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## College Presidents Defend Rising Tuition, but Lawmakers Sound Skeptical

By TAMAR LEWIN

Two dozen college presidents and policy experts defended the rising costs of tuition on Monday and argued against forcing colleges to spend more of their endowments.

But Senator Charles E. Grassley, Republican of Iowa, and Representative Peter Welch, Democrat of Vermont, who convened a round-table discussion on the subject, indicated that they would continue their effort to push universities to justify their tax exemptions by spending more of their endowment money.

“Tuition has risen at twice the rate of per capita income,” Mr. Welch said, “and this year it will cost just under \$50,000 to attend the average private college. If the cost of milk had risen as fast as the cost of college since 1980, a gallon would be \$15.”

Mr. Grassley said it was only fair to ask whether universities were doing enough for society, given that the value of their tax exemption, in the 2007 fiscal year, was more than \$17 billion. He cited a survey finding that in that year, universities earned an average return of 17.2 percent on their assets but spent only 4.6 percent.

The two richest universities, Harvard and Yale, together have about \$60 billion in endowments.

“If an institution could educate all of its undergraduate students, regardless of need, free of charge, with a payout of just 1 percent of its assets, is its endowment an unreasonable accumulation of taxpayer-subsidized funds?” Mr. Grassley asked.

Although Mr. Grassley has repeatedly suggested that he would like to mandate that the richest universities spend 5 percent of their endowments each year, as private foundations must, there was no hint on Monday that any specific legislation was on the horizon.

In fact, Mr. Grassley’s closing remarks gave some comfort to university leaders, who oppose such legislation. He described his earlier experience looking into problems with nonprofits, saying his initial assessment was that it would take “a massive amount of legislation” to correct the problems. But after discussions with nonprofit groups, he told the educators, “a lot of the things that needed to be corrected were self-corrected,” He added, “We’d like to encourage you folks to look inward and correct what can be corrected.”

In January, the Senate Finance Committee requested detailed endowment and spending data from 136 colleges and universities with endowments of at least \$500 million.

Education leaders said Monday that many universities had been taking steps to make college more affordable.

“Total student aid provided by institutions has more than doubled in the last decade, from \$11.4 billion to \$26.3 billion,” said Molly Corbett Broad, president of the American Council on Education.

Ms. Broad pointed out that despite all the attention to the richest universities and highest tuitions, most universities had small endowments. Only 3 percent of the nation’s college students are at institutions costing \$25,000 a year or more, she said, and just 75 universities control 71 percent of all endowment assets.

Daniel Fogel, president of the [University of Vermont](#), said that despite rising costs, his university had reduced expenses by \$886 per student since 2002 to cope with shrinking public financial support. A majority of undergraduates at his university come from out of state, and their higher tuition helps subsidize Vermont students, Mr. Fogel said, but even so, he said he worried about the fiscal future.

“In Vermont, we worry that our business model will break before long,” he said.

In the discussion, many of the educators took pains to explain why higher education, and therefore tuition, is so expensive.

[Shirley M. Tilghman](#), the president of [Princeton University](#), said that keeping up with the explosion of knowledge was an inherently expensive process, as the emergence of new fields of knowledge, like genomics, required new spending.

“When Princeton made the commitment to create a Genomics Institute, we did not turn around and cancel the department of classics,” she said.

Anthony W. Marx, the president of Amherst College, acknowledged that higher education was not an efficient process. “We have an eight-to-one faculty ratio, we sit in a room and we talk for hours, that’s what we do,” he said. “It costs us \$80,000 a year to educate each student.”

Mr. Marx, who has been a leader in recruiting low- and middle-income students by replacing loans with grants, said he worried that the high sticker price at Amherst and other elite colleges scared off low-income families, even though they would not have to pay it.

Those representing wealthy universities spoke of worries that a required spending rate would interfere with their ability to manage economic downturns, and described the complications of dealing with restricted gifts that could not be used for financial aid.

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