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Would Privatization Help Public Universities Excel?

The move would make colleges less dependent on state budgets but could limit access.

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In a trend that parallels the "charter school" movement among public elementary schools, a number of colleges are seeking to semiprivatize.

These schools say they are tired of getting less money from state legislators. They want to seek additional revenues by setting, and keeping, their own tuition. They also want the freedom to enter into business arrangements without obeying many state rules.

But critics warn that semiprivatization could turn into a debacle for taxpayers and possibly the schools themselves. Privatized colleges tend to charge comparatively high tuition, which can price out low- and middle-income students. Still, the comparatively painless budget cuts imposed so far on the University of Virginia, the University of Michigan, and a few other big flagship universities that have been at least partly deregulated are attracting growing attention.

The University at Buffalo-SUNY is lobbying the New York legislature to let it raise its tuition and, unlike other State University of New York campuses, keep the money instead of sending some of it back to the state general fund. Without more funding, "pretty soon, quality goes out the window," Buffalo President John Simpson says.

But privatization's critics say the high tuitions charged by semiprivatized schools undermine access. "State-related" Penn State is ranked as one of the least affordable public universities in the country. At the University of Virginia, only about 8 percent of the students come from low-income families. At other fully public universities in Virginia, more than 20 percent of the students come from low-income families.

Some attempts to "privatize" have flopped. Miami University of Ohio raised its tuition to about \$23,000 in 2004 and then tried to attract in-state students with "scholarships" that

brought prices back down to below \$11,000. But students were so frightened by the big numbers that enrollment fell. Miami abandoned its experiment in 2008. "We offered a lot of things to justify" that price, says Chuck Kneple, Miami's head of financial aid. But "people are making very strict financial decisions."

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