Intro

Thank you for the opportunity to discuss college affordability in Iowa public universities. It is a privilege to be with you Chairman Collins, Ranking Member Burns, and other members of this committee.

A few years ago, I wrote a report on college affordability and administrative bloat called Priced Out. Besides digging through higher education data and filing public records requests, a major part of my research was interviewing students, parents, and college administrators. When talking to individuals who had experience with higher education today, I saw a theme emerging: higher education wasn't living up to its promise of opportunity and social mobility. It was instead doubling down on waste and political activism. College was becoming too expensive to justify for many Americans, and that combined with extremist political culture was only going to alienate it further from ordinary Americans if nothing changed. While some people I talked to at the time seemed aware that a crisis was on the horizon, many still clung to their rapidly fading notion of what college used to represent.

Today, things are different. People are quickly awakening to the reality that higher education is facing a crisis of confidence. Some administrators seem to be aware of the crisis facing higher education, but they don't know how to fix it. Much of that is because policy discussions around these issues can be difficult, if lawmakers even have the will power to address them seriously.

One of the reasons Iowa caught my attention is because I believe members of this newly created committee have touched on important issues like runaway costs and mission drift, and they are doing so with courage. If Iowa can implement reforms that actually help with these issues, its approach to restoring higher education could serve as a model for other states.

Slide 2: Crisis of Confidence

Our higher education institutions are deeply important – they serve as economic engines for the community and train the future leaders of our country. Graduates go on to work in governments, schools, and medical institutions. They have been a key tool for social and economic mobility – there are a litany of studies on the financial returns to college education.

It is for these reasons that universities have generally had a positive reputation among Americans. But that's changing.

A recent Gallup poll found growing distrust of universities across all political groups, but especially major declines among both Republican and Independent voters. The top reasons among dissatisfied respondents were 1) Political agendas 2) Wrong Focus and 3) Costs.

Slide 3: Political Agendas

On the politicization front, there are a couple major events that have led the public to sour on higher ed. During and after the 2016 election, many universities did not handle the results well – from hosting "cry-ins" for students upset by election results to canceling classes. For many everyday Americans, they can't afford to attend a cry-in when an election doesn't go their way – they have responsibilities to fulfill. Post-2020, universities doubled down on so-called racial justice initiatives, engaging in language policing through bias response teams and telling people they had privilege simply due to the color of their skin. And the final blow was when universities struggled to condemn the Oct. 7 Hamas terrorist attacks, despite weighing in on other geopolitical issues like the Russia-Ukraine war.

Universities have communicated that only certain political views matter, certain people are worth protecting while others are left to fight against the mobs.

These kinds of criticisms typically come from the right, but more people across the political spectrum are sounding the alarm of the disastrous consequences of politicizing the academy.

Slide 4: CHE Piece

Here is a short excerpt from a Case Western professor, who believes universities set themselves up for an "existential crisis" (edited for brevity)

"Starting around 2014, many disciplines — including my own, English — changed their mission. Professors began to see the traditional values and methods of their fields — such as the careful weighing of evidence and the commitment to shared standards of reasoned argument — as complicit in histories of oppression. As a result, many professors and fields began to reframe their work as a kind of political activism.

The costs of explicitly tying the academic enterprise to partisan politics in a democracy were eminently foreseeable and are now coming into sharp focus. Far from representing a powerful avant-garde leading the way to political change, the politicized class of professors is a serious political liability to any party that it supports"

Slide 5: Iowa politicized

Public universities in Iowa are no exception to pushing students into accepting progressive views and ideas as unquestionable truth. As many of you are aware, the University of Iowa offers a bachelor's degree in Social Justice, where students learn how "language is at the root of oppression."

Iowa State University has a course on building DEI skills in university student affairs practices.

University of Northern Iowa has a course on social justice in children's books.

A side note, as I was going through the course rosters for each university, the politicization isn't spread across equally among departments. Those with established standards and rigorous methodologies and practices, such as Engineering or Economics rarely had such programs. But those that have gotten into the weeds of politics – Gender Studies, Social Work, Theater – were more likely to have these kinds of activist-bent courses. And it's worth mentioning because these majors also tend to have negative return on investment

Slide 6: ROI

Let me talk a bit now about where I think universities have lost focus. I mentioned earlier that many studies looked into the financial returns of education, and I should add most of them find positive returns on average. However, there is some evidence that those returns are shrinking. And most importantly, those returns vary significantly by major and by school.

These returns are important, because for many ordinary Americans, the primary reason to attend college is to get a good job. This is what I found when talking to students and families for my research, and it's corroborated by other surveys. Public universities should take this particularly seriously because of their mission to provide an affordable post-secondary education. So that's why you may have heard a lot of talk about ROI, or return on investment.

The ROI of a college education is the additional income you earn from having the degree, net of the costs you pay to get the degree. So if the additional income is higher, or the cost of education is lower, the ROI goes up. As you might expect since the returns to college are on average positive, most programs have positive ROIs. And while you don't want to have a low ROI, it's quite appalling to have a negative ROI.

For the next couple of slides, I am showing all bachelor degrees at Iowa public universities that had negative ROIs – or in other words, left students worse off than if they hadn't gone to college at all. This data is on the Foundation for Research on Equal Opportunity's website and uses federal data sources such as the College Scorecard and American

Community Survey. While the methodology is not mine, I will do my best to answer questions if you have any.

Slide 7: U of Iowa

The University of Iowa had 10 programs with negative ROIs, including programs like Gender Studies, English, and Social Work.

Slide 8: Iowa State

At Iowa State, there were 5 such programs like Nutritional Science and the Performing Arts.

Slide 9: UNI

At UNI, there were 6 programs with negative ROIs, such as Family Studies and Music.

Many of the programs that were negative ROI are well known to suffer from ideological capture, such as Anthropology, Social Work, and Gender Studies. In fact, the University of Iowa's Social Work department offers a course called "Foundations on Critical Cultural Competence." The professor teaching the course says in her CV that she introduced "racial caucus/affinity groups to accompany reading materials like the book "Me and White Supremacy." According to NPR, this book is about helping white people confront white privilege.

We also know graduates of some of these programs, like those in the performing arts, generally struggle to find work after college due to a low demand field. When they do find work, compensation is often low.

But this is what we mean by "losing focus" : when a program causes students to be worse off than if they had not gone to college at all, it means there is a serious disparity between what is being taught and what is valued in the market – in the "real world," if you will.

There is some nuance to the discussion of ROIs. Programs with a positive ROI can still have some courses that are distractions. Programs with negative ROIs are not necessarily worthless fields, but they just so happen to be a poor investment at that particular university. In an earlier slide, UofI showed English as a negative ROI program. But at Penn State, it's positive. That being said, certain programs tend to have negative ROIs or low ROIs at most universities, and others tend to have positive ROIs.

The point I'm making is that negative ROI programs funded at state universities should be concerning. That's because the state government is giving its stamp of approval – it is telling prospective students that these programs are good and it's telling taxpayers their funds are being used to support students who will be worse off going to college – that isn't a good use of taxpayer dollars.

Slide 10: Costs

The final point I'd like to touch on are costs.

Slide 11: Iowa Tuition vs. Household

College has become more expensive, and Iowa isn't an exception.

This graph shows the % change in tuition and the % change in household income for Iowans since 1984.

We see that tuition at Iowa universities increased by 190% during this time period. But household income only increased by 40%. We are going to call the distance between tuition and household income the affordability gap. And that gap is 150 points. In other words, the cost of getting a higher education in Iowa is becoming increasingly unobtainable for the average Iowan family.

Usually when I or anyone else points this out in a public setting, I hear the following response: "This just proves that we need to increase state funding of higher education! If only state appropriations were higher, tuition would be lower and more affordable." If only it were that simple. Reallocating revenue between tuition and state funding is a lot like rearranging the deck chairs on the Titanic. And that's because these are just two ways of funding a system that is becoming ever more expensive.

If you fund higher education with tuition, the costs fall primarily on the people who choose to attend college. That's probably a more fair approach, since those are the people who benefit from college, but it's politically problematic because it imposes a large, visible cost on those people. If you fund it through state appropriations, every Iowa taxpayer, regardless of whether they personally benefit from college, gets to pay for it. It's less fair, but politically easier because people don't see the bill for "supporting Iowa colleges" on their tax returns.

Slide 12: Iowa Expenditures

The reason neither of these address the real problem is because however you fund the universities, the cost of funding them goes up over time. Universities continue to spend more and more as the years go on. Look at Iowa public universities as an example: The University of Iowa today spends twice as much per student as they used to in 1984. This pattern is replicated across the country. If we don't address the rising costs of college, not just the rising prices, then we will always be strapped for cash, trying to figure out how to finance this ever-increasing expense.

Slide 13: How do Iowa Universities Spend Their Money?:

So if we want to fix the problem of rising college costs, we need to understand how universities spend their money and where cuts could potentially be made. I've prepared the following analysis of Iowa public universities using US Dept. of Education data for the latest year available, which is the 2023-2024 academic year. I've excluded certain categories of expenditures, such as hospitals and other independent operations, since they are generally revenue-producing and largely separate from the university's instructional mission.

Today, universities spend less of their money on instruction than many people would expect. At the University of Iowa and Iowa State, only 25% or so of expenditures go toward instruction. At UNI, which has less of a research focus, it is 35%. At research universities the largest other category of expenditures is typically for research. For instance, at U of Iowa, research expenses make up almost a third of expenditures. After that, we start to get into categories that could be called "administrative."

Where many people go wrong is to assume that only one of these categories, institutional support, is where so-called "administrative bloat" could be found. For instance, the Board of Regents calculated the ratio of administrative spending to instructional spending as 12 cents on the dollar. But they mistakenly limited the definition of administrative spending to just institutional support. Really, administrative spending exists in all budget categories, including instruction. However, it is most focused in academic support, student services, institutional support, and public service, which together make up around a third of university expenditures in Iowa. If you compare them to instruction, the ratio is greater than one: i.e., more than 100 cents to the dollar.

Why should we think of these categories as potentially containing administrative bloat or waste? First, we need to clarify the purpose of the university. The core purpose of the university is to provide quality instruction to its students. The secondary purpose of the university is to create and disseminate knowledge, particularly on cutting-edge topics. Many of the positions in these categories of expenditures are not well-linked to either of these purposes. For instance, student services often contains expenditures that relate to recruitment and marketing, rather than assisting with the current students at the university. Public service, while nice-sounding, can engage in political activism. For instance, University of Iowa's Office of Community Engagement website lists several CEC-designated courses which involve social justice, such as the Latinx Community Engagement or a law course which discusses social justice issues through a critical lens, such as Critical Race Theory, Queer Theory, etc.

Slide 14: UofI growth

When we look to the past, we see that these expenditures used to be much smaller. At the University of Iowa, research expenditures grew the most since 1984, but after that were public service, academic support, and institutional support. Instruction, as usual, was at the bottom.

Slide 15: IState growth

Iowa State University grew their spending on academic support the most, with an almost 700% increase. In my research, these types of massive academic support projects were generally linked to admitting unqualified students and then trying to catch them up with college-level materials. In the age of grade inflation and easy-A courses, universities are increasingly trying to make sure that their graduation rates look stellar. When students aren't properly prepared, that takes a lot of money.

Slide 16: UNI Growth

UNI is a similar story; administrative categories grew the fastest, while instructional expenditures lagged. I say this not to imply that instructional expenditures are all benign: in fact, bloat and waste exist in spades in instruction. Rather, it is to emphasize that the way that universities operate today is radically different from the way they operated in the past, and it isn't at all clear that the way they operate today is better.

Slide 17: Solutions

As we've seen, the growing distrust of higher education institutions derives from political agendas, mission drift, and ever increasing costs. For public universities, when things get out of hand, it falls upon the legislature to address the fundamental issues. This is not the ideal situation: we would prefer that university leadership recognize these issues and make the appropriate changes themselves. State legislators are limited in their ability to make administrative decisions for universities.

Some of those limitations are desirable. For instance, academic freedom protects faculty from political interference in what they choose to research and teach. This allows faculty to freely investigate and discuss ideas without censorship. We should celebrate and support this. But it doesn't mean that all university activities need to be sanctioned by the state, or that the state has no role or say in which departments or programs exist.

It's crucial in our democratic system of government that the people have some oversight over the programs their taxpayer dollars go to fund. Universities are no exception. Those who would place academic freedom as a shield not only to protect discussion of ideas but also to prevent democratic oversight do a disservice both to democracy and academic freedom.

So what can state legislators do? A simple place to start is to conduct an audit of university activities, looking for places where waste and bloat have occurred over the years. This could provide guidance to the Board of Regents to recommend cuts.

But that might not be sufficient as it relies on the cooperation and willpower of the Board of Regents to make difficult decisions. If the state legislature truly wants to ensure that waste is cut for the sake of Iowans, they may need to revisit the Iowa Code that specifies the powers of the state legislature. Right now, the state legislature is neither barred nor explicitly allowed from eliminating or adding departments. If changed, it would make it possible for the state legislature to enact reforms more quickly that would cut wasteful spending. I recommend that the state target programs with negative ROI: after all, these programs are doing nothing but making students' lives financially worse over the long run.

What I recommend against is targeting specific courses or banning certain language for faculty. The state legislature is at the very top of the authority hierarchy for universities, and it's ill-suited to interfere in the day-to-day operations. What it's better suited for is making big-picture changes: the kind of changes that would signal a return to merit, excellence, and intelligence in higher education. That is the way to restore public trust. It's a hard road, but a necessary one. Thank you for your time.