

The 2012 AGB Survey of Higher Education Governance

## **College Prices, Costs, and Outcomes**

Who's Minding the Gap Between  
Higher Education and the Public?



## About AGB



Since 1921, the Association of Governing Boards of Universities and Colleges (AGB) has worked to strengthen, protect, and advocate on behalf of citizen trusteeship that supports and advances higher education. Serving more than 1,270 member boards, 1,900 institutions, and 36,000 individuals, AGB is the only national organization providing college and university presidents, board members, and board professionals of both public and independent institutions and institutionally related foundations with resources that enhance their effectiveness. AGB develops programs and services that strengthen the partnership between the president and governing board; provides guidance to regents and trustees; identifies issues that affect tomorrow's decision making; and fosters cooperation among all constituencies in higher education.

For more information, visit [www.agb.org](http://www.agb.org).

## About the TIAA-CREF Institute

## TIAA-CREF institute

The TIAA-CREF Institute conducts and supports actionable research intended to advance the ways individuals and institutions plan for financial security and helps strengthen the strategic thinking and decision making of college and university leaders. Research findings are presented in TIAA-CREF Institute publications and with their partnering organizations such as AGB.

For more information, visit [www.tiaa-crefinstitute.org/](http://www.tiaa-crefinstitute.org/).

## Acknowledgments

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## INTRODUCTION

### Reconciling Board Members' Views about Their Own Institution and Higher Education in General

**T**uition and fees at most public and independent colleges and universities have risen markedly over the last two decades, and although the rate of increase has slowed in most cases, college has become less affordable for a number of people, and the willingness and ability of students, parents, and the public to pay the price have declined.

Most board members seem to understand this point, *but only when it comes to other colleges and universities*, according to a survey recently conducted by the Association of Governing Boards of Universities and Colleges (AGB) of more than 2,500 board members across the country. Board members think that higher education in general is too expensive, *but the price is right at their own institution*. And while almost half say that their institution could be doing more or needs to do much more to reduce expenses, the other half say it is already doing all it can.

Board members similarly say that their institution prepares graduates well for life, careers, and citizenship, and that *their institution does so better than higher education in general*. Most board members also agree that colleges and universities are essential to the economy and need to do more to graduate enrolled students. But *fewer are convinced that the United States needs to increase the number of people with college degrees, and one-fifth of those surveyed actually say they disagree with this national goal*.

Given that the cost and value of a college degree have been the targets of great public attention in recent years, AGB specifically asked board members for their views about those issues in the study, its third annual survey of higher education governance. Fifteen percent of the board members that responded served at public colleges, universities or systems, and 85 percent served at independent colleges and universities. (Full details of the survey, including a breakdown of the findings by type of institution, are available on the AGB Web site at [www.agb.org](http://www.agb.org).)

From the survey results, it seems clear that boards are not translating public concerns about higher education, which they largely share, into action in the boardroom. For colleges and universities to secure continued public understanding and support, there must be better alignment between the public's needs and higher education's actions, between the public's perceptions and higher education's reality. Currently, the gap between the public and higher education's governing board members is much too great, as these survey results reveal. For this situation to improve, members of governing boards must take more seriously the concerns of the public as they make their decisions. They must ask hard questions at key points about the cost, quality, and value of the institutions they serve. They must be willing and able to take a hard look at the data that support the answers. They must act on what they learn, as well as better explain higher education's costs, pricing, and quality to the public. Until they do, the gap will continue to widen.

We hope this report stimulates discussions about price, cost, and outcomes in boardrooms across the country, in public and independent colleges and universities, large and small. Board members do govern higher education one institution at a time, but their collective commitment to higher education has never been more important.

## The Value Proposition for Higher Education: Price, Cost, and Outcomes

### Tuition and Value

The public thinks that higher education tuition and fees are too high, and most board members agree that higher education, in general, is too expensive. *But most board members also say their own institution generally costs what it should, relative to its value, and that their institution is doing all it can to keep tuition and fees affordable for students.* About half of the board members surveyed say that their institution is doing all it can to hold the line on tuition, and about the same number think their institution needs to do more. (See Tables 1 and 2.) Because almost all boards report that they have the power and responsibility to approve tuition and fees, this conflicted position in the boardroom may be reflected in the modest slowing in pricing seen over the last few years.

**TABLE 1: BOARD MEMBERS' VIEWS OF THE COST AND VALUE OF ATTENDING THEIR OWN INSTITUTION COMPARED TO HIGHER EDUCATION AS A WHOLE**

My institution generally costs what it should relative to its value.	62%	38%	Higher education costs what it should relative to its value.
My institution is underpriced relative to its value.	21%	7%	Higher education is underpriced relative to its value.
My institution is too expensive relative to its value.	17%	55%	Higher education is too expensive relative to its value.
<b>My Institution Total</b>	<b>100%</b>	<b>100%</b>	<b>Higher Education Total</b>

**TABLE 2: BOARD MEMBERS' OPINIONS REGARDING THE PRICE OF TUITION AND FEES AT THEIR OWN INSTITUTION**

My institution is doing all it can to keep tuition and fees affordable for students.	43%
My institution is making some inroads, but could be doing more to make tuition and fees more affordable for students.	29%
My institution needs to do much more to make our tuition and fees affordable for students.	13%
My institution is already low-cost or reasonably priced.	11%
My institution should be charging more for tuition and fees.	2%
Setting tuition and fees is outside the control of the campus/board.	1%
<b>Total</b>	<b>100%</b>

## Institutional Expenses

Forty-nine percent of respondents say their institution could be doing more or needs to do much more to reduce expenses; an equal percentage say it is already doing all it can (49 percent). Only 1 percent say containing expenses is not an institutional priority. (See Table 3.) Interestingly, more than half (51 percent) of the board members at independent institutions say their college or university is doing everything it can to reduce expenses, while only 37 percent of those at public institutions say that it is doing everything that it can. (Please see full survey at [www.agb.org](http://www.agb.org).)

**TABLE 3: EFFORTS TO CONTROL EXPENSES AT MY INSTITUTION**

My institution does everything it can to reduce expenses.	49%
My institution does many things to reduce expenses, but could be doing more.	42%
My institution needs to do much more to reduce expenses.	7%
My institution is not trying to reduce expenses.	1%
<b>Total</b>	<b>100%</b>

The top cost-drivers, according to surveyed board members, include capital investments and campus infrastructure, health benefit plans, administrative costs, faculty costs, institutional aid for students (independent colleges), and decreased state support (public colleges). While decreased state support is not an expense, per se, it is perceived to be a cost driver since losses in this source of revenue are so closely linked to the need to control expenses. (See Table 4.)

**TABLE 4: TOP COST DRIVERS AT COLLEGES AND UNIVERSITIES**

Public	Independent
1. Decreased state support	1. Capital investments and campus infrastructure
2. Capital investments and campus infrastructure	2. Institutional aid for students
3. Health benefit plans	3. Faculty costs
4. Administrative costs	4. Administrative costs
5. Faculty costs	5. Health benefit plans

## Outcomes

Almost all board members believe that higher education helps people have better lives, engage with their communities, and prepare for careers, and that their own institution does so even better than most. (See Table 5.)

**TABLE 5: BOARD MEMBERS' RESPONSES TO STATEMENTS ABOUT EDUCATIONAL OUTCOMES FOR THEIR OWN INSTITUTION AND HIGHER EDUCATION IN GENERAL**

	Strongly Agree	Agree	Disagree	Strongly Disagree
<i>My institution helps people have better lives.</i>	66%	33%	1%	0%
<i>Higher education helps people have better lives.</i>	56%	42%	2%	0%
<i>My institution plays an important role in developing people who are engaged in their communities and concerned about key social issues.</i>	62%	34%	4%	0%
<i>Higher education plays an important role in developing people who are engaged in their communities and concerned about key social issues.</i>	38%	51%	10%	1%
<i>My institution prepares graduates very well for their careers.</i>	45%	51%	4%	0%
<i>Higher education prepares graduates very well for their careers.</i>	19%	69%	11%	1%

Almost all board members also think that higher education's research and innovation are central to the economy and that institutions need to graduate more of the students who enroll. Yet while most board members agree that the United States needs a larger proportion of its citizens to earn college degrees, fewer of them feel strongly about it. In fact, 21 percent of board members disagree with this goal (see Table 6), which raises a fundamental question about how board members view the mission of higher education.

**TABLE 6: BOARD MEMBERS' RESPONSES TO STATEMENTS ABOUT EDUCATION AND THE ECONOMY, GRADUATION RATES, AND ATTAINMENT RATES**

	Strongly Agree	Agree	Disagree	Strongly Disagree
<i>Higher education's research and innovation are central to the economy.</i>	51%	41%	7%	0%
<i>Colleges and universities need to do more to increase the percentage of enrolled students who complete degrees.</i>	55%	39%	6%	0%
<i>The United States needs more of our citizens to earn college degrees.</i>	39%	40%	19%	2%