You might have two friends who attended the same school in the same years: one is mired in student debt, while the other is debt free. This anecdote is not the result of a student loan crisis. It is frequently the result of one friend choosing the more profitable career path. It may also be the result of higher education operating in an abnormal market—institutions can and do price discriminate via scholarships with the goal of meeting self-imposed enrollment benchmarks. The best protection against this is to seek out institutions whose costs are transparent. These will be scarce due to the aforementioned forces, but finding one—perhaps with an unflattering (read: low) sticker price that approximates net price—should be reason for further consideration, not disregard. A college that presents its cost of attendance without qualification has earned trust in other respects. Another way to limit student debt is to choose an institution that aligns with your values, whereby you avoid funding amenities and services that you underutilize or even repudiate. This could be a college with few frills because it believes academic subjects have not outlived their usefulness in the age of "the college experience." It could be a college that rejects reengineered higher education that merely sells to passionate consumers. It could be a college that embraces knowledge and sincerity in place of possessions and reputation. And the Christian student would be far better for it, as the former things anticipate eternity.

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"Train up a child in the way he should go, and when he is old he will not depart from it." – Proverbs 22:6

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LUTHER CLASSICAL COLLEGE

AD FONTES
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POSSESSIONS, REPUTATION, AND HIGHER EDUCATION

BY REV. GREGORY D. BAUCH

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NARY A MONTH GOES BY ABSENT A MAINSTREAM media headline about the "student loan crisis." Over the past 30 years, student debt has increased more than eightfold to $1.7 trillion. It is the largest form of consumer debt apart from home mortgages, surpassing both credit cards and auto loans. Previous generations used to graduate college with little or no debt. These facts dominate the conversation. But the explanation to the increase might be as plain as more students borrowing, students borrowing more, and graduates negotiating lower payments. In fact, these causes are real and enabled by the federal government. In 2005, the addition of PLUS loans authorized borrowing up to the total cost of attendance, while the near-nationalization of educational loans in 2010 increased access to funds and income-driven repayment plans. With the alleged need for a college degree to obtain a respectable job, more students have enrolled, thereby increasing total debt—annual loan originations have doubled since 1995. In addition, post-graduate degrees now comprise almost 50% of federal disbursements. The current state of student loan debt looks less like a crisis and more like individuals making choices in a free market. So what are the real issues facing students today?

Spurred by national trends, the number of higher education institutions in the United States exploded by over 40% from 1980 to 2010. Competition for enrollments has grown fierce. How do the institutions compete? The findings suggest that prospective students want to attend a prestigious college and that amenities "attract more lucrative students and students who are strongly considering enrolling." The latter led to the investment of hundreds of billions of dollars in cutting-edge dormitories, climbing walls, lazy rivers, and a plethora of cultural consumption facilities. It also led to added services in order to pitch one-stop shopping for campus life. But students ultimately pay for the amenities and services they rarely or never use, including the costs of administration.

The Yale Daily News reported that the university's administrators outnumber its faculty, which should raise concerns related to resource allocation and mission drift. This is not just an Ivy-League phenomenon, but a nationwide shift that has occurred over the last 40 years: full-time administrators have increased 164%, while full-time faculty have increased only 92%. One cannot cynically ascribe this "administrative bloat" to bare cronyism when costs are climbing to manage the amenities and services that students find appealing. One must also account for the growing diversity bureaucracies infused at public and private colleges alike, as well as the safe spaces exclusive to favored identities. In the desire for the quintessential post-adolescent experience, students are purchasing possessions they inevitably relinquish upon graduation, whether or not they made use of them. "Wealth gained hastily will dwindle, but whoever gathers little by little will increase it" (Proverbs 13:11).

The allure of having a degree from a prestigious college is hard to underestimate. Higher education administrators know this and have uncovered an easy way to earn cachet in the absence of long-standing school recognition: raise tuition. To charge more is to be more, just as the former President of George Washington University remarked, "People equate price with the value of their education." The old adage, "You get what you pay for," prevails in the minds of students and their families. And what better way to leverage that adage than to hike tuition to near-Ivy-League rates? The only problem is, most cannot afford near-Ivy-League rates. Higher education administrators know this and have identified a cheap solution: institutional scholarships. In a simplified example, imagine a college doubling tuition and then offering a 50% scholarship, thereby losing no revenue yet gaining the prestige of a high sticker price. This occurs quite regularly in the "high tuition–high aid" model of higher education marketing. College Board's "Trends in College Pricing and Student Aid (2023)" report provides the following average figures (inflation adjusted) for private nonprofit four-year colleges for the academic year 2006-07: published tuition of $33,840 vs. net tuition of $18,820, equaling a sticker price "savings" of 44%; for the academic year 2023-24: published tuition of $41,540 vs. net tuition of $15,910, equaling a sticker price "savings" of 61%.

Solomon depicted as author of Proverbs with lady wisdom, 1483-1546

These come as surprising figures, since one often hears how expensive college has become; in truth, college has become more affordable. This shell game is unlikely to end any time soon due to institutional competition, and that is before the "enrollment cliff" of 2025 when birthrate declines are predicted to significantly decrease the pool of prospective students. The tactic is extravagant flattery in order to make a sale at a deep (phantom) discount. It preys upon the desire for reputation: acceptance into a high-priced school, accolades for a scholarship, attention from an admissions office that really wants your enrollment. "A false balance is an abomination to the Lord, but a just weight is his delight" (Proverbs 11:1).