

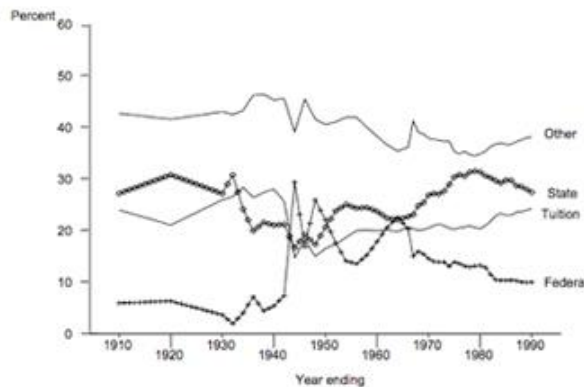


The “State Disinvestment” Myth?

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SOURCES OF CURRENT-FUND REVENUE FOR INSTITUTIONS OF HIGHER EDUCATION: 1909-10 TO 1989-90



As people debate rampant tuition inflation, student debt, etc., it is almost inevitable that someone will bring up “state disinvestment” from higher education. This is often a contention that over the last few decades states, which once seemingly guaranteed near-free college for everyone, decided to pull out and privatize the Ivory Tower.

I haven’t had a chance to research this in minute detail – hopefully I will soon – but the evidence I’ve seen doesn’t support the narrative. Perhaps the most telling visual depiction of the non-disinvestment is figure 20 of the 1993 U.S. Department of Education publication *120 Years of American Education: A Statistical Portrait*. It shows that in the 1910 to 1990 timeframe the big drop in state and local support occurred roughly between 1930 and 1950, not toward the end of the period. According to the underlying data found in table 33, state and local funding as a percentage of total revenue fell from a high of about 31 percent in 1931-32 to a low of roughly 19 percent by 1943-44. It stayed relatively low through the mid-1960s, but by the 1989-90 school year again accounted for roughly 30 percent of revenue. So state and local sources appear to never have provided the large majority of funds to higher ed between 1910 and 1990, and they fluctuated up and down in that time.

Of course, the data in *120 Years* end in 1989-90. Looking at the most recent *Digest of Education Statistics* we can get a sense for what has happened in the last few years (though there are no doubt differences in accounting between *120 Years* and the *Digest* that eventually need to be reconciled). State and total funding data for public and private, nonprofit colleges in tables [333.10](#) and [333.40](#) show that about 19 percent of total higher ed revenues came from state and local sources in the 2011-12 school year, tying the historical basement but still within the roughly 19 to 31-percent band. As recently as the 07-08 academic year, roughly 24 percent of revenue came from state and local sources, basically equal to their share in the mid-1960s and not too far off the rough 100-year trend. In other words, while the percentage of funding coming from state and local sources has fluctuated over the decades, it has stayed in roughly one steady, relatively narrow band, and we remain in that band today.

What might I be missing?

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