The costs of higher education have been rising rapidly as part of the general inflationary trend. But the price charged to students and their families for higher education has been going up even more rapidly than the basic costs. The low-tuition principle and the notion of public support of the operational costs of higher education are being eroded at a time when it is more crucial than ever to develop the nation's available talent to the maximum. Several prominent economists have pointed out the fallacy of the myth that a high proportion of the cost of undergraduate education is paid for by society and have shown that students and their families now pay at least three-fourths of those costs, and often subsidize the graduate and professional programs. It is essential that at least at the undergraduate level the institutions of higher education move rapidly toward a lowering of instructional charges, and that programs of special aid to the economically disadvantaged be continued and substantially expanded. If society wants its young people to be conscious of the responsibilities to society of those who enjoy advanced education, it must for its part be socially responsible to them by keeping down the price tag on higher education. Higher education is not a commodity. (AF)
WHAT'S BEHIND THE RISING COST OF EDUCATION?

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"COLLEGE EDUCATION COSTS GC UP LIKE SPACESHIP" This headline over an article about the rapid rise in charges to students in the nation's colleges and universities appeared in a metropolitan newspaper recently, and is typical of many others.

The article was not "news" to the country's college students or their families.

They know that the price tag, to students, of higher education has in recent years been truly "going up like a spaceship."

The headline is wrong in one respect. It is true that the costs of higher education have been rising rapidly as part of the general inflationary trend. But the price charged to students and their families for higher education has been going up even more rapidly than the increase in basic costs.

Students and their families have been required to pay an incFca;;P:..; proportion of the cost of higher education in addition to inc-eases based fin inflation and rising costs.

The United States, for many decades progressing steadily toward its ideal of equal opportunity for all to develop their talents, now requires its college students to pay more of the costs of their education than any other major country, with the possible exception of Canada.

In most countries of the world, students are not charged for instruction or facilities for instruction. In many, substantial subsidies are provided for the non-tuition costs of education. True, access to higher education in many countries has been traditionally limited to a relatively small group, based on a highly competitive early-selection system which discriminates heavily against those handicapped by poverty, parental background or status, and otherwise. Yet these countries, without exception, in recent years have moved greatly to expand and democratize opportunity for higher education, frequently using the United States as an example and model.

Regardless of their philosophy or the character of their government, they have come to know the truth of Alfred North Whitehead's statement:

"In the conditions of modern life this rule is absolute: The race which does not value trained intelligence is doomed. Not all your heroism, not all your social charm, not all your wit, not all your victories on land or at sea can move back the finger of fate. Today we maintain ourselves. Tomorrow science will have moved forward yet one more step, and there will be no appeal from the judgement which will then be pronounced on the uneducated."

Democracies, such as the United States, have an additional vital stake in widespread access to higher education. It is illustrated by the flat prediction more than a century ago by Thomas Babington Macaulay that a government based on majority rule, as in the United States, could not survive. Macaulay, distinguished English historian and statesman, said that America had entrusted the "supreme authority . . . to the majority of the citizens
in other words, to the poorest and most ignorant part of society.” The result, he said would be either reduction of all to the lowest common denominator, or imposition of authoritarian rule by a small elite. Macaulay has thus far proved wrong, as former President Eric Walker of Pennsylvania State University observed a few years ago, because the majority of Americans have not remained either poor or ignorant.

Free education through the secondary school has been made universally available.

In higher education, the major factor in steady past expansion of educational opportunity has been the support by society of colleges and universities which students can attend at nominal or low tuition cost.

Today this low-tuition principle which has made American higher education the model and envy of the rest of the world, and is basic to the whole concept of public higher education, is being seriously eroded. Families of average income are in many cases required to make extreme sacrifices, and students to incur heavy burdens of debt. For those from low-income families, the barriers to higher education are becoming unscalable without a combination of direct subsidy, of work which cuts into badly needed study time—and mortgaging the future through borrowing in addition.

One might understand this in a society which felt it faced no major problems, as has been the case with some “static” societies of the past. But Rip Van Winkle awakening today would need only an exposure to a news broadcast, one day’s newspaper headlines, to know this is not the case in the United States in the 1970’s. Pollution threatens our air, water, soil and landscape. Metropolitan areas grow to unmanageable size and central cities decay, while migration to them continues from rural areas static or declining in population, by people driven by lack of employment and the desire for a better life. These are among the many pressing items on the agenda.

Yet it is as if our society were saying to its young people: We know that the future of all of us depends on your developing your talents to the maximum. But if you want to do this through advanced education, you must foot the bill.

Why is this happening? Why is the low-tuition principle, of social support of the operational costs of higher education, being eroded?

What are the alternatives?

What can be done about it?

To take the first question first.

American higher education, and particularly public higher education, is in a sense the victim of its own great success.

Well over a century ago the struggle for free public education at the elementary and secondary level was fought and won. Prior to that time, education had been considered primarily the responsibility of parents or private eleemosynary institutions. Free public education was, in many states, introduced first only for the children of paupers, and parents were required to take a “pauper’s oath” in order that their children might have schooling.
More than a century ago (earlier in many states) the American people began to realize that access to education beyond high school, for those who could make greater contributions to society as a result, was equally essential as access at the earlier levels. It became clear, also, with the closing of the western frontier of free land and new opportunity, that true equality of opportunity of young Americans involved effective access to higher education. Private resources, alone, were wholly inadequate to the task.

Public institutions of higher education, supported by all of society through taxation, were established: most of them on the basis of free or nominal tuition. Society would, in brief, pay the cost of instruction and of classrooms and laboratories in which instruction was given, for those who through their own efforts and those of their families, could meet the other substantial costs involved in education beyond the high school. Private philanthropic efforts also were encouraged, both by exemption from taxation and special tax treatment for private gifts for educational purposes.

Over the past century, the effectiveness of the low-tuition principle has been dramatically demonstrated. (Other factors, such as the rise in incomes and growing awareness of the importance of higher education, have also played a role.) Steadily increased percentages of young Americans have been able to go on to college. In 1900, only 4 percent of the U.S. population 18-21 years of age was enrolled in college. By 1950 this figure had risen to nearly 30 percent, and it is currently in excess of 40 percent. As recently as 1932, fewer than 37 percent of high school graduates went on to some form of post-secondary education. Today nearly 58 percent of high school graduates enter college.

The percentages of high school graduates entering college varies widely by states, ranking from as low as 34 percent for residents of some states, to more than 75 percent in the case of others. There is a substantial correlation between low-cost higher educational opportunity available within the states, and percentages of young people going to college, though other factors—such as average levels of family income—are involved. Despite wide variations among the states in the ability and willingness of their people to provide higher educational opportunity, the record is one of substantial progress toward making genuine equality of educational opportunity a reality, and the nation has had the benefit of a vastly increased supply of trained intellect—in a period in which this is increasingly the crucial factor in national progress. About 70 percent of U.S. college students are now enrolled in public institutions of higher education, including community colleges.

While this great expansion in numbers and percentages of young people going to college was going on, American higher education actually increased its selectivity, on academic grounds. The staff of the Commission on Human Resources and Advanced Education reported, after studying the academic backgrounds of entering students in a wide variety of colleges, that "There is no evidence that the more rapid expansion of college enrollments in the early 1960's resulted in lowering the academic aptitude of the entering freshman class. Indeed, the results suggest the opposite trend". (p. 195,
This success, this great thrust toward realization of the American ideal of equal educational opportunity, has brought problems. One of them is fiscal. As more and more young people attend college, it costs more and more to provide for their instruction, and the facilities for instruction.

In their effort to care for rising enrollments and keep cost at the minimum consistent with quality, public colleges and universities between 1956 and 1966 increased the number of students per faculty member, and between 1963 and 1966 reduced the proportion of faculty members having the highest level, or Ph.D. degrees, usually considered as essential for making a career of college teaching and research. Private institutions at the same time reduced student-teacher ratios and increased the proportion of Ph.D. holders, according to a report made to the President in January, 1969, by the Secretary of Health, Education and Welfare. Societal financial support for both types of institutions was inadequate to keep up with rising costs, so that students and their families were required to pay a higher proportion of these costs.

There is, indeed, evidence that as Federal support for costly professional, graduate, and research programs (undertaken in part as a response to Federal initiative and general societal needs) has recently declined, students in other programs are in some instances being asked to help support them, as well as pay for the cost of their own education. Figures for the public higher institutions of one large midwestern state for 1969-70, for example, show that average expenditure per student for general freshman-sophomore instruction was $975, and for general junior-senior instruction, $1,450. While instructional costs per student vary, the inference is strong that required charges substantially in excess of these amounts for undergraduates, involves subsidy by some students—as well as by society—of others in programs whose costs run much higher.

A major factor in the "cost-price squeeze" on the student in higher education is, of course, the pressure of other societal needs for an increased share of public expenditures and voluntary gifts.

Thus we have the paradox of a society on the one hand committed to the ideal of equality of opportunity for all increasingly aware of the importance of higher education to the national welfare—yet at the same time increasingly raising economic barriers to higher education by demanding that individual students and their families pay more and more of its cost.

There is a general impression in this country that a high proportion of the costs of college education, particularly at the undergraduate level, is paid for by society either through direct public appropriation, or through private benefactions.

This is a myth!

As of 1968-69, students and their families paid 75 percent of the true economic costs of higher education in this country, according to estimates of Dr. Howard A. Bowen, professor of economics at and President of Clare-
mont Graduate School. His estimates include the foregone income of students, non-tuition costs of education (excluding board and room) and tuition charges. In terms of the contribution of undergraduate students and their families toward the cost of their own education, Dr. Bowen's estimates are conservative, since they include in the total "cost" of higher education, expenditures for research and public service programs, not clearly related to undergraduate instruction.1

Another distinguished economist, Dr. Joseph A. Pechman, Director of Economic Research at the Brookings Institution, the nation's leading private economic research organization, estimated in a 1970 paper that "even if colleges made no charge for tuition" students and their families would still be paying more than 70 percent (5/7) of the cost of education.2 While the Bowen and Pechman estimates are based on slightly different assumptions, the point is that two of the country's most distinguished economists agree that students and their families now pay at least three-fourths of the cost of higher education.

Abandonment of the principle that society should at least pay a high proportion of the cost of instruction and facilities for instruction of all its young people, which is threatened by erosion of the low-tuition principle, would force colleges and universities to recapture all their costs through student charges.

The pressure to do just this accounts for much of the "spaceship soaring" of higher education charges today.

True, the sharp escalation of the price of going to college is the subject of wide-spread public concern, and political leaders have responded to it. Well-intentioned (and useful) programs of special aid to those most economically disadvantaged have been instituted, (though funded at levels far below need). For others large-scale loan programs have been provided, under which student borrowers must mortgage future earnings.

Yet this concentration of attention and action on the economic barriers raised by price-escalation in higher education to the individual student and his family, has not been accompanied by similar attention and action on measures to eliminate the cause of the situation, which is the failure of society as a whole to finance the costs of college instruction, keeping charges to students to the minimum. Subsidies to selected individuals do nothing to check rising charges but require that more and more students be subsidized or denied advanced education. Loan programs defer payment, require the borrower to mortgage his future, but do nothing to stop price escalation.

It is as if all our resources in the field of medicine and public health were directed solely toward efforts to relieve the symptoms of disease—or postpone its ravages—rather than toward cure and prevention.


In fact some policies designed to alleviate the immediate impact of rising college charges have in substantial measure contributed to their further escalation. Nationally, we have said that higher education for those who can benefit from it is very much in the national interest. We have encouraged the most economically disadvantaged to hope for special aid, others to borrow to meet the increasing gap between resources and costs. Our young people have responded by seeking higher education in increasing numbers. But society has been paying less and less of the increased institutional costs involved, requiring colleges and universities to get them from increased charges. Federal student aid programs also involve substantial administrative costs and matching requirements—both of which siphon money from college revenues which otherwise might be used to keep down the general level of charges. Students thus are paying not only an increased proportion of instructional costs, but also in some cases those of classrooms, laboratories, and equipment.

In the 10-year period 1959-1969, tuition and required fees in public degree-granting institutions doubled, while those in public 2-year colleges increased by 93 percent. Similar percentage rises in required charges at private institutions have occurred during the same period. During this same period the consumer price index of the Department of Labor rose less than 28 percent. College charges for instructional and related purposes have risen at a rate more than three times as high as the consumer price index—because students are being charged a higher proportion of costs.

Thus it is clear that the price of going to college has indeed been "going up like a spaceship."

Meanwhile there has been a curious failure of the nation's political leadership (and to a substantial extent of its educational leadership) to agree and to act on measures to correct a situation in which access to higher education becomes more and more dependent either on going heavily into debt, or on special direct assistance to increasing millions of individuals.

**Needed Action**

How may this nation best move toward the goal of genuine equality of access to higher education and thus genuine equality of opportunity, in ways which are most efficient from the standpoint of minimizing expensive bureaucracy and unnecessary administrative costs?

As the undergraduate level of post-high school education, from the community college and technical institute through the first degree or certificate, two major types of actions are needed:

1. To move rapidly toward lowering instructional charges for undergraduate education (including both charges for tuition and construction and maintenance of facilities for instruction). The process of making the student pay more and more of the instructional costs of education must be reversed.

2. Since the non-instructional costs of higher education (living costs, books, etc.) are beyond the means of many families and students, programs...
of special aid to the economically disadvantaged should be continued and substantially expanded.

The twin pillars of such a program are first the low or free-tuition principle which has been so remarkably successful expanding educational opportunity but is now being eroded in higher education; and second the proposition that if genuine opportunity for all is to be available, special assistance for the economically disadvantaged—beyond mere provision of instruction and its facilities—is essential.

What is the low-tuition principle?

Eugene B. Power, distinguished businessman and educational philanthropist, defined it as follows in an article in the Michigan Quarterly Review for April, 1962:

"The philosophy that embodies the low-tuition principle is one which recognized that the unique character of the franchise in a democracy makes it necessary that the populace be educated. Education is necessary to a democratic form of government for a free people cannot govern themselves out of ignorance. The vote of the ignorant man counts the same at the ballot box as the vote of the educated man. If a democratic society is to preserve itself, it must educate itself. Therefore, education is a social responsibility, not a private privilege. . .

"It follows from the nature of this responsibility that the economic support of education at all levels is not a matter of personal desire but of social need. For this reason we have established in this country the principle that the wealth of all the people may be used to educate the children of the state and of the nation, regardless of where that wealth may be located, or where the children may reside. If education is essential to a democracy, then every citizen has a taxable interest in it, even though he may personally never use the educational system. . ."

Or, as Dr. John Dale Russell, former Associate Commissioner for Higher Education, U.S. Office of Education, said, writing in 1960:

"The reason for the support of education out of the public treasury is that an important public benefit is produced . . . In these times there should be no question whatever that education beyond the high school for a great many young people is as essential to the public welfare and security as education of elementary and secondary level. To impose barriers to continued attendance in the form of tuition fees at the time of high school graduation, is as unwise as it would be to impose such barriers at the end of the elementary school or at the end of the fourth grade. . ."

THE "AFFORD TO PAY" ARGUMENT

A frequently raised objection to the principle of low or free tuition is that it makes low-priced or free instruction available to families who can "well afford to pay its cost." (The same argument was raised against provision of tuition-free education in the public schools, and may be raised in the case of fire and police protection, measures to protect the public health, and other essential social services).
Why not, the argument runs, subsidize only students whose families cannot afford to pay for higher education, and let the rest pay its full cost?

This argument, superficially appealing as it may be on first reading, will not stand examination, for the following reasons:

1. Under an equitable and progressive tax system, those most "able to pay" do pay most substantially for the costs of publicly provided services. To say that they—or their children—should not use these services without paying another special "tax" in the form of high tuition, clearly involves double taxation. It is true that state and local tax systems vary widely in their impact but as the distinguished economist, Dr. Joseph A. Pechman, Director of Economic Research for the Brookings Institution, observed in the article previously referred to: "The fact that state-local tax systems are regressive suggests that something may be wrong with the tax system, not that one particular public benefit created by that tax system should be raised by some variant of a user charge."

(Note: It is sometimes asserted that the regressive effect of some state tax systems is such that support of public higher education actually involves a net subsidy of students from more affluent families, by lower income families. An attempt to determine the facts in the case of California was made by W. L. Hansen and B. A. Weisbrod, whose conclusion that this was the case in California (Benefits, Costs, and Finance of Public Higher Education: Chicago, Markham, 1969) has been widely publicized. Subsequently an analysis of the Hansen-Weisbrod study by Dr. Joseph A. Pechman, in the paper cited above, showed that on the basis of their own figures, the conclusion reached by the authors was wrong, and that taxes paid by high-income families provide a net subsidy toward the education of children of lower income families, this being particularly true of families with incomes of more than $25,000. Because of exclusion by Hansen and Weisbrod of two of California's most progressive taxes, Dr. Pechman concludes that his re-analyses actually understates the redistributive effects of the entire state-local tax system from higher to lower-income groups, through the support of public higher education.)

2. Even though some students and their families are technically "able to pay" the full costs of higher education—sometimes at substantial sacrifice—the benefits to society as a whole of higher education are such that its costs should be shared by society as a whole, as well as those individual families whose children attend college. Improvement of the environment, transportation, health care, opportunity for the disadvantaged, provision of adequate and safe food supplies at reasonable cost, improvement of the qualitative as well as the material aspects of American life—benefit all.

3. In addition to the affirmative reasons, stated above, for general societal support of colleges and universities open to all who qualify at minimum charges, the use of the "scholarship principle" as the sole or major methods of determining the amount of subsidy individuals may receive to gain access to higher education involves serious objections. The selection of individuals to receive aid clearly involves the rejection—and therefore the possible denial of educational opportunity—to those who do not.
Who should be selected and who rejected?

If individual aid is restricted only to those with a combination of high "academic" aptitude, (on the basis of traditional testing and class-rank criteria) and economic need then a student desiring to go to college would either have to come from a well-to-do family, or to qualify for aid on the basis of both a "means test" and high academic qualifications as demonstrated by test scores and high school grades. But recent studies, particularly those of the American College Testing Service, make it clear that selection on the basis of "academic" aptitude alone would exclude from college many young people with outstanding potential for vitally significant contributions to our society! The ability to make high grades, such studies show, is not necessarily related—in fact is more often independent of—such qualities as leadership and creativity in literature, the arts, and the sciences. Strictly "academic" criteria for college entrance also discriminate particularly against those of potential ability (both academic and non-academic) with early handicaps of poverty and discrimination. Used alone, they tend to report the handicaps of the past, rather than measure the potential for the future!

Thus those who agree that society does have a responsibility for assuring genuine equality of opportunity regardless of economic status, but suggest the solution of "selecting" only those who are "qualified" but "can't pay" for higher education, fail to face up to the real problems and implications involved.

The fact is that the problem of "selecting" on an individual basis, who "should" and "who should not" be aided to go to college on the basis of "objective" criteria as to probable economic success and future contributions to society, is almost incredibly complex. The great temptation, under such a system, would be to use the most simple and readily understood criteria: High "academic" aptitude and low income. On such a basis, the victims of past economic and cultural handicaps would be handicapped again. So would the student of "average academic ability and average family income" from whose ranks have come some of our greatest figures in national, state, and local life, in all fields of endeavor.

America has benefitted greatly from the fact that the majority of young people who finished high school have had, some places in the higher education system of most of the states, the opportunity to test their ability to do college work, without insuperable economic barriers being raised. This opportunity will no longer exist for many if college charges rise to the point that attendance is possible only as the result of selection for subsidy by governmental or private bureaucracies.

Steadily rising college charges and implementation of the "ability to pay" theory of individual subsidy would also, as Eugene Power commented in the article previously mentioned, involve "creation of a tremendous bureaucracy, another welfare agency, both expensive and unsatisfactory in its efforts to ascertain accurately the ability to pay."

Said Mr. Power, "If the test is purely one of need, the scholarship program becomes a welfare program pure and simple, and the pauper's oath and its
stigma are back with us again" or to quote Dr. Pechman: "My own view is that a system which provides free, or almost free, access to a public institution of higher education for all qualified students is the simplest and most effective method of insuring enrollment of qualified poor and near-poor students." He added that such a system would be "even more effective" if combined with grants to low-income students to offset the cost of foregone earnings."

Such a system, of course, need not be confined to institutions which are "public" in the sense of public ownership, or governance. Many private institutions, by contract or other arrangement, receive direct public support, for example, for the operation of medical or other professional schools, or— as in the case of the "state related" institutions of Pennsylvania for the education of state residents at substantially reduced undergraduate tuition fees.

The Federal government also has for more than 80 years provided a modest amount of direct instructional support to the national system of land-grant institutions, and substantial support in recent years to graduate schools of public health, regardless of their technically "public" or "private" character.

Because of many state constitutional and other legal restrictions, and the fact that many private institutions enroll large numbers of non-residents, there has been growing support in higher education in recent years for direct Federal subsidy of a part of the instructional costs of colleges and universities generally, as a means of keeping down the price-barriers to higher education. Such a plan might also be utilized to mitigate the growing tendency of state legislative and other bodies to curtail enrollment of non-residents in public institutions by escalating non-resident fees or establishing quotas. (All authorities agree on the value of the opportunity for students to share educational experience with students from other regions of the country, and of the world.)

Substantial increases in voluntary support—whose cost is shared by the public through tax-concessions, also would serve to help keep college charges down.

The point is that a society whose future is dependent on its young people developing their talents to the fullest, and which wants to make equal opportunity truly available, must give serious attention to the ordering of its priorities.

It must keep charges to students low through societal support of colleges and universities, so that most students can attend college without mortgaging the future through heavy debt, or creation of an unwieldy bureaucracy to determine who will be the "haves" and "have nots" of opportunity.

Together with this, it must continue and expand aid to the most economically disadvantaged, to whom the "non-tuition costs" of attendance even at a tuition-free institution are beyond reach. In short, if our society wants its young people to be conscious of the responsibilities to society of those who enjoy advanced education, it must be for its part "socially responsible" to them by keeping down the price tag on higher education.
Data from an article in the *Harvard Education Review* for the spring of 1968 gives statistical evidence that relatively low tuition charges are a major factor in making college education accessible to young people from low-income families. According to the author, Christopher Jencks, families with incomes under $6,000 a year composed 30.1 percent of U.S. families in 1965. These families furnished 19.5 percent of all U.S. college students in that year, but these constituted 27.8 percent of all students in state colleges, as contrasted with only 10.6 percent in private universities, which charge substantially higher fees. In the same year, families with incomes under $10,000 constituted 63.6 percent of all U.S. families. They supplied 53.7 percent of all students in degree-granting institutions of higher education, including 66.9 percent of those in state colleges but only 35.8 percent of those in private universities. (The comparisons among institutions are those chosen by the author).

From this and many other studies, the evidence is clear: Direct societal support of institutions of higher education to keep charges to students low has historically and is today the most effective means of keeping educational opportunity open, with a minimum of bureaucracy and red tape.

**THE “FREE MARKET” ARGUMENT**

A theory as to financing higher education directly opposed to that of primary reliance on direct societal support of colleges and universities as such has gained considerable currency in recent years, and is frequently described as that of the “free market” in education.

Its proponents may be classified roughly under two broad headings:

1. The first, and most easily disposed of, regards—in spite of all evidence to the contrary—higher education’s benefits as primarily financial and flowing to the individual, rather than society.

Higher education should therefore, they say, be regarded as a commodity, to be bought (or not) in the “open market” by the individual. Let each individual “buy” the amount and kind of higher education which he or she desires or thinks will “pay off” in the future, the argument runs. Society, it is said, will get the amount and kind of education for its young people which they, or their parents, are willing to pay for. Those who do not “want” higher education for themselves, or their children, will not have to pay for the education of others.

Those wanting to go to college, but without the means to pay the cost, would mortgage their future by borrowing with long-term, “deferred repayments” constituting a special tax limited to those who had to borrow to go to college, to finance loans to future generations who must borrow to go to college! While stressing the efficiency of the “free market,” this group—paradoxically—would establish a Federal “bank” to make the necessary loans, and entrust to the Internal Revenue Service the responsibility of collections!

This type of “free market” argument involves at least three propositions so absurd in today’s world as to strain credulity:
(1) That it should be seriously proposed that young people choose careers not on the basis of their own desires or motivations toward service to society, but of the likelihood of the future cash returns! (2) That society should trust its very future to the decisions made on such a basis! (3) That the American ideal of equality of opportunity for all to develop their talents should be junked, in favor of an unmortgaged start in life only for those whose families can afford to “pay the bill”—and a heavy load of debt for the rest!

The “Commodity” Theory also offers a field for not-so-humorous speculation. Will the colleges of the future under a “free market” be subject to suit by those whose “cash investment” did not “pay off” as highly as that of, say, a lesser investment in a “cut rate” education? Will “money back” guarantees become the fashion?

A more sober appraisal is given by President Howard Bowen of Claremont Graduate School.

In a recent paper, Dr. Bowen said: “The difficulty with this theory (i.e. that the college and university should become a self-supporting enterprise catering for a market) is that the customers, whether they be young men or women, businessmen or public officials, are not in a strong position to decide the complex issues of what should be taught and what should be studied. Moreover there are vast social benefits from higher education, and it is undoubtedly in the social interest to provide more instruction, research, and public service than individuals or agencies would demand if they were required to pay the full cost... True efficiency from the long range point of view requires that institutions have substantial unrestricted funds with which to advance instruction, learning, and public service in ways different from those which would be dictated by the market with its relatively short perspective. This freedom carries with it heavy responsibility for colleges or universities to be responsive to the deeper and longer-range interests of society. But there is no alternative to granting this freedom.”

2. A second group of “free market” advocates agree with the view that society is in fact the primary beneficiary of education, and that those who gain from it special economic benefits will more than repay its cost in future taxation or tax-assisted voluntary giving. But, they say, higher education should be financed not by supporting colleges and universities as such, but on a “free market” or “freedom of choice” basis. Give the money to the student, they suggest, and let him “buy” the kind of education he wants, at any institution which will accept him. Let us have a “free market” in education, they say, with society furnishing the funds, but a “buyer-seller” relationship between student-consumer and the university or college remains. Many variants of this plan are proposed, some including differential subsidies to the economically disadvantaged.

In order to examine the soundness of this view, let us state a series of principles which probably command the support of the vast majority of intelligent Americans.

1. Freedom of choice by students of colleges and universities which offer
programs meeting their needs should be encouraged rather than restricted.

2. The authority of colleges and universities to "choose" among applicants for admission should not be abridged, provided public funds are not involved. If public funds are involved, colleges and universities should not discriminate among applicants, or students, on grounds of ethnic origin, color, or creed.

3. Although students should be involved in most areas of college and university decision making, and have the major role in some, the faculty, trustees, and administrators should have the decisive voice in areas of their particular competence and responsibility, such as course offerings and content, judgement of professional competence and the like.

4. Protection of intellectual and academic freedom and the integrity of the university is enhanced by a variety of sources of financial support.

5. If the people as a whole, through public taxation, are to finance essential social functions, such as education, they have a right to expect a reasonable degree of planning, coordination, and avoidance of extensive and costly duplication of effort and facilities and to expect assurance that the price charged for services is related to their cost.

Judged by these standards, the proposal that higher education be financed primarily or exclusively through grants to individual students fails the test.

Under such a plan, colleges and universities would tend to become essentially educational department stores, catering to a student "market" under the market philosophy that the "consumer is always right." Dependent solely on student fees for revenue, institutions would be under the necessity of increasing them to meet increased costs, and under the temptation to set undergraduate fees (as some institutions do now) far in excess of the cost of undergraduate instruction in order to finance expensive and professional education and research. Distinction between "public" and private institutions, a valuable source of diversity and variety in American education, would largely disappear.

Rigorous and bureaucratic accounting and expenditure justifications would be required of all institutions so as to protect the public against expenditure of public funds for purposes other than those for which they were provided. Unless extensive public regulation of admissions and staffing policies of all institutions was introduced, there could be no assurance that public funds were not in fact being used to practice discrimination on unconstitutional grounds, under the guise of mutual "freedom of choice." Organized financial pressures (through withholding of fees) could be used by student groups to force the discharge of, or retention of, faculty members and others for reasons irrelevant to their professional competence and integrity. Except for institutions with most substantial endowments carried over from the past, students would have essential control over curricula, course offerings, staffing, institutional function and purpose, under the "freedom of choice" theory. The ability of states, or other units of government, to plan rationally as to the location and function of colleges and universities would be substantially eroded under any such system, since this ability is directly dependent upon control of a major segment of institutional support."
These considerations are enough to show that while the “free market” and “free enterprise” may be admirably suited to the purchase and sale of commodities purchased with private funds, it would be disastrous as a major means of assuring the maximum educational development of the talents of the young people of this or any other country.

"FAIR COMPETITION"

The issue of “unfair competition” is sometimes raised as a justification for requiring students in public colleges and universities to pay more and more of the cost of education. The future of private higher education (or of a particular institution) is threatened, it is said, because “students can get the same quality of education at a lower price in a nearby public institution.” Private institutions, it is said, cannot continue to raise their charges to students to meet rising costs, because public institutions charge less because of their societal subsidy.

The problem of some colleges and universities which lies behind the arising of these issues deserves both understanding and careful and sympathetic consideration. The solution sometimes proposed (i.e. that public institutions cease to be public by selling education at full cost) does not.

In recent years there has been a great expansion in the number of private colleges, and a vast enrollment expansion in some previously existing colleges. In some cases this apparently was based on the expectation of a continued dramatic increase annually in the number of high school graduates (although projections were available showing that numbers would level off, as they did, in 1965, because of the rapidly declining birth rate of the late 1950's and early 1960's.) It also was in some cases based on expectation of a continued rapid expansion of Federal support for costly graduate and professional education, and special individual aid for the economically disadvantaged. Federal support for advanced education and research, however, has been sharply reduced, as have the funds available for college entrance by the disadvantaged.

Thus we have increased number of colleges dependent largely on student fee revenues, with student charges which have risen much more rapidly than the general price level or the increased purchasing power of the average family.

The "solutions" may lie in increased public aid from Federal (or in some cases, state) sources; in a substantial increase in tax-aided "private" support, particularly for those institutions which wish to maintain a wholly "private" character; or a combination of measures. Private institutions which seek public aid must expect to sacrifice part of their "private" character, just as do public institutions which seek and accept private aid for specified and agreed on purposes.

Diversity and variety of support from public and private sources undoubtedly has caused many of our public and private universities to become more and more “alike” as contrasted to others which have not, but they do not justify a policy of promoting “homogeneity” by insisting that all institutions
become "privately" dependent on fee revenues for their survival or that all become "public" in direct support and governance. The real issue is the future of our young people, the combination of measures under which societal support can assure that they not be denied the chance to develop their talents.

IN SUMMARY

This brief review is directed primarily at the problems of financing education up to the first baccalaurate, associate, or first professional degree. It does not touch on those of financing extremely costly—and essential—advanced graduate and professional education, research, and public service—except to suggest that there is now some tendency toward asking the undergraduate to help pay for these costs, as well as his own.

As indicated, there is no simple answer to the complex question of how society can provide major support for the costs of higher education; maximize individual freedom of choice by students; preserve the integrity, autonomy, and diversity of higher education, and prevent discrimination in the use of public funds. Yet both the history of the development of our system of higher education and the examination of proposed alternatives clearly identify the major policies which should be followed:

1. We should emphasize and expand the "low-tuition principle" in undergraduate education through societal support of colleges and universities as such through public funds and publicly-encouraged philanthropy. Institutions receiving public funds for instructional support, regardless of the "public" or "private" character of their governing authorities should be expected to conform to public policies with respect to lack of discrimination in admissions and other policies, tuition charges, etc., in areas for which this support is provided.

2. The present diversified system under which individual grants and scholarships, low-interest loans, and employment opportunities are available from a wide variety of sources should be maintained and expanded. Its broad purposes should be (1) to assure genuine access to higher education for those who cannot attend college even if tuitions are free; and (2) to permit "freedom of choice" among colleges for those who, if necessary, are willing to make some special personal effort (scholastic attainment, employment, borrowing, etc.) to enjoy it.

These are the policies which have made American higher education, for all its imperfections, the model and envy of the world, in diversity, variety, autonomy, and steady progress toward the ideal of genuine equality for all who can profit by it.