

BOOK REVIEW

RESTORING THE PROMISE: HIGHER
EDUCATION IN AMERICA

RICHARD K. VEDDER

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TIMOTHY D. TERRELL*

Higher education in the United States is facing a reckoning, and none too soon. Americans pay more per college student than any other country in the world, and the payoff is increasingly in doubt. The core mission of colleges and universities—teaching students—has suffered, as these institutions erect resort-like facilities, pursue politicized agendas, chase after athletic glory, and lavish resources on research of limited value. But a growing national skepticism about higher education, promising new technologies, and the rise of alternative institutions provide hope for students of the future.

Richard Vedder's *Restoring the Promise*, a sequel to his 2004 book *Going Broke by Degree*, documents the decline of American higher education—a decline that is likely to generate not only larger

* Timothy Terrell (terrelltd@wofford.edu) is T.B. Stackhouse Professor of Economics at Wofford College and a Senior Fellow at the Mises Institute.



numbers of poorly-served students and more wasted taxpayer dollars, but the shuttering of some hallowed institutions. Drawing on a career's worth of research in this field, Vedder shows how the key problems facing higher education—including high cost, deteriorating learning, and mission drift—are traceable to increased government intrusion into education.

While the earnings differential between college graduates and those with less education was once rising, that gap has stopped increasing. How much of that gap is due to knowledge gained in college (as opposed to costly signaling) is in doubt, as Bryan Caplan has pointed out in his recent book *The Case Against Education*. But it is quite clear that many students are getting less education per dollar than did previous generations. Some of the most tragic cases are students who are enticed into pursuing a college degree but either cannot finish or perform poorly. As Vedder points out, “a large portion of new students never graduate, and those who graduate near the bottom of their class typically get jobs that pay little more than what high school graduates earn.” (p. 4)

Colleges and universities have enjoyed great success at securing government subsidies, and even private institutions are heavily dependent on government funds channeled through federal financial aid and state subsidies provided to their students. Subsidies are typically justified on three grounds: 1) that higher education creates positive externalities, 2) that lowering the education costs for poorer students can serve an egalitarian purpose, and 3) that higher education and associated research provides a higher rate of return than what the government pays on its borrowed funds. These are problematic arguments. For instance, some of the positive spillovers are probably illusory, as the lower crime rates, better health habits, and other traits of college graduates might have been observed in those same individuals had they not chosen to attend college. Vedder points out that students who pay for their own tuition tend to perform better—more expensive private schools have higher graduation rates, for example. (p. 23) Subsidies remove some of the incentive to finish well, and finish quickly. Credential inflation, too, is a problem, as employers use the requirement of a college degree as a screening device, even though the degree itself contributes no knowledge useful to the job. Without subsidies, some of these graduates might have ended up with the same job, though without spending four years of their lives

and some of their own money obtaining the credential. (pp. 84, 85) Vedder points to the 2011–17 enrollment decline as evidence that people are catching on to the lower payoff from higher education, though demographic shifts or an improving economy might have something to do with the change in enrollment.

Vedder's exposure of the giant financial boondoggle that is higher education is one of the best features of *Restoring the Promise*. A university campus tends to underutilize physical resources, with classrooms, faculty offices, dormitories, and other facilities sitting idle a third or more of the year. While the fraction of higher education spending devoted to instruction and research has fallen to less than half of the total spending of colleges and universities (p. 175), spending on "overhead" such as non-teaching staff has exploded. Many of these are various staffers charged with seeing to the social, medical, mental health, and other needs of resident students, and administrative "deanlets" providing sometimes dubious contributions to the core mission of the institution. At the University of California, "there are more than 2,000 employees in the Office of the President, and that does not count the senior administrative officials and their staffs at each of the ten campuses of the institution." (p. 192). The bloat of non-instructional staff has important financial implications—as Vedder points out, if the ratio of university bureaucrats to faculty had remained the same from 1976 to 2011, there would be over half a million fewer university bureaucrats, and tuition could have been reduced 20 percent. (p. 190)

Why are colleges and universities trying to be one-stop shops for all student needs, providing food, housing, and social, medical, and therapeutic services? American universities provide food and housing, while many European universities do not. In America, college room and board costs rose 70 to 80 percent in inflation-adjusted dollars at four-year institutions from 1976 to 2013, while in the economy at large, housing and food away from home rose only a tiny fraction of that amount. (p. 199) While the quality of room and board is clearly better than it once was on campuses, Vedder suspects that one cause is the use of room and board fee increases as a somewhat less transparent way to raise the overall price for students.

Not only are taxpayer funds being wasted, but trusting private donors hand over sums large and small to fund endowments that

are misdirected. As Vedder shows, endowments generally don't lower the cost of tuition, and the fungibility of endowment dollars allows the administration to direct funds largely as it sees fit. Only occasionally do we see a university receive its comeuppance for its malfeasance, as when the University of Missouri was forced in 2019 to turn over funds intended to support Austrian scholars to the donor's designated watchdog, Hillsdale College.

Traditional methods of evaluating quality in higher education are dysfunctional. Accreditation might be supposed to push colleges and universities toward higher standards, but it is largely toothless and uninformative—Vedder describes it as “an expensive joke.” (p. 329) Disaccreditation is so rare that it's not much of a threat. Outside evaluators like *Forbes* and *U.S. News* give far more information of interest to prospective students, in contrast to the binary status options for higher education institutions—they either are accredited or not. Transparency is sorely lacking in accreditation, and conflicts of interest are rampant. For instance, as Vedder points out, 12 of the 13 members of the Southern Association of Colleges and Schools (SACS) Executive Council earn income from a SACS accredited school. And rather than look at outcomes, accrediting organizations tend to look at inputs, e.g., what proportion of faculty have terminal degrees, how many books are in the library, what is the typical faculty teaching load? The connection between these and the performance of graduates is tenuous, but for accreditors who are essentially a club of administrators and faculty, protecting the value of their colleagues might come before enhancing outcomes for students. Educational innovators, such as the for-profit sector, find themselves facing multimillion-dollar barriers to entry when trying to obtain accreditation from scratch. Furthermore, with federal education dollars tied to accreditation status, the fact that accreditation agencies are themselves “accredited” by the Department of Education means that the federal government can use accreditation to force innumerable mandates and restrictions on colleges and universities. Accreditation agencies need either a fundamental shift in governance and method, or outright elimination.

Colleges and universities are under overwhelming pressure to address diversity and equity problems in higher education. And yet a widely accepted mechanism for resolving these problems—race-influenced admissions policies—may not be helping promote

equal educational opportunity. “Indeed,” Vedder says, “one can plausibly argue that some colleges have deceived and misled and financially maimed minority students while sanctimoniously arguing they are sensitive and supportive of the needs of this population.” (p. 277) While some minority students are victims of “undermatching,” whereby well-qualified students attend schools that are lower quality than those they could have been admitted to, this is “relatively commonplace amongst all races and ethnicities.” (p. 277) Referencing work by Richard Sander and Stuart Taylor (2012) that examined affirmative action law school admissions, Vedder points out that *mismatching*, whereby students bypass good-quality schools to enter schools for which they are not prepared, has had serious financial consequences as failure to complete a degree leaves a student with significant student loans but no income-boosting degree with which to repay the debt. “It is better to be a graduate of a mid-quality law school with a job as a lawyer than to be a dropout of a prestigious law school with no legal career but a good deal of debt.” (p. 278)

Intellectual diversity, meanwhile, is not a priority with most colleges and universities. Vedder references a Higher Education Research Institute survey which shows that there were about five times as many professors on the political left as on the political right at baccalaureate institutions. In some disciplines, the political orientations are almost comically lopsided—one study showed, for example, that 72 percent of sociologists were Democrats while only 3 percent were Republicans. “Probably the most balanced of the core social science and humanities disciplines is economics, where studies show roughly equal proportions of Republicans, Democrats, and Independents—pretty representative of the American people.” (p. 281). Outside speaker invitations show further evidence of ideological imbalance: a study by Vedder and Joshua Distel (2018) looking at almost 7,000 speakers on about 200 campuses found that “for every two visitors with an identifiable distinctly right-of-center political orientation, there were seven with a left-of-center one, with the leftish orientation far more pronounced at the highest reputation schools....” (p. 281)

While, according to Vedder, “the traditional residential college is not going to die anytime soon,” (p. 302) changes are coming. But the changes are likely to come from outside traditional colleges, not

from inside. While administrator power has risen, the influence of the faculty has diminished. Despite the protection of tenure, faculty who fall afoul of the administration—perhaps because of outspoken opposition to the direction of the college or because of ideological differences—can be punished and even effectively fired. “[S]enior university administrators who dislike tenured faculty members can try to use... the Star Chamber approach to hound out faculty they find annoying.” (p. 330) College trustees, Vedder says, “remain theoretically powerful but realistically usually fairly clueless and under the thrall of the administration....” (p. 297) Trustees are given the Potemkin Village treatment, presented with a carefully filtered view of the college’s situation and the concerns of senior faculty. As Vedder points out, “often the errors of omission in information reporting give the trustees a distorted view and lead thus to inappropriate decisions... [and to] rubber-stamp policies that may be inappropriate.” (p. 297)

Disruptive innovation will be the key to change. While it is difficult to predict what that will look like, there are several possibilities. Innovation is likely to entail more competition in one form or another, challenging the educational cartel that characterizes accredited higher education today. Competition could appear on multiple margins. Perhaps some colleges will retain a substantial component of non-academic consumption and socialization, as they do today, while others will drop student entertainment, athletics, residence halls, and medical services and market their laser-like focus on formal education. Private organizations may develop nationally administered exit examinations (p. 338) that allow bright and/or hardworking students a better chance to finish early while focusing on outcomes rather than inputs to education. Competing exit examinations with different emphases or difficulty could provide students with a range of possible signals to communicate to potential employers.

Maybe accrediting organizations could find a useful purpose in promoting innovation instead of stifling it—for instance, accreditors could accredit courses, not just schools as a whole. Easing transfer credit restrictions would be possible with course-level standards across institutions. And in the extreme, why couldn’t a student cobble together a degree from a variety of accredited course providers, certified perhaps by one of the universities or by a group like the

National Student Clearinghouse or the ACT testing organization? (p. 336) This might not go over well with less effective faculty who take advantage of institutional limits on transfer credits, enjoying a captive market for their low-quality courses among students who were attracted to the institution by higher-quality courses taught by others. But the day may come when professors are less able to free-ride on the reputation of the institution as a whole. They could, as Vedder suggests, “be independent contractors, selling their instructional and research services to the university, which would be the course aggregator and degree certifier.” (p. 337) Shifts in this direction are already occurring, with the increase in the proportion of adjunct faculty relative to tenured or tenure-track faculty. There are some problems with this, such as the fact that adjunct faculty tend to be far less engaged in institutional governance, curriculum development, and campus socialization. An engaged, tenured faculty can push back against administrative overreach in ways that adjuncts cannot. But to the extent that tenured faculty use their influence to secure perks for themselves and push teaching loads ever lower, a model that increases competition at the instructor level and even ends tenure could produce some salutary results.

Vedder wraps up *Restoring the Promise* with some suggestions for changes in higher education that might reduce costs while increasing effectiveness. Among these: ending or revising federal student financial aid; increasing faculty teaching loads; instituting year-round instruction, possibly coupled with internships; ending governmental discrimination against for-profit schools; reevaluating tenure; imposing maximum average GPAs for state universities; eliminating colleges of education; ending speech codes; and requiring a core curriculum that covers the basics of civics and culture. (pp. 344–53) These are excellent ideas, though I am not enthusiastic about his proposal to encourage better use of university space by removing tax exemptions on “facilities that are not directly related to academics: Housing and food facilities, stadiums, recreation centers, and student union buildings...” (p. 345) or to end tax deductibility for “donations by wealthy alums for stadium sky boxes used perhaps eight times a year to attend contests involving throwing balls....” (pp. 345–46) To my mind, reducing tax burdens is more important than ending distortions created by preferential tax treatment.

Restoring the Promise is essential reading for those trying to wrap their heads around the many serious problems in America's ivory towers. Colleges and universities can be saved from their politicized sclerosis, and Vedder's engaging and thoughtful analysis shows us how.

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