

Diminishing State Support

Pennsylvania reduces state aid amid relentless tuition hikes and record enrollments

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THE NATIONAL RECESSION decreased state revenues around the country, but colleges and universities in Pennsylvania faced added drama this fall: The governor and legislators spent more than three months wrestling with closing a \$3.2 billion deficit, so educators had to start the school year without knowing how much the state would be contributing to their operations. Finally, on October 9, Governor Ed Rendell signed a \$27.8 billion budget, which includes \$2.6 billion in federal stimulus money. Even with that federal money included, the state will spend \$524 million less this year than last.

Exasperated by the negotiations at one point, Joe Forrester, president of the Community College of Beaver County, said that “this is like watching a dog on roller skates. You don’t know where it’s going, but no matter where it goes, the outcome isn’t going to be good.”

The budget outcome underscores a trend that President Graham Spanier of Penn State has been talking about for at least five years, that is, “the privatization of American public higher education.” And Angelo Armenti Jr., president of California University of Pennsylvania, said his school is being “privatized without a plan.” Pennsylvania’s community colleges are also caught in the state’s financial squeeze, with less opportunity for raising private funds. For example, Forrester, immediate past president of the Pennsylvania Commission for Community Colleges, has seen his own school’s state support diminish from 33 percent of its budget to 28 percent in the last five years.

Nationally, only seven states allocated a lower percentage of their tax revenues and lottery profits to higher education than Pennsylvania’s 4.3 percent.

Under the final budget, the Pennsylvania State System of Higher Education’s 14 universities, of which California University is one, are receiving almost \$465.2 million, plus slightly more than \$38.1 million in federal stimulus funds, for a total of \$503.4 million. That compares with a total of \$538.1 million last year. The state’s 14 community colleges share an appropriation of \$214.2 million, plus \$21.5 million

in federal stimulus money, a reduction of 0.21 percent. Both sectors had record enrollments in fall 2009.

More than a month after the legislature enacted the budget, however, Penn State still did not know how much money it



Michael Robinson, Black Star, for CrossTalk

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would receive, because its appropriation had not been passed. Penn State’s status as a “state-related institution”—a designation it shares with Temple University, the University of Pittsburgh and Lincoln University—means that its funding is approved separately.

Penn State is not a state-owned university like California or any of the 13 other former teachers’ colleges that now make up the state system, and it does not come under the same gubernatorial control they do on matters of tuition or governance. It seeks state money for its mission to provide services for the Commonwealth of Pennsylvania while avoiding some of the constraints under which the state universities operate.

This quasi-independent, quasi-state position figured in Governor Rendell’s decision this year against including Penn State and the other three state-related institutions in Pennsylvania’s application for federal stimulus money, because the state could not limit tuition increases. But Penn State’s friends in Congress rose up, and the Department of Education decided that the governor had to include these schools.

Penn State would be in line to receive \$15.8 million in federal stimulus money as well as \$318 million in state funding for the current fiscal year, the same amount the university ended up with last year after two rescissions from its original \$338 million appropriation. There is also another \$16 million coming from federal stimulus funds for 2008-09. In the meantime, Penn State is covering its costs by spending \$30 million a month from reserves, said Lisa Powers, a university spokeswoman.

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than Pennsylvania's 4.3 percent, according to a report this year from the State Higher Education Executive Officers organization. The U.S. average was 6.5 percent. The report also showed that between fiscal years 2003 and 2008, Pennsylvania's public higher education appropriation per student (full-time equivalent) fell by 10.8 percent. Per-student appropriations in only three states—Massachusetts, Michigan and Ohio—dropped more.

These figures are set against rising state support for higher education generally, at least until this year. SHEEO reported that total state support for public higher education grew from \$24.4 billion in 1983 to \$89.2 billion by 2008 (in current dollars), accompanying enrollment increases since 1983 from 7.5 million students to 10.5 million. However, the SHEEO report acknowledged that budget conditions this year

"seem less favorable in many states," and the national trend might not be sustained in the coming year.

Jane Wellman, executive director of the nonprofit Delta Cost Project on Postsecondary Education Costs, Productivity and Accountability, cited studies showing that while state spending on higher education, per student, may rebound some after downturns, it does not return to the previous heights. While tuition is going up, "the trend line for state appropriations per student is going down," Wellman said. "Students are paying more and getting less."

"It's not that we have a goal of being private," Spanier said, in reference to the trend in state spending. "It's a reality that has

evolved." According to Spanier, when he became president of Penn State 14 years ago, Pennsylvania was providing 20 percent of the university's total annual budget. Now it's down to eight percent. Overall, state support almost doubled from \$162.7 million in 1984-85 to a high point of \$348.7 million in 2007-08, but the university's budget grew five times as big between those years (from \$683.3 million in 1984-85 to \$3.4 billion in 2007-08). This year's operating budget will be \$3.7 to \$3.8 billion.

Penn State's fundraising has risen steadily, from just over \$31 million in 1985, and just under \$83 million in 1995, to \$182.1 million in the last fiscal year. "It used to be that fundraising was important for private universities, but now public universities are just as heavily involved," Spanier said. "In five to six years we may be receiving more money from donors than we receive from the state."

Seeing what was coming in terms of state financing, last fall Spanier announced that there would be no pay raises this

year. "No one in administration, no one on the faculty, no one on the staff would get them," he said. "And the labor union agreed to change its agreement. We did this in order to hold any tuition increase down to a reasonable amount and to avoid significant furloughs." The freeze saved \$30 million.

With the budget situation remaining uncertain this summer, Penn State's trustees enacted two potential tuition plans. One was a "worst-case scenario" that would have raised tuition by 9.8 percent for lower-division Pennsylvania residents at the University Park campus, and by 4.9 percent for those at one of the university's regional campuses. That was based on the governor's June proposal that would have given Penn State \$277.5 million, the same level as in 1997. The other plan, which later took effect, raised tuition by 4.5 percent for state residents at University Park, and by 3.9 percent at the other campuses. Residents this fall are paying \$13,604, up from \$13,014 in 2008.

At California University and other schools in that state system, Pennsylvania residents are paying \$5,554, a 3.7 percent increase over last year.

"It's a really compelling argument that legislators can latch onto—that higher education is one of the few parts of state government that can raise revenue," said Donald Heller, director of the Center for the Study of Higher Education at Penn State. Tuition at Penn State has increased so much that by 2005, it "surpassed the University of Vermont for the first time to become the most expensive public flagship university in the nation," Heller said.

As part of its efforts to save money for the past two decades, Penn State has required all departments except for the library and student aid to turn back one percent of their budgets each year, said Rodney Erickson, executive vice president and provost. "It creates a leanness to the operation."

Penn State has also been working to reduce energy costs, equipping new buildings with sensors that turn off the lights if there is no motion in a room for a certain amount of time, replacing old dormitory windows with those that are more energy efficient, and installing better thermostats. "There are even teams of students who turn off all the lights around the campus that might have been left on a Friday night," Spanier said.

Between 1990 and 2006, Pennsylvania drastically shifted its priorities away from public higher education, said Angelo Armenti, who has been California University's president for 17 years, thus reducing the share of the state budget devoted to public higher education from seven percent to four percent. The state corrections system now receives the same share of the state budget as public higher education.

If there is any state plan for dealing with this reduction in state money, Armenti said, he has seen no sign of it. He concluded that if his school were going to be privatized, "we had better be ready to compete as a private university." State support for California University has dropped from 63 percent of its budget to 37 percent over the last 25 years.

The college-age population normally attracted to a nearby school in southwestern Pennsylvania was shrinking, so Armenti said the school had to attract students from farther away, and therefore needed to beautify its campus. California also set up a public-private partnership to raise \$125 million

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to build new suite-style residence halls to house those students, adding almost 2,300 beds.

Cutting energy costs was another issue. “No one was thinking green then, except for money,” Armenti said. In addition to using better controls to heat buildings classroom by classroom,

California put in geothermal piping to heat its new dormitories. The system for the first three cost \$1 million, but it paid for itself in two and a half years. The same payback occurred for the next three dormitories, so the university is now saving \$800,000 a year in electricity costs.

California boosted its enrollment by 45 percent in the last ten years to 8,519 students (7,478 full-time equivalent) last academic year. Overall, the 14 schools in the state system grew by 18.5 percent in that period, and this fall the system set its eighth straight enrollment record, 116,935 students.

A big reason behind California University’s enrollment increase, Armenti said, is that it got into online learning early. “The economics of Internet education are that when the world is in your catchment area, you can easily fill all of your classes,” he said. Twenty-two percent of California’s student registrations are online.

“We are obviously not going to compete with the giants in the field,” Armenti added, but the school offers niche programs, those with promise in terms of demand and with little competition from other schools. These include sports management, legal studies and exercise science. Global Online also offers certification programs for principals as well as a master of science in nursing administration.

“The investment you have to make in this area is considerable,” Armenti said. That includes \$1 million for high quality service programs on financial aid and customer relations. “You still have to assuage the doubts of the public about this new kind of education,” he added.

“In no way are these correspondence courses,” said John R. Cencich, interim dean of California University’s School of Graduate Studies and Research. “We have video and audio in them, animations, and quality control.” Faculty members are taught how to set up the courses and obtain fast technical help. Cencich said the staff makes sure the courses are user-friendly; content is peer reviewed.

California is also working in emerging fields such as robotics. In cooperation with Carnegie Mellon University in Pittsburgh, California has a \$3.4 million grant from the Defense Department to develop public school curricula to help hook students on science through robotics. California also launched its own robotics curriculum this fall, leading toward an associate’s degree in robotics engineering technology, and then a bachelor’s degree in mechatronics (a combination of

mechanical and electronic engineering) technology.

These are not Star Wars or Terminator robots, explained Anthony F. Rodi, director of California University’s National Center for Robotics Engineering Technology Education. “Robotics is used in many ways, such as embedded robotics when you start your car, or medical robotics,” he said. “A surgeon in the United States can operate on a patient in India.” Robotics can also be used to “keep people away from the dull, dangerous, dirty work and repetitive movement that leads to injury.”

Michael F. Amrhein, the center’s assistant director, added that these courses teach a different way of thinking about how tasks are done. The classes teach skill sets, such as presentation and project management, that can be used in different industries.

Like the state universities, community colleges are also seeing enrollment increases this fall, a common occurrence when the economy turns sour. The Community College of Beaver County, for example, had a ten percent credit-hour enrollment increase during the summer session, a trend that continued this fall, giving the school its highest fall enrollment ever.

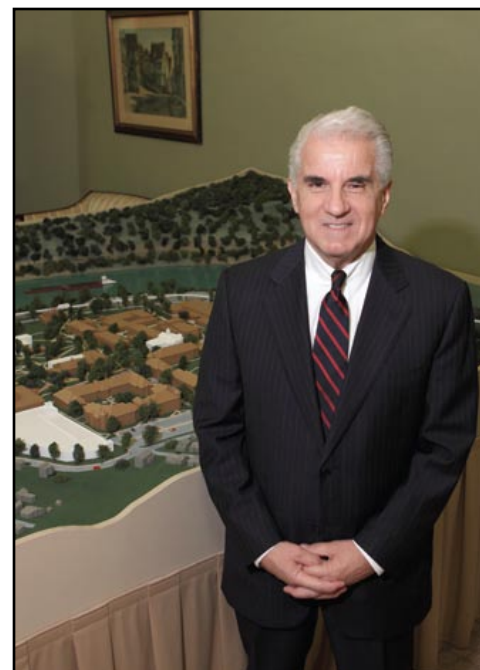
Community colleges have no direct taxing power, so they depend on county government or local school districts for part of their support. And Joe Forrester, the college president, complimented Beaver County commissioners for twice increasing taxes to help support the college, “both times in election years.” Under the act establishing the colleges, they are supposed to receive one-third of their support from the state, one-third from local government, and one-third from tuition.

“In theory, that’s great, but it’s never the reality,” Forrester said. “Fifty percent of our revenue comes from students.” On top of tuition of \$89.50 per credit hour, his students pay a general student fee of \$11 per credit hour, and a technology fee of \$11 per credit hour.

Trying to hold costs down, Forrester said that his school did the standard things like cutting the amount of paper used. “But we also took a hard look at the class schedule” and pledged to reduce it by seven percent.

“We ended up canceling 53 sections,” said Judy Garbinski, provost and vice president for learning and student success. Those cuts affected all departments, with the exception of allied health professions. In making the cuts, Garbinski said, there was an attempt to remain mindful that 80 percent of the college’s 2,400 (full-time equivalent) students work, and that it was necessary to consider the times they could be on campus.

Student aid was affected as



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well because the Pennsylvania Higher Education Assistance Agency (PHEAA) provided no grants during the budget impasse. Students often use that money for transportation or housing, and they did not get the money they had been counting on at the beginning of the fall semester, Garbinski said. Penn State credited students with the amount they would have received had the budget passed, costing the school \$25 million.

About ten to 12 percent of the Beaver County college's students are defined as academically "at risk," and they need extra services, said Jan Kaminski, dean of academic support services. Many take developmental math and English courses and require tutoring and counseling. "We track them down and entice them with these special programs, but when you get them, you have to give them that added push," Kaminski said. "Just because that door is open doesn't mean it stays open. It won't stay open without those support services."

The state also provides aid to some of its private colleges and universities, some of which existed before any public universities opened, said Don Francis, president of the Association of Independent Colleges and Universities of Pennsylvania. These private universities award 50 percent of the degrees in the state, Francis said. "There is a very robust state grant program" for students at these institutions, he said, because the state considers it healthy to support them. It can contribute less to the overall education at private institutions "because we have more private dollars."

In addition to PHEAA grants for students at private colleges such as Penn, the state provides some support for medical and veterinary education and other specialized programs, as well as institutional assistance grants to reward institutions for enrolling low- and moderate-income students.

Public institutions are not necessarily happy about that state support. "This is a state where everybody gets a slice of the pie," said Joe Forrester. "But this produces inequities, because community colleges enroll 22 percent of all the undergraduates in the state but receive only four percent of PHEAA money."

Penn State's Spanier said that "private education has always been key" in the northeast, pointing out that many American universities began as private, church-related institutions. They were, by and large, the only universities until the Morrill Act of 1862 created land-grant colleges such as Penn State, with the original aim of teaching agriculture and engineering.

"People in the state and in the legislature still have in their heads that there's something special" about these private institutions, Spanier said. In those states

where those schools got started—Massachusetts, New Jersey, Pennsylvania—there is the lowest level in state support, he added, whereas people in the west and the Great Plains saw education as the key and developed public higher education systems. "I always tell people it's been every governor, every legislature, that's done this. That's just the history here. There's no one person who stuck it to us."

Spanier is concerned that the diminishing state support



William Thomas Cain, Black Star, for Crosstalk

Penn State's requirement that all departments turn back one percent of their budgets each year, "creates a leanness to the operation," said Rodney Erickson, executive vice president and provost.

has affected Penn State's ability to serve the commonwealth. "We are the university that the state has relied on most heavily to provide a broad range of services to the state. The things we do for agriculture, forestry, public safety, economic development—in some other states, the state does it directly. But the state has backed off on supporting these activities. We're at a juncture where we're saying we can't ask our undergraduate students, through their tuition, to pay for these services."

Penn State's Rodney Erickson is concerned about what the drop in state aid and relentless tuition hikes mean for the makeup of the student body. All over the country, "there's a retreat from public higher education," he said. "We have educated large numbers of students who have gone on to successful careers, and now we know the gap between earnings of college graduates and high school graduates is huge. But many of the public view higher education as a private investment," and therefore are willing to put more of the burden on students and their families.

"What will happen eventually as tuition has to rise?" Erickson asked. "Students at flagship public institutions all over the country are going to be coming from families of high-income status, making it difficult to attract a diverse student body. We won't be able to serve as an engine of social change as institutions like Penn State, Michigan State and Illinois have done for decades," he said.

"That aspect really concerns me a lot," Erickson added. "There is so much that we could be doing for the commonwealth," he said. "We want students to have an experience in an institution that's like the world they'll live in." It is an experience he fears they will no longer be having. ♦

Kay Mills is the author of "This Little Light of Mine: The Life of Fannie Lou Hamer" and four other books.

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