



# PlatteChat

AN ONGOING CONVERSATION ABOUT HOW TO BEST PRESERVE FREE ENTERPRISE,  
PERSONAL RESPONSIBILITY AND LIMITED GOVERNMENT IN NEBRASKA.

Platte  
INSTITUTE  
for economic research



## Top-Heavy NU Isn't Controlling Costs

by Dr. Richard Vedder

*This editorial was recently featured in the Kearney Hub newspaper. To download a full copy of "An Analysis of the University of Nebraska System," [CLICK HERE](#).*

College costs have risen dramatically over the past few decades. In the late '70s, 10 percent of the typical American household's income would cover a year's tuition at the average college or university. Today that number is around 25 percent.

Higher education is consuming an increasingly larger share of national output. The U.S. now spends more on higher education than the entire economies of either Sweden or Switzerland. Arguably the chief reason that colleges and universities have not curbed rising costs is that they have little to no incentive to limit costs and many incentives to increase spending. College administrators often have little more than an indirect role in fulfilling colleges and universities' educational missions, yet administration has seen some of the most bloat in recent decades.

The share of college spending on administration has been growing for decades. Jay Greene, Brian Kisida and Jonathan Mills, in their recent report, "Administrative Bloat at American Universities," noted that from 1993 to 2007, administrative staff, after adjusting for enrollment growth, grew by 39 percent, compared to only 18 percent for faculty. Similarly, over that period inflation-adjusted per-student spending on administration rose by 61 percent while such spending on instruction rose by only 39 percent.

It is little wonder that Benjamin Ginsberg observe in his book, "The Fall of the Faculty," that "as colleges and universities had more to spend they chose not to spend it on expanding their instructional resources...(but) chose, instead, to enhance their administrative and staff resources."

Research we did for the Platte Institute indicates the problem of administrative bloat is particularly acute at the University of Nebraska, where there is 12.98 administrative and professional staff for every 100 students. That rate is about 24 percent greater than the national average.

The state subsidizes NU by nearly \$500 million per year, implying that some of the taxpayer support goes not to improve education for students, but to support excessive administrative staff or cushy pay for administrators.

Looking at the Lincoln campus, we asked: what if the numbers of administrative staff were the same, in relation to enrollments, as the national average? There would be more than 1,000 fewer employees-enough to stretch from the Capitol rotunda to Memorial Stadium.

So what is behind this administrative bloat? Most likely, it is that the generous inflow of state appropriations, rising tuition revenues, and other funds have allowed the administration to ease the burden of running the place by adding more administrative staff. Incentive within universities does not encourage a vigorous emphasis on cost reduction and productivity advance, unlike the competitive market-based private sector.

NU has a number of indicators suggesting problems exist: a low proportion of students graduating in four years, mediocre and falling national rankings, and UNL's expulsion from the Association of American Universities.

Development of an army of bureaucrats at NU's four campuses has not yielded big payoffs. It is time to reexamine the institution's budget as condition for further generous funding from the taxpayers of the Cornhusker State.

*Dr. Richard Vedder, of Athens, Ohio, is a distinguished professor of economics at Ohio State University and director of the Center for College Affordability and Productivity. He authored "An Analysis of the University of Nebraska System," published by the Platte Institute for Economic Research.*



If you do not wish to receive this newsletter or if you wish to be removed from all future newsletters, please [click here](#) to manage your subscriptions.