Setting Equity Goals for Community College Financing

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A recent report on the government and financing of New York State's public community colleges characterized the system as functioning under a "financing non-policy that is seriously disconnected from the community college mission" of providing affordable access. In addition, the report observed, current policies have "exacerbated already serious disparities among the State's regions in their ability to support community colleges" (1999, p.23). Similarly, the Iowa Department of Education (1998) reported in an analysis of that state's community college financing formula that equitable spending provisions had not been funded by the legislature for several years. The report observed (p. 36), "Equity of funding through state aid and property taxes is vital to assure equal student access and fairness and may need to be examined in future years as other bases for funding the colleges are examined." In Massachusetts, a "formula/fair share allocation approach" to public college funding (including community colleges) was adopted in 1998 to equalize levels of spending per student at colleges within each of the public sectors of the state (university, state college, community college). However, just two years later in April, 2000 the Board of Higher Education's Budget Development Report (2000, p. 1) suggested that the funding of "equity concerns" should continue under a revised framework for "system-wide initiatives addressing state-wide needs." This approach would move the state from an effort to equalize expenditures per student at the various community colleges towards a focus on investments in new initiatives for technology adaptation, workforce development, and teacher preparation.

The three examples above illustrate that issues related to financial equity and access to community colleges remain part of the public debate—as they were prominently during the expansion of the community college systems in the 1960s—but
today compete with other political priorities and are subject to neglect. Formula funding policies that allocate dollars on a per student basis have been in use since the 1950s and 1960s as a way to ensure that each college received its share of funds. These formulas also often include adjustments to per student allocations based on an institution’s size, curriculum, and the preparedness and socioeconomic status of the student body. In the past two decades, the rhetorical emphasis of legislative debates and policies pertaining to higher education financing has shifted from equity to efficiency concerns, and financing systems reflect this change. Formula funding has been modified as legislatures have begun to place an increased emphasis on the quality, productivity, and accountability of community colleges. These modifications were introduced with the hope of creating incentives for market-oriented innovations and administrative efficiencies. The new financing approaches were termed incentive or performance funding. Recent reports show that, with mixed success, states are still exploring the efficacy of these strategies (Gaither, Nedwek et al. 1994; Albright 1998; Burke and Serban 1998; Presley and Engelbride 1998; McKeown-Moak 2000).

During this period of shifting priorities, the share of community college revenues for basic operations that comes from state and local general funds has declined. The Institute for Higher Education Policy (Merisotis and Wolanin 2000) reported that the average state share fell from 70% in 1980 to 50% in 1996. States typically increased grant and contract funding for workforce training, as did the federal government. Increasing shares of revenue also came from corporate and private gifts as community colleges entered the fundraising arena. As tuition charges increased, students also paid a larger share of costs. And, as more students availed themselves of subsidized loans, more
dollars flowed from the federal government as well. The IHEP report observed that these changes in the revenue stream reflected the influence of a variety of factors “external and internal to community colleges”:

These factors reflect the changing educational environment within which community colleges operate, shifting government policies and priorities, growing demands from consumers, and an evolving relationship with employers who rely on community colleges to provide them with skilled workers (p.5).

Despite a more diversified revenue stream, colleges are not divorced from their roots in the public sector. State and local monies, though declining in share, continue to constitute the core of financial support for community colleges. In this financing environment, our public institutions are becoming increasingly privatized. As David Longanecker, director of the Western Interstate Commission for Higher Education, observed recently in an address to the annual meeting of the American Association for Higher Education, private gain has emerged as a primary goal of public higher education and is displacing the goal of promoting the public welfare (Longanecker 2001). For this reason, it is time to emphasize the public character of public higher education and to recall the rationale for government funding of colleges and universities.

In this paper, I examine the economic and philosophical bases for state government funding of community colleges, focusing on the concepts of equity and efficiency. I argue that the state has an obligation to promote equitable student outcomes and that these obligations are not inconsistent with efficiency goals. I discuss two approaches to assessing the equity of community college financing systems, both of which rely on the assertion that public higher education is funded to promote social justice. The first approach measures public spending per student with the goal of ensuring
equitable expenditures. The second approach measures student outcomes, such as academic persistence, graduation rates, and earnings, with the goal of ensuring equal opportunity.

My intended audience for this paper includes community college and state system administrators, legislative policy makers and analysts, and other members of the academic research community. As a policy paper, it is intended to stimulate discussion and a review of current policies. The larger purpose is to identify practical approaches to community college financing that balance equity and efficiency goals.

The Equity and Efficiency Rationales for Public Finance

Why does our society pay to support public higher education, rather than leaving the provision of advanced training to the private sector? Unlike primary and secondary education, postsecondary education is not mandated by state constitutions. The rationale for state support of higher education is based on principles of economic efficiency and equity. These rationales deserve attention and understanding as states debate the revision of their financing formulas.

The first rationale for public spending on higher education is based on the concept of economic efficiency. Economic efficiency arguments stress that investments in higher education return benefits both to private individuals and to society. Individuals with higher levels of education typically enjoy higher earnings and a higher standard of living. In this respect, higher education is a private good. Democratic societies benefit from an educated populace, which is more likely to engage in economically productive, non-criminal behaviors, to vote and participate in civic debate, and to maintain good health. In
this respect, higher education is a public good. If, as a society, we leave educational investment decisions solely to individuals, we can expect an under-investment in higher education. This outcome is expected based on the assumption that individuals weigh only their anticipated private returns, ignoring public benefits.

The second rationale for public higher education spending presents an argument for investments based on equity goals. Students from low-income families would not have the same opportunity as wealthier students to obtain a higher education without receiving public subsidies. To promote social justice by creating equal opportunity, public dollars are used to lower the price of college for low-income students or to provide access to financial capital through subsidized loans. To measure the success of a community college financing system, we must take both rationales for public support of higher education into account. (For a comprehensive discussion of these concepts as applied to community college financing, see Breneman and Nelson, 1981.)

Equity of Resource Inputs

Horizontal and Vertical Equity  Finance equity has been debated much more extensively in the arena of primary and secondary schooling (K12) than in higher education. Therefore, it is worthwhile to observe some of the principles that have been argued there. The economist Henry Levin (Levin 1994, p. 170) discussing K12 school financing, observed that non-whites, immigrants and the poor are less likely than native whites to have had exposure to the “experiences and resources in the home, family, and community that lead to educational success.” Those populations with fewer resources in the “home, family, and community will require more resources in the school to have the same
probability of reaching a particular educational goal." Therefore, schools serving disadvantaged populations will require more resources than others in order for states to meet educational equity goals. This line of argument is based on the principles of horizontal and vertical equity, which calls for the equal treatment of equals (horizontal equity) and the unequal treatment of unequals (vertical equity) (Monk 1990). Community college funding formulas sometimes apply the concepts of horizontal and vertical equity by creating per-FTE (full-time equivalent student) spending levels and then adjusting the FTE allocation for institutions that enroll students with characteristics understood to be associated with educational disadvantage.

Spending Variations as Inequity  In K12 schooling, analyses of per student spending initiated in the 1960s revealed that the principle of vertical equity was often severely violated. Rather than observing greater expenditures for students in greater need, analysts found greater expenditures for students living in wealthy neighborhoods. These spending patterns resulted from the fact that large shares of school revenues are raised by local school boards and communities, with state funds contributed in addition. Not surprisingly, wealthy communities raised more money than poor communities for their schools. Starting in 1969 with the Serrano v. Priest court case in California, equity advocates challenged the constitutionality of state school financing systems. A wave of state supreme court cases applied the concept of wealth, or fiscal, neutrality to argue that the educational resources available to a child should not be dependent on the wealth of his or her parents. Over time, these arguments prevailed and the courts ordered legislatures to develop what came to be known as “power equalizing” finance formulas,
which use state funds to equalize spending across wealthy and poor school districts (Odden and Picus 1992).

In *Financing Community Colleges*, Breneman and Nelson (1981) observed that many states also finance community colleges through a combination of state and local funds. They asked whether the concept of wealth neutrality should be extended to community college financing. In states that require local government sponsors to pay a share of the community college budget, the opportunity exists for the creation of disparities in spending based on community wealth. In states without a local share, disparities may arise due to varying levels of influence and power among legislators and communities in the state. The results of a recent survey of state system executives by the Community College Policy Center of the Education Commission of the States showed that in 26 states local taxes are used to fund community colleges. However, the trend has been towards declining local shares and increasing state shares of public funds to community colleges. This trend, according to the ECS survey report, is motivated by "concerns about the significant variations in the ability of small communities to support local colleges." The authors observed that these variations can lead to differences in tuition rates within a system: "Dramatic differences in property tax valuations across a state can lead to large disparities in tuition rates between wealthier communities and poorer districts, because poorer districts may be forced to raise tuition and fees to meet their basic budgets" (2000, p. 10). The authors recommended that policy makers evaluate the effect of a strong reliance on local property taxes on equal access goals.

In contrast to the significant legislative and judicial struggles in the K12 sector, finance equity has received little attention in the two-year college sector, despite
financing structures that suggest similar opportunities for inequities to arise. As a first step in analyzing community college finance equity, variation in spending per student should be compared with the wealth and political power of the communities in which colleges are located. The following measures of variation in per student spending in four states are taken from a convenience sample of recent community college finance reports. (The units of measurement used in each report are retained and therefore are different.)

The degree of variation in spending in these states is high and suggests that the relationship between spending and community characteristics is worthy of study.

1. In New York State in 1997, revenues (including tuition) per FTE among the public community colleges varied between a high of $1000 above average spending in the state to $1500 below average. (McCall 1999)

2. In Iowa in 1997, state and local appropriations per FTE varied from $750 above average to $346 below average. (1998)

3. In Pennsylvania in 1996, state and local appropriations varied from a high of $128 per FTE to a low of $66 per FTE. (Herzenberg 2000).


As a descriptive starting point, these reports reveal that sizeable variations in FTE spending do exist in some states. The reports themselves sometimes raise warnings that equity concerns are being slighted. The authors of the Maryland report noted that economies of scale may have accounted for some of the differences in FTE spending, but concluded "these economies cannot account for a difference of $2,000 in state aid per
FTE. The current formula leads to funding inequities across community colleges statewide” (Cade & Heller, 1996, p. 2). Similarly, the authors of the Iowa report (1998, p.39) concluded:

Reducing the range in non-tuition revenues per student needs to be part of the discussion on financing the community college system. Perfect equity per student (each college receiving the same amount of money per student) is neither a practical, economically feasible, nor proposed goal. However, a series of questions regarding fairness and access have been raised. It is apparent that the disparities warrant further discussion, and perhaps consideration, in future community college financing.

Measuring Variation in Spending within Community College Systems

Further study could determine whether variations of the kind illustrated above favor wealthy communities, or, in fact, stem from “power equalizing” approaches that direct greater shares of state resources to poor communities. Or, the disparities may stem from differences in political power or administrative savvy by community independent of wealth. A number of other points would need to be taken into account in order to adjust FTE spending figures for equity analyses, including:

1. economies of scale, based on variation in size among colleges in a system;
2. geographic price differences in urban, suburban, and rural areas;
3. differences in program type, such as technological, vocational, remedial, or arts and sciences;
4. differences in institutional capacities to deploy resources efficiently.

In addition, the number of students enrolled at a college does not reveal the number of adults in a community who would like to receive an education. Some go
elsewhere; others cannot overcome barriers to their enrollment and remain out of college. The quality of programs and services at individual colleges, to the extent they attract enrollment and effectively reduce barriers, determine the number of students enrolled. For example, a college that is managed to ensure easy access for working adults will certainly enroll more of these students. A college that chooses to focus on expensive vocational programs (for example in new technologies) will likely enroll fewer students overall. To measure equitable resource allocation among community colleges on a per student basis, a second per capita measure should be evaluated based on a count of potential students in the community, such as high school graduates and GED recipients or number of adults within a certain age range. (See Breneman & Nelson (1981) and Garms (1981) for detailed discussion of these issues.)

Arguably, the concepts of fiscal neutrality and vertical equity have little relevance to higher education finance. While primary and secondary schooling are compulsory and mandated by state constitutions, higher education is not. While children in public schools attend in the area where their parents live, college students may range far and wide choosing from a broad range of public postsecondary institutions or attending private institutions with public subsidies (if they qualify for aid). Adults have choice and mobility and have reached an age where the state is no longer obligated to educate them. Equity and efficiency goals motivate public higher education spending, but do not require it. In fact, states show a wide variety in their mode and degree of support for higher education (Halstead 1991), particularly for community colleges, which play a prominent role in some state systems, but not in others. Breneman and Nelson (1981) observed that intra-state spending differences between colleges may well disadvantage students in
poorer areas. However, they concluded that inter-district (or -community) equity is not a compelling issue at the college level, because higher education is not clearly a fundamental right.

However, recall the equity and efficiency rationales for public spending. State financing is intended to promote equal educational opportunity for disadvantaged groups and stimulate private investments in higher education. Based on the equal opportunity goal, the state certainly has an interest in providing access to programs of equivalent quality across colleges and communities in the system. If individual campuses are capable of raising much greater levels of funding from their local government sponsors and from private sources, such as corporations and alumni, the equal opportunity goal is undermined. States seeking to expand private financing of community colleges should do so in ways that enable a distribution of these resources across the system. Specialized, resource-intensive programs need not be duplicated, but these should not be located in a way that concentrates these resources in communities with the greatest wealth or political power. As a first step, states must take an interest in identifying resource disparities and remedying them where they occur. As a second step, to which I turn below, states must also take an interest in the efficient use of public and private resources to promote meaningful educational outcomes.

**Equity of Student Outcomes**

Given disparities in community wealth within states, *equal* spending per student in a college system is likely to be *inequitable*. Applying the principle of vertical equity, those with greater and lesser needs require and deserve different, not equal, resources.
Therefore, an accurate evaluation of equitable spending requires adjustments of FTE dollars to account for student learning needs, as well as for cost and programmatic differences, as discussed above. The more complicated such adjustments become, the more likely they will have meaning only for the few experts who understand them. Since equity is a politically driven—or neglected—goal, it is desirable to have educational finance formulas that are comprehensible to the “citizen analyst” (Wildavsky 1979).

The higher education outcome standards developed in the 1980s and 1990s have an initial appeal as simpler measures of equity in a college system. If we set standards for collegiate performance and expect colleges to serve their various clienteles equally well, then we can evaluate collegiate finance equity without complicated finance formulas. If our public finance goals are to promote social justice and to stimulate private investments in education, outcome standards are a reasonable tool to pursue those goals, because they imply that no population of students will be neglected or shortchanged. However, this has not been the logic of performance funding, which has been driven rhetorically by the efficiency and accountability agenda. Is a marriage of equity and efficiency goals possible?

A standard of equal opportunity in higher education finance that expects an equality of outcomes rather than simply an equality of access is a stronger, much more demanding standard. Some community college students will transfer to four-year institutions and persist through graduate school, obtaining positions in the professions. Others will assume managerial and executive positions. Others will become skilled trades people, work in service industries, and so on across the occupational continuum. Equality of individual outcomes is not to be expected. Individual outcomes will be determined by
individual talents, goals, motivation, mobility, and prior education. However, equality of group outcomes is to be expected. The probability of success or failure to achieve at any point along the occupational continuum should not be correlated with an individual’s race, gender, or class. Within the dearly held meritocratic ideology of the U.S., an equal playing field is expected (Labaree 1997).

Levin (1994, p. 168) emphasizes this point in the following definition of educational equity, which articulates a standard based on equal outcomes, not for individuals, but for members of different social groups.

[It] is important to provide a working definition of educational equity. In all human populations there will be some variance in talents and attainments, even when all members are provided with exceptional opportunities to develop their talents. What that variance will be is certainly open to debate. More questionable, though, are the differences in educational attainments among populations born into different social, economic, and racial circumstances due to inadequate opportunities for human development. A reasonable criterion is that we have obtained educational equity when representatives of different racial, gender, and socioeconomic origins have about the same probabilities of reaching different educational outcomes.

**A New Adequacy** In the K12 finance arena, equity advocates have shifted the focus of debate and judicial review from equitable inputs to equitable outcomes. Outcome equity is termed adequacy, and this concept too has evolved. Verstegen (1998, p. 154), in an article summarizing the history and philosophical foundations of school finance reform, observed that “antiquated” definitions of adequacy were based on a “minimalist standard.” Under this standard, state supreme courts typically found that finance systems were constitutional if they provided a basic education. Disparities of student educational
outcomes above a minimal threshold level were not found to be in violation of a state’s responsibility to educate its citizens. A “new adequacy,” as Verstegen termed it (p. 55), is based on a “contemporary” standard, “defined in the context of the information age and the global economy.” Under this standard, numerous courts found their state school financing systems to be unconstitutional. Judicial rulings required new finance formulas that would address imbalances between wealthy and poor school districts. The “new adequacy” standards oblige a state to prepare all students to become engaged citizens and successful competitors in a global economy.

Should the “new adequacy” standard be applied to higher education financing? As mentioned above, higher education is not a constitutional right. Nevertheless, higher education for all is a common theme in documents advocating public funding of colleges and universities. Whereas universal K12 education is valued as both a democratic and economic necessity, universal postsecondary education is promoted primarily as human capital development, necessary for national economic productivity and global competitiveness. If, indeed, individuals need postsecondary education to participate successfully in the economic life of our country, then the adequacy standard should be extended to higher education funding. Under this standard, state higher education systems would have an explicit responsibility to address economic inequality in their states. Such a charge would in turn require a political will and consensus that the resource gap between rich and poor in our society is socially unjust.

Performance Measures as Adequacy Measures. Due to legislative interest since the 1980s in performance funding, numerous states have collected data measuring student outcomes
(Gaither, Nedwek, Neal, 1994). Though the original purpose for collecting these data was to develop carrot-and-stick approaches to campus funding, it may be possible—in what might be an unexpected twist—to use the information to analyze outcome equity.

Burke and Serban (1998) completed a comprehensive analysis of state performance funding policies and practices in all fifty states in the late 1990s. They reported (Table 4.1, p. 53) the most common indicators of success for two-year colleges in states that adopted performance funding mechanisms as the following (with the number of states adopting a given measure indicated in parentheses).

- Retention and graduation rates (8)
- Job placement (8)
- Two-to-four-year transfers (6)
- Faculty workload (4)
- Graduation credits and time-to-degree (4)
- Licensure test scores (4)
- Workforce training and development (4)

Data collected by the Education Commission of the States (2000, p. 45) demonstrates that the performance measurement trend has gained momentum in the past few years. The most commonly used indicators reported by Burke and Serban are still evident, and now a greater number of states are employing them. To the extent these data were actually collected, are reliable, and provide information about individual students, they may provide a means to evaluate intrastate community college finance equity based on the principle of adequacy.

In addition, the trend of assessing college performance has also fueled the development of surveys designed to assess college quality and student learning experiences (Borden and Zak Owens 2001). Two surveys have been designed specifically with the community college student population in mind. These are the Faces of the Future
survey from the AACC and American College Testing (ACT) and the Community College Student Experience Questionnaire (CCSEQ) from the University of Memphis Center for the Study of Higher Education. In addition, surveys designed for four-year college alumni, such as the Comprehensive Alumni Assessment Survey (CAAS) from the National Center for Higher Education Management Systems (NCHEMS) may be suitable for measuring the post-collegiate outcomes of community college students. Such assessment instruments may provide additional information for states wishing to supplement the measures reflected in performance funding objectives.

Economists and educational researchers have long pursued the development of models predicting student outcomes and identification of the factors associated with success. Economists have analyzed the rates of return to investments in different forms of education, focusing on earnings as the outcome measure. With well-developed theoretical models (Tinto 1975; Bean and Metzner 1985; Tinto 1987) serving as the backbone, institutional and academic researchers have conducted hundreds of empirical studies evaluating the factors influencing student persistence. The studies have focused on members of dominant- and minority-group members, of traditional and nontraditional students, and of students at different types of institutions. While this work has influenced the development of first-year student programming and our understanding of student integration on campus, it has not contributed to a rich conceptualization of how higher education can reduce the growing gap in the enrollment, persistence, and attainment of at-risk and underrepresented students (Lincoln 1991). Perhaps because economists have the tools to evaluate earnings outcomes, and educational researchers have the tools to evaluate student development and success in college, neither group has effectively asked
what higher education can do to address social and economic inequality. With the
research programs of the two groups proceeding quite separately, it is not surprising that
neither has focused on a question located at the intersection of their agendas.

Prior to the performance funding data collection efforts, the most readily available
information about student outcomes measured student persistence at individual
institutions on a semester-to-semester basis. The new institutional performance data may
provide an opportunity for educational researchers to extend their work to predicting
broader outcomes. Job placement ranks high as an outcome measure, with 18 states
reporting on this criterion in the ECS survey (2000). By combining higher education
outcome data with earnings and unemployment information, educational researchers may
be able to team with economists to evaluate students’ long-term economic outcomes.
Such an approach would be valuable to assess the controversial and important assertion
that community colleges serve to reproduce existing social and economic inequalities,
rather than to provide avenues to social mobility (Brint and Karabel 1989; Labaree 1997).

The Relationship Between Efficiency and Equity

The logic of performance funding is appealing as an approach to improving
efficiency—focus on outputs rather than inputs to create incentives to minimize waste—but the logistics of operationalizing performance funding have proven impossible in
numerous states that have made the attempt (Burke & Serban, 1998). The difficulties
may be due to a clash of cultures between efficiency-minded central system
administrators and educators on campuses. The language and methods of business
productivity are objectionable to faculty and administrators with a focus on meeting
student needs and protecting their autonomy as professionals (reference). The accountability movement may meet with greater success by broadening the scope of outcome measures to evaluate whether colleges are contributing to equitable student outcomes. Such a shift would enlist outcome measures as tools for promoting educational opportunity, rather than as indexes of individual college success or failure. Such a goal may well attract greater “buy in” on campuses.

Further, the development of a focus on equitable outcomes actually complements the goal of making colleges operate efficiently. As Levin (1994) has observed, equal resource inputs among all populations of students are the “necessary conditions” of educational equity. However, equity also requires the “sufficient condition” of institutional efficiency. In the K12 sector, Levin concluded, institutional inefficiencies “seem to be greater among schools serving those populations most at risk educationally.” If the same is true in higher education, it follows that equity advocates must also care about and promote institutional efficiency.

It is important to distinguish between two meanings of efficiency, because one provides a strong rationale for public higher education spending, while the other does not. The first meaning is familiar from everyday use. Efficient processes achieve the desired outcome with a minimum amount of waste, given the same level and quality of inputs. This concept is known as technical, or productive, efficiency, which is the type performance funding is intended to promote. The second meaning of efficiency refers to the investment of public dollars in efforts that bring a greater return than the next best alternative, evaluated in terms of the costs and benefits of both alternatives (Monk, 1990). With this focus on “opportunity costs” (the loss of the next best alternative), it is
considered efficient to invest public dollars in higher education up to the point where the benefit achieved exceeds the benefit that may have been achieved by investing the same dollars in corporate training incentives, apprenticeships, community development, or any number of other programs intended to promote benefits expected from postsecondary education.

Relatively little is known about what economists would call the "production function" of higher education, which implies that we know little about how to make higher education more technically efficient. While a number of prominent scholars have developed economic models of higher education production (Garvin 1980; James 1990) their work has not been developed by others to provide directions for efficient administrative practice. Scholars of elementary and secondary school financing have progressed to smaller and smaller units of analysis to study the production function of schooling. These efforts have become more context-specific, taking into account the enormous complexities of the teaching and learning process. Despite a concerted effort in this area, significant divisions exist among scholars on the subject of how to increase the efficiency of schooling. Researchers question whether their tools are adequate to inform understandings of this complex process (Cite Monk, Hanushek). The study of productive efficiencies has received even less attention in higher education, where the context is arguably more complex, given the greater range of missions, structures, and students.

While it is desirable that colleges become as technically efficient as possible, there is no particular reason to expect that public higher education would exhibit greater productive efficiencies than alternatives that would provide postsecondary education and training through the private sector. Popular opinion holds, to the contrary, that the private
sector far outpaces the public sector in this regard. In contrast, there is an important reason to expect that public higher education may provide greater investment efficiencies. Only the public sector can be charged by citizens through the political process to incorporate the costs of social inequality and the benefits of social justice when estimating the value of an educational program. It is this characteristic that makes public higher education a better choice than the "next best alternative," such as public funding of private higher education. Colleges in the private sector may—and many do—include social justice as a primary part of their mission. However, these institutions may not be those that will thrive in today's intensely competitive academic marketplace, or they may not be large enough to effect social change. To attain truly efficient investments of public dollars in higher education, the public sector must be committed to reducing social and economic inequality and must be effective in doing so. This effectiveness depends on technical efficiency, but technical efficiency does not provide a rationale for public higher education finance.

Conclusion

David Longanecker (2001) concluded his recent speech to the American Association for Higher Education on an optimistic note, as he urged higher education administrators and policy makers to "[co-opt] the private sector for the public good." I echo his thoughts below, as I offer this paper for discussion.

What does [privatization] bode for public policy with respect to the balance between the public good and private gain? In the short term I expect benign neglect. Not so in the long term, however. I still believe we know the difference. And when it becomes obvious that private gain and public good are not synonymous—that in fact they sometimes clash—I believe public policy will come alive to protect the public good.
REFERENCES


