



The Association of Governing Boards has compiled the following bibliography in support of its multiyear research initiative, the Project on College Costs. The project is exploring how higher education leaders can control costs and boost productivity while improving institutional quality. It has four goals:

- provide clear, objective, and useful information for all campus leaders,
- encourage national and campus-based discussions on the crucial need to address cost,
- develop guidelines for helping boards move from discussion to decision, and
- share effective cost-containment strategies that arise from the discussions.

This project is generously supported by the Robert W. Woodruff Foundation. To learn more, contact AGB at 202-296-8400.

Selected Resources and Bibliography on College Costs

American Council on Education

www.acenet.edu

Putting College Costs into Context Washington, DC: American Council on Education, 2004, 11 pages.

Investing in higher education can be an expensive proposition for some Americans. But for many, the myth of what it will cost is more frightening than the reality. To counteract this myth, ACE has prepared this brochure that contains basic facts on such issues as what students really pay for college and why college costs are rising. For use by college leaders as they talk to policy makers, the media, and the public, Putting College Costs into Context aims to stimulate informed conversation about funding structures, institutional strains, and the complexity of higher education. Copies available online from the American Council on Education at

<http://www.acenet.edu/bookstore/pubInfo.cfm?pubID=313>

Association of Governing Boards

www.agb.org

Why Does College Cost So Much?: A Forthright Discussion Washington, DC: Association of Governing Boards of Universities and Colleges, 2002. 16 pages.

Written for students and their families, this easy-to-read booklet explains the facts about tuition and lists sources of information about financial aid. Copies available from AGB Publications, One Dupont Circle, Suite 400, Washington, DC 20036. Telephone number (800) 356-6317 or (202) 296-8400. Bulk discounts available. Stock number 001. Website: www.agb.org

Dempsey, William M. "The Devil is in the Details: All Academic Programs are Not Created Equal--Nor Do They Cost the Same. Here's How One University Developed a New Model That Uncovers the True Cost of Delivering Education," Trusteeship Vol. 5, no. 1 (January/February 1997): 16-20.

Describes the program-costing models developed by the Rochester Institute of Technology to account for the real costs of each degree program, and argues that costing models need to be examined in response to the growing perception that higher education lacks educational and economic value compared with its price. Explains that tuition increases and internally funded financial-aid strategies are becoming less acceptable--both to the financial well-being of colleges and universities, and to students. Acknowledges that accounting controls are often designed to monitor line-item expenditures, but notes that this process ignores the true costs of an "educational delivery system"--the total institutional resources required to educate students--and discounts the reality of an academic department's need to maintain a critical mass of faculty with different areas of expertise. The effect of such accounting systems are often across-the-board reductions without regard for revenues and costs that will ultimately affect the institution's ability to meet its mission. Describes the RIT program-costing system, which specifically identifies the direct and indirect costs associated with producing a degree or program in a department on an annual basis, and lists the basic types of data used by the RIT model. Concludes that at RIT, the program-costing model data have allowed trustees to evaluate departments in the context of short-term and long-term strategic plans.

Copies available from AGB Publications Department, One Dupont Circle, Suite 400, Washington, DC 20036.

Telephone number (800) 356-6317 or (202) 296-8400. Available to AGB members only. Website: www.agb.org

Griswold, John S., Jr. "What's the Best Yardstick to Measure Inflation? Trusteeship Vol. 14, no. 4 (July/August 2006): 25-28.

One price index helps officials forecast budget needs and shows why colleges' actual costs rise faster than inflation. The other is the Consumer Price Index. Copies available from Association of Governing Boards of Universities and Colleges, One Dupont Circle, N.W., Ste. 400, Washington, DC 20036. Telephone number: (202) 296-8400. Website: www.agb.org.

College Board

www.collegeboard.com

Trends in College Pricing Washington, DC: College Board, 2005. 27 pages.

This report provides the latest information on tuition and other expenses associated with attending institutions of postsecondary education in the United States. The data presented in this publication come from the College Board's Annual Survey of Colleges. The survey, administered each spring to over 3,200 postsecondary institutions across the country, collects a wealth of data on enrollment, admissions, degrees and majors, tuition, financial aid, and other aspects of undergraduate education. Copies available from College Board, 1233 20th Street N.W., Suite 600, Washington, DC 20036-2375. Telephone number: (202) 741-4700. Website: www.collegeboard.com, <http://store.collegeboard.com/productdetail.do?Itemkey=050341686>

Committee on Economic Development

www.ced.org

Cracks in the Education Pipeline: A Business Leader's Guide to Higher Education Reform. Washington, DC: Committee on Economic Development, May 2005, 40 pages.

The report builds on the findings of "Measuring Up 2004: The National Report Card on Higher Education," published by the National Center for Public Policy and Higher Education. Cracks in the Education Pipeline presents a forceful argument for a renewed commitment to higher education; trends in college preparation, participation, completion, affordability, and benefits; and action steps that business leaders can take to help launch change in their own states and at the national level. The full report is available online at http://www.ced.org/projects/educ_highered.shtml

Institute for Higher Education Policy

www.ihep.org

Higher Education Cost Measurement: Public Policy Issues, Options, and Strategies: The New Millennium Project on Higher Education Costs, Pricing and Productivity Washington, DC: Institute for Higher Education Policy, 2000.

This report is based on a cost measurement and management seminar and is the result of a project undertaken to explore the public policy aspects of higher education "cost measurement." The report consists of three papers focusing on the public policy dimensions of cost measurement: the audiences for cost analysis and the purposes and uses they have for it; the necessity (or lack of necessity) for uniform cost reporting; and whether regulatory solutions are needed at either the federal or state level. The first paper, by Mary McKeown Moak of MGT of America, describes how states are approaching higher education cost or expenditure reporting. The second paper by Michael Middaugh describes the results of a voluntary inter-institutional effort to share cost information started by the University of Delaware under his leadership. The last paper by Dennis Jones of the National Center for Higher Education Management Systems argues that the core issues receiving public policy attention should not be cost measurement or analysis in relation to price, but the differential allocation of public subsidies. Copies available from Institute for Higher Education Policy, 1320 19th Street N.W., Suite 400, Washington, DC 20036. Telephone number (202) 861-8223, www.ihep.org

Lumina Foundation

www.luminafoundation.org

College Costs: Making Opportunity Affordable, Lumina Foundation Focus (Fall 2005): 1-20.

The rising cost of college is a problem, not just for students and families, but also for officials and policy-makers. This issue tackles the college cost issue head on, exploring the problem from the varied perspectives of students, administrators and policy-makers. Copies available from Lumina Foundation for Education, P.O. Box 1806, Indianapolis, IN 46206-1806. Available online at:

http://www.luminafoundation.org/publications/focus_archive/fall_2005/

Course Corrections: Experts Offer Solutions to the College Cost Crisis. Indianapolis, IN: Lumina Foundation for Education, 2005. 120 pages.

Lumina Foundation for Education has generated a major policy initiative, College Costs: Making Opportunity Affordable. As a part of that initiative, these essays represent a national effort that began last fall with the publication of a policy brief titled, Collision Course: Rising College Costs Threaten America's Future and Require Shared Solutions. Lumina also issued a Call for Solutions that would highlight creative ideas and suggest alternatives for discussion and resolution. They received 25 responses and narrowed the submissions for publication to the eight essays in this volume. Higher education researchers weigh in on the recommendations, but authors also include state legislators, economists, private sector representatives, and a student interest group. Copies available from Lumina Foundation for Education, P.O. Box 1806, Indianapolis, IN 46206. Available online at:

http://collegecosts.info/pdfs/solution_papers/Collegecosts_Oct2005.pdf.

Dickeson, Robert C. "Collision Course: Rising College Costs Threaten America's Future and Require Shared Solutions," A Policy Brief From Lumina Foundation (July 2004): 1-12.

Get essential background information on the rising costs of college and potential strategies to consider in addressing this issue. Copies available from Lumina Foundation for Education, 30 South Meridian Street, Suite 700, Indianapolis, IN46204. Available online at: <http://www.luminafoundation.org/publications/collegecosts.html>

Seeking solutions: A gathering at the summit. A national summit to develop solutions to rising college costs. Indianapolis, IN: Lumina Foundation for Education, 2006. 12 pages.

Read a journalistic account of the national summit on college costs proceedings held on November 2, 2005, in Washington D.C.

Copies available from Lumina Foundation for Education, P.O. Box 1806, Indianapolis, IN 46206-1806. Available online at <http://www.luminafoundation.org/publications/SeekingSolutionsMar2006.pdf>

Lumina Foundation Announces \$25.5 Million for College Affordability, Access, Philanthropy News Digest, June 23, 2006. Available online at: <http://www.luminafoundation.org/>

National Center for Higher Education Management Systems www.nchems.org

Kelly, Patrick J. and Dennis P. Jones. A New Look at the Institutional Component of Higher Education Finance: A Guide for Evaluating Performance Relative to Financial Resources Boulder, CO: National Center for Higher Education Management Systems, 2005. 37 pages.

This project—funded by The Pew CharitableTrusts—is an effort to address the performance of state higher education systems, and the public sectors within them, relative to their levels of funding. Performance is measured using a variety of metrics for participation and completion rates, degree productivity, and research and development (where applicable). Funding is the combination of state and local appropriations and tuition and fees (the two largest sources of unrestricted funds to higher education institutions) per full-time equivalent student. The data used throughout this study were compiled and analyzed to answer the following questions: 1. Are there states and public sectors within states performing at high levels with relatively low levels of funding? (and vice-versa) 2. Are there distinguishing characteristics (e.g., mix of academic programs, characteristics of students, faculty and staff, etc.) between sectors of public institutions that perform very differently despite being similarly funded? Or between sectors that perform essentially the same with very different levels of funding? The authors found no evidence that higher levels of resources lead to greater performance—states and the public sectors within them perform very differently with very different levels of funding. It is likely that certain sectors within states could improve their performance given the resources they already have (and some could do so with even fewer resources than they have)—because other states are already doing so. This notion deserves attention in difficult fiscal times, or when institutions automatically replace a lost dollar in state appropriations with a new dollar in tuition, thus risking affordability for students and families. Copies available from National Center for Higher Education Management

Systems, 3035 Center Green Drive, Suite 150, Boulder, CO, 80301-2251. Available in full text at <http://www.higheredinfo.org/analyses/>

Solutions For Our Future

www.solutionsforourfuture.org

Information about efforts to cut costs at individual colleges and universities as well as publications on college costs are available online at http://www.solutionsforourfuture.org/site/PageServer?pagename=rising_prices.

Wellman, Jane V. Trends and Prospects for State Funding of Postsecondary Education. Washington, DC: Solutions For Our Future, 2006.

This study shows that, “Over the last twenty years the proportion of college revenues from state and local funding sources has been slowly declining, leading to tuition increases to replace lost state funds. Studies have found that the single biggest cause of tuition increases in public institutions has been the need to replace lower state revenues.”

Full text available online at: <http://www.solutionsforourfuture.org/site/PageServer?pagename=resources>

State Higher Education Executive Officers

www.sheeo.org

State Higher Education Finance FY 2005 Boulder, CO: State Higher Education Executive Officers, 2006. 12 pages.

In economic downturns and recoveries over the past 25 years constant dollar state and local support per student has declined and then recovered, often exceeding previous levels of support. Most recent reports, in keeping with the historical pattern, indicate a return to increased state and local funding for higher education after four very difficult years. In 2005, 43 states increased nominal dollar state and local support for higher education; and according to the annual Grapevine survey at Illinois State University, 46 states increased nominal state tax appropriations in 2006. In 2005, however, the combined effects of enrollment growth and inflation grew faster than state and local support. And published projections of state revenues and expenditures suggest that current tax structures are inadequate to sustain existing levels of support for public services.⁵ In effect, tax rate reductions enacted during good economic times are making it very difficult for states to finance growing demand for public services in the early years of the 21st century. Projected increases in the college age population, the increasing economic importance of higher education, and survey data on student aspirations all suggest the demand for higher education will continue to increase for the foreseeable future in the United States. In recent experience, when state and local support has failed to match enrollment growth and inflation, an increasing share of the cost has been shifted to students and their families. Students and their families have borne a substantially larger share of higher education costs over the past decade; if this trend continues both the American tradition of affordable higher education and student participation could well be threatened. In view of the fiscal challenges facing the nation, this problem has no easy solution. It is not likely to be solved by relying solely on additional financial contributions from taxpayers and students, nor is it realistic to expect public colleges and universities to educate increasing numbers of students to world class standards with continually declining resources. Increased productivity and increased public investment are required to meet the nation's need for higher education. Copies available from State Higher Education Executive Officers, 3035 Center Green Drive, Suite 100, Boulder, CO 80301. Telephone: (303) 541-1600. Copies available online at http://www.sheeo.org/finance/shef_sv06_v2.pdf

The Secretary of Education's Commission on the Future of Higher Education

<http://www.ed.gov/about/bdscomm/list/hiedfuture/index.html>

“The purpose of the Commission is to consider how best to improve our system of higher education to ensure that our graduates are well prepared to meet our future workforce needs and are able to participate fully in the changing economy.”

The Task Force issued its draft report in August 2006, available online at:

<http://www.ed.gov/about/bdscomm/list/hiedfuture/reports/0714-draft.pdf>.

Full text of fifteen additional papers related to the work of the Task Force are also available online at:
<http://www.ed.gov/about/bdscomm/list/hiedfuture/reports.html>.

Dickeson, Robert C. "Frequently Asked Questions About College Costs," A National Dialogue: The Secretary of Education's Commission on the Future of Higher Education 6th issue (2006): 10 pages.

Copies available from <http://www.ed.gov/about/bdscomm/list/hiedfuture/reports/dickeson2.pdf>

U.S. Department of Education

<http://.nces.ed.gov>

U.S. Department of Education. National Center for Education Statistics. A Study of Higher Education Instructional Expenditures: The Delaware Study of Instructional Costs and Productivity. NCES 2003-161, by Michael F. Middaugh, Rosalinda Graham, and Abdus Shahid. Project Officer: C. Dennis Carroll. Washington, DC: 2003.

This study examines multiple years of data from the Delaware Study of Instructional Costs and Productivity, which analyzes teaching loads and instructional costs at the level of academic discipline. The study determined that, for those four-year institutions participating in the Delaware Study, approximately 80 percent of the variation in instructional costs across institutions is associated with the mix of disciplines at those institutions. The study further identifies institutional characteristics that are most closely associated with the magnitude of instructional costs.

Available online at <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2003161>

U.S. House of Representatives

www.house.gov

U.S. House of Representatives. The College Cost Crisis: A Congressional Analysis of College Costs and Implications for America's Higher Education System. Rep. John A. Boehner and Rep. Howard P. "Buck" McKeon. Washington, D.C.: U.S. House of Representatives. September 4, 2003.

The full text is available online at:

http://www.house.gov/ed_workforce/issues/108th/education/highereducation/CollegeCostCrisisReport.pdf

Other Publications

Massy, William F. Honoring the Trust: Quality and Cost Containment in Higher Education Bolton, MA: Anker Publishing Company, Inc. 2003. 388 pages.

William Massy's long-awaited analysis of higher education bears out his reputation as an international expert and as an author of clear, authoritative prose. Honoring the Trust lays out solutions for improving the quality of education without excess spending or undermining research and scholarship.

Copies available from Anker Publishing Company, PO Box 390, Jaffrey, NH 03452. Telephone number (603) 532-7454. Also available through AGB Publications, One Dupont Circle, Suite 400, Washington, DC 20036. Telephone number (800) 356-6317 or (202) 296-8400. \$35.00 for members; \$39.95 for nonmembers. Stock number 022.

Middaugh, Michael F. "Understanding Higher Education Costs," Planning for Higher Education Vol. 33, no. 3 (March-May 2005): 5-18.

Copies available from Society for College and University Planning, 311 Maynard Street, Ann Arbor, MI 48104-2211. Telephone number (734) 998-7832. www.scup.org

Winston, Gordon. Toward a Theory of Tuition: Prices, Peer Wages, and Competition in Higher Education WPEHE Discussion Paper No. 65. Williamstown, MA: Williams Project on the Economics of Higher Education, 2003.

College tuition, as the price of higher education services, defies familiar economic analysis in important ways. It is recognized that tuition is a price that covers only a fraction of the cost of producing those educational services (about a third, nationally), creating an in-kind subsidy for students (the balance being made up by large flows of donative resources from gifts, appropriations, and returns on wealth). This paper examines yet another important economic peculiarity of tuition; it takes seriously input and output markets implied by Rothschild-White (1995 JPE) in which a single event – of a student's matriculation – is simultaneously a transaction in both an input market (where a wage is paid for a student's peer quality) and an output market (where a price is paid for the college's educational services). Those two prices are obscured by the fact that the peer wage is paid in the form of a discount

on the price of educational services as well as by the fact that the schools' sales (tuition) revenues are significantly augmented by those donated resources. This framing sees a school's access to donated resources (wealth) critical in determining which market – peer quality inputs or educational services sales – will most influence its behavior. Apparent anomalies in the product market – like queues of unsatisfied customers that persist while schools refuse to expand capacity – disappear when they are seen to be the result of an input market where a queue of job applicants is used to allow the firm to select on worker – peer – quality (the result of an Akerlof-Yellen efficiency wage). Copies available online at <http://www.williams.edu/wpehe/DPs/DP-65.pdf>