The relationship between the public and private sectors of postsecondary education is addressed. Among the causes of problems facing private higher education are rising cost per student, especially in graduate education; the market limit on tuition rises; and growing competition with public institutions for program offerings and facilities. Reasons for the state to support private institutions include: private institutions are a basic part of the American tradition, they perform a public mission, and they offer education and cultural options. The following concerns are addressed: the need for a state policy regarding the private colleges, the need for program monitoring, including consideration of the independent sector in statewide planning, the essentials of institutional autonomy and independence, and the extent of state control of private institutions. Among the need-based aid alternatives are the following: direct institutional grants to institutions, tuition equalization grants, contracts, and cost of education grants to institutions. One-half of the states have need-based aid, which limits payments to tuition and required fees. One-third of the states have tuition equalization aid, and three states have direct grants to institutions. Some of the approaches of specific states are noted. (SW)
STATE POLICY AND POSTSECONDARY EDUCATION:
THE RELATIONSHIP OF THE INDEPENDENT
AND PUBLIC SECTORS
(SUMMARY NOTES)

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support from the Education Commission of the States, the Frost Foundation and the State Higher Education Executive Officers.
IT IS A PLEASURE TO BE PART OF THIS IMPORTANT MEETING AND TO HAVE THE EDUCATION COMMISSION OF THE STATES SHARE IN THE IMPORTANT PROCEEDINGS WITH THE FLORIDA POSTSECONDARY EDUCATION COMMISSION.

EVERYONE HERE SHOULD BE COMMENDED FOR HIS OR HER PART IN BEING FORTHRIGHT IN EXPRESSING FEELINGS ABOUT AN IMPORTANT TOPIC WHICH HAS DEEP CONCERNS IN FLORIDA AS IN MANY OTHER STATES. EVEN JUST SHOWING UP FOR THE EXCHANGE IS A TRIBUTE TO EACH OF YOU AND YOU HAVE DONE MORE THAN SHOW UP HERE.

THERE ARE FOUR PARTS TO THESE REMARKS. I SHALL ATTEMPT TO (1) CAPTURE SOME OF THE KEY QUESTIONS THAT HAVE BEEN RAISED, (2) SUGGEST SOME PROPOSITIONS, (3) REVIEW ALTERNATE VEHICLES, (4) MAKE SOME FINAL OBSERVATIONS.

YOU HAVE BEEN TREATED TO EXCELLENT BACKGROUND INFORMATION TO HELP YOU ANSWER THESE QUESTIONS. IT IS OBVIOUS THIS RICH MEETING DOES NOT HAVE AS AN OBJECTIVE A SEARCH FOR ONE AGENDA FOR ACTION, BUT THAT IT HAS SOUGHT TO DO FOUR THINGS:

1. IDENTIFY THE ISSUES,
2. FIND OUT WHERE YOU ARE IN FLORIDA -- BESIDES ORLANDO,
3. CONSIDER ALTERNATE POSSIBILITIES,
4. ASSIST THE POSTSECONDARY EDUCATION COMMISSION TO EVOLVE A STATEMENT OF POLICY FOR CONSIDERATION BY THE EDUCATION DEPARTMENT AND THE LEGISLATIVE AND EXECUTIVE BRANCHES.

TO RECAPTURE EXACTLY ALL SIGNIFICANT ITEMS IS DIFFICULT BUT LET'S TRY, EVEN THOUGH WE CAN'T DO TRUE JUSTICE TO EACH OF THE EXCELLENT PRESENTATIONS.

U. S. SENATOR ELECT BOREN SET AN EXCELLENT TONE BY FOCUSING ATTENTION ON (1) THE PURPOSE OF EDUCATION, (2) IMPORTANCE OF THE DUAL SYSTEM OF EDUCATION, AND (3) THE IMPORTANCE OF HARMONY AS THE PRIVATE SECTOR TAKES A VITAL PART IN THE DUAL SYSTEM OF HIGHER EDUCATION.
WHAT ARE SOME CAUSES OF THE TROUBLE BESETTING HIGHER EDUCATION?

IT WOULD APPEAR THAT THERE ARE SIX MAIN CAUSES FOR THE TROUBLE BESETTING PRIVATE HIGHER EDUCATION ACCORDING TO LOUIS BENEZET. I WOULD NOTE THAT SOME OF THESE CAUSES RELATE TO PROBLEMS IN PUBLIC HIGHER EDUCATION AS WELL.

1. RISING COST PER STUDENT, ESPECIALLY IN GRADUATE EDUCATION;
2. LIMITS IN HIGHER EDUCATION, PUBLIC AND PRIVATE, TO IMPROVE EFFICIENCY OR TO RAISE PRODUCTIVITY DESPITE CONTINUED EFFORTS SUCH AS IN EDUCATIONAL TECHNOLOGY;
3. THE MARKET LIMIT ON TUITION RISES;
4. INABILITY OF VOLUNTARY GIVING TO KEEP UP WITH COSTS;
5. GROWING COMPETITION FOR PROGRAM OFFERINGS AND FACILITIES WITH PUBLIC INSTITUTIONS;
6. NATIONAL INFLATION AND ITS IMPACT ON FIXED COSTS SUCH AS UTILITIES AND REPAIRS.

WHAT ARE KEY QUESTIONS THAT MUST BE ADDRESSED?

1. WHY SHOULD THE STATE BE INTERESTED IN INDEPENDENT COLLEGES AND UNIVERSITIES?

2. a. HOW SHOULD INDEPENDENT SECTOR BE INCLUDED IN STATEWIDE PLANNING?
   b. HOW SHOULD STATE SUPPORT THE PRIVATE SECTOR?
      1. THROUGH INSTITUTIONS?
      2. THROUGH STUDENTS?

3. ACCOUNTABILITY
   a. THE SAME AS PUBLIC?
   b. DEPENDENT ON AMOUNT OF AID (SEE BERDAHL)
   c. LIMITED TO PROGRAMS THAT ARE RECEIVING SUPPORT.
4. WHY STATE SUPPORT?

a. PRIVATE INSTITUTIONS ARE A BASIC PART OF THE AMERICAN TRADITION.

b. THEY PERFORM A PUBLIC MISSION. JOHN SILBER IN ATLANTIC MONTHLY
WOULD ARGUE THAT "THERE IS NO SUCH THING AS A PRIVATE COLLEGE
OR UNIVERSITY."

c. THEY OFFER A WEALTH OF EDUCATIONAL (AND CULTURAL) OPTIONS THAT
ENRICH THE RANGE OF RESOURCES.

d. PRIVATE COLLEGES OFFER FOR THE BENEFIT OF BOTH THEMSELVES AND
OF PUBLIC INSTITUTIONS AN ALTERNATIVE TO PUBLIC CONTROL OF ALL
OF HIGHER EDUCATION.

"ONE OF THE GREAT VIRTUES OF PRIVATE INSTITUTIONS IS THAT THEIR
GOVERNANCE IS INDEPENDENT, OR PRIVATE. PRIVATE INSTITUTIONS
CONTINUE TO SERVE A VITAL ROLE IN HIGHER EDUCATION IN THIS
COUNTRY . . . A CHECK AND BALANCE TO A SOMETIMES OVERWHELMING
GOVERNMENTAL PRESSURE IN THE GOVERNANCE OF PUBLIC HIGHER EDUCA-
TION (FINANCING HIGHER EDUCATION 1975).

e. WHY SHOULD THE STATE SUPPORT PRIVATE COLLEGES? SOME LEGISLATORS
WOULD ARGUE THAT "THE REASON IS SIMPLE: IT SAVES MONEY FOR THE
TAXPAYERS. IT IS CHEAPER BY FAR FOR STATES TO PROVIDE A MARGIN
OF HELP TO INDEPENDENT INSTITUTIONS THAN IT WOULD BE TO TAKE THEM
OVER, OR TO PAY TO HAVE THEIR STUDENTS EDUCATED AT STATE-OWNED
INSTITUTIONS. STATE LEGISLATORS . . . CAN RECOGNIZE A BARGAIN
WHEN THEY SEE ONE." (FROM STEVEN MULLER -- SHOULD STATES SUPPORT
PRIVATE COLLEGES.)

BASIC QUESTIONS FROM THE PUBLIC COLLEGE STANDPOINT.

THERE IS ANOTHER POINT OF VIEW. AN ANTAGONIST TO STATE SUPPORT OF PRIVATE
HIGHER EDUCATION -- WOULD ARGUE, AS CHANCELLOR PRIEST DID IN THE AGB REPORTS:
1. **NEED** Are private colleges and universities in such dire financial straits that they need state tax money in order to survive?

2. **IS IT APPROPRIATE?** If such need exists, is it appropriate for the state to respond through appropriation of tax dollars?

3. **IMPACT ON PUBLIC** If the state does support the private sector, what kind of impact will this have on not only the public schools but on private institutions as well?

In regard to this last point, I asked the author of the Bundy program, who will remain anonymous, how he ever managed to get the then chancellor of the state university of New York, Samuel Gould, (now a Florida resident) to go along with heavy aid to privates. His response was, I am paraphrasing, "so long as the state university can still be a horse, the state university of New York doesn't resent seeing the rabbits fed."

One last point to allay fears of publics: virtually all -- if not all -- states that have increased independent college aid have also increased public support at the same time. One possible exception, according to Brenaman, is New York state.

**WHAT ARE SOME STATES THAT SEEMED TO EMERGE?**

While educators are asked -- and it's a tribute to the legislators and agencies that they ask for recommendations, it should be remembered that ultimate decisions on the role of public and private sectors rests with the legislators and governor.

1. **WHY SUPPORT PRIVATE SECTOR COLLEGES?**

The state, if it chooses to do so, supports it not because large numbers of institutions are about to go under. While state support...
OF PRIVATE INSTITUTIONS MIGHT WELL SAVE SOME FROM GOING UNDER, THE
PURPOSE FROM THE STATES VIEWPOINT, SHOULD NOT BE TO SAVE AN INSTITU-
TION FOR THE INSTITUTION'S SAKE BUT RATHER FOR THE SAKE OF THE STATE.
NOT ALL PRIVATE COLLEGES ARE HIGH QUALITY AND NOT ALL PUBLIC INSTITU-
TIONS ARE OF INFERIOR QUALITY. SOME PRIVATES MIGHT DESERVE TO
WITHER ON THE COMPETITIVE VINE AND SOME DESERVE TO BE SUSTAINED FOR
THE GOOD OF SOCIETY.

2. NEED FOR STATE POLICY

FLORIDA SHOULD CONSTRUCT A SPECIFIC POLICY REGARDING THE INDEPENDENT
COLLEGES AND UNIVERSITIES. IT SHOULD CONSIDER STATE PURPOSES, AND
THE ROLE AND CONDITION OF THE INDEPENDENT INSTITUTIONS.

3. MONITORING

PROGRAMS THAT BENEFIT HIGHER EDUCATION SHOULD BE MONITORED BY THE
STATES TO PROVIDE ASSESSMENT OF THE EXTENT TO WHICH OBJECTIVES OF
SUCH PROGRAMS ARE BEING ACCOMPLISHED.

4. PLANNING/PARTICIPATION

STATEWIDE PLANNING SHOULD TAKE INTO ACCOUNT THE INDEPENDENT SECTOR.
THE INDEPENDENT SECTOR SHOULD PARTICIPATE AS PARTNERS IN STATE PLANN-
ing AND COORDINATION.

IF INDEPENDENT INSTITUTIONS ARE TO ACCEPT FUNDS THERE IS A PRICE
INSTITUTIONS WILL HAVE TO PAY -- SOME OF THEIR AUTONOMY WILL HAVE
TO ANSWER TO THOSE WHO DOLE OUT THE DOLLAR.

WHAT INDEPENDENCE SHOULD THEY PROTECT? (SEE SEC. B BELOW) SOME
MEANS OF MONITORING MIGHT INCLUDE STATE SCRUTINY OF PROGRAM
DEVELOPMENT, QUANTITY OF PROGRAMS, AND PROLIFERATION OF CAMPUSES.
5. REGARDING AUTONOMY AND INDEPENDENCE - WHAT IS IT?

Oxford/Cambridge are among 48 institutions in Great Britain receiving block grants from the National University Grants Committee.

When asked (1966) what the Oxbridge colleges considered to be the essentials of independence, the paraphrased reply was:

a. The right to admit our own students.

b. Appoint our own faculty.

c. Decide our own courses of study (Claremont Colleges 1966)

(Query: What about the flexibility or freedom to move funds within the institutions budget?)

6. How much control can be expected

Extent of aid related to amount and type of control

"The extent of state control should be proportionate to the amount and type of state aid rendered: if such aid is modest and indirect, intervention should be minimal. But if the state grants substantial sums directly to its private institutions, state controls must inevitably be rather elaborate." (Berdahl 1971)

Some possible vehicles for administering state aid

You heard some samples from Joe Boyd, Morgan Odell and Ed McGuire. "The method of providing (such direct) aid to private institutions, from state to state, should, . . . . be linked to the performance of specifically identified public missions." (From Chancellor of the State University of New York, Ernest Boyer, now U. S. Commissioner of Education).
ALTERNATIVES FOR AID

1. STUDENT - CENTERED

   EMPHASIS ON FAIR MARKET

2. INSTITUTION - CENTERED

   EMPHASIS ON DEVELOPMENT OF AN EFFICIENT NETWORK OF INSTITUTIONAL
   OPPORTUNITIES.

   MOST STATES HAVE A MIXTURE OF THESE TWO ELEMENTS.

NEED-BASED AID ALTERNATIVES

THE TASK FORCE ON STATE POLICY AND HIGHER EDUCATION RECOMMENDS "THAT STATES
GIVE FIRST CONSIDERATION TO DEVELOPMENT OF NEED-BASED STUDENT GRANT PROGRAMS,
FUNDED AT LEVELS ADEQUATE TO PROVIDE STUDENTS WITH REAL CHOICE AMONG
INSTITUTIONS."

ALTERNATIVES

1. DIRECT INSTITUTIONAL GRANTS TO INSTITUTIONS.
2. TUITION EQUALIZATION GRANTS.
3. CONTRACTS, FLORIDA HAS DIPPED ITS TOES IN THAT WATER WITH CONTRACTS
   INVOLVING NURSING AND SOCIAL WORK.
4. COST OF EDUCATION GRANTS TO INSTITUTIONS.

TYPES OF STATE AID PROGRAMS

1. NEED-BASED AND LIMIT PAYMENTS TO TUITION AND REQUIRED FEES - 1/2 OF
   STATES.
2. TUITION EQUALIZATION - 1/3 OF STATES.
3. DIRECT GRANTS TO INSTITUTIONS - ALABAMA, ILLINOIS, AND MARYLAND,
   UNCONSTITUTIONAL IN SOME STATES

SOME POINTS PRESENTED BY JOHN FOLGER AT A MEETING IN THE

STATE OF KENTUCKY

1. STATES HAVE DEVELOPED SEVERAL TYPES OF STUDENT AID PROGRAM. ABOUT HALF
THE STATES HAVE PROGRAMS THAT ARE NEED BASED AND LIMIT PAYMENTS TO TUITION AND REQUIRED FEES. IF THE MAXIMUM AWARD IS HIGH ENOUGH (1,500 OR MORE) A PROGRAM LIKE THIS, ADEQUATELY FUNDED, WILL COVER A LARGER PART OF THE TUITION GAP BETWEEN PUBLIC AND PRIVATE INSTITUTIONS. ILLINOIS, INDIANA, OHIO AND TENNESSEE ARE STATES THAT HAVE DIFFERENT VERSIONS OF THIS APPROACH. ILLINOIS'S PROGRAM IS THE BEST FUNDED, THEY PROVIDE AN AVERAGE AWARD TO RECIPIENTS ATTENDING PRIVATE INSTITUTIONS OF ABOUT 1,300, AND THEIR AWARDS ARE OVERALL ABOUT $475 PER FTE IN PRIVATE HIGHER EDUCATION. THE OTHER HALF OF THE STATES HAVE A NEED BASED PROGRAM OF STUDENT AID WHICH PROVIDES AID FOR LIVING EXPENSES AS WELL AS TUITION.


3. ANOTHER APPROACH IS PROVIDING DIRECT GRANTS TO INSTITUTIONS, RATHER THAN TO STUDENTS. AS A POLICY OPTION, MOST SOUTHERN STATES HAVE REJECTED THE DIRECT AID APPROACH. HOWEVER, ALABAMA, ILLINOIS, AND MARYLAND MAKE DIRECT GRANTS TO PRIVATE INSTITUTIONS, ALTHOUGH ILLINOIS PROVIDES MOST OF ITS MONEY TO THE PRIVATE SECTOR THROUGH STUDENT AID. DIRECT AID IS
UNCONSTITUTIONAL IN SOME STATES, AND USUALLY MAKE THE INDEPENDENT INSTITUTIONS SUBJECT TO SIMILAR ACCOUNTABILITY REQUIREMENTS THAT PUBLIC INSTITUTIONS MUST MEET.

SOME STRAWMAN QUESTIONS:

1. WILL THE SUPPORT OF PRIVATE INSTITUTIONS RESULT IN A PLANNED ECONOMY AND THEREBY SACRIFICE OPEN COMPETITION? IT HAS NEVER BEEN EITHER. IT HAS BEEN A MIX AND WILL CONTINUE SO. ONE MIGHT EVEN ARGUE THAT SUPPORT OF A SECTOR (PRIVATE) ENHANCES ITS CHANCE TO COMPETE.

2. SHOULD PRIVATE INSTITUTIONS WORRY ABOUT BEING ACCOUNTABLE? INSTITUTIONS HAVE ALWAYS BEEN ACCOUNTABLE FOR FUNDS. (PRIVATE COLLEGES HAVE BEEN ACCOUNTABLE TO THEIR BOARDS, AND MORE SUBTLY SOMETIMES, TO ALUMNI.)

3. SHOULD ONE FEAR STATE PLANNING IN POSTSECONDARY EDUCATION, WILL IT STIFLE DIVERSITY? FREE MARKET WITHOUT STATE INTERVENTION WON'T ALWAYS GUARANTEE OR ENHANCE DIVERSITY.
   a. IN A TOTALLY FREE ACADEMIC MARKET, THE TEMPTATION COULD BE FOR INSTITUTIONS TO IMITATE EACH OTHER.
   b. MUCH OF THE DIVERSITY AS REPRESENTED BY THE DEVELOPMENT OF COMMUNITY COLLEGES IN FLORIDA, AND THE GREAT PUBLIC, UNIVERSITIES AND STATE COLLEGES, CAME ABOUT NOT BY FREE MARKET BUT BY STATE PLANNING.

A CAVEAT

FLORIDA MUST PUT ITS ACT TOGETHER. THE PUBLIC AND INDEPENDENT SECTORS HAVE BEEN GIVEN AN EXCELLENT OPPORTUNITY TO CONTRIBUTE TO STATE POLICY. YESTERDAY'S DISCUSSION BROUGHT OUT AT LEAST TWO POINTS:

1. IF THE EDUCATION COMMUNITY CAN'T COME UP WITH ANSWERS, OTHERS WILL.
2. PUBLIC HARANGUING WON'T HELP FOR THE LONG HAUL, INTELLIGENT
DISCUSSION WITHOUT GRABBING HEADLINES JUST MIGHT HELP.

**FLORIDA STRUCTURE**

IF ONE THINKS, AT TIMES, IT'S DIFFICULT TO GET THINGS DONE CONSIDER THE PLIGHT OF OTHER STATES THAT DO NOT HAVE AT THE APEX OF BROAD STRUCTURE, THE POLITICAL CLOUT THAT YOU HAVE HERE. IF YOU ARE DETERMINED TO IMPLEMENT SIGNIFICANT CHANGES, I AM CONVINCED THAT YOU HAVE STRUCTURES THAT CAN DO THE JOB.

IS SEEKING A COMPROMISE BETWEEN PUBLIC & PRIVATES, SOMETHING NEW? IF THE PROPHET'S SUGGESTION, "LET US REASON TOGETHER" IS TOO OLD HAT, THEN HOW ABOUT WHAT EDMUND BURKE SAID, "ALL GOVERNMENT, INDEED EVERY HUMAN BENEFIT AND ENJOYMENT, EVERY VIRTUE, AND EVERY PRUDENT ACT, IS FOUNDED ON COMPROMISE AND BARTER." THAT, I SUBMIT, IS WHAT THIS CONFERENCE IS ABOUT.

NO ONE PERSON CAN CAPTURE ALL OF THE NUGGETS DROPPED IN ORLANDO IN THIS RICHLY PACKED 24 HOUR SESSION. BUT YOU CAN BE CONFIDENT THAT YOU CAN LEAVE HERE WITH A RENEWED INTEREST (MAYBE COMMITMENT?) TO WORK TOGETHER.

**WHO?**

1. ALL OF THE GROUPS PUBLIC AND PRIVATE -- WITH A VESTED INTEREST IN POST-SECONDARY EDUCATION:
3. LEGISLATURE, GOVERNOR AND THEIR STAFFS.
4. OTHER INTERESTED PARTIES.

THIS CONFERENCE SHOULD CONVINCE YOU THAT IN FLORIDA YOU CAN ACHIEVE A MEANINGFUL PROGRAM, MAKING USE OF YOUR INSTITUTIONS, TO THE BENEFIT OF ALL THE PEOPLE.