

Just Blowing Smoke...

THURSDAY, MAY 10, 2012

The Value of Higher Education

I started to do some research for an effort about the cost of higher education this week; concerned about the \$1 trillion dollars in student loan debt, yet another politically motivated debate on a program that is little more than federally funded 'price fixing' where interest rates on college loans are concerned, and disquiet that the price of a college education might be rising far faster than the national rate of inflation would predict. College tuition seems to be the issue de jour in politics these days, as the campaigns vie for student votes in an election year; and as a consequence, the obligatory pandering to their suffering is currently going on.

In fact, according to [this ABC piece](#), tuition costs rose in last year at a level of 8.3% (for at least one type of college), while the inflation rate was only 3.6%. ABC was even kind enough to break the numbers down for all of us, so I highlighted them for you here below:

1. **Published in-state tuition and fees at public four-year institutions** average \$8,244 in 2011-12, \$631 (8.3 percent) higher than in 2010-11.
2. **Published tuition and fees at for-profit institutions** average an estimated \$14,487 in 2011-12, 3.2 percent higher than in 2010-11.
3. **Published out-of-state tuition and fees at public four-year colleges and universities** average \$20,770, \$1,122 (5.7 percent) higher than in 2010-11.
4. **Published tuition and fees at private nonprofit four-year colleges and universities** average \$28,500 in 2011-12, \$1,235 (4.5 percent) higher than in 2010-11.

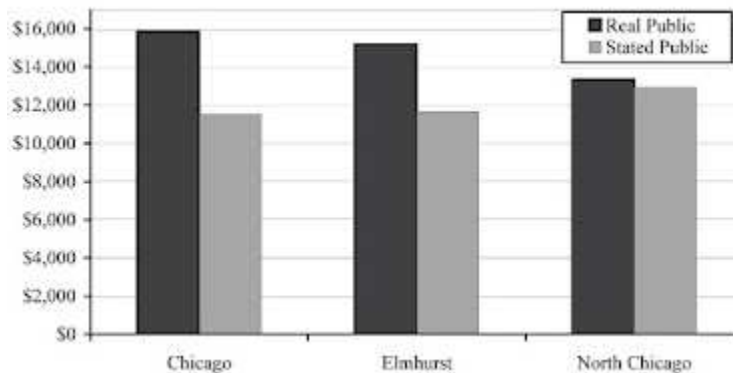
(These numbers reflect costs per semester, and therefore double as an annual tuition cost. Note that I did not include costs associated with living on campus that were available in this piece, as they are not 'tuition' costs, and for reasons which will quickly become apparent.)

When I looked at these numbers, a couple of things struck me however. First, that the greatest increase in percentage was in in-state tuition at public universities, though the dollar amount itself didn't seem life threatening. Second, that most of the other increases were pretty much in keeping with the inflation rate, give or take a point or two. Third, that the 'choice' of a for-profit university can get pricey in a hurry; and that looking at out-of-state tuition or that of a private non-profit school could get downright expensive.

There was something about that first number that kept nagging at me however, and I was forced to continue digging through old notes and efforts until I discovered why this was. What I discovered not only took me aback, but changed the direction of this piece entirely.

What I rediscovered was a paper on policy analysis done by Adam B Schaeffer of the CATO Institute entitled, "[They Spend WHAT? The Real Cost of Public Schools](#)" on March 10 of 2010. This CATO Policy Analysis, #662, remains spot on though now two years old. I highly recommend that you take the time go over the material contained in this 32 page effort on the state of public education in this country.

Having grown up and attended schools in both the suburbs and city of Chicago, it was rediscovering the numbers that I had once read about the place of my birth that now began to haunt me. Rather than bore you with trying to explain them, I have cut and pasted the requisite graph and chart below in order to simplify.



2010 money spent on K-12 education in three areas of Chicago as provided by the district and as actually spent.

Table 5
Per-Pupil Spending in the Chicago, Illinois, Metro Area

District	Real Public	Stated Public	NCES	Estimated Private	Higher than Stated	Higher than NCES	Higher than Private
Chicago (city district)	\$15,875	\$11,536	\$11,051	\$8,849	38%	44%	79%
Elmhurst (high-income district)	\$15,205	\$11,679	\$14,191	\$8,849	30%	7%	72%
North Chicago (low-income district)	\$13,348	\$12,959	\$12,163	\$8,849	3%	10%	51%

Now for those of you who weren't paying attention in math class, what these numbers appear to indicate are a couple of things that we've long known, that the amount of taxpayer money reportedly spent is not always that actually spent, and that private schools provide an education for less than their public school counterparts (*and in some cases, far less*). It also seems to glaringly indicate that two years ago in Chicago at least, taxpayers were paying about the same per student for K-12 education that the average college student pays in 2012 in the way of college tuition at an in-state institution of higher learning (*if we adjust for two years of inflation, it seems almost certain*).

It seems apparent therefore that it's in fact not the cost of higher education that's too high, unless those demanding more funding for K-

12 education are likewise willing to concede that the mostly failed effort of a government-controlled education system is in fact also too high (*something that I would gladly do*). It also seems logical to conclude that many more could afford to pay for such education for their children (*as they have a K-12 education*), if they weren't already paying taxes for someone else's child's education at the same time (*you know much as parents whose children attend private schools do for others every day*).

As for those who view such numbers as these and still choose expensive for profit universities, out-of-state, or private schools, the vastly greater funds you will spend on tuition can teach you a different and valuable lesson that most of us learned outside of the classroom and far more cheaply; that while either will get you where you're going, a Cadillac costs more than a Chevy (*unless of course, it's a 'Volt'*). And for those whose four year education has earned them little more than a place in the unemployment line, perhaps it was not the cost of their education that was the problem, but the value of what they '**chose**' to learn while obtaining it.

Posted by [Timothy W Higgins](#) at [Thursday, May 10, 2012](#)