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An Analysis of the University of Nebraska System

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Introduction

Most states have a flagship university and many other state-supported institutions. Nebraska is somewhat unusual in that the University of Nebraska is not only the most important state university, it is the *only* one. Far smaller western states (e.g., North and South Dakota and Montana, for example) have multiple institutions, though on a *per capita* basis, Nebraska has more public research universities than all but six other states. The large single university model is not unique, however, and is found in several states, most importantly New York. While there are a handful of other public institutions of higher education in Nebraska, the University of Nebraska clearly stands out.

To be sure, Nebraska has a small but respectable private higher education sector (e.g., Creighton University, Nebraska Wesleyan), but the University of Nebraska dominates higher education services in the State to a far greater extent than is typical for a single institution. While it does not, strictly speaking, have a monopoly on higher education services in Nebraska, it, along with a few other western states (most notably Nevada) has about as close to a monopoly on four-year higher education services as is observable in the United States.

Overview of the University of Nebraska System

The University of Nebraska was created in 1869 "to afford the inhabitants of this State with the means of acquiring a thorough knowledge of literature, science, and the arts."[1] Founded less than two years after Nebraska achieved statehood, the university was one of many created in the aftermath of the Morrill Act, which provided for the formation of land-grant colleges in the United States and marked the federal government's first notable involvement in higher education.[2] By the early 20th century, the University had established graduate education (the first established west of the Mississippi) and medical education programs, as well as expanding to absorb the municipal university in Omaha in 1968 and Kearney State College in 1991.

As currently structured, the University of Nebraska System consists of five separate institutions: the University of Nebraska-Lincoln (designated as the

System's flagship campus), the University of Nebraska at Omaha, the University of Nebraska at Kearney, the University of Nebraska Medical Center (located in Omaha), and the Nebraska College of Technical Agriculture (located in Curtis).[3] Partly because the vast majority (over 90 percent) of students enrolled in University of Nebraska System campuses are enrolled at the first three campuses but also because the latter two campuses are somewhat specialized in their scope and mission (technically, for governance purposes, the Nebraska College of Technical Agriculture does not count as a campus of the University of Nebraska System), unless otherwise noted in this report, the analysis is restricted to the first three campuses at Lincoln, Omaha, and Kearney.

As a whole, the University of Nebraska System is entrusted with the mission of providing instruction, scholarship (both research and creative) and state-wide public service to meet the needs of the Cornhusker State.[4] Within and consistent with this broad System mission, each of the component institutions has its own distinctive role. The University of Nebraska-Lincoln (UNL), which was first chartered in 1869, is the flagship campus and serves "as the primary research and doctoral degree granting institution in the state for fields outside the health professions." The University of Nebraska at Omaha (UNO) serves as a comprehensive university for the entire state as well, but in particular for the Omaha metropolitan area (especially for students who commute to school from home). Together, the University of Nebraska-Lincoln and the University of Nebraska at Omaha are the only institutions of higher education in the state classified as research or doctoral universities. The University of Nebraska at Kearney (UNK), as the comprehensive university located in central Nebraska, serves the entire state but specifically central and western Nebraska. The University of Nebraska Medical Center (UNMC) serves as a specially focused medical school and medical center, whose mission emphasis is the health profession through its various educational, research, and patient care and related programs.

There is a single President over the entire System, which is overseen by a Board of Regents consisting of eight voting members (allotted by district in the State) and four non-voting student members who also serve as student body presidents of their respective campuses (the Nebraska College of Technical Agriculture does not have a student non-voting member). Each of the eight voting members of the Board of Regents is elected to serve a six-year term. With the exception of the Nebraska College of Technical Agriculture, each campus in the System has its own Chancellor.

The University of Nebraska System is itself under Nebraska's Coordinating Commission for Postsecondary Education (CCPE), an eleven-member body appointed by the Governor and approved by the Legislature to serve six-year terms, which is vested with constitutional and statutory authority to coordinate public post-secondary educational institutions within the Cornhusker State.[5] In particular, the CCPE is the government agency with the authority to fulfill the following tripartite mission:

1. Developing a comprehensive and statewide postsecondary education
2. Implementing policies which address the instructional, research, and public service needs of the state as a whole
3. Ensuring that state educational resources are put to best use to avoid unnecessary duplication of programs and facilities.[6]

In the course of exercising its powers and performing its duties, the CCPE is specifically proscribed from "invad[ing] the governance and management authority of the Board of Regents of the University of Nebraska and the Board of Trustees of the Nebraska State Colleges."[7]

National Trends in College Costs

It is helpful, before staring the discussion of the University of Nebraska System to briefly provide a national perspective to rising college costs in the United States. Indeed, to a considerable extent, what is happening in Nebraska with respect to college costs is merely a reflection of the serious inflation in those costs at the national scale. College tuition and fees have increased dramatically more than overall consumer prices over the last three decades. In inflation-adjusted terms, tuition fees are nearly triple what they were 30 years ago. Using broader measures of college costs, such as the proportion of our national output going for higher expenditure spending, a similar picture emerges:

in 1960, roughly one percent of the national output (as measured by the gross domestic product, or GDP) went for higher education, whereas today it is over three times as much. There are a number of reasons for the large growth in college tuitions, some of which we discuss in the section that follows, after first laying out the full extent of cost escalation in higher education.

Rising Tuition Prices

Over the period from 1982 to 2011, college tuition grew by over 640 percent, as shown in Chart 1. This price increase vastly outpaces price increases in various consumer items, including apparel, housing and food. Even medical costs, which themselves have risen by approximately 333 percent since 1982, have experienced growth at nearly half the rate as college tuition and fees.

In every single year since 1981 (a year at the end of a highly inflationary period in the U.S.), inflation in college tuition and fees has exceeded general inflation in consumer prices, typically by around 3.6 percentage points annually. Of the 31 years from 1981 to 2011, 14 of those years saw rates of inflation in college tuition more than four percentage points greater than the rates of inflation in consumer prices.

Looking at just a single national average for college tuition, however, masks the difference in pricing between private and public institutions, the latter of which, largely due to government subsidies, in general charge substantially less in tuition and fees, as shown in Chart 2. For instance, in terms of inflation-adjusted 2009 dollars, undergraduate tuition at four-year private not-for-profit institutions was, on average, slightly less than $10,000 per year for the academic year 1976-77 while average tuition at comparable public institutions was only a quarter of that—barely above $2,300. For academic year 2008-09, average tuition at private institutions was over $23,000 a year while average tuition at public institutions was barely less than $6,700 a year.

From 1999-2000 to 2009-10, tuition and fees at public four-year institutions (a category which includes the institutions which make up the University of Nebraska System) increased at an average rate of 4.5 percent every year. As Table 1 shows, this decadal growth rate in tuition and fees for public institutions was at an all-time high, as the average annual growth rate for the previous two decades was 3.5 percent and 3.4 percent, respectively. Overall, for the period beginning with academic year 1976-77 and ending in academic year 2009-10, the average annual growth rate for undergraduate tuition at public four-year universities was 3.3 percent a year. This is considerably more than the annual growth rate in tuition at private four-year institutions, which was only 2.7 percent a year. To be sure, part of

CHART 2: Real Average Undergraduate Tuition at 4-year Institutions (1976-77 to 2009-10)

Source: National Center for Education Statistics, Digest of Education Statistics 2010: Table 345.
Notes: Dollar amounts are adjusted for inflation using the CPI-U and are expressed in 2009 dollars.

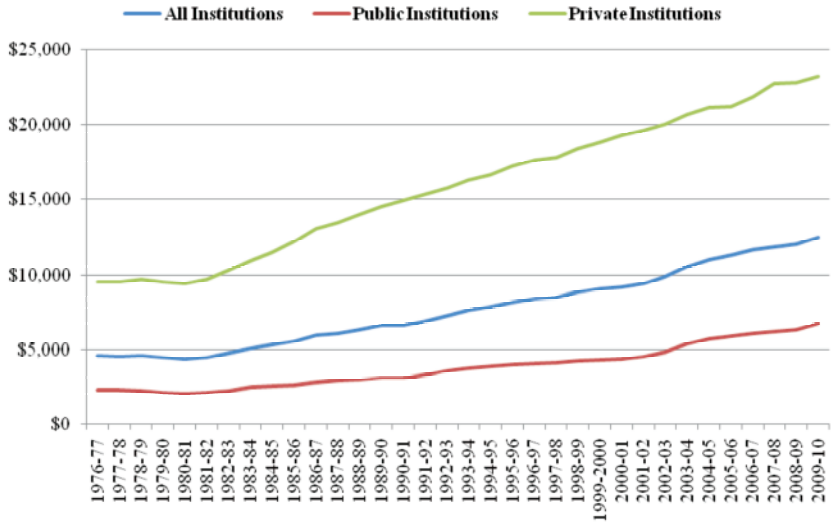


CHART 1: Change in Consumer Prices (1982-2011)

Source: U.S. Bureau of Labor Statistics

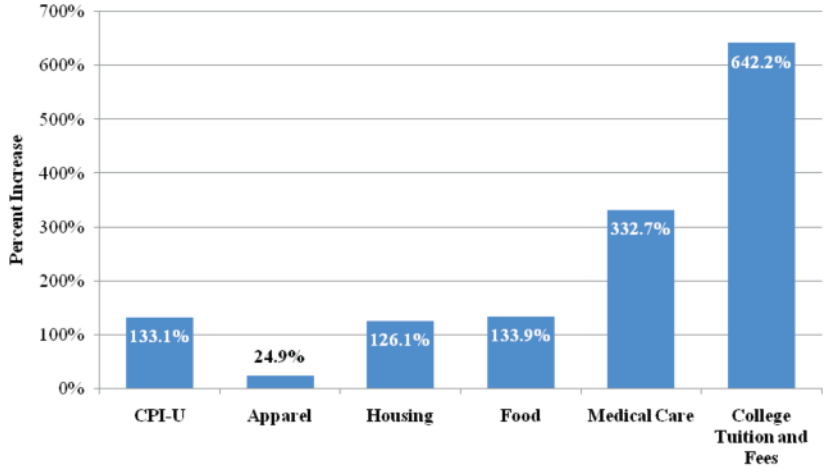


Table 1: Average Annual Real Growth Rate in Average Undergraduate Tuition and Room and Board at 4-year Institutions

Source: National Center for Education Statistics, Digest of Education Statistics 2010: Table 345
Notes: Tuition and fees for public institutions refers to in-state undergraduate tuition.

	Tuition and Fees			Tuition, Room & Board		
	All	Public	Private	All	Public	Private
1979-80 to 1989-90	3.93%	3.52%	4.31%	2.92%	2.27%	3.68%
1989-90 to 1999-00	3.27%	3.43%	2.60%	2.46%	2.16%	2.29%
1999-00 to 2009-10	3.23%	4.50%	2.14%	2.91%	3.49%	2.09%
1976-77 to 2009-10	**3.07%**	**3.26%**	**2.73%**	**2.39%**	**2.21%**	**2.40%**

the reason that tuition growth rates were higher at public institutions is that in-state tuition prices at such schools are dramatically lower than the tuition prices at private institutions, so an equivalent absolute dollar increase in tuition at both types of institutions, when expressed in percentages, is much greater at public institutions. Indeed, as Chart 2 illustrated, despite smaller percentage growth rates, private institutions saw much larger absolute dollar increases in average tuition from 1976-77 to 2009-10.

The rise in tuition (for private and public institutions alike) has also outpaced growth in median incomes in the United States. For instance, in 1976 the typical household in the U.S. needed only 10 percent of its income to pay for a year of undergraduate collegiate education; by 2009, average undergraduate tuition consumed around 25 percent of the median household income (see Chart 3). This upward trend in tuition prices relative to incomes surely cannot continue indefinitely into the future at the same rate they have in the past decade—if it does, then by 2100, college tuition will exceed median incomes. In fact, it is for this very reason that some observers of higher education (including the senior author of this report) have argued that, whether colleges and universities like it or not, in the future they will be forced to cut costs because the current rate of growth in revenue and spending is simply not sustainable in the long run. Not the least of the pressures which colleges and universities will experience in the coming decades is the fact that the U.S. Census Bureau projects that the proportion of the U.S. population that is between the ages of 18 and 24 (what has long been termed the college-aged population) will dip slightly from 9.9 percent in 2010 to 9.0% by 2050 while the proportion of the total population that is 65 and older (and who, historically at least, generally do not have as high a demand for collegiate education) will rise from 13 percent to 20.2 percent over that same forty-year period.[9]

Given the dramatic increase in tuition prices—even relative to other costly goods and services such as medical care—it is little wonder that people across the country are increasingly paying attention to rising college costs. President Obama, who himself has set his eyes on the lofty goal of leading the U.S. to have the world's highest college attainment rate by 2020, has given voice to some of the harshest rhetoric ever directed at higher education by an American President. In his 2012 State of the Union address, President Obama declared that he would "put colleges and universities on notice: If you can't stop tuition from going up, the funding you get from taxpayers will go down."[10]

Growth in total per student spending by colleges and universities has grown substantially over the past decade, as shown in Chart 4, despite two recessions and a severe financial crisis. As the Delta Cost Project put it in its report, *Trends in College Spending: 1999-2009,* the data show that "[i]nstitutions in the public four-year sectors nationwide weathered the recession fairly well."[11]

CHART 3: Average Undergraduate Tuition at 4-year Institutions as a Percentage of Median Household Income (1976-2009)

Source: National Center for Education Statistics, Digest of Education Statistics 2010: Table 345; U.S. Census Bureau, Historical Income Tables.

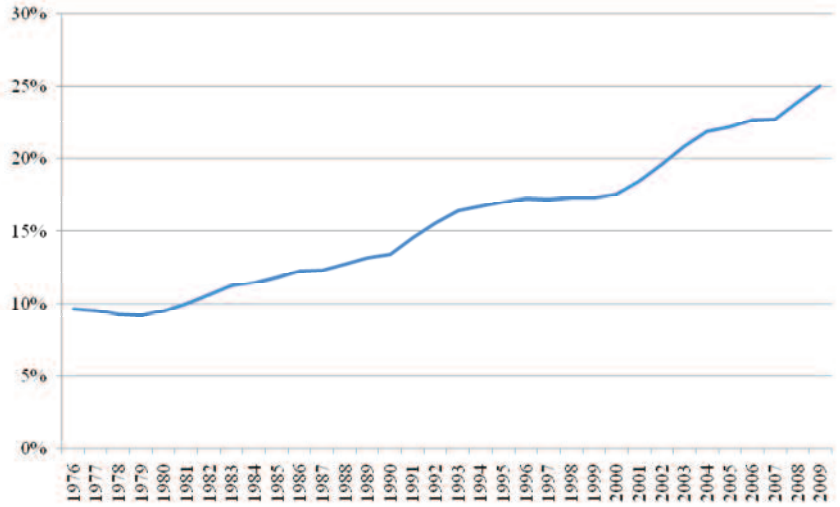
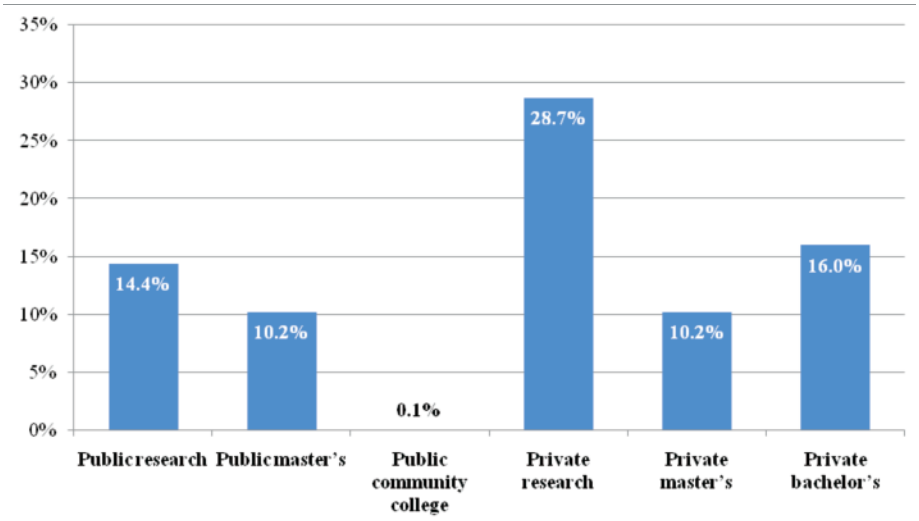


CHART 4: Growth in Total spending per Student, 1999-2009

Source: Delta Cost Project



According to international data, the United States is more heavily invested in higher education than other leading developed economies, spending nearly twice as much as a percentage of GDP than the average industrialized nation.[12]

Why Have Costs Gone Up?

Whole books have been written to explain the rising cost of college. Some college presidents argue that what is called the "Baumol Effect" is at work: teaching is like theater, requiring a minimal number of "actors" (teachers) to perform, and not easily subject to productivity advance by substituting new capital-intensive methods. From this perspective, the problem with higher education is that it is, by the very nature of quality advanced education, almost entirely impervious to productivity advances and so is wholly different from other sectors of the economy. Those who subscribe to this view would say that while industries such as automobile manufacturing can lower costs through productivity enhancements (using such techniques as assembly lines or automated procedures), colleges and universities cannot do something similar without gutting the educational offerings.

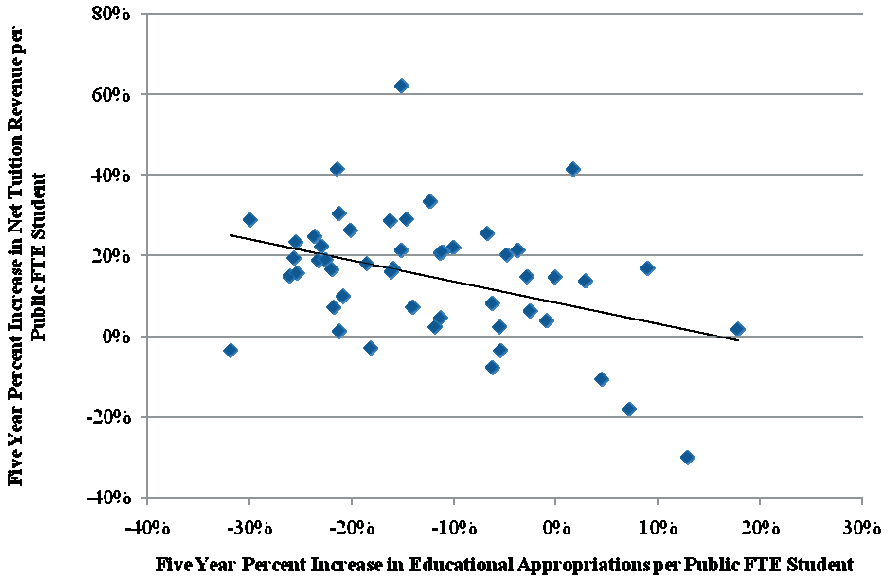
While we think this argument is questionable on several grounds (the rise and swift spread of alternative educational models, including online education, open-source platforms, etc. surely indicate that productivity advances *are* possible in higher education while maintaining acceptable levels of quality), almost everyone agrees that third party payments (someone other than the customer paying a good deal of the bills) are widespread, permitting colleges to raise fees more than they would otherwise (just as is the case with medical care). Also, the non-profit nature of most of higher education reduces incentives for employees to want to rigorously reduce costs. The lack of a well-defined "bottom line" and the dearth of detailed and precise information on educational outcomes make it difficult to achieve efficiency.

Other causes often cited as cost-drivers include resource rigidities resulting from lifetime employment contracts (particularly in the case of awarding tenure to certain faculty) and huge capital expenditures, dubious managerial control and governance procedures, high barriers to entry imposed by accreditation and other rules, the impact of soaring federal student assistance programs, the enormous cost of some graduate programs, and a "academic arms race" (which is partly induced by commercial college rankings) that includes expensive facilities such as deluxe housing and amenities such as climbing walls. The list goes on and on, and the trends seem to be common across the country.

Public university presidents correctly note that state appropriations (on a per student basis) for universities have been relatively flat in real terms and, in some cases, declining for several years, forcing them to raise tuition prices and/or fees. While there is some truth to such an assertion, it ignores the substantial fee increases in private institutions not receiving state aid, and also the fact that tuition and fees rise at public institutions even during periods of *rising* state appropriations. Indeed, it is probably more accurate to say that, while state appropriations per student (in inflation-adjusted terms) sometimes rise and sometimes fall, in general tuition *always* increases. Chart 5 presents cross-sectional data (at the state level) for the period 2005-11 which shows that there is a very weak relationship between net tuition revenue (that is, tuition and fees less the financial aid awarded by the colleges and universities themselves) and educational appropriations received by those institutions.[13]

Chart 5: Real Percent Change in Net Tuition Revenue vs. Educational Appropriations for Public Institutions, by State (2006-11)

Source: State Higher Education Executive Officers, State Higher Education Finance: FY 2011



Whatever the reasons, however, it is undeniable that college costs have increased substantially across the nation, and Nebraska faces the same pressures that universities elsewhere encounter. While some of these cost drivers are outside the direct control of colleges and universities, there are a number of them which the institutions can assuredly contain on their own initiative. Simply laying blame on external economic forces for escalating college costs does not take into account the role of colleges and universities themselves in raising costs at a dramatically faster rate than incomes in the U.S.

Does Increased Spending on Higher Education Lead to Economic Growth?

One of the major arguments used to justify public support of higher education is that such "investments" have what economists call "positive externalities," benefits that accrue not only to the consumers and producers of higher education services, but to the broader society. Most of these alleged positive spillover effects are economic in nature, so one might expect that states with high spending on state universities might have higher rates of economic growth –the "human capital" created by higher education would create more productive workers and more innovation (from university research), raising income levels from what they otherwise would have been.

While a nice sounding and plausible theory, the reality is that supporting statistical evidence in the American public university context is extremely shaky. Multiple regression analysis of interstate variation in per capita income growth (such as that presented in Table 2) shows little or no association between state government appropriations for higher education and economic growth.[14] Similar conclusions have been reached in an international context.[15]

It is true that college graduates are far more productive workers, as indicated by their earning significantly higher wages. All things being equal, a higher proportion of college graduates in the labor force results in higher incomes. But much of the differential productivity between high school and college graduates is explained by non-college related traits, such as the fact that college graduates have higher average cognitive skills than high school graduates. Finally, increasing state subsidies for universities involves taking funds from a generally highly competitive and market disciplined private sector and transferring them to a less competitive not-for-profit set of institutions where decision making is less impacted by the market constraints of demand and supply because of governmental subsidization.

This neither proves nor disapproves the desirability of increasing or decreasing subsidies for the University of Nebraska. But what it does do is make one skeptical of rhetoric that argues that expansion of university appropriations has positive economic effects that go beyond those attending the university.

The University of Nebraska and Its Peers

The University of Nebraska System has identified those institutions of higher education that it considers to be its peers, both of the System as a whole and of the individual campuses within the System. A listing of all self-identified

Table 2: Self-Identified Peer Institutions of the University of Nebraska

Source: http://nebraska.edu/campuses/peer-institutions.html

Institution	Institution
University of Nebraska System	**University of Nebraska-Lincoln**
Texas A&M University System	Colorado State University
University of Colorado System	Iowa State University
University of Illinois System	Ohio State University
University of Missouri System	Purdue University
University of Oregon System	University of Colorado at Boulder
University of Tennessee System	University of Iowa
University of Wisconsin System	University of Illinois – Urbana
	University of Kansas
	University of Minnesota - Twin Cities
	University of Missouri - Columbia
University of Nebraska at Kearney	**University of Nebraska at Omaha**
University of Central Missouri	Cleveland State University
Minnesota State University Moorhead	Northern Illinois University
Murray State University (KY)	Portland State University
Northern Michigan University	University of Arkansas at Little Rock
Sam Houston State University	University of Colorado at Denver
University of Central Arkansas	University of Missouri – St. Louis
University of Northern Iowa	University of North Carolina at Charlotte
University of Wisconsin – Stevens Point	University of Northern Iowa
Western Illinois University	University of Texas at San Antonio
University of Northern Colorado	Wichita State University

peer institutions is presented in Table 2. Because these are the very institutions with which the University of Nebraska identifies itself, it is entirely justifiable to evaluate the performance of the University of Nebraska campuses relative to the performance of these peer institutions.

For the sake of simplicity, unless otherwise noted, most of the peer comparisons in this report are limited to the University of Nebraska campuses and those self-identified peers located in states bordering Nebraska. This restricts most of the analysis that follows to the following five public research universities: the University of Nebraska-Lincoln, the University of Colorado at Boulder, the University of Iowa, the University of Kansas and the University of Missouri-Columbia, with occasional references to other peer institutions, as well as the other institutions within the University of Nebraska System.

AAU Membership

In the spring of 2011, Nebraska lost its membership in the Association of American Universities (AAU), the "cartel" of top research universities in the United States, by a super-majority vote, the first time in the history of the Association this had happened. AAU's criteria suggested that Nebraska's research prowess was not up to AAU standards. To be sure, there are some signs that the criteria used were biased against Nebraska, and ignored the sharp gains in research grants to the University in recent years.[16] Nonetheless, this hurts Nebraska when comparing it to other peer institutions, particularly when every single one of its other peers (with the sole exception of Colorado State University, which has never been a member of the AAU) remain members of the Association.

Enrollment Trends

Total enrollment in the State of Nebraska in public and private post-secondary institutions is around 130,000 students, roughly 0.68 percent of all students enrolled in post-secondary institutions in the United States. Of these Nebraska students, around 76 percent of them are enrolled in public institutions (compared to 72 percent nationally). As Table 3 shows, compared to the national average for enrollments at public colleges and universities, Nebraska students tend to enroll disproportionally in "master's colleges and universities" rather than "research universities" (of which, until 2010 when UNO was classified by the Carnegie Foundation as a "Doctoral/Research University," UNL was the only such institution in Nebraska), bachelor's colleges, or community colleges.

Arguably, one of the best indicators of the extent to which the University of Nebraska is fulfilling its primary instructional mission is to look at enrollments, expressed here in full-time equivalent enrollment. As Table 4 indicates, enrollment in the University exceeds 42,000, roughly half of it at UNL, with the remainder at the three

Table 3: Distribution of Enrollments at Public Institutions: Nebraska and the U.S., 2009

Source: Delta Cost Project

Type of Institution	Nebraska	United States
Research University	24%	30%
Master's College or University	25%	19%
Bachelor's College	5%	3%
Community College	45%	48%

Table 4: Nebraska Higher Education Enrollments, 2000 and 2009

**Peru State University and Wayne State University*
***This table does not include enrollment for community colleges*
Source: U.S. Department of Education, IPEDS datab

	2000	2009	Percent Change (2000-09)
University of Nebraska System	**37,992**	**42,086**	**10.8%**
Lincoln	19,806	21,982	11.0%
Omaha	10,150	11,681	15.1%
Kearney	5,588	5,478	-2.0%
Medical Center	2,448	2,945	20.3%
Private Not For Profit	**18,929**	**24,702**	30.5%
Private For Profit	**1,300**	**2,090**	60.8%
Other Public	**4,236**	**4,881**	**15.2%**
Total	**62,457**	**73,759**	**18.1%**

other campuses (Omaha, Kearney, and the Medical Center). Enrollment rose moderately in the first decade of this century, growing a bit over 10 percent at Lincoln, somewhat faster (about 14 percent) at Omaha, essentially unchanged at Kearney, and growing rapidly (20 percent) at the Medical Center. Chart 6 reveals a similar picture within the System, going back several decades.

At the same time, however, enrollment growth in the University of Nebraska was actually modest compared with that in the private sector. Traditional not-for profit colleges and universities like Creighton, Bellevue, and Nebraska Wesleyan on average showed far more rapid growth (about 30 percent over nine years), but even that was dwarfed by the truly extraordinary growth by the small but rapidly growing private for-profit sector, where enrollments rose by over 60 percent.

The rapid growth in private education meant that, probably for the first time in Nebraska's modern history, a solid majority (58 percent) of enrollment increases came at private institutions, mostly traditional not-for-profit schools, but to some extent the for-profit ones as well see. A far smaller contributor to enrollment growth came from the University of Nebraska system. The questions arises, "is the falling market share of the University of Nebraska the consequence of more restrictive admissions policies at UNL or one of the other campuses, the failure of the University to meet the educational needs of students as well as other competitors, a rise in the cost of the University relative to alternatives, or perhaps some combination of the above?"

Additional examination of enrollment data reveals that UNL and Kearney have both put increased emphasis on graduate education. For example, in the first decade of this century, graduate enrollments at UNL rose by a robust 23 percent, while undergraduate enrollments rose comparatively little (less than 10 percent). At Kearney, where total enrollments were stagnant, undergraduate enrollments fell while graduate ones soared more than 50 percent. The fact that nearly 43 percent of the total enrollment growth at the University of Nebraska occurred at the graduate level suggests the institution is devoting less of its focus to undergraduate instruction, and that, in turn, might explain the loss of market share to other institutions.

The greater focus on graduate education raises several important questions. First, is the increased emphasis on graduate education justified on meeting the needs of Nebraska? Or is the attention more oriented towards fulfilling institutional desires for prestige and reputation as a graduate/research center? Do state appropriations favor increased emphasis on graduate instruction? Are more resources going to promote research and high level

Chart 6: Fall Headcount Enrollment at the University of Nebraska System, by Campus (1969-2011)

Source: University of Nebraska Factbook

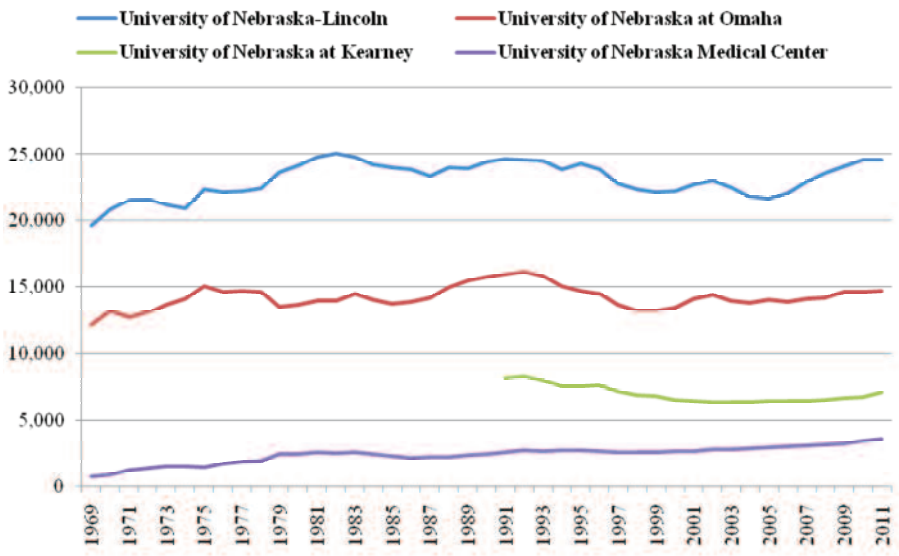
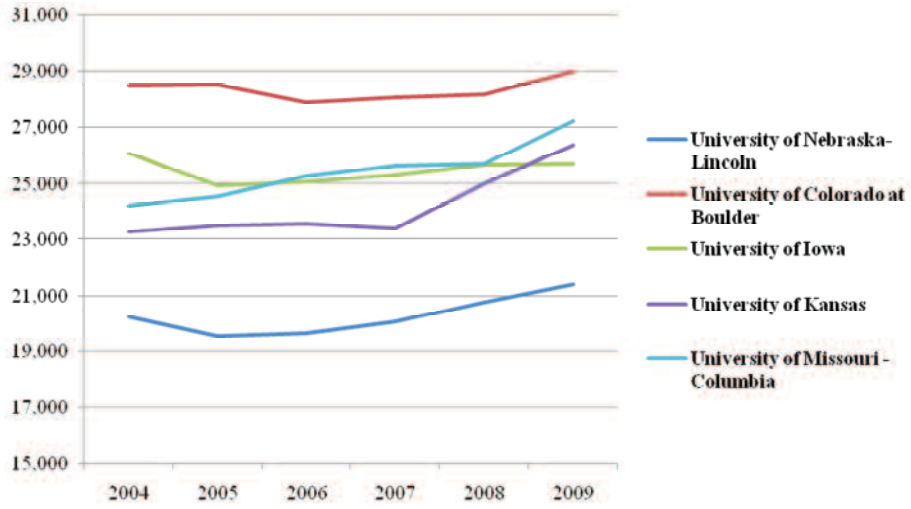


Chart 7: Full-time Equivalent Total Enrollment: UNL and Selected Peers

Source: Delta Cost Project



graduate instruction at the expense of the quality of the undergraduate learning experience?

Compared to its peers, the University of Nebraska at Lincoln enrolls a relatively much smaller number of students. For instance, according to data published by the Delta Cost Project and which are based upon data published by the U.S. Department of Education, total undergraduate enrollment at UNL (as of 2009), was smaller than every single one of its peers. The same is also true of total graduate enrollment. Even after controlling for the fact that some students attend only on a part-time basis, UNL still has the lowest level of enrollment, as measured by "full-time equivalent" (FTE) enrollment. Chart 7 illustrates the differences in FTE enrollment levels for UNL and those peer institutions located in geographically neighboring states. Similar enrollment trends relative to peer institutions are also discernible for UNO and UNK, though somewhat less so in the case of the former.

Of course, the primary (if not sole) reason for the relatively low enrollment levels at UNL compared to its peers is that the State of Nebraska itself has a comparatively small population. As of 2010, the population of Nebraska was less than two-thirds of the population of Kansas, the neighboring state Nebraska arguably resembles the most overall. Furthermore, of those Great Plains states with peer institutions of UNL, all—with the notable exception of Iowa—have seen greater population increases from 1960 to 2010, even after accounting for the fact that all of those states (Minnesota, Iowa, Kansas, Colorado and Missouri) had larger populations than Nebraska in 1960.[17] Complicating the fact that Nebraska has a relatively small overall population to begin with, Nebraska has a relatively high rate of out-migration of young, college-educated adults.[18] In other words, even though Nebraska has a relatively small population of young, college-educated adults, a high proportion of such individuals wind up leaving Nebraska for other geographic locales.

Undergraduate Tuition

In-state undergraduate tuition at the campuses of the University of Nebraska System, at least over the past decade or so, has been somewhat lower than at the peer institutions. As Charts 8, 9 and 10 illustrate, undergraduate in-state tuition (as of 2008-09) at UNK was 17 percent

Chart 8: Real In-state Undergraduate Tuition: University of Nebraska at Kearney Compared to Its Peer Average (1999-2000 to 2008-09)

Source: University of Nebraska Factbook
Notes: Dollar amounts expressed in terms of 2008 dollars.

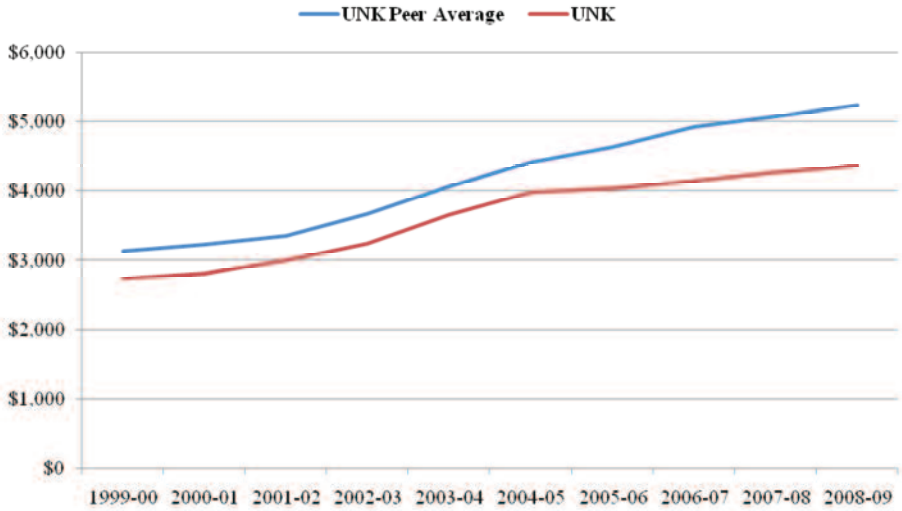


Chart 9: Real In-state Undergraduate Tuition: University of Nebraska at Omaha Compared to Its Peer Average (1999-2000 to 2008-09)

Source: University of Nebraska Factbook
Notes: Dollar amounts expressed in terms of 2008 dollars.

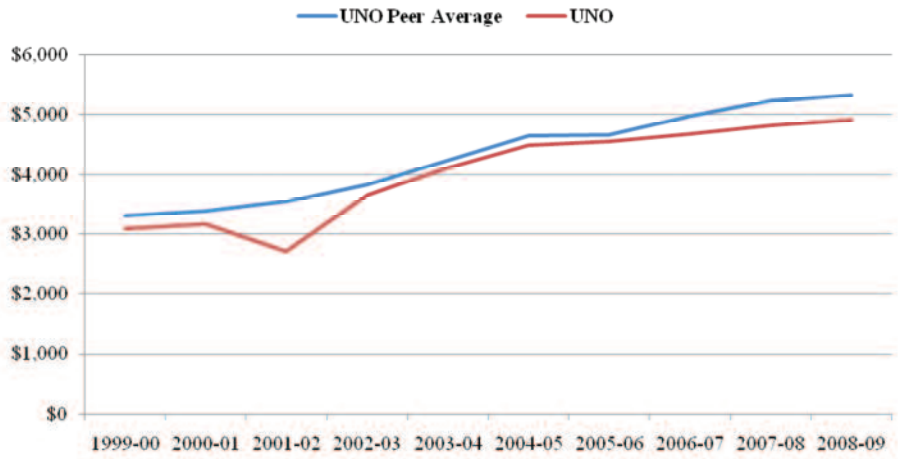
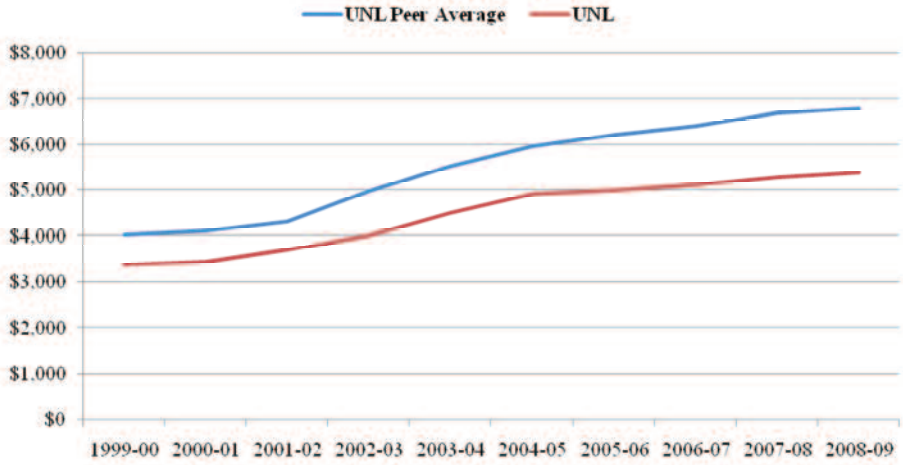


Chart 10: Real In-state Undergraduate Tuition: University of Nebraska-Lincoln Compared to Its Peer Average (1999-2000 to 2008-09)

Source: University of Nebraska Factbook
Notes: Dollar amounts expressed in terms of 2008 dollars.



lower than at peer institutions, at UNO was 8 percent lower than at peer institutions, and at UNL was 21 percent lower than at peer institutions. In fact, undergraduate tuition prices at UNL are closer to tuition prices at UNO than at the average price for UNL's own peer institutions.

There is one significant drawback, however, to this analysis of tuition: it looks only at published, or "sticker," tuition prices and therefore ignores the role tuition discounting and financial aid play in determining the actual amount of money students pay to attend college and on the amount of revenues colleges and universities collect from tuition.

From the institutional perspective, subtracting institutional aid and discounting from the "sticker" tuition (what is termed "net tuition revenue") is the important metric because that yields the amount of tuition revenue actually received by the institution.[19] Data from the Delta Cost Project, as presented in Chart 11, show that net tuition revenue per student at UNL (that is, the amount of tuition revenue that UNL receives, on average, from or on behalf of each student) is lower than any of its peer institutions, despite the fact that at least one of its peers has a lower tuition price than UNL.

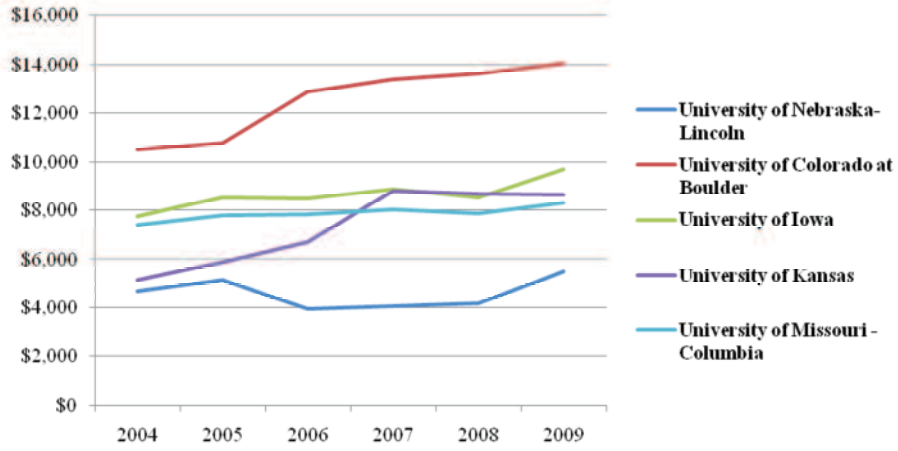
Relatively low tuition prices (and low net tuition revenue per student) at the University of Nebraska campuses demonstrate that, on average, Nebraska students do not bear as much of a burden to pay for college as the students of peer institutions do. As shown in Chart 12, the share of educational costs borne by students is lower at UNL than at any of its peer institutions, except for the University of Minnesota (which is not included in Chart 11). A similar pattern emerges for both UNO and UNK compared to their peer institutions, though in the case of the latter, no peer institution has a lower share of costs borne directly by students.

This relatively low share of costs born directly by students implies that someone else (specifically state taxpayers) is picking up the tab for the education the University provides. While lower tuition prices and lower net tuition revenues per student would suggest that the University is seeking to be cost-effective, the fact that the share of costs borne by those other than students would seem to indicate that the low tuition rates at the University of Nebraska institutions reflect that the University merely shifts the burden of costs from students and to taxpayers.

These data on tuition at UNL raises some interesting questions: Is the University a particularly good value relative to its peers? Are state taxpayers subsidizing an

Chart 11: Net Tuition Revenues at University of Nebraska-Lincoln and Selected Peer Institutions, 2004-09[a,b]

Source: Delta Cost Project
Notes: a=Dollar amounts expressed in terms of 2009 dollars.
b=The Delta Cost Project's data for published tuition differ from the tuition data reported directly from the University of Nebraska System. As the Delta Cost Project notes in its database, "Data presented may differ from that reported by institutions; some data were adjusted to account for changes in financial reporting standards or data collection surveys over time."



experience that largely benefits the students themselves, not the citizens of the State? Should Nebraska align itself more closely to its peers in the way it finances its main research university?

State Subsidy Patterns

Over the past four decades real state tax support for the University of Nebraska System has, in the long-run, experienced an upward trend, though that trend has hardly been unbroken or steady. From the late 1970s to the mid-1980s, state appropriations (in real dollars) experienced a modest, but noticeable decline before rapidly increasing during the late 1980s and early 1990s (this occurred at the time when the University of Nebraska at Kearney joined the System). Over the course of the 1990s, state appropriations reached a plateau, before increasing from $450 million to nearly $500 million (in 2008 dollars) from 1995-96 to 2001-02, the year in which real state appropriations for the System reached their peak. Over the next few years, state appropriations dipped, until 2004-05 after which real appropriations to the System began a modest rebound, though that rebound has been somewhat interrupted by the continued sluggish economy. As of fiscal year 2008-09, real state appropriations almost returned to the level they were at in 2001-02.

Over this entire period, in absolute terms, real appropriations grew from $229 million in fiscal year 1971-72 to $492 million for fiscal year 2008-09, a total of 115 percent over the course of 37 years (equating to an annual average compound growth rate of 2.09 percent). Excluding the University of Nebraska Medical Center, real state appropriations for the System increased from $184 million in fiscal year 1971-72 to $373 million by 2008-09, a growth of 103 percent over that same period excluding the University of Nebraska Medical Center, the annual average compound growth rate in total state appropriations for the system was 1.93 percent).

Because enrollment at the System has also increased over this period, arguably a more meaningful measure would be enrollment-adjusted real appropriations. As Chart 13 shows, using fall full-time headcount enrollment figures published by the University of Nebraska, real state appropriations, on a per-student basis, have increased 58

Chart 12: Cost, Price, Subsidy: Student Share of Costs. UN-L and Selected Peers, 2004-09

Source: Delta Cost Project

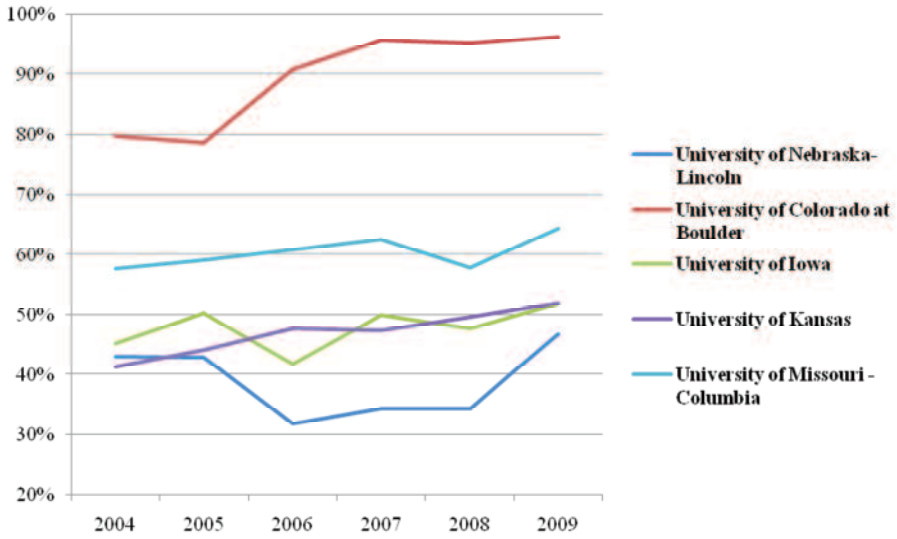
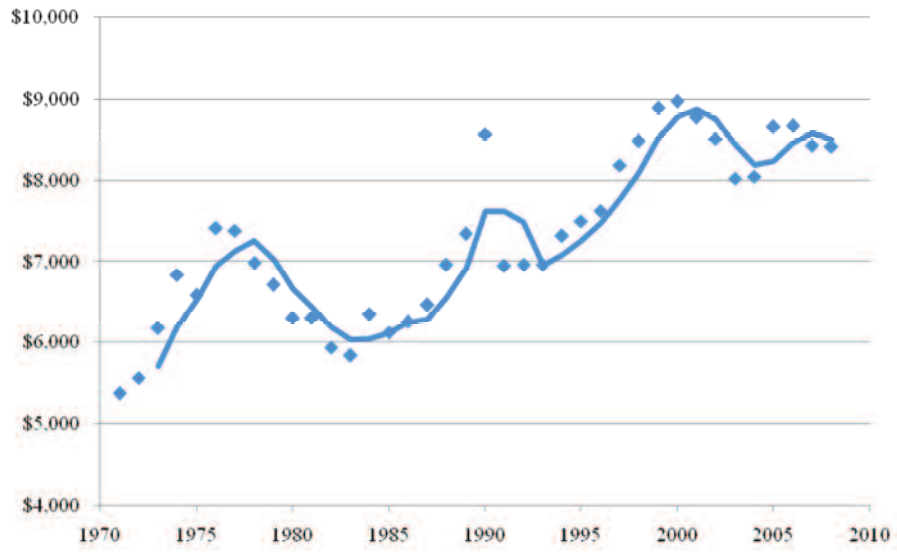


Chart 13: Real State Appropriations per Full-Time Student at the University of Nebraska System (1971-72 to 2008-09)[a,b,c]

Source: Grapevine database from the Center for the Study of Education Policy at the Illinois State University; University of Nebraska System Factbook.
Notes: a=Data exclude University of Nebraska Medical Center
b= Solid line indicates 3-year moving average
c= Dollar amounts expressed in terms of 2008 dollars



percent in real terms (using a three-year moving average) between 1973-74 and 2008-09. This equates to an annual average compound growth rate of 1.32 percent per year for per-student real state appropriations.

While it is certainly true, as Chart 13 clearly demonstrates, there have been significant and wide upward and downward swings in real per-student appropriations over the past several decades, over the long-run, there is clearly an upward trend in the amount of money for each full-time student the state appropriates to the University of Nebraska System. For example, the three-year annual average from 1971-72 to 1973-74 in appropriations was just under $5700 per-student, rose to just over $7000 by the end of that decade, then fell to under $6000 by the mid-1980s. Per student appropriations then rose to over $7500 by the early-1990s, before dipping below $7000 by the mid-1990s, then rising to an all-time peak of $8900 per student by the beginning of the 21st century.

To be sure, even adjusting appropriations by enrollments has its limitations; after all, state appropriations go to more than merely instruction (which would be implied by adjusting appropriation levels by nothing more than enrollment); appropriations certainly do go to other, non-instructional uses such as dedicated academic research. However, a case can be made that state legislators generally take the view that the primary (though not exclusive) purpose for state higher education appropriations is to fund the education of students. It is likely that this view is even more keenly held by the taxpayers who ultimately pay for those appropriations.

Compared to the national average for state funding per student at major public research universities (a category which includes UNL), Nebraska receives a high level of subsidy from the State. In fact, as of 2010, per student state funding at the University of Nebraska was 14 percent higher than the national average, according to the National Science Foundation. Furthermore, while real state funding per student for major research universities nationally fell by 4 percent between 2002 and 2010, at the University of Nebraska it rose by 9 percent.[20] Such data hardly indicates that the University of

Chart 14: State and Local Appropriations: University of Nebraska, Lincoln, and Peers, 2004-2009

Source: Delta Cost Project

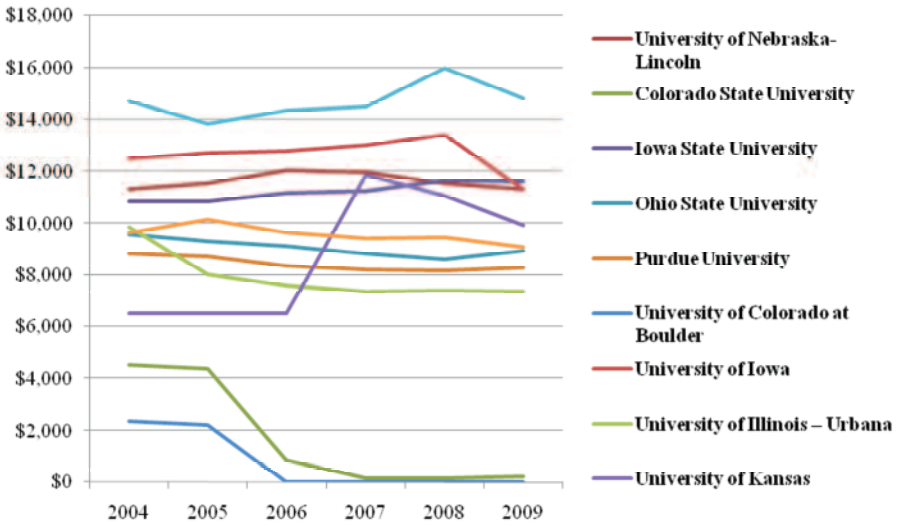
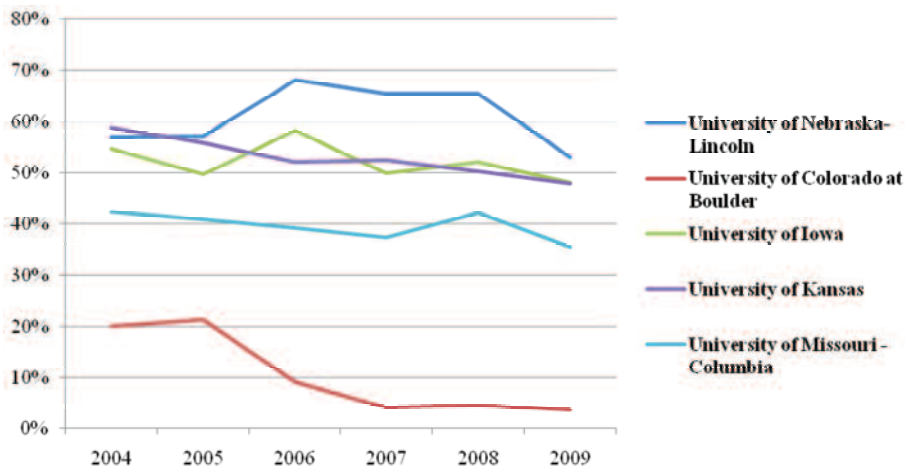


Chart 15: Subsidy Share of Costs: University of Nebraska, Lincoln, and Selected Peers, 2004-2009

Source: Delta Cost Project



Nebraska is strapped for cash. If anything, the University of Nebraska is benefiting from an unusually generous state government (that is, state taxpayers).

As Chart 14 shows, *UNL receives, in general, a much higher level of funding from the state than most of its peers* (in the case of the University of Colorado and Colorado State, the zeroing out in state appropriations is not because those institutions no longer receive funding from the State of Colorado, but rather because the funding in that state is now effectively a voucher program), though UNL's funding level did decrease during the recent economic downturn and tepid recovery nationally.

The relatively high level of state appropriations, combined with institutional financial aid as well as state and federal financial aid programs, means that more than half of the cost of educating students at UNL is borne by entities other than the students and their families (of all its peer institutions, only the University of Minnesota has a higher subsidy share for its students than UNL), as shown in Chart 15.

While the determination of the appropriate level of financial aid the University of Nebraska should provide for its students is outside the scope and purview of this report, perhaps the most important component of the subsidy to students comes from state appropriations. Given the relatively high level of taxpayer subsidy to the public institutions in the State of Nebraska (as of fiscal year 2012, taxpayers in the Cornhusker State sent $353 dollars for every man, woman and child to public colleges and universities, more than all but six other states and more than one-and-a-half times the national average for per capita subsidies to higher education), one might expect to see relatively high student outcomes in terms of graduation rates, etc. However, as we discuss elsewhere, the University of Nebraska has *low* graduation rates, suggesting that perhaps some of the taxpayer subsidy is not well spent and those resources could be reallocated to better uses. Furthermore, it may strike some taxpayers (a number of whom never went to college themselves) as unfair to make *them* bear a relatively large share of the cost of college when they themselves do not necessarily benefit from the college education they subsidize.

Spending Per Student

As shown in Table 5, in terms of total "education and

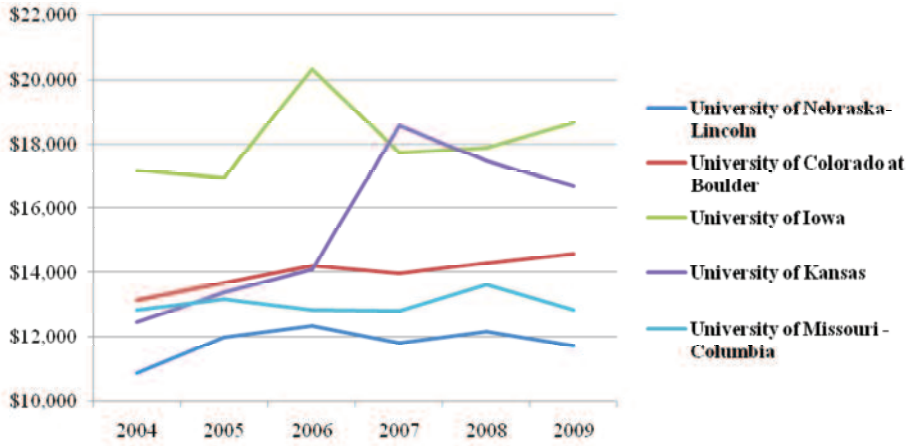
TABLE 5: Educational Spending by Category, University of Nebraska-Lincoln and Peers, 2009

Source: Delta Cost Project
Notes: Dollar amounts expressed in terms of 2009 dollars.

Institution	Instruction	Student Services	Administration, Support and Maintenance	Total Education and Related
University of Nebraska-Lincoln	$8098	$552	$3072	$11,722
Colorado State University	8047	861	2518	11,426
Iowa State University	8461	1213	3917	13,591
Ohio State University	16042	1678	4470	22,191
Purdue University	14879	769	4385	20,033
University of Colorado at Boulder	10327	1107	3161	14,595
University of Illinois – Urbana	10935	1956	4500	17,391
University of Iowa	12555	1010	5108	18,673
University of Kansas	11237	1044	4410	16,691
University of Minnesota - Twin Cities	14980	2087	8707	25,774
University of Missouri - Columbia	9730	1107	2009	12,846

Chart 16: Education and Related Expenditures Per Student, University of Nebraska and Selected Peers, 2004-09

Source: Delta Cost Project
Notes: Dollar amounts expressed in terms of 2009 dollars.



related" spending, UNL spent less per student ($11,722) than any of its peers, with the exception of Colorado State University (median education and related spending that year for UNL peers was slightly more than $17,000 per student, about 45 percent higher than the per student spending on education at UNL). However, while UNL spends relatively less per student on instruction and student services (both of which arguably are more directly for the benefit of students), UNL spends *more* on administration, support and maintenance per student than does the University of Missouri-Columbia, which spends roughly 20 percent more per student on instruction than does UNL.

Of all of its peers, UNL spends more on administration, support and maintenance (as a proportion of total per student education and related spending), except for Iowa State, Kansas, and Minnesota-Twin Cities, all three of which spend more per student on instruction than UNL. These data suggest that UNL puts a somewhat greater emphasis on administrative and support spending than it does on instruction, especially when compared to its peers.

It is notoriously difficult to determine how colleges and universities spend their money. The data collected by the U.S. Department of Education, which are available in the Department's national database, provides insufficient information about the true breakdown in spending by category (for instance, how much is truly spent only on classroom instruction compared to what is categorized as an instructional expenditure but would more appropriately be classified as a research expenditure). The Delta Cost Project has attempted to provide clarity to the discussion of higher education spending patterns by introducing what it terms "education and related spending."[21]

As shown in Chart16, UNL spends less—even considerably less than some peer institutions—on education and related expenditures, per student than any of its peers (except for Colorado State University, which is not shown in Chart 16). Relative to their peers, UNO and UNK are more in the middle of the pack, so to speak, in terms of per student education and related expenditures.

In contrast to the relatively low level of education and related spending, UNL's trends on research and related spending is fairly typical for its peer group (as shown in Chart 17), as UNL spends as much or more on research and related spending (per student) than five of its peers.

Furthermore, in terms of public service and related spending, UNL spends more per student than

Chart 17: Research and Related Expenditures Per Student, University of Nebraska and Selected Peers, 2004-09

Source: Delta Cost Project
Notes: Figures are expressed in 2009 dollars

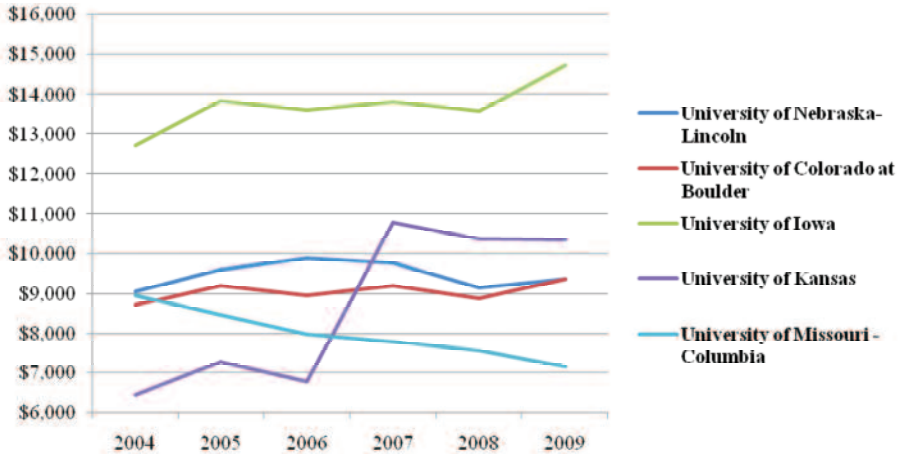
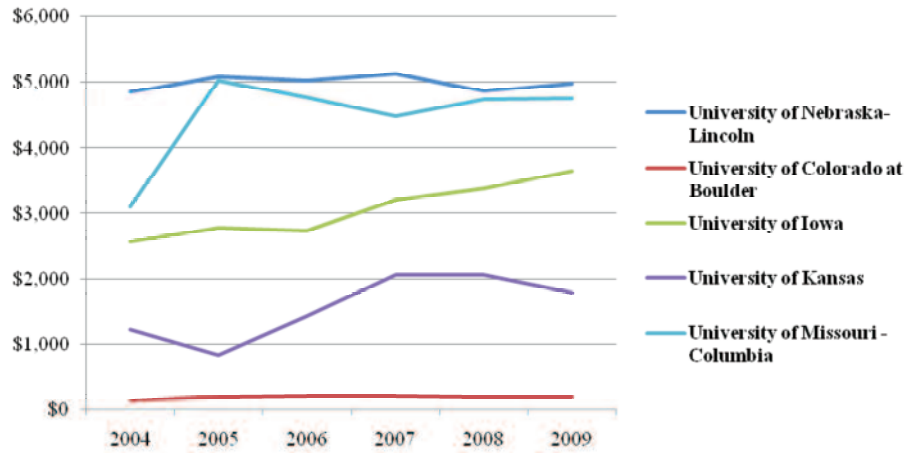


Chart 18: Public Service and Related Expenditures Per Student, University of Nebraska and Selected Peers, 2004-09

Source: Delta Cost Project
Notes: Dollar amounts expressed in terms of 2009 dollars.



Colorado State University, Iowa State University, Ohio State University, Purdue University, University of Colorado at Boulder, the University of Iowa, the University of Kansas and the University of Missouri-Columbia. Only the University of Minnesota-Twin Cities and the University of Illinois-Urbana-Champaign (of UNL's peer group) spend more per student on public service and related spending than does UNL, as Chart 18 illustrates.[22]

These data on spending patterns suggest that UNL, relative to its peers at least, prioritizes its students' education less than it does research or public service. A paper by John Hattie and H.W. Marsh, which examined the relationship between research and teaching in universities, found that a "meta-analysis of 58 studies demonstrates that the relationship [between research and teaching] is zero."[23]

Graduation Rates

Often, graduation rates are viewed as a measure of the quality of instruction. The four year graduation rate amongst the 11 UNL peer institutions averaged 37.3 percent—only roughly 3 out of every 8 students graduated in a timely fashion. Excluding UNL, the graduation rates ranged from 32 to 65 percent. *UNL, however, was far below any of the other schools at 25 percent.* To be sure, UNL's disadvantage regarding this statistic narrows if one uses a six-year graduation rate.[24] The range for the ten comparable non-UNL schools is between 61 and 83 percent, and UNL, at 63 percent, is actually slightly higher than the University of Kansas, but below the other nine schools.

Table 6 looks at the proportion of graduates taking more than four years to complete their education at the 11 schools (UNL and the self-selected peer schools). At none of the non-UNL schools, is the percent as high as 50 percent, and the median of those schools is 37.8 percent. But at UNL, *it is an extraordinarily high 60.3 per cent.*

The data demands an explanation. They suggest *the true cost of attending UNL is actually much higher than published data on tuition fees would suggest, since the probability is much higher that an entering student at UNL will take more than four years to graduate than is true at the other listed schools;* schools selected by UNL itself as peer institutions on its web site. Harry Stille of the Higher Education Research/Policy Center estimates that, in 2009 alone, the cost to the State of Nebraska associated with subsidizing those full-time undergraduates who had a low probability of graduating (which he calculates to be 40.6 percent of all

Table 6: Percent of Graduates Taking More Than Four Years To Complete Degree

Source: Authors' calculation from U.S. Department of Education IPEDS data.

Institution	Percentage of Graduates Not Graduating Within 4 Years
University of Nebraska (Lincoln)	60.3%
Iowa State University	49.3
University of Kansas	47.5
Purdue University (main campus)	45.7
Colorado State University	45.3
University of Iowa	39.1
University of Colorado (Boulder)	38.8
University of Missouri (Columbia)	36.8
Ohio State University (main campus)	36.0
University of Minnesota (Twin Cities)	33.8
University of Illinois (Urbana-Champaign)	21.7

Table 7: Retention and Graduation Rates for Full-Time Students at Public Four-Year Institutions in Nebraska

Source: Higher Education Research & Policy Center, Inc, compiled from data published by the National Center for Education Statistics, U.S. News and World Report, Peterson's Guide, Barron's Profiles, Time-Princeton Review and the College Board.

Institution	Sophomore Retention Rate	Four-Year Graduation Rate	Six-Year Graduation Rate
Chadron State College	67%	17%	44%
Peru State College	57	15	33
Wayne State College	69	27	48
University of Nebraska at Kearney	80	23	57
University of Nebraska-Lincoln	84	25	63
University of Nebraska at Omaha	72	13	42

full-time students enrolled at institutions of higher education in the State of Nebraska) totaled nearly $106 million dollars.[25] Why should the hard-working taxpayers of Nebraska be required to subsidize the education of those students who will never graduate? Such is a question that the higher education establishment is loath to even consider.

Although the data on graduation rates do not reflect favorably on UNL relative to its peers, graduation rates are even lower at most of the other public four-year institutions in the State of Nebraska, as is shown in Table 7. As of 2009, Wayne State College (despite having a considerably lower freshman-to-sophomore retention rate than UNL) actually had the highest four-year graduation rate of any of the four-year public institutions in the state. However, graduation rates after six-years shows that UNL has the highest rate (at 63 percent), six percentage points higher than UNK, 19 percentage points higher than the graduation rate at UNO, and 15 percentage points higher than the rate at Wayne State College.

Do state appropriations for UNL work to incentivize the institution to have students linger around, whereas in other states the appropriations work to encourage timely graduation? We do not know, but believe that would certainly be a subject for the legislature or an executive agency of government to investigate. Such an investigation into the Legislature's appropriations and its effect would be beneficial to determine whether or not the appropriations incentivize institutions to have students linger as opposed to graduating in a timely manner. Why should those who graduated from college in a timely fashion (or those who opted to forgo college completely) be taxed to cover the additional costs incurred by those who do not complete their collegiate studies in a timely manner?

An examination of the data for the Omaha and Kearney campuses of the University show even more dismal results. The four-year graduation at Kearney is lower than in Lincoln (23 vs. 25 percent), and at Omaha it is a mere 13 percent! While six year graduation rates at those schools are better (59 percent at Kearney and 45 percent at Omaha), it is unfortunate that a majority of students entering the state's second largest institution, the University of Nebraska at Omaha, fail to graduate *even within six years.*[26] Moreover, it is also somewhat lamentable that 61 percent of those ultimately graduating at Kearney, and over 71 percent at Omaha, take more than four years to complete their degree, radically higher than at any of the UNL peer institutions (and higher even than UNL).

The low overall graduation rate at UNL and the tendency to linger for a fifth or even sixth year of study conceivably could be explained either by financial reasons (extremely high tuition fees and/or a lack of financial aid), or by the fact that the entering students were markedly inferior academically relative to students at the self-selected peer institutions. However, neither of these explanations seems to be likely true. While it is true that federal graduation data are imperfect for several reasons, the low Nebraskan figures compared with national norms at schools like UNK and UNO are still a legitimate cause of concern.

Total tuition, room and board charges at UNL were on average somewhat *lower* than for the 10 peer institutions, and the proportion of full time first-time undergraduates receiving financial aid in 2008-09 was 77 percent, placing UNL right at the median of the 11 institutions examined. The proportion of students receiving Pell Grants (an indicator of relatively low income students), at 16 percent was below two of the peer institutions and very close to that of three others. Financial pressures on UNL students, in short, appear roughly comparable to most of the peer institutions.

Regarding academic qualifications, the data suggest that UNL students probably were not typically much different than those at other institutions. The percent of applicants admitted at UNL, at 62 percent, was below all of the peer institutions save the University of Minnesota, suggesting it was a fairly selective school (although the admissions yield—the percent of accepted students actually enrolling, was unusually high at UNL). The average SAT or ACT score for those at the 25th percentile (well below the average student in terms of test scores) at UNL exceeded that at Colorado State, and was very close to that at several other institutions, including Iowa, Iowa State, and Purdue.

In any case, UNL students have a pretty high propensity not to graduate, certainly within four years. In performing the *Forbes* college rankings, we used a statistical model to predict graduation rates at the 650 schools, including factors such as the admissions selectivity data discussed above. At UNL, the actual four year rate was meaningfully less than the predicted one, so UNL ranked 587th among the schools with respect to a statistically adjusted graduation rate factor, again in the bottom 10 percent. To put it rather explicitly, UNL has a serious graduation rate problem.

Labor Market Returns

For many people, the "bottom line" of higher education is obtaining good employment. A college degree is looked at as a ticket to a middle class life style with a relatively high level of employment security. In a perfect world (at least from the perspective of data wonks), some government agency, with the appropriate data (the Internal Revenue Service or maybe the Social Security Administration), would publish college by college average earnings of graduates, giving some indication of the financial success of students and even some measure of the "rate of return" on the college financial investment. Unfortunately, that is not done, and, we suspect, colleges would fiercely fight the collection and publication of that data, for it might reveal some schools appear to not be good places to attend based on the financial performance of alumni.

Fortunately, however, we have some—albeit limited—information. Payscale.com receives self-reported earnings data on graduates of virtually every college in the United States. The sample sizes are generally fairly large, but they are non-random samplings using self-reported data. While this is a deficiency, it applies equally to all schools. Thus comparisons of school X with school Y are probably reasonably accurate, even though the precise dollar amounts of reported salary may be misstated because of the size of the samples or misstatements of earnings by respondents. In the case of UNL, for example, some 2,000 alumni responded, and the numbers for the 10 peer institutions ranged from a low of 1,628 at the University of Minnesota to some 5,491 at Ohio State (see Table 8).

The labor market data are a "good news, bad news" situation. On the one hand, UNL graduates seem to earn good starting salaries, comparing favorably to eight of 10 peer institutions (the average for the University of Nebraska at either Kearney or Omaha, however, is *dramatically* lower than at Lincoln, $39,839 and $39,646 respectively). Yet if one looks at graduates 20 years or more after leaving school, UNL ranks decidedly lower than any of its peer institutions. Additionally, average earnings growth of UNL alums is dramatically lower than at peer institutions (see Table 9).

Earnings growth was also relatively low at the University of Nebraska at Kearney, although the small sample size (only 234 altogether) makes us cautious and somewhat suspicious of the result. The average earnings for those 20 or more years out of school at Kearney were only $65,000,

Table 8: Average Earnings of Recent and Longer-Term College Graduates

Source: http://www.payscale.com

Institution	Years of Experience	
	Less Than 1 Year	20 + Years
University of Illinois	$52,165	$105,386
Purdue University	51,857	102,055
University of Nebraska at Lincoln	49,630	86,099
Iowa State University	47,738	96,788
Ohio State University	47,242	90,777
University of Colorado	46,922	102,329
University of Kansas	45,777	89,153
University of Minnesota	45,119	95,475
University of Missouri	44,845	92,221
University of Iowa	43,256	91,570
Colorado State University	43,090	91,930

Table 9: Average Earnings Growth Over 20 Years of Job Experience

Source: PayScale.com, authors' calculations

Institution	Average Percentage Earnings Growth
University of Colorado	108.50%
University of Missouri	104.3
Iowa State University	101.9
University of Iowa	101.3
University of Illinois	97.5
University of Kansas	97.3
Purdue University	92.5
Colorado State University	91.3
Ohio State University	89.9
University of Minnesota	88.5
University of Nebraska Lincoln	**84.6**

only a little over 65 percent than the already low average starting salary. At Omaha, earnings growth was a more robust 100.3 percent, with the long-term graduates (20 or more years), averaging $81,766 a year, within five percent of the Lincoln mean.

There are three possible explanations for the relatively modest growth in earnings after graduation from UNL. The first, of course, is that it all may be a fiction, an artifact arising from faulty numbers; the sample is only a small percent of working graduates of UNL, and is nonrandom in nature. Moreover, the people 20 or years past graduation are different individuals than recent graduates, and it is conceivable that changing admission or academic standards have made the recent graduates relatively marketable compared with the older alumni.

A second explanation could be that economic growth has been lower in Nebraska than elsewhere, and since UNL graduates are more prone to settle after graduation in Nebraska than those in other states, one would expect them to have lower earnings growth. However, a look at the Bureau of Economic Analysis (U.S. Department of Commerce) data on per capita income growth from 1990 to 2010 shows that Nebraska was first among the states from which peer institutions came. If anything, this would lead one to expect vibrant job opportunities in Nebraska would lead to higher earnings growth for reasons of geography.

This leads the possibility that graduates of UNL do not advance as much as those at other schools into leadership positions or otherwise move up the career ladder. It is possible that is partly because UNL graduates are disproportionately in jobs for which salary advancement over time is relatively low, but we have no data to either confirm or deny that conjecture. Moreover, UNL graduates did rank fairly well (277th of 650) in terms of placing individuals into positions as top corporate officers, as determined by a data base of several thousand corporate directors and officers put together by *Forbes* and the Center for College Affordability and Productivity.

Summarizing the above, UNL may have significant problems in terms of the quality of the instructional experience. While it may have decent quality research programs, it has been evicted from the organization representing America's top research universities. All the University of Nebraska campuses have relatively low four year graduation rates, and a high percentage of those who do graduate take five or six years. UNL ranks poorly in two widely followed national magazine rankings. While graduates start at good salaries, the long term earnings record of UNL graduates may be fairly poor relative to peer institutions. In short, on the quality front there are some significant concerns.

Staffing Levels

As shown in Table 10, colleges and universities in the State of Nebraska tend to have higher levels of staffing, adjusted for enrollments, than either the national average or the average for neighboring and similar states. As of 2009, the last year for which there is national data, total FTE staffing levels at schools in Nebraska were nearly 18 percent higher than the national average. Interestingly enough, while faculty (that is, instructional, research and service professional staff) were 14 percent higher at schools in Nebraska compared to the U.S. average, administrative staffing levels in Nebraska were almost 24 percent higher than the national average. These data suggest, then, that colleges and universities in Nebraska, of which the University of Nebraska System is the largest and most important, tend to put disproportionate emphasis on staffing (particularly administrative staff) than do schools in neighboring states or across the country.

Table 10: Full-Time Equivalent Staff Adjusted for Enrollment, U.S., Nebraska and Neighboring States, 2009

Source: U.S. Department of Education
Notes: a="Great Plains States" refers to Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota.
b=Excludes faculty, that is, instructional, research and service professional staff.

		Total FTE Staff Per 100 FTE Students	FTE Faculty per 100 FTE Students	FTE Administrative and Professional Staff per 100 FTE Students[b]
a	US Total	17.34	6.21	9.67
b	Great Plains States[a]	17.50	6.25	9.67
c	Nebraska	20.43	7.07	11.98
d	Nebraska as Percentage of U.S. Average (row c divided by row a)	17.8%	13.8%	23.9%

Looking specifically at the University of Nebraska campuses (as shown in Table 11), staffing levels are comparable to the state average as a whole, though once the System staff (that is, the staff at the System's central office) are taken into account, the University of Nebraska System has slightly fewer faculty per student and slightly more administrators per student than the other colleges in the State. Of all the campuses of the System, UNL by far has the highest staffing level as total FTE staff per student is 89 percent higher at UNL than at UNK and 110 percent higher at UNL than at UNO. Looking just at administrative and professional staff (excluding faculty), the gap between UNL and UNK and UNO is even larger: even after adjusting for enrollment, administrative staff at UNL is 153 percent higher than at either UNK or UNO.

A similar (though perhaps slightly less pronounced) picture emerges when comparing UNL to the state average. UNL has total staffing levels per student 28 percent higher than the state average, faculty staffing levels 13 percent higher than the state average and administrative staffing levels 43 percent higher than the state average. From these data, it appears that UNL values administrative staff substantially more than is typical for the state and, by extension, institutions in the neighboring states or across the country.

Of late, administrative costs (both in terms of overall staffing levels and in high salaries and benefits paid to such staff) have received increasingly more attention as a cost driver in higher education. In fact, the role administrative costs play in escalating college costs is arguably rather significant. A 2010 study by researchers Jay P. Greene, Brian Kisida and Jonathan Mills, revealed that "universities are suffering from "administrative bloat," expanding the resources devoted to administration significantly faster than spending on instruction, research and service."[27] Specifically, this study found that nationally, the number of full-time administrators at leading universities grew by nearly 40 percent from 1993 to 2007, even after adjusting for enrollment growth. Over this same period, inflation-adjusted administrative spending per student rose by 61 percent. By way of comparison, enrollment-adjusted increases in instructional, research and service staff (that is, faculty), rose only 18 percent and real spending on instruction grew by only 39 percent per student.[28]

To the extent that higher education nationally suffers from the malady of administrative bloat, the problem may be even more pronounced in the case of the University of Nebraska (particularly UNL) given the relative high levels of administrative staffing, even compared to the national average. Perhaps the University of Nebraska should consider reductions to administrative costs (whether through spending or staffing reductions) above and beyond any that may have been considered recently. After all, while

Table 11: Enrollment Adjusted Staffing Levels at the University of Nebraska, 2009

Source: U.S. Department of Education
b=Excludes faculty, that is, instructional, research and service professional staff.

Institution	Total FTE Staff Per 100 FTE Students	FTE Faculty per 100 FTE Students	FTE Administrative and Professional Staff per 100 FTE Students[b]
University of Nebraska at Kearney	13.82	6.19	6.85
University of Nebraska at Omaha	12.48	5.39	6.75
University of Nebraska-Lincoln	26.25	7.96	17.23
University of Nebraska System (excluding UNMC)	20.80	6.95	12.98

faculty arguably are critical to fulfilling the University's mission (even the least productive faculty member at least performs some instructional, research or service function), particularly as far as students' education is concerned, administrative staff largely only play an indirect role in meeting the educational mission. If there is anything ripe for pruning, administrative spending and staffing in higher education is certainly it.

How Much Are Students Learning?

With respect to a sector in society dedicated to the production and dissemination of knowledge and information, there is a remarkable paucity of information publically available on how much college students actually learn during their course of collegiate study. For instance, if a prospective student wanted to determine how much the average student at, say, the University of Nebraska-Lincoln, learns after four years in college compared to any one of its peer universities, that student would quickly run against a thick, brick wall.

Due to the lack of firm and specific data, prospective students and other consumers of higher education are either forced to rely upon vague and imprecise information or turn to other, indirect sources (e.g., college rankings published in the popular press). A good example of the former is the case of the University of Nebraska at Omaha (UNO) which announced,[29] quite proudly and loudly in August 2008 announced that it "contributes more to the learning gains made by students than any other institution that participated in a recent national examination" based upon the performance of UNO students who took the Collegiate Learning Assessment (CLA), an exam administered by the Council for Aid to Education (CAE), in 2007 and 2008.[30]

There are a number of telling observations to make regarding this announcement by UNO, the first of which was that no precise data (such as the average CLA score for UNO students or how much higher this average was compared to other universities) was actually released. The only information available is the general assertion by the University of Nebraska at Omaha's University Relations office that UNO students' gains in average scores was higher than that for any other institution which participated in the CLA assessment. This lack of specific information detracts from the UNO press release usefulness for prospective students who would want to ensure that they enroll at an institution that truly does provide excellent levels of undergraduate instruction. This is not to criticize UNO from publicizing its positive results from the CLA assessment—indeed it is laudable that UNO noted its success using a truly educationally relevant measure—but we do note that it would be even more useful if all colleges and universities (not just UNO) would release average CLA scores for its students so that prospective students and others could more effectively determine the quality of education available from American higher education.

The more striking observation to make about this, however, is the response the higher education community in general responded to UNO's announcement. For instance, Richard Ekman, president of the Council of Independent Colleges, criticized UNO for "pushing it a little far" in announcing its success in CLA scores.[31] But Ekman's remark does not compare with the harsh—even vitriolic—comments others in the higher education community directed towards UNO's announcement. As Kevin Carey, policy director of the Washington, DC-based think-tank Education Sector noted in a column shortly after UNO made its announcement, one such individual was an official at a public university in New York who labeled UNO's press release as nothing more than "gamesmanship" (highly ironically, as Carey pointed out, that very school in New York had boasted in a press release of its rise in the *US News and World Report* rankings a mere nine days after UNO had released its press release on CLA scores).[32]

One likely reason, if not the primary reason, for the aversion of those in higher education to UNO's 2008 announcement is that many colleges and universities are loath to discuss publically, much less release, actual data on student learning, as measured by such instruments as the CLA as they know that such data would not reflect positively on the quality of education at many institutions of higher education (including even institutions which are quite highly regarded) throughout the country. It was, after all, a former president of Harvard University, Derek Bok, (almost universally regarded as the pre-eminent university in the United States, if not the world), who once regrettably observed that American institutions of higher learning "accomplish far less for their students than they should," evidenced by college *graduates'* lack of sound writing skills

or competent analytic reasoning ability.[33] Indeed, as Bok himself noted, employers (among many others both inside and outside of academia) are often those who express dissatisfaction with the quality of graduates that colleges and universities produce. For instance, one recent survey of employers revealed that less than 10 percent of employers surveyed said that colleges did an "excellent" job of providing students with the skills and knowledge they would need for their careers.[34]

The best evidence we do have on student learning (at the national level) is what was presented in the ground-breaking book *Academically Adrift* by sociologists Richard Arum (of New York University) and Josipa Roksa (of the University of Virginia. In this book (and a couple of follow-up scholarly papers), Arum and Roksa reported that 36 percent of college students demonstrated no significant gains in critical thinking skills after four years of collegiate study. Arum and Roksa lay some of the blame for that poor performance at the feet of the faculty themselves who settle for lax academic standards for courses and let students get by with minimal effort.

These findings from *Academically Adrift* are particularly troubling because, as most Americans would expect, and as college faculty and higher education leaders such as Derek Bok acknowledge, "teaching students to think critically is the principal aim of undergraduate education."[35] What is so devastating about Arum and Roksa's research (to American higher education as it is currently structured, anyway) is that it calls into question the long-held and beloved belief that "increased educational attainment is … equivalent to enhanced individual capacity for critical thinking and complex reasoning."[36]

In one sense, the findings indicating a dearth of learning for American college graduates is not all that surprising. If college students do not actually put forth the effort to succeed academically (and choose to spend their time on other activities, including frivolous pursuits such as partying), it is little wonder that they exhibit little to no learning gains. Various data sources (including *Academically Adrift*) strongly indicate a marked decline in the amount of time students spend on academic endeavors over the last half-century or so. The U.S. Department of Labor, for example, reports that college students typically spend only 3.4 hours per weekday on "educational activities" (that is, a combination of going to class and studying outside of class) while they spend 3.6 hours per day on leisure and sports activities. Researchers Philip Babcock and Mindy Marks found that there have been "declines in academic time investment by full-time college students in the United States between 1961 and 2003. Full-time students allocated 40 hours per week toward class and studying in 1961, whereas by 2003, they were investing about 27 hours per week.[37] This decline in study time is particularly important, given that Arum and Roksa's work indicate a significant relationship between study time and the critical thinking skills of students.

Due to a lack of reliable and pertinent data, we can provide no detailed analysis of how well the campuses of the University of Nebraska System effect learning improvements in their students (or, similarly, how studious those students prove to be, in terms of the amount of time they devote to their academic pursuits). However, based on the limited information we do have, it is a definite possibility that, at least as far as the University of Nebraska at Omaha is concerned, it performs quite well relative to other universities in terms of improving the critical thinking skills and analytic reasoning abilities of its students. But how well UNO compares to the other campuses in the University of Nebraska System (or how those other System campuses compare to other institutions in the country), it is impossible to tell without reliable data.

Other Performance Indicators

In assessing any institution, one has to evaluate the quality of the services provided, as well as the costs incurred in that service provision. Unfortunately, evaluating higher education quality is extremely difficult owing to a lack of vital information, including, for example, indicators of learning while in college, good data on the post-graduation success of students, no measures of the "value added" by the institution on such important things as critical learning or leadership skills, etc. In short, there is no universally acknowledged "bottom line" by which one can assess schools and compare them with peer institutions.

While the previous analysis focused primarily on objective metrics, none of them singly (or for that matter collectively) fully encompass the level of educational quality. Magazine rankings of colleges and universities, as imperfect as they are, are an attempt to provide simple, easy to comprehend information about educational quality to

potential and current consumers of higher education. Of course, the foregoing analysis of the University of Nebraska's placement in such magazine rankings must be taken with a grain of salt (or rather, a very sizeable *lump* of salt), they, at the very least, provide a little snapshot of the perceived quality of education that the University of Nebraska provides, relative to other colleges and universities across the country.

Magazine Rankings

Second, magazines rank colleges and universities qualitatively. We looked at two such rankings for 2011, the most popular *US News & World Report* rankings, and also those of Forbes magazine. Because of differences in grouping schools, the *US News* rankings were somewhat less inclusive than those of *Forbes*.

We identified 23 schools that might be considered institutions in some way comparable to Nebraska. They either belong to the Big 12 or Big Ten athletic conferences with which UNL has been associated, were private schools in Nebraska (Creighton, Nebraska Wesleyan), or were state universities within a few hundred miles of Lincoln.

Of the 20 schools listed in the same ranking category as UNL with *US News*, 15 ranked higher than Nebraska, and two tied with it (University of Oklahoma, University of Kansas) in the rankings. Only three ranked lower (Colorado State, Kansas State, and the University of North Dakota). Being ranked 101th amongst national research universities is hardly a mark of distinction.

Looking at the *Forbes* ranking, which is more based on educational outcomes rather than reputational or input measures, UNL looks even worse. *Forbes* ranks 650 schools, including liberal arts colleges and private institutions. Of the 24 somewhat comparable institutions examined, UNL was ranked 23rd, above only the University of North Dakota (indeed, UNL even ranked below UNO). Ranked 544 of 650, UNL was ranked more than 100 schools below such comparable institutions as Colorado State, the University of Kansas or the University of Oklahoma, and nearly 100 below Kansas State, and nearly *200* below any other Big Ten university except the University of Iowa.

Using the *Forbes* rankings, we looked at the flagship state university in each of the 50 states, and UNL ranked 47th amongst the 50 flagship universities, only better than state universities in Nevada, Hawaii, and North Dakota.[38] Nine states that are smaller population-wise than Nebraska (Alaska, Delaware, Idaho, Maine, Montana, New Hampshire, Rhode Island South Dakota and Wyoming) had flagship schools that ranked higher than UNL, often dramatically so (e.g., the University of Delaware, which ranked 288, was some 256 schools above UNL; the University of Wyoming was 183 schools higher in the ranking). By this measure, then, Nebraska ranks in the bottom 10 percent of all flagships.

Does the University of Nebraska Need Increased Funding?

In April of 2011, top University officials met to draft a budget plan to address a $5 million shortfall for the 2012 Fiscal Year. UNL's Chancellor Harvey Perlman said that the $5 million cut was to address a problem in rising expenses in the university's utilities, insurance and operating cost. Perlman also said the University may be facing a $10 million to $15 million dollar budget reduction over the next two years and by taking the $5 million cut now the university will realize immediate savings in some recurring costs.

The budget cut proposal called for the elimination of four programs, as well as the termination of many faculty or staff positions. The budget plan eliminated the Organ Study Program in the College of Fine and Performing Arts, the master's degree program in Classics in the College of Arts and Sciences, the undergraduate program in Industrial and Management Systems Engineering in the College of Engineering and the K-12 Art Education program in the College of Education and Human Sciences.

The School of Music responded that by cutting the Organ program and removing the pre-tenured faculty member associated with it, the university would be cutting a central program for the school. They argued that by removing this faculty member the school would have been required to outsource an organist for performances and the school would lose marketability to potential students. However, by cutting this program the university would save over $68,000 in the faculty member's salary alone while affecting a very minimal amount of students. There was one organ

studies student to be exact and that student was scheduled to graduate in the spring of 2011. Beyond the salary, by cutting the program the university also expunged itself from maintaining the various practice organs which saves money long term. In the end, Chancellor Perlman agreed to keep the program per the advice of the Academic Planning Committee (APC), a committee of faculty charged with assessing the payoffs of the budget cut.

The removal of the Industrial and management systems engineering program would have displaced 67 students, with the important elements of the program incorporated into other areas or colleges. When including Graduate Students (whose program remained intact) the industrial systems students made up about 3 percent of the College's total enrollment of about 3,200. Beyond this, Dr. David J. Cochran, professor of ergonomics, said that in a state that is in desperate need of industrialization, UNL was the only school that offered the Industrial and Management Systems Engineering program.

The final program on the chopping block was K-12 Art Education. This cut affected 57 students, of which 17 were graduate students who will be allowed to finish their endorsement, 35 are undergraduate students who were asked to select a different endorsement and 5 post-doctoral students who may or may not be able to complete their endorsements depending on their schedule. Dean Kostelnik of the College of Education and Human Sciences assured students would be allowed to finish, however after 9 consecutive years of budget reductions she struggles to find cuts to her budget that don't dramatically affect academic programs. After already expanding class size and increasing faculty loads, she recommended the cutting of the program because it affects the least amount of students, while a typical class graduates maybe 5 art education students.

A final way that the University of Nebraska has attempted to address this issue is through tenured faculty buyouts. The Plan cut 22 faculty positions, including 2 pre-tenured faculty and 15 tenure track positions that are currently unfilled. It also eliminated nearly 36 staff positions, most of which are vacant. The Voluntary Separation Incentive Plan was made available to tenured faculty members that were 62 years of age or older and had served the university for at least 10 years. About 30 percent of the eligible 270 faculty members took the buyout which offers an incentive of a year's base salary paid to faculty members in exchange for early retirement. This cost the university a lump sum up front, but is aimed at cutting costs long term.

In May of 2011 the APC approved the budget plan, retaining the organ music program as essential saying its elimination would "have far too great an impact on core study areas." The committee was also concerned with the cut's impact on future faculty recruitment and assistant professor Christopher Marks was saved.

Something interesting to note is that simultaneous with a budget crisis, top UNL officials received high raises. The money comes from the University of Nebraska Foundation, the university's nonprofit fundraising arm, and not tuition or tax money. President James B. Milliken received a 12 percent raise, pushing his annual salary to $411,370, Chancellor Harvey Perlman received a 9 percent increase raising his salary to 333,271, Medical Center Chancellor Harold Maurer received a 13 percent increase raising his salary to $434,956, Omaha Chancellor John Christensen received a 2 percent raise to $262,309 and Kearney Chancellor Doug Kristensen a 4 percent raise to $226,003. These raises were aimed at keeping pay competitive with the midpoint pay of peer institutions to help retain strong leadership. The chancellors are ranked near the bottom of compensation compared to administrators at institutions in neighboring states.

Governor Dave Heineman, in his budgetary proposal for 2012 and 2013, has recommended that the State of Nebraska provide the University of Nebraska System with $491 million and $498 million for those two years, respectively.[39] Despite the fact that this funding level represents an increase in funding over the past decade (and despite the fact that other states, notably the State of California, have enacted—and are considering enacting further—substantial cuts to higher education funding), the University of Nebraska System has argued, presumably in support of increased state funding to the System, to state appropriators that state funding has not kept up with inflation over recent years and, at current trends, will through fiscal year 2013.[40] However, there are several problems with this claim.

First, the University of Nebraska uses the Higher Education Price Index (HEPI) as the measure of inflation rather than the Consumer Price Index. This use of HEPI

rather than the CPI is illegitimate because it suffers from systemic biases which cause HEPI to understate actual inflation.[41] Furthermore, HEPI is self-referential: if colleges and universities decide to increase the salaries of certain employees, holding everything else constant, HEPI by definition increases. This is a critical problem because, as the senior author of this report has argued before, "if administrative salaries rise, then the Higher Education Price Index rises. Colleges can give their employees huge salary increases, claim that higher education costs are soaring, and demand larger government subsidies, etc., as a consequence."[42] This is exactly what the University of Nebraska is arguing in support of increased state subsidies.

To put it bluntly, the University's argument is fatally wrong: what it is essentially arguing is that because colleges and universities (including the University of Nebraska) are spending increasingly more money, the University of Nebraska needs to receive more money from the State so that the University can spend more money. Given the flaws associated with HEPI, if anything, the State of Nebraska should, by law, prohibit the University of Nebraska System from using HEPI in any way in its appropriations requests and require the System to use only the Consumer Price Index or GDP Price Deflator (or similar indices) in its inflation adjustments for appropriations requests.

But even if the University were correctly representing the inflation-adjusted trend, this would hardly justify increases in state funding. After all, the University would essentially be arguing that it needs as much, if not more revenue, from the state per student to educate those students, an argument which implicitly assumes that the University is not capable of achieving productivity increases. Given the relatively high level of administrative staffing at the University of Nebraska, compared to both the nation and neighboring states, it is little wonder that the University is not too keen to tighten its belt. After all, which administrator at UNL or at the System Office would want to admit that eliminating his job would allow the University to achieve appropriate cost reductions?

Recommendations for Tying State Support to Incentives

The somewhat poor performance results observed for the University of Nebraska suggest that new incentives are needed to address the problem. It would be inappropriate for the governor or legislature to prescribe detailed specific policies governing the University, such as detailed rules on teaching loads, as that would rob the school of flexibility in dealing with problems, and any "one size fits all" set of rules might not be appropriate in any case. However, that is not to say that there is nothing the state can or should do. Indeed, the state should use the funding mechanism to provide officials of the University incentives to enact policies that will lead to improved performance.

For example, it would seem highly desirable to not fund students for extremely long periods, well beyond the traditional four years necessary for a degree. There are different ways this can be accomplished. For example, it could be decided no student with more than 135 semester credit hours will be counted in enrollment for the purposes of distributing state funding. Also, instead of relating funding to students enrolled in classes, it could be related to students successfully completing courses. Still another approach is to put an absolute time limit on funding individual full-time students—perhaps five years but arguably even four years.

Still another approach is to reduce state funding per student but then dedicate the savings to pay bonuses to the University for each student who graduates within four years of entering. Also, bonuses could be granted for campuses that have high and/or rising retention rates between the freshman and sophomore years.

Performance standards, however, are not without some problems of their own. What would be unfortunate is if the University, in order to meet criteria to enhance performance-based funding, would lower its standards, perhaps by grade inflation, perhaps by defining the bachelor's degree in terms of fewer courses (lowering the number of credit hours required, or increasing the hours each course counts), etc. This problem can be dealt with through statute, but perhaps not perfectly. For example, legislation could state that the average grade point average of all students could not rise above the current level without a significant financial penalty, or that the average number of credit hours taken could not be significantly increased (because of credit hour inflation) without a similar penalty.

A different approach might be to reward the University for improving on performance indicators relative to a legislatively defined group of peer institutions similar to

that used in this report. If the University performed at the average or above for the group, it would be rewarded; if it showed improvement over earlier years it would be rewarded as well. By contrast, it could have funds reduced for below average or falling performance.

Conclusions

In many ways, the University of Nebraska is fairly typical of American state universities. That, however, is not necessarily good. Nationally, costs have been rising sharply, learning outcomes are uncertain, and vital information needed to assess progress is missing, traits that are evident in an examination of the University of Nebraska system. The growth of college costs has far exceeded the growth of median household income, making it exceedingly difficult for students from median income families to attend the University without financial assistance. Moreover, in several respects, the University of Nebraska scores poorly relative to even mediocre national standards. Data also indicates that a low proportion of resources are allocated to instruction—particularly when compared to the University's peer institutions—these resources are instead directed to research and public services expenses, which have minimal effect on the education of tuition-paying students. There is also the huge problem of students lingering for five or six years, particularly at the flagship campus, UNL. The extension of the time it takes to earn a college degree increases the cost burden on the student, and there does not at this time appear to be a concentrated effort to ensure students graduate within a four-year timeframe. Additionally, UNL saw its membership in one of the nation's most prestigious grouping of national research universities terminated, hurting its reputation. National rankings place the University of Nebraska low, even relative to its peers. Other data, not discussed above, show that Nebraska is below the national average (albeit modestly) in the proportion of its adults with college degrees; it is also noteworthy the University of Nebraska has lost market share within the state relative to other providers of higher education services.

The problems the university faces are NOT primarily the consequence of being deprived state support. The University receives relatively generous state appropriations, and, unlike most other state universities, has not seen a sharp decline in inflation-adjusted appropriations over the past four fiscal years. Tuition levels are relatively low, although they have risen sharply over time. This report was unable to dig deeply into some issues, such as the teaching loads of faculty, the amount and social usefulness of faculty output, and whether athletic programs may be compromising academic integrity and performance. These are merely additional questions that should be examined. This study is a broad overview, not a detailed examination, but there are serious issues the University of Nebraska must address. The University of Nebraska System deserves closer scrutiny by policymakers and citizens groups to provide the taxpayers who provide considerable amounts of revenues evidence that they are, in fact, getting some bang for their bucks.

Endnotes

1 Taking from the University of Nebraska web site and www.nebraska.edu/history-and-mission.html , accessed December 14, 2011.

2 The Morrill Act, which was officially titled "An Act Donating Public Lands to the Several States and Territories which may provide Colleges for the Benefit of Agriculture and the Mechanic Arts," was signed into law by President Abraham Lincoln on July 2, 1862. The Act provided that the federal government would grant land to each State (30,000 acres for each senator and representative in Congress) which the several States could then sell and use the proceeds for the purpose of supporting colleges dedicated to the study of "agriculture and the mechanic arts... in order to promote the liberal and practical education of the industrial class in the several pursuits and professions in life." A total of 69 colleges were established in this manner. For more information, see "Morrill Act," *Primary Documents in American History, The Library of Congress*, July 23, 2010, http://www.loc.gov/rr/program/bib/ourdocs/Morrill.html.

3 See University of Nebraska, "Campuses," http://nebraska.edu/campuses.html, accessed January 10, 2012.

4 See http://nebraska.edu/history-and-mission/mission-statements.html, accessed February 1, 2012.

5 The Coordinating Commission for Postsecondary Education was established pursuant to Nebraska State Constitution Article VII-14 and Nebraska Revised Statute 85-1403. For more information on the CCPE, see: CCPE, "Bylaws," adopted February 1, 2007 and available at: http://www.ccpe.state.ne.us/PublicDoc/Ccpe/LegalRegs/Bylaws2.1.07.pdf, accessed January 31, 2012.

6 See Nebraska State Constitution Article VII-14 and Nebraska Revised Statute 85-1403.

7 Ibid.

8 Richard Vedder, "The Coming Revolution in Higher Education," (Washington, D.C.: Center for College Affordability and Productivity, 2010). Available at: http://centerforcollegeaffordability.org/uploads/Revolution_in_Higher_Ed.pdf, accessed March 5, 2012.

9 Data taken from the U.S. Census Bureau, "Table 2. Projections of the Population by Selected Age Groups and Sex for the United States: 2010 to 2050."

10 See http://www.whitehouse.gov/photos-and-video/video/2012/01/25/2012-state-union-address-enhanced-version#transcript

11 Donna M. Desrochers and Jane V. Wellman, "Trends in College Spending: 1999-2009" (Washington, D.C.: Delta Cost Project, 2011), p. 22.

12 OECD data.

13 An examination of the five-year period 2005-10 in terms of net tuition revenue and educational appropriations reveals a much weaker relationship between the two. Over that period, there is essentially no relationship between net tuition and appropriations, let alone a negative one. See http://centerforcollegeaffordability.org/archives/3350

14 See Richard K. Vedder, *Going Broke By Degree: Why College Costs Too Much* (Washington, D.C.: AEI Press, 2004) and Richard K. Vedder, "Private vs. Social Returns to Higher Education: Some New Cross Sectional Evidence," *Journal of Labor Research*, 25 (Fall 2004), 677-86. For a commentary on this, see Ronald Ehrenberg, "Going Broke By Degree: A Review Essay," *Journal of Labor Research*, 26 (Fall 2005), 739-52 and the Vedder reply to Ehrenberg.

15 See, for example, Alison Wolf, *Does Education Matter? Myths about Education and Economic Growth* (London: Penguin Books, 2002).

16 Most relevant and quantitatively important, the University of Nebraska Medical Center's research was not included in the totals for UNL, while for many universities the medical school was in fact included.

17 All data in this paragraph come from the United States Bureau of the Census.

18 See U.S. Census Bureau, http://www.census.gov/population/www/cen2000/briefs/phc-t34/tables/tab02.pdf

19 Defining "net tuition revenue" as "sticker" price tuition less average institutional grants and scholarship would include in the final amount, any financial aid received from government sources since those monies are not disbursed from the institution and the institution receives those dollars through the student.

20 For all the data cited in this paragraph, see http://www.nsf.gov/statistics/seind12/pdf/c08.pdf

21 For specific information on how the Delta Cost Project calculates its "education and related" spending metric, see Donna M. Desrochers and Jane V. Wellman, "Trends in College Spending: 1999-2009" (Washington, D.C.: Delta Cost Project, 2011).

22 Public spending is defined by the Delta Cost Project as "Activities established to provide noninstructional services to external groups. These costs are also budgeted separately and include conferences, reference bureaus, cooperative extension services and public broadcasting." See: http://www.deltacostproject.org/resources/pdf/trends_in_spending-report.pdf.

23 John Hattie and H. W. Marsh, "The Relationship between Research and Teaching: A Meta-Analysis," *Review of Educational Research* , Vol. 66, No. 4 (Winter, 1996), pp. 507-542.

24 It can be argued, *contra* colleges and universities' common claim that six-year graduation rates are the "standard," in reality the standard is and ought to be the four-year graduation rate. After all, traditionally the time required for completion of a bachelor's degree has been four years. Furthermore, the graduation rates, as they are reported to the U.S. Department of Education by the institutions, are with reference to four years as being the "normal time to completion," which the U.S. Department of Education defines as "[t]he amount of time necessary for a student to complete all requirements for a degree or certificate according to the institution's catalog. This is typically 4 years... for a bachelor's degree in a standard term-based institution." See: http://nces.ed.gov/ipeds/glossary/index.asp?searchtype=term&keyword=normal+time+to+completion&Search=Search.

25 Data provided, upon request, from Harry Stille of the Higher Education Research/Policy Center.

26 The data on graduation rates are imperfect, and are based on full-time students. Transfers are ignored. Nonetheless, the data imperfections apply to all institutions, and the general impression of high dropout rates appears to be accurate, and certainly the graduation rates are almost certainly well below many peer institutions.

27 Jay P. Greene, Brian Kisida and Jonathan Mills, "Administrative Bloat at American Universities: Th e Real Reason for High Costs in Higher Education," (Goldwater Institute Policy Report No. 239, August 17, 2010), p. 1.

28 Ibid.

29 For the announcement made by the University of Nebraska at Omaha, see: "UNO is First in Value-Added Education," August 13, 2008, available at: http://www.unomaha.edu/news/releases/2008/08/13_cla.php, accessed February 8, 2012.

30 The CAE bills the CLA as "a means for measuring an institution's contribution to the development of key higher order competencies, including the effects of changes to curriculum and pedagogy." The process by which this instrument is administered can be summarized as follows: "the CLA presents realistic problems that require students to analyze complex materials and determine the relevance to the task and credibility. Students' written responses to the tasks are evaluated to assess their abilities to think critically, reason analytically, solve problems and communicate clearly and cogently. Scores are aggregated to the institutional level to provide a signal to the institution about

how their students as a whole are performing." See CAE, "CLA: Returning to Learning," available at: http://www.collegiatelearningassessment.org/_index.html, accessed February 8, 2012.

31 Doug Lederman, "Let the Assessment PR Wars Begin," Inside Higher Ed, August 18, 2008, available at: http://www.insidehighered.com/news/2008/08/18/cla, accessed February 8, 2012.

32 Kevin Carey, "What's Wrong With Boasting About CLA Scores?" *Inside Higher Ed*, September 4, 2008, available at: http://www.insidehighered.com/views/2008/09/04/carey, accessed February 8, 2012.

33 Bok, Derek *Our Underachieving Colleges: A Candid Look as How Much Students Learn and Why They Should Be Learning More*, (Princeton, NJ: Princeton University Press, 2006), pg. 8.

34 Lacey Johnson, "Employers Say College Graduates Lack Job Skills," *Chronicle of Higher Education*, December 5, 2011. Available at: http://chronicle.com/article/Employers-Say-College/130013/, accessed March 6, 2012.

35 Bok, pg. 109

36 Arum and Roksa, *Academically Adrift*, pg. 2.

37 Philip Babcock and Mindy Marks, "The Falling Time Cost of College: Evidence from Half a Century of Time Use Data," *The Review of Economics and Statistics,* May 2011, 93(2): 468–478

38 New York does not have a well defined single campus flagship university, but several of the largest State University of New York campuses ranked far higher than UNL.

39 See http://nebraska.edu/docs/board/BOR-Report-January-2011.pdf

40 Kevin Abourzk, "Regents get big picture view of NU funding," *Lincoln Journal Star* April 13, 2012, available at: http://journalstar.com/news/local/education/regents-get-big-picture-view-of-nu-funding/article_ef651db4-cf34-5ec1-9585-1cb61075a425.html, accessed April 14, 2012.

41 For a complete discussion of the various biases which afflict HEPI, see Andrew Gillen and Jonathan Robe, "Stop Misusing Higher Education-Specific Price Indices," Washington, D.C.: Center for College Affordability and Productivity, 2011. Available at: http://centerforcollegeaffordability.org/uploads/Stop_Misusing_Price_Indices.pdf, accessed March 6, 2012.

42 Richard Vedder, "Federal Tax Policy Regarding Universities: Endowment and Beyond," Washington DC: Center for College Affordability and Productivity, 2008.

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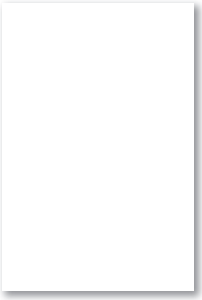

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