

The Need for a New Classification Scheme for “Public” Higher Education

by
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“If language is not correct, then what is said is not what is meant; if what is said is not what is meant, then what must be done remains undone.” Confucius

A new classification system for “public” higher education is needed due to the fundamental difference between things *analog* and things *digital*. Funding percentages, e.g., are analog while descriptors of “kind” are digital, including the word “public” when applied to higher education.

Things analog, such as the State funding shares of budgets of public universities in America, can vary annually by any amount, small or large, without invalidating their own descriptor, “funding shares,” or tipping the “kind” descriptor from “public” e.g., to say “state-related” or “private.”

That the descriptor “public” for higher education is *digital* in nature is supported by the fact that from its earliest days, and even recently in some states, public higher education was largely *free* to the students who attended. From the beginning then, a clear dichotomy existed between the digital states of “private higher education,” with zero state funding [0], and “public higher education” with 100% state funding [1].

As the state funding shares of “public” higher education fell over time to 90%, 80% or 70% with students and parents annually carrying an ever-increasing share of the cost of education, there was perhaps no reason and surely no clamor to change the “public” descriptor, or even for most students and parents, to recognize that truly momentous changes to “public” higher education were in fact silently occurring.

But today, with 48% of the 50 states in America providing funding shares below 50% to “public” higher education, the need and time for a new classification scheme, with new descriptors, has clearly arrived. [State Higher Education Executives Officers (SHEEO) Report entitled State Higher Education Finance FY 2012, page 32, Figure 7, “Net Tuition as a Percent of Public Higher Education Total Educational Revenue by State, Fiscal 2012.”]

Funding Share versus Governance Share

Public higher education in America today receives financial support from two major sources—state funding provided by State legislatures, and net tuition provided by students and parents—with the respective shares varying greatly, state to state, from about 70%/30% to 30%/70%!

Net tuition is defined as the funding provided by students and parents, less financial aid.

Additional descriptors, analog and digital, will be needed to classify the qualitatively different segments of the “public” university *spectrum* that have evolved in America since about 1950.

The largest and most obvious change to traditional, i.e., highly subsidized, public higher education has been the substantial drop in the state funding share and the related increase in net tuition share—while not tipping the digital descriptor, “public higher education.” This suggests that “Governance Share,” defined as the percentage share of seats on the various governing bodies controlled by the major financial stakeholders, should be added to “Funding Share” as a second analog descriptor.

Majority versus Minority Shareholders

Factually, no state in America today provides 100% of the funding for public higher education.

When states provided all or nearly all the funding, one need only be concerned with the “State Funding Share.” Now we must also be concerned with “Net Tuition Funding Share” since students and parents in America today are substantial, and in some states, the majority financial sponsors of public higher education.

Even states with the highest funding shares still require “net-tuition” funding. For example, Wyoming, New Mexico, California, Alaska and North Carolina require 13.8%, 22.8%, 25.6%, 27.6% and 28.5% of the funding from net tuition to complement their much larger state shares.

Vermont, New Hampshire, Delaware, Colorado and Pennsylvania require 85.1%, 84.5%, 72.9%, 70.8% and 69.9% of public higher education funding from net tuition, to supplement their much smaller state funding shares.

A Classification Scheme for Public Higher Education

From the analog/digital perspective, the current classification scheme for dealing with “public” higher education in America allows for one analog descriptor, namely “state funding share,” and one digital descriptor, namely, “public.” The clear weakness of the current classification scheme arises from the fact that the descriptor “public” [1] continues to be used no matter how low state funding shares might become, at least until they reach zero, when the only legitimate descriptor would be the word “private” [0].

A new classification scheme below proposes a total of three digital descriptors, with “public” being retained, “State-Related” and “Government” being added, and all three being more precisely defined in terms of *funding share* and *governance share* as follows:

- Public Higher Education: State Funding Share > 50%; State Governance Share > 50%
- State Related Higher Education: State Funding Share < 50%; State Governance Share < 50%
- Government Higher Education: State Funding Share < 50%; State Governance Share > 50%

The Ongoing Privatization of Public Higher Education

In a recent book, *Privatization Without a Plan*, I documented the privatization of public higher education in my state, Pennsylvania, over the last 30 years. For the current (2013-14) fiscal year, based on the classification scheme just cited, the “public” higher education provided through the fourteen “State-owned” universities in Pennsylvania would now earn the dubious distinction of “Government Higher Education,” owing to a state funding share of 25% coupled with a state governance share of 100%. But as the SHEEO data clearly attest, Pennsylvania is hardly alone.

American public higher education has been rapidly privatized in just one generation. In FY 2012, the average net tuition share of funding for public higher education across the 50 states was 47.0%, up from 23.3% just 25 years ago in 1987. The average net tuition contribution to public higher education funding across America has been increasing inexorably at about one percent per year for the past 25 years!

Should that rate continue, traditional highly-subsidized public higher education could vanish entirely in one more generation. We must hope that in its wake will follow more examples of “State-related higher education” and fewer cases of “Government Higher Education.”