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Colleges Spend More on Undergraduates Than They Receive in Tuition, Report Says

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New York

Almost every college is spending more to educate undergraduates than it charges in tuition, a three-year study of college costs has found.

The study, by the National Association of College and University Business Officers, is meant as a response to a 1998 report by the National Commission on the Cost of Higher Education. The commission, created by Republican Congressional leaders in 1997, called on college officials to provide an accounting of why college costs are so high. (See [an article from *The Chronicle*](#), November 28, 1997.)

Preliminary results of the business-officer association's study, which measured only the cost of instruction for undergraduates during the 2000 fiscal year, were released on Monday during the group's annual conference. The final report will probably not be released until next year.

While the report does not give answers to questions about why tuition has been increasing for more than two decades at a pace that is higher than the rate of inflation, it found that colleges are spending wildly different amounts to educate undergraduates:

- Community colleges spent \$5,000 to \$9,000 in the 2000 fiscal year to educate students, the study found, but tuition covered only about \$2,000 of that cost.
- Public four-year institutions generally spent \$7,000 to \$15,000 per undergraduate, although several spent as much as \$20,000. The cost exceeded the tuition they collected by \$4,000 to \$10,000 per undergraduate.
- Private four-year institutions spent \$10,000 to \$40,000 per undergraduate, but there were at least two that spent about \$65,000. Two private colleges that responded to the survey collected more in tuition than they spent, but others had costs that exceeded tuition by as much as \$20,000 per undergraduate.

The committee that has been conducting the study has created a list of questions that it hopes accurately compare costs regardless of the size of the institution.

Colleges were not asked to report how they covered the shortfall, said Richard Spies, vice president for finance and administration at Princeton University and the chairman of the committee. Presumably, public colleges are using primarily government funds, while private colleges are mostly using endowment income.

The report, said Mr. Spies, belies some popular assumptions about the cost of attending college.

"It says that the discussions that sometimes take place that some undergraduates are overpaying in order to provide financial aid to those who can't afford to attend, or that undergraduates are overpaying to subsidize graduate research -- that this was proven not to be true," he said.

The costs for individual colleges will not be released, said Mr. Spies, because the institutions were promised confidentiality. About 140 colleges have responded to the survey, and responses from about 40 more are expected. More than 60 each of public and private four-year colleges responded, but only about 10 community colleges, said Mr. Spies.

He said there were no plans to release averages or medians within each category because there was no attempt made to assure that those institutions that responded were representative of all colleges in the United States.

The report also found that colleges were spending the vast majority of their resources on instruction and student services. Community colleges spent 86 percent of their money on instruction; public four-year institutions, 87 percent; and private four-year colleges, 70 percent. The figure for private institutions is lower because they give out much more financial aid, said Mr. Spies.