

FOREWORD

The tension between public and private purposes is endemic to American history and to its most important social institutions. Some scholars have interpreted American history as a perennial struggle between public and private interests, between values derived primarily from democratic ideals and those identified with free-market capitalism, with alternating eras in which these value sets were ascendant.

Higher education has not been insulated from these tensions. The post-World War II higher education system was developed during a time of public policy initiatives and public sector expansiveness. Whether measured in terms of increased college participation and educational attainment or the growth and quality of colleges and universities, American higher education is recognized as one of the national successes of the second half of the twentieth century. The epoch of public purpose that spawned this achievement has given way to a period of privatism that Michael Sandel has characterized as “market triumphalism” in American society. Private interests and deference to markets have supplanted normative public purposes and shared societal goals in the substance and language of public policy discourse. Fiscal stringency in the public sector has been both a cause and a consequence of this shift.

The role of higher education in American society has been shaped by market forces, by public policy reflecting broad societal goals, and by the values of educators. Higher education is expected to produce public and private benefits. To some international observers, our “system” of colleges and universities has long been substantially market-driven, because it encompasses public and private institutions, and is significantly influenced by decisions of students and by competition among institutions for students, faculty, resources, and status.

The unique privatization challenge currently confronting American higher education differs from the rebalancing of public and academic influences that is undertaken by higher education leaders in every era. The national political ethos has shifted toward preferences for private interests and markets as instruments for achieving the common good. Trust in government has eroded. Perceptions that the public sector is ineffective and inefficient, that Americans are overtaxed, and that the role of government in American life should contract have been widely embraced. Ironically, as these attitudes were gaining traction, most states were adding more functions by assuming greater responsibilities for supporting public schools and health care, even while reducing taxes in some instances. The consequences are long-term state structural deficits exacerbated by recessions over the last quarter-century, and recurrent fiscal crises as states seek to meet constitutional requirements for balanced budgets. Another repercussion is intensified competition for limited state resources. For public colleges and universities, this political and financial environment has brought incremental and episodic but relentless declines in state appropriations. The cumulative effect is that public higher education is now dependent as never before on alternative sources of revenue, principally tuition (substantially funded by student debt), private fundraising, research support from the private sector, and income from patents.

Matthew Lambert's *Privatization and the Public Good* provides our most comprehensive and definitive examination of the evolution of privatization and its significance for the future. Lambert's analysis extends far beyond the narrow financial issues raised in most discussions of higher education's "broken business model" to the broader implications for the missions and functions of public colleges and universities. How has the character of public higher education changed in response to the privatized funding model? What are the implications for the public purposes of public colleges and universities and for their role in a democratic society? Can core public missions that society depends upon more than ever—particularly access to affordable, high quality education and training—be preserved and enhanced in the privatized financial environment with its powerful incentives to "follow the money"?

While Lambert's findings are applicable across the fifty states and more than four thousand institutions of higher education, this book's principal focus is on three states and their public flagship research universities. This is appropriate because while privatization and the issues it raises are important for all of public higher education, the flagship universities have been the locus of

the tensions and conflicts that have played out most explicitly and intensely over the last three decades. Generally, the flagship institutions have more access to private and federal revenue sources and greater capacity to raise tuition. Lambert's other focus is state government and politics. Historically, the states have been the principal funding source for most public colleges and universities, and state dollars have been provided primarily to support core public missions, particularly access, affordability, and instructional quality.

The case studies of Virginia, North Carolina, and California incorporate the perspectives of higher education leaders, state legislators, and other public officials and make it clear that the preservation of the public missions of colleges and universities is an intensely political as well as a financial and educational issue. The privatization scenarios and the responses have evolved in different ways in each state. Lambert provides rich and insightful documentation of states and universities grappling with privatization and its ramifications in the context of very different histories, traditions, and politics.

Lambert offers no formulaic solution. As his book shows, each state will need to develop its private-public model and its own political consensus. However these scenarios play out, he insists that the overarching commonalities are issues of public purpose and that the missions of public colleges and universities are more than the sum or size of their revenue streams. He finds grounds for guarded optimism in the experiences of the states—optimism that states and higher education institutions can develop new social contracts for the twenty-first century around well-articulated public purposes supported by hybrid public-private funding models. Even those who may not share his optimism will benefit from this multidimensional reframing of privatization and his call for explicit public discourse around higher education's public agenda and how it is to be funded.

I am persuaded by Lambert's analysis in this book. I believe there are several wild cards, some wholly or partly within the control of public higher education and some external, that will determine the effectiveness of our states and their public colleges and universities in assuring the vitality of their public purposes:

- In an increasingly contentious and polarized political world, will governors and legislatures emerge who can be the public stewards of the public missions of colleges and universities, lead public coalitions in support of a public agenda, and help create public accountability that stimulates, supports, and rewards responsiveness to public purposes?

- Will colleges and universities and their governing boards find and select presidents with the passion, commitment, and skill for stewardship of public purposes in the face of overwhelming pressures to focus on revenues?
- Will political and academic leaders continue to prefer the incremental drifts toward privatization to the clear articulation of public purposes and the explicit development of policies to support them?
- Can public trust in colleges and universities and their commitment to serving the public be raised to levels that enable state and academic leaders to develop and sustain new social contracts around public purposes?

To his credit, Matthew Lambert has considered all these issues. His call is for public discourse that begins first with principles—public purposes and institutional missions. *Privatization and the Public Good* makes the case for the importance and urgency of that discourse and provides an essential resource for those willing to engage in it.

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