

<http://chronicle.com/weekly/v50/i30/30b02401.htm>

POINT OF VIEW

Who Should Pay the Bill for a Private Education?

By DOROTHY BLANEY

With tuition increasing on average 14 percent at public higher-education institutions and 6 percent at private ones, everyone is talking about college prices, including people in Congress. Senate Democrats have proposed legislation that would punish states that reduce spending on higher education. Taking a quite different approach, another proposal, by a Republican congressman, would have blocked colleges that raised their tuition too high from participating in certain federal student-aid programs. Although the bill was recently withdrawn, it encouraged significant debate about college prices.

Maybe the climate is finally right to consider two simple and compelling changes in how we support colleges, changes that could save hundreds of millions of dollars annually and also increase access and quality for students. First, a greater proportion of state money for higher education should go directly to students, allowing them to choose where they want to enroll. Right now, only a relatively small percentage of public funds goes to individuals directly, rather than to institutions.

Second, tuition at state institutions should be indexed to income, similar to our graduated income tax, so that wealthy families would cover more of the cost directly. While I am aware of the argument that all people, regardless of income, should have equal access to public facilities, we are at a point where a means test would be justified.

The ideas behind such changes have been around for several decades, but they have never been seriously pursued, let alone legislatively enacted. Part of the reason is that many state legislators, like those in my state of Pennsylvania, are graduates of public institutions and, therefore, sympathetic to them. In addition, those legislators have often been unwilling to support proposals that might cut the money going to public institutions for fear of losing votes from faculty members and administrators.

Another fundamental problem is that taxpayers don't know the facts about the growing similarities between public and private institutions. In the last 50 years, the distinctions between their missions have been blurred. It is not the case anymore that public institutions have a special mission to serve lower-income and minority students, or that private institutions have a special mission to serve the rich or would-be ministers. Across the country, both public and private institutions have ethnically and economically diverse student bodies and compete for the same people as students.

In Pennsylvania, for example, 6 percent of the students who attended private institutions in 1999 had family incomes of less than \$18,000, compared with 7 percent of those who attended universities in the state system and 4 percent who attended other state-related institutions. (The designation "state-related" is somewhat particular to Pennsylvania. It includes the land-grant institution Pennsylvania State University, which receives less state money in exchange for greater autonomy, as well as several private institutions that have received significant state support in exchange for reducing tuition.) In fall 2001, more minority students attended private institutions (26,252) than attended community colleges

(22,884), state-system universities (7,555), or other state-related institutions (18,894).

The major remaining difference between public and private institutions is their governance systems. Public institutions have direct oversight by the state, while private colleges retain independent governing boards. Both, however, are accredited by the same associations and held to the same standards. Private institutions are also chartered by the state and mandated to meet state and federal requirements before they can be eligible for any public money for themselves or their students.

In addition, both public and private institutions serve the broad interests of society and their states' needs for new knowledge and skills. In the subject areas critical to economic development and innovation -- math, science, and engineering -- private institutions in Pennsylvania, like Lafayette College, Lehigh University, and the University of Pennsylvania, awarded 52 percent of all bachelor's degrees in the state in 2001. For women, 58 percent graduated from private institutions like Cedar Crest College and Bryn Mawr College, rather than state institutions. In addition, the majority of minority students in Pennsylvania -- 60 percent -- received bachelor's degrees in math, science, and engineering from places like Swarthmore College and Ursinus College, not public universities. That may be because of the priority such institutions place on individual attention, achievement, and undergraduate research, and the additional resources that their trustees and alumni provide in those areas.

Yet private institutions are picking up much more of the tab to educate students than public institutions. They receive far smaller state subsidies for instruction than their public counterparts, even though the cost of educating an undergraduate student in a particular subject area is roughly the same at Pennsylvania State University, a public institution, as it is at Cedar Crest College, a private one.

That cost is not to be confused with the price, which is passed on directly to students as tuition. The difference between public and private institutions is in who pays which parts of the cost and how many tax-levied dollars are used. In 2001, at any of the private colleges in Pennsylvania, the average state instructional subsidy per student was only \$248, compared with \$4,960 at state-owned institutions, and \$4,430 at state-related ones. What that means is that the 41 percent of the undergraduates in the state who attend private colleges did so with only 15 percent of the public money appropriated for instructional subsidies. If the same students had attended public institutions, Pennsylvania taxpayers would have had to pay an additional \$342-million or more.

In other words, private institutions cost their states a lot less than public ones to educate each student. Thus, significant amounts of state money could be saved if, in the future, more investment were made in the Pennsylvania Higher Education Assistance Agency (Pennsylvania's student-grant program), currently capped at \$3,300 per student with maximum need. If the cap were raised and less money were provided in direct subsidies to public institutions, it would give more students the financial aid they need to go to the college of their choice, and the state would save substantially. More of those students would very likely spend their financial-aid dollars to attend science, math, and engineering programs at private colleges and universities. Even though the average tuition at all public institutions is \$4,115 compared with \$18,596 at all private institutions, the majority of students -- women and members of minority groups included -- have chosen to get their degrees at the latter.

Another key policy change that government leaders should consider is reducing or eliminating subsidies that currently permit students from families with high incomes to enjoy state subsidies that cover most of the cost of attending public institutions. Over the last 20 years, nationally, there has been a pronounced movement of middle- and upper-income students to public colleges and universities. In fact, a *New York Times* article, "Colleges Beyond Reach" (August 23, 1997), cited an estimate by Michael S. McPherson and Morton Owen Schapiro that 38 percent of freshmen from families that earn more than \$200,000 a year enrolled in public universities in 1994, compared with 31 percent in 1980. The dollars

of taxpayers at all income levels are subsidizing the educations of such wealthy children.

Why not have a sliding scale for state tuition rates based on ability to pay? Despite the argument that public institutions, established by public tax money based on a graduated income tax, should be open to all people on an equal basis, isn't it time to consider an adjustment that could generate substantial savings in state expenditures -- and still maintain access for low-income students? With major financial pressures -- including the current deficit and escalating costs related to national defense, homeland security, health care, Social Security, and underperforming schools -- isn't this finally the moment to rethink how we support higher education to take advantage of the partnership and cost-saving opportunities that private institutions offer? We need a new paradigm and, with the current legislative proposals related to tuition increases, it seems as if Congress is, at least, open to something different. Maybe state legislators will finally be, too.

We must meet the expanding educational needs of a world power, with fewer resources to spend on higher education. As the example of Pennsylvania illustrates, we could do this by recognizing the strength of private colleges, the contributions they make, the economic benefit of allowing students to make choices in a more open marketplace, and the cost of subsidizing high-income students in public colleges and universities. Both Republicans and Democrats should be able to understand and support that approach.

Dorothy Blaney is president of Cedar Crest College.

<http://chronicle.com>

Section: The Chronicle Review

Volume 50, Issue 30, Page B24

[Front page](#) | [Career Network](#) | [Search](#) | [Site map](#) | [Help](#)

Copyright © 2004 by The Chronicle of Higher Education