

Finding Ways to Cut the Explosion in University Administrative Budgets

Testimony in Support of HB 2059

by Thomas K. Lindsay, Ph.D.

Key Finding

To marry lower education costs with higher education quality, universities must explore methods to reduce administrative bloat.

In Texas, and nationwide, college tuition and student-loan debt are escalating at unsustainable rates. According to the Texas Higher Education Coordinating Board, between 2002 and 2012, statewide average tuitions collected increased 115 percent, and fees jumped 61 percent. To pay for tuition, students and their parents have taken on historic levels of debt. At one trillion dollars, total student-loan debt is now—and for the first time in our history—greater than credit-card debt. Moreover, as reported by the Institute for Research on Higher Education, Texas “students and their families, already burdened by tuition hikes, have been forced to assume more responsibility for funding financial aid, too, through set-asides from tuition increases.”¹ The surge in tuition is pricing our top public universities out of the reach of middle-class families. Lower-income students have access to scholarships, grants, and other need-based aid. Higher-income parents can afford tuition for their children. But families in between are being increasingly squeezed.

Along with decreased teaching productivity, increased administrative staffing raises the price of college. “Forty years ago,” reports Benjamin Ginsberg, “U.S. colleges employed more faculty than administrators. But today, teachers make up less than half of college employees.” As documented in Ginsberg’s *The Fall of the Faculty*, “forty years ago, the efforts of 446,830 professors were supported by 268,952 administrators and staff. Since then, the number of full-time professors increased slightly more than 50 percent, while the number of administrators and administrative staffers increased 85 percent and 240 percent, respectively.” Adjusting for inflation, from 1947 to 1995, “overall university spending increased 148 percent. Administrative spending, though, increased by a whopping 235 percent. Instructional spending, by contrast, increased only 128 percent, 20 points less than the overall rate of spending increase.” Senior administrators have done particularly well under the new regime. From 1998 to 2003, deans and vice presidents saw their salaries increase as much as 50 percent, and “by 2007, the median salary paid to a president of a doctoral degree-granting institution was \$325,000.”²

Given the straitened circumstances within which students, parents, taxpayers, and state legislatures find themselves these days, the above statistics are disconcerting. Perhaps more alarming still is the fact that the affordability crisis in higher education appears to have had little effect on the growth in administration nationally. According to the *Higher Education Employment Report*, “colleges and universities continued to focus more on hiring administrators and executives over faculty in Q1 2012, although the rate of change has slowed.”³

All of this has not been lost on prospective students and their parents. According to a recent Pew Research Center study, 57 percent of potential students nationally say that the higher education system fails to provide good value for the cost, and 75 percent say college is unaffordable.⁴ In Texas in late 2010, Baseline and Associates conducted a public opinion survey commissioned by the Texas Public Policy Foundation. The survey reveals that strong and, at times, overwhelming majorities of Texas voters think the state’s public colleges and universities can reduce their operating costs while improving teaching. The survey found:

- Eighty percent of Texas voters think Texas colleges and universities can be run more efficiently, with 50 percent strongly believing so.

- Seventy-one percent of voters—44 percent strongly—believe that Texas colleges and universities can improve teaching while reducing operating costs.
- Eighty-seven percent of Texans believe that the most important purpose of a university is to educate students, while only six percent say it is to conduct research.
- By a margin of 81 percent to 14 percent, respondents believe that tuition dollars should be used to teach students and not be used to subsidize research.
- Eighty-seven percent of voters believe college professors should be required to teach in the classroom at least six hours per week (nine percent disagree).
- When asked how universities should deal with the budget shortfall, the **top three choices** of voters were:
 - (1) Reduce administrative overhead;
 - (2) Delay new facilities; and
 - (3) Require professors to teach more students and do less research.

Raising tuition or taxes were the **least favorable options**, at six percent and 10 percent respectively.

- Eighty-one percent believe that colleges and universities can be run more efficiently.
- Ninety percent of voters believe there should be measurements in place to determine the effectiveness of the education delivered and material learned by students at colleges and universities, while only seven percent disagreed.

In order that precious taxpayer dollars might be redirected to teaching and learning, the Legislature should mandate that all universities conduct feasibility studies of a 10 percent reduction in their administrative staff budgets. The fruits of such studies promise to help Texas public higher education marry lower education costs with higher education quality.

Thank you for considering my testimony. I am happy to address any questions you might have. ★

¹ Thomas K. Lindsay, "Higher Education Affordability," in Texas Public Policy Foundation Guide to Legislators: 2013.

² Benjamin Ginsberg, *The Fall of the Faculty: The Rise of the All-Administrative University and Why It Matters* (Oxford University Press, 2011).

³ *Higher Education Employment Report* (2012).

⁴ "Is College Worth It? College Presidents, Public Assess, Value, Quality and Mission of Higher Education" Pew Research Center (15 May 2011).

