



Government & Politics

From the issue dated May 2, 2003

SEARCH THE SITE

SITE MAP

SECTIONS:

- [Front Page](#)
- [Today's News](#)
- [Information Technology](#)
- [Teaching](#)
- [Publishing](#)
- [Money](#)
- [Government & Politics](#)
- [Community Colleges](#)
- [Science](#)
- [Students](#)
- [Athletics](#)
- [International](#)
- [People](#)
- [Events](#)
- [The Chronicle Review](#)
- [Jobs](#)

FEATURES:

- [Colloquy](#)
- [Colloquy Live](#)
- [Magazines & Journals](#)
- [New Grant Competitions](#)
- [Facts & Figures](#)
- [Issues in Depth](#)
- [Site Sampler](#)

CHRONICLE IN PRINT:

- [This Week's Issue](#)
- [Back Issues](#)
- [Related Materials](#)

SERVICES:

- [About The Chronicle](#)
- [How to Contact Us](#)
- [How to Register](#)
- [How to Subscribe](#)
- [Subscriber Services](#)
- [Change Your User Name](#)
- [Change Your Password](#)
- [Forgot Your Password?](#)
- [How to Advertise](#)

High Stakes on Tuition

Colleges must control it or face stiff penalties, key congressman says

By STEPHEN BURD

Washington

To U.S. Rep. Howard P. (Buck) McKeon, getting college prices under control is his most important mission.

ALSO SEE:

[In Danger of Losing Aid?](#)

The California Republican -- who heads the U.S. House of Representatives subcommittee that has jurisdiction over higher-education issues -- believes that large numbers of

low-income high-school students who are qualified for college don't go because they are scared off by the escalating price tag.

In a speech in March to a group of lenders, Mr. McKeon lamented the fact that increases in tuition and fees at hundreds of colleges have soared beyond the inflation rate. "A 25-percent increase in tuition and fees is not reasonable," he said. "It is scandalous, and we can no longer sit idly by and accept such increases as the natural course of things."

To combat what he called a "frightening trend," the congressman said he would introduce legislation this year to penalize colleges that raise their prices beyond a certain point. Colleges that increase their cost of attendance by twice the rate of inflation or more for two years in a row would face penalties, including a possible loss of eligibility to participate in federal student-aid programs.

In the weeks since Mr. McKeon unveiled his proposal, college lobbyists and leaders have attacked both it and him, calling the plan "misguided" and "irresponsible." While saying they share his concerns about college access and affordability, they contend that any plan to impose price controls on colleges would inevitably lead to a deterioration in the quality of higher education.

"I am dismayed and perplexed that a rational, informed leader

like Congressman McKeon would propose legislation with such obvious negative consequences for America's college students and their families," David L. Warren, president of the National Association of Independent Colleges and Universities, said in a statement following Mr. McKeon's speech.

Instead of directing his anger at colleges, the lobbyists say, Mr. McKeon should focus his attention on state lawmakers, who have slashed higher-education spending in the face of record budget deficits. To make up for the cuts, colleges have been forced to significantly raise tuition, the lobbyists argue. In many cases, the legislators themselves raise tuition. In fact, college officials note that in nearly two-thirds of the states, decisions about tuition rates are made not by the institutions themselves, but by legislatures and statewide higher-education boards.

Mr. McKeon said he is not surprised by the reaction and has no plans to back off. Finding ways to control college prices, he said, will be a key goal as he leads the effort in the House to renew the Higher Education Act, the law that governs most federal student-aid programs, which expires this year.

"This will probably be my last reauthorization, and I'd like to really do something that is going to make a difference," he said in an interview. "I could just tinker around with things and make everybody happy, but I would much rather provide some real leadership."

If Mr. McKeon proceeds with his plan, political observers say, the reauthorization could turn into a bloody battle. "It will be World War III for colleges if Congress tries to push through McKeon's proposal," said a Democratic Congressional aide who requested anonymity.

A Game of Clue

When details of Mr. McKeon's proposal became known in March, the impact was felt beyond the small group of lobbyists here who typically pay the most attention to what happens in Congress.

For instance, the bond-rating agency Standard and Poor's took the unusual step of sending out an alert, warning that if the plan was enacted, colleges could see their credit ratings fall. "The establishment of price controls on the industry would be unprecedented and would likely have a detrimental effect on the credit quality of public and private universities across the nation," the agency said.

For their part, college lobbyists were stunned not only by the proposal, but also by how they learned about it. Neither Mr. McKeon nor his staff members had briefed college officials before his speech to the lenders. Lobbyists learned of the proposal from journalists who had received advance copies of the plan from the lawmaker's office several days earlier.

The fact that Mr. McKeon went directly to the news media raised some questions among lobbyists: Was he acting alone? Or was the Bush administration behind the proposal? Was it a serious plan? Or was it just a shot across the bow, to warn colleges and states that the federal government would not tolerate massive price increases in tuition to make up for lost revenue?

With everyone trying to determine his motives, "it's like we've been playing a game of Clue," said Becky Timmons, director of government relations at the American Council on Education. "We've been trying to find Colonel Mustard in the dining room with a smoking gun."

In an interview, Mr. McKeon scoffed at any assumption that he's not serious about getting his proposal enacted into law. "That may be wishful thinking," he said. The idea was his alone, he added, but the Bush administration has been supportive of his efforts.

Mr. McKeon has long been concerned about college affordability. In 1997, he led the effort in Congress to create the National Commission on the Cost of Higher Education, which was directed to identify innovative ways that the government could help rein in the cost of attending college.

The panel called on colleges to redouble their efforts to cut their costs and keep tuition affordable, rejecting calls for federal intervention to keep prices down. Asked now about the commission's work, Mr. McKeon said that its recommendations "had no teeth to them," and that the continued escalation of college prices has proved that the government must take action.

He said it is frustrating to increase spending on the student-aid programs, only to see colleges continue to increase their prices so significantly. "We can never provide enough aid if colleges just keep raising their costs."

The congressman rejected the notion that his plan would impose price controls on colleges. Under the proposal, he noted, colleges would decide whether they wanted to reduce their prices. Nothing forces them to take federal student-aid money, he said. "Maybe some colleges will say, 'Hey, we're

going to raise our tuition no matter what.' And I say, 'That's fine, do that. But maybe the money we've been giving you can go to one of those kids who can't afford to go to college.'"

Critics of the plan say Mr. McKeon is being disingenuous in denying that his proposal would impose price controls. Colleges, they point out, rely on federal grant and loan dollars to help enroll low- and middle-income students. Without that aid, the critics warn, many institutions would have to close down.

Hurting the Needy?

Mr. McKeon's plan would ultimately hurt the needy students he is trying to help, the critics charge. "Depriving these students of federal grants, work-study funds, and loans in an effort to control prices will make it impossible for them to finance a college education," the American Council on Education wrote in April in a letter to Mr. McKeon on behalf of itself and 20 other college groups.

Some higher-education researchers say the proposal shows that the congressman, as well as many other policy makers, does not understand the factors that drive colleges to raise their prices.

"A college is not your local furniture store or other family business," said Gordon Winston, an economist at Williams College. At a store, prices go up when costs go up. That is true for colleges, too. But because tuition and fees do not fully cover the costs of educating students, colleges must rely on other sources of income, such as state appropriations and endowment earnings.

And if those other sources of dollars dry up, colleges are usually forced to decide between raising their prices or cutting back services, Mr. Winston said. In 1995-96, the latest year for which data are available from the U.S. Education Department, it cost four-year public and private colleges \$12,400, on average, to educate each student. But that student was charged only \$4,000, on average. Colleges must go to other sources to make up the difference.

'A Quaint Idea'

Efforts to artificially restrain prices, Mr. Winston said, are hardly ever successful. He points to California, which in the 1990s tried to hold down tuition and fees at public institutions. As a result of that policy, he said, public colleges in the state had to increase the size of classes, rely more on part-time faculty members and teaching assistants, and cut back on

courses, forcing many students to take longer to graduate. "It's a quaint idea that somehow we can mandate prices without affecting quality," the economist said.

Some other higher-education researchers, however, applaud Mr. McKeon for confronting what they see as a crisis. Patrick M. Callan, president of the National Center for Public Policy and Higher Education, a nonpartisan research group, said that while he does not support Mr. McKeon's mechanism, the congressman is "calling attention to a national problem of grave importance."

If college prices continue to escalate at a rate far greater than student-aid budgets do, Mr. Callan said, access to higher education for needy students will be imperiled. "The implicit position of college and university leaders seems to be that colleges ought to be able to charge whatever they think is appropriate, and it's the government's responsibility to make sure everyone can afford it," he said. "I don't think that's a tenable solution."

The federal government cannot solve the problem itself, he adds, arguing that college officials are eventually going to have to work together with federal and state policy makers to find a solution.

Mr. McKeon said his staff is in the midst of drafting a bill to carry out his plan. He is not sure when he will introduce it. The proposal will have to undergo changes, he acknowledges, but "that's just the way the legislative process works."

It remains unclear what other penalties colleges might face under the proposal, short of losing the crucial ability to award student aid. Mr. McKeon also wants to make sure that his bill would not require the Education Department to create a new bureaucracy to monitor college prices.

The congressman said he is prepared for a long battle. "It's easy to put money out and spend it and pat ourselves on the back and say we're doing a lot of good things," he said. "But if in 10 years, as many, or more, low-income kids don't go to college because they don't think they can afford to go, then what have we accomplished?"

IN DANGER OF LOSING AID?

Under a proposal by U.S. Rep. Howard P. (Buck) McKeon, a California Republican, colleges that increase their tuition and fees by twice the rate of inflation or higher for two years in a row would face sanctions, including a possible loss of eligibility to

participate in federal student-aid programs. (The rate of inflation was 1.6 percent in 2001 and 2.4 percent in 2002.) Here is a sampling of colleges that would have been penalized had the proposal been in place two years ago:

Public 4-year	
Clemson University	
Fall 2000	\$3,590
Fall 2002	\$5,834
Increase	62.5%
Ohio State University	
Fall 2000	\$4,383
Fall 2002	\$5,691
Increase	29.8%
Texas A&M University at College Station	
Fall 2000	\$3,374
Fall 2002	\$4,748
Increase	40.7%
Private nonprofit 4-year	
Baylor University	
Fall 2000	\$11,990
Fall 2002	\$17,214
Increase	43.6%
Loyola University New Orleans	
Fall 2000	\$15,481
Fall 2002	\$19,362
Increase	25.1%
Public 2-year	
Cape Fear Community College (N.C.)	
Fall 2000	\$863
Fall 2002	\$1,096
Increase	27.0%

Mississippi Delta Community College

Fall 2000	\$1,020
Fall 2002	\$1,400
Increase	37.3%

For-profit institutions

Briarcliffe College (N.Y.)

Fall 2000	\$10,400
Fall 2002	\$13,080
Increase	25.8%

Mount Sierra College (Calif.)

Fall 2000	\$5,985
Fall 2002	\$7,737
Increase	29.3%

Note: Published full-year, full-time tuition and fees (in-state for public institutions)

SOURCE: U.S. Education Department's National Center for Education Statistics

<http://chronicle.com>
Section: Government & Politics
Volume 49, Issue 34, Page A29



Easy-to-print version



E-mail this story

Copyright © 2003 by The Chronicle of Higher Education



Get 1 month free

chronicle.com/4free