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## **The Flow and Ebb of Public Support for Higher Education in America**

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*A massive increase in public investment transformed American higher education in the decade before *Change* was launched in 1969. That public investment was sustained and gradually increased for thirty more years. At the beginning of the 21<sup>st</sup> century, the growth of public support ended. This essay explores the factors driving these trends and their implications for the future.*

### **A Visionary Commission Sets the Stage**

In 1947, two decades before *Change* was launched, President Truman's Commission on Higher Education issued its report, *Higher Education for American Democracy*. In presenting it to the American Council on Education, John Dale Russell, then Director of the Division of Higher Education in the U.S. Office of Education, said:

*The report proposes ...the abandonment of European concepts of education and the development of a curriculum attuned to the needs of a democracy; the doubling of college attendance by 1960; the integration of vocational and liberal education; the extension of free public education through the first 2 years of college for all youth who can profit from such education; the elimination of racial and religious discrimination; revision of the goals of graduate and professional school education to make them effective in training well-rounded persons as well as research specialists and technicians; and the expansion of Federal support for higher education through scholarships, fellowships, and general aid....[It] urges establishment of community colleges; the expansion of adult education programs; and the distribution of Federal aid to education in such a manner that the poorer States can bring their educational systems closer to the quality of the wealthier States.*

Russell argued that the Truman report reflected an expanded understanding of the public interest in higher education. Educating people for citizenship and to meet the requirements of the economic labor market were commonly understood as public purposes, meeting the needs of

society. The “expanded” purpose was not to meet just the needs of society, but to address society’s obligation to meet the needs of its citizens.

Concluding his presentation to ACE, Russell said, “One who is interested in the welfare of higher education cannot fail to be enthusiastic about the report and its recommendations.”

Russell’s enthusiasm notwithstanding, the higher education community was ambivalent. Some argued the nation neither needed nor could afford so much higher education. Some doubted so many students (including many of the veterans supported by the already approved GI Bill) could benefit from higher education. Private college presidents worried that an expanded public presence in higher education would put them out of business. One even suggested that more public involvement in higher education would threaten intellectual freedom. The lukewarm reception from higher education extended to government. After its release neither Congress nor the states moved to implement the recommendations of the Truman Commission. The report was put on the shelf.

Then things began to change. Elementary schools began to burst at the seams with the baby-boom generation, and the expanded opportunities provided by the GI Bill raised expectations and the demand for higher education. The beginning of the Cold War and then the launching of Sputnik in 1957 kindled an urgent interest in improving educational attainment and investing in scientific research. States began to plan substantial expansions of their colleges and universities. Pursuing his passion, in 1954 John Dale Russell founded the association of State Higher Education Executive Officers (SHEEO) to assist states in shaping and implementing state plans. Although states took different paths in planning and managing growth, virtually all participated.

### **The Transformative 60s, then Thirty Years of Gradual Growth**

By 1969, when *Change* was launched, a massive new public investment had transformed the size and shape of higher education. All sectors of higher education grew dramatically, but public sector enrollments grew most, increasing from 2.3 million in 1960 to 6.2 million in 1970. The expansion of 4-year public institutions, newly established community colleges, and state financial aid programs (frequently assisting students in both private and public sectors) led to the quadrupling of state support for higher education from \$1.4 billion in 1961 to \$7.0 billion in 1971.

This enormous growth was driven by demographics, the heightened aspirations of American families, and the growing awareness of the economic

value of higher education to individuals and the country. It was supported by the social and political center of the nation, encompassing both political parties. Higher education became an expectation for the upper and middle classes and more of an option for students from lower socioeconomic groups. In the Midwest, West, and South, low public tuition initially was the norm. States with a well-established independent sector were more likely to have higher public tuitions and state funded financial aid programs. At the federal level Basic Educational Opportunity Grants (later Pell Grants) and guaranteed student loans supported access and choice in all sectors.

By 1970 the bi-partisan consensus for growth began to weaken, due to the expansion already accomplished and perhaps also due to controversial campus demonstrations generated by the war in Vietnam and civil rights. Still, at a less dramatic rate of growth, the momentum of the 1960s extended for more than thirty years until the beginning of the 21<sup>st</sup> century.

Public debate from 1970 to 2000 focused not on whether to support higher education, but on how much support to provide and for what purposes. With some variation due to periodic economic down-turns, the states continued to provide funds to offset enrollment growth and inflation, and the federal government provided increasing amounts for Pell Grants, guaranteed loans, research, and an array of smaller federal programs.

In the states, political leaders debated the balance among tuition, institutional support, and student financial assistance, and whether financial aid should be need-based, merit-based, or a mix of both. At the federal level policy makers debated the balance among grants and loans, the role of the for-profit sector, and the use of tuition tax credits. State and local support reached \$67 billion in 2001, an increase of 119% from 1971, adjusted for inflation. State funding more than kept pace with increases in public enrollments, which grew a little over 100%. Federal spending for research, student aid grants, tuition tax credits, and loan subsidies roughly matched the level of state investment in 2000.

## **The End of Growth**

At the beginning of the 21<sup>st</sup> century the growth of state and local support for higher education hit a wall. After the recession of 2001-2002 state and local support hovered near \$70 billion until 2006, with dramatic double-digit cuts in some states, and smaller cuts or very modest increases in others. It then resumed growth to almost \$89 billion before the Great Recession of 2008. A three-year injection of federal funds through The American Recovery and Reinvestment Act held state and local support above \$87 billion until 2011. State and local support then fell to \$81 billion in 2012,

gradually recovering to \$93 billion in 2016, just 4 percent higher than the previous peak in 2008.

Despite decreasing public support, public higher education enrollments grew by 27% during this 15-year period 2001-2016. Tuition grew rapidly in every state, filling the gap (sometimes more, sometimes less) left by the decline in public support. Net tuition per FTE student grew 65% in constant dollars, from \$3,881 to \$6394. By 2016 students were paying an average of 47% of the educational expense in public institutions, up from 26% in 1991 and 29.4% in 2001. States varied widely around these national averages. In 2016 students paid more than 70% of the cost in the five highest tuition states and less than 35% in the five lowest tuition states. But students paid more than before everywhere.

In these years the bipartisan consensus supporting higher education of the 1960s became a shadow of its former self. Bipartisanship itself had eroded, as attested by the bitterly contested 2000 presidential election, the emergence of the Education Leaders Council (an association of K-12 leaders closely associated with the Republican Party), and corrosive political rhetoric on all sides. Partisan divides became evident on a wide range of issues--economic, social, religious, and cultural.

Higher education not only lost its bipartisan support, it became the subject of political conflict. Political battles increasingly have been fought over the value of the liberal arts vs. vocational education, the role of peer-managed accreditation, and the role and practices of for-profit institutions. Battles in which members of the academic community are prominently engaged also are being fought over environmental and social issues – global warming, health care, abortion, sexual orientation and gender identity, and immigration. Although most colleges (except some with particular religious commitments) formally embrace freedom of thought and expression, faculty and students with more conservative views on political and social issues have questioned the sincerity of that commitment on campuses where left of center views predominate. In a highly charged political environment, strong feelings at both extremes of the spectrum have created confrontations that challenge campus administrators.

Substantial efforts by many higher education leaders to counter these trends have failed. A recent national poll found that 58% of Republicans believe that colleges have a negative impact on the country. Of Democrats 72% believe colleges have a positive effect.

The political challenges facing higher education have been exacerbated by a shortage of money. Periodic studies by Don Boyd of the Rockefeller

Institute of Government found that virtually every state developed a structural deficit early in the 21<sup>st</sup> century. Tax reductions during the economic growth of the 1990s and a significant shift in the proportion of consumer spending from taxed goods to untaxed services reduced the states' revenue base. At the same time enrollment growth in K-12 and higher education, and skyrocketing health care and pension costs generated fierce competition for limited resources.

Although no state has found it easy to sustain support for higher education, Republican governors in several states have advocated and achieved substantial and disproportionate cuts in state funding. Such disproportionate reductions have been defended on the basis of perceived inefficiency in higher education, a belief that the private rather than the public sector should be the primary source of funding for higher education, and a conviction that less expensive, vocational education will better meet the needs of students and the economy. Without questioning the sincerity of these arguments, the tendency to identify higher education with one side of a politically polarized country has surely been a factor.

### **The Complicity of Higher Education in Declining Public Support**

Largely uncontrollable external factors have played a major role in the decline of public support for higher education. However, American colleges and universities also share responsibility for this decline. Just as public opinion is divided on the value of higher education, higher education is divided in and ambivalent about its commitment to public purposes.

Without question, a strong strain of idealism and commitment to public service is deeply embedded in the culture of higher education. The purpose articulated by John Dale Russell – that higher education should be an instrument through which society meets the needs of its citizens – is a central motive of community colleges and in many respects of all institutions of higher education. The core missions of higher education – instruction, research, and service – are entirely focused on the needs of individuals and the broader community.

This commitment to public service, however, stands in tension with higher education's embrace of competing American values – individualism, freedom from external authority, and the benefits of competition in market economies. Higher education institutions, including not-for-profit as well as for-profit, are frequently, perhaps generally, perceived as self-interested, competitive bodies, primarily interested in protecting and extending their own privileges and resources.

It is easy to compile a list of behaviors and factors that contribute to this public image:

- The growing price of higher education to students and their families over the past three decades: “skyrocketing tuition” can be partially explained by decreasing public support, the higher expectations of students for amenities, and increases in the cost of talented people in the marketplace. But the growing price is also driven by competition among institutions for prestige and market share, and the ability to charge more for an increasingly valuable product.
- Faculty tenure: a policy justified by the need to protect intellectual freedom and the benefits of social criticism provides insulation from job accountability enjoyed by no other profession. The need for freedom of thought is not confined to the academy, and its use as a justification for tenure is not compelling to the general public.
- Extravagant salaries for presidents and athletic coaches (often accompanied by golden parachutes), justified by competition for talent with other institutions and the role of these positions in attracting students and external donations: defending such extravagance by citing excessive CEO compensation in the private sector further weakens the case for public support.
- Academic inertia or outright opposition to calls within and outside the academy to improve instruction and achieve higher and more widespread levels of student learning through the effective use of learning assessment, data analytics, and technology enhanced instruction.
- In a number of states, successful efforts to reduce the influence of or eliminate the state coordinating agencies created to articulate and advocate the public interest in higher education justified by the value of “institutional autonomy.”
- At the federal level, opposition to initiatives to provide student level data on enrollment, completion, and financial assistance, and opposition to federal efforts to strengthen state planning and strategies to improve higher education.

One ironic example of the ambivalence of higher education with regard to its public purposes is affirmative action in admissions. Elite institutions compete fiercely with one another for market share of highly qualified students, creating great demand for admission. Simultaneously, based on

their idealism, sense of social justice, and support for diversity and equality of opportunity, they have implemented and vigorously defended affirmative action in admissions.

Although only a handful of students and institutions are affected by affirmative action, the substantial private benefit of attending an elite institution has made affirmative action an especially contentious public policy issue. In some respects, it has overshadowed a more consequential social issue, the large numbers of low-income and traditionally underrepresented students who are poorly prepared for success in higher education, unable to afford the cost, and poorly served by many colleges and universities.

Other examples of the ambivalence of higher education toward public purposes are evident in how it represents itself to state governments and Congress. Policymakers often observe that higher education resists all governmental involvement except the provision of money. This seems to be the least common denominator unifying institutional associations in the nation's capital.

Another good example is the failure of American Council on Education (ACE), the umbrella association of higher education in Washington, to endorse the provision of temporary, three-year federal grants to the states to sustain support for education in President Obama's 2009 American Recovery and Reinvestment Act (ARRA). Perhaps because ARRA was politically controversial, or perhaps because not all sectors of higher education agreed, the ACE endorsed funding for research and federal grant programs but did not endorse the portion of the act providing grants to states, which then were providing \$89 billion to higher education. ACE's failure to support emergency funding to the states as well as its actions later that year opposing state/federal partnerships to strengthen higher education performance subtly tended to undermine state investment.

### **Implications for the future – Is a renewal of public support possible?**

The United States needs a renewed public role in higher education.

Continuing decreases in the public's investment in higher education are likely to exacerbate economic and social inequality, erode the middle class, and further degrade the competitiveness of the American people in the global economy. Although competition in higher education has some salutary benefits, it has frequently overshadowed its public mission and contributed to higher costs and greater inequality of outcomes. A better balance between institutional self-interest and public purpose is needed.

The economic, social, and political factors now retarding public investment in higher education may change eventually, but not quickly. The most formidable obstacle is the burden of baby-boomer retirement and health care costs on the states and federal government. For some time, this burden, coupled with the same generation's resistance to taxation, will make investment in other public priorities a very heavy lift.

When the financial burden of the baby boom generation begins to recede, the public's willingness to invest in education could grow. The second, smaller baby boom echo, the grandchildren of that generation, may help restore a wider basis of support for higher education. But serious efforts to meet the needs of the American people for higher education cannot rely entirely on demographics.

On reflection, the public consensus supporting higher education in the 1960s was not deep enough to sustain public support in the 21<sup>st</sup> century. Both participation and success in higher education have always been highly correlated with socio-economic status (SES) regardless of academic potential. When fiscal conditions and rapidly growing enrollments (from a broader range of students) made support for higher education more difficult in the 21<sup>st</sup> century, the public mood became less generous, and disadvantaged populations suffered the most. In the future, the changing demographics of our nation and increasingly visible consequences of not improving educational attainment adequately in the global economy may help build a new, deeper consensus.

But it is unlikely to come easily. It would be naïve to expect colleges and universities to eschew entirely competitive advantage, to become less interested in prestige, less interested in attracting the best possible students and faculty. Nevertheless, a renewal of public support for higher education is unlikely without changes in higher education behavior and improved higher education performance. Higher education could help itself and the nation by making more visible its commitments to public priorities. Such commitments are an important part of the higher education DNA, but they are often overshadowed by behaviors that emphasize personal and institutional interests.

Which higher education practices and priorities should be strengthened and made more visible? This small list of possibilities is incomplete, but it might help if colleges and universities would:

- Take more seriously higher education's responsibility to improve the effectiveness of K-12 teachers and school leaders;



- Develop and adopt educational practices and policies that reduce the achievement gap between students from historically disadvantaged and high SES families;
- Collaborate more visibly with other institutions to address public needs;
- Work more cooperatively with government and civic leaders to design and implement effective public policies in areas such as accreditation, institutional accountability, and peer-based improvement;
- Intelligently employ technology and improvement science to reduce costs and increase effectiveness through radically restructured administrative, instructional, and research operations;
- Restrain tuition increases and give more emphasis need-based financial aid;
- Reduce tuition discounting;
- Employ clear learning objectives, assignments designed to achieve them, high impact practices, and the use of sophisticated assessment tools to improve instruction;
- Expand and make visible efforts to become more cost-effective;
- Reduce extravagant salaries and stop establishing contractual obligations that provide excessive payments to executives and coaches terminated for cause;
- Avoid conspicuous extravagance in campus amenities; and
- Emphasize and achieve higher graduation rates with documented improvements in student learning.

A combination of private and public leadership and investment has built the American system of higher education over more than three centuries. Without denigrating the continuing importance of private initiative and leadership, our history demonstrates that a public vision for and investment in higher education are vital to the quality of life in our country. Implementing reforms and practices to restore public confidence and investment should become a priority for higher education.