

An Overview
of Higher Education
in the
United States:



Diversity, Access,
and the
Role of the
Marketplace



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American Council on Education
The Unifying Voice for Higher Education

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American Council on Education

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Introduction

U.S. higher education borrows its structure from both the British undergraduate college and German research university, but its character is profoundly influenced by three major philosophical beliefs that shape American public life.¹ Informed by the Jeffersonian ideals of limited government and freedom of expression, states, religious communities, and individuals established and maintain a range of higher education institutions and continue to protect these institutions from the levels of government control seen in most other countries. The second set of influences is capitalism and the belief in the rationality of markets. American colleges and universities vie for students, faculty, and funding under the assumption that diversity and high quality are best achieved through competition rather than centralized planning. The final major philosophical influence on American higher education is a widespread commitment to equal opportunity and social mobility. Higher education was an elite activity for much of its history, excluding individuals based on gender, religion, race/ethnicity, and social class. However, during the 20th century, economic and social changes transformed higher education into a primary gateway to the middle-class, and women and minorities made inroads against longstanding exclusion from mainstream higher education. Americans came to view broad access to higher education as a necessary component of the nation's ideal as a "land of opportunity." Higher education responded by broadening access. Indeed, the one uniquely American type of institution—the community college—was founded in the 20th century to ensure open access to higher education for individuals of all ages, preparation levels, and incomes.

Guided by these beliefs, U.S. higher education reflects essential elements of the American character: independence, suspicion of government, ambition, inclusiveness, and competitiveness. This publication describes the major characteristics of American higher education and important issues that challenge it, linking back as appropriate to these essential philosophical underpinnings.

¹ In the United States, several important terms differ in meaning from most of the rest of the world. The term *college* refers to an institution that typically awards only undergraduate degrees. The term *faculty* can refer either to an individual professor or to all instructors (e.g., "The Harvard faculty approved a new degree program.")

The Distinctive Characteristics of U.S. Higher Education

Because American higher education is so diverse and complex, any description of “standard practice” inevitably misstates much about individual colleges and universities. Indeed, important exceptions to most of the characteristics described in this paper exist. Nonetheless, this section provides an overview of how most colleges and universities are governed and financed, their students and faculty, and the nature of the curriculum and student life.

Size and Composition of U.S. Higher Education

In addition to diversity, autonomy, competition, and accessibility, size is a distinguishing feature of U.S. higher education. The U.S. Department of Education counts 6,500 postsecondary institutions that participate in its student financial aid programs, including 4,200 colleges and universities that award degrees and 2,300 institutions that award vocational certificates. These 6,500 institutions enrolled approximately 16 million full- and part-time students, including 14 million undergraduates and 2 million graduate and professional students, in fall 2001. The 4,200 colleges and universities awarded more than 2.4 million degrees in academic year 2000–01. In addition, an untold number of other institutions offer post-secondary instruction of some type but do not choose to participate in the

federal student aid programs and therefore are not counted by the federal government (U.S. Department of Education, 2003).

Degree-granting institutions are typically divided into four major groups, and a considerable amount of diversity exists within each group:

- America’s 1,100 public two-year institutions, or community colleges, enroll the largest share of undergraduates (6 million students in 2001). These institutions award associate degrees in vocational fields, prepare students for transfer to four-year institutions, and serve their communities by providing a wide array of educational services. These services range from specialized training for large employers, to English language instruction for recent immigrants, to recreational courses. Almost 4 million students attended community colleges part-time in 2001. The U.S. government does not track enrollment figures for noncredit adult education or recreational courses, but the American Association of Community Colleges estimates that an additional 5 million students enroll in these types of courses at community colleges every year.
- There are only 630 public four-year colleges and universities in the United States. But these institutions—which include regional comprehensive universities that concentrate on undergraduate teaching and graduate preparation in professional fields such

as teaching and business, as well as research universities that offer a comprehensive set of undergraduate, graduate, and professional degree programs—enrolled 6.2 million students in 2001. This figure includes 5 million undergraduates and slightly more than 1 million graduate students.²

- Private not-for-profit institutions are extremely diverse, including research universities, four-year liberal arts colleges that focus on undergraduate teaching, a small number of two-year institutions, faith-based institutions that maintain strong links with religious denominations, women’s colleges, historically black colleges and universities, and specialized institutions that focus on a single field, such as nursing or fine arts. Private not-for-profit institutions enrolled 3.2 million students in 2001, including 2.3 million undergraduates and more than 700,000 graduate students.

- For-profit institutions primarily offer vocational programs that result in certificates rather than degrees. Of the more than 2,400 for-profit institutions counted by the U.S. Department of Education, 500 offer two-year associate degrees and 320 offer bachelor’s and/or graduate degrees. In total, for-profit institutions enrolled more than 750,000 students in 2001, all but 50,000 of whom were at the undergraduate level.

Table 1 provides an overview of enrollment in each of these four sectors. This large number and wide range of institutions offer both access and choice—two hallmarks of American higher education that respond to the previously described value placed on opportunity and faith in the market.

Table 1. U.S. Postsecondary Institutions and Enrollments: Fall 2001				
	Public	Private Not-for-Profit	Private For-Profit	Total
Institutions	2,099	1,941	2,418	6,458
Four-Year	629	1,567	324	2,520
Two-Year	1,165	269	779	2,213
Less than Two-Year	305	105	1,315	1,725
Enrollment	12,370,079	3,198,354	765,701	16,334,134
Four-Year	6,236,486	3,120,472	321,468	9,678,426
Two-Year	6,047,445	63,207	241,617	6,352,269
Less than Two-Year	86,148	14,675	202,616	303,439

²The number of graduate and undergraduate students does not add to the total number of students because some students may take courses outside a formal degree program and, in other cases, the degree level of students was not reported.

Governance

Another of the philosophical underpinnings of U.S. higher education is the Jeffersonian notion of limited and, whenever possible, locally controlled government. Based on this model, the U.S. Constitution reserves for the states all government functions not specifically described as federal. Among those functions is education. As a result, each of the 50 states is responsible for governing public colleges and universities (which enroll 75 percent of students), rather than the federal government. The degree of control by the states varies tremendously. Some institutions, such as the University of California and the University of Michigan, enjoy constitutional autonomy as separate branches of state government. At the other extreme, locally elected boards of trustees govern some community colleges. In some states, a governing board appointed by the governor and/or legislature oversees all institutions, setting funding levels, establishing accountability measures, setting policies, and approving new academic programs. In others, the state board plays only an advisory function and has little direct authority over institutions. In many others, a state agency is poised between the institutions and state government, implementing statewide policy but also attempting to insulate institutions from ill-advised or overly intrusive state policies.

Some public universities are part of statewide multi-campus systems in which an additional layer of oversight exists between the campus and state government. System administrators may oversee campus budgets, set policies such as admissions standards, coordinate degree programs, and facilitate credit transfer and articulation between the state's public colleges and universities. Additionally, and importantly, they

advocate to the legislature on behalf of public colleges and universities. In some states, more than one multi-campus system exists, such as California's distinct systems of community colleges, comprehensive state colleges and universities, and research universities.

Because the Constitution does not mention education as a federal responsibility, the federal government plays a limited role and the United States has never had an education ministry, such as those found in most other countries. With the important exception of the Morrill Land Grant Act of 1862, which donated federal territory to the states for the establishment of public universities, the federal government played almost no role in higher education until the middle of the 20th century, when World War II necessitated the establishment of federal funding for scientific research at colleges and universities to build U.S. military capacity. In 1944, President Franklin Roosevelt signed the G.I. Bill of Rights, which granted returning veterans funding to attend college as a way to integrate servicemen back into the U.S. workforce. As the civil rights movement took hold in the 1960s, the federal role in supporting students expanded to include grant and loan programs for low- and moderate-income students. Since that time, federal support has expanded so that it is now the primary financier of both scientific research and student financial aid.

While the federal government generally does not provide direct operational support to colleges and universities, this special-purpose funding is an extremely important revenue source and, in turn, has increased the ability of the federal government to influence colleges and universities in areas outside research and financial aid. For example, in order for institutions to participate in the

financial aid programs, they must comply with a wide range of federal reporting requirements on topics ranging from teacher preparation to gender equity in intercollegiate athletics. However, despite the growing influence of the federal government, its role is still limited and has not yet intruded into core academic decisions, which are generally left to the institutions and, in the case of some public institutions, the states.

Two sets of voluntary organizations act as bulwarks against excessive government control of higher education: accrediting organizations that monitor quality assurance, and membership associations that represent institutions to the federal and state governments. Accrediting organizations are membership organizations of colleges and universities and rely on volunteers who work at colleges and universities and who agree to assist other institutions by providing evaluation through peer review. There are three types of accrediting organizations: regional organizations, which review the quality of entire institutions and focus almost exclusively on public and private not-for-profit degree-granting institutions; national organizations, which monitor the quality of most for-profit and non-degree-granting institutions; and specialized accrediting organizations, which evaluate academic programs within a specific field such as medicine, law, or teacher education.

American accreditation differs from the type of quality assurance conducted by governments in most other countries. Federal and state governments can and do impose their own accountability requirements on institutions, but they generally have left the assessment of academic quality to institutions themselves through the self-study and peer review processes of accreditation. The federal government, in particular, relies on recognized regional

and national accreditation organizations to determine whether institutions are of sufficient academic quality and managerial soundness to merit inclusion in the federal student financial aid programs. When the U.S. Department of Education officially recognizes an accrediting organization, it certifies that the organization adequately monitors quality in areas mandated by the federal government, such as fiscal soundness and managerial competence, fair admissions and recruiting practices, and evidence of student success.

Accrediting organizations establish minimum standards that institutions must meet in a range of areas such as the curricula, faculty qualifications, student learning outcomes, co-curricular student services, and financial health. Accrediting organizations do not, however, mandate how institutions go about meeting those standards. Further, because accreditation measures institutions against a set of standards, it generally does not provide a gauge of how well an institution is performing relative to other institutions. Accreditation is accomplished through institutional self-study and a peer review process to determine whether the institution has met the organization's standards. Accreditors typically review institutions on a three- to five-year basis (Eaton, 2000).

Membership associations, which can have either institutions or individuals (such as business officers) as members, represent the interests of colleges and universities to the federal government and, in some cases, state governments. Many colleges and universities also employ their own staff to advocate for them, but in most cases, those staff work only on issues of concern to the individual institution, such as state appropriations or federal research contracts for the institution. Membership associations champion those public policies that are in the

collective best interest of either all or some major segment of higher education. In Washington, DC, colleges and universities are represented by hundreds of organizations, which also provide networking and professional development opportunities for their members.


Finance

Colleges and universities are financed in ways consistent with both the Jeffersonian ideal of limited government and the belief that market competition tends to improve quality and efficiency. While government plays a very important role in financing, American colleges and universities are supported further by diverse revenue sources that reflect the market choices of students and parents as well as other consumers of the goods and services that institutions provide. The major sources of revenue include tuition and fee payments from students and families (including the government-backed financial aid that students use to pay tuition); appropriations, grants, and contracts from federal, state, and local governments; private gifts; endowment and other investment earnings; and sales from auxiliary enterprises and services.

Some of these sources are more important to some types of institutions than to others. For example, local governments account for 18 percent of revenue at community colleges but 1 percent of revenue at private not-for-profit institutions. Similarly, private gifts contribute 14 percent of revenue to private not-for-profit institutions, but only 1 percent of revenue to community colleges (U.S. Department of Education, 2003). While the revenue sources of American institutions are diverse, two sources are of particular importance to most institutions: state appropriations, particularly for public institutions; and tuition and fees.

These two sources (along with local appropriations at community colleges and federal research grants and contracts at research universities) provide the bulk of funds for general operating expenses. One of the perennial questions in American higher education finance is how much of the cost of education should be borne by government, and how much by students and families.

Traditionally, state appropriations have made up the bulk of institutional revenue at public institutions, but they are diminishing both as a share of state expenditures and as a percentage of institutional revenue. In response, state governments and public institutions have raised tuition, shifting the responsibility from taxpayers



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to students. In most states, higher education is the third largest item in the budget, after health care and elementary/secondary education. Because health care costs are escalating rapidly and voters demand that spending on elementary/secondary schools be protected, higher education falls logically into legislators' sights when they are forced to make budget cuts. Not only does higher education represent a significant portion of state budgets, but (unlike other programs such as prisons) it has a natural alternative source of revenue—tuition payments from parents and students. Typically, in good economic times, states will raise appropriations to colleges and universities and demand that, in return, institutions keep tuition increases low. When the economy is in

trouble and state tax revenue falls, states cut spending on higher education and expect institutions to make up the difference through tuition increases.

Private donations from individuals and corporations provide another source of revenue for American colleges and universities that is typically not found outside the United States. Total voluntary support for higher education, encouraged by the U.S. tax structure, surpassed \$23 billion in fiscal year 2003, of which \$11 billion was donated by individuals (Council for Aid to Education, 2004). To this end, many colleges and universities construct sophisticated approaches to fund raising, and college and university presidents dedicate much of their time to raising private gifts.

A significant and growing set of expenditures at many private not-for-profit institutions is institutional financial aid, sometimes called “tuition discounting.” Private colleges have a long tradition of providing financial assistance to low-income students. In addition, most of these institutions (and, increasingly, many public institutions as well) have turned to institutional financial aid to attract students who may be able to pay the full price but who are unwilling to attend without a discount. For some institutions, tuition discounting is a way to compete with other institutions for the “best and brightest.” For others, it is a necessary practice that fills enrollment places that otherwise would remain vacant. In either case, these discounts contribute to increases in the posted or “sticker price.”

All institutions face real increases in the cost of providing education. Technology and equipment costs are rising, as are the prices of journals and books, health care for employees, and building maintenance. Institutions are working to update and expand facilities

and services to meet student demand for state-of-the-art technology, small class sizes, and world-class academic and recreational facilities.

In the face of these increased costs and reduced revenue from states and other sources, universities and colleges have three options. They can cut back, improve efficiencies, and/or generate new revenue. For the most part, institutions are engaged in some combination of all three. They cut back by reducing travel and equipment purchases, postponing salary increases, leaving vacant faculty and administrative positions, reducing administrative and support staff, and postponing building and renovation. Rarely do institutions cut academic programs.


Institutions also strive to become more efficient. Much of this effort focuses on administrative and student service functions, such as lowering electrical usage, streamlining purchasing and procurement processes, and altering financial systems. Some institutions are pursuing efficiencies in academic areas, such as using technology to reach more students, increasing class size, and hiring adjunct instructors. However, most efficiencies are being sought outside the classroom.

Finally, American colleges and universities are pursuing many efforts to diversify and expand their revenue streams, such as developing online education and niche-oriented degree and non-degree academic programs, expanding research capacities, engaging in licensing and sponsorship agreements, and pursuing auxiliary enterprises, such as managing real estate and running conference centers. Because a primary source of additional revenue is student tuition and fees, they have risen at twice the rate of inflation over the past 20 years, outstripping increases in both family income and financial aid resources.

The implications of increasing prices for students and families are a matter of constant policy debate. Despite tuition increases, demand for higher education continues to increase. Further, a wide array of government and private financial aid programs provides assistance to students, based on both financial need and academic merit. Financial aid to students totaled more than \$105 billion in 2002–03, including \$71 billion in federal grants, loans, and tax credits; \$6 billion in state grants; and \$20 billion in grants provided by colleges and universities, as well as private organizations (College Board, 2003). Despite these resources, access and success in higher education continue to be stratified according to income, with students at the upper end of the income spectrum far more likely to attend college and earn a degree than those from disadvantaged backgrounds. Of course, many factors play into college access and success, not the least of which is students' level of prior academic preparation. Because the quality of U.S. elementary and secondary schools varies widely depending on the wealth of communities, tuition prices alone cannot be blamed for disparities in education opportunity. However, even if low-income students are able to overcome the academic and financial barriers to enrolling in college, their ability to succeed once enrolled can be impeded because they must work and attend part time in order to pay their tuition, suggesting that financial matters play a crucial role.

Students

Despite increases in the price of attending college, the American student population continues to grow rapidly in both size and diversity. As noted previously, there are more than 16 million individuals seeking degrees at U.S. postsecondary institutions and an estimated 5 million additional students enrolled in noncredit courses. American college students are diverse in age, race/ethnicity, gender, socioeconomic status, and academic interests. The majority of undergraduate students are women and



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one-third are racial or ethnic minorities. More than 40 percent are age 25 or older (U.S. Department of Education, 2002b). About 20 percent come from families with incomes at or below the federal poverty level (King, 2004). Three out of four American college students are considered *nontraditional*—that is, they possess one or more of the following characteristics: They are age 25 or older, have delayed entry into higher education after completing high school, did not earn a traditional high school diploma, are married, attend part time, work full time, or have children (U.S. Department of Education, 2002a). Eighty percent of students work during the academic year. Half attend part time (U.S. Department of Education, 2002b).

In part because most nontraditional students juggle college attendance with work and family responsibilities, it is becoming increasingly unusual for students to enroll at one institution and remain there for their entire

undergraduate career. Sixty percent of bachelor's degree recipients attend more than one institution. In about half of these cases, the student formally transfers from one institution to another. The most common form of transfer is from a community college to a four-year institution. In the remaining half of these cases, students may maintain their primary enrollment at one institution but also take classes at other institutions, sometimes attending two different institutions simultaneously. Students also may move among multiple institutions, often suspending enrollment (or "stopping out") for some period before enrolling at a new institution.

This student mobility is possible because the American system of higher education uses a common "currency" to measure academic progress—the credit. Students earn credits toward their degrees by completing courses. These credits can then typically be transferred to another institution if the receiving institution agrees that the academic rigor and material in the courses is roughly equivalent to its own similar courses. Many institutions develop transfer or articulation agreements to help facilitate student mobility, determining in advance which courses are of equivalent value. Institutions struggle to balance the goal of expanding access by allowing students to take classes where and when they want with the need to maintain the academic integrity of their degree programs and capture much-needed tuition revenue.

Although American college students enjoy a level of mobility unknown to most of their peers around the world, they still must compete for admission to the more selective colleges and universities. American higher education includes institutions with a wide range of admissions selectivity, from open-access

two- and four-year institutions that admit all students, to highly selective research universities and liberal arts colleges that admit only a small fraction of those who apply. Many students apply to more than one college or university and enroll in one from among those that offer them admission. Admissions decisions at selective institutions are based on a fixed set of academic criteria, including high school coursework, grade point average and class rank, and admissions test score, as well as a more flexible set of nonacademic characteristics, such as demonstrated leadership ability, creativity, and community service. Because the United States has no national secondary school curriculum or high school exit examination, colleges rely on two privately developed admissions examinations—the SAT and ACT. These tests, while important, are only one criterion among many that institutions consider. Indeed, the admissions decisions at highly selective institutions are so complex and consider so many factors that wealthy families often hire private admissions counselors to help them anticipate which factors a given institution is likely to weigh most heavily and to help their child craft an application that best meets those criteria.

Consistent with American faith in the market, institutions compete heavily to attract the most talented students. While this competition spurs improvements in quality and keeps institutions focused on meeting student needs, it also can have negative effects, sometimes prompting institutions to make academic and financial choices that may improve student recruitment but that are inconsistent with the institution's mission, the best interests of the public, or the long-term financial health of the enterprise.

The Curriculum and Degrees

Five types of degrees exist in the United States. Two-year colleges (community colleges) and a small number of four-year institutions grant associate degrees, typically awarded after the completion of 60 credits. Associate degrees may represent a terminal degree in a vocational field or may prepare students to complete a bachelor's degree at a four-year institution. The bachelor's degree is by far the most common type of degree awarded, preparing students for most jobs that require a college degree and for further graduate study. Three degrees exist at the graduate level:

1. The *master's degree* is the most common type of graduate degree. About 75 percent of graduate students are enrolled in master's degree programs, divided roughly evenly among students in education, business administration, and all other fields (U.S. Department of Education, 2002c). A master's degree may have either a professional or theoretical focus and usually requires a comprehensive examination and/or thesis or other original piece of work. The master's degree either prepares graduates for future advanced study at the doctoral level or is itself a terminal degree.
2. A *professional degree* provides access to advanced professions in fields such as law and medicine.
3. The *doctoral degree* is the highest academic award and recognizes the graduate's ability to conduct independent research. The most common degree of this type is the doctor of philosophy (Ph.D.), but it also includes the doctor of education (Ed.D.).

No national laws govern the titles of degrees, although each state typically regulates the level of degree that institutions located within its borders can award. Each institution has the autonomy to determine its own program requirements, typically following broad degree guidelines set by the states or by specialized accrediting agencies.

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The undergraduate curriculum typically consists of two components—general education and the major field of study (the major). The purpose of general education is to provide students with broad knowledge and prepare them to be engaged and informed citizens. General education is delivered predominantly through either a core curriculum, in which all undergraduate students take the same courses, or an elective or distributive format, in which students choose courses from a pre-specified list representing a range of topics (such as science, art and aesthetic appreciation, mathematics, humanities, etc.). General education requirements typically constitute between one-quarter and one-half of a student's courses, depending upon the institution and the student's major. The other courses include those related to the major. Students choose their major either upon enrolling or after completing their second year of studies, depending upon institutional policy. Students may change their majors if their interests change and keep most of their credits earned toward their degree.

Although most institutions continue to rely on a traditional nine-month (two semesters) academic calendar, many colleges and universities are innovating with their academic calendars, and additionally offer short month-long courses, overlapping semesters, and courses in a condensed weekend format, as they try to create programs that meet student needs and schedules.

Faculty and Their Appointments

More than 1 million academic staff (faculty) work at American colleges and universities. Faculty appointments may be full time or part time and may be tenured/tenure-track or nontenure-track. Tenure is an academic employment arrangement, granted after a probationary period, that ensures holders a series of rights, including academic freedom and participation in institutional governance. It often implies continuous employment, barring dismissals for cause or financial exigency. Not all academic positions carry tenure. See Table 2 for a list of faculty titles in the tenure and nontenure tracks.

Faculty responsibilities typically fall into three basic categories: teaching, research, and service to the campus and/or community. However, faculty jobs are by no means uniform, and the time and attention that faculty devote to these

three roles depend upon the mission of the institution at which they work, their academic discipline, and their rank and career stage. For example, faculty at community colleges more often tend to teach and be engaged in service activities, while many senior faculty at research universities spend more time engaged in research than in the other two areas.

Thirty-eight percent of all full-time faculty are women, but women hold only 21 percent of full professorships. At the assistant professor rank, 46 percent of full-time faculty are women. However, women's larger presence at the junior ranks does not guarantee future proportionality at senior ranks. The number of full-time faculty from racial/ethnic minority groups almost doubled over the last 20 years, yet only 14 percent of all full-time faculty are racial/ethnic minorities. The largest minority group is Asian American/Pacific Islander, comprising 6 percent of the total full-time faculty population, with African Americans at 5 percent, Hispanics at 3 percent, and Native Americans at less than half of 1 percent (Harvey, 2003).

In 1999, according to an American Council on Education study (Anderson, 2002), approximately half of all faculty were employed part time and/or in nontenure-track positions. These faculty

Table 2. Faculty Rank and Titles, by Tenure/Nontenure Track

	Tenured/Tenure Track	Nontenure Track
Full Time	Professor Associate Professor Assistant Professor Research Professor	Lecturer Instructor Professor of Practice Research Professor
Part Time	Professor Emeritus	Adjunct Professor Lecturer Instructor

include those who are qualified for and seek full-time, tenure-track appointments yet do not obtain them, as well as individuals who do not have doctorates and/or teach in addition to other professional responsibilities. Debate and discussion continue to focus on the increasing use of part-time and nontenure-track faculty. Much of this growth accommodates increasing student enrollments. Another important reason for hiring part-time and nontenure-track faculty is to reduce personnel costs and increase institutional flexibility in course offerings, as these faculty can be hired and fired as interest in their academic fields ebbs and flows. However, critics charge that reliance on part-time and nontenure-track faculty has hidden institutional and educational costs, lowering quality as these individuals do little student advising and research and do not participate in non-instructional activities such as faculty governance.

University Administration

Although the internal organization and structure of U.S. institutions vary based upon size and mission, some common elements exist. Lay boards of trustees who tend not to be academics govern most college and universities. These boards are the legal agents for the institution and are responsible for ensuring and monitoring its financial health, setting strategy to fulfill its mission, and evaluating both institutional and presidential performance. The size, structure, and appointment of boards vary. For example, some boards of private nonprofit institutions exceed 50 members. Public institution boards tend to be much smaller. According to the Association of Governing Boards of Universities and Colleges (AGB), the mean size of public boards is approximately 10 people and the mean size among

independent institutions is 30. For most public institutions, the state government typically appoints board members, often after nomination by the governor and approval by the legislature. However, in some states and at many community colleges, board members are chosen through general elections. For private institutions, boards select their own members (called self-perpetuating boards). The length of board members' terms varies from four years to as long as 12 years. In some cases, board members can be reappointed to additional terms.

Boards hire and delegate much of the administrative responsibility for managing the institution to the president (sometimes called a chancellor). The president is responsible for providing overall leadership to the institution, managing its finances and budget, developing and executing the institution's strategic plan, and establishing systems of accountability and performance. However, much of the president's work lies outside the institution. The president advocates for the institution's needs and seeks support from legislative and other external audiences, meets with alumni and prospective students, develops relationships with corporations and community groups, and provides the public persona of the institution. The president serves either at the pleasure of the board or on a fixed-term contract, eligible for renewal.

Beyond the president, other senior administrators provide the leadership for the institution's various divisions. The typical structure includes academic affairs, responsible for academic programs and research; student affairs, overseeing student services and student life; business and administration, accountable for the financial operations, auxiliary services, and campus facilities; and development,

focusing on fund raising and alumni relations. Within each division, a variety of deans, directors, and department chairs complete the administrative structure. Figure 1 provides an overview of a typical college or university administrative structure (American Council on Education, 2001).

Although presidents have primary responsibility for the institution, most rely upon a system of shared governance between faculty and administrators for key institutional decisions. The primary organizational structure for shared governance is the faculty senate. The senate is responsible for recommending academic decisions and policies, such as those affecting new curricula and courses, degree requirements, and academic hiring and workloads. Its members typically include full-time faculty, although students, administrators, staff, and part-time faculty sometimes participate as well. At some institutions, the senate has the ability to make final decisions; at others, the senate makes recommendations for administrative or board action. In smaller institutions, all faculty typically participate in the senate. In larger institutions, senators are elected, frequently representing particular departments or colleges.

Student Life and Athletics

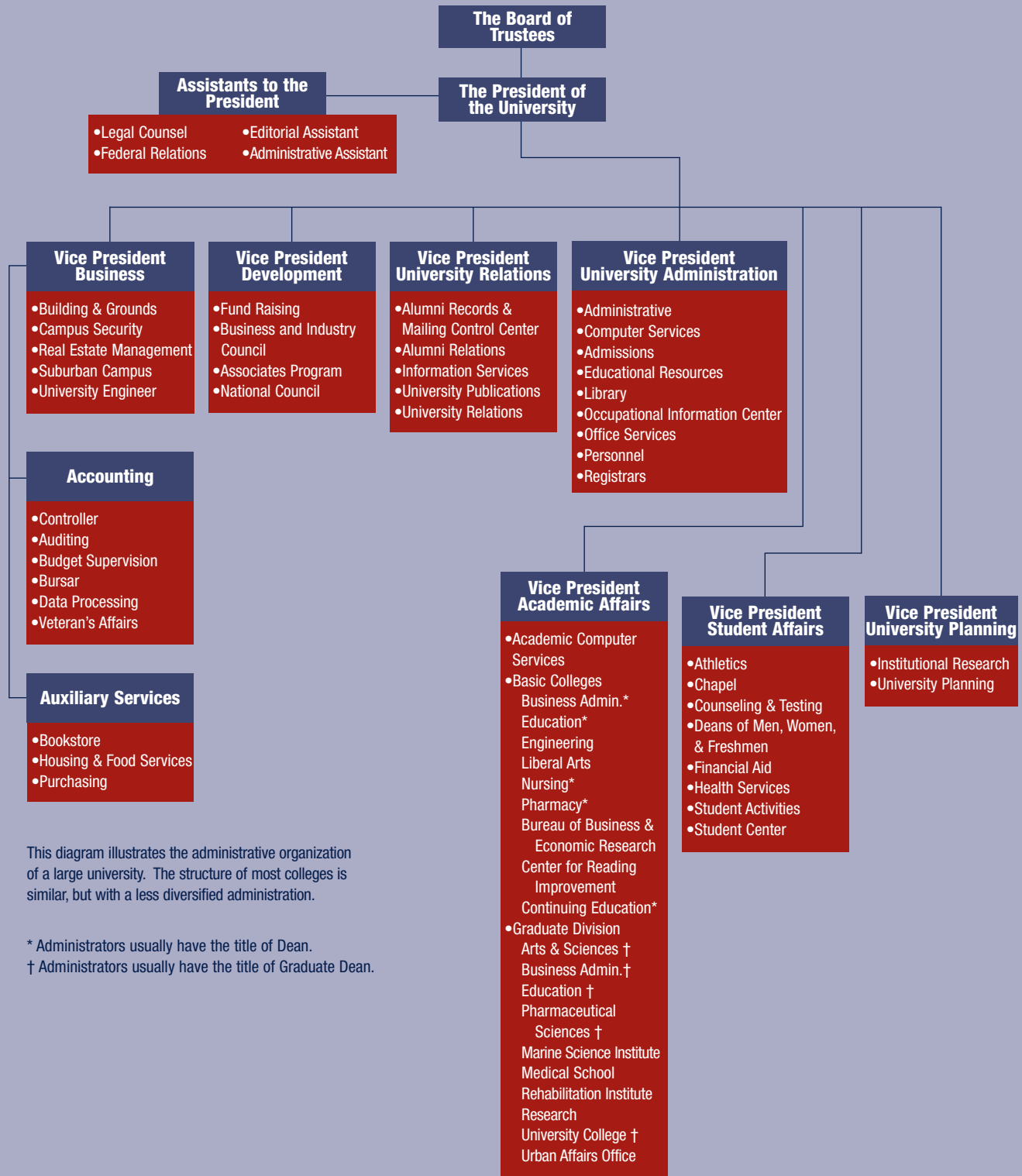
The U.S. collegiate experience is strongly shaped by a residential tradition, although today more than half of undergraduate students are older and/or enrolled part time and less than 20 percent of all undergraduates live on campus. Building upon the foundations of the British residential college, U.S. institutions have developed an expansive infrastructure to meet the needs of students. Most four-year colleges

and universities provide housing for students during the academic year. These residence halls, in addition to providing food service and sleeping rooms, provide programming to students on a variety of topics, both academic and social, such as AIDS awareness, alcohol abuse, and study skills. Colleges and universities additionally provide a range of student support services, including personal counseling, career placement and advising, recreation and physical fitness, child care, transportation, banking, health care, and tutoring.

Beyond these services, colleges and universities host various student organizations and clubs, including academically focused groups (such as the National Society of Black Engineers or the Public Relations Student Society of America), as well as athletic (such as rugby and water polo clubs), cultural and religious (such as the Muslim Student Society or Association of Asian Students), and social organizations. A familiar type of student social organization is the Greek-lettered fraternity or sorority. Another important student organization is student government, which is the formal, recognized student advocacy body on campus. However, for the most part, its influence is limited and its agenda constrained, particularly when compared with similar student governments or student unions in Latin America and Europe.

Finally, any discussion of student life at American colleges and universities must include athletics, which plays a major role on many—but not all—campuses. The influence of athletics on campuses tends to be disproportional to the small number of student athletes. At institutions with “big-time” sports programs, the athletics budget can reach

Figure 1. The University: Administrative Organization



millions of dollars, dwarfing those of academic departments, and coaches of men's basketball and football teams are frequently the university's highest-paid employees. At these institutions, athletic teams are divided into revenue sports (football, men's and increasingly women's basketball, and in some cases, ice hockey)³ and nonrevenue sports (for example, track and field, swimming, wrestling, golf, tennis, field hockey, and soccer). The majority of student-athletes participate in the nonrevenue sports. The revenue sports tend to be highly

commercialized, garnering national television coverage and athletic apparel endorsement deals. Athletics on U.S. campuses is a double-edged sword. In some situations, it can provide a unifying catalyst for the institution and its community and teach its participants valuable lessons. In other situations, it has been described as an unstoppable "arms race," exemplifying a winner-take-all attitude, spurring scandal, academic dishonesty, excessive commercialization, abuse of student-athletes, and distraction from the institution's academic priorities.

³ Much debate exists as to whether or not these sports ultimately generate actual revenue, given their expenditures.

Current Challenges Confronting U.S. Higher Education

The introduction to this publication described the fundamental belief systems that shape the character of American higher education and distinguish it from higher education in other countries. This section expands on that discussion, describing how the inherent tensions among these central beliefs have created serious challenges for U.S. higher education. The section concludes with a short overview of additional issues on the national higher education agenda.

The Marketplace (Not Government) as Key External Driver

Many believe that the marketplace has overtaken state government as the dominant external force shaping (and reshaping) American higher education, even for public colleges and universities. As noted earlier, government support is not keeping pace with educational expenditures. Thus in many ways, the market is having more bearing on higher education than government. To create more flexibility, many public colleges and universities are asking for less government regulation and oversight. In some instances, they are even asking for less state money in return for more autonomy. Their argument is that the current structures and accountability requirements impede their capacity to be effective and efficient. The ability to set tuition, seek block-grant funding, and secure freedom from state policies and regulations in areas such as purchasing

and building represent just some of the additional autonomy that public institutions are seeking. Many are pressing for new legislation to provide this freedom through a range of innovations, including public corporations, charter colleges, state enterprise status, and performance contracts.

The result is that activities and research in certain fields and disciplines (such as engineering, applied natural science, and agricultural science) become higher institutional priorities because

Many believe that the marketplace has overtaken government as the dominant external force shaping (and reshaping) American higher education

they have stronger market value than do other programs (such as humanities). Institutions create new programs, alter academic calendars, and pursue different financial aid policies to capture more and better students—particularly those who can afford to pay high tuition prices. For instance, executive MBA programs are increasingly popular. Institutions seek contracts and partnership agreements, and enhance research programs with practical applications that have large financial payouts. They are changing their institutional structures—for example, by adding new units that focus on generating external grants and bringing new technology to market, by building conference

centers, and by creating for-profit subsidiaries. The implications of the growing privatization are that academic research is increasingly focused on marketable knowledge, entrepreneurial priorities are taking precedence, services are being outsourced, and students are carrying an increasing burden to pay higher tuition and fees for their education.

Administrators see little option except to respond to the marketplace, for if their institution does not react effectively, it will not have the necessary resources to offer high-quality and diverse academic programs. Institutions unable to compete may face trying circumstances as public support continues to fall, students become better-informed consumers, and advances in technology and new entrants into higher education widen the number and reach of competitors. In turn, the ability to compete—for students, resources, faculty, and prestige—becomes a driving strategic force. At its extreme, competition can overtake more traditional academic values such as unfettered inquiry, access and choice for a diverse student population, and critical social commentary. The downside of pursuing market goals without appropriately balancing them against the public good is that institutions will no longer be able to uphold their part of the social compact to produce a well-educated citizenry and face the threat of losing their privileged place in American society as they resemble more closely other market-driven organizations.

Higher Education as an Engine of Mobility

Since World War II, U.S. higher education has been engaged in a process of “massification,” that is, expanding to serve students from all walks of life. Motivating this effort is a widespread belief in the power of education to create social and economic mobility and in the morality and social value of making higher education accessible to everyone. Longitudinal data bear out public perceptions: Young people from low-income backgrounds who complete a bachelor’s degree have income and employment characteristics after graduation equivalent to their peers from more affluent backgrounds (Choy, 2002). Education truly can be “the great equalizer.”

Despite widespread public faith in the value of higher education, the process of massification has not been without its detractors, and progress has been slow and uneven. Higher education did not admit significant numbers of racial and ethnic minorities until after the civil rights movement of the 1960s forced change. Further, despite significant expenditures on financial aid, minority and low-income individuals are still less likely to attend college than whites or students from middle- and upper-income families—although these gaps have narrowed somewhat. Despite progress in narrowing the access discrepancies, large gaps remain between completion rates. Low-income students come to college less prepared, and must balance academic demands with work and family responsibilities.

Finding ways to increase the enrollment rates of low-income students and encourage their success once enrolled are two of the most important problems facing American higher education. One of the challenges to meeting these goals is that they can conflict with the other central tenets of American higher education: market competition and resistance to government control. For example, institutional competition for the most academically talented students is likely to foster increased use of tuition discounting for students without financial need, which could divert resources away from need-based financial aid for low-income students. Similarly, institutions may seek to distinguish themselves in the academic marketplace by becoming more selective in admissions decisions, thereby reducing the number of low-income students admitted. A primary role of government in the United States is to mediate the potentially negative effects of competition by insisting that institutions adhere to their missions, providing need-based financial assistance to students, and holding institutions accountable for their performance. Institutional resistance to government control provides a useful check on the ambitions of government, pushing policy makers to focus on ends rather than means and to leave core academic decisions largely in the hands of institutions. Nonetheless, a constant preoccupation of American higher education is this tension between the competitive, ambitious nature of institutions and the interests of government in promoting important public goals, primary among them broad access and widespread success for all students.

Other Current Issues

This section explores some of the other challenges currently facing American higher education. This list is not inclusive, but rather reflects some of the key issues creating sleepless nights for academic leaders.

Public colleges and universities are in many ways becoming private, as the percentage of state funds in their budgets is dropping—in some cases, to less than 20 percent.

The Blurring of Institutional Types. American higher education is known for its institutional diversity. However, the characteristics that make many types of institutions distinct are fading. For instance, in some states, community colleges are seeking to offer four-year degrees to meet growing demand for higher education. Public colleges and universities are in many ways becoming private, as the percentage of state funds in their budgets is dropping—in some cases, to less than 20 percent. They are soliciting gifts and working to build endowments in ways similar to their private counterparts, and are seeking more procedural autonomy from state oversight. At the same time, for-profit institutions are vying for public funds previously reserved only for nonprofit institutions.

Documenting Student Learning. American colleges and universities are facing increased external scrutiny of the effectiveness of undergraduate education. As budgets become tighter and tuition continues to rise, taxpayers and policy makers—as well as students and their families—are asking the extent to which their investment is producing real educational results. Simply put, they want

to know what and how much students are learning. Outside pressure is mounting on institutions to document student learning, in much the same way that the elementary and secondary education sectors document learning through assessments linked to standards of what students should know and be able to do. Of course, the challenge of demonstrating student learning is much more difficult in higher education because of the diversity of the curricula. Nonetheless, higher education leaders are being challenged to find some way to show that real learning takes place at their institutions.

Internationalizing the Undergraduate Experience. Many U.S. colleges and universities are making a concerted effort to make their institutions and curricula more international and to provide experiences for students that broaden and deepen their understanding of other cultures. At the same time, U.S. institutions continue their efforts to train and educate foreign students, both by bringing them to campus but also through distance education and satellite programs abroad (although we do not know the extent of U.S. involvement in such cross-border education). However, recent U.S. visa and homeland security policy changes, coupled with an increased desire by foreign universities to recruit abroad, mean that the U.S. share of the international student market is shrinking. Institutions from England, Australia, Canada, and New Zealand, for instance, are establishing a presence abroad and benefiting favorably from their governments' policies. The effect is slowed growth in the number of international students enrolling in American colleges and universities.

Increasing Productivity and Efficiency.

Because of increasing pressure to reduce costs, keep tuition increases small, and serve more students, institutions are seeking ways to improve their productivity and efficiency. They are creating administrative efficiencies, such as by streamlining business processes. They are innovating with technology-based teaching to reach more students both on campus and in the broader community through distance education. Many institutions are also beginning to view collaboration as an important strategy. Partnerships include (among other things) joint research, collaborative purchasing arrangements, shared financial services, and interinstitutional academic programs. These alliances allow partners to extend capabilities; develop research, courses, and services more quickly; generate greater economies of scale; share costly investments; gain access to knowledge and skills; and reduce expenses.

Conclusion

In many ways, the American system of higher education is unique in the world. In its size, diversity of institutions and students, freedom from government controls, and reliance on market forces, it is without peer. However, higher education systems around the globe are struggling with many of the same issues as the United States and are exploring similar strategies, such as imposing tuition to create greater access while instituting student aid programs, creating a credit system to facilitate student mobility, and standardizing degree programs. Other nations wrestling with these challenges may benefit by understanding the philosophical beliefs that shape U.S. higher education—distrust of government, faith in markets, and reliance on education as a gateway to social mobility—and the ways in which the United States continually struggles to balance market forces, government intervention, and access to high-quality education.

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