That'll Be $135
For Your First Lecture

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PRINCETON, N.J.

hat would higher education be like if it were organized on the model of Ameri-
can medicine? My mind wandered to this intriguing question at a late-night
meeting recently of the Physician Payment Review Commission, which advises Congress on the pay-
ment of physicians by Medicare. It would certainly change things at this university.

On a medical model, Princeton professors would rent office space from Princeton University and then
charge students for each and every pedagogic service rendered. Each professor would be free to set
his or her fees as the traffic would bear; although there might be upper limits for students on public
assistance—say, on a federal EdCare program.

Just as many American physicians now operate for-profit imaging or diagnostic centers as joint
ventures with hospitals, Princeton's entire faculty might own jointly with Barnes & Noble the for-profit
Princeton Library, Inc. Students would pay the library a fee for each book they are assigned to read.
Each academic department might own additional enterprises offering its students more-specialized
services. Professors in the English Department, for example, would jointly own the for-profit Princeton
Rehab Inc., to which they would refer students for remedial grammar. The economics faculty would
own the for-profit Princeton Computerics, analyzing data for a fee.

Many professors at this hypothetical Princeton would also profitably invest in their own office
equipment. The typical economics professor, for example, would own a personal computer for graphic
illustrations of quantitative material during office visits with students. A fee would be charged for
each such use. Professors in Romance languages would maintain a collection of video and audio tapes
that would be assigned and then rented to students. Finally, professors in charge of large courses might
profitably sell textbooks they assign, paralleling a growing trend among physicians to sell drugs they
prescribe directly to patients.

Imagine now the fistful of bills covering your child's education during the month of, say, No-
November. Among the hundreds of separate charges, there might be one of $100 for a "Com-
prehensive Initial Consultation on the Senior Thesis," followed by two separate fees at $85
each for "Intermediate Consultation on the Senior Thesis." There might follow five charges of
$65 each for reviewing the first tentative outline for the thesis, as well as the first, second, third
and fourth revision of that outline. Chapter 1
might have been reviewed four times, at a fee of
$135 each time. (Alas, Chapters 2 to 11 would
be yet to come.)

There might be a rental charge of $350 for a
data tape, eight charges at $95 each for "Statisti-
cal Analysis, Princeton Computerics (Tech-
nical Component)," each followed by a fee of
$135 or more for "Statistical Analysis (Pro-
fessional Component)." The latter presumably cov-
ering the professor's assistance in interpreting
the statistical results. There would be an extra
fee when logarithms are involved.

Upon receipt of these bills, you might wonder
whether your child could possibly be truly in need of
so many distinct pedagogic services—and inquire
about it in telephone calls to the various professors.

What if Princeton, like
medicine, were fee-for-service?

These professors would probably be deeply
offended by your inquiry, just as doctors are
when you question their treatment decisions.
They would perceive you as questioning their professional ethics, and your nervous child might
scold you for offending them thus, just as they are being asked to write letters of recommenda-
tion on your child's behalf.

Professors might be particularly thin-skinned,
because they would be regularly tormented with similar inquiries by EdCare bureaucrats. The professors
would resent the mistrust that implied and the red
tapes imposed on them by these bureaucrats. They
would also resent EdCare's limits on their fees.

Like most of their colleagues in medicine, the
most professors would probably defend this piece-rate system on the theory that only a very
close link between effort and reward can move
the typical professional to give his or her best.
That theory does have a certain intuitive appeal, a bit cynical though it may be.

But piece-rate compensation also creates a serious
conflict of interest for professionals, especially when
they invest heavily in the capital equipment they use
or when they are compensated by distant third-party
payers. Consequently, that payment system virtually
guarantees suspicion and rancor all around.

Perhaps that is why all of our great private uni-
versities prefer to function like health maintenance
organizations do in health care. They charge for
their services a prepaid capitation fee called "tu-
nition," leaving it to students and professors to seek
within these predetermined budgets the best attain-
able education. My question in this: Would our
students and their parents prefer to have us switch to
fee-for-service pedagogy?

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