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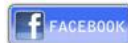
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Zumeta, William, David W. Breneman, Patrick M. Callan, and Joni E. Finney (2012). *Financing American Higher Education in the Era of Globalization*. Cambridge, MA: Harvard Education Press

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Reviewed by Mark Oromaner

College financing has become a topic of discussion and debate from kitchen tables to the chambers of the Congress of the United States. In *Financing American Higher Education in the Era of Globalization*, Zumeta, Breneman, Callan and Finney provide a well written, data-based, and compact analysis of the historical background and current reality of the situation. In addition they sketch a possible agenda for the near future.

The authors bring strong relevant writing, research, and policy experiences. Briefly, Zumeta is a professor in the Daniel J. Evans School of Public Affairs and the College of Education at the University of Washington, and a fellow of the Teachers Insurance and Annuity Association—College Retirement Equities Fund Institute (TIAA-CREF);

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Breneman is a Professor of Economics of Education at the University of Virginia; Callan is president of the Higher Education Policy Institute (HEPI); and Finney is Professor of Practice at the University of Pennsylvania and vice president of HEPI.

In setting the history of today's pattern of financing, the authors tell a well-known story. They cite the constitutional provision that education is not delegated to the federal government and is, therefore, a concern left to the states. With the exception of the Land Grant Acts of the nineteenth century, the federal government played a very minor role in financing higher education at the individual or institutional level. It was not until the GI Bill (1944) was passed, the Truman Commission Report (1947) was published, and the National Defense Education Act (1958) passed that the federal government was on the path to deep involvement with the support of higher education at the state, institutional, and individual levels. These federal actions, "resulted in the United States having a much larger share of its young population (ages 18 to 24) attaining higher levels of education, compared with other developed nations" (p. 63). The baby boom, the women's movement, the Civil Rights Movement, and the War on Poverty added to the growing rate of college attendance during the 1960s.

In the 1970s, many higher education institutions faced financial problems. The costs of maintaining and growing programs, faculty, facilities, and staff outpaced funding; and, as inflation grew, colleges raised tuition. At the same time federal support of students began a significant and dramatic shift from grants to loans. In 1980-1981, loans exceeded grants (52% to 48%) and the gap widened until in 2009-2010 the percentages were 70 vs. 30 (Fig. 4.1; p.77). Sources other than the federal government did not compensate for the shift in federal allocations. For instance, for 1983-1984 all funding sources (federal, state, institutional, and private) were evenly divided between loans and grants; however, during 2009-2010 loans accounted for approximately 55% and grants for 45% of all funding (Fig.4.2; p. 78). As I write this review, student debt is the highest form of personal debt in the country and both houses of Congress are debating interest rates for these debts.

The increase in tuition and the emphasis on loans were major factors that, in the recent period, “gave rise to concerns that the system was moving toward increased stratification by socioeconomic status and family income” (p. 80). At the same time, as a result of globalization and the information technology revolution more students and families came to view higher education as a necessity for entrance into the middle class. In a comparative sense the U.S. had lost its leadership in terms of percentage of young age adults (ages 25 to 34) with a college degree. As a response to the external competition and the internal need for higher education among Americans, President Obama called for the U.S. to be number one by 2020 in terms of college degrees obtained by 25 to 35 year-olds. This calls for the addition of 8.2 million degree holders or an increase of 4.2 percent per year. Projected increases range from 2.4% in the District of Columbia to 3.0% in North Dakota to 5.9% in Nevada (Table 7.3; pp. 174-177).

If the United States is to achieve national goals or implement a national program for higher education, the federal government must coordinate its activities with diverse systems in the states and in the District of Columbia. In 2008, almost three-fourths of all college students (4-year, 38%; 2-year, 35%) attended a public institution, 19 percent a private non-for-profit, and the remaining 8 percent a private-for-profit. An example of the diversity among states is that in Wyoming 96% of the students attend a public institution (34% in 4 year; 62% in 2 year) while in Massachusetts 44% attend a public institution (24% in 4 year; 20% in 2 year). Another is that there are three states in which more than one-half of the students attend a 2-year college and three states in which less than fifteen percent of the students are enrolled in a 2-year college. (Table 4.3; pp. 102-103). States also differ in characteristics such as transfer rates between 2- and 4-year colleges, college participation rates, high school graduation rates, and funds provided for higher education.

The authors see the greatest capacity for growth to meet national goals in the public comprehensive colleges/universities, community colleges, and for-profit institutions. However, “the greatest potential for increasing educational capacity lies in technology and distance learning.... “ (p. 145) Innovative uses of information technology can certainly lead to a reduction in

the costs of education. For example, the Western Governors University now has twenty-two member governors and is able to fund its operation on tuition revenues.

The authors condense their interpretation of the vast amount of data into two propositions: (1) “Our nation needs a significant increase in the number of educated men and women in order to remain competitive in a global, knowledge-based economy,” and (2) “the financing of American higher education, if not completely broken, is under severe stress and, as currently structured, is unlikely to address the needs of our society effectively” (p. 131).

Although the authors point out that the educational achievement gaps between whites and minority groups, e.g., Hispanics, African Americans, “have long been an issue of moral concern for many in a nation presumably dedicated to social equity, they are rapidly becoming an urgent matter for economic competitiveness in the knowledge-based economy as well” (p. 13). The authors should be congratulated for providing the economic basis to be added to the moral basis of the argument that issues of educational gaps among racial, ethnic, or class divisions must be addressed.

Zumeta et al. state that “Our intention is to help stimulate a national debate on the restructuring of higher education finance....” (p. 155). That debate is underway and will be strengthened by this book. The extensive data presented will ground the debate in the realities of the current and projected national needs for a more highly educated population and a more equitable distribution of educational opportunities within a diverse system that is facing severe fiscal limitations. Although ultimate solutions to the challenges are not presented, the discussion of present practices and the suggested policy proposals will provide participants in the debate with serious ideas to be explored. Finally, the book should be required in all courses in higher education finance. It will provide an excellent foundation for future scholars, administrators, and policy makers concerned with the financing of American higher education.

About the Reviewer

Mark Oromaner is an independent scholar concerned with the sociology and politics of higher education institutions, and with the creation, diffusion, and utilization of knowledge in the social sciences. He taught sociology at a number of 4-year colleges and held administrative positions (dean, executive vice-president, acting president) at Hudson County Community College, N.J.

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Editors

Gene V Glass

glass@edrev.info

Gustavo Fischman

fischman@edrev.info

Melissa Cast-Brede

cast-brede@edrev.info
