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***States' Efforts to Privatize Higher Education and Respond to Market Trends
Threaten a New Crisis for Public Higher Education***

**The Futures Project Suggests New Strategies to Cut through Controversies
Over Tuition Hikes, Integrity of Research, Accountability for Student Performance**

While recent headlines about public higher education have highlighted budget cuts and tuition increases, a new report warns these issues are only painful symptoms of a far deeper crisis that threatens to damage the ability of America's public colleges and universities to serve students and the public effectively.

The response of America's public campuses to market forces is moving at a rapid pace, even among the country's most celebrated colleges and universities, warns a new report, *Correcting Course: How We Can Restore the Ideals of Public Higher Education in a Market-Driven Era*, written by Lara Couturier and Jamie Scurry at the Futures Project at Brown University.

Last week, the Virginia General Assembly approved legislation that offers the state's 16 public colleges—including the University of Virginia and the College of William and Mary, two of the nation's oldest public institutions of higher education--a level of autonomy traditionally reserved for private institutions.

But that is only the tip of the iceberg. In Colorado, new legislation funnels the state appropriation to students instead of directly to the institutions, and institutions can establish "fee-for-service" contracts with the state to enable them to carry out mission-specific functions. Texas and Oklahoma recently deregulated tuition-setting authority. Meanwhile, other states – including Florida, Oregon, South Carolina, Wisconsin, Washington – have been involved in similar conversations, throwing about terms such as public corporations, charters, contracts, and privatization.

"Some college presidents and state leaders argue in favor of the move towards privatization in order to respond to market demands and diversify funding streams in a more entrepreneurial fashion, getting out from under the regulations that hamper productivity and competition," says Ms. Couturier. Ms. Scurry adds, "Rather than focusing on providing a high-quality education to an ever-expanding share of the population, many academic leaders are chasing revenues, rankings and prestige. It's time to reaffirm the public purposes of higher education by improving instruction, lowering costs, and increasing graduation rates."

Symptoms of an Impending Crisis

The report points to four symptoms of the coming crisis in public higher education.

- ***Inadequate financial support for low-income students.*** The financial aid system – which increasingly favors students who meet dubious standards of "merit," rather than helping students who demonstrate real financial need – leaves low-income students to cover an average of \$3,800 in college-related expenses per year at public four-year institutions, a sum that effectively forces many young people to delay or abandon their studies. As a result, roughly half of the nation's low-income college-qualified high school graduates do not attend a four-year college and almost half of those students do not attend any college at all. Recent U.S. Department of Education changes to the Pell grant formula could further reduce or end aid for additional thousands of students.

- ***Rising costs and unaffordable tuition.*** The cost of higher education is rising rapidly as institutions ramp up their technology infrastructure, compete for star faculty, and engage in what is often referred to as a “war of amenities.” To pay these costs in the face of stagnant state budgets, institutions are relying more and more on tuition increases, which still outstrip inflation, making higher education unaffordable for many families. As a result, access to and success in higher education may become limited to those who can pay the cost of tuition and come with the advantages of preparedness and savvy, college-educated parents who can help navigate the process.
- ***Elusive outcomes.*** Despite repeated calls for accountability from a variety of sources, including Congress, the higher education community has not found a satisfactory way to measure, report on, and improve performance. Graduation rates remain unacceptably low, and many students who do end up graduating find themselves underprepared for what comes next. Most colleges and universities have failed to ask the right questions. Which skills and knowledge should students acquire? How do we assess whether they are learning them?
- ***Scholarship for sale.*** The country’s university-based researchers have long been the envy of the world, renowned for their intellectual freedom and productivity. However, as federal support for research declines and as corporate sponsorship of research grows, so have the demands to control both the research itself and the dissemination of results. Recent studies have uncovered alarming trends in undisclosed financial interests and researcher bias towards sponsoring companies.

A Better Balance

To put higher education back on track, the report offers a series of recommendations for state policymakers and higher education leaders to forge a new “compact” between higher education and the public, one that clearly defines how higher education should serve the public’s needs, from workforce development to medical research and civic engagement. The compact would also outline the state’s control over the mission of public colleges and universities in exchange for greater operational autonomy for institutions.

What State Lawmakers Must Do

- ***Define the public and private benefits of higher education*** and create opportunities for the public, academic leaders and policymakers to debate those purposes, to prioritize among them, and to decide what are the basic objectives upon which all sides can agree.
- ***Create accountability systems that recognize institutional diversity.*** A state-level compact must consciously differentiate between the missions of the public institutions, ensuring that the sum of the missions of each institution meets the needs of the state. Accountability for missions must be negotiated at the institutional level, not a one-size-fits all solution imposed from above.
- ***Demand performance in access, student learning, and attainment.*** In addition to opening the doors for first-generation students and low-income students and students of color, colleges and universities need to take responsibility and be held accountable for graduation and transfer rates as well.
- ***Provide the funding necessary to serve both private and public interests.*** States can support low-income and students of color by supplementing federal outreach programs such as TRIO and GEAR-UP, and they can provide more consistent funding for academic advising and tutoring and for programs that guide first-time college students through the complexities of college applications, entrance examinations, registration, financing, and course selection. This spending should be a priority regardless of the state’s budget situation, because it ultimately pays for itself through increased college retention and graduation.

What Colleges and Universities Must Do

- **Measure what is valued**, including learning, retention, graduation, workforce and civic outcomes. Without good, hard data about real performance, improvements are unlikely if not impossible.
- **Take responsibility for teaching and learning**. Institutions must elevate the status of teaching – certainly to the level of research – so that students can choose their college and their courses on the basis of the quality of the learning experience, and not on the basis of dubious college “ranking” schemes.
- **Move beyond access to promoting attainment**. Colleges and universities must recognize that their social responsibilities extend beyond mailing out letters of admission, to include taking greater responsibility for student academic support and ultimate achievement.
- **Address problems of efficiency and productivity**. As stewards of the public trust and investment, state colleges and universities are obligated to spend public funds in a manner that most effectively responds to public needs in much the way that private universities are obligated to their donors, students, and to the public that accords them subsidies and tax exemptions. This requires turning an eye to cost and efficiency.
- **Support elementary and secondary education**. Not only has higher education paid too little attention to its own effectiveness in teaching and learning, it also has been only a marginal player in twenty years of efforts to transform American elementary and secondary education. Higher education must rededicate itself to effectively educating teachers and school leaders, contributing useful research, and lending support to school reforms.
- **Reduce conflicts of interest**. Higher education must turn to full disclosure of all financial interests held by researchers and institutions, and universities must maintain control over publication and review rights.
- **Reassert higher education’s role as a crucial public forum** for constructive criticism and debate about social and political trends and for students to understand their roles as citizens and community members in a democracy.

What The Public Must Do

- **Request good information** about the performance of their institutions.
- **Encourage state decision-makers to demand transparent and comparable data** about institutional performance from each college and university in the state.
- **Urge institutions to get actively involved** in community service activities, local business research, and in hosting discussions about important local issues.
- **Support state higher education and participate in conversations with higher education leaders and policymakers** to identify what the state and its citizens want for the future, what is expected from the state higher education system, and what taxpayers want from higher education in return for their support.

Correcting Course: How We Can Restore the Ideals of Public Higher Education in a Market-Driven Era, was written by Lara Couturier, interim principal investigator at the Futures Project: Policy for Higher Education in a Changing World (www.futuresproject.org), and Jamie Scurry, research associate at the Futures Project. Based at Brown University, the Futures Project was founded in 1999 by the late Frank Newman to study the increasing role of market forces in higher education in order to help fashion appropriate policy initiatives and institutional strategies to respond to these changes and to preserve the public mission that has long been central to academe. This paper is derived in part from the Project’s final report, *The Future of Higher Education: Rhetoric, Reality, and the Risks of the Market* (Jossey-Bass, 2004). Available at www.josseybass.com or 800-956-7739.

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