

CHAPTER HIGHLIGHTS

THE STATE OF NONPROFIT AMERICA

LESTER M. SALAMON *editor*

Chapter 3 Highlights **EDUCATION AND TRAINING**

Donald M. Stewart, Pearl Rock Kane,
and Lisa Scruggs

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EDUCATION AND TRAINING *

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Nonprofit educational institutions and vocational training providers play a vital and unique role in developing the nation's human capital. But like organizations in other areas of the nonprofit sector, they face serious long-term challenges, ranging from escalating operating costs to growing competition. The most challenged of all within this sector are the nation's small, non-selective liberal arts colleges, which are struggling to maintain their unique focus and identity and, in some cases, just to keep their doors open, according to authors Donald M. Stewart, Pearl Rock Kane, and Lisa Scruggs.

This analysis is part of a broader assessment of *The State of Nonprofit America* coordinated by Dr. Lester M. Salamon of the Johns Hopkins University and published by the Brookings Institution Press in collaboration with the Aspen Institute.

The Nonprofit Role in Higher Education. Until the early 1950s, the nation's higher education student population was fairly evenly divided between public and private institutions. But in the late 1960s, private enrollment leveled off at about 2 million, while public enrollment mushroomed, reaching 11.2 million in 1997. Though accounting for only 20 percent of the college population, however, private schools are nonetheless important players on the nation's academic stage. They include such elite and influential universities as Harvard, Yale, Princeton, and Stanford, and they fill a variety of gaps. Private institutions include the nation's historically black colleges, women's colleges, religiously affiliated colleges, and many small, rural colleges with fewer than 1,000 students.

The Special Risk to Small Liberal Arts Colleges. While the nation's top-tier of private universities and colleges are thriving, their smaller counterparts are having a difficult time. Private institutions rely more heavily on tuition than public universities and colleges—it represents 55 percent of their revenue, compared with 18 percent for state-supported schools. Somehow, private institutions must remain affordable while paying competitive salaries for quality faculty, making necessary technological improvements, and meeting increasing demand for student aid.

In response, some schools have relaxed their standards, increased their student-to-teacher ratios, and made other moves that erode their distinctive contribution to higher education. In addition, in order to attract a broader cross-section of students at a time when there's a general shift away from the liberal arts tradition, many smaller colleges have added career oriented studies, which also undermines their uniqueness.

Other Challenges to Private Higher Education. Other current challenges facing private universities and colleges include declining federal and state appropriations for research, the entry into the education "market" of online providers, and a shift in philanthropic interest from higher education to K-12. Despite these obstacles, enrollments at nonprofit universities and colleges are projected to grow at an annual average rate of 1.7 percent from 2004 to 2010, which is 0.1 percent higher than

the anticipated growth of four-year public institutions. Still, the authors warn that the smallest liberal arts schools remain an "endangered species."

Challenges to Private K-12 Education. Private K-12 education faces different challenges. The proportion of students attending private elementary and secondary schools has remained constant for more than a century—it was 11 percent in 1899 and it remains the same proportion today. One of the reasons for the enduring popularity of private schools is the higher caliber of faculty they attract—men and women who are highly knowledgeable in their subject areas and not interested in taking the teacher-preparation courses required by public schools. But public schools have begun competing for those teachers with aggressive recruitment campaigns that include alternative certification arrangements, sign-on bonuses, and tuition forgiveness plans.

Another challenging development for private schools is the growing need to attract diverse students. This often results in accepting students whose parents lack the means to pay, which obviously decreases revenue. Other recent developments in K-12 education present a mixed bag for private schools. For instance, vouchers could prove a windfall for Catholic schools, but the establishment of charter schools, which basically copy their successful model at a lower cost, could result in more competition for them.

Still, the authors contend that Catholic schools, prep schools, boarding schools, and other independent providers of K-12 education fill so many niches in the systems and are so firmly entrenched in the nation's educational fabric that they will continue to thrive.

Nonprofit Workforce Development Organizations. The authors also look at nonprofit organizations that offer workforce development and training. More than 160 federal programs have encouraged the creation of these services, but in recent years for-profit training centers, employers, and community colleges have increasingly begun to compete for these government contracts. Federal and state policy now promotes coordination of services among these different providers.

The authors believe that nonprofit training programs can continue to play an important role in the delivery of employment and training services if they bolster their operations through strategic and financial planning and technology enhancements. Like other nonprofit educational providers, they can always thrive if they remain adaptive and innovative, while at the same time maintaining high standards of quality and offering greater choice and opportunity to a diverse population.

* Adapted from "Education and Training" by Donald M. Stewart, Pearl Rock Kane, and Lisa Scruggs, in Lester M. Salamon, editor. *The State of Nonprofit America*. Washington: The Brookings Institutions Press, 2002. Published in cooperation with the Aspen Institute.

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Praise for
THE STATE OF NONPROFIT AMERICA

“The State of Nonprofit America gives us a much-needed assessment of one of the true treasures of American society – our private, nonprofit organizations – at a critically important moment in their development. All of those concerned about the special qualities of our society should read and ponder its message.”

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“Tells a readable story of how a multitude of intertwined public and private trends – shifts in demography, public policy and attitudes, technology, the marketplace – have combined to shape today’s diverse nonprofit sector. Beyond reporting on how the sector has responded to past challenges, it provides provocative suggestions for changes necessary to promote nonprofits’ health over the long term. It is a welcome addition to the literature, and I commend this book to anyone interested in the special role nonprofits play in American life.”

– Dorothy S. Ridings, President, Council on Foundations

“Provides a revealing insight into the important role that nonprofit organizations have come to play in the effective operation of our publicly funded services. It makes clear why we must make this partnership work.”

– Stephen Goldsmith, Special Adviser to the President for Faith-Based and Nonprofit Initiatives, Mayor of Indianapolis (1992-99)

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– Sara E. Meléndez, President and CEO, Independent Sector

“The State of Nonprofit America is an indispensable resource for those who seek to understand America’s nonprofit sector and the forces that are shaping it. So good, so complete, it is both immediately relevant and bound to stand the test of time.”

– Peter B. Goldberg, President and CEO, Alliance for Children and Families

Chapter highlights are from “Education and Training” by Donald Stewart, Pearl Rock Kane, and Lisa Scruggs, a chapter in *The State of Nonprofit America*, edited by Lester M. Salamon and published by the Brookings Institution Press in collaboration with the Aspen Institute.

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