Tuition Rising: Why College Costs So Much, With A New Preface
America's colleges and universities are the best in the world. They are also the most expensive. Tuition has risen faster than the rate of inflation for the past thirty years. There is no indication that this trend will abate. Ronald G. Ehrenberg explores the causes of this tuition inflation, drawing on his many years as a teacher and researcher of the economics of higher education and as a senior administrator at Cornell University. Using incidents and examples from his own experience, he discusses a wide range of topics including endowment policies, admissions and financial aid policies, the funding of research, tenure and the end of mandatory retirement, information technology, libraries and distance learning, student housing, and intercollegiate athletics. He shows that colleges and universities, having multiple, relatively independent constituencies, suffer from ineffective central control of their costs. And in a fascinating analysis of their response to the ratings published by magazines such as U.S. News & World Report, he shows how they engage in a dysfunctional competition for students. In the short run, colleges and universities have little need to worry about rising tuitions, since the number of qualified students applying for entrance is rising even faster. But in the long run, it is not at all clear that the increases can be sustained. Ehrenberg concludes by proposing a set of policies to slow the institutions' rising tuitions without damaging their quality.

**Book Information**

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Ronald Ehrenberg builds his analysis on his considerable experience as an economist and a senior...
administrator working in finance at Cornell University. He successfully manages to link his own practical experience in one school with larger issues facing higher education in general. The title is a little misleading: The book is not only about tuition but about every source of revenue and every expense that a university or college faces. Ehrenberg thus presents a complex analysis, though in terms that any attentive reader can understand. This is no small achievement. The anecdotes of his experiences at Cornell really make this book fascinating to read, but do not rob it of its general applicability. I've worked at an institution of higher education not that much different from Cornell for more than 20 years, and I learned a lot from reading this book. I'd like to give it to every member of the faculty and staff at my school so that they would understand better the constraints under which we all operate -- and have a healthier sense too of the challenges to come. Legislators and parents (and students too) ought to learn from it. It is going to take more than one constituency working together to fix the problem he describes. Unlike another reviewer here, I did not see this book at all as an attempt to justify high college expenses but to explain them. Ehrenberg is very clear that many factors are to blame: from federal policies on financial aid and the reimbursement of indirect research expenses to recalcitrant faculty members who lack the will to cut anything from their budgets, from the increasingly popular college ratings game to local activists who distrust any activity the nonprofit-in-their-midst undertakes. He even occasionally includes himself among the culprits.

This is both a scholarly and personal account of the much-discussed rise in college costs. The author is an economist, one of whose specialties is higher education. He has served as a senior administrator and (for a considerable period) faculty member at Cornell. Hence, his general observations and conclusions are complemented by more detailed accounts of the procedures in place at his home institution. This is a useful way of proceeding, for universities are not anxious to share the specific details of their budgets and do not often explain the private negotiations (or maneuvers) that serve as the backdrop for their public actions. The book is conservative in the sense that it is largely accepting of `the way things are', though it offers suggestions for efficiencies or more rational ways of proceeding at the margins. The principal cause of the rise in college costs is the academic `arms race' in which the top universities compete with one another for the best faculty, the best students, the best programs and the best facilities. That competition drives up costs. It is aided by certain forms of federal support, by plentiful endowments, dramatic developments in information technology, increased student applications and conscious policies (need-blind admissions, e.g.). The federal government is a player here, of course, with increased
regulation, reduced coverage of indirect costs, Title IX and the prohibition of fixed retirement ages. If one wants a general account of what has transpired since the early 70’s, with some interesting details with regard to Cornell, this is a fine book. The author is aware, of course, that he is only describing a tiny subset of U.S. higher education, but it is that subset which often draws the most attention.

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