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From: tomorrows-professor-bounces@mailman.stanford.edu on behalf of Rick Reis [reis@stanford.edu]
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Folks:

The posting below looks at some important factors impacting the rising costs of higher education. It is from the Stanford Report [<http://news.stanford.edu/>], October 12, 2012. © Stanford University. All Rights Reserved. Stanford, CA 94305. (650) 723-2300. Reprinted with permission.

Regards,

Rick Reis
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UP NEXT: Having the Tough Discussions: Deal with Difficult Situations, Not Difficult People

Tomorrow's Academia

----- 1,200 words -----

Universities Suffering from Near-Fatal 'Cost Disease'

William Bowen, president emeritus of Princeton, sounds the alarm, says the current higher education model is untenable.

With state colleges and universities enduring dire cutbacks, tuition hikes ubiquitous, and indebted students a staple of political speech-giving, there's little doubt in the mind of William G. Bowen that we are approaching a crisis in higher education.

"There's going to have to be a re-engineering of all this," Bowen remarked Wednesday evening in the first of two talks presented as part of the annual Tanner Lectures on Human Values. The series includes two evening lectures and two discussion sessions.

Bowen, president emeritus of Princeton University and of the Andrew W. Mellon Foundation, collectively titled his lectures "The 'Cost Disease' in Higher Education: Is Technology the Answer?"

The "cost disease" refers to a university's inability to implement efficiency measures to maintain productivity, like, say, a manufacturing plant might do. Russian teachers, for example, can't be shifted to the Spanish department. Another difference is the very definition of productivity. It is "maddeningly difficult in the field of education to measure both 'outputs' and 'inputs,'" Bowen said, but there is no question that returns to college students have gone up, both in dollar terms and otherwise. In general, he said, "college is a very good investment." Also, research productivity has risen hugely, thanks to technological innovation.

But there's no question that efficiency could be improved. As all citizens of a university campus know, there is duplication, centers that don't seem to do very much and ingrained institutional resistance to flexibility. Decisions are often compartmentalized in ways that make little sense, Bowen said, implying that business models are being imposed from the outside according to non-university criteria.

Furthermore, at elite universities such as Stanford, there is upward pressure in the form of salary and amenities competition, what Bowen called "the relentless pursuit of reputation" fueled, in part, by college rankings. Top-tier schools increasingly will do whatever it takes to ensure the best educational experience. Though competition does yield results, he said – which is why many American research universities are the best in the world – there is such a thing as "too much competition."

Many schools have programs that serve no real purpose, he said. As a result, students take ages to graduate because of insufficient resources and further weigh down the school's finances. And some students do not go to the right school for them, aiming either too high or too low.

Meanwhile, state schools – such as the University of California, the subject of one of the questions from the obviously concerned audience Wednesday night – are being crippled by diminished state budgets resulting in higher tuition, which further burdens citizens and ends up hurting the institution. At the same time, the upward cost curve is coinciding with steadily declining family income.

A question of will

Does all this add up to a serious problem, a crisis even? Yes, Bowen said, but it does not spell the end of higher education, neither for private schools nor for state universities. The question is how to do more with less. That, he said, is a question of will, not just resources.

With a night to think about the rather grim picture Bowen painted Wednesday evening, a crowd of professors and students gathered Thursday morning to continue the conversation. The respondents were two individuals well versed in the world of educational transformation: Stanford President John

Hennessey and Howard Gardner, a professor at the Harvard Graduate School of Education.

Gardner's remarks focused on the importance of the residential education model. If we just let students live in dorms and got rid of the classes, he asked, would it be Plato's Academy or Lord of the Flies? Admittedly, he said, universities everywhere have "fallen far from the ideals" of residential higher education, but we must figure out ways of preserving its virtues while reducing its cost. "Cut the frills," he said. "We're not competing with Marriott." Hire teachers who want to teach, embrace distance learning, cut support staff and maintain communities with society's most admirable values.

Chief among those values is the opportunity to know people from different racial and social backgrounds, and in that regard both Gardner on Thursday and Hennessey on Wednesday night, when introducing Bowen, mentioned the affirmative action case pending before the U.S. Supreme Court.

Hennessey talked numbers when it came his turn to respond to Bowen on Thursday, and the numbers say that the list price of a university education is swiftly rising. It's rising more slowly than lawyers' rates, he acknowledged, but that's not saying much.

"We should all accept the premise that residential and liberal arts institutions are the gold standard," he said. "The challenge is how to preserve the gold standard," even accepting that there are various classes of gold. Maintaining and nurturing a diverse student body entails community centers and theme dorms and even mental health facilities, which are all desirable but expensive.

A few schools – very few – have huge endowments to offset the costs, but that's not a long-term solution, and it's no solution at all for public schools being devoured by publicly mandated expenditures, Hennessey said.

Too many research institutions

A central part of the problem – and Hennessey confessed he is "a pessimist that this problem is going to get fixed" – is research, a point with which Bowen and Gardner agreed.

"We are trying to support too many institutions doing research," Hennessey said flatly. "We have to accept that we may not be able to afford that many research institutions." (That, Bowen remarked a few minutes later in an understatement, "is a very tough political problem.")

Engaging Bowen's question of the previous evening – do we have a cost crisis? – Hennessey said no, we have a cost problem. Where there's a crisis, he said, is in college completion, which hovers just over 50 percent in public schools. It's a bit higher for private schools, and plunges to 25 percent in the for-profit sector. And students who don't complete their education are often those carrying the greatest debt. They owe money and have nothing to show for it.

The public university model clearly is untenable, Hennessey said bluntly. "You just have to blow up the system."

As with the previous evening, the audience appeared captivated and worried, trying to get a handle on the tough choices ahead. Bowen's nonprofit organization for transformative educational technology is called Ithaka; he knows well that the journey will be long and winding.

"What will the university look like 10 years from now" once all the changes shake down, asked Daphne Koller, one of the commentators for a discussion session today, which will be devoted to

online education. Koller, a cofounder of the online education hosting company Coursera, is on leave from her position as a professor of computer science at Stanford. (This morning's discussion session will take place from 10 a.m. until noon in the Lucas Conference Room in the SIEPR-Landau Economics Building.)

"Ten years is not enough," Bowen replied. "Things will be all over the map. No single paradigm will emerge from all this."

The Tanner Lectures at Stanford are hosted by the Bowen H. McCoy Family Center for Ethics in Society and the President's Office.

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