



When Public Colleges Act like Corporations We All Pay a Price

Public funding for higher education is cratering and undermining the mission of America's public colleges and universities. Colleges are acting like corporations -- pushing faculty wages down and forcing students to take on record levels of debt.

This back to school, parents, students, faculty and taxpayers are adding up the costs.

Politicians are underfunding public education and shifting the costs to students.

- Forty-seven states are spending less on higher education than before the great recession. On average, states are spending \$1,805 less per student than what they were spending in 2007-08. After adjusting for inflation, this is 20% less.¹
- Reduced public funding means costs have been shifted to students and their families. In 1988, public colleges got over three times the revenue from state and local government as they did from tuition.² Today public colleges depend on tuition for almost half of their revenue.³
- Federal funding for research and development has gone down, forcing faculty to abandon research they know is critical to advancing basic knowledge and solutions to our country's health, environmental, and technological challenges.⁴ Federal funding for agencies like NIH has been reduced over 14% over the last decade, and overall federal spending on research and development fell 10% over that period in inflation-adjusted dollars.⁵
- Universities are increasingly reliant on bond debt that is siphoning tuition money from instruction.
 - Debt held by public universities nearly tripled from \$54 billion to \$151 billion over the last decade.
 - Debt payments are eating up tuition dollars. Spending on interest payments per enrolled student nearly doubled at public four-year colleges and increased 273% at community colleges from 2002 to 2012.⁶

The lack of public funding is saddling more students with high levels of debt.

- Between 1993 and 2013, in-state tuition has gone up 173% at public 4-year universities and 140% at America's community colleges.⁷
- Sixty percent of 4-year public college graduates have debt from their degree; the average debt is \$25,043.⁸

- The net price for a public college education (what people pay after scholarships, grants and other aid) has gone up 18% in just the last 5 years.⁹

We may be at a tipping point where a college education is out of reach for minority and first generation students.

- Public funding for historically black colleges and universities (HBCUs) and community colleges is down.
 - Federal funding for HBCUs is \$41 million less than in 2010.¹⁰
- According to a report released by the Century Foundation, between 1999 and 2009, community college funding increased just \$1 per student.¹¹
- Community college enrollment has fallen dramatically¹² and minority student enrollment has not increased in the past two years.¹³

Colleges and universities have adopted a corporate model where students and faculty are paying the price for a lack of investment in public higher education.

- Less than a third of revenue at 4-year colleges and universities is spent on instruction.¹⁴
- From academic year 2007-2008 to 2011-12, enrollment at public colleges and universities increased by 12% while the number of full time equivalent instructors only increased by 6%. This has resulted in an increase in student-to-faculty ratio and class size.¹⁵
- Sixty two percent of all faculty at public colleges and universities do not have access to tenure.¹⁶
- The 2012-13 median public university president salary was \$478,000¹⁷, while faculty salaries have been stagnant at public universities, even going down over the last 5 years.¹⁸
- Twenty six percent of adjunct faculty at public colleges and universities are on some form of public assistance, costing taxpayers \$272 million a year.¹⁹

Subcontracting and agreements with for-profit colleges are channeling taxpayer money to companies with a record of bad outcomes, debt, and default.

- Looking to compete for online students, public institutions are subcontracting student services to companies that seek to maximize profit over providing a quality education.
 - The University of Florida is paying Pearson Embanet an “estimated \$186 million over the life of its 11-year contract” to start an online degree program but the standards by which the contractor will be measured are not disclosed.²⁰
- While community colleges are a much better deal for taxpayers, over 100 have agreements with the University of Phoenix that will “funnel” students into their programs instead of another public college.²¹
 - A Bachelor’s degree at a for-profit college may cost 20% more than a similar degree at a public college.²²
 - A staggering 96% of for-profit students take out student loans and are twice as likely to default than students at public colleges and universities.²³

¹ “Years of Cuts Threaten to Put College Out of Reach for More Students,” Center on Budget and Policy Priorities, May 2015. <http://www.cbpp.org/research/state-budget-and-tax/years-of-cuts-threaten-to-put-college-out-of-reach-for-more-students>

² Ibid.

³ “State Higher Education Finance: FY 2014,” State Higher Education Executive Officers Association. <http://www.sheeo.org/sites/default/files/project-files/SHEF%20FY%202014-20150410.pdf>

⁴ “Strapped Scientists Abandon Research and Students,” The Chronicle of Higher Education, Feb. 24, 2014. <http://chronicle.com/article/Strapped-Scientists-Abandon/144921/>

⁵ “Federal Spending on Science, Already Down, Would Remain Tight,” The Chronicle of Higher Education, Mar. 5, 2014. <http://chronicle.com/article/Spending-on-Science-Already/145123/>

⁶ “Borrowing Against the Future, The Hidden Costs of Financing U.S. Higher Education,” The Center for Culture, Organizations, and Politics, UC Berkeley Institute for Research on Labor and Employment. http://debtandsociety.org/publication/borrowing_against_the_future/

⁷ Integrated Postsecondary Education Data System (IPEDS). Title IV participating, public 2- and 4-year institutions. Selected variables: FY 1993 – FY 2013 In-state average tuition for full-time undergraduates; and Out-of-state average tuition for full-time undergraduates. Last viewed on May 29, 2015.

⁸ College InSight, The Institute for College Access & Success. Average debt of graduate is defined as the average cumulative student loan amount borrowed by graduates with student loan debt to finance their undergraduate education. <http://college-insight.org/#explore/go&h=521098c00b314c6851c78ebd93beef0>

⁹ Integrated Postsecondary Education Data System (IPEDS). Title IV participating, public 2- and 4-year institutions. Selected variables: FY 2008-09 to FY 2012-13 Average net price for students receiving grant or scholarship aid (current year). Average net price for full-time, first-time degree/certificate-seeking undergraduates is defined as the in-state or in-district tuition rate paid after subtracting received grant or scholarship aid from federal, state, or local governments, or the institution. Last viewed on May 15, 2015.

¹⁰ Title III, Part B, Strengthening Historically Black Colleges and Universities Program, U.S. Department of Education, Awards, FY 2014 and FY 2010: <http://www2.ed.gov/programs/iduestitle3b/awards.html>

¹¹ “Bridging the Higher Education Divide,” The Century Foundation Task Force on Preventing Community Colleges from Becoming Separate and Unequal. <http://www.tcf.org/bookstore/detail/bridging-the-higher-education-divide>

¹² “Enrollment in U.S. Colleges Declines for a Second Year,” Bloomberg Business, Sept. 24, 2014.

<http://www.bloomberg.com/news/articles/2014-09-24/enrollment-in-u-s-colleges-declines-for-a-second-year>

¹³ “College Enrollment Declines for Second Year in a Row, Census Bureau Reports,” U.S. Census Bureau, Sept. 24, 2014. <http://www.census.gov/newsroom/press-releases/2014/cb14-177.html>

¹⁴ Integrated Postsecondary Education Data System (IPEDS). Title IV participating, public 4 year or above; private and not-for-profit 4 year or above. Total instruction expense and Total revenue and investment returns and Total all revenues and other additions; Final release data, 2012-2013.

¹⁵ “Recent Deep State Higher Education Cuts May Harm Students and the Economy for Years to Come,” Center on Budget and Policy Priorities, May 2013. <http://www.cbpp.org/research/recent-deep-state-higher-education-cuts-may-harm-students-and-the-economy-for-years-to-come?fa=view&id=3927>

¹⁶ Integrated Postsecondary Education Data System (IPEDS). Title IV participating, public 2- and 4-year institutions. Selected Variables: FY 2013 Institution employees (excluding medical school) and Institution employees (excluding medical school) All Staff. Not on Tenure Track/No Tenure System. Last viewed on May 18, 2015.

¹⁷ “Ending a Well-Paid Presidency Often Comes at High Cost,” The Chronicle of Higher Education, May 18, 2014. <http://chronicle.com/article/Ending-a-Well-Paid-Presidency/146655/>

¹⁸ AAUP Faculty Compensation Survey results, <http://www.aaup.org/sites/default/files/files/2014%20salary%20report/TableC.pdf>

¹⁹ UC Berkeley Center for Labor Research and Education calculations from the following data: 2008–2012 March Current Population Survey, 2007–2011 American Community Survey, U.S. Department of Education Integrated Postsecondary Education Data System, and program administrative data. All costs are reported in 2011 dollars. For further detail on methodology see: http://laborcenter.berkeley.edu/pdf/2013/fast_food_poverty_wages.pdf

²⁰ “Firm will get about \$186 million to manage UF Online,” The Gainesville Sun, Mar. 27, 2014. <http://www.gainesville.com/article/20140327/articles/140329618>

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- Institutions with Established Articulation Agreements, University of Phoenix, 2013 Consumer Information Guide. <http://cdn.assets-phoenix.net/content/dam/altcloud/doc/Institutions-with-Established-Articulation-Agreements.pdf>
- ²² “For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success,” Majority Committee Staff Report and Accompanying Minority Committee Staff Views, U.S. Senate Health, Education, Labor and Pensions Committee, July 2012. http://www.help.senate.gov/imo/media/for_profit_report/ExecutiveSummary.pdf
- ²³ Ibid. http://www.help.senate.gov/imo/media/for_profit_report/PartI-PartIII-SelectedAppendixes.pdf

