# "Make College Cost More"

*By Shirley V. Svorny, Los Angeles Times, November 22, 2010*

Recent decisions by the California State University Board of Trustees and the University of California regents to increase student fees have been attacked by critics who insist that higher education subsidies are critical for California's economic growth and prosperity.

This is not true; the state's prosperity rests on public policies that encourage economic activity, not on heavy subsidies to higher education.

Moreover, artificially low fees attract some students to higher education who simply aren't suited to the academic rigors of a university. Ultimately, the presence of these lower-achieving students hurts those who are more academically inclined, as they end up in watered-down courses in which professors have to focus on bringing the low achievers along.

The key to prosperity and job creation is making the state a magnet for business expansion and location. Today, California is widely perceived as a poor place to invest or start a business because of its substantial budget deficit, its billions of dollars in debt for unemployment compensation and its huge public employee pension liability. If budget cuts are not made — including to higher education — the state will have to raise taxes, which will further damage the business climate.

Subsidies to higher education can't get us out of this mess. As Philadelphia Federal Reserve economist Tim Schiller has documented, the number of degrees awarded in a state doesn't even ensure a highly educated workforce. As he wrote, "Merely producing college graduates in a state does not guarantee that they will remain there." Businesses and labor are mobile. Unless more jobs are created in the state, some of the students California has paid to educate will probably move out of state to find jobs.

To avoid economic stagnation, California needs to cut state spending in ways that won't discourage business growth. This is where raising student fees can help. The state is better off addressing its solvency than continuing hefty subsidies to higher education, which puts the state's financial stability at risk.

Many students who are not academically inclined are lured into attending college by low fees, peer pressure and the ready availability of financial aid. Predictably, many of them flunk out after a year or two, or graduate to find few options for employment in the types of jobs they imagined they could get. Some students waste the state's resources by failing to put forth sufficient effort to pass their classes — they do not buy or read the assigned textbooks, and they fail to attend class.

Their career options are not enhanced by this waste of time and money, and they would probably have been better off investing in four years of on-the-job-training. Entering the job market directly would lead to a greater financial payoff and more personal satisfaction. Faced with a larger share of the true cost of their education, many young people would decide to put their time to better use. And as students sought alternatives to high-cost campuses, pressure would be put on colleges to offer a quality education at a lower cost.

By raising tuition for most students, the state could afford to offer better financial aid to low-income students who are truly prepared for college and who excel in their classes. In that way, those students who are most likely to benefit from higher education would continue to be able to afford it, but the state wouldn't be putting itself further into debt for those who would not benefit.

**Topic C: Should funding to colleges be cut to help the state's economy?**