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Our Greedy Colleges

By William J. Bennett: William J. Bennett Is Secretary of Education.

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Washington is wrongly accused of cutting student aid.

Again, tuition increases far outstrip inflation.

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Many of our colleges are at it again. As they have done annually for the past six years, they have begun to unveil tuition increases that far outstrip the inflation rate. Next year, tuition is expected to rise 6 percent to 8 percent - even though inflation during 1986 was about 1.8 percent.

Yale's president, Benno C. Schmidt Jr., attributes his university's tuition hike in part to ''continuing cutbacks of governmental support for student aid.'' This assertion flies in the face of the facts. Since 1982, money available through Federal student aid programs has increased every single year. Overall, Federal outlays for student aid are up 57 percent since 1980. Since 1980, inflation has been just 26 percent. That is why the former chairman of the Senate Budget Committee, Pete V. Domenici, Republican of New Mexico, recently dismissed the claim of huge cuts in student aid programs as a ''myth.''

If anything, increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions, confident that Federal loan subsidies would help cushion the increase. In 1978, subsidies became available to a greatly expanded number of students. In 1980, college tuitions began rising year after year at a rate that exceeded inflation. Federal student aid policies do not cause college price inflation, but there is little doubt that they help make it possible.

At the same time that higher education has been cutting a bigger piece of the Federal pie, it has also received huge infusions of cash from state governments, from corporations, from foundations and from loyal alumni. The total increase in higher education spending from all these non-Federal sources is staggering. Spending for higher education now consumes about 40 percent of all money spent in America for education.

It is by no means clear that the performance of many of our colleges and universities justifies this level of expenditure. As I said on the occasion of Harvard's 350th anniversary, too many students fail to receive the education they deserve at our nation's universities. The real problem is not lack of money but failure of vision.

Unfortunately, when it comes to higher education, this distinction is frequently lost. Stanford University's vague justification for increased charges - ''new knowledge is inherently more expensive'' - only underscores the lack of focus and purpose at some of our nation's most prestigious universities.

Higher education is not underfunded. It is under-accountable and under-productive. Our students deserve better than this. They deserve an education commensurate with the large sums paid by parents and taxpayers and donors.

That our universities are places where students can receive a good education, or at least learn a lot, I have no doubt. But too often our universities leave education to chance -a good professor here and a great course there. There is too little real and sustained attention to education in the broader sense, to making sure that when our students leave after four years they leave as educated men and women.

It is also false to assert, as some have, that the Reagan Administration's student aid policies deprive disadvantaged students of the opportunity to attend college. In fact, the Administration has consistently sought to redirect aid to the neediest students.

Under the Administration's fiscal 1988 budget proposal, all students presently receiving aid would continue to be eligible for the same dollar amount of aid. One in six of all college students would still be eligible to receive Federal grants. Those less needy would still have access to aid in the form of loans.

One particular Administration proposal, Income Contingent Loans, represents the most serious attempt to improve student aid in 15 years. The loans would permit repayment schedules to be tailored to a student's income. A graduate's payments would never have to exceed 15 percent of his adjusted gross income, and he could have as long as necessary to repay.

An advantage of the Administration's proposals is that they would help make colleges and universities accountable to the prime beneficiaries of their services - the students.

Because students would pay a market-based interest rate, they would bear the true cost of borrowing the additional capital needed to finance tuition increases. Instead of insulating colleges and universities from such market forces, the Administration's policies would make colleges and universities more readily accountable to them.

Higher education clearly provides benefits to society in general. Recognizing this, the American people have generously provided the tax dollars, grants and highly subsidized loans necessary to support higher education. But the chief beneficiaries of a college education are the students. On average, college graduates earn $640,000 more over their lifetimes than nongraduates do. It is simply not fair to ask taxpayers, many of whom do not go to college, to pay more than their fair share of the tuition burden.

The Administration's proposals seek to balance the benefit of loan subsidies to students with their cost to taxpayers. Our colleges and universities should be more willing to shoulder their responsibilities to students, their families and taxpayers. Too often, these responsibilities have been evaded. This we can no longer afford.

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