

Declining Public Support for Public Higher Education in Pennsylvania

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Topics to be Covered

- Assertion: “California University of PA is being privatized without a plan.”
- Making the case for the truth of the Assertion;
- Identifying some of the implications of the Assertion being true;
- Suggesting a viable strategy for the future.

A National Problem

- Despite “Pennsylvania” in the title, my remarks apply to many states in America;
- Cal U founded in 1852; early history as a normal school, teacher’s college &, since 1983, a PASSHE “state-owned” university.
- PA also has “state-related” universities which function essentially as private universities (except for some State funds).

Background

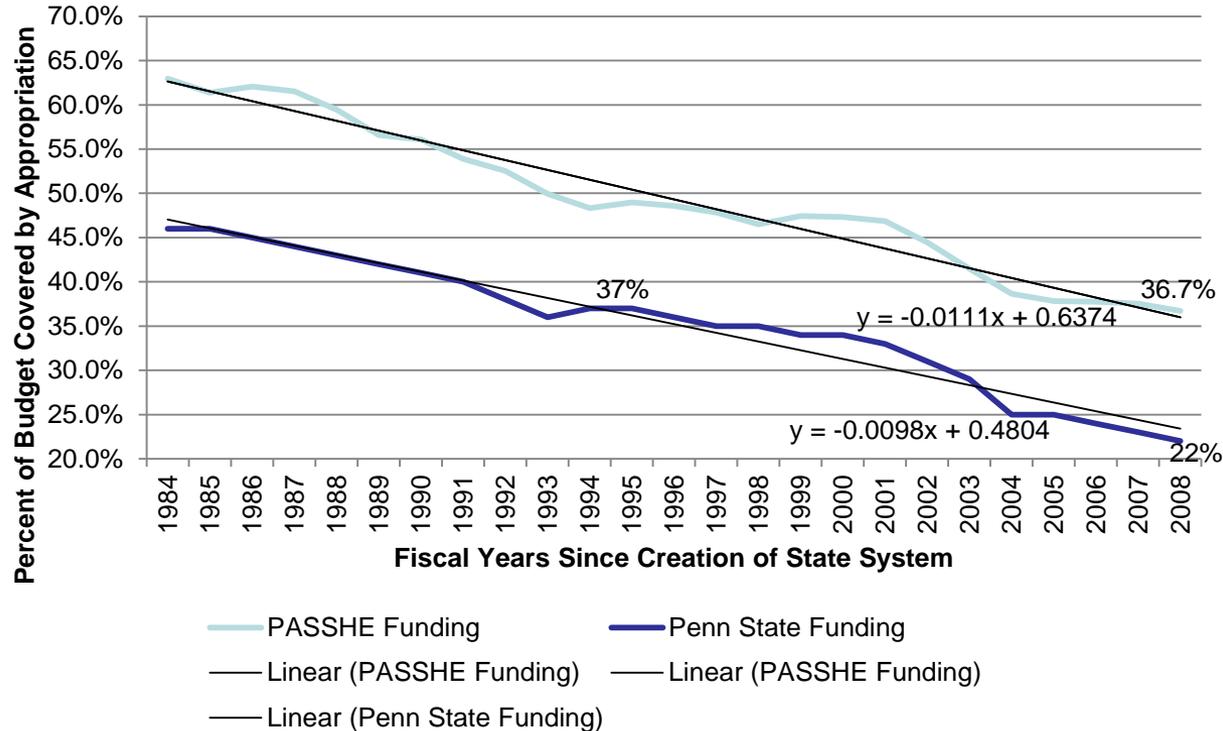
- This presentation will focus on the decline in State funding to public higher education in Pennsylvania over the last 25 years.
- My interpretation of that inexorable decline in State funding compels me to make the following Assertion:
- **California University of Pennsylvania is being privatized without a plan.**

“Being Privatized”

- There is much evidence to support this part of the Assertion (that we are being privatized).
- The following charts and comments will provide much of that evidence.
- Evidence to support the rest of the Assertion (namely, that it is happening without a plan) will also be presented.

A 25-Year Decline in State Funding

Commonwealth Share of Higher Education Budgets - 1983-84 to 2007-08



The Relentless Decline in State Funding

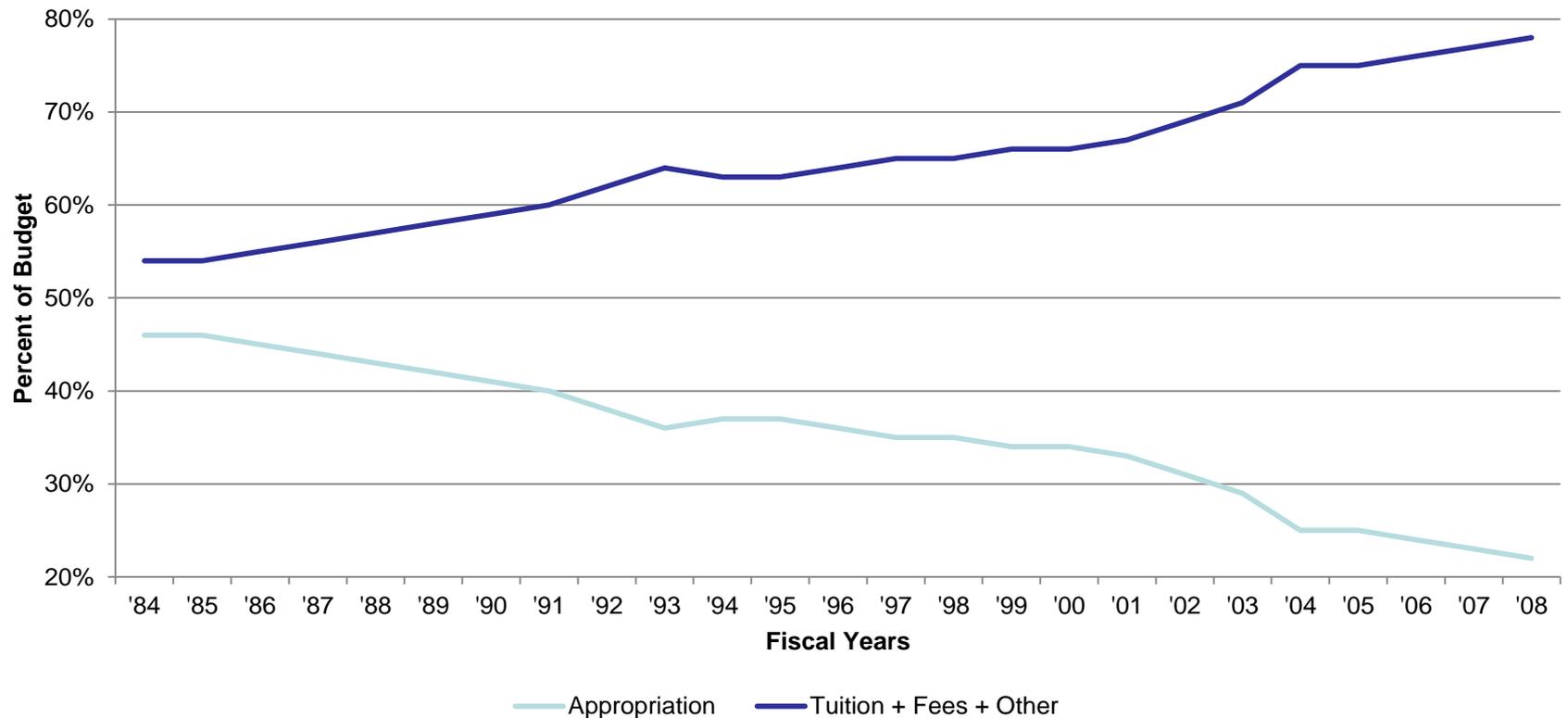
- Nearly parallel (and declining) 25-year funding trends for Penn State & PASSHE universities;
- Cal U at 36.7 % and Penn State at 22% in 2008;
- Penn State was at 37% just 13 years ago.

Truly Public Universities Could Disappear in One Generation!

- Extrapolate current trends:
- Penn State goes to zero state funds by 2033 (in just 25 years);
- Cal U goes to zero state funds by 2041 (33 yrs.) and becomes *truly* “private” only 8 years after Penn State becomes *truly* private.

The Decline in State Funding for Penn State

Penn State Appropriation vs. Tuition + Fees + Other - 1983-84 to 2007-08

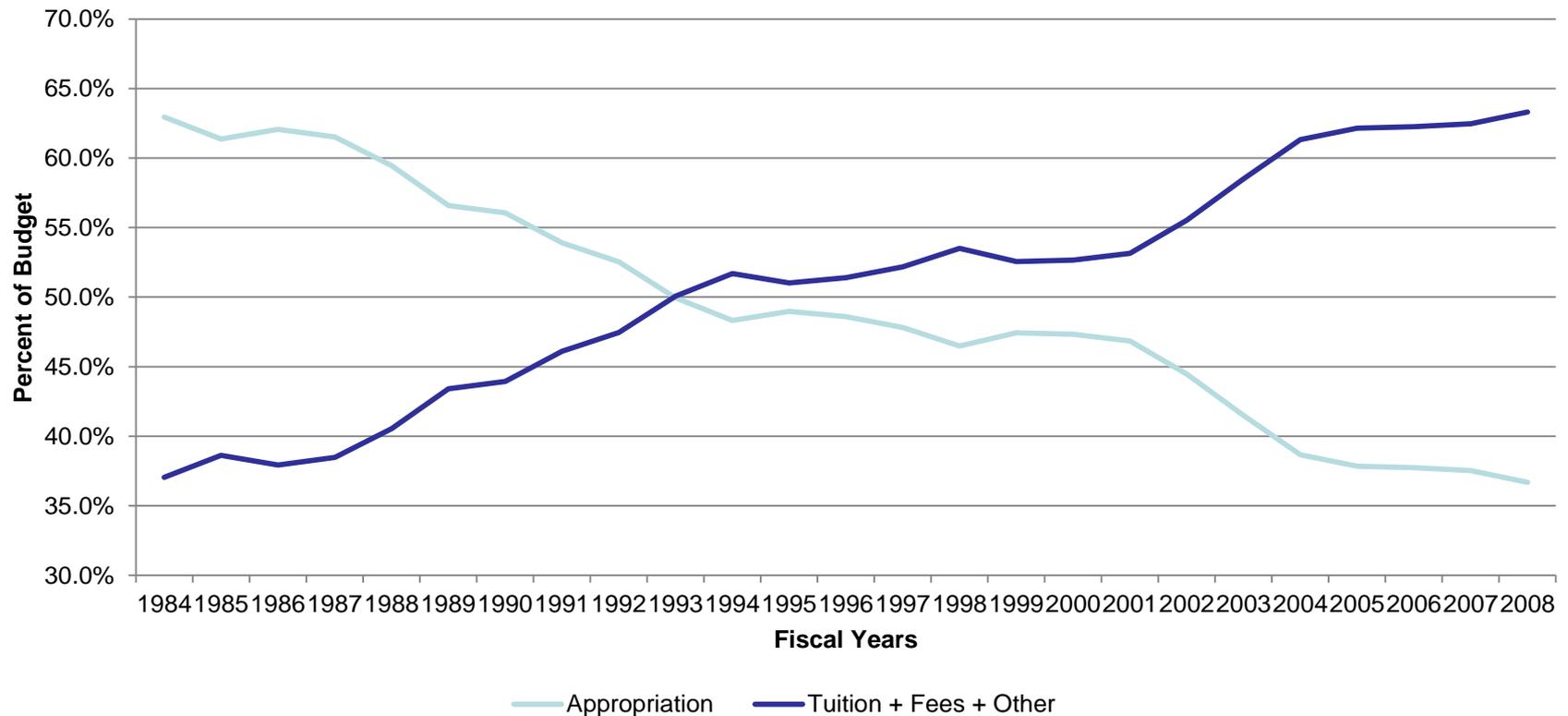


State-Owned vs. State-Related

- Unlike so-called “State-owned” universities, Penn State was already below 50% of its E&G budget from the State in 1984;
- But very much like the “State-owned” universities, Penn State has also seen a steep 25-year decline in Commonwealth funding.

The Decline in State Funding for PASSHE

**PASSHE Appropriation vs. Tuition + Fees + Other - 1983-84
to 2007-08**

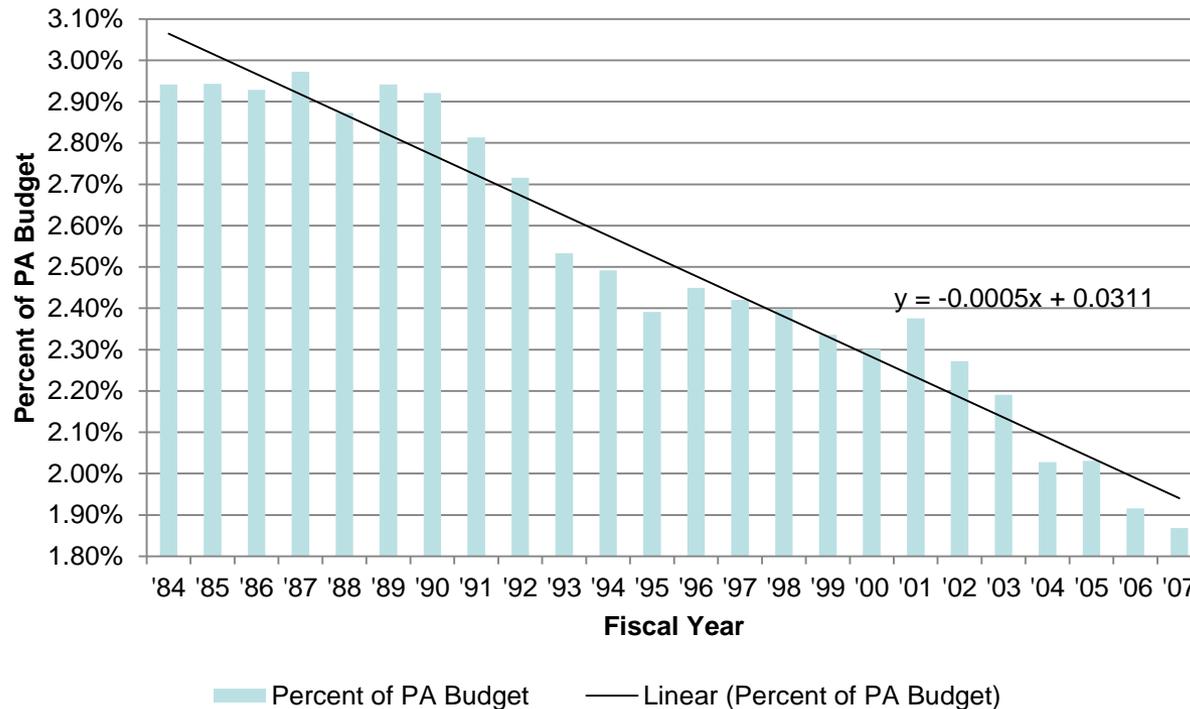


...As Distinctions Evaporate

- The “state-owned” universities have seen their share of State funding decline from two-thirds in 1984 to about one-third in 2008.
- The funding distinctions for *state-owned*, *state-related*, and *private* universities continue to erode.
- When and How will it end?

PASSHE's Declining Share of the State Budget

**PASSHE Share of Commonwealth Budget -
1983-84 to 2006-07**

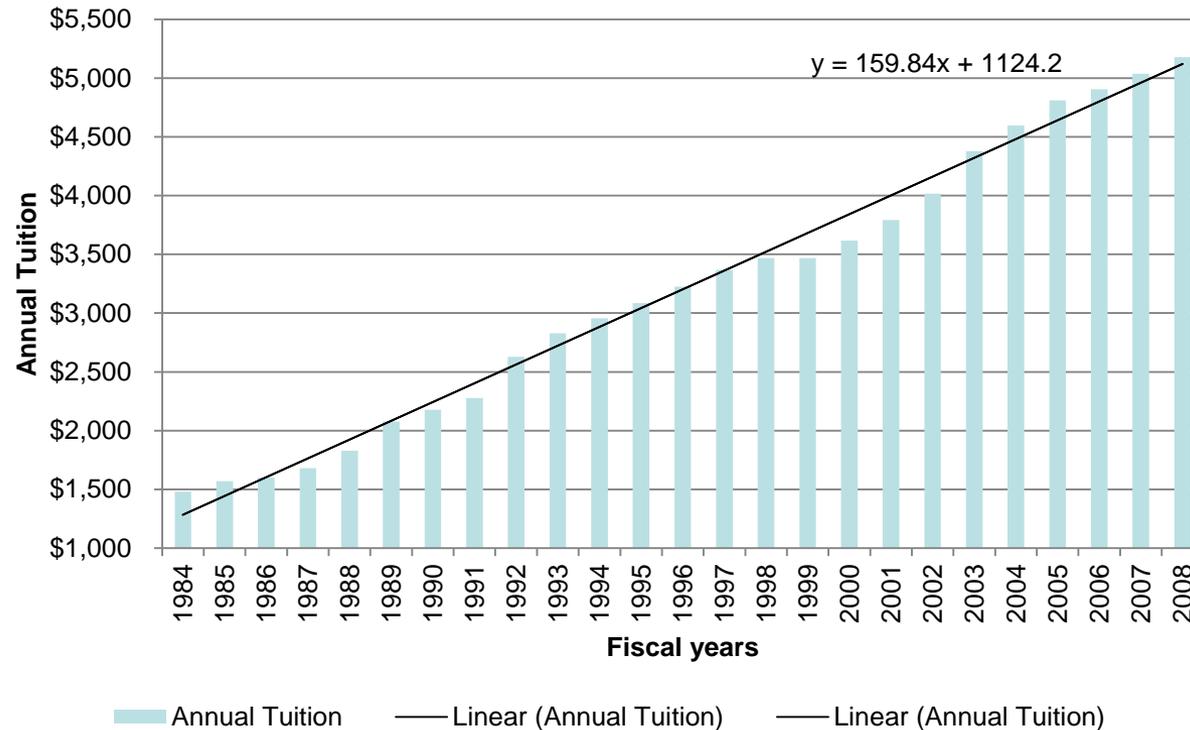


Democrats & Republicans Agree!

- This disinvestment in public higher education happened under both democrats and republicans.
- In the 50s, 2/3 of households had someone 18 or younger;
- Today, 1/3 of households do.
(It is they who can benefit directly from public higher education.)

State Funding Down → Tuition Up

Resident Undergraduate Tuition - 1983-84 to 2007-08



How Affordable is our Tuition?

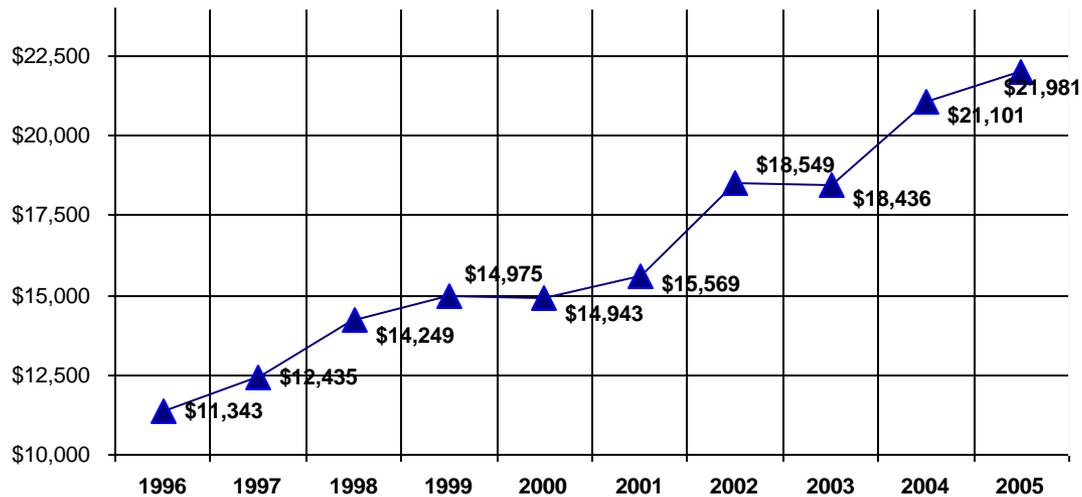
- With average annual increase of 5.3%/year since 1984, tuition at PASSHE universities doubles about every thirteen years.
- Although PASSHE tuition is low by private and even state-related standards, it is often seen as too high for our students to pay.

For Cal U: From 1995 to 2005

- The following financial aid trends occurred:
- Grants declined from 35% to 21% (-40%),
- Work-study shrank from 7% to 5% (-29%),
- Scholarships grew from 4% to 5% (+25%),
- Loans grew from 54% to 69% (+28%).
- As State/Federal support continues to slip, student loans and private scholarships are called upon to make up the difference.

Cal U Loan Debt \$22k vs. \$15k (Nat. avg.) Growing 8%/year

AVERAGE STUDENT LOAN DEBT FOR GRADUATING SENIORS
FOR THE YEARS 1995-2005



A Failure to Fund Financial Aid

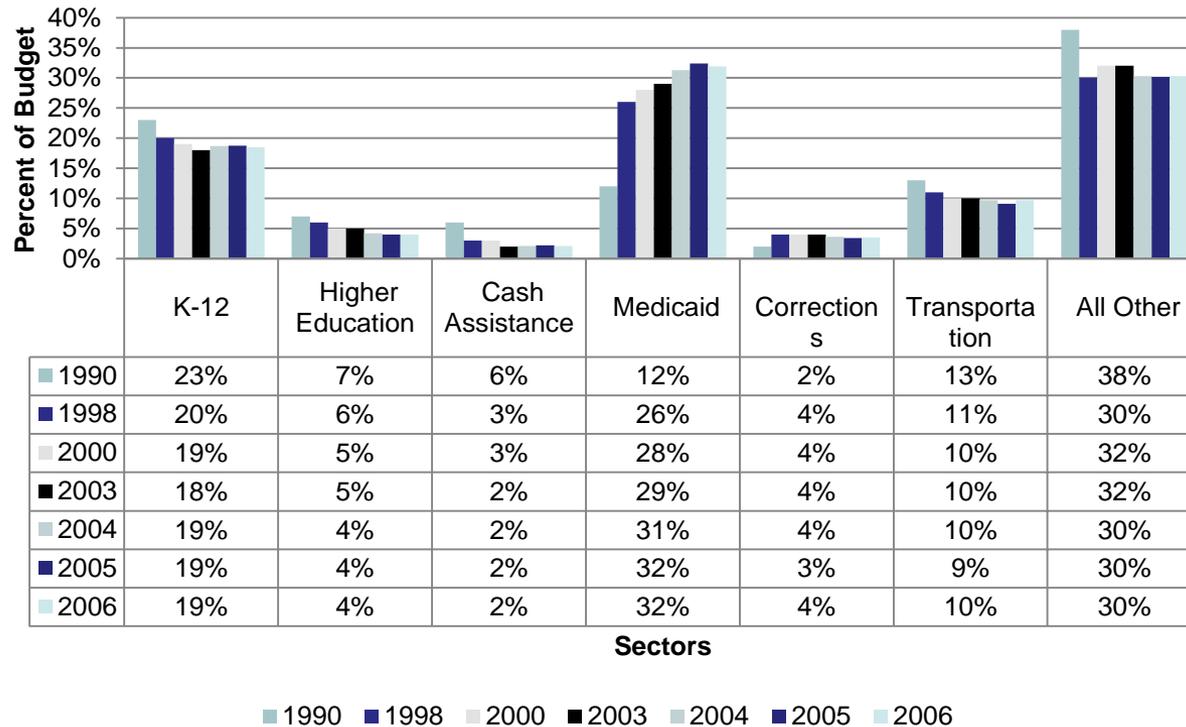
- The ongoing failure of the states and the Federal government to fund financial aid for the neediest college-qualified students is well known.
- Consider just the titles of the following three National reports on the crisis.
- Although dated, the reports themselves contain serious indictments of our public policy regarding financial aid.

Three National Reports

- Losing Ground: A National Status Report on the Affordability of American Higher Education (National Center for Public Policy and Higher Education; 2002)
- Empty Promises: The Myth of College Access in America (Advisory Committee to Congress on Student Financial Aid; 2002)
- Access Denied: Restoring the Nation's Commitment to Equal Educational Opportunity (Advisory Committee to Congress; 2001)

Pennsylvania's Budget Priorities

Share of Budget - Commonwealth of Pennsylvania - 1990 to 2006



Bankrupted by Medicaid?

- K12 from 23% to 19%;
- Higher Ed from 7% to 4%;
- Cash Assistance from 6% to 2%;
- **Corrections from 2% to 4%;**
- Transportation from 13% to 10%;
- All other from 38% to 30%;
- **Medicaid from 12% to 32%!**

The Role of Demographics

- The fact that only Corrections and Medicaid saw increases over the 16-year period from 1990 to 2006 reinforces the idea that America's changing demographics may account for the disinvestment in public higher education under both democrats and republicans.

Budget Priorities Collide

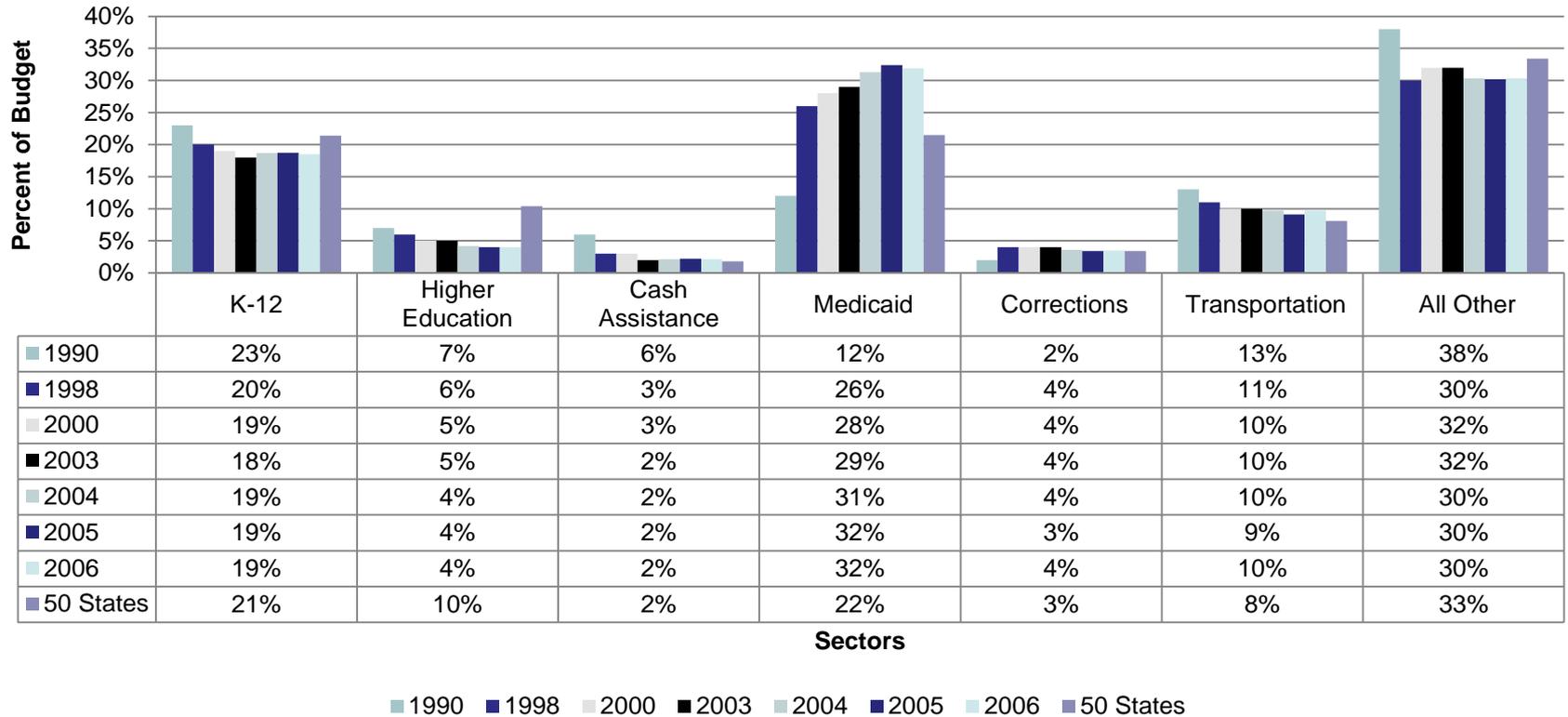
- Between 1990 and 2006, the share of Pennsylvania's budget for Medicaid *increased* by 167%!
- This near-tripling of the Medicaid budget suggests Pennsylvania is being bankrupted by Medicaid.
- Pennsylvania is not the only state facing this challenge.

Measuring Up

- To check budget results for any of the 50 states, go to the highereducation.org web page.
- In particular, see the report Measuringup2006.org/stateprofile.net.cfm.
- Similar reports may be found there for other fiscal years.

How The Other States Do It

Share of State Budget - Commonwealth of Pennsylvania - 1990 to 2006



PA Different in Two Areas

- Pennsylvania's spending for 2006 was comparable to the average of the 50 states except in two budget categories;
- Medicaid funding for the 50 states was ten points lower than for Pennsylvania;
- Higher Education funding was 2.5 times higher for the 50-state average than for Pennsylvania!

The PASSHE MISSION

- “...to provide high quality education at the lowest possible cost to the students.”
- The Commonwealth’s failure to adequately fund PASSHE in recent years complicates a president’s ability to deliver that mission.
- Presidents take on fund-raising burden created by decline in State funding.
- Private funds for scholarships & facilities.

The Cal U Strategic Plan: “Short Version”

- Accept the fact that we are being privatized (without a plan);
- Don't expect the problem to be solved in Harrisburg or Washington;
- Accept our fate and begin acting more and more like a private college or university.
- This plan has four (4) basic elements:

Cal U Strategic Plan - 1

- [1] Seek and maintain **national accreditation** for every academic program for which such accreditation is available;
- [2] Expand *Cal U Global Online* to provide the much needed revenue to supplement rapidly shrinking operating budgets and allow for the purchase of equipment, software, faculty and student travel, and other program support, including the costs of program accreditation.

Cal U Strategic Plan - 2

- [3] Private fund raising for **scholarship** (to help students pay for the ever-increasing costs of tuition and fees);
- [4] Private fund raising for **capital projects** (to leverage as much state money as possible to keep the physical plant attractive and to give us an advantage in the intense competition for good students).

Thank you!

- I appreciate your kind attention.
- I will be happy to share this slide presentation upon request.
- A text version (publication pre-print) is also available upon request.
- Thank you.