

## Cost and Quality in Higher Education: Finding the Balance

*Darnell G. Cole*

The acquisition and distribution of knowledge is at the core of higher education. Increasing and maintaining high quality education is an integral part of this core. The study group on the conditions of excellence in American Higher Education defines achieving excellence or quality education as the development of the whole student, student involvement in learning, high standards of academic performance, and regular and periodic assessment (Delworth & Hanson, 1991, p. 568). Quality education is impacted by an institutions' ability or inability to provide resources to support and enhance the academic mission of the institution. In this competitive and tenuous economy, the quality of education is closely linked to an institution's financial expenditures. Over the past few years, several colleges and universities have increased their tuition price in an attempt to balance their financial expenditures. As these costs continue to increase, students have taken the consumer's perspective and have now begun to question whether a college education is worth the price. The goal in effectively managing the relationship between cost and quality is maintaining a relatively low cost for the student while ensuring a high quality education. The ability of colleges and universities to effectively manage both cost and quality presents a difficult task. This paper will discuss institutional quality, the cost of education, the relationship between cost and quality, and recommendations for student affairs administrators.

Gauging institutional resources and the quality of an institutions' student body are two important ways of examining the quality of education at most institutions. Measuring quality from a financial perspective, McPherson and Winston (1993) suggest two issues which should be addressed when gauging the effectiveness of an institution's ability to allocate and distribute resources. First, how does a college manage its resources? The answer to this question provides critical information on whether the "product or service provides good value for the money" (p. 71). It also can provide information on the ability of an institution to produce the same quality and quantity of educational services with fewer resources. In many instances, institutions have had to teach the same number of classes with fewer faculty in order to control costs. Second,

how extensive are the amount of resources an institution makes available per student? In most instances the amount of resources includes all services and activities provided to the student. These questionable activities and services (non-educational) provided by colleges and universities are reflective of an institutions' educational priorities.

In another sense, the quality of an institution can be viewed as the "... interplay between the quality of the students and the quality of the school" (McPherson & Winston, 1993, p. 72). Therefore, quality is a function of the student body and the institution's reputation. For example, holding all other resources constant, an institution can improve the overall quality of its student body through merit-based aid and the admittance of students with high standardized test scores. Many institutions use merit-based financial aid as a tool to attract and reward high performing students, but at the expense of providing fewer dollars to support need-based aid. Purely using merit-based aid as a method of gauging institutional quality excludes accessibility as an important student body characteristics, which should not be overlooked when measuring quality. The use of need-based aid is one way an institution can control its level of accessibility, which also contributes to the quality and diversity of an institution. This is not to suggest that all students that receive need-based aid are students from underrepresented groups but to recognize that both merit and need-based aid are useful in measuring institutional quality. Institutional quality is also impacted by the cost of education to students. There are three essential characteristics that inhibit the production of education at a low student price: (1) institutions are based on an intellectual and aesthetic foundation which requires long study and experience to develop exceptional skills, thus slowing the production of scholarship, (2) the nature of this profession requires the physical presence of the instructor, and (3) institutions are "deeply involved in the advancement of human well-being and the cultivating of the civic, cultural, religious, and intellectual life of the nation" (Research Associates, 1991, p. 78). These three characteristics largely influence the quality and financial framework of higher education through the time spent to achieve scholarly works.

The financial framework of institutions are governed by societal and governmental restraints, mission and program emphasis, scale or plant size, design and efficiency of operations, geographical location, and reaction to inflation (Research Associates, 1991). These determinants, not clearly visible to a student paying high tuition prices, are a function of the quality of institution, academic and institutional support, student services and plant

operations and maintenance. The transparency of educational expenditures and rising tuition prices have caused students to be cautious when paying more for what is often perceived as the same service. The caution experienced by students has an effect on whether students will continue to enter institutions of higher education, based on price and perceived quality. This relationship between cost and quality must be understood by institutions and those within the institution in order to create new, innovative ways of maintaining student enrollments. Without the continued flow of students entering into higher education, institutions will not be able to survive.

The relationship between cost and quality is partly influenced by the fundamental assumption that "college and universities naturally believe that education is the vital ingredient for growth and well-being of the individual, society, and the economy" (Research Associates, 1991, p. 82). Institutional survival becomes an immediate concern in attempting to achieve this balance between cost, quality, and access. For example, is it better for an institution to charge a higher price for education to ensure quality at the threat of reducing its accessibility to students? Or should institutions keep tuition low and depend on decreasing resources from external sources to ensure access and quality? Colleges and universities are operating under tight financial constraints and highly competitive economic milieus. It is imperative that institutions keep in mind the balance between their revenues and expenditures, while maintaining their quality without sacrificing accessibility.

The recommendations for student affairs administrators are centered around assessment, evaluation, and redesigning program areas that do not cater to the educational value of the student or institution. Institutions that have evaluated the effectiveness of their program areas and services might find themselves in a more competitive position to recruit quality students to their campuses. For instance, University of North Carolina at Charlotte has built a new and modernized residential facility every two years, since 1986, in order to increase its competitiveness with surrounding apartment complexes and other college and universities in the piedmont area. Institutions that chose to evaluate their services as individual units should consider a more holistic evaluation of student services to ensure efficiency and reduce overlap. The success of student affairs divisions will be dependent upon how well individual units (e.g. Student Activities, Multi-Cultural Affairs, Residence Life) work together, providing support to each other and the best services possible to students. This working relationship between

divisions will increase the overall quality and efficiency of student affairs.

### References

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- Darnell G. Cole is a first year doctoral student in Higher Education. He completed his B.S. in Business Administration and B.A. in Philosophy at the University of North Carolina at Charlotte in 1991 and 1993, respectively. He is currently serving as an assistant coordinator in McNutt Residence Center. Upon completing his degree, he plans to enter the professorate and continue his research in higher education.