



FACTSHEET

All of the information provided below is based on “public” information, that is, on data generated with the use of taxpayer funds. In some cases, the data were provided voluntarily by public entities such as the Pennsylvania State System of Higher Education (PASSHE) or California University of Pennsylvania and, in others, in response to formal requests under Pennsylvania’s Right to Know Law. The analyses of those data and conclusions drawn from those analyses are found in “*Privatization Without a Plan*” by Angelo Armenti, Jr., Ph.D. and, additionally, on the PASCU website at: <http://www.pascu.net/>

DEFINITIONS

Act 188 of 1982: The enabling legislation that created and, as amended, statutorily controls the public corporation now known as the Pennsylvania State System of Higher Education (PASSHE).

PASSHE: The 14-University system of taxpayer-supported institutions of higher education that includes Bloomsburg, California, Cheyney, Clarion, East Stroudsburg, Edinboro, Indiana, Kutztown, Lock Haven, Mansfield, Millersville, Shippensburg, Slippery Rock and West Chester Universities.

Majority Financial Stakeholders: The PASSHE students, parents and private donors, primarily alumni now collectively provide 75% of PASSHE’s annual operating revenue. Students and Parents provide 70% of the annual operating revenue while private donors now provide 5%.

Minority Financial Stakeholder: The Commonwealth of Pennsylvania, in the person of the State’s elected and appointed officials, now provides 25% of PASSHE’s annual operating revenue.

Majority Governance Stakeholder: The Commonwealth of Pennsylvania, in the person of the State’s elected and appointed officials, continues to control 100% of PASSHE’s 174 governance seats at the tables where all key PASSHE decisions are made. That includes 20 out of 20 seats on the Board of Governors, as well as 154 out of 154 seats on the Councils of Trustees at the 14 PASSHE universities.

Minority Governance Stakeholder: The PASSHE Students, Parents and Private Donors, primarily Alumni, control 0% of PASSHE’s 174 governance seats.

Funding/Governance Disparity: The disparity between the Funding Shares and the Governance Shares of different financial stakeholders. For example, the Minority Financial Stakeholder, the State, has a funding/governance ratio of 25%/100%, while the Majority Financial Stakeholders, the Students, Parents and private donors, primarily alumni, have a funding/governance ratio of 75%/0%.

Privatization: A rapid defunding of public higher education by the State. This defunding is happening to varying degrees across America and results from powerful forces, both demographic (primarily an aging population) and economic (a weak recovery with high unemployment and stagnant wages).

Privatization Without a Plan: The rapid defunding of public higher education by the State in the absence of an effective plan to preserve and deliver the Act 188 statutory purpose: High quality education at the lowest possible cost to the students.

Privatization Without Representation: The rapid defunding of public higher education by the State (the Minority Financial Stakeholder), which shifts the cost of education to the Students, Parents and private donors, primarily alumni (the Majority Financial Stakeholders), while the State retains 100% control of PASSHE's governance seats where all key decisions affecting all stakeholders are made.

PASCU: The Pennsylvania Association of State Colleges and Universities (PASCU) is a nonpartisan, non-profit organization founded in June of 2012.

PASCU's Mission: To ensure that the statutory purpose of public higher education in Pennsylvania as specified by Act 188 of 1982: "High Quality Education at the Lowest Possible Cost to the Students," is indefinitely preserved and faithfully delivered.

BACKGROUND

The Pennsylvania State System of Higher Education (PASSHE)

The 14 PASSHE universities initially came into existence as individual private institutions between 1837 and 1893. They were subsequently purchased by the Commonwealth of Pennsylvania in the years after 1910. They were initially called "State Normal Schools;" in the late 1920s their names were changed to "State Teachers' Colleges;" in the early 1960s their names were changed to "State Colleges;" and finally in 1983 their names were changed to "State Universities." Along with the name changes prior to the passage of Act 188, the missions of the 14 institutions evolved steadily in the 30 years since passage.

The two greatest changes to the 14-University PASSHE system in its first thirty years of existence, from FY 1984 to FY 2013, involved a 58% increase in FTE Student Enrollment (from 71,091 to 112,180), along with a 50% decrease in State funding per FTE Student (from \$7,386 to \$3,679) in constant (2013) dollars.

The 50% decrease in State dollars per FTE Student was accompanied by a 127% increase (from \$4,347 to \$9,864) in the private dollars paid per FTE Student via tuition and fees, in constant (2013) dollars.

These two conflicting trends create dilemmas for the PASSHE Universities and the PASSHE students—more and more students to educate and fewer and fewer State dollars with which to educate them, putting great pressure on the Universities to deliver the statutory purpose of "High quality education."

At the same time, PASSHE's resident undergraduate tuition grew by 94% (from \$3,318 to \$6,428) in constant 2013 dollars, putting great pressure on students to pay their tuition and fees. The average annual tuition increase (in constant dollars) comes to 2.31% per year, compounded over 30 years.

During the course of those 30 years, the State share of PASSHE's budget fell from 63% to 25%, while the share paid by the students, parents and donors, primarily alumni, grew from 37% to 75%.

It is important to note that this seismic 30-year shift in the revenue pattern for the 14 'public' or 'state-owned' universities continued relentlessly under both Democratic and Republican control of the House, Senate and Governor's mansion, with each shifting back and forth about equally during those 30 years.

The rapid and largely non-partisan defunding of public higher education in Pennsylvania reflects a much larger national phenomenon known as "privatization," which has its roots in rapidly changing American demographics, i.e., the aging of America. According to Census Bureau figures for 1950 and 2010, the percentage of households with at least one person 18 or younger living there fell from 57% to 30%.

Unlike public opinion in 1950—due to which public higher education was well funded by the States—by 2010 fully 70% of the voting households in American could no longer benefit directly from public higher education! And in a democratic republic based largely on majority rule like ours, it didn't take long for elected representatives on both sides of the aisle to recognize that voters in those households almost certainly didn't want their taxes raised to send someone else's son or daughter to college. This explains, PASCU believes, the inexorable and decades-long decline in public support for public higher education.

The Pennsylvania Association of State Colleges and Universities (PASCU)

The powerful demographic forces just described, combined with the economic downturn that followed the Great Recession, suggest very strongly that the steady decline in State funding to "public higher education" is not likely to be reversed anytime soon, and that what ails the PASSHE Universities and the Students who rely on them will not be solved by wishing in vain for State dollars that, for good reason, are no longer available to those stakeholders who care about and depend upon public higher education.

PASCU seeks to promote the legal rights of that segment of society which includes all PASSHE students, parents and donors, primarily alumni who, as a group have provided the majority of the annual funding to the fourteen PASSHE universities since 1992. According to published reports, 112,000 students currently attend PASSHE universities and 450,000 PASSHE alumni currently live in Pennsylvania.

There would clearly be no need for a non-profit organization of concerned citizens such as PASCU if, in fact, the PASSHE Board of Governors (BOG) had taken the necessary steps in recent years to provide high quality education at the lowest possible cost to the students, as mandated by Act 188.

But the data show that the PASSHE BOG has failed to deliver that promise since 2002. Specifically, measures of educational quality which grew by 29% in PASSHE's first 19 years of existence (1984-2002), fell by 14% in PASSHE's last 11 years (2002-2013).

Even more troubling, a typical financial aid package for students at all institutions in America in 2011 consisted of 51% grant and 43% loan, while at a typical PASSHE university, that financial aid package consisted of 27% grant and 65% loan.

In summary, the data show that both ends of public higher education's statutory purpose have suffered. Specifically, academic quality has been undermined, and twelve years of a politically expedient focus on the “lowest possible tuition,” i.e., “sticker price,” have failed to provide public higher education at anything like the “lowest possible cost to the students,” i.e., “bottom line”—as called for and mandated by Act 188. And, to make matters worse, PASSHE’s errant policy focus on “lowest possible tuition” saddles poor students with punishing debt and foolishly rewards wealthy students with state subsidies.

PASCU Goals and Objectives

- To preserve the statutory purpose of public higher education in Pennsylvania – high quality education at the lowest possible cost to the students—through education and advocacy, by reaching out to all stakeholders of Pennsylvania public higher education: students, parents, alumni, donors, faculty, staff, elected and appointed officials, and the general public.
- To promote the legal rights of that segment of society which includes all PASSHE students, parents and donors, primarily alumni who, as a group, have contributed the majority of the annual funding to the PASSHE universities in Pennsylvania starting in 1992 and continuing to the present time.
- To collect, analyze and disseminate data on public higher education in Pennsylvania to its many stakeholders, with the goal of fostering open discussion, civil debate, and effective public policy.
- To function as a non-partisan association of citizens committed to preserving the purpose of public higher education so that students, communities, and society at large may be enriched in perpetuity.
- To launch and maintain a tireless and effective education campaign to inform PASSHE students, parents, alumni, donors and the general public about the drastic changes that have occurred to public higher education since the creation of the PASSHE system of universities by Act 188 of 1982.
- PASCU sees the current disparity between funding shares and governance shares as a gross injustice—both unseemly and un-American—as the appointees of the minority (25%) financial stakeholder make all key decisions, while the majority (75%) stakeholders get to choose zero appointees of their own.
- PASCU’s first priority is to educate stakeholders to advocate for reducing the 100% political control of PASSHE to the 30% level while, at the same time, raising the control level of students and alumni from zero% to 70%, in rough proportion to their respective levels of annual funding.
- To encourage PASCU’s key constituencies—PASSHE students, parents and donors, primarily alumni, as well as others who share PASCU’s values—to make local and statewide elected officials and candidates for office aware that they support the mission, goals and objectives of PASCU and that they ask their elected officials and candidates for public office to do the same.
- To engage in direct advocacy, to the degree permitted by law, by lobbying both the elected officials in the Legislative and Executive branches of Pennsylvania government, as well as candidates for such elected office, to support PASCU’s mission, goals and objectives.
- PASCU seeks: 1) to be recognized as the voice of PASSHE’s Majority Financial Stakeholders, the 112,000 PASSHE students and their parents/guardians/families, and the 450,000 PASSHE alumni and their families, who continue to live and work in Pennsylvania; and 2) to serve as a non-partisan mediator between the Majority Stakeholders and Pennsylvania candidates for State elective office.