

# Report: Cato Analyzes Taxpayer Cost of Higher Education

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B. A. Birch

The Cato Institute's Center for Educational Freedom is releasing a new report on the taxpayer cost of higher education



Common thought is that the American higher education system is strapped for cash and it is the tightfisted taxpayers that are to blame. Taxpayer support for postsecondary education has long been in decline, this narrative goes, and has forced schools to continually raise tuition to make up for the losses, writes Neal McCluskey, associate director of the Cato Institute's Center for Educational Freedom.

However, as a new report by Cato shows, tallying taxpayer-backed expenditures on higher education over the last quarter-century, and separately tallying 15 years of taxpayer burdens after accounting for student loans being paid back, this narrative is inaccurate.

The [new report](#) by the Cato Institute shows, among other things, that real taxpayer support for higher education rose from roughly \$108 billion in 1985 to \$264 billion in 2010. On a per-taxpayer basis the burden rose from \$577 to \$1,068.

“No matter how you slice it, the burden of funding the Ivory Tower has grown ever heavier on the backs of taxpaying citizens. Whether one examines taxpayer dollars in total, per enrollee, per degree, or per tax-paying citizen, real spending has gone up.”

The report indicates that the additional spending and the additional students and degrees it has helped to fund do not ultimately constitute a net societal gain. Instead, McCluskey points out, all the coerced, thirdparty support seems to have produced several damaging, unintended consequences: credential inflation, sky-high noncompletion rates, and rampant tuition inflation.

“In other words, the money taken from taxpayers, in total and on an individual basis, to “invest” in higher education has been on the rise, and it appears to be hurting both taxpayers individually and society as a whole.”

McCluskey is keen to highlight the fact that this is money coming out of real people’s wallets. “We have taken money from people who would have used it more efficiently than has the system to which it was given.”

If this spending was translating into cheaper college costs and much greater acquisition of economically needed skills and abilities then this could be justified.

However, the report shows that instead we seem to be financially endorsing fostering rampant tuition inflation, dismal college completion rates, and massive overconsumption of higher education.

“In other words, it is almost certainly creating a net loss for society, and as many in the Occupy Wall Street movement will tell you, for many students as well.”