Higher Education in the United States

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I. Introduction and Overview

Like the country as a whole, the American higher education system is relatively young. The first institution (Harvard University) was founded in the 1600's – post-dating the world's first universities by centuries. In the 400 years since its origination, U.S. higher education has evolved into a complex, multi-layered and continually changing network of institutions that is unique in the world in terms of positive traits, negative aspects, and pressing issues and challenges.

Defining Characteristics
Key features of the current U.S. higher education system include:

- *Big numbers*. There are over 4,500 degree-granting institutions in the U.S., which collectively enroll over 20 million students. Table 1 indicates the breakdown of institutions and enrollment by sector and institution type, while Table 2 illustrates growth in the system over the past 20 years.

  Table 1: U.S. Higher Education Institutions and Enrollment

Fall 2011	Public	Private
Two-year	Community Colleges[1] 967 Institutions (21%) 7,062,467 Students (34%)	Junior Colleges 770 Institutions (16%) 437,515 Students (2%)
Four-year	State Colleges 238 Institutions (5%) 1,189,777 Students (6%)	Liberal Arts Colleges 1,731 Institutions (37%) 1,809,667 Students (9%)
University	Research Universities 444 Institutions (9%) 6,857,952 Students (33%)	Research Universities 553 Institutions (12%) 3,636,735 Students (17%)

Source: Digest of Education Statistics, U.S Department of Education, National Center for Education Statistics

[1] Unlike in other countries, in the United States, the term "college" refers to higher education (versus secondary) institutions.

Table 2: U.S. Higher Education Growth

	1995-96	2005-06	2010-11
Number of degree-granting institutions	3,706	4,276	4,703
Total enrollment	14,261,781	17,487,475	20,994,113
Total degrees awarded	2,247,695	2,936,095	3,552,640
Number of instructional faculty	931,706	1,290,426	1,523,615
Number of staff (incl. faculty)	2,662,075	3,379,087	3,840,980

Source: Digest of Education Statistics, U.S Department of Education, National Center for Education Statistics

- *Diversity*. Within the broad institutional categories noted in Table 1, there are myriad variations in terms of institutional mission and goals, populations served, academic culture and focus area, and an array of other variables. Examples include religiously affiliated schools, women's colleges, historically black colleges and universities (HBCUs), minority (e.g. Hispanic) serving institutions, and those whose mission is to serve "non-traditional" (i.e. older, often working) students. In terms of academics, there are comprehensive universities that offer a wide variety of subjects, liberal arts colleges (e.g. Amherst College), science and technology focused institutions (e.g. MIT), schools that focus on one particular field (e.g. Massachusetts School of Professional Psychology), and others (for profit and not-for-profit) that provide technical or career training. Size, funding sources, location, degree programs offered, and prestige vary considerably as well.

- *Decentralization*. There is no centralized coordinating body for American higher education. While individual states have their own multi-institution systems of public institutions with some centralization, most decision-making (academic, financial, organizational, and otherwise) happens at the institution level. Governance and oversight mechanisms are explored in Section III below.

- *Autonomy*. Hand-in-hand with decentralization, U.S. higher education is characterized by a high level of autonomy. While there are accountability mechanisms in place, particularly for public

colleges and universities, institutions are largely in control of their own missions, decision-making, and operations. The theme of autonomy is also evident in terms of faculty and students. As is explored further in Section V below, academic freedom is a core value; faculty have substantial control over their research, teaching, and other activities. Similarly, students are afforded considerable latitude to select courses (within broad guidelines and requirements, including for general education) and pursue their academic interests.

- *Accessibility*. According to OECD, in 2012, 42% of 25-34 olds in the U.S. had some level of higher education attainment.[2] Within and beyond this age group, the American student body as a whole is very diverse, with an array of cultural and ethnic backgrounds, socio-economic levels, and academic interests. Access is not, however, equal across all of these categories, and the system as a whole is still wrestling with how to create fair admissions policies that result in an inclusive, diverse mix of students, and ensure a good "fit" between students and the institutions in which they enroll. As is explored further in subsequent sections, questions about outcomes and quality assurance also loom large.

- *Research production*. Although there is variation by institution type, as a whole, the U.S. higher education system is research intensive. Research production is a key priority for faculty, and an important part of how they are evaluated and rewarded (see Section V below for more details). Institutions – particularly, though not limited to – research universities, receive substantial funding from federal agencies and other organizations to support research activities.

- *Educating the "whole person."* While academics are certainly a focus, the co-curriculum, residential life, health and wellness, career counseling, and other aspects of student life are also considered a key part of the "college experience." This is particularly true at schools where students are of traditional age and live on campus, but community colleges and institutions of other types are also expected to attend to these areas.

  Students often visit campuses to "get a feel for" the institutional climate prior to applying (although this is not always the case for students with limited economic means), and the admission process takes into account extra-curricular activities, essay responses, and other non-quantitative factors that are intended to indicate how prospective students will contribute to the culture and life of the institution. The "whole person" mentality also influences the curriculum; general education requirements are a key feature of undergraduate degree programs, with the goal of preparing students for adult life and providing them with the knowledge they need to be informed citizens who contribute effectively to society.

Key Historical Moments

Not surprisingly, the defining characteristics of the current American higher education system are rooted in its history. Important milestones and events include:

[2] OECD Education at a Glance 2012: United States Country Note: http://www.oecd.org/unitedstates/CN%20-%20United%20States.pdf.

- *Harvard College established – 1636.* As the first higher education institution in the U.S., Harvard became the model for subsequent "colonial colleges," including the College of New Jersey (which later became Princeton University), The College of William and Mary, King's College (which became Columbia University), and Dartmouth College, among others. Harvard's curriculum included a liberal arts subject base, and incorporated moral and religious study in an effort to prepare students for life as a whole, rather than a particular career. As a residential institution, Harvard laid the foundation for the "educating the whole person" ethos that is still present in U.S. higher education today, and the development of general education requirements that are a core part of the curriculum at many institutions.

- *Morrill Land Grant Act passed – 1862.* This legislation set aside public land for the purpose of building higher education institutions ("land-grant" colleges and universities – examples include the University of Minnesota, Iowa State University, and University of Maryland, among many others). The result was broader geographic access to higher education, as well as a greater diversity of subjects taught, including agriculture and engineering.

- *Johns Hopkins University established – 1876.* As the first *research-focused* university in the U.S. (various others lay claim to the title of "first university"), Johns Hopkins introduced research as a component of the mission and activities of American higher education.

- *New England Association of Schools and Colleges formed – 1885.* As the first regional accrediting organization in the U.S., the establishment of NEASC laid the groundwork for the current regionally-based accreditation system (more details are provided in Section IV below), and brought attention to the importance of quality assurance in higher education.

- *Civil Rights Act passed – 1964.* By prohibiting discrimination based on race, color, religion, or national origin in public-serving facilities and institutions, this legislation increased access to higher education for students from an array of backgrounds. The high priority placed on diversity in U.S. higher education today has its roots in this era.

- *"Massification" of U.S. higher education – 1964-1976 (roughly).* The GI Bill of 1944 (which provided opportunities for soldiers returning from World War II to attend college), followed by the Civil Rights act led to huge increases in the number of students enrolling in higher education, and as a result, in the number and diversity of institutions nationwide. It was during this period that the current U.S. higher education system, with its emphasis on access and diversity of students and institutions, took shape.

Noticeably absent from this list is the creation of a Ministry of Higher Education or other governmental coordinating body, which is reflected in the decentralization and high level of autonomy that characterize the U.S. system. The U.S. Department of Education was founded in 1867, however its purpose was to "collect information and statistics about the nation's schools,"[3] rather than provide oversight. While the Department's role has expanded and changed since then, it is still much more limited in scope than is typical for Ministries in other countries, and is focused more on K-12 (primary

[3] U.S. Department of Education website: http://www2.ed.gov/about/overview/focus/what_pg2.html#whatis.

and secondary) education than higher education. The governance and decision-making mechanisms that *do* exist in U.S. higher education are discussed in Section IV.

Recent developments and current priorities

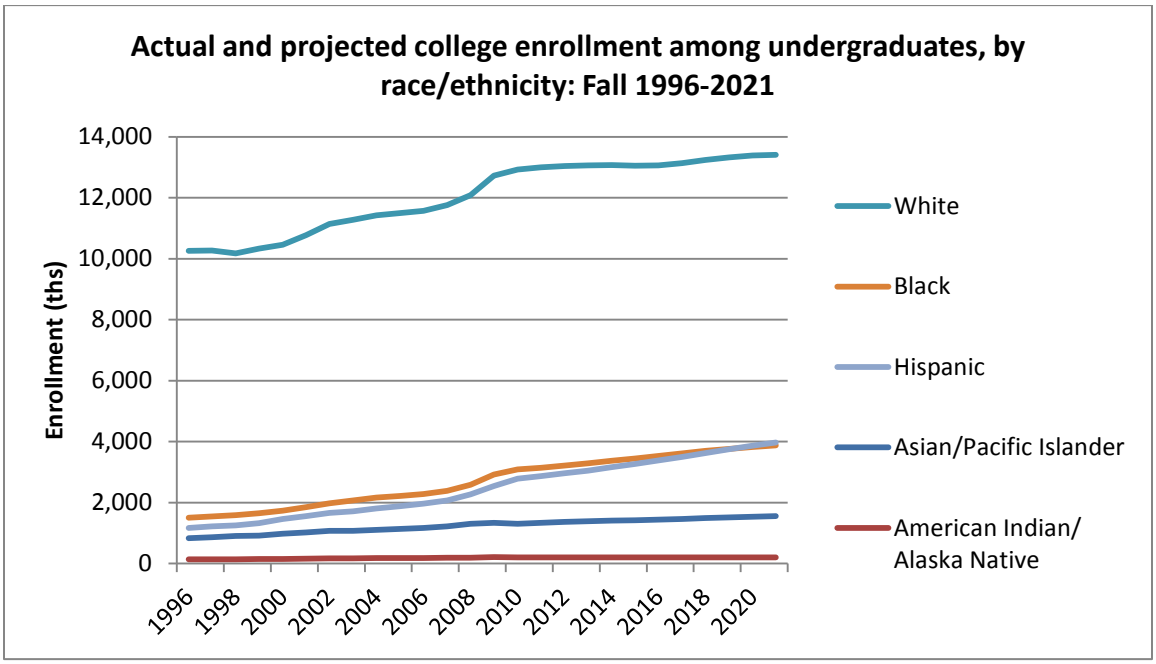
In the 30 or so years since the end of U.S. higher education's major period of massification, the system has continued to evolve, and new issues and challenges have emerged. Recent developments and current priorities for the system as a whole and for individual institutions include:

- *Increasingly, higher education is seen as a private rather than public good.* As part of a larger philosophical discussion about the shared value of an educated electorate in a democratic society, public funding of colleges and universities has been brought into question, and calls for cost-cutting and greater accountability by institutions for the money they receive are on the rise. Tuition has increased dramatically and federal and institutional aid is often insufficient to cover the cost of college attendance; students are largely expected to pay for their education by taking out loans, which means they leave college already saddled with debt (see Section IV for more details on financing issues). Concerns about accessibility for students from economically disadvantaged backgrounds persist, but momentum to address the situation is lacking due to the public-to-private-good shift in mentality.

  This shift in mentality has also given rise to a "consumer" attitude towards higher education. Students and their parents "comparison shop" among institutions, seeking those that provide the best perceived value for their investment. Institutions compete with each other not only based on the quality of the education provided, but on the facilities and other amenities they provide, which can lead to additional expenditures and yet higher tuition.

- *Equity is a concern.* As Chart 1 indicates, the U.S. student body as a whole is still largely comprised of white students; the gap between the number of white students and the number of minority students is not expected to close in the near future.

Chart 1: Higher Education Enrollment Rates



Source: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).

In recent years, the U.S. Supreme Court has ruled on a number of cases related to affirmative action[4] policies at public universities, which are designed to address this imbalance. Proponents assert that such policies are needed in order to continue to broaden access and ensure an "equal playing field" given differences in opportunities for college preparation; opponents contend that in order to be fair, admissions decisions should be based on merit and qualifications alone. The debate also includes discussions of who (e.g. members of which minority groups) is considered disadvantaged.

- *Due to demographic trends, overall enrollment growth is slowing.* As indicated in Table 2, enrollment in the U.S. was on an upswing for the first decade of the current century. However, comparatively low birth rates in the 1990s mean that the pool of traditional college-aged students is shrinking in the U.S. Institutions in all parts of the country are wrestling with slowing enrollment growth, which is especially problematic in the face of stagnant state funding in many areas. As a result, institutions are looking for new markets – particularly older, "non-traditional" students and international students – and are developing programs to meet their needs in terms of content, schedule, and other factors.

[4] The American Association for Access, Equity, and Diversity defines the term "affirmative action" as "positive steps aimed at increasing the inclusion of historically excluded groups in employment, education, and business. Such steps are not designed to offer preferential treatment to, or exclude from participation, any group. To the contrary, affirmative action policies are intended to promote access for the traditionally underrepresented through heightened outreach and efforts at inclusion." Website: http://www.affirmativeaction.org/about-affirmative-action.

- *New educational models are emerging.* In addition to modifications to "traditional" programs to meet the needs of a wider range of students, entirely new models for higher education delivery are coming onto the scene. Chief among these are for-profit providers and on-line education, including MOOCs, which theoretically are designed to allow enrollment flexibility and timely degree completion. "Competency-based" education and "credit for prior learning" arrangements that allow students to reduce their time-to-degree by receiving academic credit for "life experience" are also receiving attention. Quality concerns abound, however, and the effectiveness of these new modalities in terms of broadening access is still an open question.

- *There is an increasing focus on completion rates and outcomes.* Particularly given the personal monetary investment that is often required by students, coupled with quality concerns about the new delivery models just described, concerns about completion rates and educational outcomes are coming to the fore. The government, institutions, and the public are realizing that access is not sufficient; getting students in the door, but watching them leave without completing a degree is seen, to some extent, as worse than never admitting them at all.

  And, during the recession in recent years, graduates (many of whom carry significant debt) found employment hard to come by, which has brought greater attention to educational outcomes – particularly in terms of employability. Although the economy is improving, questions continue about the workforce applicability of certain subjects, the role of general education, and the ethos of "educating the whole person" that has traditionally been part of U.S. higher education. Though controversial, the recent Obama administration initiative to rate higher education institutions based on the employment rates of their graduates, among other outcomes, highlight concerns in this area.

- *Community colleges are receiving attention.* Once considered a low-prestige college alternative for students unable to gain admission to a four-year institution, community colleges are increasingly a rigorous, high-quality, and comparatively inexpensive route to a bachelor's degree. While still serving a largely local population, many community colleges have established articulation agreements (also known internationally as "progression") with universities in the surrounding area, by which students complete the first two years of an undergraduate degree at the community college, then transfer the credits earned to the four-year institution, where they complete an additional two years of study and receive a bachelor's degree. Many community colleges are finding an effective balance between a traditional academic curriculum and career preparation.

- *Internationalization is a priority for some institutions.* In the face of ever-increasing globalization, American institutions are seeking ways to prepare their students for life in the interconnected world of the 21st century, and maintain their own relevance and stature on the global higher education stage. To do so, more (though certainly not all) U.S. colleges and universities are focusing on internationalization; key aspects of these efforts include increasing student mobility (both outbound and inbound), incorporating global perspectives into the curriculum and co-curriculum, implementing institutional policies that support global engagement, and establishing collaborations with partner institutions abroad.

While internationalization is on the radar for many institutions, data collected as part of the American Council on Education's *Mapping Internationalization on U.S. Campuses* study[5] indicate that while progress has been made in some areas in recent years, there is much work yet to be done. White House initiatives such as the "100,000 Strong" in China campaign, and U.S. State Department programs such as Fulbright can support institutional efforts, but overall, national-level coordination is lacking.

II. Implications of Massification

Because the major era of higher education expansion in the U.S. ended over 30 years ago, many of the implications of massification are captured in the "recent developments and current trends" outlined above, while others, such as quality control, are explored in subsequent sections. A common thread among these issues, however, are two interconnected themes: access and accountability. Even in the post-massification era, U.S. higher education is wrestling with how best to deliver high-quality, relevant post-secondary education to the greatest proportion of a very diverse population, and how to ensure that institutions are fulfilling their obligations to students, taxpayers, and the public at large.

Particularly in light of the upcoming demographic changes noted previously, adding additional institutions to an already very large higher education system is not what is needed to address the access issue. Rather, a key challenge for U.S. higher education in the post-massification era will be to differentiate among institutions, and make refinements to create a system with a well-balanced mix of institutions whose missions, goals, and programs are tailored to meet the needs of particular segments of a very diverse student population. Though efforts to do this at the state level have met with some success (in California, for example), the lack of a national coordinating body, coupled with the high value placed on institutional autonomy, mean that achieving this goal in U.S. higher education as a whole will be an uphill, if not ultimately impossible, battle.

In terms of accountability, U.S. higher education is struggling to determine *what* institutions should be held accountable for. Again, an understanding that different institutions serve different populations and purposes is needed, along with a view towards long-term results. The current emphasis on immediate employability is at odds with the longer-term needs of the labor market; data indicate that employers need staff who can be flexible and adapt to changing conditions and skill requirements, yet colleges are increasingly expected to provide students with specific, narrowly-defined job skills. Rankings systems that measure institutions by the same cookie-cutter criteria without taking into account variations in mission, student population served, and other important factors exacerbate the problem of one-size-fits-all accountability standards. How debates around these and other accountability-related issues will be resolved is unclear at this point.

Finally, having achieved massification and entered an era of refining, rather than substantially reforming, its system, U.S. higher education is keenly aware that it is widely regarded as one of, if not *the*, top higher education system in the world, and a model for other countries as they seek to expand

[5] American Council on Education: http://www.acenet.edu/news-room/Pages/2012-Mapping-Internationalization-on-U-S--Campuses.aspx.

and enhance their own systems. This has led to a certain level of insularity and complacency in terms of the need to adapt to changing conditions, particularly when it comes to globalization. As systems around the world develop innovative approaches to access, accountability, and other on-going challenges, the U.S. potentially has much to learn; an openness to new approaches and global collaborations will not only help U.S. institutions better serve the country's diverse student population, but will contribute to the overall progress of higher education on a global scale.

III. Governance and Regulation

Two of the key characteristics of U.S. higher education noted above are particularly evident when it comes to governance and regulation: decentralization and autonomy. While an array of federal and state policies come together to create a broad regulatory framework for colleges and universities, institutions have substantial autonomy for decision-making in nearly all aspects of their operation. Although accreditation bodies coordinate the quality assurance process, standards are largely self-determined.

Policy Actors

With no central government agency specifically designated to regulate higher education, the operation of U.S. colleges and universities is impacted by policies set at three primary levels: federal, state/municipal, and institutional. Major federal actors include:

- *The President*. Usually presidential initiatives are broad in scope, identifying priority areas and goals, but providing little regulation or guidance on how individual institutions should carry them out. Examples include the Obama administration's controversial college rating plan (noted previously), as well as the Obama-Singh 21st Century Knowledge Initiative, which "aims to strengthen collaboration and build partnerships between American and Indian institutions of higher education."[6]

- *Congress*. The U.S. Senate and House of Representatives are in charge of passing the country's annual budget, which includes appropriations for an array of higher education activities (see the Section IV for more details on financing). By adjusting amounts allocated, congress establishes and re-directs priorities, serving as a de facto policy actor.

- *Supreme Court.* When it rules on cases in areas that directly or indirectly impact higher education, the U.S. Supreme Court establishes policy. An example is a number of recent cases related to affirmative action admissions policies.

- *Department of Education.* This government agency implements policies and initiatives that impact U.S. education as a whole, including higher education. The Department of Education administers federal student financial aid, as well as various grant programs that fund particular

[6] United States India Educational Foundation: http://www.usief.org.in/Institutional-Collaboration/Obama-Singh-21st-Century-Knowledge-Initiative-Awards.aspx.

institution-level activities (e.g. research centers). As noted previously, however, the Department of Education's role in setting U.S. higher education policy is smaller than is typical of Ministries of Education in many other countries.

- *State Department.* The U.S. Department of State is the government agency primarily responsible for U.S. public diplomacy, including initiatives in the higher education realm. The State Department administers programs such as Fulbright, which are designed to facilitate global engagement by U.S. institutions, and also sets visa and immigration policies that impact institutions' international student recruiting efforts.

- *Agencies that fund research.* The National Science Foundation, National Endowment for the Humanities, and other federal agencies provide direct funding for university research. By determining areas of focus and the types of projects that are funded, these organizations play an important role in steering the course of academic research in the U.S.

Like corporations and other entities, higher education institutions are also subject to laws and regulations set and enforced by a variety of other federal government agencies, including the Department of Homeland Security, the Treasury Department, and the Commerce Department, among others. Typically, policies at the federal level apply to all institutions, public and private alike.

At the state and local levels, the mix of actors that impact higher education policy mirrors the configuration at the federal level. Governors, state governing bodies (e.g. the state senate), and in some cases, municipal entities such as city councils establish policies that (more or less directly) impact higher education. In recent years, for example, some states have advanced policies that require a certain level of English fluency among foreign teaching assistants at public institutions. Such state-level policies usually apply only to public institutions, which receive funding from – and are therefore accountable to – state taxpayers. Local-level entities may address "town-gown" relations, including areas of conflict that arise between institutions and residents in the surrounding area. Some institutions and neighborhood committees, for example, have joined forces to establish mutually-agreeable policies for noise restrictions, campus expansion, and other potentially controversial issues.

While colleges and universities certainly must adhere to federal, state, and local policies and regulations as applicable, the policies that really determine the direction of U.S. higher education and most directly impact its operations are set at the institutional level. Actors include the president and top leadership, governing boards, faculty, administrators, and students, all of whom may have a hand in establishing formal as well as de facto policies; the roles of particular actors are explored in more detail in Section IV below.

It is important to note that the policies set by this array of actors often intersect, overlap, and in some cases contradict one another. Institutional admissions policies, for example, may be at odds with the latest affirmative action ruling by the Supreme Court, giving rise to lawsuits. Examples of a few key areas and the policies set by various actors are illustrated in Table 3.

Table 3: Sample Actors and Policies in Key Areas

	Institution	State/Local	National
Admissions	• Application requirements • Test scores • Student #'s	• System-wide student distribution (e.g. California) • Secondary "standards of learning"	• Affirmative action policies • Visa requirements & immigration policy
Tuition, funding & financial aid	• Tuition levels • Scholarships/merit-based aid	• Overall funding for public state institutions	• Federal student aid programs • Tax policy
Academics	• Degree requirements • Curriculum • Academic honesty policies	• English language requirements for teaching assistants • Accreditation (regional associations)	• Patent laws • Accreditation (Department of Education) • "Gainful employment" regulations
Student conduct	• Student conduct policies • Disciplinary procedures	• Local ordinances (e.g. alcohol) • Disciplinary procedures	• Liability laws • In loco parentis • Criminal statutes • Civil rights laws

Ultimately, in these and other areas, responsibility falls to institutions to reconcile the policies set at various levels, and ensure that their day-to-day operations comply with all applicable regulations. In terms of programmatic initiatives and opportunities available from various agencies, institutions determine which to pursue and the extent of their participation, taking into account their own policies, priorities, and goals.

Complicating matters even further, beyond the parties that actually write regulations and set policy, an array of other stakeholders directly and indirectly influence U.S. higher education policy. For example, the author's employer, the American Council on Education, is one of a number of higher education associations which serve as coordinating bodies and a unified voice for their institutional members; their activities include formal lobbying of legislators, as well as producing research and "thought leadership" intended to shape national priorities. The general public, employers, students' parents, alumni, and other parties with a vested interest in higher education also influence policy at the federal, state, and institution levels.

Accreditation and Quality Assurance

The U.S. system of accreditation and quality assurance is likely unique in the world. Like the system as a whole, it is characterized, again, by decentralization and autonomy. The primary system for institutional accreditation is comprised of six regional accrediting agencies; membership is based on an institution's geographical location. The origin of this system is practical in nature; as noted in Section I above, the first of these agencies was established in 1885, at a time when long-distance travel for institutional reviews was not feasible. Key features of the regional accreditation system include:

- *Membership is voluntary.* Institutions are not required to obtain accreditation by a regional accreditor. Many federal programs require accreditation for participation, however, and lack of accreditation is typically viewed as an indication of poor quality.

- *Standards vary among accrediting bodies*. Each association determines its own evaluation criteria and procedures; changes are made by committees comprised of representatives from member institutions. The Council for Higher Education Accreditation (CHEA), an independent, non-profit organization, serves as a coordinating body for the accrediting agencies, and an "accreditor for the accreditors" by providing standards for the accrediting associations themselves. The U.S. Department of Education also conducts periodic reviews of the accrediting agencies which complement those conducted by CHEA.

- *Within accrediting bodies' standards, institutions have substantial autonomy to determine specific criteria for their own evaluations*. Institutions are subject to periodic review by their accrediting body, but they are evaluated based on goals and assessment criteria they themselves establish. Reviews are conducted by faculty and administrators from other member institutions, which means that the system as a whole is self-directed and self-administered. The process is funded by the associations' member institutions.

In addition to or in place of accreditation by regional bodies, some institutions are accredited by faith-based organizations which focus on religiously affiliated institutions, or career-related accrediting bodies that typically work with for-profit, career-based institutions. An array of discipline-specific accreditors, both national and international, accredit individual programs and degrees, often in professional fields; examples include ABET (formerly known as the Accreditation Board for Engineering and Technology), which accredits programs in engineering and related disciplines, and the American Bar Association for law schools. CHEA provides a useful summary of the U.S. accreditation process in a report called "An Overview of U.S. Accreditation," which is available on the CHEA website.[7]

In recent years, the accreditation system in the U.S. has been criticized for not providing a high enough level of accountability for educational outcomes, among other issues. While various proposals for reforms have been put forward, at this time, no significant changes appear to be forthcoming.

In addition to external accreditation, institutions typically adhere to a variety of internal quality assurance procedures and policies at the institution and unit-levels. Quality of teaching is monitored via student evaluations, observation by senior faculty, and student achievement. Research is governed

[7] Council for Higher Education Accreditation: http://www.chea.org/pdf/Overview%20of%20US%20Accreditation%202012.pdf.

by institution-wide standards on ethical conduct and other issues; institutional review boards ensure compliance. Programs, initiatives, and processes of many stripes undergo regular evaluation and review to ensure they are effective and result in intended outcomes.

Institutional Decision-Making

Just as institution-level policy is set by various actors, an array of parties are involved in institutional decision making. These vary by area of institutional operation. In terms of governance, key decision types and the actors involved include:

- *Institutional mission, vision, and strategy.* Top leadership (the president and her or his cabinet) have ultimate authority for decision-making in this realm, determining the course of the institution as a whole. However decisions at this broad level typically incorporate input from specially-commissioned institution-wide committees comprised of faculty, staff, students, and sometimes alumni, as well as existing bodies such as the faculty senate.

- *Fiduciary matters.* Fiduciary decisions – i.e. those that relate to ensuring that the institution fulfils its obligations to its stakeholders and is accountable for its use of funds and other resources – are a key responsibility of institutional governing bodies (e.g. board of trustees, board of regents, etc.). Typically, these boards are comprised of external stakeholders, including alumni. At public institutions, they are elected by the public or appointed by the governor or state legislature; the selection process varies substantially by state. Key among the board's duties is hiring (and if need be, firing) the institution's president.

- *Academics.* Issues of curriculum, teaching, and learning are firmly the province of faculty. As detailed in Section V below, individual faculty have a high level of autonomy for decision-making around the courses they teach. Collectively, the faculty in a given department make decisions about requirements for majors and minors; institution-level academic decisions (e.g. about general education and other degree requirements) are made by the faculty senate and other campus-wide faculty entities. The Provost or Chief Academic Officer holds overall responsibility for academic matters at the institution and ensures that policies are carried out.

While different individuals and committees are involved in different aspects of governance decision-making, there is – or should be – consultation among them. Decisions about institutional mission and strategy, for example, impact academic decisions and vice-versa. As in the policy realm, conflicts and contradictions certainly arise, and institutions – often at the leadership level – need to navigate sometimes-challenging situations, making consultation all the more important.

In the administrative realm, again, decision-making is carried out by a wide variety of actors within the institution. Key areas and actors include:

- *Personnel.* As noted above, the Board of Trustees holds responsibility for hiring the president (with input from other stakeholders). The president, in turn, appoints the provost and, typically, a cabinet of vice presidents. The provost appoints deans, who appoint individual department chairs. The institution's human resources department oversees the hiring of other

administrators, while department-level faculty committees are charged with academic hiring, as well carrying out the tenure and promotion process (see Section V below for more details).

- *Operations.* Administrators in specific areas carry out day-to-day operations and make decisions about procurement, budget management, etc. Staff at different levels have various levels of authority for decision-making, with standardized evaluation procedures, supervisor approval processes, and other "checks and balances" mechanisms in place to ensure decisions and practices are ethically and operationally sound.

- *Student policies and support.* Reflecting the "educating the whole person" ethos described in Section I, a variety of staff and units throughout campus are devoted to "student life," and hold responsibility for decision-making in this realm. Faculty provide academic advising and enforce academic honesty rules, while student affairs staff oversee the co-curriculum and community building. Admissions staff determine how best to carry out admissions policies, while financial aid staff hold responsibility for decisions in their area. Career services staff advise students on career opportunities and make decisions on how best to do so, while "judicial committees" (which often include student members) enforce student conduct policies and determine punishments.

As is the case for governance decisions, the various decision-makers in the administrative realm must also communicate with one another, ensuring that decisions are consistent (although this does not always happen). And, just as higher education policy is influenced by an array of stakeholders, so too is institutional decision-making. Those in charge of decision-making often must take into account the interests and opinions of faculty, staff, students, legislators, employers, taxpayers, and others. Balancing these interests undoubtedly can be challenging, but provides another layer of accountability and helps ensure that U.S. higher education fulfils its various goals and obligations.

IV. Financing

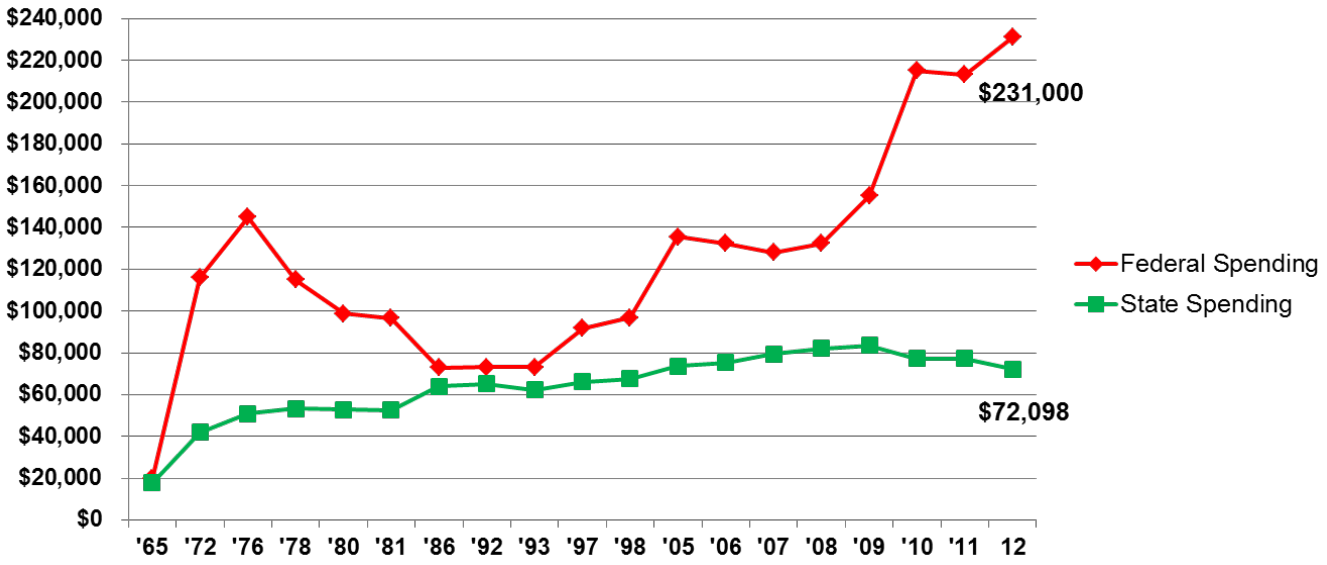
Funding for U.S. higher education comes from a variety of sources; chief among these are government appropriations and student tuition, but especially in tight budgetary times, other streams of revenue are an important piece of the financial equation for many institutions. The particular combination of funding sources that make up a college or university's income depends on institution type, academic focus (e.g. disciplines, as well as research versus teaching, etc.), student population, and history, among other factors. In terms of budgeting and financial management, again, the theme of autonomy arises, though accountability and the need for transparency are important factors as well, particularly for public institutions.

Role of Government

Public funding for U.S. higher education comes primarily from two levels of government: state and federal. Money from state governments supports the day-to-day operations of public institutions whose primary mission is to serve the population of the state in which they are located. Federal

funding, in contrast, supports both public and private institutions – directly, though research funding (grants, contracts, and cooperative agreements) and tax support (e.g. higher education institutions are not subject to corporate tax rates), as well as indirectly, through student aid programs (grants, loans, tax incentives) that help students pay their tuition. As illustrated in Chart 2 below, state funding for institutions has remained more or less stagnant over the past 50 years, whereas federal funding has increased substantially.

Chart 2: Government Funding of U.S. Higher Education (2012 dollars – in millions)



Sources: College Board, U.S. government agencies (OMB, DOE, & NSF), & Grapevine

Given declines in state funding, in recent years some public institutions or units within large universities (e.g. business and law schools) have begun to consider removing themselves from the state systems and declining state funding altogether. With so little money coming in (at some public institutions state funding now accounts for under 20% of revenue), institutions argue that they would rather trade their small allocations for complete autonomy and freedom from government oversight and restrictions.

In addition to state and federal funding, some institutions also receive money from government bodies at the local level. Community colleges that serve a particular city or county, for example, may be funded to some extent by local allocations.

Tuition and Other Revenue Sources

Tuition rates vary significantly among U.S. colleges and universities. Not surprisingly, private institutions are typically more expensive than public institutions; at some private, residential four-year colleges, yearly student expenses now top $50,000. At the other end of the spectrum, community colleges may only cost a few thousand dollars per year.

There are many nuances to these numbers, however. For example, given their mission to serve the state in which they are located, public institutions typically have two tuition rates: "in-state" and "out-of-state." The latter is higher, and there are often detailed residency guidelines that delineate who qualifies for the former. More broadly, at public and private institutions alike, there is often more than meets the eye when it comes to tuition rates. While many institutions charge a set fee per credit hour, there are a host of additional administrative fees and other expenses that add to the total bill. Some institutions require students to live on campus – or there may be no readily available student housing in the surrounding area – so room and board substantially increase the cost of attendance.

How students pay their tuition also varies. In some cases, they rely on family funds (savings, parental income, etc.), however given the rising cost of tuition in recent years, this possibility is out of reach for many. Some students make up the difference by working while they study, which is easier at some institutions and in some academic programs than others. Most institutions offer part-time, on-campus employment in some form, including research and teaching assistantships, as well as jobs working in administrative units, the library, cafeteria, etc. In the current era, however, the scenario of "putting oneself through college" (i.e. using just salary earned from working while studying to cover all costs) is rarely viable; and, working many hours may mean taking longer to finish, which can translate into a higher overall cost for a degree.

To make up the difference between family funds/work income and their actual tuition/fees, students rely primarily on two additional funding sources: grants/scholarships (from institutions, and/or the federal government) and loans (from the government or private sources). Federal grants, such as those that are part of the Pell Grant program, are need-based, and students are not required to maintain a certain GPA in order to continue receiving money throughout their period of study. Institutional aid may be awarded based on need or academic merit; at some institutions athletic scholarships are also part of the equation. Student loans are available from the U.S. Department of Education at a relatively low interest rate, as well as from private financial institutions, which charge higher interest rates.

As noted previously, student debt has become a major concern for U.S. higher education in recent years. A study by the Institute for College Access and Success, a non-profit research organization, found that among students who graduated in 2012, the average debt load was $29,400 per borrower.[8] While the concern about initial debt levels is mitigated somewhat by additional data indicating that over a lifetime, a college graduate in the U.S. will earn, on average, $650,000 more than a typical high school graduate,[9] the need to make loan payments may restrict (or dictate) recent graduates' options in terms of jobs, housing, etc.

Institutions maintain financial aid offices and staff whose responsibility it is to help students understand their options and navigate this complexity. Typically, an admissions offer will include a financial aid package, which is tailored to the individual student and includes a mix of funding sources based on individual circumstances (need, merit, athletic participation, etc.). Students who receive admissions offers from multiple institutions may be able to use a more competitive financial aid

[8] The Project on Student Debt: http://projectonstudentdebt.org/pub_home.php.
[9] The Pew Research Center: http://www.pewresearch.org/daily-number/the-monetary-value-of-a-college-education/

package (e.g. in terms of the amount of scholarship money versus loans) from one institution to negotiate for a better package from another.

Some institutions use a "high tuition, high aid" model, which means that the "sticker price" (full cost of all tuition and fees) may be very high, but enough scholarships and other aid are available that most students do not, in the end, pay the full cost of attendance. In recent years, a "no loan" model has also emerged among elite private institutions whereby students who are admitted are guaranteed to receive scholarships and grants that "meet all demonstrated financial need" (as determined by institutional and/or federal formulas) without any reliance on loans.

In addition to government funding and tuition, revenue sources for U.S. colleges and universities include:

- *Donations and grants.* Fundraising is a substantial enterprise for U.S. higher education. Institutions typically have staff – often entire offices – that focus on "development," i.e. raising money from a variety of sources. Chief among these are the institution's alumni, who are often asked to contribute on a yearly basis. Events such as reunions and "homecoming" on campus, as well as publications (e.g. an alumni magazine) and other activities are designed to keep alumni engaged with the institution (and willing to support it financially).

  Donations are also sought from community leaders, foundations, and other interested parties. Development officers pursue contributions that are designated for specific purposes (e.g. to develop a particular academic program), as well as those that can be used as the institution sees fit. In some cases, money from philanthropic organizations may take the form of grants for particular projects or initiatives, which may require a higher level of accountability and more detailed reporting of results than straight donations.

  While the nuts and bolts of soliciting donations are usually handled by development staff, in recent years fundraising success has become an important measure of presidential effectiveness. Often a new president will launch a "capital campaign" in order to raise substantial funds during her or his tenure. Attending fundraising events and maintaining relationships with key donors is considered an important presidential responsibility.

- *Investments.* Many U.S. institutions maintain a diverse portfolio of investments, the management of which is often outsourced to professional investment firms. The base funds for investments comprise the institution's "endowment;" the interest and financial return earned on these investments are either rolled back into the endowment, or used to fund institutional activities. Old (by U.S. standards), private, "elite" institutions have the largest endowments, which in turn generate the most new revenue, thereby contributing to something of a "rich get richer" scenario in U.S. higher education as a whole. In recent years, controversies have arisen over some institutions' investment choices, and students and alumni have pressured their colleges and universities to divest their holdings in particular companies and industries.

- *Facilities.* For residential campuses, student housing fees often contribute to overall revenue, though this is mitigated somewhat by the expenses involved, including maintenance and staff.

Many institutions also rent out their facilities (dormitories, but also classroom space, auditoriums, on-campus museums, etc.) for events such as conferences, meetings, summer camps, weddings, and many others.

- *Athletics.* On some campuses, particularly large public institutions, college sports are big business. Football, basketball, and hockey games are attended not only by students, but also alumni and community members, and may receive national television coverage. Revenue generated from ticket sales, concessions, and merchandise contributes to institutional bottom line – in some cases, significantly.

The rise of for-profit institutions has introduced a new revenue model to the funding mix for U.S. higher education, a majority of which is still non-profit. For-profit institutions operate as corporations, with investors and shareholders who supply investment capital and receive a share of profits. These institutions rely almost entirely on tuition revenue, but still receive government funding indirectly through federal aid to students.

Budgeting and Financial Management

Just as institutions have a development office in charge of bringing in funding, most have a budget office that manages the money once it arrives. Like most organizations, colleges and universities typically undergo an annual budgeting process by which funds are allocated throughout the institution. Individual departments and units submit their operating budget requests, which are pieced together and combined with budgets for centralized expenses (e.g. electricity, maintenance services, etc.) to generate a comprehensive budget for the institution as a whole. The president and board of trustees are required to approve the overall budget, after which individual units are informed of their final allocations. In the public sector, state institutions' appropriations are part of the overall annual budget of the state, which means they must be approved by the state legislature; periodically situations arise in which the state government fails to pass a budget on time, which can affect institutional operations.

While institutions have substantial autonomy to manage their own financial operations, accountability is required. Institutions must adhere to standard accounting and reporting practices, including production of an annual financial report that details revenue and spending. An extra level of transparency is required for public institutions given their accountability to the tax-paying public; salary information for all employees, for example, must be publicly available to anyone seeking it.

The extent of decentralization of budgeting and financial management varies somewhat. Institution-level processes are the norm, however there may be some system-level coordination as well – for example in state systems with multiple campuses, or county-wide community colleges. On the other end of the spectrum, some campuses are now pushing more budget and financial management responsibility to individual units within the institution (e.g. schools or academic departments). Recently gaining popularity is a "responsibility centered management" (RCM) financial model, in which "tuition follows the student." In this scenario, individual schools or departments receive tuition revenue for the students they enroll (in programs as whole, or in individual courses) to cover their own expenses, including utilities and other "overhead" that have traditionally be handled at the institution level with a flat-rate, percentage-based "tax" on departments. The RCM model incentivizes individual

departments to actively recruit students and increase their enrollment, for which they are rewarded with additional money to spend.

Financial Health

In spite of its diversity of funding sources and the substantial expertise of institutional budget officers, as noted previously, the recession of recent years took a toll on many U.S. colleges and universities. As illustrated in Chart 2 above, while federal support remained strong, state contributions declined. Investments performed poorly, so endowments did not grow, or in many cases, declined in value. Donations diminished as well. In light of unemployment and the falling value of personal investments, families' ability to pay tuition was substantially affected. All told, the recession amounted to "a perfect storm" for higher education financing, with schools taking hits from nearly every corner.

In light of these circumstances, institutions have implemented a variety of cost-cutting measures. These included salary freezes (for faculty and administrators alike), hiring limitations, deferral of construction projects and other non-essential expenditures, and contracting out of certain services (e.g. food services) when it is cheaper to do so than to hire staff to supply them in-house. Tuition hikes also have been part of the equation for many colleges and universities, particularly those in the public sector, which are most impacted by state funding cuts.

Despite all of these challenges, however, Table 4 illustrates that through the worst years of the recession, overall higher education enrollment actually continued to increase:

Table 4: U.S. Higher Education Enrollment, 2005-2011

	Public 4-year	**Private 4-year**	**Public 2-year**	**Other**	**Total**
2005	6.8 million	4.2 million	6.2 million	300K	17.5 million
2008	7.3 million	4.8 million	6.6 million	400K	19.1 million
2011	8 million	5.4 million	7 million	437K	20.9 million

Source: IPEDS (2005, 2008 data); Digest of Education Statistics, U.S. Department of Education National Center for Education Statistics (2011 data)

Likely, this trend was due to students returning to (or staying in) school in the face of a difficult job market. Now that the country's economic situation is improving, revenue from non-tuition sources may stabilize. Unfortunately, however, as noted previously, colleges and universities nationwide are facing an enrollment slow-down, due in part to demographic factors, as well as an improving job market that may draw away potential students. Thus while overall financial health is not as dire as it was a few years ago, many institutions are continuing to pursue cost-cutting measures and additional revenue streams.

V. The Academic Profession

In the faculty realm, the theme of autonomy again prevails. Institutions determine the size and disciplinary focus of departments, how many academic staff to hire, and the criteria by which they will be selected and evaluated. Faculty members themselves set their own research agendas, design course content, choose what service opportunities and obligations to pursue, and determine how to manage their time and schedules. While collaboration among faculty – on research and teaching, within the institution and with others around the country and around the world – is not uncommon, and is increasingly rewarded by institutions and funding agencies, faculty life in the U.S. is still characterized by a high level of independence and individual effort.

Training and development

In general, the doctoral degree is the "gold standard" in American academia, though in professional fields such as business and law, a professional degree (e.g. MBA or JD) may be considered an acceptable credential. In some sectors, such as at community colleges and technical institutions, a master's degree may also be deemed a sufficient qualification.

Typically, PhD programs provide rigorous disciplinary training and a heavy independent research component that begins during a student's coursework, and culminates in a dissertation. A notable feature of the U.S. system is that it is not uncommon for students to pursue a PhD in a field that is different from their academic focus at the undergraduate (or even master's) level – a student might, for example, earn a BA in East Asian studies, an master's in business, and a PhD in higher education administration (as was the case for the author of this paper). PhD programs may or may not require a master's degree as a prerequisite; in some cases, students earn a "master's in passing" upon completing their PhD coursework. Program length varies widely by field, as well as students' individual circumstances and progress.

In terms of preparing future faculty, a weakness of the U.S. PhD model is that it often provides very little training in teaching and pedagogy; while students gain in-depth knowledge of content and research methodologies, they are not necessarily trained on how to convey that knowledge to students, manage a classroom, design a course, or advise students. Some PhD programs now include a specific course to help students acquire these skills. Many institutions also provide training for new faculty in these and other areas, and offer a variety of additional professional development opportunities for faculty at various stages of their careers. In terms of content, faculty are expected to

seek out training and development that will ensure they remain up-to-date on developments in their fields; professional associations and other discipline-based organizations provide such opportunities.

Responsibilities

The traditional model for faculty positions in the U.S. is comprised of responsibilities in three areas: teaching, research, and service. In the teaching realm, academic staff collaborate with departmental colleagues to determine what courses the unit will offer, and which faculty will teach which courses. Although there may be some level of standardization of lower level and mandatory courses, faculty are largely responsible for creating their own syllabi, selecting textbooks, designing assignments, writing exams, determining grading criteria, and evaluating student work. The format may be loosely prescribed (e.g. a lecture course versus a discussion seminar), but faculty are free to deliver their courses using whatever pedagogy and teaching strategies they see fit. Academic freedom reigns in the classroom; though controversies arise periodically as a result, it is widely accepted that both faculty and students will be able to discuss controversial issues without fear of censorship or negative consequences.

In terms of research, faculty are expected to design and carry out their own research agendas; faculty candidates typically elaborate on their planned agenda during the hiring process, particularly if it requires a laboratory or other equipment. When research assistance is warranted and available, faculty are in charge of hiring and supervising graduate assistants. Research products may include books, reports, articles, conference presentations, and other discipline-specific venues; again, academic freedom dictates that content is determined entirely by the faculty member. An important trend of note is that faculty are increasingly expected to bring in external funding (e.g. grants) for their research; while this has long been the case in science fields, as more institutions wrestle with the budgetary challenges described in Section IV above, faculty in the humanities and other disciplines are no longer excluded from this task.

Service is a broad category that encompasses activities at the institution, community, state, national, and international levels. Within the institution, participation in governance is a key component of service responsibilities; faculty committees, the faculty senate, and other advisory bodies play a major role in campus-wide and unit-level decision-making, and depend on the involvement of a diverse and engaged cross-section of the institution's academic staff. External service activities may include holding leadership roles in national or international discipline associations, advising governments and external stakeholders, and volunteering at various types of organizations. Institutions typically allow faculty to accept external consulting opportunities for industry and other clients, although as high-profile examples of problematic situations periodically attest (e.g. if a faculty member is on the payroll of a drug company that has a vested interest in the results of her or his research), it is important for faculty and institutions to be aware of and address potential conflicts of interest inherent in these arrangements.

Curriculum is an area of faculty responsibility that crosses the teaching and service categories. As noted in Section III, beyond their individual courses, collectively, faculty determine degree requirements - including for general education - both at the department and institutional levels. Student learning outcomes, academic honesty policies, development of interdisciplinary programs, and related issues are typically handled by faculty committees, with coordination by administrative staff

(e.g. the Provost's office); faculty participation in this work is considered part of the service aspect of their jobs.

Hiring, Evaluation, and Career Trajectories

Although staffing budgets and the number of positions available are determined at the institution level, faculty hiring is done largely at the unit (department or school) level. When a position is open, the dean or department chair typically convenes a search committee comprised of faculty, and in some cases, students. The committee determines hiring criteria based on the academic needs of the department, writes the job description, coordinates with the institution's human resources department to advertise the position, and identifies candidates to interview based on the curricula vitae submitted. Top candidates are brought to campus to meet with the committee, other faculty, and students, and are usually asked to teach a sample class and/or give a "job talk" in which they explain their research. The faculty committee then makes the final decision about whom to hire, then submits their choice for approval by academic leadership at the institution level (e.g. the Provost).

The traditional faculty career trajectory in the U.S. is "assistant professor" to "associate professor" to "(full) professor," and in some cases to "emeritus professor." Faculty begin their careers at the assistant level, and after a probationary period of about six years (with variation by institution), they are granted tenure and are promoted to the associate level. Then, after some period of time, they are promoted to full professor status; "emeritus" status may come at the end of their careers when they are officially retired, but maintain ties with the institution. The assistant to associate transition is an "up or out" decision point; if the candidate is not granted tenure, she or he is asked to leave the institution and seek other employment. The associate to full transition, however, is less rigid; indeed, a fair number of faculty remain at the associate level indefinitely, which is considered by some institutions to be problematic.

As in the hiring process, criteria for faculty evaluation, promotion, and tenure are determined by the faculty themselves. Typically they include teaching, research, and service elements, though the weight each area receives varies considerably by institution type, academic focus, and other factors. At some institutions there are institution-wide criteria and guidelines; at others, criteria are determined at the departmental level. Tenure codes that spell out requirements take a myriad of forms, and may include very explicit or very little detail.

This traditional career model has come under fire in the U.S.in recent years for a variety of reasons. Given its "up or out" nature, many faculty find the tenure and promotion process very stressful, particularly when criteria are not well explained. For women faculty members, whose childbearing years often correspond with the probation period, the challenges entailed in balancing work and family considerations may be particularly acute. As new models for academic collaboration – across disciplines and across national borders – have arisen, tenure standards (e.g. requiring publication in discipline-specific journals, or putting greater weight on single-authored publications than those that are co-authored) may preclude participation by probationary faculty. While tenure is still widely regarded as an important means to protect academic freedom, it is criticized for decreasing the flexibility and agility of institutions, and facilitating faculty "deadwood" – professors who no longer contribute effectively to departments, but cannot be let go.

Many institutions have implemented policies and other measures to mitigate these issues. Efforts have been made to increase transparency of criteria, and in some cases, institutions are delineating particular focus areas for different faculty positions (e.g. a "professor of the practice," whose primary focus is teaching and service, will be evaluated primarily on activities in these areas, rather than on research contributions). A common practice is to enact "stop the clock" policies that allow faculty to postpone the up or out decision point due to life circumstances that inhibit them from fulfilling expectations in the allotted amount of time.

Also to address concerns about the high-stakes nature of the process, while tenure and promotion decisions are made by the faculty, there is often an approval process involving academic administration, and sometimes the president or governing board. This allows for "checks and balances," and lays the groundwork for an appeals process for faculty who wish to protest an unfavorable decision. On some campuses, faculty have voted to unionize in order to add another level of "checks and balances" for employment matters. Though still relatively uncommon, some institutions are incorporating interdisciplinarity and international engagement into tenure and promotion criteria; post-tenure review requirements designed to maintain accountability for performance among senior faculty are also gaining traction.

While the traditional faculty career model certainly still exists in the U.S., a key development in recent years has been the emergence of alternate models and trajectories. Chief among these is an increasing reliance on non-tenure-track (a.k.a. contingent) faculty. Their contracts may be for a single course or semester, or a longer (but clearly defined) period; they may teach one class, or carry the equivalent of a full teaching load – at a single institution, or cobbled together at multiple schools. In some cases, they function as regular full-time faculty members (e.g. advising students, participating on committees, etc.). In a difficult budgetary era, more institutions are replacing tenure lines with non-tenure-track positions, which often pay comparatively smaller salaries, and may come without fringe benefits.

This trend is considered problematic for a number of reasons, including lack of continuity in the curriculum, concerns about academic freedom, and unfairness and inequity among faculty members. It should be noted, however, that in some fields, particularly those with a professional focus, it may make sense to have a large percentage of courses taught by adjunct faculty, who in their "day jobs" are working in the relevant field. Ensuring that these faculty have access to resources and support, and are engaged with students and the institution, is an important priority going forward; measures such as unionization and inclusion as part of academic governance units, are receiving attention.

Conclusion: Looking Ahead

As is evident in the issues covered in this paper, U.S. higher education is a complex, multi-faceted and multi-layered enterprise with a diverse array of stakeholders, goals, priorities, and challenges. At times, the system as a whole can seem like a huge, lumbering, disorganized collection of independent entities, operating with only limited coordination and awareness of each other. Certainly, this situation amounts to an often-challenging environment, but somehow, it works. The U.S. higher education system is uniquely appropriate to the American context; the diversity and autonomy that

characterize the higher education system reflect the country's history, identity, and deeply-seated cultural values. Over time, the system has adapted to changing local and national conditions, and has evolved to meet the needs of a growing, more diverse population and shifting economy.

As a whole, the system has proven itself to be nimble enough to change as needed, yet stable enough to ensure an overall high level of quality and continuity. As noted previously, making global engagement a priority is a pressing challenge for U.S. higher education in the current era of globalization; collaborations and connections to higher education in other countries will be crucial to sustain the system's viability and relevance going forward. Other issues persist and new ones will undoubtedly arise, which will also require collective energy, insights, and attention. When all is said and done, however, history suggests that U.S. higher education is probably up to the challenge. Although it is imperfect, U.S. higher education will likely endure, continue to adapt and evolve, and, we can hope, improve as time goes on.