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College Administrations Are Too Bloated? Compared With What?

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In today's tough economy, more people are questioning why colleges cost so much. Many blame administrative bloat and inefficiency. Over the past 20 years, as enrollment has grown by 40 percent, the number of support-staff members on campuses has doubled, according to a report from the Center for College Affordability and Productivity.

But we must place higher education in context. It's important to recognize that growth in support staff compared with enrollment reflects a set of natural responses to shocks that are broadly affecting many other industries as well.

As defined in the center's report, "support staff" comprises many job categories. Two of the important ones are computer specialists and workers in business and financial operations. Both types of employees occupy an increasingly important role in colleges and in the economy as a whole. They also represent highly educated workers.

Colleges employed fewer than 13,000 computer specialists in 1970. By 2008 the number had soared to more than 111,000. A similar

trend holds for workers in business and financial operations. At the same time, however, those two job categories have followed the same upward path throughout the nation as a whole.

We can also look at the history of two important employment categories that represent an important slice of the clerical work force but are not considered support staff: typists and secretaries. In 1970 colleges employed close to 50,000 typists, but by 2008 that category had all but disappeared. Similarly, in the national data, typists numbered almost one million in 1970, but today they number just over 128,000. Meanwhile secretarial employment at colleges has risen in absolute numbers but has fallen substantially as a fraction of employment. Again, the same is true at the national level.

Such evidence leads us to the conclusion that larger forces, transcending the boundaries of any particular industry, are at work, and that all organizations are responding, whether large or small, for-profit or nonprofit. To take the example we just noted, the army of typists that used to labor to process professors' papers and exams is now gone. They technically were "clerical workers" instead of college-educated "support staff." Those clerical workers have been largely replaced by a smaller number of IT support personnel (the computer specialists whose numbers are rising) and a lot of new capital equipment on the desks of the professors. Even secretaries, whose job descriptions tend to be higher-tech than in the past, are declining rapidly as a share of higher-education employment.

Technological change has made clerical workers scarcer in organizations throughout the economy while increasing the use of highly educated support-staff members in their place. In part, that reflects a longstanding global trend toward more intensive use of educated professional and technical workers. Professional and

technical workers accounted for less than 14 percent of the nation's total labor force in 1970, but almost 25 percent in 2008.

Like most organizations, colleges are responding to the cost-reducing potential of new technologies. Yet because overall cost is not falling in higher education, the added support staff seems suspect. But what would the cost have been had colleges continued to hire as though the computer revolution had not occurred? The dollar costs might or might not have been lower, but there would have been hidden costs, such as not producing the kind of students that society needs. Comparing the dollar costs with the number of students enrolled is an inappropriate way to gauge efficiency and productivity. Employers often require students to be familiar with increasingly expensive technologies and processes, so the "product" that colleges produce would be of lesser quality if those students graduated without the technical knowledge and skills they needed.

The addition of IT personnel aren't the only reason that college support staffs are growing. Accountants and other financial types, or business and financial-operations employees, make up another area of support-staff growth in higher education. The commentary in the center's report suggested one reason that might be happening: an "onerous regulatory environment has been established," in which "colleges need to employ a staff that is responsible for providing the multiple state and federal agencies with compliance reports and data." Once more, higher education is certainly not unique in the growth of the number of such employees. In addition, all colleges, particularly state-supported institutions, have been forced to rely increasingly on private fund raising—which also requires more staff members.

Colleges also have more people working in career services, student

support and counseling, and health care, to name a few other staff areas. Those workers aren't producing more college graduates, so the ground is laid for more charges of unproductive waste. But that reflects how researchers choose to measure output or productivity more than it does any objective measure of inefficiency.

Much like the output of any firm, the services that colleges offer embody many attributes. In addition to basic classroom education, colleges offer students a range of extracurricular activities, athletics opportunities, and ways to do independent research. They also provide meal plans and lodging choices. Dining and housing can be spartan or luxurious. Health care and counseling can be bare-bones or extensive. When demand for some of those attributes rises, we would expect rational institutions to respond. In a sense, that is no different from a restaurant that chooses to use higher-quality or more-natural ingredients. Its output of meals served may remain unchanged, yet we would be reluctant to call the addition of higher-cost organic produce a complete waste.

Real income per capita in the United States has almost tripled since 1960. If the demand for certain attributes of personal services rises when income rises, then we should not be surprised that more resources are devoted to those things, and we should be somewhat circumspect about labeling the expenditure as unproductive. On college campuses, that argument applies to expenditures on a wide range of things, including dormitories and food plans—whose real costs have not risen nearly as rapidly as educational costs have—and career services and counseling.

The key point is that a lack of a comparison group is common in much industry-specific research, and higher education is no different. Focusing exclusively on what is going on inside an

industry is often a mistake. Sensible policy analysis often requires a researcher to stand back for a broader view.

Rapid cost increases, like those seen in higher education, can be found in many other industries. For example, if you examine the inflation-corrected price of dentists' services from 1947 to 2006, you will find that it overlaps almost completely with the inflation-corrected price of higher education. Whenever the cost of dental care moves rapidly upward or flattens out, so do college costs. Over the whole 60 years, the cost of getting your teeth worked on has risen by the same percentage as the cost of a year in college has. The striking similarity of the two price series could be just a coincidence.

Alternatively, they may have been subjected to the same economywide forces—most notably changes in productivity growth and changes in the wages of highly educated workers. And because the two industries share important characteristics, they may have reacted in similar ways. Higher education is a personal service that uses an extremely highly educated labor force relative to the national average. The same can be said of dentists' offices.

All industries have to react to the economic environment in which they operate, and any finding about higher education—or about any other particular industry, for that matter—needs to be checked carefully against behavior elsewhere in the economy. If the finding is shared across industries, that fact should influence how we think about what's actually going on and should be built into our policy recommendations.

Robert B. Archibald and David H. Feldman, economics professors at the College of William and Mary, are completing a book manuscript about why college costs so much.