
Regional

Private colleges can partner to solve issues

One of the discussions around accessibility, cost, and quality in higher education revolves about private colleges and universities. Are they for rich kids only? Do they graduate students at a higher rate than do public institutions? Are they more efficient at managing their money? Can they save taxpayers money? And, more importantly, is there a place for them in the future of higher education? These and other questions have been around for a while and a study recently published on these issues provides us with some of the answers.

These and other questions are particularly relevant, especially in states that face significant expected enrollment growth, such as those in the southwest U.S., or in states like New York where the issue of the private colleges and universities accommodating increasing enrollments is an important one.

According to this new study, private non-doctoral (PND) non-profit colleges and universities (providing mostly bachelor's degrees) deliver benefits at a far lower per-degree cost to states (mainly costs for state grant aid provided to their students) than the cost of supporting students and institutions in the public sector. States, the report concludes, should consider a better use of these institutions in their quest to increase bachelor degree production.

The study, titled "Utilizing Independent Colleges and Universities to Fulfill States' College Degree Attainment Goals," was authored by William Zumeta, professor of public policy and higher education at the University of Washington in Seattle and Nick Huntington-Klein, an assistant professor of economics at California State University,

Fullerton. The report was published by the Council

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of Independent Colleges, an association of 765 non-profit independent colleges and universities and higher education affiliates and organizations that has worked since 1956 to support college and university leadership, advance institutional excellence, and enhance public understanding of private higher education's contributions to society.

To put things in context, there are more than 7,000 four-year nonprofit PNDs in the United States, serving about 1.6 million students and awarding nearly 150,000 degrees annually, mostly bachelor's degrees. Their impact is significant.

The report shows that PNDs graduate students at higher rates – and significantly earlier – than do public institutions that enroll similar types of students. These advantages apply to students from all demographic groups. The study reported that "PND colleges and universities are significantly more successful in retaining students who indicate in their first year that they are interested in a STEM (Science, Technology, Engineering and Math) or health major and progress to completion of a bachelor's degree in one of those fields." These authors call this "The PND Advantage."

The study found that "private colleges and universities outperformed their public-sector comparison group by substantial margins in both four-year and six-year graduation rates. The PND advantage was large and statistically significant for all students combined, for

each gender, and for the four racial/ethnic groups."

The study also reported that PND colleges and universities outperformed the comparison group in the number of enrolled student years required to produce degrees, "which reflects dropout rates and time-to-degree among graduates."

And because of the increasing importance of the cost of college to students, parents, and policymakers, the study also compared the private and public sectors on various dimensions of cost and found that PND colleges and universities collect substantially more tuition revenue per degree awarded than public institutions, after taking account of tuition discounts and institutionally provided aid. "This is because the private colleges and universities do not receive significant appropriations of state tax funds, although federal funding (mostly student aid) to the two sectors is similar," the study's authors wrote.

Further, once all the real resource costs were calculated per degree and the "opportunity costs" of additional time out of the labor market for public sector students (who average a longer time in college) were included, the study concluded that each bachelor's degree in the PND sector costs society about \$89,000, compared with more than \$115,000 at similar public institutions. Without the opportunity costs included, greater degree production efficiency gives the PND colleges and universities an edge in societal costs per degree of \$63,231, compared with \$68,963 for public ones.

The PND colleges and universities were also found to have a substantial advantage over their matched public counterparts in terms of costs borne by state

and federal taxpayers. They also outperformed their public-sector comparison group by substantial margins in both four-year and six-year graduation rates. PNDs also have a cost advantage in both student aid and institutional appropriations provided by states. As the study asserts, "nearly all states already have on the books one or more student aid (or "state scholarship") programs for which state resident students enrolling in accredited, private nonprofit colleges and universities are eligible." Thus, state policy has already institutionalized the idea of subsidizing some student choice through student aid.

Does all this mean that we should stop funding public higher education and give the taxpayer's money to private colleges and universities? Not at all. Public education provides opportunities to lower-income students and those living in more rural areas. What this report means is that when developing state and federal policies for state and federally funded institutions, the role of private colleges and universities should not be ignored, and that with appropriate funding public institutions will be able to follow the example of private ones by providing smaller class sizes and increased opportunities to students.

Higher education suffers from many problems. PNDs can be part of the solution as long as we never forget that the major problem facing public colleges and universities is the lack of appropriate financial state support.

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