



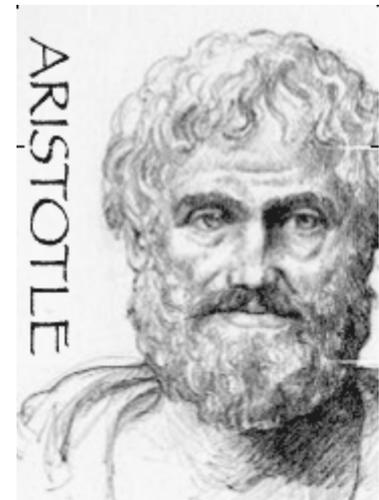
# Moral Dimensions of Public Funding of Higher Education

LS 707 Ethics

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*To give away money is an easy matter and in any man's power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man's power – nor an easy matter. Hence it is that such excellence is rare, praiseworthy and noble.*



# Moral Dimensions of Public Funding of Higher Education

- Background and Context
  - Sources and Types
  - Trends in Public Funding of Higher Education since 1980s
  - Implications
  - Policy Changes
- Moral Dimensions
  - Egalitarian values
  - Neo-liberalism values
- Conclusion

# Background & Context of Public Funding of Higher Education

- Direct subsidies for instruction and university-based research
- Governmental tax exemptions for property
- Student financial aid
- Tax incentives to wage earners
  - 529 Savings Plan
  - Hope and Lifetime Learning Credit
  - Student Loan Interest Income Deduction

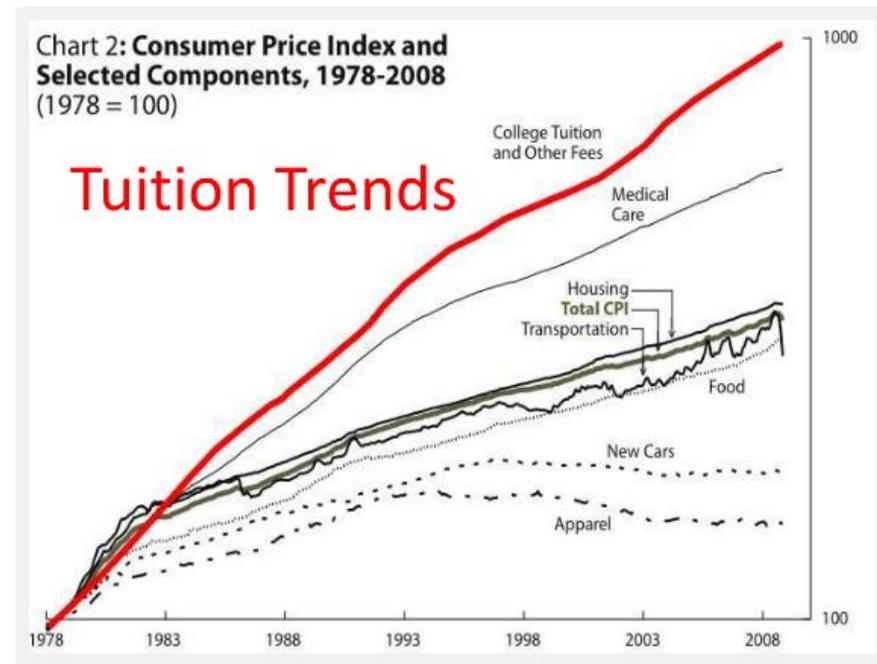
# Trends in Public Funding for Higher Education Since the 1980s

- Forces
  - Economic retrenchment
  - Privatization
  - Globalization
  - Technology



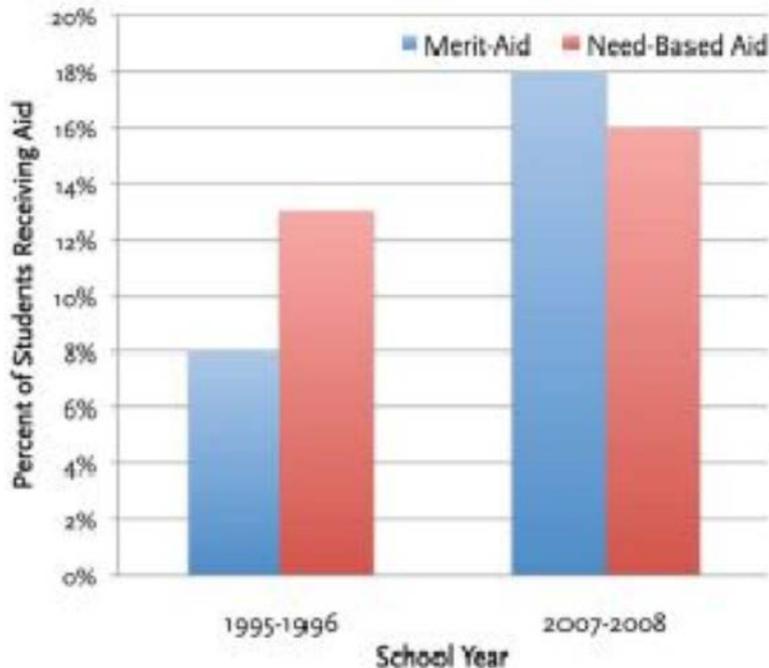
# Trends in Public Funding for Higher Education Since the 1980s

- Implications
  - Perception of higher education changed from a societal good to an individual good
  - Increased Tuition Fees
  - Shifted away from a focus on access to higher education for low-income students to financing problems facing middle- and upper income-families



# Trends in Public Funding for Higher Education Since the 1980s

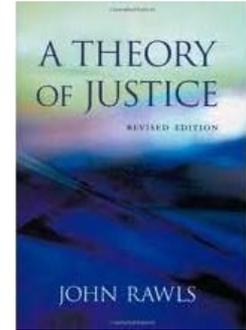
Chart 1: Shift to Merit Aid at Public Colleges



Source: U.S. Department of Education, New America Foundation

- Policy Changes
  - Declining state appropriations for public higher education
  - State financial aid funding shift from a need-based model to a merit-based model
  - Four-year public colleges and universities “tuition discounting”
    - Race for College Rankings
    - Tuition Net Revenue

# Moral Dimensions

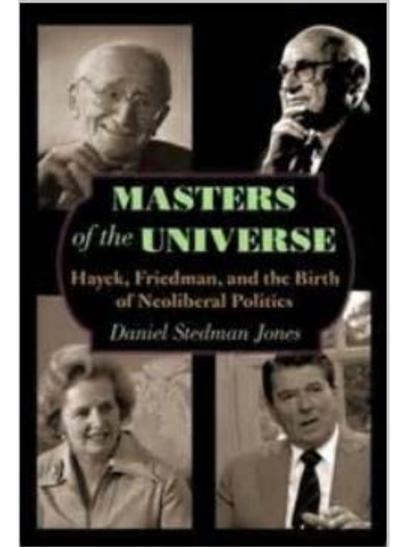


- Egalitarian Values
  - According to Rawls, public policy must be structured to ensure the greatest benefit to the most disadvantaged members of society
  - Rawls' first principle of justice is the notion of equality of opportunity
  - Followed by Rawls' second principle that the positions and offices are first open to all under conditions of equality and then they are to be the greatest benefit to the least advantaged members of society

# Moral Dimensions

- Egalitarian Values
  - Rawls' theory of justice is relevant to college opportunity and educational finance
  - The opportunity to attend college is fundamental to liberty and social justice; therefore, low-income students could be treated unjustly when price barriers prevent them from pursuing academic goals
  - Pure egalitarian approach to public funding of higher education could strain the fiscal capability of governments and postsecondary institutions

# Moral Dimensions



- Neo-liberalism Values
  - Ideal world order should be “free and “fair” competition between individuals
  - Political-economic philosophy based on the pursuit of self-interest
  - Notion that competition between individuals will improve not only the individual, but society as a whole

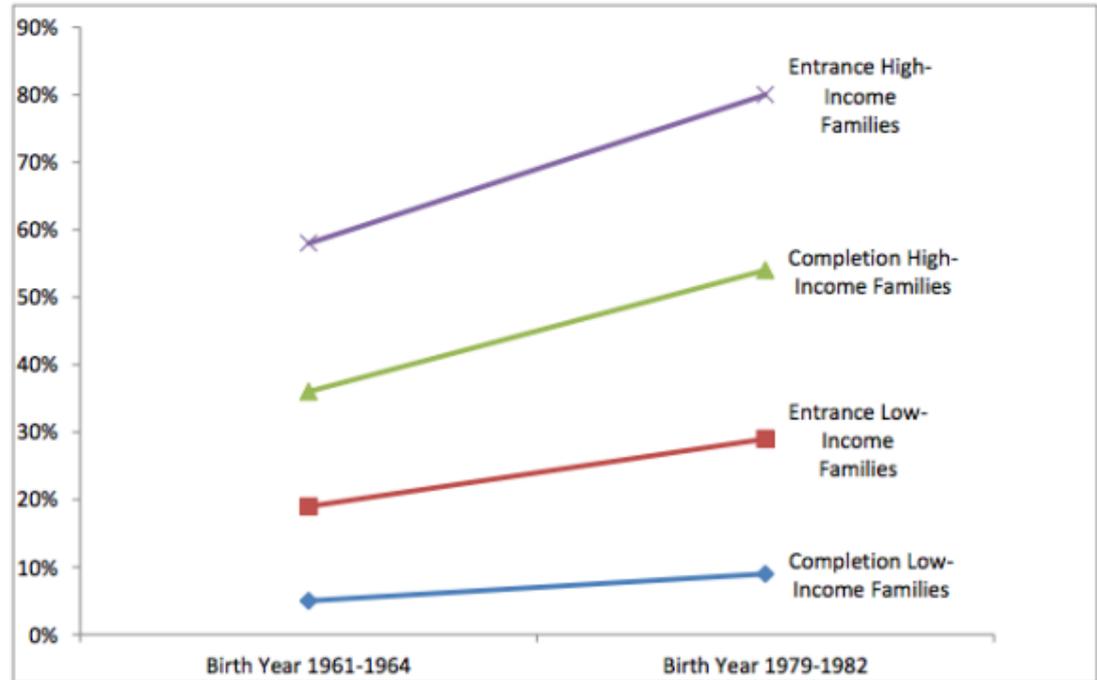
# Moral Dimensions

- Neo-liberalism Values
  - Pushing public colleges and universities toward privatization
  - Performance-based governmental funding models
  - College is more of a private good, rather than a public good
  - Replaces the social contract and the public good with personal responsibility and competition

# Conclusion

- Higher education funding policies seem to be driven more by neo-liberal ethics than by egalitarian
- Significantly reducing the opportunity for poor students and increasing the opportunity for wealthy students to receive a postsecondary education
- Resulting in significant inequality in postsecondary access and attainment

Figure 2.18 Four year college entrance and completion among persons from low-income and high-income families—overall, mostly a flat level of degree attainment



College completion: four or more years of college (solid line) and entrance (dashed line). Low-income family: the person's family income during childhood was in the lowest quarter of the income distribution. High-income family: income during childhood was in the highest quarter.

Data source: Bailey and Dynarski (2011), figure 6.3, using National Longitudinal Survey of Youth data.

# Conclusion

- Shrinking commitment of public funding for higher education is telling of the governments' and public postsecondary institutions' values and priorities
- As evidenced by practices and outcomes, both state governments and public institutions of higher education have played a role in society's stratification

# Conclusion

- Higher education benefits individuals as much as it benefits society as a whole
- We should not assume that public-funded higher education is a basic right, nor a privilege for which students alone should pay
- Poor students are being left out because four-year public colleges and universities have become unaffordable

# Conclusion

- Following the egalitarian model of ethics, I advocate we strike a balance between the portion of public funding and the students' contribution according to what would most improve the lifetime prospects of the most disadvantaged members of society
- Higher education is a social and economic equalizer

