

# Higher education bubble poised to burst

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Imagine that you have a product whose price tag for decades rises faster than inflation. But people keep buying it because they're told that it will make them wealthier in the long run. Then suddenly they find it doesn't. Prices fall sharply, bankruptcies ensue, great institutions disappear.

Sound like the housing market? Yes, but it also sounds like what Glenn Reynolds, creator of instapundit.com, writing in *The Examiner*, has called "the higher education bubble."

Government-subsidized loans have injected money into higher education, as they did into housing, causing prices to balloon. But at some point, people figure out they're not getting their money's worth, and the bubble bursts.

Some think this would be a good thing. My American Enterprise Institute colleague Charles Murray has called for the abolition of college for almost all students. Save it for genuine scholars, he says, and let others qualify for jobs by standardized national tests, as accountants already do.

"Is our students learning?" George W. Bush once asked, and the evidence for colleges points to no. The National Center for Education Statistics found that most college graduates are below proficiency in verbal and quantitative literacy. University of California scholars Philip Babcock and Mindy Marks report that students these days study an average of 14 hours a week, down from 24 hours in 1961.

The American Council of Alumni and Trustees concluded, after a survey of 714 colleges and universities, "by and large, higher education has abandoned a coherent content-rich general education curriculum."

They aren't taught the basics of literature, history or science. ACTA reports that most schools don't require a foreign language, hardly any require economics, American history and government "are badly neglected," and schools "have much to do" on math and science.

ACTA's whatwilltheylearn.com Web site provides the grisly details for each school, together with the amount of tuition. Students and parents can see if they will get their money's worth.

That's also a goal of Strive for College, which encourages young people of minority backgrounds to go to college. Its Web site lets students look up the percentage of similarly situated applicants admitted to each college — and, perhaps more important, the percentage who graduate.

Transparency could also undermine the numerous dropout factories, public and private, described and listed by the liberal Washington Monthly. More than 90 percent of students there never graduate, but most end up with student loan debt.

Increasing transparency is hitting higher education at the same time it is getting squeezed financially. Universities have seen their endowments plunge as the stock market fell and they got stuck with illiquid investments. State governments have raised tuition at public schools but budgets have declined. Competition from for-profit universities, with curricula oriented to job opportunities, has been increasing.

People are beginning to note that administrative bloat, so common in government, seems especially egregious in colleges and universities. Somehow previous generations got by and even prospered without these legions of counselors, liaison officers and facilitators. Perhaps we can do so again.

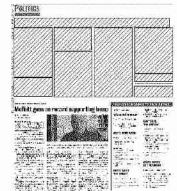
Presidents and politicians of both parties have promised for years to provide college opportunities for everyone and measuring progress by the percentage of students enrolled. But it's becoming increasingly clear that college doesn't make sense for everyone. Some simply lack the necessary verbal and math capacity. Others are interested in worthy non-college careers like carpentry.

Still others wonder whether the four-year residential college model is worth the investment when you can spend much less on two years in community college and then transfer to a four-year school.

A century ago, only about 2 percent of American adults graduated from college; in 1910 the number of college graduates nationally was 39,755 — smaller than the student bodies at many campuses today.

Higher education expanded when the GI Bill financed veterans' education after World War II and then expanded further with postwar growth. Government's student loan subsidies have enabled institutions to grow faster over the last three decades than the economy on whose productivity they ultimately depend.

As often happens, success leads to excess. America leads the world in higher education, yet there is much in our colleges and universities that is amiss and, more to the point, suddenly not sustainable. The people running America's



colleges and universities have long thought they were exempt from the laws of supply and demand and unaffected by the business cycle. Turns out that's wrong.

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