

Opening Statement of Senator Fred Thompson  
Chairman  
Committee on Governmental Affairs  
February 9, 2000

The Rising Cost of College Tuition and  
the Effectiveness of Government Financial Aid

The Committee on Governmental Affairs is meeting today to discuss an issue that is important to every family in America - the cost of college tuition. The problem of rising tuitions is known to many of us, but it is worth restating for the record. From 1990 through 1996, average tuition for a full-time resident undergraduate student rose 43.8 percent. But during that same period, the consumer price index rose only 15.4 percent and median household income rose a mere 13.8 percent.<sup>1</sup>

In a recent report, the College Board wrote:

*Since 1980, college prices have been rising at twice and sometimes three times the CPI. Over the ten-year period ending in the year 2000, average public four-year tuition and fees rose 51 percent compared to 34 percent for private four-year colleges. Since 1981, both public and private four-year college tuitions increased on average more than 110 percent over inflation. Private college tuition rose most sharply in the early and mid-1980's, while public tuition increased the most in the late 1980's and early 1990's.<sup>2</sup>*

The most puzzling thing about this problem - astronomically rising tuition - is that no one seems to have a handle on why the problem is occurring. The Congress, in its infinite wisdom, set up a commission to analyze the problem and make recommendations about how to address it. But, even with the able leadership of William Truitt, the Commission couldn't figure out the problem either. In its final report, the Commission wrote that "Academic institutions have made little effort, either on campus or off, to make themselves more transparent, to explain their finances. As a result, there is no readily available information about college costs and prices - nor is there a common national reporting standard for either."<sup>3</sup> The Commission recognized the irony, and apologized that it found "itself in the discomfiting position of acknowledging that the nation's academic institutions, justly renowned for their ability to analyze practically every other major economic activity in the United States, have not devoted similar analytic attention to their own internal financial structures."<sup>4</sup> Apparently, colleges and universities themselves don't have a good understanding of why tuition rates are rising so rapidly. As this Committee has found with government agencies, you have to know the nature of the problem before you can work to solve it.

The federal government makes available to students over \$41 billion every year in the form of grants and guaranteed loans. As the role of this committee is to study the

efficiency, economy, and effectiveness of the government's programs, it is incumbent on us to take a serious look at the effect of this government spending on tuition rates.

But there are enumerable other factors that make up the cost and price of a college education: administrative costs; faculty salaries; technology; federal regulation; endowments; state appropriations; and many more. This is clearly a case where not one single factor works in a vacuum to affect the cost and price of a college education. Just as not one single factor affects the cost and price of a college education, there is not one single answer to the problem.

Colleges and universities must work to control costs. Public officials must ensure that public aid programs work to the public good. And we must all work together to ensure that purveyors of fraud do not take advantage of students and their families.

Again, this is an important issue worthy of the Committee's attention. I want to thank Senator Lieberman for suggesting this inquiry. We have some distinguished witnesses here to help us explore the myriad issues relating to this topic, and I look forward to their testimony.

1 *Higher Education: Tuition Increases and Colleges' Efforts to Contain Costs*; General Accounting Office; Report Number HEHS-98-227, September 1998.

2 *Trends in College Pricing*, The College Board, 1999.

3 Id.

4 Id, at 17.