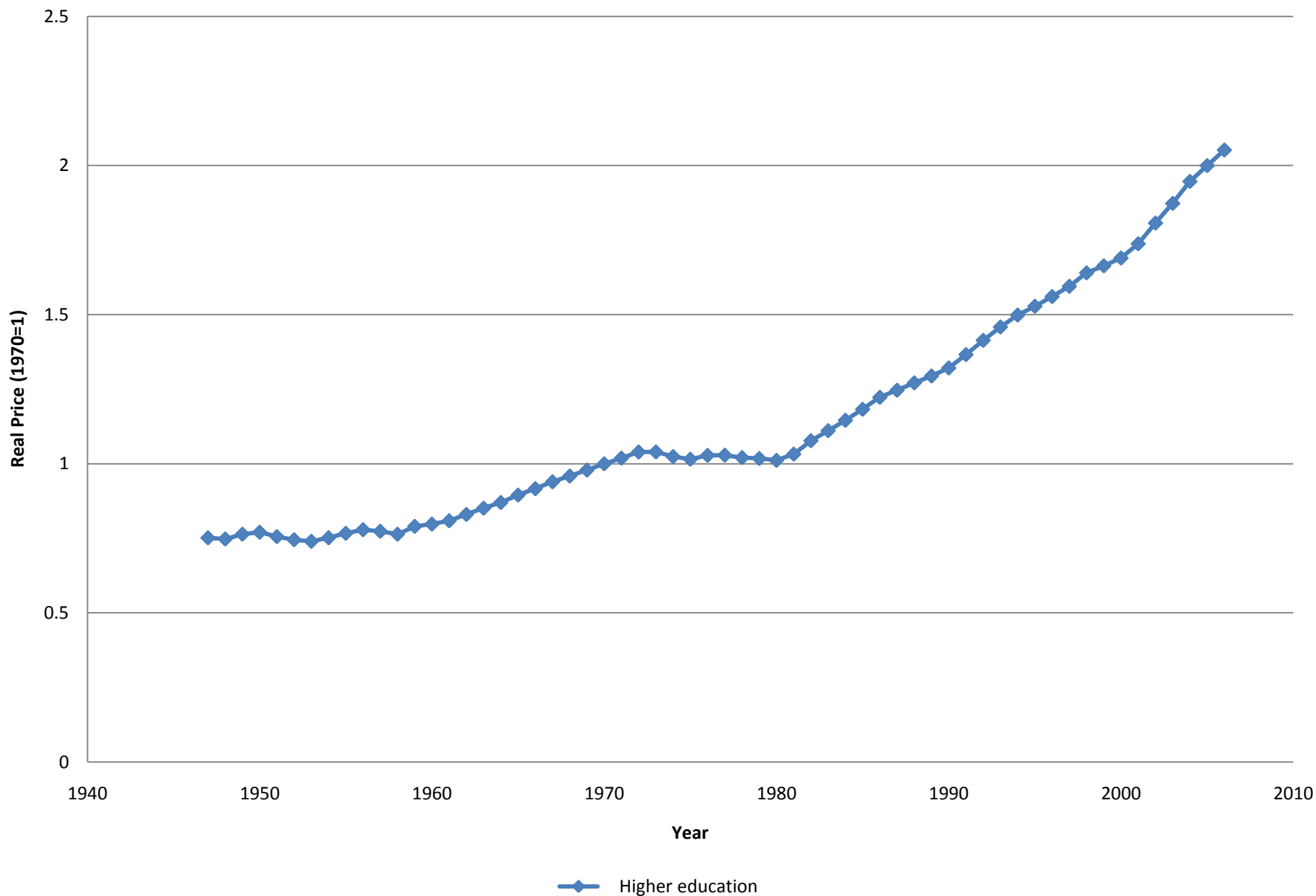
COST SO MUCH?

ROBERT B. ARCHIBALD AND DAVID H. FELDMAN

**Oxford
University
Press**

**Available
mid October**

The Real Price of Higher Education, 1947-2006, 1970=1



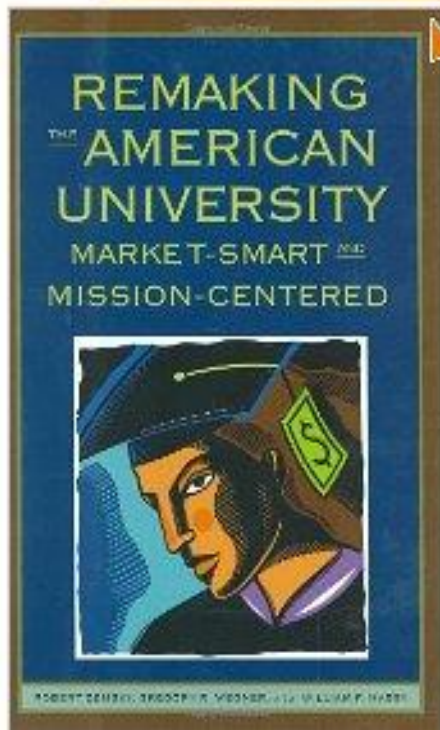
Administrative Bloat at American Universities: The Real Reason for High Costs in Higher Education

Jay P. Greene

***Goldwater Institute Policy
Report***

August 17, 2010

Click to **LOOK INSIDE!**

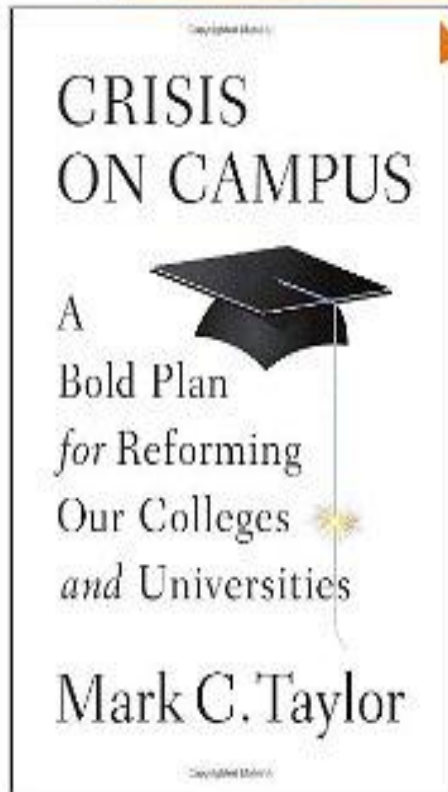


Robert Zemsky, William Wenger,
and William Massy (Rutgers
University Press, 2005)

Administrative Lattice

Academic Ratchet

Click to **LOOK INSIDE!**



Mark Taylor
Alfred A. Knopf 2010

Tenure is the problem

The New York Times

“Our Greedy Colleges”

By William J. Bennett, Secretary of Education.

Published: February 18, 1987

“Federal student aid policies do not cause college price inflation, but there is little doubt that they help make it possible.”

The Economist

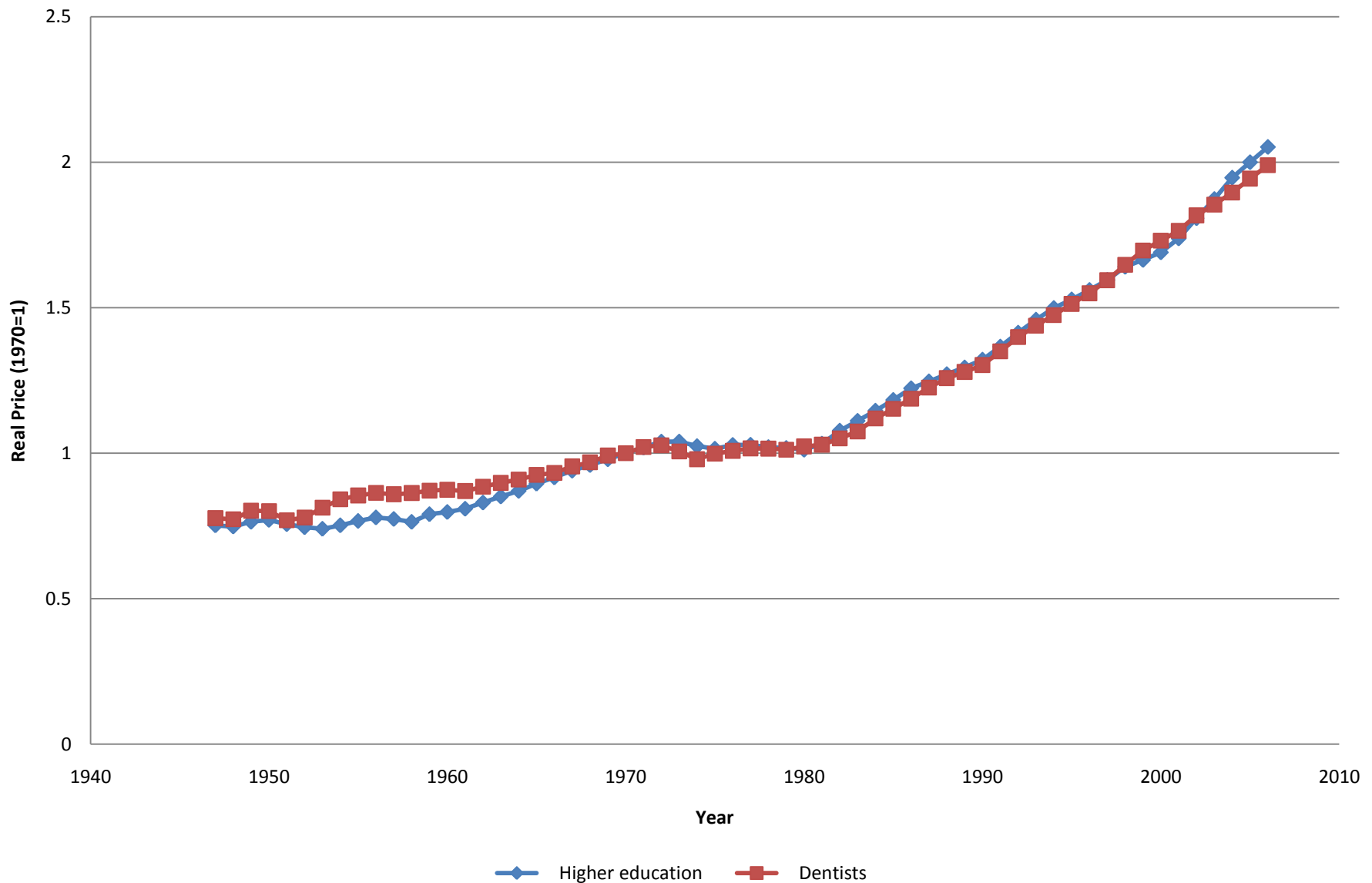
“America’s universities lost their way badly in the era of easy money. If they do not find it again, they may go the way of GM.”

September 2, 2010





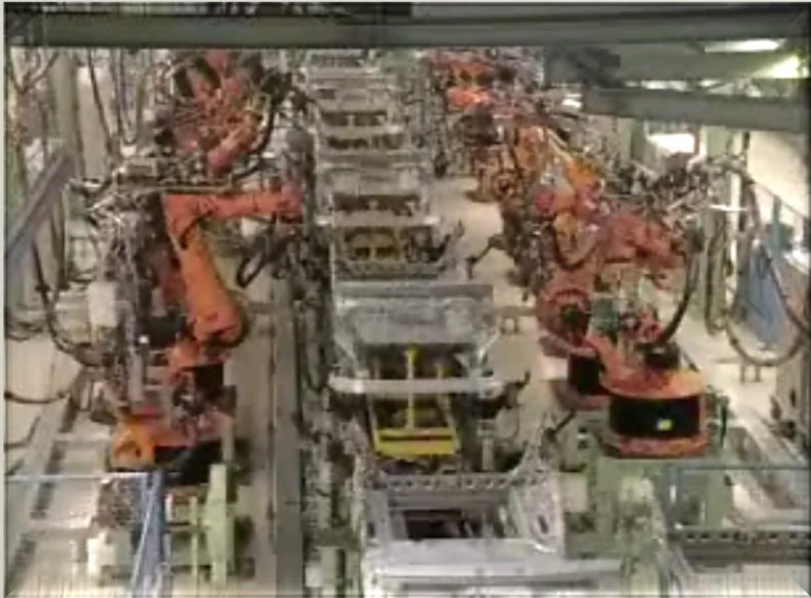
The Real Price of Higher Education and the Real Price of Dental Services, 1947-2006, (1970=1)



The Technological Tripod

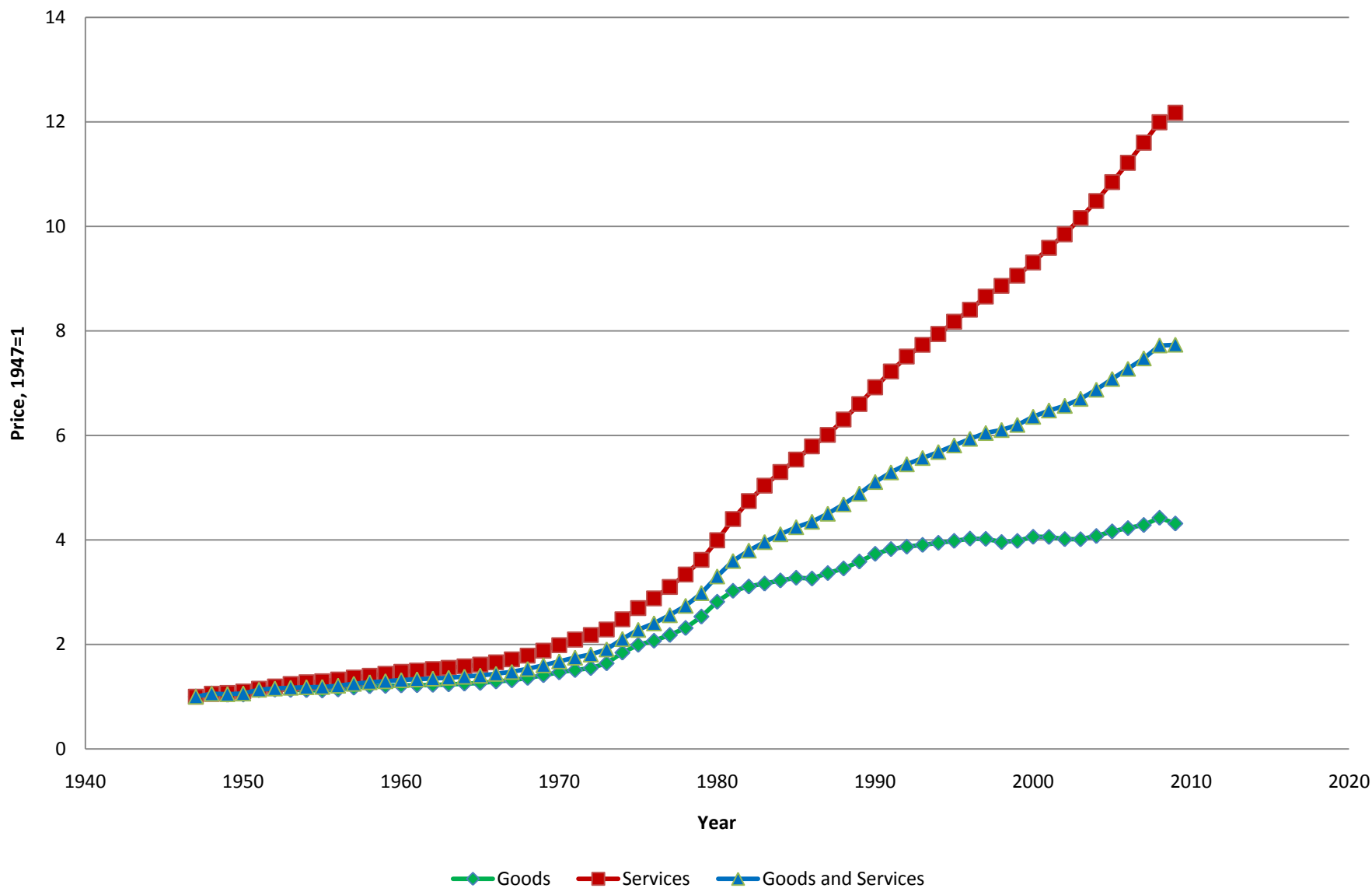


1. Cost Disease





Prices of Goods, the Prices of Services, and the Prices of Goods and Services, 1947=1



2. Income Distribution

Rate of Return to a Year of Schooling, Young Men

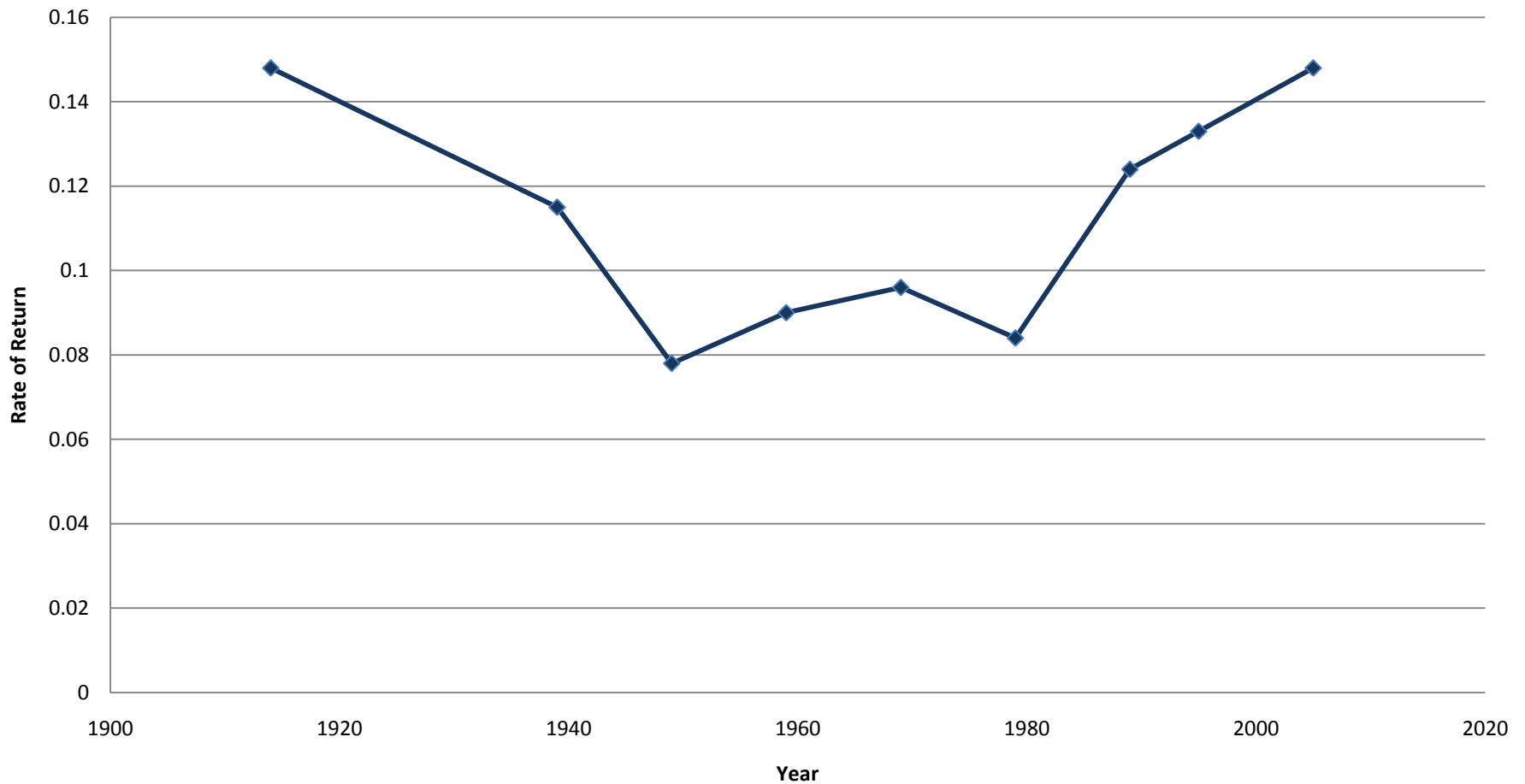
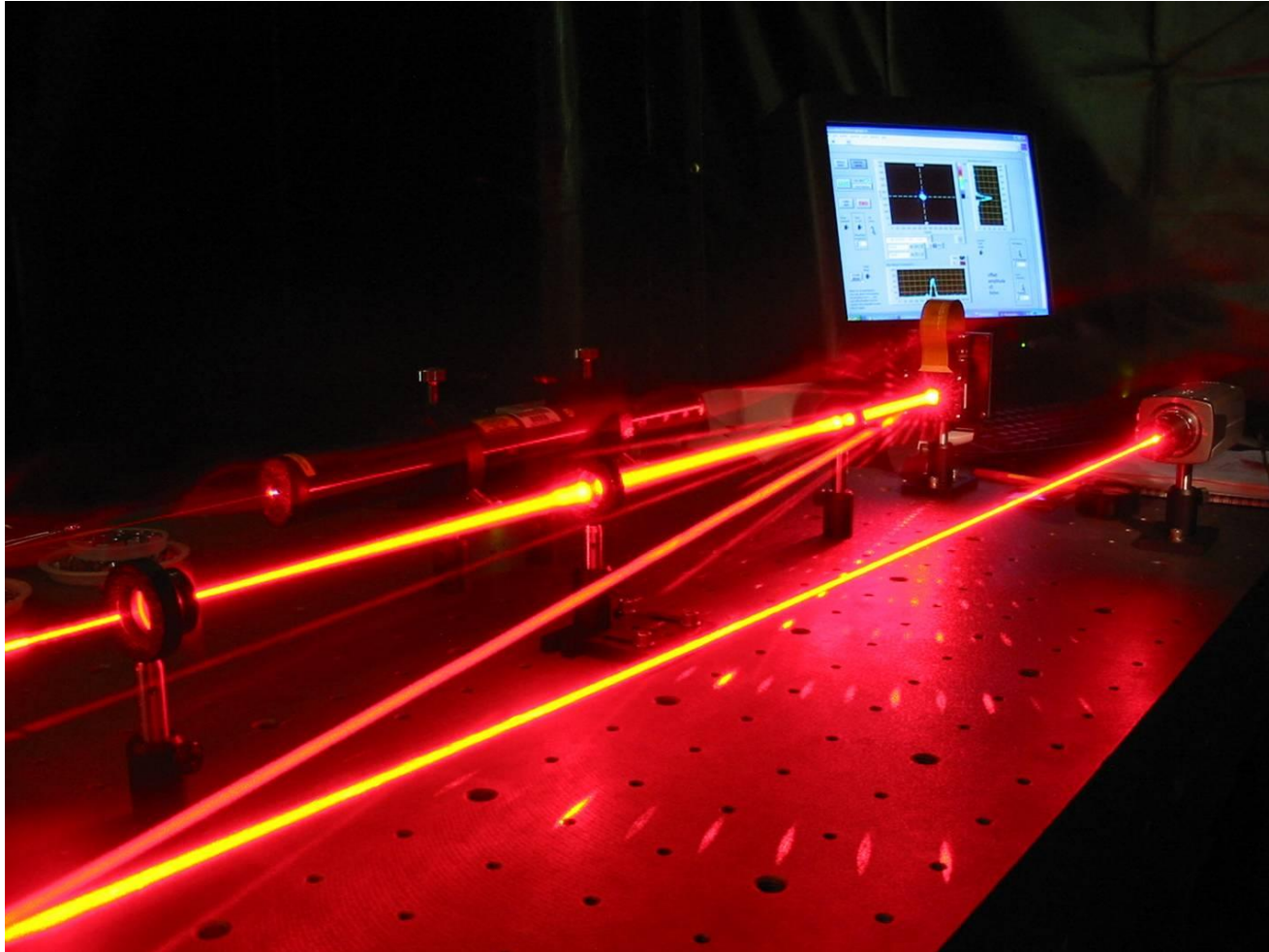


Table 4.1 The Percentage of High-skill Workers by Industry, 2005

Industry	High-skill
Research & Development	72.0
Education	68.3
Computer & Related Activities	65.7
Publishing	49.3
Aircraft & Spacecraft	43.7
Electrical & Optical Equipment	42.8
Post & Telecommunications	38.2
Motor Vehicles	22.1
Transport & Storage	18.1
Metals	14.3
Textiles	11.6
Construction	11.2

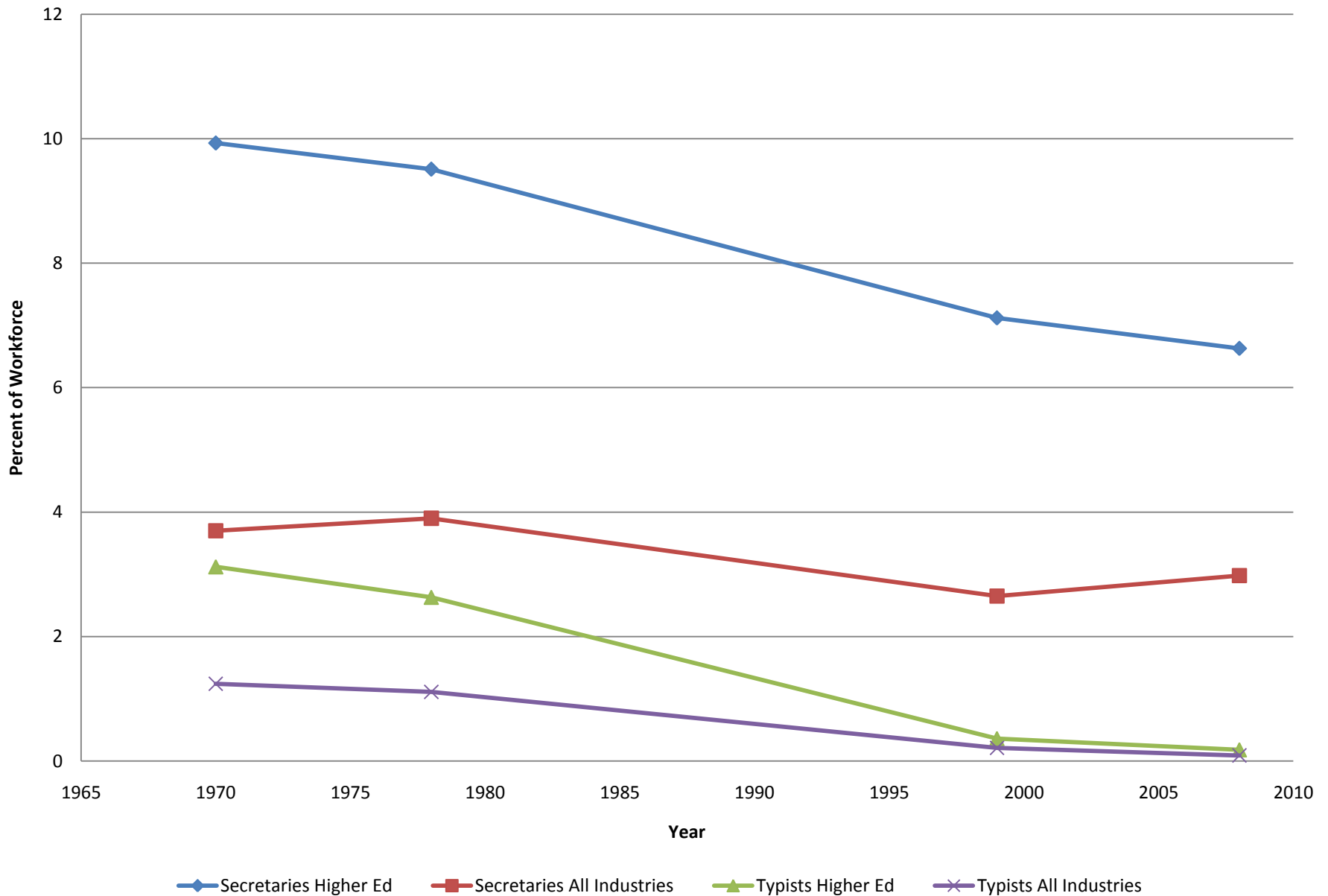
3. Standard of Care



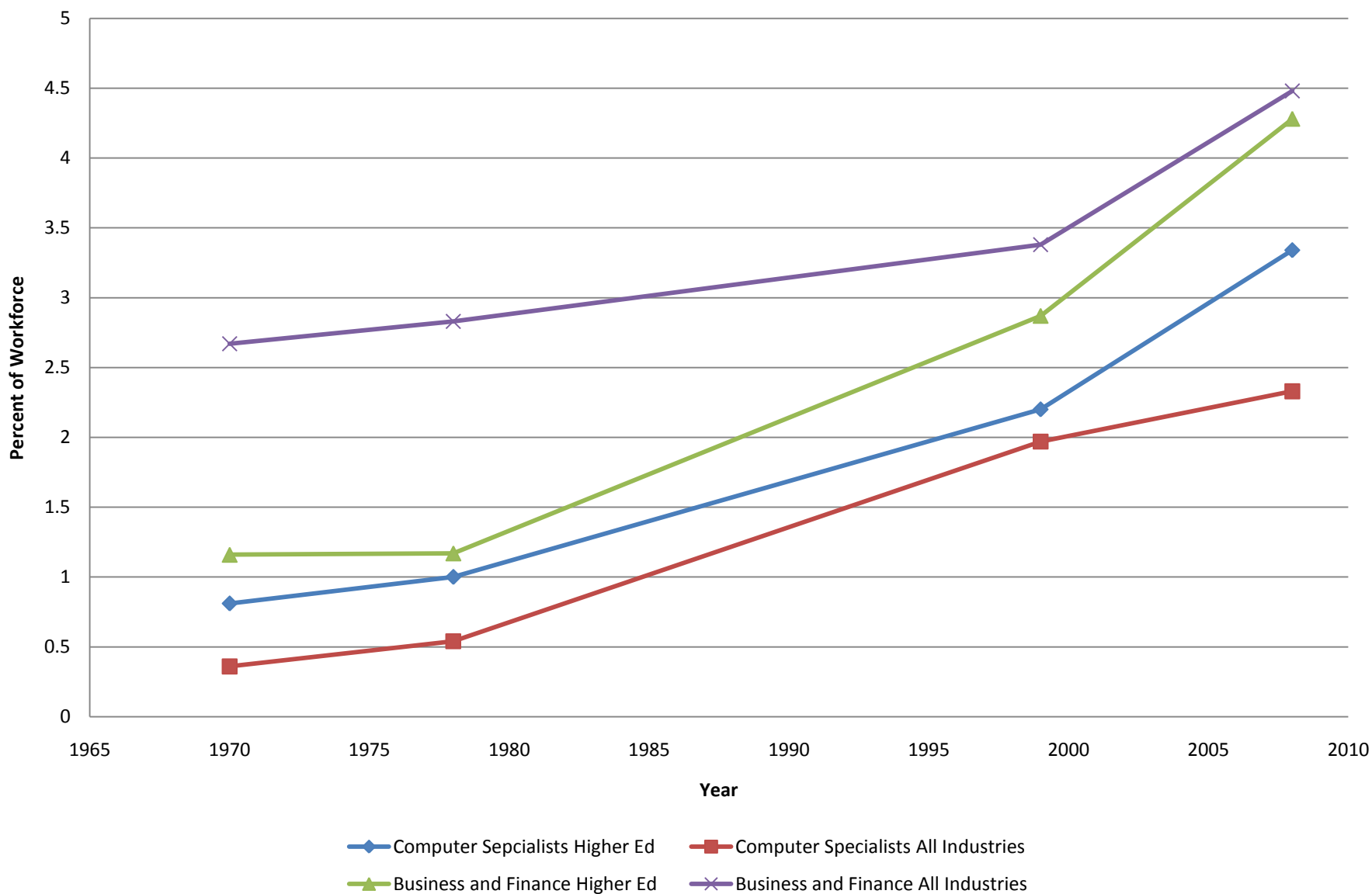
Rhetoric vs. Reality

Administrative Bloat!

Secretaries and Typists as a Percentage of the Workforce



Computer Specialists and Workers in Business and Finance Operations as Percent of Workforce



Rhetoric vs. Reality

Tenure Raises Costs!

Job Security as compensation

- Lowers cost of hiring professionals

Job Security as incentive

- To invest in research agenda

The Tenure Track is shrinking

Rhetoric vs. Reality

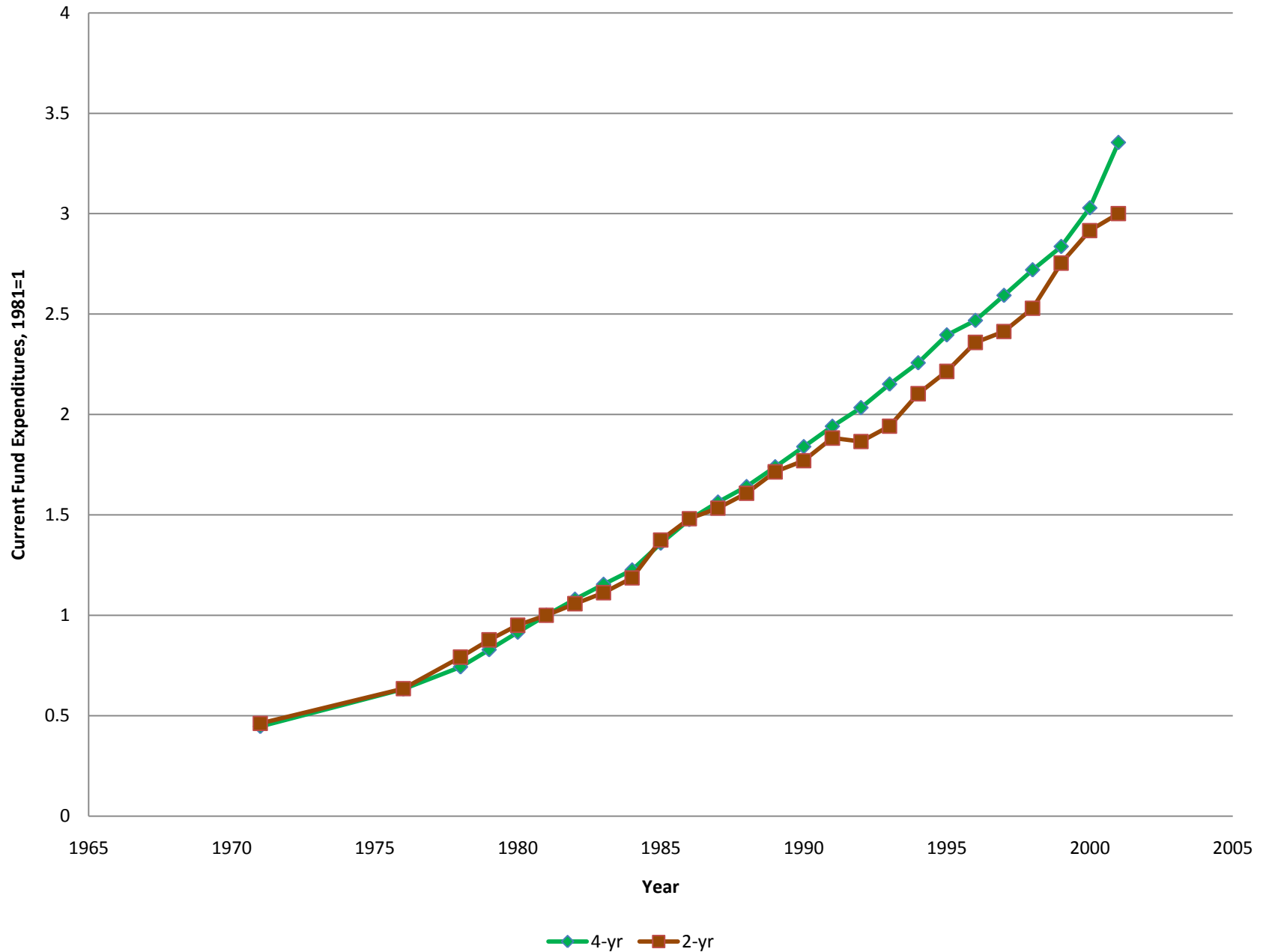
**Public Money Raises
Costs!**

- Correlation is not causality.
- Higher education is an increasingly competitive industry.

Rhetoric vs. Reality

Too Much Research!

Indexes of Current Fund Expenditure 4-year and 2-year, 1971-2001



**Ratchet Down the
Rhetoric**

Fix What Can Be Fixed

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