



Contact: Wendy Patton, 614-221-4505  
[policymattersohio.org/deregulation-oct2012](http://policymattersohio.org/deregulation-oct2012)

## **Deregulated higher education shows troubling results** Higher tuition, less access for modest-income students at systems with less public control, study finds

The most deregulated public college and university systems in the U.S. saw a staggering 89 percent tuition growth in flagship schools over the past decade (inflation adjusted), enrolled the lowest percentage of lower-income students, and devoted the lowest amount of state per capita income to higher education when compared to more regulated public education systems, according to a new report from Policy Matters Ohio.

The study, *Deregulation and higher education: Potential impact on access, affordability and achievement in Ohio*, reviews higher education management structures around the country.

In August 2011, the Kasich administration proposed the *Enterprise University Plan*, an approach that is likely to form the basis for changes to university management in Ohio. The proposal provides broad exemption from state fiscal and administrative statutes; diminished state oversight of real estate, construction, procurement, and legal settlements; elimination of student enrollment caps; and authority to set differential tuition.

“Deregulation in other states has not made tuition more affordable, increased access for low-income students, or increased graduation rates,” said Wendy Patton, senior project director at Policy Matters and report co-author.

“Public support for universities and funding for need-based aid, not management structure, are the key factors that lead to lower tuition and more access.”

In the past 20 years, many states have loosened control over aspects of public higher education. Ohio’s proposal goes further than most – it lacks state-mandated performance targets on retention, graduation, affordability and other mechanisms included in the deregulation of other systems.

Policy Matters compared enrollment, graduation, affordability, and low-income student access for the nation as a whole with three smaller groups of states: highly deregulated states like Colorado and

### Key findings

- A strong higher education system has been crucial to Ohio’s development.
- Leaders have proposed deregulating Ohio universities and reducing state control.
- Reducing state control over higher education has not improved outcomes in other states.
- Inflation-adjusted tuition has increased by 89 percent at flagship schools in the most deregulated states.
- To increase access and completion, and control tuition, Ohio must commit to adequate funding.

Virginia; partially regulated approaches like in Illinois, New Jersey and Texas and coordinated systems as in Kentucky, Maryland and Minnesota.

Ohio's *Enterprise University Plan* is most like the highly deregulated model. The most deregulated systems in our study have seen the highest inflation-adjusted tuition growth at flagship schools since deregulation, an 89 percent jump. At non-flagship four-year universities, tuition has spiked most in the partially regulated schools, the second most deregulated category.

Public investment has plunged across all management structures, with highly deregulated systems investing the least by 2011, a paltry \$3.79 for every \$1,000 in state income, down from \$7.55 in 1991. Ohio's investment also plunged, from \$7.03 for every \$1,000 in state income in 1991 to just \$4.57 in 2011. Low-income enrollment for the highly deregulated group was far behind the control group, just 26.1 percent compared to 37.8 percent.

Public universities and colleges in Ohio helped to dramatically increase higher education levels over the past fifty years. They have given employers skilled professionals, provided a pathway to the middle class, and provided businesses with cutting edge research. However, Ohio college completion levels lag the nation (we rank 34<sup>th</sup>), tuition is higher than average (tied for third most costly relative to median family income), the state has slashed support for higher education and for need-based aid, and it is difficult in Ohio, as elsewhere, for students from middle-class and low-income families to afford college. Federal aid helps: Ohio enrolls more students who are eligible for and get federal assistance in the form of Pell grants (38.9 percent).

The report concludes that reducing public control over Ohio's university system could result in higher tuition and lower access for students from middle- and low-income families. The report recommends that, instead of deregulating, Ohio adequately fund higher education, commit to need-based aid, and establish strong performance targets.

"Ohio's future depends on an excellent higher education system capable of preparing Ohioans to participate in the economy and community," said Michelle Camou, report co-author. "The enterprise plan lost sight of Ohio's own goals, labor force needs, and understanding of higher education as a pathway to the middle class. Outcomes are likely to be better if citizens maintain control over Ohio's public university system."

###

*Policy Matters is a non-profit, non-partisan policy research institute. Michelle Camou, who has a Ph.D. in political science from University of Colorado at Boulder, is a public policy consultant, specializing in urban development, labor, immigration, and higher education policies.*