



Utah

Increasing tuition may cause higher education bubble

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SALT LAKE CITY — For-profit colleges have faced tough questions recently about whether they are saddling students with too much debt.

But with tuition rising steadily — pushing the total student debt load nationwide past credit card debt for the first time and near \$1 trillion — and with schools spending more than ever to compete with each other, traditional colleges are facing their own skeptics who speak of a "higher education bubble."

Are traditional brick-and-mortar schools on a financially sustainable path? Some educators who are embracing different models don't think so.

Robert Mendenhall, president of nonprofit, online-only Western Governors University, based in Utah, points out that tuition at all schools is outpacing inflation by about 5 percent a year. In-state tuition at the University of Utah, including fees, has more than doubled in 10 years to \$6,275.

"Tuition costs are the only thing that's risen faster than health care costs. Almost by definition, that's not sustainable. You can't do that forever," Mendenhall said. "There's no question we need more cost-efficient models in higher education. You can't just keep building more buildings and pouring money in."

WGU's professors serve as mentors, complementing instruction that is completely computerized. Traditional schools are catching up — 6,000 students are taking online classes at the U., 25 percent more than last year — but continue to face the fixed costs of tenured faculty and maintaining facilities. The U. alone has \$1.3 billion-worth of building projects just completed, under construction or planned.

WGU cuts the average time to a bachelor's degree to 30 months. Most of the students are working adults, not 18-year-olds fresh out of high school, but Mendenhall says traditional schools could use technology and measure outcomes more efficiently without sacrificing the college experience.

"There is a tremendous amount of inertia in the higher education system," he said. "Frankly, they don't yet see the need to change, so they do the same things they've always done."

BYU-Idaho is one school that has eagerly jumped on the online bandwagon, adding 15 new online courses each semester. That will allow the university to increase its capacity to 15,000 full-time students by 2015 without building new classrooms.

Vice president for advancement Henry J. Eyring says that with the earning potential of college graduates staying relatively flat as tuition rises, colleges have to cut costs but still offer value.

"You can't replace everything that happens face to face, and there will always be a critical role for faculty, but we're really pleased with what we're seeing," he said. "I think all universities have got to make use of this technology or they may be unpleasantly surprised."

Other college officials don't think the situation is dire. Paul Brinkman, the U.'s vice president for budget and analysis, said that declining state support has pushed tuition up, and that can't go on forever. But finding that balance is nothing new.

"The bubble terminology is probably incorrect as an analogy... which is different than saying there's no problem here," he said. "Universities and colleges have been resilient throughout history. (They) have evolved in the past and will continue to evolve."

Utah Commissioner of Higher Education William Sederburg said that while other states talk about hitting a "tuition ceiling," costs in Utah are far below average.

Student indebtedness is 49th out of 50 states, with the average member of the class of 2008 owing about \$13,000.

Several state schools have grown quickly in recent years, with Weber State University and Utah Valley University transforming from community colleges to regional universities. But Sederburg said their cost structures have remained the same because unlike other states, Utah does not support community colleges with a local tax base.

To continue to offer career education and two-year degrees, and to meet the Utah System of Higher Education's goal to educate 100,000 more people at the college level over the next 10 years, the state will have to consider adding local sales, property or income taxes, he said.

"A very small property tax could literally provide free tuition at UVU," said Sederburg, according to figures he studied when he was president there. "We really need to figure that out in Utah."

He said the state's higher education system is financially sustainable in the short term but will have to deal with huge growth down the road.

"In the next five years, we're not in bad shape at all," he said. "If you go out 20 years and the population continues to grow, the state will have to come up with some way to fund access to the educational services we have."

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