Challenges Facing Public Higher Education

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Across the nation, public colleges and universities are battling the effects of what President Obama has called “an economic crisis as deep and dire as any since the days of the Great Depression.” In many states, spending on higher education has been cut. Tuition increases have been imposed, placing greater demands on financial aid resources. Hiring freezes and/or personnel cuts have been implemented. Endowment values have dropped. And at many institutions, particularly community colleges, capacities and resources are strained by growing enrollments, as more people seek to retool skills, refashion careers, or gain some measure of job security.

In New York, home to The City University of New York (CUNY), the recent collapse of long-established financial institutions has had a profound effect on state and city budgets. As Governor David Paterson said in his 2009 State of the State address, New York’s situation is “perilous.” The CUNY system—which comprises 23 colleges and professional schools—and other state and city agencies have absorbed a series of budget reductions over the last several months. In managing these cuts, the University has adhered to the principle of protecting its core academic mission and its direct services to students.

Exacerbating these recent reductions nationwide is the fact that they follow a long period of decline in government support of public higher education. Between 1996 and 2006, state
government operating support for public higher education decreased in constant per-student dollars. In New York, higher education spending as a percentage of total state spending dropped from 7.3% in 1996 to 6.6% in 2006. As a result, institutions have had to become more entrepreneurial, increasingly relying on private gifts, auxiliary enterprises, public/private partnerships, and a host of productivity and efficiency measures to maintain their programs and services. And as public funding decreases, tuition inevitably increases. A recent study from the Delta Project on Postsecondary Education Costs, Productivity and Accountability notes that students continue to pay a greater share of the cost of their college education. This poses a significant barrier to access and completion, especially for low- and middle-income students.

For many public higher education institutions, navigating today’s turbulent fiscal waters is far more than a one-time, crisis-mode act of budget-cutting. Pronounced economic difficulties only emphasize the debilitating effects of the slow decline in public investment and the need for long-term approaches to financial efficiency and stability in order to maintain quality and access.

This was evident during a “Summit on Public Higher Education” held in New York City in October 2008. Convened by CUNY and the Carnegie Corporation of New York, the informal gathering of public higher education leaders from across the country—representing Arizona, California, Florida, Maryland, New York, Oregon, and Wisconsin, among other states—was designed to be a candid conversation about some of the challenges facing public higher education. Participants were frank about the need for greater public investment. They were equally clear that “investment” did not mean a handout. Implicit in the mission of public higher education is a partnership with government and the public to produce an educated citizenry. Summit participants agreed that investment—and attention—must be directed toward that goal,
with greater public and institutional emphasis on graduating more students, particularly those from groups traditionally underrepresented in higher education; ensuring that students are better prepared for college; and spurring innovation and discovery in all sectors through research and teaching.

Such goals take on a special urgency during times of financial difficulty. States rely on public colleges and universities to enhance the quality of the workforce, create jobs, and generate advancements in technology, and to work closely with local communities to provide job retraining, small business development assistance, and professional certification. At CUNY, where community-college enrollment jumped by 6 percent in 2008, our six community colleges have recently experienced surges in applications to both career-preparation programs (nursing, for example) and second-job training (such as taxi driving and computerized bookkeeping courses). Colleges must remain nimble and responsive to a wide range of student needs—and that requires a measure of budgetary stability.

A few years ago, CUNY developed a financing model that reflects the public partnership at the heart of public higher education. The CUNY Compact delineates shared responsibility for revenue among the University’s stakeholders: state and local governments, the University itself (through productivity and efficiency measures), the University’s friends and donors, and the University’s students (through modest tuition increases). The resources that CUNY requests from the state and the city are intended to cover mandatory costs and a portion of the investment needed to advance the academic priorities spelled out in the University’s four-year, state-required Master Plan. Other compact partners would cover the remaining costs of investing in these initiatives. For example, building the ranks of full-time faculty remains a high priority at
CUNY. The last time CUNY’s enrollment was this high, in 1975, more than 11,000 full-time faculty were employed at the University. Today, 6,700 full-time faculty work at CUNY—and even this is an increase of more than 1,200 since 1999, achieved through considerable effort and compact-generated investment.

The CUNY Compact also calls for a rational tuition policy, one that keeps tuition increases at a modest level. Rather than the sudden tuition spikes that come as a result of economic downturns, when students and families can least afford them, the compact calls for smaller, more predictable increases. What’s more, students should directly benefit from any increases, even during difficult fiscal times. The revenue should go toward academic initiatives and improvements at the university. The recent New York State Commission on Higher Education recognized this principle, and this year, for the first time in the state’s history, the state budget called for 20 percent of any tuition revenue increase to be retained by the University for investment in core activities, beginning in fall 2009. This investment piece would increase to 50 percent over time.

While the compact model seeks budgetary stability and investment, it also inherently recognizes that public higher education is not a privilege for the few but a necessary part of the economic security and future prosperity of our states and our nation. Public higher education exists for the public good. Yet the American Council on Education recently released a report warning that “[t]he tradition of young adults in the United States attaining higher levels of education than previous generations appears to have stalled.” And the Organization for Economic Cooperation and Development reports that “[t]wenty years ago, the United States ranked first in the world in the percentage of adults between the ages of 25 and 34 who held a
postsecondary credential. It has now fallen to 10th place.” Our country’s well-being has historically relied on the progress and innovation driven by an educated citizenry. Today, building the talents and skills of future generations—those who face stiff competition in a global economy—must be a national priority, embraced by all partners.

To that end, participants at the Summit on Public Higher Education underlined the need for greater engagement by another partner: the federal government. Issues such as affordability, student readiness, and degree attainment must be thoughtfully addressed at a national level. Sustained socioeconomic progress relies on a strong system of public higher education. As David Leonhardt recently wrote in The New York Times Magazine, education “helps a society leverage every other investment it makes, be it in medicine, transportation or alternative energy. Education—educating more people and educating them better—appears to be the best single bet that a society can make.”

National interests have consistently fostered the development of a higher education system that has been, and must continue to be, the envy of the world, through investment in research, facilities, and financial aid. The same principle holds true today: an investment in public higher education is truly an investment in our country’s future.