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Point of View *By Arthur Levine*

Higher Education's New Status as a Mature Industry

DURING THE LATE 1980S AND 1990S, government support for higher education declined, both financially and politically. College leaders have offered two primary explanations. The first is that these are bad times for government; officials simply have less money to give away. The second is that government priorities have changed, particularly in the states. Colleges have given way in importance to prisons, health care, and highways, and, even within education, schools now get preference over colleges. Both explanations assume that the changes are temporary, that higher education's priority will rise again in the future.

I would suggest a third, more permanent explanation: American higher education has become a mature industry. More than 60 per cent of all high-school graduates now go on to some form of postsecondary education, and many state officials see that rate as sufficient or even too high. I see no enthusiasm among government officials for increasing the college-attendance rate to 70 or 80 per cent of high-school graduates.

This attitude represents a dramatic change. Throughout this century, colleges and universities have been a growth industry. Except during two world wars and two years of the Depression, college enrollment has risen every year. In the decades following World War II, the biggest and most persistent demand that government made on higher education was to increase capacity—to provide access to more and more people. Rising government support for both public and private institutions was the norm, and few questions were asked. This is the lot of growth industries in America.

But government treats mature industries that receive considerable federal largesse very differently. Think of the health-care industry. Government seeks to regularize or control such enterprises. It asks hard questions about their cost, efficiency, productivity, and effectiveness. It tends to reduce their autonomy, increase regulation, and demand greater accountability.

This is precisely what is happening to higher education today. Government is asking questions of colleges and universities that have never been asked before. The overall cost of the enterprise is being scrutinized, and tuition fees are being attacked loudly and continuously. Financing formulas are being re-examined. Student financial aid is shifting from grants to loans.

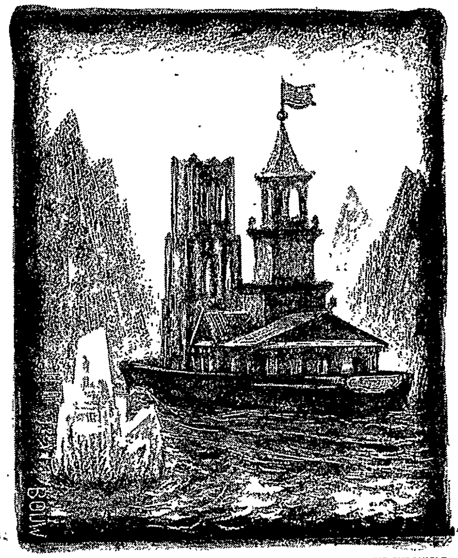
Questions of productivity and efficiency are being raised. How much should faculty teach? How much should it cost to educate a student? Can campuses be replaced by new technologies? Should there continue to be lifetime employment or tenure for faculty members? How much duplication of courses and programs is necessary? How much should be spent on graduate *versus* undergraduate education?

Questions of effectiveness are being asked, too. Why aren't graduation rates higher? Why should students take more than four years to graduate from college? Why do colleges offer remedial education?

Government is shifting the terms of the relationship between higher education and the public. It is now more concerned with the outcomes of higher education—what students learn—than with the processes of colleges—what faculty members teach, and the credits and courses that are offered.

The effects of all this will be profound. As a growth industry, higher education could almost count on additional resources annually, so new activities were simply added to the old. Today and in the future, with resources stable or declining, change must occur by substitution. If something new is added, something old must be eliminated.

Yet despite much rhetoric about having to make choices, most colleges and universities in the country still are fundamentally alike. They vary primarily in terms of the number of professional programs they offer and in the size of their upper-division and graduate programs. In the face of the continuing pressures to eliminate redundant offerings and to establish priorities among programs, though, institutions must move from being something akin to full-service department stores to becoming more sharply focused boutiques. The common wisdom is that higher education must do more with less, now and in the future. The reality is that institutions will have to do less with less.



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And the pressures are likely to be permanent. Even if budgets improve for the federal government and for states, officials still must respond to demands for spending on health care, prisons, and repair of deteriorating infrastructure such as highways—all of which many citizens value at least as much as higher education.

Even in states that expect substantial growth in college enrollments during the next decade, colleges must find ways to present education more efficiently, at lower costs per student than in the past. The states simply cannot afford to buy more higher education. If we refuse to focus our operations on what we can do best, and we avoid other basic changes, government will take the lead and, out of frustration and anger, restructure higher education without our assistance.

Thus far, higher education as a whole is doing a miserable job of answering some of the basic questions that government is asking. We still are unable and, on many campuses, unwilling to answer the hard questions about student learning and educational costs that government should always have asked colleges. Once it was adequate to say American higher education is the best in the world and cheap, given the public returns on investment. This is no longer sufficient.

NOT LONG AGO, I visited a state in which the legislature was considering a bill to tie faculty salaries entirely to time spent in the classroom. I asked faculty members at a major research institution in that state what they thought of the bill. Their general response was to brand it "intellectual McCarthyism." I wondered how such bright people could be so out of touch with reality. They entirely missed the point that the government had labeled their workload insufficient and was punishing them for their unwillingness to improve.

The questions about costs *versus* outcomes won't stop if we continue to drag our feet. That will only bring state action—more labeling of certain practices as bad, and more punishment for inaction. It also will prompt businesses, which have criticized higher education for its high cost and low productivity, to challenge colleges by offering more of their own programs and degrees. One way or another, we are now ripe for a takeover by public or private forces.

HIGHER EDUCATION simply must learn to function as a mature industry. Yet, faced with declining resources, higher education's first response was to try to raise more money. Tuition prices rose well above the rate of inflation. More admission officers were hired, to attract more students. Development staffs were expanded, to raise additional money. More student-affairs professionals were hired, to reduce attrition. And financial staffs were beefed up, to control spending. But many institutions found that this course of action only increased costs; it didn't produce more revenue.

The second response was to cut costs the relatively easy way—by making across-the-board budget cuts, imposing hiring freezes, and deferring maintenance. The stated goal was to preserve institutional quality, staff morale, and student access. The reality was that preserving quality turned out to be a synonym for maintaining every program and every faculty member on campus, thus preserving morale.

This strategy sacrificed quality to avoid rocking the boat. Strong and weak programs were cut equally. Staff reductions followed random attrition patterns rather than institutionally determined priorities. Only the commitment to student access was allowed to wither. That has been preserved rhetorically and abandoned financially on many campuses, by raising tuition costs and reducing financial aid.

All in all, our actions are akin to a boat's hitting an iceberg and the captain's announcing that his highest priority, as the boat sinks, is saving the crew. The next priority is avoiding any inconvenience by continuing *all* activities—the midnight buffet, the bingo game, the shuffleboard tournament. The third priority is repairing the boat. And the fourth and final one, should time permit, is saving the passengers.

Aside from penalizing the students and diminishing academic quality, the other problem with the across-the-board approach is that it doesn't save enough money. This has led to a third response: Realizing that they must make some tougher choices, colleges and universities have decided to identify areas central to their missions, as well as more-marginal activities that could be reduced or eliminated. But relatively little change has ensued, because the usual mechanism to accomplish this has been creation of an 87-member strategic-planning committee, which, after two years of weekly meetings, manages to select one program for cuts—which has not had a student in three years. The panel's recommendation triggers a faculty no-confidence vote in the president. A new president ultimately is hired, who says, "We can get out of this situation by raising more money." And the cycle starts again.

This is, of course, a parody of how higher education has responded to its new status as a mature industry. But the truth is that colleges and universities have been unable to accept their new situation or to develop successful methods for responding. It is not an exaggeration to say that many government leaders are more angry today with higher education than they ever were with schools. Words like "arrogant" and "self-serving" are commonly used in statehouses to describe colleges and universities. It is imperative that we do better. There really is no alternative.

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