

High Cost, Low Chance Of a Higher Education

by Paul Gallagher

It is hard for late-middle aged members of the Baby Boom generation which governs this nation, remembering the light cost of their own college education, to imagine, let alone to pay, the stunning costs of so-called higher education for their children's and grandchildren's generations today. The nation publicly tears out its hair about health-care cost inflation; but in fact, college-cost inflation has exceeded it, and for a very long time, averaging a roughly 9% annual increase in total costs of attending college, every year for more than three decades (see **Figure 1**).

This inflation has been part of the disastrous shift to "post-industrial" society, and a consumer rather than producer nation. While media usually present this 35-year near-hyperinflation in college costs as a problem for today's students, parents, and grandparents, with their ubiquitous strivings to create "the kids' college funds," in fact it is a huge burden which they have, over decades of policy decisions, imposed on those kids.

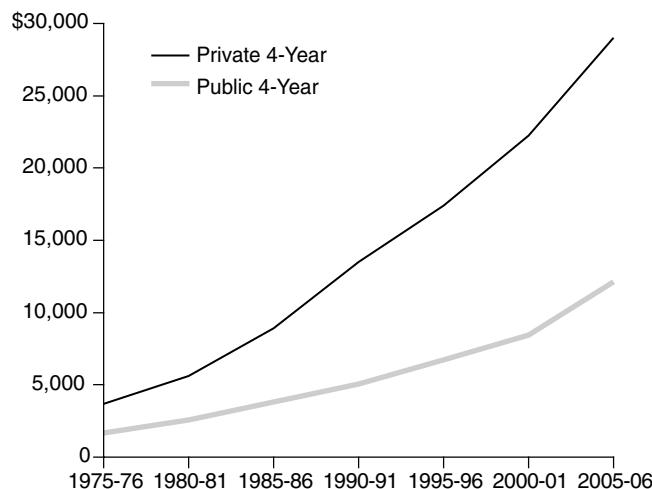
That burden is a college "education," whose degrees now stress business, leisure and recreation, health services, and financial services, rather than science, engineering, or Classi-

cal culture. It now typically takes six to seven years to complete, requires holding a job throughout, and involves students taking on personal debt at the national average rate of \$5-6,000 per year. Visit a gathering of young lawyers near the outset of their careers, and you're among young people who may have \$100,000-plus annual salaries, but are also paying service charges on \$80-100,000 in education debts. Interview, as television journalist Bill Moyers did for a PBS series in 2000, students from hard-working family backgrounds now attending what else?—business school; and ironically, the one aspect of "business" they're practicing hands-on, is the juggling of many thousands of dollars in college debts on their and their families' credit cards.

By contrast, the potentials for college education which the Baby Boomers were bequeathed during the 1960s by their own parents' World War II generation, usually involved a college degree attained within four years, without the requirement to hold more than a Summer job until graduate school, and without any significant post-graduation trail of debt compounding interest. The GI Bill had transformed the availability of higher education. State and city public colleges, many of which were then excellent institutions like New York's City University colleges, were also free of tuition, or nearly so. The National Defense Education Act (NDEA) passed in 1958 poured tremendous amounts of Federal money into sub-

FIGURE 1
Tuition, Fees, Room and Board for Four-Year College Have Risen 800% Since 1975

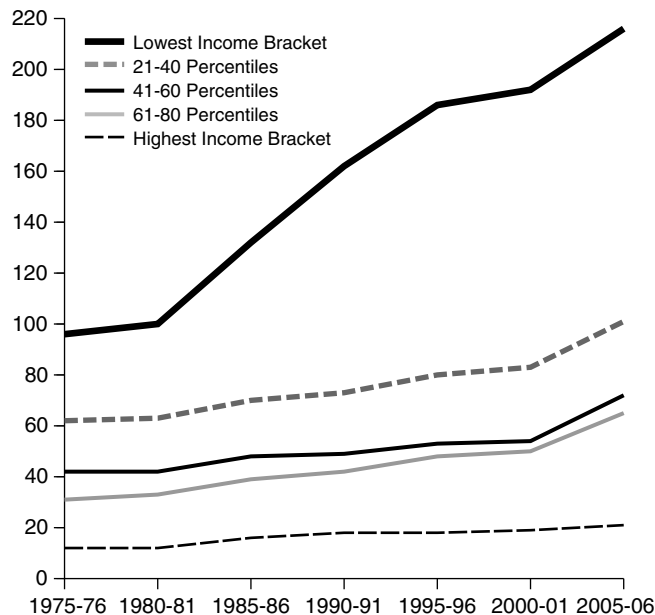
(Dollars Cost per Year)



Source: The College Board, 2005.

FIGURE 2
Total Yearly Private College Costs as Share of Household Income, for Different Income Brackets, 1975-2005

(Percent)

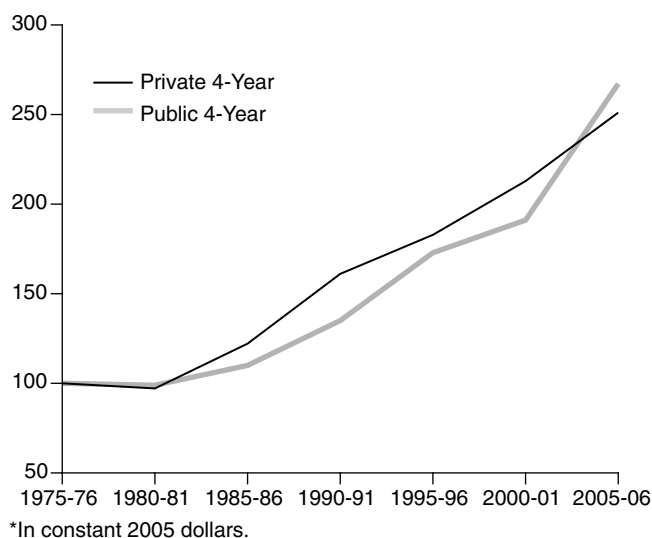


Source: The College Board 2005; U.S. Census Bureau; *EIR*.

FIGURE 3

Total Yearly College Costs, After Inflation, 1975-2005*

(Index 1975-76 Costs = 100)



Sources: U.S. Department of Education; The College Board, 2005; *EIR*.

sidizing the science- or engineering-related higher education of hundreds of thousands of students.

The total yearly costs of a four-year private college education averaged \$2,600 across the nation during the 1965-66 school year, when the mean household income was about \$8,000. **Figure 2** shows what has happened since. Forty years later, those costs are nearly 12 times as high, and when spending for transportation to and from school, and books and supplies, are added in, the national average costs of a year in a private college come to \$32,000. (Public college costs are lower for students from the state or city that supports them, but for out-of-staters, the costs are almost as high as private colleges.)

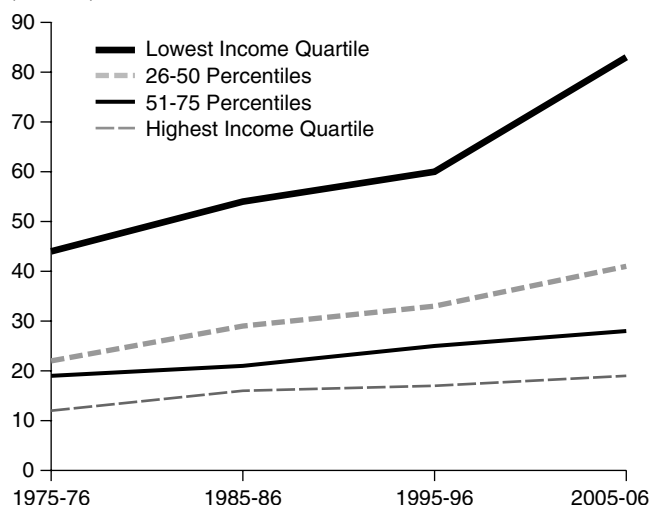
During those same decades that the price of college has multiplied by 12 times, the average household's income has multiplied by less than six times. As Lyndon LaRouche emphasizes in "The New Dark Age of Education," when one puts aside the upper 20% of households (whose income has zoomed up to exceed the income of all the rest, as of 2000), and looks at the other 80%, the share of those households' income going to pay for college has doubled just since 1975.

This is despite the fact that today, because of the "post-industrial" policy shift and the collapse of higher-paying skilled industrial and engineering employment, more members of the average household have to work to earn its income, than in previous decades—emphatically including the college and university students themselves. If the college costs were compared to the average annual *individual* paycheck, the share they would take out of that annual salary has more than

FIGURE 4

Total Yearly Private College Net Costs, After Aid and Stafford Loans, as Share of Household Income, 1975-2005

(Percent)



Source: The College Board, 2005.

tripled in those decades.

This continuous heist of the household's investment in its children, has left other manifestations of inflation in the dust (**Figure 3**). Twenty-three percent of all the nation's students in private or public colleges and universities, pay more than \$30,000 a year to go to college.

And this inflation has also left college aid in the dust (**Figure 4**), giving a crucial indication of the shift by which national and state policymakers, since the 1970s, have left families and, in particular, students in the grip of huge debts for a dubious education. At the same time, the portion of that "aid" which becomes the student's post-college debt has increased to more than half. About \$85 billion is now added every year to the load of debt carried into their full-time working lives by the nation's students and recent college graduates; and that does not include the new *credit-card debt* into which the lowest-income 20-30% of households' students are forced, to pay for college.

Republican committee heads in the House of Representatives have recently acted to increase the costs of that debt again, seeking to reduce Federal interest-rate subsidies on "Stafford Loans"—the majority of all student borrowing—by enough to raise the average graduate's annual college-loan debt service by about \$900 a year. This is part of those Republican House leaders' efforts to give Cheney and Bush the latest set of tax cuts for the wealthy which they are demanding; but more broadly, it continues decades of shafting of college-age generations, since the Baby Boom generation left higher education behind.