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Colleges Spend Like There's No Tomorrow. 'These Places Are Just Devouring Money.'

Students foot the bill for flagship state universities that pour money into new buildings and programs with little pushback

By *Melissa Korn* [Follow](#), *Andrea Fuller* [Follow](#) and *Jennifer S. Forsyth* [Follow](#)

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The nation's best-known public universities have been on an unfettered spending spree. Over the past two decades, they erected new skylines comprising snazzy academic buildings and dorms. They poured money into big-time sports programs and hired layers of administrators.

Then they passed the bill along to students.

The University of Kentucky upgraded its campus to the tune of \$805,000 a day for more than a decade. Its freshmen, who come from one of America's poorest states, paid an average \$18,693 to attend in 2021-22.

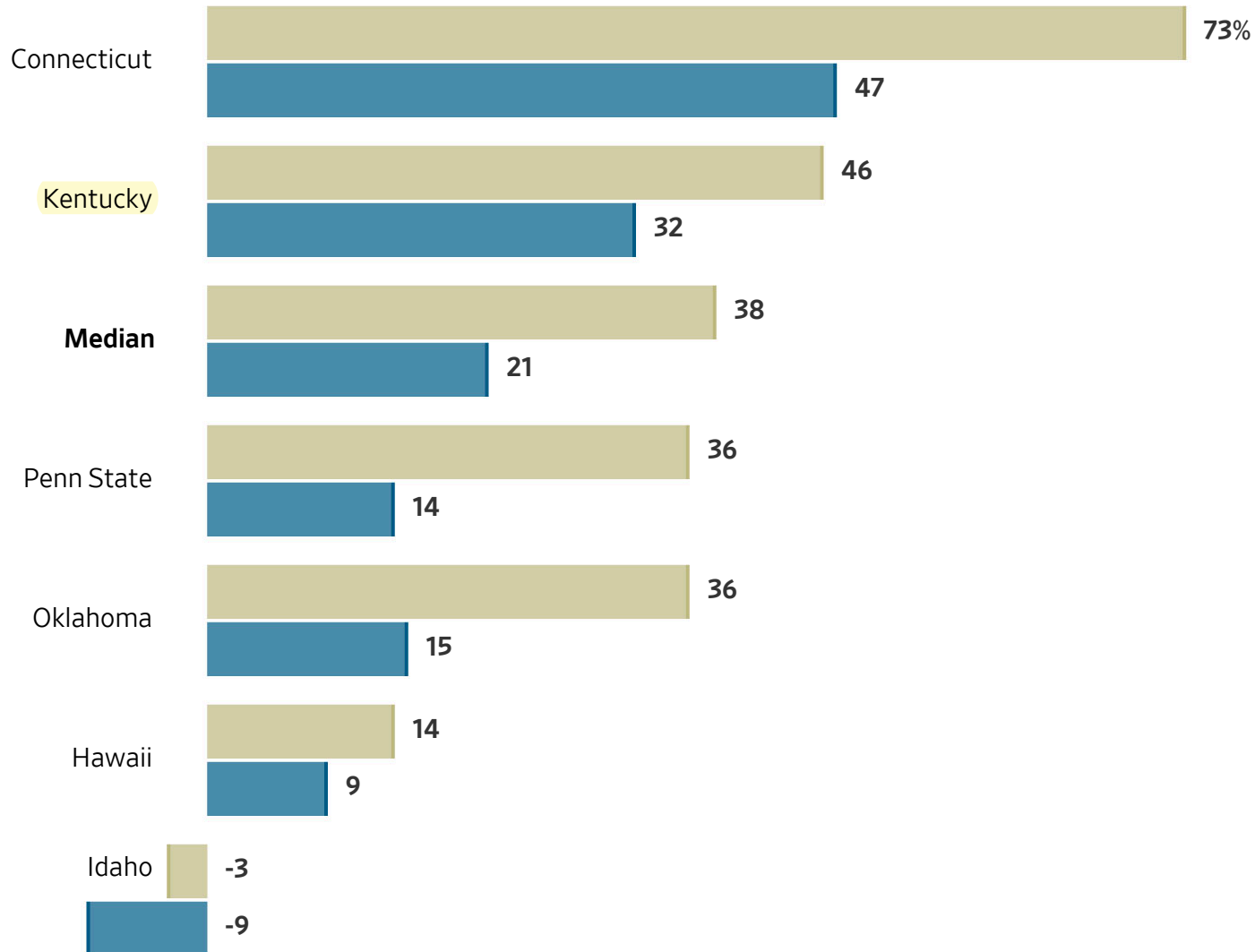
Pennsylvania State University spent so much money that it now has a budget crisis—even though it's among the most expensive public universities in the U.S.

The University of Oklahoma hit students with some of the biggest tuition increases, while spending millions on projects including acquiring and renovating a 32,000-square-foot Italian monastery for its study-abroad program.

The spending is inextricably tied to the nation's \$1.6 trillion federal student debt crisis. Colleges have paid for their sprees in part by raising tuition prices, leaving many students with few options but to take on more debt. That means student loans served as easy financing for university projects.

“Students do not have the resources right now to continue to foot the bill for all of the things that the university wants to do,” said Crispin South, a 2023 Oklahoma graduate. “You can’t just continue to raise revenue by turning to students.”

Percent change in spending and enrollment between 2002 and 2022, select schools



Note: Inflation adjusted. Excludes hospital systems. Figures for Connecticut and Penn State include branch campuses, as well as the Pennsylvania College of Technology. Other figures for main campuses. Median values are for all 50 state flagships.
Sources: Financial statements (spending); Education Department (enrollment)

It has long been clear to American families that the cost of college has gone up, even at public schools designed to be affordable for state residents. To get at the root cause, The Wall Street Journal examined financial statements since 2002 from 50 universities known as flagships, typically the oldest public school in each state, and adjusted for inflation.

At the median flagship university, spending rose 38% between 2002 and 2022.

Only one school in the Journal's analysis—the University of Idaho—spent less.

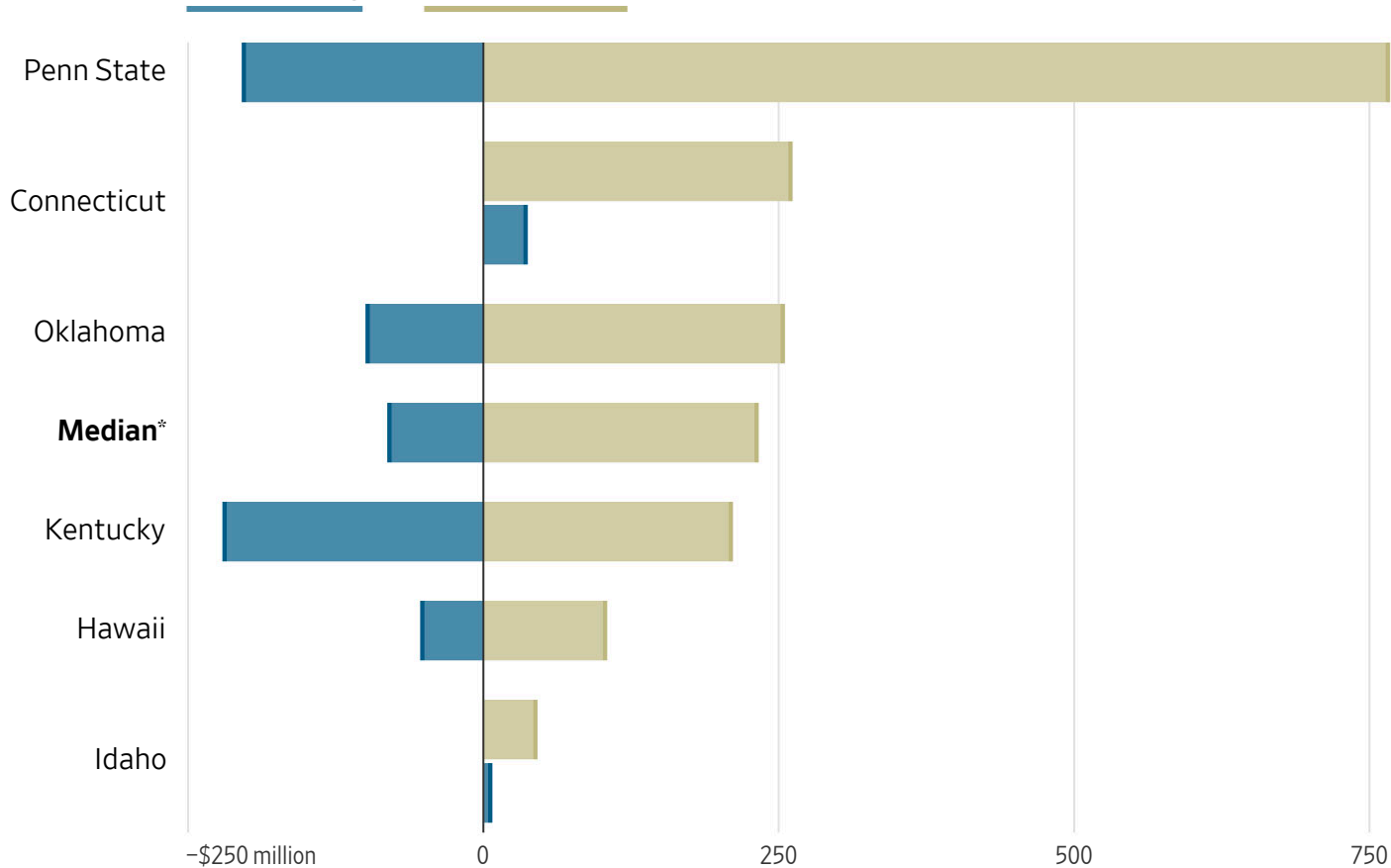
The schools paid for it in part by pulling in tuition dollars. The median flagship received more than double the revenue from undergraduate and graduate tuition and fees it did 20 years prior. Even accounting for enrollment gains, that amounted to a 64% price increase for the average student, far outpacing the growth in most big household expenses.

More tuition revenue

Public university leaders often blame stingier state funding for the need to raise tuition revenue. And three-fourths of states did cut their support, undermining a longstanding principle that schools educated the populace with government backing. But universities generally didn't tighten their belts as a result. Rather, they raised prices far beyond what was needed to fill the hole.

For every \$1 lost in state support at those universities over the two decades, the median school increased tuition and fee revenue by nearly \$2.40, more than covering the cuts, the Journal found.

Difference in state funding and tuition revenue between 2002 and 2022, select schools



*Median values reflect the 38 flagships where appropriations declined.


Note: Inflation adjusted. Appropriations figures for Penn State include the health system and other units. Figures for Connecticut and Penn State include branch campuses, as well as the Pennsylvania College of Technology. Other figures for main campuses.


Source: Financial statements



Through it all, schools operated in a culture that valued unrelenting growth and prioritized raising revenue over cutting costs. Administrators established ambitious strategic plans and tried to lure wealthy students with luxurious amenities. Influential college rankings rewarded those that spent more.

Many university officials struggled to understand their own budgets and simply increased spending every year. Trustees demanded little accountability and often rubber-stamped what came before them. And schools inconsistently disclose what

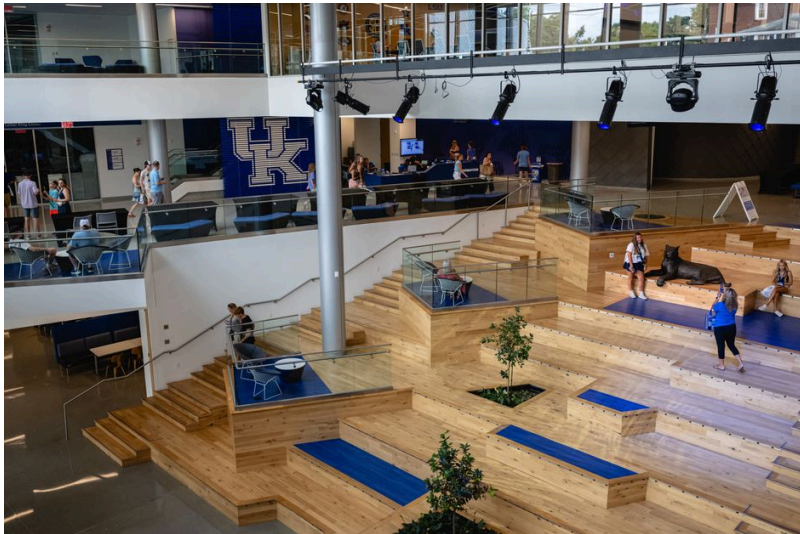
they spend, making it nearly impossible for the public to review how their tuition and tax dollars are being used. 

“These places are just devouring money,” said Holden Thorp, who was chancellor at the University of North Carolina at Chapel Hill from 2008 to 2013 and is now editor in chief of Science. Offering everything to everyone all at once is unsustainable, he said. “Universities need to focus on what their true priorities are and what they were created to do,” he said. 

Colleges invested money inside and outside the classroom, including to improve technology, expand counseling and intramural sports, and build facilities such as modern dorms and new stadiums.

To examine public university spending, the Journal collected data from audits, archived budget websites and documents received through public-records requests covering expenses in fiscal 2002, 2012 and 2022.

Much of the increase in outlays showed up in the hiring process, for administrators, faculty, coaches and finance experts, the Journal’s analysis found. Salaries and benefits, which usually eat up more than half of operating budgets, rose by roughly 40% at the median flagship since 2002.



The University of Kentucky's student center last month. PHOTO: JON CHERRY FOR THE WALL STREET JOURNAL



Computers for videogames in Kentucky's new Esports Lounge. PHOTO: JON CHERRY FOR THE WALL STREET JOURNAL

The University of Florida in 2022 had more than 50 employees with titles of director, associate director or assistant director of communications, roughly double the number it had in 2017. The school also employed more than 160 assistant, associate, executive and other types of deans last year, up from about 130 in 2017.

Spokesman Steve Orlando said the university is decentralized and different departments have the freedom to hire as they need.

Inflation-adjusted spending on athletic coaches rose by about half between 2010 and 2022 at the median flagship, the Journal's analysis of data from the Knight-Newhouse College Athletics Database found. The Journal used data from the period with the most complete figures.

Though a handful of powerhouse sports departments pay for themselves, most can break even only with student fees and university subsidies.

Across all flagships with available data, that additional funding totaled \$632 million in 2022. That's a jump of 27% from 12 years prior.

The University of Connecticut won the national championship this spring in men's basketball, and its women's team has been a near-constant presence in the Final Four. Yet since 2016, Connecticut's athletic department has received more than \$35 million annually in student fees and university subsidies to stay afloat. In 2022, it took in \$55 million in such funds, making up more than half its total athletics budget.

The school said more than \$13 million of that subsidy covered a payout to a former men's basketball coach as part of a legal settlement over his employment contract, and that it faces unique challenges in having to pay rent and other fees for basketball and hockey games, which are played off campus.

Overall, the University of Connecticut's spending rose by 73% between 2002 and 2022, far faster than enrollment grew. Much of that was driven by personnel costs, with spending on benefits more than tripling.

Reka Wrynn, associate vice president of budget, planning and institutional research, said that was in part because the school was on the hook for a growing share of the state's unfunded pension liability. Connecticut was also obligated to pay for raises that unionized employees negotiated with the state, she said.



University of Connecticut's basketball team during the NCAA women's tournament in March. PHOTO: SEAN ELLIOT/GETTY IMAGES

Little accountability

Colleges have faced little accountability over their budgets in part because they aren't required to track expenses in a uniform way. And Education Department data on college finances often contain errors and don't match audited figures.

Schools use their own discretion to categorize spending on audited financial statements, making precise comparisons at a single school over time, or among different schools, extremely difficult. Colleges, for example, sometimes classify professors' salaries as instructional spending one year and as research expenses the next.

Universities view audits "more as a requirement than a tool for the public," said Robert Kelchen, an education professor at the University of Tennessee at Knoxville who researches university finance.

The growth in schools' spending was particularly aggressive between 2002 and 2012, with total operating expenses rising a median 30%. Some schools began to pull back on spending in the subsequent decade, under the dual financial pressures of a recession and pandemic. Amid national outcry about student debt, they also slowed the rate at which they increased tuition.

But spending still climbed. Total operating expenses rose nearly 10% from 2012 to 2022 at the median university.

In some cases, colleges spent more as the student body grew, with the typical flagship increasing enrollment by about 20% over the past two decades. Adding students may in some cases be expensive—requiring new dorms and classroom space—or relatively inexpensive, especially for online students. Nonetheless, spending per student rose, by a median 15% over the past two decades.

The schools have passed the tab on to students even in the nation's poorest states. Most of these schools increased financial aid for low-income students, but that hasn't fully offset rising tuition for many families.

Kentucky has among the country's lowest median household income. What in-state students paid in 2021-22 put Kentucky in the top half of flagship schools ranked by cost. Those figures, from the Education Department, cover what the average freshman paid in tuition, fees, room and board after scholarships.

Kentucky on its website touts the total of \$3.66 billion spent on its Lexington campus overhaul over the past dozen years. That included new homes for the law, business and visual-arts schools, state-of-the-art hospital facilities, a student center, a 900-spot parking garage, a theater for videogame competitions and dorms sporting full-size Tempur-Pedic mattresses, granite countertops and in-unit washer-dryers.

Private developers were involved in some projects but more than half of the total construction costs were paid for with university funds.

“Our residence halls meet student and family needs and expectations, while emphasizing learning and connectedness,” university spokesman Jay Blanton said. He said that some features in the dorms, such as the countertops, lower maintenance expenses, and that the Tempur-Pedic mattresses were purchased at a comparable cost to traditional ones.

The school set out decades ago to become one of the best universities in the country. Specifically, it targeted a spot among the top 20 public schools that conduct research and offer doctoral degrees, according to a 1997 state mandate. Despite the directive, the legislature began reducing its funding. Over 20 years, appropriations fell by nearly half.



The exterior of Kentucky's student center, which was upgraded and expanded in recent years. The school spent \$3.66 billion since 2011 to remake its campus. PHOTO: JON CHERRY FOR THE WALL STREET JOURNAL



Construction at the Kentucky campus in July. PHOTO: JON CHERRY FOR THE WALL STREET JOURNAL

“We will not trim our aspirations,” President Eli Capilouto said in 2016. “But we do have to find more creative ways to power our progress.” Kentucky boosted research funding and faculty salaries, which helped it attract talent.

Some college rankings, including U.S. News & World Report, reward spending in those categories as well as student services such as clubs and cultural events. They don't necessarily credit moves that make schools more efficient. The Journal's college rankings also took spending into consideration, though it is dropping that measure in coming reports.

For all Kentucky's effort, U.S. News ranked the school No. 64 among public universities in 2022, actually dropping a few spots from where it had been a decade earlier.

But the bill for students grew. Kentucky took in about 70% more in tuition and fee revenue per student than it did 20 years ago.

In 2017, Rowan Reid was Kentucky's student government president and held a seat on the university board. When asked to vote for a 4% increase on tuition for in-state undergraduates, she urged her fellow board members to hold the school more accountable.

“We address efficiencies only to a point where we can pass on the remaining deficit to students,” Reid said at the time. “To me this feels wrong.”

The tuition increase passed 16 to one, with Reid as the only “no” vote. Looking back this spring on her time with the board, Reid said she had a mandate to look out for students’ interests but was torn as to how she could reconcile that with what was best for the university.

The school said it has decelerated the rate of increase for tuition and fees over the past several years, and students from the lowest-income families receive scholarship support.

Blanton said Kentucky continues to grow and aspire to be recognized as one of the best public research institutions in the country but has shifted to a broader focus of advancing the state.

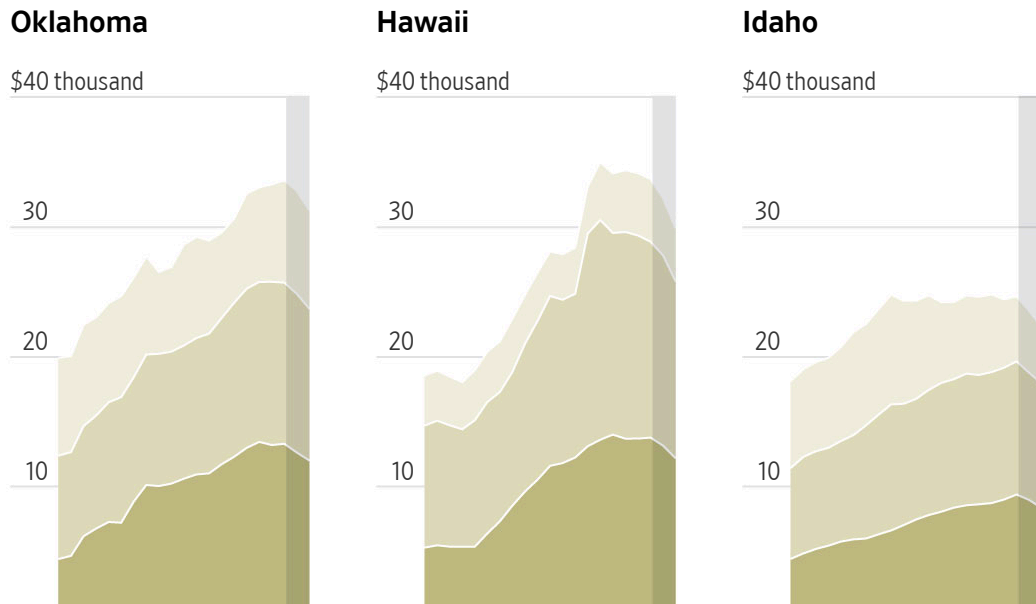
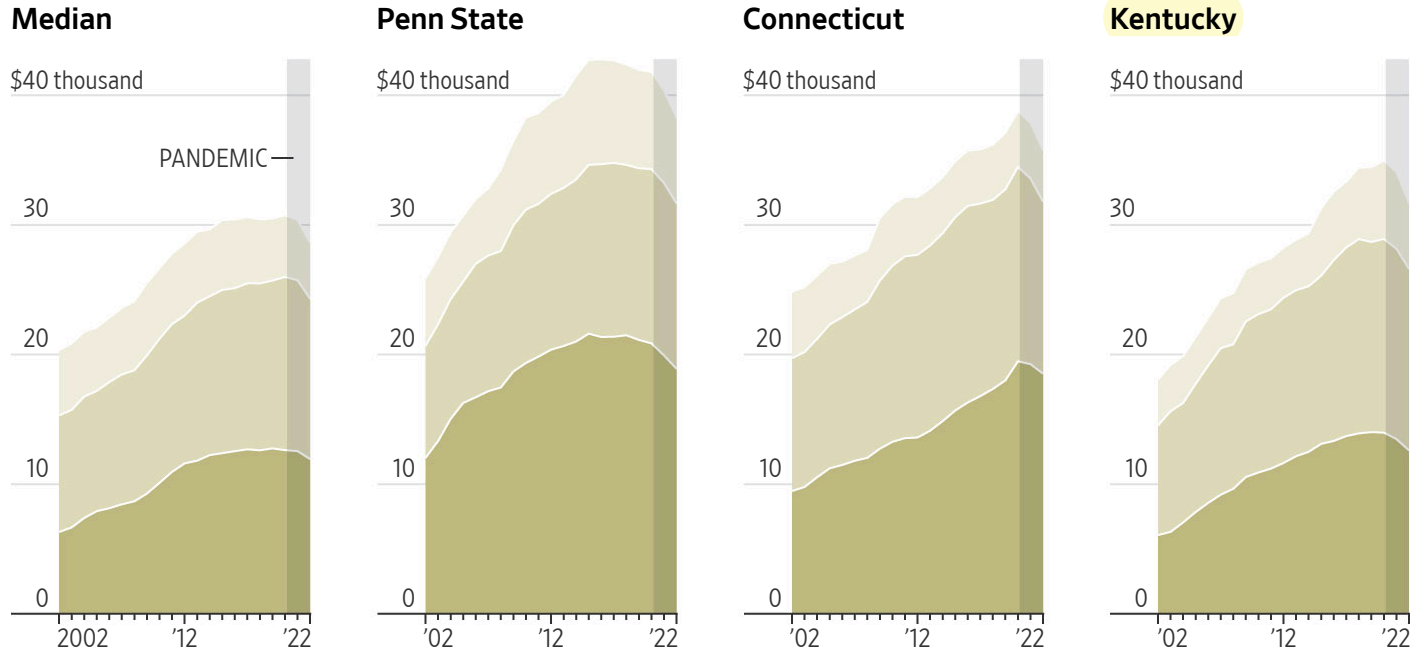
Battle for the best students

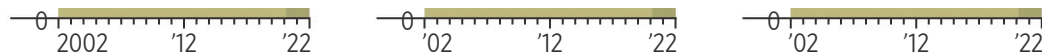
Schools loaded their campuses with state-of-the-art recreation centers and dorms to appeal to students with top test scores and minimal need for financial aid. The price for these amenities was then baked into the bills for all students, including with fees students paid to cover construction debt.

Tuition and fee revenue per student climbed by double digits in the past 20 years at every school in the Journal’s analysis. The average student paid more because many schools both upped prices and increased the percentage of higher-paying students from out of state.

Cost of attending college as an in-state undergraduate

■ Books, supplies and other ■ Room and board ■ Tuition and fees





Note: Inflation adjusted. Figures are for main campuses. Median values are for flagships in all 50 states. Expenses are estimated for students living on campus. Figures reflect published charges and do not account for the scholarship discounts many students receive.

Source: Education Department

At the University of Oklahoma, per-student tuition and fees rose 166%, the most of any flagship. The school also borrowed hundreds of millions of dollars to perform building upgrades and erect new dormitories.

“We levered up the balance sheet to avoid dealing with [financial] reality,” said Oklahoma President Joseph Harroz Jr., who took the helm in 2019. Across higher education, he said, “there was an arms race.”

Beginning in 2009, the university spent \$14.3 million to buy and renovate a monastery in Arezzo, Italy, to house a new study-abroad program. The monastery has a landscaped garden, faculty apartment and classrooms featuring painted frescoes.


The school said it was paid for by a mix of private gifts and university funds.

“Would I go and do one of those right now? No,” Harroz said. “It wouldn’t be the best use of capital dollars.”

Harroz said that under some of his predecessors, the school didn’t maintain long-term budget plans or prioritize its needs over its wishes. Oklahoma has since changed course, he said, and the university cut \$143 million in expenses at the main campus in Norman since 2018.

The increase in tuition at Oklahoma came after the state legislature gave school regents tuition-setting authority in the early 2000s, a move designed to allow the school to catch up with its peers’ rates, said University of Oklahoma spokeswoman April Sandefer. She said its increases have slowed in recent years, and more than half of Oklahoma undergraduates leave school debt-free thanks to a growing financial-aid budget.

License to spend

Research by James V. Koch, an economist who studies college spending and a former president at Old Dominion University in Virginia, found that public-university trustees approved 98% of the cost-increasing proposals they reviewed, often unanimously. In most states, he said, there hasn't been anyone to say, "No, you can't do that." 

Back in 2005, a Hawaii state audit called out the University of Hawaii System board for approving a budget that gave the flagship Manoa campus \$200 million when, auditors said, all but \$13 million went to vague or unnecessary requests.

Honolulu attorney Benjamin Kudo, who joined the university's board in 2011, said he was stunned by the lack of information he was given during the budget process. He said he received a packet of pie charts and a PowerPoint presentation with general information on how the university planned to divide up its funds for areas including teaching, libraries, athletics and facilities across 10 campuses.



The University of Oklahoma's campus in Arezzo, Italy. PHOTO: THE UNIVERSITY OF OKLAHOMA



The Norman campus at Oklahoma. The school borrowed hundreds of millions of dollars to perform building upgrades and erect new dormitories. PHOTO: ALAMY

Kudo said administrators weren't initially receptive to requests that he and another new board member, Jan Sullivan, made for more detail, including a comparison of projected versus actual spending. Kudo, who served on the board until 2022, recalled being accused of trying to micromanage the \$1 billion budget.

School officials expected him to follow the lead of prior trustees, Kudo said: "It's basically an automatic approval of whatever the administration wants."

Sullivan also said such rubber stamping was typical early in her tenure. After a few years of nagging, Sullivan and Kudo said, the board received more detailed financial information, and it stopped greenlighting so many requests.

University of Hawaii President David Lassner said the university has changed. He decried a time around a decade ago, shortly after he was named interim president, when the board found out about depleted reserves by reviewing audited financial statements that had been produced six months after the fiscal year closed.

"That is no way to understand the financial health of something as big and complicated as this," he said. "We're certainly not budgeting by pie charts anymore."



University of Hawaii President David Lassner, center, at the ceremony to officially name him president of the school in 2014. PHOTO: UNIVERSITY OF HAWAII

‘Knee-jerk reaction’

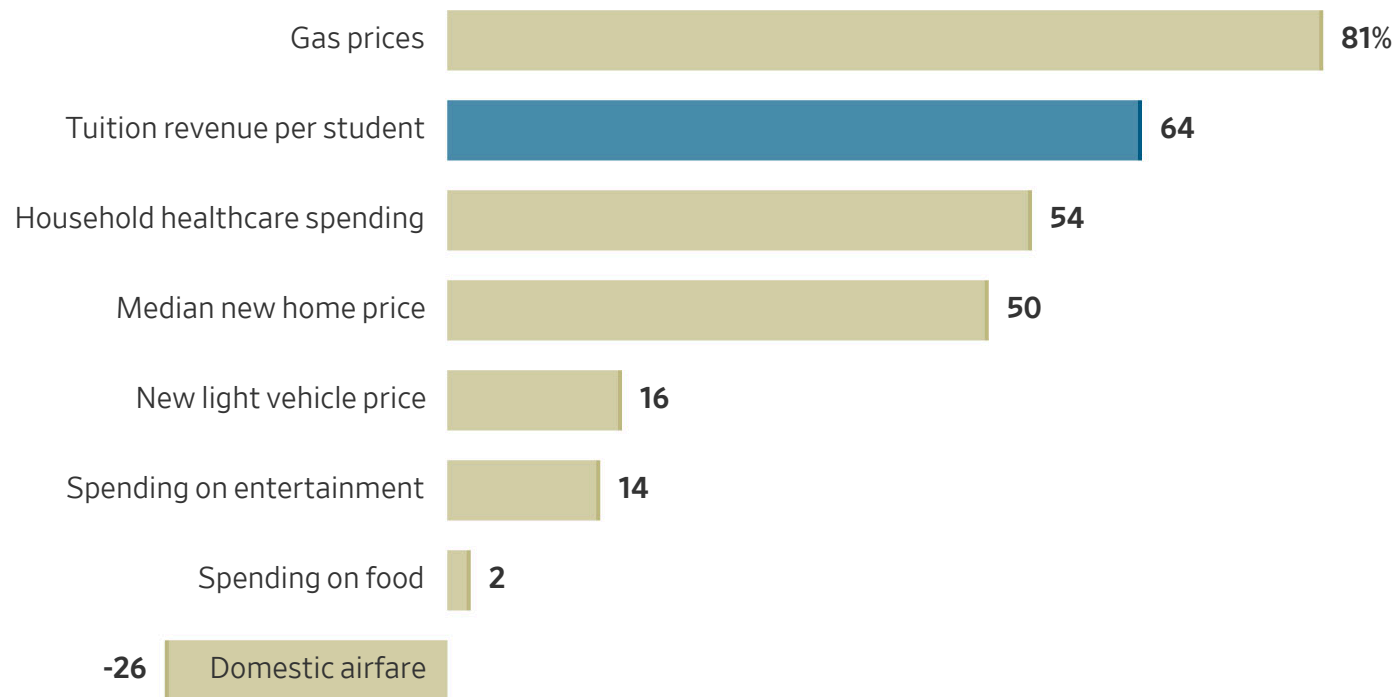
Penn State, like many schools, long relied on a simple approach to budgeting, in which each department generally received the same amount of money it got the prior year plus a little more to cover inflation. Dollars were rarely tied to enrollment shifts or demonstrated need.

The school’s spending rose 36% since 2002. That number excludes the university’s health system, which the Journal removed from its analysis where possible. Total tuition and fee revenue from both undergraduate and graduate students increased 72% over the past two decades, far faster than enrollment grew.

Penn State’s University Park campus was the country’s most expensive state flagship in the 2021-22 school year for in-state freshmen after scholarships. Those students paid an average \$26,747 in tuition, fees, room and board, according to the Education Department data.

The school said it offers students the option of starting at one of its less expensive regional campuses and finishing at University Park, and has increased financial aid significantly.

The growth in college tuition from 2002 to 2022 is far more than that of many big household expenses.



Note: In 2022 dollars. Tuition revenue per student figures represent the change in what the average student paid at the median flagship. Spending for healthcare, entertainment, and food represent average household spending and cover 2002 through 2021, the latest available. Average new light vehicle prices cover 2003 through 2022.

Sources: U.S. Energy Information Administration (gas prices); Bureau of Labor Statistics (healthcare, entertainment, food); U.S. Census Bureau (home price); J.D. Power (vehicles); Bureau of Transportation Statistics (airfare)

Penn State cut spending nearly 3% between 2012 and 2022. Still, the university's 2022-23 budget forecast spending that was \$140 million more than its revenue.

It's not the first time expenditures were projected to outpace revenue, and Penn State determined last year it was on track to blow through its \$350 million reserve funds in the next few years if it didn't change course. Trustees gave the administration until 2025 to balance the budget.

Trustee Barry Fenchak criticized his fellow board members at the meeting when they voted last summer to increase tuition and fees by 5% for in-state students at the University Park campus after the state held funding flat.

“I think the knee-jerk reaction was, ‘OK, we’ve got to raise tuition,’ and I think perhaps the knee-jerk reaction should have been, ‘We need to get to work on the things we should’ve been doing for the last 10 years and light a bit of a fire underneath our behinds’ ” to address costs, he said.

Several trustees at the meeting said the decision was based on thorough analysis.

At meeting after meeting for decades, Penn State board members complained of the state’s anemic support while they simultaneously approved hundreds of millions of dollars in new construction, according to board minutes.

The university’s state appropriation fell 39% over the past 20 years, and the school receives among the lowest state support per student of U.S. flagships.



Penn State’s University Park campus in April. The school spent so much money that it now has a budget crisis, even though it’s among the most expensive public universities in the U.S. PHOTO: AUL WEAVER/SIPA/REUTERS

Growth in tuition revenue has more than made up for declining state funding. On a per-student basis, Penn State received nearly \$2.25 in additional tuition revenue for every \$1 lost in state support, compared with \$1.25 in tuition revenue added at the median school.

“We acknowledge that tuition has increased quite a bit over the past 20 years, which is a large stretch of time for such a comparison when taking into account growth in student needs, services, technology, stem fields, academic support, mental health services etc. and considering our stagnant state funding,” said Lisa Powers, a school spokeswoman.

Mary Isaacson, a Democrat and chair of the subcommittee on higher education in the Pennsylvania House of Representatives, said that while public funding declined, the school’s aggressive physical growth and lengthy wish list also helped put it on its path to financial insecurity.

Penn State said much of the construction was necessary to replace aging facilities, and that factors such as inflation and the pandemic drove up costs, too.

The university said last year it would revise the way it sets its operating budget. The new model, it said, will take into account enrollment changes and available resources, and be data-driven.

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