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NONPROFIT NEWSWIRE

Report: Nonprofit Colleges Have Higher Profit Margins than for Profits



JUNE 16, 2011 RUTH MCCAMBRIDGE

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June 15, 2011; Source: The Chronicle of Higher Education | A recent report written by Vance H. Fried of the libertarian Cato Institute says that nonprofit colleges and universities have higher profit margins than their for-profit, and to a lesser extent their public, counterparts and charges that the excess profits from undergraduate education, estimated at \$12,800 per student, are being invested in research and graduate education. This, he says, does not benefit undergraduates, a point which we bet many academics would be willing to debate. The report, perhaps predictably, suggests that federal aid to students be cut entirely, arguing that the subsidies are driving up prices. This would staunch the "transfer of wealth" from taxpayers to institutions of higher learning and, the author argues, save taxpayers \$50 billion to \$60 billion annually. What do you have to say about this?— Ruth McCambridge

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