

University of Southampton  
Creating our Future Seminar Series  
May 12, 2009

## The Future Direction of Higher Education

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PENNSTATE



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# Overview

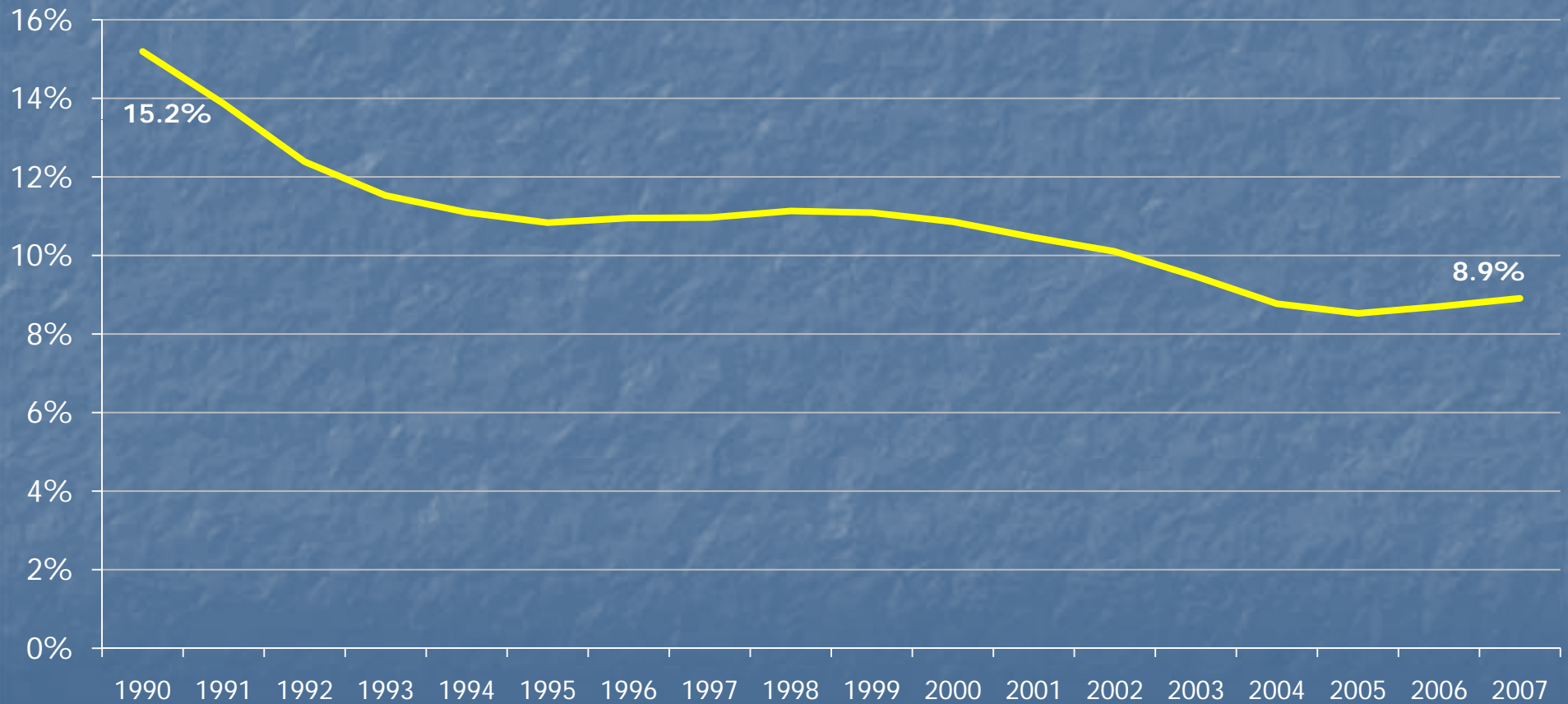
- Trends in higher education financing in the US
  - Shifting of cost sharing
  - Changes in financial aid
  - More accountability
- Applicability to the UK
  - Changes in the UK
  - The future

## Snapshot of higher education in the U.S.

- 4,200 accredited institutions (40% public/60% private)
- 18 million students
  - 74% in public institutions, 26% private
- 1.5 million bachelor's degrees
  - 700,000 sub-baccalaureate degrees/certificates
  - 700,000 post-baccalaureate degrees
- 3.4 million employees (1.3 million faculty)
- Expenditures: approx. \$400 billion in 2005-06 (£267 billion)

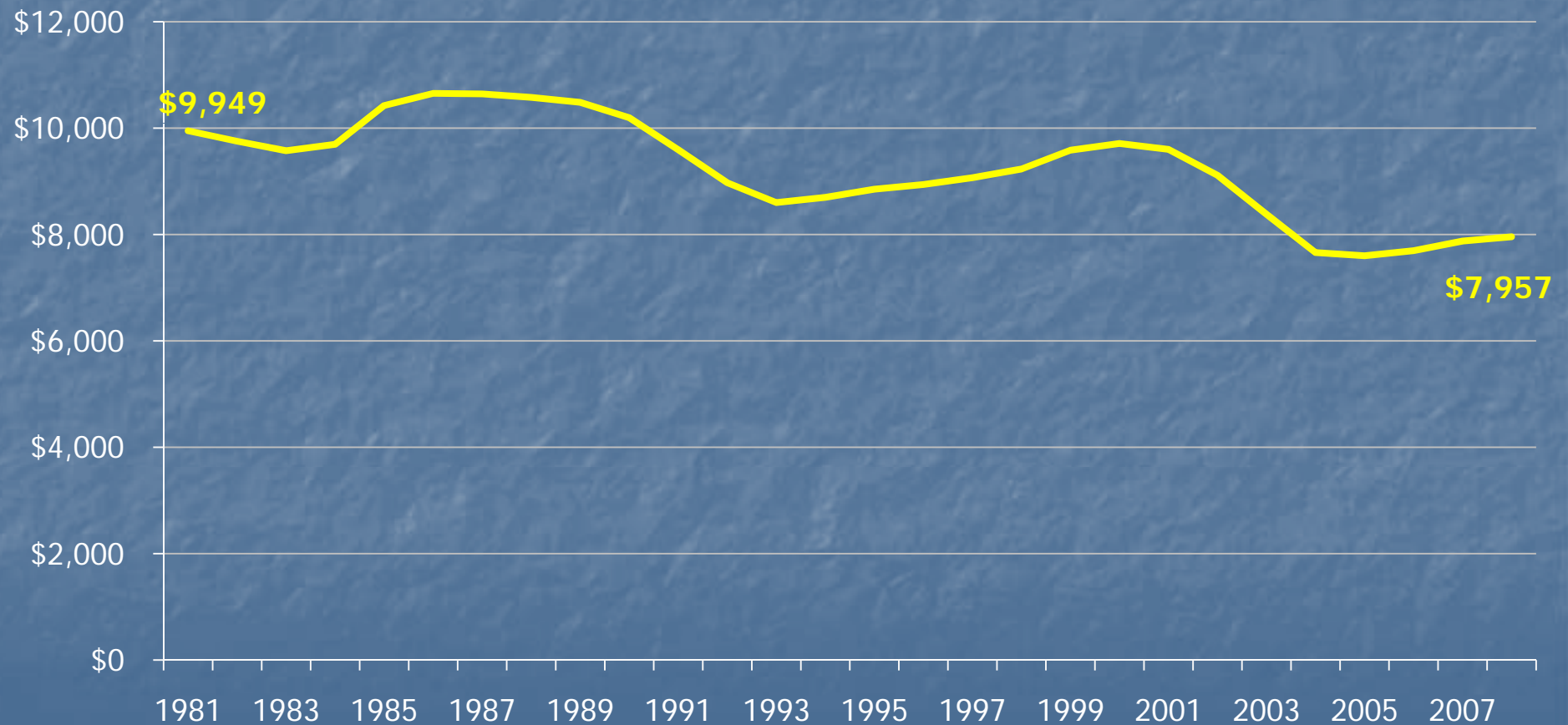
# A decline in higher education as a state priority. . .

State funding for higher education as a proportion of total state spending



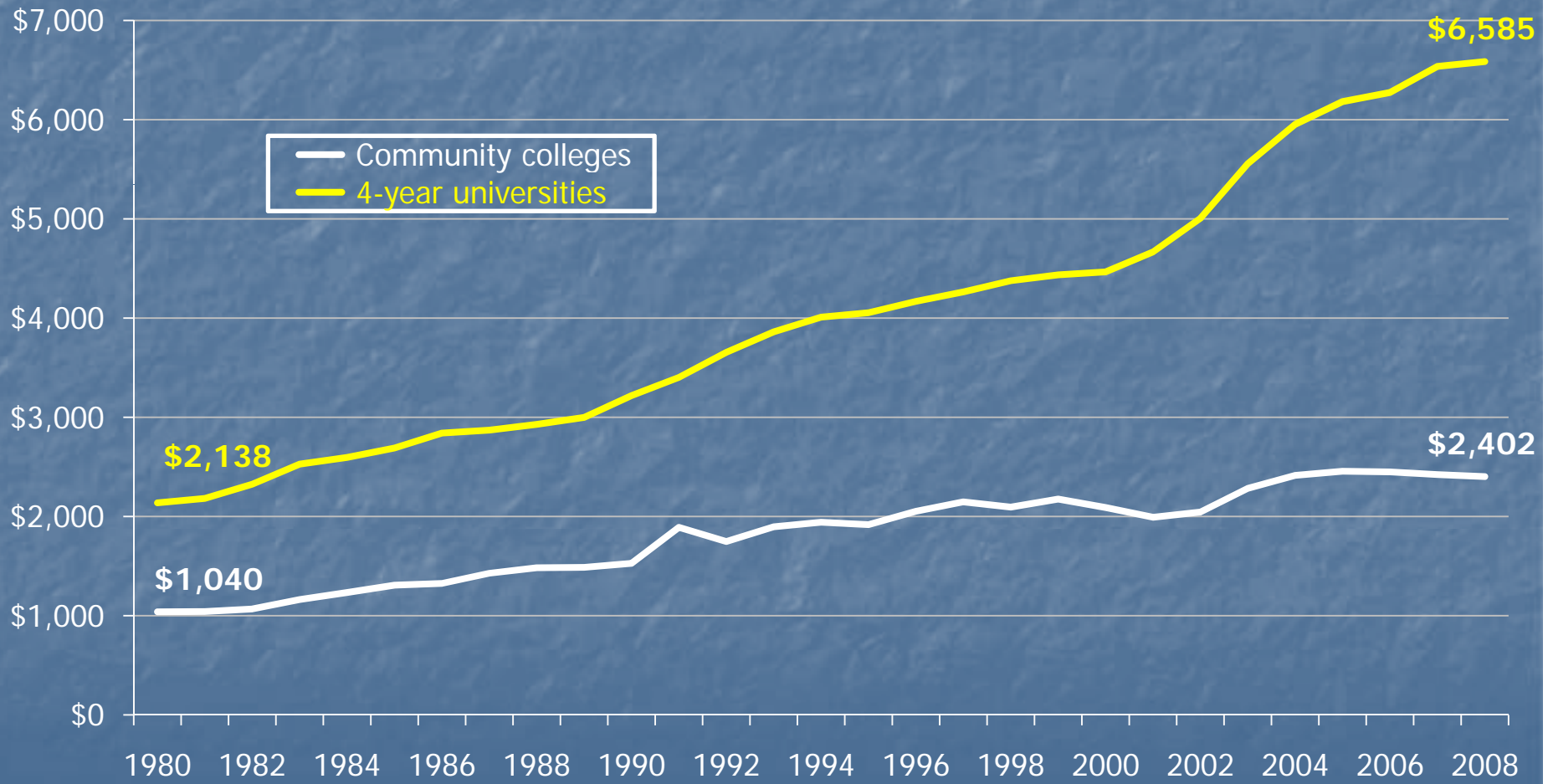
. . .leads to a decline in funding per unit. . .

State funding for higher education per FTE student, constant 2008 \$



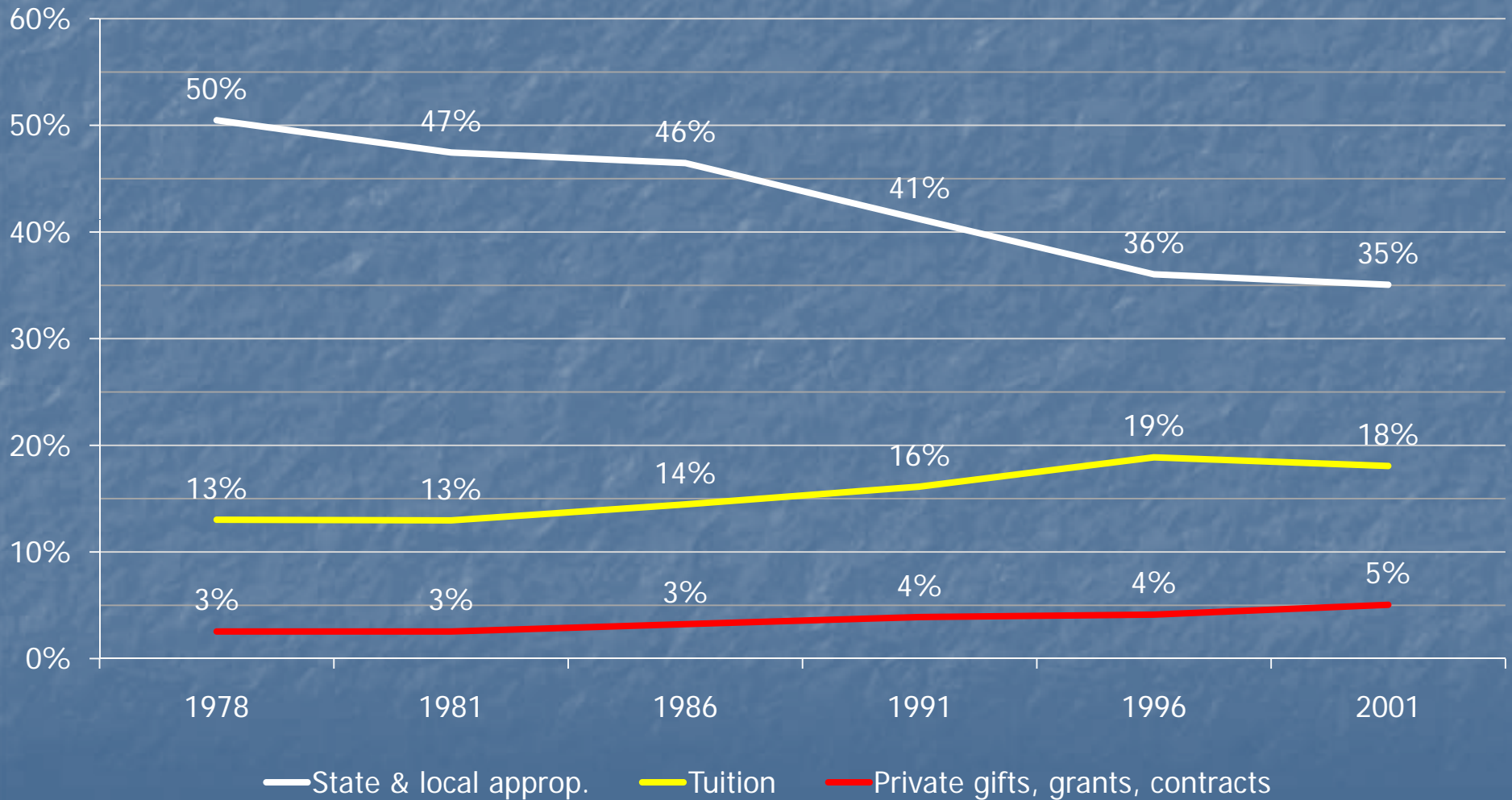
... with the difference made up from tuition

Average tuition & fee charges in public universities, constant 2008 \$



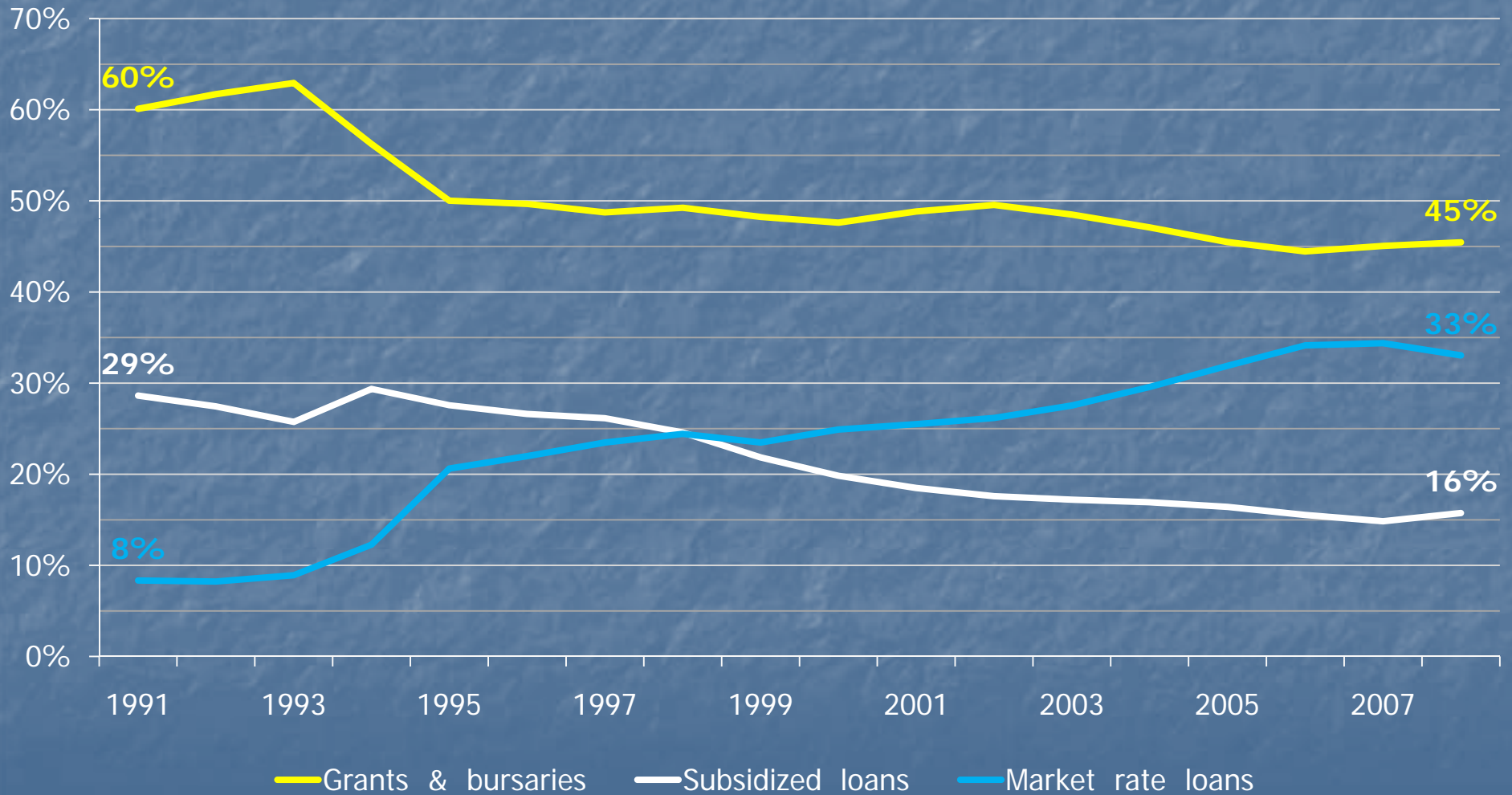
# The changing share of revenues

Shares of current fund revenues from major sources, public institutions



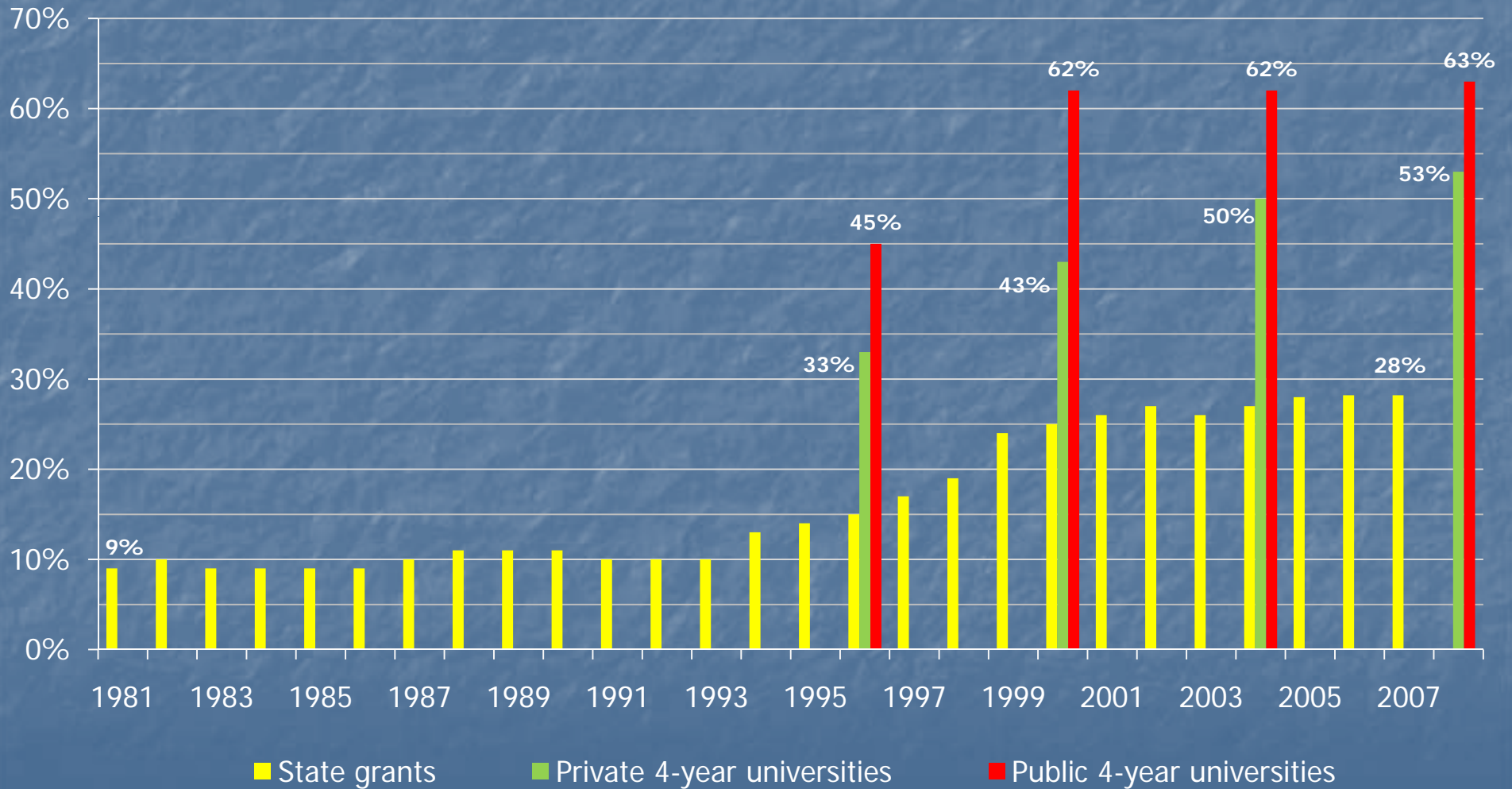
# Financial aid is changing

Financial aid to undergraduates, by type of aid



# Grant aid is also changing

Proportion of grant dollars awarded without means-testing



## What's behind these trends?

- Higher education as a private good
- Higher education as a revenue generator
- The private sector
- A “smaller government” philosophy
- Competition for government resources – the “Big 3” hypothesis
- Rising demand for higher education

# Trends in the UK

- Cost sharing by students
  - Introduction of tuition fees
  - Loans
- Expansion
  - Participation goals
- Future
  - Fee increases & financial aid changes
  - Private loans
  - Privatisation of existing universities
  - Development of a private sector
  - Accountability

## Questions and discussion

<http://www.personal.psu.edu/deh29>