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MANAGING THE AMERICAN UNIVERSITY¹

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The first thing to be said about American higher education is that it is not so much a system as it is a collection of colleges and universities, predicated on the idea that access to higher education for students with the ability to benefit from such an education is an important national goal. Thus, American higher education consists of many institutions — more than 3 000 — and enrolls 7.4 million full-time and 5.4 million part-time students.

These institutions are unusually diverse : there are large research universities, small liberal arts colleges, church-affiliated institutions, vocational schools, professional schools — some aligned with a university and others not — two-year community colleges, publicly-supported and privately supported institutions. As long ago as 1870 the United States had more institutions awarding bachelor's degrees, more law schools, and more medical schools than all of the countries of Europe combined².

It hardly needs to be said that these institutions vary greatly in quality. But their very variety reflects the national enthusiasm for founding new colleges or universities to meet changing conditions or distinctive local needs, a tradition with its roots in the very beginnings of American society. As a consequence, American colleges and universities developed in a very unsystematic way, without any grand design to guide their evolution. Yet the advantages of a network of colleges and universities different enough to meet the needs of young people, who differ greatly in both their educational aspirations and their readiness for college, have been considerable, especially in a pluralistic, large scale, governmentally decentralized, and geographically dispersed society like the United States.

A consistent characteristic of American higher education has been the absence of virtually any planning for it by the national government. Even the relatively new Federal Department of Education is concerned primarily with elementary and secondary education — grammar schools and high schools — and in any case its function is not to orchestrate a comprehensive national approach either to the schools or to higher education but to see that education has a voice in the affairs of government at the Federal level and to administer the relatively few education programs sponsored by the Federal government, e.g. student financial aid programs. This arrangement — so surprising to foreign visitors — arises from the strong traditions of local control and individual initiative which have been such formative forces in American life generally.

This is not to say that the Federal government has no role in higher education, but only that it is one of several actors on the educational scene. The Federal government's contributions occur in three general areas :

- First, the Federal government funds roughly half of all basic research performed in American universities - approximately \$ 5 billion a year, largely through contracts and grants administered not by a single entity but by a plethora of government agencies and awarded to individual researchers and faculty members on the basis of peer review;
- Second, modest Federal support is made available for buildings, laboratories, equipment and instrumentation, library acquisitions, and other items necessary for scholarly and scientific work;
- Third, the Federal government funds most of the student financial aid programs available to students irrespective of their residence or home state. In Fiscal Year 1984, the amount appropriated for student aid was \$ 6.2 billion, 44 per cent of all Federal Department of Education expenditures.

These three areas - support for research, for buildings and equipment, and for student financial aid - are the major Federal programs supporting higher education in the United States. But it is important to recognize that, while all colleges and universities are affected by Federal decisions in one or another of these areas, they are not all affected by the same decisions or to the same degree. Research universities, for example, are directly and significantly affected by Federal decisions about funding for research - but research universities make up only a tiny fraction - perhaps three per cent of the total number of educational institutions in the United States (although they represent a larger percentage share of total enrollments). Small liberal arts colleges, on the other hand, are dependent largely on student-paid tuition and fees and on private gifts for their income, and therefore are more deeply affected by cuts in Federally sponsored student aid than are research universities, which have other sources of support available to them.

Thus, it would be a mistake to assume that the Federal government plays the primary or most significant role in supporting higher education. Rather, Federal support has been directed toward stimulating student access to higher education, improving the quality of both developing and established universities, and funding basic research, mostly in agriculture, medicine, and the basic sciences.

If the Federal government is not the supplier of major financial support for higher education, then who is? Again, the answer depends. For example, private *colleges* rely primarily for their sources of revenue on student-paid tuition and fees (many such students are in turn assisted financially by the Federal programs referred to above and/or by similar aid programs sponsored by their home state), gifts (encouraged by government tax policies), and income from endowments. Private *universities*, in addition to these fund sources, depend heavily on contracts and grants from both Federal and corporate sponsors for their research and the fiscal viability of their graduate and professional schools.

Because they depend so heavily on student fees and private giving, private colleges and universities - or the independent sector, as it is sometimes called - have been hard hit by recent economic problems and the declining numbers of high school graduates in certain regions of the country. As recently as 1955, independent colleges and universities comprised 65 per cent of all institutions of higher education and enrolled 44 per cent of American college students. By the early 1980s, the proportion of independent to public institutions had dropped to 54 per cent. Even more dramatic, the proportion of students enrolled in independent institutions had declined to 22 per cent³. If this trend persists, it will have serious adverse consequences for the diversity of American higher education and the valued traditions and independence of our private institutions.

For public colleges and universities - the institutions that educate the vast majority of American students - the major source of financial support is the state governments, and to a

lesser extent, local governments within states. As one might expect, patterns of state support vary considerably from state to state, as do the levels and adequacy of funding, variations being powerfully influenced by public attitudes toward higher education, patterns of governance, and the economic vitality of the individual state. California, for example, has a strong tradition of public support for education at all levels and a vital, healthy economy. These have combined over the years to afford that state the means to sustain not only colleges and universities of very high quality but also a high degree of student access to these institutions, and student mobility among and between them. The independent colleges and universities have also flourished in this environment.

American higher education, then, is an extremely large, highly diverse patchwork of institutions that differ greatly in quality, in character and purpose, in size and complexity, in fiscal stability, and in sources of funding. It is a non-system that by custom and public expectation is dedicated to the principle of broad student access and to the idea that higher education serves both the private needs of students and the larger social goals of the nation and society.

It is against this background and brief explanation of American higher education that I now turn to the management issues.

In recent years, America's colleges and universities have been subjected to two major influences, one demographic and the other economic. Demographically, the pool of prospective students, expressed in terms of the number of high school graduates, is expected to decline sharply over the next ten to fifteen years. Economically, our recent troubles have made significant inroads on the ability of Federal, state, and local governments to support education, on the capacity of students and their families to defray the growing costs of higher education, and on the ability of our universities and colleges to maintain the scale and scope of their academic programs, their grounds and buildings, their libraries and equipment, and their appeal to present and prospective faculty members.

The institutional impact of these two developments, of course, is far from even. Demographic projections, for example, indicate that over the next ten to fifteen years the United States as a whole will experience a decline on the order of 25 per cent in the number of high school graduates. But some sections of the country are expected to be much harder hit than others — the decline in the Northeast and Midwest may be especially severe, ranging from 30 per cent to 49 per cent during the years 1979 to 1994. At the same time, it is anticipated that the West and the South will undergo smaller declines in the numbers of high school graduates and will recover lost enrollments sooner than other areas of the country. In the Rocky Mountain states, instead of declines there will be increases in the pertinent age cohort. (It should be noted that the growing numbers of part-time, non-traditional, and adult students entering American colleges and universities are helping to mitigate the downward pressure on enrollments).

Further complicating this picture are the migration patterns from state to state and region to region. These are significant and are only partially related to economic factors. The Northeast and Midwest — home of many traditional heavy industries, such as automobiles and steel — are losing population; the West and the South are gaining it. What this means is that some colleges and universities are faced with managing an environment of decline; some with a steady state; and others with one of expansion, depending on such variables as location, nature of the academic program, size, sources of funds, cost to students, history, and so forth. Generally speaking, highly selective universities with reputations for academic excellence are expected not only to survive but to do quite well; small, independent, less selective, and more geographically remote colleges are considered most likely to be threatened.

However much variation there may be in the management issues facing the some 3 000 institutions of higher education in the United States, there is also much that is similar. I wish

now to turn to the University of California and to the internal and external issues that demand our attention as an institution, not because we are unique but for the reason that we are more typical than most might suppose — at least for purposes of this analysis.

First, a brief profile. The University of California is a publicly-assisted, multicampus system consisting of nine campuses — eight general purpose campuses and one devoted exclusively to the health sciences. On these nine campuses are enrolled 145 000 regular students; another 325 000 are enrolled part-time through University Extension, a non-degree earning program of off-campus, adult education that is entirely self-supporting.

It is also California's land-grant university, responsible for overseeing and managing a far-flung and complex array of programs and services of special interest to California agriculture. The University's involvement in this area has helped make agriculture California's single largest business. Under California's Master Plan for Higher Education, adopted by the state legislature in 1960, the University has responsibility to offer instruction leading to baccalaureate and master's degrees and is assigned sole responsibility to offer the doctoral degree and work at that level in the several professions. The Master Plan also designates the University as the state's primary research institution. Thus, the University is heavily engaged in research in virtually all fields of knowledge, but especially in agriculture, medicine, and the basic sciences. For example, the University offers training and research in fourteen health sciences schools on six campuses. It operates five teaching hospitals and a variety of clinics throughout the State. The work of these hospitals and clinics makes the University a significant provider of health care to the citizens of California. In addition, the University manages four major research laboratories for the Federal government, one in Los Alamos, New Mexico, and three in California, located in Livermore, Berkeley, and Los Angeles.

In all, the University employs 105 000 persons and spends \$ 5.5 billion a year. Of that amount, approximately twenty-five per cent is supplied by the state of California, thirty-nine per cent by the Federal government, and thirty-six per cent from other sources : hospital income, student fees, gifts and endowments, fees for service, and so forth. The Federal share in this case is more significant than for most research universities owing to our management of the very large Federally owned laboratories at Los Alamos, Livermore, and Berkeley.

FINDING SUPPORT

All in all, the University of California is a very large academic enterprise, requiring continuous and major infusions of money. And you will not be surprised that the first management problem I wish to discuss is that of how research universities of our kind obtain the resources necessary to sustain their wide-ranging missions of teaching, research, and public service.

We need first of all to recognize that adequate financial support can no longer be taken for granted, even by relatively secure institutions, as it tended to be in the 1950s and 1960s. The reality is that higher education is more than ever in direct competition for scarce dollars with an established array of social and welfare programs that have grown dramatically during the past twenty years. As a result, colleges and universities are becoming more aware of their dependence on the external environment — the importance of an understanding public and a supportive government — than was the case during the heady days of growth following World War II, when funds were in generous supply and competing social programs were in a more formative stage of development.

This state of affairs requires us to do several things at once. First, we must do a demonstrably excellent job of managing the resources we have. Next, we must convince those upon whose support and good will we rely that fiscally sound and functioning colleges and

universities are in the nation's interest. Next, we have to make it clear that cost-benefit analyses have serious limits when the analysis involves teaching and research, and where work of high quality is the desired outcome. And, finally, we need to be proactive, not passive, in communicating these messages. We need both to understand and to participate in our governmental and political processes not as ideological partisans, but as informed, sophisticated participants seeking to share the significance of our message and to secure the resources needed to do the job.

What this means is that the effort to seek adequate resources and to increase public understanding of what we do must go hand in hand, and at the University of California we are trying very hard to do just that. Like many other institutions, the University of California is just now emerging from some exceedingly difficult years — nearly two decades of inadequate state support and a devastating inflation that have threatened our ability to maintain the quality and numbers of our programs and the caliber of our faculty. Fortunately, that trend seems to be reversing, thanks in part to an impressive economic recovery in California and in part to a renewed commitment by state government to support education more generously as an investment in California's social and economic future.

Public opinion polls tell us that education is once again high on the list of institutions Americans respect and are willing to support. This is true at both the state and national levels. Yet this welcome improvement in our fortunes is no reason for complacency. Higher education will fall short of seeking and securing the public and financial support it so crucially needs if we fall short of convincing the public and those who represent it in government at all levels that we know what we are doing, why we are doing it, where we are at present, where we wish to go, what it will cost to get there, and why the investment needed to get us there will yield benefits that are commensurate with the cost. Generally speaking, we have been less effective in this effort than we need to be, but more actively involved in this process than is generally true of colleges and universities elsewhere in the world.

DEMOGRAPHICS

Some comments now on demographics. California, like other Western states, had not expected to realize as great a decline in the number of high school graduates during this decade as, for example, states in the Midwest and the Northeast. Surprisingly, the University of California's enrollment, instead of modestly declining, has actually increased. In 1984/85, for example, the largest number of students in the University's history will be enrolled on its nine campuses.

What happened? It is possible that the impact of the declining high school graduation rate is simply delayed and will be realized later in the decade. I do not think so, however. It seems to me far more likely that what we are seeing is a reflection of a growing public recognition that education matters in a society like ours, that education costs (in terms of foregone income and costs of attendance), that the cost becomes an investment if the education gained is a superior one, and that the University of California offers such an education. If this is true, then the implications for management are clear: it is more important to concentrate on doing well what one does best, sustaining standards of excellence and cultivating public expressions of respect and regard for the quality of one's programs, than it is to adopt a policy of accommodation, such as watering down academic programs or standards in the expectation of broadening the pool of eligible students or acceding to those who would have one believe that marketing surpasses authentic excellence as a strategy for survival.

In California, there is another aspect of demography more significant and with longer-reaching implications for our colleges and universities than the size of the college-age cohort:

namely, the ethnic composition of our population, a change that is being hastened by a tide of immigrants into the United States, especially into the Southern and Western parts of our country. The dimensions of this phenomenon, and its impact on California, will be enormous.

During the 1970s, the United States experienced a flood of immigrants that rivaled the great waves of immigration at the turn of the century. Although we do not know precisely how many immigrants entered the country during the 1970s — primarily because we have no reliable way to estimate the number of illegals who entered — a reasonable estimate is that approximately 8 million immigrants (legal and illegal combined) crossed the borders between 1971 and 1980... California received nearly 30 per cent of the newcomers — a percentage far in excess of its 10 per cent share of the nation's total population... Approximately half of California's population growth during the decade was due to immigrants⁵.

California's attractiveness, according to this analysis, is a function of three factors :

The state has a rich economy, is located in the right place, and has a long history of non-European immigration... California's position at the hub of the Pacific Basin and adjacent to Latin America makes it a natural entry point for immigrants from Asia and Latin America, from which 70 per cent of the nation's immigrants now come⁶.

As a result of these developments, and the fact that California already has a number of expanding minority groups, it is expected to become by the turn of the century the first American state with a population made up of a majority of people from ethnic minorities.

It is hard to overestimate the significance of this profound demographic shift for education in California. For example, we cannot assume that the programs we have offered for more traditional students will be appropriate for the new student generations that will soon arrive, eager for education. At the same time we cannot forfeit the traditional standards of high performance and high expectations that have made the University of California what it is. Such a policy would serve neither our interests nor those of our students. How we shape our educational programs to meet the growing heterogeneity of California's population is one of the strategic concerns for my university and my state.

One thing is obvious: higher education cannot meet this challenge by itself. How well students perform in our colleges and universities depends in large measure on how well they have been prepared for college-level study in primary and secondary education. The evidence suggests — and I am speaking of the education offered all students, not just members of minority groups — that the quality of pre-college education has been declining for some time. This is a national phenomenon. In an effort to reverse this trend in California, the state legislature just last year passed the most comprehensive school reform bill in California's history, legislation that included much-needed funds to improve the quality of instruction and the caliber of elementary and secondary school teachers. But it is just a beginning. Higher education and the schools will need to work together more in the future than they have done in the past to raise standards and clarify expectations and motivate students to perform to the limits of their ability.

OTHER ISSUES

Having discussed in general terms the two major factors affecting the management of American higher education — the economic and demographic forces at work in our society — I wish briefly to summarize the other issues that warrant comment. Once again, I use the University of California as an example; and I put these issues in the form of strategic questions:

- How can the University's academic freedoms and institutional independence be secured when the former functions within an environment that tends to politicize every issue and the latter, when asserted, only evokes efforts to further centralize governmental authority ?
- How can the University preserve and enhance its academic standards when the average graduate of our high schools today is not as well educated as the average graduate of twenty-five or thirty-five years ago, when a much smaller proportion of our population earned the high school diploma ?
- How can the University be more effective in drawing to its student body, faculty, staff, and administration persons whose ethnicity and sex more fully reflect the heterogeneous population of our State; that is, how can we afford in larger measure for those persons the same opportunity for education and social and economic mobility that Americans have always sought ?
- How can the University infuse its general education programs with more coherence, and its upper division programs with more significance, so that we liberate more than we confine the educational, career, and life choices of our students ?
- How can the University preserve and magnify the quality of its graduate and professional schools, while remaining alert to our opportunities and protective of our present strengths ?
- How can we discover better ways of sharing more widely what we know without coming into conflict with our freedom to seek and to impart knowledge and the conditions that accompany the funding of our efforts ?
- How can we secure solid, public support for this University, sustainable support that will permit us to count upon Californians and those who represent them in elected public office to wish us well both in spirit and in sustenance; and
- How can those of us, more responsible than most for the University's present and future condition, discern the winds of change that blow across our social, economic, political, and cultural landscapes such that we, rather than the force of circumstances, position the University for its future ?

Each of these issues could well be the subject of a separate paper, and I present them in this abbreviated form simply to suggest that they warrant further discussion and consideration. Universities exist for many purposes and they serve many ends. One of those purposes is to remind us of what has lasting value, of what endures beneath the currents and eddies of everyday life. As we consider our responsibilities, we would do well to adopt what Lord Ashby once called an "attitude of constructive defiance" against the times, especially when those times are as demanding and difficult as the past two decades have been for higher education. I want to close by mentioning an example that comes not from American but from English history. I draw from J.R. Green's *Short History of the English People*. The year is 1648. In that year we are in the midst of the Puritan Revolution, of civil war in England, and we read of the outbreak of the Royalist revolt in February, the revolt of The Fleet and of Kent in May, of the campaigns of Fairfax and Cromwell in Essex and Wales in June and July, of the Battle of Preston and the surrender of Colchester in August, and of Pride's purge in December. And at the end of a gloomy, bloody recital, we come to this entry in italics: *Royal Society begins at Oxford*.

In the midst of all that is transitory in our age, we may yet discern something permanent, something that will outshine all the violence in our contemporary struggles for power. I believe that universities bear the standard of significance in a world awash with trivia. They are one of civilization's truly authentic triumphs. While conserving the past, they help mould the future — a wellspring of ideas, beneficial to our world of which they are so pivotal a part. Our capacity to manage these institutions well bears significantly on the ability of free societies everywhere to preserve their liberties and the individual freedoms of those who comprise them.

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